# BUSINESS PLAN: PURCHASE OF 424-20TH STREET W.

#

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**1.** **Confidentiality and Recognition of Risks**

### 1.1 Confidentiality

The information provided in this business plan is strictly confidential and is supplied on the understanding that it will not be disclosed to third parties without the written consent of *paved* Art & New Media and AKA Gallery.

### 1.2 Recognition of Risks

This business plan represents our best estimate of the future of *paved* and AKA. It should be recognized that not all major risks can be predicted or avoided and few business plans are free of errors of omission or commission. Therefore, investors should be aware that this business has inherent risks that should be evaluated prior to any investment.

**2.** **Executive Summary**

### 2.1 Business Description

AKA Gallery and *paved* art + New Media support the activities of contemporary artists. They provide exhibition opportunities and fees to artists as well as access to equipment for artists to make their work with and workshops to develop their skills. Each centre also maintains a library of resources related to contemporary art and information about opportunities for artists locally, nationally and internationally.

*\*Please see article outlining what artist-run centres are*.*(11.1)*

**2.2 Ownership and Management**

AKA Gallery and *paved* are both non-profit organizations with charitable tax status. Each organization is staffed by arts administrators, artists and technicians. The staff of each centre report directly to each organization’s Board of Directors.

AKA and *paved* will set up a third organization that will be a holding company for the building. The holding company will have an equal number of representatives from each organization on the Board of Directors as well as one external representative. The holding company will pay for a Property Manager out of its rental revenues. The contract between among AKA, *paved* and the holding company will be legally binding. The holding company will also be an incorporated non-profit organization and sole owner of the property. Rental and expense payments will be made by AKA and *paved* to the holding company that will cover its operating costs and the amount required for repayment of the mortgage and loan.

AKA agrees to pay for 40% of these costs and *paved* will pay 60%. The percentage of payment is based on square footage use and these figures will shift according to space usage shifts.

Details regarding the Wind Up Plan and equitable use of the space after the mortgage is paid will be discussed and developed into a binding contract with the consultation of a lawyer.

Reviews of this payment and ownership model will take place when requested from either organization as well as at times when the financial situation changes.

## 2.3 Location

AKA and *paved* are currently located on the upper stories of 12-23rd Street East in the Fairbanks-Morse Warehouse Building of the warehouse district of Saskatoon and have been serving the artistic community of Saskatoon for 32 and 31 years respectively. *paved* is an acronym signifying the photographic, audio, video, electronic and digital arts that are encompassed by its mandate AKA–as Shoestring–has been around since 1972 and *paved* Art + New Media is the merger of two organizations–The Photographer’s Gallery and Video Verité–that have been incorporated since 1973 and 1991 respectively. Other like-minded organizations in this building include TRIBE: a Centre for Evolving Aboriginal Media, Visual and Performing Arts and BlackFlash Magazine. These organizations have co-existed in the Warehouse Building for over twenty years and the opportunity to develop this relationship further by co-purchasing a building which better serves their needs is a natural step for them and only serves to strengthen their positions both within the community and nationally. The existing building is currently on the market for sale and each organization is near the end of a five-year lease. The high cost, location and poor condition of this building makes it an unattractive purchase option. This means that AKA and *paved* are expecting to relocate whether they purchase a building or lease.

## 2.4 Key Initiatives and Objectives

*paved* and AKA aim to provide artistic experiences which broaden the links between the arts and community life. Each artistic presentation is temporary–including site specific installations, video projections, gallery exhibitions, live performances, collaborative and interdisciplinary works. Each organization also commissions artists-in-residence to complete an artistic project and to give workshops to the community.

Both organizations aim to provide both qualitative and quantitative development of their audiences. They are interested in work that relates to local questions and issues – cultural diversity, expanded notions and ideas of community, the function of art/culture in the community. In the work they present there is a focus on artistic excellence and innovation. Neither organization sells works of art but rather presents them free of charge to public audiences.

**2.5 Relocation Initiative**

Currently the two organizations are seeking financial support to move to a new location which will establish a significant arts and cultural centre in the downtown core of Saskatoon. The revitalization of the Riversdale neighbourhood has been identified as a priority by provincial and municipal governments. The Riversdale community has been designated not only as an area for development but specifically as a “Cultural Corridor” by the City of Saskatoon. AKA and *paved* are eager to be central to this process through their purchase of property and relocation to this area.

The proposed new location, 424-20th Street West, will provide the organizations with street level visibility, allowing for a more publicly accessible space. The larger space will also facilitate more opportunities for artists by expanding the types of programming each centre can provide as well as opening doors to other possible sources of funding. The Riversdale neighbourhood has more walk-by traffic and the diverse audiences found in the neighbourhood are key to the organizations’ mandates. In addition to expanded audiences, this location will allow AKA and *paved* to develop new partnerships and dialogues within this new community. The new location will also have space for tenants, including BlackFlash Magazine, which has a long history with both organizations and will be a welcome addition to the building, not only for revenue purposes but also because of its complementary activities. As well, there is space for other tenants with compatible mandates which will also generate revenue.

*\*Please see attached letter of intent. (11.2)*

In the new location, these organizations will develop into an important art centre in the local and national scenes. They will facilitate the economic development of the area by encouraging other businesses to relocate or establish nearby, create an influx of visitors to the area and provide an arts and culture resource for the neighbourhood’s residents. It has been proven in cities all over North America, most strikingly in New York City, that when artists move into underutilized areas they promote revitalization faster than other types of businesses do.

Artist-run organizations across Canada are forming similar centres, such as 401 Richmond in Toronto, Meduse in Quebec City and La Filature in Ottawa-Gatineau, Quebec which house galleries, production centres and artist’s studios. Co-ownership of buildings and facilities provide these organizations with increased stability and opportunities for development. Owning a building rather than renting has significant financial implications for artist-run centres. Once a mortgage is paid those funds translate into increased programming and an increased ability to compete for funding.

## 2.6 Competitive Advantages

The key competitive advantages of these two organizations are the unique services they offer in Saskatoon and Saskatchewan and the record of good standing they have with their funding agencies and peers provincially and across Canada.

AKA is the only artist-run centre in Saskatoon that presents contemporary art in all media. *paved* Art + New Media is the only production and exhibition centre in the province that is also a full-service access centre for public membership, and specifically the only one that integrates all media. As well, *paved* is the only centre with a mandate to present media work in these forms, provide workshops and resources in these fields, and offer equipment at the lowest rates available in Saskatoon.

It can be said that the work AKA and *paved* do is to support artists at the research and development stages of their practice where other galleries, such as the Mendel Art Gallery, showcase the products of this work. No other resources like the ones provided by the organizations are available in Saskatoon. Without centres like AKA and *paved* there would be little support for the development of new work in Canada.

The level of financial support contributed from the Saskatchewan Arts Board, SMPIA and the Canada Council for the Arts is a direct reflection of high regard in which these organizations are held among their peers.

