THEATRE FACTS 2010

A Report on the Fiscal State of the Professional Not-For-Profit American Theatre

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Penobscot Theatre Company 2010 production of *The 39 Steps*, (with Scott RC Levy, Julie Leedes, Dominick Varney). Photo by Michael Weston

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INTRODUCTION

Theatre Facts is the annual report published by Theatre Communications Group (TCG) that examines the fiscal state of the professional not-for-profit American theatre. Using data from the annual TCG Fiscal Survey, the report analyzes the field's attendance, performance and fiscal health. *Theatre Facts 2010* compiles information for the fiscal year that theatres completed anytime between October 31, 2009, and September 30, 2010. The authors wish to note at the beginning that theatres' contributions to their communities and to the nation's artistic legacy go well beyond the quantitative analyses that are captured here. This report is organized into 3 sections that offer different perspectives:

1. The *Universe* section provides a broad overview of 1,807 not-for-profit professional theatres that either filled out the TCG Fiscal Survey or filed Internal Revenue Service (IRS) Form 990 in 2010. This overview provides the most complete snapshot of the universe of not-for-profit professional theatres.
2. The *Trend Theatres* section presents a longitudinal analysis of the 113 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 10-year trends for 78 TCG theatres that have been survey participants each year since 2001. This section provides interesting insights regarding long-term trends experienced by a small sample of mostly larger theatres. When we speak of Trend Theatres in this report, we are making reference to those included in the 5-year trend analysis unless otherwise noted, and we adjust for inflation unless otherwise noted.
3. The *Profiled Theatres* section provides a detailed examination of the 171 theatres that completed the TCG Fiscal Survey 2010. This section provides the greatest level of detail, including breakout information for theatres in 6 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, 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. In the tables, there may be slight discrepancies in the totals due to rounding. Before diving into the *Universe* section, we highlight key, overall findings in the Executive Summary.

EXECUTIVE SUMMARY

The year 2010 brought a slight reprieve after 2 years of difficult times during the height of the recent economic crisis, which negatively impacted theatres, just as it negatively impacted nearly every sector of society. Capital campaigns and operating income received strong support through the healthy economy of 2006 and 2007, the first 2 years of the 5-year trend analysis, deteriorated in 2008 and 2009, then recovered in 2010.

WHAT IS CUNA?

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

CUNA = TOTAL UNRESTRICTED INCOME − TOTAL UNRESTRICTED EXPENSES

The average theatre ended 2010 with a positive Change in Unrestricted Net Assets (CUNA), even though total income growth fell short of inflation over the 5-year period by 1.4%. In 2010, earned income growth outpaced inflation, thanks to robust growth in single ticket income—largely driven by price increases over time—and endowment earnings. Subscriptions continued to slide, in numbers and in income. Overall attendance and the number of performances that theatres offered were far lower in 2010 than in 2006. There were drop-offs in contributions from all but 4 sources of funding from 2009 to 2010, leading contributed income growth to fall short of inflation for the 5-year period. This is an unsettling trend that can be expected to linger in the years to come as foundations, corporations, individuals and government agencies that have encountered their own losses undergo belt-tightening and find themselves with less support available for theatres, particularly when rolling averages are part of the giving equation. The stock market has rebounded considerably since its 10-year low in October 2009 (as reflected in overall capital gains rather than losses in 2010) and the GDP is on the rise, so hope is on the horizon, but other economic indicators such as unemployment and low national residential housing starts remain areas for concern. At the same time, expense growth outpaced inflation by 3.1%, even though theatres made cuts to all but 2 expense areas from 2009 to 2010, likely in response to lower levels of contributions. Job cuts affected full-time, part-time and jobbed-in employees. Despite the fact that total income growth fell shy of inflation and expense growth exceeded inflation, in 2010 there was adequate income to cover expenses and leave CUNA positive.

Figure 1 presents 5-year trends in income, expenses and CUNA. Specifically, 5-year growth rates were 1.5% for earned income, -5.2% for contributed income, -1.4% for total income, 3.1% for expenses and -66.7% for CUNA, after adjusting for inflation. Earned income peaked in 2007, diminished in 2008, dropped even further in 2009, and recovered considerably in 2010. Contributed income was at a 5-year high in 2009, but fell off in 2010, with growth failing to keep pace with inflation. **Figure 1** underscores how CUNA was in the positive six digits in 2006 and 2007, fell into negative territory in 2008, plummeted in 2009—largely due to capital losses—and rose again into the positive in 2010. **Figure 1** demonstrates that the trends in earned income and CUNA track closely with one another. Average contributed income exceeded average earned income in 2009 for Trend Theatres.

FIGURE 1

TREND THEATRE AVERAGES: EARNED AND CONTRIBUTED INCOME, EXPENSES AND CUNA

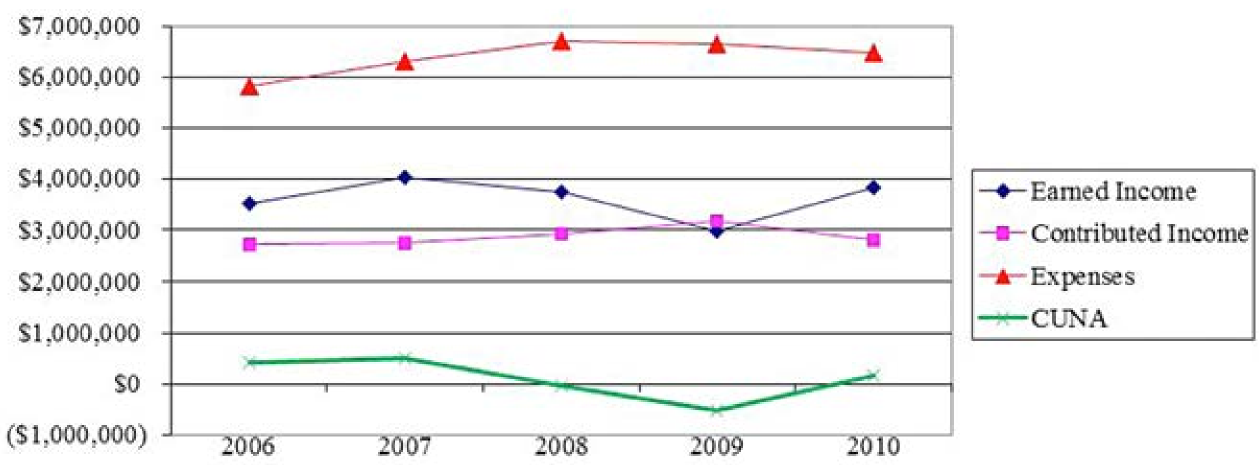


Figure 2 presents levels of earned income and contributed income over time, along with total income. The bar chart more clearly demonstrates how total income exceeded expenses in 2006 and 2007, how expenses exceeded total income in 2008 and 2009, resulting in increasingly negative CUNA between 2008 and 2009, and total income rebounded in 2010 to exceed expenses and create positive CUNA.

FIGURE 2

TREND THEATRE AVERAGES: EARNED, CONTRIBUTED AND TOTAL INCOME, EXPENSES AND CUNA

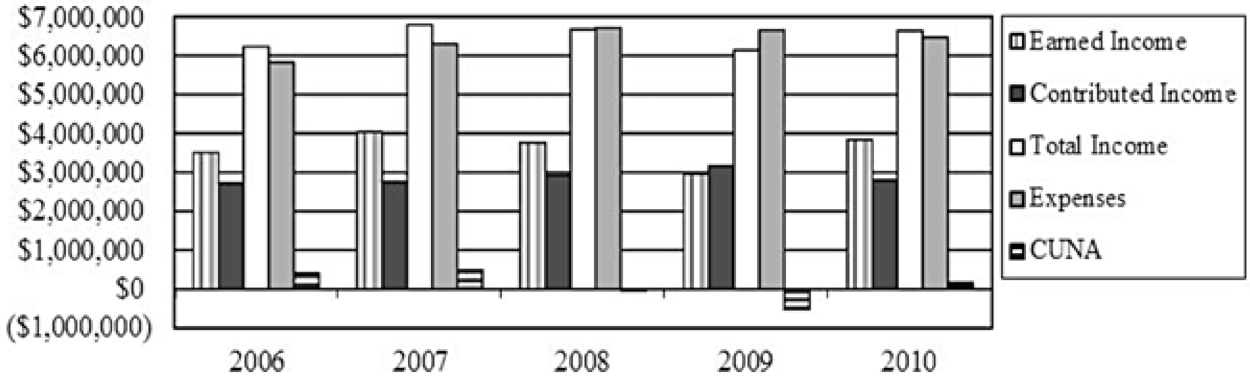
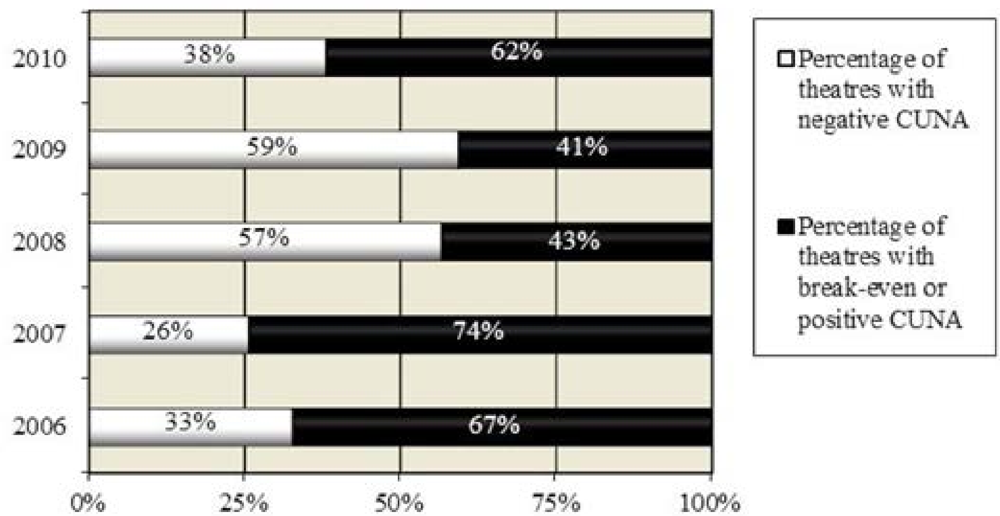


Figure 3 shows the annual percentage of Trend Theatres that broke even or had positive CUNA versus those that experienced negative CUNA. This chart underscores the fact that more than half of the theatres had negative CUNA in 2008 and 2009, while the majority of theatres had break-even or positive CUNA in 2006, 2007 and 2010.

FIGURE 3

BREAKDOWN OF 113 TREND THEATRES' CHANGES IN UNRESTRICTED NET ASSETS (CUNA)



Figures 1, 2 and 3 tell a consistent story that average CUNA was negative in 2008 and 2009, but rebounded in 2010 for the majority of theatres. While **Figure 3** reveals that 62% of theatres ended 2010 with positive CUNA, most of these were modest surpluses equivalent to less than 10% of budget. In fact, 75% of theatres in 2010 ended the year in the CUNA span between 10% below and 10% above break-even. Twelve Trend Theatres ended each of the past 5 years in positive territory and 4 ended each year with a deficit.

Average working capital was negative and cause for great concern in each of the past 5 years, becoming even more severe in 2009 and 2010, and increases in liabilities outpaced inflation by 52%. However, capital campaigns left theatres with substantial growth in investments and new, improved or expanded facilities.

Theatre size had an important impact on how theatres operated. The largest theatres, those with budgets of $5 million or more, supported a higher percentage of expenses with total ticket income and a lower level of expenses with earned income from other activities than other groups. They earned proportionally more from subscription income, offered a greater selection of ticket packages for purchase and had particularly strong capital gains. Their endowment earnings supported a higher level of expenses than any other group. Large theatres earned comparatively less than their smaller counterparts from fundraising events and guilds. They spent more of their budgets on production payroll and physical production expenses. Most large theatres can be found in urban markets.

Mid-sized theatres, those with total expenses ranging from $1 million to $4,999,999, have their own differences, but, in general, their findings were on par with or in between the larger and smaller theatres. Comparatively, they received more funding from trustees, spent more of their budget on payroll, experienced the lowest paid employee turnover and had the highest percentage of CUNA. However, they operated under a serious working capital shortage. Mid-size theatres have a greater presence in suburban communities than other groups.

Smaller theatres, with budgets under $1 million, tended to be much more reliant on contributed income, which made them vulnerable to a tighter giving climate. Proportionally, they received a higher percentage of their funding from non-trustee individuals, state and federal government sources and foundations. They raised more of their budget from holding fundraising events and garnering in-kind donations. They played to more empty seats, filled fewer seats with subscribers and had the lowest renewal rate, relative to mid-sized and larger theatres. They led the field in the proportion of educational/outreach income and experienced relatively high levels of employee turnover. Comparatively, more of their resources went to artistic payroll, occupancy expenses and general management fees, such as office supplies and audit fees, but they spent less on marketing and royalties expenses. The average small theatre ended the year with negative CUNA, while the average theatre in all other groups finished 2010 with positive CUNA. These theatres also had positive working capital, unlike all other groups. Small theatres tend to be located in urban or rural areas.

We now begin the report by examining key indicators for the largest body of theatres in 2010 in the *Universe* section, which follows. The *Universe* section will be followed by 5-year and 10-year Trend Theatre analyses, then a presentation of 2010 facts and figures for the Profiled Theatres.

THE UNIVERSE

In 2010, not-for-profit theatres presented the creative work of 71,400 professional artists to 31 million audience members.

This conclusion is based on an extrapolation of data from the 171 TCG Profiled Theatres to 1,636 additional theatres that completed IRS Form 990. These additional theatres are not members of TCG or are members who did not participate in the TCG Fiscal Survey 2010. The IRS collects information for not-for-profit theatres. We used total annual expenses—the only data reported by all theatres—to generate the estimates presented in **Table 1** for the Universe of not-for-profit theatres.

We estimate that in 2010, 1,807 Theatres in the U.S. Not-for-Profit Professional Theatre Field:

- **Attracted** 31 million audience members to 163,000 performances of 16,000 productions. In total, 1.4 million Americans subscribed to a theatre season.
- Contributed nearly $1.9 billion to the U.S. economy in payments for goods and services, and hired 119,800 artists, administrators and technical production staff in 2010. The real **economic impact** is far greater than $1.9 billion because theatre-goers frequently dine at restaurants, 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 their **employees** in artistic pursuits. We estimate that the theatre workforce (i.e., all paid full-time, part-time, jobbed-in or fee-based employees) is 60% artistic, 27% technical and 13% administrative. It is worth noting that these percentages shift based on theatre size. For example, theatres with total expenses of $500,000 or less (i.e., 74% of Universe Theatres) employ 64% of their workforce in artistic positions, 28% in production and 8% as administrators. Theatres with total expenses greater than $500,000 employ 57% in artistic positions, 28% in production and 15% in administration.
- Received 50% of their **income** from earned sources and 50% from contributions. Theatres with total expenses of $500,000 or less received 34% from earned sources and 66% from contributions, whereas, theatres with total **expenses** above $500,000 received 53% from earned and 47% from contributed sources.
- Experienced a **positive Change in Unrestricted Net Assets (CUNA)**, which encompasses changes in all unrestricted funds and includes Net Assets Released from Temporary Restriction (NARTR), equivalent to 2.3% of expenses. NARTR occurs, for example, if an individual made a contribution to a capital campaign in a prior year but the capital project did not get started until the current year. Once the project begins, the net assets are released from temporary restriction.

TABLE 1: ESTIMATED 2010 UNIVERSE OF U.S. NOT-FOR-PROFIT PROFESSIONAL THEATRES (1,807 Theatres)

Estimated Productivity		
Attendance	31,000,000	
Subscribers	1,400,000	
Performances	163,000	
Productions	16,000	
Estimated Finances		
Earnings	$ 964,000,000	
Contributions	$ 948,000,000	
Total Income	$ 1,913,000,000	
Expenses	$ 1,870,000,000	
Changes in Unrestricted Net Assets (CUNA)	$ 43,000,000	
Earned $ as a % of Total Income	50%	
Contributed $ as a % of Total Income	50%	
CUNA as a % of Expenses	2.3%	
Estimated Workforce		**% of Total**
Artistic (all)	71,400	60%
Administrative	15,500	13%
Production/Technical	32,900	27%
Total Paid Personnel	119,800	

TREND THEATRES

This section of the report focuses on the 113 Trend Theatres that responded to the TCG Fiscal Survey each year from 2006 to 2010. Following the same set of theatres over time avoids variations attributable to different theatres participating in some years, but not in others. Trend Theatres, whose average expenses were $6.5 million in 2010, are significantly larger than theatres found in the Universe section.

