INSIDE THIS ARTICLE

- Theatres contributed over $1.7 billion to the economy in the form of salaries, benefits and payments for goods and services (p. 2).
- A majority of theatres have operated in the black since 2004, and more theatres had positive CUNA in 2007 than in any of the past five years (pp. 3-4, Figure 2).
- Average single ticket income was 6.8% lower after adjusting for inflation and it supported 3.2% less of the average theatre's total expenses in 2007 than in 2003 (pp. 4-6, Tables 2 & 3).
- In the past five years, overall attendance weakened 6.1% while the total number of performances rose 1.7% (p. 14, Tables 11 & 12).
- Earned income from sources other than ticket sales cover 10.8% more of total expenses now than five years ago (pp. 4-6, Tables 2 & 3).
- Average endowment earnings and capital gains were at a 5-year high in 2007, both experiencing growth that far outpaced inflation (p. 5, Table 2).
- Growth in total contributed income exceeded inflation by 7.4% but lagged slightly behind expense growth (pp. 9-11, Tables 7 & 8).
- Fewer theatres reported a cash reserve each year but the average for those reporting increased annually. Overall, the value of cash reserves was 16% lower in 2007 than in 2003, adjusting for inflation (pp. 12-13).
- Working capital was negative in each of the five years but improved annually, as did the investment ratio (pp. 12-13, Tables 9 & 10).
- From 2003 to 2007, subscription income rose 3.7% (p. 5, Table 2), while the number of subscribers dropped off 8% and subscriber capacity utilization fell annually (p. 16, Table 13).

WHAT IS CUNA?

CUNA, or the Change in Unrestricted Net Assets, includes operating income and expenses; unrestricted facility and equipment, board designated and endowment gifts; capital gains and losses; capital campaign expenses; and gifts released from temporary restrictions in the current year.

<u>CUNA</u> =
TOTAL UNRESTRICTED INCOME –
TOTAL UNRESTRICTED EXPENSES

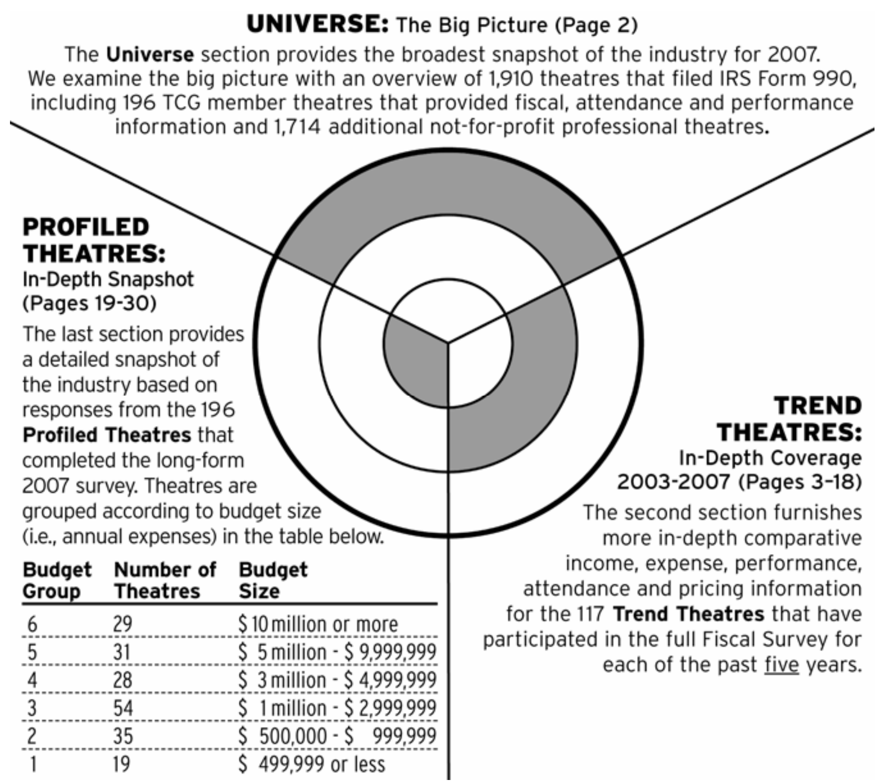
A Report on Practices and Performance in the American Not-for-profit Theatre Based on the Annual TCG Fiscal Survey

By Zannie Giraud Voss and Glenn B. Voss, with Christopher Shuff and Ilana B. Rose

Theatre Facts uses responses to the annual TCG Fiscal Survey to offer an analysis of the field's attendance, performance and fiscal health. *Theatre Facts 2007* compiles information for the fiscal year that theatres completed during the period October 31, 2006, and September 30, 2007. Theatres continue to make tremendous contributions to the nation's artistic legacy and to their communities, which is difficult to capture through quantitative analyses.

The report is organized into three sections that offer different perspectives. *The Universe* section provides a broad overview of the 1,910 not-for-profit professional theatres that filed Internal Revenue Service (IRS) Form 990 in 2007. This section provides the most complete snapshot of the universe of not-for-profit professional theatres. The *Trend Theatres* section provides a longitudinal analysis of the 117 TCG theatres that responded to the TCG Fiscal Survey in each of the past 5 years. In addition, we offer a sub-section that highlights ten-year trends for 55 TCG theatres that have been survey participants each year since 1998. This section provides interesting insights regarding long-term trends experienced by larger not-for-profit professional theatres. The *Profiled Theatres* section provides a detailed examination of the 196 theatres that completed the TCG Fiscal Survey in 2007. This section provides the greatest level of detail, including breakout information for theatres in six different budget categories.

The report complies with the audit structure recommended by the Federal Accounting Standards Board (FASB). It examines unrestricted income and expenses, balance sheet, and attendance, pricing and performance details. Unless otherwise noted, income is reported as a percentage of expenses because expenses serve as the basis for determining budget size.



Budget Group	Number of Theatres	Budget Size
6	29	$ 10 million or more
5	31	$ 5 million - $ 9,999,999
4	28	$ 3 million - $ 4,999,999
3	54	$ 1 million - $ 2,999,999
2	35	$ 500,000 - $ 999,999
1	19	$ 499,999 or less

THE UNIVERSE

In 2007, not-for-profit theatres across America presented the creative work of 61,000 professional artists to 31 million audience members.

This conclusion is based on an extrapolation of data from 196 TCG member theatres to 1,714 additional theatres that completed IRS Form 990 and either are not members of TCG or are members who did not participate in the Fiscal Survey. The IRS collects information on not-for-profit theatres, including theatres that do not respond to the TCG Fiscal Survey. We used total annual expenses—the only data reported by all theatres—to generate the Universe estimates presented in Table 1 for all 1,910 theatres. We base this extrapolation on weighted averages for TCG member theatres of similar total expenses. TCG member theatres tend to have higher total expenses than others, so weighting is necessary to provide realistic estimates of the activity, finances and workforce breakdown for the larger Universe.

It is important to keep in mind that the figures reported in the Universe table are estimates and do not represent data provided by the 1,714 non-survey theatres themselves. To check the accuracy of the estimates, we compared total expenses reported by these theatres (the one item reported by all theatres) with a total expense figure based on our extrapolations. The two came within 1% of each other, suggesting that the extrapolated figures, while imperfect, are reasonably accurate estimates.

We estimate that in 2007, the 1,910 Theatres in the U.S. Not-for-profit Professional Theatre Field:

- Contributed more than $1.7 billion to the U.S. economy in payments for goods, services and salaries. The real economic impact is far greater than $1.7 billion. When audience members go to the theatre, they frequently go out to eat, pay for parking, hire babysitters, etc. Theatres' employees live in their communities, pay rent or buy homes, make regular purchases and contribute to the overall tax base.

- Engaged the majority of employees in artistic pursuits. We estimate that the theatre work force (i.e., all paid full-time, part-time, jobbed-in or fee-based employees) is 56% artistic, 31% technical and 13% administrative. It is worth noting that these percentages shift dramatically based on theatre size. For example, theatres with total expenses of $200,000 or less (more than half of Universe Theatres) employ 7% of the work force as administrators, 57% as production personnel and 36% in artistic positions. Theatres with total expenses greater than $200,000 employ 14% of personnel in administration, 28% in production and 58% in artistic positions.

TABLE 1 : ESTIMATED 2007 UNIVERSE OF U.S. NOT-FOR-PROFIT PROFESSIONAL THEATRES (1,910 Theatres)

Estimated Productivity			
Attendance		31,000,000	
Subscribers		1,600,000	
Performances		197,000	
Productions		17,000	
Estimated Finances			
Earnings	$	961,800,000	
Contributions	$	919,200,000	
Total Income	$	1,881,000,000	
Expenses	$	1,742,000,000	
Changes in Unrestricted Net Assets (CUNA)	$	139,000,000	
Earned $ as a % of Total Income		51%	
Contributed $ as a % of Total Income		49%	
CUNA as a % of Expenses		8.0%	
Estimated Workforce			% of Total
Artistic (all)		61,000	56%
Administrative		14,000	13%
Production/Technical		34,000	31%
Total Paid Personnel		109,000	

- Theatres with total expenses of $200,000 or less received 28% from earned sources and 72% from contributions whereas theatres with total expenses above $200,000 received 52% and 48% from earned and contributed sources, respectively.

- Experienced a Change in Unrestricted Net Assets (CUNA), which encompasses changes in all unrestricted funds and includes Net Assets Released from Temporary Restriction (NARTR), equivalent to 8% of expenses. On average, theatres with total expenses of $200,000 or less run deficits (-6.3% of expenses) and theatres with total expenses greater than $200,000 run surpluses (8.8% of expenses).

TREND THEATRES

This section of the report focuses on the 117 Trend Theatres that responded to the TCG Fiscal Survey each year from 2003 to 2007. Following the same set of theatres over time avoids extreme variation that can occur when different theatres participate in some years but not in others. The start of the 5-year period reflects the sluggish economy that emerged following 9/11, then the subsequent recovery; it indicates a shifting of importance for some areas of earned income, re-allocation of some expenses and generally healthy bottom lines.

We organize the analysis into 5 sections: (1) earned income sources; (2) expense allocations; (3) sources of contributions and CUNA; (4) balance sheet; and (5) attendance, number of performances and pricing. All dollar figures and percentages represent averages rather than aggregates. In each section, we examine one-year percentage changes that tell us how activity levels in 2007 compare to activity levels in 2006 and four-year percentage changes that offer a longer-term perspective comparing activity levels in 2007 to activity levels in 2003. In addition, we include a 10-year trend analysis for a subset of 55 long-term Trend Theatres that have participated in the TCG Fiscal Survey each year since 1998.

Figure 1 provides an overview of five-year trends in income, expenses and CUNA. Adjusting for inflation, five-year growth rates were 21.9% for earned income, 7.4% for contributed income, 15.8% for total income, 7.7% for expenses and 417.3% for CUNA. Most notable is the disparity in timing of growth for contributed and earned income: contributed income increased 23% in 2005 reaching its 5-year pinnacle that year, while earned income experienced steady, single-digit growth for four years then increased nearly 13% from 2006-2007. Expenses dipped in 2004 and have increased each year since. CUNA quadrupled from 2003 to 2004, grew again in 2005, fell 37% in 2006 and regained considerable ground in 2007.

FIGURE 1
TREND THEATRES: AVERAGE INCOME, EXPENSES, CUNA

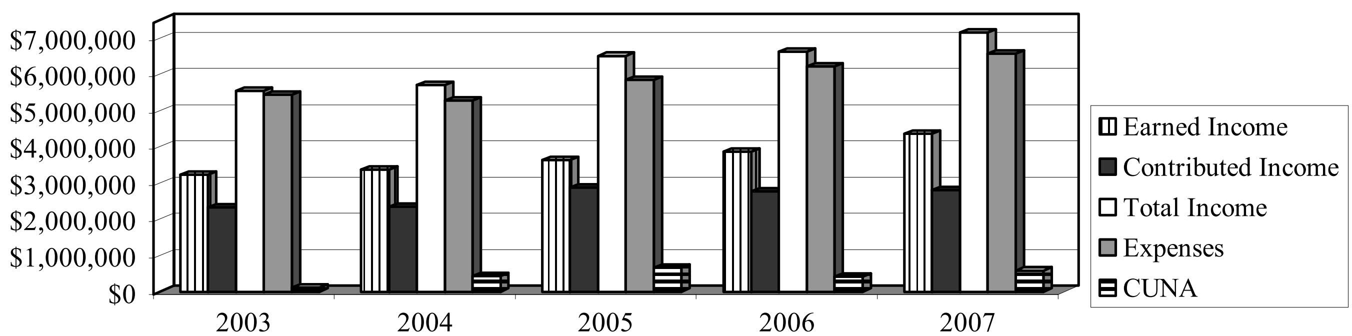
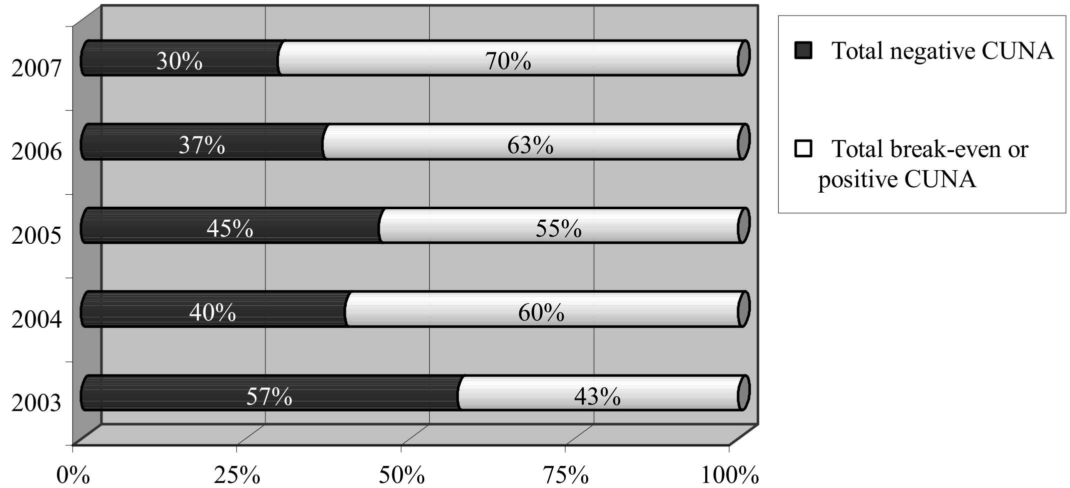


Figure 2 shows the annual percentage of Trend Theatres that broke even or had positive CUNA versus those that experienced negative CUNA. This chart highlights the fact that a majority of theatres have operated in the black since 2004, and more theatres had positive CUNA in 2007 than in any of the previous four years.

However, Figure 2 does not capture the extent to which theatres ran a positive or negative CUNA each year. A closer look reveals that, generally speaking, for those with deficits, the shortfalls have been less severe in the past three years while the number of theatres with sizeable surpluses has been on the rise. More specifically, the percentage of theatres reporting negative CUNA greater than or equal to 20% of budget decreased from 5% in 2003 to only 2% in 2007; and the percentage of theatres reporting positive CUNA greater than 20% of budget increased from 4% in 2003 to 12% in 2007. Each year, 46% to 64% of theatres operated within 5% of break-even, either positive or negative, with the lowest number of theatres operating in this range during 2004 and 2005 and the highest during 2003 and 2007.

FIGURE 2:
BREAKDOWN OF 117 TREND THEATRES' CHANGES IN UNRESTRICTED NET ASSETS (CUNA)



EARNED INCOME

In this section we examine changes with respect to earned income. Table 2 presents average earned income levels in dollars and provides three trend indices: one-year percentage change, four-year percentage change and four-year percentage change adjusted for inflation. Table 3 presents each category of earned income as a percentage of total expenses. This analysis tells us whether specific sources of income are increasing or decreasing as a percentage of the total expenses they support.