*\*Please see financial histories of both organizations. (11.3)*

## 2.7 Marketing Strategy

*paved* and AKA inform their members of the events and opportunities they offer through periodic mailings of invitations and a calendar of events. This information is also sent out to galleries and universities across Canada. Local advertising happens through radio spots, events listings in Planet S, posters advertising events, and invitations left in restaurants and stores throughout the city. National advertising takes place in publications accessed by artists including MIX, BlackFlash and BorderCrossings. The organizations also benefit from reviews and events listings of their programming in these and other national arts magazines. These methods of publicity are standard within the artist-run sector.

## 2.8 Summary of Financial Projections

AKA and *paved* are seeking a total of $212,000 for the purchase stage of this relocation. They are approaching several credit unions for mortgage financing with rates that range from 6.5 to 7% at 60% to 80% financing with 15 year amortization. As well they are requesting a loan of $81,900 from the Saskatchewan Arts Board with 6 years for amortization. These moneys will cover the cost of purchasing the building with a possession date of June 1, 2005. Funding for additional leasehold improvements is outlined below.

This business plan will serve as a three-year strategy that will guide the organizations through the administrative and financial issues that are inherent in the relocation and the development of a new space.

**2.9 Renovation Plans**

AKA and *paved* are pursuing a separate initiative for the renovation costs of the property. At present the estimate for a high-end renovation plan is for $475,000. This renovation plan is contingent on adequate funding from other sources. AKA and *paved* will not know the results of these grant applications until after the purchase of the building. This means that a contingency plan has been set out to cover the very basic costs of renovations and upgrades. In this scenario each organization will contribute a total of $22,000 to have the building brought up to code and prepare basic gallery spaces. Other spaces within the centre will be constructed over time and as finances allow; in consideration of grant deadlines and funding processes, it is anticipated that this money will be in place within six months of their occupation. AKA and *paved* are working closely with the architect and contractors to develop a renovation plan that will suit the needs of the centres and be affordable according to the funds generated through foundations, grants, and corporate sponsorship.

*\*Please see Renovation funding plan for details. (11.3)*

*\*Please see Ritenburg & Associates inspection report. (11.4)*

*\*Please see renovation floorplans. (11.5)*

**3. Business Overview**

**AKA**

**3.1 Business History**

AKA evolved from the Shoestring Gallery, one of Canada’s earliest artist cooperatives, which was initiated in 1971 and incorporated in 1973. Shoestring was instrumental in the development of Saskatchewan artists at a time when there were very few exhibition venues available in the province. After a decade of sustained and vital activity, and a contribution of immeasurable value to the arts community, Shoestring underwent significant change in mandate and direction. The transition from a member-based visual arts and crafts co-operative to a non-profit artist-run centre yielded AKA in 1982. The mandate of the gallery was enlarged to encompass multidisciplinary concerns and the presentation of innovative art from across Canada while retaining the original motivation to support development of local artists. The change enabled wider access to public funding sources and increased community involvement in the decision-making processes of the organization.

**3.2 Legal Structure**

AKA gallery is an non-profit, registered charitable organization, managed by a volunteer Board of Directors comprised mostly of practicing artists.

*\*Please see incorporation papers for complete details. (11.6)*

**3.3 Location and Facilities**

AKA Gallery is located on the third floor of the Fairbanks-Morse Warehouse Building at 12-23rd Street East, and has been there for over 20 years. Rental of this space is rated at $776 a month. This space includes a gallery, office space, resource storage, a small storage space for tools and access to washrooms and a freight elevator. The public access to the space is three flights of stairs which make it virtually inaccessible to wheelchairs. The gallery space is obstructed by pillars and wall space is limited by a large bank of windows. Office spaces are cramped and more space is needed for storage. As well, the location of the building is not conducive to walk-by traffic and there is no street-level visibility.

*\*Please see lease agreement. (11.7)*

##### 3.4 Mandate and Vision

**Mandate -** AKA’s mandate is to support and encourage dissemination, development and experimentation in contemporary art.

**Vision -** AKA is an artist-run centre that fosters the enhancement and development of a lively and engaged community of artists and audiences.

As the sole venue in Saskatoon committed to the presentation of contemporary art in all media, AKA’s mandate covers a wide range of disciplines, including visual, performance and media arts. AKA prioritizes work that is non-commercial in nature and strives to find a balance in its presentation between a number of contending interests of local and national artists and emerging and more established artists.

AKA is committed to the principles of artists self-determination, consensus decision-making, freedom of expression, anti-racism, and professional treatment of artists. AKA has demonstrated its commitment to compensating artists for their work, paying CARFAC fees (as a minimum) to artists, curators and presenters, and fair payment to writers, photographers, designers, and other contributors.

Through a collective decision-making process, facilitated by staff, AKA negotiates the presentation and dissemination of contemporary visual art in all its manifestations to a Saskatchewan community, and encourages the development of local artists and public audiences through curatorial and exhibition opportunities, lectures, panel discussions, workshops, publications, class visits, off-site activities and exposure to artistic activity by diverse artists.

**3.5 Objectives**

AKA supports and encourages dissemination and experimentation in contemporary art in all media of non-commercial work by local and national artists at various stages of their careers. In this programming AKA prioritizes diversity, integration, collaboration, outreach and development.

These priorities are met by providing presentation opportunities for artists in the gallery space as well as through off-site projects. This benefits the artists who exhibit through opportunities and artist fees and local artists by giving them an opportunity to engage with the work of their peers. AKA also serves as an access centre for local artists by providing a resource library and information about opportunities for artists.

Relocation to the 424-20th Street West location will allow AKA to expand the audiences it serves and the type of work it presents with a new, dedicated performance space, increased walk-by traffic, storefront windows and wheelchair accessibility.

Public access and visibility is essential to the mandates of both organizations. AKA and *paved* each wish to expand their audiences and therefore the recognition of contemporary art in society. As well, artists are eager to present their work in environments that have a large, diverse audience as well as a critical response to their work. Visibility means more people will know about alternatives to watching TV. Perhaps a larger public support the production and presentation of contemporary art by supporting government initiatives to fund such activities.

## 3.6 Description of Services

As an artist-run centre, AKA provides an access point for artists and those in the local community who are interested in art. AKA also provides exhibition opportunities to its members and to national and international artists.

**3.7 Key Features of Services**

**Membership**

Memberships to AKA Gallery are $20 a year and provide members with access to:

* member’s space exhibitions
* news about upcoming events and opportunities at AKA
* voting rights at the annual general meeting
* privilege to sit on committees including the programming, fundraising and profile committees
* privilege to stand for election to the Board of Directors

### Presentation

In the gallery space, as well as through off-site projects and collaborations, AKA provides exhibition opportunities for local, national and international artists. Programming of these exhibitions is determined by applications received through a call for submissions as well as invitations for specific artists to apply. A jury comprised of members and staff of AKA develops programming based on the five strategic priorities as identified through public consultation. 50% of the programming is determined through this process and the other 50% is developed by the AKA staff and board. Exhibition fees are paid to artists based on the CARFAC recommended fee schedule.

AKA programs an average of 14 paid exhibitions and performances a year. Over the summer and the winter holidays active members of AKA are given access to the gallery on a first-come-first-served basis to exhibit their work, or to use the space for experimentation at no cost.

### Workshops

AKA provides occasional workshops to develop techniques related to the work programmed in their gallery. Recent workshops have included ‘zine production, bookbinding and breath/voice. These workshops facilitate skill development for local artists.

