

# ARTISTS REP 17/18

March 30, 2018

Dear Loyal Supporter,

As Artists Repertory Theatre's Board Chair and Artistic Director, we write to you today to thank you for your dedication to Artists Rep. We hope you received the letter last month sharing the inspiring news of the historic \$7.1 million gift to the theatre. On the eve of announcing our 36<sup>th</sup> season, we want to share exactly how these funds have been managed and the internal controls we have put into place to ensure transparency and shared accountability around decisions that affect Artists Rep's finances.

In addition to the notes below, we invite you to visit [www.artistsrep.org/about/financials](http://www.artistsrep.org/about/financials) where we have posted our audited financial statements for the 2017 fiscal year. This includes a Treasurer's Report and Statement of Financial Condition for the period ended January 31, 2018, which reflects the theatre's improved financial condition following the donation.

Simply stated, we have allocated the \$7.1 million funding as follows:

1. We paid off \$4.18 million in mortgage debt, eliminating \$300K in annual mortgage payments. This has been a difficult mortgage payment for our relatively modest organization and a significant source of our financial challenges since we purchased our property in 2004.
2. \$560K was used to pay off past-due payments to vendors, our line of credit, and credit card debt.
3. \$385K of the remaining funds were applied to an operating cash reserve. We arrived at this figure by adding our average monthly cash expenditures of \$230K (i.e., one month's operating cash), plus \$155K in deferred subscription revenue for the remaining three plays in our current 2017/18 season at the time of the donation.
4. An additional \$325K was restricted and placed in a separate account, ensuring multi-year grants or donations for specific programs or future productions, including a facilities reserve for small, overdue maintenance projects.
5. We placed the remaining approximately \$1.65 million in a board-restricted reserve fund, which we will use only when it is best for the theatre as we manage the company through this time of transition. While we continue to explore a possible sale and re-configuration of our facilities, this reserve gives us the resources to ensure the stability of Artists Rep and the ArtsHub Companies, if and when we are displaced during any construction.

We are thrilled by the new reality that Artists Rep is debt-free and the Board is committed to preserving and building upon this strong position on behalf of our community. To that end, we have hired Jill Lam of Plus Point Consulting as Consulting CFO. She began serving in this role in December of 2017 and will continue for as long as it makes sense for

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the theatre. She is working closely with the Board and staff to improve financial reporting and ensure that what we are reviewing accurately reflects our full financial position.

The reserve fund ensures that we have the capital available for when the inevitable happens – when the air conditioning breaks, the garage door stops working, the roof leaks, or any other challenges that have put Artists Rep into a cash crisis in the past. It also gives us resources to see us through a complicated real estate deal and an exciting new building project.

The reason that we continue to pursue the redevelopment of half the property is because it rightsizes our building and addresses a host of pressing facilities issues like replacing our roof, seismic upgrades, adding an elevator, comfortable seating, new bathrooms, soundproofing our venues, and investing in flexible theatre designs and equipment that will help make our venues places that empower our artists to create their best and most ambitious work. We will need to raise several million dollars to make all of this possible. After considering many options, we believe that combining the sale price of half the property with a capital campaign will enable us to create an inspiring facility that will be a landmark for Portland: a state-of-the-art venue intentionally and thoughtfully designed to invite collaboration and inspire our audiences. This facility will not only elevate our work, but also support the guest artists, Resident Companies, and the dozens of community groups that make up the vibrant and essential ArtsHub program.

We are at the beginning of the visioning process, and no decisions will be made without inviting feedback from all of our stakeholders. Over the summer, we will hold a series of coffee conversations to give you a forum to ask your questions and express your hopes for the theatre and the ArtsHub moving forward. Please contact our Box Office or Development Office to make sure we have your up-to-date contact information and email address.

Thank you for helping to build this thriving arts community through your philanthropy and patronage. In this exciting time of change and opportunity, it is a gift to join with you to create art that makes us think, makes us feel, and connects us with each other in new and deeper ways. We are grateful that Artists Rep enjoys strong support from our community and we can't wait to share the 2018/19 season with you at our announcement event on April 2!

Sincerely,



Mike Barr  
Board Chair



Dámaso Rodríguez  
Artistic Director/Interim Managing Director

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