

# CULTURAL SPACES BUSINESS PLAN

December 22, 2021

## 1. EXECUTIVE SUMMARY

Hugh's Room Live is a legendary live music venue in Toronto with a reputation as the best listening Room in Toronto. For over 20 years we presented the best artists, spanning jazz, blues, folk, world, roots, and singer-songwriter.

Fortuitously, we lost our venue on Dundas Street West just before the pandemic struck. We have used the pause in our operations wisely, to reimagine HRL as a vibrant and creative community music centre that connects artists and music lovers of all ages and stages, and provides a valuable and valued role in the community.

This vision requires a permanent home, and we've assembled a large team of passionate and skilled professionals to make it happen

This vision has enthusiastic support from artists, community groups and Provincial and Municipal governments, as our letters of support demonstrate.

We've found the perfect venue - a heritage building, big, bright, with lots of potential for community interaction throughout the day and evening. It will allow us to continue being the best listening room in Toronto, while enlivening our community and supporting the creative development of artists, ranging from students and passionate amateurs to emerging artists and seasoned professionals.

Our financial plans indicate that we can make this work. For the next two to three years we will present concerts in partner venues while we renovate the building to suit our needs and vision. We will generate revenue, develop valuable community relationships, and solidify our programming between now and the completion of renovations. We will re-open to live music and community uses in January 2024, following which we will see positive cash flow and financials beginning in year 2025

We have the team, venue, financials, and broad-based support to create a rich and vibrant creative resource venue that will enrich the community and Toronto's cultural scene for many years to come. At a time when many dozens of music venues have gone dark because of the pandemic, this project will give hope and promise to artists, audiences and music-lovers alike.

## 2. WHERE WE'VE BEEN

### Introduction

Almost every city in Canada has at least one concert hall that largely showcases classical European music. Similarly most cities have a network of bars and clubs that feature predominantly local bands compensated by a passing of the hat. But there is only one Hugh's

Room Live – a wonderful place that gives voice to the broad canon of North American and World music.

During its 20 years as a music venue, Hugh's Room (Live) became known as a musician's house – an intimate performance space with great acoustics and an attentive audience. Hugh's Room Live upheld the tradition of the coffee house listening room experience and hosted some of Canada's most iconic musicians: Joni Mitchell, Murray McLauchlan, Dan Hill, Buffy Sainte-Marie, The McGarrigles, Tom Rush, Sylvia Tyson and international giants like Al Stewart, Jesse Winchester, Pee Wee Ellis, Peet Seeger, Judy Collins, Jeff Daniels, Albert Lee, Maria Muldaur and countless others.

It also nurtured gifted young Canadian artists that went on to major acclaim – Justin Hines, JP Saxe, Jennifer Castle, Ariana Gillis, the Strumbellas, and so many more.

## **History**

In 2001 Richard Carson opened Hugh's Room in memory of his brother, a former folk musician who had dreamed of his own performance venue. "Where can Connie Kaldor play in Toronto?!" Hugh frequently lamented before his death in 1999. During its years of operation, the venue quickly established a reputation as a tour stop for legendary musicians but also a welcoming stage for newcomers. When Richard Carson closed the doors in January 2017, after fifteen years, Brian Iler, the current Chair of Hugh's Room Live, and a group of fans and performers put out a call for supporters to help reopen the beloved venue.

People that cared deeply about Hugh's Room rallied to raise money and a board was formed to help bring the room back to life. During their early meetings they examined the factors that led to Hugh's Room closing, considered whether there was potential for a viable new operation, and committed themselves to an effort to reopen as a not-for-profit. They were encouraged by the support they received from donors who helped raise \$150,000. That was enough to secure the space, hire the staff, and reopen, as Hugh's Room Live. And in 2019 Hugh's Room Live became a Registered Charity.

The club opened on April 22, 2017, with a wonderful concert by Connie Kaldor!

For the next three years, we showcased some of the finest performers not only from North America, but around the world. And we nurtured young Canadian performers by offering them an audience of rapt listeners. We welcomed over 60,000 patrons to 615 concerts and paid over \$1.2M to our artists.

