

Grant in Aid Application
Friends of the Palace Theater
Enclosures

- **Cover Sheet**
- **Sections 1-4 Narrative**
- **Page 5, Budget**
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- **Balance Sheet as of November, 2017 ***
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- **Letter of Support**

**** Palace Theater Fiscal year is January to December. Balance Sheet and P & L reflect most recent information.**

House District(s) 1

Senate District(s) 1

THE TWENTY-NINTH LEGISLATURE
APPLICATION FOR GRANTS
CHAPTER 42F, HAWAII REVISED STATUTES

Log No:

For Legislature's Use Only

Type of Grant Request:

GRANT REQUEST – OPERATING

GRANT REQUEST – CAPITAL

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Recipient" means any organization or person receiving a grant.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN): _____

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN): _____

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:
Friends of the Palace Theater

Dba: Friends of the Palace Theater

Street Address: 38 Haili Street, Hilo HI 96720

Mailing Address: 38 Haili Street, Hilo HI 96720

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name MORGEN BAHURINSKY

Title Executive Director

Phone # 808-934-7120

Fax # n/a

E-mail morgen.bahurinsky@hilopalace.com

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION INCORPORATED IN HAWAII
- FOR PROFIT CORPORATION INCORPORATED IN HAWAII
- LIMITED LIABILITY COMPANY
- SOLE PROPRIETORSHIP/INDIVIDUAL
- OTHER

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

AS PART OF A LONG-RANGE PLAN TO RESTORE AND PRESERVE THE 92-YEAR OLD PLACE THEATER FOR FUTURE GENERATIONS, THIS REQUEST IS FOR GIA FUNDING TO INSTALL A NEW AIR CONDITIONING SYSTEM, ALONG WITH ADJUNCT CONSTRUCTION AND UPGRADES. THIS PROJECT HAS BEEN DEEMED AS MOST URGENT AND CRITICAL TO KEEPING THE THEATER USEABLE WHILE OTHER IMPROVEMENTS ARE BEING MADE.

A MONETARY COMMITMENT FROM THE STATE GOVERNMENT WILL SIGNIFY THE IMPORTANCE OF THE PALACE THEATER AS AN IMPORTANT ASSET AND ENCOURAGE OTHER LEVELS OF GOVERNMENT AND PRIVATE FUNDERS TO FOLLOW SUIT.

4. FEDERAL TAX ID #: [REDACTED]

5. STATE TAX ID #: [REDACTED]

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2019: \$415,000

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
- EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ 130,000

FEDERAL \$ 0

COUNTY \$ 0

PRIVATE/OTHER \$ 70,500

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

[REDACTED]
AUTHORIZED SIGNATURE

WENDY PESKIN BOARD PRESIDENT
NAME & TITLE

11-8-18
DATE SIGNED

JAN 18 2018 12:30 PM

Application for Grants

Please check the box when item/section has been completed. If any item is not applicable to the request, the applicant should enter "not applicable".

I. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Please include the following:

1. A brief description of the applicant's background;

The Friends of the Palace Theater is a community-based non-profit organization established in 2002. Its mission is "to revitalize, restore, and sustain Hilo's historic theater as a venue that will educate, entertain, and inspire our diverse community." The Palace Theater is the largest downtown venue in Hilo, and contributes significantly to the vitality of Hilo's business district. It has served many generations as a cultural gathering place, and as a popular fundraising space for other community non-profits. It is a showcase for Hawaii's performing artists, local and international filmmakers, and for community-based, multi-cultural events. In 1992, the building was placed on both the State and National Historic Registers.

2. The goals and objectives related to the request;

The primary purpose of this request is to obtain State Grant in Aid funding is to continue working on a robust long-range plan to strategically restore and preserve the Palace Theater for future generations. Projects to achieve this goal have been carefully prioritized, and lead up to 2025 – the 100th anniversary of the opening of this historic theater. (see attached Long-Range Plan). The local community does not have the resources to support the kinds of major restoration and improvements that are required for the theater to prosper.

The 2017 monetary commitment from the State government for this most urgent project – air conditioning - signifies the importance of the Palace Theater as an important and valuable asset to the State. An additional commitment by the State to complete this project will encourage other levels of government and private funders to follow suit.

