

Memo



Date: September 28, 2011
File: 0210 - 20
To: City Manager
From: S. Kochan, Cultural Services Manager
Subject: Loan to Sunshine Theatre Society

Recommendations:

THAT Council acknowledge the financial assistance loan of \$50,000 that was granted to the Sunshine Theatre Society by resolution of Council on March 7, 2005;

AND THAT Council direct staff to advise the Sunshine Theatre Society that all terms of the Letter of Agreement between the Sunshine Theatre Company and the City of Kelowna as appended to the report dated March 7, 2005 from the Director of Parks and Leisure Services and the Cultural Services Manager are considered extinguished;

AND THAT the Financial Plan be amended to apply the sum of \$49,700 from the Arts Development Reserve to extinguish the outstanding amount of the financial assistance loan to Sunshine Theatre Society.

Purpose:

Sunshine Theatre Society received a financial assistance loan of \$50,000 from the City of Kelowna in 2005. Due to the Society's inability to access adequate federal and provincial funding, it is unable to continue its operations and has not repaid the City loan. The Society intends to cease operations and proceed with dissolution. In order to complete the formal dissolution process, the Society has requested that the City extinguish its indebtedness. Dissolution processes must be complete in order for the volunteer Board of Directors to be relieved of any personal liability.

Background:

Sunshine Theatre Society (STS) started in 1977 as a summer theatre company, gradually evolving by the early 1990s into a professional company receiving substantial operating support from the Canada Council for the Arts, the BC Arts Council and professional arts grants from the City of Kelowna via the Kelowna Arts Foundation.

Due to changes in federal and provincial grants, and declining audiences, the financial position of STS deteriorated over time. By late 2004, after completion of a series of assessments and plans, it became apparent that the company would not survive without additional assistance.

In March, 2005, Council approved a loan to STS of \$50,000, which was advanced and used by STS to support its operations. The terms of the loan stipulated that the balance was to be repaid by November 15, 2005. The current receivable balance of the loan is \$49,700.

Due to changes in eligibility criteria for Community Gaming Grants, STS lost its access to this source of operational funding in spring 2010, and made a decision to cease operations at the end of its fiscal year in spring 2011. STS has advised the City of Kelowna that it intends to proceed with formal dissolution of the Society and that it will be unable to repay the loan it obtained in 2005.

Internal Circulation:

General Manager, Community Services
Director, Recreation & Cultural Services
Director, Finance
Director, Communications

Existing Policy:

Cultural Policy 274.

Financial/Budgetary Considerations:

The Director of Finance has identified and confirmed the necessary funding to fulfill the recommendations in this report. No interest has been recognized to date on the loan and the current receivable balance is \$49,700 due to a \$300 rental damage deposit being applied against the loan.

External Agency/Public Comments:

This report has been developed in consultation with the staff and Board of Directors of Sunshine Theatre Society and the Kelowna Visual and Performing Arts Centre Society (KVPACS).

Considerations not applicable to this report:

Legal/Statutory Authority
Legal/Statutory Procedural Requirements
Personnel Implications
Communications Comments
Alternate Recommendation

Submitted by:



S. Kochan, Cultural Services Manager

Approved for inclusion:



J. Gabriel, Director, Recreation & Cultural Services

cc:

General Manager, Community Services
Director, Recreation & Cultural Services
Director, Finance
Director, Communications
Executive Director, Kelowna Visual & Performing Arts Centre Society
Board of Directors, Sunshine Theatre Society