

APPENDIX A

THEATRE ENDOWMENT TERMS OF REFERENCE

SCOPE OF THE THEATRE ENDOWMENT POLICY

This statement reflects the endowment policy, objectives of the Markham Theatre for Performing Arts Endowment.

PURPOSE OF THE POLICY STATEMENT

This statement of endowment policy is set forth in order to:

1. Define with clarity the purpose of the Endowment.
2. Establish a clear understanding for donors, contributors, and stakeholders of the endowment goals and objectives.
3. Identifies the various sources of revenues.
4. Offer guidance and limitations for its utilization.
5. Establish the guidelines for its adjudication and administration.

The guidelines are intended to be specific and meaningful, yet flexible enough to be practical.

GENERAL PURPOSE OF THE ENDOWMENT

Cultivating and sustaining a vibrant creative community through live arts in the Markham Region is the fundamental mission for Markham Theatre for Performing Arts. The Theatre Endowment through the *Theatre Endowment Reserve Fund* and the *Capital Improvement Reserve Fund* helps secure the future, encouragement and development of the performing/live arts through the Markham Theatre as a valuable and vital element of the cultural life of the community. The endowment sustains Markham Theatre's programs and services' excellence as well as its position as the leading performing arts venue in York Region.

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Purpose and criteria

The purpose of the endowment is to support the implementation of Markham Theatre Strategic Plan (as may be revised from time to time), to contribute in the development and sustainability of Markham Theatre infrastructure, and to sustain investments aligned with the mission of the Theatre. The initiatives funded will have a positive impact on advancing the programs and services and on generating outcomes in building resources and capacity.

The Endowment is constituted of two distinct reserve funds:

The Theatre Endowment Reserve Fund channels income into major initiatives outlined in the Theatre Strategic Plan, and will support the following types of endeavours:

1. Innovative, professional and community programs to deliver the highest artistic standards;
2. Education, community outreach, and audience development programs and initiatives;
3. Creative projects and productions to encourage the emergence of a vibrant professional cultural community;
4. Strategic marketing initiatives with the objective to build capacity to increase earned revenues, such as community groups promotional support, social media, community public relations, ethnic media, etc.;
5. Capacity building initiatives, special events, including cultivation events and annual campaigns, improvement of actual capital and infrastructure.

The Capital Improvement Reserve Fund channels income into purchase of new capital projects other than those funded from Life Cycle Replacement and Capital Reserve, but central to the Theatre's mission.

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ORIGIN OF INCOME

1. The *Theatre Endowment Reserve Fund* systematically receives income from:

- 1.1 Individual donations: donors are given three choices to allocate their gift: a) donation to be added to the Theatre Endowment Reserve Fund; b) donation to be added to the Professional Entertainment Season and Programs account (operating budget); c) donation to be added 50% to the Theatre Endowment Reserve Fund and 50% to the Professional Entertainment Season account; eligible donations can receive a charitable tax receipt;
- 1.2 A portion of the ticket handling fee: 50% of the allocated amount (actual allocated amount is \$1 per ticket out of a total current handling fee of \$3.50 per ticket), including appropriate allocation based on future increases to fees.
- 1.3 Earned Interest.

The Theatre Endowment Reserve Fund can also receive income from:

- 1.4 Corporate donations;
- 1.5 Net proceeds from fundraising activities and donations;
- 1.6 Government and Foundation Grants and Funds for designated purposes.

2. The *Capital Improvement Fund* systematically receives income from:

- 2.1 A portion of the ticket handling fee: 50% of the allocated amount (actual allocated amount is \$1 per ticket out of a total current handling fee of \$3.50 per ticket), including appropriate allocation based on future increases to fees.
- 2.2 Earned Interest.

The Capital Improvement Reserve Fund can also receive income from:

- 2.3 Corporate donations;
- 2.4 Net proceeds from fundraising activities and donations;
- 2.5 Government and Foundation Grants and Funds for designated purposes.

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ANNUAL ALLOCATION

The Endowment will generate an annual allocation from which staff may decide to utilize or to leave in the fund as additional capital.

The annual allocation is based on the principle that the actual capital of the endowment should be reasonably preserved.

1. An annual amount of up to \$25,000 is allocated, according to the purpose and established criteria.
2. The total amount is allocated at the beginning of each year.
3. Request for allocation of funds above \$25,000 requires Council approval.

A report on the utilization of this allocation will be submitted every year to Council. The annual allocation will be assessed and evaluated every 4 years.