The Palace Theater celebrated its 90th anniversary in 2015. The stunning neoclassical architecture that has remained in its original form for over 90 years inspires awe among visitors, audience members and performers. However, as with all older buildings, it does not conform to the modern-day definition of a comfortable and efficient venue.

In addition to aging, the building suffers from rot and persistent water damage. Professional restoration of both the interior and exterior of the building is needed to prevent further deterioration and loss. Current seating is not comfortable, additional backstage room is needed for dressing rooms and storage, and the driveway and parking lot are accessible, but access is perilous.

Most importantly, and most immediately needed, is an adequate air conditioning system. The Palace Theater's former air conditioning system was 'state of the art' in the mid 20th century, but has not functioned for decades. The environment for performers and audiences alike is hardly bearable during warm and humid weather.

An unexpected requirement to upgrade the existing fire sprinkler system in order to obtain the final building permit to commence installation of the Air Conditioning system was indeed a surprise to all involved, especially since the sprinkler system had not been a barrier for permitting two other major projects undertaken in the last few years (new roof and photovoltaic system). This requirement has added additional cost and time to the project; however, the sprinkler system and air conditioning installation will provide a safe and more comfortable performance space.

We respectfully ask for a State Grant-in-Aid for the air conditioning system and other adjunct construction.

3. The public purpose and need to be served;

Today, the public is looking for places to meet and gather that are as welcoming and comfortable as possible. A vital part of any theater production is the wellbeing of the people in the seats. The audience expects to watch a film, musical, or concert in optimal conditions, to fully enjoy the emotion of this collective ritual, and to want to return to it.

The enjoyment of a show comes from a comfortable setting where the right temperature, the correct degree of humidity, and the introduction of fresh outside air make the spectator completely comfortable.

The Palace Theater was one of the first venues of its type to offer air conditioning. The original system stopped working many years ago, and is not repairable. The loss of air conditioning and the adjunct high humidity levels contribute to the discomfort of audience and performers. These conditions hinder the performers from giving their best and they also contribute to systems failures of the digital projection system. We had to cancel films during multiple weeks due to high humidity and endured the costs of repairs and some replacement of the electronic equipment. Air conditioning will improve airflow, temperature, and humidity, and provide a much-improved environment for audiences and performers alike.

4. Describe the target population to be served; and

Palace Theater programs are developed to engage a diverse audience of 25,000 annually from local community members to visitors from other locales. With year - round programming, the theater is active nearly every night year round, with people of all ages, cultures, and walks of life coming to events. Since many of the productions at the theater are presented in collaboration with other local groups, there is a high degree of community integration in each season's programs.

Another target population are the long-time performers who support the Palace as well as newer performers who find the Palace a welcoming venue to showcase their talents when they are starting out. Air conditioning has been the most requested improvement among patrons and performers alike.

5. Describe the geographic coverage.

The Palace Theater is the largest venue of such historic significance and of its type on the east side of Hawaii Island. In addition, due to its attention to the emerging needs of visitors to the island, its geographic service area now extends to the mainland, as well as parts of Asia and Europe, as visitors come to experience the authentic Hawaiian performances for which the Palace Theater is renowned. Still, the majority served are from Hawaii, and mostly East Hawaii Island.

II. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request. The applicant shall:

1. Describe the scope of work, tasks and responsibilities;

Following the installation of a photovoltaic system in 2016, the Board of Directors approached Engineering Partners – Progressive Solutions LLC (long-time consultants to the Palace Theater) to create an overall design for ventilation and air conditioning, to assess the costs of A/C installation, adjunct electrical upgrades, and finish work.

Bids for electrical, mechanical systems, and finish work have been solicited and received from local business known for their experience and the quality of their work on large commercial projects.

Work was scheduled to commence in the winter months but has been delayed by an unexpected permitting requirement to upgrade the existing sprinkler system. The

scope of work indicated by Pacific Rim Fire Protection includes fixing pipe leaks, replacing heads and escutcheons, and a new monitoring system.

To commence the installation of the air conditioning system, the ductwork from the old air conditioning system will be demolished. Then the electrical upgrades will be completed. A concrete pad and secure area for the exterior mechanical equipment will be completed, and then the mechanical systems (consisting of traditional AC/heat pump units, mini-splits and fan coils) will be installed, with adjunct ductwork out of sight above the theater's ceiling and within the attic.

