

# Film institute in debt, reeling

But it vows Hot Springs festival is still on for fall, won't cease

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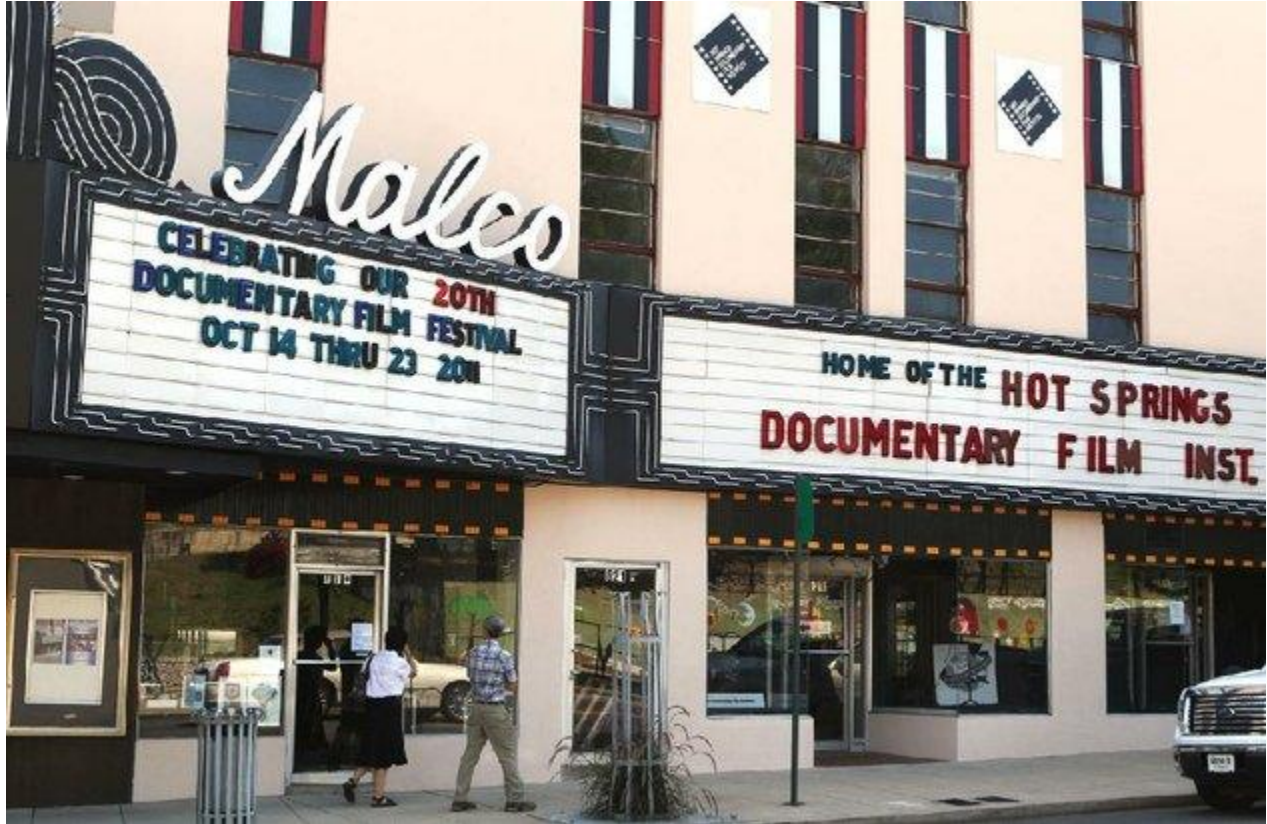


PHOTO BY THE SENTINEL-RECORD

People stroll past the Malco Theater in downtown Hot Springs last year. The Hot Springs Documentary Film Institute uses the theater for its annual festival.

LITTLE ROCK — Despite being more than \$350,000 in debt, officials with the Hot Springs Documentary Film Institute are forging ahead with plans for this year's documentary film festival, counting on it to be one of the most successful ever.

Susan Altrui, who was named chairman of the institute's board in March, said working through the financial woes has been challenging, but the focus remains clear.

