

Finalizing the Consolidation of Civic Theatres Toronto

Date: November 16, 2017

To: Executive Committee

From: City Manager

Wards: All

SUMMARY

The purpose of this report is to seek City Council approval to finalize the consolidation of Civic Theatres Toronto (CTT) in accordance with City Council's direction of July 2015, to take effect on December 31, 2017 in the manner recommended by the Board of Directors of CTT on October 26, 2017, and to enable CTT to use the Hummingbird (Sony) Centre for the Performing Arts' (Sony Centre) existing charitable registration.

The CTT Board's recommendations are based on legal advice received by the CTT Board that it use the Sony Centre corporate structure to become CTT in order to use its charitable status.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council direct that the consolidation of the City's three civic theatre boards be finalized effective December 31, 2017, as follows:

a. merge the Boards of Directors of the St. Lawrence Centre for the Arts, the Toronto Centre for the Arts and Civic Theatres Toronto into the Board of Directors of The Hummingbird (Sony) Centre for the Performing Arts;

b. amend the objects and mandate of the Board of Directors of The Hummingbird (Sony) Centre for the Performing Arts to incorporate the mandate, powers and delegated authorities for Civic Theatres Toronto in its entirety as set out in EX7.15, as approved by City Council at its meeting of July 7, 8 and 9, 2015;

c. dissolve the Boards of Directors of the St. Lawrence Centre for the Arts, the Toronto Centre for the Arts and Civic Theatres Toronto and rescind the appointments of the members to those boards; and

d. change the name of the Board of Directors of the Hummingbird (Sony) Centre for the Performing Arts to the "Board of Directors of Civic Theatres Toronto".

2. City Council authorize the City Solicitor to introduce the necessary bills to give effect to the recommendations in this report, including the repeal and/or amendment of Municipal Code Chapter 11, Arts Centres, of the former City of Toronto, By-Law No. 177-81 as amended, of the former Municipality of Metropolitan Toronto and Toronto Municipal Code Chapter 23, Civic Theatres.

FINANCIAL IMPACT

There is no direct financial impact to the City. There are financial impacts for Civic Theatres Toronto (CTT) in two specific areas. By adopting the corporate structure of a registered charity through consolidation of the civic theatres under the governance of the Hummingbird (Sony) Centre for the Performing Arts with a name change, CTT would avoid the expense and time delay associated with seeking a new charitable registration number or other tax-exempt status with the Canada Revenue Agency. Charitable status would also enable CTT to enhance its revenues from grants and donations and to recover and retain GST/HST paid/received in the course of its activities, which is estimated to contribute over \$250,000 to its budget annually depending on the level of activity.

The Acting Chief Financial Officer has reviewed and agrees with this financial impact statement.

DECISION HISTORY

On October 26, 2017, the Board of Directors of Civic Theatres Toronto recommended that City Council approve consolidation of Civic Theatres Toronto (CTT) by the end of 2017 in such a manner as to enable CTT to use the Hummingbird (Sony) Centre for the Performing Arts' existing charitable registration number:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CT22.2>

On March 23, 2017, the Board of Directors of Civic Theatres Toronto adopted a work plan for the financial integration of the three civic theatres:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CT17.5>

At its meeting of July 7, 8 and 9, 2015, City Council approved consolidation of the governance and operations of the St. Lawrence Centre for the Arts, the Hummingbird (Sony) Centre for the Performing Arts and Toronto Centre for the Arts into one new organization under the direction of a single City board called Civic Theatres Toronto and requested staff to report back on the dissolution of the three civic theatre boards: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX7.15>

ISSUE BACKGROUND

In July 2015, City Council approved the consolidation of the governance and operations of the St. Lawrence Centre for the Arts, the Hummingbird (Sony) Centre for the Performing Arts (Sony Centre) and Toronto Centre for the Arts into one new organization under the direction of a single City board called Civic Theatres Toronto (CTT), and provided authority for the CTT to oversee the integration and consolidation of the operational functions of the theatres.

CTT is in the process of consolidating the operations of the three city-owned civic theatres in accordance with City Council's direction. Administratively, CTT has been functioning as a single organization since March 2017, but corporately it is still comprised of four different boards (the three civic theatre boards and the CTT Board as an umbrella organization) with the same size, composition and board members. Even though the boards meet jointly and simultaneously, they are required to have separate meeting agendas and materials for each board, and open and close each board meeting separately. CTT intends to finalize the merging of its operations as of December 31, 2017, allowing the City to formally dissolve the old corporate structures and have CTT become a single corporate entity with a single board.

On September 26, 2017, CTT received a legal opinion recommending that CTT retool the corporate structures of the Sony Centre to become Civic Theatres Toronto in order to use its charitable status. The Board of Directors of CTT considered and adopted the recommended course of action at its October 26, 2017 meeting. This will require that the City amend the objects and mandate of the Sony Centre to incorporate the mandate, powers and delegated authority of CTT in order for CTT to benefit from Sony Centre's charitable status.

Currently, the Sony Centre is the only one of the three civic theatres that has registered charitable status under the Income Tax Act. As a registered charity, Sony Centre is able to issue its own donation receipts and has access to its donations immediately, without having to channel donated funds through the City. CTT would also be able to fundraise in its own right (rather than through the City) and provide donors with comfort that their donations are being used to advance the programs of the civic theatres for which they are donated. By following this model, CTT would enjoy the same advantage that Sony Centre now does and save money as a result of being able to claim GST/HST rebates.

COMMENTS

Civic Theatres Toronto (CTT) has undergone significant transformation over the past year. In October 2016, City Council approved new Procedure By-laws for the CTT board and the three civic theatre boards. Since the hiring of its first CEO in December 2016, CTT has integrated operations across the three theatres, implemented a new organizational structure, enacted or begun drafting its own corporate policies (e.g. a CTT by-law to authorize employee participation in the Ontario Municipal Employee's Retirement System), and undertaken a major rebranding and strategic planning exercise.

CTT has also developed a plan to consolidate the financial reporting for all boards under the CTT umbrella (the three theatre boards plus the CTT board itself) as of January 1, 2018. Once the financial reporting for CTT is consolidated, there will no longer be a need to maintain separate corporate structures for CTT and the three theatre boards. Audited financial results for 2017 will be reported under the old structure, to the new CTT Board, and subsequently reported to Council.

Consolidating the civic theatres under Hummingbird (Sony) Centre for the Performing Arts (Sony Centre) in the manner recommended in this report would be the most effective way to complete the consolidation of the civic theatres in accordance with City Council's direction, and at the same time bring about the change to charitable status recommended by the Board of Directors of CTT.

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SIGNATURE

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