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

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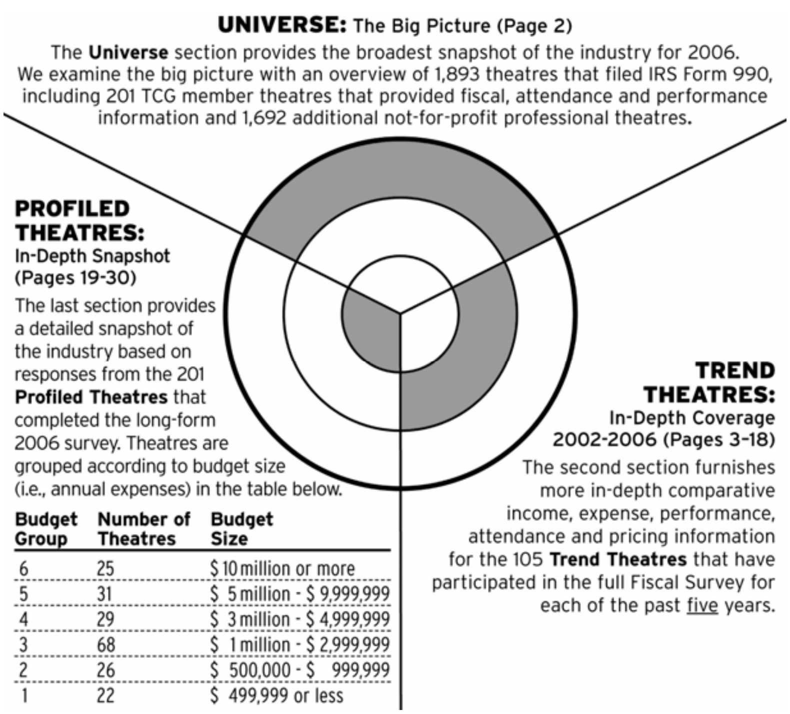
Theatre Facts uses responses to the annual TCG Fiscal Survey to offer an analysis of the field's attendance, performance and fiscal health. *Theatre Facts 2006* compiles information for the fiscal year that theatres completed during the period between September 30, 2005, and August 31, 2006. Last year's *Theatre Facts 2005* highlighted sustained improvement in the industry's fiscal health, while this year's report reveals slight declines in some key areas. Despite ongoing challenges, theatres continue to make tremendous contributions to the nation's artistic legacy, to their communities and to the economy.

The report is organized into three sections that offer different perspectives. *The Universe* section provides a broad overview of the 1,893 not-for-profit professional theatres that filed Internal Revenue Service (IRS) Form 990 in 2006. This section provides the most complete snapshot of the universe of not-for-profit professional theatres. The *Trend Theatres* section provides a longitudinal analysis of the 105 TCG theatres that responded to the TCG Fiscal Survey in each of the past 5 years. In addition, this year we offer a sub-section that highlights ten-year trends for 54 TCG theatres that have been survey participants each year since 1997. This section provides interesting insights regarding long-term trends affecting larger not-for-profit professional theatres. The *Profiled Theatres* section provides a detailed examination of the 201 theatres that completed the TCG Fiscal Survey in 2006. This section provides the greatest level of detail, including breakout information for theatres in six different budget categories.

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



Budget Group	Number of Theatres	Budget Size
6	25	$ 10 million or more
5	31	$ 5 million - $ 9,999,999
4	29	$ 3 million - $ 4,999,999
3	68	$ 1 million - $ 2,999,999
2	26	$ 500,000 - $ 999,999
1	22	$ 499,999 or less

INSIDE THIS ARTICLE

- Theatres contributed over $1.67 billion to the economy in the form of salaries, benefits and payments for goods and services (p. 2).
- A majority of theatres have operated in the black since 2004, and more theatres had positive CUNA in 2006 than in any of the past 5 years (pp. 3-4, Figures 1 and 2).
- Total ticket income grew 6% over the past 5 years, but it was not enough to keep pace with inflation. In contrast, total earned income growth exceeded expense growth, with earned income rising 8% in the past year alone and outpacing inflation by 17.8% over the 5-year period (p. 5, Table 2).
- Average endowment earnings were at a 5-year high in 2006, increasing 33.5% in the past year and more than 600% over 5 years (p. 5, Table 2).
- Occupancy/building, equipment and maintenance costs increased each year, rising 34% above inflation over 5 years—the greatest percentage increase of all expenses (pp. 7-8, Table 4).
- Average total public funding covered 2% more of expenses in 2006 than in 2002 despite double-digit reductions in funding from every level of government from 2005 to 2006 (pp. 10-11, Tables 7 and 8).
- Working capital was negative in each of the 5 years and at its worst in 2006 (pp. 12-13, Tables 9 and 10).
- Although total attendance declined 8% and subscriptions continued to drop with 7% fewer subscription tickets purchased over 5 years, attendance and ticket sales were on the rise from 2005 with attendance increasing by 1.3% and single tickets sales rising 9%. Subscription ticket sales from 2005 to 2006 remained unchanged (pp. 14-16, Tables 11, 12 and 13).

WHAT IS CUNA?

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

CUNA =
TOTAL UNRESTRICTED INCOME – TOTAL UNRESTRICTED EXPENSES

THE UNIVERSE

In 2006, theatres in communities across the nation enriched America's artistic and cultural legacy by presenting the creative work of 70,500 professional artists to over 30 million audience members.

This conclusion is based on an extrapolation of TCG member theatre data to 1,692 theatres that completed IRS Form 990. The IRS collects information on not-for-profit theatres in the United States, including theatres that do not respond to the TCG Fiscal Survey. To estimate attendance, performance, fiscal and work force information for the greater universe of not-for-profit professional theatres, we used total annual expenses—the only data available for all theatres—to extrapolate the Universe table to the right. We base this extrapolation on weighted averages for TCG member theatres of similar budget size; the TCG member theatres tend to have larger budgets than the others, so the weighting is necessary to provide a realistic estimation of the activity, finances and workforce breakdown for the larger Universe. The 1,893 theatres in this analysis include 201 TCG member theatres that responded to the Fiscal Survey and 1,692 theatres that either are not members of TCG or are members who did not participate in the Fiscal Survey.

It is important to keep in mind that the figures reported in the Universe table are not based on accounts provided to TCG by the 1,692 non-survey theatres themselves. To check the accuracy of our estimates, we compared actual total expenses for all theatres (the one item reported by all theatres) with the extrapolated total expense figure based on our formula. The two came within 1% of each other, suggesting that the extrapolated aggregate figures, while imperfect, are reasonably accurate estimates.

We estimate that, in 2006, the 1,893 Theatres in the U.S. Not-for-profit Professional Theatre Field:

- Made a direct contribution of nearly $1.67 billion to the U.S. economy in the form of payments for goods, services and salaries. The real impact on the economy is far greater than $1.67 billion. When audience members go to the theatre, they frequently go out to eat, pay for parking, hire babysitters, etc. Theatres' employees live in their communities, pay rent or buy homes, make regular purchases and contribute to the tax base at all levels of government.

- Engaged the majority of their employees in artistic pursuits. We estimate that the theatre work force (i.e., all paid full-time, part-time, jobbed-in or fee-based employees) is 62% artistic, 25% technical and 13% administrative.

TABLE 1 : ESTIMATED 2006 UNIVERSE OF U.S. NOT-FOR-PROFIT PROFESSIONAL THEATRES (1,893 Theatres)

Estimated Productivity		
Attendance	30,500,000	
Subscribers	1,760,000	
Performances	172,000	
Productions	14,000	
Estimated Finances		
Earnings	$ 923,000,000	
Contributions	$ 868,000,000	
Total Income	$ 1,791,000,000	
Expenses	$ 1,667,000,000	
Changes in Unrestricted Net Assets (CUNA)	$ 124,000,000	
Earned $ as a % of Total Income	52%	
Contributed $ as a % of Total Income	48%	
CUNA as a % of Expenses	7.4%	
Estimated Workforce		**% of Total**
Artistic (all)	70,500	62%
Administrative	14,500	13%
Technical	28 ,000	25%
Total Paid Personnel	113,000	100%

Smaller theatres rely on artistic personnel to perform both artistic and administrative duties. Theatres with budgets of $200,000 or less (which account for half of the Universe Theatres) are estimated to employ 10% of their work force as administrators, 21% as production personnel and 69% in artistic positions. By contrast, theatres with budgets of $10 million or higher employ 24% of personnel in administrative positions, 35% in production and 41% in artistic positions and roles.

- Experienced a Change in Unrestricted Net Assets (CUNA), which encompasses changes in all unrestricted funds and includes Net Assets Released from Temporary Restriction (NARTR), equivalent to 7.4% of expenses.

TREND THEATRES

This section of the report focuses on the 105 Trend Theatres that responded to the TCG Fiscal Survey in each of the past 5 years, from 2002 to 2006. Following the same set of theatres over time avoids extreme variation that can occur when different theatres participate in some years but not in others. This year's trend analysis reflects the sluggish economy that emerged following 9/11 and the subsequent recovery; it indicates a shifting of importance for some areas of income, re-allocation of some expenses and an overall return to more robust bottom lines.

We organize the analysis into 5 sections: (1) earned income sources; (2) expense allocations; (3) sources of contributions and CUNA; (4) balance sheet; and (5) attendance, number of performances and pricing. All dollar figures and percentages represent averages rather than aggregates. In each section, we examine one-year percentage changes that tell us how activity levels in 2006 compare to activity levels in 2005 and four-year percentage changes that offer a longer-term perspective comparing activity levels in 2006 to activity levels in 2002. In addition, this year we include a 10-year trend analysis for a subset of 54 Long-term Trend Theatres that have participated in the TCG Fiscal Survey each year since 1997, the first year after FASB changes took effect. We note special instances where the 10-year trends vary from the shorter, 5-year trends.

Figure 1 provides an overview of five-year trends in income, expenses and CUNA. Adjusting for inflation, five-year growth rates were 17.8% for earned income, 11.6% for contributed income, 15.1% for total income, 6.2% for expenses and 269% for CUNA. Most notable are the changes that occurred between 2003 and 2004: CUNA increased seven-fold as earned income and contributed income increased and expenses decreased. CUNA remained near the same level in 2005 and dropped 17% in 2006.

FIGURE 1
TREND THEATRES: AVERAGE INCOME, EXPENSES, CUNA

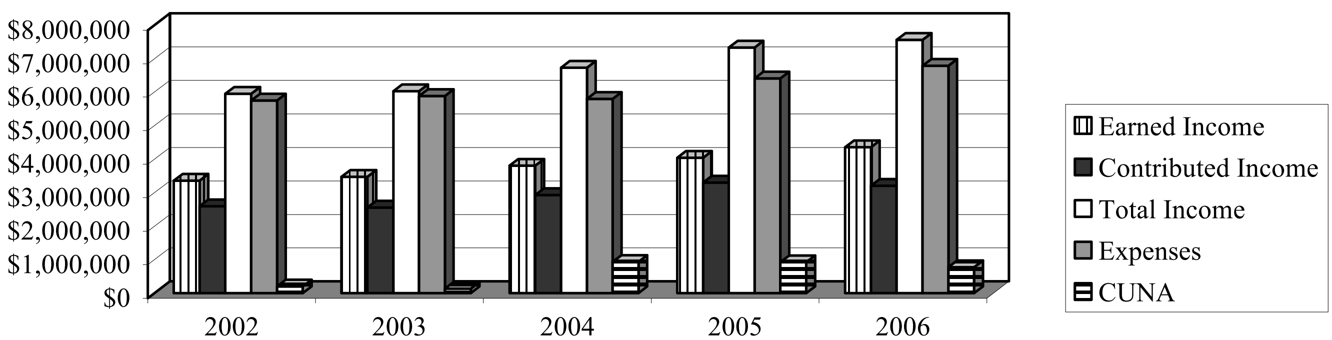
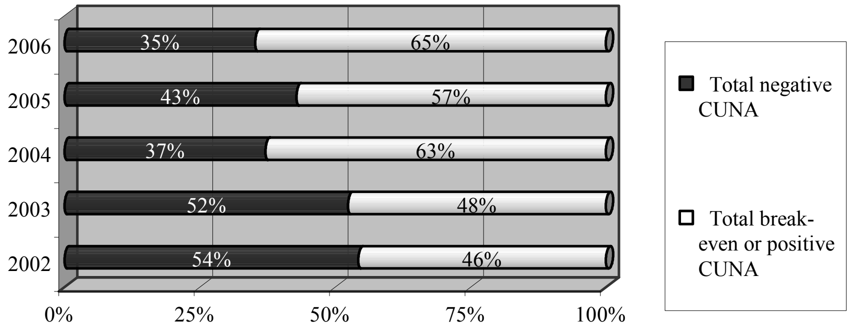


Figure 2 shows the percentage of Trend Theatres that experienced negative CUNA versus those that broke even or had positive CUNA in each of the five years. This chart highlights the fact that a majority of theatres have operated in the black since 2004, and more theatres had positive CUNA in 2006 than in any of the past five years. However, Figure 2 does not capture the extent to which theatres ran a positive or negative CUNA each year. A closer look reveals that, generally speaking, deficits have been less severe in the past two years while surpluses have been greater. More specifically, the percentage of theatres reporting negative CUNA greater than or equal to 10% of budget decreased from 22% in 2002 to only 8% in 2006; and the percentage of theatres reporting positive CUNA greater than 10% of budget increased from 17% in 2002 to 21% in 2006.

FIGURE 2:
BREAKDOWN OF 105 TREND THEATRES' CHANGES IN UNRESTRICTED NET ASSETS (CUNA)



EARNED INCOME

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

In some instances, there is a positive increase in an income category—even after adjusting for inflation—but a decrease in the percentage of expenses that it supports. This is due to the fact that the increase in that particular income category did not keep pace with the increase in expenses over the 5-year period. Growth in earned income (17.8%) exceeded the growth in expenses (6.2%) and total contributed income (11.6%) over the five years.

For the 105 Trend Theatres:

- Average earned income increased steadily from 2002 to 2006, rising 8% in the past year alone and outpacing inflation by 17.8% over the 5-year period.
- Average subscription income dipped in 2004, rebounded for a 5-year high in 2005, and ended 3.5% above its 2002 level in inflation-adjusted figures. However, as seen in Table 3, subscription income covered its lowest level of total expenses for the 5-year period in 2006 and supported .5% less of total expenses in 2006 than in 2002.
- Flexible subscription income comprised an increasing proportion of total subscription sales up until 2005 when it peaked at 9%. In 2006, flexible subscriptions accounted for the same level of subscription income as it did in 2004: 7.8%.
- After several sluggish years, average single ticket income increased 13% in 2006. Despite the one-year increase, single ticket income was 13.5% lower in 2006 than in 2002 in inflation-adjusted figures and supported 4.9% less of the average theatre's total expenses. 37% of theatres reported less total single ticket income in 2006 than in 2002.
- Average single ticket income exceeded average subscription income in each of the five years. The percentage of theatres with more single ticket income than subscriber income increased steadily from 56% in 2002 to 64% in 2006.
- One theatre accounted for 53% of all booked-in event income in 2005 and 22% in 2006. Eliminating this exceptional activity from the analyses would leave the average booked-in event income at $34,238 in 2005 and $48,495 in 2006.

