

FINE & PERFORMING ARTS CENTER FEASIBILITY STUDY REPORT PREPARED FOR

# CITY OF HIGHLAND, IL

JANUARY 2014

DRAFT REPORT



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# PREFACE

In June 2013, the city of Highland, Illinois (“Highland”) engaged Brailsford & Dunlavey (“B&D”) to conduct a feasibility analysis and operational assessment of a fine and performing arts center (“Study”). The scope of work included a kick-off session, demographic analysis, comparable venue analysis, and financial modeling of the proposed facility.

This report sets forth B&D’s findings and recommendations as part of the Study. The findings contained herein represent the professional opinions of B&D personnel based on assumptions and conditions detailed in this report. B&D has conducted research using both primary and secondary information sources, which are deemed to be reliable but whose accuracy B&D cannot guarantee.

# EXECUTIVE SUMMARY

## INTRODUCTION

Highland, IL engaged B&D to perform a feasibility and market analysis of a proposed fine and performing arts center to be located within the city. The scope of work included a kick-off visioning session, demographic analysis, comparable venue analysis, and financial modeling of the proposed facility. During the kick-off session, key stakeholders and Highland, IL administrators helped define the strategic objectives of this facility as follows.

- Create a single venue for sharing fine and performing arts in Highland
- Create a high-quality experience for families of Highland and the surrounding area
- Provide a venue for fine arts instruction
- Provide a home for Highland's resident theatre company
- Provide a venue to bring travelling acts to Highland
- Promote tourism in Highland
- Create a facility that is at or near financial self sufficiency

## SUMMARY OF FINDINGS

The demographic analysis included research on the key attributes of the area population that help determine interest in and attendance at arts-based events and performances. Overall, the analysis found that despite the relatively small size of the community, Highland and the surrounding area have strong demographic characteristics for a fine and performing arts center. The main demographic characteristics that correlate with performing arts participation are age, household income, and educational attainment levels. The percentage of residents within a 30 minute drive time of Highland between the ages of 35 and 64 is similar to or slightly above the statewide and national averages. In addition, the median household income level within a 30-minute drive time of Highland is approximately \$60,500 (based on 2013 estimates from Sites USA) which compares favorably to the statewide level of \$57,000 and the Madison County level of \$53,000. Educational attainment level is the only characteristic that is below the statewide average with approximately 26% of residents within a 30-minute drive time having a bachelors' degree or higher versus 30% across the state of Illinois.

B&D performed a comparable venue analysis on seven performing arts facilities chosen based on their location, community size, and purpose. The research found that these facilities vary from new standalone venues, renovated historic theaters, and additions to existing municipal

buildings. Two of the facilities (Wilson Performing Arts Center and Commonweal Theatre) relied heavily on private fundraising to construct their venues, while the rest received significant contributions through sales tax revenue, TIF funding, or other government subsidy. A mix of programming takes place at the facilities but the majority offer performances (theater, dance, concerts, film), class offerings (art, crafts, music), facility rentals (meetings, events, weddings), and a small art gallery component. The main, non-contributed, revenue sources for these facilities are rental fees, facility fees charged per ticket sold, and catering / concessions charges. All the venues receive contributed income from a mix of private and public sources to support their annual operating budgets.

B&D performed a financial analysis that included both a capital budget and 10-year operating pro forma with all applicable revenue and expense sources. The preliminary capital budget includes approximately \$8.1M in hard costs and \$2.1M in soft costs for a total project cost of \$10.2M. Projections for the pro forma were determined based on the operations of comparable venues, industry experience, and the preliminary building program. The financial performance of the facility based on three separate scenarios is shown in Exhibit 1.1 below.

	Year 1 - 2017		
	Conservative	Moderate	Aggressive
<b>Revenues</b>	\$94,000	\$119,000	\$150,000
<b>Expenses</b>	\$187,000	\$187,000	\$187,000
<b>NOI</b>	(\$93,000)	(\$68,000)	(\$37,000)
<b>% Earned Income</b>	50%	63%	80%

<b>Average NOI over 1st 10 Years</b>	(\$98,000)	(\$71,000)	(\$35,000)
<b>Endowment Needed*</b>	\$1,970,000	\$1,420,000	\$700,000

\*Assumes 5% return

**Exhibit 1.1:** Projected Financial Performance of Fine and Performing Arts Center

The projected annual operating deficit ranges from approximately \$35,000 to \$100,000 which could be covered by an endowment to support operations. Assuming a 5% return, approximately \$700,000 to \$2,000,000 would need to be raised as an operating endowment.

Additional opportunities to reduce the operating deficit would be through indirect subsidies from the City of Highland such as supporting staff salaries or utility costs at the facility. This would reduce the overall expenses and decrease reliance on fundraising contributions.

# DEMOGRAPHIC ANALYSIS

## METHODOLOGY & OBJECTIVES

B&D conducted a demographic analysis to evaluate the size and strength of the local market. The demographic analysis helps determine the ability of the market to support a fine and performing arts center. As a part of the analysis, B&D analyzed US Census data on population, age, household income levels, and educational attainment levels within 30-, 45-, and 60-minute drive times of Highland. The data were then compared to state and national averages as well as the demographics of similar communities with fine and performing arts centers.

## SUMMARY OF FINDINGS

### POPULATION

The population of Highland and the surrounding area was analyzed to understand the total potential market for this fine and performing arts venue. While Highland has approximately 9,900 residents, the region within a 60-minute drive time radius of the community includes almost 2.3 million residents. However, because of the other competitive facilities existing within the 60-minute radius, along with the size and scale of this proposed facility, this analysis assumes that the majority of patrons to this venue will come from within the 30-minute drive time.

It is important to note that while the Highland region showed a slight population growth from 2000-2010, it is projected to remain relatively flat from 2013-2018 according to projections from Sites USA.

	Highland, IL		
	2010	2018 (Projected)	% Growth (2013 - 2018)
<i>Population</i>			
30 min drive time	330,803	328,442	-0.10%
45 min drive time	1,444,491	1,429,587	-0.10%
60 min drive time	2,295,253	2,294,988	0.00%

**Exhibit 2.1:** Population Comparison

**AGE**

Along with income and educational attainment levels, age of residents within the market area is one of the most important determinants of utilization of a fine and performing arts center. Higher age generally correlates with being more likely to attend a live performance at a venue such as the one Highland is considering.

The demographics of Highland are favorable in this regard with the percentage of residents between 35 and 64 (within all drive time radii) being very close to the state and national averages of 39.4% and 39.7% respectively. In addition, the median age of residents within Highland and the surrounding areas is slightly higher than the statewide level (36.4).

Highland, IL		
	Residents 35 - 64	Median Age
<i>Age</i>		
30 min drive time	40%	37.2
45 min drive time	39%	36.7
60 min drive time	40%	38.2

**Exhibit 2.2:** Age Distribution

**HOUSEHOLD INCOME**

Household income levels are an important determining factor for interest and support of performing arts because attendance at performances depends on the availability of discretionary funds.

The area immediately surrounding Highland (within a 30-minute drive time) shows strong income levels with over 70% of households having an income level above \$35,000 and 37% of households having an income level higher than \$75,000. In addition, the median household income level within a 30-min drive time of Highland is approximately \$60,500 (based on 2013 estimates from Sites USA) which compares favorably to the statewide level of \$57,000 and the Madison County level of \$53,000.

Highland, IL				
	\$35,000+ (#)	\$35,000+ (%)	\$75,000+ (#)	\$75,000+ (%)
<i>Household Income</i>				
30 min drive time	90,676	70.90%	46,817	36.60%
45 min drive time	357,874	60.80%	156,058	26.50%
60 min drive time	618,214	66.20%	303,163	32.50%

**Exhibit 2.3:** Household Income Levels

**EDUCATIONAL ATTAINMENT**

Levels of education attainment are also important determinants of interest in and willingness to support a performing arts venue. Previous research by the National Endowment for the Arts has shown that participation in the arts (and theater attendance in particular) is most highly correlated with education levels out of all demographic characteristics.

Exhibit 2.3 shows the percentage of residents within 30-, 45-, and 60-minute drive times that have obtained a Bachelor’s degree or higher. These numbers are slightly below the statewide levels at 30.7% of the population.

Highland, IL		
	Adult Population 25 years and over	Bachelors Degree or Higher
<i>Educational Attainment</i>		
30 min drive time	219,672	26.2%
45 min drive time	963,414	25.7%
60 min drive time	1,559,933	29.6%

**Exhibit 2.4:** Educational Attainment Levels

The demographic analysis helps determine if the population of Highland and the surrounding area is favorable for supporting a performing arts center. Although Highland is a relatively small community of approximately 10,000 residents, the main demographic characteristics that correlate with performing arts participation of age, household income, and educational attainment are favorable.

# COMPARABLE VENUE ANALYSIS

## METHODOLOGY & OBJECTIVES

B&D conducted a comparable venue analysis in order to understand the operations, facility offerings, and event schedules of relevant fine and performing art centers. This analysis helps to compare community size, facility size, budget, and attendance. As part of the analysis, B&D researched seven venues in the Midwest which were located in similarly sized communities and supported a mission similar to the purposed fine and performing arts center in Highland.

The seven venues included:

- ◆ Benton Civic Center, Benton, IL
- ◆ Commonweal Theatre Company, Lanesboro, MN
- ◆ Herrin Civic Center, Herrin, IL
- ◆ Liberty Performing Arts Theater, Liberty, MO
- ◆ St. Peters Cultural Arts Centre, St. Peters, MO
- ◆ Wildey Theatre, Edwardsville, IL
- ◆ Wilson Performing Arts Center, Red Oaks, IA

B&D gathered research through secondary sources and in phone interviews with facility managers. The following is a summary of the analyzed venues; for additional information refer to the *Appendix A: Comparable Venue Details*.