**3.8 Future Services**

Relocating to the 424-20th Street West address will facilitate a reexamination and expansion of the programming and services provided by AKA and the development of new partnerships with other organizations in the area. Some planned initiatives for the new space include:

* community-based projects in the inner city
* window-space projects and street-level projects
* theatre-style performance
* better connections with and access to a target community of Aboriginal peoples
* increased programming through the use of a second presentation space, creating better connections between different audiences and building new audiences
* more and better space for workshops, lectures, meetings, etc
* studio space to facilitate residencies and creative projects rather than just presentations

**3.9 Comparative Advantages**

AKA Gallery is a unique centre in the province, presenting contemporary work in all media. Funders consistently refer to AKA’s excellent programming and high level of professionalism regarding payment and treatment of staff and visiting artists. The relocation better situates AKA within its desired constituency, allowing it to more efficiently develop its audience base and mandate.

**3.10** **Management and Personnel**

AKA maintains two core staff Cindy Baker, Programme Coordinator and Clark Ferguson, Administrative Coordinator, as well as temporary staff as funding allows. Currently Rebecca Cittadini is working in the capacity of Public Programming Intern. AKA also benefits from the commitments of members and volunteers on a regular basis.

Programme Coordinator (1 FTE): Cindy Baker

Responsible for programming functions related to gallery and other presentation activities, including programme development, promotion and implementation, human resources, preparation of grant applications, assisting with budgets and representation of the organization in public and professional contexts. Reports to the Board of Directors.

Administrative Coordinator (1 FTE): Clark Ferguson

Responsible for administration of the organization, including financial management, facility and capital purchase planning and supervision, human resources, preparation of grant applications, and representation of the organization in public and professional contexts. Reports to the Board of Directors.

Public Programming Intern (.75 FTE): Rebecca Cittadini

Responsible for planning and development of adjunct programs, assists in day-to-day program-related activities. Reports to the Programme Coordinator and Administrative Coordinator.

*\*Please see job descriptions and contracts for complete details of each job and employee. (11.8)*

## 3.11 Labour Market Issues

Administrators and Programmers for artist-run centres are usually individuals who have experience in the field either as volunteers or employees. For the most part artist-run centres are run by practicing artists, but they also have a history of being staffed by writers, curators and those working in other fields related to contemporary art. AKA actively mentors interested individuals through volunteer and intern positions, thus developing appropriate skill sets within the community.

**3.12 Accounting and recordkeeping**

Record-keeping is maintained in-house by the Administrative Coordinator, Clark Ferguson. He uses *Simply Accounting* software to maintain his records. Accounting and auditing services are provided by HVB Chartered Accountants, Saskatoon.

**3.13 Insurance**

Insurance for the organization is provided by Butler Byers Insurance with a special Board of Directors Insurance policy provided by Jordan Ewart Insurance as part of a group policy sponsored by SaskCulture.

**3.14 Security**

Security for AKA is not a current issue but a new security plan and system will be shared by the organizations in the new building.

**4. Business Overview**

***paved***

**4.1 Business History**

*paved* Art + New Media came into official existence on March 31, 2003 with the legal amalgamation of The Photographers Gallery (TPG) and Video Vérité (VV), the former a photography resource and exhibition centre, the latter a media access centre. This union joined two organizations with a combined history of over 40 years and the new centre continues to build upon groundwork laid separately and jointly by them, uniting dedicated presentation space with media production facilities as well as independent and collaborative program initiatives. The following briefly outlines the histories of the two founding centres.

During its 30-year history, The Photographers Gallery played an important role in the development of photography as a vital independent artistic medium in Saskatchewan and Canada through the establishment of darkroom facilities and exhibition space for photographers, through the creation of the publication *BlackFlash*, and through the development of its collection.

The Photographers Gallery first appeared in 1970 as The Group, a small cooperative of photographers who were intent on creating production facilities and a supportive environment in which to establish photography as a serious artistic practice. Incorporated in 1973, TPG provided a centre in Western Canada for artists to gather to share knowledge and experience as well as to exhibit work. The centre developed a vigorous exhibition program featuring work by artists from across the country, and initiated many curated exhibitions some of which toured provincially, nationally and internationally.

The Gallery’s collection was established in 1977 when it acquired a body of prints by frontier-woman Mattie Gunterman. Over the years the collection grew to about 1000 pieces through a program of purchasing as well as through donations from many artists. The collection helped to establish the monetary value of artistic photography through the monies paid to artists to acquire their works. The collection continues to be used by curators and researchers.

Video Vérité had its roots in a collaboration between The Photographers Gallery and AKA Gallery that grew out of Playback Cabaret, an AKA video screening program. As a result of this initiative the People’s Video Centre was formed, locating itself in 1989 in an office in the Fairbanks Morse Warehouse Building, which also housed the two founding organizations. In 1991 the new centre incorporated under the name Video Vérité acquiring staff, by-laws and a newly elected board of directors. In the meantime, equipment was continually updated as funds became available from Canada Council equipment purchase grants.

To support and encourage video producers, Video Vérité’s programming focused on workshops to teach technical skills with equipment and software, a visiting artist program to enrich its curriculum and connect artists, and screening events to publicly display the works of the members and guest artists.

As the 1990s drew to a close, increasing convergence of digital media and the growing use of computer technology in photographic, video and multi-media production led the two organizations to undertake a number of joint programming initiatives. By 2001 the potential for a new organization that would be able to respond to artist’ changing practices had become clear, and The Photographers Gallery and Video Vérité began negotiating and planning toward this goal. The amalgamation of Video Vérité and The Photographers Gallery began with the recognition that the two centres shared enough important directions and goals, not to mention membership, to make a merger a realistic and exciting proposition, and that one larger organization could offer more ambitious programming and services to its members and communities. In November 2002 the memberships of the two organizations endorsed the planned amalgamation, and a new entity, *paved* Art + New Media, was born.

**4.2 Mandate and Vision**

**Mandate -** *paved* Art + New Media is a non-profit organization with charitable tax status. *paved* is an artist run centre for production, presentation, research, and dissemination of contemporary “paved” arts. The word “*paved”* is an acronym signifying the integration of media artforms addressed by its mandate: ***p***hotographic, ***a***udio, ***v***ideo, ***e***lectronic, ***d***igital. *paved* exists to support local, regional and national artists who work in these media by operating a presentation centre that exhibits and disseminates contemporary visual, media and new media art in time-based, gallery, and off-site modes while simultaneously operating an access and production centre for photography, video and digital media.

**Vision -** The merger of The Photographers Gallery with Video Vérité created a unique centre that acknowledges the influence of various electronic media on photographic practices while providing access to a broad range of media, including up-to-date digital workstations, audio and video recording and editing facilities – these in addition to darkroom facilities, studios and gallery spaces for exhibition.

*paved*’s presentation activities also acknowledge the place of electronic media within the visual arts; in the case of photography, how the medium might be put to use in other artforms, but also how photographic artists react to electronic media, by embracing or rejecting it.

*paved* strives for excellence in the programming and presentation of art works in the paved media, to challenge and stimulate makers, viewers and listeners alike through exposure to ideas, practices and techniques. By integrating presentation, research, dissemination and production activities, *paved* fosters connections between local, regional, national and international artists, and facilitates the participation of audiences and artistic communities in a dialogue about the role of art in contemporary society.