TABLE 2: AVERAGE EARNED INCOME (105 Theatres)	2002	2003	2004	2005	2006	1-yr % chg.	4-yr % chg.	4-yr CGR* 02-06
Subscriptions	$1,143,392	$1,190,262	$1,172,500	$1,322,875	$1,320,397	-0.2%	15.5%	3.5%
Single Ticket Income	1,691,723	1,541,401	1,445,418	1,470,618	1,666,752	13.3%	-1.5%	-13.5%
Booked-In Events**	37,844	35,234	36,977	70,976	61,680	-13.1%	63.0%	51.0%
Total Ticket Income	**$2,872,959**	**$2,766,897**	**$2,654,895**	**$2,864,469**	**$3,048,829**	**6.4%**	**6.1%**	**-5.9%**
Tour Contracts/Presenting Fees	32,344	25,299	31,734	35,844	39,640	10.6%	22.6%	10.6%
Educational/Outreach Income	156,168	173,342	177,173	191,001	194,997	2.1%	24.9%	12.9%
Interest and Dividends	74,216	43,641	51,391	51,260	60,032	17.1%	-19.1%	-31.1%
Endowment Earnings	47,484	119,601	276,704	254,128	339,223	33.5%	614.4%	602.4%
Capital Gains/(Losses)	(148,685)	(43,265)	234,233	213,093	211,178	-0.9%	242.0%	230.0%
Royalties	33,865	29,865	22,853	12,308	27,461	123.1%	-18.9%	-30.9%
Concessions	69,936	78,002	84,657	86,487	91,043	5.3%	30.2%	18.2%
Production Income**	37,997	91,209	41,368	135,966	52,071	-61.7%	37.0%	25.0%
Advertising	15,673	18,356	18,311	20,140	21,068	4.6%	34.4%	22.4%
Rentals	49,017	47,291	51,894	51,971	64,140	23.4%	30.9%	18.9%
Other	118,248	118,897	156,022	122,398	211,112	72.5%	78.5%	66.5%
Total Earned Income	**$3,359,222**	**$3,469,134**	**$3,801,235**	**$4,039,065**	**$4,360,793**	**8.0%**	**29.8%**	**17.8%**

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

For the 105 Trend Theatres:

- Although growth in total ticket income over the past five years was 6.1%, it was not enough to keep pace with inflation; ticket income was down nearly 6% from 2002 to 2006 after adjusting for inflation. Ticket income covered a decreasing proportion of expenses: 5.1% less in 2006 than in 2002.

- Income from presenter fees and contracts for toured performances was at a 5-year high in 2006, increasing 10.6% above inflation for the period.

- Educational and outreach income increased steadily over the five-year period, rising nearly 13% above inflation. Despite this increase in income, fewer people are reached now by outreach and education activity than before. The five-year peak occurred in 2002 when theatres reached an average of 28,381 individuals with education and outreach activity. Since then, the figures have fluctuated between 17,317 and 24,806, with 18,837 people being served by education and outreach programs in 2006. The average number of education and outreach programs offered per theatre was 12 in 2002 and either 7 or 8 every year since.

- Average interest and dividends from short-term investments (e.g., savings or checking accounts) recovered somewhat in 2006 after three sluggish years from 2003 to 2005. Overall, theatres experienced an average 31% decrease in interest and dividends in inflation-adjusted figures over five years.

- Average endowment earnings were at a 5-year high in 2006, increasing 33.5% in the past year and more than 600% over the five year period, supporting 4.2% more expenses in 2006 than in 2002. The number of theatres realizing endowment income increased steadily each year, from 48 in 2002 to 58 in 2006.

- Although capital gains/losses from unrestricted investment assets declined slightly in both 2005 and 2006 after a peak in 2004, theatres experienced an average 230% growth in this area over the 5-year period in inflation-adjusted figures. Capital losses were most severe in 2002, the year following 9/11. Only 15 theatres reported a capital loss in 2006 and 36 reported capital gains. By contrast, 34 theatres had capital losses in 2002 while only 13 reported capital gains.

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

TABLE 3: AVERAGE EARNED INCOME AS A PERCENTAGE OF EXPENSES (105 Theatres)	2002	2003	2004	2005	2006	1-year % chg.	4-year % chg.
Subscriptions	19.9%	20.2%	20.2%	20.6%	19.4%	-1.2%	-0.5%
Single Ticket Income	29.4%	26.2%	24.9%	23.0%	24.5%	1.6%	-4.9%
Booked-In Events**	0.7%	0.6%	0.6%	1.1%	0.9%	-0.2%	0.2%
Total Ticket Income	**50.0%**	**47.0%**	**45.8%**	**44.7%**	**44.9%**	**0.2%**	**-5.1%**
Tour Contracts/Presenting Fees	0.6%	0.4%	0.5%	0.6%	0.6%	0.0%	0.0%
Educational/Outreach Income	2.7%	2.9%	3.1%	3.0%	2.9%	-0.1%	0.2%
Interest and Dividends	1.3%	0.7%	0.9%	0.8%	0.9%	0.1%	-0.4%
Endowment Earnings	0.8%	2.0%	4.8%	4.0%	5.0%	1.0%	4.2%
Capital Gains/(Losses)	-2.6%	-0.7%	4.0%	3.3%	3.1%	-0.2%	5.7%
Royalties	0.6%	0.5%	0.4%	0.2%	0.4%	0.2%	-0.2%
Concessions	1.2%	1.3%	1.5%	1.3%	1.3%	0.0%	0.1%
Production Income**	0.7%	1.5%	0.7%	2.1%	0.8%	-1.4%	0.1%
Advertising	0.3%	0.3%	0.3%	0.3%	0.3%	0.0%	0.0%
Rentals	0.9%	0.8%	0.9%	0.8%	0.9%	0.1%	0.1%
Other	2.1%	2.0%	2.7%	1.9%	3.1%	1.2%	1.1%
Total Earned Income	**58.4%**	**58.9%**	**65.6%**	**63.0%**	**64.2%**	**1.2%**	**5.8%**

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

For the 105 Trend Theatres:

- Royalty income declined each year from 2002 to 2005 then rebounded considerably in 2006. The average royalty income per property fell from a high of $13,624 in 2002 to a low in 2005 of $4,699. The 2006 average per property recovered to $11,769. The number of world premieres produced by Trend Theatres decreased slightly each of the past two years, but between 2002 and 2006 the number of world premieres increased 9%, offering optimistic expectations for future royalty income.

- Production income—a combination of co-production and enhancement income from other not-for-profit and commercial producers who share a production and the expenses to create it—was at its highest level in 2005 but fluctuated greatly from year to year.

  The number of theatres co-producing varies between 20 and 27 each year. The low average for the sub-group of theatres reporting co-production income was $89,141 in 2004 and the high was $130,618 in 2003; their average was $126,664 for the 5-year period.

  The number of theatres reporting enhancement income (income from commercial producers) fluctuated, with 10 theatres reporting enhancement income averaging $194,000 in 2002, 12 theatres averaging $537,000 in 2003, 9 theatres averaging $252,000 in 2004, 13 theatres averaging $679,000 in 2005, and 10 theatres averaging $295,000 in 2006. One theatre earned more than $3.3 million in enhancement income in 2005, accounting for 33% of 2005 total enhancement funds, and $2.95 million in 2006, representing 49% of 2006 total enhancement funds.

- Advertising, concession and rental income increased in the past year and grew at a stronger rate than inflation over the 5-year period, which suggests that theatres are aggressively pursuing ancillary earned income.

- Total earned income covered 64.2% of total expenses in 2006, a 5.8% increase over 2002. The growth in earned income outpaced inflation by 17.8% over the past five years and exceeded the level of expense growth by 11.6% for the same period.

EXPENSES

In this section, we examine each category of expenses and how theatres shifted their allocation of resources over time. Table 4 presents average expenses in dollars and one-year percentage changes, four-year percentage changes and four-year percentage changes adjusted for inflation. Table 5 presents each expense category as a percentage of total expenses and Table 6 provides administrative expense-to-income ratios for selected activities.

Overall, expense growth outpaced inflation over the 5-year period by 6.2%—a far lower rate of growth than that of earned or contributed income. The area of greatest increase was the cost of occupying and maintaining facilities. Several expense categories saw decreases over the 5-year period in inflation-adjusted figures: artistic payroll; non-payroll artistic expenses such as artist housing and travel, per diems, and company management expenses; royalties; and the amount that theatres invested in general management/operations.

For the 105 Trend Theatres:

- Total payroll increased 4% above inflation from 2002 to 2006 but accounted for 1% less of theatres' total expenses. For the 5-year period, theatres had the highest average number of paid employees in 2003. The average work force was cut back in 2004 and has risen steadily since.

- Theatres' single greatest allocation of resources from 2002 through 2004 went to artistic payroll, and in 2005 and 2006 it shifted to administrative payroll. Average artistic payroll did not keep pace with inflation over the 5-year period, with inflation-adjusted 2006 levels 5.8% below 2002 levels. Artistic payroll as a percentage of total expenses has decreased each year since 2002.

  Additional analyses (not shown in the tables) indicate that the number of full-time and part-time artistic staff per theatre averaged 8 in 2002 and 2003 and 7 each year after. The average total number of paid artists fluctuated from a high of 119 in 2003 to a low of 110 in 2004.

- Inflation-adjusted administrative salaries increased 14% and administrative benefits increased 36% during the five-year period, leading to administrative salaries accounting for 1.3% more of expenses in 2006 than in 2002.

  Additional analyses indicate that the average number of permanent (full-time and part-time) administrative personnel was at a 5-year low of 35 in 2006 and a high of 38 in 2003 and 2005. Supplemented by 10 to 15 fee-based or jobbed-in administrative staff each year, the total number of paid administrative personnel rose from 47 in 2002 to 48 in 2006.

- Production payroll rose 8.6% from 2005 to 2006—the highest one-year growth rate among personnel categories—and outpaced inflation over the 5-year period by 5.2%. The average number of paid production personnel (full-time, part-time and over-hire) increased steadily over the five years, from 72 in 2002 to 83 in 2006.

TABLE 4: AVERAGE EXPENSES (105 Theatres)

	2002	2003	2004	2005	2006	1-yr. % chg.	4-yr. % chg.	4-yr. CGR* 02-06
Artistic Payroll	$1,227,083	$1,223,370	$1,199,356	$1,261,824	$1,303,416	3.3%	6.2%	-5.8%
Administrative Payroll	1,088,446	1,164,323	1,157,680	1,281,409	1,376,350	7.4%	26.5%	14.5%
Production Payroll	850,770	877,513	819,765	917,602	996,726	8.6%	17.2%	5.2%
Total Payroll	**$3,166,299**	**$3,265,206**	**$3,176,802**	**$3,460,835**	**$3,676,492**	**6.2%**	**16.1%**	**4.1%**
General Artistic Non-Payroll	243,433	238,027	201,641	244,597	243,079	-0.6%	-0.1%	-12.1%
Royalties	179,129	158,414	147,416	146,638	164,184	12.0%	-8.3%	-20.3%
Production/Tech Non-Payroll (physical production)	373,451	391,332	355,453	494,703	439,602	-11.1%	17.7%	5.7%
Development/Fundraising	217,757	213,014	226,828	220,924	247,238	11.9%	13.5%	1.5%
Marketing/Customer Service/ Concessions	723,527	741,580	735,664	797,101	889,376	11.6%	22.9%	10.9%
Occupancy/Building/Equipment/ Maintenance	425,261	462,486	505,914	567,728	621,691	9.5%	46.2%	34.2%
Depreciation	192,687	208,705	241,346	255,551	264,227	3.4%	37.1%	25.1%
General Management/Operations	226,064	208,183	206,011	219,201	248,026	13.2%	9.7%	-2.3%
Total Expenses	**$5,747,609**	**$5,886,947**	**$5,797,075**	**$6,407,279**	**$6,793,915**	**6.0%**	**18.2%**	**6.2%**

* Compounded Growth Rate adjusted for inflation.

For the 105 Trend Theatres:

- General artistic expenses (housing and travel, per diems, company management and stage management expenses) fluctuated during the 5-year period, ending 12% lower in 2006 than in 2002 after adjusting for inflation.

- After several years of decreases, average royalty expenses rose 12% from 2005 to 2006. From 2002 to 2006, royalty expenses decreased more than 20% after adjusting for inflation. The average theatre paid royalties on 7 properties each year.

- Production/Technical Non-Payroll expenses (physical production materials and rentals) decreased between 2003 and 2004, increased sharply in 2005 and then declined 11% in 2006. The overall change for the 5-year period ran 5% above inflation.

- Occupancy/building/equipment/maintenance costs increased each year, rising 34% above inflation over the five years and accounting for 1.8% more of total expenses in 2006 than in 2002. Roughly 40% of theatres reported that they owned their stage in 2002; by 2005 that figure rose to 44%. 45% now also report that they own their office space. The largest component of this expense is the cost of rent—45% of theatres rent their space—or debt service on facilities, utilities, and regularly scheduled maintenance of infrastructure, which rose 34% more than inflation. Insurance costs escalated 61% above 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 25% between 2002 and 2006 after adjusting for inflation. This increase reflects increases in fixed assets as shown in Table 9 in the Balance Sheet section.

TABLE 5: AVERAGE EXPENSES AS A PERCENTAGE OF EXPENSES (105 Theatres)

	2002	2003	2004	2005	2006	1-yr. % chg.	4-yr. % chg.
Artistic Payroll	21.3%	20.8%	20.7%	19.7%	19.2%	-0.5%	-2.2%
Administrative Payroll	18.9%	19.8%	20.0%	20.0%	20.3%	0.3%	1.3%
Production Payroll	14.8%	14.9%	14.1%	14.3%	14.7%	0.3%	-0.1%
Total Payroll	**55.1%**	**55.5%**	**54.8%**	**54.0%**	**54.1%**	**0.1%**	**-1.0%**
General Artistic Non-Payroll	4.2%	4.0%	3.5%	3.8%	3.6%	-0.2%	-0.7%
Royalties	3.1%	2.7%	2.5%	2.3%	2.4%	0.1%	-0.7%
Production/Tech Non-Payroll (physical production)	6.5%	6.6%	6.1%	7.7%	6.5%	-1.3%	0.0%
Development/Fundraising	3.8%	3.6%	3.9%	3.4%	3.6%	0.2%	-0.1%
Marketing/Customer Service/Concessions	12.6%	12.6%	12.7%	12.4%	13.1%	0.7%	0.5%
Occupancy/Building/Equipment/Maintenance	7.4%	7.9%	8.7%	8.9%	9.2%	0.3%	1.8%
Depreciation	3.4%	3.5%	4.2%	4.0%	3.9%	-0.1%	0.5%
General Management/Operations	3.9%	3.5%	3.6%	3.4%	3.7%	0.2%	-0.3%
Total Expenses	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		

- Investment in total marketing expenses exceeded inflation by nearly 11% and the portion of total budget dedicated to marketing increased .5% over the five years.