We organize the analysis into 5 sections: (1) earned income sources; (2) attendance, performance and pricing trends; (3) sources of contributions; (4) expense allocations and Change in Unrestricted Net Assets (CUNA); and (5) Balance Sheet. All dollar figures and percentages represent averages rather than aggregates. In each section, we present 1-year percentage changes that compare activity levels in 2010 to activity levels in 2009 and 4-year percentage changes that offer a longer-term perspective comparing activity levels in 2010 to activity levels in 2006. In addition, we include a 10-year trend analysis for a subset of 78 long-term Trend Theatres that have participated in the TCG Fiscal Survey each year since 2001. The tables reflect the story of the past 5 years. In each of the following sections, we highlight key facts that deserve attention.

EARNED INCOME

We examine changes in earned income in this section. **Table 2** shows average earned income sources in dollars and 3 trend indices: 1-year percentage change, 4-year percentage change and 4-year percentage change adjusted for inflation. **Table 3** shows each earned income category as a percentage of total expenses, so that we can see whether specific income categories are increasing or decreasing as a proportion of total budget.

In some instances, there is a positive dollar increase in an income category—even after adjusting for inflation—but a decrease in the percentage of expenses that it supports. This occurs when the increase in an income category does not keep pace with the increase in expenses over the 5-year period. Theatres' capital losses in 2008 and 2009 reflect the global economic decline in capital markets and the capital gains shown in 2010 reflect the start of the economic recovery. Five-year earned income growth, exclusive of investment income, was 3.2% above inflation. When we add in investment income, that figure falls to 1.5%.

For the 113 Trend Theatres:

- **Earned income** rose from 2006 to 2007, fell off in both 2008 and 2009, and rebounded 29% in 2010 to outpace inflation by 1.5% for the 5-year period (see **Table 2**). Earned income supported nearly 0.9% less of total expenses in 2010 than in 2006 (see **Table 3**).
- **Average subscription income** was at its 5-year high in 2007 and has decreased each year since, finishing at a 5-year low in 2010. After adjusting for inflation, subscription income was 15.1% lower in 2010 than in 2006. As shown in **Table 3**, subscription income covered a progressively lower level of total expenses each year, from a high of 20% in 2006 to a low of 16.7% in 2010.
- Additional analyses (not shown in the tables) indicate that **flexible subscription income** accounted for 9% of total subscription income in 2008 and 2009 and 10% in 2010, up from 6% in 2007. The number of theatres reporting flexible subscription income fluctuates between 73 and 80 each year. Thirty-five percent of theatres that consistently offer flexible subscriptions reported increases over time.
- **Average single ticket income** exceeded average subscription income each year. It rose annually between 2006 and 2008, then dipped in 2009, recovering in 2010 to its highest 5-year level. Five-year growth in single ticket income exceeded inflation by 16.7% and exceeded expense growth, supporting 2.7% more of the average total expenses in 2010 than 2006. Forty-eight percent of theatres reported higher inflation-adjusted total single ticket income in 2010 than in 2006.
- **Booked-in event income**, generated by shows or events neither created by the theatre nor offered as part of a series, peaked in 2010, slightly higher than in 2006 after adjusting for inflation. It increased 30.2% in the past year alone, although it supports 1% or less of total expenses annually. The growth in this area is predominantly driven by 2 theatres, which together accounted for 48% of total booked-in event income in 2010. One of the 2 reported no income in this area in a prior year, but $1.5 million in 2010, and the other tripled its historic level.
- The inflation-adjusted growth in **total ticket income** was 1.7% from 2006 to 2010. **Table 3** shows ticket income covered a 0.6% lower proportion of expenses in 2010 than in 2006.
- Income from **presenter fees and contracts for toured performances** more than tripled from 2006 to 2007, remained high in 2008 and returned to pre-2007 levels in 2009 and 2010. The spike in growth is primarily due to 1 theatre that earned more than $7 million from this activity in 2007 and 2008 but nothing in other years.

TABLE 2: AVERAGE EARNED INCOME (113 Theatres)

	2006	2007	2008	2009	2010	1-yr. % chg.	4-yr. % chg.	4-yr %CGR*
Subscriptions	$ 1,165,451	$ 1,221,605	$ 1,200,052	$ 1,183,628	$ 1,083,241	-8.5%	-7.1%	-15.1%
Single Ticket Income	1,299,211	1,421,698	1,617,660	1,429,785	1,620,293	13.3%	24.7%	16.7%
Booked-In Events**	56,537	44,789	41,593	46,954	61,130	30.2%	8.1%	0.1%
Total Ticket Income	**$ 2,521,199**	**$ 2,688,092**	**$ 2,859,305**	**$ 2,660,367**	**$ 2,764,664**	**3.9%**	**9.7%**	**1.7%**
Tour Contracts/Presenting Fees**	29,690	103,341	92,847	32,826	31,498	-4.0%	6.1%	-1.9%
Educational/Outreach Income	189,927	199,777	198,356	204,132	204,330	0.1%	7.6%	-0.4%
Royalties	19,856	21,988	21,655	18,845	15,677	-16.8%	-21.0%	-29.0%
Concessions	75,422	79,107	80,072	81,007	84,058	3.8%	11.5%	3.5%
Production Income**	42,879	68,296	62,552	121,927	52,515	-56.9%	22.5%	14.5%
Advertising	22,832	23,343	24,166	22,247	18,882	-15.1%	-17.3%	-25.3%
Rentals	60,768	62,746	78,145	77,845	79,570	2.2%	30.9%	22.9%
Other (ticket handling, insur.,etc.)	161,101	188,785	218,258	184,958	222,147	20.1%	37.9%	29.9%
Total Other Earned Income	**$ 602,475**	**$ 747,382**	**$ 776,053**	**$ 743,787**	**$ 708,678**	**-4.7%**	**17.6%**	**9.6%**
Interest and Dividends	38,050	46,876	48,672	25,771	19,630	-23.8%	-48.4%	-56.4%
Endowment Earnings/Transfers	178,869	312,255	195,855	38,545	237,524	516.2%	32.8%	24.8%
Capital Gains/(Losses)	165,818	239,599	(125,682)	(502,252)	108,062	121.5%	-34.8%	-42.8%
Total Investment Income	**$ 382,737**	**$ 598,731**	**$ 118,845**	**$ (437,936)**	**$ 365,216**	**183.4%**	**-4.6%**	**-12.6%**
Total Earned Income	**$ 3,506,412**	**$ 4,034,206**	**$ 3,754,203**	**$ 2,966,219**	**$ 3,838,557**	**29.4%**	**9.5%**	**1.5%**

* Compounded Growth Rate adjusted for inflation. ** Trend skewed by 1 or 2 theatres' exceptional activity.

TABLE 3: AVERAGE EARNED INCOME AS A PERCENTAGE OF TOTAL EXPENSES (113 Theatres)

	2006	2007	2008	2009	2010	1-year % chg.	4-year % chg.
Subscriptions	20.0%	19.4%	17.9%	17.8%	16.7%	-1.1%	-3.3%
Single Ticket Income	22.3%	22.6%	24.1%	21.5%	25.0%	3.5%	2.7%
Booked-In Events**	1.0%	0.7%	0.6%	0.7%	0.9%	0.2%	0.0%
Total Ticket Income	**43.3%**	**42.7%**	**42.6%**	**40.0%**	**42.7%**	**2.7%**	**-0.6%**
Tour Contracts/Presenting Fees**	0.5%	1.6%	1.4%	0.5%	0.5%	0.0%	0.0%
Educational/Outreach Income	3.3%	3.2%	3.0%	3.1%	3.2%	0.1%	-0.1%
Royalties	0.3%	0.3%	0.3%	0.3%	0.2%	0.0%	-0.1%
Concessions	1.3%	1.3%	1.2%	1.2%	1.3%	0.1%	0.0%
Production Income**	0.7%	1.1%	0.9%	1.8%	0.8%	-1.0%	0.1%
Advertising	0.4%	0.4%	0.4%	0.3%	0.3%	0.0%	-0.1%
Rentals	1.0%	1.0%	1.2%	1.2%	1.2%	0.1%	0.2%
Other	2.8%	3.0%	3.3%	2.8%	3.4%	0.7%	0.7%
Total Other Earned Income	**10.4%**	**11.9%**	**11.6%**	**11.2%**	**11.0%**	**-0.2%**	**0.6%**
Interest and Dividends	0.7%	0.7%	0.7%	0.4%	0.3%	-0.1%	-0.4%
Endowment Earnings/Transfers	3.1%	5.0%	2.9%	0.6%	3.7%	3.1%	0.6%
Capital Gains/(Losses)	2.8%	3.8%	-1.9%	-7.6%	1.7%	9.2%	-1.2%
Total Investment Income	**6.6%**	**9.5%**	**1.8%**	**-6.6%**	**5.6%**	**12.2%**	**-0.9%**
Total Earned Income	**60.2%**	**64.1%**	**56.0%**	**44.6%**	**59.3%**	**14.7%**	**-0.9%**

** Trend skewed by 1 or 2 theatres' exceptional activity.

For the 113 Trend Theatres:

- **Educational and outreach income** was at its highest 5-year level in 2010 in absolute dollars. Despite this increase, education and outreach income growth fell short of inflation by 0.4%. Theatres offered an average of 8 education and outreach programs annually from 2006 to 2008 and in 2010, and 9 programs on average in 2009. The average number of people served by outreach and education activity fluctuated annually between 16,800 in 2010 and 18,600 in 2006.
- **Royalty income** was at a 5-year low in 2010. Average royalty income per property varied from a low of $6,005 in 2010 to a high of $9,196 in 2006. The collective number of world premieres fluctuated from a low of 145 in 2006 to a high of 166 in 2009.
- Average **production income**—a combination of enhancement and co-production income from commercial producers and other not-for-profit theatres that share a production and the expenses to create it—varied considerably. The 5-year peak occurred in 2009—due to 1 theatre's exceptional enhancement funds—and the low in 2006. Five-year growth in production income surpassed inflation by 14.5%, even though 2010 represented the second-lowest level of the period.
- Eighteen to 24 theatres co-produce each year. Examining only the sub-group of theatres reporting **co-production income**, the lowest average level was $85,700 in 2008 and the highest was $152,692 in 2010. Five theatres reported co-production income in each of the past 5 years.
- The number of theatres reporting **enhancement income** (income from commercial producers) varies. Five theatres received enhancement income in each of the 5 years. Enhancement income per theatre ranged from $5,200 to $1.2 million in 2010. The table below shows the number of theatres reporting enhancement income and the average amount these theatres reported each year (in thousands):

Enhancement Income Table

	2006	2007	2008	2009	2010
# theatres reporting enhancement income	8	10	15	14	15
Their average enhancement income (in thousands)	$347	$517	$334	$818	$214

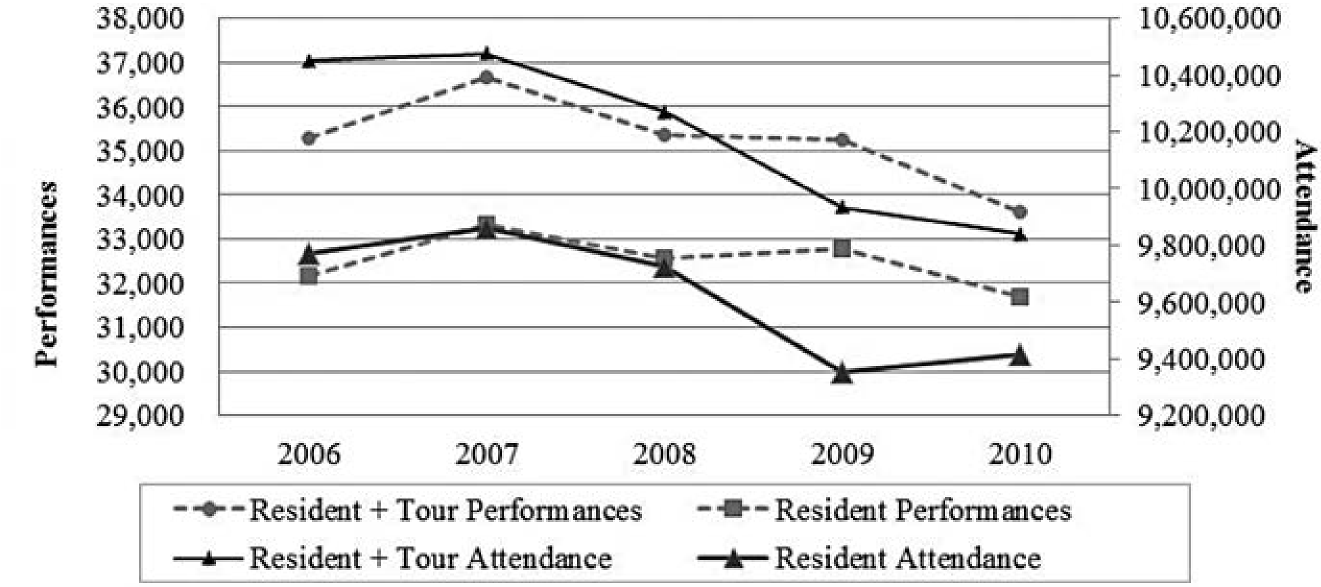
- **Rental income** growth outpaced inflation and covered more expenses in 2010 than in 2006. Roughly 87% of theatres earned income from rentals annually, which demonstrates that theatres are taking advantage of their down time to earn ancillary income from their physical assets.
- **"Other" Earned Income** played a more important role in 2010 than in 2006. This category includes income earned from special projects, ticket handling, insurance claims, etc.
- Average **interest and dividends** peaked in 2008 and declined in both years since, ending the 5-year period with 56% less from short-term investments, after adjusting for inflation. Seventy percent of theatres' interest and dividend growth fell short of inflation for the period. This trend is not surprising given that the U.S. prime interest rate was decreased in 2009 to its lowest level since the turn of the millennium and remained low through 2010. It is expected that this area will rebound with the economy.
- Average **endowment earnings/transfers** were at their highest in 2007, plummeted in 2008 and 2009 with the economic crisis and regained ground in 2010. This line item includes earned and transferred investment income from endowments (donor restricted) or quasi-endowments (board designated) that were established specifically to provide income. Nine theatres that recognized endowment income in some prior years reported none in 2010, and 7 that reported none in 2006 recognized some in 2010.
- Although average **capital gains** from investment assets were 42.8% below their 2006 level in 2010, they recovered significantly from severely negative numbers in 2008 and 2009. The average capital gain peaked at $240,000 in 2007 and plummeted to a $502,000 average loss in 2009. Thirty-eight theatres that reported a capital loss in 2009 converted to a capital gain in 2010.

It is important to note that theatres report significant increases or decreases in capital gains as a result of accounting for the present market value of their investment portfolios in addition to gains or losses from the sale of securities. As such, these represent realized and unrealized gains or losses in the present market value of the portfolio from year to year. Theatres expect that with a long-term investment strategy, while market conditions will vary from year to year, the portfolio ultimately will increase in value over time, despite the grim outlook of the recent economic crisis.

ATTENDANCE, PERFORMANCE AND PRICING TRENDS

In this section, we dig deeper into paid attendance levels, number of performances, ticket prices and subscription renewal rates. **Figure 4** charts aggregate performances and paid attendance for resident productions, as well as performances and paid attendance for overall activity with tours included. **Table 4** displays aggregate paid attendance levels, as well as average pricing, packaging and capacity utilization. **Table 5** shows the number of performances at the 113 Trend Theatres and some average figures for performance-related trends. These 2 tables demonstrate that Trend Theatres saw declining audiences that exceeded the scale-backs in the number of performances offered between 2006 and 2010.

