

***Canadian performing arts organizations generate \$2.70 in revenues
for every dollar received from governments***

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Finances of Performing Arts Organizations in Canada in 2006-07, the 24th report in the *Statistical Insights on the Arts* series from Hill Strategies Research, examines the situation of non-profit performing arts organizations in Canada, based on the 2006-2007 Business for the Arts *Annual Survey of Performing Arts Organizations*.

A total of 216 Canadian performing arts organizations participated in the survey, including 117 theatre companies, 64 orchestras, choirs and other music organizations, 15 dance companies, 13 opera companies and seven multidisciplinary organizations. Organizations responding to the Business for the Arts survey are based in all 10 provinces and two of the three territories.

Information for the 2006-2007 Business for the Arts *Annual Survey of Performing Arts Organizations* was gathered in the first half of 2008 through voluntary submissions by non-profit performing arts organizations.

Revenues, expenses and season surplus

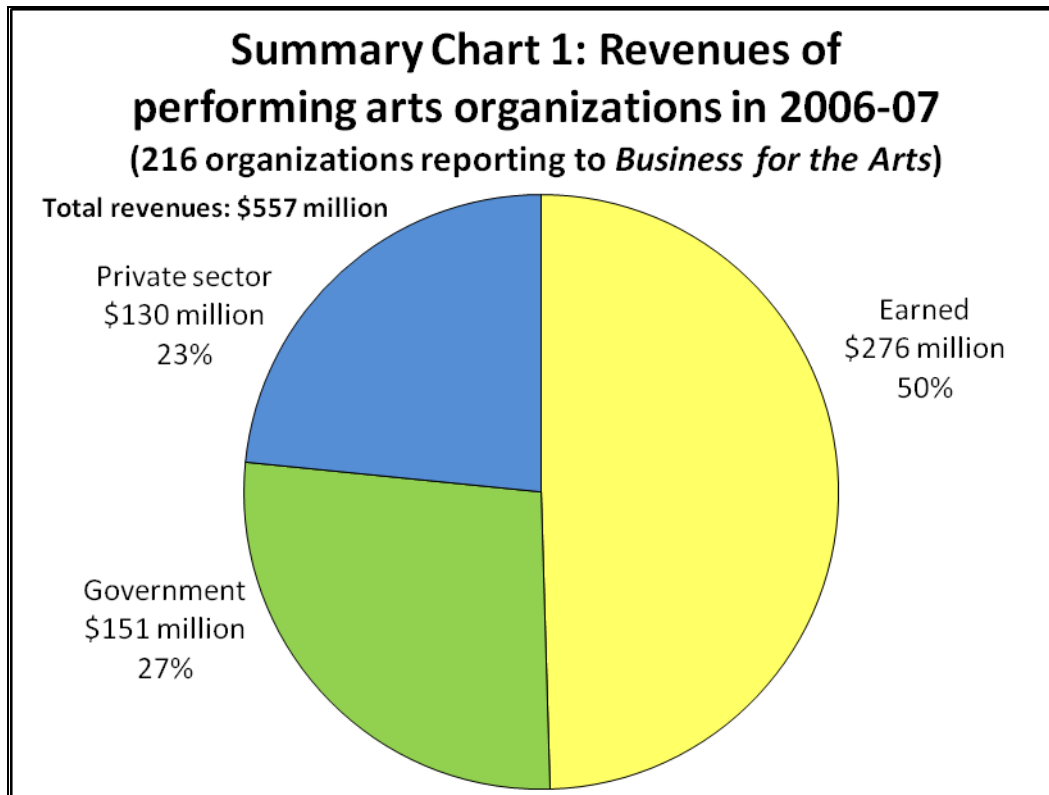
Total operating revenues for the 216 performing arts organizations were \$557 million in 2006-07. Total expenses (\$550 million) were slightly less than total revenues, leaving a season surplus of \$7 million, or 1% of total revenues. This surplus resulted in an increase in the overall accumulated surplus of the 216 performing arts organizations, which amounted to \$15 million (3% of total revenues) at the end of 2006-07.

As shown in Summary Chart 1, earned revenues represented one-half of the \$557 million in total revenues (\$276 million). Revenues from government sources accounted for 27% of total revenues (\$151 million), while private revenues amounted to 23% of total revenues (\$130 million).

These figures mean that, on average, performing arts organizations generate \$2.70 in revenues for every dollar received from governments.

The largest single share of total revenues came from box office revenues (\$210 million, or 38% of total revenues). In fact, this amount is larger than total government or total private funding for the 216 organizations.

