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INTRODUCTION

The Sioux Falls City Council approved this audit as part of the 2007 Annual Audit Program. The stated purpose of this audit in the Annual Program was to evaluate the compliance of Washington Pavilion Management, Inc. in their execution of their contract to manage the Washington Pavilion of Arts and Science. This is the first internal audit of the Pavilion management contract.

BACKGROUND

The stated mission of the Washington Pavilion is:

To educate, entertain, inspire and to enrich community by making arts and science part of our lives.

The Washington Pavilion of Arts and Science is a facility owned by the City of Sioux Falls and managed under contract by Washington Pavilion Management, Inc. (WPMI). WPMI was organized in November 1994 in the State of South Dakota as a nonprofit corporation. The Pavilion opened for operation on June 1, 1999.

The Washington Pavilion was originally a school building, Washington High School, the city’s first public high school. The building was constructed in stages in 1908, 1922, and 1936 in a neoclassical style using native Sioux quartzite. Washington High School relocated to a new building in 1992. The City of Sioux Falls took possession of the empty building from the Sioux Falls school district. After reconstruction and remodeling in excess of $30 million, the building was reopened to the public as the Washington Pavilion of Arts and Science.

Pavilion management organizes its public services around three program areas: the Husby Performing Arts Center, the Kirby Science Discovery Center (which includes the Wells Fargo CineDome), and the Visual Arts Center. The Visual Arts Center was formerly the Civic Fine Arts Association which merged into the Pavilion organization in 1999. At the time the Pavilion opened, it was the first facility in America to house a visual arts center, a performing arts center, and a science center in one building. Since then, a similar facility has opened in Harrisburg, Pennsylvania: the Whitaker Center for Science and Arts. It also houses a gallery, a science center, an IMAX theater, and a performance theater. The Clay Center for the Arts and Science of West Virginia offers visual arts displays, science galleries, and a performing arts center in one facility. It opened in 2003.
The Washington Pavilion has an operating budget of approximately $5 million, a staff of 72 full-time equivalents, and serves about 350,000 residents, students, and visitors each year. The management organization consists of a board of trustees overseeing the work of a professional management team and employees. In addition to the governing board of trustees, there are three advisory boards for the three program areas of the Pavilion: Kirby Science Discovery Center, Husby Performing Arts Center, and the Visual Arts Center. Community leaders and interested parties make up the board of trustees and the three advisory boards.

**OBJECTIVES**

After reviewing the management contract, we selected three general areas of contract compliance which we believe were most essential. Within those three general areas we identified several more specific areas.

1. To determine compliance with the financial terms:
   A. Insurance requirements
   B. Management fees (subsidy)
   C. $1,000 threshold for repairs
   D. Financial record keeping

2. To determine compliance with requirement to maintain the facility in good repair:
   A. Kirby Science Discovery Center (KSDC)
   B. Building in general
   C. Fixed assets/noncapital inventory

3. To determine compliance with requirement to maintain standards of performance:
   A. KSDC
   B. Performing Arts Center
   C. Visual Arts Center

In addition, during the auditing process we identified information that may be of interest to the City Council and the general public. This information is included in the appendixes to this report.

**SCOPE**

We focused on the last three years of the management contract, 2005 – 2007. The current contract was renewed in 2006 and is effective through December 31, 2010.

**METHODOLOGY**

Our audit methodology involved a review of the management agreement between the City and Washington Pavilion Management, Inc. We reviewed Pavilion annual reports, audited financial statements, and management letters from the external auditor. We also made extensive use of a consultant’s report entitled *Webb Management Services Project.*
Webb Management Services, Inc. was hired by the City of Sioux Falls in May 2002. The purpose of the consultation was to assess current operations at the Pavilion and to make recommendations as to how the financial and operational aspects of the organization could be made more efficient and effective. The report was completed and released in October 2002. We also made use of a resource from the Association of Science-Technology Centers (ASTC). This resource is the *2006 ASTC Sourcebook of Statistics & Analysis*. The Kirby Science Discovery Center is a member of the ASTC. We conducted interviews with Pavilion staff and management, the Pavilion’s insurance agent, the partner-in-charge of the Pavilion’s annual external audit, and the City Risk Manager. We examined City accounting records, Pavilion insurance certificates, and conducted several tours of the facility. Finally, the internet was also a resource.