FIGURE 4: ATTENDANCE AND PERFORMANCE TRENDS



For the 113 Trend Theatres:

- Total **paid attendance**—including resident productions and tours—declined 5.8% in 2010 to its lowest level of the 5-year period, while the **total number of performances** was reduced by 4.8% over the same years. There was a steady decline in attendance and performances from 2007 through 2010.
- The overall 1.4% decrease in the number of **resident performances** was met with a 3.6% decrease in resident production attendance, despite an uptick in attendance at resident productions from 2009 to 2010. Paid capacity utilization at resident performances was at its lowest level of the 5-year period in 2009, recovering slightly to 72% in 2010 from 71% in 2009.
- **Attendance at main series productions** fluctuated from year-to-year between 73% and 76% of total capacity.
- **Main series attendance** was at its lowest 5-year level in 2010, a second year of decline since the peak in 2008. The total number of main series performances was at its 5-year low in 2010, even though the average number of main series productions remained steady at 7. Theatres are offering fewer performances per production, an average of 33 from 2006 to 2009, falling to 30 in 2010. This is reinforced by fewer average annual performance weeks, as reflected in **Table 5**.
- Despite an uptick from 2009, **children's series attendance** was 15.5% lower in 2010 than at the start of the 5-year period, even though theatres offered only 5.7% fewer children's series performances.
- **Attendance at special productions** (e.g., non-subscription holiday productions) peaked in 2006. In 2010, attendance at special production performances was up from a low in 2009, but was still 12.8% below the 2006 level.
- In 2010, 2% fewer **staged readings and workshop performances** were offered than in 2006, but attendance at these events was 28.5% higher over the 5-year period.
- After dipping in 2008, **attendance at booked-in offerings** increased in 2009 and again in 2010, even though the number of booked-in event performances dropped almost 20% from 2009 to 2010.
- Annual decreases in **tour performances** since 2007 led to a 39.6% drop overall for the 5-year period, which was accompanied by a 37.6% decrease in **tour attendance**. Whereas touring represented 9% of total performances in 2006, by 2010 it was only 6% of total performances.

TABLE 4: AGGREGATE ATTENDANCE AND AVERAGE PRICING, PACKAGING, CAPACITY UTILIZATION (113 Theatres)

	2006	2007	2008	2009	2010	1-yr. % chg.	4-yr. % chg.	4-yr. % CGR*
AGGREGATE								
Main Series (total)	8,204,657	8,276,162	8,386,426	8,019,922	7,985,805	-0.4%	-2.7%	
Special Productions	783,008	782,848	718,351	648,131	682,450	5.3%	-12.8%	
Children's Series	366,296	381,395	291,503	301,242	309,379	2.7%	-15.5%	
Staged Readings/Workshops	32,887	27,897	31,572	35,334	42,245	19.6%	28.5%	
Other	97,362	130,700	115,551	125,733	143,366	14.0%	47.3%	
Booked-In Events	286,407	262,100	180,567	220,122	252,148	14.5%	-12.0%	
Resident Subtotal	**9,770,617**	**9,861,102**	**9,723,970**	**9,350,484**	**9,415,393**	**0.7%**	**-3.6%**	
Touring	680,408	614,797	545,459	582,048	424,410	-27.1%	-37.6%	
Total	**10,451,025**	**10,475,899**	**10,269,429**	**9,932,532**	**9,839,803**	**-0.9%**	**-5.8%**	
AVERAGE								
Subscription Renewal Rate	72%	73%	73%	72%	72%			
High Subscription Discount	37.9%	38.3%	41.1%	40.2%	39.9%			
Low Subscription Discount	12.0%	11.7%	11.9%	11.5%	11.2%			
Subscription Price (per ticket)	$28.18	$29.47	$30.44	$31.42	$32.35	3%	15%	7%
Single Ticket Price	$28.76	$29.45	$31.28	$32.03	$32.43	1%	13%	5%
Number of Ticket Packages Offered	6.4	5.9	6.2	6.3	6.9	9%	7%	
Number of Subscribers/Season Ticket Holders	7,098	7,010	6,884	6,300	6,045	-4%	-15%	
Subscription Tickets (#subscribers x #tickets/package sold)	35,762	36,202	34,637	32,829	30,739	-6%	-14%	
Single Tickets	46,784	50,311	50,428	48,651	48,054	-1%	3%	
Total In-Residence Paid Capacity Utilization	73%	73%	73%	71%	72%			
Subscriber Capacity Utilization	27%	26%	26%	25%	25%			

TABLE 5: AGGREGATE NUMBER OF PERFORMANCES, OTHER AVERAGE PERFORMANCE-RELATED TRENDS (113 Theatres)

	2006	2007	2008	2009	2010	1-yr. % chg.	4-yr. % chg.
AGGREGATE							
Main Series (total)	25,824	26,782	26,512	26,726	25,156	-5.9%	-2.6%
Special Productions	2,241	2,123	2,210	2,248	2,084	-7.3%	-7.0%
Children's Series	1,494	1,742	1,587	1,238	1,409	13.8%	-5.7%
Staged Readings/Workshops	393	336	368	369	385	4.3%	-2.0%
Other	773	916	948	967	1,666	72.3%	115.5%
Booked-In Events	1,428	1,415	931	1,248	1,005	-19.5%	-29.6%
Resident Subtotal	**32,153**	**33,314**	**32,556**	**32,796**	**31,705**	**-3.3%**	**-1.4%**
Touring	3,128	3,333	2,814	2,459	1,890	-23.1%	-39.6%
Total	**35,281**	**36,647**	**35,370**	**35,255**	**33,595**	**-4.7%**	**-4.8%**
AVERAGE							
Number of Main Series Productions	7	7	7	7	7	0%	0%
Number of Performance Weeks	34	35	34	33	33	-1%	-3%
Number of Actor Employment Weeks (sum of # weeks each actor employed)	526	561	528	527	471	-11%	-11%

For the 113 Trend Theatres:

- The growth in **"other" performances** comes from theatres adding backstage tours, walking tours, education events before plays, park talks and lectures, cabaret performances and other late-night short musicals and plays.
- There were **fewer subscribers** annually and fewer seats filled by subscribers over time. The proportion of available seats occupied by subscribers decreased from 27% in 2006 to 25% in 2009 and 2010. The average number of plays purchased per subscription package sold was approximately 5 each year. Between 2006 and 2010, the average number of season ticket holders declined 14% while the average subscription renewal rate fluctuated between 71% and 73%. Over time, a greater proportion of subscribers attended on flexible subscriptions: 8% in 2006, 10% in 2007 through 2009, and 13% in 2010.
- Theatres do not offer all resident productions on subscription. If we focus only on **productions offered on subscription**, subscribers filled 36% of the capacity in 2010, up from 34% in recent years.
- From 2006 to 2010, the **average price per subscription ticket** rose annually, for an overall increase of 7% above the rate of inflation. The lowest average subscription package discount decreased from 12% to 11.2% and the deepest discount peaked in 2008 for the 5-year period. Theatres are raising subscription prices and discounting slightly less.
- The **number of single ticket buyers** rose steadily from 2006 to 2008 then dropped in 2009 and 2010. In the earned income section above, we saw that single ticket income was at its highest level in 2010, which means that the higher income was driven by price increases rather than increased attendance. Overall, the number of single ticket buyers was 3% higher in 2010 than in 2006. Single ticket buyers filled between 45% and 48% of the average house annually, ending the period at 47%.
- The total **number of actor employment weeks** fluctuated over time but was at its lowest level in 2010, likely a factor of theatres producing smaller cast shows compounded by the drop in the average number of performance weeks per year, which was also at a 5-year low in 2010.

CONTRIBUTED INCOME

In this section, we examine contributed income and total income trends. Contributed sources include Net Assets Released from Temporary Restriction (NARTR). For example, total individual contributions may include annual or capital campaign gifts granted in a prior year but not released from temporary restrictions until the current year.

Table 6 shows average contributed income from each source for 2006 through 2010 along with 1-year percentage changes, 4-year percentage changes and 4-year percentage changes adjusted for inflation. Between 2006 and 2010, growth in total contributed income lagged inflation by 5.2% and supported 3.5% less of expenses in 2010 than in 2006 (**Table 7**). All but 4 contributed income sources decreased their average support levels from 2009 to 2010. Adjusted for inflation, total income fell by 1.4% over the 5 years (**Table 6**).

For the 113 Trend Theatres:

- After adjusting for inflation, average **federal funding** rose 45.9% in 2010 from its 2006 level, and it accounted for 0.3% more of the average theatre's budget over time. However, the extraordinary growth in average federal funding from 2008 to 2009 was driven by 1 theatre that received $4.3 million in federal funds released from temporary restriction. This theatre's federal funding returned to a more normal level in 2010.

  The percentage of Trend Theatres receiving federal funding fluctuated during the 5 years between a low of 58% in 2007 and a high of 70% in 2010. In 2009, the NEA added the American Recovery and Reinvestment Grant initiative; Trend Theatres collectively received $946,000 in funds from this program in 2010, second only in magnitude to NEA Access to Artistic Excellence grants. Without the American Recovery and Reinvestment Grant initiative, the average federal funding in 2010 would have been $68,135, still 32% growth in excess of inflation over the 5-year period. Federal funding sources include the NEA; the U.S. Departments of Justice, Housing and Urban Development, Education, and State; the U.S. Information Agency; the Funders Census Initiative; 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.
- In 2006, 3.5% of all **federal funding** was earmarked for support of touring. This figure diminished to less than 1% in 2008, 2009 and 2010. Of total federal funding, 23.5% went directly to support education programs in 2006, dropping to 6.8% in 2009, and climbing to 18.8% in 2010.
- Higher levels of **state support** in 2006 and 2010 were tied to capital campaigns, which accounted for 22% and 18% of total state funding, respectively. Funding earmarked for education programs accounted for 5% to 6% of state support in all 5 years. Funding for touring was roughly 1% of total state support each year.

TABLE 6: AVERAGE CONTRIBUTED INCOME (113 THEATRES)

	2006	2007	2008	2009	2010	1-yr. % chg.	4-yr. % chg.	4-yr. % CGR*
Federal**	$ 48,683	$ 52,544	$ 56,683	$ 99,369	$ 74,931	-24.6%	53.9%	45.9%
State	95,213	92,425	100,989	92,924	96,996	4.4%	1.9%	-6.1%
City/County	165,230	88,889	129,133	195,077	116,985	-40.0%	-29.2%	-37.2%
Corporations	295,644	325,486	286,278	289,292	232,434	-19.7%	-21.4%	-29.4%
Foundations	578,874	551,089	498,757	638,645	447,039	-30.0%	-22.8%	-30.8%
Trustees	294,700	320,435	388,809	390,185	328,447	-15.8%	11.5%	3.5%
Other Individuals	665,194	704,621	732,465	754,345	666,112	-11.7%	0.1%	-7.9%
Fundraising Events/Guilds	284,539	319,167	328,835	303,146	339,640	12.0%	19.4%	11.4%
United Arts Funds	27,151	25,940	25,684	27,808	24,804	-10.8%	-8.6%	-16.6%
In-Kind Services/Materials/Facilities	154,098	162,903	185,386	190,237	199,507	4.9%	29.5%	21.5%
Other Contributions	112,321	113,409	183,726	185,534	271,363	46.3%	141.6%	133.6%
Total Contributed Income	**$ 2,721,647**	**$ 2,756,906**	**$ 2,916,745**	**$ 3,166,564**	**$ 2,798,257**	**-11.6%**	**2.8%**	**-5.2%**
Total Income	**$ 6,228,059**	**$ 6,791,112**	**$ 6,670,949**	**$ 6,132,782**	**$ 6,636,815**	**8.2%**	**6.6%**	**-1.4%**

* Compounded Growth Rate adjusted for inflation. ** Trend skewed by 1 theatre's exceptional activity in 2009.

TABLE 7: AVERAGE CONTRIBUTED INCOME AS A PERCENTAGE OF TOTAL EXPENSES (113 Theatres)

	2006	2007	2008	2009	2010	1-yr. % chg.	4-yr. % chg.
Federal**	0.8%	0.8%	0.8%	1.5%	1.2%	-0.3%	0.3%
State	1.6%	1.5%	1.5%	1.4%	1.5%	0.1%	-0.1%
City/County	2.8%	1.4%	1.9%	2.9%	1.8%	-1.1%	-1.0%
Corporations	5.1%	5.2%	4.3%	4.4%	3.6%	-0.8%	-1.5%
Foundations	9.9%	8.8%	7.4%	9.6%	6.9%	-2.7%	-3.0%
Trustees	5.1%	5.1%	5.8%	5.9%	5.1%	-0.8%	0.0%
Other Individuals	11.4%	11.2%	10.9%	11.3%	10.3%	-1.0%	-1.1%
Fundraising Events/Guilds	4.9%	5.1%	4.9%	4.6%	5.3%	0.7%	0.4%
United Arts Funds	0.5%	0.4%	0.4%	0.4%	0.4%	0.0%	-0.1%
In-Kind Services/Materials/Facilities	2.6%	2.6%	2.8%	2.9%	3.1%	0.2%	0.4%
Other Contributions	1.9%	1.8%	2.7%	2.8%	4.2%	1.4%	2.3%
Total Contributed Income	**46.8%**	**43.8%**	**43.5%**	**47.6%**	**43.3%**	**-4.4%**	**-3.5%**
Total Income	**107.0%**	**107.9%**	**99.5%**	**92.2%**	**102.6%**	**10.4%**	**-4.4%**

** Trend skewed by 1 theatre's exceptional activity in 2009.

For the 113 Trend Theatres:

- Average **local government funding** fluctuated greatly from year to year. Fluctuations were largely driven by city or county unrestricted support of capital campaigns, with 45% of local funding tied to capital campaigns in 2006 and 47% in 2009, when average local funding peaked. City and county funding supported 1% less expenses in 2010 than in 2006.
- **Corporate giving** was at its lowest 5-year level in 2010, with growth trailing inflation by 29.4%. Corporate gifts supported 1.5% less of expenses in 2010 than in 2006.

  Although an average of only 22 corporations donated in the past year as compared with the peak of 34 in 2007, on the whole, their average gift in 2010 was $10,800, the second highest of the 5-year period. The lowest average corporate gift was $9,500 in 2006 and the highest was $13,000 in 2009. In 2009, a high percentage of corporate gifts was earmarked for capital campaigns: 16% as compared to the low of 4% in 2010. Between 11% and 13% of corporate gifts supported education programs annually, and less than 1% were earmarked annually for touring.
- Average **foundation support** fluctuated over the 5-year period but ended at its lowest point in 2010, falling short of inflation by 30.8%. Foundation grants supported 3% less of expenses in 2010 than in 2006, representing the biggest reduction in support of all the contributed income sources. The average number of foundation gifts per theatre was 18 in 2006 to 2008, 19 in 2009, and dropped to a 5-year low of 17 in 2010. The average foundation gift was also at a 5-year low of $26,000 in 2010 and a high of $34,500 in 2009.
- **Combined individual contributions** from trustees and non-trustees increased annually from 2006 to a 5-year high in 2009, falling 13.1% in 2010, due to growth in giving from non-trustees that fell short of inflation. Individuals were by far the greatest source of contributed funds each year. Unrestricted gifts for capital campaigns accounted for a low of 10% of total individual giving in 2010 and a high of 21% of total giving in 2009. Individuals earmarked only1% of their contributions for education programs annually in 2006 through 2009, rising to 2% in 2010.
- Average **trustee giving** increased annually from 2006 through 2009 then decreased 15.8% in the past year. Even so, support from board members during the tough economic times led to overall 3.5% growth in trustee support above inflation, keeping pace with expense growth.

  Additional analyses (not shown in the tables) revealed that the average number of trustees per theatre making a donation ranged between 29 and 32 each year. The average trustee gift fluctuated from a low of $10,760 in both 2006 and 2010 to a high of $13,700 in 2009. The aggregate effect is that total trustee donations at Trend Theatres were at a low of $33.3 million in 2006 and a high of $44.1 million in 2009, ending the 5-year period at $37.1 million in 2010.
- Similar to the trend in trustee giving, average **gifts from other individuals (non-trustees)** increased annually from 2006 through 2009, then decreased in 2010. Growth in this area trailed inflation by 7.9%.

  Additional analyses (not shown in the tables) indicated that aggregate other individual gifts increased from a low of $75.2 million in 2006 to a high of $85.2 million in 2010. Fewer individual donors contributed higher average gifts over time. The average number of other individual donors was at a 5-year low of 1,444 in 2010 and a high of 1,643 in 2009. There were only slight variations in the annual level of giving per donor. The average gift from other individuals increased from a low of $426 in 2006 to a high of $488 in 2008, ending the 5-year period at $465 in 2010, the second-highest level.
- **Fundraising events and guilds, in-kind donations and contributed income from other sources** (e.g., cash support from sheltering organizations, such as universities or arts centers, or from service organizations) were all at 5-year highs in 2010. By contrast, United Arts Funding was at a 5-year low in the most recent year, following decreases in funding in 2010 from non-trustees, foundations and corporations. In-kind giving tends to increase in tough economic times, particularly from donors who want to support the arts but cannot give cash. Growth in in-kind giving from individuals, corporations and sheltering organizations all exceeded inflation over the 5-year period.

