Finances of Performing Arts Organizations in Canada in 2006-07

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FINANCES OF PERFORMING ARTS ORGANIZATIONS IN CANADA IN 2006-07

Introduction

This report 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*. Information for this survey was gathered in the first half of 2008 through voluntary submissions by non-profit performing arts organizations. 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 216 Canadian performing arts organizations participated in the survey, a slight decrease from the 226 organizations that reported in 2005-2006. About one-half of the reporting organizations are theatre companies (117), followed by music organizations (64), dance companies (15), opera companies (13) and multidisciplinary organizations (7).

The 216 performing arts companies responding to the Business for the Arts survey represent almost one-half of the estimated 454 non-profit performing arts organizations in Canada (based on Statistics Canada's *Performing Arts Survey* in 2005-06, the most recent year available). Because organizations reporting to Business for the Arts tend to be larger than average, the 216 companies represent 90% of the estimated $617 million in operating revenues for the non-profit performing arts sector, based on Statistics Canada's *Performing Arts Survey*. *(Note: The Business for the Arts data does include some multidisciplinary organizations that are not covered by the Statistics Canada data.)*

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 Business for the Arts survey are based in all 10 provinces and two of the three territories. Compared with Statistics Canada's provincial estimates of the number of non-profit performing arts organizations, the Business for the Arts data covers about one-half of the performing arts organizations in most jurisdictions. However, reporting is not consistent across the country. Coverage is best in Manitoba and Ontario and weakest in Quebec. Because of these issues, 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

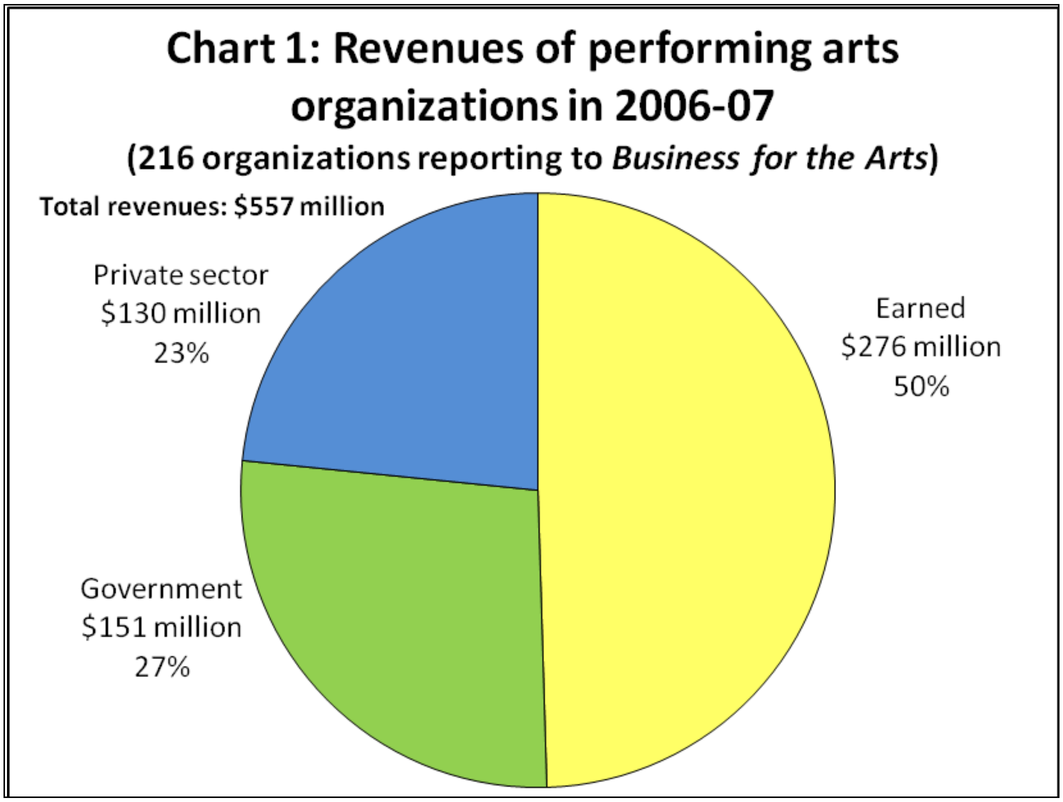
Total operating revenues for the 216 performing arts organizations were $557 million in 2006-07.

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.

A large majority of the organizations (80%) reported a surplus or essentially balanced budget in 2006-07, while the remaining 20% of organizations reported a deficit of more than 2% of total revenues. Fourteen organizations reported a deficit exceeding 10% of total revenues.

Average revenues
The average revenues of the 216 organizations reporting to Business for the Arts were $2.6 million. Forty-eight organizations reported revenues of less than $200,000. At the other end of the scale, 26 organizations reported revenues that exceeded $5 million.

Breakdown of revenues
As shown in 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).



Earned revenues

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. Another $66 million (12%) came from other earned revenues (typically rental revenues, merchandise sales, etc.).

Government revenues

As shown in Chart 2, the $150 million in government revenues can be broken down into contributions by:

- the Canada Council for the Arts: $36 million (6% of total revenues);
- Provincial funders: $48 million (9%);
- Municipal funders: $20 million (4%); and
- Other government sources: $47 million (8%).

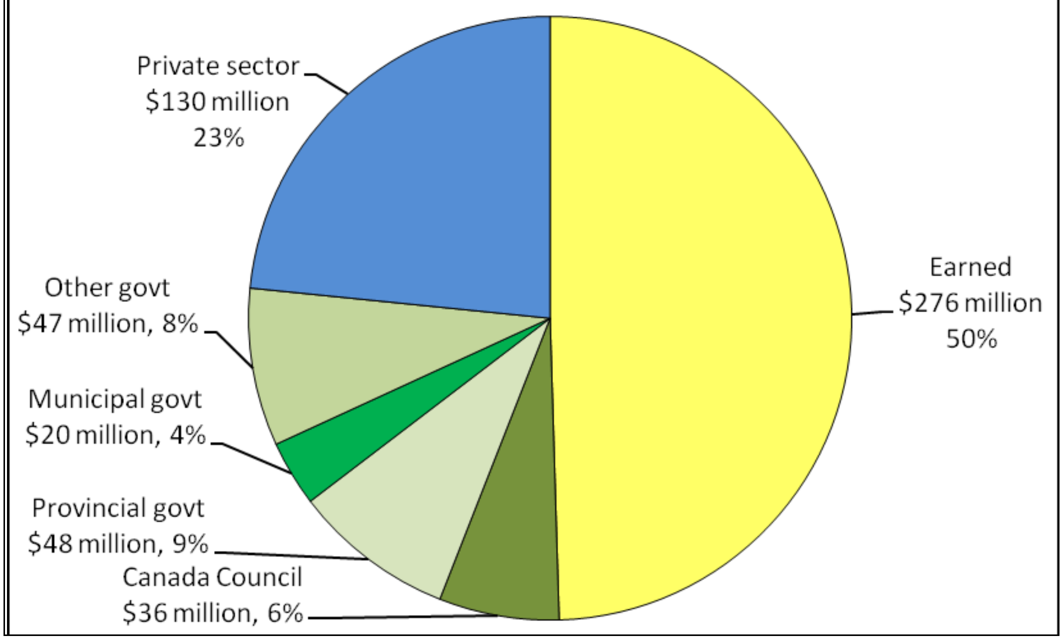
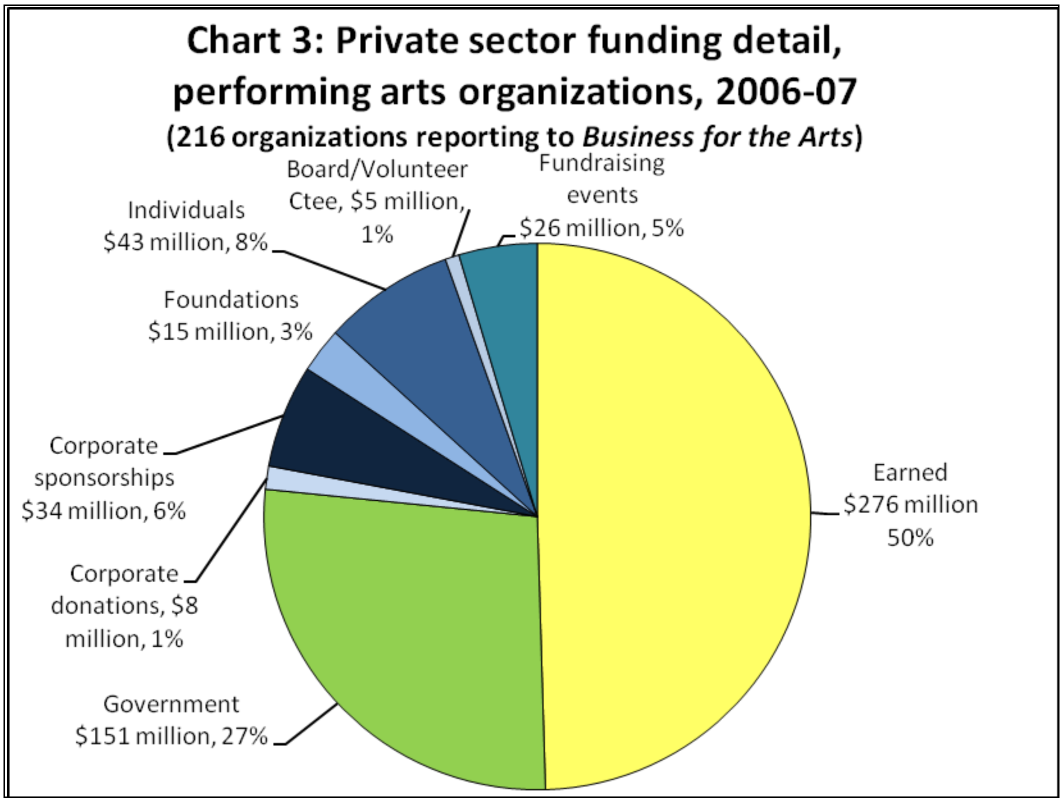