**RESULTS**

Washington Pavilion Management, Inc. is generally complying with the essential terms of the agreement with the City to manage the Washington Pavilion of Arts and Science.

**Financial terms: insurance**

Article 9 of the contract lists very specific insurance requirements that the management company is required, at its cost, to maintain. This insurance includes the following categories of insurance:

- Workers’ compensation
- Commercial general liability
- Automobile liability
- Liquor liability

In addition to specific dollar limits on these insurance policies, they must name the City of Sioux Falls and its duly authorized representatives as an additional insured. We met with the Acting Executive Director and the Pavilion’s insurance agent to review the Pavilion’s insurance coverage and to examine insurance documents. Afterwards, we met with the City’s Risk Manager to clarify our understanding of insurance requirements.

**Audit finding—City as additional insured**

We did note in our review of insurance documents that the City of Sioux Falls is not always named as an additional insured as required by article 9.4 of the management agreement. This occurred on individual commercial general liability policies procured by event sponsors. See the recommendations section of this report for further information.

We concluded that the management company is in compliance with the insurance requirements of the contract except for the audit finding mentioned.

**Financial terms: management fees (subsidy)**

According to section 6.2 of the contract, the management company may request from the City, through the annual budget process, an amount equal to the difference between anticipated revenues and anticipated expenditures in their operating budget. Article 5 of the contract allows Pavilion management the exclusive right to all revenue generated by
the facility from rental of facilities and concessions. The Pavilion also solicits private donations to fund its operating budget.

This amount is referred to in the contract as neither a management fee nor a subsidy. However, some of the City budget documents refer to it as a subsidy. Back in 1993 when the Washington Pavilion project was first being discussed by the City Council, it was anticipated that $750,000 (in 1993 dollars) would be the City’s annual contribution to operating costs. This amount would come from the entertainment tax, the so-called “third penny” of City sales taxes. The entertainment tax would also pay for the debt service on the construction cost of the Pavilion.

Recent budget amounts approved for payment to Pavilion management are as follows:

- 2007; $1,240,000; 3.4% increase from 2006
- 2006; $1,199,507; 4.5% increase from 2005
- 2005; $1,147,854

The City of Sioux Falls pays Pavilion management an amount each month equal to one twelfth of the total budgeted amount. We reviewed the City’s accounting records and determined that all budgeted amounts were properly paid to Washington Pavilion Management, Inc. All payments have been paid in 2005, 2006, and 2007.

City support of the Pavilion consistently accounts for about 25% of the Pavilion’s annual operating revenue. More than the half of the Pavilion’s operating revenue is earned income. See appendix 1 of this report for more detailed information on Pavilion revenue sources.

Financial terms: $1,000 threshold for repairs
Section 3.8 of the contract assigns to management the responsibility for all routine maintenance and minor repairs costing less than $1,000 per event or occurrence. The City of Sioux Falls is responsible for all capital improvements and repairs in excess of $1,000. We reviewed City accounting records and determined that the City is not paying for minor repairs and that Pavilion management is in compliance with this section.

Financial terms: financial record keeping
Section 7.1 of the contract requires management to keep complete and adequate books and records reflecting the results of the operations of the Pavilion in accordance with generally accepted accounting principles.

We reviewed the audited financial statements for the years ending 2005 and 2006. We interviewed the partner-in-charge of these external audits of the financial statements and reviewed the management letters from the external auditor to Pavilion management. Washington Pavilion Management, Inc. received a “clean” opinion on their presentation of the financial statements. EideBailly, LLP is the public accounting firm that performed the Pavilion audit. They stated in their report dated May 11, 2007:
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Pavilion Management, Inc. as of December 31, 2006 and 2005...in conformity with accounting principles generally accepted in the United States of America.

EideBailly also reported that they had no disagreements with Pavilion management concerning a financial accounting, reporting, or auditing matter in 2005 or 2006.

However, the external auditor noted that Washington Pavilion Management, Inc. (WPMI) has a situation whereby there is a lack of segregation of duties in its financial and accounting functions. Segregation of duties is necessary to ensure optimal internal control. This situation is common to small non-profit corporations such as WPMI. The compensating control for this situation is the involvement of top management in providing additional oversight. See recommendation 3 in the recommendations section of this report for additional information.

