

SID WILLIAMS THEATRE SOCIETY

Updated Five Year Financial Plan – Executive Summary 2024-2029

Contents:

- Review of past year's results
- Highlights for the next Fiscal Year
 - Revenue Highlights
 - Expenditure Highlights
- Synopsis
- Notes

Attached:

- Consolidated Statement of Operations and Pro-Forma Budget 2025-2029
- Finance Dashboard
- Multi-venue attendance comparison, Vancouver Island
- KIP Data Sheet

Additional Information on SWTS Website – Printed Copies Available upon Request

- 2014-2023 Annual Reports
- 2023-24 Annual Report will be added following AGM Dec. 5, 2024
- 2023-2026 Strategic Plan
- An updated Strategic Plan will be added Spring 2025
- <https://www.sidwilliamstheatre.com/about/publications/>
- See also – City of Courtenay Cultural Strategic Plan
<https://www.courtenay.ca/assets/City~Hall/Images/Draft%20SCP%20-%20FINAL%20DRAFT%2010.8.24.pdf>

REVIEW OF PAST FISCAL YEAR'S RESULTS – 2023-24

The **financial plan summary** below is an analysis of financial highlights of the Sid Williams Theatre Society's operating budget for 2025-2029. A review of 2023-24 activity is included. A five year capital plan (for major equipment and theatre improvements) will be submitted separately.

For your reference, the SWTS fiscal year runs July 1- June 30. Items with an asterisk indicate there is an additional note at the end of the executive summary.

The Sid Williams Theatre is an award-winning facility* that has been a source of community pride for decades. Our board and management are eager to work with our funding partners to ensure that the Sid continues to be a focal point of our vibrant downtown cultural district, serving our growing community and visitors alike for now and in the future.

Our financial decisions over the past year, and projections for the years to come, reflect our sense of shared responsibility for this important community cultural asset.

REVENUE HIGHLIGHTS 2023-24

The theatre's **overall revenue for the 2023-24** fiscal year was higher than budgeted, and higher than the previous fiscal year. For reference, please see column A (actuals) versus column B (budget) on the attached consolidated Financial Plan spreadsheet.

Key areas for increased revenue were interest, memberships/sponsorships/donations, rentals, and event proceeds (lines 8-12 on the FP spreadsheet), ticket handling billable labour, and retained surcharges (lines 14-17) were also up. 2023-24 was a fairly strong year for the SWTS in terms of volume of theatre usage and attendances at SWTS presentations. The society also increased rental rates to keep pace with other Island venues and market factors.

However, some revenue areas were well below budgeted. These areas include government grants and the City of Courtenay management fee (lines 2-7).

The SWTS' goal for operations is to **earn 60% of revenue** (including via fundraising/donations) to balance **40% of the revenue needed to offset operating costs coming from grants**, primarily from government sources but also from private-sector and NGO funders such as foundations. 2023-24 revenue results show the SWTS earning 70% of its revenue with 30% coming from grants.

This would appear to be a positive trend, except when considering that most of the activity in the theatre – 70+ percent of theatre bookings – consists of events produced by Comox Valley based non-profit and charitable organizations. Higher revenue for the SWTS from rentals, for example, means that costs have risen for theatre users. In an inflationary economy, event producers do need to expect higher costs for using the facility; however, theatre board and management are hearing from our regional client base that they cannot sustain costs continuing to rise as steeply as they have. As evidence that groups are being negatively impacted by the cost of using the theatre is that there have been several event cancellations for this reason.

The SWTS mandate and a key deliverable in the organization's agreement with the City of Courtenay is to ensure that the theatre is accessible to the public and to the theatre community. Public funding is deployed primarily to cover core costs such as administration and a portion of services, to reduce economic barriers to participate and use the theatre.

The theatre's board and management strongly support accessibility and affordability for the Sid, as a community theatre. We are working hard to develop and expand revenue sources (see below) to offset the rising cost of operations. But we do need grant revenues to maintain a balance with earned revenues if the theatre is to remain affordable for our community.

EXPENDITURE HIGHLIGHTS / OPERATING COSTS 2023-24

Theatre operations can be segmented into administration, services and programming. **Overall operating costs were higher for 2023-24** in all 3 areas. Key drivers of higher costs were a combination of inflationary factors – such as the rising cost of labour and technology (FP lines 25 and 28), also the steeply rising cost of event production – such as artist fees including film licensing (line 19) – and the impact of safety and security necessities such as more guards needed at events for crowd management (line 22) and up-staffing for activities that would have

Labour costs in particular are up for several reasons: post-COVID catch-up after three years with minimal pay-rate increases; pressure from an increasingly unionized environment and new IATSE* collective agreements across the province; and the difficulty of replacing staff lost during COVID with qualified personnel. Responding to these factors pushed our wage and benefits spending well over budget for the first time in a decade.

Banking, amortization and insurance costs (lines 27-30) have also risen markedly. Most other expense areas have remained near or under budget; however, the areas of increase are substantial operational line items. The breakdown of operating categories percentage-wise is: programming 30% , administration 30%, services 40%.

