

The Studio Theatre

1501 14th Street, NW

Washington DC, 2005

MEMORANDUM

TO: Joy Zinoman, President - The Studio Theatre, Inc

CC: Dr. Richard Linowes

FROM: Corin Reade, Consultant

DATE: 3/24/2010

RE: Nonprofit theaters in the current recession

Executive Summary

The number of nonprofit theaters in the United States has doubled between 1990 and 2005.

Funding for these theaters is an even split between earned income (subscriptions, ticket sales, etc.) and contributed income (individual giving, foundations, etc.) whereas the largest expense

for these organizations is payroll. Fixed assets for nonprofit theaters have grown 40 percent in the last 15 years due to capital campaigns to expand building and equipment. While the growth of assets has exceeded that of liabilities, expenses have exceeded income. Nonprofit theaters historically have been hit hard by recessions and the current recession is no exception. With giving down, organizations are experiencing cash shortages in funding operations. Declining audiences and shifts in philanthropy were issues in the nonprofit theater industry before the recession and current economic situation only exacerbates these issues. There are three main archetypes of how theaters are approaching the current recession: being proactive, cutting costs and waiting for more information. Strategies theater organizations should take in the current economic climate are to: monitor and address costs, not cut ticket prices, collaborate with other arts organizations, and look to use their fixed assets to generation cash through renting.

Industry

There are a wide range of arts organizations in the United States, the broad categories being history, humanities, and poetry; arts centers; performing arts; public broadcasting and museums, as defined by Giving USA.¹ Nonprofit theaters are one of the subsets of the performing arts section of the industry. These types of nonprofit organizations have experienced significant growth in the last couple of years. The number of nonprofit theaters in

¹ Giving USA Foundation. *Giving USA 2008: the annual report on philanthropy for the year 2007*. Indianapolis: Giving USA Foundation, 2008. 161-171

the United States has doubled over the course of 15 years (1990-2005) according to a study done by the National Endowment for the Arts, resulting in a total of 1,982 nonprofit theaters in the United States.²

Nonprofit theaters contributed more than \$1.8 billion to the United States economy in 2008 through the payments for goods, services and salaries. However, the impact of nonprofit theaters on the economy is estimated to be even greater than this specific number.³ In addition to the explicit economic impact of theater, there is the implicit economic impact of the industry. For instance, when individuals visit the theater to see a play or musical, typically they do not just simply leave their house and head to the show. Often times they might make a night of it and go out to a restaurant, take a taxi, etc. Because of these implicit impacts on the economy, nonprofit theater's true impact is thought to be way more than \$1.8 billion.

Income/Expenses

Funding for nonprofit theaters is almost completely split between earned and contributed income. Earned income is that which the theaters make through the various services that they offer to consumers. This income mainly consists of subscriptions and ticket sales gotten from the performances the theaters put on. Other sources of earned income include, but are not

² "All America's A Stage: growth and challenges in nonprofit theatre." *National Endowment for the Arts*. (2008).

³ Voss, Zannie, Glenn Voss, Christopher Shoff, and Ilana Rose. "A Report on Practices and Performance in the American Not-for-profit Theater Based on the Annual TCG Fiscal Survey." *Theatre Facts 2008*. (2008).

limited to, educational/outreach income, capital gains (losses), and rentals.⁴ With regard to contributed income, the largest piece comes from individual giving/endowments, which contribute approximately 35.5 percent to overall revenue as of 2007. Within individual gifts/endowments, the majority comes from high-income donators and local governments are the second largest source of contributed income. Other sources of contributed income are local governments, foundations, federal and state governments, and corporations.⁵ A complete breakdown of the sources of funding for nonprofit institutions can be found in the appendix portion of this memo (Appendix: Figure 2).

Over 50 percent of the expenses for nonprofit theaters comes from the combined payroll (artistic, administrative, and production). After payroll the biggest expenses for these organizations are marketing/consumer service/concessions at 12 percent, production/tech non-payroll-physical production at 9 percent and occupancy/building/equipment/maintenance at 8 percent (Appendix: Figure 3).⁶ From these numbers we can see that payroll, building and production costs account for the largest expenses for nonprofit theaters in the current age.