The final stage will be the finishing carpentry and insulation.

Each stage of this process will be overseen by vendors specializing in their field, with progress reports to the Board of Directors and with oversight by the two Directors involved in architecture and construction.

In addition, all projects in the long-range plan will include the direct oversight and input of the Architect, Boone Morrison of Volcano, who is the only Historic Preservation Architect on the Big Island. He worked on the Palace Theater more than 20 years ago; he has detailed drawings and documents on the structure, and he is willing to consult on the Air Conditioning project on a pro bono basis. Mr. Morrison will be extensively involved in the restoration of the façade, the marquee, and the interior of the theater.

2. Provide a projected annual timeline for accomplishing the results or outcomes of the service;

With adequate funding, the entire project will be completed by the end of 2019. If funding for the entire project is not immediately available, the first stages of implementation will begin while gap funding is being raised through an ongoing capital campaign and grant solicitation. We have found that grantors are more likely to adopt projects that are already well-funded, thus the State's participation in the project is essential to promote better grant participation.

The A/C system has been designed to allow for staged installation of the mechanical components, so that incremental cooling can be achieved for both small audiences and ultimately, a full house.

3. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and

Until recently, energy consumption of the theater without air conditioning was costing between \$1000 and \$1500 per month. An 81 panel, 26,487 kw photovoltaic system was installed in 2016, with an eye to providing sufficient electrical power to assist with the

cost of air conditioning. Currently, surplus energy is being produced during the summer months, which is the time of highest demand for an air conditioning system.

Increased comfort, especially because of the air conditioning, should bring a considerable boost in attendance. We also anticipate maintaining our current pool of performers and increasing that number over time due to reduced heat and humidity during performances. The high heat level is a topic at nearly every live performance as artists try to cope with excessive amounts of perspiration and discomfort while on stage.

More subtle measurements include customer satisfaction and return visits. Data is collected at performances to determine how patrons respond to the changes in theater programs and how they heard about specific performances. This data is reviewed at Board meetings.

Facebook and Twitter accounts and webmail are monitored noting both the comments and the increase in followers.

We also specifically measure attendance, volunteers and donors, as an indication that theater comfort and programming is on track with consumer tastes, and that we are attracting new patrons .

4. List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

- *The increase in audience attendance due to increased theater comfort: 2020-2021*
- *The increase in the number of performers who chose and return to perform at the theater due to increased theater comfort: 2020-2021*
- *The increase in the number of other organizations choosing to rent the theater for their activities: 2020-2021*
- *The increases in Facebook and Twitter followers: 2020-2021*
- *The increase in donors and volunteers who support the theater as an indication that theater comfort is on track, and that new patrons are being attracted: 2020-2021*

III. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.
 - a. Budget request by source of funds ([Link](#))
 - b. Personnel salaries and wages ([Link](#))
 - c. Equipment and motor vehicles ([Link](#))
 - d. Capital project details ([Link](#))
 - e. Government contracts, grants, and grants in aid ([Link](#))

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2019.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
200,000	0	215,000	0	415,000

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2019.

County of Hawaii - \$15,000
Non-Government Grants – (foundations) \$30,000
Capital Campaign - \$23,500

See also Exhibit 1 – schedule of costs and revenue

4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.

Not applicable

5. The applicant shall provide a listing of all federal, state, and county government contracts, grants, and grants in aid it has been granted within the prior three years and will be receiving for fiscal year 2019 for program funding.

See Attached

6. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2017. **PLEASE NOTE THAT THE FISCAL YEAR FOR THE PALACE THEATER RUNS FROM JANUARY TO DECEMBER. ATTACHED IS A BALANCE SHEET AND P & L ACCURATE TO NOVEMBER 30, 2017.**

See attached Balance Sheet

IV. Experience and Capability

1. **Necessary Skills and Experience**

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

The Friends of the Palace Theater Board of Directors has demonstrated more than a decade of stewardship of the 92- year old building, raising and investing over \$1M on various physical upgrades to meet ADA requirements, retrofit the building to withstand seismic threats, add a new metal roof, rebuild the performance stage and convert stage lighting to LED for energy conservation. The theater projection system is also fully digital to meet the latest requirements in movie screening. This has improved the theater both internally and externally, while at the same time creating employment within the community and enhancing audience safety and enjoyment.