**4.3 Legal structure**

*paved* is a non-profit, registered charitable organization, managed by a volunteer Board of Directors comprised mostly of practicing artists

*\*Please see incorporation papers for complete details. (11.9)*

## 4.4 Location

*paved* is located on the second and third floors of the Fairbanks-Morse warehouse Building at 12-23rd Street East. In its various incarnations *paved*  has been there for over 20 years. Rental of this space is rated at $2199.25 a month. This space includes two gallery spaces, office space, video and audio editing suites, a small production studio, a darkroom, a library, a small storage space for tools and access to washrooms and a freight elevator. The main access to the space is three flights of stairs which makes it virtually inaccessible to wheelchairs. The configuration of the *paved* facilities reflects the pre-merger structures of The Photographers Gallery and Video Verité and is often a barrier to the integration of these facilities. As well, the location of the building is not conducive to walk-by traffic and there is no street-level visibility.

*\* Please see lease agreement. (11.10)*

**4.5 Objectives**

*paved*’s objectives are met by providing artists and independent producers with access to, and opportunities for production, presentation, research and dissemination of contemporary photographic, audio, video, electronic and digital art. *paved* provides exhibition opportunities in its gallery as well as through off-site projects. Audio, video and photographic production suites are available to members of *paved* at reasonable fees. *paved* provides workshops related to techniques and theories of production and maintains a resource library related to these practices and access to information related to opportunities for artists. To offset the costs of media production, the organization subsidizes, invests in, and co-produces projects it deems important through grants, free access, production support and residency programmes.

*paved* provides training and equipment to a public membership on a subsidized or cost-recovery basis. The combination of professional quality media production facilities, community-based access programs and public exhibition space is distinctive within the province. Artists in Saskatchewan rely on this centre for access to technical resources and professional development opportunities. Relocation to the 424 20th Street West location would enable *paved* to expand its programming, with access to a new dedicated performance space, more integrated production suites, street-level

visibility and wheelchair accessibility.

Public access and visibility is essential to the mandates of both organizations. AKA and *paved* both wish to expand their audiences and thereby the recognition and appreciation of contemporary art in society. As well, artists are eager to present their work in environments that have a large, diverse audience as well as a critical response to their work. Visibility means more people will know about alternatives to watching TV and perhaps support alternative forms of production and presentation by supporting government initiatives to fund such activities.

## 4.6 Description of Services

As an artist-run centre, *paved* is an access point for artists and those interested in producing and engaging in digital media within the local community. *paved*’s services include exhibitions, screenings, presentations, residencies, production and co-production opportunities.

**4.7 Key Features of Services**

### Membership

All members of *paved* have the following privileges:

* access to library and archives
* reduced rates at all workshops and events
* all mailings and invitations
* may serve on *paved* committees

Membership to *paved* available as follows:

#### Associate Member $25

1. access to above privileges

#### Voting Associate Member $30

* voting privileges at general members’ meetings
* may serve on *paved* committees and stand for election to the Board of Directors

#### Student Producing Member $25

* must be 18 years of age or older
* upgradeable membership at anytime
* voting privileges at general members’ meetings
* access to all production facilities at the centre
* opportunity to build ‘volunteer’ production-time hours

#### Producing Membership $50

* voting privileges at general members’ meetings
* access to all production facilities at the centre
* opportunity to build ‘volunteer’ production-time hours
* participation in special members’ presentation and exhibitions
* may serve on *paved* committees and stand for election to the Board of Directors

#### Institutional Producing Membership $100

* limited access to production facilities at the centre:
* two designated persons from the institution can use the facilities.
* reduced rates at all workshops and events for all members of the member institution

*\*Please refer to membership brochure.*

### Presentation

In the gallery spaces, as well as through off-site projects and collaborations, *paved* provides exhibition opportunities for local, national and international artists. Programming of these exhibitions is determined by applications received through calls for submissions as well as invitations for specific artists to apply. A Programming Team comprised of staff, members of the *paved* Board of Directors and external advisors meets regularly to make programming decisions. Exhibition fees are paid to artists based on the CARFAC recommended fee schedule. *paved* programs an average of 10 paid exhibitions a year.

**Production**

*paved* offers production facilities that provide good quality equipment at no or low cost for non-commercial, independent productions over which the artist retains full creative control. The organization helps artists use technology effectively by providing a broad range of equipment, production resources, training and technical solutions. *paved* helps further artists’ practices through residencies, co-productions, development programs and workshops, accommodating self-initiated projects by its membership and offering production support. In doing so, *paved* is committed to access, dialogue, exploration and interaction in an environment of critical thought, aesthetic clarity and technical accomplishment. The centre offers low-cost access to equipment for self-initiated member productions as well as financial support and co-production of selected projects.

### On-Line Archive

*paved* maintains Upstream Saskatchewan, an on-line database and digital archive of the approximately 1,000 photographs comprising The Photographers Gallery collection and the 200-plus video productions completed by members of Video Verite. This important resource documents and makes accessible a significant aspect of the history of the media arts in Saskatchewan.

*\*Please refer to htttp://www.upstream-media.ca*

**Workshops**

Regular workshops offer training in all aspects of media production including camera operation, lighting, sound recording, non-linear video editing, multi-media software and experimental electronics. Qualified, professional instructors and staff provide theoretical, technical and hands-on learning, emphasizing both practical and creative aspects. On average, the centre offers thirty workshops per year. In addition, user groups, orientations and demonstrations on a variety of topics related to the media arts offer expanded learning and professional development opportunities.

## 4.8 Future Services

*paved* Art + New Media will continue to offer a variety of programs to its members and the public. Moving to the new location at 424 20th St. W. will make the organization more visible to the people and organizations of that neighbourhood. *paved* sees opportunities to develop partnerships with other cultural organizations and their connections will be the basis for offering programming that draws diverse constituencies into use its production facilities, programmes and services.

The practices of *paved*’s existing membership of independent producers will greatly benefit from improved physical facilities. A new building offers the opportunity to configure the production facilities in a way that enhances marketing, accessibility and efficiency of all aspects of the organization’s services, from equipment rental, to workshop instruction to editing workstation use. Ongoing gallery exhibition programs will be enhanced by street-level exposure, and greater flexibility in exhibiting innovative media artworks. Amongst *paved*’s plans for the new building is a multi-purpose room that will support its plans for screening alternative film and videos, for the presentation of performance art, and other such activities. This venue would contribute to the mix of theatre and film venues that are already located or planned for that neighbourhood.

**4.9 Comparative Advantages**

*paved* is a unique centre locally and nationally. It is the only local organization that offers both exhibition and media production and access facilities under one roof. *paved* is able to offer its members and community–as well as visiting artists from across the province and country–the ability to see their artistic projects move from idea to completed production to public exposure.

Moving to the new site will enable the centre to configure its facilities in a more integrated way as well as to provide the public and users of the facilities with improved physical access. As well, the new location will afford our users with more visible street access, another strategy to raise the public profile of *paved*.