Trends

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⁵ Giving USA Foundation. *Giving USA 2008: the annual report on philanthropy for the year 2007*. Indianapolis: Giving USA Foundation, 2008. 161-171

⁶ Voss, Zannie, Glenn Voss, Christopher Shoff, and Ilana Rose. “A Report on Practices and Performance in the American Not-for-profit Theater Based on the Annual TCG Fiscal Survey.” *Theatre Facts 2008*. (2008).

Parallel to the growth trend in the number of theaters in the United States has been a growth in real assets within the industry, which grew by 60 percent between 1990 and 2005. Most of this growth in real assets came from a growth in fixed assets of 40 percent over the same period. This growth in assets is mainly due to an abundance of capital campaigns that followed the period of economic prosperity that occurred between the recessions of 2001 and 2008.⁷ After the recession of 2011, the nonprofit theater industry experienced a period in which donations for expansion were plentiful. Many of these donations were invested into capital campaigns to expand theater space and add on to these organizations' facilities. This growth in assets has helped nonprofit theaters maintain healthy balance sheets as their assets have grown faster than their liabilities.⁸

A worrying aspect of the growth during this period is that frequently the capacity that these organizations added in their pursuit of expansion frequently grew faster than the audiences that they had to fill this space. Often this resulted in many theaters that would have half of their audience space filled for performances. While the assets added through these capital campaigns have improved the health of these organizations balance sheets in the short run, they have also locked them into large fixed costs. This would not normally be a problem if these assets were filled to capacity and therefore generating an ideal amount of earned income necessary to offset these fixed costs. However, the combination of the under-used fixed assets

⁷ Hart, Sarah. "Special Report: Theatre Facts 2008: Agility Under Pressure." *American Theatre*. Nov. (2009)

⁸ "All America's A Stage: growth and challenges in nonprofit theatre." *National Endowment for the Arts*. (2008).

and other issues that the industry is experiencing has spelled trouble for nonprofit theaters in recent years.

In contrast to the balance sheets of these organizations, which give a positive outlook on the financials of nonprofit theater, are the income statements of these organizations, which tell a different story, one that's more negative. Between 2004 and 2008 expenses significantly outgrew earned income for nonprofit theaters and all expense categories, with the exception of artistic payroll and royalties, these expenses underwent double-digit growth in excess of inflation. The expense areas with the highest growth rates were physical production expenses and general artistic expenses (housing and travel, company and stage management expenses).⁹ Based on these numbers we can see that the costs of producing shows have contributed to the significantly rising costs for nonprofit theaters in the United States.

One of the reasons for such a leap in the cost of production for these organizations is the housing boom. Up until the housing bubble burst, housing costs were steadily rising, and demand for building materials was extremely high. Because of this high demand, materials such as wood, aluminum, etc. were more expensive. Materials such as these are what nonprofit theaters used to build sets for their shows, making production costs a lot higher than normal and exacerbating the financial issues that these organizations were already undergoing.

Recession

⁹ Voss, Zannie, Glenn Voss, Christopher Shoff, and Ilana Rose. "A Report on Practices and Performance in the American Not-for-profit Theater Based on the Annual TCG Fiscal Survey." *Theatre Facts 2008*. (2008).

The onset of the 2008 recession impacted many industries throughout the United States, both indirectly and directly. However, in particular the recession hit all the subsets of the performing arts industry very hard. “Americans for the Arts estimates that 10,000 of the nation’s nonprofit arts and cultural organizations are at risk of closing their doors in 2009, a loss of 260,000 jobs.”¹⁰ Within the performing arts industry, the nonprofit theater sector in particular is hard-hit by recessions, fluctuating with changes in the United States’ economy (Appendix: Figure 4).

One of the reasons for this sensitivity to changes in the United States’ economy, particularly recessions, could be the reliance that nonprofit theaters place on contributed income as a source of funding. As mentioned earlier, contributed income represents at least half of the income for nonprofit theaters. Between 1990 and 2005 earned income as a whole fell 13 percent as a share of total revenue whereas the proportion of other types of income, such as contributed income, grew.¹¹ Over the years these organizations have become to rely less and less on earned income from ticket sales, and more from the generosity of individuals, organizations, governments, and corporations.

In the current recession, while ticket sales seem to be relatively keeping up with the numbers from previous years, donations and contributed have been cut across the board and more cuts are anticipated within the next couple of years until the economy fully recovers.¹² Because of

¹⁰ Hoye, Sue. “Recession and the Arts: Act II.” *Chronicle of Philanthropy*. 21. 14 (2009).