In some instances, there is a positive increase in an income category—even after adjusting for inflation—but a decrease in the percentage of expenses that it supports. This is due to the fact that the increase in that particular income category did not keep pace with the increase in expenses over the 5-year period. Growth in earned income (21.9%) exceeded the growth in expenses (7.7%) and total contributed income (7.4%) over the five years.

For the 117 Trend Theatres:

- Earned income increased steadily from 2003 to 2007, rising nearly 13% in the past year alone and outpacing inflation by 21.9% over the 5-year period. Earned income supported 7% more of total expenses in 2007 than in 2003, on average (see Table 3).

- Average subscription income fluctuated over time but finished at its highest 5-year level in 2007, representing 3.7% growth after adjusting for inflation. As seen in Table 3, however, subscription income covered a lower level of total expenses in recent years.

- Flexible subscription income accounted for 1% less of total subscription sales in 2007 than in prior years, now 6% rather than 7% of the total. However, 47% of theatres that offer flexible subscriptions saw an increase in income from this area over time.

- Average single ticket income fluctuated over the five years, peaking in 2006. It ended higher in 2007 than 2003 in absolute terms but its growth did not keep pace with inflation. Average single ticket income was 6.8% lower after adjusting for inflation and it supported 3.3% less of the average theatre's total expenses in 2007 than 2003. 45% of theatres reported lower inflation-adjusted total single ticket income in 2007 than in 2003.

- Average single ticket income exceeded average subscription income every year. The percentage of theatres with more single ticket income than subscriber income increased steadily from 57% of theatres in 2003 to 67% in 2007.

- Growth in total ticket income fell short of inflation by 2% over the past five years, despite steady increases from 2004 to 2007. Ticket income covered a decreasing proportion of expenses: 3.8% less in 2007 than in 2003. Moreover, ticket income represented 79% of total earned income in 2003 and only 65% by 2007. Over time, alternative sources of earned income have become increasingly important.

TABLE 2: AVERAGE EARNED INCOME (117 Theatres)	2003	2004	2005	2006	2007	1-yr % chg.	4-yr % chg.	4-yr CGR* 03-07
Subscriptions	$1,078,890	$1,066,709	$1,199,064	$1,190,901	$1,258,867	5.7%	16.7%	3.7%
Single Ticket Income	1,449,737	1,334,827	1,364,493	1,555,532	1,538,925	-1.1%	6.2%	-6.8%
Booked-In Events	29,203	29,536	65,703	55,331	41,565	-24.9%	42.3%	29.3%
Total Ticket Income	**$2,557,830**	**$2,431,072**	**$2,629,260**	**$2,801,765**	**$2,839,357**	**1.3%**	**11.0%**	**-2.0%**
Tour Contracts/Presenting Fees**	17,462	21,194	26,764	34,990	116,266	232.3%	565.8%	552.8%
Educational/Outreach Income	156,532	162,945	176,855	175,697	186,720	6.3%	19.3%	6.3%
Interest and Dividends	38,758	35,989	38,162	49,005	51,131	4.3%	31.9%	18.9%
Endowment Earnings	98,035	180,605	183,293	243,301	464,208	90.8%	373.5%	360.5%
Capital Gains/(Losses)	6,105	188,883	175,953	163,993	234,484	43.0%	3741.1%	3728.1%
Royalties	26,692	20,587	11,052	24,628	27,978	13.6%	4.8%	-8.2%
Concessions	69,974	75,773	78,588	81,851	85,154	4.0%	21.7%	8.7%
Production Income	82,895	39,739	123,738	48,402	77,594	60.3%	-6.4%	-19.4%
Advertising	17,239	17,257	19,140	20,623	21,984	6.6%	27.5%	14.5%
Rentals	45,762	52,844	55,248	64,845	66,385	2.4%	45.1%	32.1%
Other	111,439	145,001	113,795	155,447	184,441	18.7%	65.5%	52.5%
Total Earned Income	**$3,228,723**	**$3,371,888**	**$3,631,848**	**$3,864,546**	**$4,355,702**	**12.7%**	**34.9%**	**21.9%**

* Compounded Growth Rate adjusted for inflation.
** Trend skewed by one or two theatres' exceptional activity.

For the 117 Trend Theatres:

- Income from presenter fees and contracts for toured performances more than tripled from 2006 to 2007, primarily due to one theatre that brought in more than $7 million from this activity in the past year. Eliminating this theatre from the analysis would leave 2003 to 2006 averages relatively unchanged from those reported in Table 2; however, the 2007 figure would become $55,755, considerably lower than that reported in Table 2 but still reflecting a threefold increase from 2003 to 2007 after adjusting for inflation.

- Educational and outreach income increased over time, rising 6.3% above inflation. The increase in income does not reflect, however, an increase in the number of people served by outreach and education activity. The five-year peak occurred in 2004 when theatres reached an average of 20,872 individuals with education and outreach activity. Since then, the figures have ranged from 15,900 to 17,050, with 16,018 people being served by education and outreach programs in 2007. Theatres offered an average of 7 education and outreach programs each year.

- Average interest and dividends from short-term investments increased each year since a 5-year low in 2004. Overall, theatres saw an average 18.9% rise in interest and dividends in inflation-adjusted figures over five years.

- Growth in average endowment earnings exceeded inflation by 360.5%, nearly doubling in the past year alone. Endowment earnings supported 5.3% more expenses in 2007 than in 2003. The number of theatres realizing endowment income rose annually, from 47 in 2003 to 67 in 2007.

- The post-9/11 economic slump had an effect on capital gains in 2003. Since then, average capital gains from unrestricted investment assets have been robust, reaching a 5-year high in 2007 and increasing 43% in the past year. Only 9 theatres reported a capital loss in 2007 and 36 reported capital gains. By contrast, 31 theatres had capital losses in 2003 while only 23 reported capital gains.

  It is important to note that theatres report a significant increase in capital gains as a result of accounting for the present market value of their investment portfolios in addition to gains from the sale of securities. As such, these represent unrealized and realized gains in the present market value of the portfolio from year to year. With a long-term investment strategy, it is expected that market conditions will vary from year to year but that the portfolio ultimately will increase in value over time.

TABLE 3: AVERAGE EARNED INCOME AS A PERCENTAGE OF TOTAL EXPENSES (117 Theatres)

	2003	2004	2005	2006	2007	1-year % chg.	4-year % chg.
Subscriptions	19.8%	20.2%	20.5%	19.2%	19.2%	0.0%	-0.7%
Single Ticket Income	26.7%	25.3%	23.4%	25.0%	23.4%	-1.6%	-3.3%
Booked-In Events**	0.5%	0.6%	1.1%	0.9%	0.6%	-0.3%	0.1%
Total Ticket Income	**47.0%**	**46.1%**	**45.0%**	**45.1%**	**43.2%**	**-1.9%**	**-3.8%**
Tour Contracts/Presenting Fees**	0.4%	0.4%	0.5%	0.6%	1.8%	1.2%	1.4%
Educational/Outreach Income	2.9%	3.1%	3.0%	2.8%	2.8%	0.0%	-0.1%
Interest and Dividends	0.7%	0.7%	0.7%	0.8%	0.8%	0.0%	0.1%
Endowment Earnings	1.8%	3.4%	3.1%	3.9%	7.1%	3.2%	5.3%
Capital Gains/(Losses)	0.1%	3.6%	3.0%	2.6%	3.6%	0.9%	3.5%
Royalties	0.5%	0.4%	0.2%	0.4%	0.4%	0.0%	-0.1%
Concessions	1.3%	1.4%	1.3%	1.3%	1.3%	0.0%	0.0%
Production Income	1.5%	0.8%	2.1%	0.8%	1.2%	0.4%	-0.3%
Advertising	0.3%	0.3%	0.3%	0.3%	0.3%	0.0%	0.0%
Rentals	0.8%	1.0%	0.9%	1.1%	1.0%	0.1%	0.2%
Other	2.0%	2.7%	2.0%	2.5%	2.8%	0.3%	0.8%
Total Earned Income	**59.3%**	**63.9%**	**62.1%**	**62.2%**	**66.3%**	**4.1%**	**7.0%**

** Trend skewed by one or two theatres' exceptional activity.

For the 117 Trend Theatres:

- At its 5-year high in 2007, royalty income recovered from its low in 2005 but overall growth for the period fell short of inflation by 8.2%. The average royalty income per property varied from a high of $11,741 in 2003 to a low of $4,618 in 2005. The 2006 average per property recovered to $11,435 then dipped slightly to $11,059 in 2007. The collective number of world premieres produced by Trend Theatres was at a high of 195 in 2004 and a low of 159 in 2007.

- Production income—a combination of co-production and enhancement income from other not-for-profit and commercial producers who share a production and the expenses to create it—was at its highest level in 2005 but fluctuated greatly from year to year, ending 19.4% lower in 2007 than in 2003 in inflation-adjusted figures.

  Twenty-one to thirty theatres co-produce each year. Examining only the sub-group of theatres reporting co-production income annually, the low average was $87,650 in 2004 and the high was $184,349 in 2005.

  The number of theatres reporting enhancement income (income from commercial producers) varies, with 11 theatres reporting enhancement income averaging $584,000 in 2003, 10 theatres averaging $244,000 in 2004, 15 theatres averaging $596,000 in 2005, 10 theatres averaging $295,000 in 2006 and 9 theatres averaging $573,000 in 2007. One theatre received enhancement income in each of the five years.

- Rental income is on the rise, with growth outpacing inflation by 32.1%. More than two-thirds of the Trend Theatres reported rental income each year, which suggests that theatres are pursuing ancillary earned income.

- Advertising and concession income increased in the past year and grew at a stronger rate than inflation over the 5-year period. Still, due to their relatively low magnitude, they cover a nearly identical level of expenses each year.

- Total earned income covered 66.3% of total expenses in 2007, a 7% increase over 2003. The growth in earned income exceeded inflation by 21.9% over the past five years.

EXPENSES

This section contains an examination of each category of expenses and an inspection of how theatres shifted their allocation of resources over time. Table 4 presents average expenses in dollars and one-year percentage changes, four-year percentage changes and four-year percentage changes adjusted for inflation. Table 5 presents each expense category as a percentage of total expenses, and in Table 6 we provide selected administrative expense-to-income ratios.

Total expense growth outpaced inflation over the 5-year period by 7.7%—a far more restrained growth rate than that of earned income, which exceeded the level of expense growth by 14.2% for the same period. The cost of occupying and maintaining facilities was one of the highest increase line items. Several expense categories saw decreases over the 5-year period in inflation-adjusted figures: artistic payroll; non-payroll artistic expenses such as artist housing and travel, per diems and company management expenses; royalties; and general operating expenses such as supplies and memberships.

TABLE 4: AVERAGE EXPENSES (117 Theatres)

	2003	2004	2005	2006	2007	1-yr. % chg.	4-yr. % chg.	4-yr. CGR* 03-07
Artistic Payroll	$1,121,797	$1,075,988	$1,141,402	$1,194,001	$1,236,895	3.6%	10.3%	-2.7%
Administrative Payroll	1,065,444	1,068,057	1,173,476	1,255,932	1,327,814	5.7%	24.6%	11.6%
Production Payroll	806,442	751,686	837,936	910,683	943,590	3.6%	17.0%	4.0%
Total Payroll	**$2,993,683**	**$2,895,731**	**$3,152,814**	**$3,360,617**	**$3,508,299**	**4.4%**	**17.2%**	**4.2%**
General Artistic Non-Payroll	214,359	181,270	215,512	210,948	235,166	11.5%	9.7%	-3.3%
Royalties	147,473	135,827	137,762	152,403	159,201	4.5%	8.0%	-5.0%
Production/Tech Non-Payroll (physical production)**	355,066	306,755	443,681	398,412	516,432	29.6%	45.4%	32.4%
Development/Fundraising	201,424	212,445	205,797	229,024	255,319	11.5%	26.8%	13.8%
Marketing/Customer Service/Concessions	694,201	677,837	738,925	824,435	835,358	1.3%	20.3%	7.3%
Occupancy/Building/Equipment/ Maintenance	437,713	465,227	528,436	575,048	581,330	1.1%	32.8%	19.8%
Depreciation	193,315	209,424	223,483	244,884	252,581	3.1%	30.7%	17.7%
General Management/Operations	205,023	193,256	200,301	219,313	225,868	3.0%	10.2%	-2.8%
Total Expenses	**$5,442,257**	**$5,277,771**	**$5,846,711**	**$6,215,083**	**$6,569,554**	**5.7%**	**20.7%**	**7.7%**

* Compounded Growth Rate adjusted for inflation.
** Trend skewed by one theatre's exceptional activity.

For the 117 Trend Theatres:

- Total payroll increased 4.2% above inflation from 2003 to 2007 but accounted for 1.6% less of theatres' total expenses. For the 5-year period, theatres had the highest average number of paid employees in 2003. The average work force was cut back somewhat in 2004, increased for two years, then was at the same level in 2007 as 2006. Theatres employed an average of three fewer full-time and part-time personnel and the same number of fee-based or jobbed-in workers in 2007 compared to 2003.

- In 2003 and 2004, the single greatest allocation of resources went to artistic payroll; from 2005 through 2007 it shifted to administrative payroll. Average artistic payroll did not keep pace with inflation so that inflation-adjusted 2007 levels were 2.7% below those of 2003. Artistic payroll as a percentage of budget decreased each year since 2003 and now accounts for only 18.8% of total expenses.

  Additional analyses (not shown in the tables) indicate that the number of full-time and part-time artistic staff per theatre, including actors on staff, averaged 13 in 2003 and 10 in 2006 and 2007. The average total number of paid artists (including staff and contracted artists) fluctuated from a high of 108 in 2003 to a low of 103 in 2004 and only 104 in 2007.

- Inflation-adjusted administrative payroll increased 11.6% during the five-year period. Administrative salaries accounted for a slightly greater proportion of expenses in 2004 through 2007 than in 2003.

  Additional analyses indicate that theatres averaged 32 permanent (full-time and part-time) administrative personnel in 2003 and 2004 and 33 in 2005 and 2006. They then added an average of two positions in 2007. Theatres supplemented the salaried administrative workforce with 14 fee-based or jobbed-in staff in 2003 and 10 each year thereafter.

- Production payroll outpaced inflation over the 5-year period by 4%. The average number of paid production personnel (full-time, part-time and over-hire) fluctuated annually but ended the 5-year period with two more paid positions in 2007 (76) than in 2003 (74).

- General artistic expenses (housing and travel, per diems, company management and stage management expenses) were at a 5-year high in 2007, increasing 11.5% in the last year. However, these expenses were 3.3% lower in 2007 than in 2003 after adjusting for inflation.

For the 117 Trend Theatres:

- ♦ Average royalty expenses increased in 2006 and 2007. Despite these recent increases, royalty expenses decreased 5% over the 5-year period after adjusting for inflation. The average theatre paid royalties on either 6 or 7 properties each year from 2003 through 2007.

- ♦ Production/technical non-payroll expenses (physical production materials, supplies and rentals) varied considerably from year to year. The overall change for the 5-year period ran 32.4% above inflation. The substantial increase was primarily driven by the exceptional activity of one theatre that added a large second space to its reported activity figures beginning in 2005. This theatre had roughly twice the level of physical production expenses than any other theatre from 2005 through 2007. Eliminating this theatre from the analysis would leave 5-year growth of physical production expenses exceeding inflation by 2.9% for remaining theatres.

- ♦ Occupancy/building and equipment maintenance costs increased each year, rising 19.8% above inflation over the five years. The rapid growth in facilities costs from 2003 to 2006 decelerated a bit in 2007. Roughly 39% of theatres reported that they own their stage in 2003, increasing to 43% by 2007. Also, 43% now report that they own their office space. The largest component of this expense is the cost of rent—44% of theatres rent their space—or debt service on facilities, regularly scheduled maintenance of infrastructure and utilities, which rose 21.3% more than inflation.

- ♦ Depreciation, the non-cash expense that accounts for the decrease in the book value of property and equipment, increased 17.7% between 2003 and 2007 after adjusting for inflation. This increase reflects increases in fixed assets, which we discuss in the Trend Theatre Balance Sheet section below.

