



Annual Report | 2011

It is the mission of the State Theatre for the Arts to develop the historic State Theatre as a vibrant community center for innovative cultural arts programming and popular events that foster the cultural enrichment and economic sustainability of historic downtown Red Bluff.

Dear friend of the State Theatre,

It is my pleasure to share with you that because of the amazing support of the entire community, the State Theatre for the Arts has during calendar year 2011 taken a giant first step in fulfilling its mission stated above. This report is prepared primarily in order to update those in the community who have placed their trust in STFTA by contributing financial and other support toward the purchase of the historic State Theatre. Frankly, it is our hope that after reviewing this document those of you who provided financial support in 2011 will choose to continue your support as we move forward, and that those of you who have yet to contribute will choose to do so in 2012.

While this annual report contains requisite statistical information, its intended purpose is to provide the reader with a basic overview of successes achieved through our capital campaign, and to give you a view of our efforts to broaden and increase utilization of this wonderful performing arts venue by all segments of the community.

Additional information is available through the State Theatre website at www.statetheatreredbluff.com, or by calling the State Theatre at (530) 529-2787.

SEE YOU AT THE STATE!

Bill Cornelius, President
State Theatre for the Arts

Calendar Year 2010--A year of planning

The State Theatre for the Arts has occupied the State Theatre for approximately a dozen years, the first ten years as a tenant of the theatre under private ownership. In early 2010 a decision was made to cease the landlord/tenant relationship and devote that year to making an informed decision regarding the potential for purchasing the theatre. After several months of study a strategic planning session was held with community stakeholders and it was decided that among other things, it was necessary to 1) thoroughly investigate the condition and market value of the State Theatre site's building, equipment, and mechanical systems, 2) investigate cultural arts and economic revitalization programming options, 3) determine needed facility and equipment improvements to accommodate new programming efforts, 4) develop a sustainable business plan, and 5) investigate the feasibility of a comprehensive capital campaign to attract the funding necessary to underwrite the cost of organization developments and community initiatives.

Upon completion of the above-referenced due diligence and strategic planning activities, a decision was made in December 2010 by the STFTA Board of Directors to undertake a multi-year comprehensive capital campaign. The implemented plan includes purchase and eventual restoration or upgrading of the State Theatre facility for new and expanded programming, and for the eventual establishment of an endowment fund appropriate to the long-term needs of the State Theatre for the Arts and the community it hopes to enrich and serve.

Calendar Year 2011--A Year of Activity

Governance

In order to satisfy the many facets of purchasing and operating a 66-year-old historic theatre, you need to have ambitious, capable people with a whole lot of time to participate. This community is indeed fortunate to have such people. At the present time the State Theatre for the Arts operates the State Theatre as an all-volunteer organization. Following is a list of your friends and neighbors who served on the 2011 Board of Directors and who along with many other volunteers completed in excess of 7,500 hours serving the State Theatre in various capacities during calendar year 2011.

Bill Cornelius, President	J.B. Stacy, Vice President, Resource Development
Karen Roy Crockett, Secretary	Jean Moran, Treasurer
Christy Forward, Marketing Chair	Joe Vine, Production Manager
Linda Bullock, Front of House Mgr, Program Chair	Fran Galantine, Concessions Manager
Venita Philbrick, Past President, Resource Development	Amanda Wigno, Social Media
Leah Gott, Governance, Concessions	Ken Brown, Facilities Manager
Joan Allen, Membership, Volunteer Coordinator	Dr. Marvin Locke, Resource Development
Bob Douglas, Vice President, Governance	

Even though they pledge to continue to support the theatre, Ken Brown, Fran Galantine, J. B. Stacy and Venita Philbrick are leaving the Board because their terms have expired. We are happy to report that bringing new ideas and energy to the 2012 Board will be Suzanne Sale, Eric Frey, Linda Durrer, Nancy Weber, Andre Schuetz, Jeannie Bergen and Austin Harter.

State Theatre Acquisition Process

As previously indicated, a decision was made in late 2010 to enter into negotiations with private ownership for the purchase of the State Theatre. As part of the due diligence process, a commercial appraisal was obtained and the appraised value of the State Theatre was established at \$391,000. In the early weeks of 2011, the STFTA negotiation team met on several occasions with State Theatre ownership and participated in what can only be termed an amicable and cooperative negotiation process. After the completion of the commercial appraisal in the fall of 2010, private ownership of the State Theatre expended approximately \$100,000 in support of facility improvements, including painting the building exterior, upgrading the electrical system, and installing an ADA-compliant restroom.

