



**STAFF REPORT  
ACTION REQUIRED**

**Casa Loma Corporation – Annual General Meeting and  
Audited Financial Statements 2014**

<b>Date:</b>	May 8, 2015
<b>To:</b>	Executive Committee
<b>From:</b>	City Manager
<b>Wards:</b>	City-wide
<b>Reference Number:</b>	

**SUMMARY**

---

This report recommends the actions necessary for Casa Loma Corporation to comply with the requirements of the *Business Corporations Act* (Ontario) for the holding of the 2014 Annual General meeting of the shareholder, including receipt of the Audited Financial Statements, transmittal of the 2014 Annual Report, and confirmation of the auditor for 2014.

**RECOMMENDATIONS**

---

**The City Manager recommends:**

1. City Council treat the portion of the City Council meeting at which this report is considered as the 2014 Annual General Meeting of the Shareholder for Casa Loma Corporation by:
  - a. receiving the 2014 Audited Financial Statements for Casa Loma Corporation attached as Attachment 1 to this report;
  - b. appointing Welch LLP Chartered Accountants as the Auditor for Casa Loma Corporation for the fiscal year 2015; and
  - c. Receiving Casa Loma Corporation's 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 2014 Audited Financial Statements, in Attachment 1 of this report, to the Audit Committee for information.

## **FINANCIAL IMPACT**

In 2014 Casa Loma Corporation transferred much of the operations of Casa Loma to Liberty Entertainment Group. In return, the Corporation began to receive rent payments from Liberty Group in July 2014 under the terms of a 20 year management agreement. By year end 2014, Casa Loma accumulated a net surplus of \$3.558 million inclusive of an \$800,000 transfer to the City for heritage restoration of the complex. Net operating income for the year was \$326,534 based on revenues of \$936,671 and expenses of \$610,137.

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

## **DECISION HISTORY**

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 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>

The Casa Loma Corporation has held two previous Annual General Meetings.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX33.9>

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX42.10>

## **COMMENTS**

### **2014 Audited Financial Statements**

The 2014 Audited Financial Statements for Casa Loma Corporation are contained in Attachment 1 of this report. In 2014 the Corporation had an accumulated surplus of \$3.558 million in cash and short term investments (\$1.950 million), and secondarily, non-financial assets such inventory, pre-paid expenses and tangible capital assets of \$1.607 million.

In 2014 Casa Loma Corporation had revenues of \$936,671 which exceeded the budgeted revenues of \$778,997. The 2014 revenues were significantly less than the \$5.671 million in revenue for 2013 as Liberty Entertainment Group assumed operation of most functions of Casa Loma in January 2014. Casa Loma Corporation expenses for 2014 totaled \$610,137 and the surplus from operations was \$326,534.

Net Financial Assets of the Corporation at the end of 2014 were \$1,950,736 including an \$800,000 distribution by Casa Loma Corporation to the City.

## **2014 Annual Report**

The 2014 Annual Report for Casa Loma is contained in Attachment 2 of this report. In 2014 Casa Loma transferred operations of the Main Castle to Liberty Group Entertainment. Rent payments to the corporation from the Liberty Group commenced in July 2014. The Liberty Group has committed to enhancing the visitor experience at Casa Loma.

During 2014 the Corporation transferred \$800,000 from its accumulated surplus to the City to fund the Norman Tower restoration. In 2015 an additional \$2.01 million will be transferred from the Casa Loma Corporation to the City to complete the capital project.

In 2015 Casa Loma will focus on completion of an RFP for revitalization of the North Campus. The Corporation continues to play an active role in revitalization of this significant Toronto heritage and cultural landmark.

## **Appointment of the Auditor**

The Corporation held a proposal call for audit services for 2015 and is recommending Welsh LLP Chartered Accountants.

## **Executive Compensation**

Casa Loma Corporation is managed by City staff whose salary disclosure is part of the Province of Ontario's salary disclosure reporting. Liberty Entertainment Group who operates Casa Loma through a management agreement with the City is not required to disclose executive compensation.

## **CONTACTS**

Lance Alexander, Strategic and Corporate Policy Division  
Tel: 416-397-4625; Fax: 416-696-3645; E-mail: [lalexand@toronto.ca](mailto:lalexand@toronto.ca)

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

## **SIGNATURE**

---

Joseph P. Pennachetti  
City Manager

## **ATTACHMENTS**

Attachment 1: Casa Loma Corporation 2014 Audited Financial Statements  
Attachment 2: Casa Loma Corporation 2014 Annual Report