Theatre Facts 2002

A Report on Practices and Performance in the American Nonprofit Theatre Based on TCG's Annual Fiscal Survey

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Inside This Article

- Theatres are estimated to have contributed over $1.4 billion to the U.S. economy in the form of salaries, benefits and payments for goods and services (see p. 2).
- More than half — 54% — of all Universe Trend Theatres ended the year with a deficit. In the past two years, there was a 24% increase in the number of theatres running a deficit (see p. 4).
- The gap between average single ticket income and average subscription income continues to widen, with 2002 marking the fourth straight year that average single ticket income exceeded average subscription income (see p. 5).
- Total contributed income grew an astonishing 52% above inflation and financed 4.4% more expenses in 2002 than in 1998. The growth in contributed income far exceeded the growth in expenses (37%) and total earned income (12%). Theatres experienced remarkable gains in contributions from individuals, bolstered by astounding increases in both trustee giving and giving from other individuals (see p. 8).
- Working capital was negative for each of the five years, indicating that many theatres had accumulated operating deficits and are borrowing funds to meet daily operating needs (see p. 10).
- Overall attendance rose steadily in each of the five years, for a total increase of nearly 16% (p. 11).

For the 28th year, TCG publishes *Theatre Facts*, an annual update on the field's attendance, performance and fiscal health, based on information provided by theatres that participate in the annual TCG fiscal survey. This report contains information for the fiscal year that theatres completed any time between September 1, 2001, and August 31, 2002. Nearly every industry was affected by the events of 9/11, and the theatre field was no exception. Even before the terrorist attacks, the economy was in a recession and theatres' bottom lines reflect the downturn.

Theatres provide varying degrees of detail in their responses to the annual survey. In this report, we offer four sets of analyses that provide an increasing level of detail. In compliance with the audit structures recommended by FASB, we examine income and expenses from all unrestricted funds, including operating, plant, board designated and endowment campaign funds. We frequently refer to CUNA — the Change in Unrestricted Net Assets — or the balance that remains after subtracting total unrestricted fund expenses from total unrestricted income.

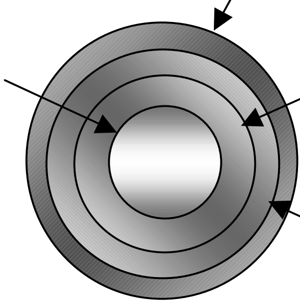
First, we examine the big picture in the **Universe** section, an overview of 1,146 theatres that filed IRS Form 990, including 269 TCG member theatres that provided fiscal, attendance and performance information. This section provides the broadest snapshot of the industry for 2002. It uses adjusted averages from the TCG Survey Universe to project the finances, attendance and performance of the Universe of all nonprofit professional theatres in the U.S. that filed Form 990. The second section examines trends since 1998 for the 112 **Universe Trend Theatres** that have participated in the TCG survey every year. The third section furnishes more in-depth comparative income, expense, performance, attendance and pricing information for the 78 **Trend Theatres** that have participated in the full fiscal survey for each of the past five years. The last section provides an in-depth industry analysis for the 190 **Profiled Theatres** that responded to the full 2002 survey.

Despite difficult times, only 3% fewer theatres completed the full survey this year than last year, providing a solid foundation for our examination of finances and activity. Unless otherwise noted, income is reported as a percentage of expenses because expenses serve as the basis for determining budget size.

Breakdown of Participating Theatres

Universe: 1,146 theatres that filed IRS Form 990: 269 TCG member theatres that either responded to the full TCG fiscal survey or sent in a summary of key fiscal, attendance and employment information, plus 877 additional nonprofit professional theatres.

Trend Theatres: The 78 theatres that have been Profiled Theatres for each of the past five years.



Universe Trend Theatres The 112 theatres that have been Survey Universe Theatres for each of the past five years.

2002 Profiled Theatres
The 190 theatres that responded to the full 2002 survey. Theatres are broken into budget groups according to annual expenses (budget size) as follows:

Budget Group	Number of Theatres	Budget Size
6	19	$10 million or more
5	32	$5 million - $9,999,999
4	17	$3 million - $4,999,999
3	58	$1 million - $2,999,999
2	29	$500,000 - $ 999,999
1	35	$499,999 or less

The Universe

The expanding nature of TCG's membership allows *Theatre Facts* to report facts and reflect trends for a broad spectrum of theatres. However, the real universe of nonprofit professional theatres in the U.S. extends beyond the involvement of those theatres that respond to the TCG fiscal survey.

The only central clearinghouse that collects information on all theatres is the IRS, via its Form 990. In an attempt to capture attendance, performance, fiscal and workforce information for the greater universe of nonprofit professional theatres, we include in this analysis 1,146 theatres in the country that filed Form 990. Using total annual expenses — the only data available for all theatres — we extrapolated the Universe table to the right. We base this extrapolation on averages for TCG member theatres of similar budget size. The 1,146 theatres in this analysis include the 269 TCG member theatres that responded to all or part of the 2002 survey and 877 theatres that either are not members of TCG or are members who did not participate in the 2002 survey.

We present this Universe table with the caution that the figures reported here are not based on accounts provided to TCG by the 877 non-survey theatres themselves. To examine the accuracy of our estimates, we compared actual total expenses for all theatres (the one item included on all 990s) with the extrapolated total expense figure based on our formula. The two came within 1% of each other, indicating that that the extrapolated aggregate figures, while imperfect, are reasonably accurate estimates.

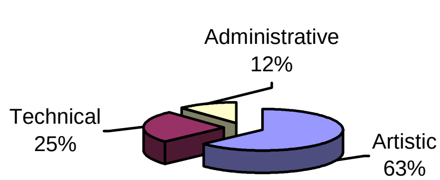
Estimated 2002 Universe of
U.S. Nonprofit Professional Theatres
1,146 Theatres

Estimated Productivity		
Attendance	32,200,000	
Subscribers	1,900,000	
Performances	157,000	
Productions	10,000	
Estimated Finances		
Earnings	$ 761,000,000	
Contributions	675,000,000	
Total Income	$ 1,436,000,000	
Expenses	1,405,000,000	
Changes in Unrestricted Net Assets (CUNA)	$ 31,000,000	
Earned $ as a % of Total Income	53%	
Contributed $ as a % of Total Income	47%	
CUNA as a % of Expenses (budget)	2.2%	
Estimated Workforce		% of Total
Artistic (all)	69,000	63%
Administrative	13,000	12%
Technical	27,000	25%
Total Paid Personnel	109,000	

The 1,146 theatres in the U.S. nonprofit professional theatre field in 2002 are estimated to have:

- Contributed over $1.4 billion to the U.S. economy in the form of salaries, benefits and payments for goods and services. We know that the real impact on the economy is far greater. Many audience members go out to eat, pay for parking, hire babysitters, etc., in conjunction with their evening or afternoon at the theatre, and the associated taxes on these services benefit the government at all levels.
- Offered 157,000 performances that attracted over 32 million patrons.
- Employed the majority of their employees — 63% — in artistic positions and another 25% as technical personnel. Only 12% of employees were dedicated solely to the administrative work of the theatre. However, for theatres with budgets over $50,000 (the minimum budget for TCG membership), the workforce is 54% artistic, 30% technical and 16% administrative. Smaller theatres rely on artistic personnel to perform both artistic and administrative duties.
- Received 53% of income from earned sources and 47% from contributions. If we look only at smaller theatres — i.e., those with budgets less than $250,000 — the balance of income in 2002 is 38% earned and 62% contributed.

Workforce



Facts for the 269 TCG Theatres that responded to the 2002 survey:

- The change in unrestricted net assets (CUNA) was 2.2% of total expenses, the lowest it has been since 1995, a time when the TCG fiscal survey examined only operating funds, rather than all unrestricted net assets. Half of all Survey Universe Theatres ended the year with a deficit.
- The CUNA of 2.2% is lower than the Survey Universe net surplus of 2.6% in 1996, the last year that exclusively examined operating funds. It is important to remember that in this report we look at CUNA, which includes but is not limited to changes in operating activity. CUNA also includes Net Assets Released from Temporary Restriction (NARTR). For example, a theatre's individual giving total may include trustee gifts to a capital campaign granted in a prior year, but not released from temporary restrictions until the current year. It is sobering to consider how severe net income would be if we were to consider operating funds alone in 2002.

It should be noted that while this CUNA figure remains unchanged if we examine only theatres with budgets of $250,000 or more, CUNA drops to 1.4% of total expenses if we examine only those theatres with budgets less than $250,000 in 2002. Smaller theatres are struggling to stay in the black.

Universe Trend Theatres

This section follows the 112 Universe Trend Theatres that have responded to either the short or long form of the fiscal survey each year since 1998. Looking at the same set of theatres over time provides a level of stability and avoids excessive variation that might arise from one or two theatres skewing the figures by participating in some years but not others.

2002 Survey Universe 112 Trend Theatres						**1-yr.**	**4-yr.**	**CGR***
Productivity	1998	1999	2000	2001	2002	**% chg.**	**% chg.**	**98-02**
Attendance	10,871,755	11,755,100	11,960,137	12,341,307	12,715,686	3.0%	17.0%	
Subscribers	834,616	945,811	920,566	904,758	892,272	-1.4%	6.9%	
Performances	33,356	35,677	35,746	36,857	37,404	1.5%	12.1%	
Productions	1,404	1,528	1,417	1,553	1,599	3.0%	13.9%	
Finances								
Earnings	$ 264,096,681	$ 319,796,625	$ 358,744,994	$ 361,208,737	$ 365,234,171	1.1%	38.3%	28.3%
Contributions	185,694,623	212,456,227	247,315,158	269,589,168	292,587,094	8.5%	57.6%	47.6%
Total Income	$ 449,791,304	$ 532,252,852	$ 606,060,152	$ 630,797,905	$ 657,821,265	4.3%	46.3%	36.3%
Expenses	428,582,755	495,372,875	533,585,771	599,741,677	638,328,533	6.4%	48.9%	38.9%
Changes in Unrestricted Net Assets (CUNA)	$ 21,208,549	$ 36,879,957	$ 72,474,381	$ 31,056,228	$ 19,492,732	-37.2%	-8.1%	-18.1%
Earned $ as a % of Total Income	59%	60%	59%	57%	56%	-1.7%	-3.2%	
Contributed $ as a % of Total Income	41%	40%	41%	43%	44%	1.7%	3.2%	
Changes in Unrest. Net Assets as a % of Expenses (budget)	4.9%	7.4%	13.6%	5.2%	3.1%	-2.1%	-1.9%	
Workforce								
Artistic (all)	11,353	11,947	12,469	12,820	12,200	-4.8%	7.5%	
Administrative	4,488	4,750	4,768	5,426	5,228	-3.6%	16.5%	
Technical	7,547	8,245	8,169	8,842	8,089	-8.5%	7.2%	
Total Paid Personnel	23,388	24,942	25,406	27,088	25,517	-5.8%	9.1%	

* Compounded Growth Rate adjusted for inflation.

For the Universe Trend Theatres:

- Contributed income played an increasingly important role in organizational stability, representing 44% of total income in 2002. Over the five-year period, there was an increasing reliance on contributed income. Growth in contributed income outpaced inflation by nearly 48% from 1998 to 2002, 8.5% in the past year alone.

- CUNA was at its lowest level in 2002 — 3.1% of total expenses and a 37% decrease from the 2001 level. Over the last five years, growth in total income outpaced inflation by 36%, but expenses outpaced inflation by nearly 39%, causing CUNA to shrink by 18% in inflation-adjusted dollars.

- Growth in earned income far outpaced inflation, but fell 10.6% short of the five-year growth in expenses. Theatres sustained an average positive CUNA, due to the growth in contributed income, which outpaced expense growth by 8.7%.

