

Casa Loma Corporation - Annual General Meeting and 2017 Audited Financial Statements

Date: June 4, 2018

To: Executive Committee

From: Interim City Manager and Interim Chief Financial Officer

Wards: All

SUMMARY

This report contains recommendations for the actions necessary to comply with the requirements of the *Business Corporations Act* (Ontario) for holding the Annual General Meeting of the Shareholder of Casa Loma Corporation including receipt of its Annual Report and Audited Financial Statements for 2017 and appointment of the auditor for 2018.

RECOMMENDATIONS

The Interim City Manager and the Interim Chief Financial Officer recommend that:

1. City Council treat that portion of the City Council meeting at which this report is considered as the Annual General Meeting of the Shareholder for Casa Loma Corporation by:

- a. appointing Welch LLP Chartered Accountants, as the Auditor of Casa Loma Corporation for the fiscal year 2018, and authorizing the Board of Directors of Casa Loma Corporation to fix the remuneration of the Auditor;
- b. receiving the Casa Loma Corporation 2017 Annual Report forming Attachment 1 to this report; and
- c. receiving the 2017 Audited Financial Statements for Casa Loma Corporation, forming Attachment 2 to this report.

2. City Council direct the City Clerk to forward a copy of the Casa Loma Corporation 2017 Audited Financial Statements, forming Attachment 2 to this report, to the Audit Committee for information.

FINANCIAL IMPACT

In 2014 Casa Loma Corporation successfully transferred the operations of Casa Loma to Liberty Entertainment Group (LEG). Rent payments have been received through 2017 from LEG under the terms of the 20 year management agreement and included temporary management of the North Campus as well.

Net operating income for 2017 was \$1.67 million, with revenues of \$1.86 million and expenses of \$0.19 million. Final accumulated surplus at year-end was \$4.63 million. Although a distribution to the City of Toronto for site rehabilitation projects was not made in 2017, it is intended that accumulated surpluses will support ongoing capital maintenance requirements in future years.

DECISION HISTORY

On July 4, 2017, that portion of the City Council meeting where EX26.7 was approved by City Council, was considered the previous Annual General Meeting of the Shareholder for Casa Loma Corporation.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX26.7>

On November 13, 2013, City Council authorized an agreement between the City and the Liberty Entertainment Group to operate the Casa Loma Main Castle and Grounds for 20 years. The agreement became effective January 2014.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX35.2>

On June 14, 2011, City Council authorized the establishment of Casa Loma Corporation pursuant to section 148 of the *City of Toronto Act, 2006*, and Ontario Regulation 609/06.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX6.7>

ISSUE BACKGROUND

Casa Loma Corporation was incorporated under the *Business Corporations Act* (Ontario) (OBCA) on June 20, 2011. The City is the sole shareholder.

Subsection 154 (1) of the OBCA requires that the Shareholder receive Casa Loma Corporation's audited annual financial statements and the report of the auditor at the annual meeting of the Shareholder. Subsection 94 (1) requires that the directors of Casa Loma Corporation call an annual meeting of its Shareholder by no later than fifteen months after holding the last preceding annual meeting.

Section 149 (2) of the OBCA requires that Casa Loma Corporation's Shareholder at each annual meeting appoint one or more auditors to hold office until the close of the next annual meeting, and allows the Shareholder to authorize the directors to fix the auditor's remuneration.

Casa Loma Corporation's Board of Directors approved its 2017 Audited Financial Statements (Attachment 2) at its meeting on March 29, 2018.

COMMENTS

1. Appointment of Auditor

At its March 29, 2018 Board meeting, the Corporation approved Welch LLP Chartered Accountants as the Auditor for Casa Loma Corporation for fiscal year 2018. The Board of Directors of Casa Loma Corporation will fix the annual remuneration of the Auditor.

2. Key Casa Loma Corporation Achievements in 2017

The 2017 Annual Report for Casa Loma is contained in Attachment 1 of this report. In 2017 Casa Loma Corporation continued to oversee operations on the site including management of the lease agreement for the Main Campus with Liberty Entertainment Group (LEG). The lease agreement was approved by City Council in November 2013.

Highlights of activity on the Casa Loma site in 2017 include:

- The public opening of a new restaurant at the property;
- Continued exterior structural restoration by Economic Development and Culture staff.

Revitalization of the North Campus

As outlined in the Annual Report the Corporation resumed negotiations with LEG regarding the North Campus in early 2017. These negotiations are ongoing.

A successful negotiation with LEG would allow the Corporation to report back on the North Campus and on the future governance structure for the Casa Loma Corporation. City Council, as shareholder, has the ultimate authority to approve any changes to Casa Loma Corporation including proceedings for dissolution.

3. Summary – Casa Loma 2017 Audited Financial Statements

2017 was the third full year of Casa Loma operations by LEG. Rental income for the Casa Loma Corporation was on budget at \$1,850,000 while expenses were lower than budget at \$190,079. The accumulated surplus at year end was \$4,629,651 with net financial assets of \$3,135,434.

4. 2017 Executive Compensation

Casa Loma Corporation was managed by City staff whose salary disclosure is part of the Province of Ontario's salary disclosure reporting under the *Public Sector Salary Disclosure Act, 1996*. LEG, which operates Casa Loma through a management agreement with the City, is not required to disclose executive compensation.

CONTACT

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SIGNATURE

Joe Farag
Interim Chief Financial Officer

Giuliana Carbone
Interim City Manager

ATTACHMENTS

Attachment 1: Casa Loma Corporation 2017 Annual Report
Attachment 2: Casa Loma Corporation 2017 Audited Financial Statements