The first-year project in the long-range plan was the installation of the PV panels. Funding and implementation were achieved in less than 18 months and this project paved the way for the far more ambitious A/C project.

There is one architect and one contractor on the Board of Directors, and they work closely with Engineering Partners – Progressive Solutions and other companies for the installation to ensure a high quality of work and ongoing sustainability of the system.

In addition, the Board members will work with the historic preservation specialist, Boone Morrison to assure that the historic value is preserved and enhanced and that no detail is lost or damaged by the work.

2. **Facilities**

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities.

The Palace Theater is a 92- year old building in downtown Hilo. Although it was left empty for many years, the stewardship of the Friends of the Palace Theater Board of Directors over the last 15+ years has ensured its structural soundness, and the restoration projects described above will renew its vibrancy as a viable and sustainable venue for performing arts.

V. Personnel: Project Organization and Staffing

1. **Proposed Staffing, Staff Qualifications, Supervision and Training**

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

Following a decade of stewardship of the Palace Theater, the Board of Directors is very familiar with the quality of the work of local vendors. Each component of the air conditioning project has been designed by Engineering Partners LLC, and each component is bid out through a competitive request for proposals. Selection of vendors and oversight of the work will be managed by the Board of Directors in consultation with an historic preservation specialist.

2. Organization Chart

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organization chart that illustrates the placement of this request.

Currently, staff consists of one full-time Executive Director, one full-time office manager, and one half-time administrative assistant. Front house operations are executed by 12 part-time hourly employees

3. Compensation

The applicant shall provide the annual salaries paid by the applicant to the three highest paid officers, directors, or employees of the organization by position.

<i>Executive Director</i>	<i>\$31,650</i>
<i>Office Manager</i>	<i>\$26,112</i>
<i>Admin Assistant</i>	<i>\$15,264</i>

VI. Other

1. Litigation

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

The Friends of the Palace Theater organization is not party to any litigation

2. Licensure or Accreditation

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that the applicant possesses relevant to this request.

The Palace Theater is a registered non-profit in the State of Hawaii. 501 (c) (3) with a 100% volunteer Board of Directors.

3. Private Educational Institutions

The applicant shall specify whether the grant will be used to support or benefit a sectarian or non-sectarian private educational institution. Please see Article X, Section 1, of the State Constitution for the relevance of this question.

Not applicable

4. Future Sustainability Plan

The applicant shall provide a plan for sustaining after fiscal year 2018-19 the activity funded by the grant if the grant of this application is:

- (a) Received by the applicant for fiscal year 2018-19, but
- (b) Not received by the applicant thereafter.

The installation of an air conditioning system is a one-time only project. Once the system is installed, it will be maintained as part of the contracts awarded to the vendors chosen to design and install it.

The increase in box office proceeds due to an expanded audience will make the system self-sustaining. No further funding for air conditioning is required.

Funding requests for the other projects listed as part of the Long-range Strategic Plan will be considered and put forward as necessary, depending on the availability of funds from other sources.

(See attached Long-range Strategic Plan)

5. Certificate of Good Standing (If the Applicant is an Organization)

If the applicant is an organization, the applicant shall submit one (1) copy of a certificate of good standing from the Director of Commerce and Consumer Affairs that is dated no earlier than December 1, 2017.

See Attached

6. Declaration Statement

The applicant shall submit a declaration statement affirming its compliance with Section 42F-103, Hawaii Revised Statutes. ([Link](#))

See Attached

7. **Public Purpose**

The applicant shall specify whether the grant will be used for a public purpose pursuant to Section 42F-102, Hawaii Revised Statutes. ([Link](#))

The grant will be used for a public purpose pursuant to Section 42F-102, Hawaii Revised Statutes, as outlined in this application.