Considering both earned and contributed income combined, **total income growth** over the 5-year period fell short of inflation by 1.4% and supported 4.4% less of expenses. Expenses and CUNA will be examined in detail in the section that follows.

EXPENSES AND CHANGES IN UNRESTRICTED NET ASSETS (CUNA)

This section examines each category of expenses and how theatres shifted their allocation of resources over time, as well as Changes in Unrestricted Net Assets (CUNA), which is the balance that remains after subtracting total unrestricted expenses from total unrestricted income. Table 8 presents average expenses and CUNA in dollars and 1-year percentage changes, 4-year percentage changes and 4-year percentage changes adjusted for inflation. Table 9 presents each expense category and CUNA as a percentage of total expenses and Table 10 shows a subset of administrative expense-to-income ratios.

Despite belt-tightening in many areas in 2009 and again in 2010, total expense growth outpaced inflation over the 5-year period by 3.1%—making the erosion of contributed income detailed above an even greater concern. All expense categories were cut in the past year, with the exception of physical production expenses (i.e., lumber, steel, fabric, etc.) and occupancy expenses (i.e., building maintenance, equipment and rent or debt service on facilities), yet many line items' 5-year growth surpassed inflation.

Average CUNA reached a 5-year high of $494,549 in 2007, retreated into negative territory in 2008 and 2009 during the height of the economic crisis and rebounded into positive territory in 2010. It is important to keep in mind that CUNA includes both operating and non-operating activity related to unrestricted funds. It includes exceptional contributed income for theatres in capital campaigns, depreciation and capital gains and losses.

Positive annual CUNA in 2006 and 2007 contributed to an overall improvement in unrestricted net assets over the 5-year period. On average, theatres finished 2010 with unrestricted net assets of $5.5 million compared to unrestricted net assets' high of $6.1 million at the end of 2007. Overall the growth in unrestricted net assets from the beginning of 2006 to the end of 2010 exceeded inflation by 9.7%. Sixty-three of the 113 Trend Theatres experienced budget growth that exceeded inflation over the 5 years.

For the 113 Trend Theatres:

- **Total payroll** increased 0.9% above inflation from 2006 to 2010 and accounted for 1.1% less of theatres' total expenses. The average number of paid employees peaked at 229 in 2009, before falling to its lowest level of 214 in 2010. Job cuts affected full-time, part-time and jobbed-in employees. The number of full-time employees went from a high of 65 in 2007 to a low of 60 in 2010. The average number of fee-based or jobbed-in workers increased each year between 2006 and 2009, but in 2010 theatres employed an average of 15 fewer workers compared to the prior year.
- In 2006, **artistic and administrative payroll** accounted for 19% and 20.9% of theatres' expenses, respectively—the largest areas of resource allocation (see **Table 9**). Since then, administrative payroll has held its ground as a proportion of expenses, and its growth has outpaced inflation by 3.7%. Artistic payroll, on the other hand, now represents only 18% of total expenditures and its growth over the 5-year period fell short of inflation by 2.4%.
- 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, fluctuated between 6 and 7 each year. At the same time, the average total number of paid artists—including staff and contracted artists—fluctuated from a low of 101 in 2006 to a high of 109 in 2009, ending the period at 102. The average **number of permanent administrative personnel** (full-time and part-time) fluctuated between 31 and 34 each year, with 32 in 2010. Theatres supplemented the salaried administrative workforce with an average of 9 fee-based or jobbed-in staff in 2006 and 2007, 12 in 2008 and 2009, and 11 in 2010.
- **Production payroll** outpaced inflation over the 5-year period by 1.2%. The average number of paid production personnel (full-time, part-time and over-hire) was 75 in 2006, 2007 and 2009, 76 in 2008, and only 69 in 2010.
- **General artistic expenses** (housing and travel, per diems, company management and stage management expenses) were reduced sharply in 2010 and growth in this area fell short of inflation by 5.9%.
- Average **royalty expenses** were at their highest in 2007 and decreased each year since. The average theatre paid royalties on 7 to 8 properties each year. In each of the 5 years, the average royalties paid per property ranged between $19,000 and $20,000, ending the 5-year period at $19,400.
- **Production/Technical Non-Payroll expenses** (physical production materials, supplies and rentals) varied considerably from year to year due to 1 theatre's exceptional activity. This theatre increased its physical production expenses by $8 million in 2007 and by another $10 million in 2008, with the total amount spent being 4 times that of the theatre with the next highest level in these 2 years. In 2009, this theatre's production spending dropped by half but remained twice the level of any other theatre. In 2010, this theatre again spent 4 times that of the next theatre, increasing its production expenses by nearly $12 million in 1 year. Overall, physical production expense growth exceeded inflation by 36.4%; if we eliminate the exceptional theatre from the analysis, physical production expense growth would be only 1.3% above inflation.

TABLE 8: AVERAGE EXPENSES AND CUNA (113 Theatres)	2006	2007	2008	2009	2010	1-yr. % chg.	4-yr. % chg.	4-yr. % CGR*
Artistic Payroll	$1,105,461	$1,174,885	$1,208,220	$1,243,696	$1,167,322	-6.1%	5.6%	-2.4%
Administrative Payroll	1,215,166	1,296,192	1,372,634	1,395,840	1,357,527	-2.7%	11.7%	3.7%
Production Payroll	831,772	881,113	907,619	986,107	908,012	-7.9%	9.2%	1.2%
Total Payroll	**$3,152,399**	**$3,352,189**	**$3,488,473**	**$3,625,643**	**$3,432,861**	**-5.3%**	**8.9%**	**0.9%**
General Artistic Non-Payroll	198,541	221,622	236,065	231,935	202,716	-12.6%	2.1%	-5.9%
Royalties	136,931	148,839	148,361	145,342	143,436	-1.3%	4.8%	-3.2%
Production/Tech Non-Payroll (physical production)**	363,889	478,033	608,626	425,851	525,343	23.4%	44.4%	36.4%
Development/Fundraising	217,516	251,042	267,226	246,219	230,771	-6.3%	6.1%	-1.9%
Marketing/Customer Service/ Concessions	759,086	807,498	837,610	798,713	775,535	-2.9%	2.2%	-5.8%
Occupancy/Building/Equipment/ Maintenance	534,658	559,936	583,694	625,552	627,546	0.3%	17.4%	9.4%
Depreciation	236,456	249,404	278,354	293,705	293,189	-0.2%	24.0%	16.0%
General Management/Operations	220,602	228,000	258,954	256,848	236,906	-7.8%	7.4%	-0.6%
Total Expenses	**$5,820,078**	**$6,296,563**	**$6,707,364**	**$6,649,807**	**$6,468,303**	**-2.7%**	**11.1%**	**3.1%**
Changes in Unrestricted Net Assets (CUNA)	**$407,981**	**$494,549**	**$(36,416)**	**$(517,025)**	**$168,512**	**132.6%**	**-58.7%**	**-66.7%**

* Compounded Growth Rate adjusted for inflation. ** Trend skewed by 1 or 2 theatres' exceptional activity.

TABLE 9: AVERAGE EXPENSES AND CUNA AS A PERCENTAGE OF TOTAL EXPENSES (113 Theatres)	2006	2007	2008	2009	2010	1-yr. % chg.	4-yr. % chg.
Artistic Payroll	19.0%	18.7%	18.0%	18.7%	18.0%	-0.7%	-0.9%
Administrative Payroll	20.9%	20.6%	20.5%	21.0%	21.0%	0.0%	0.1%
Production Payroll	14.3%	14.0%	13.5%	14.8%	14.0%	-0.8%	-0.3%
Total Payroll	**54.2%**	**53.2%**	**52.0%**	**54.5%**	**53.1%**	**-1.5%**	**-1.1%**
General Artistic Non-Payroll	3.4%	3.5%	3.5%	3.5%	3.1%	-0.4%	-0.3%
Royalties	2.4%	2.4%	2.2%	2.2%	2.2%	0.0%	-0.1%
Production/Tech Non-Payroll (physical production)**	6.3%	7.6%	9.1%	6.4%	8.1%	1.7%	1.9%
Development/Fundraising	3.7%	4.0%	4.0%	3.7%	3.6%	-0.1%	-0.2%
Marketing/Customer Service/Concessions	13.0%	12.8%	12.5%	12.0%	12.0%	0.0%	-1.1%
Occupancy/Building/Equipment/Maintenance	9.2%	8.9%	8.7%	9.4%	9.7%	0.3%	0.5%
Depreciation	4.1%	4.0%	4.1%	4.4%	4.5%	0.1%	0.5%
General Management/Operations	3.8%	3.6%	3.9%	3.9%	3.7%	-0.2%	-0.1%
Total Expenses	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		
Changes in Unrestricted Net Assets (CUNA)	**7.0%**	**7.9%**	**-0.5%**	**-7.8%**	**2.6%**	**10.4%**	**-4.4%**

** Trend skewed by 1 theatre's exceptional activity in 2007 and 2008.

TABLE 10: *THEATRE FACTS* ADMINISTRATIVE EXPENSE INDEX (113 Theatres)	2006	2007	2008	2009	2010	1-yr % chg.	4-yr %chg.
Single ticket marketing expense (excluding personnel expense) to single ticket income	25%	25%	22%	23%	21%	-1.9%	-3.6%
Subscription marketing expense (excluding personnel expense) to subscription income	14%	13%	15%	13%	12%	-1.0%	-1.2%
Total marketing expense (including personnel expense) to total ticket sales	29%	31%	31%	30%	31%	1.0%	2.1%
Development expense (excluding personnel expenses, fundraising event expenses) to total unrestricted contributed income (excluding fundraising event income)	5%	6%	6%	4%	5%	0.3%	-0.3%
Fundraising event expense (excluding personnel expense) to fundraising event income	34%	36%	37%	40%	35%	-5.6%	0.2%
Total development expense (including fundraising event expense and personnel expense) to total unrestricted contributed income	15%	17%	18%	17%	15%	-1.4%	0.7%
Total development expense (including fundraising event expense and personnel expense) to total contributed income (including unrestricted, temporarily restricted and permanently restricted contributed income)	13%	15%	15%	15%	14%	-0.6%	1.4%
Education/outreach expense (excluding personnel expense) to education/outreach income (earned and contributed)	20%	17%	20%	23%	24%	1.2%	4.6%
Total education/outreach expense (including personnel expense) to education/outreach income (earned and contributed)	74%	80%	85%	83%	80%	-2.6%	6.2%

- Average **development expenses** decreased over the past 2 years, and overall growth in this area fell short of inflation by 1.9%. **Table 10** shows that development expense as a percentage of contributed income has decreased over the last 3 years, which means that fundraising efforts were more cost-effective in 2010. In other words, although theatres cut development costs, they continued to raise money, albeit slightly less overall than in recent years. Return on each dollar spent on fundraising events diminished from 2006 through 2009, then improved in 2010.
- Like development expenses, **marketing expenses** were cut in each of the past 2 years, with growth falling short of inflation by 5.8% over the 5-year period (**Table 8**).
- As shown in **Table 10**, **expenditures targeting single ticket buyers** were more effective in 2010, requiring only 21 cents to generate each dollar of revenue. Inflation-adjusted single ticket income and single ticket prices increased over the 5-year period, as discussed earlier.
- Generating a dollar of subscription income required between 13 and 15 cents in each of the first 4 years, as shown in **Table 10**, dropping to 12 cents in 2010. If we include marketing personnel expense, we see that it took 2 cents more of total **marketing resources to generate a dollar of ticket income** in 2010 versus 2006, although 31 cents was the average in 2007, 2008 and 2010.
- While education/outreach income decreased 0.4% in inflation-adjusted figures over the 5-year period (**Table 2**), the **expenses allocated to generate each dollar of education/outreach income** rose annually since 2007, reaching its highest level of 24% in 2010. Including personnel costs, it cost 6.2 cents more to raise each dollar of education/outreach income in 2010 than in 2006 (see **Table 10**). It should be noted that the education and outreach income reflected in **Table 10** 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.
- **Occupancy/building and equipment maintenance costs** increased each year, rising 9.4% above inflation over the 5 years. Roughly 40% of theatres reported that they owned their stage and office space in 2006 and 2010. The largest component of this expense is the cost of rent—48% of theatres rented their space in 2010—or debt service on facilities and regularly scheduled maintenance of infrastructure and utilities, which rose 9% more than inflation over the 5-year period.
- **Depreciation**, the non-cash expense that accounts for the decrease in the book value of property and equipment, increased 16% between 2006 and 2010 after adjusting for inflation and is now equivalent to 4.5% of total expenses. This increase reflects the impact of increases in fixed assets, which we discuss in the Balance Sheet section.

BALANCE SHEET

The Balance Sheet offers a look into a theatre's cumulative fiscal history and provides insights into long-term stability and overall fiscal health. Unlike the Statement of Activities, which gives a summary of income and expenses for the year, the Balance Sheet provides a snapshot of the value of a theatre's assets, liabilities and net assets (unrestricted, temporarily restricted and permanently restricted) at the end of the fiscal year.

Theatres increase their assets through investments, acquisition of land, buildings, money, stocks, etc., through purchase and donation, and with CUNA. 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.

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 113 Trend Theatres, 104 are included in the Balance Sheet analyses. These theatres' Balance Sheets demonstrate overall growth in total assets over the past 5 years, averaging $13 million per theatre in 2006 and $15.6 million in 2010—12% growth after adjusting for inflation, despite a drop in value from 2008 to 2009. Over the same period, however, growth in theatres' liabilities outpaced inflation by 52%.

Quick Reference for Calculation of Key Balance Sheet Indicators

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

WORKING CAPITAL RATIO = WORKING CAPITAL/TOTAL EXPENSES

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

INVESTMENT RATIO = TOTAL INVESTMENTS/TOTAL EXPENSES

Table 11 presents the annual aggregate value of the different asset categories net of liabilities for the 104 Trend Theatres, along with the 1-year percentage changes, 4-year percentage changes and inflation-adjusted 4-year percentage changes, as well as the investment ratio over time, which we describe in detail below. We acknowledge the assistance of Cool Spring Analytics for recommending the Balance Sheet categories and ratios reported in this section. We see that growth in Trend Theatres' aggregate total net assets—unrestricted, temporarily restricted and permanently restricted—outpaced inflation by 1% over the 5-year period, from just over $1 billion in 2006 to a high of $1.25 billion in 2008, ending at $1.17 billion in 2010, a 2% increase from the prior year. The growth was predominantly driven by fixed assets.

TABLE 11: AGGREGATE NET ASSETS (In Millions) (104 Theatres)

	2006	2007	2008	2009	2010	1-yr. % chg.	4-yr. % chg.	4-yr. % chg. CGR*
Working Capital**	$ (90)	$ (85)	$ (65)	$ (205)	$ (243)	-19%	-171%	-179%
Fixed Assets	$ 562	$ 606	$ 655	$ 756	$ 792	5%	41%	33%
Investments	$ 392	$ 449	$ 518	$ 422	$ 449	6%	14%	6%
Other Net Assets	$ 210	$ 225	$ 139	$ 180	$ 176	-2%	-16%	-24%
Total Net Assets	**$ 1,074**	**$ 1,195**	**$ 1,246**	**$ 1,153**	**$ 1,174**	**2%**	**9%**	**1%**
Total Expenses	**$ 621**	**$ 672**	**$ 716**	**$ 708**	**$ 691**	**-2%**	**11%**	**3%**
Investment Ratio	**63%**	**67%**	**72%**	**60%**	**65%**			

* Compounded Growth Rate adjusted for inflation. ** Trend skewed by 1 theatre's exceptional activity in 2009 and 2010.

Working capital, a fundamental building block of a theatre's capital structure, consists of the unrestricted resources available 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. 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.

As noted in the Contributed Income section, successful fundraising during prosperous times made it possible for theatres to increase long-term investments and fixed assets, but they did not acquire sufficient readily-available funds to meet daily needs. **Table 11** illustrates that working capital was negative in each of the 5 years; between 66 and 70 of the 104 Trend Theatres reported negative working capital annually. Working capital improved from 2006 through 2008 (i.e., became less negative) then plummeted in 2009 and 2010 as theatres were left with little financial flexibility in the face of the economic downturn. One theatre accounted for 25% of negative working capital in 2009 and 39% in 2010. Eliminating this theatre from the analysis would leave working capital of -$76 million in 2006 and -$147 million in 2010, nearly a doubling of negative working capital for the remaining theatres after adjusting for inflation.

