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THEATRE COMMUNICATIONS GROUP PUBLISHES *THEATRE FACTS 2009*

New York – By September 2009, it seemed that efforts to stem the economic downturn, including Congress' $787 billion stimulus package, were beginning to pay off; increases in consumer spending, trade and investments in housing contributed to the first rise in the GDP in over a year. Nonetheless, economic indicators such as employment remained depressed and it was clear that it would be a long and precarious road to recovery for the weakened economy and the nation's companies and individuals. ***Theatre Facts 2009*** reports that the economic crisis had a negative impact on the not-for-profit theatre field, just as it did on nearly every sector of society. For most theatres, the economy's effect on their bottom line was dramatic, with the majority of theatres ending the year in the red, largely driven by pervasive losses on endowments and other investments. In spite of these challenges, theatres remained committed to their missions and communities, enhancing America's artistic legacy with 187,000 performances that attracted 30 million attendees; employing 128,200 administrative, artistic and production personnel; and contributing $1.9 billion to the economy.

"The financial performance of the theatre industry generally tracks with the state of the economy overall, and theatres were by and large weakened by the most recent recession," said Teresa Eyring, executive director of Theatre Communications Group (TCG). "However, there is also an enormous amount of resilience and entrepreneurialism in our field. Most theatres were able to navigate the rough waters and use a very tough environment to refine their focus, build new partnerships and strengthen ties within their communities."

For over 30 years, Theatre Communications Group has published ***Theatre Facts***, which draws on responses to the annual *TCG Fiscal Survey* to offer an analysis of the attendance, performance and fiscal health of the American not-for-profit theatre field. ***Theatre Facts*** is not only a valuable tool for the field, but also for trustees, foundation and corporation executives, policy makers and the national press. Theatre leaders and trustees use this data in developing appropriate strategies for their institutions and in reaching educated conclusions about their organizational performance.

Theatre Facts 2009 compiles information gathered for the fiscal year that theatres completed anytime between October 31, 2008, and September 30, 2009. Written by Zannie Giraud Voss, chair and professor, Division of Arts Administration at Southern Methodist University, and Glenn B. Voss, associate professor, Marketing Department, Cox School of Business, SMU, along with TCG staff members Christopher Shuff and Ilana B. Rose, the report examines unrestricted income and expenses, balance sheet, attendance, pricing and performance details and is organized into three sections that offer different perspectives.

Following are a few highlights from the findings reported in ***Theatre Facts 2009***, which is now available free of charge on TCG's website, www.tcg.org.

Theatre Facts 2009 At A Glance:

The Universe section provides the broadest snapshot of the industry for 2009, examining an overview of 1,825 not-for-profit theatres—180 theatres that completed the *TCG Fiscal Survey* and 1,645 theatres that filed IRS Form 990. Using an extrapolation formula based on annual expenses, findings include:

- Not-for-profit theatres' contributed $1.9 billion to the U.S. economy through payments for goods, services and employee salaries and benefits.
- Theatres offered 187,000 performances that attracted over 30 million attendees.
- The majority of theatres' employees are engaged in artistic positions, with an average workplace consisting of 63% artistic, 25% technical and 12% administrative personnel.
- 46% of total income came from earned sources and 54% from contributions.

The **Trend Theatres** section provides a longitudinal analysis of the 112 theatres that have responded to the *TCG Fiscal Survey* in each of the past five years. This analysis examines trends in earned income, expenses, contributed income and attendance figures from 2005-2009. Findings include:

- 60% of theatres ended 2009 in the red. CUNA (the change in unrestricted net assets) was in positive triple digits in the first three years of the period, then fell into negative territory in 2008 and plummeted in 2009, largely due to capital losses from endowments and other investments. Over the past two years, an increasing percentage of theatres experienced shortfalls greater than 20% of operating expenses.
- Working capital (which consists of the unrestricted resources available to the theatre to meet obligations and day-to-day cash needs) was negative in each of the five years. It improved from 2005 to 2008 and then dropped precipitously in 2009.
- Overall, income decreased 12% from 2005 to 2009 and supported 20.3% less of total expenses in 2009 than 2005, the lowest level of expense support during the 5-year period.
- On average, theatres experienced dramatic capital losses in 2008 and 2009, fuelling a 23% decrease in earned income over the 5-year period; if investment income is excluded, earned income growth for the period was 0.8% above inflation.
- While contributed income was at a high in 2009, growth for the 5-year period was only 1% above inflation. The greatest support throughout the period came from trustees, other individuals and foundations. There was a double-digit decline from 2005 to 2009 in corporate, state and local support.
- Average single ticket income was 6.2% higher after adjusting for inflation in 2009 than in 2005, and 7% more single tickets were purchased over that period. While the number of single ticket buyers rose steadily from 2005 to 2008, however, it dropped 4% in 2009 and single ticket income supported the lowest percentage of expenses for the 5-year period.
- Average subscription income decreased 8.5% over the 5-year span, 9% fewer subscription tickets were purchased and the number of subscribers fell by 14%. Total subscription packages sold and total subscriber attendance were at a 5-year low in 2009.
- Overall resident production attendance was 3.1% lower in 2009 than in 2005 and the number of performances rose 3% over that time.
- Following four years of increasing expenses, theatres made 1.1% overall cuts in 2009. Expense growth for the 5-year period was 9.7%. While most expense categories increased by double-

digits during that time, royalty expense decreased by 0.4% and production/technical non-payroll (physical production) expense dropped by 6.5%.
- Cash reserves were at their lowest level for the 5-year period in 2009 and were 25% lower in 2009 than in 2005 after adjusting for inflation.

The **Profiled Theatres** section provides the greatest level of detail for the 180 theatres that completed *TCG Fiscal Survey 2009*. This analysis breaks down earned and contributed income, expenses, attendance, pricing and performance information by budget group and in aggregate. Findings include:

- In 2009, earned income financed 44.7% of total expenses and contributed income financed 46.7%, which shows that total income fell short of total expenses by 8.6%.
- Income from ticket sales represented 88% of total earned income.
- Theatres received gifts totaling more than $163 million from individuals (the largest single source of contributed income).
- 48 theatres were in capital campaigns in 2009 that generated over $61 million.
- The labor-intensive nature of theatre is evidenced by the fact that roughly 56.5% of total expenses—over half a billion dollars in total—goes to compensation (including salaries, benefits and royalties to playwrights).
- On average, theatres experienced capital losses rather than gains in 2009; theatres lost $62 million overall in investment instrument income.

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