Friends of the Palace Theater
Air Conditioning Project
Schedule of Costs and Revenue

Costs:

Air conditioning components, HVAC materials and labor	\$486,000
Electrical – New wiring for augmented electrical service	\$ 88,500
Demolition, preparation and finish carpentry	\$ 36,000
Renovation of existing sprinkler system	\$70,000
Total:	\$680,500

Revenue:

State Grant-in-Aid 2017	\$130,000
State Grant-in-aid (2018 Request)	\$415,000
County of Hawaii	\$ 15,000
Raised to date	\$ 70,500
Non-Government Grants	\$ 30,000
Capital campaign 2018	<u>\$ 20,000</u>
Total	\$680,500

BUDGET JUSTIFICATION - PERSONNEL SALARIES AND WAGES

Period: July 1, 2018 to June 30, 2019

Friends of the Palace theater

NOT APPLICABLE

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL:				
JUSTIFICATION/COMMENTS:				

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2018 to June 30, 2019

Friends of the Palace Theater

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
Air Conditioning components (including duct coils, AC/Heat pumps, condensers and controls)			\$ -	
Sprinkler Heads and Escutcheons			\$ 15,000.00	
Electrical equipment			\$ 28,000.00	
			\$ -	
TOTAL:			\$ 286,000.00	

JUSTIFICATION/COMMENTS:

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				

JUSTIFICATION/COMMENTS:

BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2018 to June 30, 2019

Friends of the Palace Theater

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OTHER SOURCES OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2016-2017	FY: 2017-2018	FY:2018-2019	FY:2018-2019	FY:2019-2020	FY:2020-2021
PLANS						
LAND ACQUISITION						
DESIGN						
CONSTRUCTION	N/A	128000	144000		N/A	N/A
EQUIPMENT	N/A	292000	271000	265500	N/A	N/A
TOTAL:		420000	415,000	265,500	N/A	N/A
JUSTIFICATION/COMMENTS:						

GOVERNMENT CONTRACTS, GRANTS, AND / OR GRANTS IN AID

App

Friends of the Palace Theater

Contracts Total:

130,000

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S. / State / Haw / Hon / Kau / Mau)	CONTRACT VALUE
1	State Grant in Aid	7/1/17	6/30/18	State	130,000
2					
3					
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27					

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS PURSUANT TO
CHAPTER 42F, HAWAI'I REVISED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants pursuant to Section 42F-103, Hawai'i Revised Statutes:
 - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant is awarded;
 - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows the state agency to which funds for the grant were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant.
- 2) If the applicant is an organization, the applicant meets the following requirements pursuant to Section 42F-103, Hawai'i Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant is awarded shall be conducted or provided.
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawai'i Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawai'i Revised Statutes, for grants used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

FRIENDS OF THE PALACE THEATER

(Typed Name of Individual or Organization)



(Signature)

1-8-2018

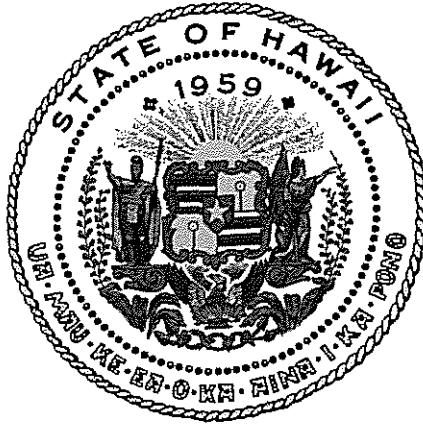
(Date)

WENDY PESKIN

(Typed Name)

BOARD PRESIDENT

(Title)



Department of Commerce and Consumer Affairs

CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that

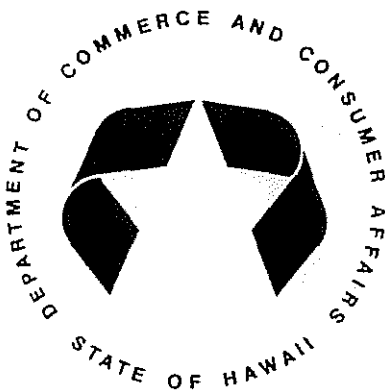
THE FRIENDS OF THE PALACE THEATER

was incorporated under the laws of Hawaii on 08/29/2000 ; that it is an existing nonprofit corporation; and that, as far as the records of this Department reveal, has complied with all of the provisions of the Hawaii Nonprofit Corporations Act, regulating domestic nonprofit corporations.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Commerce and Consumer Affairs, at Honolulu, Hawaii.