In early March, 2011, an agreement was reached wherein State Theatre for the Arts would purchase the State Theatre for the appraised value of \$391,000 plus \$50,000 (50% of recent upgrade costs) for a total purchase price of \$441,000.

On March 15, 2011, escrow was opened with a six-month closing period (September 15, 2011), which would allow the State Theatre for the Arts ample time to implement its capital campaign and to identify and secure longer term financing. Financing was ultimately secured on a two-year interest-only basis (this financing can be converted to a long term fixed-rate loan) through the Rural Community Assistance Corporation, and escrow was closed on the purchase of the State theatre on October 16, 2011.

Capital Campaign for Purchase of State Theatre

While negotiating an appropriate purchase price and securing necessary financing for the purchase of the State Theatre required a significant amount of time and effort, these activities pale in comparison to the effort required to actually identify and raise funds necessary to pay for the building in a relatively short period of time. I am extremely happy to report, however, that under the leadership of Resource Committee co-chairs Marvin Locke and J. B. Stacy, the State Theatre capital campaign enjoyed an amazing level of success in calendar year 2011.

As indicated earlier, the purchase price for the State Theatre is \$441,000. After adding interest and closing costs associated with the loan, the total cost of the purchase rises to \$475,200. Due to the fantastic support of the entire community, STFTA from March 1 through December 31, 2011, received contributions in excess of \$250,000 in support of our capital campaign to purchase the State Theatre. Currently there is a balance of approximately \$225,000 owed on our real estate loan. Several factors appear to have contributed to the overwhelming success of our capital campaign thus far:

- 1) STFTA kick-started its capital campaign by generating approximately \$11,500.00 through a live auction held in conjunction with a concert at the theatre featuring country music legend Merle Haggard.

- 2) The STFTA capital campaign has benefited greatly as a result of support for our efforts by America's favorite actor and Red Bluff's favorite son, Mr. Tom Hanks. Tom took time out of his extremely busy schedule to produce and send to us a very special promotional video extolling the virtues of the State Theatre. Additionally, Tom honored the State Theatre and his wonderful mother Janet, when he provided the State Theatre the Northern California premiere rights to his recently released film *Larry Crowne*. One hundred twenty-five members of the local community became ardent supporters when they attended the event of the year at the State Theatre, all compliments of Mr. Tom Hanks. Thank you so much, Tom, for supporting our efforts!

- 3) Last, and certainly most important, is the confidence that individuals, families, businesses and organizations have shown STFTA by making financial contributions to our capital campaign.

- Well over 100 individuals, families, businesses and/or other organizations have made financial contributions to the STFTA capital campaign.
- Thirty-eight individuals, families, businesses and/or other organizations have made contributions that qualify for inclusion in specific campaign gift club levels. Following is a list of those reaching such milestones.

Encore (\$1,000 to \$4,999)

David Biggs
 John Growney
 David and Kathy Spanfelner
 Kevin and Linda Borrer
 Premier West Bancorp
 Tehama County Arts Council
 Ben and Bobbie Hughes
 Dan and Nina Micke
 Una Jordan
 Bob and Jackie Douglas
 Eugene Serr
 Robert and Judith Isola
 Red Bluff Sears Store
 Cornerstone Community Bank
 Carmel Growney
 Robert Stoufer
 Tod Dolling
 The Honorable Dennis and Maggie Murray
 Sharon Kessey
 Harlan and Joan Warwick
 US Bancorp
 Tehama County Community Concert Association
 Louis and Joann Bosetti
 Pam Pitts
 Ken and Lucinda Brown
 Marilyn Long and Family

Curtain Call (\$5,000 to \$9,999)

Kiwanis Club of Red Bluff
 Marvin and Gail Locke
 Bill and Billie Cornelius
 Tehama County Dept. of Education
 Harry and Betty Dudley
 John, Anne, and Ellen Read

Bravo (\$10,000 to \$24,999)

Sierra Pacific Foundation
 Moore and Pascarella Dental Group
 Red Bluff Rotary Foundation
 Haleakala Ranch
 Red Bluff Roundup Association
 and Red Bluff Roundup Museum
 Anonymous

Standing Ovation (\$25,000 and above)

Ken and Dorothy Lindauer
 Richard and Ann Forward

Persons, families, businesses and/or other organizations making contributions of \$10,000 or more qualify for naming rights of certain State Theatre features. While many available features were adopted by virtue of contributions in 2011, others listed below remain available. We hope you will consider honoring someone or something special in your life through this unique program.

