



**STAFF REPORT
ACTION REQUIRED
with Confidential Attachment**

**Casa Loma Corporation – Annual General Meeting and
Audited Annual Financial Statements 2013**

Date:	May 12, 2014
To:	Executive Committee
From:	City Manager
Wards:	All
Reason for Confidential Information:	This report deals with personal matters about an identifiable person.
Reference Number:	

SUMMARY

Casa Loma Corporation (the Corporation) was established by City Council in June 2011. On January 14, 2104 the Corporation recently transferred operational management of the Main Castle and Grounds to the Liberty Entertainment Group the winner of a competitive call process completed in 2013. The Corporation now oversees the management agreement and has focused on the revitalization of the north Casa Loma complex. This report recommends the actions necessary to comply with the requirements of the Business Corporations Act (Ontario) for the holding of the 2013 Annual General meeting of the shareholder, including receipt of the Audited Financial Statements, transmittal of the 2013 Annual Report, and confirmation of the auditor for 2014. The report also transmits the confidential disclosure of executive compensation paid by the Corporation in 2013.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council treat the portion of the Council meeting at which this report is considered as the 2013 Annual General Meeting of the Shareholder for Casa Loma Corporation by:

- a. receiving the 2013 Audited Financial Statements of Casa Loma Corporation, attached as Attachment 1 to this report;
 - b. appointing KMPG LLP as the Auditor of Casa Loma Corporation for fiscal year 2014; and
 - c. receiving Casa Loma Corporation's 2013 Annual Report attached as Attachment 2 to this report.
2. City Council direct the City Clerk to forward a copy of the Casa Loma Corporation 2013 Audited Annual Financial Statements, in Attachment 1 to the report, to the Audit Committee for information; and
 3. City Council receive the information in Confidential Attachment 3 to the report; and it be kept confidential in their entirety after the consideration of this report by Council for reasons of personal information about identified individuals.

Financial Impact

In 2013, its second full year of operation, Casa Loma Corporation reported a net operating surplus of \$1.341 million which represented a favourable variance of \$0.159 million or 13.4% compared to its 2013 Operating Budget of \$1.183 million. The net operating surplus decreased by \$0.166 million or 11% from \$1.507 million in 2012 to \$1.341 million in 2013. The operating variance is primarily due to growth in venue rental, catering and admissions revenue of \$5.672 million that exceeded revenue targets of \$5.022 million by \$0.650 million or 12.9% which were partially offset by over-spending in operational, gift shop, and catering expenses. The Corporation's financial assets for 2013 were valued at \$2.403 million and its accumulated surplus since inception in 2011 was \$4.032 million. In 2013 its cash flow increased by \$0.754 million and Casa Loma Corporation contributed \$0.800 million to the City held Casa Loma Capital Maintenance Reserve Fund (XR1501) for building restoration purposes. In 2013 Casa Loma Corporation had tangible capital assets such as office equipment, artwork, and furniture worth \$1.590 million.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact section.

DECISION HISTORY

In July 2010, Council considered and adopted a staff report on the management agreement with the Kiwanis Club related to operations and completion of the Strategic Vision for Casa Loma.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX45.54>

In June 2011 City Council considered and adopted a report from the General Manager of Economic Development. The report recommended that the management agreement with Kiwanis Club be terminated and a new City Services Corporation be established to manage Casa Loma until such time that a new operator could be found and the future direction of the complex established.

<http://app/.toronto.ca/tmmis/viewAgendaItemHistory.do?item=20.EX6.7.11>

At its October 2012 meeting City Council authorized the Casa Loma Corporation Board to undertake a competitive proposal call for the operation of the main building at Casa Loma, and to undertake a separate process to determine uses for the other buildings on the site. Stage 1 of the competitive process for the main building is completed and Stage 2 of that process is now underway.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX22.2>

At its November 2013 meeting 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>

ISSUES/BACKGROUND

Casa Loma Corporation commenced operations in the fall of 2011. The mandate of the Corporation is to act as the interim manager and operator of Casa Loma while examining future options for its operations and uses are determined and implemented. The Shareholder Declaration under the Corporation Acts was approved by City Council on June 12 2011. Through the disclosure contained in this report the Corporation is meeting its requirements for disclosure of executive compensation information.

COMMENTS

In 2013, Casa Loma's operating surplus from operations was \$1.341 million. This is a slight drop from the Corporation's operating surplus in 2012 of \$1.507 million. Revenues in 2013 were \$5.671 million and exceeded budgeted revenues of \$5.022 million.

Casa Loma Corporation successfully completed a competitive call and selection process for a new operator for the Main Castle and Grounds in 2013. Liberty Entertainment Group, commenced operations in January 2014. Casa Loma incurred a one-time expense for 2013 of \$589,000 for employee transition payouts associated with the management transition to the Liberty Entertainment Group.

Casa Loma Corporation oversees the management contract and is now focused on examination of options for revitalization of the North Casa Loma complex. The Corporation will continue to work on restoration efforts and other projects, such as way-finding to improve the complex and the visitor experience.

Confidential Attachment 3 of this report provides for the 2013 salary disclosure of executives at Casa Loma Corporation. The protection of individual privacy is required by the *Municipal Freedom of Information and Protection of Privacy Act (MFIPPA)*. Specific compensation data of individual executives is private information under *MFIPPA*. Confidential Attachment 3 may not be discussed in public and must be kept confidential in its entirety after consideration of this report by Council for reasons of personal information about identified individuals.

CONTACTS

Lance Alexander, Strategic and Corporate Policy Division
Tel: 416-397-4625; Fax: 416-696-3645; E-mail: laalexand@toronto.ca

Judy Skinner, Financial Planning Division
Tel: 416-397-4219; Fax: 416-392-3649; E-mail: jskinne1@toronto.ca

SIGNATURE

Joseph P. Pennachetti
City Manager

ATTACHMENTS

Attachment 1: Casa Loma Corporation 2013 Audited Financial Statements
Attachment 2: Casa Loma Corporation 2013 Annual Report
Confidential Attachment 3: 2013 Executive Compensation Disclosure