

# ***Finances of Public Museums and Art Galleries in Canada in 2006-07***



[www.HillStrategies.com](http://www.HillStrategies.com)  
[info@HillStrategies.com](mailto:info@HillStrategies.com)

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*Prepared by Kelly Hill*

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*With data and financial support  
from Business for the Arts*



# FINANCES OF PUBLIC MUSEUMS AND ART GALLERIES IN CANADA IN 2006-07

## **Introduction**

This report 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*. Information for this survey was gathered in the first half of 2008 through voluntary submissions by non-profit museums and galleries. Business for the Arts checked the information submitted for accuracy against the organizations' financial statements and corresponded with organizations when information was unclear. Basic mathematical double-checks were also performed.

A total of 113 Canadian museums and galleries participated in the survey, a slight decrease from the 117 organizations that reported in 2005-2006. A range of organizations reported data, including 52 public art galleries, 38 public museums, 12 university-affiliated art galleries or museums, and 11 artist-run centres.

The 113 museums and galleries responding to the Business for the Arts survey represent 70% of the estimated \$712 million in operating revenues for non-profit museums and art galleries, based on Statistics Canada's *Survey of Heritage Institutions*.

The Business for the Arts survey provides a level of detail that is not available from the Statistics Canada survey. For example, data for individual arts organizations is provided, allowing arts managers to compare their own activities with other specific organizations in their field. The Business for the Arts survey also provides results by detailed revenue categories, allowing for a finer analysis of revenue sources. In addition, because the Business for the Arts methodology has not changed over time, there is the ability to examine data over longer timeframes than the Statistics Canada data.

Organizations responding to the 2006-07 Business for the Arts survey are based in all 10 provinces and the Yukon. Because reporting is not consistent across the country, provincial data will not be highlighted in this report.

The remainder of the report is organized into the following sections:

- [Current revenues, expenses and surplus/deficit](#)
- [10-year changes in revenues for all museums and galleries](#)
- [Changes in revenues by size of organization](#)
- [Changes in attendance, endowments and publicly traded securities](#)
- [Profile of public art galleries](#)
- [Profile of public museums](#)
- [Summary](#)

## **Current revenues, expenses and surplus/deficit**

### ***Revenues, expenses and surplus/deficit***

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.

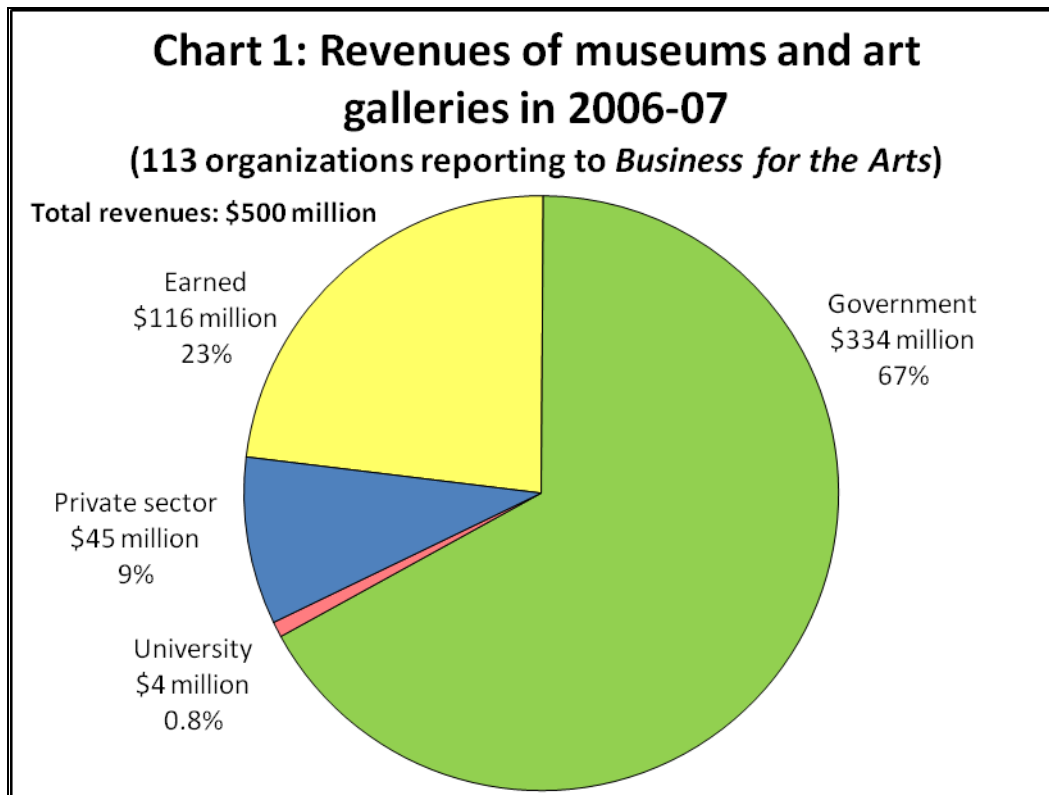
A large majority of the organizations (81%) reported a surplus or essentially balanced budget in 2006-07, while the remaining 19% of organizations reported a deficit of more than 2% of total revenues. Eleven organizations reported a deficit exceeding 10% of total revenues.

### ***Average revenues***

The average revenues of the organizations reporting to Business for the Arts were \$4.4 million. Nineteen organizations reported revenues of less than \$200,000. At the other end of the scale, 18 organizations reported revenues that exceeded \$5 million.

### ***Breakdown of revenues***

As shown in 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.



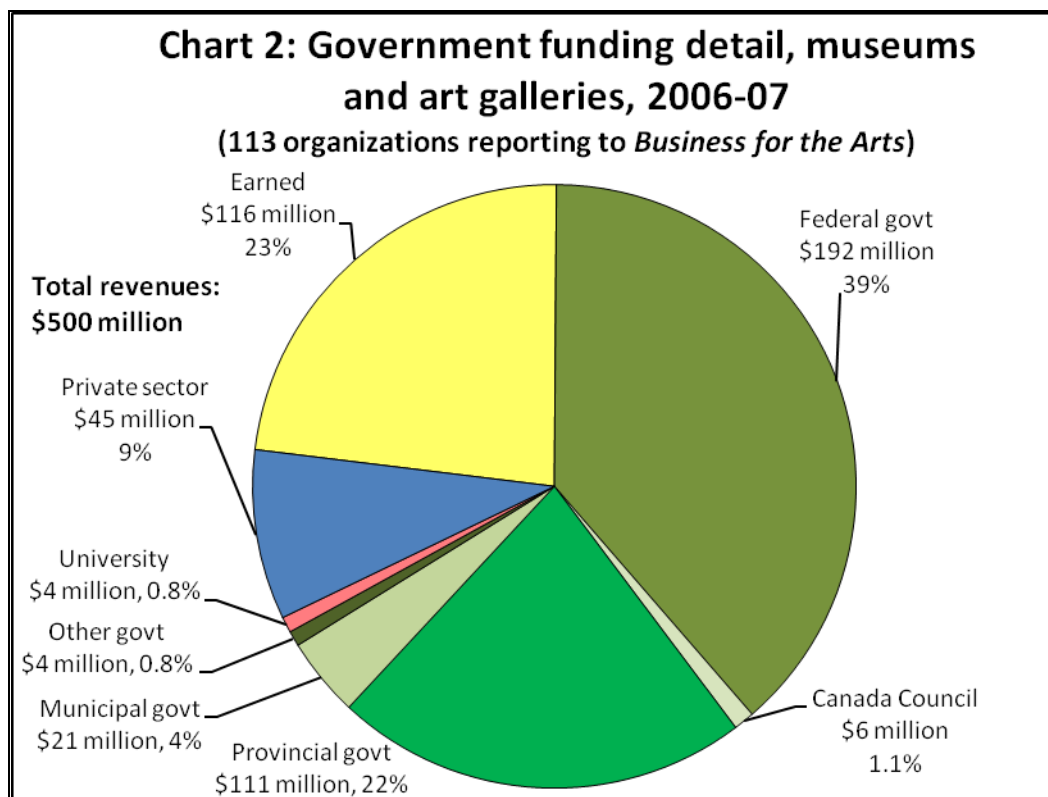
### ***Earned revenues***

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.).

### ***Government revenues***

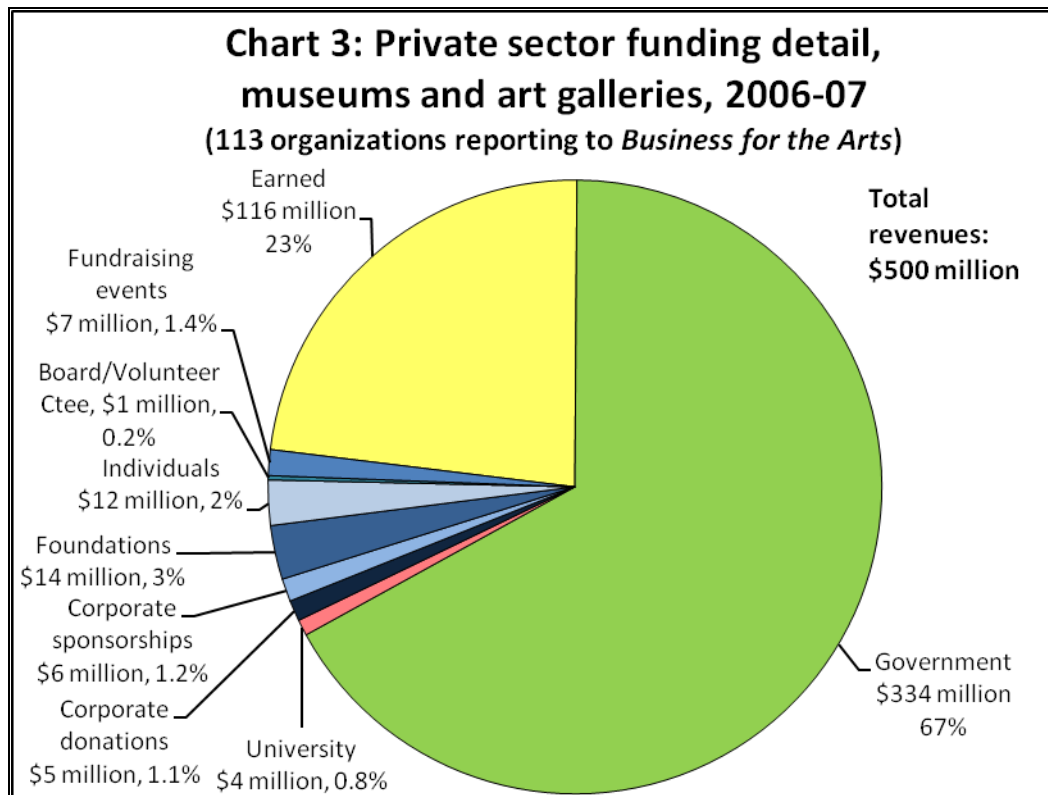
As shown in Chart 2, the \$334 million in government revenues can be broken down into contributions by:

- 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%).