- Marketing expenditures targeting single ticket buyers have become less cost-effective and inflation-adjusted single ticket income has decreased over time, as discussed above. Table 6 shows that in 2006, theatres spent 5 cents more on marketing for every dollar of single ticket income earned than they did in 2002. Also, it shows that the gap between return-on-single ticket marketing expense and return-on-subscription market expense grew from a 6% spread in 2002 to a 10% gap in 2006. The decrease in single ticket marketing cost-effectiveness contributed to a 4% increase in the overall marketing expense to total ticket sales ratio over the five-year period.

- While education/outreach income increased 12.9% (CGR) over the 5-year period, the expense required to generate each dollar of education/outreach income decreased 2%, including personnel costs. It should be noted that the education and outreach income reflected below includes both earned and contributed income; total education/outreach expenses include education program staff salaries but not the development costs associated with grant writing for education or outreach funding.

- Theatres are consistently realizing higher returns on each fundraising dollar spent.

TABLE 6: *THEATRE FACTS* ADMINISTRATIVE EXPENSE INDEX (105 Theatres)	2002	2003	2004	2005	2006	1-yr %chg.	4-yr %chg.
Single ticket marketing expense (excluding personnel expense) to single ticket income	19%	21%	21%	24%	24%	0%	5%
Subscription marketing expense (excluding personnel expense) to subscription income	13%	13%	14%	13%	14%	1%	1%
Total marketing expense (including personnel expense) to total ticket sales	26%	27%	27%	29%	30%	1%	4%
Development expense (excluding personnel expenses, fundraising event expenses and income) to total unrestricted contributed income	5%	5%	4%	4%	5%	1%	0%
Fundraising event expense (excluding personnel expense) to fundraising event income	43%	38%	39%	36%	38%	2%	-5%
Total development expense (including fundraising event expense and personnel expense) to total unrestricted contributed income	10%	9%	10%	9%	9%	0%	-1%
Total development expense (including fundraising event expense, personnel expense, and unrestricted, temporarily restricted and permanently restricted contributed income) to total contributed income	8%	8%	8%	7%	8%	1%	0%
Education/outreach expense (excluding personnel expense) to education/outreach income	24%	22%	24%	19%	20%	1%	-4%
Total education/outreach expense (including personnel expense) to education/outreach income	67%	64%	69%	64%	65%	1%	-2%

CONTRIBUTED INCOME AND CHANGES IN UNRESTRICTED NET ASSETS (CUNA)

This section examines contributed income trends and changes in unrestricted assets (CUNA); that is, the balance that remains after subtracting total unrestricted expenses from total unrestricted income. Contributed sources include Net Assets Released from Temporary Restriction (NARTR). For example, a theatre's total individual contributions may include unrestricted gifts to a capital campaign granted in a prior year, but not released from temporary restrictions until the current year, as well as contributions to the annual fund.

Table 7 shows average contributed income and CUNA for 2002 to 2006 along with one-year percentage changes, four-year percentage changes and four-year percentage changes adjusted for inflation. Between 2002 and 2006, growth in total contributed income outpaced inflation by 11.6%. After low levels in 2002 and 2003, average CUNA improved significantly in both 2004 and 2005, then decreased 17% in 2006. Even so, inflation-adjusted CUNA in 2006 was more than 3.5 times its 2002 level. Table 8, which presents average contributed income and CUNA as a percentage of total expenses, indicates that average Contributed Income financed 2% more expenses in 2006 than in 2002. Average total public funding covered 2% more of expenses in 2006 than in 2002 (see Table 8) despite double-digit reductions in funding from every level of government in the past year (Table 7).

For the 105 Trend Theatres:

♦ Consistent increases in average federal funding from 2002 to 2005 resulted in an inflation-adjusted increase of 28% for the 5-year period, despite a 22% decrease from 2005 to 2006. The 2004 and 2005 averages were elevated due to one theatre that received exceptional funding in 2004 (3 times more than any other theatre) and then released $917,000 in federal funds from temporary restriction in 2005.

Even though federal funding accounts for less than 1% of the average theatre's budget, the percentage of Trend Theatres that received federal funding fluctuated between 64% and 69% during the five years. Federal funding sources include the NEA, NEH, the U.S. Department of Education, U.S. State Department and the National Capital Arts and Cultural Affairs Program, which funds organizations in Washington, DC.

♦ Average state funding dropped nearly 20% in the past year but outpaced inflation by 57.5% over the 5-year period. One theatre operating a capital campaign accounted for 35% of all state funding in both 2004 and 2005 and 49% in 2006. Four Trend Theatres received no state funding in 2002; this figure rose steadily to 18 in 2006. Funding from state governments was higher than either federal or city/county governments.

For the 105 Trend Theatres:

- Average local funding growth exceeded inflation over the five-year period by 88%, but there were large fluctuations, perhaps driven by unrestricted city or county contributions to capital campaigns. In 2002, only 7% of local funding supported a capital campaign. This figure rose to 65% in 2003, dropped to 31% in 2004, rose again to 57% in 2005, and slid to 45% in 2006.

- Growth in corporate giving outpaced inflation by 12% over the 5-year period, even though average corporate support decreased in 2005 and 2006. Average corporate support per theatre was at its second lowest level of the five years in 2006 and the average theatre went from receiving support from 40 corporations in 2002 to 33 in 2006. The average corporate gift fluctuated from $7,600 in 2002 to a high of $11,500 in 2005, ending the five years at $10,750 in 2006. In both 2002 and 2006, roughly 18% of total unrestricted corporate support was earmarked for a capital campaign. In the intervening period, that figure rose to approximately 33% each year.

- Average foundation support rose each year between 2003 and 2006 and outpaced inflation by 7.5% over the 5-year period. The average number of foundation gifts remained relatively flat at roughly 19 grants per theatre per year. The average foundation gift was at a 5-year high of $32,950 in 2006.

- Total individual contributions peaked in 2005 and fell 3% in 2006. Total individual giving was by far the greatest source of contributed funds each year, but it supported 1.7% less expenses in 2006 than in 2002. Unrestricted gifts for capital campaigns accounted for 44% of individual contributions in 2002 and only 33% in 2006.

- Average trustee giving fluctuated during the 5-year period and outpaced inflation by 4.2% over the five-year period. The number of trustees per theatre making a donation averaged between 31 and 33 each year. The average trustee gift increased from a low of $9,368 in 2003 to a high of $12,500 in 2005, and then decreased to $11,800 in 2006. The five-year aggregate effect is that Trend Theatre trustee donations totaled $31 million in 2002 and $36 million in 2006.

- Growth in average gifts from other individuals (non-trustees) did not keep pace with inflation, resulting in an inflation-adjusted decrease of 6.9% over the 5-year period. As a result, individual gifts from non-trustees supported 1.6% less expenses in 2006 than in 2002.

- Aggregate other individual gifts for Trend Theatres in 2002 were $85 million, increasing to $92 million in 2005 and decreasing to $89 million in 2006.

- Higher average individual gifts were received from fewer donors. The average number of other individual donors increased steadily from 2002 to 2005 then reached a 5-year low of 1,807 in 2006. Far more notable is the level of giving per donor. The average gift from other individuals increased from a low of $356 in 2003 to high of $475 in 2006.

TABLE 7: AVERAGE CONTRIBUTED INCOME (105 THEATRES)

	2002	2003	2004	2005	2006	1-yr. % chg.	4-yr. % chg.	4-yr. CGR* 02-06%
Federal**	$ 32,807	$ 38,682	$ 55,921	$ 58,798	$ 45,893	-21.9%	39.9%	27.9%
State**	115,014	93,246	167,712	242,352	194,967	-19.6%	69.5%	57.5%
City/County	84,825	186,274	101,140	240,117	169,850	-29.3%	100.2%	88.2%
Corporations	281,065	359,216	388,881	388,754	347,412	-10.6%	23.6%	11.6%
Foundations	527,489	480,861	489,941	579,293	630,254	8.8%	19.5%	7.5%
Trustees	293,829	260,864	342,941	353,160	341,428	-3.3%	16.2%	4.2%
Other Individuals	808,429	635,359	826,661	876,650	849,318	-3.1%	5.1%	-6.9%
Fundraising Events/Guilds	216,666	243,939	277,454	287,712	299,180	4.0%	38.1%	26.1%
United Arts Funds	57,241	55,470	62,544	31,341	31,273	-0.2%	-45.4%	-57.4%
In-Kind Services/Materials/Facilities	102,487	126,712	123,309	127,750	172,631	35.1%	68.4%	56.4%
Other Contributions	70,193	73,683	94,122	109,132	120,010	10.0%	71.0%	59.0%
Total Contributed Income	**$2,590,045**	**$2,554,306**	**$2,930,626**	**$3,295,060**	**$3,202,215**	**-2.8%**	**23.6%**	**11.6%**
Total Income	**$5,949,267**	**$6,023,440**	**$6,731,862**	**$7,334,125**	**$7,563,008**	**3.1%**	**27.1%**	**15.1%**
Changes in Unrestricted Net Assets (CUNA)	**$ 201,658**	**$ 136,493**	**$ 934,787**	**$ 926,847**	**$ 769,093**	**-17.0%**	**281.4%**	**269.4%**

* Compounded Growth Rate adjusted for inflation.

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

For the 105 Trend Theatres:

- Income from fundraising events and guilds rose steadily each year, surpassing inflation by 26% over the past five years and providing .6% more support of expenses in 2006 than in 2002. As noted earlier, fundraising events/guilds are now generating higher revenue for less cost than in 2002.

- The 50% decrease in United Arts Funding between 2004 and 2005 was due to a 75% reduction in United Arts funding to a single theatre. Fourteen theatres reported United Arts Funding from 2002 to 2004, dropping to 13 theatres in 2005 and 2006.

- In-kind contributions reached a 5-year high in 2006, growing 36% in one year and exceeding inflation by nearly 56% for the period. Three theatres that reported no in-kind gifts in prior years reported six-figure in-kind gifts in 2006.

- Other Contributions (e.g., from sheltering organizations such as universities or arts centers) grew steadily, exceeding inflation by nearly 59%.

TABLE 8: AVERAGE CONTRIBUTED INCOME AS A PERCENTAGE OF EXPENSES (105 Theatres)

	2002	2003	2004	2005	2006	1-yr. % chg.	4-yr. % chg.
Federal	0.6%	0.7%	1.0%	0.9%	0.7%	-0.2%	0.1%
State	2.0%	1.6%	2.9%	3.8%	2.9%	-0.9%	0.9%
City/County	1.5%	3.2%	1.7%	3.7%	2.5%	-1.2%	1.0%
Corporations	4.9%	6.1%	6.7%	6.1%	5.1%	-1.0%	0.2%
Foundations	9.2%	8.2%	8.5%	9.0%	9.3%	0.2%	0.1%
Trustees	5.1%	4.4%	5.9%	5.5%	5.0%	-0.5%	-0.1%
Other Individuals	14.1%	10.8%	14.3%	13.7%	12.5%	-1.2%	-1.6%
Fundraising Events/Guilds	3.8%	4.1%	4.8%	4.5%	4.4%	-0.1%	0.6%
United Arts Funds	1.0%	0.9%	1.1%	0.5%	0.5%	0.0%	-0.5%
In-Kind Services/Materials/Facilities	1.8%	2.2%	2.1%	2.0%	2.5%	0.5%	0.8%
Other Contributions	1.2%	1.3%	1.6%	1.7%	1.8%	0.1%	0.5%
Total Contributed Income	**45.1%**	**43.4%**	**50.6%**	**51.4%**	**47.1%**	**-4.3%**	**2.0%**
Total Income	**103.5%**	**102.3%**	**116.1%**	**114.5%**	**111.3%**	**-3.2%**	**7.8%**
Changes in Unrestricted Net Assets (CUNA)	**3.5%**	**2.3%**	**16.1%**	**14.5%**	**11.3%**	**-3.2%**	**7.8%**

The growth in total income outpaced inflation by 15.1% over the five years, exceeding the comparable 6.2% growth in expenses. However, average CUNA, which was at a 5-year high of $934,000 in 2004, slipped to $769,000 in 2006. Total income exceeded total expenses each year. It is important to keep in mind that these figures are skewed by exceptional contributed income for theatres in capital campaigns.

Trend Theatres' bottom lines improved over the five-year period with the addition of each year's positive CUNA. The average balance of all unrestricted net assets was 88% higher in inflation-adjusted figures at the end of 2006 than it was at the beginning of 2002. Not every theatre was better off at the end of the five-year period but, on average, theatres finished 2006 with unrestricted net assets of $7.5 million compared to unrestricted net assets of $4 million at beginning of 2002. All but 32 of the 105 Trend Theatres experienced budget growth that exceeded inflation over the five years. One theatre tripled and eight theatres doubled their budgets.

BALANCE SHEET

Unlike an income statement, which gives a summary of activity for the year (e.g., income and expenses associated with ticket sales), a balance sheet provides a snapshot of the value of a theatre's assets, liabilities and net assets (unrestricted, temporarily restricted and permanently restricted) at a moment in time (e.g., the value of investments and securities at the end of the fiscal year). The balance sheet captures a theatre's cumulative fiscal history and offers insights into overall fiscal health and long-term stability. 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 105 Trend Theatres that provided income and expense information, 97 are included in the balance sheet analyses.

The balance sheets for these 97 theatres showed consistent growth in total assets over the past five years, from an average of $11.9 million per theatre in 2002 to $18.4 million in 2006—42% growth after adjusting for inflation. For these 97 theatres, the change in unrestricted net assets (CUNA) in 2006 averaged $846,500 or 12% of budget. Each year, CUNA is added to the year's beginning 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 component of a theatre's financial picture.

In Table 9, we show the aggregate value in dollars of the different asset categories net of liabilities for all 97 theatres for each year, along with the one-year percentage change, four-year percentage change and four-year percentage change adjusted for inflation. We also show how investments relate to total expenses to form an investment ratio, which we define below. Table 10 demonstrates the components of working capital and how working capital relates to total expenses. We acknowledge the assistance of Cool Spring Analytics for recommending the balance sheet categories and ratios reported in this section.

Table 9 shows that growth in Trend Theatres' aggregate total net assets—unrestricted, temporarily restricted and permanently restricted—outpaced inflation by 37% over the 5-year period, from $937 million in 2002 to nearly $1.4 billion in 2006. A closer look reveals that cash reserves were at their highest in 2002. In 2003, theatres tapped into those reserves when bottom lines were at their worst, then they replenished cash reserves a bit in 2004. Theatres apparently employed reserves again in both 2005 and 2006. As a result, cash reserves were at a five-year low in 2006, reflecting an inflation-adjusted 64% decrease over the 5-year period.

Growth in total endowments outpaced inflation by 40%. The substantial increases in overall net assets over the past five years can be attributed to the high number of theatres that engaged in successful capital campaigns. More than half—54%—of the Trend Theatres were in a capital campaign at some point during the 5-year period. Theatres added to both physical capital and invested capital. Growth in unrestricted net assets was consistent in each of the five years, for an overall increase of 65% in inflation-adjusted dollars.