**4.10 Management and Personnel**

*paved* maintains two full-time salaried executive staff positions - Media Director and Gallery Director - and three part-time positions: Administrator, Production Facility Coordinator, and New Media Coordinator. The organization supplements these positions with temporary employees, contractors and technical consultants on specific projects. Internships and student placements are hosted on a regular basis. Member volunteer work forms an integral part of the organization’s task flow.

Gallery Director (1 FTE): Donna Jones

Responsible for programming and administration functions related to the Presentation stream of the organization’s activities, including financial management, facility and capital purchase planning, program development, promotion and implementation, human resources, preparation of grant applications, and representation of the organization in public and professional contexts. Reports to the Board of Directors.

Media Director (1 FTE): Timothy Dallett

Responsible for directing, programming and administering of the Production stream of the organization’s activity, including financial management, facility and capital purchase planning and supervision, program development, promotion and implementation, human resources, preparation of grant applications, and representation of the organization in public and professional contexts. Reports to the Board of Directors.

Administrator (.4 FTE): Kim Vindeg Small

Responsible for financial coordination, budgeting, bookkeeping, office management, administrative coordination and support of both production and presentation activities. Reports to the Media and Gallery Director.

Production Facility Coordinator (.75 FTE): Miles Geisbrecht

Responsible for production facility operations, production equipment and activities, rentals, member services, workshops, volunteer coordination and maintenance. Reports to the Media Director.

New Media Coordinator (.5 FTE): James Reynolds

Responsible for planning and development of new media programs, information technology solutions and support, system and network administration, web applications and research. Reports to the Media Director.

*\*Please see contracts for complete details. (11.12)*

## 4.11 Labour Market Issues

As an access centre for producing members, *paved* is set to be a central training centre for those interested in working in such organizations or planning independent careers in the field of media production. As well, internships are offered on a regular basis to provide training in arts administration as well as providing media production and new media skills development and work experience.

**4.12 Accounting and recordkeeping**

Record-keeping is maintained in-house by the Administrator, Kim Vindeg Small. She uses *Simply Accounting* software to maintain her records. Accounting and auditing services are provided by HVB Chartered Accountants, Saskatoon.

**4.13 Insurance**

Insurance for the organization is provided by Butler Byers Insurance with a special Board of Directors Insurance policy provided by Jordan Ewart Insurance as part of a group policy sponsored by SaskCulture.

**4.14 Security**

Security for *paved* is provided by Sasktel through their SecureTec system. The system is monitored by the SecureTec who notifies the Saskatoon Police.

# 5. Industry Overview

# 5.1 Market Research

A number of resources were consulted to profile artist-run culture in Canada as well as the participants in the programs such organizations provide. These include research compiled by Statistics Canada, the Canada Council for the Arts and direct consultation with local communities.

Every year, AKA holds one of two events designed to keep the organization relevant and responsive to the needs of the community. The Brain Trust, held every two years, offers an opportunity for the organization to meet with members of the community and gather feedback about programs and directions. This practice allows AKA to be aware of the needs and desires of those who are stakeholders in the centre, not exclusively the membership. Every other year, AKA's board and staff engage in a Visioning retreat wherein input gathered at the Brain Trust is implemented into AKA's vision and objectives for the future.

*paved* also uses a biennial Brain Trust to collect information about the public reception of its directions and activities. The acquired information is used by the Board of Directors, Staff and appropriate committees in the formulation of programming strategies. In addition, community members with appropriate skills and knowledge are invited to sit on the Board and Programming Team to ensure that input is heard.

# 5.2 Size of Industry

# Provincial– In Saskatchewan there are five artist-run galleries. They compete with 13 other organizations for their provincial gallery funding. There are two other artist-run production facilities in the province: a film co-op and a facility for new media art, both in Regina. Including *paved* a total of eight non-profit media production and presentation organizations in the provincecompete for SMPIA/SaskCulture Lotteries Trust funding.

**Federal–**In Canada there are 77 artist-run centres and 45 production centres funded by the Canada Council for the Arts.

Over 7.5 million Canadians participate in the visual arts which is a multi-billion dollar industry. In 2000 $2.8 billion was spent by the Federal Government on culture. Between 1996 and 2002 funding to the Canada Council for the Arts increased by 58%. In 2001 there were just over 15,000 people working as artists in Canada and 17% of Canadians engage in the making of visual arts as a leisure activity, spending $250 million on supplies. In 2000 there were over 6 million visits to public art galleries, an increase of 3.2 million from 1970. The visual arts in Canada maintained their audience levels through the 1990s, while reading, the performing arts and even TV watching have witnessed declines. These statistics support what AKA and *paved* already know, that the visual arts are and will continue to be a vital part of Canadian culture.

In 1998 22.3% of Saskatchewan residents visited a public art gallery, ranking fourth after British Columbia, Ontario and Alberta. The age group with the highest rate of visits in Canada is 15-29, representing 26.7% of visitors. It is worth noting here that Aboriginal populations are ten years younger than the national average and children under 15 account for 33% of the Aboriginal population. Saskatoon has the highest proportion of Aboriginal people in metropolitan areas in Canada. Relocating to the Riversdale neighbourhood would insure a more significant connection and partnership with the community there, developing stronger links with and interest among the Aboriginal residents.

Saskatchewan residents who visit museums and public galleries are active attendees at other cultural and arts events and participate in their community: Well over half (56.6%) of these visitors volunteered in their communities, compared to one-third (36.3%) of non-visitors. This suggests that visitors to AKA and *paved* are active participants in their communities, supporting the idea that AKA and *paved* moving to Riversdale is of benefit to the community.

Digital video, new media and internet technologies have seen tremendous growth over the past decade. Digital media have not only transformed photography, video and sound recording, but have directly affected the practice of art, creating new areas of creative work in web authoring, electronic music, and multi-media.

# 5.3 Description of Industry Participants

Artist-run centres similar to *paved* and AKA exist across Canada and are funded by the Canada Council for the Arts, Heritage Canada and provincial arts and municipal agencies. Each centre acts as an access point for artists in their communities as well as meeting the specific needs identified in their area.

# 5.4 Key Industry Trends

Artist-run cultural organizations in Canada are now opting to buy buildings rather than renting to address issues of visibility, stability and long-term sustainability. This trend is looked upon favourably by their funding organizations. Organizations in Canada who have already made such a move include 401 Richmond in Toronto, Meduse in Quebec City and La Filature in Ottawa-Gatineau, Quebec.

*\*Please see letters of support. (11.13)*

# 5.5 Industry Outlook

In many ways Canada holds a unique position in the world in development of the strength and importance of its artist-run centres and the influence they have in this country's cultural scene. These organizations number in the hundreds across the country, providing a sort of garden for the growth of contemporary art and new artistic practices, not to mention the professional development and careers of Canada's artists. Although this system of organizations is subject to political pressures on funding, the centres work with their communities and each other to maintain and advance their role in Canadian society.

# 6. Marketing Plan

## 6.1 Target Markets

AKA and *paved* serve the needs of the local community at several levels, stimulating the production of art, encouraging dialogue and communication within the local art community as well as the broader public, promoting exchange and networking, and developing new audiences. Each organization is interested in several audiences: contemporary artists and art audiences, independent media producers, the civic government, youth, the general public. Expanded areas of interest reflect the diversity of these organizations with their interests and voices. They want to have a dialogue with a broad audience; both locally and nationally. *paved* and AKA intentionally locate much of their work outside of the gallery setting to reach new audiences. Collaborations with partners like community organizations, university departments, research labs, film festivals, radio stations and retail businesses are part of an overall strategy of increasing the public profile and presence of contemporary artists.