¹¹ “All America’s A Stage: growth and challenges in nonprofit theatre.” *National Endowment for the Arts*. (2008).

¹² Grantmakers in the Arts. “Vital Signs: Arts Funding in the Current Economy.” *GIA Reader*. 20. 2 (2009).

the recession individuals have less disposable income and are less likely to be giving charitably. Corporations are expenses too, and jobs, which means they are also less likely to be giving sizeable charitable donations. Added pressure placed on supporting arts organizations such as the Kennedy Center means less money to go around and the amount and size of grants offered by these organizations has also dropped significantly. With the recession in full swing the federal government is feeling the pressure to cut back costs where it can and often times arts funding is on the list. Finally, many local and state governments have been having financial difficulties for awhile. That being said, they have had to make cuts everywhere, and everything that is not considered essential, such as the arts has been experience sharp budget cuts.

State governments especially have been having issues with major deficits. Resources for the performing arts from state governments have been described as some of the most volatile sources of funding. A study from the National Assembly of State Arts Agencies (NASAA) shows that public funding for the arts had an overall decline of \$.24 per capita (\$4.51 to \$4.7) between 2008 and 2009.¹³

The financial issues that performing arts, and particularly theater organizations, have been having is due to a combination of a couple factors: (1) the drop in contributed income from budget crisis and low disposable income; (2) increasing costs, particularly in depreciation and

¹³ Grantmakers in the Arts. "Vital Signs: Arts Funding in the Current Economy." *GIA Reader*. 20. 2 (2009).

occupancy/building costs¹⁴ from the increased number of fixed assets that these organizations acquired before the recession hit. These two main factors have led nonprofit theaters to experience heavy budget cuts and cash shortages. While the economy as a whole seems to be recovering from the 2008 recession, the job market tends to lag behind the economic recoveries by a couple of years. This means that even though the economy is getting better, individuals and organizations will still have limited disposable income for awhile, meaning limited budgets, and limited charitable giving to nonprofit organizations such as performing arts groups (i.e. theaters).

Current Issues

Even before the recession hit performing arts organizations in the United States, the arts and its subsets such as nonprofit theaters, have been experiencing problems. The main issues facing these organizations today are declining audiences, shifts in philanthropy such as giving, the large increase in the number of arts organizations and rising costs.

Declining audiences in particular have been a major issue for the performing arts (theater, etc.) industry in recent years. There are two demographic trends occurring among the audiences for performing arts organizations that is contributing to the problem of declining audiences: (1) for all of these arts organizations (with the exception of jazz and opera), the declines are concentrated mainly for individuals between the ages of 18 and 46 years; (2) the median age of

¹⁴ Voss, Zannie, Glenn Voss, Christopher Shoff, and Ilana Rose. "A Report on Practices and Performance in the American Not-for-profit Theater Based on the Annual TCG Fiscal Survey." *Theatre Facts 2008*. (2008).

the mainstay audience for these organizations is growing steadily older.¹⁵ What this tells us is that the largest demographic for theater customers is growing older. In order to maintain a consistent consumer base, theoretically the younger generations should be replacing the older generations of theater customers. However, the opposite is in fact true, as the largest demographic of theater attendees grows older, the younger generations are attending the theater less and less. Combined, these trends result in an audience for the performing arts that is steadily declining.

In addition to waning audiences, charitable giving to the arts has also been on the decline. While overall giving has increased over the years, giving to the arts has been steadily declining since the nineties.¹⁶ Charitable giving on the whole has been on the rise, but charitable giving to the performing arts proportional to the amount of total giving has actually been falling over the past decade or so.¹⁷ This tells us two important things: (1) that the performing arts are declining in their perceived importance within our society relative to other issues such as global climate change and human rights; (2) nonprofit theaters are experiencing shortages in charitable contributions.

¹⁵ Devita, Christine. "Arts for All: Connecting to New Audiences." *Wallace Foundation*. (2008).

¹⁶ Giving USA Foundation. *Giving USA 2008: the annual report on philanthropy for the year 2007*. Indianapolis: Giving USA Foundation, 2008. 161-171

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The combination of both declining audiences and waning charitable funds to nonprofit performing arts groups in particular, is one of the biggest issues facing the nonprofit theater industry today. The inability of these organizations to acquire adequate funding through either earned or contributed income leaves them with less money to invest in programming that can be tailored to the younger audiences and thus lands these organizations in a vicious cycle.