TABLE 9: AGGREGATE NET ASSETS (In Millions) (97 Theatres)

	2002	2003	2004	2005	2006	1-yr. % chg.	4-yr. % chg.	4-yr. % chg. CGR*
Working Capital	$ (22)	$ (69)	$ (53)	$ (57)	$ (72)	-27%	-225%	-213%
Fixed Assets	$ 389	$ 468	$ 534	$ 636	$ 719	13%	85%	73%
Investments	$ 396	$ 418	$ 483	$ 545	$ 614	13%	55%	43%
Other Net Assets	$ 174	$ 163	$ 149	$ 116	$ 130	12%	-25%	-37%
Total Net Assets	**$ 937**	**$ 980**	**$ 1,113**	**$ 1,240**	**$ 1,391**	**12%**	**48%**	**36%**
Total Expenses	**$ 574**	**$ 589**	**$ 578**	**$ 641**	**$ 677**	**6%**	**18%**	**6%**
Investment Ratio	**69%**	**71%**	**84%**	**85%**	**91%**			

* Compounded Growth Rate adjusted for inflation.

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

Many theatres engaged in successful capital campaigns and used these funds to build new buildings, renovate existing facilities and purchase new equipment, as reflected in the substantial increase in theatres' occupancy expenses, which now account for more than 9% of theatres' total expenses. Of the 97 Trend Theatres that completed the balance sheet section of the survey, 36% were in a capital campaign in 2006 and 27% completed a capital campaign within the last five years. Nine theatres fell into both categories as they transitioned from one capital campaign into another. Growth in fixed assets (i.e., land, property and equipment less accumulated depreciation) surpassed inflation by 73%.

INVESTMENT RATIO = TOTAL INVESTMENTS/TOTAL EXPENSES

Successful capital campaigns and a recovered stock market in recent years resulted in Trend Theatres' long-term investment growth, which exceeded inflation by 43% from 2002 to 2006. Invested capital generates income for operating purposes and an increasing investment ratio over time is an indication of organizational health. Trend Theatres' investment ratio increased from 69% in 2002 to 91% in 2006. This trend is evidenced by the robust growth in endowment earnings reported in the earned income section above.

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

Working capital consists of the unrestricted resources available to the theatre to meet obligations and day-to-day cash needs and is a fundamental building block of a theatre's capital structure. It is a clearer indicator of a theatre's operating position than looking at CUNA, which includes non-operating activity as noted on page 1. Table 10 illustrates that working capital was negative in each of the five years and at its worst in 2006, indicating that Trend Theatres are carrying accumulated deficits and are borrowing funds (e.g., using deferred subscription revenue, delaying payables, taking out loans, etc.) to meet daily operating needs. As noted above, successful fundraising during years of a strong economy made it possible for theatres to raise and develop long-term investments and increase fixed assets but not acquire readily available funds to help the theatre meet daily needs. This negative working capital position gives theatres little financial flexibility and is cause for real concern.

TABLE 10: AVERAGE WORKING CAPITAL (97 Theatres)

	2002	2003	2004	2005	2006	1-yr. % chg.	4-yr. % chg.	4-yr. % chg. CGR*
Total Unrestricted Net Assets	$ 4,624,947	$ 4,874,498	$ 6,011,844	$ 7,322,003	$ 8,202,182	32%	77%	65%
Fixed Assets	4,005,834	4,824,019	5,502,695	6,556,055	7,414,821	13%	85%	73%
Unrestricted Investments	848,794	763,322	1,059,106	1,351,676	1,533,593	13%	81%	69%
Working Capital	**$ (229,681)**	**$ (712,843)**	**$ (549,957)**	**$ (585,729)**	**$ (746,232)**	-56%	-225%	-213%
Total Expenses	$ 5,919,846	$ 6,072,386	$ 5,960,333	$ 6,604,360	$ 6,983,584	6%	18%	6%
Working Capital Ratio	**-4%**	**-12%**	**-9%**	**-9%**	**-11%**			

* Compounded Growth Rate adjusted for inflation.

WORKING CAPITAL RATIO = WORKING CAPITAL/TOTAL EXPENSES

The working capital ratio, or the proportion of unrestricted resources available to meet operating expenses, indicates how long a theatre could operate if it had to survive on its current resources. A negative working capital ratio indicates that theatres may be experiencing periods of cash flow crisis. Collectively, the Trend Theatres experienced a negative working capital ratio in each of the past five years. The ratio was -4% in 2002 and then declined to -12% by 2003. It rebounded slightly to -9% in 2004 and 2005 and ended the five-year period at -11% in 2006. Cool Spring Analytics recommends that each theatre determine its own working capital needs based on its cyclical cash flow, but in the absence of that determination, 25%, or three months of working capital, is a benchmark for adequate working capital to handle most cash flow fluctuations. Of the Trend Theatres, a declining number met this benchmark over the five years: 10% met this level in 2002 and only 7% had three months of working capital in 2006. The percentage of Trend Theatres with a negative working capital ratio fluctuated around 60% each year. Persistently negative working capital may be putting theatres at risk.

Over the five years, the composition of total net assets shifted. Fixed assets accounted for 10% more of total net assets and investments accounted for 2% more of total net assets in 2006 compared to 2002. Investments accounted for the largest portion of total net assets in 2002 but in 2003 the weight shifted to fixed assets, which accounted for 48% of total net assets in 2003 and 2004 and more than half of total net assets in 2005 and 2006. The increase in fixed assets was reflected in the steady growth in depreciation and occupancy/building/equipment/maintenance costs. Working capital represented 3% less and other net assets 9% less of total net assets at the end of the 5-year period.

ATTENDANCE, PERFORMANCE AND PRICING TRENDS

Having examined theatres' financial trends, we now provide a detailed look at operating trends, including attendance levels, number of performances, ticket prices and subscription renewal rates. Table 11 displays aggregate attendance levels and Table 12 shows the number of performances at the 105 Trend Theatres. These two tables demonstrate that Trend Theatres saw an overall decline in audiences despite increases in the number of performances offered over the past five years. Figure 3 presents a graphical depiction of attendance and performance trends for non-main series resident activities, all but one of which experienced an attendance decrease from 2005 to 2006. In Table 13, we examine marketing and production trends that help flesh out the general attendance and performance results.

TABLE 11: AGGREGATE ATTENDANCE (105 Theatres)

	2002	2003	2004	2005	2006	1-yr. % chg.	4-yr. % chg.
Main Series (total)	8,988,310	8,896,053	8,560,220	8,424,840	8,796,577	4.4%	-2.1%
Special Productions	812,405	821,746	715,488	833,288	757,133	-9.1%	-6.8%
Children's Series	293,349	309,452	324,926	330,286	345,524	4.6%	17.8%
Staged Readings/Workshops	34,970	41,551	30,267	39,743	35,387	-11.0%	1.2%
Other	79,235	102,686	105,599	131,585	113,465	-13.8%	43.2%
Booked-In Events**	129,171	148,706	139,643	253,323	233,378	-7.9%	80.7%
Resident Subtotal	**10,337,440**	**10,320,194**	**9,876,143**	**10,013,065**	**10,281,464**	**2.7%**	**-0.5%**
Touring	1,667,316	1,055,854	975,859	889,715	768,319	-13.6%	-53.9%
Total	**12,004,756**	**11,376,048**	**10,852,002**	**10,902,780**	**11,049,783**	**1.3%**	**-8.0%**

** Trend skewed by two theatres' exceptional activity.

TABLE 12: AGGREGATE NUMBER OF PERFORMANCES (105 Theatres)

	2002	2003	2004	2005	2006	1-yr. % chg.	4-yr. % chg.
Main Series (total)	25,131	25,712	25,280	25,549	25,982	1.7%	3.4%
Special Productions	1,845	1,997	1,777	2,026	1,753	-13.5%	-5.0%
Children's Series	1,288	1,189	1,288	1,203	1,396	16.0%	8.4%
Staged Readings/Workshops	435	479	462	516	480	-7.0%	10.3%
Other	609	614	686	1,056	834	-21.0%	36.9%
Booked-In Events**	390	461	430	666	941	41.3%	141.3%
Resident Subtotal	**29,698**	**30,452**	**30,019**	**31,016**	**31,386**	**1.2%**	**5.7%**
Touring	5,602	4,753	3,791	4,661	4,584	-1.7%	-18.2%
Total	**35,300**	**35,205**	**33,810**	**35,677**	**35,970**	**0.8%**	**1.9%**

** Trend skewed by two theatres' exceptional activity.

For the 105 Trend Theatres:

- Overall attendance declined 8% while the total number of performances rose by nearly 2% over the 5-year period. Attendance slipped in 2003 and 2004 and regained some ground in 2005 and 2006. This trend reflects the same pattern discussed regarding ticket income in the Earned Income section above.

- The fewest number of overall performances and the lowest overall attendance of the 5-year period occurred in 2004. Theatres provided communities with more performances in 2006 than they did any year from 2002 to 2005.

- The overall 5.7% increase in the number of resident performances was met with a slight, half percent decrease in attendance, which suggests that theatres are playing to lower capacity houses, as indicated later in Table 13.

- Attendance at main series productions accounted for roughly 75% of total attendance in 2002 and rose to 80% by 2006. After three years of steady declines, main series attendance bounced back somewhat in 2006, but not enough to bring attendance back to 2002 levels.

- In addition to adding main series activity, theatres increased the number of performances of children's series productions, developmental productions and booked-in events from 2002 to 2006.

- The number of special production performances (e.g., non-subscription holiday productions) dropped in the past year and overall for the 5-year period, as did attendance at these productions.

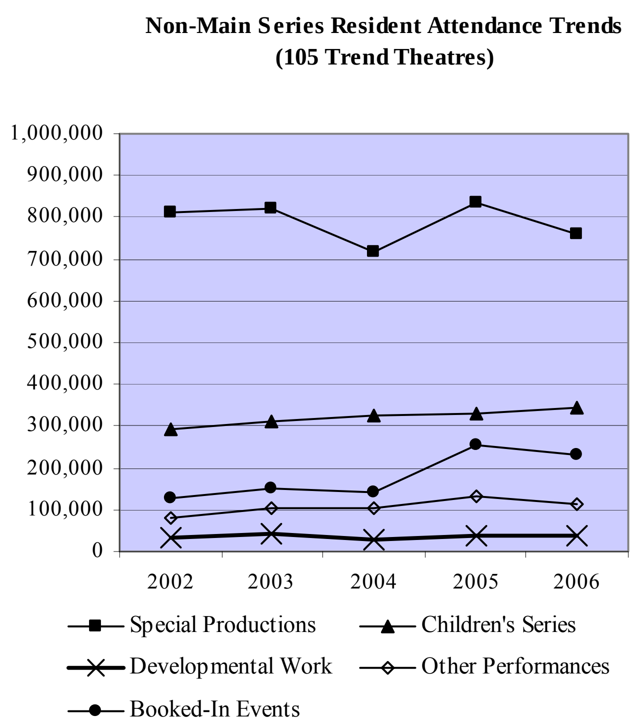
- The increase in children's series attendance was twice that of the increase in children's series performances offered over the five year period.

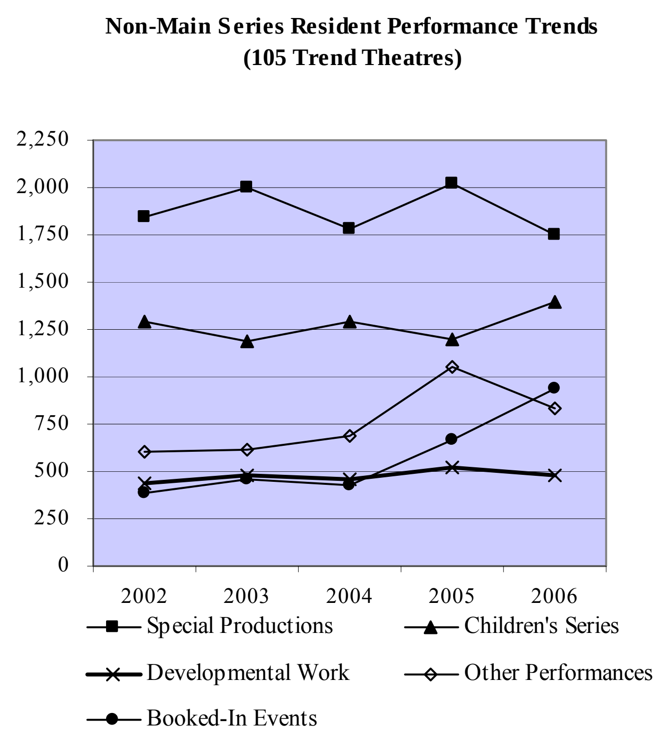
- The number of staged reading and workshop performances was at its highest 5-year level in 2005 and at similar levels in 2003, 2004 and 2006. Overall, 10% more developmental production performances were offered in 2006 compared to 2002, and attendance growth was 1% over the same period.

- Theatres booked in more than twice as many performances in 2006 than in 2002. The increase in attendance is similar to the elevated levels in income from booked-in events in 2005 and 2006. Two theatres that reported no booked-in performances from 2002 to 2004 accounted for substantial activity in 2005 and 2006—one reported 118 booked-in performances in 2005 and a modest number in 2006 while the other accounted for some activity in 2005 and 233 booked-in performances in 2006, twice as many as any other theatre. This category represented only about 1% of theatres' overall offerings from 2002 to 2004 but now represents 3%.

- Theatres produced 18% fewer tour performances in 2006 than in 2002. This trend is primarily attributable to the decreasing number of theatres reporting tour performances between 2002 (37) and 2006 (27). Only half as many people attended toured productions in 2006 as in 2002, and tour attendance declined in each of the five years.

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





We take a closer look at industry averages for marketing and production activity in Table 13, which sheds light on some of the factors driving the trends in attendance, performances, and earned income.

For the 105 Trend Theatres:

- Each year brought fewer subscribers and fewer seats filled by subscribers, reflecting a decrease in the number of overall subscription packages sold. Even though theatres produced two more main series productions on average in 2006 than in 2002, the average number of plays purchased per subscription remained fairly consistent. Between 2002 and 2006, the average number of season ticket holders declined 9% while the average subscription renewal rate fluctuated but inched up overall from 63% to 65%. The total number of seats occupied by subscribers declined by 7%. The percentage of seats occupied by subscribers decreased steadily from 33% in 2002 to 28% in 2006.

- Theatres do not offer all resident productions on subscription. If we focus only on capacity of productions offered on subscription, subscribers filled 44% of their potential in 2002, decreasing annually to 35% in 2006.

- Over the 5-year period, the average price per subscription ticket increased 3% more than the rate of inflation and growth of the highest price per subscription ticket offered exceeded inflation by 9%. In an effort to lure more subscribers, theatres nearly doubled the number of subscription packages offered while the deepest subscription package discount per theatre increased by 6%.