Chart 2: Government funding detail, performing arts organizations, 2006-07
(216 organizations reporting to *Business for the Arts*)

Private revenues

As shown in Chart 3, of the $130 million in private revenues, similar amounts came from individuals ($43 million, 8% of total revenues) and businesses ($42 million, 7% of total revenues). Of the $42 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). The other components of private revenues are special fundraising events ($26 million, or 5% of total revenues), foundations ($15 million, or 3%) and Board or volunteer committee donations ($5 million, or 0.8%).



Breakdown of revenues by size of organization, 2006-07

Table 1 shows that 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). In fact, there is an increase in the importance of earned revenues for each size group. Conversely, 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.

Table 1: Revenue sources of performing arts organizations by size, 2006-07

Total revenues	#	*Earned*	*Government*	Private	Total
Under $500,000	102	32%	43%	25%	100%
$500,000 to $1 million	39	38%	37%	25%	100%
$1 to $5 million	49	47%	29%	24%	100%
Over $5 million	26	52%	25%	23%	100%
All organizations	**216**	**50%**	**27%**	**23%**	**100%**

Attendance in 2006-07

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

Seventy-four performing arts organizations raised a total of $31 million in endowment funds in 2006-07, of which $15 million came from private sector sources. A total of 108 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 $2 million came from private sector sources.

Twenty-nine organizations received donations of publicly traded securities worth a total of $9 million. Large, Ontario-based organizations dominated these donations. Ontario-based organizations with total revenues over $5 million received over $8 million in donations of publicly traded securities, or 91% of the total.

10-year changes in revenues for all performing arts organizations

This section of the report examines changes in revenues, expenses and other key statistics for 105 organizations that responded to the Business for the Arts *Annual Survey of Performing Arts Organizations* 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 performing arts due to new organizations being created.[1]

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 2005-06 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 1,155 data points, 120 (or 10%) were imputed.

A range of organizations are represented in the historical group, including 45 theatre companies, 33 music organizations, 12 opera companies, 11 dance companies and four multidisciplinary organizations. The 105 companies include organizations based in nine provinces.

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. The average revenues of the 105 organizations were $4.4 million in 2006-07, a figure that is substantially higher than the average for all performing arts respondents in 2006-07 ($2.6 million). Only three organizations in the historical group reported revenues of less than $200,000. At the other end of the scale, 21 of the 105 organizations in the historical group reported revenues that exceeded $5 million.

Changes in total revenues and expenses

Total operating revenues for the 105 performing arts organizations were $460 million in 2006-07. Real growth in total revenues was 32% between 1996-97 and 2006-07. *(Note: "Real" growth refers to inflation-adjusted amounts.)*

Revenue increases were quite widespread, with 70% of the performing arts organizations (74 of 105 organizations) registering a real increase in revenues.

Total expenses nearly kept pace with total revenues, growing by 29% after inflation.

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[1] 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 between 1996-97 and 2006-07 (53%). This is nearly double the growth rate of earned revenues (27%) and government revenues (25%).

As shown in Charts 4a and 4b, the revenue mix for the 105 performing arts organizations changed very slightly between 1996-97 and 2006-07. As a percentage of total revenues, private sector revenues increased from 20% in 1996-97 to 24% in 2006-07. Government revenues decreased very slightly (from 29% of total revenues in 1996-97 to 28% in 2006-07). Earned revenues also decreased very slightly, from 50% of total revenues in 1996-97 to 49% in 2006-07. *(Note: Percentages do not add to 100% due to rounding.)*

Chart 4a: 1996-97 revenue breakdown of performing arts organizations
(adjusted for inflation; 105 "historical" organizations reporting to *Business for the Arts*)

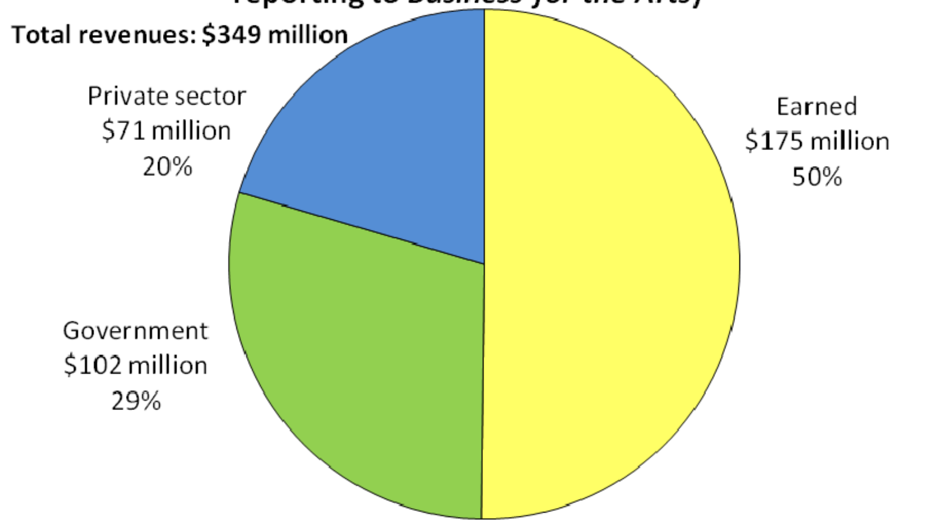


Chart 4b: 2006-07 revenue breakdown of performing arts organizations
(105 "historical" organizations reporting to *Business for the Arts*)