TABLE 5: AVERAGE EXPENSES AS A PERCENTAGE OF TOTAL EXPENSES (117 Theatres)

	2003	2004	2005	2006	2007	1-yr. % chg.	4-yr. % chg.
Artistic Payroll	20.6%	20.4%	19.5%	19.2%	18.8%	-0.4%	-1.8%
Administrative Payroll	19.6%	20.2%	20.1%	20.2%	20.2%	0.0%	0.6%
Production Payroll	14.8%	14.3%	14.3%	14.7%	14.4%	-0.3%	-0.5%
Total Payroll	**55.0%**	**54.9%**	**53.9%**	**54.1%**	**53.4%**	**-0.7%**	**-1.6%**
General Artistic Non-Payroll	3.9%	3.4%	3.7%	3.4%	3.6%	0.2%	-0.4%
Royalties	2.7%	2.6%	2.4%	2.4%	2.4%	0.0%	-0.3%
Production/Tech Non-Payroll (physical production)**	6.5%	5.8%	7.6%	6.4%	7.9%	1.5%	1.3%
Development/Fundraising	3.7%	4.0%	3.5%	3.7%	3.9%	0.2%	0.2%
Marketing/Customer Service/Concessions	12.8%	12.8%	12.6%	13.3%	12.8%	-0.5%	0.0%
Occupancy/Building/Equipment/Maintenance	8.0%	8.8%	9.1%	9.3%	8.8%	-0.4%	0.8%
Depreciation	3.6%	4.0%	3.8%	3.9%	3.8%	-0.1%	0.3%
General Management/Operations	3.8%	3.7%	3.4%	3.5%	3.4%	-0.1%	-0.3%
Total Expenses	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		

** Trend skewed by one theatre's exceptional activity.

- ♦ Marketing expense growth exceeded inflation by 7.3%.

- ♦ Marketing expenditures targeting single ticket buyers have become less cost-effective, and inflation-adjusted single ticket income has decreased over time, as discussed above. Table 6 shows that theatres spent 3 cents less on marketing for every dollar of single ticket income earned in 2003 and 2004 than each year since. Also, Table 6 shows that the gap between return-on-single ticket marketing expense and return-on-subscription market expense grew from an 8% spread in 2003 to a 10% gap in 2007. The decrease in single ticket marketing cost-effectiveness drove the steady drop in the overall marketing cost-effectiveness over the five-year period.

- ♦ The return on each fundraising dollar spent by theatres has remained fairly stable over time, with a slight decrease in cost-effectiveness in 2007 when personnel costs are taken into consideration.

- ♦ While education/outreach income increased nearly 6.3% over the 5-year period, the expense required to generate each dollar of education/outreach income rose 18.1%, including personnel costs. It should be noted that the education and outreach income reflected below includes both earned and contributed income; total education/outreach expenses include education program staff salaries but not the development costs associated with grant writing for education or outreach funding.

TABLE 6: *THEATRE FACTS* ADMINISTRATIVE EXPENSE INDEX (117 Theatres)	2003	2004	2005	2006	2007	1-yr %chg.	4-yr %chg.
Single ticket marketing expense (excluding personnel expense) to single ticket income	21%	21%	24%	24%	24%	-0.3%	2.7%
Subscription marketing expense (excluding personnel expense) to subscription income	13%	14%	13%	14%	14%	-0.4%	0.2%
Total marketing expense (including personnel expense) to total ticket sales	27%	28%	29%	30%	30%	0%	2.3%
Development expense (excluding personnel expense and fundraising event expense) to total unrestricted contributed income (excluding fundraising event income)	5%	5%	4%	5%	5%	0.4%	0.1%
Fundraising event expense (excluding personnel expense) to fundraising event income	39%	40%	37%	37%	38%	0.9%	-0.3%
Total development expense (including personnel expense and fundraising event expense) to total unrestricted contributed income	17%	17%	14%	16%	18%	1.5%	1.0%
Total development expense (including personnel expense and fundraising event expense) to total contributed income (including unrestricted, temporarily restricted and permanently restricted contributed income)	14%	15%	12%	14%	15%	1.2%	1.0%
Education/outreach expense (excluding personnel expense) to education/outreach income	22%	24%	19%	23%	26%	3.4%	3.8%
Total education/outreach expense (including personnel expense) to education/outreach income	65%	70%	65%	76%	83%	7.1%	18.1%

CONTRIBUTED INCOME AND CHANGES IN UNRESTRICTED NET ASSETS (CUNA)

In this section we examine contributed income trends and change in unrestricted assets (CUNA), which is the balance that remains after subtracting total unrestricted expenses from total unrestricted income. Contributed sources include Net Assets Released from Temporary Restriction (NARTR). For example, a theatre's total corporate contributions may include unrestricted gifts to an annual or capital campaign granted in a prior year, but not released from temporary restrictions until the current year.

Table 7 shows average contributed income from each source as well as CUNA for 2003 through 2007 along with one-year percentage changes, four-year percentage changes and four-year percentage changes adjusted for inflation. Between 2003 and 2007, growth in total contributed income outpaced inflation by 7.4%, lagging slightly behind expense growth of 7.7%. Average CUNA grew significantly in both 2004 and 2005, decreased in 2006 and rebounded in 2007. Inflation-adjusted CUNA in 2007 was more than five times its 2003 level. Table 8, which shows average contributed income and CUNA as a percentage of total expenses, indicates that average contributed income financed a slightly lower level of expenses in 2007 than in 2003. Average public funding from every level of government was highest in 2005 (see Table 7), as were average corporate contributions.

For the 117 Trend Theatres:

- Average federal funding decreased 5.5% in the past year but exceeded inflation overall for the 5-year period by 3.6%, and it accounted for less than 1% of the average theatre's budget each year. The 2004 and 2005 averages were elevated due to one theatre that received exceptional funding (3 times more than any other theatre both years). This theatre received the highest level of federal funding annually.

  The percentage of Trend Theatres that received federal funding fluctuated between 61% and 68% during the five years. Federal funding sources include the NEA, NEH, the U.S. Department of Justice, the U.S. Department of Education, the National Parks Service and the National Capital Arts and Cultural Affairs Program of the U.S. Commission of Fine Arts, which funds organizations in Washington, DC.

- Average state funding outpaced inflation by 6.6% over the 5-year period. The higher levels of state support in 2005 were tied to capital campaign funds. Seven Trend Theatres received no state funding in 2003; this figure rose to 17 in 2007. State funding earmarked for education programs was 27% of total state grants in 2003. This figure dwindled each year to 6% by 2007.

TABLE 7: AVERAGE CONTRIBUTED INCOME (117 THEATRES)	2003	2004	2005	2006	2007	1-yr. % chg.	4-yr. % chg.	4-yr. CGR* 03-07
Federal**	$ 34,295	$ 48,815	$ 55,263	$ 42,323	$ 39,992	-5.5%	16.6%	3.6%
State	81,292	99,983	148,972	92,278	97,187	5.3%	19.6%	6.6%
City/County	177,352	99,864	224,787	161,874	104,619	-35.4%	-41.0%	-54.0%
Corporations	276,379	238,584	325,865	282,636	301,936	6.8%	9.2%	-3.8%
Foundations	448,853	455,806	540,033	591,925	573,047	-3.2%	27.7%	14.7%
Trustees	242,936	317,837	322,483	315,879	340,926	7.9%	40.3%	27.3%
Other Individuals	575,745	553,601	730,398	696,040	733,506	5.4%	27.4%	14.4%
Fundraising Events/Guilds	234,965	262,792	270,047	280,797	314,262	11.9%	33.7%	20.7%
United Arts Funds	49,634	56,578	28,505	27,268	25,976	-4.7%	-47.7%	-60.7%
In-Kind Services/Materials/Facilities	139,186	118,749	136,417	165,892	157,282	-5.2%	13.0%	0.0%
Other Contributions	63,095	84,349	96,779	109,734	109,440	-0.3%	73.5%	60.5%
Total Contributed Income	**$2,323,732**	**$2,336,958**	**$2,879,549**	**$2,766,646**	**$2,798,173**	**1.1%**	**20.4%**	**7.4%**
Total Income	**$5,552,455**	**$5,708,846**	**$6,511,397**	**$6,631,192**	**$7,153,875**	**7.9%**	**28.8%**	**15.8%**
Changes in Unrestricted Net Assets (CUNA)	**$ 110,198**	**$ 431,075**	**$ 664,686**	**$ 416,109**	**$ 584,321**	**40.4%**	**430.3%**	**417.3%**

* Compounded Growth Rate adjusted for inflation.

** Trend skewed by one theatre's exceptional activity.

For the 117 Trend Theatres:

- Average local funding dropped 35.4% in the past year, falling 54% short of inflation and representing 1.7% less of total expenses over the 5-year period. There were extreme fluctuations from 2003 to 2007, largely driven by unrestricted city or county contributions to capital campaigns. Between 19% and 62% of city and county support was tied to a capital campaign depending on the year, and the years when local funding was highest are the years when the majority of funds were allocated for capital campaigns.

- Growth in corporate giving was 6.8% in the past year but it fell short of inflation by 3.8% for the 5-year period. Average corporate support was at its second highest level in 2007, and the average theatre went from receiving support from 31 corporations in 2003 to 34 in 2007. The average corporate gift fluctuated from a low of $7,150 in 2004 to a high of $10,600 in 2005, ending the five years at $8,998 in 2007. The exceptional 2005 amount is likely linked to the unusually high percentage of corporate gifts earmarked for capital campaigns that year. Roughly 13% of corporate gifts support education programs annually.

- Average foundation support rose each year between 2003 and 2006. Despite a 3.2% decline in the past year, foundation support outpaced inflation by 14.7% over the 5-year period. The average number of foundation gifts per theatre rose steadily from 17 to 19 grants per year. The average foundation gift was at a 5-year low of $25,800 in 2004 and a high of $31,300 in 2006, ending the 5-year period at $30,700 in 2007.

- Combined individual contributions from both trustees and non-trustees were at a 5-year high in 2007. Individual giving was by far the greatest source of contributed funds each year and it now funds 1.3% more of expenses than it did in 2003. Unrestricted gifts for capital campaigns accounted for 9% to 26% of total individual giving depending on the year, while individuals earmarked only 1% of their contributions for education programs annually.

- Average trustee giving fluctuated during the 5-year period and outpaced inflation by 27.3%. The number of trustees per theatre making a donation averaged between 29 and 32 each year. The average trustee gift increased from a low of $9,050 in 2003 to a high of $12,000 in 2005, finishing a bit lower at $11,330 in 2007. The five-year aggregate effect is that Trend Theatre trustee donations totaled $28 million in 2003 and $40 million in 2007.

TABLE 8: AVERAGE CONTRIBUTED INCOME AS A PERCENTAGE OF TOTAL EXPENSES (117 Theatres)	2003	2004	2005	2006	2007	1-yr. % chg.	4-yr. % chg.
Federal	0.6%	0.9%	0.9%	0.7%	0.6%	-0.1%	0.0%
State	1.5%	1.9%	2.6%	1.5%	1.5%	0.0%	0.0%
City/County	3.3%	1.9%	3.8%	2.6%	1.6%	-1.0%	-1.7%
Corporations	5.0%	4.5%	5.6%	4.5%	4.5%	0.0%	-0.5%
Foundations	8.2%	8.6%	9.2%	9.5%	8.7%	-0.8%	0.5%
Trustees	4.5%	6.0%	5.5%	5.1%	5.2%	0.1%	0.7%
Other Individuals	10.6%	10.5%	12.5%	11.2%	11.2%	0.0%	0.6%
Fundraising Events/Guilds	4.3%	5.0%	4.6%	4.5%	4.8%	0.3%	0.5%
United Arts Funds	0.9%	1.0%	0.6%	0.4%	0.4%	0.0%	-0.5%
In-Kind Services/Materials/Facilities	2.6%	2.2%	2.3%	2.7%	2.4%	-0.3%	-0.2%
Other Contributions	1.2%	1.6%	1.7%	1.8%	1.7%	-0.1%	0.5%
Total Contributed Income	**42.7%**	**44.3%**	**49.3%**	**44.5%**	**42.6%**	**-1.9%**	**-0.1%**
Total Income	**102.0%**	**108.2%**	**111.4%**	**106.7%**	**108.9%**	**2.2%**	**6.9%**
Changes in Unrestricted Net Assets (CUNA)	**2.0%**	**8.2%**	**11.4%**	**6.7%**	**8.9%**	**2.2%**	**6.9%**

For the 117 Trend Theatres:

- Growth in average gifts from other individuals (non-trustees) surpassed inflation by 14.4%. Aggregate other individual gifts were $67 million in 2003, increasing to $86 million in 2007.

- Higher average individual gifts were received from fewer donors. The average number of other individual donors increased steadily from 2003 to 2005 then decreased to a 5-year low of 1,584 in 2007. Far more notable is the level of giving per donor. The average gift from other individuals increased from a low of $335 in 2004 to a high of $467 in 2007.

- Fundraising event and guild income increased in proportion to expenses more than any other contributed income source from 2006 to 2007. It increased each year, surpassed inflation by 20.7% over 5 years, and provided 0.5% more support of expenses in 2007 than in 2003.

- United Arts Funding was at a 5-year low in 2007, with the average 60.7% lower than it was in 2003 in inflation-adjusted figures. Seventeen theatres reported United Arts Funding in 2003, dropping to 13 theatres from 2005 through 2007.

- Average in-kind contributions reached a 5-year high in 2006 and then diminished by 5.2% in 2007. Overall, growth in in-kind gifts was on par with inflation for the period.

- Other Contributions (e.g., from sheltering organizations such as universities or arts centers) have been in a similar range for the past two years, exceeding inflation by 60.5% for the 5-year period.

Total income growth surpassed inflation by 15.8% over the five years, exceeding the comparable 7.7% growth in expenses. Average CUNA, which was at a 5-year high of $664,685 in 2005, slipped in 2006 and improved to $584,321 in 2007 to reach its second highest level both on average and in proportion to total expenses. Total income exceeded total expenses each year. It is important to keep in mind that these figures are skewed by exceptional contributed income for theatres in capital campaigns, as highlighted numerous times in this section of the report.

With the addition of positive annual CUNA, Trend Theatres' bottom lines improved over the five-year period. The average balance of all unrestricted net assets was 58% higher in inflation-adjusted figures at the end of 2007 than it was at the beginning of 2003. On average, theatres finished 2007 with unrestricted net assets of $6.1 million compared to unrestricted net assets of $3.7 million at beginning of 2003. Eighty-three of the 117 Trend Theatres experienced budget growth that exceeded inflation over the five years. One theatre quadrupled and ten theatres more than doubled their budgets.

BALANCE SHEET

The balance sheet is a statement that depicts a theatre's cumulative fiscal history and it offers insights into long-term stability and overall fiscal health. Unlike an income statement, which gives a summary of activity for the year (e.g., income and expenses associated with performances), a balance sheet provides a snapshot of the value of a theatre's assets, liabilities and net assets (unrestricted, temporarily restricted and permanently restricted) at a moment in time (e.g., the value of investments and securities at the end of the fiscal year). Not every Trend Theatre responds to the Balance Sheet section of the survey; for example, theatres that are part of a sheltering organization do not keep a separate balance sheet. Of the 117 Trend Theatres that provided income and expense information, 108 are included in the balance sheet analyses.

These theatres' balance sheets demonstrate consistent growth in total assets over the past five years, averaging $10.8 million per theatre in 2003 and $15.9 million in 2007—35% growth after adjusting for inflation. The change in unrestricted net assets (CUNA) in 2007 for these 108 theatres averaged $640,200 or 9.5% of budget. Each year, CUNA is added to the year's beginning balance of unrestricted net assets to arrive at total unrestricted net assets. CUNA serves as the link between annual activity and the balance sheet, but the unrestricted net assets are only one of many components of a theatre's financial picture.

