



Report to: General Committee

Date Report Authored: April 28, 2014

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**SUBJECT:** Unionville Theatre Company Request for Financial Assistance  
**PREPARED BY:** Raymond Law – Manager, Business Operations (Ext. 3585)  
Moe Hosseini-Ara – Director of Culture (Ext. 3596)

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**RECOMMENDATION:**

- 1) THAT the report dated April 28, 2014 entitled “Unionville Theatre Company Request for Financial Assistance” be received; and
- 2) THAT Council not approve a gift or loan in the amount of \$35,000 to the Unionville Theatre Company; and
- 3) THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

The purpose of this report is to provide background on the Unionville Theatre Company (UTC) and to address the request for financial assistance made by the UTC.

**BACKGROUND:**

On January 14, 2014, Carlene Flynn, President of the UTC addressed Committee, requesting a gift or an interest-free loan from the City of Markham in the amount of \$35,000. If the financial assistance is to be provided in the form of a loan, UTC proposes that repayment be made over a period of ten (10) years.

The UTC was established in 1979 and will be celebrating their 35<sup>th</sup> anniversary in 2014. Each year the UTC produces one major musical production which is performed out of the Flato Markham Theatre. In addition to making use of the theatre for their final performances, the UTC also makes use of the Warden House for year round storage of costumes and the occasional meeting. They also use the Lamplight Room at the Crosby arena for rehearsals and set/prop construction. The UTC fall within the not-for-profit community group category as per the Community Service Group (CSG) policy for facility rentals. As such, the UTC along with other similar community groups qualify for, and receive a 30% CSG discount for all of the rental uses listed above. The total benefit to the UTC in the form of discounts and cost reductions provided by the City is approximately \$10,000 per year.

The UTC generates its revenues through sponsorships, fundraising and ticket sales. They have made attempts to acquire additional funding through government grants, but have been unsuccessful. As stated in the letter presented to Committee by Carlene Flynn, President of the UTC at the January 14, 2014 General Committee meeting, “this grant/loan would enable us to enhance our offerings such as increased program enrolment, collaboration with other organizations, program expansion to offer

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workshops, seminars and summer camp programs with the objective of providing greater theatrical training and performance opportunities for the youth of York Region.”

On April 24, 2014 Carlene Flynn, President of the UTC, provided Staff with the UTC’s 10-year business plan. The business plan is attached as Attachment “A”.

The UTC’s proposed use of a portion of the additional funding from the grant/loan, in the short-term is to increase advertising of the casting call in the amount of \$2,018 and increase advertising of the show in the amount of \$2,970. The UTC has forecasted approximately \$12,000 in additional revenue as a result of the increased advertising.

UTC did not specifically identify the purpose of the remaining grant/loan but it appears to try to address their long-term goal of solidifying their position in the community by obtaining a permanent home, which will also allow the UTC expand to more diverse program offerings.

The business plan expresses UTC’s intention to continue pursuing grant opportunities through the Ontario Trillium Foundation, as well as other revenues sources including donations, sponsorships, and advertising sales.

#### **OPTIONS/DISCUSSION:**

The City recognizes that the efforts of the UTC do contribute positively to the community. This is reflected in the financial assistance, by means of benefits and cost reductions provided to the UTC, as previously outlined. However, Staff does not recommend the lending or gifting of \$35,000 as requested by the UTC.

#### **INTEREST-FREE LOAN**

Monetary lending is not a municipal service provided by the City. The practice of lending is a function of financial institutions and not municipal governments. As such, the City is not equipped to administer loans. The issuance, tracking, and reporting of a loan would be administratively cumbersome.

There are instances where the City has provided a loan to a non-profit organization, such as the loan provided to the Markham Little Theatre (MLT). Initially, this loan was an interest-free loan in the amount of \$200,000 to be repaid over a period of 15 years. The repayment period was extended to a period of 25 years when the MLT encountered difficulties in meeting their financial obligations.

The MLT loan differs from the request put forward by the UTC as there is an improvement to a City-owned asset and also a similarly sized contribution put forward by MLT. The funding provided to MLT was used towards the renovation of the Implement Building on the Markham Museum site. MLT also invested approximately \$238,000 of additional funds towards the renovation. The building was turned over to the City upon completion of the renovations. The building is leased back rent-free to MLT, and the City reserves the right to terminate said lease, should MLT not be able to meet their annual repayment obligation.

Furthermore, a review of the UTC's financial statements and budget was undertaken. If the forecasted additional revenues identified in UTC's short-term business plan materializes, then it would result in an additional net profit of approximately \$7,000 per annum. However, based on their recent financial performance and current budget, their ability to meet financial obligations is uncertain even if the additional revenue materializes.

#### GIFT

Staff does not support the gifting of \$35,000 to the UTC at this time or through this process. As the 2014 Operating Budget has already been approved by Council, there is no available budget identified for this purpose. Additionally, funding is made available through grant programs such as a "Celebrate Markham". Although the application deadline for grants through "Celebrate Markham" has passed for 2014, the UTC is encouraged to review the grant criteria and consider applying for "Celebrate Markham" grants for 2015.

#### PROVISION OF SPACE

At the deputation made by the UTC on January 14, 2014 the other request made by the UTC was for the City to provide space at no charge. Any provision of space at no charge would result in a loss of revenue and would not be equitable as other community groups currently pay for their use of City facilities. The UTC is encouraged to investigate partnering with other theatre companies (such as the MLT) for use of space as a means to reduce costs.

#### **FINANCIAL CONSIDERATIONS:**

An interest-free loan provided to the UTC with the principal amount of the loan to be repaid in equal annual installments over a 10-year period, would result in the City forgoing the interest revenue it otherwise earns on a \$35,000 investment. Assuming a 3.5% average interest rate, the City would be forgoing approximately \$8,300 in revenue over the 10-year period.

#### **HUMAN RESOURCES CONSIDERATIONS**

Not applicable.

#### **ALIGNMENT WITH STRATEGIC PRIORITIES:**

Not applicable.

#### **BUSINESS UNITS CONSULTED AND AFFECTED:**

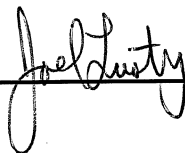
Not applicable.

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**RECOMMENDED  
BY:**

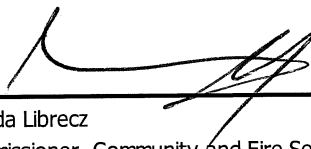
**X**

Joel Lustig  
Treasurer



**X**

Brenda Librecz  
Commissioner, Community and Fire Services



Attachment A – Unionville Theatre Company Business Plan 2014-2024