Facility in good repair: KSDC
Section 2.4.5 requires the management company to properly maintain and conserve the science exhibits. The Kirby Science Discovery Center (KSDC) is one of the three major program areas of the Washington Pavilion. It consists of over 50 permanent and traveling hands-on, interactive exhibits or stations. These exhibits are particularly popular with grade-school children and are designed to teach science principles in a fun and interesting way.

We arranged a tour of the KSDC with the Acting Executive Director of the Washington Pavilion and the Director, KSDC. We found the KSDC to be clean and the exhibits in good repair. All the exhibits we tested worked properly. We noted that none of the exhibits were “out of order”. Exhibits when purchased are under warranty for two years; after that, Pavilion staff maintains the exhibits. We conducted an unannounced visit of the KSDC a few months prior to the start of audit and observed the same conditions.

The Wells Fargo CineDome is considered part of the KSDC. The CineDome is a large-format theater that shows the type of films shown in IMAX theaters around the country. We also found the CineDome to be in good repair.

Facility in good repair: building in general
Contract section 3.8 requires the management company to:
Not commit waste to the Pavilion and shall maintain it in as good a condition as when received, ordinary wear and tear excepted.

We arranged a tour of the entire building, inside and outside, with the Director of Operations and the Acting Interim Executive Director. Internal auditors are not experts in building maintenance; however, we did want to get an overall impression of the building from the perspective of a member of the general public. For example, we
wanted to see whether the furniture and carpeting appeared to be in good repair. We wanted to see that the plumbing worked in the restrooms and that the restrooms were clean. We observed the condition of the interior masonry and observed whether light bulbs were out or functioning and whether the trash cans were overflowing. We further observed the condition of stairs and handrails.

Our tour started on the top floor of the building and included all floors including the basement. We included a walk around of the building exterior. We visited areas that the general public typically does not see.

The exterior of the building underwent tuck pointing and terra cotta improvements in 2007. Tuck pointing involves repair and maintenance of mortar joints. Terra cotta is a ceramic which is used for surface embellishment in building construction. The main reason for this repair and maintenance project was to repair deteriorated mortar joints and decrease water entry into brickwork. Work on the exterior will continue in 2008 to maintain water penetration resistance. The City contracted with Mid-Continental Restoration for this important work. Pavilion staff and City engineers monitor their work.

Our impression is that the Pavilion staff is properly maintaining the facility in all respects. Any wear or tear we observed was consistent with a building that has been in use for almost 10 years. Our conversations with the City Risk Manager revealed that he performs regular inspection of all City building including the Pavilion to look for safety hazards.

**Facility in good repair: fixed assets/noncapital inventory**

Besides the building and land, the City of Sioux Falls purchased and owns many physical assets at the Washington Pavilion. These include such things as tools, furniture, musical instruments, electronic equipment, information technology, and the like. The City classifies these assets according their dollar value when first acquired. Items with an acquisition cost between $500 and $7,499 are classified as noncapital inventory. Items acquired for a cost of $7,500 or greater are fixed assets. The City has more than 400 items at the Pavilion listed as fixed assets or noncapital inventory.

Our audit objective was to locate the asset, find a City of Sioux Falls asset tag (barcode) attached, and determine that the asset was properly safeguarded, if necessary. In order to select a sample of assets to test, we relied upon the results of previous asset verifications at the Pavilion performed by the City’s internal auditors. Our sample was a judgmental sample of 29 items. We made sure to include items that were “portable and attractive” such as power tools and VCR’s. We did not include any land or building improvements in our sample.

All items in our sample were located, had City asset tags affixed, and appeared to be properly secured, where necessary.

**Maintain standards of performance**
Section 3.10 of the management contract states:

Management Company shall use, operate, and maintain the Pavilion for the City in accordance with uses and standards prevailing in first-class performing arts and museum facilities of comparable size, class, and standing. Management Company and City shall take such actions as necessary to maintain these performance standards.

Our challenge as auditors was to gather objective evidence that would support (or not support) the conclusion that the management company is maintaining standards of performance. We focused our efforts by obtaining evidence for each of the three program areas of the Washington Pavilion.

**Maintain standards of performance: KSDC**

Our impression after touring the Kirby Science Discovery Center (KSDC) was that it was interesting and well-organized. The first two floors of the science center contain the more permanent exhibits. The top floor typically has a traveling exhibit or exhibits that change more frequently than the first two floors. While we were touring the KSDC, the top floor was being prepared for a new exhibit called “Starting Line: Fit for Life”. This exhibit is being sponsored by a local organization, Avera Sports Institute. The exhibit features 10 hands-on stations such as a climbing wall and a pitching cage. The emphasis is on the science of health and fitness.