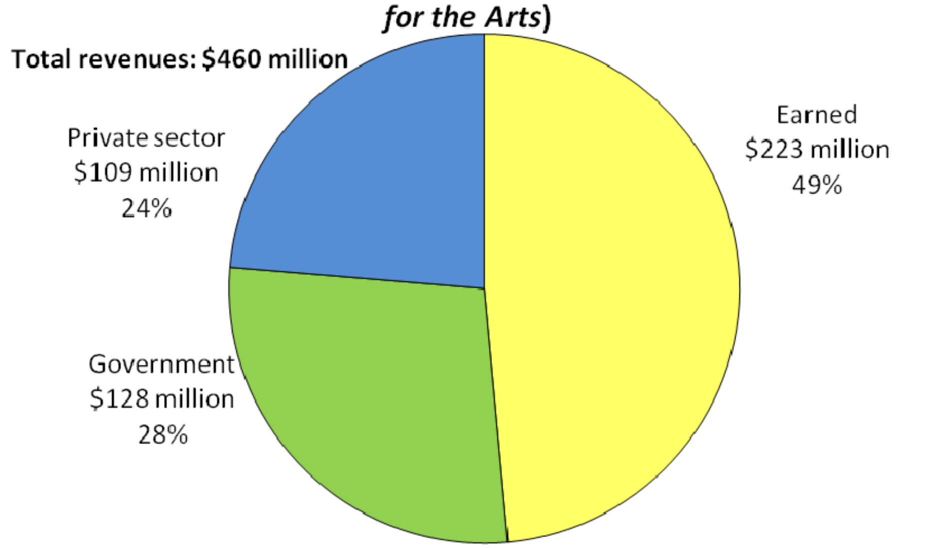
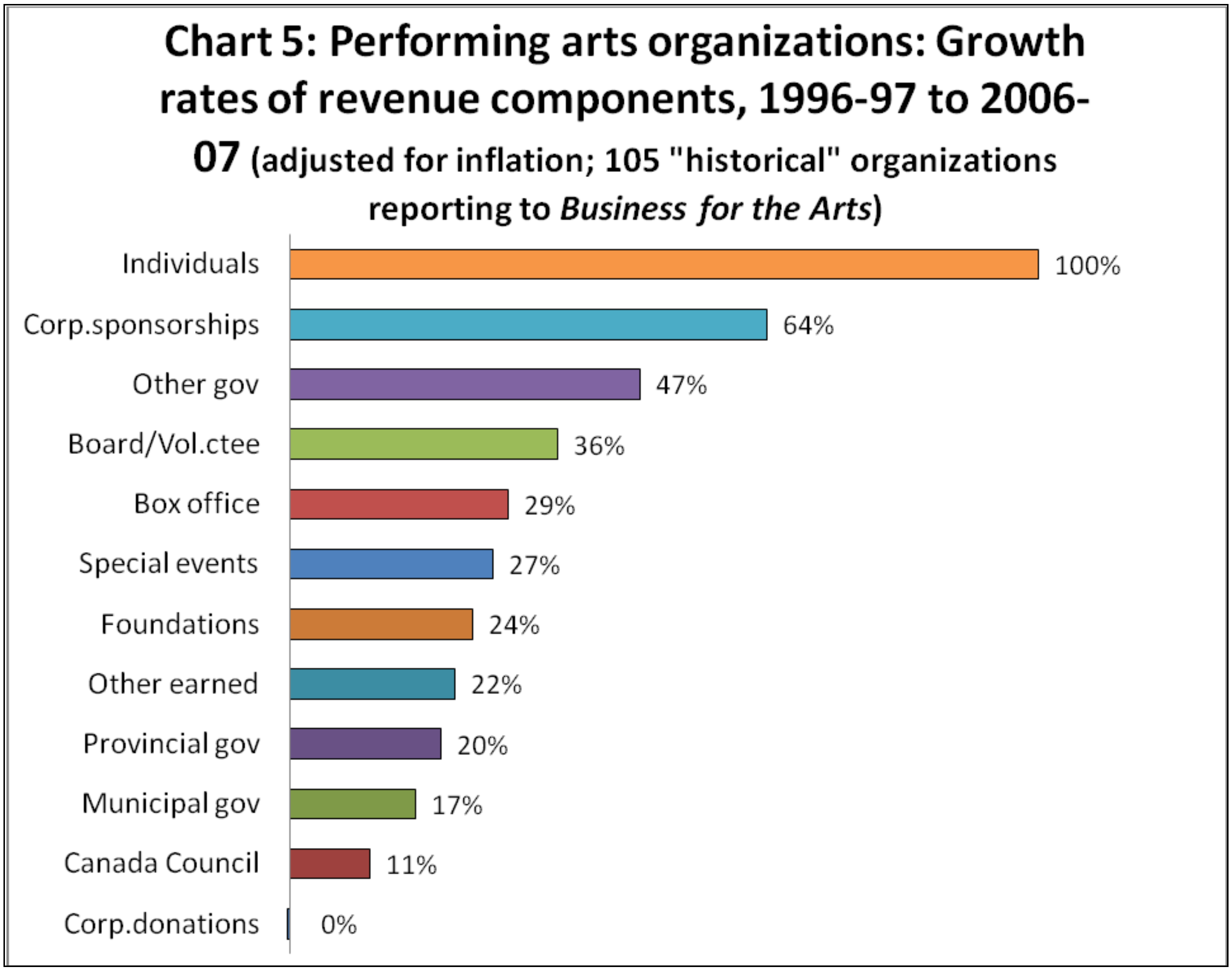


Chart 5 provides the growth rates for all revenue components. The chart shows that fundraising from individuals has become an increasingly important component of performing arts organization revenues. In the past 10 years, there has also been a substantial shift in corporate funding from donations to sponsorships.



Changes in earned revenues

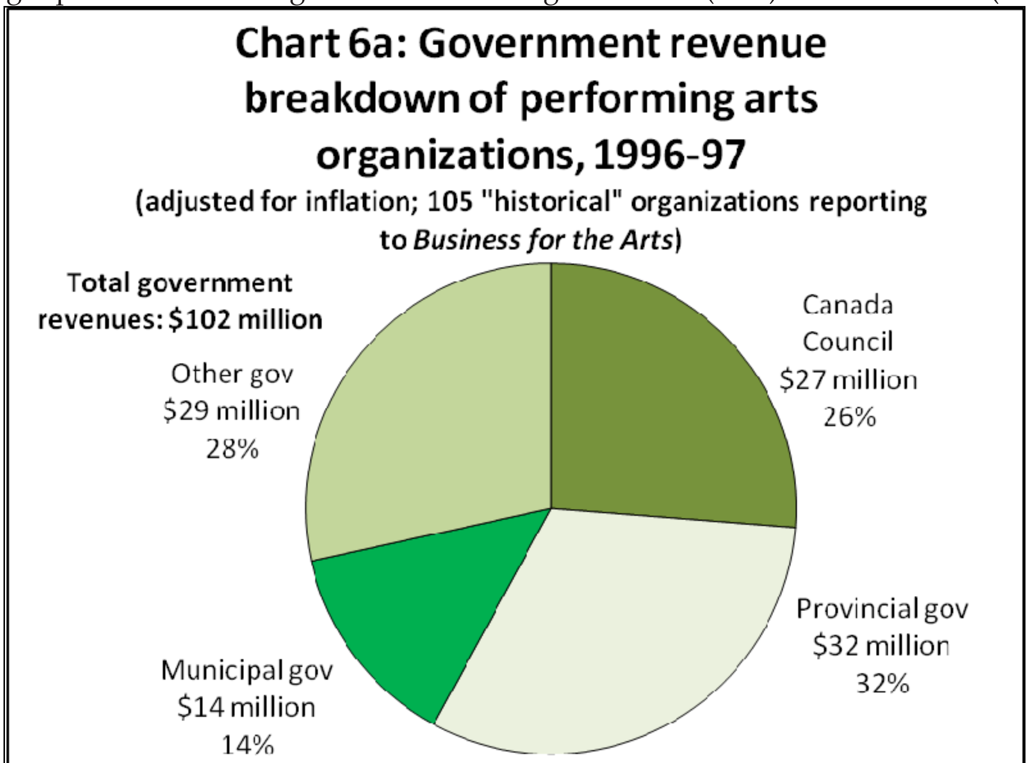
After adjusting for inflation, box office revenues grew by 29% between 1996-97 and 2006-07, while other earned revenues increased by 22%.

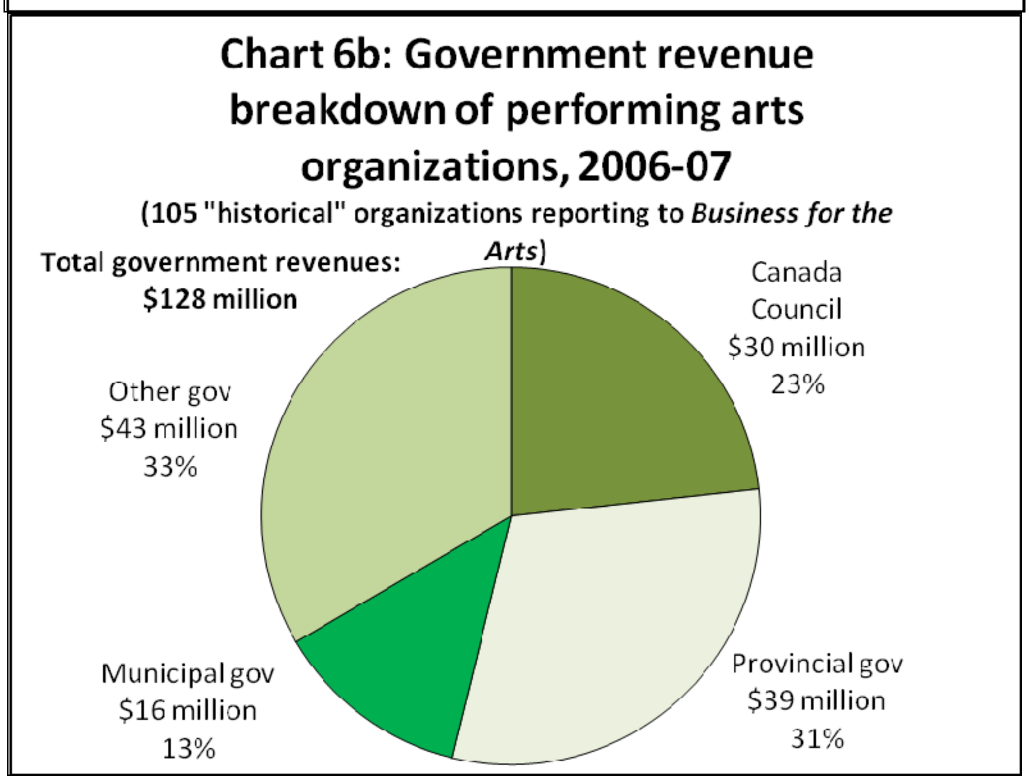
Changes in government revenues

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

- Revenues from the Canada Council for the Arts grew by 11%;
- Provincial funding increased by 20%;
- Municipal funding grew by 17%; and
- Other government sources increased the most (by 47% 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 105 performing arts organizations changed somewhat between 1996-97 and 2006-07, with "other government" revenues (predominantly the federal government, except for the Canada Council) comprising a much larger portion of overall government funding in 2006-07 (33%) than in 1996-97 (28%).

