



CANYON CINEMA

145 NINTH STREET, SUITE 260
SAN FRANCISCO, CA 94103
415-626-2255

To the Film Community:

This is a very serious letter. It was emailed to our filmmaker members and we would like to share this with the larger community. It concerns the survival of Canyon Cinema. As most of you probably know, film rentals over the past few years have been steadily declining. This is a result of the proliferation of digital media. Many of Canyon's major filmmakers who have brought substantial income to the organization have now made their work available in digital formats. Many of our renters, especially in universities, no longer have access to adequate film projection. Often after the purchase of a DVD, instructors of cinema studies continue to use the digital media and forsake the renting of the original 16mm prints. This is partly due to their own dwindling rental budgets and the lack of well functioning projectors.

In addition, a part of our annual income has traditionally come from bank interest rates. In previous years Canyon has earned more than \$4,000 per year this way. In the past three years we have earned almost nothing in this area. We are also very dependent on the money collected from our annual distribution fee from our filmmakers. Many filmmakers do not to pay their yearly fee. Canyon Cinema should be collecting more than \$32,000 from its 320 members. Last fiscal year we collected approximately \$21,000 in this manner.

During the past decades Canyon Cinema has been able to survive entirely from earned income generated from rentals, sales, distribution fees, bank interest and occasional donations. Each year, since our inception, Canyon Cinema has been successful economically, albeit with a very small margin of excess. We are now in a state where we can no longer continue to operate as we have in the past. This is a very real thing.

World wide interest in our celluloid film collection continues to be strong. There are even indications of a resurgence of interest by a new generation of film enthusiasts, filmmakers and scholars. Last year our gross rental and sales totaled more than (purposely left blank). This is not insignificant. However, this is not enough to continue to run our business in its present form.

It is apparent that Canyon Cinema can no longer continue as it was originally conceived and changes need to be made that are appropriate to our present day and age. The Board of Directors and the staff have been working on solutions. However, after many discussions, meetings with advisors, and inquires made directly to people who might help us we find that we are at a loss to solve the



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problem. Currently Canyon Cinema is losing \$2,000 a month, approximately the amount of our rent. At this rate of loss, Canyon Cinema could be out of business within two years.

In short, we need any tangible help or advice that our community, or other contacts that might be able to offer. We mean this very seriously. The members of the Board of Directors and the staff of Canyon Cinema are experimental filmmakers like yourselves. We need all the help that our fellow members might be able to offer in terms of contacts or ideas. This is very important.

The five other major distributors of experimental film which are located in New York, Paris, Toronto, Vienna and London now receive substantial funding from government agencies on both a national and local level. These distributors, despite the fact they are “small businesses” are recognized as irreplaceable cultural entities which like any other municipal arts organization such as a symphony orchestra need additional support in order to survive. This is far more difficult in the United States.

Here are some specific examples of experimental film distribution companies modeled after Canyon Cinema currently receiving substantial funding. **The Film-Makers’ Cooperative in New York City** is currently funded by the Experimental Television Center as well as New York State Council for the Arts. They have also received a life saving donation of free rental space. **Light Cone in Paris** is funded by several governmental agencies including Le Centre National de la Cinematographie, Le Ministere de la Culture, La Region Ile-de-France and La Ville de Paris. **LUX in London** is funded by the Arts Council England and the Leverhulme Foundation for Educational Activities. In Canada the **Canadian Filmmaker’s Distribution Centre in Toronto** is funded by the Canada Council for the Arts, Ontario Arts Council, The Ontario Trillum Foundation and the Toronto Arts Council. In **Vienna, Sixpack Film** is most generously supported by the Federal Ministry of Art, Culture and Education (Department for Film), City of Vienna - Department of Cultural Affairs, the Provincial Governments of Lower Austria, Upper Austria and Salzburgh, and the Trade Association for Music and Filmindustry.

In contrast Canyon Cinema has not been able to obtain funding from federal, state or local governments. It is not that we have not tried. All recent efforts to procure funding have been rebuffed due to the nature of the way Canyon Cinema is structured as a for profit shareholder corporation. This is how the organization was set up since the late 1960’s. Canyon Cinema has attempted to become an IRS approved non profit corporation at least twice in the past years without success.



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Fortunately we have enjoyed many contributions from our members and members of the greater film community over time. We are extremely appreciative of that. Lucasfilm Foundation has been very helpful in recent years. However they have indicated that they will no longer continue their support. Stanford University Media Library acquired the Canyon Cinema paper archives for a generous amount of \$100,000 in 2009. It is those funds upon which we are currently operating.

Now what do we do?

These are some of the ideas the Board and staff have been discussing. Nothing has been decided upon. We feel that our filmmakers must be informed of some of the possible solutions being discussed. We need your help in determining the direction we should take. The solutions are not easy and some may appear radical but are necessary. The question is: what is most important to preserve in Canyon Cinema as a motion picture film distribution company. Is it to have faith in the eventual value of celluloid projection and find a way to survive through patronage? Is it to expand into a digital world, a transition for which we do not have funds or staff? Is it to face the reality of the present day and age of film presentation and radically alter the nature of Canyon Cinema as a celluloid distributor?

Here are some possible solutions that have been discussed and investigated:

- 1) Dissolve the share holder corporation completely and convert it into a small business, modeled as a non shareholder for profit company distributing filmmaker's work that generates income. This would enable Canyon to streamline its operation and be responsible for a much smaller inventory.
- 2) Dissolve the corporation and start another organization that is a 501 3(c) non profit and still operates as a distributor. The cost of converting the present company into a non profit is prohibitive and not recommended by all of the legal advice we have received along with our past history of this request to the IRS. We have also been advised by many significant non-profits in the Bay Area that becoming a non profit is by no means a solution for fundraising.
- 3) Dissolve the company and create a 501 3(c) company that can expand distribution to include all media, and forms of moving imagery. This would include the difficult and expensive project of digitizing the current films in the collection.



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4) Find a patron who can donate to Canyon Cinema approx 850 square feet of office/film storage space, saving us almost \$25,000 per year. Or find a long term patron that can provide a contribution of \$25,000 cash per year for operational expenses.

5) We have explored the possibility of merging with a large more stable organization within the film community such as the Museum of Modern Art in San Francisco, Pacific Film Archives, Stanford University Media Library. So far these organizations do not have the interest or resources to engage Canyon. There may be other film/art organization that might want to form a relationship with Canyon (possibly outside the Bay Area).. The idea is that Canyon's unique film collection and distribution skills would be preserved under their protection.

Please take a moment to consider these options and what you feel would be in the best interest of Canyon Cinema. What can you personally do to help us at this urgent moment? What resources, connection or contacts can you share with us? We are interested and considering any kind of solution, including relocating from the Bay Area to a less expensive location.

Please email your offers of help, feedback and responses to: dominic@canyoncinema.com We have received private donations in the past and can continue to receive such if directed through our fiscal agent the National Alliance of Media Arts Center. Checks can be made payable to this center and mailed directly to Canyon Cinema, 145 Ninth Street #260, San Francisco, CA . Canyon Cinema's paypal account is info@canyoncinema.com.

If you have any helpful suggestions please contact dominic@canyoncinema.com

Sincerely,

Dominic Angerame
Executive Director, Canyon Cinema