By Gary Susman
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America's movie theaters have been dragged, kicking and screaming, into the digital age, not without a lot of collateral damage.

Over the past couple years, Hollywood has all but ceased distributing films on celluloid reels, the medium of movies for more than 100 years, in favor of digital prints stored on hard drives. (A digital copy may cost the studios just $125, compared to as much as $2,000 for a 35MM print.) America's movie screens have been forced to follow suit, and so far, some 85 percent have done so, buying digital projectors that can cost as much as $100,000 apiece.
But not every theater can afford to cough up that kind of cash. The National Association of Theater Owners, the trade organization that represents exhibitors, has estimated that as many as 10,000 screens – one in every five screens in North America – could go dark because they can't afford to convert.

Among those venues most in danger are independent theaters. Some 1,000 indie theaters and art-houses are still struggling to come up with the price of conversion. Many of these are old-school movie palaces in small towns, places without multiplexes or other places to see a movie on the big screen. Such theaters are often mom-and-pop-owned businesses that lack the cash and resources of big chain cinemas.

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Some of the conversion cost has been subsidized by the major studios, in the form of virtual print fees (VPFs), a reimbursement of some of the savings that come from shipping hard drives instead of celluloid reels. But indie theaters have seldom been able to take advantage of VPFs because the art-house distributors can't afford to pay them. Besides, now that the digital conversion is all but complete in the majority of theaters, the studios are phasing out the VPFs.

In any case, the Hollywood studios don't much care about the possible demise of the independent theater. (It's not showing their movies anyway.) Besides, the potential loss of thousands of screens will only hasten the day when Hollywood doesn't have to deal with those pesky exhibitors anymore and can go directly toward home distribution on disc or video-on-demand, where most of a film's money is made.

So it's been up to individual theaters to figure out how to pay for their own conversion. Some have turned to Kickstarter to raise funds online, though it's hard to find nationwide donors to pay for local theater conversions. Still, about two dozen theaters have successfully raised conversion funds this way.

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Some have held on-site fundraisers, using the church-raffle model. Others, like the 101-year-old Colonial Theater in Belfast, Maine, have used a combination of approaches, taking pledges from locals as well as charging patrons an extra 25 cents per ticket. (The Colonial has raised $25,000 so far, toward the $100,000 cost of its conversion.)

Colonial co-owner Mike Hurley says he wants to alert state governments to the art-houses' imminent demise, noting that small-town theaters are often economic anchors that foster business development and create jobs. "I have to imagine there will be legislators/governors somewhere who will not like the idea of dozens of smaller theatre closing across their states," Hurley says. "It will be a local issue that has a chance to become a national issue."