### ***Private revenues***

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). As shown in Chart 3, 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).



### ***University 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, 2006-07***

Table 1 shows that 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.

<b>Table 1: Revenue sources of museums and galleries by size, 2006-07</b>						
<b><i>Total revenues</i></b>	<b><i>#</i></b>	<b><i>Earned</i></b>	<b><i>Government</i></b>	<b><i>Private</i></b>	<b><i>University</i></b>	<b><i>Total</i></b>
Under \$500,000	43	18%	56%	13%	13%	100%
\$500,000 to \$1 million	25	21%	54%	19%	7%	100%
\$1 to \$5 million	27	30%	51%	16%	3%	100%
Over \$5 million	18	22%	70%	8%	0.0%	100%
<b>All organizations</b>	<b>113</b>	<b>23%</b>	<b>67%</b>	<b>9%</b>	<b>0.8%</b>	<b>100%</b>

### ***Attendance in 2006-07***

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

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

Thirty public museums and art galleries raised a total of \$8 million in endowment funds in 2006-07, of which \$6 million came from private sector sources. 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 all museums and galleries**

This section of 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. It should be noted that only those organizations that existed in 1996-97 are included in the analysis. In other words, the analysis excludes growth in the visual arts due to new organizations being created.<sup>1</sup>

Organizations are included in the historical group if they reported in at least seven of the 11 data years. In order to ensure reliable starting and ending data, organizations were only included if they reported in either 1996-97 or 1997-98 AND in either 2004-05 or 2006-07. For those organizations that did not respond every year, the missing data was imputed by calculating the difference between the reported years. For those organizations not responding in 1996-97 or 2006-07, the closest year's data was adjusted by 2% (an inflationary estimate). Overall, of 847 data points, 81 (or 10%) were imputed.

A range of organizations reported data, including 36 public art galleries, 28 public museums, 11 university-affiliated art galleries or museums, and two artist-run centres. The 77 museums and galleries include organizations based in nine provinces and two territories.

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. The average revenues of the 77 organizations were \$6.6 million in 2006-07, a figure that is substantially higher than the average for all museum and gallery respondents in 2006-07 (\$4.4 million). Only three organizations in the historical group reported revenues of less than \$200,000. At the other end of the scale, 17 of the 77 organizations in the historical group reported revenues that exceeded \$5 million.

### ***Changes in total revenues and expenses***

Total operating revenues for the 77 public museums and art galleries were \$507 million in 2006-07. Real growth in total revenues was 18% between 1996-97 and 2006-07. (*Note: "Real" growth refers to inflation-adjusted amounts.*)

Revenue increases were quite widespread, with 69% of the museums and galleries (53 of 77 organizations) registering a real increase in revenues.

Total expenses kept pace with total revenues, growing by 19% after inflation.

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<sup>1</sup> It should also be noted that the starting year for this data – 1996-97 – falls during a period of significant spending restraint by the federal government and many provincial governments. For this reason, the 10-year changes in government spending are based on relatively low initial-year spending.



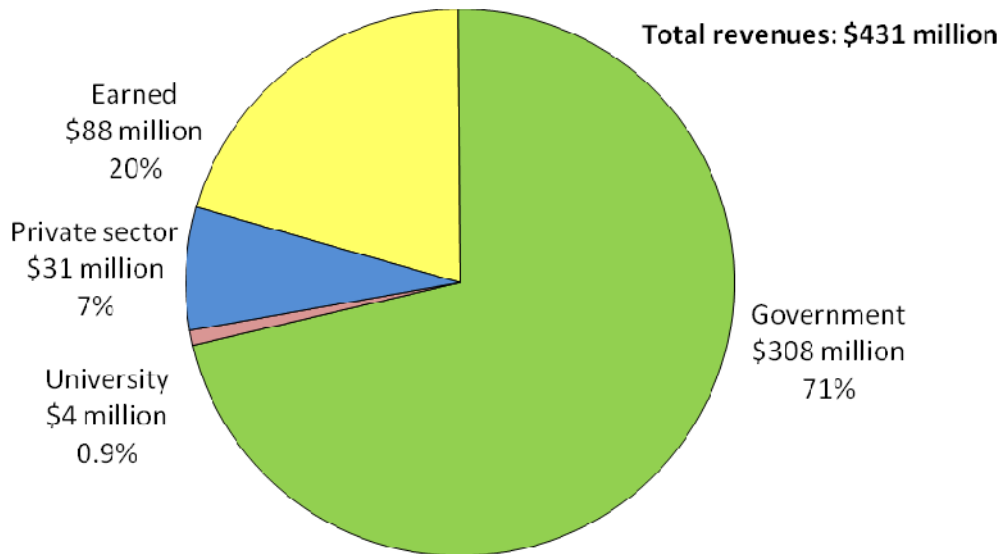
### ***Changes in the breakdown of total revenues***

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%.

As shown in Charts 4a and 4b, the revenue mix for the 77 museums and galleries changed slightly between 1996-97 and 2006-07. As a percentage of total revenues, private sector revenues increased from 7% in 1996-97 to 9% in 2006-07. Earned revenues also increased, from 20% in 1996-97 to 22% in 2006-07. Government revenues decreased from 71% of total revenues in 1996-97 to 68% in 2006-07. University revenues showed essentially no change, representing just under 1% of total revenues in both years. (*Note: Percentages may not add to 100% due to rounding.*)

### Chart 4a: 1996-97 revenue breakdown of museums and art galleries

(adjusted for inflation; 77 "historical" organizations reporting to *Business for the Arts*)



### Chart 4b: 2006-07 revenue breakdown of museums and art galleries

(77 "historical" organizations reporting to *Business for the Arts*)