## VENUES

### BENTON CIVIC CENTER

The Benton Civic Center is located in Benton, IL and has been open since 1988. It is one of three civic centers located in southern Illinois that received funding through a grant specifically designed to bring civic center facilities to the area. The facility hosts music, dance, and theater performances, as well as, business meetings, weddings, cage fighting, and other special events.



Exhibit 3.1 and Exhibit 3.2: Interior of Benton Civic Center in 'theater' and 'banquet' configurations

The largest source of funding for the civic center comes from a quarter percent home sales tax fund enacted by the city. The center receives \$110,000-\$120,000 a year through the fund, which has been approved to be a guaranteed funding source for 30 years. Hired acts are charged a rental fee for the venue and a head tax per ticket sold. Revenue generated from rental fees and head tax amount to \$30,000-\$35,000 per year. There are only two paid part-time employees with all other volunteer staff. The venue provides full catering capabilities and has a license to sell liquor.

**COMMONWEAL THEATRE COMPANY**



Exhibit 3.3 and Exhibit 3.4: Exterior of Commonweal Theatre and main theater stage

The Commonwealth Theatre Company is located in Lanesboro, MN and has been open since 2007 after nine years of fundraising, planning, and building. The new \$3.5 million facility hosts primarily plays and other actor-based storytelling performances. There is a group of seven resident theater companies that perform at the theater.

The Commonwealth has been able to grow from 3,000 to more than 21,000 in annual attendance, and from \$20,000 to an annual budget of \$750,000. The budget consists of 60 percent sales and 40 percent donations or grants. The theater has a strong focus on education through its student matinees, pre-show workshops, Road Scholars program, and apprenticeship program. It also has a strong membership program and sells out roughly 20 percent of its shows. The Commonwealth focuses on serving residents from a 60-mile radius. The theater is located in a city that is a popular tourist destination and therefore has a repertoire of 2 shows at any one time. Visitors are able to see two shows in one weekend when visiting Lanesboro, MN.

#### **HERRIN CIVIC CENTER**

The Herrin Civic Center is located in Herrin, IL and has been open since 1988. It hosts a variety of music and community events. It is the second of three civic centers located in Southern Illinois that received funding through a grant specifically designed to bring civic center facilities to the area. The civic center is one of the main venues of the Herrin Festa Italiana, a festival celebrating Italian heritage that has been organized for more than 20 years.



**Exhibit 3.5 and Exhibit 3.6:** Exterior of the Herrin Civic Center and banquet room

The civic center boasts a 346-seat auditorium, lobby, gallery, four meeting rooms, and a kitchen. The main hall has an open floor plan, which allows theater and banquet configurations. It is available for rental for concerts, weddings, birthdays, fundraisers, business meetings, and

other events. The Herrin Civic Center had been self-sufficient for many years since its opening, but has begun to be subsidized by the city.

#### **LIBERTY PERFORMING ARTS THEATER**

The Liberty Performing Arts Centre is located in Liberty, MO and is unique in that it is part of the Liberty Community Center and is attached to the Liberty Middle School. It is owned by the City of Liberty and operated by the Department of Parks and Recreation. The community center includes a fitness area, locker rooms, gymnasium, swimming pools, sauna, and child care services. The theater hosts a variety of events ranging from plays, dance recitals, and musical performances to body building competitions, business meetings, rehearsals, and weddings.



**Exhibit 3.7 and Exhibit 3.8:** Exterior of Liberty Performing Arts Theater and theater space

There are an abundance of educational programs because of the number of amenities in the complex. Located in the shared lobby, rentable meeting rooms are available for the community center and theater. The theater is rented based on a fee schedule in addition to a charge of \$.10 per ticket purchased electronically. LPAT has revenue of \$110,000-130,000 annually from rental fees and ticket tax. There is a personnel fee for same-day ticket sales that are purchased in person at the box office. The facility is rented out with priority to city events and school district events. The remaining available dates are open to the public. The community center and theater are funded by the city and receive a quarter of a percent of sales tax.

#### **ST. PETERS CULTURAL ARTS CENTRE**

The St. Peters Cultural Arts Centre is located in St. Peters, MO and is housed in the west wing of St. Peters City Hall. It occupies the former Board of Aldermen chambers, which were vacated in

2010 and moved to the new St. Peters Justice Center. This represents the third venue the cultural arts center has occupied, including the old city hall. The cultural arts center hosts a variety of music, dance, and theater productions throughout the year.

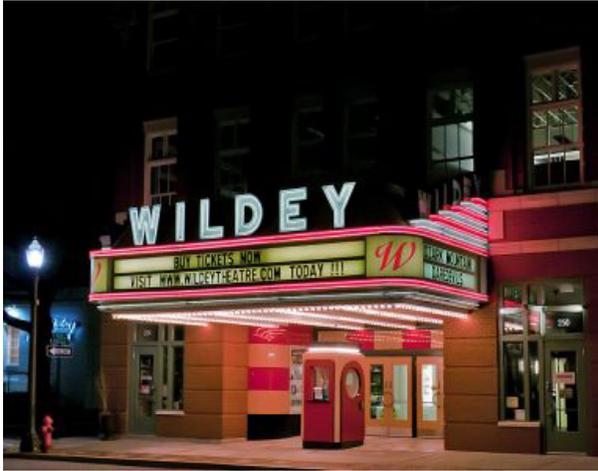


**Exhibit 3.9 and Exhibit 3.10:** Exterior of St. Peters City Hall and St. Peters Cultural Arts Centre main theater stage

The venue is home to Act Two Theater, an independent non-profit organization that produces community theater performances. The center is also committed to providing educational opportunities such as art, music, dance, and acting classes. In addition to the theater, three gallery rooms and the Centre Room can be rented for special events and for art exhibitions. A variety of gallery walls and display cases are for rent to display single or multiple pieces. The cultural arts center continues to receive subsidy through the general fund.

### **WILDEY THEATRE**

The Wildey Theatre is located in Edwardsville, IL. It was first opened in 1909 as an Opera House and in 1937 was renovated to be a movie house. It remained a movie house until 1984 when the theater closed to the public. The Edwardsville Historic Preservation Commission designated the Wildey Theatre as a local landmark in 1986. For 15 years the building lay empty until 1999 when the city acquired the theater with a \$300,000 state grant. The city then renovated the facility over the next twelve years. The exterior was sealed and rehabbed with \$450,000 of TIF revenue in 2005. The interior was renovated with an authorized \$2.9 million which came from three sources: 1) 3 percent entertainment sales tax, 2) a downtown redevelopment TIF district, and 3) donations, grants, and operating income. Today, the Wildey hosts a variety of comedy, dance, music, and theater performances. It also has free movie showings on designated Sundays and Fridays. The theater is managed by the Department of Parks and Recreation.



**Exhibit 3.11 and Exhibit 3.12:** Exterior of Wildey Theatre and main theater stage

In addition to the theater space, there are two rooms that are available for rent. The Marquee Room, located on the second floor, has a capacity of 125-150 guests depending on whether there is a seated or standing event. The 3rd Floor Room has a capacity of 150-200. The spaces are available for business meetings, video conferences, weddings, birthdays, fundraisers, and other special events.

#### **WILSON PERFORMING ARTS CENTER**



**Exhibit 3.13 and Exhibit 3.14:** Exterior of Wilson Performing Arts Center and main theater stage

The Wilson Performing Arts Center is located in Red Oaks, IA and opened its doors in 2009, after almost 10 years of planning, fundraising, and construction. In 2001, a feasibility study was

commissioned to determine the viability of a performing arts center intended to serve the eight counties of Southwest Iowa. The theater is owned and operated by the Performing Arts and Education Association (PAEA) of Southwest Iowa, a 501(c)3 non-profit organization created for the purpose of the center. The organization began an aggressive capital fundraising initiative in 2004 that continued until 2007. Construction began in September of 2007 and was completed in February 2009. The \$5 million facility offers a premier venue for world-class performers, Community Theater, concerts, and educational opportunities in music and dance. The facility includes lobby, production facilities, classroom/rehearsal space, and a dance studio.

## FINDINGS

### DEMOGRAPHICS

This analysis also compared the demographics of each venue's community. As discussed in *Section 2: Demographic Analysis*; population, household income levels, and educational attainment levels of residents are important determinants of the success of a performing arts center. Compared to the identified communities, Highland has favorable demographics for a new performing arts center. Highland had a greater population within a 30-minute drive time than four out of the seven comparable venues. In addition, Highland has higher income levels than six of the seven communities. Finally, Highland has a higher percentage of residents with a Bachelors' degree or higher than five of the seven communities.

Location	Population within 30-min drive time	% of Households with Income over \$75,000	Education Attainment: % of Population with Bachelors or Higher
Benton, IL	146,016	20%	17%
Lanesboro, MN	16,775	27%	20%
Herrin, IL	166,791	20%	24%
Liberty, MO	1,054,389	30%	27%
St. Peters, MO	1,278,665	37%	36%
Red Oaks, IA	30,547	25%	17%
Edwardsville, IL	942,065	25%	23%
Average	519,321	26%	23%
Highland, IL	330,803	37%	26%

**Exhibit 3.15:** Population, Household Income, and Educational Attainment

### FACILITIES

The venues that were included in the analysis varied widely from new construction, renovation, standalone building, or addition to a pre-existing building. The Liberty Performing Arts Theater and St. Peters Cultural Centre were attached to other community buildings, such as a community center, or a city hall. This allowed for certain economies of space due to shared

lobby space and other shared common spaces. The Benton and Herrin Civic Centers were constructed with open floor plans which allowed flexibility for hosting different types of events. The Wildey Theatre was a renovation of a theater space that was almost one hundred years old. Alternatively, The Wilson Performing Arts Center built a new theater space with various studios for practice and classes in a standalone building. The Commonwealth Theatre Company also built a new theater, but it was built as a storefront, which was incorporated into the downtown main street.