- The number of performances offered per production varied between 23 and 25 each year.

- Total attendance, which increased 17% over the five-year period, outpaced the growth in number of performances. This indicates that theatres played to fuller houses in 2002 than in 1998. In 1998, theatres played to an average house of 326. That figure grew steadily each year to a high of 340 in 2002.

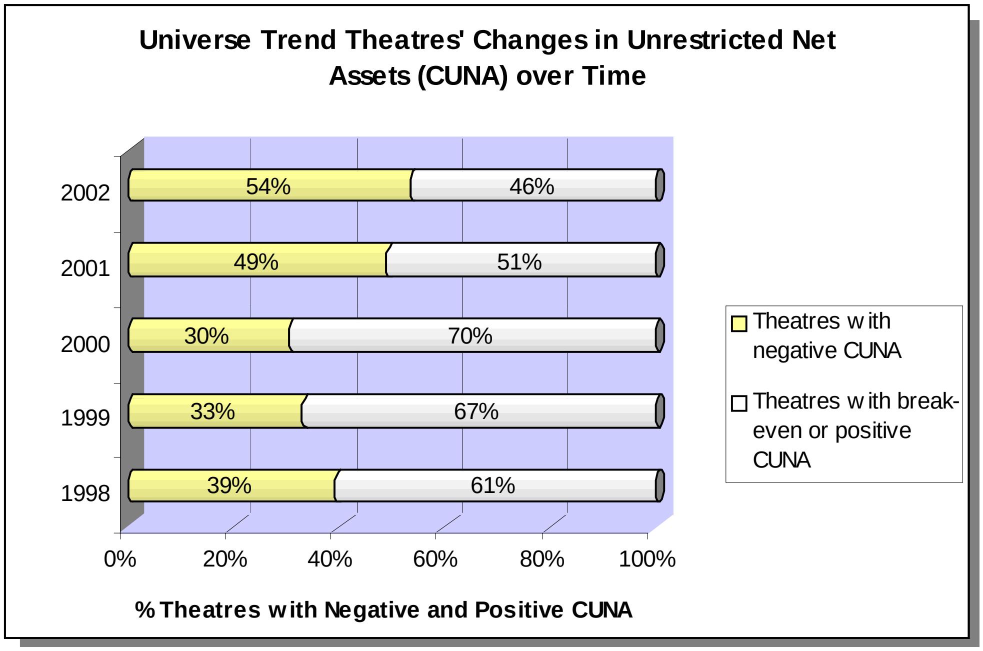
- Subscriber attendance increased nearly 7% from 1998 to 2002. However, the five-year increase hides the fact that subscriber attendance has decreased each year since 1999. The substantial increase in total attendance but more modest increase in subscriber attendance reflects considerable growth in single ticket attendance.

- Growth in the number of administrative personnel was dramatic — more than double the growth in artistic and technical personnel from 1998 to 2002. Theatres apparently added staff in 2001 in response to the high CUNA of 2000, then implemented reductions in 2002 when fiscal year 2001 proved to be less vigorous. There were workforce cuts across the board in 2002.

The unfavorable news about declining CUNA warrants closer examination.

More than half — 54% — of all Universe Trend Theatres ended the year with a deficit. In the past two years, there was a 24% increase in the number of theatres running a deficit.

In 2002, CUNA ranged from a low of -$2.3 million to a high of $10.4 million, a range of $12.7 million. This is approximately half of the $21-million range of CUNA experienced by the same set of theatres in 2001.



The increase in the percentage of theatres operating in the red also deserves a closer look. It is small consolation that the percentage of theatres running a deficit greater than 20% of budget has not increased significantly over time; it has stayed in the neighborhood of 1-5% of theatres. Since 1998, roughly 15% of Universe Trend Theatres have gone from ending the year with a slight surplus (less than 10% of budget) to encountering a deficit. The greatest increase was in the percentage of theatres running deficits in the 10-20% of budget range: a 7% increase from 1998 to 2002.

Time will reveal whether the deteriorated fiscal health of theatres in 2001 and 2002 was exceptional, caused by the terrorist attacks and a sagging economy, or whether the strong fiscal health of 1998–2000 was the exception. As Ben Cameron so succinctly stated in his closing remarks at the recent TCG National Conference, “It will never be 1999 again.”

Trend Theatres

In this section, we examine five-year trends for the 78 Trend Theatres that have participated in the full TCG fiscal survey in each of the past five years. This five-year period ends with fiscal year 2001–2002, the year of 9/11.

We first look at year-to-year changes for each category of earned income, expenses and contributed income. We then compare the level of overall budget obtained from each earned income source, allocated to each area of expense and garnered from each source of contributions from one year to the next. We also look at year-to-year changes in the balance sheet, attendance, number of performances and pricing. All figures represent averages, whether dollar figures or percentages.

Contributed income soared in 2002, with overall growth between 1998 and 2002 rising 52% after adjusting inflation. Earned income growth outpaced inflation by 11.7% over the same period. Expenses increased 37.1% from 1998 to 2002, while total income increased only 27.7% over the same period. Average CUNA remained positive in each of the five years, but decreased in absolute terms and in proportion to total expenses.

As we discuss in the Earned Income section, below, these figures are skewed because tour and education/outreach sponsorships and underwriting were shifted from the earned to the contributed category in 2001. Regardless of the change in reporting, however, growth in contributed income far outpaced the growth in earned income.

Earned Income

We look at changes in income in three ways: 1) the change in total income dollars, 2) the change in total income dollars adjusted for inflation, and 3) the change in the level of expenses financed by each type of income. In this section, we examine all three types of changes with respect to earned income. In some instances, there is a positive increase in an income category — even after adjusting for inflation — but a decrease in the level of expenses that it covers. This is due to the fact that the increase in earned income did not keep pace with the increase in expenses, as mentioned above.

There was a significant change in how we asked theatres to report tour income and education/outreach income in 2001. Historically, TCG included tour underwriting and sponsorships and grants earmarked for education or outreach programs as part of earned income. In 2001, reporting of this support was moved to the contributed income section of the fiscal survey. Tour income now represents only presenter fees and contracts, and education/outreach income solely reflects payment by those who consumed the services. For this reason, year-to-year comparisons for these two categories of income may not be particularly meaningful.

Average Earned Income: All Theatres
(78 Theatres)

	1998	1999	2000	2001	2002	1-yr % chg.	4-yr % chg.	4-yr CGR* 98-02
Subscriptions	$1,054,531	$1,188,925	$1,257,896	$1,349,993	$1,333,044	-1.3%	26.4%	16.4%
Single Ticket Income	1,042,936	1,194,299	1,351,261	1,621,103	1,792,940	10.6%	71.9%	61.9%
Booked-In Events	17,202	21,982	32,293	26,552	24,542	-7.6%	42.7%	32.7%
Total Ticket Income	$2,114,669	$2,344,235	$2,576,943	$2,928,418	$3,150,525	7.6%	49.0%	39.0%
Tour Contracts/Presenting Fees**	10,245	10,810	20,074	23,042	32,282	40.1%	215.1%	205.1%
Educational/Outreach Income**	145,148	177,239	183,016	140,636	130,430	-7.3%	-10.1%	-20.1%
Interest and Dividends	47,674	63,286	78,565	100,868	83,704	-17.0%	75.6%	65.6%
Endowment Earnings	102,036	111,259	116,553	92,727	58,200	-37.2%	-43.0%	-53.0%
Capital Gains/(Losses)	283,360	103,064	226,226	(114,777)	(193,880)	-68.9%	-168.4%	-178.4%
Royalties	12,989	15,376	15,070	32,782	33,119	1.0%	155.0%	145.0%
Concessions	89,553	84,379	90,146	87,446	89,598	2.5%	0.1%	-9.9%
Production Income	42,168	63,425	59,340	59,362	60,628	2.1%	43.8%	33.8%
Advertising	18,874	19,669	21,233	22,402	21,926	-2.1%	16.2%	6.2%
Rentals	40,068	56,511	56,751	52,220	57,230	9.6%	42.8%	32.8%
Other	95,663	110,167	120,199	125,873	129,154	2.6%	35.0%	25.0%
Total Earned Income	$3,002,447	$3,159,366	$3,564,117	$3,550,998	$3,652,915	2.9%	21.7%	11.7%

* Compounded Growth Rate adjusted for inflation
** 2001 and 2002 figures reflect fees and contract income only; underwriting and sponsorship now appear as contributed income.

For the 78 Trend Theatres:

- The gap between average subscription income and average single ticket income continues to widen, with 2002 marking the fourth straight year that average single ticket income exceeded average subscription income. This trend is driven by theatres with budgets of $3 million or more. Theatres with budgets of less than $3 million report average annual subscription income that exceeds average annual single ticket income.
- Average subscription income grew steadily from 1998 to 2001 and was up 16% overall. Similarly, the average subscription price rose 14% over the same period. However, average subscription income fell slightly in 2002 despite a 7% increase in subscription ticket prices.
- Theatres offset the decrease in subscription income with a 62% increase in single ticket income over the five-year period. Single ticket income supported nearly 4% more expenses in 2002 than in 1998. However, one theatre accounted for 31% of all single ticket income in 2002.
- Income from booked-in events fell for the second year in 2002, but growth over the five-year period outpaced inflation by 32.7% percent. Each year, one theatre accounted for 26% to 59% of all income from booked-in events.
- Steady growth in total ticket income over the five-year period outpaced inflation by 39%. As noted above, this growth was mainly attributable to the growth in single ticket income. Total ticket income supported .6% more of total expenses in 2002 than in 1998.
- Earned income sustained 11.5% less of total expenses in 2002 than it did in 1998. The strength of earned income dropped 3.3% from 2001 to 2002 alone. This decrease is largely attributable to the level of expenses supported by capital gains/losses; capital gains covered 6% of total expenses in 1998, and capital losses stripped away 3% of theatres' buying power in 2002.