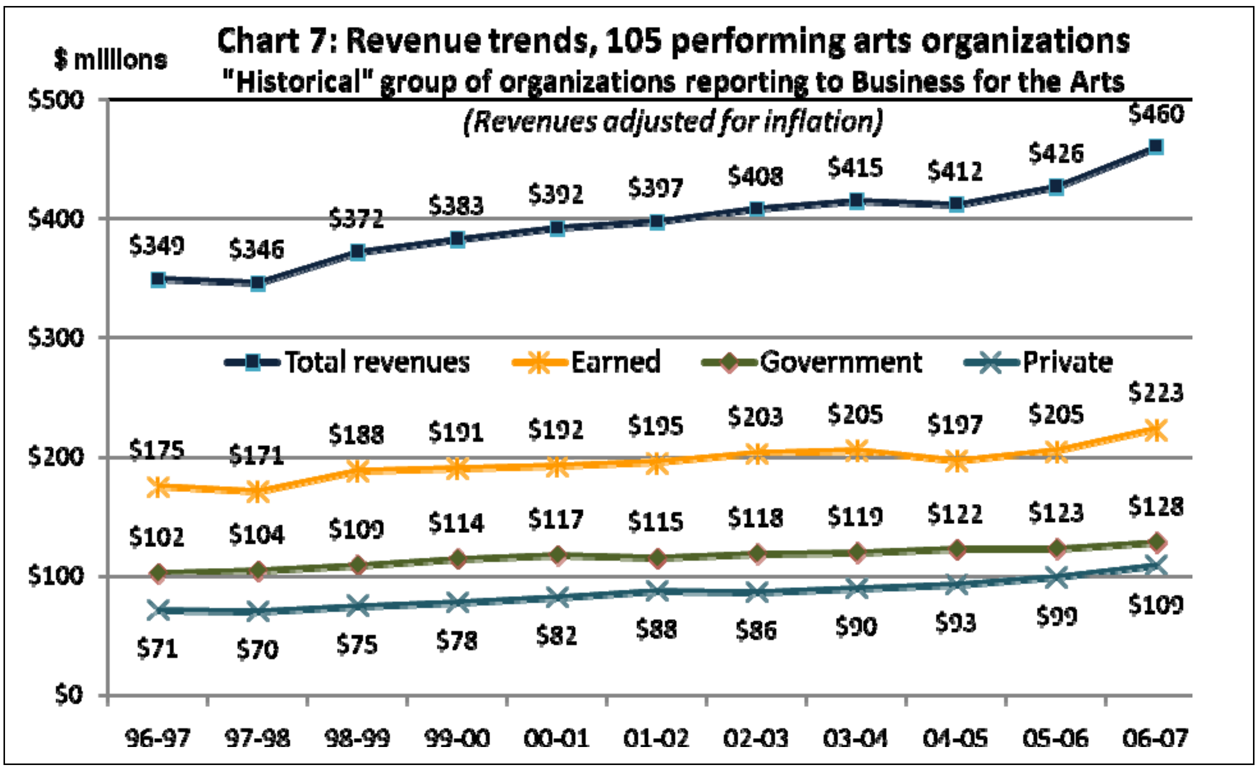




Changes in private revenues
Between 1996-97 and 2006-07, after adjusting for inflation:

- 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%.

Yearly changes in revenue components
Chart 7 shows the inflation-adjusted year-by-year changes in all revenue components for the 105 performing arts organizations. Revenues are stated in current dollars (i.e., previous years' revenues have been adjusted to account for inflation).



For the 105 performing arts organizations, total revenues peaked at $460 million in 2006-07, the most recent survey year. Total revenues increased in eight of the ten yearly change periods.

Earned revenues increased fairly consistently, peaking at $223 million in 2006-07. Earned revenues increased in eight of the ten periods.

Government revenues rose gradually but steadily, reaching $128 million in 2006-07. Government revenues increased in nine of the ten yearly change periods.

Private revenues increased steadily and most rapidly, reaching a peak of $109 million in 2006-07, the most recent survey year. Private revenues increased in eight of the ten periods. The increases in private revenues were largest in the two most recent periods, with a 7% increase in 2005-06 and a 17% increase in 2006-07.

Changes in revenues by size of organization

This section of the report examines changes in revenues by size of organization for the 105 performing arts organizations responding to the Business for the Arts *Annual Survey of Performing Arts Organizations* over a 10-year period, from 1996-97 to 2006-07.

Total operating revenues for the 105 performing arts organizations were $460 million in 2006-07. Real growth in total revenues was 32% between 1996-97 and 2006-07. *(Note: "Real" growth refers to inflation-adjusted amounts.)*

Revenue increases were quite widespread, with 70% of the performing arts organizations (74 of 105 organizations) registering a real increase in revenues.

The smallest organizations grew the most, led by earned revenues

Chart 8 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: earned revenues increased by 71% after adjusting for inflation, compared with 46% for government revenues (equal to the overall growth rate for these organizations) and 20% for private sector revenues.