This collaboration between the KSDC and local organizations and businesses was something the 2002 Webb report recommended that Pavilion management continue to pursue. Other local organizations and businesses that sponsor science exhibits are Aerostar International (hot air balloon) and the United States Geological Survey, EROS data center (satellite maps and earth globe).

The other two floors of the KSDC are considered permanent; however, they do change over time (about every 5 years or so) because technology changes and because people enjoy new exhibits. For example, in 2006, the Imagination Studio opened. This new gallery is extremely popular. It offers visitors the opportunity to make a stop action film and dance on the Giant Piano. The Stairway of Sound also opened in 2006 and provides a fun way to travel from the third floor to the Imagination Studio. KSDC staff collaborated with engineering students from South Dakota State University to develop the stairs. Each step has a sensor that activates a unique sound effect.

The Washington Pavilion offers annual memberships. See appendix 2 of this report for additional information on membership categories and costs. While the membership is for the Pavilion as a whole, it would be fair to say that the majority of memberships are purchased for the benefits of the KSDC.

Some of the benefits of membership are as follows:

- Free admission to the KSDC and more than 200 participating science centers
- Free passes to the Wells Fargo CineDome (considered part of the KSDC)
- 10% discounts on various things at the Pavilion (café, gift shop, etc.)
- 5% discount on the Husby series shows at the Performing Arts Center (Great Hall)
One objective measure of members’ satisfaction with the Pavilion is the percentage of membership renewals. Pavilion membership renewal rates the last few years have been in a range of 75% to 80%. We researched what an industry standard for renewal rates might be. The standard or benchmark appears to be 50%. If that benchmark is used, the Pavilion is exceeding the industry standard.

The Pavilion staff makes an effort to get members to renew by sending letters and making phone calls. Usually the reason for not renewing is simply forgetting to do so. Most members are not dissatisfied with the Pavilion when they do not renew.

Our audit conclusion is that the KSDC is maintaining standards of performance. Appendix 2 of this report contains additional information comparing the KSDC to other science and technology centers in terms of admission fees, sources of funding, and staffing.

**Maintain standards of performance: HPAC**

The Husby Performing Arts Center (HPAC) is seen by many as the focal point of the Washington Pavilion. The HPAC includes the 1,835 seat Great Hall and the 291 seat Belbas Theater. The Great Hall is used as the venue for the annual performance series which includes opera, dance, theater, classical music, and musical comedy. The Belbas Theater is the venue for small musical ensembles, lectures, dance and piano recitals.

HPAC programming is divided into two categories: shows that Pavilion management is presenting and shows where Pavilion management is merely the facility manager. The difference is that for the former, there is financial risk involved. The Pavilion is essentially the promoter and bears the risk that a particular show will not do well financially. Each year the Great Hall hosts the Husby performance series which consists of 10-12 shows of the variety mentioned above. An example of shows where Pavilion management is merely the facility manager would include recent performances by comedians George Carlin, Bill Cosby, and Jerry Seinfeld. The promoter bears the financial risk and is renting the Great Hall for the show.

The Great Hall is home to the South Dakota Symphony Orchestra. According to the Symphony web site and the Webb consultant’s report from 2002, the Symphony is very pleased with the Great Hall. The Webb report stated that the Great Hall practically saved the Symphony when the Great Hall opened to the public in 1999. In 1994 the Symphony was on the brink of bankruptcy. The Symphony tripled their subscriptions sales when the Great Hall opened and had minimal attrition of sales from 1999 to 2002.

There is considerable anecdotal evidence for the quality of the acoustics in the Great Hall. One story relayed to the audit team by Pavilion staff involved well-known musician Doc Severson. Doc Severson and his band performed at the Pavilion about a year and a half ago. The Pavilion staff member has a friend in Brookings, South Dakota who happened to sell a home in Mexico to Mr. Severson. This friend informed Mr. Severson that he was moving to South Dakota soon. Mr. Severson commented that he
had just played a concert in Sioux Falls at the Pavilion and that the Great Hall had the best acoustics of any venue he had played in a while. The 2002 Webb report stated that many guest performers with the South Dakota Symphony have commented on the Great Hall. They often said it was among the “most acoustically superior halls in which they have performed.”

