

TORONTO GLOBAL 2021/2022 AUDITED FINANCIAL STATEMENTS

GTA Region Investment
Attraction [operating as
Toronto Global]

Financial statements
March 31, 2022

Independent auditor's report

To the Members of the GTA Region Investment Attraction

Opinion

We have audited the financial statements of GTA Regional Investment Attraction [operating as Toronto Global ["Toronto Global"]], which comprise the statement of financial position as at March 31, 2022 and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Toronto Global as at March 31, 2022 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of Toronto Global in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in Toronto Global's annual report

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Toronto Global's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Toronto Global or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Toronto Global's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Toronto Global's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Toronto Global's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Toronto Global to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst + Young LLP

Chartered Professional Accountants,
Licensed Public Accountants

Toronto, Canada
June 15, 2022

Statement of financial position

As at March 31

	2022	2021
	\$	\$
ASSETS		
Current		
Cash	882,536	1,072,259
Accounts receivable <i>(notes 3 and 7)</i>	398,544	593,041
Provincial contributions receivable <i>(notes 3 and 7)</i>	500,000	1,000,000
Government of Canada contributions receivable <i>(notes 3 and 7)</i>	63,206	67,754
Prepaid expenses	338,030	248,474
Total current assets	2,182,316	2,981,528
Tangible capital assets, net <i>(note 4)</i>	188,264	148,394
	2,370,580	3,129,922
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	1,121,607	1,093,275
Deferred contributions <i>(note 3)</i>	1,060,709	1,888,253
Total current liabilities	2,182,316	2,981,528
Deferred capital contributions <i>(note 5)</i>	188,264	148,394
Total liabilities	2,370,580	3,129,922
Commitments <i>(notes 8 and 9)</i>		
Net assets		
Unrestricted	2,370,580	3,129,922

See accompanying notes

On Behalf of the Board



Director



Director

Statement of operations

Year ended March 31

	2022	2021
	\$	\$
Revenue		
Contributions from Government of Canada ^[note 3]	3,094,096	1,367,676
Contributions from Municipalities ^[note 3]	2,769,013	2,810,866
Contributions from Province of Ontario ^[note 3]	2,000,000	2,291,598
Contributions from Invest Canada Community Initiatives ^[note 3]	278,568	453,077
Interest income	5,314	9,079
Amortization of deferred capital contributions ^[note 5]	79,661	77,633
	8,226,652	7,009,929
Expenses		
Labour and staff costs ^[notes 6]	5,479,545	4,805,320
Professional fees	722,625	441,506
Marketing costs	634,237	403,847
Consulting fees	538,590	521,785
Rent and occupancy costs	393,423	406,361
Office	318,625	354,898
Travel (recovery)	50,499	(2,418)
Printing	9,447	997
Amortization of tangible capital assets	79,661	77,633
	8,226,652	7,009,929
Excess of revenue over expenses for the year	–	–

See accompanying notes.

Statement of changes in net assets

Year ended March 31

	2022	2021
	Unrestricted	Total
	\$	\$
Net assets, beginning of year	–	–
Excess of revenue over expenses for the year	–	–
Net assets, end of year	–	–

See accompanying notes.

Statement of cash flows

Year ended March 31

	2022	2021
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	–	–
Add (deduct) items not involving cash		
Amortization of tangible capital assets	79,661	77,633
Amortization of deferred capital contributions	(79,661)	(77,633)
Amortization of rent adjustment	8,390	13,983
	8,390	13,983
Changes in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	194,497	52,413
Decrease (increase) in contributions receivable	504,548	432,323
Increase in prepaid expenses	(89,556)	(76,701)
Increase (decrease) in accounts payable and accrued liabilities	19,942	68,897
Decrease in deferred contributions	(827,544)	(931,783)
Cash used in operating activities	(189,723)	(440,868)
Investing activities		
Acquisition of tangible capital assets	(119,531)	(141,506)
Cash used in investing activities	(119,531)	(141,506)
Financing activities		
Contributions used to fund capital assets	119,531	141,506
Cash provided by financing activities	119,531	141,506
Net decrease in cash during the year	(189,723)	(440,868)
Cash, beginning of year	1,072,259	1,513,127
Cash, end of year	882,536	1,072,259

See accompanying notes

Notes to financial statements

Year ended March 31, 2022

1. Nature of operations

The GTA Region Investment Attraction [operating as Toronto Global] ["Toronto Global"] was incorporated on July 27, 2015 as a not-for-profit organization without share capital under the Business Corporations Act (Ontario) and has continued under the new Canada Not-for-profit Corporations Act as of July 1, 2017. Toronto Global is exempt from income taxes under section 149(1)(1) of the Income Tax Act (Canada).