- There were fewer single ticket buyers in 2004 and 2005 than in prior years, and the number of single tickets sold reached its second highest level of the 5-year period in 2006. Single ticket buyers filled 37% of seats in 2002 and 39% in 2004 through 2006; however, the total in-residence capacity filled slipped over the 5-year period, echoing the attendance trend reported above. Overall, average number of single tickets sold per theatre rose 2% over the 5-year period while the average single ticket price rose 5% above inflation.

- There was a 6% decrease in actor employment weeks from 2002 to 2006. The number of performance weeks per year oscillated between 33 and 35. The average number of paid actors hired in a season varied during the five years, from 66 in 2002 and 2006 to a high of 71 in 2005. The overall reduction in actor employment weeks could be attributed to shorter rehearsal periods or to the production of plays with smaller casts. The increase in new play development activity likely means more contracts but of shorter duration than would be the case for a full-scale production. Indeed, the number of staged readings and workshops increased 10% from 2002 to 2006.

TABLE 13: INDUSTRY AVERAGES (105 Trend Theatres)

	2002	2003	2004	2005	2006	1-yr. chg.	4-yr. chg.	4-yr. chg. CGR*
Subscription Renewal Rate	63%	64%	65%	63%	65%	2%	2%	
High Subscription Discount	36.7%	38.7%	38.6%	40.1%	38.9%	-3%	6%	
Low Subscription Discount	11.5%	11.0%	11.1%	11.8%	11.1%	-5%	-3%	
Subscription Price (per ticket)	$25.03	$25.20	$26.15	$27.55	$28.89	5%	15%	3%
Single Ticket Price	$25.27	$26.28	$27.31	$27.60	$29.60	7%	17%	5%
Number of Ticket Packages Offered	4.6	5.3	5.5	6.1	8.4	37%	82%	
Number of Subscribers/Season Ticket Holders	9,388	9,134	8,970	8,822	8,584	-3%	-9%	
Subscription Tickets (#subscribers x #tickets/package sold)	46,013	45,239	43,127	42,894	42,828	0%	-7%	
Single Tickets	52,566	55,056	49,620	49,210	53,578	9%	2%	
Total In-Residence Paid Capacity	70%	70%	70%	68%	67%	-1%	-4%	
Subscriber Capacity	33%	32%	30%	29%	28%	-1%	-14%	
Number of Main Series Performances	239	245	241	243	247	2%	3%	
Number of Main Series Productions	13	14	15	15	15	1%	12%	
Number of Performance Weeks	34	33	33	34	35	2%	3%	
Number of Actor Employment Weeks (sum of # weeks each actor employed)	623	586	557	597	583	-2%	-6%	

*Compounded Growth Rate adjusted for inflation.

Side Note: A Ten-Year View

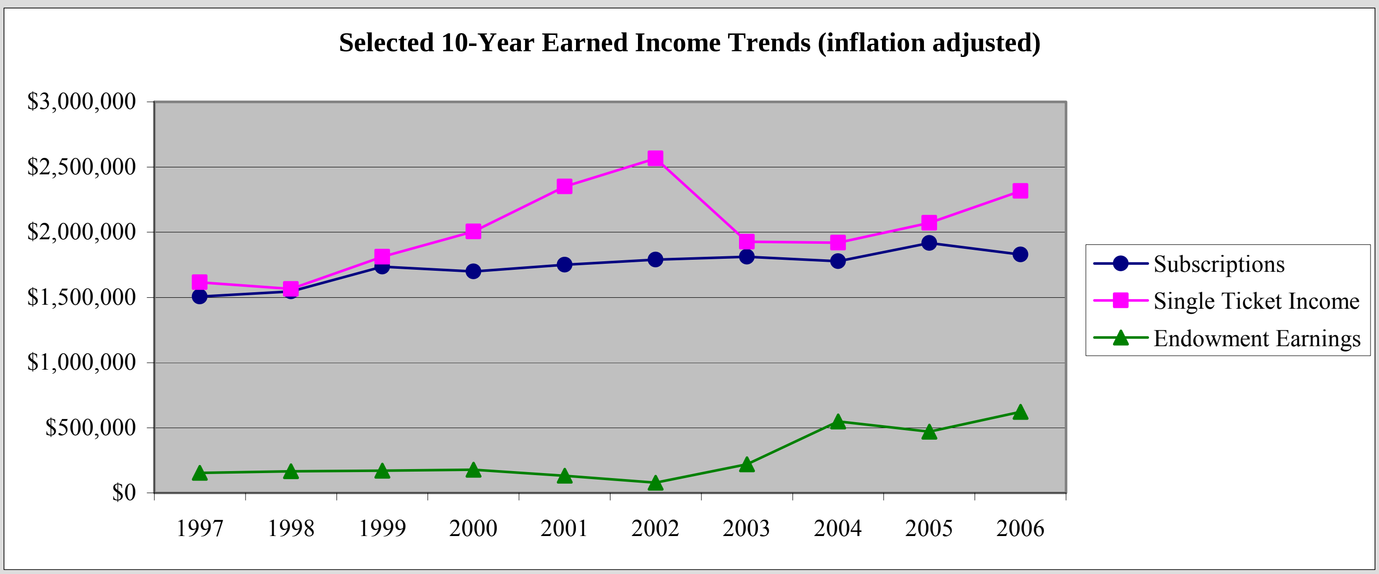
FASB (Financial Accounting Standards Board) made an important change to its recommended audit structure for not-for-profits in 1997. The modification meant that theatres reported income and expenses from all unrestricted funds, including operating funds, plant funds, board designated funds, endowment campaign funds and net assets released from temporary restriction, rather than operating funds alone. In concert with the change, the TCG Fiscal Survey shifted its structure and *Theatre Facts* began reporting CUNA, the annual change in unrestricted net assets, rather than net income from operating funds.

There are 54 Theatres that have participated in the TCG Fiscal Survey each year since 1997. These theatres tend to be significantly larger than the rest of the Trend Theatres, with an average 2006 budget of $9.5 million compared to $6.8 million for the average Trend Theatre. Without smaller theatres in the mix, the average historical activity for this group sometimes belies the trends reported in the section above. Here we highlight some key 10-year trends for this subset of larger theatres to get a longer-term perspective. It is important to remember that the economy was particularly robust in years prior to 9/11.

For the 54 Theatres:

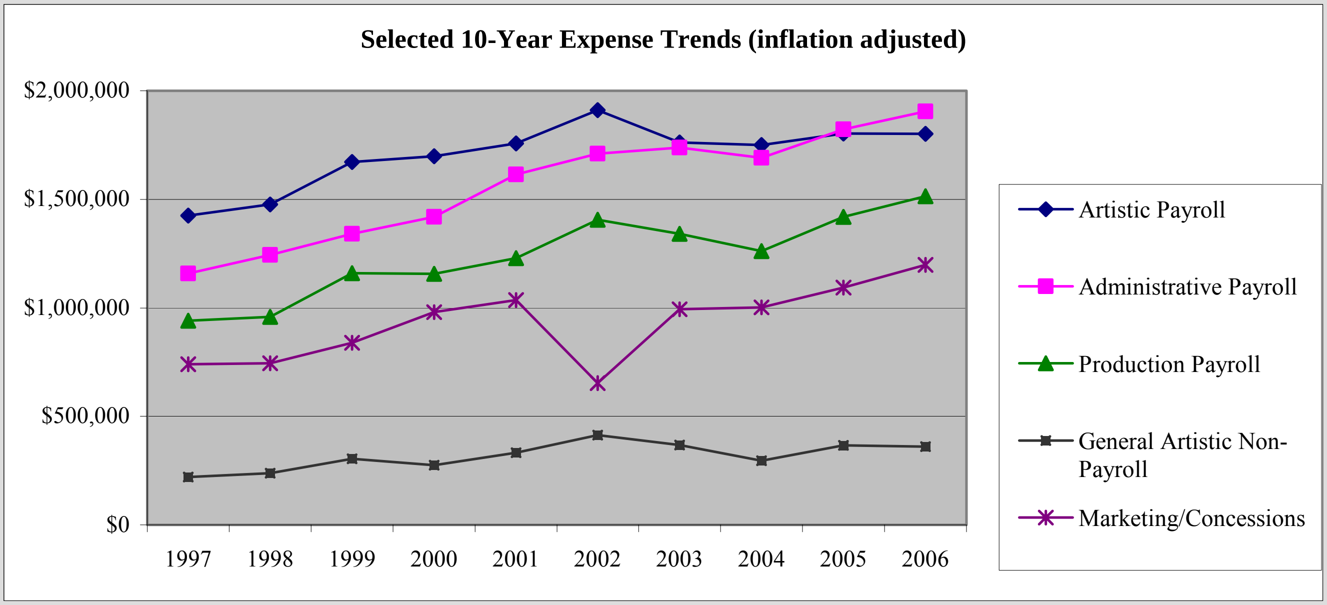
Earned Income

- Subscription income growth exceeded inflation by 27% and single ticket income by 54%. Subscription growth was steady until 2005 and then decreased slightly in 2006, and single ticket income climbed rapidly between 1998 and 2002, fell sharply in 2003, and rose back to the 2002 level by 2006.
- Endowment earnings were fairly flat between 1997 and 2002. In 2003 and 2004 they shot up dramatically, fell slightly in 2005, and then increased again in 2006.
- Overall earned income growth beat inflation by 55%.



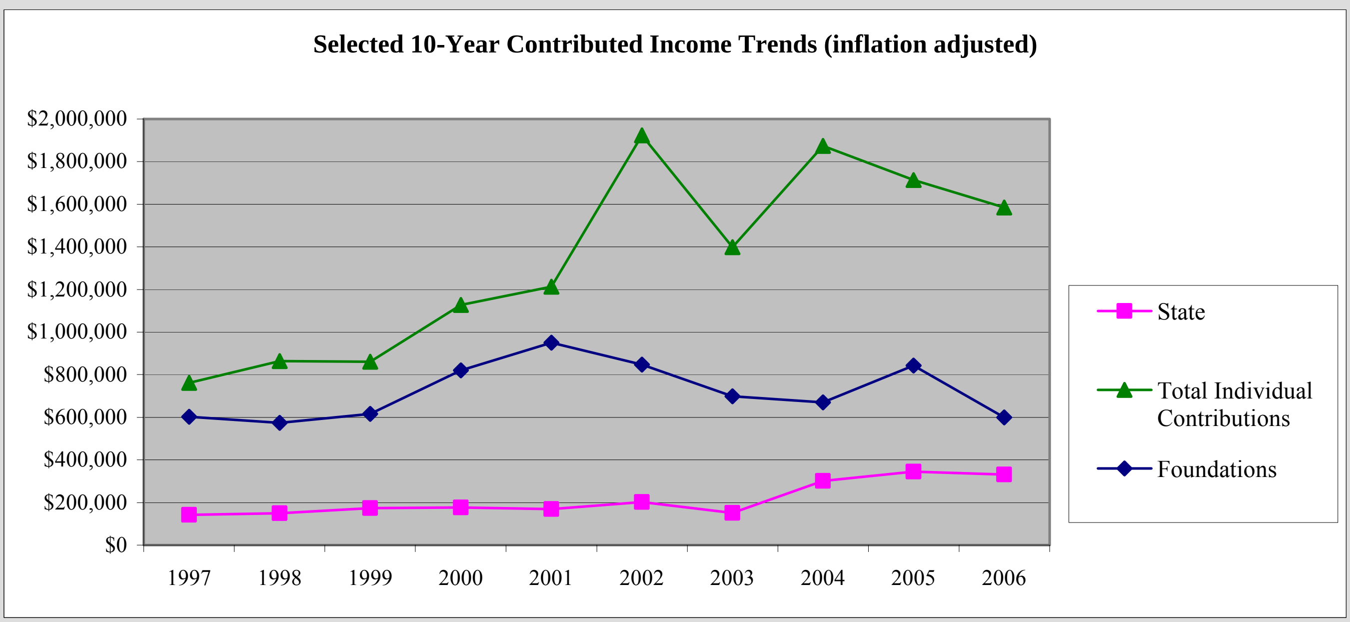
Expenses

- Average artistic payroll was higher than average administrative payroll until 2005 when the trend was reversed. Until 2002, both areas saw similar growth rates. In 2003, administrative payroll increased modestly while production and artistic payroll declined. All three payroll areas expanded in 2005 and 2006.
- Of non-payroll expenses, marketing and general artistic expenses (housing and travel, per diems, company management and stage management expenses) saw the greatest increases, rising 79% and 77% respectively in inflation-adjusted figures.
- Overall expense growth exceeded inflation by 60%.



Contributed Income

- Average state funding and individual contributions more than doubled, in inflation-adjusted figures. State funding skyrocketed between 2003 and 2004, largely driven by the launching of capital campaigns, and has continued to rise. Individual contributions rose sharply in 2002, fell in 2003, spiked again in 2004, and have decreased both years since.
- Foundation funding fluctuated, hitting peaks in 2001 and 2005. The 2006 level of foundation funding was the same as that of 2002 in inflation-adjusted figures.
- Growth in total contributions outpaced inflation by 65% and total income by 59%.
- The nearly identical growth rates of total income and expenses left theatres with virtually the same ratio of CUNA-to-expenses in 2006 as in 1997: 8% vs. 7%, respectively. In the interim years, CUNA varied from a high of 14% in 2000 when the economy was at its peak, to a low of -.3% in 2003, the only year when the average CUNA was negative.



Balance Sheet

- The investment ratio has increased steadily each year, from 54% in 1997 to 111% in 2006.
- Working capital was negative, on average, in every year except 2004. The lowest working capital ratio for these 54 Theatres was -12% in 1997 and the highest 2% in 2004.

PROFILED THEATRES

In this section of *Theatre Facts* we provide a detailed look at the 201 Profiled Theatres that completed the TCG Fiscal Survey in 2006. We examine the same details that were covered in the Trend Theatre section—i.e., earned income, expenses, contributed income, CUNA, balance sheet ratios, attendance, performance and pricing—for all 201 theatres that responded to the survey in 2006, not just the 105 that responded in each of the past five years.

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

In 2006, the Profiled Theatres' budget size ranged from $73,000 to $46 million, with the average budget size equal to $4.2 million. The table to the right shows the budget ranges for each group as well as the number of theatres contained in each group.