Company Profile

Founded in 1978, Studio Theatre, Inc. is a 501(c) (3) public charity located in the greater Washington, DC area. The company is still run by its founder Joy Zinoman, who continues to run the theater group based on the organization's overarching mission "produce the best in contemporary theatre."¹⁸

This mission means offering programming outside of the realm of classic theater in which organizations programming includes such works as *The Phantom of the Opera* or *A Streetcar Named Desire*. For instance, recent productions done by Studio Theater include *Blackbird*, *The Road to Mecca*, and *Grey Gardens*. Rather than picking shows based on their name-recognition, The Studio Theater chooses those that are in line with the organization's mission and the founders' "love of bold, provocative theatre".¹⁹ In concordance with being the "best in contemporary theatre", the organization also is very stringent on the quality of its productions through the use of "provocative writing" and incredible imagery in performance and design. A

¹⁸ "Mission of the Studio Theatre." *About*. The Studio Theatre. 23 Mar 2010. <http://www.studiotheatre.org/about/>.

¹⁹ "Mission of the Studio Theatre." *About*. The Studio Theatre. 4 May 2010. <http://www.studiotheatre.org/about/>.

couple of the specific programs that Studio Theatre has to contribute to their mission are the 2ndStage, which is dedicated specifically to edgy productions, and its Special Events series, which produces unique performances that are not available anywhere else in Washington, DC.

Studio Theatre's facility houses four intimate theaters in the Studio District near Dupont Circle. When Joy Zinoman moved into the theatre's current location on 14th Street, the street had mostly old warehouses from old automobile production. Now the area on and around 14th Street is known for theatre, and Studio Theatre continues to showcase itself as new-age theatre.

In addition to its basic programming of contemporary theatre shows, Studio Theatre offers benefits to the community through various programs as well. These programs include everything from educational initiatives to discounts on shows. Community initiatives are very important to nonprofit theaters. This is not just because they are beneficial to the communities surrounding them, but because the success of a nonprofit theater organization is often related to how rooted the organization is in its community. Therefore these types of initiatives are beneficial to both the communities and the theater as well.

The Studio Theatre's educational initiative Arts Motivating Youth (AMY) consists of a couple of key programs: (1) *Youth On-Stage* offers scholarships to low-income kids who have the desire and drive to pursue theater, but do not necessarily have the money to finance their own education; (2) *Passport to Imagination* facilitates discussions of contemporary theatre in the classroom and then brings these same students and teachers to free shows that are followed by discussions with educators and artists; (3) The Apprenticeship and Internship programs nurture

the development of the future professional artistic and administrative leaders in the arts. This is done by providing them with the educational hands-on experience needed to grow their skills in addition to free housing and a stipend so that finances are not an obstacle.

In addition to the educational programs that Studio Theatre offers, there are various other programs as well that are a part of the organization's community initiatives. Many of these programs take some form of a discount for the shows that Studio Theatre offers, either through discounted shows or subscriptions for residents, or pay-what-you-can performances in which residents can attend a show for whatever their finances permit them. In addition to discounts the Studio Theatre also opens its facilities to the public by allowing non-profit groups and arts organizations to use its facilities free of charge.

These basic community initiatives are like the organization's educational initiatives in that they benefit both the community and the Studio Theatre organization. The benefits to the community (discounted tickets and free facilities) are fairly obvious. There are various benefits to Studio Theatre as well: (1) through these programs the Studio Theatre gets its name heard in the community, benefiting from good public relations and name recognition; (2) the discounted shows bring in individuals that may not have attended a show otherwise, helping the organization to build its audience base and develop loyal customers; (3) firmly roots the organization in the community which as mentioned above is essential to the success of a theater organization; and finally (4) the renting of space helps Studio Theatre develop relationship with local nonprofit and arts organizations which can be helpful, particularly in the

current economic climate where collaborations with other arts organizations is a good way to share reduce an organization's expenses.

