



## About The Art Theater Cooperative (Co-op)

### What is a co-op?

A cooperative (co-op) is a business that is owned by its customers. Its goal is to be a financially self-sufficient entity that is run to meet the consumer and social goals of its owner-community. Co-ops are not dependent on donations or grants.

### What is our funding goal?

*We need to raise at least \$100,000 in equity by October of 2012 to become The Art Theater Co-op.*

Once we reach the \$100,000 target, the Co-op will take over the Art Theater. However, we will have debt when we start up.

In total, we need to raise \$215,000 (from owners and earned profit) to pay off all of our debt.

### Why make The Art Theater a co-op?

The film industry is evolving. Sanford Hess, the current operator of The Art Theater has shown over the past year and a half that the theater can break even as a business and even make a small profit.

However, because movie distributors are transitioning from 35mm film to digital formats, the theater needs to purchase costly new digital projection equipment.

Without this new equipment, the theater is in danger of closing in 2012.

To keep The Art Theater going, we want to turn it into a community-owned co-op. Under this business model hundreds of the cinema's patrons will share ownership and provide the capital needed to take over the business from the current operator.

Our efforts are focused on keeping the Art going as a movie theater; we are not buying the building.

### How does the co-op work?

Patrons of The Art Theater (like you!) will become owners by purchasing shares in the business. Collectively, this money will be the equity that we use to purchase equipment and keep the business going. Equity is an owner's investment in The Art Theater Co-op. Total owner equity is a resource the Theater can draw on for investments and expansion, and also demonstrates the owners' commitment to their co-op.

When you purchase your one-time \$65 equity share you are not paying a fee or a due, but are actually buying an interest in The Art Theater's business.

Your shares in the Co-op can be sold back for a full refund if you are leaving town or no longer wish to be an owner.

## How will The Art Theater Co-op operate?

Owners will hold an election before the co-op takes over the theater to select a board that will represent their wishes in governing the business. The board will hire a general manager who will be responsible for hiring other staff and for the day-to-day operation of the business.

The general manager will operate the business so that it is sustainable. Any profits that are generated will either be used for community work that relates to our mission, held for future expansion or unexpected expenses, or given back to the owners in the form of patronage dividends.

## How many shares can I buy?

Buying a single share for \$65 makes you an owner and gives you all the associated privileges and allows you a single vote in board elections and other ballots.

The by-laws allow you to buy up to eight additional shares, and while extra shares won't give you additional benefits or votes -- a key distinction between a co-op and an investor-owned business -- by buying multiple shares you will help us reach our equity goal and know that you are playing a lead role in insuring the future of The Art Theater. If you have the means, you are encouraged to buy multiple shares.

## What will be the benefits to ownership?

The theater will be open to owners and non-owners alike, but there will be special benefits for owners. The General Manager will determine these but benefits will likely include exclusive events and screenings and the opportunity to work concessions in return for free admission to films.

In addition, owners will have the satisfaction of investing in a business model that supports community building and independent cinema. Owner equity in the business will help keep the co-op financially healthy and ensure a thriving Art Theater for many years to come.

Most importantly, the Art Theater Co-op will be a democracy. Owners will be able to run for seats at the board of directors and get involved in the governance of the theater.

## How do I become an owner?

To become an owner, visit The Art Theater ticket counter during regular business hours. The cost per share is \$65.00, and you can pay in installments. You'll also fill out a short form when you buy your ownership stake.

## What if we cannot raise enough money?

In case \$100,000 cannot be raised by October, 2012, and we are unable to convert to a co-op, money will be returned to all owners (though without interest, and minus credit card fees).