## **Rents, Lockdowns, and Rebirth**

Over the three years of operation from 2017 to March 2020, Hugh's Room Live grew its revenue and had just reached the point of financial viability when disaster struck. In early 2020, challenged by rising rents and the onslaught of the pandemic, Hugh's Room Live was forced to close its doors on Dundas Street West.

As the pandemic ground on, hundreds of small music venues in Toronto and right across Canada were forced to close. Most will never reopen. But there is one where the lights never really went out, the music refused to die. At Hugh's Room Live, a vibrant group of dedicated volunteers and staff never lost hope, keeping the flame alive throughout the past two years.

During the shutdown the Hugh's Room Live Board spent time looking for a long-term solution to create a sustainable future. We became convinced that the only way we could do that was to control our overhead by owning our venue, and we began to look for a place we could purchase.

At the same time, we rallied a whole new group of over 50 volunteers from all walks of life representing many diverse communities including LGBTQ+ performer and activists T and Adam and BIPOC musicians Quisha and Ron who came forward to brainstorm possible ways to re-establish what has been valued as an unparalleled music and listening venue for various genres of music including jazz, folk, blues, singer-songwriter, world, and other under-represented music. Throughout this period we held town halls on zoom to engage our supporters and invite new thinking and ideas.

We hived off into a string of working groups, not just finance, although finance of course is one, but also committees of artists, community and diversity, site and real estate, programming and marketing. Some focused on creating a virtual platform to showcase our artists. We expanded our technical expertise to produce better quality virtual shows. We met and brainstormed. We gathered a group of artists to explore how we could come back better for them. We discussed what "community" means for a music venue. And we have worked hard at our governance and diversity.

We took the opportunity to digitize our rich collection of past shows creating a Hugh's Room Live virtual library. And we are exploring a new program of interviews we've called The Green Room to capture the insights of the music legends we all love.

Importantly we raised money, adding \$200K to our bank account.

We won a grant from the Metcalf Foundation called "Staging Change" to rethink our business model and explore exciting new ways of interacting with musicians and audiences. We successfully completed two phases of the program, which included a series of facilitated workshops to challenge our thinking broadly, and probe our current model, to look for new ways to reinvent ourselves. Several of these sessions involved bringing in our communities – including more than two dozen people from diverse backgrounds, environments and experiences, to examine some of the concepts we had been exploring and invite their input. The result has helped to inform our expanded community-centre vision.

We explored new partnerships, working with other venues to produce top-quality virtual shows. And as things began to ease, we partnered with other venues to bring live music back. Still homeless, we recently began programming in temporary venues at 3030 Dundas St. West and the El Mocambo club.

But all the while, we kept our eye on one thing: a new home for live music and programming with community partners.

### **Re-Imagining Hugh's Room Live**

The work with the Metcalf Foundation and other inputs have encouraged our team to explore ways to come back very differently, building on our listening room experience but expanding it to become a music-focused community centre. This is the truly exciting and inspiring part of our coming back vision. We are reinventing ourselves as a music resource for artists and for communities in our neighbourhood and beyond through outreach and partnerships. When we are fully operational in a new permanent home, the space will be used constantly for community education and outreach, to support artists including artists-in-residence, as well as, presenting outstanding performances.

Our goal is to ensure that we can all continue to enjoy the intimate live music experience we have come to love, including returning to the wonderful dinner-concert evenings of past years. At the same time, we have re-imagined what else HRL *could* be – not just the wonderful host it was to musicians and audiences, but a real home for musicians where visiting artists can offer Master Classes – a home that is a real meeting place for those who love the North American musical canon. We want to expand on our vision, providing studio space and educational courses and community engagement. We want to introduce the live music experience to those who have not had previous opportunities to hear it. Bigger visions call for more space.