In Table 9, we show the annual aggregate value of the different asset categories net of liabilities for the 108 Trend Theatres, along with the one-year percentage change, four-year percentage change and four-year percentage change adjusted for inflation. We see that growth in Trend Theatres' aggregate total net assets—unrestricted, temporarily restricted and permanently restricted—outpaced inflation by 38% over the 5-year period, from $896 million in 2003 to nearly $1.4 billion in 2007.
We also show how investments relate to total expenses to form an investment ratio, which we define below. Table 10 reveals the components of working capital and how working capital relates to total expenses. We acknowledge the assistance of Cool Spring Analytics for recommending the balance sheet categories and ratios reported in this section.

TABLE 9: AGGREGATE NET ASSETS (In Millions) (108 Theatres)

	2003	2004	2005	2006	2007	1-yr. % chg.	4-yr. % chg.	4-yr. % chg. CGR*
Working Capital	$ (84)	$ (92)	$ (76)	$ (66)	$ (53)	19%	36%	49%
Fixed Assets	$ 469	$ 514	$ 576	$ 602	$ 645	7%	38%	25%
Investments	$ 358	$ 406	$ 458	$ 514	$ 587	14%	64%	51%
Other Net Assets	$ 153	$ 166	$ 147	$ 176	$ 177	1%	15%	2%
Total Net Assets	**$ 896**	**$ 994**	**$ 1,105**	**$ 1,226**	**$ 1,356**	**11%**	**51%**	**38%**
Total Expenses	**$ 601**	**$ 581**	**$ 645**	**$ 685**	**$ 724**	**6%**	**21%**	**8%**
Investment Ratio	**60%**	**70%**	**71%**	**75%**	**81%**			

* Compounded Growth Rate adjusted for inflation.

WORKING CAPITAL = TOTAL UNRESTRICTED NET ASSETS — FIXED ASSETS — UNRESTRICTED LONG-TERM INVESTMENTS

Working capital, a fundamental building block of a theatre's capital structure, consists of the unrestricted resources available to the theatre to meet obligations and day-to-day cash needs. It is a better indicator of a theatre's operating position than CUNA, which includes non-operating activity as noted on page 1. Negative working capital indicates that the theatre is borrowing funds (e.g., using deferred subscription revenue, delaying payables, taking out loans, etc.) to meet daily operating needs. Table 10 illustrates that working capital was negative in each of the five years for Trend Theatres but at its best in 2007. As noted above and demonstrated in Table 10, successful fundraising during prosperous times made it possible for theatres to raise and develop long-term investments and increase fixed assets but not acquire sufficient readily-available funds to help the theatre meet daily needs. Although working capital has improved over time, the negative position still leaves theatres with limited financial flexibility.

Further investigation reveals that total cash reserves, the unrestricted portion of which is part of working capital, were at their highest in 2003. Theatres employed those reserves in 2004, with some theatres depleting theirs either out of necessity or because temporary restrictions were met. Fewer theatres reported a cash reserve each year, but the average for those reporting increased annually. Overall, cash reserves were 16% lower in 2007 than in 2003 after adjusting for inflation.

TABLE 10: AVERAGE WORKING CAPITAL (108 Theatres)	2003	2004	2005	2006	2007	1-yr. % chg.	4-yr. % chg.	4-yr. % chg. CGR*
Total Unrestricted Net Assets	$ 4,158,583	$ 4,732,685	$ 5,732,101	$ 6,222,468	$ 6,857,572	10%	65%	52%
Fixed Assets	4,335,101	4,761,488	5,330,660	5,573,457	5,971,943	7%	38%	25%
Unrestricted Investments	601,191	826,392	1,101,010	1,260,929	1,380,348	9%	130%	117%
Working Capital	**$ (777,709)**	**$ (855,195)**	**$ (699,569)**	**$ (611,918)**	**$ (494,719)**	19%	36%	49%
Total Expenses	$ 5,561,712	$ 5,381,003	$ 5,967,612	$ 6,342,180	$ 6,706,707	6%	21%	8%
Working Capital Ratio	**-14%**	**-16%**	**-12%**	**-10%**	**-7%**			

* Compounded Growth Rate adjusted for inflation.

WORKING CAPITAL RATIO = WORKING CAPITAL/TOTAL EXPENSES

The working capital ratio, or the proportion of unrestricted resources available to meet operating expenses, indicates how long a theatre could operate if it had to survive on its current resources. A negative working capital ratio indicates that theatres may be experiencing periods of cash flow crisis. The average Trend Theatre experienced a negative working capital ratio in each of the past five years, although it improved annually from -14% in 2003 to -7% in 2007. Cool Spring Analytics recommends that each theatre determine its own working capital needs based on its cyclical cash flow, but in the absence of that determination, 25%, or three months of working capital, is a benchmark for adequate working capital to handle most cash flow fluctuations. Of the Trend Theatres, more met this benchmark in 2007 than in prior years—10%—reversing the trend of steady declines from 2003 to 2006. The percentage of Trend Theatres with a negative working capital ratio fluctuated from 61% to 67% each year.

FIXED ASSETS = TOTAL LAND + BUILDING + EQUIPMENT AT COST — ACCUMULATED DEPRECIATION

Many capital campaigns raised funds to build new buildings, renovate existing facilities and purchase new equipment, as reflected in the substantial increase in theatres' occupancy expenses, which now account for nearly 9% of theatres' total expenses. About 30% of Trend Theatres were in a capital campaign in 2007 and 22% completed a capital campaign within the last five years. Eight theatres fell into both categories as they transitioned from one capital campaign into another. As we see in Table 9, growth in fixed assets (i.e., land, property and equipment less accumulated depreciation) surpassed inflation by 25%, driven by a 30% increase in the purchase cost of land and buildings before taking depreciation into account. Over the five years, the composition of total net assets shifted, as we also see in Table 9. Despite their considerable growth, fixed assets accounted for 4% less of total net assets and investments accounted for 3% more of total net assets in 2007 compared to 2003. The increase in fixed assets is reflected in the steady growth in depreciation and occupancy/building and equipment maintenance costs.

INVESTMENT RATIO = TOTAL INVESTMENTS/TOTAL EXPENSES

Successful capital campaigns and wise investment strategies resulted in Trend Theatres' long-term investment growth, which exceeded inflation by 51% from 2003 to 2007, as shown in Table 9. Endowments make up part of theatres' investments, and their growth outpaced inflation by 47% over the 5-year period. Invested capital generates income for operating purposes and an increasing investment ratio over time is an indication of organizational health. Trend Theatres' investment ratio increased annually from 60% in 2003 to 81% in 2007. This trend is evidenced in the earned income section above by the robust growth in endowment earnings reported.

ATTENDANCE, PERFORMANCE AND PRICING TRENDS

We now move from financial trends to a detailed examination of operating trends, including attendance levels, number of performances, ticket prices and subscription renewal rates. Table 11 displays aggregate attendance levels and Table 12 shows the number of performances at the 117 Trend Theatres. These two tables demonstrate that Trend Theatres saw an overall decline in audiences despite an overall increase in the number of performances offered over the past five years. Figure 3 presents a graphical depiction of attendance and performance trends for non-main series resident activities, all but one of which, Children's Series productions, experienced an attendance decrease from 2006 to 2007. In Table 13, we examine marketing and production trends that help flesh out the general attendance and performance results.

TABLE 11: AGGREGATE ATTENDANCE (117 Theatres)

	2003	2004	2005	2006	2007	1-yr. % chg.	4-yr. % chg.
Main Series (total)	9,174,616	8,782,377	8,637,875	9,053,320	8,892,487	-1.8%	-3.1%
Special Productions	816,351	720,757	868,081	806,045	790,120	-2.0%	-3.2%
Children's Series	311,701	330,836	340,294	352,864	376,107	6.6%	20.7%
Staged Readings/Workshops	49,066	39,565	47,556	44,198	34,652	-21.6%	-29.4%
Other	153,273	106,779	132,065	117,470	111,669	-4.9%	-27.1%
Booked-In Events**	142,705	132,524	258,645	280,832	257,522	-8.3%	80.5%
Resident Subtotal	**10,647,712**	**10,112,838**	**10,284,516**	**10,654,729**	**10,462,557**	**-1.8%**	**-1.7%**
Touring	1,012,059	767,286	803,254	682,299	489,834	-28.2%	-51.6%
Total	**11,659,771**	**10,880,124**	**11,087,770**	**11,337,028**	**10,952,391**	**-3.4%**	**-6.1%**

** Trend skewed by two theatres' exceptional activity.

TABLE 12: AGGREGATE NUMBER OF PERFORMANCES (117 Theatres)

	2003	2004	2005	2006	2007	1-yr. % chg.	4-yr. % chg.
Main Series (total)	27,177	26,550	26,707	27,411	27,487	0.3%	1.1%
Special Productions	2,121	1,902	2,226	2,045	2,073	1.4%	-2.3%
Children's Series	1,240	1,440	1,260	1,422	1,643	15.5%	32.5%
Staged Readings/Workshops	861	694	645	600	424	-29.3%	-50.8%
Other	758	695	1,043	839	857	2.1%	13.1%
Booked-In Events**	655	624	841	1,378	1,386	0.6%	111.6%
Resident Subtotal	**32,812**	**31,905**	**32,722**	**33,695**	**33,870**	**0.5%**	**3.2%**
Touring	3,481	2,884	3,000	2,877	3,026	5.2%	-13.1%
Total	**36,293**	**34,789**	**35,722**	**36,572**	**36,896**	**0.9%**	**1.7%**

** Trend skewed by two theatres' exceptional activity.

For the 117 Trend Theatres:

- Overall attendance declined 6.1% while the total number of performances rose by 1.7% over the 5-year period. Attendance was at its second lowest point in 2007, albeit minimally so, despite the fact that theatres provided their communities with more performances in 2007 than in any of the previous four years. This trend reflects the same pattern discussed regarding single ticket income in the Earned Income section above.

- The overall 3.2% increase in the number of resident performances was met with a 1.7% decrease in attendance. As revealed in Table 13, theatres are playing to slightly lower capacity utilization.

- Attendance at main series productions represented 78% to 81% of total attendance, fluctuating year-to-year. After three years of steady declines, main series attendance bounced back somewhat in 2006, then dipped again in 2007 for an overall decrease of 3.1% for the 5-year period. The number of main series performances offered was at its highest in 2007.

- Theatres increased the number of performances of children's series productions from 2003 to 2007 and attendance at children's series productions was at a 5-year high in 2007.

- There was a decrease in the number of special productions (e.g., non-subscription holiday productions) and a corresponding decrease in attendance.

- The number of staged readings and workshop performances was at its highest 5-year level in 2003 and decreased annually to its lowest in 2007. Overall, nearly 51% fewer developmental production performances were offered in 2007 compared to 2003, while attendance fell only 29%. This trend is similar to that reported in the Earned Income Trend section regarding the 5-year low of world premieres produced in 2007.

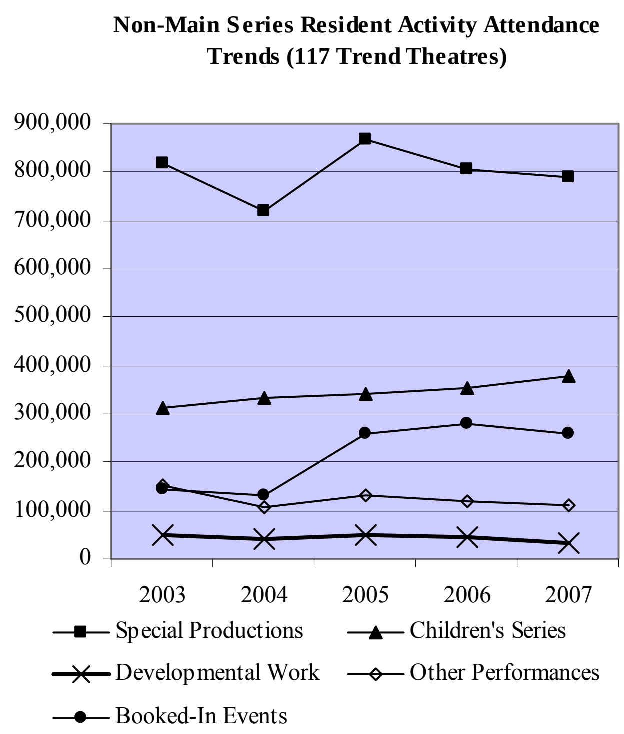
- Theatres booked in more than double the number of performances in 2006 and 2007 than in 2003. The increase in performances was met with a 5-year 80.5% increase in attendance. Since the increase in attendance falls far short of the increase in the number of performances, one might infer that the average attendance per booked-in event has decreased over time. However, since the mix of theatres booking in performances varies considerably from year to year, the available aggregate capacity shifts, too, making it difficult to draw conclusions about trends in booked-in event capacity utilization.

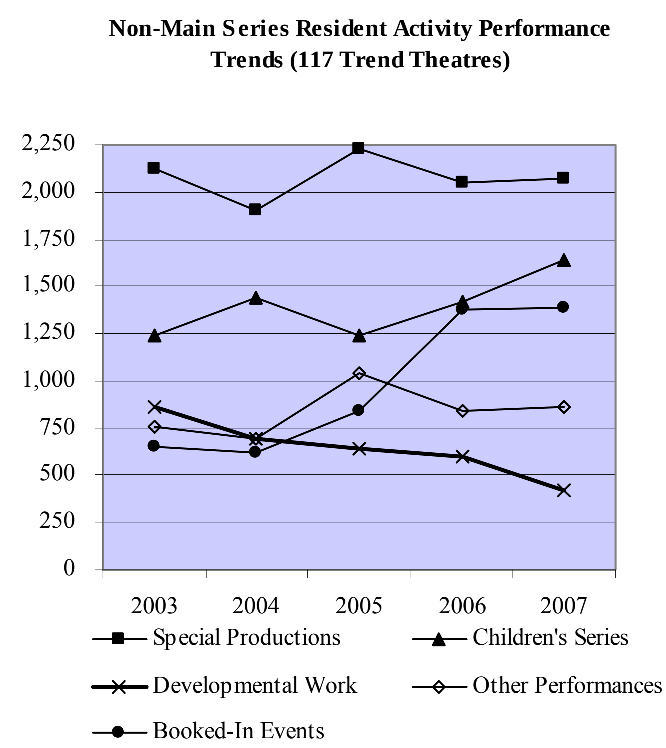
  Two theatres that reported no booked-in performances in 2003 and 2004 accounted for substantial activity in 2006 and 2007; one reported 233 booked-in performances in 2006 and 188 in 2007 while the other accounted for modest activity in 2006 and 155 booked-in performances in 2007.

- Despite a 13.1% drop over the 5-year period, tour performances increased 5% in 2007. One theatre doubled its tour activity in the past year. Concurrently, however, attendance at tour performances was at a 5-year low in 2007, representing more than a 50% decline from that reported in 2003. Whereas touring represented 10% of total performances and 9% of total attendance in 2003, by 2007 it added up to 8% of total performances but only 4% of total attendance.

  Unlike mainstage productions which remain fairly consistent across theatres over the years, tour productions fluctuate considerably depending on how many theatres toured in a given year, how many performances they gave, and where they performed. For example, between 28 and 37 theatres per year reported touring. In 2006, one theatre offered 100 more tour performances, thereby increasing its attendance by nearly 70,000 that year. Another theatre, which performed on tour to 100,000 annually between 2003 and 2005, ceased touring in 2006.

FIGURE 3: NON-MAIN SERIES RESIDENT ACTIVITY ATTENDANCE AND PERFORMANCE TRENDS





We take a closer look at industry averages for marketing and production activity in Table 13 in order to glean more insight into some of the factors driving the trends in attendance, performances and earned income.

For the 117 Trend Theatres:

- The in-residence paid capacity utilization slipped slightly over the 5-year period, echoing the attendance trend reported above.

