



MINUTES of the meeting of the Toronto Global Audit and Finance Committee
held at 225 King Street W, Suite 901, Toronto, Ontario
on Thursday, November 7, 2019 at 1:20 p.m.

Present: Satish Rai, Committee Chair (via teleconference)
Mark Cohon, Board Chair (via teleconference)
Janet Ecker, Vice Chair (via teleconference)
Nitin Kawale (via teleconference)

By Invitation: Toby Lennox - Chief Executive Officer
Winston Young - Chief Financial Officer
Leslie Sutherland - VP, HR & Business Operations
Aneta Krzysciak - Executive Assistant, Assistant Corporate Secretary
Nicole Guy - Recording Secretary, MinuteTakers (via teleconference)

1. **CALL TO ORDER**

- (a) *Notice and Quorum* – Proper notice having been given and there being a quorum present, S. Rai called the meeting to order at 1:23 p.m. and presided as Chair.
- (b) *Conflict of Interest Declaration* – No conflict of interest was declared under the *Municipal Conflict of Interest Act* and the *Ontario Business Corporations Act*.
- (c) *Chair's Opening Remarks* – A year-end reception for Toronto Global staff and Board members is being arranged at the OMERS office.
- (d) Approval of Agenda – On Motion by M. Cohon and seconded by J. Ecker, the agenda was approved and adopted as presented.

2. **APPROVAL OF PREVIOUS MINUTES**

The Chair asked for any errors or omissions in the Minutes of the Audit and Finance Committee meeting dated September 12, 2019 that were distributed prior to the meeting.

On Motion by J. Ecker and seconded by N. Kawale it was,
RESOLVED THAT the Minutes of the Audit and Finance Committee of September 12, 2019 be accepted as presented. Motion carried.

3. **FINANCIAL UPDATE**

W. Young presented the Q2 financial report and reforecast report, with highlights of discussion noted as follows:

- (a) *Q2 Results* – Provincial funding has been secured beginning at the end of August 2019 and the organization has been ramping up expenditures. Provincial funding is expected to carry operations through the end of the year. Expenditures are currently on budget. There was additional spending on social media and marketing, totalling approximately \$84,000. There was approximately \$1.1 million in cash at the end of September 2019.
- (b) *Reforecast* – Expenses and revenues are very close to the original budget, except for the variance in marketing expenses. A claim of \$1.5 million was issued to the Province at the end of October 2019, comprising their signing amount and \$750,000 for the first end-of-quarter report. Toronto Global has fine-tuned accounting procedures for making Provincial funding claims, which allowed an extra \$100,000 in expenditures to be claimed; this \$100,000 difference has not been restated in the financial statements but will correlate in the audit report at the end of the year.
- (c) *2019 Year-End Forecast* – A member inquired what the balance sheet is expected to look like on December 1, 2019. W. Young clarified that approximately \$2.6 million is forecasted at that time. It was also inquired whether the Toronto Raptors social media campaign will balance out at the end of the year, and it was noted that this will probably be very close to original budget; another reforecast will be done with the Q3 report.

4. **CEO UPDATE**

T. Lennox provided an operations update, with highlights noted as follows :

- (a) *Missions* – The team has been holding back on travel as much as possible due to cash flow concerns, but demand is increasing and there will be a number of missions coming up, including India, Korea, Japan, and the UK. There will be no travel in December 2019 and January 2020.
- (b) *Results* – It was reported that there are currently 28 wins, capital expenditures have exceeded the target, and jobs are on target.

5. **AUDITOR ENGAGEMENT LETTER**

W. Young presented the second-year engagement letter as approved last year for review, with highlights of discussion noted as follows:

- (a) *Cost* – It was noted that there will likely be a slight increase in price over the previous year related to changes in the office accounting system. The audit is expected to cost between \$28,000 and \$33,000. Due to the very complicated financial year, it is prudent to have a cushion in the budget for audit costs.

- (b) *Timeline* – The interim audit will take place in March 2020 and another two weeks in May 2020. The final audit is to be ratified at the June 2020 Board meeting.

6. **PROVINCIAL EMPLOYEE HEALTH TAX AUDIT**

L. Sutherland provided a report on the health tax audit for information, with highlights noted as follows:

- (a) *Overview* – Toronto Global received a note from the Minister of Finance in early September 2019, advising of a random audit of the payroll department including executive compensation for the 2016-2019 years. The auditor asked questions about classification of an independent consultant; it is necessary to be sure that anyone called an independent consultant truly is one.

7. **SHARED SERVICES TRANSITION**

W. Young and T. Lennox provided an update, with highlights noted as follows:

- (a) *Timeline* – A preliminary timetable was submitted to TPLC in October 2019. The team is now waiting to work out the final transition schedule and draft a master shared services agreement with TPLC. The final transition date is still expected to be April 1, 2020.
- (b) *Office* – It is still necessary to discuss the possibility of co-locating at the end of the lease term, to determine how much rent would be charged and how much space Toronto Global will take. A meeting is scheduled later next week to begin these discussions.

8. **NEW / OTHER BUSINESS**

No other business was brought before the meeting.

9. **DATE OF NEXT MEETING**

The next meeting of the Board of Directors will be held on a ***date to be determined***.

10. **ADJOURNMENT**

There being no further business, the meeting was adjourned for an in camera session at 1:57 p.m. on Motion by M. Cohon and seconded by N. Kawale.