APPENDIX "B"

THE CORPORATION OF THE TOWN OF MARKHAM

DATE: October 16th, 1985

TO: Director of Parks and Recreation

EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD ON
OCTOBER 8TH, 1985

COUNCIL
MINUTE #

874. MARKHAM THEATRE FOR PERFORMING ARTS
- FUND RAISING (140)

Mr. Peter Mason, Chairman of the Board of the Markham Theatre for Performing Arts, was in attendance and expressed appreciation to Council for the support provided by Council to the Board with respect to the opening activities of the Markham Theatre to be held on October 18th, 1985.

Mr. Mason advised that he was in attendance in support of a motion of the Board of Management of the Markham Theatre for Performing Arts that the Board be authorized to develop and execute various fund raising campaigns in the name of the Markham Theatre for Performing Arts.

It was

Moved by Councillor M. Popovich
Seconded by Councillor D. Quirk

RESOLVED THAT the presentation of Mr. Peter Mason with respect to the Board of Management of the Markham Theatre for Performing Arts holding fund raising campaigns to raise funds in connection with various functions of the Markham Theatre for Performing Arts and the report dated October 3rd, 1985 from the Director of Parks and Recreation with respect thereto, be received;

AND THAT the Board of Management of the Markham Theatre for Performing Arts be authorized to develop and execute various fund raising campaigns in the name of the Markham Theatre for Performing Arts;

AND THAT the funds raised through these efforts be used for the following purposes:

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DEPUTY CLERK

APPENDIX "B"

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- (a) to subsidize special programming from time to time which, in the opinion of the Board, would provide extraordinary benefit to the cultural life of the community and which would not be available to the community in the absence of such subsidy;
- (b) to subsidize the purchase of extraordinary equipment and extraordinary upgrading of existing equipment which the Board deems necessary from time to time in order to maintain the highest standards of production quality in the theatre and which would not be provided for through usual annual capital expenditure budget or otherwise available in the absence of such subsidy;
- (c) to subsidize special projects in the areas of marketing, audience development, community relations, general management and staff professional development as the Board from time to time deems necessary. To provide the highest standards of service to the community and to assure the continuance of sound management and growth for the Markham Theatre for Performing Arts and which would not be provided for in the usual annual operating budget or otherwise available in the absence of such subsidy;
- (d) to establish an endowment fund to help secure the future, encouragement and development of the performing arts through the Markham Theatre for Performing Arts as a valuable and vital element of the cultural life of the community.

Resolution Carried.

Christine Palmer

DEPUTY CLERK



THE CORPORATION OF THE TOWN OF MARKHAM

**EXTRACT CONTAINING ITEM #0001 OF THE GENERAL COMMITTEE OF MEETING
NO. 2 (Jan 09, 2006)**

1. THEATRE ENDOWMENT FUND POLICY (6.2 & 2.1)

Report 1

Ms. B. Roth, Director, Recreation and Culture Services, provided brief information on the Theatre Endowment Fund. Committee requested that the policy be amended to give donors three (3) choices: (a) donation to be added to the endowment fund; (b) donation to be added to the Professional Entertainment Season fund, and; (c) donation to be added 50% to the endowment fund and 50% to the Professional Entertainment Season fund.

Moved by Councillor G. McKelvey

Seconded by Councillor A. Chiu

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.

CARRIED



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

APPENDIX "C"

Agenda Item 6



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

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REPORT TO GENERAL COMMITTEE - FINANCE AND ADMINISTRATIVE - Page 2 -

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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. *on 5/11/06 + during 2005 & 2006*
~~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.

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REPORT TO GENERAL COMMITTEE - FINANCE AND ADMINISTRATIVE
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FINANCIAL CONSIDERATIONS:

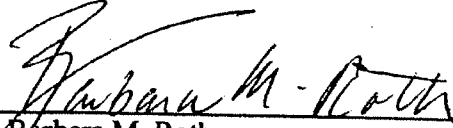
The Theatre Endowment Fund has a balance of \$267,432 as of October 31, 2005. Based on an average annual contribution of \$25,000, the amount of redirecting funds to the operating budget would be approximately \$12,500 per year. Interest will continue to accumulate on the balance in the Endowment Fund.

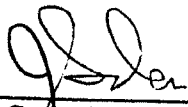
BUSINESS UNITS CONSULTED AND AFFECTED:

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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APPENDIX "C"

APPENDIX A

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 be allocated as follows:

- ☐ Professional Entertainment Season (PES)
- ☐ Endowment Fund
- ☐ Split between the PES / Endowment Fund

Any donation that is given and the donor does not specify where the donation will be allocated will be split 50 / 50 to the Professional Entertainment Season budget and the remaining 50% to the Endowment Fund. Any donations received over our annual operating target will be transferred to the Endowment Fund.