

THE RESOLUTION

Whereas:

- a. The Board of Directors (“Board”) has determined that continuing to operate the Vancouver Folk Music Festival (“Festival”) is almost certain to put the Vancouver Folk Music Festival Society (“Society”) in an unsustainable financial position.
- b. The Board has explored many alternative options to operate the 2023 festival in an sustainable manner, but has determined that none of the options are feasible.
- c. As part of its fiduciary duties, the Board has concluded:
 - o that the Society is no longer able to carry out its Mission, and;
 - o that dissolving the Society in an orderly fashion, and settling all its financial obligations, is the most responsible course of action to take.
- d. At the current level of operations, the Society’s available cash resources are forecasted to be exhausted by mid-2023. The Society currently has sufficient financial resources to pursue Voluntary Dissolution Without Liquidation as defined within the [BC Societies Act](#).
- e. In keeping with Paragraph 57 of the Society’s bylaws, the Board wishes to disburse any funds remaining upon dissolution to an organization that promotes the same purpose as the Society and that shares the Society’s [Values](#).

It is therefore resolved that:

The Members of the Vancouver Folk Music Festival Society (“Society”) direct the Board of Directors (“Board”) to:

- a. Pursue *Voluntary Dissolution Without Liquidation* of the Society per Part 10, Division 2 of the BC Societies Act, and;
- b. Distribute any Society funds and/or assets remaining upon dissolution to an organization chosen by the Board that both promotes the same or materially similar purposes as the Society and shares the Society’s Values.

MOVED BY:

SECONDED BY:

STATUS:

DATED: FEBRUARY 1, 2023

ABOUT THE RESOLUTION

For its entire history, the Vancouver Folk Music Festival has faced financial challenges. Due to these ongoing challenges and to the added economic and financial pressures brought on by the pandemic and global supply chain disruptions, the Board of Directors has concluded that it is no longer possible to operate the Vancouver Folk Music Festival. To continue operating the Festival would put the Vancouver Folk Music Festival Society at risk of not being able to meet its financial obligations and would likely force the Society into bankruptcy. Without the festival, the Vancouver Folk Music Festival Society is unable to fulfill its mission.

Following a two-year absence due to the pandemic, the Festival returned in 2022 with fantastic style. However, even with additional COVID-related government funding, the Festival lost almost \$25,000. With costs continuing to increase and insufficient revenue to offset them, the forecasted budget to hold the Festival 2023 is projected to result in a deficit of almost \$500,000. Adding to the complexity of the financial situation, and in a change from pre-pandemic years, many of the Festival's key suppliers now require payment up front. This means the Society will not have sufficient cash on hand when needed for the goods and services the Festival requires. These high costs, revenue pressures, and cash-flow constraints will continue for the foreseeable future.

From September to December the Board of Directors searched extensively for feasible ways to continue the Festival. Among the possibilities they considered were different venues, changing the format, and pursuing partnerships with other festivals. None of the options were feasible in the timeframe needed to keep the Society viable this year, or in the future.

While the Society currently holds just over \$160,000 in Assets as of August 31, 2022, this is largely due to the non-recurring government assistance provided during the pandemic. This amount is not enough to keep the Festival operating, but it is enough to work towards an orderly dissolution of the Society that settles its financial affairs. The Board of Directors has concluded that dissolving the Society in an organized manner is the best way to respect our community of artists, suppliers, staff, contractors, government partners, volunteers, and other stakeholders.

The BC Societies Act which governs our Society allows us to pursue *Voluntary Dissolution Without Liquidation*. To do this requires that our Members approve dissolution, and that at the time of dissolution, the Society's assets are greater than what it owes. Some of the Society's obligations, such as our office and warehouse leases, are still being determined. If the Society's obligations exceed its assets, then the Society would be required to enter into a court-ordered liquidation process.

The resolution that we are asking Members to approve authorizes the Board to pursue voluntary dissolution of the Society. It also directs the Board to distribute any funds or assets left over upon dissolution to an organization that the Board chooses, provided that the organization shares the same purpose and values of the Vancouver Folk Music Festival.