- There were fewer subscribers annually and fewer seats filled by subscribers over time. The average number of plays purchased per subscription package sold was approximately 5 each year. Between 2003 and 2007, the average number of season ticket holders declined 8% while the average subscription renewal rate fluctuated between 71% and 73%. There was a 6% reduction in the total number of seats occupied by subscribers, and the proportion of available seats occupied by subscribers decreased steadily from 31% in 2003 to 23% in 2007.

- Theatres do not offer all resident productions on subscription. If we focus only on capacity of productions offered on subscription, subscribers filled 42% of their potential in 2003, decreasing annually to 30% in 2007.

- From 2003 to 2007, the average price per subscription ticket increased 6% more than the rate of inflation. The lowest average subscription package discount increased from 10.9% to 12.1% and the deepest discount per theatre increased from 38.5% to 40.5% over the 5-year period. Theatres are raising subscription prices but offering deeper discounts.

- The number of single ticket buyers declined in 2004 and 2005 then rebounded in 2006 and remained fairly consistent in 2007. Over time, single ticket buyers filled an increasing proportion of total paid capacity utilization, as that filled by subscribers decreased. Overall, average number of single tickets sold per theatre fell 2% over the 5-year period while the average single ticket price rose 3% above inflation.

- The total number of actor employment weeks was 2% lower in 2007 than in 2003, with fluctuations in the interim. The average number of performance weeks per year climbed from 33 to 34. The average number of paid actors hired in a season varied during the five years, from a high of 66 in 2005 to a low of 59 in 2007.

TABLE 13: INDUSTRY AVERAGES (117 Trend Theatres)

	2003	2004	2005	2006	2007	1-yr. chg.	4-yr. chg.	4-yr. chg. CGR*
Subscription Renewal Rate (%)	73%	72%	71%	73%	73%	0%	0%	
High Subscription Discount (%)	38.5%	38.1%	40.3%	38.8%	40.5%	4%	5%	
Low Subscription Discount (%)	10.9%	10.9%	11.8%	11.0%	12.1%	10%	11%	
Subscription Price (per ticket)	$25.07	$26.08	$27.73	$28.42	$29.93	5%	19%	6%
Single Ticket Price	$26.41	$27.43	$27.04	$29.07	$30.65	5%	16%	3%
Number of Ticket Packages Offered	5.3	5.2	5.9	5.9	6.1	3%	16%	
Number of Subscribers/Season Ticket Holders	8,380	8,306	8,160	7,839	7,705	-2%	-8%	
Subscription Tickets (#subscribers x #tickets/package sold)	41,486	40,054	39,782	38,704	39,105	1%	-6%	
Single Tickets	51,970	46,366	46,328	50,668	50,898	0%	-2%	
Total In-Residence Paid Capacity Utilization (%)	74%	73%	71%	72%	72%	0%	-3%	
Subscriber Capacity Utilization (%)	31%	30%	28%	27%	23%	-13%	-24%	
Number of Main Series Performances	232	227	228	234	235	0%	1%	
Number of Main Series Productions	7	7	7	7	7	2%	5%	
Number of Performance Weeks	33	33	33	34	34	0%	3%	
Number of Actor Employment Weeks (sum of # weeks each actor employed)	551	503	547	537	539	0%	-2%	

*Compounded Growth Rate adjusted for inflation.

Side Note: A Ten-Year View

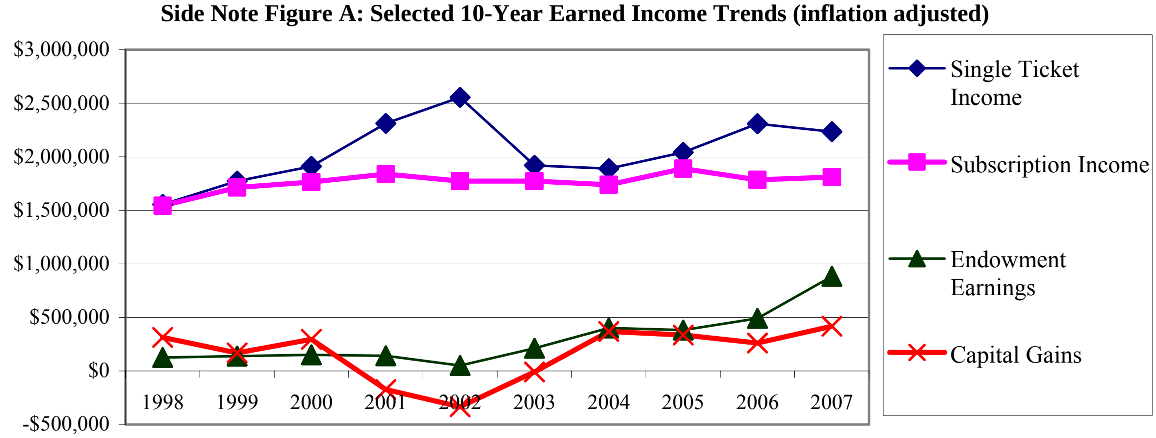
There are 55 Theatres that have participated in the TCG Fiscal Survey each year since 1998. These theatres tend to be significantly larger than the rest of the Trend Theatres, averaging 2007 total expenses of $9.3 million compared to $5.4 million for the average Trend Theatre. The average historical activity for this group sometimes belies the trends reported in the section above since smaller theatres are underrepresented in this mix. Here we highlight some key 10-year trends for this subset of larger theatres to get a longer-term perspective.

For the 55 Theatres:

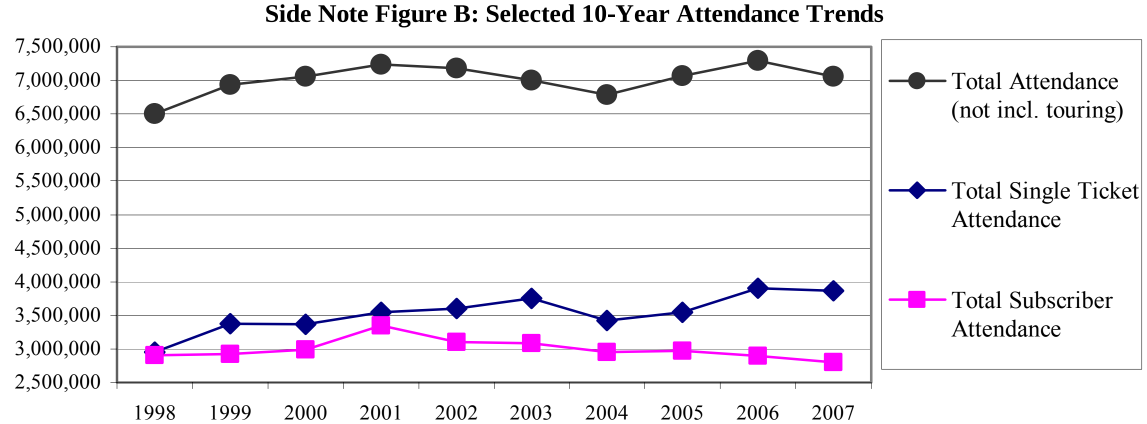
Earned Income and Attendance

- Subscription income growth exceeded inflation by 22% and single ticket income by 56% (see Figure A). Subscription renewals average from 73% to 77% annually but no trend is evident. Total subscription packages sold and total subscriber attendance (see Figure B) were at a 10-year low in 2007, both 3% lower than the next lowest year, which was 1998. Subscribers filled a decreasing percentage of seats annually from 2001 onward (this information was not collected prior to 2001), considering only plays offered on subscription.
- Single ticket income climbed rapidly between 1998 and 2002, fell sharply in 2003, rose steadily until 2006, then dropped off slightly in 2007 (see Figure A). Average single ticket attendance increased over time from 61,500 in 1998 to 70,300 in 2007 (see Figure B).
- Total attendance increased 8.5% over the 10-year period. Figure B highlights how the rise in total attendance is driven by the rise in single ticket attendance that exceeded the drop in subscription attendance for these theatres.
- Endowment earnings were fairly flat between 1998 and 2002. In 2003 and 2004 they shot up dramatically, fell slightly in 2005, and then increased again in 2006 and 2007 (see Figure A).
- Capital gains and losses fluctuated considerably over time, reflecting the 10-year highs and lows of the stock market as well as the addition of assets (see Figure A). Between 29% and 38% of theatres were in a capital campaign each year since 2000.
- Overall earned income growth beat inflation by 62%.

Side Note Figure A: Selected 10-Year Earned Income Trends (inflation adjusted)

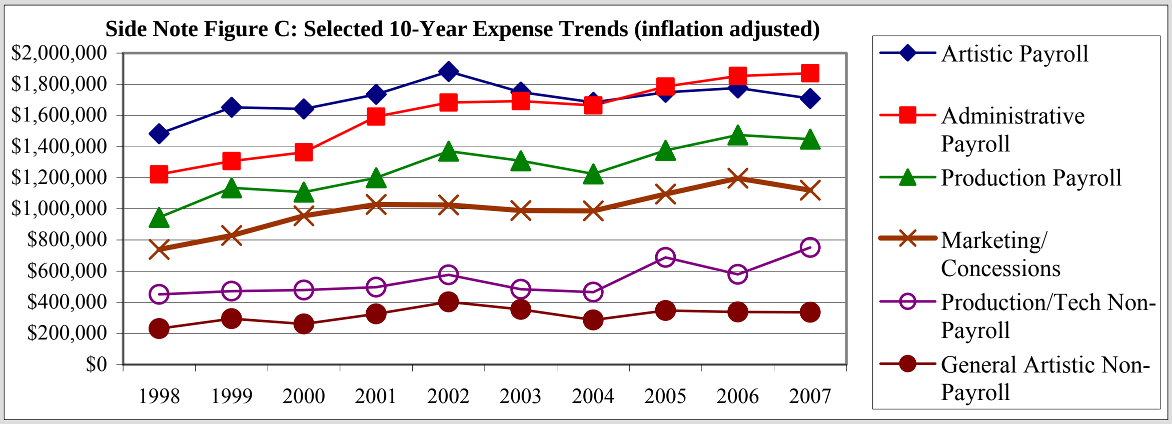


Side Note Figure B: Selected 10-Year Attendance Trends



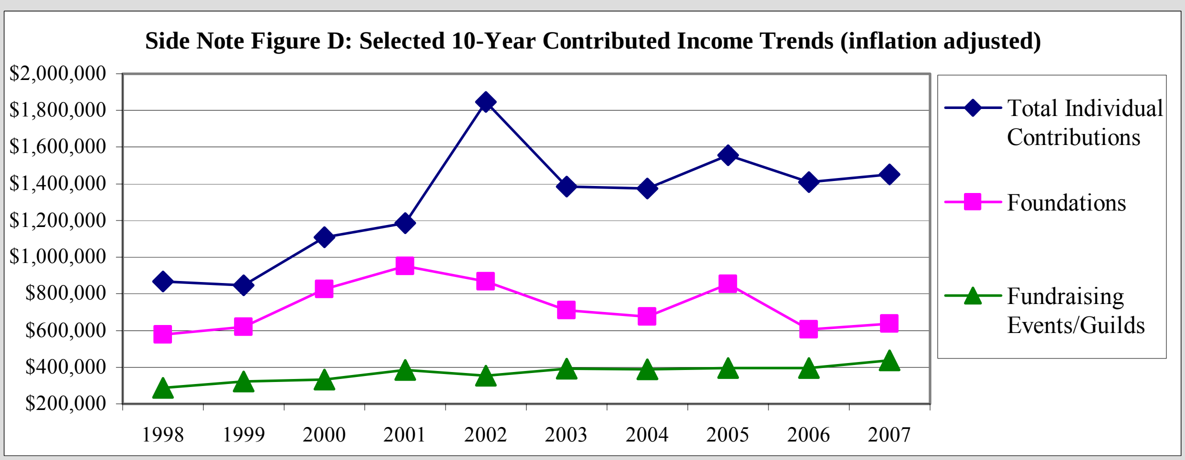
Expenses (See Figure C)

- Average artistic payroll was higher than average administrative payroll until 2005. Until 2002, both areas saw similar growth rates. In 2003, administrative payroll increased modestly while production and artistic payroll declined. All three payroll areas expanded in 2005 and 2006.
- Of non-payroll expenses, production/technical (production materials and rentals), marketing and general artistic expenses (housing and travel, per diems, company management and stage management expenses) saw the greatest increases, rising 85%, 65% and 57% respectively in inflation-adjusted figures.
- Occupancy expense growth exceeded inflation by only 2.8%, unlike the more dramatic increases in this area over the past five years for the 117 Trend Theatres. This underscores the differences due to theatre size and a longer time horizon.
- Overall expense growth exceeded inflation by 51%.
- All but five theatres had a larger budget in 2007 than in 1998 in inflation-adjusted figures.



Contributed Income (See Figure D)

- Average individual contributions increased 85% more than the rate of inflation. Individual contributions rose sharply in 2002, fell in 2003, spiked again in 2005 and have decreased both years since.
- Income from fundraising events and guilds saw the second highest growth rate: 67% after adjusting for inflation.
- Foundation funding fluctuated, hitting peaks in 2001 and 2005. The 2006 level of foundation funding was similar to that of 1999 in inflation-adjusted figures.
- Growth in total contributions outpaced inflation by 35% and total income by 51%, the same rate of growth as expenses.
- The nearly identical growth rates of total income and expenses left theatres with virtually the same ratio of CUNA-to-expenses in 2007 as in 1998: 8%. In the interim years, CUNA varied from a high of 15% in 2000 when the economy was at its peak, to a low of 0% in 2003, just out of negative territory.



Balance Sheet

- In 2007, total assets were 2.5 times their 1998 level, even after adjusting for inflation. A doubling of value occurred in fixed assets, whereas investments and other net assets saw tripling of their 1998 levels by the end of the 10-year period.
- The investment ratio has increased steadily each year, from 59% in 1998 to 103% in 2007.
- Average working capital was negative every year except 2007. It progressively improved from -11% in 1998 to 1% in 2007.

PROFILED THEATRES

In this section of *Theatre Facts* we provide a detailed look at the 196 Profiled Theatres that completed the TCG Fiscal Survey in 2007. We examine the same details that were covered in the Trend Theatre section—i.e., earned income, expenses, contributed income, CUNA, balance sheet ratios, attendance, performance and pricing.

Each section begins with a brief overview of aggregated, industry-wide activity. We then break down information into Budget Group Snapshots, which provide income, expense, attendance and performance details for the Profiled Theatres organized into six budget groups. Budget Group Snapshots reveal how different size theatres have distinctive needs and operating practices.

In 2007, the Profiled Theatres' budget size ranged from $120,000 to $50 million, with the average budget size equal to $4.8 million. The table to the right shows the budget ranges and the number of theatres for each group.

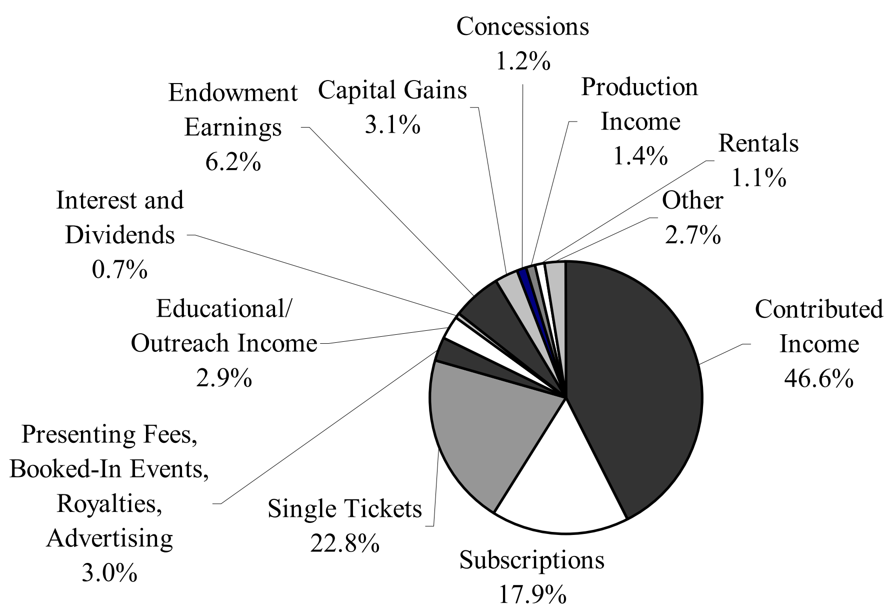
2007 PROFILED THEATRES (196 Theatres)

Budget Group	Number of Theatres	Budget Size
6	29	$10 million or more
5	31	$5 million - $9,999,999
4	28	$3 million - $4,999,999
3	54	$1 million - $2,999,999
2	35	$500,000 - $ 999,999
1	19	$499,999 or less

EARNED INCOME

Figure 4 presents an income breakdown for the Profiled Theatres, with particular focus on earned income. On the whole, earned income financed 63% of total expenses and contributed income financed 46.6% of total expenses, which adds to 109.6% because total income exceeded total expenses by 9.6%. Income from ticket sales represented 64.5% of total earned income and supported over 40% of all expenses. Single ticket income was the largest source of earned income and funded 22.8% of expenses.

