



FOR IMMEDIATE RELEASE
October 27, 2014

CONTACTS:
Dafina McMillan
dcmillan@tcg.org | 212-609-5955
Gus Schulenburg
gschulenburg@tcg.org | 212-609-5941

Theatre Communications Group Releases
34th Annual Research Report: *Theatre Facts 2013*

Not-for-profit theatres report recovery since recession, driven by strong growth in earned income

New York, NY – Not-for-profit theatres contributed over \$2 billion to the U.S. economy and attracted 34.9 million attendees, according to *Theatre Facts 2013*, released by Theatre Communications Group (TCG). Based on the annual TCG Fiscal Survey, *Theatre Facts* is the only in-depth report that examines the attendance, performance and overall fiscal state of the not-for-profit professional theatre industry.

"*Theatre Facts 2013* reveals the ingenuity of the theatre field in adapting to the challenges of the recession," said Teresa Eyring, executive director of TCG. "Through strengthening diverse earned income streams, deepening relationships with trustees and individual donors, and benefiting from the recovery of the stock market, theatres have emerged from the worst of the recession. However, working capital remains a significant financial challenge for theatres, and is therefore a focus of our upcoming 2014 Fall Forum on Governance: *Cash & Culture*."

Theatre Facts 2013 reflects data from the fiscal year that theatres completed between October 31, 2012 and September 30, 2013. Following an Executive Summary, the report presents data in three ways:

- The Universe: a broad overview of the estimated 1,773 U.S. not-for-profit professional theatres;
- Trend Theatres: a longitudinal analysis of the 115 theatres that completed the TCG Fiscal Survey each year since 2009; and
- Profiled Theatres: a detailed examination of all 176 theatres that participated in the TCG Fiscal Survey 2013, broken out into six budget categories.

Theatre Facts 2013 is available at: <http://www.tcg.org/tools/facts/>.

On average, the **Trend Theatres reported that total earned income supported 15.9% more of total expenses in 2013 than 2009**, contributing to a shift from negative average Changes in Unrestricted Net Assets (CUNA) in 2009 to just above breakeven in 2013. CUNA, defined as the balance that remains after subtracting total expenses from total unrestricted income, increased 111.5% over the 5-year period. **All of the financial changes reported in this press release reflect inflation-adjusted figures for the 5-year period.**

Led by the recovery of the stock market, theatres posted a **40.8% growth in total earned income**. This increase reflects the impact of the recession on 2009 numbers, and the growth across multiple earned revenue streams, including:

- On average, **single ticket income** grew by 7.8% since 2009 and remains the greatest source of earned income annually. While **subscription income** decreased 9.3% over the 5-year period, it has risen annually since 2010, and remains the second largest source of earned income. Total ticket income increased 0.5% and total attendance rose 0.4% over the 5-year period.
- Earned income from **education/outreach programs** (workshops, classes, etc.) was up for the fourth straight year, reaching a 5-year high in 2013. On average, theatres offered 8 different types of programs in 2013, which served 18,033 people.
- Over the 5-year period, **rental income** grew 33.4%, **booked-in events** brought in 32.9% more income and **concessions income** rose 33.9%. Overall, earned income from sources other than tickets and investments increased 18.3% from 2009.

- A recovering stock market helped **endowment earnings/transfers** bring in 334% more in earned income after the losses of 2009. **Capital gains** earnings also saw significant growth in 2013, in part because of a few outlier theatres. While fluctuations in the stock market played a large role in the 40.8% increase in total earned income, with investment income excluded, total earned income still grew by 4.5% over the five years.

Theatres strengthened **contributed income** from trustees (13.3%), other individuals (13.8%) and fundraising events (18.8%) over the 5-year period. This helped off-set decreases in all other contributed income streams, including significant declines in: federal (-49.5%), state (-17.4%), city/county (-38%) and foundations (-20.4%). Overall contributed income dropped 4.3% from 2009.

This shift in **earned versus contributed income** is further illustrated when looking at the percentage of expenses that they covered in 2009 versus 2013. (Total unrestricted income as a percentage of expenses exceeds 100% when CUNA is positive and is less than 100% when CUNA is negative):

- **In 2013:** On average, 101.3% of total expenses were covered by total unrestricted income—59.6% by earned income and 41.7% by contributed income.
- **In 2009:** On average, 88.6% of total expenses were covered by total unrestricted income—43.7% by earned income and 44.9% by contributed income.
- Overall, **total income growth** (both earned and contributed) over the 5-year period surpassed inflation by 17.9% and supported 12.6% more of expenses.

Finally, working capital still remains a challenge for theatres:

- **Working capital**—the unrestricted resources available to meet day-to-day obligations and cash needs—was negative in each of the 5 years. Working capital improved from 2010 to 2011 (i.e., became less negative) then returned to its 2010 level in 2012 and improved slightly in 2013.
- The **working capital ratio**—an indication of how long a theatre could pay its short-term obligations based on its current unrestricted resources—was negative annually, suggesting that theatres are regularly experiencing cash flow crunches, with 2013 ending 1% lower than the 2009 level and the most severe crunch taking place in 2010.
- Many theatres held **capital campaigns** to raise funds to build and renovate facilities, purchase new equipment or technology, develop their endowment, or secure artistic or programming funds. Thirty-nine percent of Trend Theatres were in a capital campaign in 2013, the highest level of the 5 years.

For the full report, including further information on CUNA, subscription ticket sales, overall attendance, expenses and more, visit: <http://www.tcg.org/tools/facts/>.

A narrative version of *Theatre Facts 2013* that provides anecdotes from prominent theatre leaders will be published in *American Theatre* magazine and posted at <http://www.tcg.org/tools/facts> in November. *Theatre Facts 2013* will be featured at the 2014 TCG Fall Forum on Governance: *Cash & Culture* as part of a focus on capitalization strategies to support the long-term financial health of participating theatres: <http://www.tcg.org/events/fallforum/2014/index.cfm>.

Theatre Facts 2013 was written by Zannie Giraud Voss, Professor and Chair of Arts Management and Director of the National Center for Arts Research (NCAR) at Southern Methodist University (SMU); and Glenn B. Voss, Professor, Marketing Department, Cox School of Business, and NCAR Research Director, SMU; along with Ilana B. Rose, Associate Director of Research & Collective Action, TCG; and Laurie Baskin, Director of Research, Policy & Collective Action, TCG.

For over 50 years, **Theatre Communications Group** (TCG), the national organization for the American theatre, has existed to strengthen, nurture and promote the professional not-for-profit American theatre. TCG's constituency has grown from a handful of groundbreaking theatres to nearly 700 Member Theatres and Affiliate organizations and more than 12,000 individuals nationwide. TCG offers its members networking and knowledge-building opportunities through conferences, events, research and communications; awards grants, approximately \$2 million per year, to theatre companies and individual artists; advocates on the federal level; and serves as the U.S. Center of the International Theatre Institute, connecting its constituents to the global theatre community.

TCG is North America's largest independent publisher of dramatic literature, with 13 Pulitzer Prizes for Best Play on the TCG booklist. It also publishes the award-winning *American Theatre* magazine and ARTSEARCH®, the essential source for a career in the arts. In all of its endeavors, TCG seeks to increase the organizational efficiency of its member theatres, cultivate and celebrate the artistic talent and achievements of the field and promote a larger public understanding of, and appreciation for, the theatre. www.tcg.org.

#