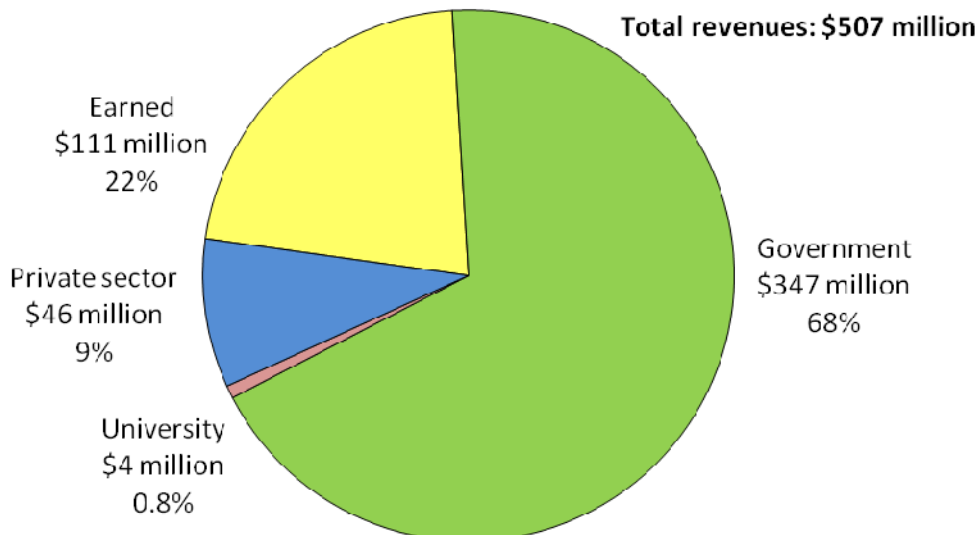
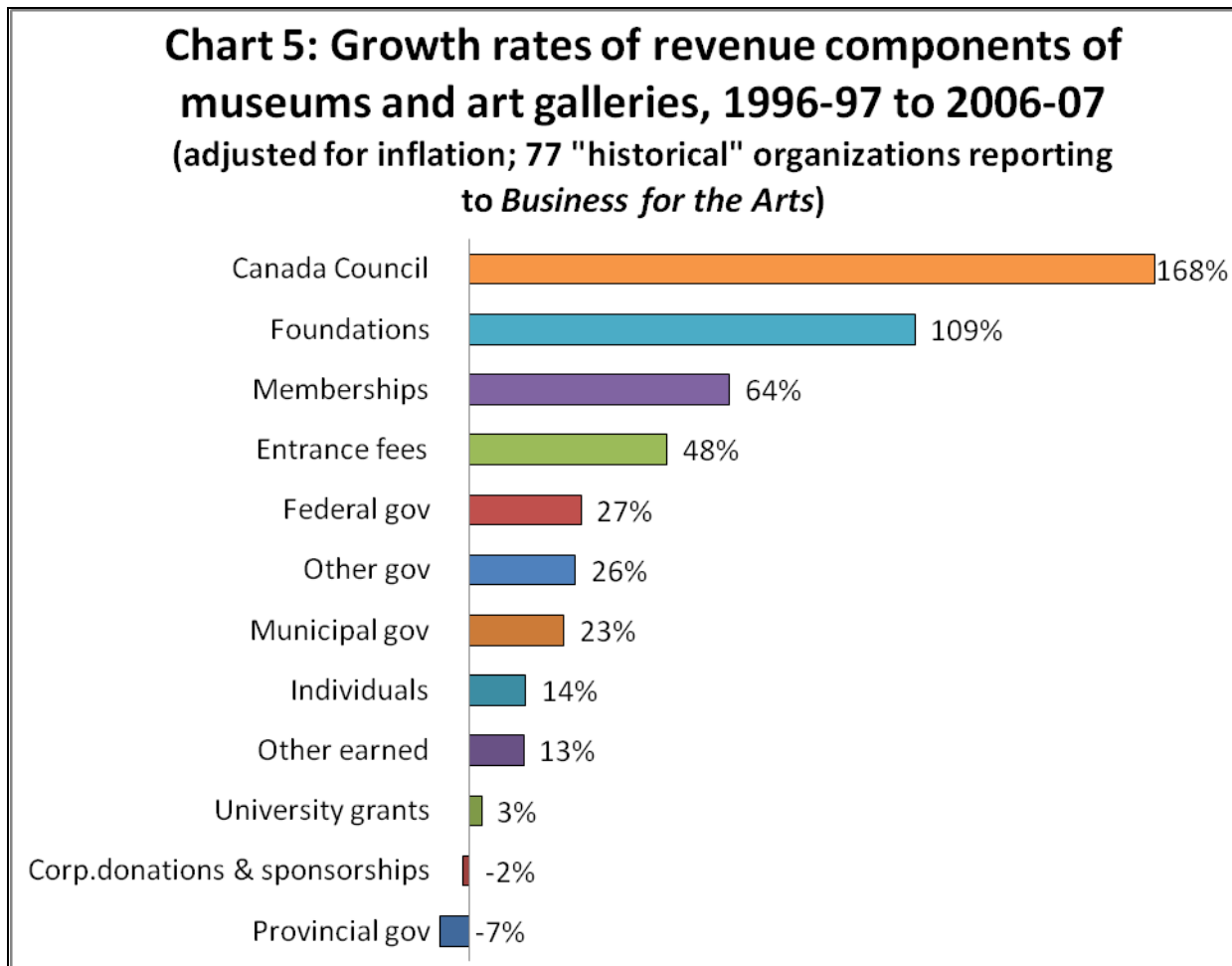


Chart 5 provides the growth rates for all revenue components. The three components with the largest increases (Canada Council, foundations and memberships) each comprise a relatively small percentage of overall museum and gallery revenues.

The increases in entrance fees and federal government revenues had a more substantial impact on the increase in total revenues for the 77 organizations, accounting for \$52 million of the \$75 million real increase in revenues.



### ***Changes in earned revenues***

After adjusting for inflation, revenues from entrance fees grew by 48% between 1996-97 and 2006-07, while membership revenues increased by 64% and other earned revenues grew by 13%.

### ***Changes in government revenues***

There are substantial differences in the inflation-adjusted growth rates for various government funders between 1996-97 and 2006-07:

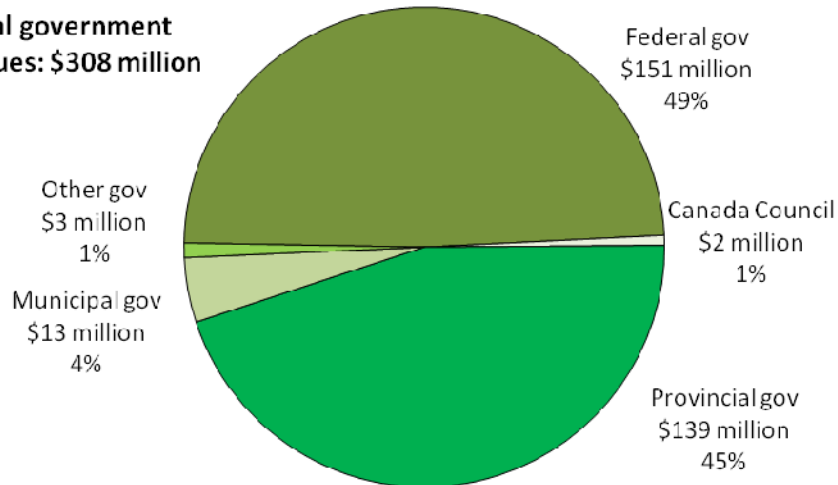
- Although a relatively small proportion of overall revenues, funding from the Canada Council for the Arts almost tripled, growing by 168%;
- Other federal funding increased by 27%;
- Provincial funding decreased by 7%;
- Municipal funding grew by 23%; and
- Other government sources increased by 26% between 1996-97 and 2006-07.

Charts 6a and 6b show the percentage of government revenues from various sources in 1996-97 and 2006-07. The charts show that the government revenue mix for the 77 museums and galleries changed between 1996-97 and 2006-07, with federal government revenues (excluding Canada Council funding) comprising a larger portion of overall government funding in 2006-07 (55%) than in 1996-97 (49%). The provincial share of the government revenues of the 77 museums and galleries decreased from 45% to 37%.

### Chart 6a: Government revenue breakdown of museums and art galleries, 1996-97

(adjusted for inflation; 77 "historical" organizations reporting  
to *Business for the Arts*)

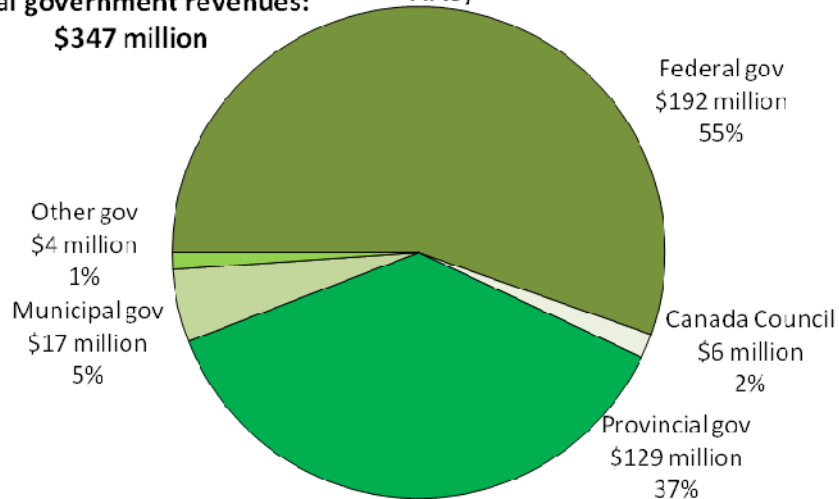
Total government  
revenues: \$308 million



### Chart 6b: Government revenue breakdown of museums and art galleries, 2006-07

(77 "historical" organizations reporting to *Business for the Arts*)

Total government revenues:  
\$347 million



### ***Changes in private revenues***

There were substantial changes in the detailed private sector revenue categories on the Business for the Arts forms between 1996-97 and 2006-07. As a result, only some of the private sector revenue categories can be compared over time.

Between 1996-97 and 2006-07, after adjusting for inflation:

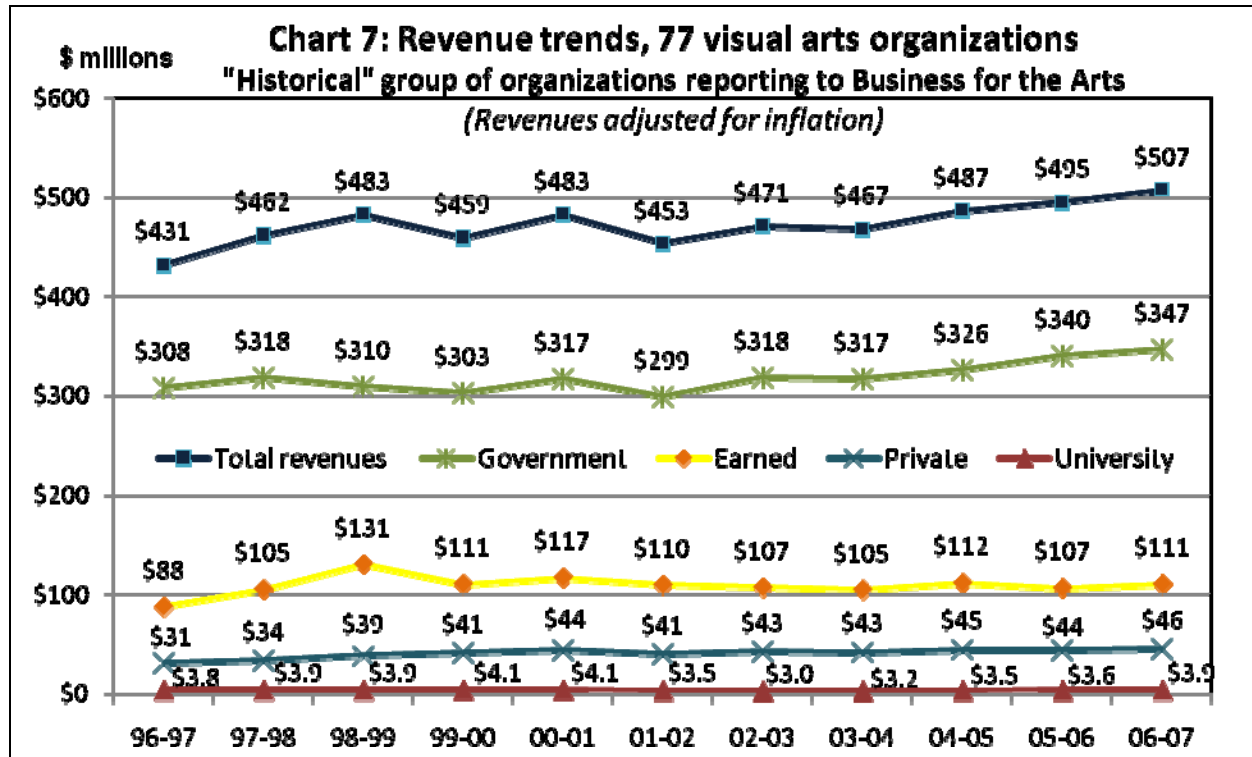
- Corporate contributions (including donations and sponsorships) changed very little (decreasing by 2%);
- Foundation funding doubled in value; and
- Funding from individuals (including Board or Volunteer Committee donations) increased by 14%.