FIGURE 4: INCOME AS A PERCENTAGE OF EXPENSES WITH EARNED INCOME DETAIL*



*Percentages total 109.6% because total income exceeded total expenses by 9.6%.

Collectively, the 196 Profiled Theatres:

- Earned income in excess of $590 million, $387 million of which was from ticket sales. Earned income per theatre averaged $3 million. Profiled Theatres attracted 7 million single ticket buyers and nearly 1 million subscribers/season ticket holders in 2007.
- Brought in 7% of subscription income from flexible subscriptions. Group sales accounted for 8% and pick-and-choose vouchers comprised 1% of single ticket sales. One theatre earned $2 million in group sales.
- Produced over 4,000 touring performances that collected $1 million in fees.
- Generated $27 million in income from 1,180 education and outreach programs that served an audience of 2.5 million people.
- Earned $11.5 million from concessions, $10 million from rental fees and $26 million from other activity such as ticket handling fees and special projects.
- Earned $58 million from endowments and $7 million from interest and dividends.
- Recognized $29 million from realized and unrealized capital gains from unrestricted investment assets.
- Reported that 37% of total investment income was used to support expenses, including savings, endowment draw and gains/losses on non-endowment investments used for operations. The remaining investment income increases the investment value on the balance sheet.
- Received $13 million in production income. 42 theatres received production income; of these, 27 reported co-production income, 17 reported enhancement income and 2 reported both.
- Produced 337 world premieres and earned $5.3 million from 432 royalty properties for an average of $12,340 per property.

BUDGET GROUP SNAPSHOT: EARNED INCOME

We now examine average earned income dollar figures for all Profiled Theatres and each budget group (Table 14), as well as each earned income line item as a percentage of total expenses (Table 15).

For the 196 Profiled Theatres:

- The larger the theatre, the more reliant it is on earned income to support expenses. Group 6 Theatres support over 70% of all expenses with earned income—a much higher level than other groups.
- Average single ticket income exceeded subscription income for every budget group.
- Smaller theatres earn a higher proportion of income from presenter fees and tour contracts.
- Group 1 and 2 Theatres experience far lower subscription income than the industry average.
- Group 6 Theatres benefit significantly more than other groups from endowment earnings and capital gains. But one theatre accounted for 36% of Group 6's endowment earnings and four theatres accounted for 70% of Group 6's capital gains.
- One theatre generated 89% of all Group 6 income from tour contracts and presenting fees.
- One theatre was responsible for all of Group 5's income from tours. Fifty percent of Group 5's royalty income was earned by one theatre.
- One theatre accounted for 90% of Group 4's capital gains and another theatre accounted for 49% of Group 4's booked-in event income.
- One theatre accounted for 70% of Group 3's income from tour contracts and presenting fees. One theatre also accounted for more than 50% of Group 3's royalty income.
- No Group 1 Theatre reported royalty income. Only one reported capital gains or endowment earnings supporting operating expenses. One theatre accounted for half of Group 1's educational/outreach income.

TABLE 14: AVERAGE EARNED INCOME

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**196**	**29**	**31**	**28**	**54**	**35**	**19**
Subscriptions	$ 855,860	$ 3,342,574	$1,322,941	$ 608,946	$ 200,584	$ 49,601	$ 9,721
Single Ticket Income	1,093,609	4,294,437	1,369,076	747,684	393,685	118,783	53,468
Booked-In Events	26,943	50,994	59,997	56,310	5,714	1,003	1,145
Total Ticket Income	**$ 1,976,412**	**$ 7,688,005**	**$2,752,014**	**$ 1,412,940**	**$ 599,983**	**$ 169,387**	**$ 64,334**
Tour Contracts/Presenting Fees	71,966	274,496	8,623	53,610	65,258	16,965	13,621
Educational/Outreach Income	140,054	358,595	276,073	132,017	57,190	39,872	16,458
Interest and Dividends	35,714	152,829	33,976	27,302	10,923	3,143	2,647
Endowment Earnings	296,278	1,515,263	376,880	40,188	23,795	583	739
Capital Gains/(Losses)	148,126	780,952	124,093	69,524	10,769	237	86
Royalties	27,200	120,426	36,404	7,110	9,178	447	-
Concessions	58,656	181,087	103,419	59,752	19,168	8,612	1,550
Production Income	68,675	376,938	39,140	26,005	10,200	654	737
Advertising	17,105	30,270	25,984	20,715	15,501	5,950	2,312
Rentals	51,406	168,689	87,130	37,011	16,489	13,405	4,565
Other	131,354	564,355	180,071	71,149	27,136	7,733	3,616
Total Earned Income	**$ 3,022,946**	**$ 12,211,905**	**$4,043,807**	**$ 1,957,323**	**$ 865,590**	**$ 266,988**	**$ 110,665**

TABLE 15: AVERAGE EARNED INCOME AS A PERCENTAGE OF TOTAL EXPENSES

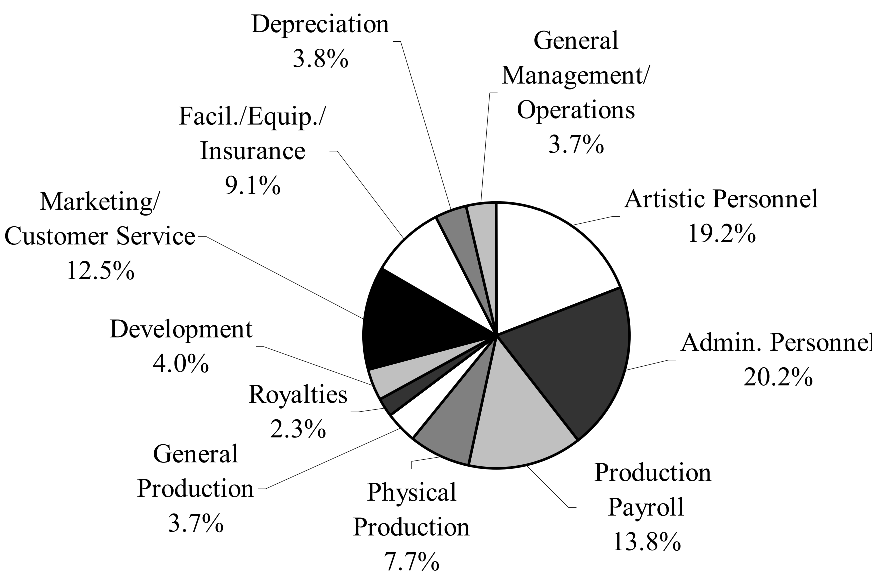
	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**196**	**29**	**31**	**28**	**54**	**35**	**19**
Subscriptions	17.9%	19.3%	19.5%	16.4%	11.6%	7.6%	3.0%
Single Ticket Income	22.8%	24.8%	20.2%	20.2%	22.7%	18.1%	16.3%
Booked-In Events	0.5%	0.3%	0.9%	1.5%	0.3%	0.1%	0.3%
Total Ticket Income	**41.2%**	**44.4%**	**40.6%**	**38.1%**	**34.6%**	**25.8%**	**19.6%**
Tour Contracts/Presenting Fees	1.5%	1.6%	0.1%	1.4%	3.8%	2.6%	4.2%
Educational/Outreach Income	2.9%	2.1%	4.1%	3.6%	3.3%	6.1%	5.0%
Interest and Dividends	0.7%	0.9%	0.5%	0.7%	0.6%	0.5%	0.8%
Endowment Earnings	6.2%	8.6%	5.6%	1.1%	1.4%	0.1%	0.2%
Capital Gains/(Losses)	3.1%	4.5%	1.8%	1.9%	0.6%	0.0%	0.0%
Royalties	0.6%	0.7%	0.5%	0.2%	0.5%	0.1%	0.0%
Concessions	1.2%	1.0%	1.5%	1.6%	1.1%	1.3%	0.5%
Production Income	1.4%	2.2%	0.6%	0.7%	0.6%	0.1%	0.2%
Advertising	0.4%	0.2%	0.4%	0.6%	0.9%	0.9%	0.7%
Rentals	1.1%	1.0%	1.3%	1.0%	0.9%	2.0%	1.4%
Other	2.7%	3.3%	2.6%	1.9%	1.6%	1.2%	1.1%
Total Earned Income	**63.0%**	**70.5%**	**59.6%**	**52.7%**	**49.9%**	**40.7%**	**33.7%**

EXPENSES

A breakdown of Profiled Theatres' expenses is presented in Figure 5. The labor-intensive nature of theatre is evidenced by the fact that 53% of total expenses—nearly $500 million—goes to compensation: artistic (19%), administrative (20%) and production payroll (14%). These figures include salaries, taxes, health insurance, welfare and retirement payments. If one also considers payment to authors in the form of royalties, this figure exceeds $520 million, roughly 56% of total expenses.

Direct production expenses—artist and production payroll, royalties, general production expenses (artist housing and travel, designer expenses, etc.) and production materials (including production management expenses)—represent nearly half (47%) of all expenses.

FIGURE 5: BREAKDOWN OF EXPENSES



Collectively, the 196 Profiled Theatres:

- Directly contributed $939 million to the U.S. economy in 2007.
- Paid nearly $22 million in royalties for 1,225 properties—an average of $17,800 per property.
- Spent 79 cents to bring in each dollar of education and outreach income (see Table 16). This figure takes into account income earned from education and outreach activities, such as training programs and contract fees received for adult access programs, as well as contributed income that supports education and outreach programs. It includes education and outreach personnel salaries and benefits but does not include development costs associated with grant writing for education or outreach funding.
- Spent 5 cents to generate every dollar of contributed income not associated with fundraising events and considering only non-personnel expenses (see Table 16).
- Spent nearly $85 million in occupancy/building/ equipment maintenance and other administrative costs such as office supplies and audit fees.
- Tend to rent rather than own their spaces. 37% of Profiled Theatres own their own theatre space, 53% rent and 10% operate out of donated theatre space. 35% own their office space, 53% rent and 12% have office space donated.
- Recognized $36 million in depreciation, the annual decrease in the book value of property and equipment for accounting purposes.
- Allocated 12% of development expenses, 4% of marketing expenses and 19% of general management expenses for professional fees for independent contractors or consultants.

TABLE 16:

PROFILED THEATRE ADMINISTRATIVE EXPENSE INDEX

- ► Single ticket marketing expense to single ticket income (excludes personnel expense): 23%
- ► Subscription marketing expense to subscription income (excludes personnel expense): 14%
- ► Total marketing expense to total ticket sales (includes personnel expense): 30%
- ► Development expense (excludes personnel expense and fundraising event expenses) to total unrestricted contributed income (excludes fundraising event income): 5%
- ► Fundraising event expense to fundraising event income (excludes personnel expense): 37%
- ► Total development expense to total unrestricted contributed income (includes personnel expense and fundraising event expense): 16%
- ► Total development expense (includes personnel expense and fundraising event expense) to total contributed income (includes unrestricted, temporarily restricted and permanently restricted contributed income): 14%
- ► Education/outreach expense to total education/outreach income (excludes personnel expense, includes both earned and contributed income): 23%
- ► Total education/outreach expense to total education/outreach income (includes personnel expense and both earned and contributed income): 79%

BUDGET GROUP SNAPSHOT: EXPENSES

Table 17 shows average expense dollar figures for all Profiled Theatres and for each budget group. In Table 18, we show key personnel and non-personnel expenses allocated by administrative department. Table 19 presents each expense line item as a percentage of total expenses.

TABLE 17: AVERAGE EXPENSES

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	196	29	31	28	54	35	19
Artistic Payroll	$ 919,649	$ 3,121,896	$ 1,221,863	$ 778,388	$ 401,679	$ 185,096	$ 98,667
Administrative Payroll	967,478	3,422,795	1,426,555	783,642	336,733	140,508	57,791
Production Payroll	662,540	2,627,626	969,193	399,225	200,905	38,851	11,831
Total Payroll	**$ 2,549,667**	**$ 9,172,317**	**$ 3,617,611**	**$ 1,961,255**	**$ 939,317**	**$ 364,455**	**$ 168,289**
General Artistic Non-Payroll	177,189	641,425	253,131	122,118	73,627	18,043	13,371
Royalties	111,519	370,183	189,384	89,556	42,817	10,027	4,256
Production/Tech Non-Payroll (physical production)	369,155	1,667,049	357,789	226,589	99,509	25,360	16,469
Development/Fundraising	193,217	675,472	289,043	163,248	65,800	27,236	12,847
Marketing/Customer Service/Concessions	598,351	2,070,569	922,213	480,945	217,293	73,178	46,330
Occupancy/Building/Equipment/ Maintenance	433,267	1,446,311	644,896	355,070	178,760	78,771	33,336
Depreciation	183,632	687,327	272,260	170,517	38,144	19,414	5,558
General Management/Operations	176,698	589,801	237,867	143,074	78,719	39,282	27,523
Total Expenses	**$ 4,792,695**	**$ 17,320,454**	**$ 6,784,194**	**$ 3,712,372**	**$ 1,733,985**	**$ 655,766**	**$ 327,979**

If we combine personnel and non-personnel program costs allocated to the various administrative departments (see Table 18), we find that Profiled Theatres spent an average of $365,910 on development, $603,675 on marketing, $219,266 on front-of-house (including box office, house management and concessions) and $182,224 on education.