Several nationally known recording artists have used the Great Hall or considered using it for recordings. The Oak Ridge Boys were considering using the Great Hall a number of years ago for a live recording because of the superior acoustics. Another group, Cantus, used the Great Hall for recording their 2003 CD entitled Deep River. An audiophile web site reviewed this CD and had this to say:

*Deep River was laid down in the 1800-seat Great Hall of the Husby Performing Arts Center...which has a gloriously ringing acoustic. The Great Hall’s sound is so supportive that you could jump off one of its balconies and float to the ground on a cloud of reverb...*

All the evidence we gathered during audit work pointed to the fact that the HPAC and the Great Hall in particular, meets the contract requirement to maintain a first-class performing arts facility.

**Maintain standards of performance: Visual Arts Center**
The Visual Arts Center (VAC) includes six galleries, painting and clay studios, a reference library, and a hands-on children’s studio. The galleries host a variety of shows each year. For example, the 2006 annual report listed 20 exhibits in the VAC that year. The artwork displayed comes from the VAC permanent collection and from loans from other collections.

The 2002 *Webb Management Services Project* stated:

*The Visual Arts Center (VAC) facilities are in good condition and up to the presentational standards of ‘best practice’ museums in terms of climate control and lighting.*

We have no reason to believe that conditions in the VAC have changed significantly since that statement was written. In fact, it appears that the Pavilion management may soon achieve accreditation from the American Association of Museums (AAM). Accreditation, if achieved, will apply to the Pavilion as a whole; however, a major focus of the accreditation process is the VAC. Accreditation involves a stringent process of self-assessment and peer review. Accreditation has been a goal of Pavilion management for years. Accreditation by the AAM demonstrates to the public and peer institutions that the organization maintains professional standards and employs best practices. In the 2002 Webb report, accreditation was referred to as the Good Housekeeping “seal of approval”.

An organization cannot apply for accreditation until it has been up and running for five years. Since the Pavilion opened to the public in 1999, the process had to wait until 2004 to start. The entire process can take years to complete but the Pavilion is well into it and has successfully completed the self-assessment phase. A site visit by peer reviewers is
scheduled for March 2008. The Pavilion should know sometime in 2008 if they are successful.

According to the AAM website, two core questions guide every accreditation review:

- How well does the museum achieve its stated mission and goals?
- How well does the museum’s performance meet standards and best practices as they are generally understood in the museum field, as appropriate to its circumstances?

Some specific questions an organization must answer satisfactorily for reviewers are:

- Does the museum operate in a fiscally responsible manner that promotes its long-term sustainability?
- Is the museum a good steward of its resources held in the public trust?
- Does the museum comply with local, state, and federal laws, codes, and regulations applicable to its facilities, operations, and administration?
- Does the museum provide public access to its collections while ensuring their preservation?
- Is the museum committed to public accountability and is transparent in its mission and its operations?

Besides the increased public image and peer recognition that accreditation provides, another benefit of going through the rigors of the accreditation process is help in securing high quality traveling exhibitions. Other institutions typically inquire first about accreditation status when loans of artwork are requested. Accreditation can also help in attracting donations of artwork and money from individuals because they know that an accredited institution is serious about presenting, preserving and protecting valuable artwork. Accreditation can also foster an increased level of professionalism across the whole organization, not just the VAC. Two other organizations in South Dakota have achieved and maintained AAM accreditation:

- The South Dakota Art Museum in Brookings, and

A disadvantage of going through the accreditation process is cost. However, the cost is more in terms of staff and management time and effort rather than dollars. There is a small annual participation fee of $200 for organizations who are members of the AAM. Additionally, the Pavilion will have to pay the expenses of the peer review team next year. That cost should be approximately $1,500 to $2,700 for two individuals for a two to three day visit. This covers airfare, taxi, hotel, and meals.

While it would be premature to say the Pavilion will definitively achieve the goal of accreditation, the fact that the organization is this far along in the process speaks well for Pavilion management.
RECOMMENDATIONS

1. We recommend that the Pavilion management ensure that the City of Sioux Falls is always named as an additional insured on all individual commercial general liability policies procured by event sponsors.

2. We recommend that Pavilion management consult with City of Sioux Falls Risk Management before insurance policies are due to be renewed. While not necessarily required by the management contract, we believe this will provide further assurance that the Pavilion is getting a competitive price and the proper coverage.