Further investigation (not shown in the tables) revealed that total cash reserves, the unrestricted portion of which is part of working capital, were at their highest level in 2010. One theatre held 36% of aggregate cash reserves in unrestricted funds; it was not currently in the midst of a capital campaign but completed one in 2008. After adjusting for inflation, cash reserves of Trend Theatres were 52% higher in 2010 than in 2006. In **Table 12**, we use average figures to relate working capital to total expenses to create a working capital ratio.

TABLE 12: AVERAGE WORKING CAPITAL (104 Theatres)

	2006	2007	2008	2009	2010	1-yr. % chg.	4-yr. % chg.	4-yr. % CGR*
Total Unrestricted Net Assets	$ 5,517,055	$ 6,041,870	$ 6,593,066	$ 5,763,865	$ 6,006,407	4%	9%	1%
Fixed Assets	5,402,875	5,825,317	6,299,964	7,268,378	7,612,206	5%	41%	33%
Unrestricted Investments	977,050	1,029,503	918,766	465,900	733,179	57%	-25%	-33%
Working Capital	**$ (862,870)**	**$ (812,951)**	**$ (625,664)**	**$ (1,970,413)**	**$ (2,338,978)**	-19%	-171%	-179%
Total Expenses	**$ 5,968,974**	**$ 6,464,014**	**$ 6,888,748**	**$ 6,805,151**	**$ 6,644,219**	-2%	11%	3%
Working Capital Ratio	**-14%**	**-13%**	**-9%**	**-29%**	**-35%**			

* Compounded Growth Rate adjusted for inflation.

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 current resources. A negative working capital ratio suggests that theatres are experiencing cash flow problems. The average Trend Theatre experienced a negative working capital ratio in each of the past 5 years, dropping to its lowest point in 2010. Annually, roughly two-thirds of Trend Theatres reported negative working capital. Cool Spring Analytics recommends that each theatre determine its own working capital needs based on its cyclical cash flow. In the absence of that determination, 25%, or 3 months of working capital, is a benchmark for adequate working capital to handle most cash flow fluctuations. Of the 104 Trend Theatres, only 7 to 10 met this benchmark annually.

Many capital campaigns raised funds to build new buildings, renovate existing facilities and purchase new equipment, as reflected in the increase in theatres' occupancy expenses, which accounted for 9.7% of theatres' total expenses in 2010. Thirty-three percent of Trend Theatres were in a capital campaign in 2010, a figure that ranged from 25% to 38% over the 5 years. In 2010, 27% reported that they completed a capital campaign within the last 5 years, which is fairly consistent with other years. Only 2 theatres fell into both categories as they transitioned from one capital campaign into another.

Tables 11 and **12** both indicate that growth in total fixed assets (i.e., land, property and equipment less accumulated depreciation) surpassed inflation by 33%, driven largely by the 5-year 38% increase in the purchase value of land and buildings before taking depreciation into consideration. The fixed asset growth has lead to a steady increase in depreciation and occupancy/building and equipment maintenance costs. Fixed assets accounted for 52% of total net assets in 2006 and 2007, before growing to 67% in 2010. Investments accounted for 37% or 38% of total net assets every year except 2008, when it made up 42% of the total (see **Table 11**).

In **Table 11**, we also relate investments to total expenses to form an investment ratio. An increasing investment ratio over time is an indication of financial health because increases in invested capital generate income for operating purposes. Successful capital campaigns and wise investment strategies resulted in increasing investment ratios from 2006 to 2008. The economy took its toll in 2009 causing the investment ratio to drop that year. With the economic recovery, investment values and the investment ratio recovered in 2010. Despite the 1-year decline in a poor investment climate in 2009, overall growth in investments exceeded inflation by 6% over the 5-year period. As illustrated in **Table 12**, the unrestricted portion of investments declined 33% in value from 2006 to 2010, in inflation-adjusted figures. Endowments make up part of theatres' investments and their growth trailed inflation by 10% over the 5-year period.

SIDE NOTE: A 10-YEAR VIEW

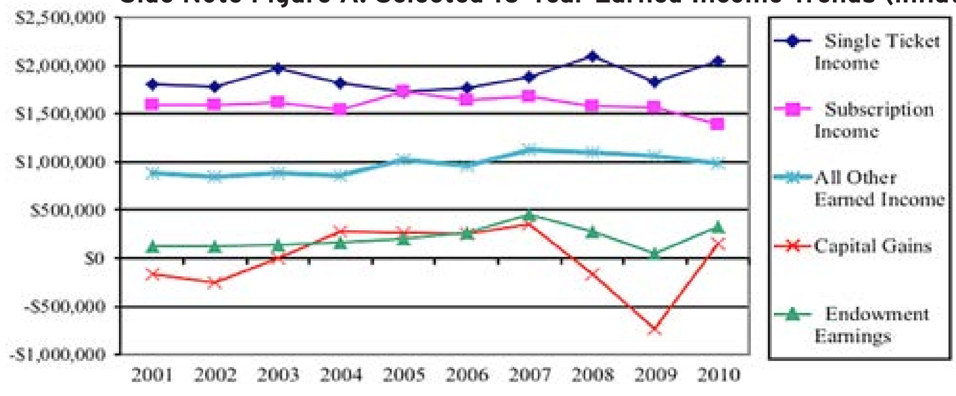
Seventy-eight theatres have participated in the TCG Fiscal Survey each year since 2001. These theatres tend to be significantly larger than the rest of the Trend Theatres, with total expenses averaging $8.0 million in 2010, compared to $6.5 million for the average Trend Theatre. The historical activity for this group sometimes belies the trends reported in the section above because of the underrepresentation of smaller theatres. Key trends for this subset of larger theatres provide a longer-term perspective.

For the 78 Theatres:

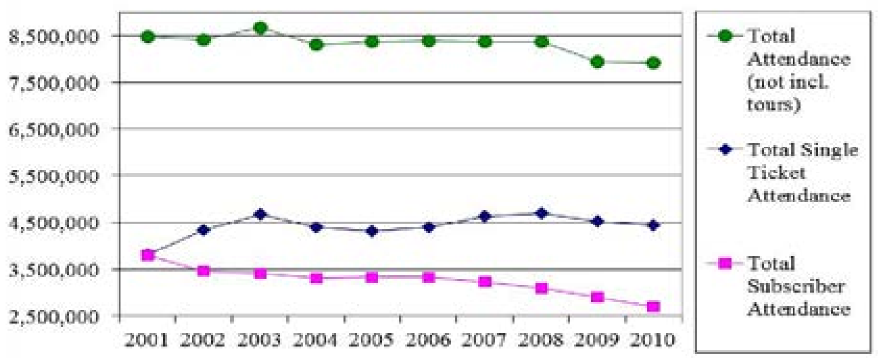
EARNED INCOME AND ATTENDANCE

- Growth in average **subscription** income declined (see Side Note **Figure A**), falling short of inflation by 16% and continuing the downward trend since its 2005 peak. Subscription renewals averaged 70% to 73% annually over the 10-year period, ending at 72% in 2010. Aggregate subscription packages sold and subscriber attendance, both of which were at a 10-year high in 2001 (see Side Note **Figure B**) steadily declined to their lowest in 2010, with 24% and 29% drops, respectively, over the period.
- After **single ticket** income dropped in 2009, it rebounded in 2010 (see Side Note **Figure A**) to achieve its second highest level of the 10-year period. Single ticket income growth outpaced inflation by 16% from 2001 to 2010. Average single ticket attendance increased 16% over the 10-year period, with a low of 50,400 in 2001 and a high of 61,800 in 2008 (see Side Note **Figure B**). Average single ticket income exceeded average subscription income every year, coming close in 2005.
- **Total attendance** (not including tours) fell 12% over the 10-year period. Single ticket attendance trended upward while subscriber attendance declined.
- From 2001 through 2007 **endowment earnings/transfers** grew steadily, then dropped off during 2008 and 2009, and rebounded in 2010 to their second highest level for the 10-year period (Side Note **Figure A**). After adjusting for inflation, endowment earnings were more than 3 times their 2001 level in 2010.
- **Capital gains and losses** fluctuated dramatically over time, reflecting the 10-year highs and lows of the stock market, as well as the addition of assets, finishing with a recovery into positive territory in 2010 (see Side Note **Figure A**). Between 23% and 35% of theatres were in a capital campaign each year.
- **All other earned income combined** rose fairly steadily to a peak in 2007, with moderate but steady decreases each year since. Over the 10-year period, other earned income outpaced inflation by 11%.
- Overall, **earned income growth** exceeded inflation by 19%.

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



Side Note Figure B: 10-Year Aggregate Attendance Trends

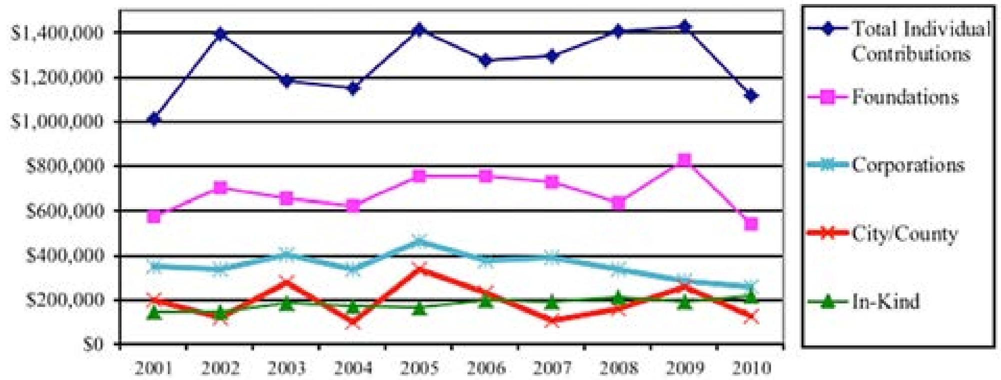


SIDE NOTE: A 10-YEAR VIEW

CONTRIBUTED INCOME (See Side Note Figure C)

- Average **individual contributions** increased 13% more than the rate of inflation. Individual contributions rose steadily from 2006 through 2009, then dropped sharply in 2010 to their lowest level since 2001.
- **Foundation funding** fluctuated, peaking in 2009. It ended 6% lower in 2010 than 2001 in inflation-adjusted figures.
- **Corporate giving** trailed inflation by 34%. Corporate funding has been on a downward trend since 2005.
- **Local government funding** was erratic, ending the period 46% lower in inflation-adjusted dollars. Spikes were tied to capital campaigns.
- **In-kind contributions** trended upward, growing 63% over the 10-year period after adjusting for inflation.
- **Growth in contributed income** outpaced inflation by 4% but total income growth trailed inflation by 13%.

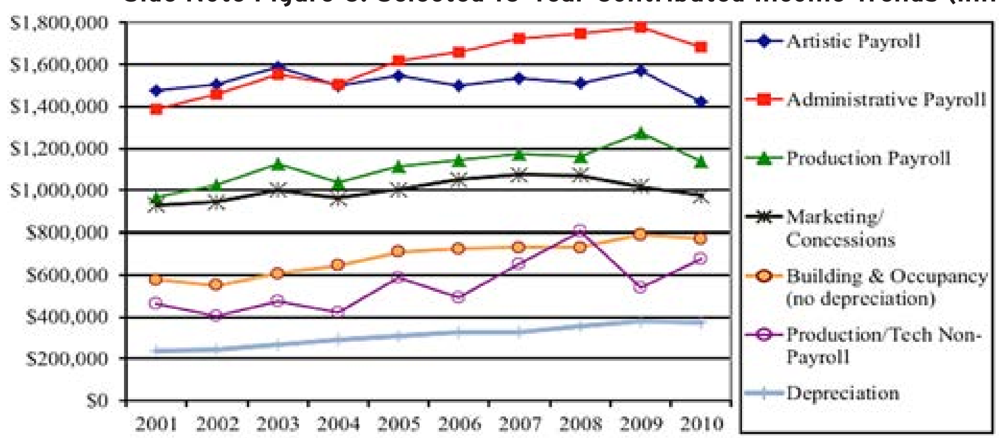
Side Note Figure C: Selected 10-Year Contributed Income Trends (inflation adjusted)



EXPENSES (See Side Note Figure D)

- Over the 10-year period, growth of **artistic payroll** fell short of inflation by 4%, reaching its lowest inflation-adjusted point of the period in 2010. **Administrative and production payroll** growth outpaced inflation by 26% and 22%, respectively, despite drops in both areas from 2009 to 2010. As a result, average administrative payroll surpassed average artistic payroll in 2004, and the gap between average production payroll and artistic payroll has narrowed considerably over time.
- Among non-payroll expenses, **depreciation** (the value of capital expenses amortized annually), **occupancy** (building, equipment and maintenance costs), and **production/technical** (production materials and rentals) expenses saw substantial increases, rising 76%, 42% and 57% respectively in inflation-adjusted figures. Average marketing expenses were above $1 million from 2005 to 2009 in inflation-adjusted figures, but dropped in 2010 to nearly the 2004 level. Physical production expenses had an upward trend from 2004 to 2008, falling in 2009 and rebounding in 2010.
- **Overall expense growth** exceeded inflation by 17%.
- Expense growth exceeded income growth, leaving the 10-Year Trend Theatres with negative **CUNA** in 2008-2010. CUNA varied in proportion to expenses, from a high of 12% in the strong economy of 2005 to a low of -10% in 2009.

Side Note Figure C: Selected 10-Year Contributed Income Trends (inflation adjusted)



SIDE NOTE: A 10-YEAR VIEW

BALANCE SHEET

Seventy-one of the 78 10-Year Trend Theatres completed the Balance Sheet section of the survey annually.

For these 71 theatres:

- **Total assets** were 64% greater in 2010 than in 2001, after adjusting for inflation, a collective $1.4 billion in 2010 compared to $767 million in 2001. In inflation-adjusted figures, the value of investments increased by 62% and the value of fixed assets grew 135% over the 10-year period.
- Over the 10-year period, **growth in net assets** outpaced inflation by 59% and **liabilities** were more than double their magnitude in 2010 as compared to 2001, after adjusting for inflation. Total net assets represented 80% of total assets in 2001 but only 72% in 2010, underscoring the growth in liabilities as a proportion of assets over the period.
- The **investment** ratio increased over time, from 55% in 2001 to 72% in 2010, peaking at 80% in 2008. The value of investments increased 62% for the 10-year period after adjusting for inflation, rebounding in 2010 after a dip from 2008 to 2009. Investments reached their peak value in 2008 at an aggregate $495 million.
- Average **working capital** was marginally positive in 2001 and negative in each of the other 9 years. Working capital fluctuated considerably, with a low of -$2.1 million in 2010 (an average -35% working capital ratio) and a high of $6,500 in 2001 (an average of less than 1% working capital ratio). As discussed in the 5-year Trend section above, 1 theatre skews the severity of total negative working capital in recent years. Eliminating this theatre and re-running the analyses still leaves average working capital at -$1.6 million for the remaining theatres in 2010, representing a working capital ratio of -20%.

PROFILED THEATRES

The *Profiled Theatre* section covers the 171 theatres that completed Fiscal Survey 2010. We examine the same details covered in the *Trend Theatre* section—i.e., earned income, contributed income, expenses and CUNA, Balance Sheet ratios, attendance, performance and pricing. Since different theatres respond to the full survey from year to year, we avoid making comparisons to Profiled Theatres of years past.

We start this section with a brief overview of aggregate, industry-wide activity related to earned income, contributed income and expenses. We then break down information into Budget Group Snapshots, which provide income, expense, attendance and performance details for the Profiled Theatres organized into 6 budget groups. Budget Group Snapshots reveal how different size theatres have distinctive needs and operating practices.

In 2010, the Profiled Theatres' budget size ranged from $114,000 to $55 million, with the average budget equal to $5.4 million. Several large theatres skew the average budget size. If we look at the median instead of the arithmetic mean, the midpoint in the budget range is $3 million. We continue to refer to the arithmetic mean when we talk about the 'average' in this report.

2010 PROFILED THEATRES (171 Theatres)

Budget Group	Number of Theatres	Budget Size
6	27	$10 million or more
5	30	$5 million – $9,999,999
4	29	$3 million – $4,999,999
3	47	$1 million – $2,999,999
2	24	$500,000 – $ 999,999
1	14	$499,999 or less

The chart to the right shows the budget ranges and the number of theatres for each group. Eighty-five percent of Profiled Theatres are resident in urban areas, 11% reside in suburban communities and 4% are located in rural areas. Theatres of all sizes can be found in each type of community.