TABLE 18: SELECTED AVERAGE ADMINISTRATIVE EXPENSES: PERSONNEL AND NON-PERSONNEL

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Development/Fundraising Personnel	$ 172,693	$ 626,227	$ 233,781	$ 160,040	$ 61,214	$ 15,187	$ 6,415
Non-personnel Development Expenses	193,217	675,472	289,043	163,247	65,800	27,236	12,847
Marketing Personnel	147,386	517,345	238,587	117,006	49,405	14,214	2,468
Non-personnel Marketing Expenses	456,289	1,644,738	683,608	344,253	158,564	49,352	32,342
Front-of-House Personnel	135,216	527,665	180,747	102,984	43,578	9,193	2,018
Non-personnel Front-of-House Expenses	84,050	276,747	131,976	79,558	31,905	10,469	2,105
Education Programs/Outreach Personnel	124,211	389,385	211,420	126,979	39,196	18,328	9,773
Non-personnel Education/Outreach Expenses	58,013	149,084	106,628	57,134	26,824	13,358	11,883

TABLE 19: AVERAGE EXPENSES AS A PERCENTAGE OF TOTAL EXPENSES

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**196**	**29**	**31**	**28**	**54**	**35**	**19**
Artistic Payroll	19.2%	18.0%	18.0%	21.0%	23.2%	28.2%	30.1%
Administrative Payroll	20.2%	19.8%	21.0%	21.1%	19.4%	21.4%	17.6%
Production Payroll	13.8%	15.2%	14.3%	10.7%	11.6%	5.9%	3.6%
Total Payroll	**53.2%**	**53.0%**	**53.3%**	**52.8%**	**54.2%**	**55.5%**	**51.3%**
General Artistic Non-Payroll	3.7%	3.7%	3.7%	3.3%	4.3%	2.7%	4.1%
Royalties	2.3%	2.1%	2.8%	2.4%	2.5%	1.5%	1.3%
Production/Tech Non-Payroll (physical production)	7.7%	9.6%	5.3%	6.1%	5.7%	3.9%	5.0%
Development/Fundraising	4.0%	3.9%	4.3%	4.4%	3.8%	4.2%	3.9%
Marketing/Customer Service/Concessions	12.5%	12.0%	13.6%	13.0%	12.5%	11.2%	14.1%
Occupancy/Building/Equipment/Maintenance	9.0%	8.3%	9.5%	9.6%	10.3%	12.0%	10.2%
Depreciation	3.9%	4.0%	4.0%	4.6%	2.2%	3.0%	1.7%
General Management/Operations	3.7%	3.4%	3.5%	3.8%	4.5%	6.0%	8.4%
Total Expenses	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

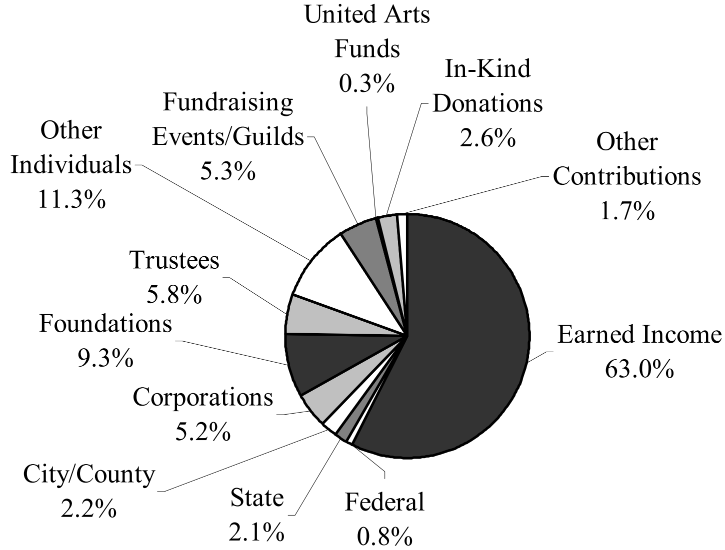
For the 196 Profiled Theatres:

- ♦ The smaller the theatre, the greater the tendency to spend a larger proportion of budget on artists.
- ♦ Group 1 and 2 Theatres spend far less of their resources on production payroll relative to larger theatres, especially Group 5 and 6 Theatres.
- ♦ Total payroll as a percentage of total expenses is relatively consistent across all budget groups.
- ♦ Group 6 Theatres spend proportionally more than other budget groups on physical production expenses.
- ♦ Smaller theatres spend a greater proportion of their budget on occupancy expenses related to facilities and equipment but report lower levels of depreciation expense.
- ♦ Smaller theatres spend more of their budgets on general management expenses.

CONTRIBUTED INCOME AND CHANGES IN UNRESTRICTED NET ASSETS (CUNA)

The contributed income and CUNA analysis takes into consideration all unrestricted funds, including Net Assets Released from Temporary Restriction (NARTR), which are contributions received in a prior fiscal year for activity that occurred in the current fiscal year, hence the release of funds from temporary restriction. Figure 6 presents income detail on Profiled Theatres, with particular focus on different sources of contributed income. Contributions financed 46.6% of total expenses, with individual donations representing the largest single source of contributed income. We show the average gift size by source for all profiled theatres and each budget group in Table 20.

FIGURE 6: INCOME AS A PERCENT OF EXPENSES WITH CONTRIBUTED INCOME DETAIL*



*Percentages total 109.6% because total income exceeded total expenses by 9.6%.

Collectively, the 196 Profiled Theatres:

- Released $91 million of NARTR, which represented 21% of total contributed funds and was reported by multiple theatres in every group.
- Conducted capital campaigns that generated $53 million or 12% of all contributed funds. 47 Profile Theatres (24%) were in a capital campaign in 2007. 2007 was the starting year of the capital campaign for 5 theatres; 14 theatres that are now in a capital campaign started it in 2006; 9 theatres began in 2005, and 16 between 2001 and 2004; all others started prior to 2001. By way of comparison, only 1 Group 1 theatre (5%), 11 Group 4 theatres (39%), and 10 Group 6 theatres (34%) were in a capital campaign in the most recent year.
- Received more than $160 million in gifts from individuals—both trustees and other individuals—which supported 17% of total expenses and accounted for 37% of all contributed dollars.
- Received 34% of total individual contributions from trustees, who gave an average of $7,831 (see Table 20). Boards for the Profiled Theatres average 24 members. Group 1 Theatres average 9 trustee donors whereas Group 6 Theatres average 39.
- Attracted contributions from 224,000 individuals (non-trustees) who gave an average gift of $379 (see Table 20). For larger theatres (Groups 4 through 6), gifts from other individuals are the greatest source of contributed funds.
- Raised $49 million in corporate support from 5,125 corporations. The average corporate gift in 2007 was nearly $9,600 (see Table 20).
- Received $87 million from foundations, 20% of total contributed income and the greatest source of contributed funds for smaller theatres, especially Group 1 Theatres. The 3,229 foundation grants averaged nearly $27,000 (see Table 20).
- Attracted $17.8 million in support of touring and education programs.
- Attracted in-kind donations that totaled $24.4 million and raised nearly $50 million by throwing special fundraising events or through guilds.

The 196 Profiled Theatres received federal funds equal to nearly 1% of expenses and 1.5% of total contributed income. Three theatres received NEH funding, averaging $22,000. Sixty-one theatres received NEA Access to Artistic Excellence grants averaging $29,000 per grant; 4 theatres received an average grant of $46,600 for Learning in the Arts for Children and Youth projects; and 3 theatres received Challenge America Fast-Track grants averaging $10,500; 7 theatres received funds for the Shakespeare for a New Generation program. Other federal sources included the Department of Education, the National Capital Arts and Cultural Affairs Program of the U.S. Commission of Fine Arts, which funds organizations in Washington, DC, and the Department of Justice. Every group benefited from some form of federal funding.

TABLE 20: AVERGE GIFT BY SOURCE

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Average Trustee Gift	$ 7,831	15,481	7,945	5,885	4,058	1,378	1,469
Average Other Individual Gift	$ 379	424	346	339	310	383	252
Average Corporate Gift	$ 9,592	14,452	8,237	8,408	5,500	5,007	3,655
Average Foundation Gift	$ 26,969	54,905	24,213	21,115	14,895	12,245	9,025

BUDGET GROUP SNAPSHOT: CONTRIBUTED INCOME

Table 21 shows average contributions and CUNA for all Profiled Theatres and broken out by budget group. Every budget group averaged positive CUNA. In Table 22, we present contributions and CUNA as a percentage of expenses. We supplement these tables with the following observations.

TABLE 21: AVERAGE CONTRIBUTED INCOME AND TOTAL INCOME

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**196**	**29**	**31**	**28**	**54**	**35**	**19**
Federal	$ 36,719	$ 105,880	$ 31,102	$ 41,310	$ 27,241	$ 7,849	$ 13,677
State	99,525	116,221	134,027	309,866	42,632	21,107	13,917
City/County	105,214	237,078	121,951	228,969	46,511	24,230	10,288
Corporations	250,810	908,509	294,947	207,187	109,597	41,491	26,159
Foundations	444,300	1,465,384	509,263	452,474	198,604	113,701	75,053
Trustees	279,400	921,396	393,531	301,014	116,505	25,197	12,683
Other Individuals	541,384	1,821,139	744,192	550,351	185,478	116,402	38,343
Fundraising Events/Guilds	254,452	891,020	286,337	276,300	101,636	44,248	20,162
United Arts Funds	15,959	41,527	49,784	40	3,621	5,022	421
In-Kind Services/Materials/Facilities	124,621	267,571	247,408	121,364	80,349	27,857	14,973
Other Contributions	79,637	130,318	193,297	32,367	85,719	7,990	1,198
Total Contributed Income	**$ 2,232,021**	**$ 6,906,043**	**$ 3,005,839**	**$ 2,521,242**	**$ 997,893**	**$ 435,094**	**$ 226,874**
Total Income	**$ 5,254,967**	**$ 19,117,948**	**$ 7,049,646**	**$ 4,478,565**	**$ 1,863,483**	**$ 702,082**	**$ 337,539**
Changes in Unrestricted Net Assets (CUNA)	**$ 462,272**	**$ 1,797,494**	**$ 265,452**	**$ 766,193**	**$ 129,498**	**$ 46,317**	**$ 9,560**

For the 196 Profiled Theatres:

- One or two theatres skewed the average CUNA in each budget group. One theatre accounted for 31% of CUNA in Groups 6 and 5, 64% in Group 4, 36% in Group 3, 76% in Group 2 and 56% in Group 1. Excluding these 6 theatres from the analysis would decrease overall CUNA by 40%, from an average of $462,272 to $285,148.
- Group 5 and 1 theatres experienced the lowest level of CUNA as a percentage of expenses—3.9% and 2.9% respectively—and Group 4 the highest at more than 20%.
- Although larger theatres received greater foundation support in absolute terms, smaller theatres received much greater foundation support as a percentage of expenses.
- Group 4 Theatres received the highest level of state, county and city funding as a percentage of expenses. One theatre accounted for 58% of Group 4's state funding and 47% of the group's county and city funding.
- As reported in Table 20, Group 2 Theatres received the second highest average gift per non-trustee individual. Collectively, gifts from non-trustee individuals supported a higher percentage of Group 2 Theatre's expenses than for other groups (see Table 22).
- Group 1 Theatres covered the highest percentage of expenses with federal support (4.2%). Although only 8 Group 1 Theatres received federal support, the average level of support for those 10 theatres was 10% of expenses.
- Group 1 Theatres also sustained more of their expenses with foundation funding (22.9%) than did other groups. All but two of the Group 1 theatres received some form of foundation support.
- The positive average CUNA reported by each budget group means that, on average, the year ended with a higher level of unrestricted net assets than it began. The aggregate balance of unrestricted net assets at the beginning of the fiscal year for Profiled Theatres was $709 million and the year ended with unrestricted net assets totaling $799 million. Despite the overall positive news, there were theatres in every budget group that ended the year with negative CUNA.

TABLE 22: AVERAGE CONTRIBUTED INCOME AS A PERCENTAGE OF TOTAL EXPENSES

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**196**	**29**	**31**	**28**	**54**	**35**	**19**
Federal	0.8%	0.6%	0.5%	1.1%	1.6%	1.2%	4.2%
State	2.1%	0.7%	2.0%	8.3%	2.4%	3.2%	4.2%
City/County	2.2%	1.4%	1.8%	6.2%	2.7%	3.7%	3.1%
Corporations	5.2%	5.3%	4.4%	5.6%	6.3%	6.3%	8.0%
Foundations	9.3%	8.5%	7.5%	12.2%	11.5%	17.3%	22.9%
Trustees	5.8%	5.3%	5.8%	8.1%	6.7%	3.8%	3.9%
Other Individuals	11.3%	10.5%	11.0%	14.8%	10.7%	17.8%	11.7%
Fundraising Events/Guilds	5.3%	5.1%	4.2%	7.4%	5.9%	6.8%	6.1%
United Arts Funds	0.3%	0.2%	0.7%	0.0%	0.2%	0.8%	0.1%
In-Kind Services/Materials/Facilities	2.6%	1.5%	3.6%	3.3%	4.6%	4.2%	4.6%
Other Contributions	1.7%	0.8%	2.8%	0.9%	4.9%	1.2%	0.4%
Total Contributed Income	**46.6%**	**39.9%**	**44.3%**	**67.9%**	**57.5%**	**66.3%**	**69.2%**
Total Income	**109.6%**	**110.4%**	**103.9%**	**120.6%**	**107.5%**	**107.1%**	**102.9%**
Changes in Unrestricted Net Assets (CUNA)	**9.6%**	**10.4%**	**3.9%**	**20.6%**	**7.5%**	**7.1%**	**2.9%**

THE BALANCE SHEET

As discussed in the Trend Theatre Section, the balance sheet reflects a theatre's long-term fiscal health and stability. Positive CUNA means that a theatre has ended the year with a higher level of unrestricted net assets than it had when the year began, but CUNA is only one element in the bigger picture of capital structure. The 185 Profiled Theatres that completed the Balance Sheet section of the survey collectively held $2 billion in total assets and $1.5 billion in net assets, 53% of which was in unrestricted funds. As in the Trend Theatre section, we use Cool Spring Analytics' measures of theatres' fiscal health with respect to working capital, physical capital and investments.

From Table 23, we see that half of Profiled Theatres' net assets are fixed assets, 41% are investments, 15% are other net assets and the total is reduced by 7% due to negative working capital, detailed in Table 24. The distribution of net assets varies depending on theatre size. In addition to the figures reported below, six theatres are the beneficiary of a separately held endowment (e.g., by a community foundation) that is not reflected in their balance sheet, ranging from $46,000 to $5 million.

TABLE 23: AVERAGE TOTAL NET ASSETS

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	185	27	29	28	49	33	19
Working Capital	$ (595,733)	$ (795,228)	$ (1,364,810)	$ (683,566)	$ (527,580)	$ (145,544)	$ 33,382
Fixed Assets	$ 4,185,480	$ 17,666,523	$ 4,319,313	$ 3,937,332	$ 950,636	$ 405,663	$ 97,066
Investments	$ 3,461,110	$ 17,942,134	$ 4,013,968	$ 784,336	$ 336,931	$ 23,480	$ 11,410
Other Net Assets	$ 1,292,062	$ 4,862,547	$ 1,560,887	$ 992,130	$ 546,382	$ 234,791	$ 9,290
Total Net Assets	**$ 8,342,919**	**$ 39,675,976**	**$ 8,529,358**	**$ 5,030,232**	**$ 1,306,369**	**$ 518,390**	**$ 151,148**
Total Expenses	**$ 4,822,119**	**$ 17,699,289**	**$ 6,824,113**	**$ 3,712,372**	**$ 1,731,654**	**$ 644,935**	**$ 327,979**
Investment Ratio	**72%**	**101%**	**59%**	**21%**	**19%**	**4%**	**3%**

WORKING CAPITAL = TOTAL UNRESTRICTED NET ASSETS — FIXED ASSETS — UNRESTRICTED LONG-TERM INVESTMENTS

Working capital represents theatres' ability to meet day-to-day cash needs and current obligations. Table 24 shows that, on average, working capital was negative for Profiled Theatres, indicating that these theatres are borrowing funds to meet daily operating needs. The severity of the working capital situation deserves serious attention. Only Group 1 Theatres reported positive average working capital. Group 3 Theatres experienced relatively severe working capital shortages averaging -30%, leaving them with little financial flexibility to seize opportunities. The lowest reported working capital was -$17.2 million, reported by two theatres, and the highest was $26.8 million.

TABLE 24: AVERAGE WORKING CAPITAL

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	185	27	29	28	49	33	19
Total Unrestricted Net Assets	$ 4,427,027	$ 21,534,347	$ 3,923,888	$ 3,261,280	$ 434,844	$ 260,300	$ 135,093
Fixed Assets	$ 4,185,480	$ 17,666,523	$ 4,319,313	$ 3,937,332	$ 950,636	$ 405,663	$ 97,066
Unrestricted Investments	$ 837,280	$ 4,663,052	$ 969,385	$ 7,514	$ 11,788	$ 181	$ 4,645
Working Capital	**$ (595,733)**	**$ (795,228)**	**$ (1,364,810)**	**$ (683,566)**	**$ (527,580)**	**$ (145,544)**	**$ 33,382**
Total Expenses	**$ 4,822,119**	**$ 17,699,289**	**$ 6,824,113**	**$ 3,712,372**	**$ 1,731,654**	**$ 644,935**	**$ 327,979**
Working Capital Ratio	**-12%**	**-4%**	**-20%**	**-18%**	**-30%**	**-23%**	**10%**

WORKING CAPITAL RATIO = WORKING CAPITAL/TOTAL EXPENSES

The working capital ratio, a comparison of working capital to total expenses, is another indicator of organizational health. Cool Spring Analytics notes that one way to look at working capital is having enough capital to handle cash flow fluctuations for a period of time. For example, a ratio of 25% translates into three months of working capital. Of the 185 Profiled Theatres that completed the balance sheet portion of the survey, 23 reported a working capital ratio of 25% or more and 116—63%—reported negative working capital. The overall working capital ratio for the Profiled Theatres was -12%. The lowest reported working capital ratio was negative in a magnitude of 5 times the size of the budget, and the highest was 4 times total expenses.