### ***Changes in university revenues***

As noted above, university revenues increased by 3% between 1996-97 and 2006-07.

### Yearly changes in revenue components

Chart 7 shows the inflation-adjusted year-by-year changes in all revenue components for the 77 museums and galleries. Revenues are stated in current dollars (i.e., previous years' revenues have been adjusted to account for inflation).



For the 77 museums and galleries, total revenues peaked at \$507 million in 2006-07, the most recent survey year. Total revenues increased in seven of the ten yearly change periods.

Government revenues peaked at \$347 million in 2006-07, the most recent survey year. Government revenues increased in six of the ten yearly change periods.

After large increases in 1997-98 and 1998-99, earned revenues reached their peak of \$131 million in 1998-99. Earned revenues decreased in 1999-2000 and then remained relatively stable through 2006-07, when they totalled \$111 million. Earned revenues increased in five of the ten periods.

Private revenues increased fairly steadily, with increases in seven of the ten periods. Private revenues peaked at \$46 million in 2006-07.

University revenues remained between \$3.0 and \$4.1 million throughout the ten-year period, peaking at \$4.1 million in 1999-2000 and 2000-01. University revenues increased in seven of the ten periods.

## **Changes in revenues by size of organization**

This section of the report examines changes in revenues by size of organization for the 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.

Total operating revenues for the 77 public museums and art galleries were \$507 million in 2006-07. Real growth in total revenues was 18% between 1996-97 and 2006-07. (Note: "Real" growth refers to inflation-adjusted amounts.)

Revenue increases were quite widespread, with 69% of the museums and galleries (53 of 77 organizations) registering a real increase in revenues.

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

Chart 8 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%.

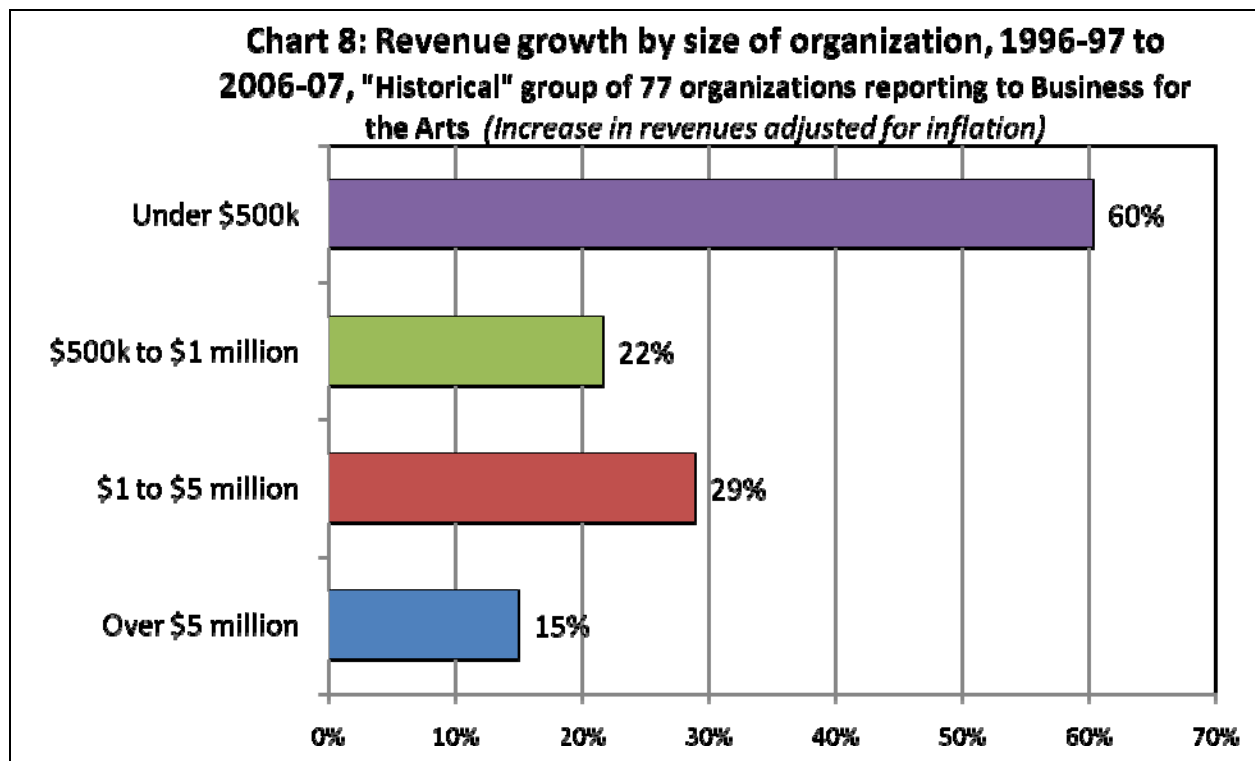
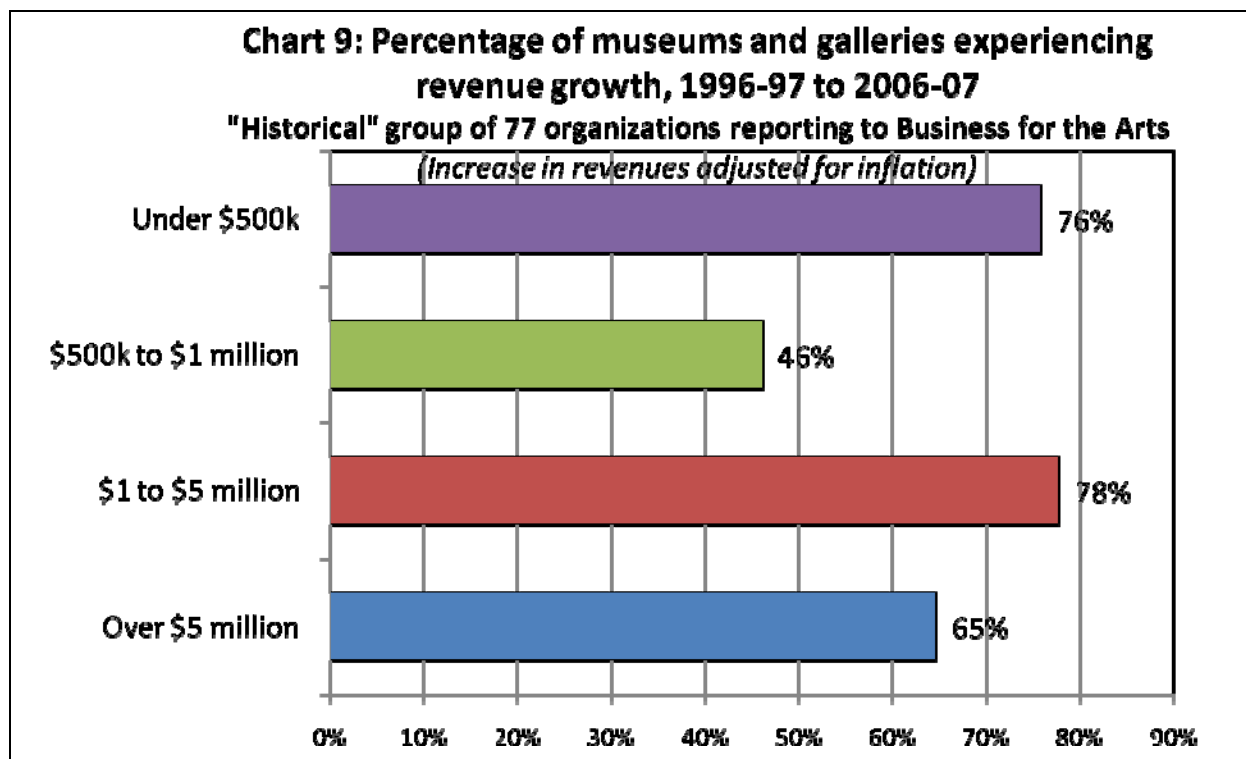




Chart 9 shows that, of the smallest museums and galleries, 76% experienced real growth in revenues (22 of 29 organizations). Among the organizations in this group that experienced significant revenue growth are the Bruce County Museum and Cultural Centre (Southampton, ON), the Tom Thomson Art Gallery (Owen Sound, ON), the Moose Jaw Art Museum, the Walter Phillips Gallery (Banff), the Contemporary Art Gallery (Vancouver) the Southern Alberta Art Gallery and the Dalhousie Art Gallery.



#### ***Moderate growth in organizations with revenues between \$500,000 and \$1 million***

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.