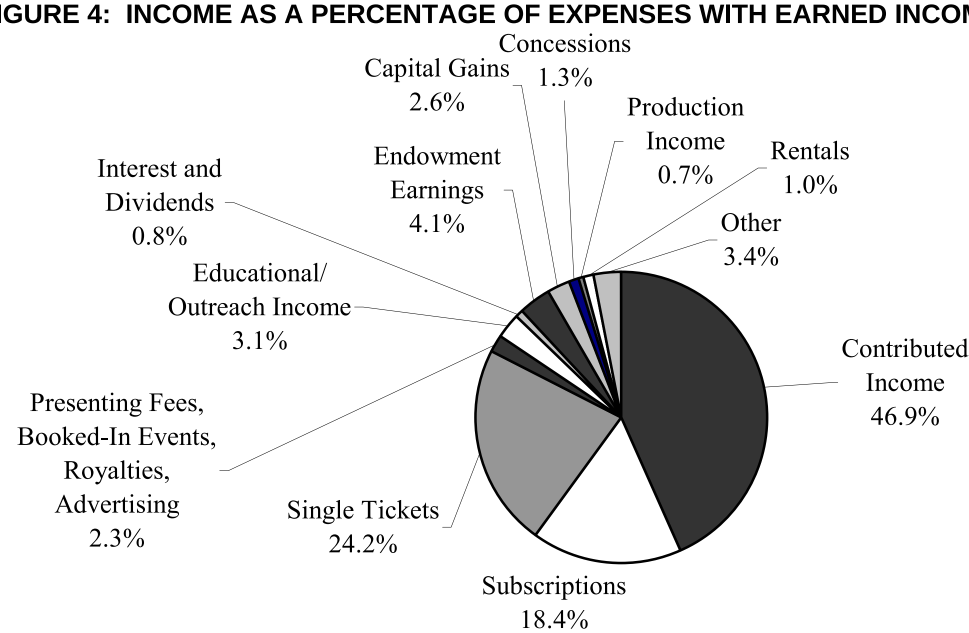
2006 PROFILED THEATRES (201 Theatres)

Budget Group	Number of Theatres	Budget Size
6	25	$10 million or more
5	31	$5 million - $9,999,999
4	29	$3 million - $4,999,999
3	68	$1 million - $2,999,999
2	26	$500,000 - $ 999,999
1	22	$499,999 or less

EARNED INCOME

Figure 4 presents an income breakdown for the Profiled Theatres, with particular focus on earned income. On the whole, earned income financed 61.8% of total expenses and contributed income financed 46.9% of total expenses, which adds to 108.7% because total income exceeded total expenses by 8.7%. Income from ticket sales represented 70% of total earned income and supported 43.5% of all expenses. Single ticket income was the largest source of earned income and funded 24% of expenses.

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



*Percentages total 108.7% because total income exceeded total expenses by 8.7%

Collectively, the 201 Profiled Theatres:

- Earned income in excess of $565 million, $398 million of which was from ticket sales. Earned income per theatre averaged $2.8 million. Profiled Theatres attracted 5.1 million single ticket buyers and 1 million subscribers/ season ticket holders in 2006.

- Brought in 9% of subscription income from flexible subscriptions. Group sales accounted for 9% and pick-and-choose vouchers comprised 1% of single ticket sales. One theatre earned $1.9 million in group sales.

- Toured productions that collected $5 million in fees.

- Generated $29 million in earned income from 1,253 education and outreach programs that served an audience of 3.2 million people.

- Earned $12 million from concessions, $9.5 million from rental fees and $31 million from other activity such as ticket handling fees and special projects.

- Earned $37 million from endowments and $7 million from interest and dividends.

- Recognized $23.4 million from realized and unrealized capital gains from unrestricted investment assets.

- Received $6.6 million in production income. 45 theatres received production income; of these, 31 reported co-production income, 10 reported enhancement income, and 4 theatres reported both.

- Produced 310 world premieres and earned $3.4 million from 332 royalty properties for an average of $10,242 per property.

BUDGET GROUP SNAPSHOT: EARNED INCOME

Table 14 shows average earned income dollar figures for all Profiled Theatres and for each budget group. Table 15 presents each earned income line item as a percent of total expenses.

For the 201 Profiled Theatres:

- The larger the theatre, the more reliant it is on earned income to support expenses.

- Average single ticket income exceeded subscription income for every budget group.

- One theatre generated 40% of all Group 6 income from tour contracts and presenting fees. Another theatre accounted for 55% of the Group 6's royalty income.

- One theatre accounted for all of Group 1's income from booked-in events, another earned all royalty income for the Group, and 99% of capital gains for the group were reported by another theatre.

- Overall, 41% of Profiled Theatres reported royalty income. The majority of royalty income earned by Group 5 Theatres—86%—was from one theatre.

- One theatre accounted for 84% of Group 4's capital gains and another theatre's booked-in event income represents 65% of the Group's total.

- Two Group 6 Theatres accounted for 59% of total 2006 endowment earnings or $15.5 million of the aggregate $37 million for all theatres. Group 6 Theatres benefit significantly more than other groups from interest income, endowment earnings and capital gains.

- No Group 1 Theatre reported endowment earnings.

- Group 2 Theatres average the highest level of income from presenter fees and tour contracts and Group 3 Theatres' average is second highest.

- Group 3 Theatres' average endowment earnings, royalty income and production income (from co-productions and enhancement partnerships) exceeded that of Group 4 Theatres.

- Group 6 Theatres support nearly half of all expenses with total ticket income—a much higher level than other groups. This is true of subscription and single ticket income, which both support a higher level of expenses for Group 6 Theatres.

TABLE 14: AVERAGE EARNED INCOME

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**201**	**25**	**31**	**29**	**68**	**26**	**22**
Subscriptions	$ 835,699	$ 3,624,280	$ 1,342,938	$ 555,335	$ 260,401	$ 58,118	$ 18,833
Single Ticket Income	1,103,892	4,894,761	1,451,232	807,388	385,498	139,658	57,542
Booked-In Events	38,821	161,589	61,533	53,748	3,280	2,385	547
Total Ticket Income	**$ 1,978,412**	**$ 8,680,629**	**$ 2,855,703**	**$ 1,416,471**	**$ 649,180**	**$ 200,161**	**$ 76,922**
Tour Contracts/Presenting Fees	24,509	13,669	13,209	24,111	34,600	39,201	4,718
Educational/Outreach Income	142,545	404,067	208,749	220,101	66,326	32,587	15,376
Interest and Dividends	34,507	200,688	30,625	18,078	5,558	1,851	859
Endowment Earnings	184,613	1,058,383	269,525	22,126	23,590	1,789	0
Capital Gains/(Losses)	116,387	594,636	144,888	66,721	30,784	120	224
Royalties	16,918	79,525	26,579	2,895	7,192	577	20
Concessions	59,340	218,323	104,261	64,058	15,447	9,624	3,587
Production Income	32,968	131,716	66,036	7,757	13,410	3,812	2,300
Advertising	16,797	32,897	23,642	23,227	12,628	9,535	1,848
Rentals	47,551	163,993	77,504	37,850	22,448	11,167	6,397
Other	155,316	808,768	174,873	109,901	29,259	5,250	12,046
Total Earned Income	**$ 2,809,861**	**$ 12,387,293**	**$ 3,995,595**	**$ 2,013,296**	**$ 910,422**	**$ 315,674**	**$ 124,296**

TABLE 15: 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	**201**	**25**	**31**	**29**	**68**	**26**	**22**
Subscriptions	18.4%	20.5%	18.9%	14.8%	15.0%	8.5%	5.7%
Single Ticket Income	24.2%	27.6%	20.4%	21.5%	22.2%	20.5%	17.5%
Booked-In Events	0.9%	0.9%	0.9%	1.4%	0.2%	0.3%	0.2%
Total Ticket Income	**43.5%**	**49.0%**	**40.2%**	**37.7%**	**37.3%**	**29.3%**	**23.4%**
Tour Contracts/Presenting Fees	0.6%	0.1%	0.2%	0.6%	2.0%	5.7%	1.4%
Educational/Outreach Income	3.1%	2.3%	2.9%	5.9%	3.8%	4.8%	4.7%
Interest and Dividends	0.8%	1.1%	0.4%	0.5%	0.3%	0.3%	0.3%
Endowment Earnings	4.1%	6.0%	3.8%	0.6%	1.4%	0.3%	0.0%
Capital Gains/(Losses)	2.6%	3.4%	2.0%	1.8%	1.8%	0.0%	0.1%
Royalties	0.4%	0.4%	0.4%	0.1%	0.4%	0.1%	0.0%
Concessions	1.3%	1.2%	1.5%	1.7%	0.9%	1.4%	1.1%
Production Income	0.7%	0.7%	0.9%	0.2%	0.8%	0.6%	0.7%
Advertising	0.4%	0.2%	0.3%	0.6%	0.7%	1.4%	0.6%
Rentals	1.0%	0.9%	1.1%	1.0%	1.3%	1.6%	1.9%
Other	3.4%	4.6%	2.5%	2.9%	1.7%	0.8%	3.7%
Total Earned Income	**61.8%**	**70.0%**	**56.3%**	**53.6%**	**52.3%**	**46.3%**	**37.8%**

For the 201 Profiled Theatres:

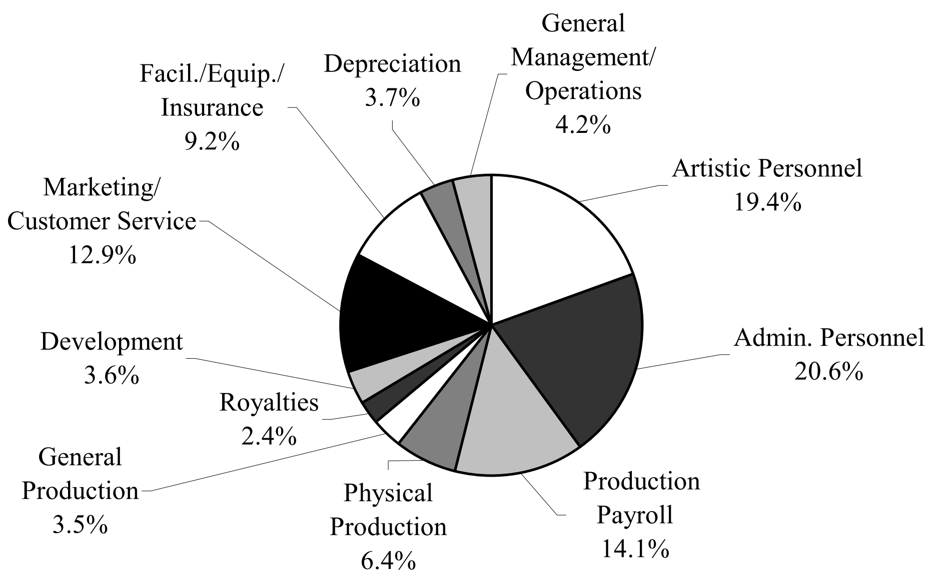
- Group 2 and 1 Theatres experience far lower subscription income than the industry average.
- Group 4 Theatres cover a higher portion of expenses with education/outreach income than other groups.
- Group 2 Theatres lead the field in average tour contracts and presenting fees, both in absolute terms and as a proportion of expenses.

EXPENSES

A breakdown of Profiled Theatres' expenses is presented in Figure 5. The labor-intensive nature of theatre is evidenced by the fact that 54% of total expenses—$494 million—goes to compensation: artistic (19%), administrative (21%) and production payroll (14%). These figures include salaries, taxes, health insurance, welfare and retirement payments. If one also considers payment to authors in the form of royalties, this figure rises to $517 million, or 56% of total expenses.

If we take the royalty expense and artistic and production payroll expenses mentioned above, and add to them general production expenses (artist housing and travel, designer expenses, etc.) and production materials (including production management expenses), we see that direct production expenses represent nearly half (46%) of all expenses.

FIGURE 5: BREAKDOWN OF EXPENSES



Collectively, the 201 Profiled Theatres:

- Directly contributed $915 million to the U.S. economy in 2006.
- Paid $22 million in royalties for 1,236 properties—an average of $18,000 per property.
- Spent 67 cents to bring in each dollar of education and outreach income (see Table 19). This figure takes into account income earned from education and outreach activities, such as training programs and contract fees received for adult access programs, as well as contributed income that supports education and outreach programs. It includes education and outreach personnel salaries and benefits but does not include development costs associated with grant writing for education or outreach funding.
- Were effective with their development expenditures. Table 19 shows that it took only 14 cents to generate every dollar of contributed income, taking into account personnel expenses as well as expenses associated with fundraising events, and unrestricted, temporarily restricted, and permanently restricted contributions.
- Spent over $122 million in occupancy/building/ equipment/maintenance and other administrative costs such as office supplies and audit fees.
- 33% of Profiled Theatres own their own theatre space, 56% rent and 11% operate out of donated theatre space. 35% own their office space, 54% rent and 11% have their office space donated.
- Recognized over $34 million in depreciation, the annual decrease in the book value of property and equipment for accounting purposes.
- Allocated11% of development expenses, 4% of marketing expenses and 17% of general management expenses for professional fees for independent contractors or consultants.

BUDGET GROUP SNAPSHOT: EXPENSES

Table 16 provides average expense dollar figures for all Profiled Theatres and for each budget group. In Table 17, we provide an index of key administrative expense/income comparisons as well as a table of personnel and non-personnel expenses allocated by administrative department.

TABLE 16: AVERAGE EXPENSES

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**201**	**25**	**31**	**29**	**68**	**26**	**22**
Artistic Payroll	$ 883,763	$ 3,261,534	$ 1,258,171	$ 750,295	$ 414,090	$ 189,133	$ 102,752
Administrative Payroll	935,478	3,506,179	1,501,779	865,738	346,600	144,489	63,163
Production Payroll	640,330	2,748,033	1,075,073	406,372	197,175	43,465	16,160
Total Payroll	**$ 2,459,571**	**$ 9,515,745**	**$ 3,835,023**	**$ 2,022,405**	**$ 957,865**	**$ 377,087**	**$ 182,075**
General Artistic Non-Payroll	159,505	637,510	236,672	116,487	63,649	33,169	9,879
Royalties	110,853	379,694	208,097	94,831	46,789	12,719	3,442
Production/Tech Non-Payroll (physical production)	291,981	1,246,531	418,290	183,800	120,103	27,361	15,880
Development/Fundraising	164,715	654,517	245,640	126,027	67,035	26,404	10,463
Marketing/Customer Service/Concessions	586,645	2,285,639	953,853	526,109	193,190	78,753	34,713
Occupancy/Building/Equipment/ Maintenance	420,320	1,588,014	648,670	353,216	171,238	73,404	39,971
Depreciation	169,876	681,103	268,583	186,550	41,482	18,339	3,815
General Management/Operations	189,004	719,506	283,201	149,988	78,350	34,922	28,977
Total Expenses	**$ 4,552,471**	**$ 17,708,258**	**$ 7,098,028**	**$ 3,759,414**	**$ 1,739,700**	**$ 682,158**	**$ 329,214**

If we combine program costs (see Table 17) with personnel costs allocated to the various administrative departments, we find that Profiled Theatres spent an average of $576,111 on marketing, $324,635 on development, $242,556 on front-of-house (including box office) and $171,555 on education.

TABLE 17: 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	$ 159,920	$ 609,428	$ 231,584	$ 158,321	$ 64,229	$ 22,258	$ 8,707
Non-personnel Development Expenses	164,715	654,517	245,640	126,027	67,035	26,404	10,463
Marketing Personnel	123,512	467,351	219,599	111,646	39,904	10,079	5,511
Non-personnel Marketing Expenses	452,599	1,853,798	748,524	333,538	144,540	55,726	21,500
Front-of-House Personnel	188,846	809,334	286,542	153,898	55,527	20,722	2,915
Non-personnel Front-of-House Expenses	53,710	193,126	78,261	59,927	22,748	7,608	2,679
Education Programs/Outreach Personnel	119,868	387,955	195,642	178,278	37,491	21,537	2,284
Non-personnel Education/Outreach Expenses	51,687	143,542	76,232	94,731	18,200	9,517	9,326

Table 18 presents each expense line item as a percent of total expenses and Table 19 provides administrative expense-to-income ratios for selected activities.

