

Rumors of Lakeland's demise have been greatly exaggerated, and in fact, we look forward to many more years of delivering quality community theater to the region. For many years, the name of our organization, Lakeland Cultural Arts Center (LCAC), has been synonymous with 411 Mosby Avenue, and it will continue to be where Lakeland delivers quality community theater productions. Same building, same stage, but without the expense burden this beautiful facility requires. This is truly a win/win for Lakeland and our community.

As Lakeland has evolved over its history, we, as a predominately volunteer organization, have relied heavily on community donations and grants to produce the numerous shows we've presented. Despite the challenges we've faced, a generous benefactor recognized our potential and helped remodel the venue, giving us renewed hope for the future.

Upcoming LCAC Events at The Acorn Center, still the home of Lakeland Community Theater.

Tar River Swing Band May 18th – We'd appreciate your support and love for you to come and enjoy this amazing group, tickets are still available.

Landslide – Fleetwood Mac Tribute band June 1st (Sold out)

The Savannah Sipping Society in September – Tickets will go on sale soon

Lakeland New Years Eve Fundraising Gala – Last year's attendees had a great time and we look forward to another fantastic New Year's Eve Celebration

The Lakeland production committee is actively working on the remainder of the fall and spring season of theater programming and will provide updates as soon as we have them.

Challenged with basic economics of running a theater and multi-purpose venue, the Lakeland board had the fiduciary responsibility to make some hard decisions. These decisions were not taken lightly, and in fact, took months of discussion to try and find alternate solutions that wouldn't impact our staff. In the end, as the numbers show below, there was no alternative but to lay off our staff, cut other expenses and re-evaluate how we get back to focusing on the core focus of LCAC of community theater, engagement and enrichment.

We hope this communication provides some additional clarity to our supporters, patrons, volunteers and community members.

The Layoff:

Regrettably, we had to make the difficult decision to lay off our staff, which was a painful but necessary step. This was painful for all, most importantly, we know this impacted several individuals that are friends and members of our community, and we wish each of those impacted the best of luck as they take on their next opportunities. To be clear the staff, including the Executive Director, were employed by Lakeland and not the Fitts Foundation as has been improperly alluded to in some social media posts.

The mistake we made was the model never made sense for LCAC to have 7 full time staff members and we strayed from our roots of heavy reliance on our incredible community of volunteers.

But as you can see from the below 2023 financials, our payroll expense of \$410,000 was more than double our total ticket sales last year. And as not all of the staff was employed the entire year, 2024 payroll expenses were going to come in closer to \$500,000, making our challenges even tougher. This, along with other expenses, required the board to take drastic actions. While we have heard the rumors that LCAC is bankrupt, we are not. However, had we continued down the current path we were on, we would have been bankrupt in another 12-15 months. Not only would the staff have lost their jobs, Lakeland would truly have died.

The Financials:

LCAC has a major math problem, but we are blessed that there is a pathway for future success.

In addition to the payroll challenge, there were other challenges of building maintenance, show expenses and more.

Building expenses include things like janitorial service, trash collection, repairs, phone etc... As shown below, janitorial services alone were almost \$40,000 in 2023. Our challenges would have been even greater had it not been for the incredible generosity of the Fitts Charitable Foundation taking on over \$100,000/year of other building expenses of things like utility bills, grounds maintenance, and more over these past several years. And by the way, building rent to LCAC, was \$1/year, again, incredible thanks to the Fitts Foundation.

Show expenses are another challenge at any small venue. Lakeland only has 305 seats and thus has a limited amount of revenue to offset expenses for any show. The cost of purchasing the rights to a community theater show can range from \$2,500 to \$8,000, and more than we would like, we haven't always sold enough tickets to break even. Then you have costs to build sets, provide director stipends, pay musicians, advertise the shows, ticketing fees, credit card fees, etc... and at \$20/ticket for a community theater event we have to sell a lot of tickets just to break even.

The professional acts we had in 2023, and so far this year, cost in the range of \$3,500 to \$7,500 for the artists. But they also want expenses of hotels, meals etc... Again at 305 seats, we can generate a max of \$9,150 for a show if we sell out. But rarely do we actually sell out and some times have had less than 100 people for a show. Now tack on an additional \$8,000 - \$10,000/ week in payroll expense, and hopefully you can understand the math problem that had to be solved.

