

## ***Canadian public museums and art galleries generate increasing amounts from non-government sources***

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*Finances of Museums and Art Galleries in Canada in 2006-07*, the 25<sup>th</sup> report in the *Statistical Insights on the Arts* series from Hill Strategies Research, examines the situation of non-profit museums and art galleries in Canada, based on the 2006-2007 Business for the Arts *Annual Survey of Public Museums and Art Galleries*.

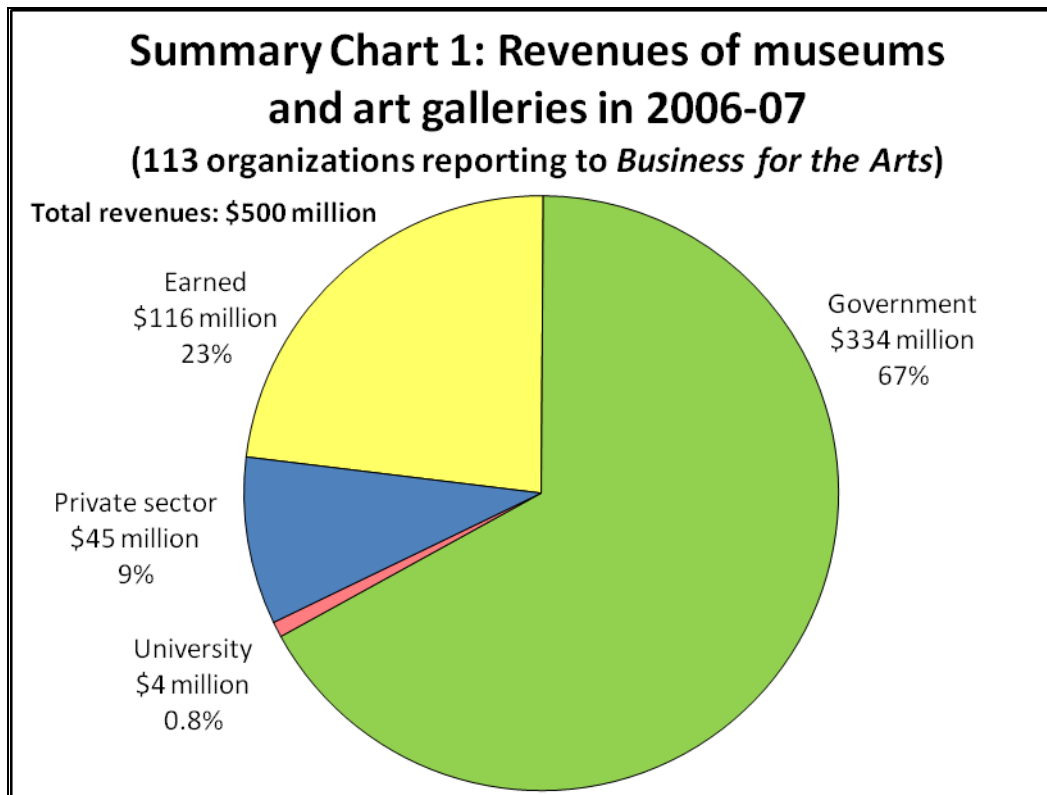
A total of 113 Canadian museums and galleries participated in the survey, including 52 public art galleries, 38 public museums, 12 university-affiliated art galleries or museums, and 11 artist-run centres. Organizations responding to the Business for the Arts survey are based in all 10 provinces and the Yukon.

Information for the 2006-2007 Business for the Arts *Annual Survey of Public Museums and Art Galleries* was gathered in the first half of 2008 through voluntary submissions by non-profit museums and galleries.

### ***Revenues, expenses and season surplus***

Total operating revenues for the 113 public museums and art galleries were \$500 million in 2006-07. Total expenses were \$506 million, slightly higher than total revenues, leaving a collective deficit of \$6 million in 2006-07 (1% of total revenues). Based on past surpluses in the sector, the collective accumulated surplus of the 113 museums and galleries was \$28 million (6% of 2006-07 revenues) at the end of 2006-07.

As shown in Summary Chart 1, revenues from government sources represented two-thirds of the \$500 million in total revenues (\$334 million, or 67%) in 2006-07. Earned revenues accounted for \$116 million, or 23% of total revenues. Private sector revenues equalled \$45 million (9% of total revenues), while revenues from universities (received by university-affiliated organizations) were \$4 million, or 0.8% of all organizations' revenues.