Average Earned Income as a Percent of Expenses (78 Theatres)	1998	1999	2000	2001	2002	1-yr % chg.	4-yr % chg.
Subscriptions	23.4%	23.6%	23.2%	22.2%	20.1%	-2.1%	-3.3%
Single Ticket Income	23.2%	23.7%	24.9%	26.7%	27.1%	0.4%	3.9%
Booked-In Events	0.4%	0.4%	0.6%	0.4%	0.4%	-0.1%	0.0%
Total Ticket Income	47.0%	46.5%	47.6%	48.2%	47.6%	-0.7%	0.6%
Tour Contracts/Presenting Fees	0.2%	0.2%	0.4%	0.4%	0.5%	0.1%	0.3%
Educational/Outreach Income	3.2%	3.5%	3.4%	2.3%	2.0%	-0.3%	-1.3%
Interest and Dividends	1.1%	1.3%	1.5%	1.7%	1.3%	-0.4%	0.2%
Endowment Earnings	2.3%	2.2%	2.2%	1.5%	0.9%	-0.6%	-1.4%
Capital Gains/(Losses)	6.3%	2.0%	4.2%	-1.9%	-2.9%	-1.0%	-9.2%
Royalties	0.3%	0.3%	0.3%	0.5%	0.5%	0.0%	0.2%
Concessions	2.0%	1.7%	1.7%	1.4%	1.4%	-0.1%	-0.6%
Production Income	0.9%	1.3%	1.1%	1.0%	0.9%	-0.1%	0.0%
Advertising	0.4%	0.4%	0.4%	0.4%	0.3%	0.0%	-0.1%
Rentals	0.9%	1.1%	1.0%	0.9%	0.9%	0.0%	0.0%
Other	2.1%	2.2%	2.2%	2.1%	1.9%	-0.1%	-0.2%
Total Earned Income	66.7%	62.6%	65.8%	58.5%	55.1%	-3.3%	-11.5%

For the 78 Trend Theatres:

- The most dramatic change in earned income came from capital gains/losses from unrestricted investment assets — a 178% drop over five years. Capital losses were increasingly severe during the past two years. It is important to note that in addition to loss from the sale of securities, many theatres reported a significant decrease in capital gains as a result of accounting for the present market value of their investment portfolios. As such, these are unrealized losses based on changes in the present market value of the portfolio from year to year. These theatres have conducted capital campaigns and invested the proceeds in either stocks or bonds. 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.
- Despite reporting changes, tour contracts and presenting fees have more than tripled over the five-year period.
- The average number of education programs per theatre more than tripled from 8 in 1998 to 27 in 2002. The total number of people served by education and outreach programs increased an impressive 185%, from 12,184 in 1998 to 34,669 in 2002.
- Average interest and dividends fell 17% from 2001 to 2002 but rose 65.6% in inflation-adjusted figures over five years.
- Endowment earnings — which fell 53% in inflation-adjusted figures over the five-year period — dropped precipitously for a second consecutive year in 2002.
- Royalty income held steady from 2001 to 2002, and it outpaced inflation by 145% over the five-year period. The change was largely attributable to one theatre that accounted for well over half of all royalty income in 2001 ($1.3 million) and 2002 ($1.5 million). If we eliminate this theatre from the analysis, average royalty income ranged between $11,300 and $15,800 for the remaining theatres from 1998 to 2002.
- Royalties were earned on a total of 225 properties in 2002, up 24% from 1998.
- Production income — a combination of total co-production and enhancement income (income from other nonprofit and commercial producers who share a production and the expenses to create it) — remained fairly steady from 1999 to 2002. Growth in production income exceeded inflation by nearly 34% since 1998.
- Co-production income rose 16% and enhancement income 52% above inflation over the five-year period.
- The number of theatres co-producing has decreased slightly, from a high of 23 in 1999 to 19 in 2002. The average for theatres reporting co-production income rose from $74,507 in 1998 to $102,800 in 2002.
- Enhancement income (income from commercial producers) was reported by an average of six theatres each year. Average enhancement income fluctuated, with three theatres reporting enhancement income averaging $574,700 in 1998, eight theatres averaging $375,000 in 1999, five theatres averaging $623,500 in 2000, nine theatres averaging $312,000 in 2001, and six theatres averaging $467,000 in 2002.
- Average rental income has remained fairly constant since 1999.
- ‘Other’ earned income from activities such as ticket handling and special projects was reported by 90% of the theatres, and average ‘other’ earned income grew steadily over each of the five years.

Expenses

In this section, we report year-to-year changes for each category of expenses. We also compare how theatres shifted their allocation of resources over time. The last three columns of the second table below reveal that budget allocations across the different expense categories remained virtually unchanged over the five-year period.

Expense growth far outpaced inflation over the five-year period. Total expenses grew 37% from 1998 to 2002, more than triple the rate of earned income growth. With one exception, every expense category experienced double-digit growth, even after accounting for inflation. The exception is theatres' investment in general management/operations. Theatres were able to hold down overhead expenses while continuing to invest in the creation of art.

Average Expenses: All Theatres
(78 Theatres)

	1998	1999	2000	2001	2002	1-yr % chg.	4-yr % chg.	4-yr CGR* 98-02
Artistic Payroll	$1,004,009	$1,138,079	$1,183,387	$1,273,214	$1,395,094	9.6%	39.0%	29.0%
Administrative Payroll	827,707	908,086	990,521	1,160,854	1,251,065	7.8%	51.1%	41.1%
Production Payroll	640,007	765,425	793,244	866,779	1,003,284	15.7%	56.8%	46.8%
Total Payroll	$2,471,723	$2,811,590	$2,967,151	$3,300,846	$3,649,442	10.6%	47.6%	37.6%
General Artistic Non-Payroll	168,457	201,926	193,987	242,056	309,170	27.7%	83.5%	73.5%
Royalties	123,017	130,392	152,008	206,445	199,452	-3.4%	62.1%	52.1%
Production/Tech Non-Payroll (physical production)	305,249	322,866	363,143	377,509	446,612	18.3%	46.3%	36.3%
Development/Fundraising	177,308	187,727	222,573	267,945	260,209	-2.9%	46.8%	36.8%
Marketing/Customer Service/ Concessions	511,131	583,797	691,705	753,753	773,372	2.6%	51.3%	41.3%
Occupancy/Building/Equip/ Maintenance	506,730	554,657	587,666	704,251	727,842	3.3%	43.6%	33.6%
General Management/Operations	239,517	252,181	239,050	221,946	258,960	16.7%	8.1%	-1.9%
Total Expenses	$4,503,132	$5,045,136	$5,417,282	$6,074,752	$6,625,059	9.1%	47.1%	37.1%

* Compounded Growth Rate adjusted for inflation

For the 78 Trend Theatres:

- Despite the fact that artistic payroll increased 29% more than inflation over the five years, it accounted for 1.2% less of theatres' total expenses in 2002 than in 1998. Still, artistic payroll remains the single largest allocation of resources. The average number of full-time artistic staff increased from 8 to 9, and the average total number of paid artists (other than actors) in a season rose from 44 to 52 from 1998 to 2002. Over five years, the total number of work weeks for all paid actors increased 11%, and the average number of paid actors per season rose 8%, from 68 in 1998 to 73 in 2002.

- Royalties increased 52% percent above inflation from 1998 to 2002 and now account for .3% more of total expenses.

- General artistic expenses (housing and travel, per diems, designer, company management and stage management expenses) reached a record high in 2002, outpacing inflation over the five-year period by 73.5%. This expense category experienced the highest one-year and five-year growth rate.

- Production/Technical Non-Payroll expenses (physical production materials and rentals) have grown steadily over the five-year period — 18.3% in the past year alone.

Average Expenses
(78 Theatres)

	1998	1999	2000	2001	2002	1-yr % chg.	4-yr % chg.
Artistic Payroll	22.3%	22.6%	21.8%	21.0%	21.1%	0.1%	-1.2%
Administrative Payroll	18.4%	18.0%	18.3%	19.1%	18.9%	-0.2%	0.5%
Production Payroll	14.2%	15.2%	14.6%	14.3%	15.1%	0.9%	0.9%
Total Payroll	54.9%	55.7%	54.8%	54.3%	55.1%	0.7%	0.2%
General Artistic Non-Payroll	3.7%	4.0%	3.6%	4.0%	4.7%	0.7%	0.9%
Royalties	2.7%	2.6%	2.8%	3.4%	3.0%	-0.4%	0.3%
Production/Tech Non-Payroll (physical production)	6.8%	6.4%	6.7%	6.2%	6.7%	0.5%	0.0%
Development/Fundraising	3.9%	3.7%	4.1%	4.4%	3.9%	-0.5%	0.0%
Marketing/Customer Service/ Concessions	11.4%	11.6%	12.8%	12.4%	11.7%	-0.7%	0.3%
Occupancy/Building/Equip/ Maintenance	11.3%	11.0%	10.8%	11.6%	11.0%	-0.6%	-0.3%
General Management/Operations	5.3%	5.0%	4.4%	3.7%	3.9%	0.3%	-1.4%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%

Theatre Facts Administrative Expense Index (78 Theatres)	1998	1999	2000	2001	2002	1-yr %chg.	4-yr %chg.
Single ticket marketing expense to single ticket income:	18%	19%	21%	19%	18%	-0.6%	0.5%
Subscription marketing expense to subscription income:	15%	14%	14%	14%	14%	-0.3%	-1.0%
Education/outreach expense to education/outreach income:	24%	22%	28%	25%	25%	-0.2%	0.8%
Fundraising event expense to fundraising event income:	46%	46%	47%	48%	43%	-5.5%	-3.6%
Development expense to contributed income (less fundraising event expenses and income):	5%	4%	5%	5%	5%	-0.4%	0.2%

- The average number of paid production personnel (full-time and part-time) increased 15% over five years, and production payroll has outpaced inflation by 46.8% over the same period. Theatres have averaged 83 production employees since 2000, and production payroll increased nearly 16% from 2001 to 2002.

- From 1998 to 2002, total payroll rose 37.6% above inflation.

- The greatest re-allocations of budget over the five-year period were reductions in total artistic payroll and general management/ operations expenses and increases in production payroll and general artistic expenses. The average number of full-time administrative personnel grew steadily from 33 in 1998 to 45 in 2001 and 2002 — 37% over the five-year period. The number of total paid administrative personnel grew only 15%. Theatres are employing more full-time and fewer part-time personnel.

- The costs of occupancy/building and equipment maintenance rose 33.6% above inflation but accounted for .3% less of total expenses in 2002 than in 1998. Roughly 47% of theatres reported each year that they own their stage. In 2002, 51% of theatres reported that they own their office space, a 4% increase over prior years. It appears that recent capital campaigns have resulted in the purchase of office real estate.

- With belt-tightening in 2002, theatres spent slightly less to bring in each dollar of income. For example, over the five-year period, theatres moved from spending 46 cents to 43 cents for each dollar of fundraising event income.

- Single ticket marketing expense as a percentage of single ticket income increased steadily from 1998 to 2000, then decreased steadily back to 1998 levels in 2002.

Contributed Income and Changes in Unrestricted Net Assets (CUNA)

Total contributed income grew an astonishing 52% above inflation and financed 4.4% more expenses in 2002 than in 1998. The growth in contributed income far exceeded the growth in expenses (37.1%) and total earned income (11.7%). This growth in contributed income produced positive change in unrestricted net assets (CUNA), the difference between total income and total expenses, in 2002, but at 3.9%, it was at its lowest level over the five-year period. Overall, the level of CUNA decreased nearly 58% from 1998 to 2002. It is important to recall that tour and education/outreach sponsorships and underwriting, once reported as earned income, were shifted into contributed income categories based upon the source of the contribution in 2001. Therefore, just as total earned income in 2001 and 2002 was skewed lower than in years past, growth in contributed income is a bit overstated in 2001 and 2002 compared to the other three years.

For the 78 Trend Theatres:

- Steady growth in state funding more than countered decreases in federal funding. State governments are recognizing the value of theatre. Average federal funding fluctuated over the past five years, but decreased overall by 10% and covered .2% fewer expenses over the five-year period, after adjusting for inflation.

- Local funding plummeted 44.1% from 2001 to 2002 after three years of steady increases. Until 2002, Trend Theatres had experienced higher average city/county funding than state funding each year since 1998. In 2002, that balance shifted.

- Theatres experienced remarkable gains in individual contributions, bolstered by astounding increases in both trustee giving and giving from other individuals far above the rate of inflation. Once again, total individual giving (from trustees and other individuals) was the greatest source of contributed funds for each of the years examined, and supported 10.9% more expenses in 2002 than in 1998.

- The average trustee gift rose to $9,999 in 2002, representing nearly a doubling of the 1998 average of $5,182. The average number of trustees making a donation increased 23%, from 36 in 1998 to 44 in 2002. The aggregate effect is that the Trend Theatre trustee donation total came to more than $31 million.

- Gifts from other individuals (non-trustees) skyrocketed in 2002. Although the number of other individuals providing gifts remained flat over the five-year period, it is the level of giving that is impressive. The average gift from other individuals jumped from $266 in 2001 to $426 in 2002. Average annual giving from individuals was heavily skewed in 2002 by two theatres that each experienced giving from individuals other than trustees totaling over $11 million — one was in a capital campaign; the other theatre, which had recently completed such a campaign, had net assets released from temporary restriction (NARTR) in 2002. If these two theatres are eliminated from the analyses, other individual giving would have averaged $704,597, still a hearty 22% increase from 2001 and representing 108% growth above inflation for the five-year period. Aggregate other individual gifts for Trend Theatres was $75.8 million.