The Levitt free concert series, what happened there. As a board, we voted unanimously to rescind the 2024/2025 Levitt grant, of which we had not yet received any funding for the 2024 season. Why did we do this? Again, it came down to math. The Levitt Grant was for \$30,000, yet the 10 weeks of free concerts last year cost us over \$120,000 to put on. To help take this added expense off of Lakeland, The Fitts Charitable Foundation again, offered LCAC a lifeline and will be putting on a free summer concert series at their expense, removing the additional \$90,000 of expense burden from LCAC.

Lakeland Cultural Arts Center

Statement of Activity

January - December 2023

	<u>Total</u>
Revenue	
Ticket Sales	183,384.41
Concessions	66,270.34
Donations	264,646.26
Rentals	16,184.00
Other Revenue	23,992.99
Total Revenue	\$554,478.00
Cost of Goods Sold	<u>267,515.58</u>
Gross Profit	\$286,962.42
Expenditures	
Advertising	78,116.68
Bank Service Charges	1,158.12
Contract Services	3,894.00
Dues and Subscriptions	4,866.12
Education	2,670.00
Insurance	8,053.72
Interest Expense	568.30

Licenses and Permits	196.02
Meals and Entertainment	7,988.70
Merchant Fees	4,172.67
Mileage Expense	3,350.00
Payroll Expense	410,346.43
Postage and Delivery	315.15
Printing and Reproduction	27,679.19
Professional Fees	18,548.86
Rent	6,466.19
Repairs & Maintenance	11,151.65
Janitorial Service	39,275.00
Sales Tax Expense	7,861.41
Security Services	1,511.00
Software Subscriptions and Fees	540.00
Supplies	42,436.44
Tax Federal	1,855.00
Tax Penalty Fees	917.79
Telephone	10,795.88
Travel Expenses	1,456.84
Total Expenditures	\$696,191.16

Net Operating Loss

\$(409,228.74)

*** Transfers from Fitts Endowment in 2023 \$283,181.00

The Fitts Charitable Foundation

The foundation and the Fitts' themselves have been nothing but supportive and generous. Everything they have done for Lakeland and the community has been with all positive intent. In fact, of the \$264,000 in donations last year, the bulk of those donations are also from the Fitts Charitable Foundation.

Can LCAC survive, YES WE CAN! As mentioned above, had the LCAC board not made the tough decisions that were needed, we would have been bankrupt in another 12 – 15 months.

How do we move forward?

The first step was to clean up our expense issues.

The second step was the LCAC board unanimously voting to separate the building overhead and have the new Non-Profit Acorn Center take over the daunting task of continuing the development of a start up multi-purpose venue. This allowed LCAC to get back to and improving it's focus on our core mission, Providing community theater programming as well as engagement and outreach to all segments of our community.

We also must leverage the remaining endowment responsibly. LCAC was provided a generous \$1 million dollar endowment from the Fitts' Charitable Foundation, which is 100% controlled by the LCAC board. The intent of these funds was to invest it, (which it is), and ideally generate \$50 - \$60K of income each year and use a portion of the gains to fund any shortfalls. Unfortunately, to cover the 2023 shortfalls, LCAC has had to draw down over \$200,000 of the principal, which reduces the future annual income we can expect. The good news is we still have \$800,000 in the endowment to generate some income as we continue to move forward with Lakeland's mission. To be clear, there are no strings attached, these funds belong to LCAC and the LCAC board can leverage these funds as required.

In addition, we look forward to re-engaging our community partners and volunteers. These organizations and individuals are the life blood of what makes LCAC great. They are needed, valued and appreciated greatly.

Finally, you, our patrons are the solution. **If you love Lakeland, please come to our shows, enjoy the talent that we have in the community and the region. You can start by coming to an amazing show on May 18th of the Tar River Swing Band, you won't regret it.**

While there has been quite a bit of negativity and mis-information on social media, we have also received an abundance of well wishes, offers to assist and cheering on Lakeland's future success in the community.

The Board of Directors wants to assure you that we are not bankrupt; rather, we are striving to be good stewards of the money we have in order to move forward. To put it simply, this is a sound business decision. While it may not be popular, this is what had to be done to maintain the integrity of the organization. It is important to note that this decision was made collectively

by the current Board of Directors, and we were never forced out of the building.

We are grateful that The Acorn team will allow us to continue using the stage for our community performances. As we move forward, we will focus solely on our shows and explore the possibility of "taking our show on the road."

We sincerely apologize if we have disappointed anyone and hope that the community will continue to support us in our future endeavors. We wish The Acorn much success in their management of the venue.

Thank you for your understanding and continued support.

Sincerely,

Jay LaPointe, Board President

On behalf of the Lakeland Cultural Arts Center Board of Directors