Dated: December 20, 2017

Director of Commerce and Consumer Affairs



9:04 AM

01/10/18

Accrual Basis

Friends of the Palace Theater
Balance Sheet
As of November 30, 2017

	Nov 30, 17
ASSETS	
Current Assets	
Checking/Savings	
Cash on Hand	
Box Office Cash Drawer	400.00
Cafe Cash Drawers	600.00
Cafe Petty Cash	300.00
Change for Cash Box	200.00
Total Cash on Hand	1,500.00
Checking Account	
Restricted Funds	64,610.71
Unrestricted Funds	-10,200.47
Total Checking Account	54,410.24
Saving Account	
Restricted Funds	30,584.91
Total Saving Account	30,584.91
Total Checking/Savings	86,495.15
Accounts Receivable	
Accounts Receivable	1,801.37
Total Accounts Receivable	1,801.37
Other Current Assets	
Prepaid Expenses	
Prepaid Artist Fee	2,500.00
Total Prepaid Expenses	2,500.00
Total Other Current Assets	2,500.00
Total Current Assets	90,796.52
Fixed Assets	
Accumulated Depreciation	
Accum Deprec- Fixt	-45,756.20
Accum Deprec-Renovations	-81,680.90
Accum Deprec-Software	-2,679.21
Accum Deprec - Equipment	-195,301.68
Total Accumulated Depreciation	-325,417.99
ADA Upgrade.	55,533.89
Air Conditioning System	12,494.15
Bathroom, 2nd Floor	1,677.71
Cafe Renovation	67,709.53
Computer Replacements of 2012	12,174.07
Crown Roof Project	127,003.85
Curtain	18,109.87
Curtain-Guillitoin	9,292.93
Equipment	
Body Mics	6,382.10
Donated Equipment	36,336.72
Film Rewind Table	2,154.12
Kiosk Appliances	4,068.77
Lights	3,672.00
Popcorn Machine, Gold Medal	1,150.00
Projector, Christie CP2210	53,581.90
Sound Heads	7,500.00
Technical Equipment	32,195.57
Xenon Consoles	14,381.78
Zoom Lens	3,137.00

9:04 AM

01/10/18

Accrual Basis

Friends of the Palace Theater
Balance Sheet
As of November 30, 2017

	Nov 30, 17
Total Equipment	164,559.96
Fire Sprinkler System	3,179.00
Foot Lights	17,075.49
Fresh Air Duct	6,000.00
Furniture and Fixtures	6,454.66
General Renovation	3,903.46
LED Stage Lights & Console	16,022.85
Office Renovation	28,054.77
Photovoltaic System	137,756.25
Software	11,926.70
Spot Light Lycian	800.00
Stage Construction	20,245.73
Theater Seating	1,354.17
Total Fixed Assets	395,911.05
TOTAL ASSETS	486,707.57
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Due to Venders	11,620.59
Total Accounts Payable	11,620.59
Credit Cards	
Bank Card 8713	111.60
Total Credit Cards	111.60
Other Current Liabilities	
Deferred Revenue	
Palace Presentation Admissions	2,010.00
Total Deferred Revenue	2,010.00
Payroll Liabilities	
Federal Withholding	732.00
FICA Payable	1,722.10
State Withholding	496.38
SUTA Payable	270.76
Total Payroll Liabilities	3,221.24
Prepaid Gift Cards	3,518.61
Total Other Current Liabilities	8,749.85
Total Current Liabilities	20,482.04
Total Liabilities	20,482.04
Equity	
Opening Bal Equity	1,574.70
Retained Earnings	310,756.74
Temp Restricted Net Asset	95,195.62
Net Income	58,698.47
Total Equity	466,225.53
TOTAL LIABILITIES & EQUITY	486,707.57