Chart 9 shows that only 46% of these 13 organizations experienced real revenue growth between 1996-97 and 2006-07 (6 organizations). Specific organizations that experienced strong revenue growth include the Burlington Art Centre, the Kamloops Art Gallery, the Beaverbrook Art Gallery and the Kelowna Art Gallery.

#### ***Widespread growth for organizations with revenues between \$1 and \$5 million***

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%. University grants (an almost negligible component of these organizations' revenues) decreased by 18%.

These organizations experienced the most widespread increases in total revenues. Of the 18 museums and galleries, 78% (or 14 organizations) experienced real revenue growth between 1996-97 and 2006-07.

Specific organizations that experienced strong revenue growth include the Royal Tyrrell Museum of Palaeontology (Drumheller, AB), the Art Gallery of Alberta, the UBC Museum of Anthropology, the Mendel Art Gallery (Saskatoon), the Western Canada Aviation Museum (Winnipeg), the Art Gallery of Hamilton, Museum London and the New Brunswick Museum (Saint John).

***Slightly lower growth for the largest organizations (revenues over \$5 million)***

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% and university grants (an almost negligible component of these organizations' revenues) decreased by 22%.

Of the largest museums and galleries, 65% experienced real revenue growth between 1996-97 and 2006-07 (11 of 17 organizations).

Some of the large museums and galleries that experienced strong revenue growth include the Canadian Museum of Civilization, the National Gallery of Canada, the McCord Museum, the Royal Alberta Museum, the Nova Scotia Museum and the Vancouver Art Gallery.

## **Changes in attendance, endowments and publicly traded securities**

### ***Changes in attendance***

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).

### ***Changes in endowment fundraising***

Museums and galleries were first asked about their endowment campaigns in 2005-06. In that year, 17 of the 77 historical organizations raised a total of \$4.8 million for their endowments. In 2006-07, 22 organizations raised \$7.2 million for their endowments, a 48% increase.

### ***Changes in publicly traded securities***

Of the 77 historical organizations, 20 received donations of publicly traded securities worth a total of \$32 million in 2006-07. This is a very small increase from the \$30 million (received by 19 organizations) in 2005-06, the first year this data was collected.

## **Profile of public art galleries**

Fifty-two public art galleries reported data to the 2006-2007 Business for the Arts *Annual Survey of Public Museums and Art Galleries*.

### ***Revenues, expenses and surplus/deficit***

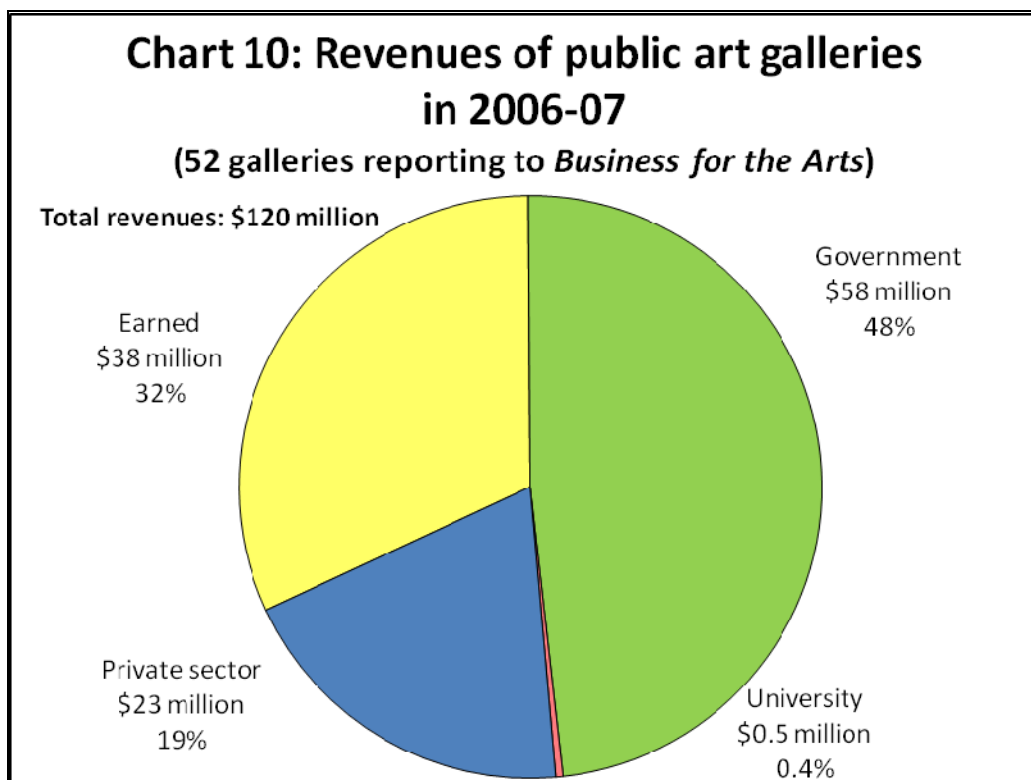
Total operating revenues for the 52 art galleries were \$120 million in 2006-07. The average revenues of the 52 public art galleries were \$2.3 million.

Total expenses (\$123 million) were slightly higher than total revenues, leaving a yearly deficit of \$2.9 million, or 2% of total revenues. This surplus resulted in a decrease in the overall accumulated surplus of the 52 public art galleries, which amounted to \$1.5 million (1% of total revenues) at the end of 2006-07.

Just over three-quarters of the public art galleries (77%) reported a surplus or essentially balanced budget in 2006-07, while the remaining 23% reported a deficit of more than 2% of total revenues. Five art galleries reported a deficit exceeding 10% of total revenues.

### ***Breakdown of revenues***

As shown in Chart 10, revenues from government sources represented 48% of the \$120 million in total revenues (or \$58 million). Earned revenues accounted for 32% of total revenues (\$38 million). Private revenues amounted to 19% of total revenues (\$23 million), and university revenues account for 0.4% of total revenues (\$0.5 million).



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.

### ***Government revenues***

For the 52 public art galleries, the \$58 million in government revenues can be broken down into contributions by:

- Federal government departments: \$3 million (2% of total revenues);
- The Canada Council for the Arts: \$4 million (3%);
- Provincial funders: \$36 million (30%);
- Municipal funders: \$15 million (12%); and
- Other government sources: \$1 million (0.9%).

### ***Earned revenues***

Of the \$38 million in earned revenues, \$6 million was generated through entrance fees (5% of total revenues) and \$4 million through memberships (3%), while another \$29 million (24%) came from other earned revenues.

### ***Private revenues***

Of the \$23 million in private revenues, \$9 million came from individual donations (7% of total revenues). Business donations accounted for \$2 million (1.3% of total revenues), while business sponsorships amounted to \$3 million (3% of total revenues). The other components of private revenues are special fundraising events (\$5 million, or 5% of total revenues), foundations (\$4 million, or 3% of total revenues) and Board or volunteer committee donations (\$1 million, or 0.9% of total revenues).

### ***University revenues***

University revenues were almost negligible for public art galleries, because university-affiliated art galleries are excluded from this group.

### ***Attendance***

Total attendance at the 52 public art galleries was 2.7 million in 2006-07.

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

Seventeen public art galleries raised a total of \$5.2 million in endowment funds in 2006-07, of which \$3.7 million came from private sector sources. A total of 30 galleries reported holding an endowment. The total value of these endowments is \$54 million, which represents 62% of these organizations' total revenues in 2006-07.

Sixteen public art galleries raised a total of \$76 million in capital funds in 2006-07, of which \$20 million came from private sector sources. Twelve galleries received donations of publicly traded securities worth a total of \$9 million.

### **10-year changes for public art galleries**

This section of the report examines changes in revenues, expenses and other key statistics for 36 public art 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.

It should be noted that these public galleries tend to be larger, more stable organizations with a consistent ability to respond to the Business for the Arts surveys. The average revenues of the 36 galleries were \$3.9 million in 2006-07, a figure that is substantially higher than the average for all gallery respondents in 2006-07 (\$2.3 million).

#### ***Revenues and expenses***

Total operating revenues for the 36 public galleries were \$142 million in 2006-07. Real growth in total revenues was 13% between 1996-97 and 2006-07. (*Note: "Real" growth refers to inflation-adjusted amounts.*)

Revenue increases were quite widespread, with about two-thirds of the galleries (25 of 36 organizations) registering a real increase in revenues.

Total expenses more than kept pace with total revenues, growing by 16% after inflation.

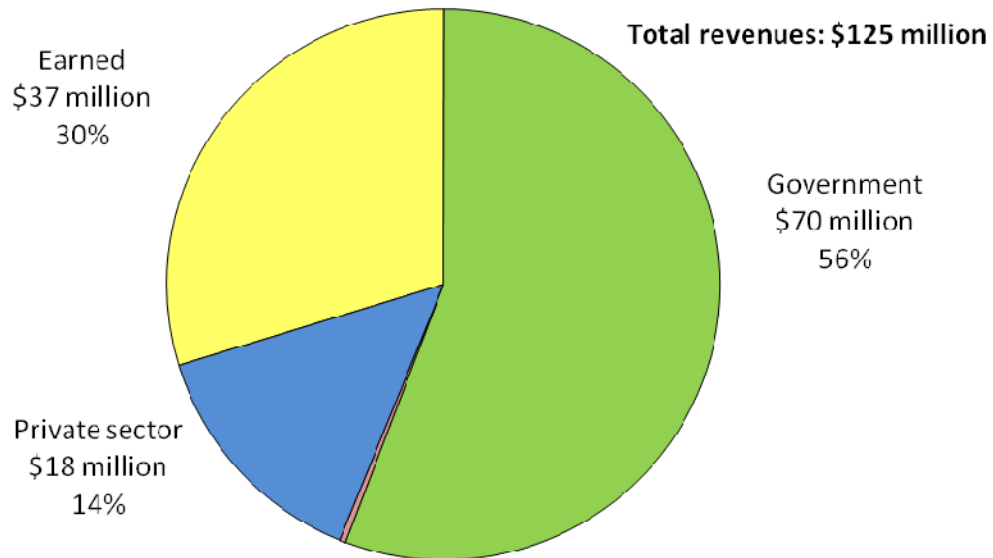
#### ***Breakdown of total revenues***

Of all revenue categories, private sector revenues grew at the fastest rate (62%) between 1996-97 and 2006-07. Earned revenues increased by 14%. In contrast, government revenues increased by 1%, while university revenues – a very small portion of public art galleries' revenues – decreased by 9%.