The objectives of Toronto Global include promoting the competitive advantages and business opportunities in the Greater Toronto Area and raising the profile of the Greater Toronto Area to attract foreign direct investment in order to maintain and expand the economy of the region.

2. Summary of significant accounting policies

Basis of accounting

These financial statements are prepared by management in accordance with Part III of the CPA Canada Handbook – Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada. The significant accounting policies are summarized below.

Revenue recognition

Toronto Global follows the deferral method of accounting for contributions, which include government and other grants. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related eligible expenses are incurred. Externally restricted contributions relating to tangible capital assets are deferred when initially recorded in the accounts and recognized as revenue on a basis consistent with amortization of the related tangible capital assets. Unrestricted contributions are recognized as income when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments

Investments in fixed income securities not designated to be measured at fair value are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost, less any provisions for impairment.

All transactions are recorded on a trade date basis.

Other financial instruments, including cash, accounts receivable, contributions receivable and accounts payable and accrued liabilities, are recorded at fair value and are subsequently measured at cost, net of any provisions for impairment.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straightline basis over the estimated useful lives of the assets as follows:

Computer equipment	3 years
Leasehold improvements	Term of the lease
Furniture and fixtures	5 years

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to Toronto Global's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the statement of operations. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Rent and occupancy costs and deferred lease escalations

Rent expense is recorded in rent and occupancy costs in the statement of operations on a straight-line basis over the term of the lease. Differences between the straight-line rent expense and the payments, as stipulated under the lease agreement, referred to as lease escalations, are included in accounts payable and accrued liabilities.

Notes to financial statements

Employee future benefits

Defined contribution plan accounting is applied to the multi-employer defined benefit plan. Contributions are expensed on an accrual basis, as Toronto Global has insufficient information to apply defined benefit plan accounting.

Contributed goods and services

Contributed goods and services are not recognized in these financial statements.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are based on the information available at the date of preparation and are reviewed annually to reflect new information as it is available. Measurement uncertainty exists in the financial statements primarily related to the impairment in contributions receivable and the estimated useful lives of tangible capital assets. Actual results could differ from those estimates.

3. Deferred contributions

Toronto Global receives contributions from the Government of Canada, the Province of Ontario and the Regional Municipalities of York, Halton and Durham, and the Cities of Mississauga, Brampton and Toronto [the "Municipalities"], which have certain restrictions associated with the use of the funds. Deferred contributions represent unspent contributions for expenses to be incurred in future years.

Changes in the deferred contributions balance are as follows as at March 31:

	2022	2021
	\$	\$
Balance, beginning of year	1,888,253	2,820,036
Contributions received or receivable from the Government of Canada	3,094,096	1,367,676
Contributions received or receivable from the Province of Ontario	2,000,000	2,291,598
Contributions received from the Municipalities	2,061,000	2,020,590
Contributions received or receivable from Invest Canada Community Initiatives	278,568	453,077
Transfer to deferred capital contributions ^[note 5]	(119,531)	(141,507)
Interest income earned on excess funds in the year	5,314	9,079
Amounts recognized as revenue in the year	(8,146,991)	(6,932,296)
Balance, end of year	1,060,709	1,888,253

Notes to financial statements

The contribution agreement between Toronto Global and the Government of Canada, represented by the Federal Economic Development Agency for Southern Ontario, made on May 16, 2019, covers the period from January 1, 2019 to December 31, 2023. This agreement stipulates a maximum contribution amount of up to \$10,000,000 payable in respect of eligible and supported costs incurred by Toronto Global as prescribed in the agreement. The agreement was amended on February 14, 2022, to allow for an increase in funding of \$400,000 for 2022, with a corresponding decrease in funding of \$400,000 for 2023.

Toronto Global has also been appointed by the Government of Canada to receive contributions to implement a project to accelerate and expand Toronto Global's pilot Supply Chain Onshoring, Resilience and Expansion initiative. The agreement was signed on March 24, 2021 and covers the period from July 6, 2020 to March 31, 2023. This agreement stipulates a maximum contribution amount of up to \$3,000,000 payable in respect of eligible and supported costs incurred by Toronto Global as prescribed in the agreement. As at March 31, 2022, contributions of \$63,206 [2021 – \$67,754] are recorded in contributions receivable in the statement of financial position.