The \$334 million in government revenues can be broken down into contributions by:

- Federal government departments: \$192 million (39% of total revenues);
- The Canada Council for the Arts: \$6 million (1.1%);
- Provincial funders: \$111 million (22%);
- Municipal funders: \$21 million (4%); and
- Other government sources: \$4 million (0.8%).

Of the \$116 million in earned revenues, \$33 million was generated through entrance fees (7% of total revenues), \$8 million through memberships (2%), while another \$75 million (15%) came from other earned revenues (typically gift shop, rental revenues, etc.).

Of the \$45 million in private revenues, similar amounts came from businesses (\$11 million, or 2% of total revenues) and individuals (\$12 million, 2% of total revenues). Of the \$11 million in revenues from businesses, slightly more than one-half came in the form of sponsorships (\$6 million), compared with \$5 million in donations. The other components of private revenues are foundations (\$14 million, or 3% of total revenues), special fundraising events (\$7 million, or 1.4% of total revenues) and Board or volunteer committee donations (\$1 million, or 0.2% of total revenues).

Revenues from universities (for university-affiliated organizations) amounted to \$4 million (0.8% of total revenues for all 113 organizations). For 12 university-affiliated galleries and museums, university revenues represented 43% of their total revenues.

### ***Breakdown of revenues by size of organization***

Earned revenues comprise a larger portion of the total revenues of organizations with revenues between \$1 and \$5 million than any other group of organizations. For the three size groups below \$5 million, earned revenues increase as a share of total revenues with an increase in the size of the organizations.

Because many of the largest museums and galleries are federal or provincial government agencies (or Crown Corporations), the largest organizations have the highest percentage of government funding of all size groups. For the three size groups below \$5 million, government revenues decrease as a percentage of total revenues with an increase in the size of the organizations.

There is no distinct pattern in the share of total revenues occupied by private sector revenues: 13% for the smallest organizations; 19% for the second size group; 16% for the third size group; and 8% for the largest organizations.

Because many university-affiliated galleries are relatively small organizations, the smallest organizations have the highest percentage of university funding of all size groups.

### ***Attendance***

Total attendance at the 113 museums and galleries was 10 million in 2006-07.

### ***Endowments, capital campaigns and securities***

A total of 56 organizations reported holding an endowment. The total value of these endowments is \$146 million, which represents 54% of the 56 organizations' total revenues in 2006-07 and 29% of the total revenues of all 113 organizations reporting in 2006-07.

Thirty-two public museums and art galleries raised a total of \$140 million in capital funds in 2006-07, of which \$63 million came from private sector sources. Eighteen organizations received donations of publicly traded securities worth a total of \$19 million, of which \$17 million was received by two organizations.

### ***10-year changes for museums and galleries***

The report examines changes in revenues, expenses and other key statistics for 77 museums and galleries responding to the Business for the Arts *Annual Survey of Public Museums and Art Galleries* over a 10-year period, from 1996-97 to 2006-07. Although a substantial sample size, it should be noted that the 77 organizations tend to be larger, more stable organizations with a consistent ability to respond to the Business for the Arts surveys.