#### **PROGRAM**

Many of the venues provided educational programming including art, music, dance, and theater instruction. The Wilson Performing Arts Center had the most comprehensive educational program with dedicated practice and instruction studios. The Liberty Performing Arts Theater offered various dance and theater programs, which complemented the community center to which it is attached.

#### **OWNERSHIP/MANAGEMENT**

There were two common ownership and management structures used by the various venues included in the study. The most common structure was for the venue to be city owned and operated. Several of the city-owned venues utilized sales tax revenue that supplemented the facility-based revenue. The other common structure was for venues to be non-profit owned and operated. The non-profit owned venues relied heavily on grants and a strong membership base.

#### **STAFFING**

The main staff persons at the facilities analyzed were one of three: director, assistant/technical staff, and maintenance worker. Several of the venues also employed the help of volunteers, ranging from just a few to as many as 28 volunteers at any given time. These volunteers helped to pass out programs, assisted in seating patrons, and even helped to build stage sets.

#### **REVENUE**

The main earned income sources for venues included in this study were rental fees, ticket fees, equipment/service charges, and catering/concessions. Contributed income sources for these venues are municipal tax revenues, donations, sponsorships, and grants. The average performing arts center of a similar size to those included in this analysis receives 40-50% of annual revenues from contributed income sources.

# FINANCIAL ANALYSIS

## METHODOLOGY & OBJECTIVES

B&D developed a financial operating pro forma to model the economic performance of the proposed fine and performing arts center. The 10-year operating pro forma identified various revenue and expense sources based on the operations of comparable venues, industry experience, and the preliminary building program. Three scenarios were developed based on different levels of revenue generation and are included in *Appendix B: Financial Model*. In addition, a preliminary capital budget was developed applying relevant hard and soft cost to the building program provided by Mackey Mitchell Architects and Schuler Shook.

## OPERATING PRO FORMA

For planning purposes, B&D assumed that the fine and performing arts venue would open in 2017 with a fixed seating capacity of 250. An annual inflation rate of 3% was applied to all revenues and expenses included in the model.

## REVENUES

- **PRESENTING REVENUES**

Presenting revenues are generated by performances and shows created by the fine and performing arts center. These will likely include Hard Road Theatre productions, film nights, and other fundraising events for the facility. Annual gross revenue from these performances / shows is determined by attendance, the number of performances / shows, and ticket prices per performance / show. In addition, an event-level sponsorship of \$250 per performance / show is shown. Net revenue for facility-presented events is determined by subtracting the cost to book the performances / shows (80% in the model) as well as an 8% admission tax.

- **FACILITY RENTAL**

Facility rental revenue is determined by the number of performances by outside groups per year multiplied by the facility rental rate. The types of performances shown in the financial model are dance, concerts, speaking engagements, and commercial theatre. In these cases, they would each collect their own ticket revenue but pay a rental fee to the fine and performing arts center to utilize the facility. An event calendar showing number of performances per year was created based on comparable venue research and industry knowledge.

- **CONCESSIONS**

Concessions revenue is calculated by the total event attendance at the venue multiplied by a per capita concessions income for the various event types. In order to account for true attendance at events versus tickets sold a no-show factor of 5% is used. Cost of goods sold accounts for 70% of the gross concessions revenue leaving the net concessions revenue at 30% of the gross sales.

- **FACILITY FEE**

A facility fee of \$2.00 is shown to help fund the operations of the venue. This is applied to all tickets sold for performances / shows at the facility.

- **CORPORATE SPONSORSHIPS**

Various levels of corporate sponsorships ranging from \$5,000 - \$20,000 per year are shown in the model depending on the scenario. The sponsorships include naming rights, brick pavers, display cases, or a variety of other options.

- **PARKING**

It was assumed that there would be no parking fees so they are not included within the financial model.

- **INSTRUCTIONAL OFFERINGS**

Based on Highland's desire to have class offerings within the facility, the financial model includes assumptions regarding the number of classes, number of attendees, and costs per class. The model assumes four – eight classes per month would be offered within the classroom spaces included in the building program. These classes would cost \$10 per session and have an average of 10 attendees per session.

- **EVENT RENTAL**

In order to ensure maximum usage of the performing arts facility, it was assumed in the model that the building spaces would be available for parties, weddings, and corporate events. Various rate levels were determined for the classrooms, studio, lobby, and the entire facility based on published rental rates at event rental facilities in the area.

## EXPENSES

- **SALARIES & BENEFITS**

The financial model assumes one full-time position would be created in association with this facility. This position, Executive Director, would be in charge of overseeing all operations of the facility including scheduling, marketing, and fundraising. The Executive Director would have a year 1 salary of \$40,000 with a 25% benefit rate. In addition to the Executive Director, the model assumes four part-time staff positions in box office, custodial, building engineer, and class instructors with various hours per week and hourly rates shown below.

Position	Rate	Hours / Week	Total Compensation / Year
Box Office Staff	\$10	10	\$5,200
Custodial	\$10	20	\$10,400
Building Engineer	\$20	20	\$20,800
Instructors	\$20	3	\$3,120

**Exhibit 4.1:** Part-Time Staff Positions

These personnel costs assume that the performing arts facility would be located adjacent to the Korte Recreation Center and allow for the potential sharing of staff.

- **UTILITIES**

Annual utility costs are budgeted at \$1.50 per square foot for approximately \$45,000 in year 1 (assuming 27,000 gross square footage).

- **INSURANCE**

Annual insurance for the facility is a flat allocation of \$10,000 per year based on industry standards and comparable facilities.

- **GENERAL & ADMIN**

General / administration expenses to cover any miscellaneous operating expenses at the facility are allocated at \$10,000 per year. These expenses will cover items such as office supplies, website maintenance, printing / mailing expenses, and many others.

- **MAINTENANCE**

A \$50 / seat annual maintenance cost is included in the model based on industry standards for general maintenance and upkeep. This amounts to a projected total maintenance cost of approximately \$14,000 in year 1.

- **ADVERTISING**

Advertising will be vitally important for this facility in order to raise awareness among potential attendees and promoters.

## **CAPITAL BUDGET**

A preliminary capital budget was developed for the proposed performing arts center using appropriate hard and soft costs. Since it was assumed that the site for this facility would be adjacent to the Korte Recreation Center, no site acquisition or parking costs were included. The following line items were included:

- **CONSTRUCTION COST**

Based on a construction cost per square foot of \$275 (in 2013 dollars) for a 27,107 gross square foot building. This includes site preparation, utilities, and infrastructure.

- **LANDSCAPE ALLOWANCE**

Allocated \$100,000 for the landscaping of the new facility.

- **INFLATION ALLOWANCE**

Inflates the hard costs to the midpoint of construction (2.5 years) at a 3% inflation rate.

- **ARCHITECT / ENGINEER FEES**

This soft cost is budgeted at 7% of All hard costs plus an additional 2% for additional design consultants (lighting, acoustic, etc.).

- **TESTING FEES, SURVEYS, LOCAL PERMITS**

Allocated \$150,000 for costs associated with testing, site surveys, local fees, and permitting.

- **FURNITURE, FIXTURES, & EQUIPMENT**

FF&E is budgeted at \$1,000 per seat for the theater equipment plus an additional \$20 per square foot for the non-theater specific FF&E.

- **PROJECT CONTINGENCY**

Budgeted at 5% of hard costs.

<b>Hard Costs</b>	
A Construction Cost	\$7,454,400
B Site Preparation, Utilities, & Infrastructure	Included Above
C Landscape Allowance	\$100,000
D Inflation Allowance	\$579,400
<b>Subtotal</b>	<b>\$8,134,000</b>
<b>Soft Costs</b>	
E A/E Fees	\$569,400
F Additional A/E Services	\$162,700
G Testing Fees, Surveys, Etc.	\$100,000
H Furniture, Fixtures & Equipment	\$792,100
I Local Fees & Permits	\$50,000
J Project Contingency	\$406,700
<b>Subtotal</b>	<b>\$2,081,000</b>
<b>Total Project Budget</b>	<b>\$10,215,000</b>
Total Project Cost / SF	\$380.00

Exhibit 4.2: Preliminary Capital Budget

The preliminary capital budget (Exhibit 4.2) shows a total project cost of \$10.2M.

## SUMMARY OF FINDINGS

The financial analysis included the development of a capital budget along with the modeling of potential revenue and expense sources based on three scenarios over a 10-year period. The financial performance of the scenarios (conservative, moderate, aggressive) is compared in Exhibit 4.3.