Toronto Global has been appointed as one of the recipients by the Government of Canada to receive contributions to implement a project that supports the communities' efforts to attract, retain and expand foreign direct investment and is ultimately designed

to strengthen the economy at the community level. An agreement was signed on March 31, 2021 and covers eligible expenses up to a maximum of \$203,750 for the period from January 1, 2021 to December 31, 2021. The agreement was amended on December 7, 2021, to allow for an increase in eligible costs of \$85,000 for a maximum of \$288,750. On March 28, 2022, a new agreement was signed covering eligible expenses up to a maximum of \$352,000 for the period from January 1, 2022 to December 31, 2022. As at March 31, 2022, \$295,395 [2021 – \$494,827] is included in accounts receivable on the statement of financial position.

A contribution agreement between Toronto Global and the Province of Ontario was signed on October 30, 2019 and covers the period from July 1, 2019 to June 30, 2022. This agreement is for a maximum contribution amount of up to \$7,500,000 payable in respect of eligible and supported costs incurred by Toronto Global as prescribed in the agreement. As at March 31, 2022, contributions of \$500,000 [2021 – \$1,000,000] are recorded in contributions receivable in the statement of financial position.

A contribution agreement between Toronto Global and the Municipalities was signed on December 8, 2019 and covers the period from April 1, 2019 to March 31, 2022. This agreement is for a total contribution amount of \$6,062,558 with \$1,980,969 in the first year with a 2% increase payable in each subsequent year for the term set out in the agreement.

Notes to financial statements

4. Tangible capital assets

Tangible capital assets consist of the following:

			2022	2021
	Cost	Accumulated Amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer equipment	223,695	167,444	56,251	54,772
Leasehold improvements	139,904	98,540	41,454	69,342
Furniture and fixtures	148,186	57,537	90,649	24,280
	511,785	323,521	188,354	148,394

5. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

Changes in deferred capital contributions balance are as follows:	2022	2021
	\$	\$
Balance, beginning of year	148,394	84,520
Transferred from deferred contributions ^[note 3]	119,531	141,507
Amortization of deferred capital contributions for the year	(79,661)	(77,633)
Balance, end of year	188,264	148,394

6. Salaries and employee benefits

Included in the labour and staff costs are Toronto Global's current service contributions to the Ontario Municipal Employees Retirement Fund ["OMERS"] pension plan totalling \$417,551 [2021 – \$357,440].

Toronto Global makes contributions to OMERS, which is a multi-employer pension plan, on behalf of some of its employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employees and employers contribute jointly to the plan. The most recent valuation for financial reporting purposes completed by OMERS as at December 31, 2021, disclosed net assets available for benefits of \$120.9 billion with pension obligations of \$1.2 billion.

Notes to financial statements

7. Financial instruments and risk management

Toronto Global's operating activities expose it to a range of financial risks. These risks include credit risk and liquidity risk, which are described as follows:

Credit risk

Credit risk on financial instruments is the risk of a financial loss occurring as a result of default or insolvency of a counterparty on its obligation to Toronto Global. The total carrying value of cash and contributions receivable as presented in the statement of financial position represents the maximum credit risk exposure as at the date of the financial statements. Toronto Global manages and controls credit risk with respect to accounts receivable by only dealing with recognized, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis. As at March 31, 2022, there were no significant amounts that were past due or impaired.

The cash deposit is held by a Schedule 1 Canadian financial institution, which reduces Toronto Global's exposure to credit risk. Of the accounts receivable as at March 31, 2022 of \$398,544, \$277,582 has been received subsequently. Of the contributions receivable in the amount of \$563,206 due from the federal, provincial, and municipal governments, no amounts have been received subsequent to March 31, 2022.

Liquidity risk

Liquidity risk is the risk of being unable to settle or meet commitments as they come due. Toronto Global is exposed to the risk that it will encounter difficulty in meeting obligations with its financial liabilities. Toronto Global derives all of its operating revenue from various levels of government under multi-year funding agreements, mitigating its liquidity risk.

8. Commitments

Future minimum commitments for the rent of Toronto Global's premises are as follows:

	\$
2023	212,141
2024	106,070
	<u>318,211</u>

Notes to financial statements

9. Credit facility

Toronto Global has an available revolving line of credit of \$538,000 bearing interest at the bank's prime rate and secured by Toronto Global's personal property. No amounts were drawn on this facility as at March 31, 2022 and 2021.

Toronto Global has a Standby Letter of Credit facility of \$350,000 from the bank for security for OMERS [note 6].