- NARTR from other individual gifts in 2002 was reported by 53% of theatres, which were either currently in a capital campaign or had recently completed one.

Average Contributed Income: All Theatres (78 Theatres)	1998	1999	2000	2001	2002	1-yr % chg.	4-yr % chg.	4-yr CGR* 98-02
Federal	$ 34,483	$ 32,241	$ 35,784	$ 34,920	$ 34,376	-1.6%	-0.3%	-10.3%
State	101,072	124,896	126,723	128,211	152,734	19.1%	51.1%	41.1%
City/County	119,965	172,080	182,511	224,228	125,319	-44.1%	4.5%	-5.5%
Corporations	280,327	295,393	359,435	343,904	368,066	7.0%	31.3%	21.3%
Foundations	390,976	408,493	562,336	651,468	614,215	-5.7%	57.1%	47.1%
Trustees	161,895	224,219	286,272	281,619	398,459	41.5%	146.1%	136.1%
Other Individuals	322,560	426,041	477,577	577,569	971,304	68.2%	201.1%	191.1%
Fundraising Events/Guilds	196,659	218,207	233,864	268,153	260,496	-2.9%	32.5%	22.5%
United Arts Funds	79,789	81,378	72,605	81,849	89,111	8.9%	11.7%	1.7%
In-Kind Services/Materials/ Facilities	121,274	99,756	114,707	128,025	148,318	15.9%	22.3%	12.3%
Other Contributions	107,166	133,567	98,962	118,246	70,505	-40.4%	-34.2%	-44.2%
Total Contributed Income	$ 1,998,293	$ 2,216,270	$ 2,550,776	$ 2,838,192	$ 3,232,904	13.9%	61.8%	51.8%
Total Income	$ 5,000,740	$ 5,375,636	$ 6,114,893	$ 6,389,191	$ 6,885,819	7.8%	37.7%	27.7%
Changes in Unrestricted Net Assets (CUNA)	$ 497,608	$ 330,500	$ 697,611	$ 314,439	$ 260,759	-17.1%	-47.6%	-57.6%

* Compounded Growth Rate adjusted for inflation

- Average corporate support was at a five-year high in 2002 after a slight decrease from 2000 to 2001. The growth in corporate giving outpaced inflation by 21.3% over the five-year period. The average corporate gift grew from $3,403 in 1998 to $7,103 in 2002; however, one theatre in 2002 attracted over $3.6 million in corporate gifts — 78% more than any other theatre in any other year — distorting the overall average. Over the five-year period, the average number of corporate donors per theatre declined 40% from 87 to 52. Fewer corporations gave larger gifts in 2002 than in 1998.

- Average foundation giving decreased from 2001 to 2002, although it outpaced inflation by 47% over the five-year period. Theatres are receiving more foundation gifts: an average of 20 in 2002 versus 17 in 1998. Theatres also are receiving larger foundation grants. In 1998, the average grant was roughly $24,000 and in 2002 it reached nearly $32,000. The extraordinary level of foundation support in 2001 appears to be skewed by one theatre that attracted $17 million in foundation gifts.

- Other contributions (e.g., cash contributions from sheltering organizations) fluctuated greatly from 1998 to 2002 but ultimately decreased 44%. Fewer theatres (24%) reported income in this category in 2002 than in 1998.

- In 2002, in-kind contributions were at their highest level in five years. Despite the fact that in-kind contribution growth outpaced inflation 12% over the five years, it sustained .5% less expenses in 2002 than in 1998.

- Similarly, united arts funding was at its highest five-year level in 2002.

- Total income grew nearly 28% above inflation over the five years, not keeping pace with the 37.1% growth in expenses. In comparison to total expenses, total income decreased 7.1% over the five-year period. The dwindling total income left theatres with an average CUNA of only 3.9% of budget in 2002.

Average Contributed Income as a Percent of Expenses (78 Theatres)	1998	1999	2000	2001	2002	1-yr % chg.	4-yr % chg.
Federal	0.8%	0.6%	0.7%	0.6%	0.5%	-0.1%	-0.2%
State	2.2%	2.5%	2.3%	2.1%	2.3%	0.2%	0.1%
City/County	2.7%	3.4%	3.4%	3.7%	1.9%	-1.8%	-0.8%
Corporations	6.2%	5.9%	6.6%	5.7%	5.6%	-0.1%	-0.7%
Foundations	8.7%	8.1%	10.4%	10.7%	9.3%	-1.5%	0.6%
Trustees	3.6%	4.4%	5.3%	4.6%	6.0%	1.4%	2.4%
Other Individuals	7.2%	8.4%	8.8%	9.5%	14.7%	5.2%	7.5%
Fundraising Events/Guilds	4.4%	4.3%	4.3%	4.4%	3.9%	-0.5%	-0.4%
United Arts Funds	1.8%	1.6%	1.3%	1.3%	1.3%	0.0%	-0.4%
In-Kind Services/Materials/ Facilities	2.7%	2.0%	2.1%	2.1%	2.2%	0.1%	-0.5%
Other Contributions	2.4%	2.6%	1.8%	1.9%	1.1%	-0.9%	-1.3%
Total Contributed Income	44.4%	43.9%	47.1%	46.7%	48.8%	2.1%	4.4%
Total Income	111.1%	106.6%	112.9%	105.2%	103.9%	-1.2%	-7.1%
Changes in Unrestricted Net Assets (CUNA)	11.1%	6.6%	12.9%	5.2%	3.9%	-1.2%	-7.1%

The annual addition of positive CUNA had a very positive impact on Trend Theatres' bottom lines over the five-year period. The average balance of all unrestricted net assets has increased 83%, from $2.6 million at the start of 1998 to $4.8 million at the end of 2002. This is not to say that every theatre had a positive CUNA every year. It is to say that on the whole, theatres were better off by the end of 2002 than they were at the start of 1998.

The Balance Sheet

Up until this point, we have explored trends pertaining to theatres' unrestricted income and expenses. However, unrestricted net assets are only one component of a theatre's financial picture. Determining overall fiscal health requires a closer look at the Trend Theatres' balance sheets. A solid balance sheet is a foundation for long-term stability, and the theatres' balance sheets show consistent growth over the past five years — 58% growth after adjusting for inflation.

We acknowledge the assistance of Cool Spring Analytics, a consulting group, for recommending the balance sheet items and ratios reported in this section. An in-depth analysis of Cool Spring Analytics's balance sheet research will be published in the December 2003 *Centerpiece*.

For the Trend Theatres, the change in unrestricted net assets (CUNA) of 2002 averaged $260,759, or 3.9% 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. Balance sheets tell the story of theatres' cumulative fiscal history. However, whereas an income statement gives a summary of activity for the year (e.g., the capital gain or loss from unrestricted investment assets), a balance sheet is more like a photo of assets, liabilities and net assets (unrestricted, temporarily restricted and permanently restricted), as of a moment in time (e.g., the value of investments and securities as of a moment in time). Not every Trend Theatre responds to the Balance Sheet section of the survey. Theatres that are part of a sheltering organization, for instance, do not keep a separate balance sheet.

The growth in Trend Theatres' aggregate total net assets — unrestricted, temporarily restricted and permanently restricted — outpaced inflation by 67% over the five-year period, from $477 million in 1998 to $843 million in 2002. The high rate of theatres engaged in successful capital campaigns in recent years has meant substantial increases in overall net assets. Theatres added to fixed assets, invested capital and other net assets (i.e., temporarily and permanently restricted cash and receivables net of liabilities). Despite the poor economy, unrestricted net assets were higher in 2002 than in any of the four prior years, for an overall increase of 39% in inflation-adjusted dollars.

The one component of net assets that did not increase significantly from 1998 to 2002 is working capital. Working capital consists of the unrestricted resources available to the theatre to meet obligations and day-to-day cash needs, and it is the fundamental building block of a theatre's capital structure. It was negative for each of the five years, indicating that these theatres had a collective accumulated deficit and are borrowing funds (e.g., using deferred subscription revenue, delaying payables, taking out loans, etc.,) to meet daily operating needs. After improvements in 1999 and 2000, working capital declined in both 2001 and 2002, almost to the 1998 level, for an inflation-adjusted increase of 22%.

The working capital ratio, or the level of unrestricted resources available to meet operating expenses, is an indicator of financial strength. It indicates how long a theatre could operate if it had to survive on its current resources. A negative working capital ratio indicates that theatres are likely experiencing periods of cash flow crises. Collectively, the Trend Theatres experienced a negative working capital ratio in each of the five years. The ratio in 1998 stood at -11% and it improved to -2% by 2000. It then declined to -7% again by 2002.

Total Net Assets (in millions)		**1998**		**1999**		**2000**		**2001**		**2002**	**1-yr % chg**	**4-yr % chg**	**4-yr % chg CGR***
Working Capital	$	(36)	$	(18)	$	(8)	$	(13)	$	(32)	146%	-12%	-22%
Fixed Assets	$	226	$	245	$	283	$	299	$	344	15%	52%	42%
Investments	$	209	$	229	$	269	$	316	$	368	16%	76%	66%
Other Net Assets	$	79	$	77	$	69	$	186	$	164	-12%	107%	97%
Total Net Assets	$	477	$	533	$	619	$	788	$	843	7%	77%	67%

Over the same period, the value of theatres' investments and securities rose 66% above inflation. Despite the downturn in the stock market, total investments increased in 2002, which indicates that theatres raised new endowment funds as part of their capital campaigns. Over time, increases in the theatres' investment ratio — i.e., total investments as compared to total expenses — are an indication of organizational health. The investment ratio is similar to the endowment percentage reported in *Theatre Facts* of previous years, since it approximates invested endowment funds. The 1998 Trend Theatre investment ratio was 65% and that of 2002 was 76%. Theatres are building invested capital that generates interest for operating purposes.

Whereas 64% of the 71 Trend Theatres that completed the balance sheet section reported investment income in 1998, 79% accounted for investment income in 2002. The level of other net assets reported quadrupled. This suggests that a large amount of capital campaign funds is still to be collected or is waiting to be invested in fixed assets or investments. The 12% decline from 2001 to 2002 may indicate that the capital campaigns peaked in 2001. Since no theatre began a capital campaign in 2002, this figure bears watching in future years.

With the analytical tools recommended by Cool Spring Analytics, we see that successful fundraising in the strong economy enabled theatres to increase their investments (e.g., endowments) while also increasing their investments in fixed assets. However, attempts to eliminate negative working capital, the fundamental financial building block of an organization, faltered in 2001 and 2002, putting theatres in a more fragile position for the current weakened economy.

Attendance, Performance and Pricing Trends

In this section, we provide a detailed look at market industry averages — e.g., attendance, ticket prices and subscription renewal rates — for Trend Theatres. We start by examining attendance and performance trends, and then we take a look at some detailed marketing and production trends that help flesh out the general attendance and performance findings.