Collectively, the Profiled Theatres ended the year with a positive bottom line in 2010.

EARNED INCOME

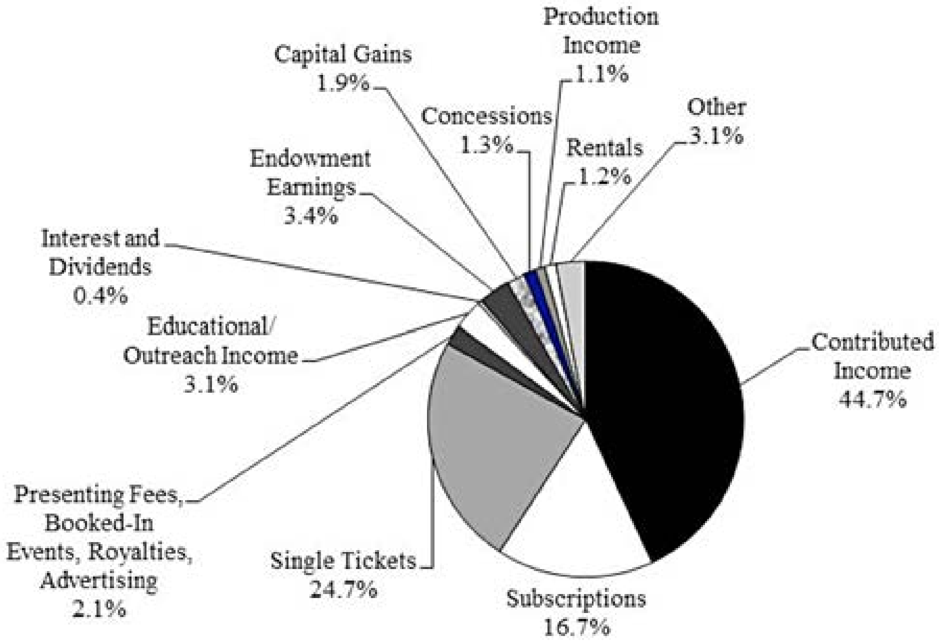
Figure 5 presents earned income details as a percentage of expenses for Profiled Theatres. Overall, earned income financed 59.0% of total expenses and contributed income financed 44.7% of total expenses; these figures add to 103.7% because total income exceeded total expenses by 3.7%, leaving theatres with positive CUNA, on average. Income from ticket sales represented 72% of total earned income and supported over 42% of all expenses. Single ticket income was the largest source of earned income and funded 24.7% of expenses.

The 171 Profiled Theatres:

- Attracted 6.9 million **single ticket buyers** and 785,000 **subscribers**/season ticket holders representing 4 million seats occupied by subscribers in 2010. Group sales and pick-and-choose vouchers accounted for 7.7% and 2% of single ticket sales, respectively. Flexible subscriptions represented 10.4% of subscription income.
- Offered approximately 1,100 **education and outreach programs** that served an audience of 2.5 million people and generated nearly $29 million in income.
- Received $9.5 million in **production income**, with 13% of that amount coming from 1 theatre. Forty-five theatres received production income; 31 reported co-production income, 19 reported enhancement income and 5 reported both.
- Produced 213 **world premieres** and earned $5.5 million from 355 **royalty properties** for an average of $15,600 per property. One theatre with only 2 properties earned over half of all income from royalties and subsidiary rights.

FIGURE 5: INCOME AS A PERCENTAGE OF EXPENSES WITH EARNED INCOME DETAIL*

**Percentages total 103.7% because total income exceeded total expenses by 3.7%.*

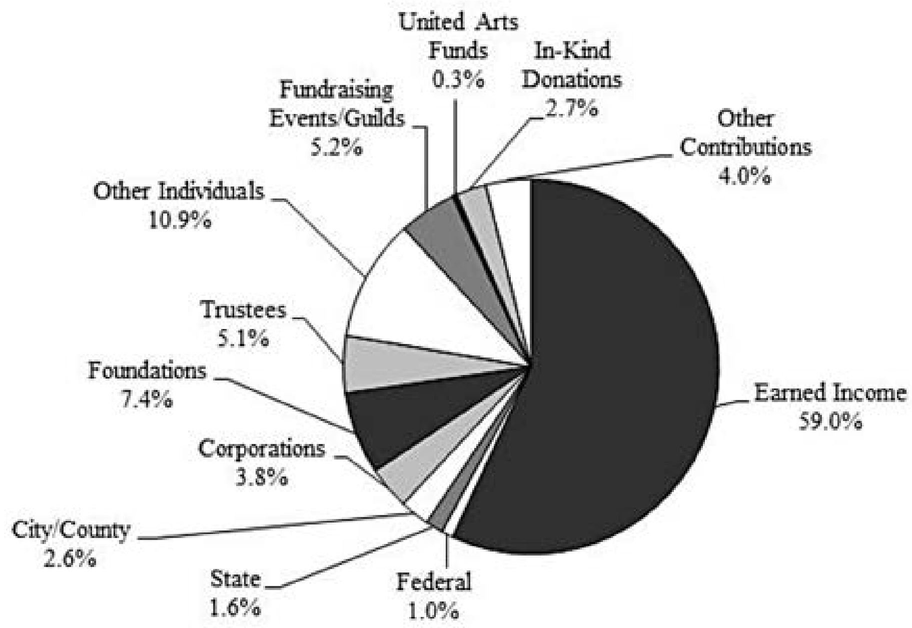


CONTRIBUTED INCOME

The contributed income analysis examines all unrestricted funds, including Net Assets Released from Temporary Restriction (NARTR), which are contributions received in a prior fiscal year for activity occurring in the current fiscal year, hence the release of funds from temporary restriction. **Figure 6** presents income detail for Profiled Theatres, with particular focus on different sources of contributed income. Contributions financed 44.7% of total expenses, with individual donations representing the largest single source of contributed income.

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

**Percentages total 103.7% because total income exceeded total expenses by 3.7%.*



Collectively, the 171 Profiled Theatres:

- Released $92 million of **NARTR**, which was reported by theatres of every budget size and supported 10% of total expenses.
- Conducted **capital campaigns** that generated $37.5 million or 9% of all contributed funds. Forty Profiled Theatres (23%) were in capital campaigns in 2010. Three theatres began current capital campaigns in 2010; 8 theatres began current capital campaigns in 2009; 5 theatres began in 2008, 6 theatres began in 2006, and the remainder between 2001 and 2006. At least 1 theatre of every budget size was in a capital campaign in the most recent year.
- Received more than $147 million in **gifts from trustees and other individuals**, which supported 16% of total expenses and accounted for 36% of all contributed dollars.
- Received 32% of individual contributions from **trustees**, who gave an average of $7,991 (see **Table 13**). Profiled Theatres' boards averaged 28 members. Larger theatres tend to have larger boards. Group 1 Theatres averaged 11 trustee donors, whereas Group 6 Theatres averaged 44.
- Attracted contributions from 212,200 **non-trustee individuals** who gave average gifts of $389 (see **Table 13**). For larger theatres (Groups 4, 5 and 6), gifts from other individuals were the greatest source of contributed funds.
- Raised $35.4 million from 3,600 **corporations**. The average corporate gift in 2010 was $9,841 (see **Table 13**). Of total corporate dollars, 23% was from NARTR.
- Received $68 million from 2,662 **foundation grants**, which averaged $25,571 (see **Table 13**). Thirty-eight percent of total foundation dollars realized in 2010 were NARTR. Foundation support was the greatest source of contributed funds for smaller (Groups 1, 2 and 3) theatres.
- Attracted $563,000 to support **touring** programs and $16.2 million in support of **education programs**.
- Accepted nearly $25 million in **in-kind donations**, raised over $48 million from special **fundraising events or guilds** and received $37 million in **other contributed support** from service organizations and sheltering organizations, such as universities, performing arts centers or museums.

TABLE 13: AVERGE GIFT BY SOURCE

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Average Trustee Gift	$ 7,991	15,082	7,519	5,669	4,619	1,950	1,775
Average Other Individual Gift	$ 389	413	335	508	343	232	207
Average Corporate Gift	$ 9,841	17,334	10,564	4,701	6,180	3,890	1,915
Average Foundation Gift	$ 25,571	41,932	25,613	22,772	16,324	14,652	10,176

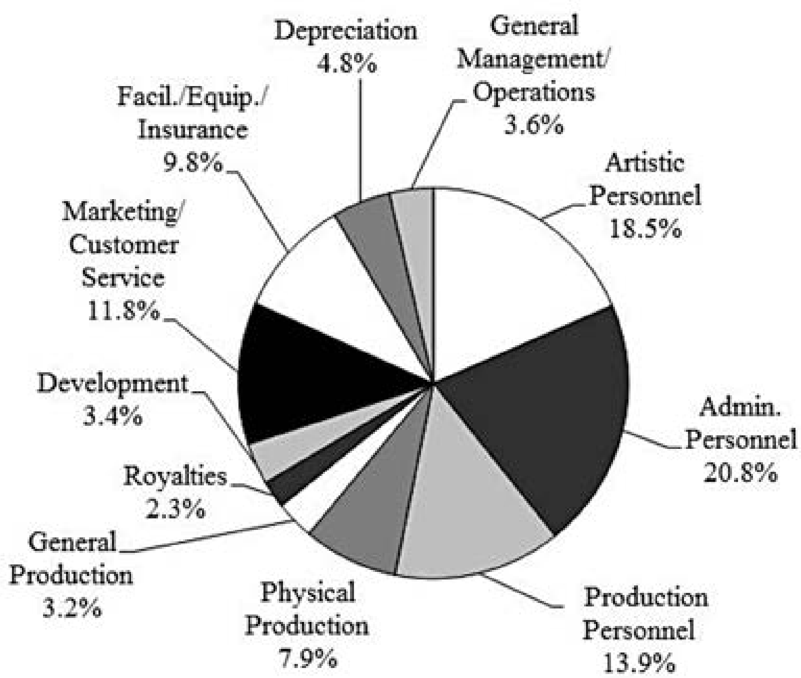
EXPENSES AND CHANGES IN UNRESTRICTED NET ASSETS (CUNA)

Profiled Theatres' expenses are detailed in **Figure 7**. Fifty-four percent of total expenses—nearly half a billion dollars in total—goes to compensation: artistic (18.5%), administrative (20.8%) and production payroll (13.9%). 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 $512 million, or 55.5% of total expenses. Theatres provide not only artistry for their communities; the labor-intensive nature of the art form preserves the livelihood of cultural workers.

In total, the Profiled Theatres contributed $925 million to the U.S. economy in 2010 in direct payments for goods and services. 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)—came to $423 million, representing 46% of all expenses. Profiled Theatres expensed nearly $124 million in occupancy/building/equipment maintenance and other administrative costs, such as office supplies and audit fees. CUNA for the 171 Profiled Theatres was $34 million, or the equivalent of 3.7% of total expenses. On average, all but the smallest theatres ended the year in the black.

The year ended with a higher level of unrestricted net assets than it began: The aggregate balance of unrestricted net assets for Profiled Theatres was $828 million at the beginning of the fiscal year and $861 million at the end of the year.

FIGURE 7: BREAKDOWN OF EXPENSES



Collectively, the 171 Profiled Theatres:

- Tend to **rent** rather than own their spaces. Forty percent own their own theatre space and offices, 48% rent and 12% operate out of donated theatre and office space.
- Paid over $21 million in **royalties** for 1,137 properties—an average of $18,600 per property.
- Recognized **depreciation**, the annual decrease in the book value of property and equipment, of $45 million.
- Allocated 9% of development expenses, 6% of marketing expenses and 20% of general management expenses for professional fees for **independent contractors or consultants**, including web services and IT.

As detailed in Table 14, the 171 Profiled Theatres also:

- Spent 21 cents **to produce every dollar of single ticket income** but only 12 cents for every **subscription** dollar earned.
- Disbursed 29 cents **to bring in every dollar of ticket income**, inclusive of salaries and benefits paid to marketing personnel.
- Paid 4 cents **to generate every dollar of contributed income** not associated with fundraising events and considering only non-personnel expenses. If we add in all development costs, including staff compensation and fundraising event expenses, and we consider all contributed income, total development expenses are 15 cents for every dollar donated.
- Spent 78 cents **to bring in each dollar of education and outreach income**. This figure takes into account income earned from education and outreach activities, such as contract fees received for adult access programs and training 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. Of the 78 cents, 53 cents go to salaries and 25 cents to items such as study guides, promotional materials, etc.

TABLE 14: PROFILED THEATRE ADMINISTRATIVE EXPENSE INDEX

- Single ticket marketing expense to single ticket income (excludes personnel expense): 21%
- Subscription marketing expense to subscription income (excludes personnel expense): 12%
- Total marketing expense to total ticket sales (includes personnel expense): 29%
- Development expense (excludes personnel expense and fundraising event expenses) to total unrestricted contributed income (excludes fundraising event income): 4%
- Fundraising event expense to fundraising event income (excludes personnel expense): 34%
- Total development expense to total unrestricted contributed income (includes fundraising event expense and personnel expense): 16%
- Total development expense (includes fundraising event expense, personnel expense) to total contributed income (includes unrestricted, temporarily restricted and permanently restricted contributed income): 15%
- Education/outreach expense to total education/outreach income (excludes personnel expense, includes both earned and contributed income): 25%
- Total education/outreach expense to total education/outreach income (includes personnel expense and both earned and contributed income): 78%

BUDGET GROUP SNAPSHOT:

EARNED INCOME

We now examine average earned income dollar figures for all Profiled Theatres and each budget group. **Table 15** provides average dollar figures for each earned income line item and **Table 16** reports each line item as a percentage of total expenses.

These tables suggest 2 general observations: (1) larger theatres rely more on ticket income to support expenses; as shown in **Table 15**, Group 6 Theatres support 46.8% of all expenses with ticket income, whereas, this figure is only 23.4% for Group 1 Theatres; and (2) larger theatres also rely more on subscription income to support expenses; as illustrated in **Tables 15** and **16**, Group 1 and 2 Theatres experience far lower subscription income relative to expenses than the industry average.

Other Observations for the 171 Profiled Theatres:

- One large Group 6 Theatre does not offer subscriptions, skewing the single ticket average for the group. Excluding this theatre would still leave Group 6's average **single ticket income** slightly higher than its subscription income.
- More than 30% of the income from **booked-in productions** was earned by 1 theatre in every group.
- Group 2 and 3 Theatres earn the highest proportion of income from **presenter fees and tour contracts** (**Table 16**).
- Group 6 Theatres earn proportionally less income from **education/outreach activities** than theatres in other groups (**Table 16**), despite the fact that only 4 Group 6 Theatres report no education/outreach income.
- Group 5 Theatres supported more expenses than other groups with **endowment earnings/transfers**, followed closely by Group 6 Theatres, as **Table 16** shows. No Group 1 Theatre reported endowment earnings.
- At least 1 theatre in every group reported a capital loss for the year, but every budget group averaged **capital gains** rather than losses. Group 6's capital gains were particularly strong.
- One theatre earned 82% of Group 1's **royalty income**, and 1 theatre earned 63% of Group 6's royalty income.
- Group 6 Theatres earned proportionally more than other groups from **production income**, as illustrated in **Table 16**. Fourteen of 27 Group 6 Theatres reported income either from co-productions with other not-for-profit theatres, productions enhanced by for-profit entities for commercial presentation or both.