	<b>Year 1 - 2017</b>		
	<b>Conservative</b>	<b>Moderate</b>	<b>Aggressive</b>
<b>Revenues</b>	\$94,000	\$119,000	\$150,000
<b>Expenses</b>	\$187,000	\$187,000	\$187,000
<b>NOI</b>	(\$93,000)	(\$68,000)	(\$37,000)
<b>% Earned Income</b>	50%	63%	80%
<b>Average NOI over 1st 10 Years</b>	(\$98,000)	(\$71,000)	(\$35,000)
<b>Endowment Needed</b>	\$1,970,000	\$1,420,000	\$700,000

Exhibit 4.3: Projected Financial Performance of Fine and Performing Arts Center

# APPENDIX A:

## COMPARABLE VENUE DETAILS

## City of Highland, IL

### Fine and Performing Arts Feasibility Study

#### Comparable Venues

#### Benton Civic Center

##### Facility Overview

Location:	Benton, IL	30-Min Drive Time Pop:	146,016
Facility Type:	Civic Center	Capacity:	800-1,200
Opened:	1988	Annual Attendance:	16,000
Reopened:	2013	Number of Staff:	2
Owner:	City of Benton	Budget:	\$110,000-\$120,000
Operator:	City of Benton		

#### Commonweal Theatre Company

##### Facility Overview

Location:	Lanesboro, MN	30-Min Drive Time Pop:	16,775
Facility Type:	Theater	Capacity:	186
Opened:	1989	Events per Year:	180
Moved:	2007	Avg. Attendance/Show	123
Owner:	The Commonweal Theatre Co.	Annual Attendance:	22,000
Operator:	The Commonweal Theatre Co.	Number of Staff:	19
		Budget:	\$722,000
		Cost of Construction:	\$3.5 M

#### Herrin Civic Center

##### Facility Overview

Location:	Herrin, IL	30-Min Drive Time Pop:	166,791
Facility Type:	Civic Center	Capacity:	346
Opened:	1988	Events per Year:	12+
Owner:	City of Herrin		
Operator:	Dept. of Parks and Recreation		

#### Liberty Performing Arts Theater

##### Facility Overview

Location:	Liberty, MO	30-Min Drive Time Pop:	1,054,389
Facility Type:	Theater	Capacity:	700
Opened:	1992	Events per Year:	150
		Annual Attendance:	78,000
Owner:	City of Liberty	Number of Staff:	2
Operator:	Dept. of Parks and Recreation	Revenue:	\$110,000-\$130,000

## City of Highland, IL

### Fine and Performing Arts Feasibility Study

#### Comparable Venues

#### St. Peters Cultural Arts Centre

##### Facility Overview

Location:	St. Peters, MO	30-Min Drive Time Pop:	1,278,665
Facility Type:	Cultural Center	Capacity:	280-318
Opened:	2011	Events per Year:	36+
		Annual Attendance:	60,000
Owner:	City of St. Peters	Number of Staff:	3
Operator:	St. Peters Cultural Arts Centre		

#### Willey Theatre

##### Facility Overview

Location:	Edwardsville, IL	30-Min Drive Time Pop:	942,065
Facility Type:	Theater	Capacity:	325
Opened:	1909	Events per Year:	48
Renovated:	2011	Avg. Attendance/Show:	250
Owner:	City of Edwardsville	Annual Attendance:	21,000
Operator:	Dept. of Parks and Recreation	Number of Staff:	3
		Budget:	\$1.3 M

#### Wilson Performing Arts Center

##### Facility Overview

Location:	Red Oaks, IA	30-Min Drive Time Pop:	30,547
Facility Type:	Performing Arts Center	Capacity:	268
Opened:	2009	Events per Year:	12+
Owner:	Perf. Arts and Ed. Assoc. of SW IA	Number of Staff:	4
Operator:	Perf. Arts and Ed. Assoc. of SW IA	Budget:	\$250,000
		Cost of Construction:	\$5 M
		Square Footage:	23,000 sq.ft.

# APPENDIX B:

## FINANCIAL MODEL

# Highland Fine and Performing Arts Center

## Feasibility Study - Financial Analysis

### Capital Budget

<b>Hard Costs</b>	
A Construction Cost	\$7,454,400
B Site Preparation, Utilities, & Infrastructure	Included Above
C Landscape Allowance	\$100,000
D Inflation Allowance	\$579,400
<b>Subtotal</b>	<b>\$8,134,000</b>
<b>Soft Costs</b>	
E A/E Fees	\$569,400
F Additional A/E Services	\$162,700
G Testing Fees, Surveys, Etc.	\$100,000
H Furniture, Fixtures & Equipment	\$792,100
I Local Fees & Permits	\$50,000
J Project Contingency	\$406,700
<b>Subtotal</b>	<b>\$2,081,000</b>
<b>Total Project Budget</b>	<b>\$10,215,000</b>
Total Project Cost / SF	\$380.00

#### Budget Notes:

Building Open	2017
Total Square Footage	27,107
New Construction Cost / SF (2013\$)	\$275
Years to Midpoint of Construction	2.5
Annual Construction Inflation Rate	3%
Number of Parking Spaces (Surface)	0
Construction Cost / Parking Space (Surface)	\$3,000
Theater Equipment Cost / Seat (Theater)	\$1,000
FF&E Cost / SF	\$20
A/E Design Fees	7%
Additional A/E Services	2%
Project Contingency	5%

*Assumes no financing costs or fundraising.*

**OPERATING PRO FORMA:  
CONSERVATIVE SCENARIO**

# Highland Fine and Performing Arts Center

## Feasibility Study - Financial Analysis

### Overall Pro Forma Conservative Scenario

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Revenues</b>										
Presenting Revenues (Net)	\$24,500	\$24,900	\$25,400	\$29,800	\$30,400	\$31,100	\$31,700	\$32,400	\$33,100	\$33,800
Facility Rental	\$4,500	\$4,600	\$4,800	\$6,800	\$7,000	\$7,200	\$7,400	\$7,600	\$7,800	\$8,100
Concessions	\$4,700	\$4,800	\$5,000	\$6,100	\$6,300	\$6,500	\$6,700	\$6,900	\$7,100	\$7,300
Facility Fee	\$10,700	\$10,700	\$10,700	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900
Corporate Sponsorships	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Instructional Offerings	\$5,400	\$5,600	\$5,800	\$6,000	\$6,200	\$6,400	\$6,600	\$6,800	\$7,000	\$7,200
Memberships	\$5,600	\$6,300	\$7,100	\$8,000	\$9,100	\$10,300	\$11,700	\$13,300	\$15,100	\$17,100
Event Rental	\$33,100	\$34,100	\$35,100	\$36,200	\$37,200	\$38,400	\$39,500	\$40,700	\$41,900	\$43,200
<b>Total Revenues</b>	<b>\$93,500</b>	<b>\$96,000</b>	<b>\$98,900</b>	<b>\$110,800</b>	<b>\$114,100</b>	<b>\$117,800</b>	<b>\$121,500</b>	<b>\$125,600</b>	<b>\$129,900</b>	<b>\$134,600</b>
<b>Expenses</b>										
Salaries & Benefits	\$94,500	\$97,300	\$100,200	\$103,200	\$106,300	\$109,500	\$112,800	\$116,200	\$119,700	\$123,300
Utilities	\$45,600	\$47,000	\$48,400	\$49,900	\$51,400	\$52,900	\$54,500	\$56,100	\$57,800	\$59,500
Insurance	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
General & Admin	\$11,300	\$11,600	\$11,900	\$12,300	\$12,700	\$13,100	\$13,500	\$13,900	\$14,300	\$14,700
Maintenance	\$14,100	\$14,500	\$14,900	\$15,300	\$15,800	\$16,300	\$16,800	\$17,300	\$17,800	\$18,300
Advertising	\$11,300	\$11,600	\$11,900	\$12,300	\$12,700	\$13,100	\$13,500	\$13,900	\$14,300	\$14,700
<b>Total Expenses</b>	<b>\$186,800</b>	<b>\$192,000</b>	<b>\$197,300</b>	<b>\$203,000</b>	<b>\$208,900</b>	<b>\$214,900</b>	<b>\$221,100</b>	<b>\$227,400</b>	<b>\$233,900</b>	<b>\$240,500</b>
<b>Net Operating Income</b>	<b>(\$93,300)</b>	<b>(\$96,000)</b>	<b>(\$98,400)</b>	<b>(\$92,200)</b>	<b>(\$94,800)</b>	<b>(\$97,100)</b>	<b>(\$99,600)</b>	<b>(\$101,800)</b>	<b>(\$104,000)</b>	<b>(\$105,900)</b>
<b>% Earned</b>	<b>50%</b>	<b>50%</b>	<b>50%</b>	<b>55%</b>	<b>55%</b>	<b>55%</b>	<b>55%</b>	<b>55%</b>	<b>56%</b>	<b>56%</b>

<b>Average NOI</b>	<b>(\$98,310)</b>
<b>Endowment Needed</b>	<b>\$1,966,200</b>

\*Assuming 5% return

**Highland Fine and Performing Arts Center**  
**Feasibility Study - Financial Analysis**

Revenue Assumptions

*Conservative Scenario*

Year Open	2017
Capacity	250
Square Footage (gross)	27,000

Scenario	C
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Facility Fee	\$2.00
Corporate Sponsorships	\$5,000
Event-Level Sponsorships	\$250

Parking Fee	\$0.00
Persons per Car	2

No-Show Factor	5%
Concession Revenue Share	30%
Inflation	3%

<u>Event Rentals</u>	Hours	Rate / Hour
Classroom A (hours)	40	\$40
Classroom B (hours)	40	\$40
Classroom A + B (hours)	70	\$60
Rehearsal / Dance Studio (hours)	60	\$75
Lobby (hours)	50	\$125
Entire Facility Rental (hours)	50	\$225

<u>Instructional Offerings</u>	
Classes / Month	4
Average Attendance / Class	10
Rate / Class	\$10

Admission Tax	8%
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<u>Memberships</u>	
Highland Arts Council Memberships	100
Annual Cost	\$50
% Growth per Year	10%

Event Type	Attendance	Performances	Rental Rate	Ticket Price	Concessions
Facility-Presented Events (Other)	200	8	-	\$20	\$2.00
Hard Road Theatre	200	12	-	\$15	\$2.00
Film	150	13	-	\$5	\$2.00
Dance	150	4	\$500	\$10	\$1.00
Concerts	200	3	\$500	\$20	\$2.00
Speaking Engagement	150	1	\$500	\$10	\$1.00
Commercial Theatre	200	0	\$500	\$20	\$2.00

# Highland Fine and Performing Arts Center

## Feasibility Study - Financial Analysis

Event Calendar and Attendance

*Conservative Scenario*

Events	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Facility-Presented Events (Other)	8	8	8	9	9	9	9	9	9	9
Hard Road Theatre	12	12	12	14	14	14	14	14	14	14
Film	13	13	13	15	15	15	15	15	15	15
Dance	4	4	4	5	5	5	5	5	5	5
Concerts	3	3	3	4	4	4	4	4	4	4
Speaking Engagement	1	1	1	2	2	2	2	2	2	2
Commercial Theatre	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>49</b>						