Studio Theatre is consistent with the non-profit industry breakdown of revenue. In the Fiscal Year ending August 2008, the organizations main sources of revenue were from program services at 48.5 percent and contributions at 44.3 percent (Appendix: Figure 1).²⁰ Their main sources of revenue are the same although they do seem to rely a little more on contributions relative to the industry average. With regard to expenses, Studio Theatre spends less on administrative costs (8 percent) compared to the industry average with is 20 percent. It spends the same amount of fundraising/development (4 percent) and more on program services with almost 90 percent of its budget devoted to these expenses (Appendix: Figure 1).

What are organizations doing?

In general there are three archetypes that describe how arts groups are responding to the recession: (1) The first response includes both those organizations that are so fixed in their communities that they haven't been that affected by the recession and those that are proactively addressing the situation. The pro-active organizations are using the problems in the industry as a way of re-inventing themselves through new programming or imaginative ways of marketing and cutting costs; (2) The second response includes those theaters are being cautious, cutting costs, and waiting for more information about the economy, ticket sales, and funding decisions; and (3) finally, the third response includes those theater organizations that

²⁰ "Guidestar Premium Report." Studio Theater, Inc (2010). 24 Mar 2010.

are semi-paralyzed. These organizations are just trying to survive through the recession, and believe that the situation for nonprofit theaters will get better by 2010.

The majority of arts organizations fall into the second category of organizations that are just being cautious, just cutting costs and waiting for more information.²¹ The top 10 methods that nonprofit theaters have used to cut costs and raise revenue are the following: reduction/freeze of salaries, new ticket discounting, additional non-ticket sales, reduction in the number of paid artists, reduction in traveling/conferences, reduction in the number of administrative staff, reduction in the number of productions, substitution of a larger cast show with a smaller cast show, reduction in the number of tech/production staff, and alternative uses of facilities.²²

While most arts organizations are pursuing a budget-conscious strategy that does not involve many (if any) adjustments in its overall plan, even those pursuing this strategy have found inventive ways to raise revenue and cut costs. Examples of budgetary innovation are: using all recycled materials for sets, focusing on co-productions, outsourcing of noncritical operations, modifying season calendar to allow more time for fundraising, reducing seasonal staff contract length, reducing interest payments, reducing design elements in shows, holding strategic planning sessions, etc.

What should organizations be doing?

²¹ Grantmakers in the Arts. "Vital Signs: Arts Funding in the Current Economy." *GIA Reader*. 20. 2 (2009).

²² Voss, Zannie Giraud, Glenn B. Voss, Christopher Shuff, and Ilana B. Rose. "Taking Your Fiscal Pulse--August 2009." *Theatre Communications Group*. (2009)

Throughout the wide variety of responses to the economic recession, there are some essential points to keep in mind, mistakes that need to be corrected and creative approaches that could be implemented across organizations. The following recommendations are general strategies that nonprofit theater organizations can utilize in order to reduce expenses in the current economic climate.

Monitor/pro-actively address expenses

As mentioned in the above section *what are organizations doing?* the majority of arts organizations are cutting costs within their budgets. While cutting costs is definitely a key strategy for an organization to maintain its fiscal health (particularly during an economic recession, it is important that these organizations make sure that they are making strategic cuts and not simply cutting costs wherever they can.

In a video done by the Kennedy Center addressing what arts organizations should do in the current economic climate, the president of the Kennedy Center, Michael Kaiser, said that organizations should “cut programming last.” He says that cutting programming puts organizations on a “slippery slope” in which they earn less revenue because they become less interesting to customers and donors and then have less money to spend on programming in the future. Instead of these drastic measures, Michael Kaiser emphasizes the need to first cut

expenses by making the organization more efficient, both on the administrative and production fronts.²³

This is very important advice as it emphasizes the need for every part of these organizations to be in-tune with the organization's mission and focused on strategy. Budget cuts should be made in the areas of the organization that are least connected to the organization's general mission. For instance, stream-lining the administrative structure, combining job descriptions, and/or outsourcing non-crucial functions are both ways in which a theater group can cut costs without sacrificing the organization's mission. The cutting of more crucial functions such as programming or community initiatives could drive away customers and end up hurting the organization in the long run even if it cuts costs short-term.