Remaining Recognition Opportunities

<u>Space or Feature Named in Perpetuity</u>	<u>Level of Gift</u>
Auditorium	\$150,000
Stage	30,000
Concession Area	25,000
Theatre Office	15,000
Poster Windows	10,000

While we can not thank this community enough for the amazing response to our capital campaign in calendar year 2011, we realize that we have reached only our halfway point in paying for this grand old building. It is the goal of the State Theatre for the Arts to retire the remainder of our mortgage debt in calendar year 2012. It is our sincere hope that those who

have already contributed to our campaign will continue to see this project as a priority worthy of your financial support. It is also our hope that others within the community who are capable of supporting this important project will provide additional funding during calendar year 2012. Additional information regarding the State Theatre capital campaign can be obtained from any STFTA Board member, by accessing our website at www.statetheatreredbluff.com, or by calling the theatre office at (530) 529-2787.

Calendar Year 2011--A year of physical and program improvements at the State Theatre

The Historic State Theatre was the recipient of numerous significant improvements during calendar years 2010 and 2011. The exterior of the building received a badly needed coat of paint; the decades-old electrical system was totally refurbished, and an ADA compliant restroom was constructed in the theatre. It should be noted that the expenses attached to these very important projects were shared equally by STFTA and previous private ownership.

The State Theatre for the Arts formally took possession of the State Theatre on October 16, 2011, and in three short months several other improvements have been implemented in support of improved working conditions and enhanced programming capability. The following enhancements are now in place:

- The State Theatre is wired for internet services and has the ability to accept credit cards.
- The State Theatre is a very active member of Facebook.
- Due to the generosity of a community benefactor, the State Theatre business office is the proud owner of beautiful and fully functional office furniture
- With the support of the fine folks at the House of Design, the State Theatre is the proud owner of the prettiest Christmas tree in town.
- State Theatre for the Arts implemented a Speakers Bureau, resulting in approximately 750 residents of the community receiving information regarding events and changes at the State Theatre.
- STFTA has commissioned and will soon unveil its beautifully updated web site at www.statetheatreredbluff.com.
- The State Theatre formerly shared utility meters with a neighboring business. Individual meters have been installed, ensuring accurate utility readings.
- STFTA through its website now offers PayPal and WePay capability for event ticket purchases, membership enrollment, and contributions to our capital campaign.
- STFTA is proud to announce that it is the recipient of a grant from the McConnell Fund of the Shasta Regional Community Foundation in the amount of \$44,400. These funds are being utilized to purchase a complete new audio system and projection screen that will allow the State Theatre to host a wide range of performing arts events without having to contract for outside equipment or services. STFTA is extremely thankful to SRCF for this wonderful award!

While a primary focus for STFTA has been to acquire the State Theatre through our capital campaign, we are fully aware that facility and program improvements will play a major role in our future success. Because we now own this grand old building (to the extent that we hold the mortgage) we believe businesses, individuals, and foundations like the McConnell Fund of the Shasta Regional Community Foundation will look much more favorably at funding requests for building improvements and restoration. It is the intention of STFTA during calendar year 2012 to develop cost estimates for such priority projects as restoration of the concessions area and exterior blade (the State sign). We have reason to believe that such projects may hold particular interest for certain segments of the community, and we plan to be prepared to hit the ground running when the opportunity arises!

2011 Calendar of Events at the State Theatre

The State Theatre for the Arts opened escrow to purchase the theatre on March 15, 2011. At that time an agreement was reached by private ownership and STFTA that the theatre would be made available for public use on a rent-free basis, pending the close of escrow (October, 2011). At that time STFTA would implement a fee for use program designed to ensure the successful operation and restoration of the historic State Theatre for decades to come. It should be noted that most of those entities using the theatre during this seven-month period made a financial contribution to STFTA in consideration for being allowed to use this wonderful performing arts venue.

Below is a list of events, sponsors and attendance numbers for those events held at the State Theatre during this escrow period. Additionally it should be noted that The Odd Fellows, The Gold Exchange, WalMart, Huhn Electric, KBLF Radio, the Red Bluff Daily News and other businesses within the community participated in event sponsorship in calendar year 2011.

Date	Event	Sponsor	Attendance
April 14	Challenge of Champions	Tehama County Arts Council	250
April 23	Baxter Black	Tehama County Cattlewomen/ Sunrise Rotary	500
May 4	Writing Celebration	Tehama County Dept. of Education	400
May 5	Merle Haggard	Village Maps of America	600
May 6	U.S. Army Field Band	Community Concert Series	650
May 7	Puente Celebration	Shasta College	250
May 26	Mercy High Graduation	Mercy High School	500
May 28	State Theatre Variety Show	STFTA	100
May 29	Rocky Horror Picture Show	STFTA	80
June 2	E-Scholar Graduation (2)	E-Scholar	400
June 3	Reeds Creek Graduation	Reeds Creek School	500
June 16	Dance Red Bluff	Dance Red Bluff	450
June 25	River Park Festival tours/ RBUHS Class of '63	STFTA	100
June 30	Air National Guard Band	Community Concert Series	650
July 1	<i>Larry Cronne</i> premiere	Tom Hanks	125
Sept. 12	Beef 'n Brew	Business Community	500

Escrow closed on the State Theatre on October 12, 2011. During the months of October, November and December, operations income was achieved through the implementation of the State Theatre rental program. Following are events held from which rental and/or promotional income was realized.

Oct. 7	Tribute to Doris Day	Presbyterian Church	125
Oct. 14	Trio Voronezh	Community Concert Series	500
Oct. 28, 29	<i>Annie, Jr.</i> (four shows)	Red Bluff Elementary District	1,700
Oct. 29	<i>Rocky Horror Picture Show</i>	STFTA	99
Nov. 5	Talent Show	Sacred Heart	117
Nov. 4, 5	Art Walk/Reception	Community event	500
Nov. 10	North State Symphony	Community Concert Series	400
Nov. 18	Mike Winfield Comedy	Aaron Prinz Productions	156
Dec. 3	Joni Morris, Tribute Singer	STFTA	119
Dec. 17	North State Symphony	Community Concert Series	600
Dec. 29	Antsy McClain	STFTA	429

The State Theatre served as the preferred venue for twenty-seven different events during calendar year 2011, even though the State Theatre for the Arts did not secure the property until the middle of October, 2011. Most impressive is that these popular events resulted in an average of 450 persons attending each event, with total attendance of approximately 12,000 at the State Theatre in 2011.

STFTA is confident that with increased visibility and marketing efforts, 2012 will see bookings and attendance grow at an even more impressive pace than we saw in 2011. It is the goal of the STFTA to book an average of one event per week (52 events) during calendar year 2012. If we are able to achieve this goal, we anticipate approximately 22,000 visitors to the theatre in calendar year 2012.

State Theatre Operations Budget for calendar year 2011

Following is a very general financial accounting of profits and losses associated with operating the State Theatre during calendar year 2011. Because STFTA did not occupy the State Theatre until July 1, 2011, there are abnormal costs associated with renting and maintaining outside office and storage facilities for six months of calendar year 2011. Additionally, 2011 was a year where professional services costs were abnormally high due to feasibility studies, business plan development and the implementation of a capital campaign. Earlier sections of this report discuss the status of the capital campaign to purchase the State Theatre; this section deals only with the state of funding and projections concerning the day-to-day operation of the State Theatre.