TABLE 15: AVERAGE EARNED INCOME

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**171**	**27**	**30**	**29**	**47**	**24**	**14**
Subscriptions	$ 901,683	$ 3,197,692	$ 1,358,677	$ 547,383	$ 210,622	$ 47,449	$ 12,688
Single Ticket Income	1,334,567	5,303,027	1,285,642	865,724	367,513	133,251	63,063
Booked-In Events	44,862	169,167	61,486	18,863	13,969	1,695	1,069
Total Ticket Income	**$ 2,281,111**	**$ 8,669,886**	**$ 2,705,805**	**$ 1,431,970**	**$ 592,104**	**$ 182,395**	**$ 76,819**
Tour Contracts/Presenting Fees	22,681	23,035	22,646	19,175	34,299	16,628	704
Educational/Outreach Income	168,365	345,218	302,140	200,947	70,006	42,061	19,863
Royalties	32,406	181,712	11,776	1,532	4,815	207	444
Concessions	70,306	211,633	102,372	64,915	21,550	12,575	2,848
Production Income	55,821	253,848	63,450	6,201	11,389	1,134	3,268
Advertising	16,480	28,557	17,319	26,028	11,185	9,920	639
Rentals	64,230	199,532	94,863	43,792	20,215	19,368	4,656
Other	170,001	573,850	277,199	90,756	51,516	8,208	723
Total Other Earned Income	**$ 600,290**	**$ 1,817,386**	**$ 891,765**	**$ 453,345**	**$ 224,975**	**$ 110,100**	**$ 33,144**
Interest and Dividends	22,480	88,253	20,663	12,770	9,300	827	1,002
Endowment Earnings/Transfers	182,525	637,596	395,435	39,099	21,060	414	–
Capital Gains/(Losses)	103,669	492,071	108,387	30,805	3,677	4,380	1,331
Total Investment Income	**$ 308,674**	**$ 1,217,920**	**$ 524,485**	**$ 82,674**	**$ 34,037**	**$ 5,621**	**$ 2,333**
Total Earned Income	**$ 3,190,075**	**$ 11,705,192**	**$ 4,122,055**	**$ 1,967,989**	**$ 851,115**	**$ 298,117**	**$ 112,297**

TABLE 16: AVERAGE EARNED INCOME AS A PERCENTAGE OF EXPENSES

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**171**	**27**	**30**	**29**	**47**	**24**	**14**
Subscriptions	16.7%	17.3%	19.3%	14.1%	12.8%	6.3%	3.9%
Single Ticket Income	24.7%	28.6%	18.2%	22.3%	22.3%	17.6%	19.2%
Booked-In Events	0.8%	0.9%	0.9%	0.5%	0.8%	0.2%	0.3%
Total Ticket Income	**42.2%**	**46.8%**	**38.4%**	**36.9%**	**35.9%**	**24.1%**	**23.4%**
Tour Contracts/Presenting Fees	0.4%	0.1%	0.3%	0.5%	2.1%	2.2%	0.2%
Educational/Outreach Income	3.1%	1.9%	4.3%	5.2%	4.2%	5.6%	6.0%
Royalties	0.6%	1.0%	0.2%	0.0%	0.3%	0.0%	0.1%
Concessions	1.3%	1.1%	1.5%	1.7%	1.3%	1.7%	0.9%
Production Income	1.1%	1.4%	0.9%	0.2%	0.7%	0.1%	1.0%
Advertising	0.3%	0.2%	0.2%	0.7%	0.7%	1.3%	0.2%
Rentals	1.2%	1.1%	1.3%	1.1%	1.2%	2.6%	1.4%
Other	3.1%	3.1%	3.9%	2.3%	3.1%	1.1%	0.2%
Total Other Earned Income	**11.1%**	**9.8%**	**12.6%**	**11.7%**	**13.6%**	**14.5%**	**10.1%**
Interest and Dividends	0.4%	0.5%	0.3%	0.3%	0.6%	0.1%	0.3%
Endowment Earnings/Transfers	3.4%	3.4%	5.6%	1.0%	1.3%	0.1%	0.0%
Capital Gains/(Losses)	1.9%	2.7%	1.5%	0.8%	0.2%	0.6%	0.4%
Total Investment Income	**5.7%**	**6.6%**	**7.4%**	**2.1%**	**2.1%**	**0.7%**	**0.7%**
Total Earned Income	**59.0%**	**63.2%**	**58.5%**	**50.7%**	**51.6%**	**39.4%**	**34.2%**

BUDGET GROUP SNAPSHOT:

ATTENDANCE, PRICING AND PERFORMANCES

We now take a detailed look at marketing and performance measures for the Profiled Theatres (see **Table 17**). 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 17**.

The 171 Profiled Theatres:

- **Attracted** over 12.8 million patrons, sold 785,000 subscriptions and held over 46,500 main series performances.
- Filled an average of 71% of their seats with paying customers. Smaller theatres tend to play to smaller houses with a lower **proportion of the house filled** with subscribers. This is especially true for Group 2 Theatres.
- Renewed 72% of subscribers from the prior year, on average. Group 1 Theatres experienced the highest **renewal rates** and Group 2 the lowest.
- Charged similar **prices** for subscribers and single ticket buyers. Group 6 and 2 Theatres charged slightly higher average prices for subscribers than for single ticket buyers, while the reverse was true for all other groups.
- Provided 74,274 weeks of **actor employment**; actor employment weeks increase as budget size increases, generally speaking.
- **Employed** an average of 192 full-time, part-time and jobbed-in administrative, technical and artistic personnel during the course of the year. The aggregate number of people employed across Profiled Theatres was 32,913.
- Tend to offer more **ticket packages** as budget size increases.
- Offered some **resident productions off subscription**. Considering only capacity of those productions offered on subscription, subscribers filled an average of 34% of potential capacity: 37% for Group 6, 5 and 4 Theatres, 36% for Group 3 Theatres, 20% for Group 2, and 18% for Group 1.
- Collectively offered 5,272 weeks of **performances** around the country.
- Experienced **employee turnover** rates that fluctuated considerably depending on budget size.

TABLE 17: INDUSTRY AVERAGES

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**171**	**27**	**30**	**29**	**47**	**24**	**14**
Subscription Renewal Rate	72%	73%	73%	75%	73%	63%	78%
High Subscription Discount	41%	43%	40%	43%	35%	34%	88%
Low Subscription Discount	11%	9%	9%	15%	12%	11%	9%
Subscription Price (per ticket)	$30.95	$45.20	$35.40	$32.00	$25.22	$20.32	$19.43
Single Ticket Price	$30.97	$42.56	$35.50	$35.31	$26.13	$20.26	$20.91
Number of Ticket Packages Offered	6	9	6	5	6	4	2
Number of Subscribers/Season Ticket Holders	5,306	14,444	7,228	4,671	1,756	621	309
Subscription Tickets (#subscribers x #tickets/ package sold)	27,186	75,051	37,383	22,476	9,148	3,019	1,276
Single Tickets	41,599	123,330	46,260	32,154	21,334	9,161	3,895
Total In-Residence Paid Capacity Utilization	71%	75%	72%	74%	71%	62%	73%
Total In-Residence Subscriber Capacity Utilization	24%	27%	28%	30%	22%	12%	14%
Number of Main Series Performances	195	377	259	207	138	92	46
Number of Performance Weeks	31	41	35	31	29	27	17
Number of Actor Employment Weeks (sum of # weeks each actor employed)	450	957	439	469	334	250	79
Number of Total Paid Employees (includes jobbed-in, part-time and full-time personnel)	192	500	236	166	105	83	42
Paid Employee Turnover (# vacated positions/total # pd. employees)	9%	10%	11%	8%	6%	11%	12%

BUDGET GROUP SNAPSHOT:

CONTRIBUTED INCOME

Table 18 reports average contributions for all Profiled Theatres and for each budget group. In **Table 19**, we present contributions and CUNA as a percentage of expenses. We supplement these tables with the following observations.

The 171 Profiled Theatres received federal funds equal to 1% of expenses and 2% of total contributed income. No theatre received NEH funding. Not every theatre that reports NEA funding provides detail about the granting category from which they were awarded funds. For those that do, 57 theatres received NEA Access to Artistic Excellence grants averaging $26,900 per grant; 9 theatres received an average grant of $31,900 for Learning in the Arts for Children and Youth projects; 1 theatre received a Challenge America Fast-Track grant of $10,000; 8 theatres received $25,000 grants and 1 theatre received $45,000 for the Shakespeare for a New Generation program; and 28 theatres received American Recovery and Reinvestment Act grants averaging $33,800. Every group benefited from some form of federal funding.

TABLE 18: AVERAGE CONTRIBUTED INCOME AND TOTAL INCOME	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	171	27	30	29	47	24	14
Federal	$ 56,422	$ 136,669	$ 83,499	$ 55,145	$ 28,929	$ 16,430	$ 7,143
State	85,630	158,073	156,522	107,156	39,656	23,406	10,428
City/County**	141,415	297,742	93,148	106,374	206,772	16,856	10,053
Corporations	207,184	660,626	301,415	120,614	84,028	38,253	13,133
Foundations	398,077	1,018,797	492,631	402,824	212,218	139,803	55,241
Trustees	276,695	761,653	458,143	270,448	90,781	28,023	15,974
Other Individuals	588,734	1,894,266	707,231	563,135	184,857	114,654	38,603
Fundraising Events/Guilds	281,475	908,288	346,305	243,229	105,272	32,421	31,408
United Arts Funds	18,102	9,233	85,707	0	4,309	2,599	714
In-Kind Services/Materials/Facilities	145,424	361,858	230,458	162,280	47,346	38,206	23,952
Other Contributions	218,293	833,508	241,277	49,346	121,990	17,479	76
Total Contributed Income	**$ 2,417,451**	**$ 7,040,714**	**$ 3,196,337**	**$ 2,080,551**	**$ 1,126,159**	**$ 468,129**	**$ 206,725**
Total Income	**$ 5,607,526**	**$ 18,745,906**	**$ 7,318,392**	**$ 4,048,540**	**$ 1,977,274**	**$ 766,246**	**$ 319,022**

**Skewed by 1 Group 3 Theatre's exceptional activity.

TABLE 19: AVERAGE CONTRIBUTED INCOME AS A PERCENTAGE OF EXPENSES	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	171	27	30	29	47	24	14
Federal	1.0%	0.7%	1.2%	1.4%	1.8%	2.2%	2.2%
State	1.6%	0.9%	2.2%	2.8%	2.4%	3.1%	3.2%
City/County**	2.6%	1.6%	1.3%	2.7%	12.5%	2.2%	3.1%
Corporations	3.8%	3.6%	4.3%	3.1%	5.1%	5.1%	4.0%
Foundations	7.4%	5.5%	7.0%	10.4%	12.9%	18.5%	16.8%
Trustees	5.1%	4.1%	6.5%	7.0%	5.5%	3.7%	4.9%
Other Individuals	10.9%	10.2%	10.0%	14.5%	11.2%	15.1%	11.7%
Fundraising Events/Guilds	5.2%	4.9%	4.9%	6.3%	6.4%	4.3%	9.6%
United Arts Funds	0.3%	0.0%	1.2%	0.0%	0.3%	0.3%	0.2%
In-Kind Services/Materials/Facilities	2.7%	2.0%	3.3%	4.2%	2.9%	5.0%	7.3%
Other Contributions	4.0%	4.5%	3.4%	1.3%	7.4%	2.3%	0.0%
Total Contributed Income	**44.7%**	**38.0%**	**45.3%**	**53.6%**	**68.2%**	**61.8%**	**62.9%**
Total Income	**103.7%**	**101.1%**	**103.8%**	**104.2%**	**119.8%**	**101.2%**	**97.1%**

**Skewed by 1 Group 3 Theatre's exceptional activity.

For the 171 Profiled Theatres:

- **Federal funding** for Group 1 Theatres was skewed by 1 theatre, whose support from federal sources accounted for half of the Group's total.
- Group 1 and 2 Theatres received the highest proportion of **state funding** as a percentage of expenses and Group 6 Theatres the lowest.
- Group 3 Theatres received unusually high **city and county funding,** driven by 1 theatre that accounted for 76% of the group's total with exceptional local support of its capital campaign. Eliminating this theatre from the analysis would leave city/county funding at 3% of expenses for remaining Group 3 Theatres.
- Group 2 and 3 Theatres covered a higher percentage of expenses with **corporate support** than other groups: 5.1% for both groups.
- Larger theatres received higher **foundation support** in absolute terms, but smaller theatres received much greater foundation support as a percentage of expenses. Group 2 Theatres' foundation grants supported 18.5% of total expenses on average. Of the 171 theatres, all but 1 Group 6 Theatre received some foundation support.
- **Individual giving** from trustees and other individuals played a more important role in financing the expenses of Group 4 Theatres than for other Groups.
- All Group Theatres but Group 1 finished the year with total **income in excess of total expenses**, as described in more detail in the section below.

BUDGET GROUP SNAPSHOT:

EXPENSES AND CHANGES IN UNRESTRICTED NET ASSETS (CUNA)

Table 20 shows average expense figures for all Profiled Theatres and for each budget group. In **Table 21**, we show key personnel and non-personnel expenses allocated by administrative department. **Table 22** presents each expense line item as a percentage of total expenses.

TABLE 20: AVERAGE EXPENSES AND CUNA

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**171**	**27**	**30**	**29**	**47**	**24**	**14**
Artistic Payroll	$ 999,554	$ 3,198,288	$1,213,950	$ 810,441	$ 400,281	$192,507	$ 86,807
Administrative Payroll	1,123,938	3,640,938	1,589,691	844,892	355,998	171,174	61,100
Production Payroll	752,080	2,667,386	1,123,972	449,189	174,073	59,094	17,213
Total Payroll	**$ 2,875,572**	**$ 9,506,612**	**$3,927,613**	**$ 2,104,522**	**$ 930,352**	**$422,775**	**$165,120**
General Artistic Non-Payroll	172,768	577,465	233,415	128,196	54,522	19,981	13,533
Royalties	123,783	370,627	196,203	104,156	41,858	8,667	5,570
Production/Tech Non-Payroll physical production)	425,892	1,938,737	327,269	189,521	85,895	38,601	14,570
Development/Fundraising	186,520	600,377	253,340	158,741	59,275	19,989	15,389
Marketing/Customer Service/Concessions	636,283	2,234,943	802,074	438,045	198,284	75,370	40,510
Occupancy/Building/Equipment/ Maintenance	530,535	1,757,515	673,725	453,693	155,107	82,274	45,370
Depreciation	261,326	948,653	344,765	179,704	53,415	39,474	4,344
General Management/Operations	196,334	599,364	292,471	127,029	72,087	50,175	24,289
Total Expenses	**$ 5,409,013**	**$18,534,293**	**$7,050,876**	**$3,883,607**	**$1,650,794**	**$757,306**	**$328,696**
Changes in Unrestricted Net Assets (CUNA)**	**$ 198,513**	**$ 211,613**	**$ 267,517**	**$ 164,933**	**$ 326,480**	**$ 8,940**	**$ (9,674)**

**Skewed by 1 Group 3 Theatre's exceptional activity.

If we combine personnel and non-personnel program costs allocated to the various administrative departments (see **Table 21**), we find that Profiled Theatres spent an average of $376,198 on development, $659,082 on marketing, $251,295 on front-of-house (including box office, house management and concessions) and $105,109 on education. It is interesting to note that theatres tend to spend more on non-personnel expenses with respect to marketing than they do on marketing staff, regardless of budget size, whereas, staff compensation is the larger allocation of total front-of-house and education/outreach expenses, with a few exceptions in the case of smaller theatres that likely use more volunteers. Development tends to be fairly evenly split between personnel and non-personnel expenses for Group 2 Theatres and larger (see **Table 21**).

TABLE 21: 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	$ 189,678	$ 634,698	$ 253,873	$ 160,514	$ 58,164	$ 21,854	$ 9,125
Non-personnel Development Expenses	186,520	600,377	253,340	158,741	59,275	19,989	15,389
Marketing Personnel	191,229	653,231	278,030	118,616	59,525	17,977	3,784
Non-personnel Marketing Expenses	467,853	1,735,547	567,656	290,647	129,706	48,389	30,513
Front-of-House Personnel	147,471	520,812	190,437	106,779	42,733	13,951	193
Non-personnel Front-of-House Expenses	103,823	337,701	132,773	87,674	37,154	12,815	4,022
Education Programs/Outreach Personnel	140,503	393,747	222,031	143,513	42,828	26,088	9,439
Non-personnel Education/Outreach Expenses	64,606	161,694	101,645	59,724	31,424	14,166	5,975

TABLE 22: AVERAGE EXPENSES AND CUNA AS A PERCENTAGE OF TOTAL EXPENSES	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**171**	**27**	**30**	**29**	**47**	**24**	**14**
Artistic Payroll	18.5%	17.3%	17.2%	20.9%	24.2%	25.4%	26.4%
Administrative Payroll	20.8%	19.6%	22.5%	21.8%	21.6%	22.6%	18.6%
Production Payroll	13.9%	14.4%	15.9%	11.6%	10.5%	7.8%	5.2%
Total Payroll	53.2%	51.3%	55.7%	54.2%	56.4%	55.8%	50.2%
General Artistic Non-Payroll	3.2%	3.1%	3.3%	3.3%	3.3%	2.6%	4.1%
Royalties	2.3%	2.0%	2.8%	2.7%	2.5%	1.1%	1.7%
Production/Tech Non-Payroll (physical production)	7.9%	10.5%	4.6%	4.9%	5.2%	5.1%	4.4%
Development/Fundraising	3.4%	3.2%	3.6%	4.1%	3.6%	2.6%	4.7%
Marketing/Customer Service/Concessions	11.8%	12.1%	11.4%	11.3%	12.0%	10.0%	12.3%
Occupancy/Building/Equipment/Maintenance	9.8%	9.5%	9.6%	11.7%	9.4%	10.9%	13.8%
Depreciation	4.8%	5.1%	4.9%	4.6%	3.2%	5.2%	1.3%
General Management/Operations	3.6%	3.2%	4.1%	3.3%	4.4%	6.6%	7.4%
Total Expenses	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Changes in Unrestricted Net Assets (CUNA)**	**3.7%**	**1.1%**	**3.8%**	**4.2%**	**19.8%**	**1.2%**	**-2.9%**
**Skewed by 1 Group 3 Theatre's exceptional activity.							