Don't cut ticket prices

One of the biggest mistakes that theater organizations have been making is to cut ticket prices. While flexible subscription options can help to maintain customers, ticket prices are not a big factor for consumers. Theater prices do not seem to respond strongly to price changes. A 20 percent hike in subscription or single tickets is likely to reduce attendance by only 2 percent.²⁴ Even in the current economic recession, ticket sales are not hurt nearly as bad as charitable contributions. Funders for the arts have noticed that while ticket sales and admission fees

²³ "Arts in Crisis." Arts in Crisis. *A Kennedy Center Initiative*. Web. 23 Mar 2010. <http://www.artsincrisis.org/>.

²⁴ "All America's A Stage: growth and challenges in nonprofit theatre." *National Endowment for the Arts*. (2008).

appear to be keeping pace or exceeding the numbers from previous years, donations and contributed income as a whole are down all over.²⁵

Collaboration

Another method that has been utilized by some theaters for cutting costs is to collaborate with other arts organizations within the area. There are various ways in which collaboration can be used to reduce costs: (1) the sharing facilities with other arts groups to cut down on heavy fixed-assets costs; (2) work on joint programming to share production costs, which have historically some of the highest costs for organizations within the performing arts industries in recent years; (3) joining with other organizations to buy collectively in bulk to get reduced rates on unit costs. To a certain extent all three of these collaboration strategies are already being utilized by theater groups, however, the number of organizations using these is less than half the total number of nonprofit theaters in the United States. This leaves many theater organizations that are not utilizing all available options to reduce costs and make themselves more financially secure.

With regard to collaborating it is important to note that while collaborations can be very lucrative, they can also be risky, particularly if they are not done properly. Like budget cuts, collaborations cannot be done for the sake of collaboration, but must be in tune with an organization's particular mission and goals. Collaborations must be carefully planned, especially if organizations will be co-producing any shows. If this is the case, collaborators

²⁵ Grantmakers in the Arts. "Vital Signs: Arts Funding in the Current Economy." *GIA Reader*. 20. 2 (2009).

should have similar missions and make sure that they are satisfying both of their base audiences. If collaborations are done correctly, they can amount to significant benefits to the organizations involved by helping to reduce production and programming costs which amount to the largest expense for nonprofit theater organizations. Some examples of collaboration are sharing equipment and resources (theaters merging prop and costume shops or conducting joint marketing), co-production, etc.

Using fixed assets to generate cash

As mentioned earlier in this memorandum, fixed assets have grown substantially for nonprofit theaters in the United States due to an increase in capital campaigns during the period of economic prosperity between the economic recessions of 2001 and 2008. This increase in fixed assets has left organizations with less working capital and causing increasing expenses with regard to depreciation and other building/capacity expenses. In order to use these assets to their full potential, theaters should work to rent out their spaces for events, meetings, etc. With this method theaters can use the fixed assets hanging on their books to generate cash for operations.

Spotlight on Studio Theatre

The Studio Theatre has been fairly successful thus far in how it has addressed the current issues facing the nonprofit theatre industry today and how it has dealt with the current economic recession. There are a couple of key ways in which Studio Theatre has managed to keep itself

afloat: (1) it has used educational and community initiatives to make connections within its community and developed a loyal audience; (2) its unique approach of contemporary theatre has distinguished the organization from other theater organizations that are more traditional in their programming choices.

While Studio Theatre has done many things well, there are some areas for improvement that could help the organization maintain its fiscal health. The biggest area for improvement with regard to Studio Theatre is better control of its expenses. It has done a good job with developing its audiences, particularly through its community initiatives. It has also done well in aligning its mission of producing contemporary theatre with its actions through such items as its programming. However, careful control of costs, particularly in an industry that is very tight fiscally, is essential to the survival of an organization. Here Studio Theatre should utilize some of the strategies mentioned above such as streamlining the administrative structure, combining job descriptions, utilizing recycled materials for sets, etc. to control its costs and make it more competitive and financially secure.

Overall Studio Theatre has been successful in how it has managed current industry issues and facing the economic recession. However, if the organization hopes to remain successful it needs to make sure that it is not simply addressing the issue of increasing revenue, but the issue of reducing costs as well.

Conclusion

The nonprofit theater industry has been hit with a number of challenges. Some of these challenges, such as low discretionary income, are short-term issues associated with the recession. However, many of the issues facing nonprofit theaters today are permanent and will not go away when the economy gets better. The strategy of holding out until the economy gets better may work short term, but will not suffice as foundational issues such as declining audiences and charitable donations worsen. While theaters may not necessarily have the current capital to invest in new programs, they should still establish strategic planning groups that research and tackle these tough issues so that they can be on the ball and ready to roll out with them when the economy gets better and they have the working capital to invest in them.