HRL has always been committed to showcasing the musical talents of a diverse artists community. This commitment to BIPOC representation will be further enhanced with our new location which will allow us to create the artist mentoring program, house the musical community meeting space, and develop the "second stage" for emerging artists. To assist us in this endeavor, we have partnered with a diverse range of community arts organizations

## **3. GETTING THERE - THE NEXT 2-3 YEARS**

### **About 296 Broadview**

To ensure our long term success we need an HRL-owned, permanent home that can house not only a warm and intimate listening space but all the other uses that fit inside a music-focused community centre. We believe we have found that space at 296 Broadview. This former church, a designated Heritage Property, was designed by renowned Toronto architect, E.J. Lennox, and built in 1894. It has a main floor about the same size as our old location, a balcony, stage, and green room as well as a bright lower hall for many types of community uses. A kitchen, lots of washrooms, access to transit and parking make this a perfect home!

We are in the final stages of negotiating a purchase agreement with the owner of 296 Broadview. The building is structurally sound, capable of being made accessible, and with the kitchen, can be set up for food service.

We have investigated zoning. Although a community centre is a permitted use, a minor variance is required to remove the qualification that it be operated by or on behalf of the City of Toronto. We have received an encouraging zoning consultant's report and have met with City planning and zoning officials, who were quite supportive. As a result, we are confident that we can gain permission for our intended uses by way of an application to the City's Committee of Adjustment for that minor variance. Councillor Brad Bradford, chair of the City's Music Advisory Committee, has offered to support our application when it comes on for a hearing and he has provided a letter of support, as has Councillor Fletcher, in whose riding this venue is located.

### **Feasibility related to the building**

We have been investigating the possibility of purchasing this building for several months now. As a result, we have undertaken many studies, all of which lead to the conclusion that the building is solid and there are no structural issues or environmental concerns. A Heritage accessibility study has confirmed that accessibility is very doable. A planning study gives us confidence that we can achieve our required uses through a Committee of Adjustment application and not a more extensive and time-consuming zoning application.

We are able to provide the following reports in support of these conclusions:

- 3.1 Architectural site plan – 2012
- 3.2 An Environmental Site Assessment conducted in October 2018 – Andre Breberina
- 3.3.A Site Investigation Report carried out by Blackwell Structural Engineers on June 30, 2021
- 3.4 Building Conditions Report conducted by CMG Engineering – October 2021
- 3.5 Accessibility Memo prepared by ERA Architects in October 2021
- 3.6 Planning Memo prepared by Gladki Planning Associates – November 2021,
- 3.7 Main floor layout prepared by Architect Kaj Devai
- 3.8 Parking Study conducted by NexTrans Consulting Engineers in October 2020
- 3.9 Land Registry

### **Interim Programming**

We have developed relationships with other venues in Toronto where we have begun presenting concerts, to support our large community of musicians, and reconnect with our audiences. While we work on securing and renovating our new permanent home we will continue hosting shows at 3030 Dundas St. West and the historic El Mocambo. This year we have presented 15 shows featuring 66 artists and have 2 more shows featuring 9 more artists between now and the end of December. In total we anticipate that we will have paid these artists \$36,000 and our shows will have been seen in person or viewed online by 1,500 followers

### **Future program development**

During this interim period we will continue to consult with the community to develop and solidify the programming that we will create at 296 Broadview.

- We have embarked on an environmental survey and research with other community cultural hubs, especially in Canada, the UK, and the US to learn from other cultural hub organizations.
- We are consulting with local community groups to hear about the barriers they face and how Hugh's Room Live could address them. We've heard exciting ideas ranging from developing a music technology program for young people, hosting a prom for young single mothers just completing high school, to opening our kitchen to an organization providing employment opportunities and training in the hospitality world. This programming will directly impact priority groups identified by the City, Province, and Federal government.
- Community partners currently include the Massey Centre, VibeArts, St. James Toronto Community Arts, The Métis Arts Council, and East End Arts - and consultation will continue with them and others throughout the next several years. We have had early discussions with the Empire Club Foundation to tap into their educational mandate to explore ways to work together on musical education for young people.
- Our Artist Engagement team is working closely with artists to develop ways to nurture artists in all stages of their careers, and to spark creative engagement between artists in unique ways.

### **Community, Artist, & Political Support**

The environment for live music venues is particularly precarious in Toronto. The City has lost dozens of small performance spaces due to rising rents, realty taxes and the pandemic. Artists, politicians, and community groups have been overwhelmingly supportive of our goal to purchase 296 Broadview and create an innovative, vibrant and expressive community hub in that location.