TABLE 18: AVERAGE EXPENSES AS A PERCENTAGE OF TOTAL EXPENSES

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**201**	**25**	**31**	**29**	**68**	**26**	**22**
Artistic Payroll	19.4%	18.4%	17.7%	20.0%	23.8%	27.7%	31.2%
Administrative Payroll	20.6%	19.8%	21.2%	23.0%	19.9%	21.2%	19.2%
Production Payroll	14.1%	15.5%	15.1%	10.8%	11.3%	6.4%	4.9%
Total Payroll	**54.1%**	**53.7%**	**54.0%**	**53.8%**	**55.1%**	**55.3%**	**55.3%**
General Artistic Non-Payroll	3.5%	3.6%	3.3%	3.1%	3.7%	4.9%	3.0%
Royalties	2.4%	2.1%	2.9%	2.5%	2.7%	1.9%	1.0%
Production/Tech Non-Payroll (physical production)	6.4%	7.0%	5.9%	4.9%	6.9%	4.0%	4.8%
Development/Fundraising	3.6%	3.7%	3.5%	3.4%	3.9%	3.9%	3.2%
Marketing/Customer Service/Concessions	12.9%	12.9%	13.4%	14.0%	11.1%	11.5%	10.5%
Occupancy/Building/Equipment/Maintenance	9.2%	9.0%	9.1%	9.4%	9.8%	10.8%	12.1%
Depreciation	3.7%	3.8%	3.8%	5.0%	2.4%	2.7%	1.2%
General Management/Operations	4.2%	4.1%	4.0%	4.0%	4.5%	5.1%	8.8%
Total Expenses	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

For the 201 Profiled Theatres:

- Administrative payroll accounted for a fairly similar level of expenses across Groups.
- Group 2 and 1 Theatres spent far less of their resources on production payroll relative to larger theatres and proportionally more on artistic payroll.
- Group 2 Theatres allocated more of their budgets to general artistic non-payroll expenses (i.e., artist housing and travel, designer expenses, etc.).
- Group 6 and 3 Theatres spent proportionally more than other groups on physical production expenses.
- The smaller the theatre, the greater the proportion of budget spent on occupancy expenses related to facilities and equipment. Group 1 Theatres spent more of their budgets on this area than on any other area except artistic and administrative payroll.
- Group 1 Theatres spent more of their budgets on general management expenses such as office supplies and membership fees.
- Group 4 Theatres reported the highest relative level of depreciation.
- Group 1 Theatres experienced low levels of depreciation expense relative to other groups. This is likely due to the fact that only one Group 1 Theatre owns its facilities.

TABLE 19:

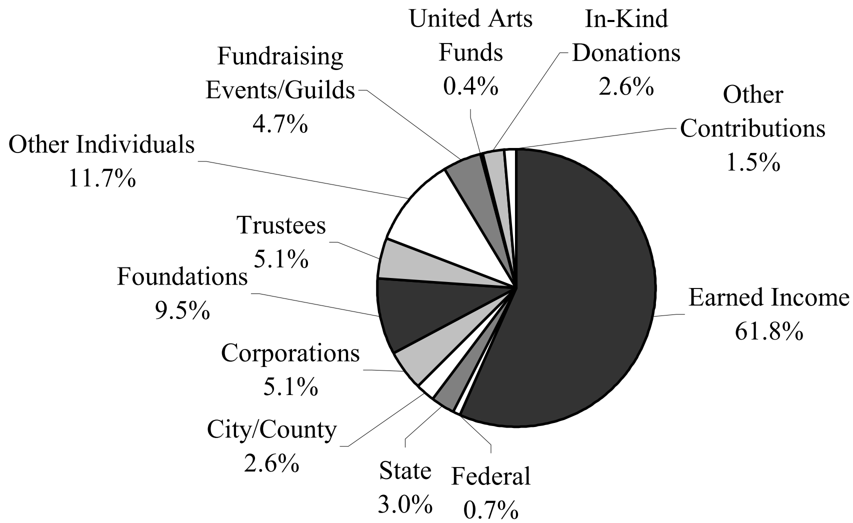
PROFILED THEATRE ADMINISTRATIVE EXPENSE INDEX

- Single ticket marketing expense (excluding personnel expense) to single ticket income: 24%
- Subscription marketing expense (excluding personnel expense) to subscription income: 14%
- Total marketing expense (including personnel expense) to total ticket sales: 29%
- Development expense (excluding personnel expense, fundraising event expenses and income) to total unrestricted contributed income: 2%
- Fundraising event expense (excluding personnel expense) to fundraising event income: 37%
- Total development expense (including fundraising event expense and personnel expense) to total unrestricted contributed income: 15%
- Total development expense (including fundraising event expense, personnel expense, and unrestricted, temporarily restricted and permanently restricted contributed income) to total contributed income: 14%
- Education/outreach expense (excluding personnel expense, including both earned and contributed income) to total education/outreach income: 20%
- Total education/outreach expense (including personnel expense and both earned and contributed income) to total education/outreach income: 67%

CONTRIBUTED INCOME AND CHANGES IN UNRESTRICTED NET ASSETS (CUNA)

The contributed income and CUNA analysis takes into consideration all unrestricted funds, including Net Assets Released from Temporary Restriction (NARTR), which are contributions received in a prior fiscal year for activity that occurred in the current fiscal year, hence the release of funds from temporary restriction. Figure 6 presents income detail on Profiled Theatres, with particular focus on the relative level of funds from different contributed sources. Contributions financed 46.9% of total expenses, with individual donations representing the largest single source of contributed income. We also present the average gift size by source for all profiled theatres and each budget group in Table 20. Every budget group averaged positive CUNA.

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



*Percentages total 108.7% because total income exceeded total expenses by 8.7%.

Collectively, the 201 Profiled Theatres:

- Released $102 million of NARTR, which represented 24% of total contributed funds and was reported by multiple theatres in every group.
- Conducted capital campaigns that generated $82.9 million or 19% of all contributed funds. Fifty-two Profiled Theatres (26%) were in a capital campaign in 2006. Fourteen theatres that are now in a capital campaign started it between 2000 and 2003; 13 theatres began in 2004, 9 started in 2005; and 2006 was the starting year of the capital campaign for 10 theatres; all others started prior to 2000. By way of comparison, 9% of Group 1 Theatres and 52% of Group 6 were in the midst of a capital campaign in 2006.
- Received gifts totaling $153.5 million from individuals—both trustees and other individuals—which supported 16.8% of total expenses and accounted for 36% of all contributed dollars.
- Received one-third of total individual contributions from trustees, who gave an average of $7,406. Boards for the Profiled Theatres averaged 28 members. Group 1 Theatres averaged 11 trustees whereas Group 6 Theatres averaged 46.
- Attracted contributions from 245,629 individuals (non-trustees) who gave an average gift of $325 (excluding NARTR from the calculation). For the average Group 6 and 3 Theatre, gifts from other individuals were the greatest source of contributed funds.
- Raised $47 million in corporate support from 5,044 corporations.
- Received $86.6 million from foundations, 20% of total contributed income and the greatest source of contributed funds for Group 5, 4, 2, and 1 Theatres. 3,205 foundations provided grants that averaged $27,031.
- Elicited over $24.8 million in support of touring and education programs.
- Attracted in-kind donations that totaled $24.2 million and raised $42.8 million by throwing special fundraising events or through guilds.

The 201 Profiled Theatres also received federal funds equal to nearly 1% of expenses and 1.5% of total contributed income. Three theatres received NEH funding. Four theatres located in Washington, DC, received grants in excess of $300,000 from the National Capital Arts and Cultural Affairs Program. The 59 theatres that received NEA Access to Artistic Excellence grants averaged $26,300 per grant. Ten theatres received an average grant of $29,100 for Learning in the Arts for Children and Youth projects, and 2 theatres averaged $13,900 for Challenge America Fast-Track grants. Every group benefited from some form of federal funding.

TABLE 20: AVERAGE GIFT BY SOURCE

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Average Other Individual Gift	$ 325	$ 353	$ 278	$ 337	$ 331	$ 228	$ 268
Average Trustee Gift	7,406	13,123	8,396	6,666	4,456	1,481	1,988
Average Corporate Gift	9,367	16,770	9,330	5,294	5,887	3,151	3,125
Average Foundation Gift	27,031	38,151	49,126	18,689	16,221	10,308	11,162

BUDGET GROUP SNAPSHOT: CONTRIBUTED INCOME

Table 21 provides average contributions and CUNA for all Profiled Theatres and for each budget group. In Table 22, we present contributions and CUNA as a percentage of expenses. We supplement these tables with the following observations.

TABLE 21: AVERAGE CONTRIBUTED INCOME AND TOTAL INCOME

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**201**	**25**	**31**	**29**	**68**	**26**	**22**
Federal	$ 32,686	$ 97,720	$ 49,012	$ 44,847	$ 14,927	$ 7,641	$ 4,237
State	134,968	545,122	145,408	134,264	63,241	19,776	12,942
City/County	117,233	503,979	156,000	105,794	35,780	15,125	10,643
Corporations	235,070	941,110	350,937	192,404	88,220	33,815	17,470
Foundations	431,024	1,020,911	995,206	424,700	199,668	107,041	72,045
Trustees	232,653	814,586	372,282	262,622	91,256	23,501	19,338
Other Individuals	531,272	2,193,639	801,511	339,302	204,676	96,325	37,989
Fundraising Events/Guilds	213,080	724,320	359,030	201,853	92,565	40,089	18,210
United Arts Funds	20,146	54,894	48,325	10,563	9,649	5,220	3,672
In-Kind Services/Materials/	120,829	208,637	334,546	112,079	53,587	35,846	39,710
Other Contributions	68,318	157,790	149,291	30,344	51,523	14,092	18,599
Total Contributed Income	**$ 2,137,281**	**$ 7,262,708**	**$3,761,547**	**$ 1,858,772**	**$ 905,092**	**$ 398,473**	**$ 254,854**
Total Income	**$ 4,947,142**	**$ 19,650,001**	**$7,757,142**	**$ 3,872,068**	**$ 1,815,514**	**$ 714,147**	**$ 379,150**
Changes in Unrestricted Net Assets (CUNA)	**$ 394,670**	**$ 1,941,743**	**$ 659,114**	**$ 112,653**	**$ 75,814**	**$ 31,989**	**$ 49,936**

For the 201 Profiled Theatres:

- One or two theatres skewed the average CUNA for several budget groups, accounting for 63% of CUNA in Group 6, 67% in Group 5, 62% in Group 2, and 64% in Group 1. Excluding these theatres from the analyses would leave Group 6 Theatres with an average CUNA of $758,400, Group 5 Theatres with $226,200, Group 2 theatres with $12,600 and Group 1 Theatres with CUNA of $19,069.

- Of Group 6 Theatres, one theatre accounted for 74% of the group's state funding and another for 58% of its local funding. Both theatres were in a capital campaign.

- Group 5 Theatres garnered the highest average in-kind donations and covered the lowest proportion of expenses with state funding compared to other groups. One Group 5 Theatre accounted for half of all foundation funding for the group.

- As indicated in Table 20, Group 4 Theatres experienced the second highest average gift per non-trustee individuals, while Group 2 Theatres reported the lowest average gift per trustee, per other individual, and per foundation.

- For Group 6 and 2 Theatres, average giving from non-trustee individuals supported expenses at much higher levels than it did for other groups.

- Group 1 Theatres sustained more of their expenses with foundation funding and in-kind donations than did other groups. This high in-kind level was driven by one theatre's exceptional activity.

- The positive average CUNA reported by each budget group of theatres means that, on average, the year ended with a higher level of unrestricted net assets than it began. The aggregate balance of unrestricted net assets at the beginning of the fiscal year for Profiled Theatres was $771 million and the year ended with unrestricted net assets totaling $849 million. Despite the overall positive news, there were theatres in every budget group that ended the year with negative CUNA.

TABLE 22: AVERAGE CONTRIBUTED INCOME AS A PERCENTAGE OF EXPENSES

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**201**	**25**	**31**	**29**	**68**	**26**	**22**
Federal	0.7%	0.6%	0.7%	1.2%	0.9%	1.1%	1.3%
State	3.0%	3.1%	2.0%	3.6%	3.6%	2.9%	3.9%
City/County	2.6%	2.8%	2.2%	2.8%	2.1%	2.2%	3.2%
Corporations	5.1%	5.3%	4.9%	5.1%	5.1%	5.0%	5.3%
Foundations	9.5%	5.8%	14.0%	11.3%	11.5%	15.7%	21.9%
Trustees	5.1%	4.6%	5.2%	7.0%	5.2%	3.4%	5.9%
Other Individuals	11.7%	12.4%	11.3%	9.0%	11.8%	14.1%	11.5%
Fundraising Events/Guilds	4.7%	4.1%	5.1%	5.4%	5.3%	5.9%	5.5%
United Arts Funds	0.4%	0.3%	0.7%	0.3%	0.6%	0.8%	1.1%
In-Kind Services/Materials/Facilities	2.6%	1.2%	4.7%	3.0%	3.1%	5.3%	12.1%
Other Contributions	1.5%	0.9%	2.1%	0.8%	3.0%	2.1%	5.6%
Total Contributed Income	**46.9%**	**41.0%**	**53.0%**	**49.4%**	**52.0%**	**58.4%**	**77.4%**
Total Income	**108.7%**	**111.0%**	**109.3%**	**103.0%**	**104.4%**	**104.7%**	**115.2%**
Changes in Unrestricted Net Assets (CUNA)	**8.7%**	**11.0%**	**9.3%**	**3.0%**	**4.4%**	**4.7%**	**15.2%**

THE BALANCE SHEET

The balance sheet reflects a theatre's long-term fiscal health and stability. A positive CUNA means that a theatre has ended the year with a higher level of unrestricted net assets than it had when the year began. The 190 Profiled Theatres that completed the Balance Sheet section of the survey held total assets of $2 billion and net assets of $1.5 billion, 56% of which was in unrestricted funds. As in the Trend Theatre section, we use Cool Spring Analytics' measures of theatres' fiscal health with respect to working capital, physical capital and investments. From Table 23, we see that 54% of Profiled Theatres' net assets are in fixed assets, 42% are investments, 12% are other net assets and the total is reduced by 8% due to negative working capital, which is detailed in Table 24.