As shown in Charts 11a and 11b, the revenue mix for the 36 galleries changed between 1996-97 and 2006-07. The largest change was in private sector revenues. As a percentage of total revenues, private sector revenues increased from 14% in 1996-97 to 20% in 2006-07. Earned revenues remained stable at 30% in both years. Government revenues decreased from 56% of total revenues in 1996-97 to 50% in 2006-07. University revenues were a very small proportion of revenues in both years. (University-affiliated art galleries are excluded from the public art gallery breakdown.)

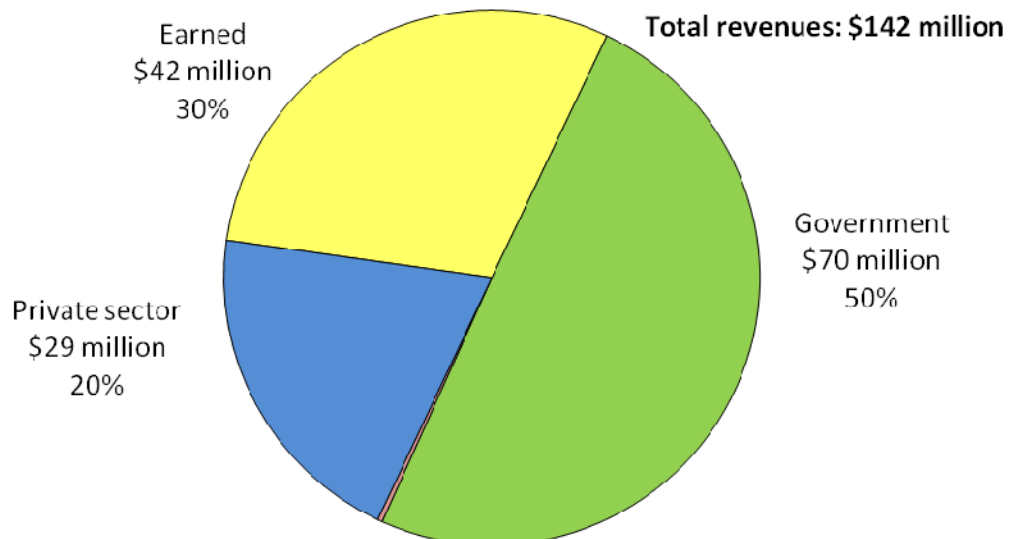
### Chart 11a: 1996-97 revenue breakdown of public art galleries

(adjusted for inflation; 36 "historical" organizations reporting to *Business for the Arts*)



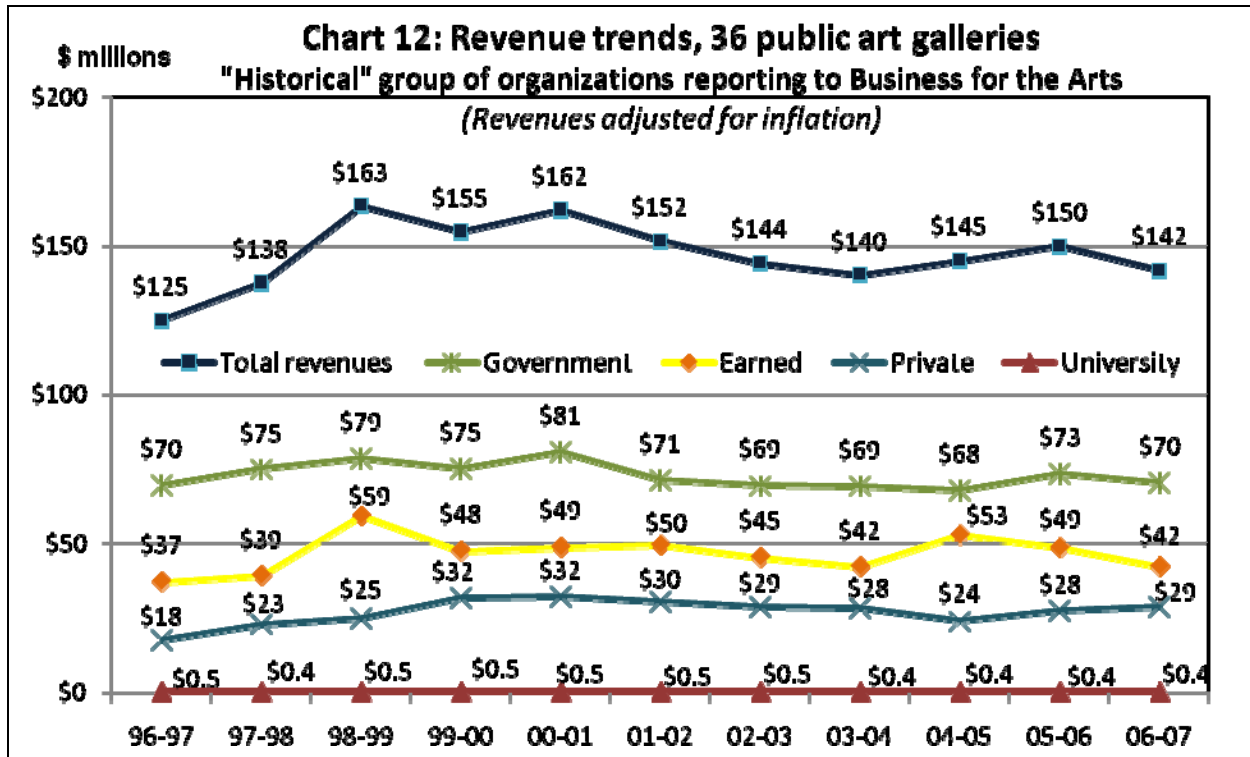
### Chart 11b: 2006-07 revenue breakdown of public art galleries

(36 "historical" organizations reporting to *Business for the Arts*)



### Yearly changes in revenue components

Chart 12 shows the inflation-adjusted year-by-year changes in all revenue components for the 36 public art galleries. Revenues are stated in current dollars (i.e., previous years' revenues have been adjusted to account for inflation).



For the 36 public galleries, total revenues peaked at \$163 million in 1998-99, before decreasing to reach \$142 million in 2006-07. Total revenues increased in five of the ten yearly change periods.

Government revenues peaked at \$81 million in 2000-01. Government revenues decreased by 12% in 2001-02 and remained relatively stable after that point, attaining \$70 million in 2006-07. Government revenues increased in four of the ten yearly change periods.

Earned revenues peaked at \$59 million in 1998-99 before decreasing substantially in 1999-2000. Earned revenues also decreased substantially in 2006-07 to reach \$42 million. Earned revenues increased in five of the ten periods.

Private revenues reached a peak of \$32 million in 1999-2000 and 2000-01, before declining slightly to reach \$29 million in 2006-07. Private revenues increased in six of the ten periods.

University revenues remained between \$0.4 and \$0.5 million throughout the ten-year period.

### Changes in attendance

Attendance at the 36 galleries increased by 8% over the 10-year period, from 2.9 million in 1996-97 to 3.1 million in 2006-07.



## **Profile of public museums**

Thirty-eight public museums reported data to the 2006-2007 Business for the Arts *Annual Survey of Public Museums and Art Galleries*.

### ***Revenues, expenses and surplus/deficit***

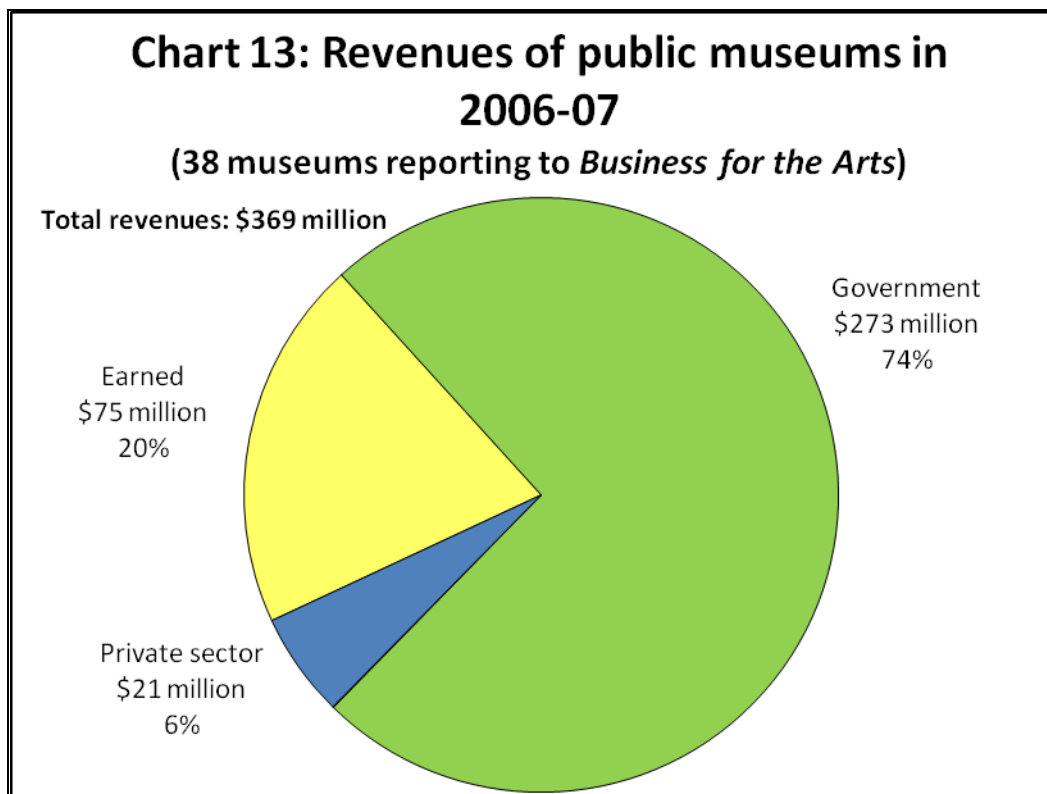
Total operating revenues for the 38 museums were \$369 million in 2006-07. The average revenues of the 38 public museums were \$9.7 million.