3. A lack of segregation of duties in the accounting and financial functions requires more involvement and oversight from the Board of Trustees according to the external auditor. In order to assist the Board with these oversight responsibilities, we recommend that the Board consider using the City’s internal auditors for limited audit procedures. These procedures might involve a review of selected bank statements, journal entries, accounts payable checks and other accounting information. The specific procedures could be done on an unannounced basis as appropriate. These activities would be specific procedures and would not be considered an audit. These activities could probably be accomplished in one or two days each year. We believe that this assistance would be in the best interests of both the City and Washington Pavilion Management.

CONCLUSION

The 2002 Webb report concluded with the following:

First, it must be said that the Washington Pavilion is on track: the staff, the programs and the building are efficiently using the resources they have and working well. Current resources are not being squandered or misspent. In fact, the staff is doing an impressive job with what is available.

Based on our audit work, we concluded that Pavilion management is in general compliance with the essential terms of their management contract. Nothing we observed during our audit work would lead us to believe that the Webb report conclusion is not still true today.

One challenge currently before the Pavilion Board of Trustees is the selection of a new Executive Director. The Executive Director who had been in charge since the Pavilion started operations resigned in early October 2007 to accept an executive position at the National Steinbeck Center, a museum in California. A search committee has been formed to review applicants for a new Director. The position is being advertised nationally.
APPENDIX 1

Washington Pavilion Operating Revenue Sources 2004-2006

<table>
<thead>
<tr>
<th>Year</th>
<th>Earned Income</th>
<th>Public Funds</th>
<th>Private Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$2,340,720</td>
<td>$1,252,050</td>
<td>$767,286</td>
<td>$4,360,056</td>
</tr>
<tr>
<td></td>
<td>54%</td>
<td>29%</td>
<td>18%</td>
<td>100%</td>
</tr>
<tr>
<td>2005</td>
<td>$2,774,655</td>
<td>$1,219,804</td>
<td>$1,065,690</td>
<td>$5,060,149</td>
</tr>
<tr>
<td></td>
<td>55%</td>
<td>24%</td>
<td>21%</td>
<td>100%</td>
</tr>
<tr>
<td>2004</td>
<td>$2,644,309</td>
<td>$1,123,689</td>
<td>$1,078,459</td>
<td>$4,846,457</td>
</tr>
<tr>
<td></td>
<td>55%</td>
<td>23%</td>
<td>22%</td>
<td>100%</td>
</tr>
<tr>
<td>Average %</td>
<td>55%</td>
<td>25%</td>
<td>20%</td>
<td></td>
</tr>
</tbody>
</table>

**Earned income includes:**
- Performance ticket income
- Admissions
- Sales of services
- Facility rental
- Membership dues
- Café (net of cost of goods sold)
- Concessions, merchandise sales
- Educational
- Gift shop (net of cost of goods sold)

**Public funds include:**
- City contribution (typically about 96%)
- Federal or state grants (typically about 4%)

**Private funds include:**
- Contributions
- Donated goods and services
- Special events
- Private grants

Source of information: audited financial statements; Washington Pavilion annual reports

NOTE: The City of Sioux Falls contributes a substantial amount of money (over $1.5 million) each year for debt service on an entertainment tax bond issue. The bond issue provided funds for construction of both the Washington Pavilion and the Sioux Falls Convention Center. The entertainment tax provides the funds for these debt service payments. The City of Sioux Falls pays for the capital improvements of the Pavilion.
APPENDIX 1 continued

Event Days at the Washington Pavilion

EVENT DAY – Use of all or part of the Washington Pavilion by one client or tenant for all for part of one day; multiple presentations of the same program on the same day are counted as one event day. The count is of the event and not the room. Another question when counting is whether the public could attend. Therefore internal meetings are not included in the count.