Artist-run centres such as AKA and *paved* serve as access points for artists and those interested in art. Local markets are comprised of those who attend events, participate in workshops and use the services and equipment available at these facilities. This market, for the most part, is comprised of students of art, artists, those working as arts administrators and art instructors. The secondary market is comprised of those interested in contemporary art, and in media and multi-media production.

National markets are comprised of people who are interested in contemporary art and engaged in artist-run culture in one way or another. These also include students of art, artists, those working as arts administrators and art instructors as well as those involved in other artist-run centres. Distribution of video art and film/video/new media festival programmes constitute an important market for the dissemination of independent media produced by *paved* members and programmed artists.

**6.2 Description of Key Competitors**

Because audiences for art are participants in other forms of cultural engagement, it should be acknowledged here that public art galleries and artist-run centres can only benefit from a culturally rich environment. Opportunities for partnerships with other arts organizations are always being developed and encouraged by all those involved. Arts organizations in this community do not consider each other as competitors, but rather as partners in the development of a dynamic and culturally diverse art scene in Saskatoon.

Related organizations in the local market include other galleries such as the Mendel (the civic art gallery),The Kenderdine, The Snelgrove (both at the University of Saskatchewan) and the Saskatchewan Craft Gallery. These are public galleries that present work of local, national and student artists. Art and All that Jazz and Art Placement are commercial galleries selling the work of primarily local artists.

In relation to the equipment access, training and workshops that the organizations provide, their direct local competition includes the University of Saskatchewan, the Heinze Institute, for-profit animation schools, First Nations University, and SIAST. However, these facilities are not available to the general public, including artists. The for-profit training schools do not address the context of non-commercial media production. The programme of public educational institutions have entirely different emphasis than *paved*. These organizations do not facilitate independent, experimental and non-commercial work and they are more expensive than *paved.*

On a national level, AKA and *paved* could be said to be in competition with other similar arts organizations that are eligible for the same funding they apply for. These include all other artist-run centres and video/audio/digital production centres in Saskatchewan and Canada.

Indirectly related industry partners include other forms of art presentation and entertainment including: the Broadway Theatre, the Saskatoon Symphony, Saskatoon Native Theatre Company, Shakespeare on the Saskatchewan, Persephone Theatre, CFCR, Saskatoon Fringe Festival, SCYAP Youth Community Arts and the Saskatoon Jazz Society.

**6.3 Analysis of Competitive Position**

What distinguishes the programming of AKA and *paved* from these other galleries in the city is, for the most part, the commitment that these artist-run centres make to emerging (young) artists, to experimentation, and a to critical framework for the non-commercial art they present. As stated earlier, where other galleries showcase the products of artists, AKA and *paved* support the research and development stages of production.

In the field of production facilities, *paved* is the only centre in Saskatoon providing services and equipment specifically to artists. Other artist-run production centres in the province provide services related specifically to film production and web-based art and therefore are not in direct competition for clients.

**6.4 Promotion and Distribution Strategy**

AKA and *paved* are interested in openness and dialogue, in providing a forum for communication of ideas at the national level and in receiving feedback. AKA and *paved*’s promotional approach combines print, media, and internet outlets. Well in advance of events, each organization prints and distributes posters, flyers, invitations and media releases throughout the city; brochures and programs include project descriptions, schedules of events, artists’ bios, and information about adjunct programming. AKA and ­*paved* target promotion for individual projects as necessary, advertising in the local community paper (Planet S), on community radio (CFCR, CBC), and in selected national arts magazines (Mix Magazine in Toronto, Border Crossings in Winnipeg, Fifty3 in Edmonton, Blackflash in Saskatoon, etc). Reviews and articles, both in the local papers (the Star Phoenix and Planet S), and in national magazines are actively sought. AKA's and *paved* Art + New Media's web sites are crucial marketing tools. These sites function as venues for promotion, communication, and documentation. Funders are acknowledged in all print and on-line material.

AKA and *paved* develop an individual promotional program – posters, programs, flyers, interviews on local radio and television – for each program and event. Each organization has a well-developed list of contacts within the media locally, provincially and nationally. Results of each program are measured by audience attendance, media interest, community feedback and the number of visitors to the organization’s websites.

Planned adjunct activities combining accessibility and educational presentations by artists with regular programming increases public awareness, and consequently promote a greater appreciation of art.

All presentations and events are free of charge, encouraging broad participation and accessibility to the broad public.

Catalogues are produced for many of *paved*’s and AKA’s larger projects. These publications provide further forums for discussions about projects and provide an opportunity for participants and audiences to reflect on new interpretations of the projects. They act as a tool to disseminate projects more broadly to a greater audience and help ensure long-term impact and accessibility of temporary events. These catalogues are made available to the public through a broad library, university and gallery distribution network, are available for sale locally and are free to access through each organization’s resource centres and web archives.

*\*Please see catalog for the AKA/paved co-produced SPASM II public art festival. (11.15)*

**7.** **Regulatory Issues**

**7.1** **Regulatory Issues**

AKA and *paved* respect the artists' full ownership of copyright of their works, from visual artists to writers and curators, images to words to ideas. Each organization pays professional fees for all intellectual property borrowed or commissioned and pay copyright fees for the use of images in promotion of their programs.

Each organization owns copyright to all "products" created in its name, although this can be subject to negotiation between employer and employee. At the same time the centres recognize that their employees and contractors may have separate professional artistic or creative careers that involve creation of works using the organization's facilities. In this case, individuals are asked to name these objects or projects to prevent misunderstandings regarding ownership.

# 8. Risks

# 8.1 Market Risks

Core funding for both organizations is dependent on the Canada Council for the Arts and the Saskatchewan Arts Board. If these agencies were to suffer major budget cuts, there is a possibility that those would trickle down and impact these centres. As well, the funding is allocated to centres by a jury of peers and the interpretations of applications is not certain. That said, each organization is protected from major cuts to funding by a Canada Council policy that ensures no major loss in stability even through if decreases. The Canada Council may not cut an organization’s budget by more than 10% in a single funding cycle. This being said, AKA and *paved* have included financial projections that outline how they would remain viable if there was a cut to all their project funding.

# 8.2 Risk Management

*paved* has general liability insurance covering all aspects of the organization’s premises and operations. Additional Board of Directors liability insurance is maintained to protect board members. Standard insurance policies cover loss or damage of assets. Because the centre rents mobile video and other electronic equipment to members, this equipment is specifically insured for both on- and off-site use.

*paved* protects its electronic data with regular back ups. The New Media Coordinator is charged with network security, maintaining systems and keeping computers free of viruses. Principles of equipment redundancy and spare parts are adhered to in production facility operations and planning.

*paved* maintains open communication with its stakeholders, keeping them informed when controversial or problematic issues are anticipated, but remains conscious of maintaining confidentiality to protect individuals. Board and staff work together to make difficult decisions and anticipate possible adverse outcomes. A recently drafted Governance Polity clearly delineates board and staff authority and responsibilities.