“We have to make sure this festival succeeds,” Altrui said. “It’s vital not only for Hot Springs, but the state of Arkansas. This festival is very special to many, many people.”

The film institute is the umbrella nonprofit organization that runs the festival. The institute manages funds, including donations and other business.

In recent years, though, the institute’s books have bled red.

Altrui said past instability within the board led to a “lack of consistency in supervision of our organization’s operation. It’s been a classic example of the right hand not knowing what the left hand is doing.”

In the four months since she’s led the board, eight new members have signed on, and Altrui said she hopes the new blood will reinvigorate the institute and the film festival.

Hot Springs real estate agent and businessman Chris Rix is one of the board’s newcomers. He said he’s always contributed to the film festival and he “wants to do anything I can to help save it.”

Rix said the festival is vital to the city because it lures tourists during the slow month of October.

“I used to own a restaurant downtown, so I know firsthand the effects the festival has,” Rix said.

“People come a week before the festival, stay for it, then stay around afterward. It’s dollars in the pockets of everyone from the bartenders to the waitress to the hotels.”

Officials with the Greater Hot Springs Chamber of Commerce see the economic impact, too.

To help the ailing nonprofit get back on its financial feet, the chamber is allowing the institute to use office space inside the chamber building for five years.

In addition, the chamber will handle the institute’s accounting.

The move will save the institute at least \$2,000 each month, as well as several thousand in accounting fees, Altrui said.

“This is critically important to us, because there has been a loss of faith in our organization from donors,” she said.

“As an organization that has been in decline, people have stopped giving. And it’s understandable. We hope that this will show people that we are part of the community and that we are trying to turn this around and run things the proper way.”

Dave Byerly, president and CEO of the chamber and a member of the institute’s board, said the chamber’s board of directors never thought twice about approving the measure.

“This festival has a tremendous amount of significance in the film industry, and we understood that it’s a Hot Springs diamond and an Arkansas jewel,” Byerly said.

“It’s important for us to support the nurturing of the film industry as a whole and that this festival be successful. It’s an economic benefit to the entire community.”

Byerly couldn’t say exactly how much money the festival attracts to Hot Springs each year, but he called it a significant tourism event.

Last year, the festival drew 10,000 visitors over two weeks, Altrui said. In past years, it has attracted as many as 20,000.

The 21st-annual event will be in October, though exact dates have not been set.

Altrui said it costs about \$50,000 to host the festival.

“Right now, we are definitely moving forward with planning,” she said. “If we raise enough money, we can go above and beyond, but our backup plan is to have a scaled-back version that will allow us to cover costs.”

Altrui said there have been about 10,000 film submissions for this year’s festival — some of which she described as “major documentaries and high-profile films shown” at the Sundance Film Festival in Park City, Utah.

Planning aside, the institute’s financial problems hang like a dark cloud over the Malco Theater, where the film festival is held each year in downtown Hot Springs.

Altrui said the institute is working with the Internal Revenue Service to pay back payroll taxes and other taxes, though she was unsure of an exact figure.

“I know we have a payment plan in place, but we are in the process of figuring out just what exactly we need to do,” she said. “We inherited a big mess.”

The institute's financial troubles began surfacing in 2008, when a loan was taken out against three buildings it owns in downtown Hot Springs, including the Malco.

Altrui said the \$225,000 loan was used to purchase a parking lot next to the theater.

In 2009, a second mortgage was taken out on the property, but "we have been unable to determine what the purpose was for that loan," Altrui said.

"My suspicion is that it was used as operating funds to try and get the institute through the festival that year," she said.

Now, the institute owes the bank more than \$300,000 in loans and interest.

It hasn't made a payment on those loans since 2009.

Altrui said the institute has persuaded the bank not to foreclose on the property just yet, and she hopes a donor will come forward to help with the outstanding debt.

Talk of selling the Malco and other buildings owned by the institute is also surfacing. If that happens, the institute would attempt to rent the theater for the film festival each year, Altrui said.

For now, "we have stopped the bleeding, and we are in the process of researching past financial records to find out what happened.

"The bank knows we are under new leadership, and through some dialog we were very fortunate that they withdrew foreclosure to give us time to raise funds. That is tremendous that we have yet another chance."

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