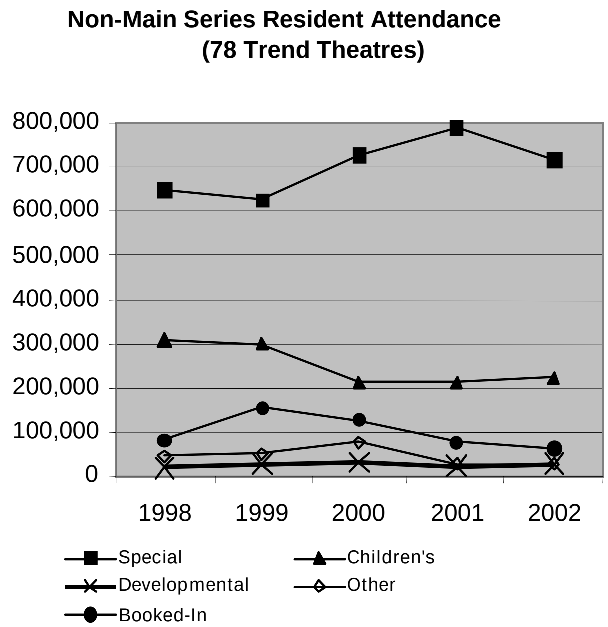
For the 78 Trend Theatres:

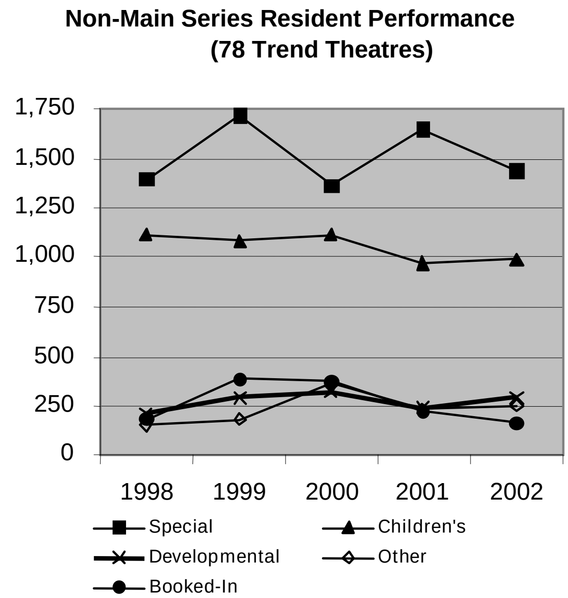
- Overall attendance rose steadily in each of the five years, for a total increase of nearly 16%. The total number of performances rose 10% over the five-year period. Both total attendance and the total number of performances increased from 2001 to 2002.
- The 5.3% increase in resident performances was met with 8.8% growth in attendance at resident productions. Resident performances and attendance declined slightly from 2001 to 2002, driven primarily by decreases in special productions and booked-in events.
- The number of main series performances has grown 5.8% since 1998, and main series attendance rose nearly 11% during the five-year period.
- The popularity of special productions (i.e., non-subscription productions such as a holiday production) was nearly 11% higher in 2002 than in 1998, even though theatres are producing only 3% more special production performances.

Aggregate Attendance 78 Trend Theatres	**1998**	**1999**	**2000**	**2001**	**2002**	**1-yr chg. 01-02**	**4-yr chg. 98-02**
Main Series (total)	7,025,382	7,459,801	7,565,912	7,772,895	7,786,915	0.2%	10.8%
Special Productions	647,949	629,435	726,916	789,945	718,864	-9.0%	10.9%
Children's Series	308,994	299,740	213,542	212,003	221,810	4.6%	-28.2%
Staged Readings/Workshops	20,299	25,492	31,927	23,622	27,811	17.7%	37.0%
Other	44,823	52,076	75,676	28,612	27,555	-3.7%	-38.5%
Booked-In Events	81,012	154,507	128,537	77,911	61,925	-20.5%	-23.6%
Resident Subtotal	8,128,459	8,621,051	8,742,510	8,904,988	8,844,880	-0.7%	8.8%
Touring	964,460	1,030,971	940,115	998,254	1,668,148	67.1%	73.0%
Total	9,092,919	9,652,022	9,682,625	9,903,242	10,513,028	6.2%	15.6%

- Attendance at booked-in productions has fallen nearly 24% over the five-year period, while there were only 13% fewer booked-in event performances.
- Theatres are producing far fewer children's series performances, and attracting smaller audiences for this work. Theatres produced 11% fewer performances over the five-year period, and attendance dropped 28% from 1998 to 2002.
- Staged reading and workshop performances and attendance rebounded after a drop from 2000 to 2001. The one-year recovery and more than 35% increase in both attendance and performances from 1998 to 2002 indicate that theatres are investing in the development of new work.
- The number of tour performances and attendance at touring productions spiked heavily in 2002, predominantly due to two theatres that together added 1,424 performances to their activity in 2002 and saw a corresponding increase in attendance of nearly 670,000 patrons.
- Despite fluctuations in total attendance and performances from year to year in each category, the overall mix varied little from 1998 to 2001. For example, main series activity regularly accounted for 73% of theatres' total performances and 78% of total attendance. However, the mix shifted in 2002, with theatres producing 3% less activity as main series performances and 3% more on tour.

Aggregate Number of Performances 78 Trend Theatres	**1998**	**1999**	**2000**	**2001**	**2002**	**1-yr chg. 01-02**	**4-yr chg. 98-02**
Main Series (total)	19,687	20,355	20,228	20,808	20,826	0.1%	5.8%
Special Productions	1,395	1,723	1,366	1,650	1,436	-13.0%	2.9%
Children's Series	1,114	1,083	1,114	973	989	1.6%	-11.2%
Staged Readings/Workshops	214	289	323	243	290	19.3%	35.5%
Other	149	184	360	235	250	6.4%	67.8%
Booked-In Events	185	385	377	221	161	-27.1%	-13.0%
Resident Subtotal	22,744	24,019	23,504	24,130	23,952	-0.7%	5.3%
Touring	4,247	4,150	4,144	4,559	5,720	25.5%	34.7%
Total	26,991	28,169	27,648	28,689	29,672	3.4%	9.9%





Industry Averages 78 Trend Theatres	1998	1999	2000	2001	2002	1-yr chg.	4-yr chg.	4-yr chg. CGR*
Subscription Renewal Rate (%)	75	76	76	77	75	-2%	0%	
High Subscription Discount (%)	36.4	38.2	39.9	39.8	40.1	1%	10%	
Low Subscription Discount (%)	14.1	12.6	12.2	10.7	12.9	20%	-9%	
Subscription Price (per ticket)	$19.86	$21.15	$22.38	$23.14	$24.69	7%	24%	14%
Single Ticket Price	$20.81	$22.19	$22.90	$24.86	$25.58	3%	23%	13%
Number of Ticket Packages Offered	5.2	5.5	5.2	5.0	5.4	8%	4%	
Number of Subscribers/ Season Ticket Holders	9,723	11,029	10,819	10,177	10,367	2%	7%	
Subscription Tickets (#subscribers x #tix/package sold)	51,017	50,615	50,905	56,166	52,271	-7%	2%	
Single Tickets	48,006	52,231	48,921	50,639	55,911	10%	16%	
Total In-Residence Paid Capacity (%)	72	72	73	71	73	2%	0%	
Subscriber Capacity (%)	39	36	35	38	36	-5%	-6%	
Number of Main Series Performances	252	261	259	267	267	0%	6%	
Number of Main Series Productions	13	13	13	14	15	12%	19%	
Number of Performance Weeks	33	34	35	35	35	1%	8%	
Number of Actor Employment Weeks (sum of # weeks each actor was employed)	589	615	702	660	657	0%	11%	

* Compounded Growth Rate adjusted for inflation

For the 78 Trend Theatres:

- Subscribers attended fewer productions on their subscription in 2002 than the year before — 5.5 in 2001 versus 5 in 2002. This was the case despite a corresponding 12% increase in the average number of main series productions. Overall, however, both the number of subscribers and total subscription tickets sold increased over the five-year period.

- Over the five years, average single ticket sales per theatre increased 16%, and the average single ticket price rose 13% above inflation.

- The percent of total in-residence capacity filled by subscribers fluctuated between 35% and 39% over the five years. After three years of steady increases, subscription renewal rates in 2002 dropped to the same level as 1998: 75%. Theatres have increased the high end of subscription discounts by 10% over the five-year period.

- Theatres do not offer all resident productions on subscription. If we were to consider only potential capacity of those productions offered on subscription, subscribers filled 47% of their potential in 1999, 50% in 2000 and 51% in 2002.

- The 11% increase in actor employment weeks from 1998 to 2002 coupled with the 8% increase in the total number of performance weeks, means that theatres are producing slightly larger-cast plays than they did five years ago.

Profiled Theatres

The full 2002 TCG fiscal survey was completed by 190 theatres. We now take an in-depth look at their earned income, expenses, contributed income and CUNA; their balance sheets; and attendance, performance and pricing information. This section offers the greatest level of detail.

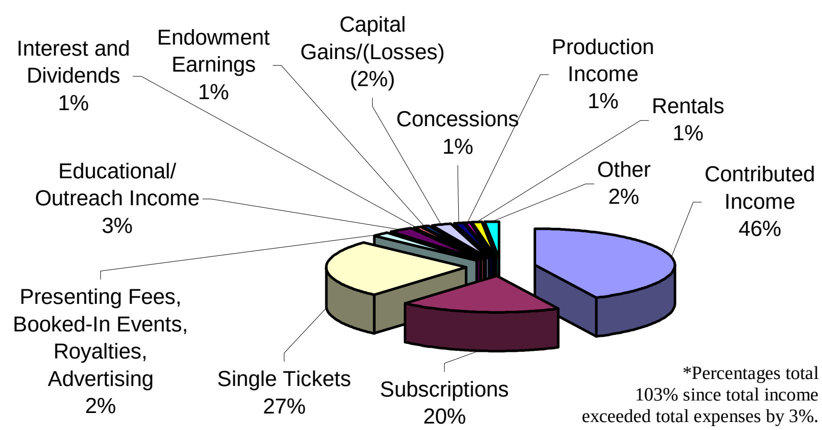
We first examine activity at the industry-wide level. We then break down information for each of the six budget groups to view variations that may occur due to theatre size. It is important to remember that we are looking at income and expenses from all unrestricted funds, not just activity from operations.

Earned Income

Overall, Profiled Theatres' earned income accounted for 55% of total income and financed 57% of their expenses. Income from ticket sales alone supported nearly half — 48% — of total expenses and represented 85% of total earned income.

The effects of the poor economy of 2001–2002 were apparent. Realization of an aggregate capital loss of $18.5 million eroded theatres' ability to support expenses with earned income. Investment instrument income (i.e., interest and dividends, endowment earnings and capital gains/losses) sustained 6% of total expenses for the Profiled Theatres of 2000; it now reduces theatres' ability to cover expenses by 1%.

Income as a Percent of Expenses: Earned Income*



The 190 Profiled Theatres:

- Brought in $439 million in total earned income — an average of $2.3 million per theatre — and earned $372 million in ticket income.
- Covered 28% of expenses with single ticket income.
- Generated $21 million in income from 3,302 education and outreach programs — twice that of the 2001 Profiled Theatres — and served over 4.8 million people.
- Earned $9 million from concessions and $15 million from other activity such as ticket handling fees.
- Suffered $18.5 million in realized and unrealized capital losses from unrestricted investment assets, despite the fact that theatres earned a total of $8.5 million from interest and dividends and $5.6 million from endowments.
- Earned $6.2 million in production income. Thirty-nine theatres reported income in this area. Of these, 72% reported co-production income, 31% reported enhancement funds, and one theatre reported both. Two theatres accounted for 70% of total enhancement funds.
- Earned $4.1 million from 398 royalty properties for an average of $10,347 per property, a 24% decrease from the average reported by Profiled Theatres in 2001. Theatres offered 343 world premieres in 2002, a 20% increase over the number of world premieres produced by the Profiled Theatres last year.
- Attracted 1.1 million subscribers/season ticket holders and 7.2 million single ticket buyers.
- Earned 18% of subscription income from flexible subscriptions. Two percent of single ticket sales were pick-and-choose, coupons or vouchers; another 10% was earned through group sales.