*paved* staff contracts are for specific durations, and are constructed to cover eventualities such as termination. Where indicated, employment contracts specifically address questions of intellectual property produced by employees. The Personnel Committee of the Board conducts regular reviews of executive staff performance.

AKAhas liability insurance which covers board, staff, volunteers, artists and event attendees. Legally reviewed contracts for staff are clear and thorough, covering not only responsibilities and salary, but intellectual property and the like. AKA offers attractive benefits to encourage quality applicants and quality performance, and aims when possible to increase wages for staff not only to encourage quality but as part of a greater strategy to improve the standard of living of cultural workers within the province and across the country. AKA's personnel committee provides an important checks and balances system by performing staff evaluations yearly and by providing staff with a grievance system for dealing with their concerns. Board retreats function not only as a visioning process but refresh and refocus the board as well as reminding members of their roles and responsibilities. Predetermined board terms and staff contract lengths keep the board aware of impending search needs.

AKA has ongoing computer protection strategies which include updated backup software and CD burning to facilitate the archiving and back-up process. Computer improvements are anticipated and budgeted for.

AKA maintains a capital reserve of around 4% of our budget, maintained in a low-risk investment portfolio, for use in times of great need. We have also created a reserve in our budget to cover costs related to our move in summer 2005.

In the cases of anticipated programming controversy, a media and public awareness strategy is developed and carried through, and AKA maintains communication with all of its stakeholders, advising them of impending issues and concerns. AKA keeps a file of controversy issues and tactics from which to draw on during (or in advance of) controversy. While we maintain the need to court controversy in the interest of development and experimentation in the arts, we recognize a need to frame that work within broader context so that the issues it raises do not go unheard.

###### 8.3 Winding Up Plan

If AKA or *paved* were to lose all government funding a sole staff person would remain in place to lobby for changes and try to secure other sources of funding. If this fails, these organizations will follow the legislated guidelines. Under the regulations of the Canadian Corporations Act, as non-profit organizations, it the responsibility of *paved* and AKA to:

-have a majority of members vote for their voluntary wind up

-appoint a liquidator to wind up their affairs and distribute their assets to another non-profit organization that is of benefit to the community

-notify the Minister of their intent to wind up

-the liquidator will be charged with organizing all debts and credits

-the liquidator will also be charged for the care of all books and financial records for the next five years

Through the legally binding contract being negotiated between *paved* and AKA, in the creation of the holding company that will own the title to the building, the wind up plan will ensure that all best efforts are made to ensure the stability of each organization in case the other should fold. This includes 'willing' the building to each other in the circumstance that one organization should cease to exist.

# 9. Implementation Plan

**9.1 Activities and Dates related to move**

| **Date** | **Activity** |
| --- | --- |
| November 22, 2004 | conditional offer of property accepted |
| November 29, 2004 | inspections of property completed and approved |
| December 9, 2004 | Surveyor’s Certificate and Phase I Environmental Assessment provided by vendor |
| December 21, 2004 | completion of purchase transaction; deposit of $19,000 |
| June 1, 2005 | possession of property |
| June 30, 2005 | termination of AKA and *paved*’s current leases |
| July 1, 2005 | move to new location |

**9.2 Activities and Dates related to other sources of funding**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date of Application** | **Source of Funding** | **Amount Requested** | **Date of Results** |
| December 2, 2004 | Enterprise Zone | City Fee Abatement | before possession |
| December 6, 2004 | Community First | Guarantee of Loan | before possession |
|  | Saskatchewan Arts Board | $81,900 | December 18, 2004 |
| December 10, 2004 | PotashCorp | $100,000 | March 10, 2005 |
|  | Weyerhaeuser Corporation  | $10,000 | March 10, 2005 |
|  | Kahanoff Foundation | $10,000 | March 10, 2005 |
|  | RBC Financial Group | $10,000 | March 10, 2005 |
|  | Hudson’s Bay Company | $10,000 | February 4, 2005 |
|  | Great-West Life | $10,000 | March 10, 2005 |
|  | Sony | $10,000 | February 4, 2005 |
|  | Bank of Montreal | $10,000 | January 21, 2005 |
|  | ScotiaBank | $10,000 | March 10, 2005 |
|  | CIBC | $10,000 | March 10, 2005 |
|  | Sasktel | In-Kind Services | March 10, 2005 |
| March 11, 2005 | Saskatoon Foundation Quality of Life Grant | $10,000 | May 11, 2005 |
| April 15, 2005 | Centennial Facilities Grant | $100,000 | July 15, 2005 |
| April 30, 2005 | Canadian Heritage Cultural Spaces Grant | $200,000 | August 30, 2005 |

# 10. Financial Documents

**HOLDING COMPANY**

**10.1 Financing Options, Projections, and Assumptions**

The purchase price of the building is $212,000.00 and we are also asking to capitalize $22,000 dollars for the most basic renovations for a total of $234,000.00. Various financial institutions are offering to mortgage either 60%,65% or 80% of the total $234,000.00. Our most likely scenario of receiving a 65% mortgage of the $234,000.00 and our financial assumptions for this proposal are based on figures from Scenario B below. We would need to borrow $81,900.00 from the Saskatchewan Arts Board (SAB) over a 6 year term for this purchase to be feasible. There is an assumption of an Interest rate of 7.3% over a five year term for fifteen years from the financial institution and an assumption that the SAB Capital loan will be repaid at 3.5% over 6 years.

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Scenario A* | *Scenario B* | *Scenario C* |
|  | 60% mortgage/15 yrs | 65% mortgage/15 yrs | 80% mortgage/15 yrs |
| Comparison of Various Lending Scenarios | mortgage/SAB | mortgage/SAB | mortgage/SAB |
|  | $140,400/$93,600\* | $152,100/$81,900\* | $187,200/$46,800\* |
| Monthly mortgage interest payment and repayment of principal | 1,286 | 1,393 | 1,714 |
| SAB repayment 6 yrs interest payment and repayment of principal | 1,443 | 1,263 | 722 |
| Total Monthly Building Cost | 2,729 | 2,656 | 2,436 |
|   |   |   |   |
| Total yearly expense - *paved* | 19,649 | 19,123 | 17,539 |
| Total yearly expenses - AKA | 13,099 | 12,749 | 11,693 |
| \*first amount is the amount mortgaged through a financial institution and second is the amount borrowed from Saskatchewan Arts Board |  |  |  |

# Capitalized and Non-Capitalized renovation expenses

AKA Gallery Inc. and *paved* Art + New Media are basing their assumptions on receiving $22,000 dollars more than the purchase price of $212,000 to renovate the space for the AKA Gallery and paved Art + New Media’s initial occupancy needs. *The Enterprise Zone Grant* is an up-front grant that represents a one-time, one-year tax abatement. A $4800.00 dollar portion is earmarked for renovation and a $2500 dollar portion has been earmarked for projected legal fees.

|  |  |
| --- | --- |
| **Capitalized renovation expenses** |   |
| Security system installation | 1,000 |
| Basic renovations | 8,500 |
| Hardware expenses | 2,500 |
| Electrical and telephone wire improvement | 10,000 |
| **Subtotal** | **22,000** |

|  |  |
| --- | --- |
| Non-Capitalized Renovation Revenues/Expenses |   |
| Enterprise Zone Tax Abatement Revenue | 4,800 |

**10.2 Discussion of Projected Income Statement**

The feasibility of this building purchase is supported by the **Projected Income Statement** of the holding company. Operating as an incorporated not-for profit, the holding company is able to earn sufficient profit to meet the principal portion of its financing obligations while sustaining the operations of the building through its rental revenues.