The SWTS finished the 2023-24 fiscal year with a rare deficit. While small (-\$4640, less than 1/3 of a percent of our nearly 1.5 million budget), the deficit is worrisome in the context of worsening economic uncertainty. Compared with a multi-year trend of modest surpluses since 2016 (which are being re-invested into theatre improvement capital projects), the deficit in 2023-24 is the result of a juxtaposition: **(1) inflation and other market factors driving higher operating costs, with (2) a concurrent shrinking of government funding which has effectively reduced the revenues needed to offset the rising cost of operations.**

The resulting **loss of purchasing power** for the SWTS is something our 2024-2029 Financial Plan will address.

While a five-year capital plan is being submitted separately, it should be noted here that **reduced municipal investment in theatre improvements** since 2016 has impacted operational efficiency, especially considering how heavily used the SWTS is (see attached multi-venue attendance comparison). SWTS personnel (and City personnel) end up spending more time dealing with **aging equipment, infrastructure and services**; and the theatre falls behind other venues in terms of technology and general patron/client appeal.

BUDGET FOR 2024-25

REVENUE PROJECTIONS

The Sid's budget for the 2024-25 fiscal year (Financial Plan Column C) projects **revenue growth in several areas: municipal and regional funding, event proceeds, rental rates and ticket handling, donations, and concession/bar sales.**

Municipal and regional funding (FP lines 1-6) including the City of Courtenay Management Fee*, the requested increase from Comox, Courtenay and the Comox Valley Regional District is an average 10-12% increase. While this is clearly higher than the 3-5% trend for inflation since the pandemic, it reflects the actual market factors impacting theatre operations (as noted above in the analysis of 2023-24 financials). It also reflects **catch-up and competition/external pressure**, particularly in the areas of labour and artist-fees.

The amounts requested from Courtenay, Comox, and the CVRD do not accurately reflect the true ratio of patron visits and rental usage of the theatre from each region*. While the SWTS will continue its advocacy with all local governments for equitable support for the theatre to ensure the accessibility and affordability of the venue for all residents of the Comox Valley region; we also hope that – as noted in the City of Courtenay's recently adopted Cultural Strategic Plan – that the municipalities will also be pro-active in their communication with each other as to how best to support the Sid, and all the cultural facilities and services that valley residents depend on.

Programming grants are budgeted for an increase (FP line 7) based on **new investment from the Provincial Government** into the BC Arts Council and the Fairs, Festivals and Events Fund, which the SWTS receives funding from annually.

Interest revenue and donations have been trending up (FP lines 8-9) and are supported by the work of our finance and fundraising committees.

As in 2023-24, ticket prices, handling fees, and rental rates have been increased again (FP lines 10-12, 16). This step comes with the caution that **patrons and clients are increasingly experiencing the very barriers to participation that the SWTS mandate and the City's expectations of the SWTS seek to reduce.** Also, in an uncertain economy, consumer spending may not be as reliable as in the previous fiscal year, or before the pandemic.

With the anticipated changes to the SWTS/City liquor licensing allowing patrons to bring alcohol into the auditorium for most events – events focused on youth will be exempted – we are expecting increased revenue from our bar service. All the venues in our network (e.g. Tidemark Theatre, Cowichan Theatre) who have made this change have seen higher bar revenues as a result.

Other revenue areas will mainly see a status quo or very slow growth, with the exception of special funding from the Federal Government related to economic recovery from the pandemic, which is discontinued.

EXPENDITURE PROJECTIONS – next page

EXPENDITURE PROJECTIONS

As seen in 2023-24, we are expecting further increases in the operation of the theatre. Please refer to Column C in the Financial Plan spreadsheet attached.

For programming related costs (FP lines 18-22) , we are only projecting a moderate increase (2-3%) from the previous season. But this is still much higher than pre-COVID or 2022-23 because of the steep increases seen in 2023-24. With the **BC Arts Council estimating the real rate of inflation for live-performance presentation and venue operation to be as high as 30%**, we don't anticipate these costs to come down even if the economy stabilizes in the future.

Increased bar sales will also mean more spending on product and supplies (FP line 23); with an average 55% per-item markup, we still expect solid profits from the bar.

Non-capital equipment costs will continue to trend upwards for the foreseeable future (FP line 24) because we delayed many equipment upgrades and replacements during and immediately after the pandemic, and so now we are playing catchup with many dated – and in some cases failing – pieces of equipment and systems. This does not include larger capital or infrastructure projects which will be addressed separately in the forthcoming capital plan.

Continuing from 2023-24, **wages are budgeted to increase by 5% per-year over 4 years starting in 2024 (FP line 25)**; RRSP and benefits plans will also increase but at a lower rate. The 5% increase over 4 years is in **direct response to union pressure*** – and collective agreements on the Island with 20% increases in year one and 4% increases to follow – indicated above in the 2023-24 highlights. The SWTS is primarily a service organization. We have 15 staff providing event and facility services for over 200 bookings per year. Ensuring that our staff are qualified, well trained, kept safe, and earning wages that they can survive on is a high priority for Sid Board and Management.