For the 171 Profiled Theatres, as detailed in Table 22:

- Smaller theatres—especially Group 1 Theatres—tend 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 Group 5 and 6.
- Group 1 and 6 Theatres spend proportionally less on **administrative payroll**.
- Group 4 and 5 Theatres spend slightly more proportionally than other groups on **royalties**.
- Group 1, 2 and 4 Theatres spend a greater proportion of their budget on **occupancy expenses** related to facilities.
- Half of Group 2 Theatres **own their own stage**, a higher percentage than other groups, which is reflected in Group 2's depreciation percentage being the highest.
- Smaller theatres spend more of their budgets on **general management expenses and operations**.
- Group 3 Theatres reported the most dramatic level of **CUNA**, driven by the 1 outlier with exceptional local funding described in the section above. Eliminating this theatre from the analyses would leave average CUNA for all Profiled Theatres at $141,000 (2.6% of expenses) and CUNA of $116,000 for Group 3 Theatres (7% of expenses).

BUDGET GROUP SNAPSHOT:

BALANCE SHEET

The Balance Sheet reflects a theatre's long-term fiscal health and stability. It reflects the bigger picture of a theatre's capital structure that has been added to over time, while CUNA is an important indicator of activity for a given year only. The 160 Profiled Theatres that completed the Balance Sheet section of the survey collectively held $2.1 billion in total assets and $1.5 billion in net assets, 57% of which was in unrestricted funds. As in the Trend Theatres section, we use Cool Spring Analytics' measures of fiscal health with respect to investments, physical capital and working capital.

Quick Reference for Calculation of Key Balance Sheet Indicators

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

WORKING CAPITAL RATIO = WORKING CAPITAL/TOTAL EXPENSES

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

INVESTMENT RATIO = TOTAL INVESTMENTS/TOTAL EXPENSES

In **Table 23**, we see that 71% of Profiled Theatres' net assets—permanently restricted, temporarily restricted and unrestricted—are fixed assets, 36% are investments and 13% are other net assets; negative working capital deducts 20% from the total, as detailed further in **Table 24**. The distribution of net assets varies depending on theatre size, with mid-size theatres having a greater proportion of fixed and other net assets. As theatre size increases, so does the proportion of total net assets held in investments. In addition to the figures reported below, 7 theatres are beneficiaries of endowments ranging from $30,000 to $2 million that are held by other entities (e.g., by a community foundation) and are not reflected in their Balance Sheet.

Profiled Theatres possess an aggregate $1.1 billion in fixed assets. Fixed assets represent 50% and 57% of total net assets for Group 5 and Group 1, respectively, 90% of total net assets for Group 2 Theatres, and between 74% and 87% of the total for the other 3 Groups.

The investment ratio is best examined over time. More than half of the Profiled Theatres reported having some investments, as demonstrated in **Table 23**. These investments include endowments and cash reserves that generate growth in value and 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. In the poor economy of 2009, many investments lost some of the value that had accumulated over prior years, as indicated in the Trend section above. Group 6 Theatres' aggregate investments are the equivalent of 82% of their combined total expenses. One Group 1 and 1 Group 2 Theatre reported having unrestricted endowment funds.

TABLE 23: AVERAGE TOTAL NET ASSETS

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	160	25	29	29	42	21	14
Working Capital**	$ (1,902,460)	$ (8,290,332)	$ (1,000,763)	$ (1,301,979)	$ (626,125)	$ (233,799)	$ 60,799
Fixed Assets	$ 6,764,235	$ 28,711,311	$ 4,569,749	$ 4,716,034	$ 1,796,780	$ 855,470	$ 126,960
Investments	$ 3,460,118	$ 15,526,674	$ 4,350,633	$ 945,056	$ 228,282	$ 103,496	$ 8,274
Other Net Assets	$ 1,204,981	$ 2,986,646	$ 1,208,944	$ 1,721,869	$ 664,791	$ 229,830	$ 27,823
Total Net Assets	**$ 9,526,874**	**$ 38,934,300**	**$ 9,128,563**	**$ 6,080,980**	**$ 2,063,729**	**$ 954,997**	**$ 223,856**
Total Expenses	**$ 5,513,440**	**$ 19,048,860**	**$ 7,034,618**	**$ 3,883,607**	**$ 1,634,514**	**$ 764,238**	**$ 328,696**
Investment Ratio	**63%**	**82%**	**62%**	**24%**	**14%**	**14%**	**3%**

**Skewed by 1 Group 1 Theatre's exceptional activity.

Working capital represents theatres' ability to meet day-to-day cash needs and current obligations. **Tables 23** and **24** show that, on average, working capital was negative for Profiled Theatres, which means that these theatres are borrowing funds to meet daily operating needs. The severity of the working capital situation for Group 6 Theatres, although particularly pronounced, is largely driven by 1 theatre. Eliminating this theatre from the analysis would leave average working capital at -$4.6 million for Group 6 Theatres and shift the average for all Profiled Theatres to -$1.3 million. Only Group 1 Theatres reported positive average working capital. Overall, the lowest reported working capital was -$96 million and the highest was $8.2 million.

Another indicator of organizational health is the working capital ratio, a comparison of working capital to total expenses. One way to think about working capital is whether there is enough capital to handle cash flow fluctuations for a period of time. For example, a ratio of 25% translates into 3 months of working capital. Of the 160 Profiled Theatres that completed the Balance Sheet portion of the survey, 10% reported a working capital ratio of 25% or more while 63% reported negative working capital. The overall working capital ratio for the Profiled Theatres was -35%. The lowest reported working capital ratio was a negative magnitude of 6.4 times the size of the budget, and the highest was equivalent to 106% of budget. As mentioned above, 1 Group 6 Theatre's negative working capital skewed the average both for the Group and for the Profiled Theatres as a whole. Excluding this theatre from the analysis, the average working capital ratio is -24% for remaining Group 6 Theatres, -24% for all Profiled Theatres. Group 3 Theatres experienced relatively severe working capital shortages averaging -38% of expenses, leaving them with little financial flexibility. Group 1 Theatres reported an average positive working capital ratio of 18%.

TABLE 24: AVERAGE WORKING CAPITAL

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	160	25	29	29	42	21	14
Total Unrestricted Net Assets	$ 5,416,011	$ 23,004,304	$ 4,114,315	$ 3,656,111	$ 1,175,022	$ 672,727	$ 188,117
Fixed Assets	$ 6,764,235	$ 28,711,311	$ 4,569,749	$ 4,716,034	$ 1,796,780	$ 855,470	$ 126,960
Unrestricted Investments	$ 554,237	$ 2,583,324	$ 545,329	$ 242,056	$ 4,367	$ 51,056	$ 357
Working Capital**	**$ (1,902,460)**	**$ (8,290,332)**	**$ (1,000,763)**	**$ (1,301,979)**	**$ (626,125)**	**$ (233,799)**	**$ 60,799**
Total Expenses	**$ 5,513,440**	**$ 19,048,860**	**$ 7,034,618**	**$ 3,883,607**	**$ 1,634,514**	**$ 764,238**	**$ 328,696**
Working Capital Ratio**	**-35%**	**-44%**	**-14%**	**-34%**	**-38%**	**-31%**	**18%**

**Skewed by 1 Group 1 Theatre's exceptional activity.

CONCLUSION

Overall, there is evidence of a tentative recovery. After 2 years of pronounced capital losses that put bottom lines in the red, the average theatre ended the year in the black in 2010. With the fledgling recovery of the economy in 2010, theatres again saw more robust endowment earnings, more capital gains and a bump in single ticket sales. However, contributed support from nearly every funding source was lower in 2010 than in either 2008 or 2009. The average theatre cut its expenses in nearly every area in 2010, but expense growth still outpaced inflation for the 5-year period. Job cuts affected full-time, part-time and jobbed-in employees, putting added pressure on remaining employees. Worsening negative working capital is a major cause for concern and a threat to the field's future viability. Nonetheless, more theatres ended 2010 with positive CUNA rather than negative, which is a turn-around from recent years.

TCG member theatres can be found in every state of the nation, creating a strong and diverse theatrical heritage. They provide meaningful employment to artists, professional theatre administrators and technicians. They make significant contributions to their communities and to the U.S. economy. As a field, they contributed an estimated $1.9 billion to the economy in the form of direct compensation and payment for services and goods. They opened their doors to 31 million patrons. They provided employment to 119,800 artists, administrators and technical personnel. They created 163,000 performances of 16,000 productions that now represent the American theatre legacy of 2010.

METHODOLOGY

Theatre Facts 2010 includes information on participating theatres' fiscal years ending anytime between October 31, 2009, and September 30, 2010. Profiled Theatres' information was verified against certified financial audits. The adjustment for inflation in the discussion of Trend Theatres of 8% (23% for the 10-Year View) 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.

We base the Universe section extrapolation on weighted averages for TCG member theatres of similar budget sizes. 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 1,636 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 2 came within 1% of each other, suggesting that the extrapolated figures, while imperfect, are reasonably accurate estimates.

One editing note: TCG opted to use numerals rather than the conventional spelling out of numbers under 10, except when a number began a sentence, for the sake of consistency and readability.

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For more information on TCG's research efforts, including Theatre Facts, Snapshot Surveys and other projects, visit the Tools & Research section of the TCG website, www.tcg.org.

For 50 years, Theatre Communications Group (TCG), the national organization for the American theatre, has existed to strengthen, nurture and promote the professional not-for-profit American theatre. Its programs serve nearly 700 member theatres and affiliate organizations and more than 12,000 individuals nationwide. As the US Center of the International Theatre Institute, TCG connects its constituents to the global theatre community. In all of its endeavors, TCG seeks to increase the organizational efficiency of its member theatres, cultivate and celebrate the artistic talent and achievements of the field, and promote a larger public understanding of, and appreciation for, the theatre. TCG is a 501(c)(3) not-for-profit organization.

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2010 PROFILED THEATRES

The following theatres participated in the TCG Fiscal Survey 2010 survey. Each theatre's budget group is noted in parentheses.
Trend Theatres are bolded. ***10-Year Trend Theatres are bolded and in italics.***

ALABAMA

Alabama Shakespeare Festival (5)

ALASKA

Perseverance Theatre (2)

ARIZONA

Actors Theatre of Phoenix (3), Arizona Theatre Company (5), ***Childsplay, Inc. (3),*** **Phoenix Theatre (4)**

ARKANSAS

Arkansas Repertory Theatre (4), TheatreSquared (1)

CALIFORNIA

American Conservatory Theater (6), The Antaeus Company (1), Aurora Theatre Company (3), ***Berkeley Repertory Theatre (6), Center Theatre Group (6),*** Diversionary Theatre (2), ***The Geffen Playhouse (6),*** La Jolla Playhouse (6), ***Laguna Playhouse (5),*** **Marin Shakespeare Company (2),** North Coast Repertory Theatre (3), ***The Old Globe (6), PCPA Theaterfest (4),*** **San Diego Repertory Theatre (3),** ***Shakespeare Santa Cruz (3), South Coast Repertory (6), TheatreWorks (5),*** Watts Village Theater Company (1), Will Geer's Theatricum Botanicum (2)

COLORADO

Arvada Center for the Arts & Humanities (6), Creede Repertory Theatre (2), **Curious Theatre Company (3),** ***Denver Center Theatre Company (6)***

CONNECTICUT

Connecticut Repertory Theatre (3), ***Hartford Stage (5), Long Wharf Theatre (5),*** **Westport Country Playhouse (5),** ***Yale Repertory Theatre (5)***

D.C.

Arena Stage (6), **Folger Theatre (3), Ford's Theatre (6)**, ***Shakespeare Theatre Company (6), The Studio Theatre (5),*** **Woolly Mammoth Theatre Company (4)**

FLORIDA

American Stage Theatre Company (3), Asolo Repertory Theatre (5), ***Florida Studio Theatre (4),*** Maltz Jupiter Theatre (4), Stageworks (2)

GEORGIA

Alliance Theatre (6), Dad's Garage Theatre Company (2), The New American Shakespeare Tavern (3)

IDAHO

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

ILLINOIS

Adventure Stage Chicago (2), ***Chicago Shakespeare Theater (6), Court Theatre (4),*** Goodman Theatre (6), **Lookingglass Theatre Company (5),** ***Northlight Theatre (4),*** Porchlight Music Theatre Chicago (1), Remy Bumppo Theatre Company (2), Stage Left (1), ***Steppenwolf Theatre Company (6)***, Timeline Theatre Company (3), Victory Gardens Theater (4), **Writers' Theatre (4)**

INDIANA

Indiana Repertory Theatre (5)

IOWA

Riverside Theatre (2)

KENTUCKY

Actors Theatre of Louisville (5)

MAINE

Penobscot Theatre (2), **Portland Stage Company (3)**

MARYLAND

CENTERSTAGE (5), **Everyman Theatre (3),** ***Imagination Stage (5), Round House Theatre (4)***

MASSACHUSETTS

American Repertory Theatre (6), **Barrington Stage Company (3),** ***Huntington Theatre Company (6),*** **The Lyric Stage Company of Boston (3), Merrimack Repertory Theatre (3),** ***New Repertory Theatre (3), Shakespeare & Company (4),*** Williamstown Theatre Festival (4)

MINNESOTA

The Children's Theatre Company (6), Commonweal Theatre Company (2), Guthrie Theater (6), The Jungle Theater (3), Penumbra Theatre Company (3), ***Pillsbury House Theatre (2),*** **Stages Theatre Company (3),** Steppingstone Theatre (3), Ten Thousand Things Theater Company (1)

MISSOURI

The Coterie Theatre (3), Kansas City Repertory Theatre (5), The Repertory Theatre of St. Louis (5), ***Unicorn Theatre (2)***

NEBRASKA

Omaha Theater Company (4)

NEW JERSEY

George Street Playhouse (4), ***McCarter Theatre Center (6),*** Paper Mill Playhouse (6), ReVision Theatre (1), The **Shakespeare Theatre of New Jersey (4),** Two River Theater Company (4)

NEW YORK

Adirondack Theatre Festival (1), ***Atlantic Theater Company (4),*** Castillo Theatre (2), Clubbed Thumb (2), ***Geva Theatre Center (5),*** Here Arts Center (3), Irondale Ensemble Project (2), **Lark Play Development Center (2),** ***Mabou Mines (3), Manhattan Theatre Club (6),*** Merry-Go-Round Playhouse (4), New Dramatists, Inc. (3), New Georges (1), New York Stage & Film, Inc. (3), **Pregones Theater (3)**, The Public Theater (6), ***Roundabout Theatre Company (6),*** **Signature Theatre Company (4)**, ***SITI Company (3), Syracuse Stage (5),*** The 52nd Street Project (3), **Theatre for a New Audience (4),** Vital Theatre Company (3), ***The Wooster Group (3)***

NORTH CAROLINA

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

OHIO

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

OREGON

Artists Repertory Theatre (3), **Miracle Theatre Group (2),** ***Oregon Shakespeare Festival (6), Portland Center Stage (5)***

PENNSYLVANIA

Arden Theatre Company (4), Bloomsburg Theatre Ensemble (2), City Theatre Company (3), Fulton Theatre (4), **Open Stage of Harrisburg (1), The Pennsylvania Shakespeare Festival (3), 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 (4), The Warehouse Theatre (1)

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 Ensemble Theatre (3), Main Street Theater (3), Shakespeare Dallas (2), **WaterTower Theatre (3),** ***ZACH Theatre (4)***

VERMONT

Northern Stage (3)

VIRGINIA

Roadside Theater (1), Signature Theatre (5)

WASHINGTON

ACT Theatre (ACT) (4), Harlequin Productions (2), ***Seattle Children's Theatre (5), Seattle Repertory Theatre (6),*** **Taproot Theatre Company (3)**

WISCONSIN

American Players Theatre (4), Milwaukee Repertory Theater (5)