FIXED ASSETS = TOTAL LAND + BUILDING + EQUIPMENT AT COST—ACCUMULATED DEPRECIATION

Profiled Theatres possess an aggregate $774 million in fixed assets. Fixed assets represent 78% of total net assets for Group 4 and 2 Theatres while it comprises only 45% for Group 6 Theatres.

INVESTMENT RATIO = TOTAL INVESTMENTS/TOTAL EXPENSES

Invested capital includes endowments and cash reserves. Investments generate interest income that theatres can either reinvest or use for operations, thereby lessening the burden on other income sources and making it easier to weather hard economic times. Group 6 and 5 Theatres' combined endowments represent 95% of the total for all Profiled Theatres. Only one Group 1 Theatre and one Group 2 Theatre reported having unrestricted endowment funds, as reflected in Table 24. The investment ratio is best examined over time. Half of the Profiled Theatres reported having some investments. As shown in Table 23, the investment ratio is particularly strong for Group 6 Theatres, whose average investments exceed their annual expenses.

ATTENDANCE, PRICING AND PERFORMANCES

We now take a look at market and performance Industry Averages in detail for the Profiled Theatres (see Table 25). Since not every theatre offers a subscription package, averages reported in this section reflect the number of theatres that responded to each question. We add the following observations to Table 25.

TABLE 25: INDUSTRY AVERAGES

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**196**	**29**	**31**	**28**	**54**	**35**	**19**
Subscription Renewal Rate (%)	74%	72%	72%	77%	73%	73%	77%
High Subscription Discount (%)	39.4%	48.1%	41.6%	41.4%	36.1%	29.8%	40.8%
Low Subscription Discount (%)	12.1%	8.8%	10.5%	15.3%	11.7%	13.3%	13.9%
Subscription Price (per ticket)	$27.95	$39.56	$32.07	$29.59	$24.64	$20.08	$14.00
Single Ticket Price	$28.06	$40.48	$33.65	$30.54	$25.37	$19.50	$16.47
Number of Ticket Packages Offered	5	8	6	5	4	3	4
Number of Subscribers/Season Ticket Holders	5,811	16,621	8,083	5,135	2,033	725	261
Subscription Tickets (#subscribers x #tickets/package sold)	29,170	83,918	43,050	22,038	10,593	3,509	1,358
Single Tickets	38,014	113,268	51,631	30,159	20,109	8,429	5,041
Total In-Residence Paid Capacity Utilization (%)	69%	76%	69%	76%	68%	61%	60%
Total In-Residence Subscriber Capacity Utilization (%)*	25%	33%	30%	31%	23%	16%	9%
Number of Main Series Performances	201	419	267	228	151	92	62
Number of Performance Weeks	31	42	37	34	26	27	23
Number of Actor Employment Weeks (sum of # weeks each actor employed)	466	1,013	538	474	362	189	246
Number of Total Paid Employees (includes jobbed-in, part-time and full-time personnel)	181	465	245	177	106	78	50
Paid Employee Turnover (# vacated positions/total # pd. employees)	11%	13%	10%	15%	10%	11%	7%

* Not all resident productions are offered on subscription. If we consider only potential capacity of those productions offered on subscription, subscribers filled an overall average of 32% of their potential: 43% for Group 6 Theatres, 42% for Group 5, 38% for Group 4 Theatres, 29% for Group 3, 20% for Group 2 and 10% for Group 1.

The 196 Profiled Theatres:

- Attracted over 12.9 million patrons, sold nearly 1 million subscriptions and held over 39,000 main series performances.
- Filled an average of 69% of their seats with paying customers, as demonstrated in Table 25. Larger theatres tend to play to fuller houses with a greater proportion of the house filled with subscribers.
- The larger the theatre, the more people employed and the higher the number of actor employment weeks, with the exception of Group 1 Theatres, which offered more actor employment weeks than Group 2 Theatres.
- Provided 88,130 weeks of actor employment and employed 35,477 full-time, part-time and jobbed-in administrative, technical and artistic personnel.

CONCLUSION

The first year of the five-year trend analysis—2003—reflects the poor economy immediately following 9/11, which left many theatres with low CUNA. Over the five years, earned income growth outpaced expense growth, but contributed income growth did not. The U.S. economy's downturn since the second half of 2007 does not bode well for the immediate future of contributed support.

The average theatre in every budget group ended the year with a positive CUNA. The majority of theatres have operated in the black since 2004, more theatres had positive CUNA in 2007 than in any of the past five years and severe deficits were incurred by fewer theatres while more theatres had substantial positive CUNA in recent years. On average, theatres experienced capital gains rather than capital losses and capital campaigns left theatres with substantial growth in both fixed assets and investments. The investment ratio has improved over time. Average working capital, while negative each year, improved annually; however, this still represents a serious problem for the field. Average endowment earnings increased more than 360% in inflation-adjusted figures from 2003 to 2007. The success of capital campaigns resulted in improved and, in many cases, expanded facilities. The additional expense of running these facilities is evident in the substantial increases in occupancy, building, equipment and maintenance costs.

Despite the good news, there are some disquieting trends. Attendance is down. Subscription income covered its lowest level of total expenses for the 5-year period in both 2006 and 2007. The number of subscribers and the percentage of seats filled by subscribers both diminished over time. Single ticket attendance was at its 5-year high in 2003 and single ticket income growth did not keep pace with inflation. Average corporate support was lower in 2007 than 2003 after taking inflation into account.

Theatre size has an important impact on how theatres operate. The largest, Group 6 Theatres, supported a much higher level of expenses with earned income than other groups, filled their theatres to a higher level of capacity utilization, supported a much higher percentage of expenses with ticket income than other groups and spent proportionally more on physical production expenses. They had the highest investment ratio by far and benefited significantly more than other groups from endowment earnings and capital gains. They received a comparatively lower percentage of their budget from state and local funding. Group 5 Theatres experienced the second lowest level of CUNA, had the highest average ticket income from booked-in events and received a proportionally lower level of their resources from corporations, foundations and fundraising events.

Mid-sized theatres have their own idiosyncrasies. Group 4 Theatres had the highest subscription renewal rate, the highest CUNA and the highest level of paid employee turnover. They received the highest level of state, county and city funding relative to their budget. They earned the highest proportional level of income from concession sales. Group 3 Theatres experienced the most severe working capital shortages: their working capital ratio was -30%. They allocated more of their budget than other groups to general artistic expenses such as artistic housing and travel, per diems and company management expenses.

Smaller theatres tend to be much more reliant on contributed income. Group 2 and 1 Theatres earned proportionally far lower subscription income than the industry average, received a relatively lower proportion of their income from trustee donations and spent far less of their resources on production payroll relative to larger theatres. They played to more empty seats than other groups and filled fewer seats with subscribers. Group 2 Theatres spent less on marketing than other groups and had the highest proportional costs related to occupancy of their facilities. They also led the field in educational/outreach income. Group 1 Theatres obtained the lowest proportion of income from ticket sales but they led the field in the proportion of total funds from tour contracts and presenting fees. They received a higher proportion of their resources from the federal government, corporations and foundations. They spent more of their budgets on artist salaries and benefits and less on administrative salaries and benefits than any other group, and more on marketing.

TCG member theatres embody the nation's strong and diverse theatrical heritage. We make significant contributions to the wellbeing of artists, to professional theatre administrators and technicians, to our communities and to the U.S. economy. As a field, we contributed an estimated $1.7 billion to the economy in 2007 in the form of direct compensation and payment for services and goods. We opened our doors to 31 million patrons. We provided employment to 109,000 artists, administrators and technical personnel. We created 17,000 productions that now represent the American theatre legacy of 2007.

METHODOLOGY

Theatre Facts 2007 includes information on participating theatres' fiscal years ending between October 31, 2006 and September 30, 2007. Profiled Theatres' information was verified against certified financial audits. The adjustment for inflation in the discussion of Trend Theatres of 13% is based on compounded annual average changes in the Consumer Price Index for all urban consumers as reported by the U.S. Department of Commerce's Bureau of Labor Statistics.

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2007 PROFILED THEATRES

The following theatres participated in the TCG 2007 Fiscal Survey. Each theatre's budget group is noted in parentheses.

ALABAMA
Alabama Shakespeare Festival (6)

ARIZONA
Actors Theatre of Phoenix (3), Arizona Theatre Company (5), Borderlands Theater (1), Childsplay, Inc. (3), Phoenix Theatre (4), Valley Youth Theatre (3)

ARKANSAS
Arkansas Repertory Theatre (4)

CALIFORNIA
The Actors' Gang (3), American Conservatory Theater (6), Berkeley Repertory Theatre (6), Center Theatre Group (6), The Chance Theater (1), The Colony Theatre Company (2), Diversionary Theatre (2), Geffen Playhouse (6), La Jolla Playhouse (6), Laguna Playhouse (5), Magic Theatre, Inc. (3), Marin Shakespeare Company (2), Marin Theatre Company (3), The Old Globe (6), PCPA Theaterfest (4), San Diego Repertory Theatre (4), San Jose Repertory Theatre (5), Shakespeare Santa Cruz (3), Sierra Repertory Theatre (3), South Coast Repertory (6), TheatreWorks (5), Will Geer's Theatricum Botanicum (2)

COLORADO
Curious Theatre Company (2), Denver Center Theatre Company (6), OpenStage Theatre & Company (1)

CONNECTICUT
Connecticut Repertory Theatre (3), Elm Shakespeare Company (1), Hartford Stage (5), Long Wharf Theatre (5), Westport Country Playhouse (5), Yale Repertory Theatre (5)

DELAWARE
Delaware Theatre Company (3)

D.C.
Arena Stage (6), Folger Theatre (3), Ford's Theatre (6), Shakespeare Theatre Company (6), The Studio Theatre (4), Woolly Mammoth Theatre Company (3), Young Playwrights' Theater (1)

FLORIDA
American Stage (3), Asolo Repertory Theatre (5), Florida Stage (4), Florida Studio Theatre (4), Hippodrome Theatre (3), Palm Beach Dramaworks (2), StageWorks (1)

GEORGIA
Alliance Theatre (6), Dad's Garage Theatre Company (2), 7 Stages (2), Youth Ensemble of Atlanta (1)

IDAHO
Boise Contemporary Theater (2), Idaho Shakespeare Festival (4)

ILLINOIS
American Theater Company (2), Chicago Dramatists (1), Chicago Shakespeare Theater (6), Court Theatre (4), Goodman Theatre (6), Lookingglass Theatre Company (4), Northlight Theatre (4), Piven Theatre Workshop (2), Redmoon Theater (3), Steppenwolf Theatre Company (6), Teatro Vista...Theatre With A View (1), Timeline Theatre Company (2), Victory Gardens Theater (4), Writers' Theatre (4)

INDIANA
Indiana Repertory Theatre (5)

IOWA
Riverside Theatre (2)

KENTUCKY
Actors Theatre of Louisville (6), Kentucky Shakespeare Festival (2), Roadside Theater (1)

MAINE
Portland Stage Company (3), The Theater at Monmouth (1)

MARYLAND
CENTERSTAGE (5), Everyman Theatre (3), Imagination Stage (5), Round House Theatre (5)

MASSACHUSETTS
American Repertory Theatre (6), Barrington Stage Company (3), Berkshire Theatre Festival (3), Huntington Theatre Company (6), The Lyric Stage Company of Boston (3), Merrimack Repertory Theatre (3), New Repertory Theatre (3), Shakespeare & Company (5)

MICHIGAN
Detroit Repertory Theatre (2)

MINNESOTA
The Children's Theatre Company (6), Commonweal Theatre Company (2), Illusion Theater (2), Pillsbury House Theatre (2), Stages Theatre Company (3), Ten Thousand Things Theater Company (1), The Playwrights' Center (2)

MISSOURI
The Coterie Theatre (3), Kansas City Repertory Theatre (5), Paul Mesner Puppets, Inc. (1), Shakespeare Festival St. Louis (3), Unicorn Theatre (3)

NEW JERSEY
George Street Playhouse (4), Luna Stage (2), McCarter Theatre Center (6), Passage Theatre Company (2), The Shakespeare Theatre of New Jersey (4)

NEW YORK
Atlantic Theater Company (5), Capital Repertory Theatre (3), Castillo Theatre (2), The Cider Mill Playhouse (2), Depot Theatre (1), The 52nd Street Project (3), Geva Theatre Center (5), INTAR (2), Kitchen Theatre Company (2), La MaMa Experimental Theatre Club (3), Lark Play Development Center (2), Lincoln Center Theater (6), Mabou Mines (3), Manhattan Theatre Club (6), Ma-Yi Theater Company (2), Mint Theater Company (3), New Dramatists, Inc. (3), New York Theatre Workshop (5), The Open Eye Theater (1), The Pearl Theatre Company (3), Ping Chong and Company (2), Playwrights Horizons (6), Pregones Theater (3), Primary Stages (4), The Public Theater (6), Repertorio Español (3), Roundabout Theatre Company (6), Second Stage Theatre (5), Signature Theatre Company (4), SITI Company (3), Syracuse Stage (5), Target Margin Theater (1), Theatre for a New Audience (4), Vital Theatre Company (2), Women's Project (3), The Wooster Group (3)

NORTH CAROLINA
Actor's Theatre of Charlotte, Inc. (2), PlayMakers Repertory Company (3)

OHIO
The Cleveland Play House (5), Cleveland Public Theatre (2), Great Lakes Theater Festival (4), The Human Race Theatre Company (3)

OREGON
Artists Repertory Theatre (3), Miracle Theatre Group (1), Oregon Shakespeare Festival (6), Portland Center Stage (5)

PENNSYLVANIA
Arden Theatre Company (4), Bloomsburg Theatre Ensemble (2), Bristol Riverside Theatre (3), City Theatre Company (4), Lantern Theater Company (2), Open Stage of Harrisburg (1), The Pennsylvania Shakespeare Festival (3), The People's Light & Theatre Company (4), Philadelphia Theatre Company (4), Pig Iron Theatre Company (2), Pittsburgh Irish & Classical Theatre (3), Pittsburgh Public Theater (5), The Wilma Theater (4)

RHODE ISLAND
Trinity Repertory Company (5)

SOUTH CAROLINA
Arts Center of Coastal Carolina (4), Charleston Stage Company (3)

TENNESSEE
Clarence Brown Theatre at the University of TN (3), Tennessee Repertory Theatre (3)

TEXAS
Alley Theatre (6), Dallas Children's Theater (4), Dallas Theater Center (5), The Globe Theatre (1), WaterTower Theatre (3), Zachary Scott Theatre Center (4)

UTAH
Pioneer Theatre Company (5), The Salt Lake Acting Company (3), Utah Shakespearean Festival (5)

VERMONT
Northern Stage (3)

VIRGINIA
Mill Mountain Theatre (3), Virginia Stage Company (3)

WASHINGTON
ACT Theatre (5), Harlequin Productions (2), Intiman Theatre (5), Seattle Children's Theatre (5), Seattle Repertory Theatre (6), Taproot Theatre Company (3)

WISCONSIN
American Players Theatre (4), Milwaukee Repertory Theater (5), Milwaukee Shakespeare (3)