Amortization for newly purchased equipment will increase to some extent as will fees, licenses and dues (both artistic and secure cloud-based software for ticket handling and bookings (FP lines 27-28). Administrative costs (banking, IT, storage) will also increase but moderately.

For training and development of staff, board and volunteers, we have budgeted an increase (FP lines 33-34). Much of this is related to safety, with the live-event ecology having changed so substantially after the pandemic.

SHORT AND MEDIUM TERM SYNOPSIS

In year one of our Five Year Financial Plan, the SWTS is working to balance expense increases that we know we are facing, with realistic sources of expanded and new revenue. Our decisions are based on close monitoring of the theatre's financial performance – monthly by our Management Team, quarterly by our Board Finance Committee, and Annually by our external accountants. Financial forecasting is also based on data gathering from robust new systems* used by our Box Office and booking/programming team; decisions are also weighed by a combination of 30+ years of experience on our Management Team, Board recruitment based on expertise, and pro-active industry networking regionally and provincially.

The SWTS finance committee uses both a **balanced scorecard approach and key performance indicators*** to ensure that we are considering both quantitative and qualitative results. We use these processes to ensure that we keep the needs/benefits for our community, supported by public funding and earned sources, at the forefront of our financial planning.

The SWTS is budgeting increased revenue in both earned and funded revenue in year one of our five year projections. Earned revenue is balanced across our main areas of earnings: rentals, ticket handling, bar/concession sales, sponsorships, memberships and fundraising. Funded revenue also needs to increase from all levels of government, if the SWTS is to fulfill its mandate and deliverables to our funders.

For years 2-5 of the plan, we will be reviewing and updating these projections annually, using similar criteria and processes to those described above.

The SWTS team of Board, Management and volunteers* have worked very hard since the SWTS was founded in 2000* to be diligent with public investment, and to be cost-efficient with our earned revenue and what we spend on operations and programming. Our annual audit review findings attest to this (full 2023-24 financial statements will be available to funders in mid-November).

Together with funders, and especially our primary funding partner the City of Courtenay, we have developed a community theatre venue and theatrical services that our community uses heavily and is also very proud of. With our community simultaneously facing population growth and economic challenges for our residents, affordable and diverse cultural recreation via the theatre is more important than ever.

With respect and gratitude,



Deborah A. Renz – General Manager, Sid Williams Theatre Society

cc. SWTS Finance Committee and Board of Directors

cc. SWTS Management Team

NOTES – next page:

NOTES

IATSE – the union representing theatre and film technicians, box office, custodial and front-of-house personnel. The Sid and the Port Theatre in Nanaimo are the only non-unionized professional theatres on Vancouver Island. Because of our community focus and heavy use of volunteers, we are striving to remain non-union, which requires us to be pro-active with our wages and benefits being competitive.

AWARDS 2000-PRESENT – BC Touring Council Presenter of the Year, BC Parks and Rec Association Facility of the Year – Comox Valley Tourism “top 10 Attractions of the Year”; Cultural Human Resources Council of Canada “40 Arts with Hearts Employers”; Comox Valley Record Readers’ Choice (4x).

USAGE BY REGION – patron data/theatre usage by postal code 2023: City of Courtenay 37%; Town of Comox 25%; Comox Valley Regional District 16%; Village of Cumberland 5.5%; Campbell River 4%; other Vancouver Island 5%; off-Island (BC, Canada, USA) 3%; no postal code 4.5%. See also usage data sheet attached.

VOLUNTEER HOURS – 5700 hours in 2023, valued at \$89,000 (minimum wage).

THEATRE ADVISORY COMMITTEE – The SWTS was formed in 2000. The society’s structure and 3-part mandate (artistic/educational programming, theatre services, facility improvements) were recommended by a Theatre Advisory Committee which was appointed by Courtenay City Council in 1999 when the theatre closed for major renovations. Prior to 1999 the theatre was run by the Courtenay Recreation Association; it was long believed that the theatre was outside the scope and purpose of Courtenay Rec., and that a dedicated/professional theatre organization should be formed. Courtenay City Council appointed the first SWTS Board in May 2000, and has supported the theatre’s development since that time.

EVENT and CLIENT MANAGEMENT SYSTEMS – Since 2017 the SWTS has shifted its administrative technology to secure cloud-based systems. We use Spektrix ticketing services in the Box Office (also for donation management), Momentus Elite/Venue Ops for all our bookings and event management, Connect Teams and Ceridien for our staff scheduling and payroll management, Sage Systems for our accounting, and Better Impact for our volunteer management. Shifting to these systems helped the theatre navigate the pandemic and gave us a distinct edge when re-opening after the pandemic. Spektrix is now the dominant system in western Canada for ticket handling (outside of major centers where Ticketmaster dominates); and an increasing number of theatres are using Momentus/Venue Ops or a similar system called Artifax.

KEY PERFORMANCE INDICATORS – See attached data sheet (and Finance Dashboard) for a sample of the Key Performance Indicators used to evaluate theatre operations and financial results.