

**REPORT TO GENERAL COMMITTEE – FINANCE AND ADMINISTRATIVE**

TO: Mayor and Members of Council

FROM: Barbara M. Roth, Director, Recreation and Culture Services

PREPARED BY: Bonnie Armstrong, Manager, Markham Theatre

DATE OF MEETING: 2006-Jan-09

SUBJECT: Theatre Endowment Fund Policy

RECOMMENDATION:

THAT the report titled Theatre Endowment Fund Policy be received and approved;

AND THAT the revised policy as outlined in Appendix A be approved and be effective immediately.

PURPOSE:

To receive Council Approval to revise the current policy of allocating all donations to the Theatre Endowment Fund.

BACKGROUND:**Endowment Fund**

The October 16, 1985 resolution of Council states that:

“an endowment fund be established to help secure the future, encouragement and development of the performing art through the Markham Theatre for Performing Arts as a valuable and vital element of the cultural life of the community.”

Revenue that flows into the Endowment Fund is generated by individual membership donations, special events (e.g. 10th Anniversary Gala Ball), and interest on the fund balance. As of October 31, 2005 the balance was \$267,432.

Since its inception the Endowment has been used to fund such projects/events as the:

- Grand Piano
- 10th Anniversary celebrations
- Wall of Fame
- Main Curtain
- Audio Mixing Console
- Electronic Message Sign

The last purchase from the Endowment Fund was in June of 1995 to cover the balance of the cost for the electronic messaging sign located on Highway #7.

Donation and Sponsorship Revenue:

The current policy for donation revenue is that it be allocated to the Theatre Endowment Fund to support capital improvements.

The policy for sponsorship revenue is that it be allocated to the Theatre operating account in support of the Professional Entertainment Season. The Theatre's sponsorship target for 2005 is \$125,000; however it is anticipated only \$72,600 will be achieved.

Over the past three years the sponsorship at the Theatre has declined. The reasons range from less funds being allocated by corporations to sponsorship activity, to corporations wishing to diversify their interest and therefore rotate their sponsorship dollars. In 2006 the sponsorship target has been adjusted to \$100,000. The 2006 target may still be too high based on 2005 performance level. However, the Theatre development committee has initiated two sponsorship receptions in an attempt to stimulate interest and build relationships with potential sponsors.

In 2005, the Theatre had several corporate and private individuals who, in place of sponsorships, would have preferred to make a donation to the Professional Entertainment Season budget. These requests totalled \$7,500. The current policy does not allow the Theatre to accommodate the donor's request of allocating the funds to the Professional Entertainment Season Budget, making it necessary to review our current practises.

DISCUSSION

Staff recommend the policy (refer to Appendix A) be revised to enable the Theatre to honour donor wishes and allocate monies to the Professional Entertainment Season budget. Presently, requests such as allocating their donation to anything other than the Endowment Fund have not been allowed.

Revisions to the policy would allow potential sponsors / donors to specify where their donation will be allocated, whether it is the Professional Entertainment Season or the Endowment Fund. *or 50/50 split between the two*
~~When donations are given and not specified by the donor, 50% of the dollars collected from~~
donations will be allocated to the Professional Entertainment Season budget. Any donations received over the annual operating target will be transferred to the Endowment Fund.

Allocating these donations to the Professional Entertainment Season would help offset the shortfall the Theatre has experienced in their sponsorship revenue and reduce the overall operating shortfall of the Theatre.

FINANCIAL CONSIDERATIONS:

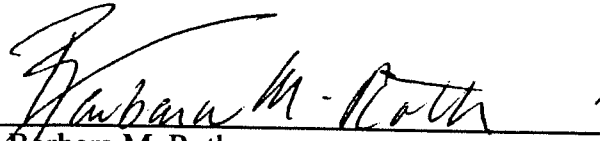
The Theatre Endowment Fund has a balance of \$267,432 as of October 31, 2005. Based on an average annual contribution of \$25,000, the amount of redirecting funds to the operating budget would be approximately \$12,500 per year. Interest will continue to accumulate on the balance in the Endowment Fund.

BUSINESS UNITS CONSULTED AND AFFECTED:

Finance Department

ATTACHMENTS:

Appendix A - Proposed Theatre Endowment Fund Policy (copies of the Appendix are available in the Clerks Department)


Barbara M. Roth,
Director, Recreation and Culture Services


Jim Sales, Commissioner,
Community & Fire Services

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RESOLUTION OF COUNCIL MEETING NO. 2 DATED JANUARY 17, 2006

REPORT NO. 3 – GENERAL COMMITTEE

(1) THEATRE ENDOWMENT FUND POLICY (6.2 & 2.1)

That the report titled Theatre Endowment Fund Policy be received and approved;

And that the revised policy as outlined in Appendix A (as attached to the original minutes kept on file in the Clerk's Office) be approved and be effective immediately.

A handwritten signature in cursive script that reads 'Sheila Birrell'.

Sheila Birrell
Town Clerk

Copy to: Barbara Roth, Director, Recreation & Culture Services
 Bonnie Armstrong, Manager, Markham Theatre

RECREATION AND CULTURE DEPARTMENT POLICIES AND PROCEDURES MANUAL		PO 15.03
SECTION: THEATRE		DATE: 2005 12 05
SUBJECT: Theatre Endowment Fund		PAGE: 1 of 1

Purpose:

The Theatre Endowment Fund was created to fund capital improvements. The Endowment fund receives revenue from donations and accumulates interest on its balance.

Donors may specify that monies to the Professional Entertainment Season or other operational requirements.

Fifty percent of the dollars collected from donations can be redirected to the Professional Entertainment Season operating budget as well as directing the full amount of the donations to the operating budget at the donor's request. Any donations received over our annual operating target will be transferred to the Endowment Fund.