We have done extensive outreach to City of Toronto and other levels of government, and are actively working on a plan to reach out to and engage the local community and other communities in creating a music-focused community centre:

1. We are in regular contact with the local Councillor – Paula Fletcher. She is absolutely supportive of our efforts to purchase the property and use it for a music-focused community centre that includes involvement of artists, other communities and presentation of concerts and performances, as her letter of support demonstrates. We also have the support of Councillors Brad Bradford, Kristyn Wong-Tam and Joe Cressy.
2. We liaise with Mike Tanner and Patrick Tobin from the City's Economic Development & Culture Department and they are very supportive of our plan as evidenced by their letters of support. It would provide that area of Toronto with much-needed music and cultural opportunities at a time when the City is losing many of its small to mid-sized venues and in an area that is underserved for live music.

3. Our community engagement team includes individuals with strong roots in the community and a track record of successfully engaging local support for projects such as this one. Consultations with community groups have already begun, and will continue throughout 2022 and 2023.
4. A worship group, the Broadview Faith Temple (BFT) has been meeting twice weekly at 296 Broadview for several years. They have enthusiastically embraced our plan and have agreed to provide a mortgage (see the Financial section of this Business Plan). We will continue to make the church available to the BFT as part of our ongoing community activities.
5. We are in the process of reaching out to Provincial and Federal riding representatives to ensure they are aware of our interest in the premises and to seek their support. In fact, as recently as December 16, 2021 we met with senior officials in the Ontario Ministry of Heritage, Sport, Culture and Tourism to explore provincial government opportunities. They expressed strong support for this project and have encouraged us to continue to engage them in our initiative and to connect with other Ministries, as well.
6. We have been working with artists throughout this process and have created an HRL Artists Advisory group of over twenty accomplished HRL artists to consult on building design and program development. This group also includes emerging and veteran professional artists, students, amateurs, independent teachers, and representatives from post-secondary institutions.

Included in our application are many letters of support from artists, government officials, and others.

### **Marketing Plan & Audience Development**

Throughout the past twenty months we have stayed in touch with our 'friends' through Town Halls, newsletters and other communications. We also began virtual programming, and more recently we started producing live shows in other venues. Currently our marketing efforts are focused on our fundraising drive. Tactical elements include a Christmas message with an attached song produced by our wonderful artists, a marketing brochure, planned Town Halls and other initiatives. We also continue to market our current programming activity to our mailing list of 10,000+. As we move into the launch phase in our new venue, a comprehensive marketing plan will drive awareness of our re-opening and our programming.

Hugh's Room Live is a space for music lovers, built in partnership with broad communities including artists, music lovers and those representing diversity in its many manifestations. We aspire to be the beating heart of Toronto, featuring live music, workshops, and community-led initiatives. Steeped in history, we're proud to be a truly creative hub for Toronto's colourful cultural tapestry.

Our audiences span a range of demographics and psychographic profiles. Our core comprises music fans aged 50+. They are informed, follow artists and their careers, return frequently and are loyal to the room. They love folk, jazz, blues and classic rock, and come to hear music from

a geographic catchment area that includes the GTA and beyond. We also attract significantly younger audiences, those who were often introduced to legendary artists by their parents, and have become loyal fans. Younger fans are also attracted by our emerging artist programming. Frequently audiences at shows include multi-generational families. Our marketing also targets visitors to Toronto and tourists to the GTA who are looking for unique cultural experiences while in the city.

We are extremely confident that HRL will be a successful performance venue and music-focused community centre in East Toronto.

- 60,000 patrons saw shows at our previous location at 2261 Dundas Street West over a period of three years. This location was much further west of the downtown core than 296 Broadview is to the east of downtown. It became and still is a destination venue. It was worth the drive or the transit trip to see the amazing shows we presented. 296 Broadview is on or very close to three streetcar lines. Parking is available nearby.
- Further evidence that our audiences will follow us for the quality of the performance is the fact that we are presenting shows at two temporary locations in the west end and close to downtown which are being well-attended.