9:15 AM

Friends of the Palace Theater

Profit & Loss

01/10/18

January through November 2017

Accrual Basis

	Jan - Nov 17
Ordinary Income/Expense	
Income	
Box Office Admissions	
CoProduction & Rental Admission	86,463.62
Palace Presentation Admissions	106,244.00
Total Box Office Admissions	192,707.62
Donations	
Donations-Restricted	12,792.22
Donations-Unrestricted	73,314.26
Donations in Kind	29,161.18
Donations in Kind Volunteer Hrs	4,091.10
Donor Advised	
Unrestricted	100.00
Total Donor Advised	100.00
Total Donations	119,458.76
Grant Income	
Co of Hawaii, HI Legacy 2017-18	2,875.00
Co of Hawaii, Musical 2017	1,500.00
Co of HI, Spotlight Youth 17-18	1,562.50
Co. of Hawaii, HI Legacy	5,062.50
Co. of Hawaii, HIFF	4,900.00
Co. of Hawaii, Youth & the Arts	2,500.00
HCF, Anderson-Beck Fund	10,000.00
Ironman Foundation	1,000.00
State of HI, Hawaiian Music	8,891.00
Total Grant Income	38,291.00
Income from Rentals	
Auditorium Rental	6,839.64
Total Income from Rentals	6,839.64
Lobby Sales	
Bar Sales	2,467.00
Cafe Sales	32,588.50
Gift Shop Sales	529.50
Total Lobby Sales	35,585.00
Other Income	
Advertising Income	1,925.00
Interest Income	10.23
Total Other Income	1,935.23
Total Income	394,817.25
Expense	
Cost of Programs	
Advertising of Films/Event	12,314.09
Artists Expenses	6,213.47
Bar COGS	564.57
Cafe Items	13,971.34
Contract Fees	
Artists Fees	14,137.00
Band Member Fees	5,900.00
CoProduction & Rental Expense	25,802.77
Projection Fees	3,015.00
Royalty & Copyright Fees	5,300.00
Security	265.00
Sound System/Technician	9,483.33
Stipends	700.00

9:15 AM

01/10/18

Accrual Basis

Friends of the Palace Theater
Profit & Loss
 January through November 2017

	Jan - Nov 17
Technical	3,562.00
Total Contract Fees	68,165.10
Costumes/Props/Set	980.59
Equipment Rentals & Supplies	26.15
Film Rental Fees	22,851.56
Gift Shop COGS	697.20
Other Program Cost	860.65
Promotional Materials	756.75
Shipping of Films/posters	1,506.15
Total Cost of Programs	128,907.62
In Kind Expense	
Advertising	13,729.44
Building Repairs/Maintenance	583.99
Cost of Programs	12,700.00
Misc Expenses	199.00
Professional Services	1,948.75
Volunteer Hours	4,091.10
Total In Kind Expense	33,252.28
Operating Costs	
Bank Charges	
Interest Expense	12.47
Merchant Fees	7,132.40
Service Charge	18.00
Total Bank Charges	7,162.87
Computer Technology Expense	
Computer Maintenance	1,485.63
Internet & Telephone	2,827.31
Software	228.75
Software Support	412.20
Website Hosting	199.37
Total Computer Technology Expense	5,153.26
Dues, Fees,Subscriptions	446.30
Equipment	
Kiosk Equipment Expense	1,194.18
Office Equipmt. Rental	4,403.08
Theater Equipment	1,321.07
Total Equipment	6,918.33
Fundraising Expenses	876.32
General Excise Taxes	1,789.80
Insurance	
Directors Liability	1,296.00
General Liability	3,373.00
Liquor Liability	500.00
Total Insurance	5,169.00
Janitorial Supplies	1,389.61
License and Fees	694.36
Miscellaneous Expenses	40.50
Office Supplies	6,652.47
Postage	1,544.58
Repairs/Maintenance	
Building Repairs	288.98
Equipment Repairs	777.28

9:15 AM
01/10/18
Accrual Basis

Friends of the Palace Theater
Profit & Loss
January through November 2017

	Jan - Nov 17
Maintenance Supplies	600.73
Total Repairs/Maintenance	1,666.99
Security Systems	547.77
Travel Expense	181.94
Utilities	
Electricity	5,457.94
Sewage	247.11
Water	1,057.85
Total Utilities	6,762.90
Total Operating Costs	46,997.00
Payroll	
Employee Salaries	
Administrative Salaries	15,438.94
Fundraising Allocation	6,060.60
Program Allocation	49,999.94
Program Salaries	43,642.37
Total Employee Salaries	115,141.85
Payroll Expenses	
Medical	4,668.89
TDI	707.32
Workmens Comp Insurance	3,117.00
Total Payroll Expenses	8,493.21
Payroll Taxes	
Medicare	1,731.32
Social Security	7,402.80
SUTA	2,161.09
Total Payroll Taxes	11,295.21
Total Payroll	134,930.27
Professional Fees	
Accounting	1,510.41
Bookkeeping	10,070.48
Grant Writing	12,600.00
Marketing	11,000.00
Total Professional Fees	35,180.89
Property Taxes	450.00
Uniform Expense	387.50
Total Expense	380,105.56
Net Ordinary Income	14,711.69
Other Income/Expense	
Other Income	
Capital Campaign Income	
Donations Restricted for TCC2	39,736.78
Grant Income for TCC2	4,250.00
Total Capital Campaign Income	43,986.78
Total Other Income	43,986.78
Net Other Income	43,986.78
Net Income	<u>58,698.47</u>

