

F. M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: November 7, 2024
Program Area: Arts, Culture, Humanities
Grant Type: Board Grant

REQUEST DATE: October 26, 2024

APPLICANT:
State Theatre Center for the Arts, Inc.
453 Northampton Street
Easton, PA 18042

CONTACT: Ms. Shelley Brown, President and CEO

AMOUNT REQUESTED: \$100,000
BUDGETED AMOUNT: \$100,000

NATURE OF REQUEST: General Operating Support

GRANT HISTORY

SUPPORT: 1986-2023

OF APPROVED GRANTS: 35

TOTAL DOLLARS: \$3,290,000

LAST GRANT DATE: 12/08/2023

LAST GRANT AMOUNT: \$90,000

FYE DATE: 05/31

AFS DATE: 10/09/2024

Year Approved	Approved Amount	Approval Date	Grant Purpose
2023	\$90,000	12/08/2023	General Operating Support
2022	\$90,000	12/12/2022	General Operating Support
2021	\$100,000	05/03/2021	Toward COVID-19 related needs-\$10,000
2020	\$90,000	04/29/2020	General Operating Support
2019	\$85,000	12/16/2019	General Operating Support

LAST SITE VISIT DATE: February 23, 2024

ENDORSEE: N/A

FINANCIAL ANALYSIS COMMENTS: The FY25 budget is projecting a \$22K deficit. Utilizing the audit as the source of prior year actuals, all earned income line items are expected to increase. Most notably, box office and ticketing fee revenue is budgeted to increase by nearly 30%.

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While these are heartening projections, I take this optimistic budget with a grain of salt. For example, the FY24 budget projected \$3.3M in box office revenue, while the FY24 audit shows that State fell over \$1M short of this goal with actual box office earnings of \$2M. Expenses are projected to remain relatively on par with FY24 figures, with small increases across the board. The FY24 audit shows \$7.89M in total assets, \$1.29M of which was cash and \$2.5M of which was investments. Net assets without donor restrictions totaled \$5.58M. FY24 saw a \$363K overall deficit — an improvement from the \$718K deficit in FY23, but nowhere close to the budgeted \$46K deficit. Expenses decreased 13% from FY23 to FY24, a 17% decrease in program expenses being largely responsible for this change. The 2023 FMKF grant of \$90,000 represented 18% of total contributions and grants. Program expenses represented 74% of total expenses. Endowment net assets were \$2.56M at FYE, with the majority of these funds being Board-designated. The organization has a \$500K line of working credit, against which they owe \$0. State had \$1.3M in financial assets available for expenditure within the following year.

ORGANIZATION DESCRIPTION: The State Theatre Center for the Arts, Inc. is the premiere, presenting theatre in the Lehigh Valley whose primary purpose is to provide quality entertainment. The State Theatre develops programs that provide enriching educational experiences for the children of our community, all while preserving a building of great historical significance. We continue to spur economic growth and renewal in the City of Easton, while expanding our own recognition beyond the Lehigh Valley.

With performances from large-scale Broadway productions to solo acoustic and comedy artists, our shows appeal to people of all ages, races, and socio-economic backgrounds. We provide a place to relax, laugh, and sometimes cry. People often come to the Theatre as strangers but find common ground together.

GINA BEVIGLIA COMMENTS: This year, State Theatre (State) continued its slow journey back to pre-pandemic show volume and attendance. The 2023/24 season featured 65 performances attended by 55,000 paid guests, continuing the marginal growth of the past years. Below, I summarize three years of attendance data.

	2021/22	2022/23	2023/24
Number of shows	38	43	65
Total attendance	35,700	43,949	55,000
Average attendance per show	939	1,022	846

In last year’s EF, it was noted that the pre-pandemic attendance of the 2018/19 season was at a then-low, with 76,000 guests attending 75 performances, for an average of 1,013 attendees per show. While State is a long way from reaching even this diminished goal, the request notes that they are on track to outpace the 2023/24 season this year. It is heartening to see audience numbers moving in the right direction, though I can’t help but feel an infusion of vitality and innovation will be required to move State from “just scraping by” to organizational success (**JJK: Very much agree, especially in light of the competition in the area**). During our site visit in March, Shelley Brown, President and CEO of 32 years, explained how working with talent buyers has evolved over the years and what it takes to book a season of shows. In the 2024/25 season, State has