Budget Group Snapshot: Earned Income

Budget Group Snapshots provide details on each income and expense category for Profiled Theatres by budget group. This allows us to identify traits that vary depending on theatres' budget size. We provide actual dollar averages for each Budget Group and each line item as a percent of budget. Here, we take a Budget Group Snapshot of Profiled Theatres' earned income.

2002 Profiled Theatres

Budget Group	Number of Theatres	Budget Size
6	19	$10 million or more
5	32	$5 million - $9,999,999
4	17	$3 million - $4,999,999
3	58	$1 million - $2,999,999
2	29	$500,000 - $ 999,999
1	35	$499,999 or less

For the 190 Profiled Theatres:

- Each budget group experienced an aggregate capital loss. At least one theatre in each budget group ended the year with capital gains.
- With the exception of Group 3 Theatres, the smaller the theatre, the more reliant it is on contributed income to support expenses.
- As the theatres' size increases, so does the percentage of expenses financed by total ticket income.

Group 6 Theatres: One theatre reported $46 million in total single ticket sales and another earned $26 million. Excluding these two theatres would leave average single ticket sales of $2.94 million for the group.

Group 5 Theatres: Led the field in endowment earnings.

Group 4 Theatres: Had higher average interest and dividends than Group 5 Theatres.

Group 1 Theatres: One theatre accounted for 63% of total booked-in income; another accounted for 80% of total royalty income; and a third for all production income.

Average Earned Income

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of theatres	190	19	32	17	58	29	35
Subscriptions	$ 806,851	$ 3,337,017	$ 1,832,204	$ 655,099	$ 306,680	$ 59,028	$ 18,056
Single Ticket Income	1,121,917	6,431,625	1,478,828	786,713	404,188	139,690	79,224
Booked-In Events	30,995	128,104	69,905	9,436	17,754	35	768
Total Ticket Income	$ 1,959,763	$ 9,896,746	$ 3,380,937	$ 1,451,249	$ 728,622	$ 198,752	$ 98,049
Tour Fees and Contracts	25,396	33,970	27,176	33,090	20,962	45,564	6,016
Educational/Outreach Income	112,592	223,854	186,548	141,064	121,166	35,317	20,564
Interest and Dividends	44,924	266,872	60,509	60,714	6,640	3,134	587
Endowment Earnings	29,777	(27,390)	138,396	48,881	10,233	9,585	1,344
Capital Gains/(Losses)	(97,572)	(500,643)	(230,599)	(71,468)	(6,811)	(738)	(453)
Royalties	21,675	162,674	7,687	38,073	1,718	682	426
Concessions	49,211	185,387	107,444	44,964	22,169	7,604	3,398
Production Income	32,706	184,997	50,595	28,504	6,969	952	4,679
Advertising	13,365	21,314	22,024	15,835	15,068	7,112	2,291
Rentals	38,080	97,866	69,115	41,369	32,522	15,314	3,724
Other	78,271	378,465	162,385	47,487	23,045	9,641	1,740
Total Earned Income	$ 2,308,189	$ 10,924,112	$ 3,982,218	$ 1,879,763	$ 982,302	$ 332,919	$ 142,362

Group 2 Theatres: Led the field in tour contracts and presenting fees.

Group 6 Theatres: Support a much higher level of expenses with ticket income than other groups.

Group 5 Theatres: The only group whose subscription income covers a greater portion of expenses than does single ticket income.

Group 4 Theatres: Sustain a higher level of expenses with royalty income than any other group.

Group 1 and 2 Theatres: Experience far lower subscription income than the industry average.

Average Earned Income as a Percent of Expenses

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of theatres	190	19	32	17	58	29	35
Subscriptions	19.8%	18.9%	25.1%	17.4%	16.2%	8.5%	5.3%
Single Ticket Income	27.5%	36.4%	20.2%	20.9%	21.4%	20.2%	23.2%
Booked-In Events	0.8%	0.7%	1.0%	0.3%	0.9%	0.0%	0.2%
Total Ticket Income	48.0%	56.0%	46.3%	38.6%	38.5%	28.8%	28.7%
Tour Fees and Contracts	0.6%	0.2%	0.4%	0.9%	1.1%	6.6%	1.8%
Educational/Outreach Income	2.8%	1.3%	2.6%	3.8%	6.4%	5.1%	6.0%
Interest and Dividends	1.1%	1.5%	0.8%	1.6%	0.4%	0.5%	0.2%
Endowment Earnings	0.7%	-0.2%	1.9%	1.3%	0.5%	1.4%	0.4%
Capital Gains/(Losses)	-2.4%	-2.8%	-3.2%	-1.9%	-0.4%	-0.1%	-0.1%
Royalties	0.5%	0.9%	0.1%	1.0%	0.1%	0.1%	0.1%
Concessions	1.2%	1.0%	1.5%	1.2%	1.2%	1.1%	1.0%
Production Income	0.8%	1.0%	0.7%	0.8%	0.4%	0.1%	1.4%
Advertising	0.3%	0.1%	0.3%	0.4%	0.8%	1.0%	0.7%
Rentals	0.9%	0.6%	0.9%	1.1%	1.7%	2.2%	1.1%
Other	1.9%	2.1%	2.2%	1.3%	1.2%	1.4%	0.5%
Total Earned Income	56.6%	61.9%	54.5%	50.0%	51.9%	48.2%	41.7%

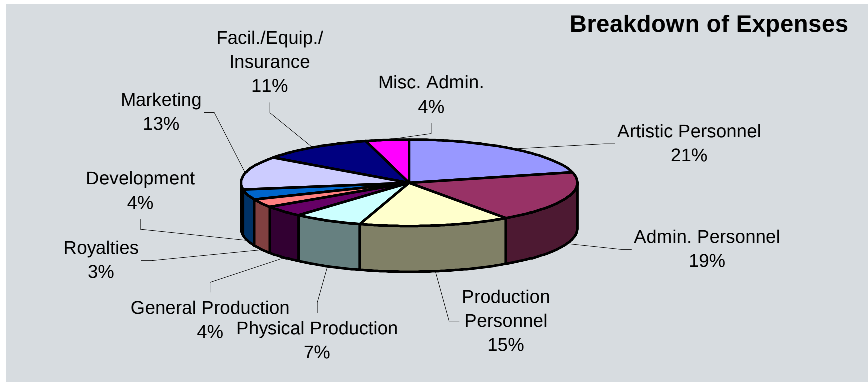
Group 3 Theatres: Support more of their expenses with education and outreach income than any other group.

Expenses

For all Profiled Theatre groups, artistic salaries and fringe benefits remain the greatest expense. The labor-intensive nature of theatre is evidenced by the fact that more than 55% of total expenses — $425 million — goes to compensation: artistic payroll (21%), administrative payroll (19%) and production payroll (15%). Of these, production payroll is the only category to increase in allocation from recent years. If one also considers payment to authors in the form of royalties, this figure escalates to 58% of total expenses, or $448 million.

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

The 190 Profiled Theatres:



- Contributed $775 million to the U.S. economy in 2002, 3% more than in 2001 and with seven fewer theatres.
- Allocated the $448 million in salaries, benefits, fees and royalties as follows: 33% went to administrative salaries and benefits and 67% went to royalties and to salaries and benefits for acting, non-acting artistic and production/technical personnel.
- Paid an average royalty of $19,763 per property. Theatres paid $23 million in royalties for 1,189 properties.
- Spent over $117 million in occupancy/building/equipment maintenance and other administrative costs such as office supplies and audit fees. Thirty-four percent of theatres own their own theatres, and thirty-two percent own their office space.
- Spent 45 cents to earn each dollar of education/outreach income. This figure only takes into account earned income gained from education and outreach activities. If we also consider third-party funding sources that support education and outreach programs, this figure drops to 25 cents. It is important to keep in mind that much of theatres' education and outreach activity is not intended to be revenue-generating.
- Allocated 10% of development expenses, 6% of marketing expenses and 17% of general management expenses for professional fees for independent contractors or consultants. The Profiled Theatres of 2000 spent only 15% of general management expenses on consultants.

If we allocate personnel costs to the various administrative departments and combine them with program costs, we find that Profiled Theatres spent an average of $510,992 on marketing, $282,732 on development, $191,886 on front-of-house (including box office) and $140,665 on education.

Budget Group Snapshot: Expenses

Average Expenses	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of theatres	190	19	32	17	58	29	35
Artistic Payroll	$ 864,071	$ 3,679,031	$ 1,444,125	$ 838,115	$ 414,373	$ 206,658	$ 108,148
Administrative Payroll	779,062	3,100,427	1,508,808	721,590	395,598	128,832	53,829
Production Payroll	592,004	2,873,741	1,065,289	484,924	227,225	54,724	22,307
Total Payroll	$ 2,235,137	$ 9,653,199	$ 4,018,222	$ 2,044,629	$ 1,037,196	$ 390,214	$ 184,285
General Artistic Non-Payroll	173,354	818,289	298,564	135,052	69,806	36,388	12,451
Royalties	123,673	620,375	211,526	91,468	47,865	13,868	5,962
Production/Tech Non-Payroll (physical production)	267,965	1,361,353	410,359	221,285	107,113	35,820	25,798
Development/Fundraising	152,811	707,521	244,508	136,489	76,131	22,130	11,123
Marketing/Customer Service/ Concessions	511,039	2,137,220	932,528	549,591	237,164	71,144	42,500
Occupancy/Building/Equip/ Maintenance	445,968	1,748,056	834,042	428,618	234,019	86,152	42,099
General Management/Operations	169,101	612,107	360,271	148,957	83,397	34,842	16,876
Total Expenses	$ 4,079,047	$ 17,658,121	$ 7,310,019	$ 3,756,089	$ 1,892,692	$ 690,558	$ 341,094

Group 1 Theatres: Consistently spend the highest percentage of their budgets on artistic personnel.

Group 6 Theatres: Spent a higher percentage of their budget on technical personnel than other groups.

Group 4 Theatres: Consistently spend far more of their budgets on marketing than other groups.