Total expenses (\$372 million) were slightly higher than total revenues, leaving a yearly deficit of \$3.7 million, or 1% of total revenues. This deficit resulted in a decrease in the overall accumulated surplus of the 38 public museums, which amounted to \$26 million (7% of total revenues) at the end of 2006-07.

A large majority the public museums (84%) reported a surplus or essentially balanced budget in 2006-07, while the remaining 16% reported a deficit of more than 2% of total revenues. Four museums reported a deficit exceeding 10% of total revenues.

### ***Breakdown of revenues***

As shown in Chart 13, revenues from government sources represented 74% of the \$369 million in total revenues (or \$273 million). Earned revenues accounted for 20% of total revenues (\$75 million). Private revenues amounted to 6% of total revenues (\$21 million).



### ***Government revenues***

For the 38 public museums, the \$273 million in government revenues can be broken down into contributions by:

- Federal government departments: \$189 million (51% of total revenues);
- The Canada Council for the Arts: \$0.5 million (0.1%);
- Provincial funders: \$74 million (20%);
- Municipal funders: \$6 million (2%); and
- Other government sources: \$3 million (0.7%).

### ***Earned revenues***

Of the \$75 million in earned revenues, \$26 million was generated through entrance fees (7% of total revenues) and \$5 million through memberships (1%), while another \$44 million (12%) came from other earned revenues.

### ***Private revenues***

Of the \$21 million in private revenues, \$10 million came from foundations (3% of total revenues), while individual donations amounted to \$3 million (0.8% of total revenues). Business donations accounted for \$4 million (1.0% of total revenues), while business sponsorships amounted to \$3 million (0.8% of total revenues). The other component of private revenues is special fundraising events (\$1 million, or 0.3% of total revenues).

### ***University revenues***

University revenues are an extremely small component of public museums' revenues and are therefore not shown in Chart 13.

### ***Attendance***

Total attendance at the 38 public museums was 6.8 million in 2006-07.

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

Eight public museums raised a total of \$3.0 million in endowment funds in 2006-07, of which \$2.8 million came from private sector sources. A total of 16 museums reported holding an endowment. The total value of these endowments is \$77 million, which represents 44% of these organizations' total revenues in 2006-07.

Fifteen public museums raised a total of \$64 million in capital funds in 2006-07, of which \$43 million came from private sector sources. Six museums received donations of publicly traded securities worth a total of \$9 million.

### **10-year changes for public museums**

This section of the report examines changes in revenues, expenses and other key statistics for 28 public museums 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.

It should be noted that these public museums tend to be larger, more stable organizations with a consistent ability to respond to the Business for the Arts surveys. The average revenues of the 28 museums were \$12.7 million in 2006-07, a figure that is substantially higher than the average for museum respondents in 2006-07 (\$9.7 million).

#### ***Changes in total revenues and expenses***

Total operating revenues for the 28 museums were \$356 million in 2006-07. Real growth in total revenues was 19% between 1996-97 and 2006-07. (Note: “Real” growth refers to inflation-adjusted amounts.)

Revenue increases were quite widespread, with about two-thirds of the museums (18 of 28 organizations) registering a real increase in revenues.

Total expenses kept pace with total revenues, growing by 20% after inflation.

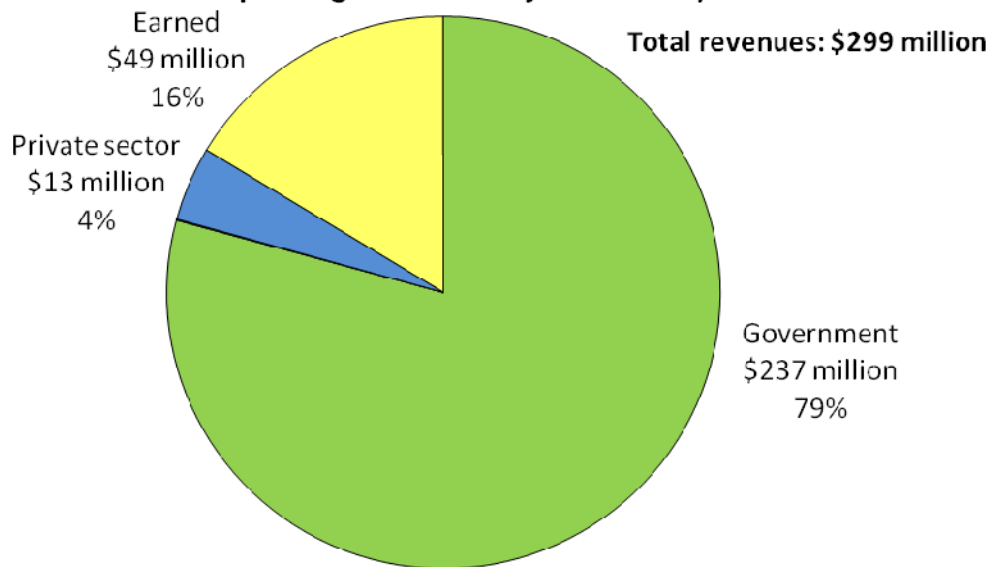
#### ***Changes in the breakdown of total revenues***

Of all revenue categories, earned revenues grew at the fastest rate (34%) between 1996-97 and 2006-07. Private sector revenues also grew by more than total revenues, with an inflation-adjusted increase of 22%. Government revenues increased by 16%.

As shown in Charts 14a and 14b, earned revenues replaced a loss of government revenues between 1996-97 and 2006-07 for the 28 museums. As a percentage of total revenues, earned revenues increased from 16% in 1996-97 to 18% in 2006-07, while government revenues decreased from 79% to 77% of total revenues. Private sector revenues remained stable at 4% in both years.

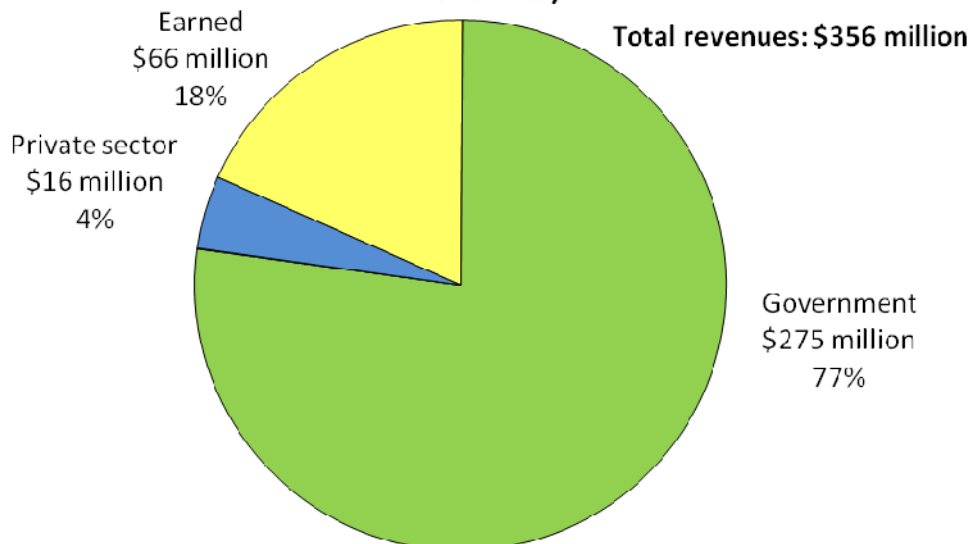
### Chart 14a: 1996-97 revenue breakdown of public museums

(adjusted for inflation; 28 "historical" organizations reporting to *Business for the Arts*)



