

Casa Loma Corporation - Annual General Meeting and 2022 Audited Financial Statements

Date: May 15, 2023

To: Board of Directors, Casa Loma Corporation

From: Chief Executive Officer

Wards: All

SUMMARY

This report recommends that the Board of Directors of Casa Loma Corporation (CLC) recommend to City Council actions necessary to comply with the requirements of the Business Corporations Act, Ontario for holding the Annual General Meeting of the Shareholder of CLC, including receipt of its Annual Report and Audited Financial Statements (Statements) for 2022 and appointment of the auditor for 2023.

CLC's 2022 Statements were audited by Welch LLP and received an opinion stating that the financial statements present fairly, in all material respects, the financial position of the CLC as at December 31, 2022, and its results of operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

RECOMMENDATIONS

The Chief Executive Officer recommends that the Board of Directors:

1. Approves the "Casa Loma Corporation 2022 Annual Report", and the "Casa Loma Corporation 2022 Audited Financial Statements", forming Attachments 1 and 2 to this Report, respectively;
2. Recommends that 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, and:
 - a. receives Board-approved the "Casa Loma Corporation 2022 Annual Report", and the "Casa Loma Corporation 2022 Audited Financial Statements", forming Attachments 1 and 2 to this Report, respectively; and
 - b. appoints Welch LLP as the Auditor of Casa Loma Corporation for fiscal year 2023, and authorizing the Board of Directors of Casa Loma Corporation to fix the remuneration of the Auditor.

3. Recommends that City Council forward a copy of the "Casa Loma Corporation 2022 Audited Financial Statements", forming Attachment 2 to this Report, to the Audit Committee for information.

4. Authorizes the Chief Executive Officer and Corporate Secretary, on behalf of the Board, and their respective designates, to take all actions and execute all necessary documents to implement the above recommendations.

FINANCIAL IMPACT

There are no financial implications to the City resulting from the approval of recommendations in this report.

Casa Loma's 2022 Statements recognize a net operating surplus of \$1.8 million (an increase of \$1.0 million over 2021), total assets of \$6.4 million (an increase of \$0.6 million over 2021), and total liabilities of \$1.5 million (an increase of \$1.5 million over 2021). The accumulated surplus decreased by \$0.9 million in 2022 to \$4.9 million. Due to government regulations requiring closures in January 2022, the entity recognized a bad debt expense of \$0.2 million, as it was unable to collect a portion of the 2022 rental income due from its tenant.

Casa Loma does not pay dividends to the City of Toronto. In lieu of dividends, distributions are made to the Casa Loma Capital Maintenance Reserve Fund, held by the City of Toronto. A \$2.7 million distribution of accumulated surplus made to the City of Toronto was approved by the Casa Loma Board, with \$1.2 million paid during 2022, and \$1.5 million payable as of December 31, 2022. The reserve balance is intended to provide a source of funding for Economic Development and Culture to undertake ongoing capital maintenance and repair projects for Casa Loma, a City-owned tourism and event facility.

Further information on Casa Loma Corporation's financial position and results can be found in Attachment 1.

DECISION HISTORY

On July 19, 2022, that portion of the City Council meeting where *EX34.33 Casa Loma Corporation - Annual General Meeting and 2021 Audited Financial Statements* was approved by Council, was considered the previous Annual General Meeting of the Shareholder for Casa Loma Corporation. [Agenda Item History - 2022.EX34.33 \(toronto.ca\)](#)

At its meeting of November 13, 2013, City Council entered into a twenty-year agreement with a company controlled by Liberty Entertainment Group, the recommended proponent in an open request for proposals process, to improve and operate the Main House and Grounds of Casa Loma. Council also directed that the net proceeds from the agreement be placed in the Casa Loma Capital Maintenance Reserve Fund for the

restoration and state of good repair at the Casa Loma complex, and that Casa Loma Corporation review options for the north portion of the Casa Loma complex. [Agenda Item History - 2013.EX35.2 \(toronto.ca\)](#)

On July 11, 2012, City Council approved a requirement that Shareholder Directions for all wholly-owned City corporations be amended to require public disclosure to the extent permitted by law of individual executive compensation as part of the annual reporting to the Shareholder and where required obtain consent from executives. [Agenda Item History - 2012.EX21.19 \(toronto.ca\)](#)

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. The City is the sole shareholder.

Subsection 94(1) requires that the Board of Directors of CLC call an annual meeting of its Shareholder by no later than fifteen months after holding the last preceding annual meeting. The last annual meeting was held by City Council on July 19, 2022. Subsection 154(1) of the OBCA requires that the Shareholder receive CLC's audited financial statements and the Auditor's Report at the annual meeting of the Shareholder.

Section 149(2) of the OBCA requires that the CLC 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.

Section 3 of the Unanimous Shareholder Declaration to Casa Loma Corporation requires Casa Loma Corporation to provide an annual report on its progress to City Council, in addition to the requirement of the OBCA to hold an annual general meeting.

COMMENTS

This report recommends that the Board of Directors of CLC approves the 2022 Annual Report and Audited Financial Statements. Further, the report recommends the Board recommends that City Council receive CLC's 2022 Annual Report and 2022 Audited Financial Statements and appoints the auditor for 2023. These actions are necessary to comply with the requirements of the OBCA for holding the Annual General Meeting of the Shareholder, and to fulfill requirements under the Unanimous Shareholder Declaration to CLC.

This year's AGM process is different from the process for past AGMs, in that the Board is making AGM-related recommendations to Council. Previously, the City Manager and Chief Financial Officer & Treasurer have transmitted any required Board-approved information, and provided a financial impact section, to Executive Committee for Council

consideration. This year's change in process will better reflect the direct relationship between Boards of City corporations and City Council. Corporation staff have been supported by City staff in the drafting of the Executive Director's recommendations to ensure legislative requirements are met and the recommendations and information are in a form that Committee and Council will consider.

This report recommends that the Board of Directors of CLC recommends that City Council appoint Welch LLP as the Auditor for Casa Loma for fiscal year 2023, and that the Board fix the annual remuneration of the Auditor.

Casa Loma is managed by City staff. The compensation paid to the corporation's executive officers is required to be disclosed pursuant to the Province of Ontario's public disclosure of the salary and benefits paid in respect of employment in the public sector under the Public Sector Salary Disclosure Act, 1996. Liberty Entertainment Group, which operates Casa Loma through a management agreement with the City, is not required to disclose executive compensation.

SIGNATURE

Cheryl Blackman
Chief Executive Officer

ATTACHMENTS

Attachment 1: Casa Loma Corporation 2022 Annual Report
Attachment 2: Casa Loma Corporation 2022 Audited Annual Financial Statements