#### **4. FINANCIALS**

We are confident that HRL has the track record and the ability to acquire funding, and has established the required financial management and fiscal controls. We have excellent financial management and oversight, anchored by our Treasurer, Michael Capotosto, CPA. Our success in not only surviving through the pandemic but building up our bank account from a very small amount to \$200K is our best evidence in support of our view that we know how to manage money.

What has contributed significantly to our sound financial management throughout these challenging times – times that caused many venues similar to ours to close their doors – has been the establishment of a strong governance structure. It starts with a volunteer Board of Directors of nine people who individually and collectively bring to HRL an impressive array of backgrounds and experiences. For the purposes of demonstrating our financial and oversight capabilities, we would point to the fact that our Board is chaired by a lawyer with decades of legal experience, co-chaired by an individual with senior management experience in business and government, including Deputy Minister positions, has a Treasurer as indicated above with 36 years of accounting experience as a CPA in the hospitality, real estate and manufacturing industries and has other seasoned business executives and well-established artists. Financial reporting is a standing item at every HRL Board meeting, and these meetings occur monthly.

Our financial plan includes the following elements:

- 1. Now until closing 296 Broadview at the end of March 2022.**



Phase I involves securing sufficient funds to purchase the property, do architectural drawings and cover carrying costs for up to two years while we obtain zoning approvals and complete necessary renovations. We anticipate these costs to be in the order of magnitude of \$4.3 Million.

We are anticipating that we will be able to secure this funding through a grant from Canadian Heritage for half the amount, and mortgage loans from the current owner and a church group that will cover most of the other half - \$2M. We have included in this application letters from the vendor and a church group (BFTC - Broadview FT Church) confirming their commitment to provide the close to \$2M which would represent our part of the grant funding requirement. As a cushion, and to ensure sufficient working capital for the next phase, already we have secured an additional \$400K in bridge bonds and \$130K in donations.

In summary, our financial projections for this acquisition period are these:

Total acquisition cost including land transfer and closing costs	\$4.2M
Rezoning, CoA, Architect costs	\$150K
Operating expenses	\$100K
TOTAL	\$4.45M
Financing - VTB and BFT Church Group	\$2.1M
Grant from CS	\$2.15M
Donations and bridge bonds in place now	\$530K
TOTAL	\$4.75M

Our opening bank balance as of January 1, 2022 is estimated at \$200K. Our closing bank balance as of March 31st, 2022 is estimated at just over \$500K.

**2. April 2022 to end of 2023 - Renovations and Some Community Use**

The remainder of this year, and an additional nine months will involve completing the architectural drawings, securing the desired permitted use (Committee of Adjustment), undertaking renovations, and establishing some community uses including ongoing use by the Broadview Faith Temple. The financials for this period look like this:

Expenses	Renovations (est)	\$2.1M
	Carrying cost through the period	\$366K
	2024 Start-up working capital (est)	\$500K
	TOTAL	\$2.966M
Revenue	Cultural Spaces Phase II grant	\$1.0M
	Donations from fund-raising	\$1.9M
	TOTAL	\$2.9M

Our opening bank balance on April 1, 2022 is estimated at approximately \$500K. Over this twenty-one month period, we estimate that, after carrying the property and paying for a \$2M

renovation with the follow-on assistance of Cultural Spaces, we will have a bank balance at the end of this period of approximately \$500 to \$600K, which will provide the cushion we need for ramping up to steady state operations.

As a contingency, we are exploring and will continue to explore commercial lending opportunities to secure backstop lending of upwards of \$2M. We have excellent contacts in the credit union system through our Alternate Chair and our Chair, both of whom have worked with large credit unions in Ontario and BC. We have a member of our campaign cabinet with excellent relationships in the banking and wealth management sectors. We are confident that we can put this backstop funding in place for the period required.

**3. January 2024 to end of 2026 - Ramp up to Steady State Operations**

HRL is planning on opening its new doors in January 2024. We anticipate there will be tremendous interest in our new venue and lots of media coverage that will ensure we get off to a good start. When we are fully operational, we will once again be presenting over 200 concerts a year, and many patrons will come for dinner and the concert as in the past. We believe we will achieve a steady state positive cash flow level by 2026. 2024 will be a ramp-up year where we will begin with several concerts a week and gradually increase these numbers to four a week by the end of 2024. We anticipate presenting approximately 80 concerts in 2024, 150 in 2025 and 255 in 2026

Here is a summary of the financial highlights based on several years of operating experience with the exception of no rent and only 30% of the realty tax base.