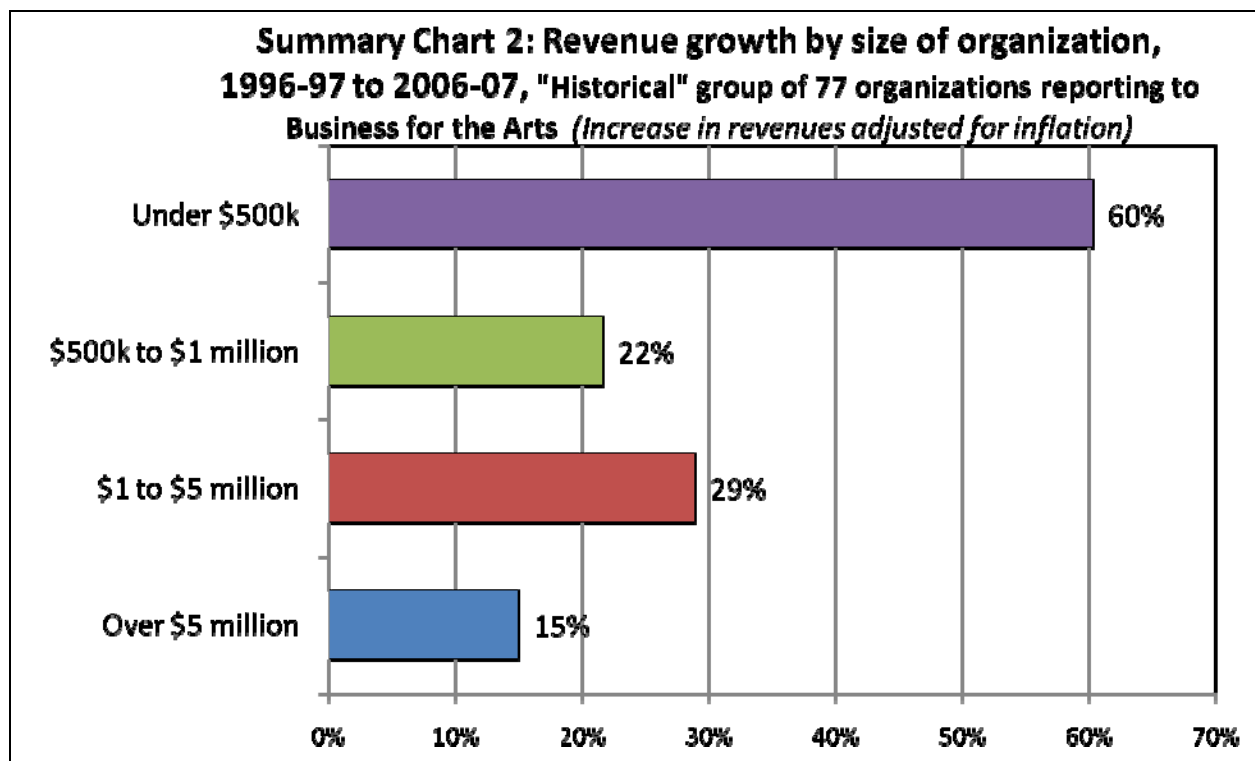
After adjusting for inflation, growth in total revenues was 18% between 1996-97 and 2006-07. Total expenses kept pace with total revenues, growing by 19% after inflation.

Of all revenue categories, private sector revenues grew at the fastest rate (47%) between 1996-97 and 2006-07. Earned revenues also grew by more than total revenues, with an inflation-adjusted increase of 25%. In contrast, government revenues increased by 12%, while university revenues increased by 3%.

Attendance at the 77 museums and galleries increased slightly, from 10.0 million in 1996-97 to 10.3 million in 2006-07 (a 2% increase).

***The smallest museums and galleries grew the most, led by private sector revenues***

Summary Chart 2 shows that the smallest museums and galleries experienced the highest growth in revenues between 1996-97 and 2006-07. Collectively, the 29 museums and galleries with revenues under \$500,000 in 1996-97 experienced real revenue growth of 60% between 1996-97 and 2006-07. This very strong growth rate was driven by both private sector revenues (which nearly tripled after adjusting for inflation: an increase of 176%) and government revenues (80% increase). University grants increased by 35%, while earned revenues increased by only 2%.



For the 13 museums and galleries with revenues between \$500,000 and \$1 million in 1996-97, real revenue growth was 22% between 1996-97 and 2006-07. Private sector revenues led the growth in total revenues for these organizations: private sector revenues more than doubled after adjusting for inflation (increase of 115%), compared with a 27% increase in government revenues, 2% growth in university grants, and a 10% decrease in earned revenues.

Collectively, the 18 museums and galleries with total revenues between \$1 and \$5 million in 1996-97 experienced real revenue growth of 29% between 1996-97 and 2006-07. For this group of organizations, private sector nearly quadrupled, with a growth rate of 257% between 1996-97 and 2006-07. Earned revenues increased by 40%, and government revenues grew by 13%.

For the 17 largest museums and galleries (revenues over \$5 million in 1996-97), real revenue growth was 15% between 1996-97 and 2006-07. This is the lowest growth rate of all four size categories. Earned and private sector revenues both grew substantially (26% and 25% respectively), while government revenues increased by 11%.

### ***Comparison of public art galleries and public museums***

Compared with public museums, public art galleries receive a much lower percentage of their revenues from government (48%, compared with 74% for museums), while earned and private sector revenues represent much higher percentages of galleries' total revenues. Earned revenues account for 32% of art gallery revenues, compared with 20% for museums. Private sector revenues represent 19% of art gallery revenues but only 6% of museum revenues.

### ***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.