Appendix:

Figure 1

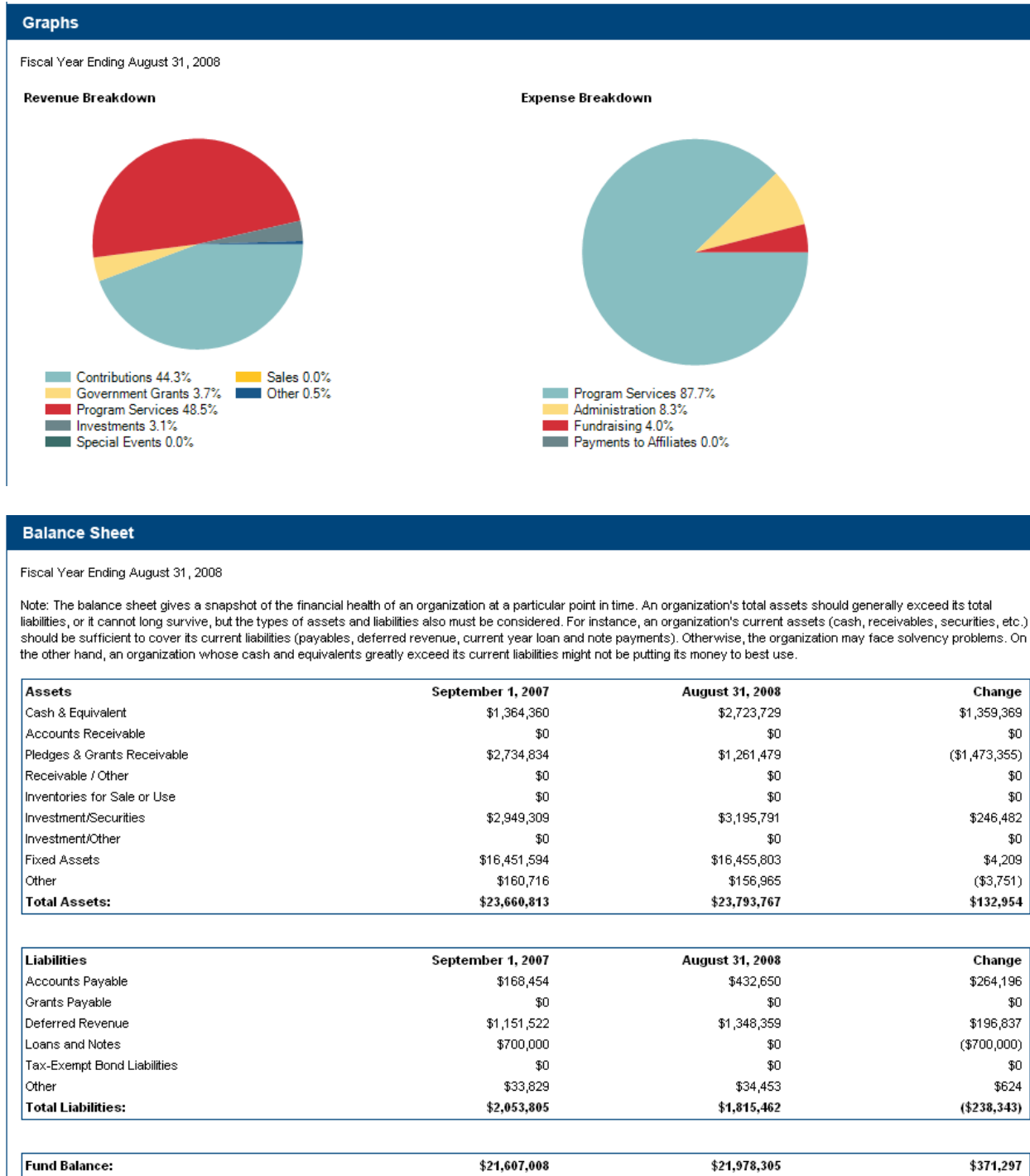
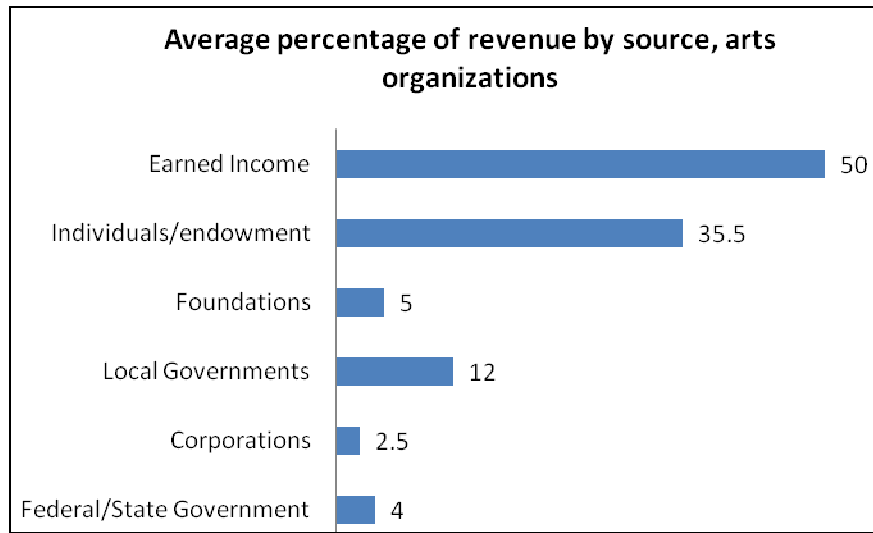