The **Projected Income Statement** of the holding company identifies its main source of revenue as rental income and expense reimbursements received from AKA and *paved.* Support for the ability of AKA and *paved* to meet these expenditures is provided in the documents titled **AKA Projected Balance Sheet and *paved* Art + New Media Projected Balance Sheet** which contain discussions and presentations of both organization’s financial statements. A smaller source of revenue sources will come from rental payments from BlackFlash Magazine.

**10.3** **Discussion of Projected Cash Flow Statement**

The **Projected Cash Flow** of the holding company shows the organization’s ability to meet its financial obligations without requiring any temporary or interim financing. In fact, at the end of year one, (and the following years not shown) the holding company shows a cash surplus of $8480 which will continue to be placed in a capital reserve fund to meet the ongoing repair and maintenance needs of the building. With an older building, the risk of major repairs being required within the first years of ownership cannot be ignored. Along with the building of this capital reserve, extensive building inspection and assessment has been conducted to help mitigate this risk.

It should be noted that policy will be created to temporarily access small amounts of the capital reserve to deal with any difficulties with the timing of ongoing operational cash flows such as the potential need for prepayment of expenses.

**AKA and *paved***

**10.4 Discussion of Projected Income Statements**

Income statement projections for both organizations are presented in the form of a sensitivity analysis to different levels of funding. The three different levels of funding, low, normal and enhanced show the ability of the organizations to meet the rental expense under each scenario and to adjust their operations to either sustain themselves (low, if there are funding cuts) or increase their programming (enhanced, if there are funding increases).

Although funding levels are varied within the **Projected Income Statements**, the assumptions of the rental rates remain constant. In their current location, the rental rate being incurred by AKA and *paved* is approximately $5.02 per square foot per year. With relocation, the rental rate for the first six years within the new building would be slightly higher at $5.72 per square foot per year. After six years, with the capital loan paid in full, the rental charge could then decline to $4.49 per square foot and eventually move to $2.15 per square foot after the 15th year when the mortgage would be paid in full. A comparison of the square footage occupied and the related rental cost of both organizations in their current location and with relocation is provided in the charts below.

|  |  |  |
| --- | --- | --- |
|   | **Current Location** | **New Location**  |
|   |  |  | **For First 6 Years** |
|   | AKA | *paved* | AKA | *paved* |
| **Sq Feet** | 2,130 | 5,870 | 3,445 | 5,167 |
| **Annual Rent Expense** |  $ 10,718  |  $29,451  |  $19,693  |  $29,535  |
| **Cost per Square foot** |  $ 5.03  |  $ 5.02  |  $ 5.72  |  $ 5.72  |
| **Percentage of combined space** |   |   | 40% | 60% |
|  |  |  |  |  |
|   | **Current Location** | **New Location**  |
|   |  |  | **For Years 7 to 15** |
|   | AKA | *paved* | AKA | *paved* |
| **Sq Feet** | 2,130 | 5,870 | 3,445 | 5,167 |
| **Annual Rent Expense** |  $ 10,718  |  $29,451  |  $13,741  |  $20,607  |
| **Cost per Square foot** |  $ 5.03  |  $ 5.02  |  $ 3.99  |  $ 3.99  |
| **Percentage of combined space** |   |   | 40% | 60% |
|  |  |  |  |  |
|   | **Current Location** | **New Location**  |
|   |  |  | **After 15 Years** |
|   | AKA | *paved* | *AKA* | *paved* |
| **Sq Feet** | 2,130 | 5,870 | 3,445 | 5,167 |
| **Annual Rent Expense** |  $ 10,718  |  $29,451  |  $ 7,056  |  $10,579  |
| **Cost per Square foot** |  $ 5.03  |  $ 5.02  |  $ 2.05  |  $ 2.05  |
| **Percentage of combined space** |   |   | 40% | 60% |

The chart below identifies the projected changes to the rental charges that would be experienced by the two organizations over the next fifteen years.

The increase in rental rates that would be experienced over the first six years are quite reasonable considering:

* The increases are temporary and a result of initial financing obligations.
* AKA and *paved* will not be resigning the present lease as the building is for sale. AKA and pa*ved* both feel that to grow as organizations they must move to a more visible and vibrant location.
* store front, street level space is more expensive.
* Greater accessibility to target clientele and general public would be provided
* Present rental rate in the current, less desirable location is only slightly less than buying and owning a future location

Both AKA and *paved* show small variations in net income over the course of the projections. These small, planned, variations are a result of the need to rebuild a deficit or access a surplus of unrestricted net assets by paved and AKA respectively.

* 1. **Discussion of Monthly Cash Flow Statement**

Both AKA and *paved* show, in their monthly cash flows, the ability to meet the cash flow requirements of relocation. No interim financing requirements are identified, however, paved has access to short term financing through a line of credit should any small temporary fluctuations in timing occur. AKA has no line of credit at this time but also has no projected cash flow shortages.

**10.6 Discussion of Other Funding**

For the renovation stage of the relocation AKA and *paved* are pursuing corporate, foundation and public sources of funding to cover these costs as follows:

* **Canada Council for the Arts**

We are currently pursuing a one-time grant to cover the following costs:

* Legal, engineering, architectural, and other consulting fees associated with the relocation
* Part-time Property manager salary for one year
* **City of Saskatoon Cultural Grant**

Once the holding company is established, the organization may be eligible to apply for a Cultural Grant from the City of Saskatoon that they are not currently eligible for. This grant will cover a percentage of the operating costs of the organizations and therefore make other funds available for the costs of maintaining the building.

* **Enterprise Zone**

As a branch of the City of Saskatoon Government the Enterprise Zone is able to waive all permit fees and other fees associated with property development. As well, they provide a one-time grant in lieu of property taxes equaling $7300.

* **Centennial Facilities Grant**

As part of the Saskatchewan Centennial celebrations, the Saskatchewan Department of Culture, Youth and Recreation is providing grants for organizations sponsored by their municipality specifically for renovations.

**11. Supporting Documents**

11.1 The Phenomenon of the Phenomenal Artist Run Centre

11.2 Letter of Intent to Lease from BlackFlash

11.3 Financial Histories of AKA and *paved*

11.4 Ritenburg & Associates inspection report

11.5 Renovation Floor-plans

11.6 AKA Incorporation Papers

11.7 AKA Lease

11.8 AKA Job Descriptions and Contracts

11.9 *paved* Incorporation and Amalgamation Papers

11.10 *paved* lease

11.11 *paved* Membership Brochure

11.12 *paved* Employment Contracts

11.13 Canada Council Letter of Support

* 1. Conditional Offer of Purchase of 424 20th Street West
	2. **Spasm II** Catalogue