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committed to booking a full season of shows with a single talent buyer whose agency Shelley has worked with in the past. This is unusual in current times, as piecing together a season of shows typically requires working with many different agents and buyers. This agency State is working with now will act as the go-between for State and the talent's agents, coordinating a week of shows for the talent that will include a performance at State. While this will certainly save a lot of time, energy, and stress for Shelley and her team, I am concerned that working with just one buyer means that State only has access to the talent with whom this person has a relationship. This is resulting in a current season that feels, unfortunately, repetitive of prior seasons and lacking the fresh performances that State so desperately needs. Last year, I mentioned a conversation I had with Jared Mast of Greater Easton Development Partnership (GEDP) about the possibility of a GEDP-led insertion into State. The idea was that GEDP would assume the financial risk of hiring an outside talent buyer to program a series of GEDP-sponsored shows at the State that are designed to attract younger audiences. I spoke with Jared again recently and this plan seems to have momentum on the GEDP side, though it was unclear if these plans were being laid in partnership with State or without Shelley's knowledge. While it is not ideal for a separate entity to feel the need to take matters into their own hands to save the State from becoming a relic, I suspect that, unless Shelley retires sometime soon and a leader with new ideas is brought in, this kind of intervention might be necessary. Our conversation with Shelley in March and the request both focused on the challenges of presenting performances in a cluttered marketplace. It may be true that venues such as the local casino are diluting the Lehigh Valley audience pool. At the same time, many of our arts partners have weathered challenges far greater than increased market competition and discovered ways to remain creative and attractive to new audiences; at this point, the consistent lamentation about competition feels like a decision to ignore the root causes of State's problems. There are a few bright spots in the current season that may be successful in attracting more diverse audiences – *Hadestown*, *Dear Evan Hanson* – but the majority are small-time comedians and cover bands (**JJK: I am guessing *Mean Girls* will do well too!**). We have seen in Morristown what a thriving performing arts center can do for a community in terms of both economic benefit and overall vibrancy. Though State and MPAC are two decidedly different organizations, I believe that the greater Easton community is deserving of and primed to embrace a flourishing hub for the arts right in their downtown. Without diminishing the positive impact that State is having on its existing and dedicated patrons, there are swaths of the local population that State is not reaching in their failure to program for entire communities. I am uncertain if it will be possible for State to position themselves as an arts and culture beacon without more drastic changes than modest improvements in attendance trends.

The good news, as it always the case at State, is the positive impact of the FREDDY Awards and adjacent performing arts programming for young people. In partnership with 29 local school districts in New Jersey and Pennsylvania, the 2024 FREDDY Awards honored excellence in high school theatre with a publicly broadcasted awards show. This year's show featured 116 students on stage and touched nearly 3,000 more through their high school theater programs. In addition to public recognition and celebration, college performing arts scholarships are administered in partnership with the program. This year was a record award year for the FREDDYs, with \$247,500 in scholarships awarded, including two full-tuition scholarships to West Virginia University. Another exciting FREDDY update was the addition of a Masterclass program, offering free-for-all high school students from FREDDY participant schools. Sharon Wheatley, who starred in *Come From Away* on Broadway, taught the class. The Masterclass program was so well-received that

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State plans to make it an annual part of their programming. The FREDDY program is State's "pride and joy" and it was clear during our visit that this is the program of which Shelley is the most proud. Finally, the Summer Acting Camp has largely returned to pre-pandemic attendance levels and continues to provide a way for State to welcome young people through their doors during the quieter days of summer.

The State's position is far from dire — deficits are decreasing steadily, total assets and investment assets are increasing, key positions in development have been filled, and membership at all priority levels is growing. Additionally, I admire Shelley's tenure and leadership, having guided the organization through what seems like an endless stream of crises and mishaps over 32 years. It is no small feat to run an arts nonprofit for that length of time and, from the stories she shared during our site visit, Shelley has truly seen it all. My criticism of State comes purely from the recognition that this organization could be so much more and a desire to see the marquee of this historic theatre alight with headliners that both excite and represent the community. During the site visit, it seemed that Shelley was unwilling to step away with the staff on such unstable ground. With the information that positions have been filled, I wonder what kind of succession plan, if any, is being put into motion. I hope that the next few years will bring new life for State — whether that will be at the hands of a new leader or an external group of concerned citizens remains to be seen. I continue to support \$100,000 in general operating support, as budgeted.

RECOMMENDATION: I recommend a grant of \$100,000, payable over 1 year designated for general operating support.

JUSTIN J. KICZEK COMMENTS: Very insightful comments here from GEB, which I think hit the nail on the head in terms of the credit due for State enduring through a host of challenges. However, especially given all the growth happening in Easton and the Lehigh Valley, State should not be handicapping themselves by working with one talent buyer — and one that does not seem to be making a concerted effort to develop programs for Easton's college students and young professionals. As I read through the upcoming shows, I struggle to find events that would appeal to the 18 – 22 crowd (though, I admit I am also not sure what that crowd would like!).

I encourage GEB to continue to discuss with Shelley State's plans for the future and how they can tap into Easton's younger demographic. I am not sure if Shelley and the Board are currently following a strategic plan, but if not, perhaps we consider a one-time grant next year for strategic planning?

I appreciate the balanced perspective on this grantee. Our steady support for State is justified, but we also should not be afraid to leverage that — through conversation, through potential grantmaking, through talking with other partners — to help State continue to evolve.

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DISPOSITION:

- Declination
- Hold for review on/about:
- Approval for: **\$100,000**
- Recommended Grant Payment(s):
2024:
2025:
2026:
- Hold for Board Review: **December 13, 2024**
- Payee Other Than Addressee:
- Other:

Initials: JJK

Date: October 26, 2024

Check #

Date: