



MEDIA RELEASE

FOR IMMEDIATE RELEASE

San Jose Repertory Theater Reduces Its Annual Operating Deficit by 50 Percent and Achieves the Next Level in Its Business Development

New business model has successfully incorporated industry best practices in financial accounting, reporting and board oversight to keep moving the Rep into the black.

San Jose, Calif., March 26, 2007 – The San Jose Repertory Theater has achieved positive results as it moves toward recovery from a fiscal deficit that nearly closed its doors. Recent financial reporting shows that the organization has used far less of its credit line than expected, it is paying back the amount sooner than planned, it has moved its annual operating deficit from \$2.4 million in 2005 to \$1.1 million in 2006 – a reduction of more than 50 percent in only one year – and it has continued to maintain almost identical revenues and support during that time. The Rep credits its improved business model, which has incorporated industry best practices in financial accounting, reporting and board oversight.

“This is an important first step on our road to financial health,” said Nick Nichols, Managing Director for the Rep. “There is still much work to be done, but these results show tangible and meaningful progress. They also show that our new business model and the operational changes that the trustees and management have put in place are valid and are moving the organization in the right direction. Thanks to the dedicated work of our Board of Trustees and a re-energized Emeritus Board, we are generating encouraging results. We have significantly improved our business operations while continuing to fulfill our artistic mission and producing work that meets our community values. This is, indeed, the Rep Renaissance.”

According to audited financial statements, total revenues and support for FY 2006 were \$5.8 million versus \$5.9 million for FY 2005. Total expenses for FY 2006 were \$6.8 million versus \$8.2 million for FY 2005. This represents a net reduction in year-over-year expenses of \$1.4 million, or 17 percent, versus almost identical year-over-year revenue. Ticket sales remained constant at \$3 million. Contributions were down in FY 2006 at \$1.8 million versus \$2.2 million in FY 2005. However, revenue from auxiliary services increased to \$538,000 in FY 2006 versus \$275,000 in FY 2005 – a jump of nearly 100 percent.

“At this point in the 2007 fiscal year, we are 14 percent over projected revenues and 11 percent under projected expenses,” said Nichols. “This is a good indication that we are moving in the right direction.”

The Rep instituted a number of changes that have a direct impact on the positive direction of the company. Working with the consulting team from Albert Hall & Associates LLC, the organization’s board has been restructured, new board members have been vetted and elected, and a board evaluation process has been established. The mission, vision and by-laws are being revised; accounting and financial “best practices” and a more stringent internal reporting process is in place; and artistic and programming decisions reflect the mission and meet current budget requirements. Department budgets have been reduced and efficiencies have been gained through partnerships and collaborations that fully support the artistic mission and excellence of the Rep.

The Rep’s financial statements for the fiscal years ending August 31, 2006 were audited by Armanino McKenna, LLP. The theater changed its accounting to reflect the promised use of its building and then restated that portion of its 2005 audit to fully comply with generally accepted accounting principles and non-profit accounting best practices.

Long regarded as the flagship theater group of Silicon Valley, the Rep recognizes its responsibility to forge a new business model to restore the trust of its longtime supporters and funding sources through responsible stewardship of the community’s investment.

“We are proud of what we have accomplished in such a short time,” said Jay Hoey, Board President. “Over the next fiscal year, we expect to continue our progress, maintain strong business practices and accountability, and continue to deliver excellent artistic presentations. Our entire organization has been grateful for the opportunity, provided by the City and many others, to prove that we merit the community’s trust and support.”

About the San Jose Repertory Theater

Under the artistic direction of Timothy Near, The San Jose Repertory Theater (The Rep) has been a major contributor to South Bay’s cultural community for 26 years. Presenting six mainstage productions each year, The Rep’s mission is to stimulate, celebrate and enhance understanding of ourselves and others through the shared experience of live theater. As such, it produces new plays and classics marked by innovative interpretations, and a reflection and inclusion of our community and the world in which we live.

Media Contact

Cecilia Clark

phone (408) 367-7290, cell (408) 221-3814, ceciliac@SJRep.com