

**REPORT FOR ACTION****Casa Loma Corporation - Annual General Meeting and
2018 Audited Financial Statements**

Date: June 19, 2019

To: Executive Committee

From: City Manager and Chief Financial Officer & Treasurer

Wards: All

SUMMARY

This report transmits materials submitted by the Board of Directors of Casa Loma Corporation to the City. No independent review or analysis has been performed by City staff.

This report contains recommendations for the actions necessary to comply with the requirements of the Business Corporations Act, Ontario (OBCA) for holding the Annual General Meeting of the Shareholder of Casa Loma Corporation, including receipt of its Annual Report and Audited Financial Statements for 2018 and appointment of the auditor for 2019.

RECOMMENDATIONS

The City Manager and Chief Financial Officer & Treasurer 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. receiving the "Casa Loma Corporation 2018 Annual Report", and the "Casa Loma Corporation 2018 Audited Annual Financial Statements", forming Attachment 1 and Attachment 2 to this Report; and,

b. reappointing Welch LLP Chartered Accountants, as the Auditor of Lakeshore Arena Corporation for fiscal year 2019, and authorizing the Board of Directors of Lakeshore Arena Corporation to fix the remuneration of the Auditor.

2. City Council direct the City Clerk to forward a copy of the "Casa Loma 2018 Audited Annual Financial Statements", forming Attachment 2 to this Report, to the Audit Committee for information.

FINANCIAL IMPACT

There are no financial implications resulting from the implementation of the recommendations in this report.

The City of Toronto entered into a 20-year lease agreement with Liberty Entertainment Group (LEG) to operate the Casa Loma main house and grounds as a heritage attraction and special events venue. Rent payments have been received through 2018 from LEG under the lease agreement and included temporary management of the North Campus of Casa Loma as well. Negotiations related to the North Campus were progressing during 2018 and are expected to be concluded in 2019.

Net operating income for 2018 was \$1.698 million, with revenues of \$1.938 million and expenses of \$0.240 million. Final accumulated surplus was \$6.327 million at 2018 year-end. Although there was no distribution of the accumulated surplus to the City of Toronto for site rehabilitation projects in 2018, it is intended that the accumulated surplus provides a source of funding for Economic Development and Culture to undertake ongoing capital maintenance and repair projects in future years for Casa Loma, a City-owned tourism and event facility.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On June 26, 2018, that portion of the City Council meeting where EX35.10 Casa Loma Corporation - Annual General Meeting and 2017 Audited Financial Statements was approved by Council, was considered the previous Annual General Meeting of the Shareholder for Casa Loma Corporation.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX35.10>

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

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

ISSUE BACKGROUND

City Council authorized the establishment of Casa Loma Corporation on June 14, 2011 pursuant to section 148 of the City of Toronto Act, 2006, and Ontario Regulation 609/06. Casa Loma Corporation was incorporated under the Business Corporations Act (Ontario) (OBCA) on June 20, 2011.

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.

COMMENTS

1. Appointment of Auditor

The Corporation has recommended Welch LLP Chartered Accountants be reappointed as the Auditor for fiscal year 2019. The Board of Directors of Casa Loma Corporation will fix the annual remuneration of the Auditor.

2. Summary – Casa Loma Corporation 2018 Audited Financial Statements

This report provides a summary of Casa Loma Corporation's Audited Financial Statements contained in Attachment 2. Highlights of 2018 key activities are outlined by the Corporation in the Annual Report provided as Attachment 1.

Statement of Operations

2018 was the fourth full year of Casa Loma operations by Liberty Entertainment Group (LEG) which has a lease agreement with the Corporation for the Main Campus. The lease agreement was approved by City Council in November 2013.

For the year ended December 31, 2018, rental income for the Casa Loma Corporation was on budget at \$1,900,000 while expenses were \$239,910, representing \$41,140 or 21% higher than budget due to an increase in property taxes.

Statement of Financial Position

The 2018 end of year accumulated operating surplus for Casa Loma Corporation was \$6.327 million compared with \$4.629 million in 2017, with an increase of \$1.698 million

attributed to the 2018 operating surplus. It is noted that no distribution of the accumulated surplus was made to the City's Casa Loma Capital Maintenance Reserve during 2018. This reserve provides a source of funding for Economic Development and Culture to undertake ongoing capital maintenance and repair projects in future years for Casa Loma. The corporation also reports net financial assets of \$4.872 million compared to \$3.162 million in 2017.

4. 2018 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

Heather Taylor
Chief Financial Officer & Treasurer

Chris Murray
City Manager

ATTACHMENTS

Attachment 1: Casa Loma Corporation 2018 Annual Report

Attachment 2: Casa Loma Corporation 2018 Audited Annual Financial Statements