Figure 2



*Source: Americans for the Arts*²⁶

²⁶ Source: Americans for the Arts, *Arts and Economic Prosperity III*, 2007.

Figure 3

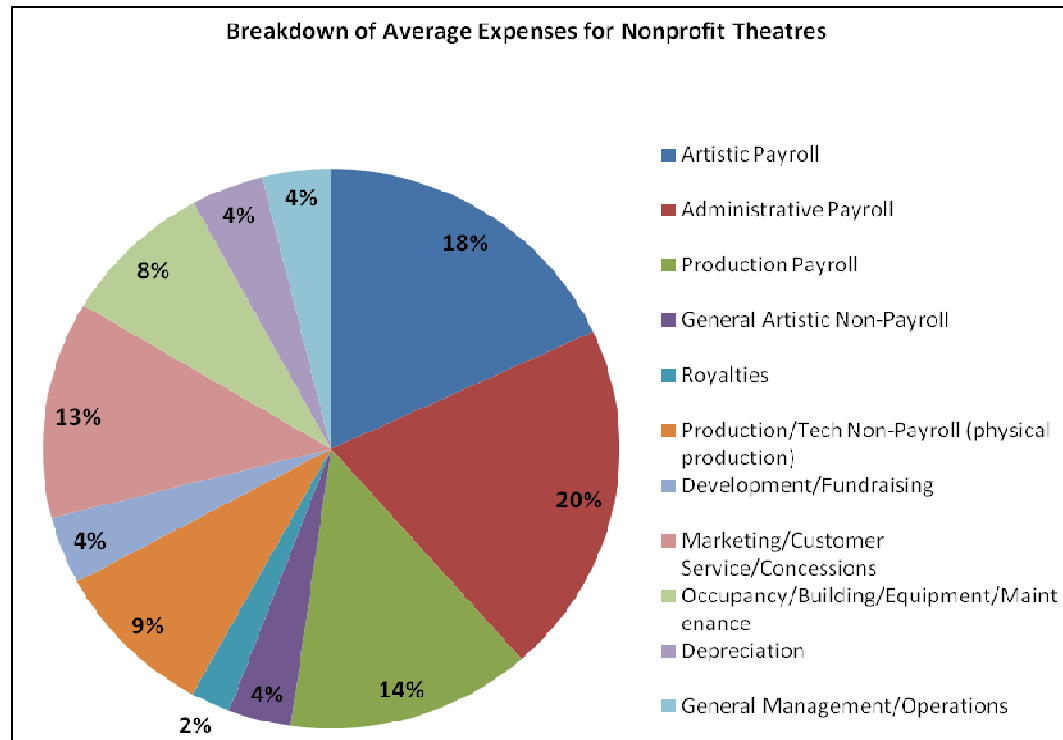


Figure 4