TABLE 23: AVERAGE TOTAL NET ASSETS

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**190**	**23**	**30**	**29**	**62**	**25**	**21**
Working Capital	$ (674,793)	$ (2,186,498)	$ (637,453)	$ (1,149,560)	$ (372,187)	$ (109,837)	$ 17,194
Fixed Assets	$ 4,355,515	$ 23,256,252	$ 4,125,339	$ 3,269,556	$ 1,014,414	$ 389,670	$ 68,634
Investments	$ 3,404,556	$ 20,227,808	$ 4,750,227	$ 517,329	$ 379,751	$ 15,880	$ 8,343
Other Net Assets	$ 936,741	$ 2,652,171	$ 1,557,747	$ 1,383,295	$ 400,455	$ 180,492	$ 37,737
Total Net Assets	**$ 8,022,019**	**$ 43,949,732**	**$ 9,795,860**	**$ 4,020,620**	**$ 1,422,432**	**$ 476,206**	**$ 131,908**
Total Expenses	**$ 4,608,491**	**$ 18,233,545**	**$ 7,142,711**	**$ 3,759,414**	**$ 1,758,978**	**$ 682,345**	**$ 324,866**
Investment Ratio	**74%**	**111%**	**67%**	**14%**	**22%**	**2%**	**3%**

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

Profiled Theatres possess an aggregate $827.5 million in fixed assets. The Group 6 Theatres account for 65% of all total fixed assets. For Group 4 and 2 Theatres, fixed assets represent 82% of total net assets.

INVESTMENT RATIO = TOTAL INVESTMENTS/TOTAL EXPENSES

Profiled Theatres' invested capital is comprised of endowments and cash reserves. Investments generate interest income that can be either reinvested or used for operations, thereby lessening the burden on other income sources and making it easier to weather hard economic times. Group 6 and 5 Theatres' combined endowments total represents 95% of the total for all Profiled Theatres. No Group 2 or Group 1 Theatre reported having unrestricted endowment funds, as reflected in Table 24. The investment ratio is best examined over time. Half of the Profiled Theatres reported having some investments. As shown in Table 23, the investment ratio is particularly strong for Group 6 Theatres, whose average investments exceed their annual expenses.

TABLE 24: AVERAGE WORKING CAPITAL

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**190**	**23**	**30**	**29**	**62**	**25**	**21**
Total Unrestricted Net Assets	4,477,911	26,639,836	4,252,831	2,128,434	644,824	279,833	85,829
Fixed Assets	4,355,515	23,256,252	4,125,339	3,269,556	1,014,414	389,670	68,634
Unrestricted Investments	797,189	5,570,082	764,945	8,438	2,597	0	0-
Working Capital	**(674,793)**	**(2,186,498)**	**(637,453)**	**(1,149,560)**	**(372,187)**	**(109,837)**	**17,194**
Total Expenses	**4,608,491**	**18,233,545**	**7,142,711**	**3,759,414**	**1,758,978**	**682,345**	**324,866**
Working Capital Ratio	**-15%**	**-12%**	**-9%**	**-31%**	**-21%**	**-16%**	**5%**

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

Working capital represents theatres' ability to meet day-to-day cash needs and current obligations. Table 24 shows that, on average, working capital was negative for Profiled Theatres, indicating that these theatres are borrowing funds to meet daily operating needs. Group 4 Theatres experienced relatively severe working capital shortages, leaving them with little financial flexibility. The lowest reported working capital was -$15.4 million, reported by two theatres, and the highest was $21 million. Only Group 1 Theatres reported positive average working capital.

WORKING CAPITAL RATIO = WORKING CAPITAL/TOTAL EXPENSES

The working capital ratio, a comparison of working capital to total expenses, is another indicator of organizational health. Again, Cool Spring Analytics notes that one way to look at working capital is having enough capital to handle most cash flow fluctuations for a period of time. For example, a ratio of 25% would relate to three months of working capital. Of the 190 Profiled Theatres that completed the balance sheet portion of the survey, 15 reported a working capital ratio of 25% or more and 121—64%—experienced negative working capital. One exceptional theatre reported working capital more than 3 times the amount of total expenses, and three theatres reported negative working capital more than twice the level of total annual expenses. As mentioned above, only Group 1 Theatres had positive working capital; however, when compared to the group's total expenses, the working capital ratio came to only 5% or enough working capital to last two and a half weeks. The overall working capital ratio for the Profiled Theatres was -15%.

ATTENDANCE, PRICING AND PERFORMANCES

Profiled

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

TABLE 25: INDUSTRY AVERAGES

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of Theatres	**201**	**25**	**31**	**29**	**68**	**26**	**22**
Subscription Renewal Rate	73%	74%	73%	71%	74%	72%	73%
High Subscription Discount	36.6%	44.3%	43.9%	37.4%	31.8%	32.4%	34.0%
Low Subscription Discount	12.3%	9.9%	9.7%	13.0%	13.6%	11.5%	14.7%
Subscription Price (per ticket)	$26.70	$38.04	$31.37	$26.93	$25.11	$18.50	$16.81
Single Ticket Price	$27.38	$39.84	$33.74	$28.31	$25.15	$19.96	$17.43
Number of Ticket Packages Offered	7	17	6	5	6	3	3
Number of Subscribers/Season Ticket Holders	5,744	19,803	8,456	4,919	2,305	805	294
Subscription Tickets (#subscribers x #tickets/package sold)	28,374	97,015	44,449	22,597	11,238	3,760	1,482
Single Tickets	37,515	125,620	50,677	36,646	19,808	8,859	3,640
Total In-Residence Paid Capacity	71%	80%	72%	74%	71%	64%	59%
Total In-Residence Subscriber Capacity*	26%	35%	32%	26%	25%	16%	13%
Number of Main Series Performances	195	406	255	228	154	107	56
Number of Performance Weeks	31	42	36	34	27	27	22
Number of Actor Employment Weeks (sum of # weeks each actor employed)	451	1,094	535	480	329	257	144
Number of Total Paid Employees (includes jobbed-in, part-time and full-time personnel)	179	487	247	187	114	75	45
Paid Employee Turnover (# vacated positions/total # pd. employees)	12%	13%	13%	14%	13%	9%	9%

* Not all resident productions are offered on subscription. If we were to consider only potential capacity of those productions offered on subscription, subscribers filled an overall average of 32% of their potential: 46% for Group 6 Theatres, 40% for Group 5, 35% for Group 4 Theatres, 30% for Group 3, 22% for Group 2 and 15% for Group 1.

The 201 Profiled Theatres:

- Attracted over 12.5 million patrons, sold more than 1 million subscriptions and held over 39,000 main series performances.
- Filled an average of 71% of their seats with paying customers, as demonstrated in Table 25. Generally speaking, the larger the theatre, the fuller the house and the greater the proportion of the house filled with subscribers.
- The larger the theatres, the more actors employed per average performance week and the more performance weeks offered per year.
- Provided 89,789 weeks of actor employment and employed 36,047 full-time, part-time and jobbed-in administrative, technical and artistic personnel.

CONCLUSION

In many ways, the robust improvement of fiscal health realized by many theatres in 2004 and 2005 declined slightly in 2006. The early years of the five-year trend analysis reflect the poor economy immediately following 9/11, which left many theatres with a short-term degradation of CUNA. In 2006, growth of both earned and contributed income outpaced expense growth. The average theatre in every budget group ended the year with a positive CUNA. The majority of theatres have operated in the black since 2004, and more theatres had positive CUNA in 2006 than in any of the past five years. On average, theatres experienced capital gains rather than capital losses and capital campaigns left theatres with substantial growth in both fixed assets and investments. The investment ratio has improved over time. Average endowment earnings increased more than 600% from 2002 to 2006, even after adjusting for inflation. Foundations and individual donors are key resource providers for theatres of all sizes.

Despite the good news, there are some trends that are cause for serious concern. Subscription sales continue to slide, subscription income covered its lowest level of total expenses for the 5-year period in 2006, and single ticket income did not keep pace with inflation. There is good news and disturbing news from the balance sheet analysis. The success of capital campaigns resulted in improved and, in many cases, expanded facilities. At the same time, cash reserves and working capital were at a 6-year low in 2006. The additional expense of running these facilities is evident in the substantial increases in occupancy, building, equipment and maintenance costs, which rose at a higher rate than any other expense category.

Theatre size clearly has an impact on how theatres operate. The largest, Group 6 Theatres had the highest investment ratio and supported a higher percentage of expenses with endowment earnings than other groups, filled their theatres to a higher level of capacity and supported a much higher percentage of expenses with ticket income than other groups. They received a comparatively lower percentage of their budget from foundation grants. Group 5 Theatres spent the lowest percentage of their budgets on artistic personnel, had the highest average royalty income and foundations were their greatest source of contributed funds. Group 5 Theatres garnered the highest average in-kind donations and covered the lowest proportion of expenses with state funding compared to other groups.

Mid-sized theatres struggled on several fronts. They experienced the most severe working capital shortages; the working capital ratio was -31% for Group 4 Theatres and -21% for Group 3 Theatres. Group 4 Theatres had the lowest subscription renewal rate, spent comparatively more of their budgets on administrative payroll and reported the highest level of depreciation as a percentage of total expenses, likely linked to the fact that fixed assets represented 82% of their total net assets. They sustained a higher portion of their expenses with education/outreach income than other groups. Group 3 Theatres' average endowment earnings, royalty income and production income exceeded that of Group 4 Theatres.

Smaller theatres had their own idiosyncrasies. Group 2 and 1 Theatres experienced far lower subscription income than the industry average and spent far less of their resources on production payroll relative to larger theatres. They played to less filled houses than other groups. Group 2 Theatres spent more on general artistic expenses such as artist housing and travel but less than other groups on physical production expenses. They also led the field in average tour contracts and presenting fees but received the lowest average gift amounts from trustees, other individuals, and foundations. Group 1 Theatres received more of their budgets from corporations and foundations and from education/outreach activities. They spent more of their budgets on artist salaries and benefits than any other group and more on occupancy expenses related to facilities and equipment. Only one Group 1 Theatre owns its own theatre and no Group 1 Theatre reported endowment earnings.

As a field, we contributed an estimated $1.67 billion to the U.S. economy in 2006 in the form of direct compensation and payment for services and goods. We opened our doors to 30.5 million patrons. We provided employment to 113,000 artists, administrators and technical personnel. We continue to represent the backbone of the nation's strong and diverse theatrical heritage, making significant contributions to the economy, to the wellbeing of artists, to professional theatre administrators and technicians, and to our communities.

METHODOLOGY

Theatre Facts 2006 includes information on participating theatres' fiscal years ending between September 30, 2005 and August 31, 2006. Profiled Theatres' information was verified against certified financial audits. The adjustment for inflation in the discussion of Trend Theatres of 12% is based on compounded annual average changes in the Consumer Price Index for all urban consumers as reported by the U.S. Department of Commerce's Bureau of Labor Statistics.

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2006 PROFILED THEATRES

(Theatre's Budget Group noted in parentheses)

ALABAMA
Alabama Shakespeare Festival (5)

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

ARKANSAS
Arkansas Repertory Theatre (4)

CALIFORNIA
A Noise Within (3), The Actors' Gang (2), American Conservatory Theater (6), Aurora Theatre Company (3), Berkeley Repertory Theatre (6), Center Theatre Group (6), The Chance Theater (1), The Colony Theatre Company (3), Cornerstone Theater Company (3), Geffen Playhouse (5), Laguna Playhouse (5), Magic Theatre, Inc. (3), Marin Shakespeare Company (2), The Old Globe (6), Pasadena Playhouse (5), PCPA Theaterfest (4), Reprise! Broadway's Best (3), San Diego Repertory Theatre (4), Shakespeare Santa Cruz (3), Sierra Repertory Theatre (3), Sonoma County Repertory Theater (1), South Coast Repertory (6), TheatreWorks (5)

COLORADO
Arvada Center for the Arts and Humanities Theatre (5), Curious Theatre Company (2), 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)

DELAWARE
Delaware Theatre Company (3)

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

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

GEORGIA
Alliance Theatre (6), Dad's Garage Theatre Company (2), Out of Hand Theater (1), 7 Stages (2), Theatre in the Square (3), Theatrical Outfit (3), Youth Ensemble of Atlanta (1)

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

ILLINOIS
American Theater Company (2), Chicago Dramatists (1), Chicago Shakespeare Theater (6), Court Theatre (3), Goodman Theatre (6), Lookingglass Theatre Company (4), Next Theatre Company (1), Northlight Theatre (4), Redmoon Theater (3), Steppenwolf Theatre Company (6), Victory Gardens Theater (3), Writers' Theatre (3)

INDIANA
Indiana Repertory Theatre (5), Phoenix Theatre, Inc. (2)

IOWA
Riverside Theatre (2)

KENTUCKY
Actors Theatre of Louisville (6), Kentucky Shakespeare Festival (2), Roadside Theater (1), Stage One: The Louisville Children's Theatre, Inc. (3)

MAINE
Portland Stage Company (3)

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

MASSACHUSETTS
American Repertory Theatre (6), Barrington Stage Company (3), Berkshire Theatre Festival (3), The Cape Cod Theatre Project (1), Huntington Theatre Company (6), The Lyric Stage Company of Boston (3), Merrimack Repertory Theatre (3), New Repertory Theatre (3), North Shore Music Theatre (6), Shakespeare & Company (4), Williamstown Theatre Festival (3)

MICHIGAN
Detroit Repertory Theatre (2), Meadow Brook Theatre (3)

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

MISSOURI
The Coterie Theatre (3), Kansas City Repertory Theatre (5), Unicorn Theatre (2)

NEW HAMPSHIRE
Peterborough Players (2)

NEW JERSEY
George Street Playhouse (4), McCarter Theatre Center (6), The Shakespeare Theatre of New Jersey (4)

NEW YORK
The Acting Company (3), Atlantic Theater Company (5), Capital Repertory Theatre (3), Castillo Theatre (3), The Cider Mill Playhouse (2), Classic Stage Company (3), Geva Theatre Center (5), Hangar Theatre (3), Irondale Ensemble Project (1), Kitchen Theatre Company (1), La MaMa Experimental Theatre Club (3), Lark Play Development Center (1), Lincoln Center Theater (6), Mabou Mines (3), Manhattan Theatre Club (6), Ma-Yi Theater Company (2), Merry-Go-Round Playhouse (3), New York Theatre Workshop (5), NYS Theatre Institute (NYSTI) (3), The Open Eye Theater (1), Playwrights Horizons (6), Pregones Theater (3), Primary Stages (3), Roundabout Theatre Company (6), Signature Theatre Company (4), SITI Company (2), Syracuse Stage (5), Target Margin Theater (1), Theatre for a New Audience (4), Women's Project (3), The Wooster Group (3)

NORTH CAROLINA
Actor's Theatre of Charlotte, Inc. (1), Triad Stage (3)

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

OREGON
Artists Repertory Theatre (3), Miracle Theatre Group (1), Oregon Shakespeare Festival (6), Portland Center Stage (4)

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

RHODE ISLAND
Trinity Repertory Company (5)

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

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

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

UTAH
Pioneer Theatre Company (4), The Salt Lake Acting Company (3), Utah Shakespearean Festival (5)

VERMONT
Northern Stage (3), Weston Playhouse Theatre Company (3)

VIRGINIA
Mill Mountain Theatre (3), Signature Theatre (3), Theater of the First Amendment (1), Virginia Stage Company (3)

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

WEST VIRGINIA
Contemporary American Theater Festival (2)

WISCONSIN
American Players Theatre (4), First Stage Children's Theater (4), Madison Repertory Theatre (3), Milwaukee Repertory Theater (5), Milwaukee Shakespeare (3)