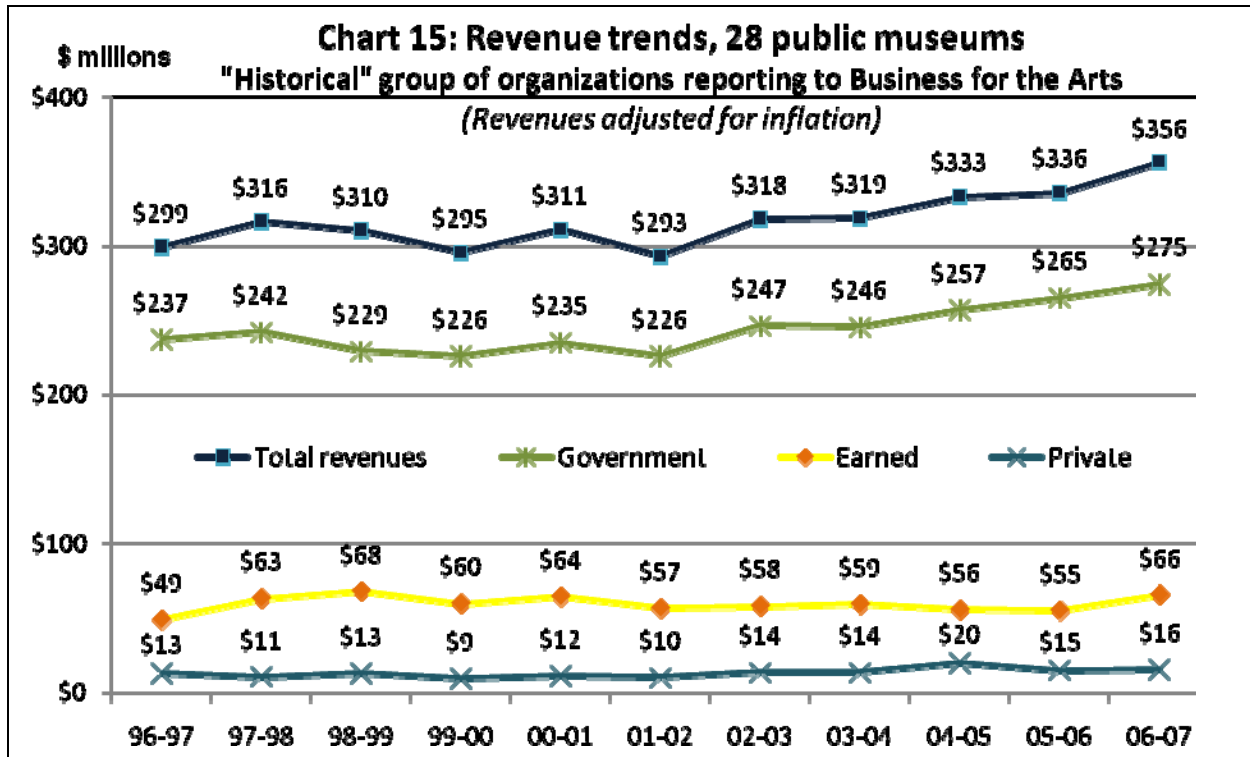
### Chart 14b: 2006-07 revenue breakdown of public museums

(28 "historical" organizations reporting to *Business for the Arts*)



### Yearly changes in revenue components

Chart 15 shows the inflation-adjusted year-by-year changes in all revenue components for the 28 public museums. Revenues are stated in current dollars (i.e., previous years' revenues have been adjusted to account for inflation).



For the 28 public museums, total revenues peaked at \$356 million in 2006-07, the most recent survey year. Total revenues increased in seven of the ten yearly change periods.

Government revenues peaked at \$275 million in 2006-07. Government revenues increased in six of the ten yearly change periods.

Earned revenues peaked at \$68 million in 1998-99 before decreasing substantially in 1999-2000. Earned revenues saw subsequent increases and decreases before settling at \$66 million in 2006-07. Earned revenues increased in six of the ten periods.

Private revenues reached a peak of \$20 million in 2004-05, before decreasing to reach \$16 million in 2006-07. Private revenues increased in six of the ten periods.

University revenues are an extremely small component of public museums' revenues and are therefore not shown in Chart 15.

### Changes in attendance

Attendance at the 28 museums decreased very slightly (1%) over the 10-year period, from 6.9 million in 1996-97 to 6.8 million in 2006-07.

## **Summary**

*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*.

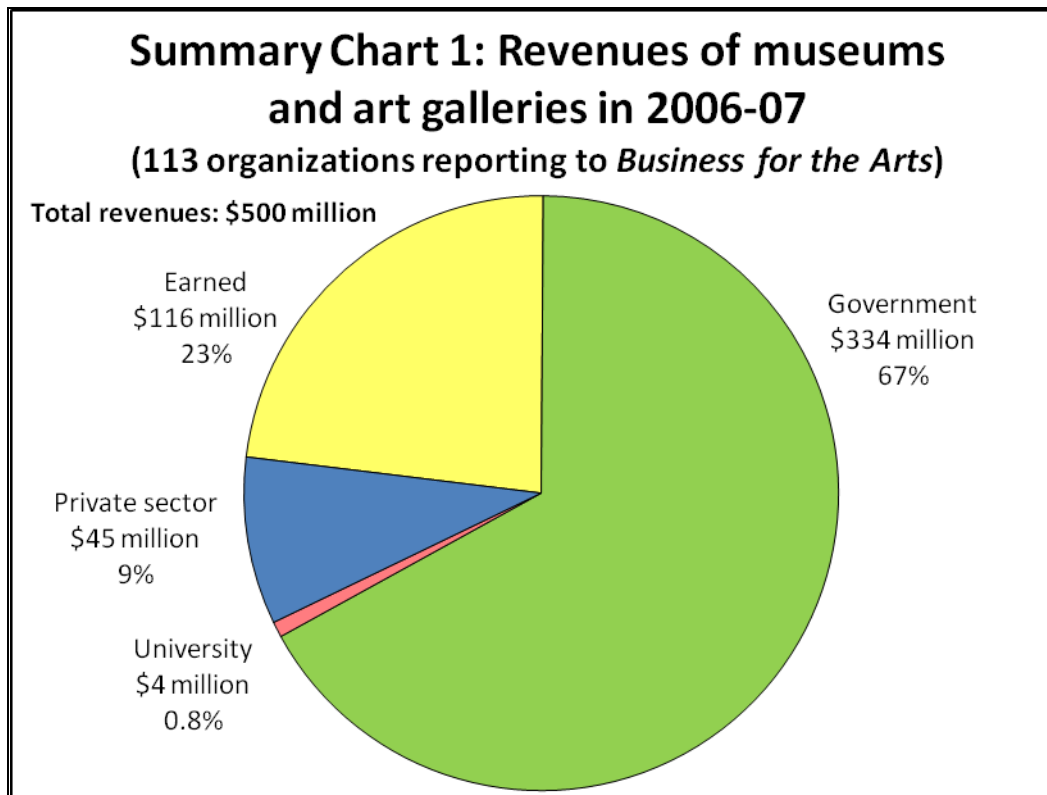
A total of 113 Canadian museums and galleries participated in the survey, including 52 public art galleries, 38 public museums, 12 university-affiliated art galleries or museums, and 11 artist-run centres. Organizations responding to the Business for the Arts survey are based in all 10 provinces and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

This section of 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.



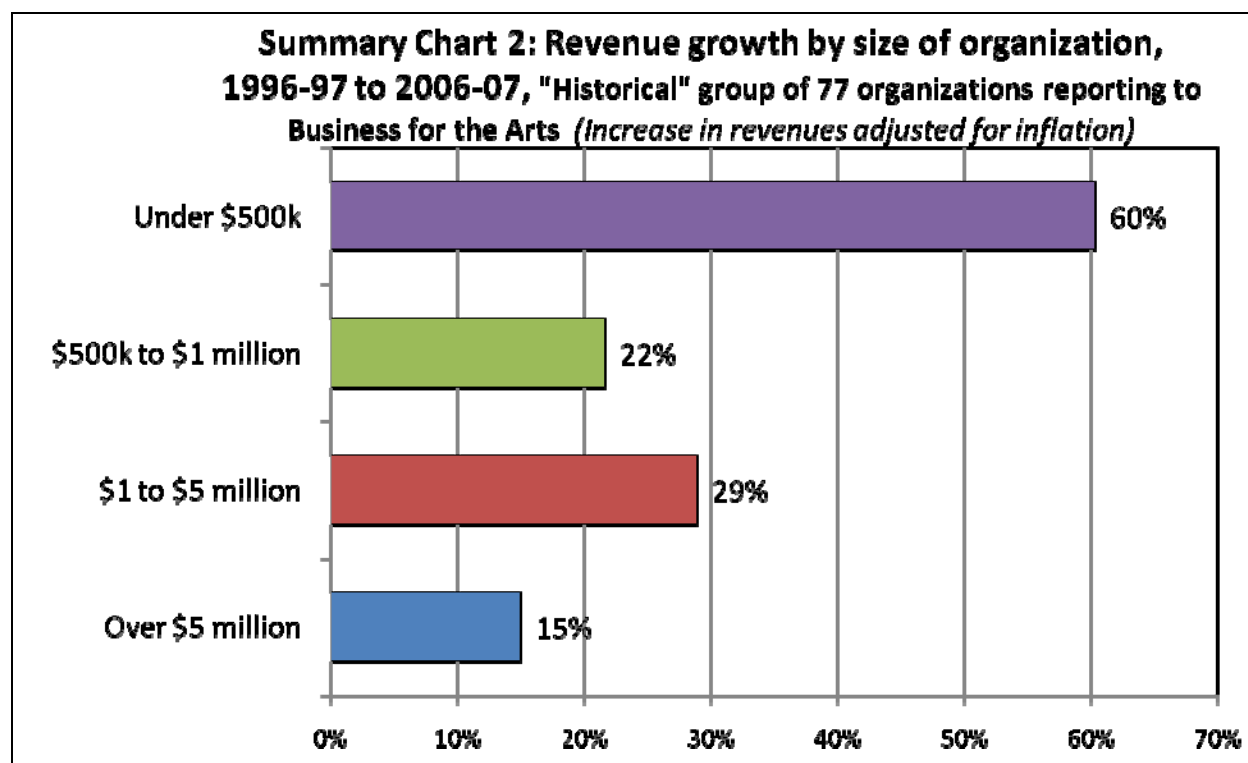
After adjusting for inflation, growth in total revenues was 18% between 1996-97 and 2006-07. Total expenses kept pace with total revenues, growing by 19% after inflation.

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.