Paid Attendance	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Facility-Presented Events	1,600	1,600	1,600	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Hard Road Theatre	2,400	2,400	2,400	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Film	1,950	1,950	1,950	2,250	2,250	2,250	2,250	2,250	2,250	2,250
Dance	600	600	600	750	750	750	750	750	750	750
Concerts	600	600	600	800	800	800	800	800	800	800
Speaking Engagement	150	150	150	300	300	300	300	300	300	300
Commercial Theatre	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>7,300</b>	<b>7,300</b>	<b>7,300</b>	<b>8,700</b>						

Actual Attendance	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Facility-Presented Events	1,520	1,520	1,520	1,710	1,710	1,710	1,710	1,710	1,710	1,710
Hard Road Theatre	2,280	2,280	2,280	2,660	2,660	2,660	2,660	2,660	2,660	2,660
Film	1,853	1,853	1,853	2,138	2,138	2,138	2,138	2,138	2,138	2,138
Dance	570	570	570	713	713	713	713	713	713	713
Concerts	570	570	570	760	760	760	760	760	760	760
Speaking Engagement	143	143	143	285	285	285	285	285	285	285
Commercial Theatre	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>6,936</b>	<b>6,936</b>	<b>6,936</b>	<b>8,266</b>						

# Highland Fine and Performing Arts Center

## Feasibility Study - Financial Analysis

### Variable Revenues

*Conservative Scenario*

#### Presenting Revenue

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Facility-Presented Events*	\$87,508	\$90,134	\$92,838	\$109,766	\$113,059	\$116,451	\$119,945	\$123,543	\$127,249	\$131,067
Less: 8% Admission Tax	\$81,026	\$83,457	\$85,961	\$101,635	\$104,684	\$107,825	\$111,060	\$114,392	\$117,823	\$121,358
Less: Presenting Expenses	\$64,821	\$66,766	\$68,769	\$81,308	\$83,748	\$86,260	\$88,848	\$91,513	\$94,259	\$97,086
Event Sponsorships	\$8,250	\$8,250	\$8,250	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500
<b>Total Presenting Income</b>	<b>\$24,500</b>	<b>\$24,900</b>	<b>\$25,400</b>	<b>\$29,800</b>	<b>\$30,400</b>	<b>\$31,100</b>	<b>\$31,700</b>	<b>\$32,400</b>	<b>\$33,100</b>	<b>\$33,800</b>

\*Includes Hard Road Theatre, Film, and Other events

#### Facility Rental Revenue

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Dance	\$2,251	\$2,319	\$2,388	\$3,075	\$3,167	\$3,262	\$3,360	\$3,461	\$3,564	\$3,671
Concerts	\$1,688	\$1,739	\$1,791	\$2,460	\$2,534	\$2,610	\$2,688	\$2,768	\$2,852	\$2,937
Speaking Engagement	\$563	\$580	\$597	\$1,230	\$1,267	\$1,305	\$1,344	\$1,384	\$1,426	\$1,469
Commercial Theatre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Facility Rental Revenue</b>	<b>\$4,500</b>	<b>\$4,600</b>	<b>\$4,800</b>	<b>\$6,800</b>	<b>\$7,000</b>	<b>\$7,200</b>	<b>\$7,400</b>	<b>\$7,600</b>	<b>\$7,800</b>	<b>\$8,100</b>

#### Concessions

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Facility-Presented Events	\$3,422	\$3,524	\$3,630	\$4,206	\$4,332	\$4,462	\$4,596	\$4,734	\$4,876	\$5,022
Hard Road Theatre	\$5,132	\$5,286	\$5,445	\$6,543	\$6,739	\$6,941	\$7,150	\$7,364	\$7,585	\$7,813
Film	\$4,171	\$4,296	\$4,425	\$5,259	\$5,417	\$5,579	\$5,747	\$5,919	\$6,097	\$6,279
Dance	\$1,283	\$1,322	\$1,361	\$1,754	\$1,806	\$1,861	\$1,916	\$1,974	\$2,033	\$2,094
Concerts	\$1,283	\$1,322	\$1,361	\$1,869	\$1,925	\$1,983	\$2,043	\$2,104	\$2,167	\$2,232
Speaking Engagement	\$322	\$332	\$341	\$701	\$722	\$744	\$766	\$789	\$813	\$837
Commercial Theatre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Concession Revenue	\$15,613	\$16,081	\$16,564	\$20,332	\$20,942	\$21,571	\$22,218	\$22,884	\$23,571	\$24,278
Less: COGS	\$10,929	\$11,257	\$11,595	\$14,233	\$14,660	\$15,099	\$15,552	\$16,019	\$16,499	\$16,994
<b>Concessions Income</b>	<b>\$4,700</b>	<b>\$4,800</b>	<b>\$5,000</b>	<b>\$6,100</b>	<b>\$6,300</b>	<b>\$6,500</b>	<b>\$6,700</b>	<b>\$6,900</b>	<b>\$7,100</b>	<b>\$7,300</b>

**Highland Fine and Performing Arts Center**  
**Feasibility Study - Financial Analysis**

**Variable Revenues**

*Conservative Scenario*

**Facility Fee**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Facility-Presented Events	\$8,000	\$8,000	\$8,000	\$9,200	\$9,200	\$9,200	\$9,200	\$9,200	\$9,200	\$9,200
Dance	\$1,200	\$1,200	\$1,200	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Concerts	\$1,200	\$1,200	\$1,200	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600
Speaking Engagement	\$300	\$300	\$300	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Commercial Theatre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Facility Fee Revenue</b>	<b>\$10,700</b>	<b>\$10,700</b>	<b>\$10,700</b>	<b>\$12,900</b>						

\*Not applied to Facility-Presented Film

**Parking**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Parking Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Event Rentals**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Classroom A	\$1,801	\$1,855	\$1,910	\$1,968	\$2,027	\$2,088	\$2,150	\$2,215	\$2,281	\$2,350
Classroom B	\$1,801	\$1,855	\$1,910	\$1,968	\$2,027	\$2,088	\$2,150	\$2,215	\$2,281	\$2,350
Classroom A & B	\$4,727	\$4,869	\$5,015	\$5,165	\$5,320	\$5,480	\$5,644	\$5,814	\$5,988	\$6,168
Rehearsal / Dance Studio	\$5,065	\$5,217	\$5,373	\$5,534	\$5,700	\$5,871	\$6,048	\$6,229	\$6,416	\$6,608
Lobby	\$7,034	\$7,245	\$7,463	\$7,687	\$7,917	\$8,155	\$8,399	\$8,651	\$8,911	\$9,178
Entire Facility	\$12,662	\$13,042	\$13,433	\$13,836	\$14,251	\$14,679	\$15,119	\$15,573	\$16,040	\$16,521
<b>Total Event Rental Revenue</b>	<b>\$33,100</b>	<b>\$34,100</b>	<b>\$35,100</b>	<b>\$36,200</b>	<b>\$37,200</b>	<b>\$38,400</b>	<b>\$39,500</b>	<b>\$40,700</b>	<b>\$41,900</b>	<b>\$43,200</b>

**Instructional Offerings**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Class Fees	\$5,400	\$5,600	\$5,800	\$6,000	\$6,200	\$6,400	\$6,600	\$6,800	\$7,000	\$7,200

**Membership Fees**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Highland Arts Council Memberships	\$5,600	\$6,300	\$7,100	\$8,000	\$9,100	\$10,300	\$11,700	\$13,300	\$15,100	\$17,100

# Highland Fine and Performing Arts Center

## Feasibility Study - Financial Analysis

### Expense Assumptions

Category	Cost	Description
Utilities	\$1.50	Per square foot; includes gas, electric, sewer, water
General & Admin	\$10,000	Annual allocation; includes office supplies, website maintenance
Insurance	\$10,000	Fixed assumption
Maintenance	\$50.00	Per seat
Advertising	\$10,000	Annual allocation
Capital Improvements	\$0	Annual reserve allocation

<b>Presenting Expenses</b>	80%	Covers cost to book acts for facility-presented events
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### Salaried Staffing Schedule

Position	Type	Salary	Benefits	Total Compensation
Executive Director	Salaried	\$40,000	\$10,000	\$50,000
Development Director	Salaried	-	-	-
Operations Director	Salaried	-	-	-
House Manager	Salaried	-	-	-
Comptroller	Salaried	-	-	-
Admin Assistant	Salaried	-	-	-
Box Office Manager	Salaried	-	-	-
Security	Contracted	-	-	-
<b>Total</b>				\$50,000

<b>Benefit Rate</b>	25%
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### Hourly Staffing Schedule

Position	Rate	Hours / Week	Benefits	Total Compensation
Box Office Staff	\$10	10	-	\$5,200
Custodial	\$10	20	-	\$10,400
Building Engineer	\$20	20	-	\$20,800
Instructors	\$20	3	-	\$3,120
<b>Total</b>				\$39,520

# **OPERATING PRO FORMA: MODERATE SCENARIO**

Highland Fine and Performing Arts Center  
Feasibility Study - Financial Analysis