Long Range Strategic Plan for Capital Improvements

Strategic planning, December 2017 (revision to 2016's 5 - year plan)

The Palace Theater needs to take the following steps to preserve the theater for future generations and to maintain its role as home to diverse cultural activities and as an economic driver in downtown Hilo for both East Hawaii residents and tourists.

The East Hawaii community has provided significant support for the Palace. Over the last dozen years, we have raised nearly a million dollars for capital improvements. Our community does not have the resources to support the major restoration and improvements that are necessary for the theater to prosper and continue to serve the local population. At the current fund raising rate, maxing out at about \$75,000/year, it would take 30-35 years to accomplish what must be attended to very soon.

The Palace Theater is a Hilo icon and an outstanding historic building statewide. It contributes to the vitality of Hilo's business district and serves a diverse clientele. Our duty is to restore and sustain it for future generations. It is hoped that we can accomplish everything in this plan for the 2025 100th anniversary of the opening of the Hilo Palace.

If we do not act soon to preserve this piece of Hawaiian history and architecture it will be too late.

PRIORITIES for a six-year plan to:

REVITALIZE, RESTORE AND SUSTAIN THE PALACE THEATER

Year 1 (completed 2016)

Clean and duct fresh air to existing fan system (done) \$ 7,000
Install 81-panel photo voltaic system (done) \$138,000
Engineering plans for AC system (done) \$ 20,000
Total 2016 expenses (all funding has been raised and spent) **\$165,000**

Years 2 and 3, proposed for 2017 and 2018

Fully air condition theater: (HVAC \$486k/Elec \$88.5k/demolition and carpentry \$36k)

Note: A precondition of permits is to renovate the existing sprinkler system at and estimated cost of \$70,000

Pacific Rim: fix leaks in pipes, 500 heads replaced, new monitoring system: \$55,000

500 new heads and escutcheons: \$10,000

Adjunct carpentry: \$5000.

Total 2017 and 2018 expenses **\$680,500**. Funds raised \$207,000 (GIA plus community contributions)

Year 4-5, proposed for 2019-2020

Restore the façade (estimated) \$300,000
Restore the marquee (estimated) \$250,000
Architectural fees (estimated) \$ 35,000
Total year 3 expenses **\$585,000**

Year 5, proposed for 2021-22



New seating (have bid at \$250K for 2017) \$325,000

Driveway and parking lot (estimate)\$ 75,000

Backstage addition and amenities (bathrooms, dressing, storage)

(an educated guess)\$270,000

Total year 4 expenses**\$670,000**

Year 6, proposed for 2023-24

Restore the interior (estimated) \$500,000

Architectural fees\$ 40,000

Total year 5 expenses**\$540,000**

Total funds needed for restoration - 2016-2024: **\$2,640,500**



PLW/ELM

HOUSE OF REPRESENTATIVES

STATE OF HAWAII
STATE CAPITOL
HONOLULU, HAWAII 96813

Friends of the Palace Theater
Morgen Bahurinsky
38 Haili St.
Hilo, HI 96720

Aloha,

Congratulations, the Friends of the Palace Theater have been selected for a State Grant in Aid award!

I am pleased to let you know the Friends of the Palace Theater have been awarded a CIP State Grant of \$130,000 for the 2017-18 fiscal year beginning July 1, 2017. The Legislature will assign a State Department to be your expending agency and someone from that Department will contact you within the next 4-6 weeks to begin the contracting process for disbursement of the grant funds. If by July 1, 2017, you have not heard from your expending agency, please contact Laurel Johnston at the Department of Budget & Finance at (808) 586-1516 or Laurel.A.Johnston@hawaii.gov.

On behalf of the Legislature, we are pleased to support your work in our community, and we hope you will keep us informed of your progress. We wish you much success in your efforts as you undertake the responsibilities of this grant. Once again, congratulations on your grant award.

Mahalo,