Of the \$130 million in private revenues, similar amounts came from individuals (\$43 million, 8% of total revenues) and businesses (\$41 million, 7% of total revenues). Of the \$41 million in revenues from businesses, a large majority was in the form of sponsorships (\$34 million, or 6% of total revenues), compared with \$8 million in donations (1% of total revenues).



Breakdown of revenues by size of organization, 2006-07

Earned revenues comprise a larger portion of the total revenues of larger organizations than smaller organizations (52% for the largest organizations compared with 32% for the smallest organizations). Government revenues are a smaller portion of the total revenues of larger organizations than smaller organizations (25% of revenues for the largest organizations compared with 43% for the smallest organizations). Private sector revenues comprise about one-quarter of the total revenues of organizations in all four size groups.

Attendance

The 216 organizations presented 38,000 performances to a total audience of 10.0 million individuals (8.4 million at home and 1.6 million on tour).

Endowments, capital campaigns and securities

A total of 108 performing arts organizations reported holding an endowment. The total value of these endowments is \$171 million, which represents 41% of the 108 organizations' total revenues in 2006-07 and 31% of the total revenues of all 216 organizations reporting in 2006-07.

Twenty-seven performing arts organizations raised a total of \$6 million in capital funds in 2006-07, of which \$3 million came from private sector sources. Twenty-nine organizations received donations of publicly traded securities worth a total of \$9 million.

10-year changes for performing arts organizations

The report provides an analysis of 10-year changes in key statistics for 105 organizations with a consistent reporting history. Although a substantial sample size, it should be noted that the 105 organizations tend to be larger, more stable organizations with a consistent ability to respond to the Business for the Arts surveys.

After adjusting for inflation, growth in total revenues was 32% between 1996-97 and 2006-07. Total expenses nearly kept pace with total revenues, growing by 29% after inflation.

Of all revenue categories, private sector revenues grew at the fastest rate between 1996-97 and 2006-07 (53%). This is nearly double the growth rate of earned revenues (27%) and government revenues (25%).

Fundraising from individuals has become an increasingly important component of performing arts organization revenues. In the past 10 years, there has also been a substantial shift in corporate funding from donations to sponsorships. Between 1996-97 and 2006-07, after adjusting for inflation:

- Corporate donations remained unchanged (0% growth);
- Corporate sponsorships grew substantially (by 64%);
- Foundation funding increased by 24%;
- Funding from individuals grew the most (doubling between 1996-97 and 2006-07)
- Funding from boards and volunteer committees increased by 36%; and
- Revenues from special fundraising events grew by 27%.

While the number of performances increased by 29% between 1996-97 and 2006-07, attendance at the 105 performing arts organizations increased by only 3%, from 7.5 million in 1996-97 to 7.8 million in 2006-07.

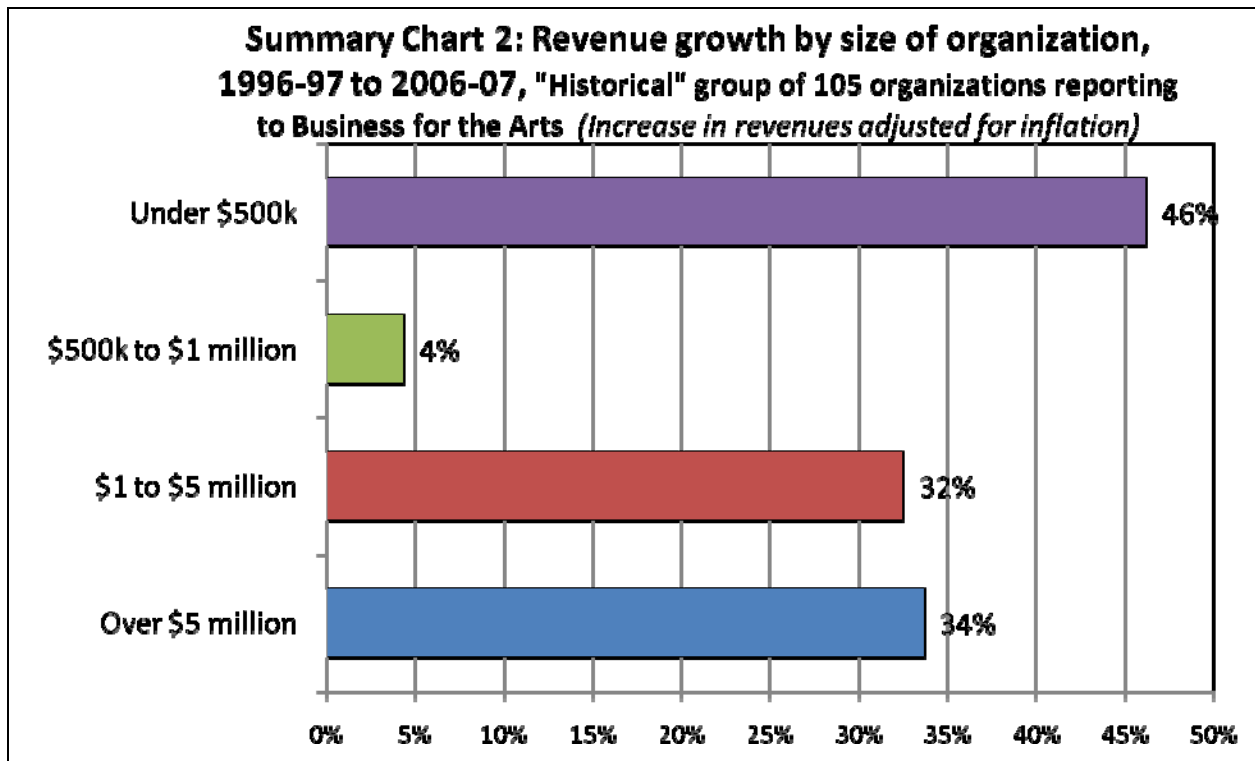
The smallest organizations grew the most, led by earned revenues