Overall Pro Forma  
Moderate Scenario

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Revenues</b>										
Presenting Revenues (Net)	\$28,800	\$29,400	\$30,000	\$34,400	\$35,100	\$35,900	\$36,600	\$37,400	\$38,200	\$39,000
Facility Rental	\$6,800	\$7,000	\$7,200	\$9,200	\$9,500	\$9,800	\$10,100	\$10,400	\$10,700	\$11,000
Concessions	\$5,700	\$5,900	\$6,100	\$7,200	\$7,400	\$7,700	\$7,900	\$8,100	\$8,400	\$8,600
Facility Fee	\$13,600	\$13,600	\$13,600	\$15,800	\$15,800	\$15,800	\$15,800	\$15,800	\$15,800	\$15,800
Corporate Sponsorships	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Instructional Offerings	\$8,100	\$8,300	\$8,500	\$8,800	\$9,100	\$9,400	\$9,700	\$10,000	\$10,300	\$10,600
Memberships	\$5,600	\$6,300	\$7,100	\$8,000	\$9,100	\$10,300	\$11,700	\$13,300	\$15,100	\$17,100
Event Rental	\$39,900	\$41,100	\$42,300	\$43,600	\$44,900	\$46,200	\$47,600	\$49,000	\$50,500	\$52,000
<b>Total Revenues</b>	<b>\$118,500</b>	<b>\$121,600</b>	<b>\$124,800</b>	<b>\$137,000</b>	<b>\$140,900</b>	<b>\$145,100</b>	<b>\$149,400</b>	<b>\$154,000</b>	<b>\$159,000</b>	<b>\$164,100</b>
<b>Expenses</b>										
Salaries & Benefits	\$94,500	\$97,300	\$100,200	\$103,200	\$106,300	\$109,500	\$112,800	\$116,200	\$119,700	\$123,300
Utilities	\$45,600	\$47,000	\$48,400	\$49,900	\$51,400	\$52,900	\$54,500	\$56,100	\$57,800	\$59,500
Insurance	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
General & Admin	\$11,300	\$11,600	\$11,900	\$12,300	\$12,700	\$13,100	\$13,500	\$13,900	\$14,300	\$14,700
Maintenance	\$14,100	\$14,500	\$14,900	\$15,300	\$15,800	\$16,300	\$16,800	\$17,300	\$17,800	\$18,300
Advertising	\$11,300	\$11,600	\$11,900	\$12,300	\$12,700	\$13,100	\$13,500	\$13,900	\$14,300	\$14,700
<b>Total Expenses</b>	<b>\$186,800</b>	<b>\$192,000</b>	<b>\$197,300</b>	<b>\$203,000</b>	<b>\$208,900</b>	<b>\$214,900</b>	<b>\$221,100</b>	<b>\$227,400</b>	<b>\$233,900</b>	<b>\$240,500</b>
<b>Net Operating Income</b>	<b>(\$68,300)</b>	<b>(\$70,400)</b>	<b>(\$72,500)</b>	<b>(\$66,000)</b>	<b>(\$68,000)</b>	<b>(\$69,800)</b>	<b>(\$71,700)</b>	<b>(\$73,400)</b>	<b>(\$74,900)</b>	<b>(\$76,400)</b>
<b>% Earned</b>	<b>63%</b>	<b>63%</b>	<b>63%</b>	<b>67%</b>	<b>67%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>

Average NOI	<b>(\$71,140)</b>
Endowment Needed	\$1,422,800

\*Assuming 5% return

**Highland Fine and Performing Arts Center**  
 Feasibility Study - Financial Analysis

Revenue Assumptions

*Moderate Scenario*

Year Open	2017
Capacity	250
Square Footage (gross)	27,000

Scenario	M
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Facility Fee	\$2.00
Corporate Sponsorships	\$10,000
Event-Level Sponsorships	\$250

Parking Fee	\$0.00
Persons per Car	2

No-Show Factor	5%
Concession Revenue Share	30%
Inflation	3%

<u>Event Rentals</u>	Hours	Rate / Hour
Classroom A (hours)	50	\$40
Classroom B (hours)	50	\$40
Classroom A + B (hours)	80	\$60
Rehearsal / Dance Studio (hours)	75	\$75
Lobby (hours)	60	\$125
Entire Facility Rental (hours)	60	\$225

<u>Instructional Offerings</u>	
Classes / Month	6
Average Attendance / Class	10
Rate / Class	\$10

Admission Tax	8%
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<u>Memberships</u>	
Highland Arts Council Memberships	100
Annual Cost	\$50
% Growth per Year	10%

Event Type	Attendance	Performances	Rental Rate	Ticket Price	Concessions
Facility-Presented Events (Other)	200	10	-	\$20	\$2.00
Hard Road Theatre	200	14	-	\$15	\$2.00
Film	150	14	-	\$5	\$2.00
Dance	150	6	\$500	\$10	\$1.00
Concerts	200	4	\$500	\$20	\$2.00
Speaking Engagement	150	2	\$500	\$10	\$1.00
Commercial Theatre	200	0	\$500	\$20	\$2.00

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# Highland Fine and Performing Arts Center

## Feasibility Study - Financial Analysis

Event Calendar and Attendance

*Moderate Scenario*

Events	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Facility-Presented Events (Other)	10	10	10	11	11	11	11	11	11	11
Hard Road Theatre	14	14	14	16	16	16	16	16	16	16
Film	14	14	14	16	16	16	16	16	16	16
Dance	6	6	6	7	7	7	7	7	7	7
Concerts	4	4	4	5	5	5	5	5	5	5
Speaking Engagement	2	2	2	3	3	3	3	3	3	3
Commercial Theatre	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>58</b>						

Paid Attendance	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Facility-Presented Events	2,000	2,000	2,000	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Hard Road Theatre	2,800	2,800	2,800	3,200	3,200	3,200	3,200	3,200	3,200	3,200
Film	2,100	2,100	2,100	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Dance	900	900	900	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Concerts	800	800	800	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Speaking Engagement	300	300	300	450	450	450	450	450	450	450
Commercial Theatre	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>8,900</b>	<b>8,900</b>	<b>8,900</b>	<b>10,300</b>						

Actual Attendance	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Facility-Presented Events	1,900	1,900	1,900	2,090	2,090	2,090	2,090	2,090	2,090	2,090
Hard Road Theatre	2,660	2,660	2,660	3,040	3,040	3,040	3,040	3,040	3,040	3,040
Film	1,995	1,995	1,995	2,280	2,280	2,280	2,280	2,280	2,280	2,280
Dance	855	855	855	998	998	998	998	998	998	998
Concerts	760	760	760	950	950	950	950	950	950	950
Speaking Engagement	285	285	285	428	428	428	428	428	428	428
Commercial Theatre	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>8,455</b>	<b>8,455</b>	<b>8,455</b>	<b>9,786</b>						

# Highland Fine and Performing Arts Center

## Feasibility Study - Financial Analysis

### Variable Revenues

*Moderate Scenario*

#### Presenting Revenue

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Facility-Presented Events*	\$104,110	\$107,233	\$110,450	\$127,907	\$131,744	\$135,696	\$139,767	\$143,960	\$148,279	\$152,728
Less: 8% Admission Tax	\$96,398	\$99,290	\$102,268	\$118,432	\$121,985	\$125,645	\$129,414	\$133,297	\$137,295	\$141,414
Less: Presenting Expenses	\$77,118	\$79,432	\$81,815	\$94,746	\$97,588	\$100,516	\$103,531	\$106,637	\$109,836	\$113,131
Event Sponsorships	\$9,500	\$9,500	\$9,500	\$10,750	\$10,750	\$10,750	\$10,750	\$10,750	\$10,750	\$10,750
<b>Total Presenting Income</b>	<b>\$28,800</b>	<b>\$29,400</b>	<b>\$30,000</b>	<b>\$34,400</b>	<b>\$35,100</b>	<b>\$35,900</b>	<b>\$36,600</b>	<b>\$37,400</b>	<b>\$38,200</b>	<b>\$39,000</b>

\*Includes Hard Road Theatre, Film, and Other events

#### Facility Rental Revenue

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Dance	\$3,377	\$3,478	\$3,582	\$4,305	\$4,434	\$4,567	\$4,704	\$4,845	\$4,990	\$5,140
Concerts	\$2,251	\$2,319	\$2,388	\$3,075	\$3,167	\$3,262	\$3,360	\$3,461	\$3,564	\$3,671
Speaking Engagement	\$1,126	\$1,159	\$1,194	\$1,845	\$1,900	\$1,957	\$2,016	\$2,076	\$2,139	\$2,203
Commercial Theatre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Facility Rental Revenue</b>	<b>\$6,800</b>	<b>\$7,000</b>	<b>\$7,200</b>	<b>\$9,200</b>	<b>\$9,500</b>	<b>\$9,800</b>	<b>\$10,100</b>	<b>\$10,400</b>	<b>\$10,700</b>	<b>\$11,000</b>

#### Concessions

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Facility-Presented Events	\$4,277	\$4,405	\$4,537	\$5,141	\$5,295	\$5,454	\$5,618	\$5,786	\$5,960	\$6,138
Hard Road Theatre	\$5,988	\$6,167	\$6,352	\$7,478	\$7,702	\$7,933	\$8,171	\$8,416	\$8,669	\$8,929
Film	\$4,491	\$4,626	\$4,764	\$5,608	\$5,776	\$5,950	\$6,128	\$6,312	\$6,501	\$6,697
Dance	\$1,925	\$1,982	\$2,042	\$2,455	\$2,528	\$2,604	\$2,682	\$2,763	\$2,846	\$2,931
Concerts	\$1,711	\$1,762	\$1,815	\$2,337	\$2,407	\$2,479	\$2,553	\$2,630	\$2,709	\$2,790
Speaking Engagement	\$642	\$661	\$681	\$1,053	\$1,084	\$1,117	\$1,150	\$1,185	\$1,220	\$1,257
Commercial Theatre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Concession Revenue	\$19,032	\$19,603	\$20,191	\$24,071	\$24,793	\$25,537	\$26,303	\$27,092	\$27,905	\$28,742
Less: COGS	\$13,323	\$13,722	\$14,134	\$16,850	\$17,355	\$17,876	\$18,412	\$18,965	\$19,533	\$20,119
<b>Concessions Income</b>	<b>\$5,700</b>	<b>\$5,900</b>	<b>\$6,100</b>	<b>\$7,200</b>	<b>\$7,400</b>	<b>\$7,700</b>	<b>\$7,900</b>	<b>\$8,100</b>	<b>\$8,400</b>	<b>\$8,600</b>