<b>Hugh's Room Live</b>				
<b>Profit and Loss by Month</b>				
<b>Operating Forecast First 3 Years</b>				
<b>Number of Shows:</b>	<b>79</b>	<b>154</b>	<b>255</b>	<b>3 yr</b>
<b>Fiscal Year--&gt;&gt;</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
TOTAL INCOME	616,783	1,202,336	1,990,882	3,810,001
GROSS PROFIT	297,594	580,120	960,589	1,838,303
TOTAL EXPENSES	485,015	729,271	915,090	2,129,377
PROFIT (LOSS)	- 187,421	- 149,151	45,499	- 291,074

In addition, we will have established working relationships with financial partners during the period 2022 to the end of 2023 and are budgeting for \$100K of additional revenue each year from all partnership sources.

From a bank balance perspective, our anticipated starting position as of January 2024 of approximately \$500K will be more than sufficient to cover the initial shortfalls along with other start up capital requirements. We will continue to ensure that we have backstop funding in place.

## 5. FUND-RAISING CAMPAIGN

Our financial plan depends on a robust and effective fund-raising campaign. It is extremely difficult to launch a fund-raising campaign without having secured the building. Now that we are close to a purchase and sale agreement, we are able to launch, and indeed have launched a multi-faceted fund-raising campaign. Although it is in its very early stages, there are many encouraging signs that it will be successful. Already, we have secured \$130K in donations, a small amount of which went to pay for the various due diligence studies included in this application. We have commitments from four individuals to purchase two year \$100K “bridge bonds” at 6%. In total, our campaign already has produced over \$500K in donations and loans.

We have set what we think are achievable fund-raising targets as follows:

- By early 2024 (when we open at 296 Broadview), we will have raised \$2M in donations, other grants, sponsorships and naming rights to pay off the purchase mortgage debts of \$2M.
- During 2023, we will have secured through commercial loans and/or additional bridge bonds up to \$1.9m in financing to cover the costs of renovation—our part of the Phase II Cultural Spaces application and working capital. This target is subject to review pending the costing estimates that will come from the architectural drawing work being undertaken between now and the end of March 2022.

Our confidence in achieving these targets comes from the following:

- Our initial fund-raising successes in the very early stages that have resulted in over \$500K in donations and loans
- The launch of a campaign cabinet that brings a sector-specific approach to fund-raising, focusing on credit unions, other financial institutions, and music and related sectors where donations and sponsored stage naming rights will be sold.
- The on-boarding of an experienced fundraising professional (CFRP) to assist with the campaign
- The launch of a process to bring high-profile Advisors to the table to give this campaign the profile it demands.
- Ongoing grants application team exploring grant opportunities at the City, provincial and federal levels and with various trusts and foundations.
- Outreach to artists and various communities including a twenty+ person HRL Artists Group
- The Capital Campaign working group which has established a disciplined process for identifying, contacting and following up with potential donors including individuals, governments, corporations, SMEs and Foundations. A tiered giving program from individual memberships to naming rights has targeted \$5.2M in funding. Furthermore a detailed reporting, monitoring and evaluation process has been put in place.
- A toolkit of fund-raising supports including letter-writing templates and a compelling case for support (included in this application)
- Commitment to hold weekly meetings of our fund-raising campaign cabinet with reporting out on progress, strategies, and plans.

- Our expected ability to hold fund-raising town halls in our new premises beginning in the new year
- Rental of 296 Broadview Ave. for private functions until the renovations make that no longer possible.

## **6. CONCLUSION**

We are confident that the steps we have taken, as outlined above, demonstrate that this project is extremely feasible and will make a big difference to the lives of artists who want to perform on our stage, audiences who want a return to the intimate listening experience for which we are famous, and the many communities who will turn to 296 Broadview as a wonderful resource and community centre.