Summary Chart 2 shows that the smallest performing arts organizations experienced higher growth in revenues than other groups of organizations between 1996-97 and 2006-07. Collectively, the 32 performing arts organizations with 1996-97 total revenues of less than \$500,000 experienced real revenue growth of 46% between 1996-97 and 2006-07. Earned revenues drove the growth in total revenues for the smallest organizations, increasing by 71% after adjusting for inflation.

The 27 performing arts organizations with 1996-97 revenues between \$500,000 and \$1 million struggled somewhat, with real revenue growth of only 4% between 1996-97 and 2006-07, the lowest of all four size groups. Earned revenues led the growth in total revenues for these organizations: earned revenues grew by 15% after adjusting for inflation, compared with a 3% increase in government revenues and a 10% decrease in private sector revenues.

Collectively, the 31 performing arts organizations with 1996-97 total revenues between \$1 and \$5 million experienced strong growth in self-generated revenue. Real revenue growth was 32% between 1996-97 and 2006-07. For this group of organizations, private sector and earned revenues both grew substantially: private sector revenues by 39% and earned by 36%.

The growth for the 15 largest organizations (revenues over \$5 million in 1996-97) was led by private sector revenues. Real revenue growth was 34% between 1996-97 and 2006-07. Private sector revenues increased by 70% after adjusting for inflation.



Theatres earn the most and receive the lowest government funding (as a percentage of revenues)

Earned revenues represented a higher proportion of total revenues for theatres than for any other performing arts discipline. For the 117 theatre companies, earned revenues represented 62% of the \$236 million in total revenues (or \$146 million). Revenues from government sources accounted for 19% of total revenues (\$44 million), the lowest government revenue percentage of any discipline. Private revenues amounted to 20% of total revenues (\$46 million).

For the 64 music organizations, private revenues amounted to 33% of total revenues (\$40 million), the highest private revenue percentage of any discipline. Earned revenues represented 36% of the \$122 million in total revenues (or \$44 million). Earned revenues represented a lower proportion of total revenues for music organizations than for any other performing arts discipline. Revenues from government sources accounted for 31% of total revenues (\$37 million).

For the 13 opera companies, earned revenues represented 47% of the \$72 million in total revenues (or \$34 million). Revenues from government sources accounted for 21% of total revenues (\$15 million), the second-lowest percentage among performing arts disciplines. Private revenues amounted to 32% of total revenues (\$23 million), a level that is second-highest among performing arts disciplines.

For the 15 dance companies, earned revenues represented 44% of the \$50 million in total revenues (\$22 million). Revenues from government sources accounted for 31% of total revenues (\$15 million). Private revenues amounted to 25% of total revenues (\$12 million). Of any performing arts discipline, the dance percentages are closest to the average for all disciplines (50% earned, 27% government and 23% private sector).

For the seven multidisciplinary organizations, earned revenues represented 38% of the \$76 million in total revenues (or \$29 million). Revenues from government sources accounted for 51% of total revenues (\$39 million). Private revenues amounted to 11% of total revenues (\$8 million). The statistics for these seven organizations are dominated by one large federal government institution, which represents over 90% of total revenues of the seven organizations. The results should not, therefore, be considered representative of all multidisciplinary organizations.

For more information

The full report, funded by the Canada Council for the Arts, the Department of Canadian Heritage and the Ontario Arts Council, with data and financial support from Business for the Arts, is available free of charge on the Hill Strategies Research website (<http://www.hillstrategies.com>) and the websites of the funding organizations.