Average Expenses	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of theatres	190	19	32	17	58	29	35
Artistic Payroll	21.2%	20.8%	19.8%	22.3%	21.9%	29.9%	31.7%
Administrative Payroll	19.1%	17.6%	20.6%	19.2%	20.9%	18.7%	15.8%
Production Payroll	14.5%	16.3%	14.6%	12.9%	12.0%	7.9%	6.5%
Total Payroll	54.8%	54.7%	55.0%	54.4%	54.8%	56.5%	54.0%
General Artistic Non-Payroll	4.2%	4.6%	4.1%	3.6%	3.7%	5.3%	3.7%
Royalties	3.0%	3.5%	2.9%	2.4%	2.5%	2.0%	1.7%
Production/Tech Non-Payroll (physical production)	6.6%	7.7%	5.6%	5.9%	5.7%	5.2%	7.6%
Development/Fundraising	3.7%	4.0%	3.3%	3.6%	4.0%	3.2%	3.3%
Marketing/Customer Service/ Concessions	12.5%	12.1%	12.8%	14.6%	12.5%	10.3%	12.5%
Occupancy/Building/Equip/ Maintenance	10.9%	9.9%	11.4%	11.4%	12.4%	12.5%	12.3%
General Management/Operations	4.1%	3.5%	4.9%	4.0%	4.4%	5.0%	4.9%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Theatre Facts Administrative Expense Index

- Single ticket marketing expense to single ticket income: 20%
- Subscription marketing expense to subscription income: 13%
- Average education/outreach expense to earned education/outreach income: 45%
- Fundraising event expense to fundraising event income: 41%
- Development expense to contributed income (less fundraising event expense and income): 3%

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	$ 129,920	$ 530,146	$ 239,614	$ 147,055	$ 65,130	$ 15,920	$ 5,867
Non-Personnel Development Expenses	152,811	707,521	244,508	136,489	76,131	22,130	11,123
Marketing Personnel	119,239	484,982	265,127	115,330	44,868	12,505	890
Non-Personnel Marketing Expenses	391,753	1,733,582	704,269	413,428	163,154	48,275	30,488
Front-of-House Personnel	147,570	636,525	297,056	128,677	60,854	18,209	5,527
Non-Personnel Front-of-House Expenses	44,316	180,824	84,733	37,310	22,860	6,203	3,798
Education Programs/Outreach	90,146	265,216	165,799	106,515	74,080	16,788	5,393
Non-Personnel Education/Outreach Expenses	50,519	151,390	82,132	78,763	37,281	12,675	6,432

Contributed Income and Changes in Unrestricted Net Assets (CUNA)

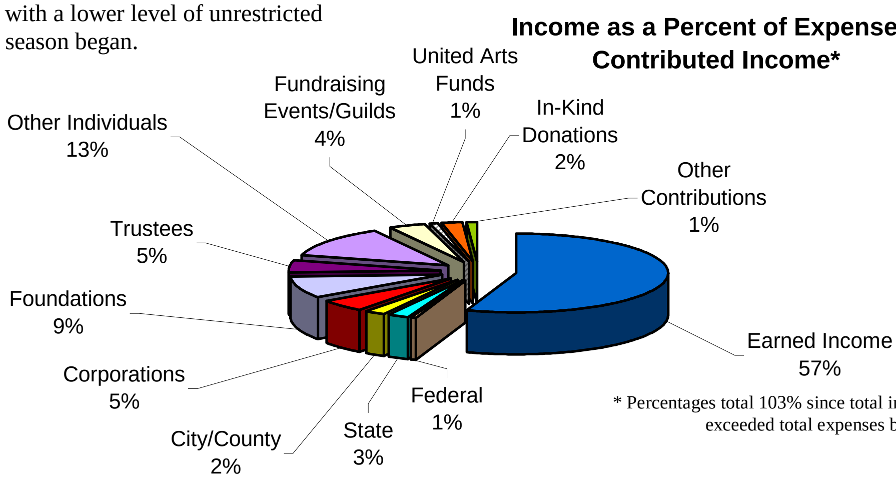
In this section, we present contributions to all unrestricted funds — not just annual operations. Contributed sources reflect Net Assets Released from Temporary Restriction (NARTR). For example, a theatre's individual giving total may include unrestricted trustee gifts to a capital campaign granted in a prior year but not released from temporary restrictions until the current year, as well as contributions to the annual fund. NARTR totaled $48.5 million for the Profiled Theatres — 14% of total contributed funds.

The smallest theatres and mid-sized theatres — Groups 1 and 4 — averaged negative CUNA. This means that these theatres ended the year with a lower level of unrestricted net assets than they had when the 2001–2002 season began.

The 190 Profiled Theatres:

- Had a banner year for total individual giving, which supported 18% of theatres' total expenses — 4.1% more than the 2001 Profiled Theatre level — and accounted for 39% of all contributed dollars.
- Attracted contributions from 243,933 individuals (non-trustees) who gave an average gift of $259 (excluding NARTR from the calculation). Gifts from other individuals surpassed foundation giving as theatres' greatest source of contributed funds.

Income as a Percent of Expenses: Contributed Income*



* Percentages total 103% since total income exceeded total expenses by 3%.

- Engaged in capital campaigns. Twenty-one percent of theatres were in a capital campaign in 2002, and capital campaigns generated a total of $61 million, or 17% of all contributed funds. Not surprisingly, no theatre began a capital campaign in 2002.

- Garnered $39 million in corporate support from 5,895 corporations. Corporate gifts averaged $6,722, a two-percent increase from the average for 2001 Profiled Theatres. It is important to note that the set of Profiled Theatres changes slightly from year to year.

- Received 28% of total individual contributions from trustees, who gave an average of $7,100 per donor. Profiled Theatres have 20 board members on average.

- Received $72 million from foundations, 11% of total contributed income. A greater number of foundations gave slightly smaller grants in 2002 than in 2001. As in years past, foundations provided the second greatest source of contributed funds: 2,837 foundations provided grants that averaged $25,387.

- NEA funding supported .6% of expenses and accounted for 1.4% of total contributed income. Two theatres received funding from the National Endowment for the Humanities. Theatres attracted $2 million from other federal agencies, 67% more than the Profiled Theatres of 2001. The allocation of NEA grants across funding categories was as follows: 73% of grants were for Creativity, 17% for Education, 8% for Access, 1% for Organizational Capacity, and 1% for Heritage and Preservation grants. Every Group benefited from some form of federal funding.

- Attracted in-kind donations that totaled $16.7 million. Eight percent of theatres received donated performance space and nine percent operate out of donated offices.

- Raised a total of over $19 million in support of touring and education programs, or five percent of all contributed funds.

Budget Group Snapshot: Contributed Income

Group 6 Theatres: One theatre accounts for 33% of all United Arts Funds.

Group 3 Theatres: Experienced the lowest average gift per trustee: $1,844.

Group 2 Theatres: Received more of their budget from federal grants than any other group.

Average Contributed Income and Total Income

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of theatres	190	19	32	17	58	29	35
Federal	$ 25,862	$ 81,669	$ 51,790	$ 38,765	$ 10,172	$ 11,542	$ 3,458
State	100,370	133,324	218,713	122,370	104,071	29,120	16,497
City/County	84,962	234,779	190,179	117,005	44,096	22,463	11,374
Corporations	208,552	768,088	439,433	126,233	129,365	32,756	10,583
Foundations	379,065	1,764,629	477,942	385,464	196,256	106,892	61,847
Trustees	209,111	1,080,663	291,372	240,564	79,407	25,628	12,465
Other Individuals	526,079	2,573,819	1,018,848	312,641	177,821	58,026	32,515
Fundraising Events/Guilds	167,263	656,114	303,074	141,776	100,478	29,658	14,784
United Arts Funds	40,587	159,432	112,745	950	14,426	2,772	4,036
In-Kind Services/Materials/ Facilities	87,813	193,878	193,762	120,344	68,289	20,397	5,782
Other Contributions	45,837	34,998	55,316	160,881	38,051	28,252	14,649
Total Contributed Income	$ 1,875,502	$ 7,681,393	$ 3,353,174	$ 1,766,993	$ 962,433	$ 367,505	$ 187,990
Total Income	$ 4,183,691	$ 18,605,506	$ 7,335,392	$ 3,646,756	$ 1,944,735	$ 700,424	$ 330,352
Changes in Unrestricted Net Assets (CUNA)	$ 104,643	$ 947,385	$ 25,373	$ (109,332)	$ 52,043	$ 9,866	$ (10,742)

Group 5 Theatres: One theatre accounted for 76% of the $1.8 million in foundation support for the group, and 15% of foundation support for all Profiled Theatres.

Group 3 Theatres: Garner more of their budget from state funding, corporate donations, fundraising events and in-kind donations than any other group.

Average Contributed Income as a Percent of Expenses

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of theatres	190	19	32	17	58	29	35
Federal	0.6%	0.5%	0.7%	1.0%	0.5%	1.7%	1.0%
State	2.5%	0.8%	3.0%	3.3%	5.5%	4.2%	4.8%
City/County	2.1%	1.3%	2.6%	3.1%	2.3%	3.3%	3.3%
Corporations	5.1%	4.3%	6.0%	3.4%	6.8%	4.7%	3.1%
Foundations	9.3%	10.0%	6.5%	10.3%	10.4%	15.5%	18.1%
Trustees	5.1%	6.1%	4.0%	6.4%	4.2%	3.7%	3.7%
Other Individuals	12.9%	14.6%	13.9%	8.3%	9.4%	8.4%	9.5%
Fundraising Events/Guilds	4.1%	3.7%	4.1%	3.8%	5.3%	4.3%	4.3%
United Arts Funds	1.0%	0.9%	1.5%	0.0%	0.8%	0.4%	1.2%
In-Kind Services/Materials/ Facilities	2.2%	1.1%	2.7%	3.2%	3.6%	3.0%	1.7%
Other Contributions	1.1%	0.2%	0.8%	4.3%	2.0%	4.1%	4.3%
Total Contributed Income	46.0%	43.5%	45.9%	47.0%	50.8%	53.2%	55.1%
Total Income	102.6%	105.4%	100.3%	97.1%	102.7%	101.4%	96.9%
Changes in Unrestricted Net Assets (CUNA)	2.6%	5.4%	0.3%	-2.9%	2.7%	1.4%	-3.1%

Group 1 Theatres: Received more of their budget from foundation grants than other groups.

Group 4 Theatres: Trustee giving supported expenses at a higher level than it did for other groups.

Group 1 and 4 Theatres: Total unrestricted income failed to meet the level of total expenses, resulting in average negative CUNA.

The Balance Sheet

A theatre's long-term stability is reflected in its balance sheet. As mentioned above, a negative CUNA affects the balance sheet in that it means a theatre has ended the year with a lower level of unrestricted net assets than it had when the year began. The 176 Profiled Theatres that completed the Balance Sheet section of the survey held total assets of $1.3 billion and net assets of $1.1 billion, 48% of which was in unrestricted funds. Once again, we use Cool Spring Analytics' measures of theatres' health with respect to working capital, fixed assets and investments.

Average Total Net Assets

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
	176	18	31	16	54	27	30
Working Capital	$ (237,644)	$ 1,141,897	$ (819,243)	$ (80,129)	$ (649,512)	$ (5,365)	$ (16,081)
Fixed Assets	$ 2,627,020	$ 10,854,008	$ 4,806,814	$ 2,255,928	$ 1,305,793	$ 304,455	$ 104,806
Investments	$ 2,492,034	$ 15,524,982	$ 4,085,247	$ 1,313,136	$ 186,661	$ 50,090	$ 2,109
Other Net Assets	$ 1,178,360	$ 3,807,347	$ 2,373,578	$ 1,194,062	$ 784,424	$ 91,778	$ 44,545
Total Net Assets	$ 6,059,769	$ 31,328,233	$ 10,446,397	$ 4,682,997	$ 1,627,365	$ 440,959	$ 135,379

Working capital represents theatres' ability to meet day-to-day cash needs and current obligations. On average, it was negative for Profiled Theatres, indicating that these theatres are borrowing funds to meet daily operating needs. Only Group 6 Theatres experienced positive average working capital.

The working capital ratio — a comparison of working capital to total expenses — is another indication of organizational health. Cool Spring Analytics recommends that theatres calculate their own working capital needs, but suggests that a healthy working capital ratio is 25% — i.e., that theatres have enough working capital to operate on existing resources for three months. Only Group 6 Theatres had a positive working capital ratio: Six percent, or enough to last three weeks. The overall working capital ratio for the Profiled Theatres was -11%, brought down by the -29% ratio of Group 3 Theatres. Of the Profiled Theatres, 61% had negative working capital and 29% had a positive working capital ratio of less than three months. Eighteen of the 176 Profiled Theatres — roughly 10% — reported a working capital ratio of 25% or more.

Profiled Theatres' invested capital represents endowments and cash reserves. Investments generate interest, which provides theatres with a stream of revenue that can be used for operations. Theatres with sizeable investments enhance their ability to weather hard times.

The investment ratio — a comparison of total investments to total expenses — is best examined over time, as discussed in the Trend Theatre section. Group 6 Theatres naturally have the highest investment ratio at 86%. As budget size decreases, so does the investment ratio. Group 5 Theatres' investment ratio was 57%, Group 4 Theatres' was 35%, the investment ratio of Group 3 Theatres was 10%, and that of Group 2 Theatres was 7%. Group 1 Theatres' investments amount to only 1% of their expenses. The average for all theatres is 59%.

Attendance, Pricing and Performances

We looked at market and performance trends over time in the Trend Theatres section. We now look at the same Industry Averages in detail for the Profiled Theatres. Since not every theatre offers a subscription package, averages reported in this section are adjusted for the number of theatres that responded to each question. In comparison to the 2001 Profiled Theatre overall averages, the 2002 renewal rate decreased 1%, the average subscription and single ticket prices increased roughly $2, and more single tickets but fewer subscription tickets were sold.

Industry Averages

	All Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Number of theatres	190	19	32	17	58	29	35
Subscription Renewal Rate (%)	73	74	76	72	75	68	66
High Subscription Discount (%)	34.8	40.3	42.4	34.2	32.7	33.2	26.5
Low Subscription Discount (%)	11.6	9.4	8.8	8.0	15.1	13.4	9.8
Subscription Price (per ticket)	$23.19	$33.94	$27.42	$26.79	$20.89	$18.41	$16.55
Single Ticket Price	$23.70	$34.58	$29.06	$28.24	$22.50	$18.62	$16.03
Number of Ticket Packages Offered	4	7	6	4	4	3	3
Number of Subscribers/ Season Ticket Holders	6,851	21,339	13,111	5,880	3,522	962	549
Subscription Tickets (#subscribers x #tix/package sold)	33,949	102,084	68,591	30,936	16,815	4,555	1,975
Single Tickets	38,936	133,316	67,744	36,208	23,694	12,556	5,642
Total In-Residence Paid Capacity (%)	74	84	78	74	74	69	67
Total In-Residence Subscriber Capacity (%	29	39	39	34	28	19	14
Number of Main Series Performances	191	427	303	199	167	94	79
Number of Performance Weeks	31	41	38	32	30	24	23
Number of Actor Employment Weeks (sum of # weeks each actor employed)	498	1,284	697	669	392	196	227
Paid Employee Turnover (# vacated positions/total # pd. employees)	9%	9%	10%	9%	11%	7%	7%

The 190 Profiled Theatres:

- Attracted over 12.6 million patrons.
- Held 36,366 main series performances.
- Filled an average of 74% of their seats with paying customers. In general, the larger the theatre, the fuller the house.
- Averaged nine percent employee turnover. Group 3 Theatres had the highest level: 11%.

There is only a 51 cent difference between the average subscription price per ticket and the average single ticket price. Group 1 Theatres charge subscribers more than single ticket buyers, on average.

Theatres do not offer all resident productions on subscription. If we were to consider only potential capacity of those productions offered on subscription, subscribers filled an overall average of 42% of their potential: 52% for Group 6 Theatres, 53% for Group 5, 65% for Group 4, 37% for Group 3, 27% for Group 2 and 28% for Group 1.

Conclusion

The feeble economy of the 2002 fiscal year and repercussions from the September 11 terrorist attacks took their toll on theatres' health. More Universe theatres ended the year with a deficit than a surplus. The average Group 1 and 4 Theatre ended the year with negative CUNA, and the average Group 5 Theatre barely broke even. Expenses rose at roughly three times the rate of earned income, and severe capital losses eroded earned income's ability to cover expenses. Every expense category except general management/operations experienced double-digit growth over and above inflation from 1998 to 2002.

Theatres kept their heads above water with the help of remarkable increases in contributed income. Increases in individual contributions were a ray of hope in an otherwise dour year. However, the question remains as to whether growth in individual contributions can make up for lackluster earned income and decreases in other contributed areas such as local funding.

Thanks to the fiscal health indicators recommended by Cool Spring Analytics, we examined the balance sheet in more depth than ever before. We learned that the theatres' level of working capital is dangerously low. Theatres are borrowing against their futures. Nevertheless, the strength of the economy over the past five years has had a positive overall impact on the industry. On the whole, theatres' average balance of all unrestricted net assets increased 83% from the start of 1998 to the end of 2002.

Attendance is up. The number of education and outreach programs offered by theatres and the number of people served by these programs rose dramatically in 2002. The growth in the number of weeks of employment offered to actors increased 11% from 1998 to 2002. While finances are not as strong as they were during the economic boom, we continue to translate the value of our art and organizations to our communities.

Budget size has an impact on how theatres operate. Group 1 Theatres receive more of their budget from foundations and spend more of their budget on artist salaries and benefits than any other Group; however, they play to smaller houses and tended to end the year with a deficit. Group 2 Theatres attract a higher portion of their budget from federal grants than other groups, although their subscription income tends to cover a far lower level of expenses than the industry average.

The mid-sized theatres continue to struggle. Group 3 Theatres' level of working capital is precipitously low and yet they garner more of their budget from state funding, corporate donations, fundraising events and in-kind donations than any other group. Despite the extraordinary level of trustee giving, the average Group 4 Theatres ended the year with a deficit.

Larger theatres have their own idiosyncrasies. Group 5 Theatres continue to bring in more average subscription income than single ticket income, despite the reverse trend for other groups. They also led the industry in endowment earnings. The largest theatres — Group 6 Theatres — bring in a far greater proportion of their revenue through ticket sales than the rest of the industry, particularly with respect to single ticket sales. They were the only group to end the year with positive working capital, and they fill their theatres to a higher level of capacity than other groups.

As a field, we contributed an estimated $1.4 billion to the economy in the form of compensation and payment for services and goods. We welcomed 32 million patrons through our doors. We provided employment to 109,000 artists, administrators and technical personnel. We continue to pursue and realize our artistic missions and strive for excellence.

Methodology

Theatre Facts 2002 includes information on participating theatres' fiscal years ending between September 1, 2001, and August 31, 2002. Information provided by Profiled Theatres was verified against certified financial audits. The adjustment for inflation in the discussion of Trend Theatres 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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2002 Profiled Theatres

Alabama	Alabama Shakespeare Festival
Alaska	Perseverance Theatre
Arizona	Actors Theatre of Phoenix, Arizona Theatre Company, Borderlands Theater, Childsplay, Inc., Phoenix Theatre
Arkansas	Arkansas Repertory Theatre
California	A Traveling Jewish Theatre, American Conservatory Theater, Actors' Gang Theatre, Berkeley Repertory Theatre, Brava Theater Center, California Shakespeare Theater, Colony Theatre Company, East West Players, The Foothill Theatre Company, Geffen Playhouse, La Jolla Playhouse, Laguna Playhouse, Magic Theatre, Inc., Mark Taper Forum, PCPA Theaterfest, PlayGround, San Jose Repertory Theatre, Shakespeare Santa Cruz, Sierra Repertory Theatre, South Coast Repertory, The Old Globe, TheatreWorks, Will & Company
Colorado	Arvada Center for the Arts and Humanities, Curious Theatre Company, Denver Center Theatre Company, OpenStage Theatre & Company
Connecticut	Connecticut Repertory Theatre, Hartford Stage Company, Long Wharf Theatre, Westport Country Playhouse, Yale Repertory Theatre
Delaware	Delaware Theatre Company
DC	Arena Stage, Ford's Theatre, The Shakespeare Theatre, The Studio Theatre, Woolly Mammoth Theatre Company
Florida	Coconut Grove Playhouse, Florida Repertory Theatre, Florida Studio Theatre, Orlando-UCF Shakespeare Festival, Seaside Music Theater
Georgia	Actor's Express, Alliance Theatre Company, Dad's Garage Theatre Company, 7 Stages, Theatrical Outfit
Idaho	Idaho Shakespeare Festival
Illinois	Apple Tree Theatre, Chicago Shakespeare Theater, Court Theatre, Famous Door Theatre Company, Free Street Programs, Goodman Theatre, Lifeline Theatre, Lookingglass Theatre Company, Northlight Theatre, The Piven Theatre Workshop, Redmoon Theater, Roadworks Productions, Steppenwolf Theatre Company, Theatre Building Chicago, Victory Gardens Theater, Writers' Theatre
Indiana	Indiana Repertory Theatre, The New Harmony Theatre
Iowa	Riverside Theatre
Kentucky	Actors Theatre of Louisville, Roadside Theater, Stage One: The Louisville Children's Theatre, Walden Theatre
Maine	Portland Stage Company
Maryland	Center Stage, Everyman Theatre, Imagination Stage, Round House Theatre
Massachusetts	American Repertory Theatre, Barrington Stage Company, Huntington Theatre Company, New Repertory Theatre, Shakespeare & Company, The Sugan Theatre Company, Wellfleet Harbor Actors Theatre (WHAT), Williamstown Theatre Festival
Michigan	Meadow Brook Theatre
Minnesota	The Children's Theatre Company, Commonweal Theatre Company, Guthrie Theater, Pillsbury House Theatre, Theatre de la Jeune Lune
Missouri	The Coterie Theatre, Missouri Repertory Theatre, St. Louis Black Repertory, Unicorn Theatre
New Jersey	George Street Playhouse, McCarter Theatre Center, New Jersey Repertory Company, The Shakespeare Theatre of New Jersey
New York	Atlantic Theater Company, Capital Repertory Theatre, The Cider Mill Playhouse, Castillo Theatre, The 52nd Street Project, Geva Theatre, Hangar Theatre, INTAR Hispanic American Arts Center, The Joseph Papp Public Theater/ New York Shakespeare Festival, Lincoln Center Theater, Mabou Mines, Manhattan Theatre Club, Ma-Yi Theater Company, Merry-Go-Round Playhouse, New York Theatre Workshop, Ping Chong & Company, The Pearl Theatre Company, Roundabout Theatre Company, Second Stage Theatre, The SITI Company, Studio Arena Theatre, Syracuse Stage, TADA!, Target Margin Theater, The Wooster Group, Theatre for a New Audience, Women's Project & Productions
North Carolina	Actor's Theatre of Charlotte, PlayMakers Repertory Company, Theater Previews at Duke
Ohio	Cincinnati Playhouse in the Park, Cleveland Public Theatre, The Cleveland Play House, Contemporary American Theatre Company, Great Lakes Theater Festival, The Human Race Theatre Company
Oregon	Artists Repertory Theatre, The Haven Project, Miracle Theatre Group, Oregon Shakespeare Festival, Portland Center Stage
Pennsylvania	Act II Playhouse, Actors Company at the Fulton, Arden Theatre Company, Bloomsburg Theatre Ensemble, City Theatre Company, Interact Theatre Company, Mum Puppet Theatre, Open Stage of Harrisburg, The People's Light & Theatre Company, Pittsburgh Irish and Classical Theatre, Inc., Pittsburgh Public Theater, Touchstone Theatre, The Wilma Theater
Rhode Island	The Perishable Theatre, Trinity Repertory Company
South Carolina	Trustus
Tennessee	Clarence Brown Theatre Company, Playhouse on the Square
Texas	Alley Theatre, Dallas Children's Theater, Rude Mechanicals, Zachary Scott Theatre Center
Utah	Pioneer Theatre Company, The Salt Lake Acting Company
Vermont	Saint Michael's Playhouse, Weston Playhouse
Virginia	Mill Mountain Theatre, Signature Theatre, Theater of the First Amendment, Virginia Stage Company
Washington	The 5th Avenue Theatre, Intiman Theatre, Seattle Children's Theatre, Seattle Repertory Theatre, Village Theatre
West Virginia	Contemporary American Theater Festival
Wisconsin	American Players Theatre, Madison Repertory Theatre, Milwaukee Repertory Theater, Milwaukee Shakespeare Company, Next Act Theatre, Peninsula Players Theatre