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days</td>
<td>1,110</td>
<td>1,114</td>
<td>831</td>
</tr>
</tbody>
</table>

1,110 event days divided by 365 days = 3 events per day at the Pavilion every day of the year on average

Washington Pavilion Management, Inc.
Full-Time Equivalents (FTE’s)

2007 staffing
Visual Arts Center
8.00 total

Husby Performing Arts Center
7.25 total

Kirby Science Discovery Center
12.15

Shared services (e.g. Executive Director, finance staff, marketing staff, custodial)
44.35

Total FTE’s in 2007: 71.75 (plus a new position in July 2007, Director of Community Engagement & Learning, which will be full-time in 2008)

Authorized FTE’s previous years:

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE</td>
<td>71.85</td>
<td>73.10</td>
<td>72.70</td>
<td>76.90</td>
<td>71.60</td>
<td>71.40</td>
<td>72.63</td>
<td>72.00</td>
</tr>
</tbody>
</table>

The full-time staff is 2007 is 46.00 and the part-time staff in 2007 is 26.25
APPENDIX 1 continued

Washington Pavilion Attendance

2006
Kirby Science Discovery Center (KSDC)
(includes CineDome)
91,689

Visual Arts Center (VAC)
39,829

Husby Performing Arts Center (HPAC)
128,275

Total 2006: 259,793
Sidewalk Arts Festival (SWAF) 2006 attendance: 58,000
Total 2006 attendance with SWAF: 317,793

2005
KSDC
91,532

VAC
38,947

HPAC
145,526

Total 2005: 276,005
SWAF 2005 attendance: 65,000
Total 2005 attendance with SWAF: 341,005

2004
KSDC
114,537

VAC
41,392

HPAC
156,078

Total 2004: 312,007
SWAF 2004 attendance: 63,000
Total 2004 attendance with SWAF: 375,007
APPENDIX 2

KIRBY SCIENCE DISCOVERY CENTER (KSDC)

While Pavilion memberships include the Pavilion as a whole, it would be fair to say that the majority of memberships are purchased for the benefits of the KSDC. Some memberships are purchased primarily for the benefit of a 5% discount on tickets for the Husby Series shows in the Great Hall.

Pavilion Membership Numbers

1999
4,780 (first year the Pavilion was open to the public)

<table>
<thead>
<tr>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007 (thru Oct)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,995</td>
<td>2,927</td>
<td>2,482</td>
<td>2,451</td>
<td>2,544</td>
<td>2,545</td>
<td>2,466</td>
<td>2,029</td>
</tr>
</tbody>
</table>

(Dues were raised in 2002)

Note: 396 renewals will be sent out in Nov-Dec 2007

Comparison of 2007 membership prices to other local attractions:

Washington Pavilion of Arts and Science
Household or Grandparent membership: $80 annual
(Two adults and either their children OR grandchildren under the age of 18)

Great Plains Zoo & Delbridge Museum (Sioux Falls)
Family membership: $64.80 annual

Sioux Falls Public Swimming Pools
Family pass: $50 season
Comparison of KSDC to 10 Similar Science-Technology Centers:

<table>
<thead>
<tr>
<th></th>
<th>Operating Budget</th>
<th>Admission Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Earned Income</td>
<td>Public Funds</td>
</tr>
<tr>
<td>KSDC</td>
<td>20,424</td>
<td>54%</td>
</tr>
<tr>
<td>Average</td>
<td>26,768</td>
<td>56%</td>
</tr>
</tbody>
</table>

Note: the source of information was the 2006 ASTC Sourcebook of Statistics & Analysis. The ten centers compared include many of the same institutions listed in the 2002 Webb Management Services Project report.

Comparison of KSDC to 150 Science-Technology Center in the United States:

(Revenue sources for operating budget and admission prices)

<table>
<thead>
<tr>
<th></th>
<th>Earned Income</th>
<th>Public Funds</th>
<th>Private Funds</th>
<th>Adult</th>
<th>Child</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSDC</td>
<td>54%</td>
<td>29%</td>
<td>17%</td>
<td>$6.25</td>
<td>$4.25</td>
</tr>
<tr>
<td>Average</td>
<td>48%</td>
<td>25%</td>
<td>27%</td>
<td>$7.76</td>
<td>$5.83</td>
</tr>
</tbody>
</table>

Note: Of the 150 institutions compared, 58 (or 39%) receive less than 10% of their operating revenues from public funding (government subsidy). 14 of the 150 (or 9%) received no public funding. Only one of the 150 institutions earns 100% of their operating budget and receives no public support or private donations.

The Kirby Science Center ranks in the middle of the 150 institutions compared to funding sources. On a scale of 1 to 150 with 1 being the institution that receives the highest percentage of their funding from that specific source, the KSDC ranks as follows:
- Earned income: 60th
- Public funds: 56th
- Private funds: 94th

Source of data: the 2006 ASTC Sourcebook of Statistics & Analysis