**Highland Fine and Performing Arts Center**  
**Feasibility Study - Financial Analysis**

**Variable Revenues**

*Moderate Scenario*

**Facility Fee**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Facility-Presented Events	\$9,600	\$9,600	\$9,600	\$10,800	\$10,800	\$10,800	\$10,800	\$10,800	\$10,800	\$10,800
Dance	\$1,800	\$1,800	\$1,800	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100
Concerts	\$1,600	\$1,600	\$1,600	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Speaking Engagement	\$600	\$600	\$600	\$900	\$900	\$900	\$900	\$900	\$900	\$900
Commercial Theatre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Facility Fee Revenue</b>	<b>\$13,600</b>	<b>\$13,600</b>	<b>\$13,600</b>	<b>\$15,800</b>						

\*Not applied to Facility-Presented Film

**Parking**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Parking Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Event Rentals**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Classroom A	\$2,251	\$2,319	\$2,388	\$2,460	\$2,534	\$2,610	\$2,688	\$2,768	\$2,852	\$2,937
Classroom B	\$2,251	\$2,319	\$2,388	\$2,460	\$2,534	\$2,610	\$2,688	\$2,768	\$2,852	\$2,937
Classroom A & B	\$5,402	\$5,565	\$5,731	\$5,903	\$6,080	\$6,263	\$6,451	\$6,644	\$6,844	\$7,049
Rehearsal / Dance Studio	\$6,331	\$6,521	\$6,717	\$6,918	\$7,126	\$7,339	\$7,560	\$7,786	\$8,020	\$8,261
Lobby	\$8,441	\$8,695	\$8,955	\$9,224	\$9,501	\$9,786	\$10,079	\$10,382	\$10,693	\$11,014
Entire Facility	\$15,194	\$15,650	\$16,120	\$16,603	\$17,101	\$17,614	\$18,143	\$18,687	\$19,248	\$19,825
<b>Total Event Rental Revenue</b>	<b>\$39,900</b>	<b>\$41,100</b>	<b>\$42,300</b>	<b>\$43,600</b>	<b>\$44,900</b>	<b>\$46,200</b>	<b>\$47,600</b>	<b>\$49,000</b>	<b>\$50,500</b>	<b>\$52,000</b>

**Instructional Offerings**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Class Fees	\$8,100	\$8,300	\$8,500	\$8,800	\$9,100	\$9,400	\$9,700	\$10,000	\$10,300	\$10,600

**Membership Fees**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Highland Arts Council Memberships	\$5,600	\$6,300	\$7,100	\$8,000	\$9,100	\$10,300	\$11,700	\$13,300	\$15,100	\$17,100

# Highland Fine and Performing Arts Center

## Feasibility Study - Financial Analysis

### Expense Assumptions

Category	Cost	Description
Utilities	\$1.50	Per square foot; includes gas, electric, sewer, water
General & Admin	\$10,000	Annual allocation; includes office supplies, website maintenance
Insurance	\$10,000	Fixed assumption
Maintenance	\$50.00	Per seat
Advertising	\$10,000	Annual allocation
Capital Improvements	\$0	Annual reserve allocation

<b>Presenting Expenses</b>	80%	Covers cost to book acts for facility-presented events
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### Salaried Staffing Schedule

Position	Type	Salary	Benefits	Total Compensation
Executive Director	Salaried	\$40,000	\$10,000	\$50,000
Development Director	Salaried	-	-	-
Operations Director	Salaried	-	-	-
House Manager	Salaried	-	-	-
Comptroller	Salaried	-	-	-
Admin Assistant	Salaried	-	-	-
Box Office Manager	Salaried	-	-	-
Security	Contracted	-	-	-
<b>Total</b>				\$50,000

<b>Benefit Rate</b>	25%
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### Hourly Staffing Schedule

Position	Rate	Hours / Week	Benefits	Total Compensation
Box Office Staff	\$10	10	-	\$5,200
Custodial	\$10	20	-	\$10,400
Building Engineer	\$20	20	-	\$20,800
Instructors	\$20	3	-	\$3,120
<b>Total</b>				\$39,520

# **OPERATING PRO FORMA: AGGRESSIVE SCENARIO**

**Highland Fine and Performing Arts Center**  
**Feasibility Study - Financial Analysis**

**Overall Pro Forma**  
*Aggressive Scenario*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Revenues</b>										
Presenting Revenues (Net)	\$33,100	\$33,800	\$34,500	\$40,200	\$41,000	\$41,900	\$42,800	\$43,700	\$44,700	\$45,600
Facility Rental	\$9,600	\$9,900	\$10,100	\$12,900	\$13,300	\$13,700	\$14,100	\$14,500	\$15,000	\$15,400
Concessions	\$6,900	\$7,100	\$7,400	\$8,800	\$9,100	\$9,400	\$9,700	\$9,900	\$10,200	\$10,500
Facility Fee	\$17,100	\$17,100	\$17,100	\$20,100	\$20,100	\$20,100	\$20,100	\$20,100	\$20,100	\$20,100
Corporate Sponsorships	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Instructional Offerings	\$10,800	\$11,100	\$11,400	\$11,700	\$12,100	\$12,500	\$12,900	\$13,300	\$13,700	\$14,100
Memberships	\$5,600	\$6,300	\$7,100	\$8,000	\$9,100	\$10,300	\$11,700	\$13,300	\$15,100	\$17,100
Event Rental	\$46,700	\$48,100	\$49,500	\$51,000	\$52,500	\$54,100	\$55,700	\$57,400	\$59,100	\$60,900
<b>Total Revenues</b>	<b>\$149,800</b>	<b>\$153,400</b>	<b>\$157,100</b>	<b>\$172,700</b>	<b>\$177,200</b>	<b>\$182,000</b>	<b>\$187,000</b>	<b>\$192,200</b>	<b>\$197,900</b>	<b>\$203,700</b>
<b>Expenses</b>										
Salaries & Benefits	\$94,500	\$97,300	\$100,200	\$103,200	\$106,300	\$109,500	\$112,800	\$116,200	\$119,700	\$123,300
Utilities	\$45,600	\$47,000	\$48,400	\$49,900	\$51,400	\$52,900	\$54,500	\$56,100	\$57,800	\$59,500
Insurance	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
General & Admin	\$11,300	\$11,600	\$11,900	\$12,300	\$12,700	\$13,100	\$13,500	\$13,900	\$14,300	\$14,700
Maintenance	\$14,100	\$14,500	\$14,900	\$15,300	\$15,800	\$16,300	\$16,800	\$17,300	\$17,800	\$18,300
Advertising	\$11,300	\$11,600	\$11,900	\$12,300	\$12,700	\$13,100	\$13,500	\$13,900	\$14,300	\$14,700
<b>Total Expenses</b>	<b>\$186,800</b>	<b>\$192,000</b>	<b>\$197,300</b>	<b>\$203,000</b>	<b>\$208,900</b>	<b>\$214,900</b>	<b>\$221,100</b>	<b>\$227,400</b>	<b>\$233,900</b>	<b>\$240,500</b>
<b>Net Operating Income</b>	<b>(\$37,000)</b>	<b>(\$38,600)</b>	<b>(\$40,200)</b>	<b>(\$30,300)</b>	<b>(\$31,700)</b>	<b>(\$32,900)</b>	<b>(\$34,100)</b>	<b>(\$35,200)</b>	<b>(\$36,000)</b>	<b>(\$36,800)</b>
<b>% Earned</b>	<b>80%</b>	<b>80%</b>	<b>80%</b>	<b>85%</b>						

<b>Average NOI</b>	<b>(\$35,280)</b>
<b>Endowment Needed</b>	<b>\$705,600</b>

\*Assuming 5% return

**Highland Fine and Performing Arts Center**  
**Feasibility Study - Financial Analysis**

Revenue Assumptions

*Aggressive Scenario*

Year Open	2017
Capacity	250
Square Footage (gross)	27,000

Scenario	A
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Facility Fee	\$2.00
Corporate Sponsorships	\$20,000
Event-Level Sponsorships	\$250

Parking Fee	\$0.00
Persons per Car	2

No-Show Factor	5%
Concession Revenue Share	30%
Inflation	3%

<u>Event Rentals</u>	Hours	Rate / Hour
Classroom A (hours)	60	\$40
Classroom B (hours)	60	\$40
Classroom A + B (hours)	90	\$60
Rehearsal / Dance Studio (hours)	90	\$75
Lobby (hours)	70	\$125
Entire Facility Rental (hours)	70	\$225

<u>Instructional Offerings</u>	
Classes / Month	8
Average Attendance / Class	10
Rate / Class	\$10

Admission Tax	8%
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<u>Memberships</u>	
Highland Arts Council Memberships	100
Annual Cost	\$50
% Growth per Year	10%

Event Type	Attendance	Performances	Rental Rate	Ticket Price	Concessions
Facility-Presented Events (Other)	200	12	-	\$20	\$2.00
Hard Road Theatre	200	16	-	\$15	\$2.00
Film	150	15	-	\$5	\$2.00
Dance	150	6	\$500	\$10	\$1.00
Concerts	200	5	\$500	\$20	\$2.00
Speaking Engagement	150	3	\$500	\$10	\$1.00
Commercial Theatre	200	3	\$500	\$20	\$2.00

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**Highland Fine and Performing Arts Center**  
**Feasibility Study - Financial Analysis**

Event Calendar and Attendance

*Aggressive Scenario*

<b>Events</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Facility-Presented Events (Other)	12	12	12	14	14	14	14	14	14	14
Hard Road Theatre	16	16	16	18	18	18	18	18	18	18
Film	15	15	15	17	17	17	17	17	17	17
Dance	6	6	6	7	7	7	7	7	7	7
Concerts	5	5	5	6	6	6	6	6	6	6
Speaking Engagement	3	3	3	4	4	4	4	4	4	4
Commercial Theatre	3	3	3	4	4	4	4	4	4	4
<b>Totals</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>70</b>						

<b>Paid Attendance</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Facility-Presented Events	2,400	2,400	2,400	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Hard Road Theatre	3,200	3,200	3,200	3,600	3,600	3,600	3,600	3,600	3,600	3,600
Film	2,250	2,250	2,250	2,550	2,550	2,550	2,550	2,550	2,550	2,550
Dance	900	900	900	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Concerts	1,000	1,000	1,000	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Speaking Engagement	450	450	450	600	600	600	600	600	600	600
Commercial Theatre	600	600	600	800	800	800	800	800	800	800
<b>Totals</b>	<b>10,800</b>	<b>10,800</b>	<b>10,800</b>	<b>12,600</b>						

<b>Actual Attendance</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Facility-Presented Events	2,280	2,280	2,280	2,660	2,660	2,660	2,660	2,660	2,660	2,660
Hard Road Theatre	3,040	3,040	3,040	3,420	3,420	3,420	3,420	3,420	3,420	3,420
Film	2,138	2,138	2,138	2,423	2,423	2,423	2,423	2,423	2,423	2,423
Dance	855	855	855	998	998	998	998	998	998	998
Concerts	950	950	950	1,140	1,140	1,140	1,140	1,140	1,140	1,140
Speaking Engagement	428	428	428	570	570	570	570	570	570	570
Commercial Theatre	570	570	570	760	760	760	760	760	760	760
<b>Totals</b>	<b>10,261</b>	<b>10,261</b>	<b>10,261</b>	<b>11,971</b>						

# Highland Fine and Performing Arts Center

## Feasibility Study - Financial Analysis

### Variable Revenues

*Aggressive Scenario*

#### Presenting Revenue

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Facility-Presented Events*	\$120,711	\$124,332	\$128,062	\$150,967	\$155,496	\$160,161	\$164,966	\$169,915	\$175,012	\$180,263
Less: 8% Admission Tax	\$111,769	\$115,122	\$118,576	\$139,784	\$143,978	\$148,297	\$152,746	\$157,328	\$162,048	\$166,910
Less: Presenting Expenses	\$89,415	\$92,098	\$94,861	\$111,827	\$115,182	\$118,638	\$122,197	\$125,863	\$129,639	\$133,528
Event Sponsorships	\$10,750	\$10,750	\$10,750	\$12,250	\$12,250	\$12,250	\$12,250	\$12,250	\$12,250	\$12,250
<b>Total Presenting Income</b>	<b>\$33,100</b>	<b>\$33,800</b>	<b>\$34,500</b>	<b>\$40,200</b>	<b>\$41,000</b>	<b>\$41,900</b>	<b>\$42,800</b>	<b>\$43,700</b>	<b>\$44,700</b>	<b>\$45,600</b>

\*Includes Hard Road Theatre, Film, and Other events

#### Facility Rental Revenue

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Dance	\$3,377	\$3,478	\$3,582	\$4,305	\$4,434	\$4,567	\$4,704	\$4,845	\$4,990	\$5,140
Concerts	\$2,814	\$2,898	\$2,985	\$3,690	\$3,800	\$3,914	\$4,032	\$4,153	\$4,277	\$4,406
Speaking Engagement	\$1,688	\$1,739	\$1,791	\$2,460	\$2,534	\$2,610	\$2,688	\$2,768	\$2,852	\$2,937
Commercial Theatre	\$1,688	\$1,739	\$1,791	\$2,460	\$2,534	\$2,610	\$2,688	\$2,768	\$2,852	\$2,937
<b>Total Facility Rental Revenue</b>	<b>\$9,600</b>	<b>\$9,900</b>	<b>\$10,100</b>	<b>\$12,900</b>	<b>\$13,300</b>	<b>\$13,700</b>	<b>\$14,100</b>	<b>\$14,500</b>	<b>\$15,000</b>	<b>\$15,400</b>

#### Concessions

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Facility-Presented Events	\$5,132	\$5,286	\$5,445	\$6,543	\$6,739	\$6,941	\$7,150	\$7,364	\$7,585	\$7,813
Hard Road Theatre	\$6,843	\$7,048	\$7,260	\$8,412	\$8,665	\$8,925	\$9,192	\$9,468	\$9,752	\$10,045
Film	\$4,813	\$4,957	\$5,106	\$5,960	\$6,139	\$6,323	\$6,513	\$6,708	\$6,909	\$7,117
Dance	\$1,925	\$1,982	\$2,042	\$2,455	\$2,528	\$2,604	\$2,682	\$2,763	\$2,846	\$2,931
Concerts	\$2,138	\$2,203	\$2,269	\$2,804	\$2,888	\$2,975	\$3,064	\$3,156	\$3,251	\$3,348
Speaking Engagement	\$963	\$992	\$1,022	\$1,402	\$1,444	\$1,487	\$1,532	\$1,578	\$1,625	\$1,674
Commercial Theatre	\$1,283	\$1,322	\$1,361	\$1,869	\$1,925	\$1,983	\$2,043	\$2,104	\$2,167	\$2,232
Concession Revenue	\$23,098	\$23,791	\$24,504	\$29,446	\$30,329	\$31,239	\$32,176	\$33,141	\$34,136	\$35,160
Less: COGS	\$16,168	\$16,653	\$17,153	\$20,612	\$21,230	\$21,867	\$22,523	\$23,199	\$23,895	\$24,612
<b>Concessions Income</b>	<b>\$6,900</b>	<b>\$7,100</b>	<b>\$7,400</b>	<b>\$8,800</b>	<b>\$9,100</b>	<b>\$9,400</b>	<b>\$9,700</b>	<b>\$9,900</b>	<b>\$10,200</b>	<b>\$10,500</b>

**Highland Fine and Performing Arts Center**  
**Feasibility Study - Financial Analysis**

**Variable Revenues**

*Aggressive Scenario*

**Facility Fee**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Facility-Presented Events	\$11,200	\$11,200	\$11,200	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800
Dance	\$1,800	\$1,800	\$1,800	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100
Concerts	\$2,000	\$2,000	\$2,000	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Speaking Engagement	\$900	\$900	\$900	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Commercial Theatre	\$1,200	\$1,200	\$1,200	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600
<b>Facility Fee Revenue</b>	<b>\$17,100</b>	<b>\$17,100</b>	<b>\$17,100</b>	<b>\$20,100</b>						

\*Not applied to Facility-Presented Film

**Parking**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Parking Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Event Rentals**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Classroom A	\$2,701	\$2,782	\$2,866	\$2,952	\$3,040	\$3,131	\$3,225	\$3,322	\$3,422	\$3,524
Classroom B	\$2,701	\$2,782	\$2,866	\$2,952	\$3,040	\$3,131	\$3,225	\$3,322	\$3,422	\$3,524
Classroom A & B	\$6,078	\$6,260	\$6,448	\$6,641	\$6,841	\$7,046	\$7,257	\$7,475	\$7,699	\$7,930
Rehearsal / Dance Studio	\$7,597	\$7,825	\$8,060	\$8,302	\$8,551	\$8,807	\$9,071	\$9,344	\$9,624	\$9,913
Lobby	\$9,848	\$10,144	\$10,448	\$10,761	\$11,084	\$11,417	\$11,759	\$12,112	\$12,475	\$12,850
Entire Facility	\$17,727	\$18,259	\$18,806	\$19,371	\$19,952	\$20,550	\$21,167	\$21,802	\$22,456	\$23,129
<b>Total Event Rental Revenue</b>	<b>\$46,700</b>	<b>\$48,100</b>	<b>\$49,500</b>	<b>\$51,000</b>	<b>\$52,500</b>	<b>\$54,100</b>	<b>\$55,700</b>	<b>\$57,400</b>	<b>\$59,100</b>	<b>\$60,900</b>

**Instructional Offerings**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Class Fees	\$10,800	\$11,100	\$11,400	\$11,700	\$12,100	\$12,500	\$12,900	\$13,300	\$13,700	\$14,100

**Membership Fees**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Highland Arts Council Memberships	\$5,600	\$6,300	\$7,100	\$8,000	\$9,100	\$10,300	\$11,700	\$13,300	\$15,100	\$17,100

**Highland Fine and Performing Arts Center**  
 Feasibility Study - Financial Analysis

**Expense Assumptions**

Category	Cost	Description
Utilities	\$1.50	Per square foot; includes gas, electric, sewer, water
General & Admin	\$10,000	Annual allocation; includes office supplies, website maintenance
Insurance	\$10,000	Fixed assumption
Maintenance	\$50.00	Per seat
Advertising	\$10,000	Annual allocation
Capital Improvements	\$0	Annual reserve allocation

<b>Presenting Expenses</b>	80%	Covers cost to book acts for facility-presented events
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**Salaried Staffing Schedule**

Position	Type	Salary	Benefits	Total Compensation
Executive Director	Salaried	\$40,000	\$10,000	\$50,000
Development Director	Salaried	-	-	-
Operations Director	Salaried	-	-	-
House Manager	Salaried	-	-	-
Comptroller	Salaried	-	-	-
Admin Assistant	Salaried	-	-	-
Box Office Manager	Salaried	-	-	-
Security	Contracted	-	-	-
<b>Total</b>				\$50,000

<b>Benefit Rate</b>	25%
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**Hourly Staffing Schedule**

Position	Rate	Hours / Week	Benefits	Total Compensation
Box Office Staff	\$10	10	-	\$5,200
Custodial	\$10	20	-	\$10,400
Building Engineer	\$20	20	-	\$20,800
Instructors	\$20	3	-	\$3,120
<b>Total</b>				\$39,520