- The State Theatre for the Arts began calendar year 2011 with approximately \$38,500 in carryover funds which were dedicated to operating the State Theatre.
- The State Theatre for the Arts received income totaling \$88,330 during calendar year 2011. *It is important to note that of that amount, \$44,400 came in the form of a grant to purchase badly needed audio equipment. Absent this amount, \$43,970 was received as income to support State Theatre operations.*
- The State Theatre expended approximately \$59,000 in support of operations during calendar year 2011. *It should be noted that approximately \$15,000 of this amount was expended in support of professional services attached to planning activities and the capital campaign. This cost is not expected to occur in calendar year 2012.*
- Absent grant monies dedicated to equipment acquisition, calendar year 2011 ended with an operations carryover of approximately \$23,500, representing a reduction in year-end carryover funds of approximately \$15,000 when compared to year-end 2010.
- While taking in less money than was expended for operation of the State Theatre would normally be cause for concern, it is the strong belief of the STFTA Board of Directors that future years will result in a healthy operations budget surplus based on the following assumptions:
 - The State Theatre for the Arts anticipated a shortfall in the 2011 operations budget due to the necessary expenditure of operations funds for professional services consultant. This expense (\$15,000) will not be necessary in 2012.
 - The State Theatre for the Arts formally took possession of the State Theatre in October of 2011. Only then was STFTA able to formally implement its rental and promoters programs at the State Theatre. While dealing with startup requirements and capital campaign issues, STFTA was still able to realize a net profit of approximately \$8,000 (after expenses) for the months of October, November and December 2011.

- The State Theatre membership program was largely suspended in calendar year 2010 due to the possibility that STFTA might end its relationship with the State Theatre. Because STFTA was in a state of flux and concentrating on its capital campaign for the purchase of the State Theatre, calendar year 2011 also offered no formal membership program. It is anticipated that our calendar year 2012 membership program will result in significant membership income that will be used to augment and grow the State Theatre operations budget.

The State Theatre for the Arts has historically and continues to function as an all-volunteer organization. While it is anticipated that this arrangement will likely continue through calendar year 2012, it is our goal to begin the process of hiring paid professional staff by the beginning of 2013. We believe this will be possible because of increased use of the State Theatre through our rental/promoter programs and the reinstatement of our membership program in support of State Theatre operations. It is important to emphasize that the State Theatre membership campaign serves an entirely different purpose than does the State Theatre capital campaign. Whereas the capital campaign for acquisition is dedicated to paying off our mortgage, the membership campaign will support the operation and improvements at the State Theater.

Information regarding either campaign is available by accessing our website at www.statetheatreredbluff.com or by calling the State Theatre office at 529-2787.

Calendar Year 2011--What a year at the State Theatre

Calendar year 2011 was a truly amazing year in the history of the State Theatre!

We began the year not knowing if it would be possible to come to an agreement with the Clark and Sale families regarding the purchase of this grand old building.

After arriving at a very fair purchase price for all concerned, we opened escrow in March, 2011, with the realization that in this terrible economy we needed to raise about \$450,000 as quickly as possible; as well as obtain financing by the close of a six-month escrow. At the same time we realized that we needed to operate the darn thing while we were raising all this cash, which when you think about it just about causes a severe case of hyperventilation... and then this community responded!

Members of the STFTA Board of Directors along with too many others to list stepped up to the plate and donated in excess of 7,500 work hours in calendar year 2011, volunteering their time doing everything from conducting a highly challenging capital campaign for the purchase of the theatre, to selling popcorn at the concession stand, or even shoveling pigeon poop from the roof of the State Theatre!

And the response from the community? During this amazing year the State Theatre for the Arts received in excess of \$250,000 towards the purchase price of \$450,000 for the Historic State Theatre. Individuals, families, businesses, fraternal organizations and foundations have all joined in the drive to make our dream of owning the State Theatre a reality! Additionally, significant steps have been taken to improve the operation of the State Theatre--including the acquisition of badly needed audio equipment by virtue of a grant provided by the Shasta Community Regional Foundation.

Throughout this year, even though our emphasis was on fundraising, we realized that our purpose was to provide a superior performing and cultural arts product to the community. With the cooperation of private ownership and all sorts of folks within the community almost thirty events were held--allowing 12,000 men, women and children to enjoy such fare as *Annie, Jr.*, Merle Haggard, Baxter Black, Antsy McClain, *The Rocky Horror Picture Show*, North State Symphony, U. S. Army Field Band, and too many other quality acts to list individually.

Finally, as I look back on this amazing year a few thoughts enter my mind. First, it occurs to me that I might just be getting too old for this stuff! Second, if one looks back at the mission statement at the beginning of this report, one realizes that STFTA is fulfilling that mission! And finally, even though we have a way to go and continue to need your assistance, this community is amazing--and we are so lucky to call it home!

On behalf of the State Theatre for the Arts,

Thank you!

Bill Cornelius, President
State Theatre for the Arts