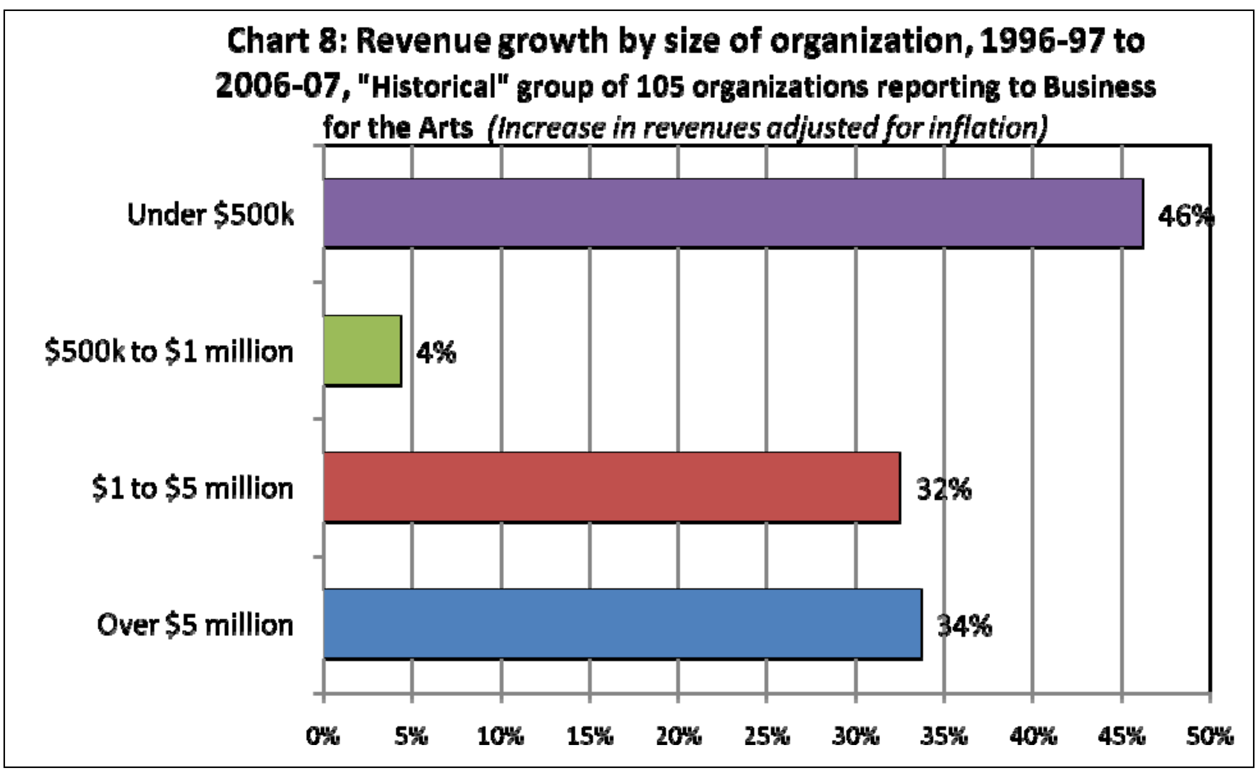
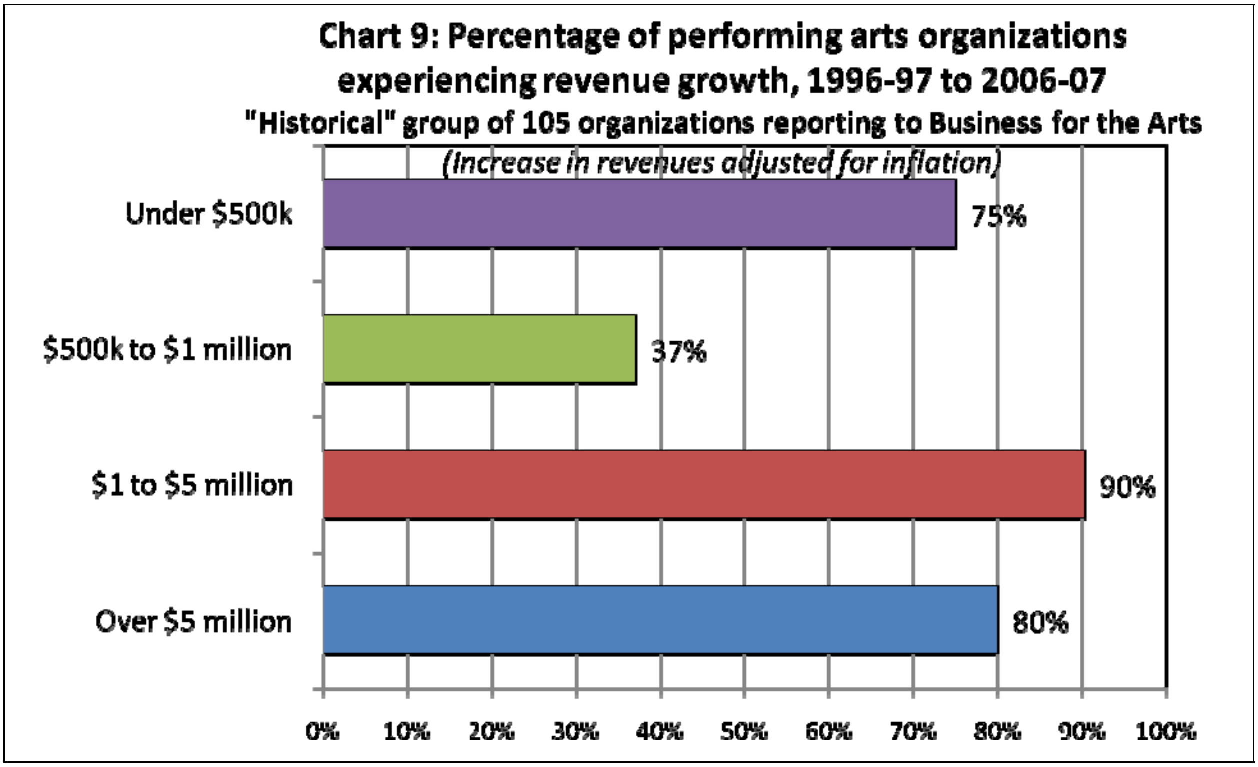


Chart 9 shows that, of the 32 performing arts organizations with 1996-97 total revenues of less than $500,000, 75% experienced real growth in revenues (24 of 32 organizations). Among the many organizations in this group that experienced significant revenue growth are Necessary Angel Theatre Company (Toronto, ON), Festival of the Sound (Parry Sound), Fortier Danse-Création (Montréal), Intrepid Theatre (Victoria), Kamloops Symphony, Lighthouse Festival Theatre (Port Dover, ON), Ottawa Symphony Orchestra, Société de musique contemporaine du Québec (Montréal), Tapestry New Opera Works (Toronto), Theatre Newfoundland Labrador (Corner Brook) and Theatre North West (Prince George, BC).



Organizations with revenues between $500,000 and $1 million struggled somewhat

For the 27 performing arts organizations with revenues between $500,000 and $1 million in 1996-97, real revenue growth was 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.

A lower percentage of the organizations with revenues between $500,000 and $1 million in 1996-97 experienced real revenue growth between 1996-97 and 2006-07. Among organizations with 1996-97 revenues between $500,000 and $1 million, 37% experienced real revenue growth between 1996-97 and 2006-07 (10 of 27 organizations). Specific organizations that experienced strong revenue growth include Magnus Theatre Company (Thunder Bay), Manitoba Theatre for Young People, Mermaid Theatre of Nova Scotia, Prologue to the Performing Arts (Toronto), the

Saskatoon Symphony, the Thunder Bay Symphony Orchestra and the Vancouver East Cultural Centre.

Chart 9 shows that a large majority of organizations in the other three size groups experienced real revenue growth between 1996-97 and 2006-07.

Strong self-generated revenue growth for organizations with revenues between $1 and $5 million

Collectively, the 31 performing arts organizations with 1996-97 total revenues between $1 and $5 million experienced real revenue growth of 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%. Government revenues increased by 20%, less than the overall growth rate for these organizations.

For the 31 organizations with 1996-97 revenues between $1 and $5 million, real revenue growth was particularly widespread, with 90% experiencing real revenue growth (28 of the 31 organizations). Specific organizations that experienced strong revenue growth include the Alberta Ballet, the Belfry Theatre (Victoria), the Calgary Opera, Drayton Theatres, the Globe Theatre (Regina), Jeunesses Musicales du Canada, Manitoba Theatre Centre, Opéra de Québec, Orchestra London, Pacific Opera Victoria, Theatre Calgary and the Windsor Symphony.

Growth for organizations with revenues over $5 million led by private sector revenues

For the 15 largest organizations (revenues over $5 million in 1996-97), real revenue growth was 34% between 1996-97 and 2006-07. Private sector revenues led the growth in total revenues for these organizations, growing by 70% after adjusting for inflation, compared with 28% for government revenues and 24% for earned revenues (both less than the overall growth rate for these organizations).

Of the largest performing arts organizations, 80% experienced real revenue growth between 1996-97 and 2006-07 (12 of 15 organizations). Some of the large organizations that experienced strong revenue growth include the Canadian Opera Company, the Citadel Theatre, the Stratford Festival, the National Arts Centre and the Orchestre symphonique de Montréal.

Changes in attendance, endowments and publicly traded securities

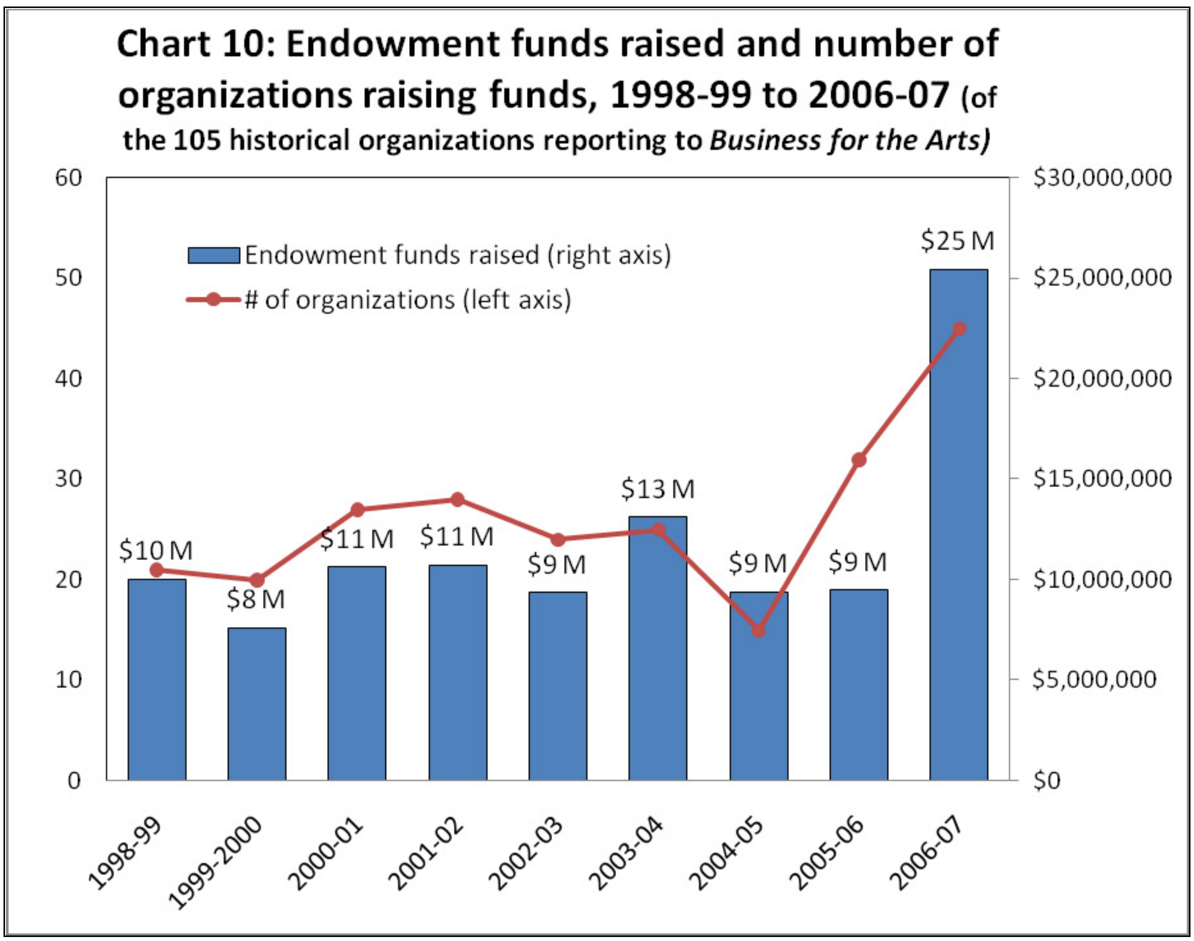
Changes in attendance

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. This figure includes home and tour attendance. Home attendance increased by 11%, while touring attendance figures decreased by 28%.

Changes in endowment fundraising

Chart 10 shows that, between 1998-99 (the first year for which such data is available) and 2005-06, there was relatively little change in the endowment campaigns of performing arts organizations. An average of 24 organizations per year (of the 105 in the historical group) were fundraising for endowments, with total campaigns averaging $10 million.

In 2006-07, there was a sharp increase in endowment campaigns, with 45 organizations raising a total of $25 million in endowment funds. In other words, both the number of organizations and the amounts raised roughly doubled in 2006-07 from the norm between 1998-99 and 2005-06.



Changes in publicly traded securities

Of the 105 historical organizations, 19 received donations of publicly traded securities worth a total of $7 million in 2006-07. This is a substantial increase from the $3 million (received by 17 organizations) in 2005-06, the first year this data was collected.

Profile of theatre companies

One-hundred-and-seventeen theatre companies reported data to the 2006-2007 Business for the Arts *Annual Survey of Performing Arts Organizations*.

Revenues, expenses and surplus/deficit

Total operating revenues for the 117 theatres were $236 million in 2006-07.

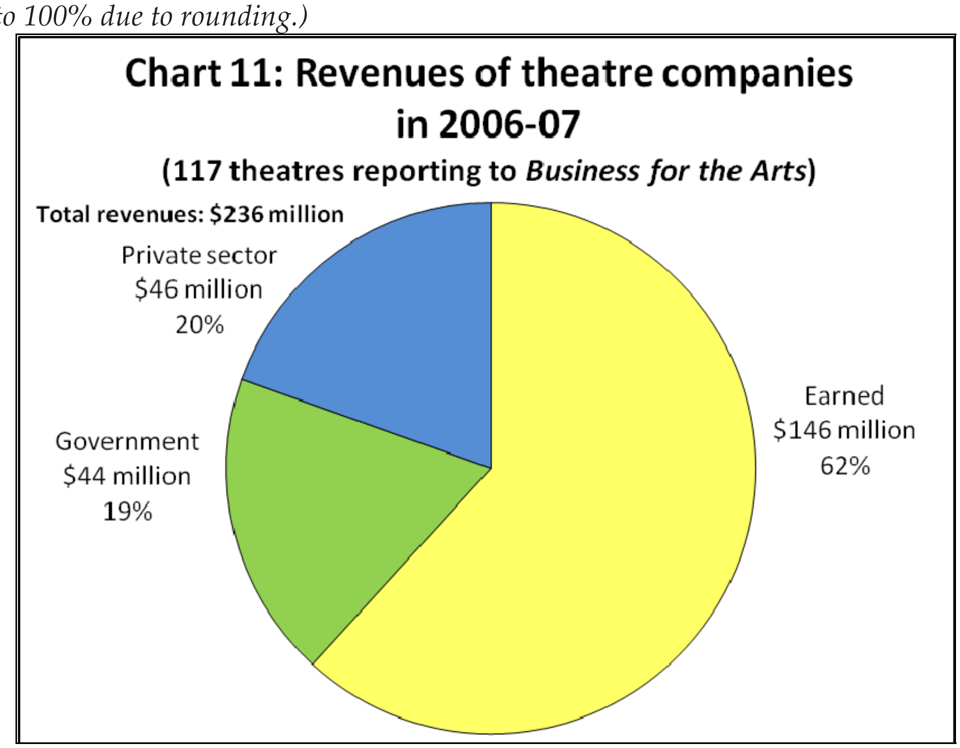
Total expenses ($234 million) were slightly less than total revenues, leaving a season surplus of $2.8 million, or 1% of total revenues. This surplus resulted in an increase in the overall accumulated surplus of the 117 theatre companies, which amounted to $27 million (11% of total revenues) at the end of 2006-07.

A large majority of the theatre companies (82%) reported a surplus or essentially balanced budget in 2006-07, while the remaining 18% reported a deficit of more than 2% of total revenues. Nine theatres reported a deficit exceeding 10% of total revenues.

The average revenues of the 117 theatre companies were $2.0 million.

Breakdown of revenues

As shown in Chart 11, earned revenues represented 62% of the $236 million in total revenues (or $146 million). Earned revenues represented a higher proportion of total revenues for theatres than for any other performing arts discipline. 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). *(Note: Percentages do not add to 100% due to rounding.)*



Attendance
The 117 theatre companies presented 19,000 performances to a total audience of 5.2 million individuals (4.2 million at home and 1.0 million on tour).

Endowments, capital campaigns and securities
Thirty theatre companies raised a total of $5.4 million in endowment funds in 2006-07, of which $2.1 million came from private sector sources. A total of 42 theatres reported holding an endowment. The total value of these endowments is $50 million, which represents 38% of these companies' total revenues in 2006-07.

Seventeen theatre companies raised a total of $5.8 million in capital funds in 2006-07 (almost all of the $6 million in capital fundraising in the performing arts as a whole), of which $2.2 million came from private sector sources. Ten theatres received donations of publicly traded securities worth a total of $1.8 million.

10-year changes for theatre companies

This section of the report examines changes in revenues, expenses and attendance for the 45 theatre companies that responded to the Business for the Arts *Annual Survey of Performing Arts Organizations* over a 10-year period, from 1996-97 to 2006-07.

It should be noted that these theatre companies 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 45 theatres were $3.2 million in 2006-07, a figure that is substantially higher than the average for all theatre respondents in 2006-07 ($2.0 million).

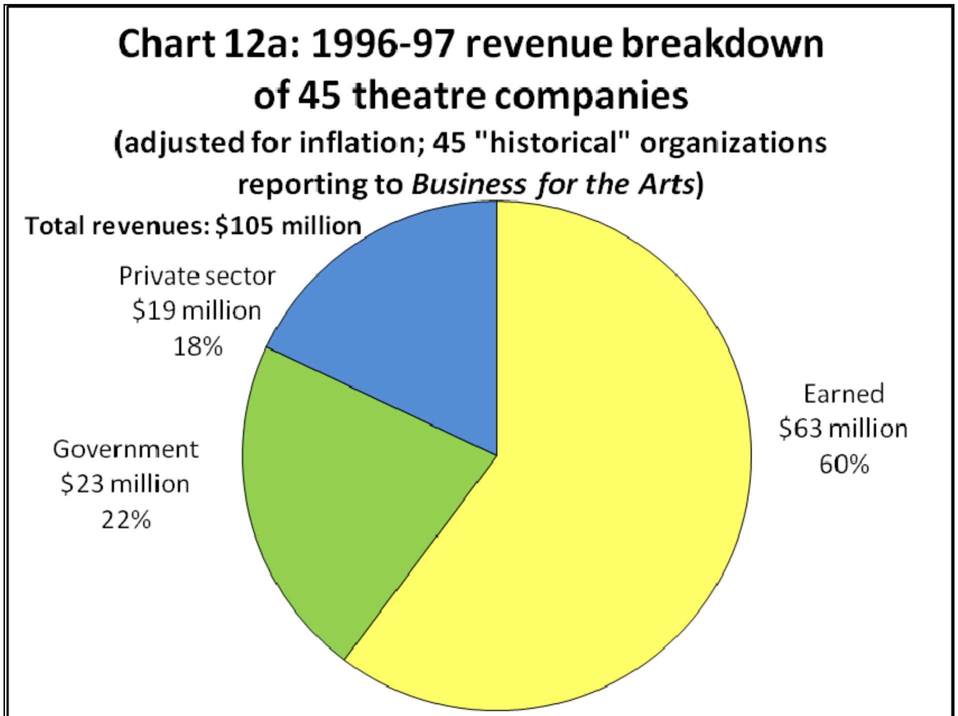
Changes in total revenues and expenses
Total operating revenues for the 45 theatre companies were $147 million in 2006-07. Real growth in total revenues was 40% between 1996-97 and 2006-07. *(Note: "Real" growth refers to inflation-adjusted amounts.)*

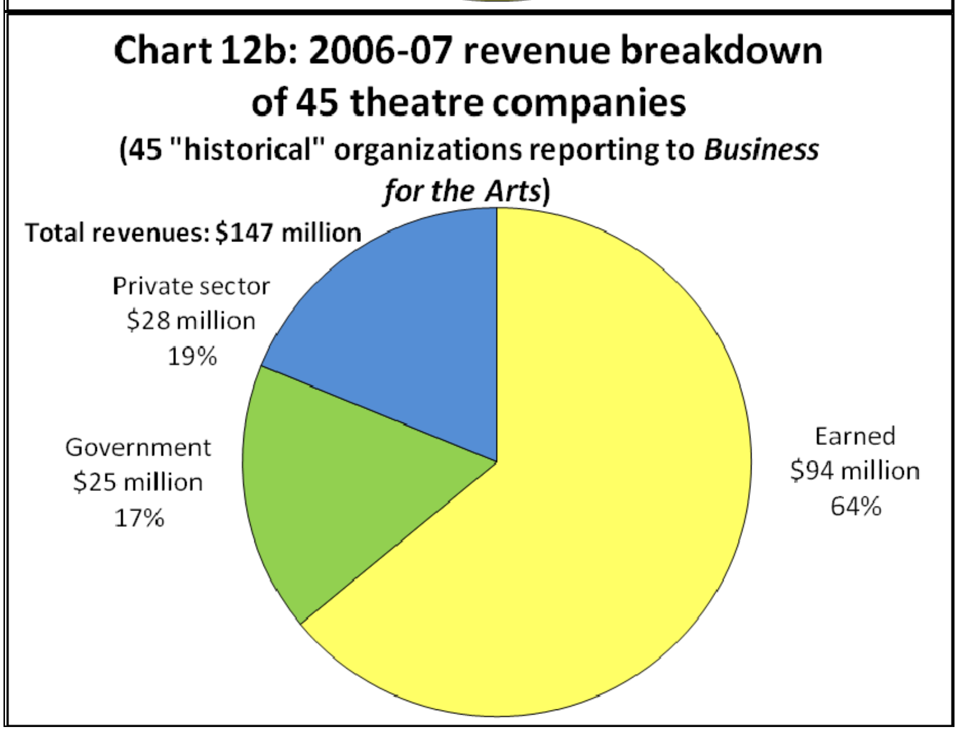
Revenue increases were quite widespread, with two-thirds of the theatres (30 of 45 organizations) registering a real increase in revenues.

Total expenses more than kept pace with total revenues, growing by 43% after inflation.

Changes in the breakdown of total revenues
Earned and private sector revenues both grew at a substantial pace (49% and 46% respectively), while government revenues increased by 10%.

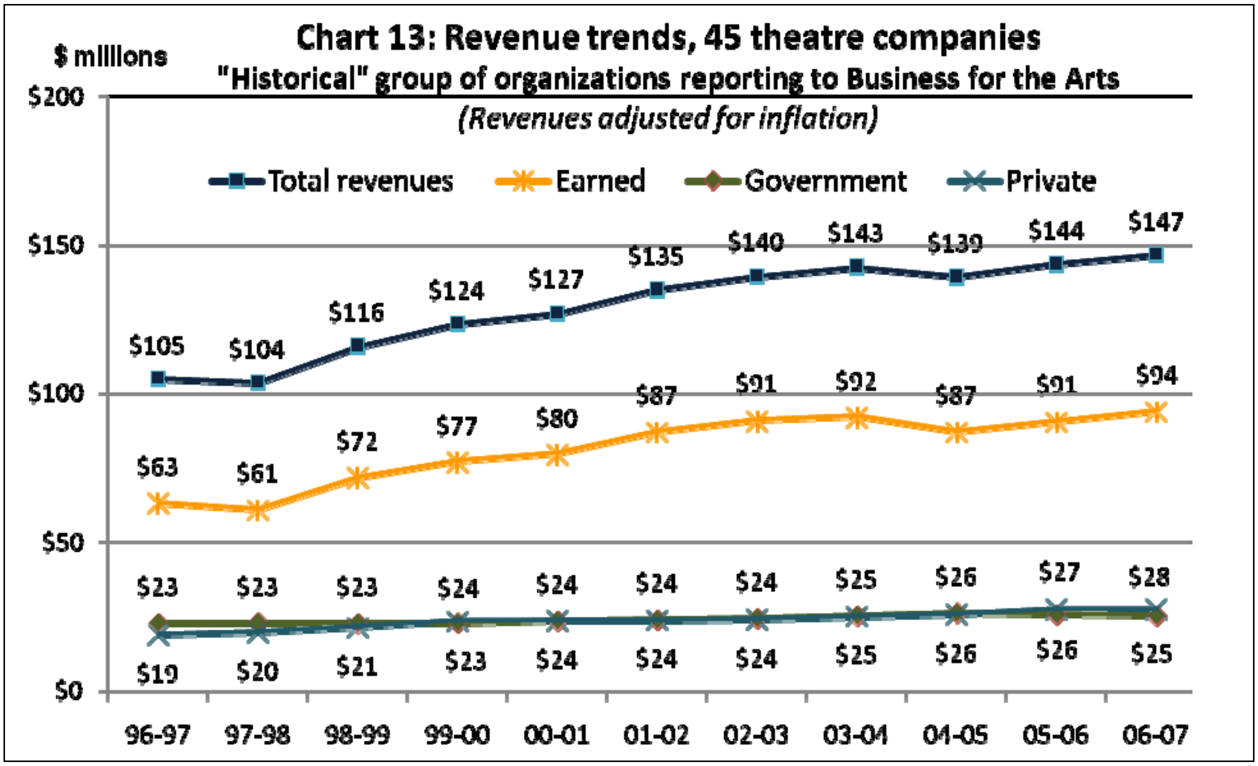
As shown in Charts 12a and 12b, the revenue mix for the 45 theatre companies changed between 1996-97 and 2006-07. As a percentage of total revenues, earned revenues increased from 60% of total revenues in 1996-97 to 64% in 2006-07. Private sector revenues increased slightly, from 18% in 1996-97 to 19% in 2006-07. Government revenues decreased from 22% of total revenues in 1996-97 to 17% in 2006-07.





Yearly changes in revenue components

Chart 13 shows the inflation-adjusted year-by-year changes in all revenue components for the 45 theatre companies. Revenues are stated in current dollars (i.e., previous years' revenues have been adjusted to account for inflation).



For the 45 theatre companies, total revenues peaked at $147 million in 2006-07, the most recent survey year. Total revenues increased in eight of the ten yearly change periods.

Earned revenues increased significantly, recovering from a substantial decrease in 2004-05 to reach $94 million in 2006-07. Earned revenues increased in eight of the ten periods.

Government revenues increased quite slowly, peaking at $26 million in 2004-05. Government revenues increased in seven of the ten yearly change periods.

Private revenues increased steadily, reaching a peak of $28 million in 2006-07, the most recent survey year. Private revenues increased in all periods and surpassed government revenues in 2005-06.

Changes in attendance

While the number of performances increased by 21% between 1996-97 and 2006-07, attendance at the 45 theatre companies increased by only 8%, from 3.1 million in 1996-97 to 3.4 million in 2006-07. This figure includes home and tour attendance. Home attendance increased by 7%, while touring attendance figures increased by 14%.

Profile of music organizations

Sixty-four music organizations, including orchestras, choirs and some presenting organizations (but excluding opera companies), reported data to the 2006-2007 Business for the Arts *Annual Survey of Performing Arts Organizations*.

Revenues, expenses and surplus/deficit

Total operating revenues for the 64 music organizations were $122 million in 2006-07.

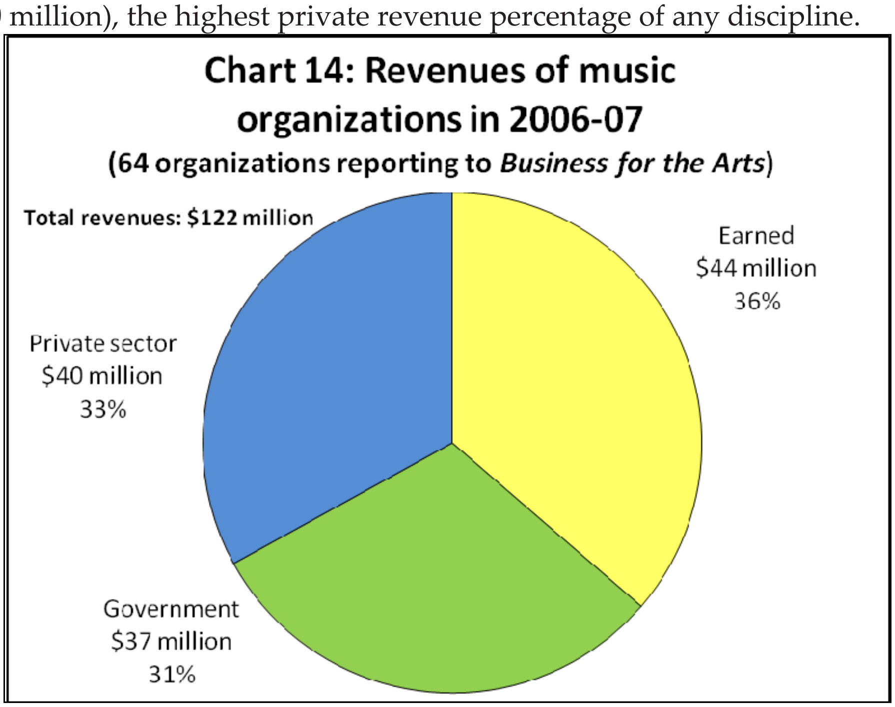
Total expenses ($122 million) equalled total revenues, leaving an overall balanced budget for the 64 music organizations. The 64 organizations collectively have an accumulated deficit of $12 million, or 10% of total revenues as of the end of 2006-07. However, two large organizations account for the entire accumulated deficit: the other 62 organizations collectively have no accumulated deficit.

Three-quarters of the music organizations (75%) reported a surplus or essentially balanced budget in 2006-07, while the remaining 25% of the organizations reported a deficit of more than 2% of total revenues. Four organizations reported a deficit exceeding 10% of total revenues.

The average revenues of the 64 music organizations were $1.9 million.

Breakdown of revenues

As shown in Chart 14, 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). Private revenues amounted to 33% of total revenues ($40 million), the highest private revenue percentage of any discipline.



Attendance

The 64 music organizations presented almost 13,000 performances to a total audience of 2.0 million individuals (1.7 million at home and 0.3 million on tour).

Endowments, capital campaigns and securities

Thirty-one music organizations raised a total of $11.8 million in endowment funds in 2006-07, of which $5.1 million came from private sector sources. A total of 42 music organizations reported holding an endowment. The total value of these endowments is $61 million, which represents 58% of these organizations' total revenues in 2006-07.

Only six music organizations had capital campaigns in 2006-07, raising just over $100,000. Ten organizations received donations of publicly traded securities worth a total of $3.1 million.

10-year changes for music organizations

This section of the report examines changes in revenues, expenses and attendance for the 33 music organizations that responded to the Business for the Arts *Annual Survey of Performing Arts Organizations* over a 10-year period, from 1996-97 to 2006-07.

It should be noted that these music 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 33 music organizations were $3.3 million in 2006-07, a figure that is substantially higher than the average for all music respondents in 2006-07 ($1.9 million).

Changes in total revenues and expenses

Total operating revenues for the 33 music organizations were $107 million in 2006-07. Real growth in total revenues was 24% between 1996-97 and 2006-07. *(Note: "Real" growth refers to inflation-adjusted amounts.)*

Revenue increases were quite widespread, with three-quarters of the music organizations (25 of 33 organizations) registering a real increase in revenues.

Total expenses essentially kept pace with total revenues, growing by 22% after inflation.

Changes in the breakdown of total revenues

Of all revenue categories, private sector revenues grew at the fastest rate (58%). Government revenues grew by 33%, while earned revenues did not change between 1996-97 and 2006-07.

As shown in Charts 15a and 15b, the revenue mix for the 33 music organizations changed substantially between 1996-97 and 2006-07. As a percentage of total revenues, earned revenues decreased from 46% of total revenues in 1996-97 to 37% in 2006-07. Private sector revenues increased significantly, from 26% in 1996-97 to 33% in 2006-07. Government revenues increased slightly, from 28% of total revenues in 1996-97 to 30% in 2006-07.

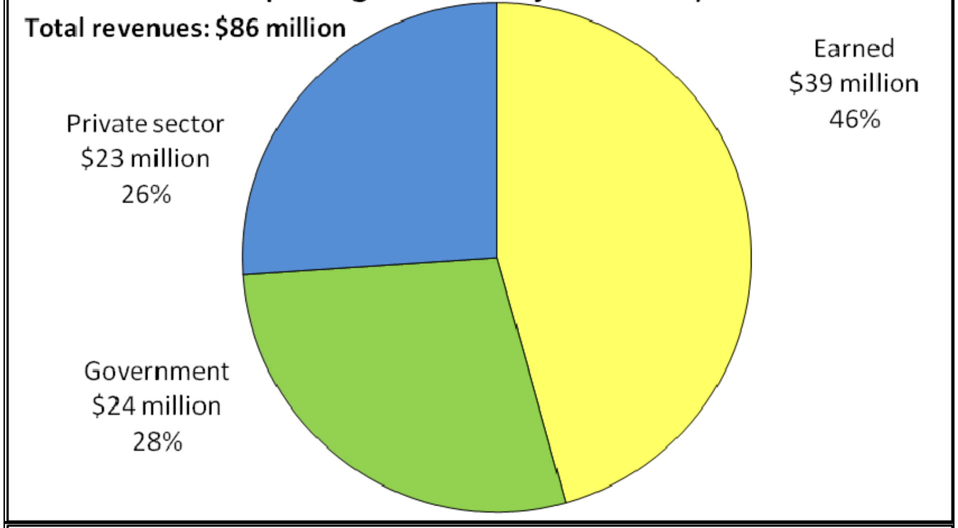


Chart 15a: 1996-97 revenue breakdown of 33 music organizations
(adjusted for inflation; 33 "historical" organizations reporting to *Business for the Arts*)

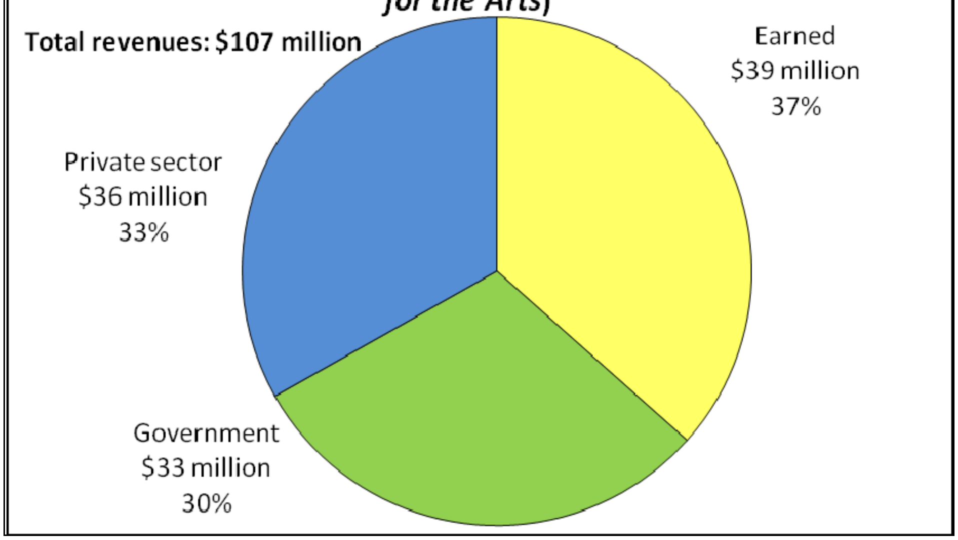
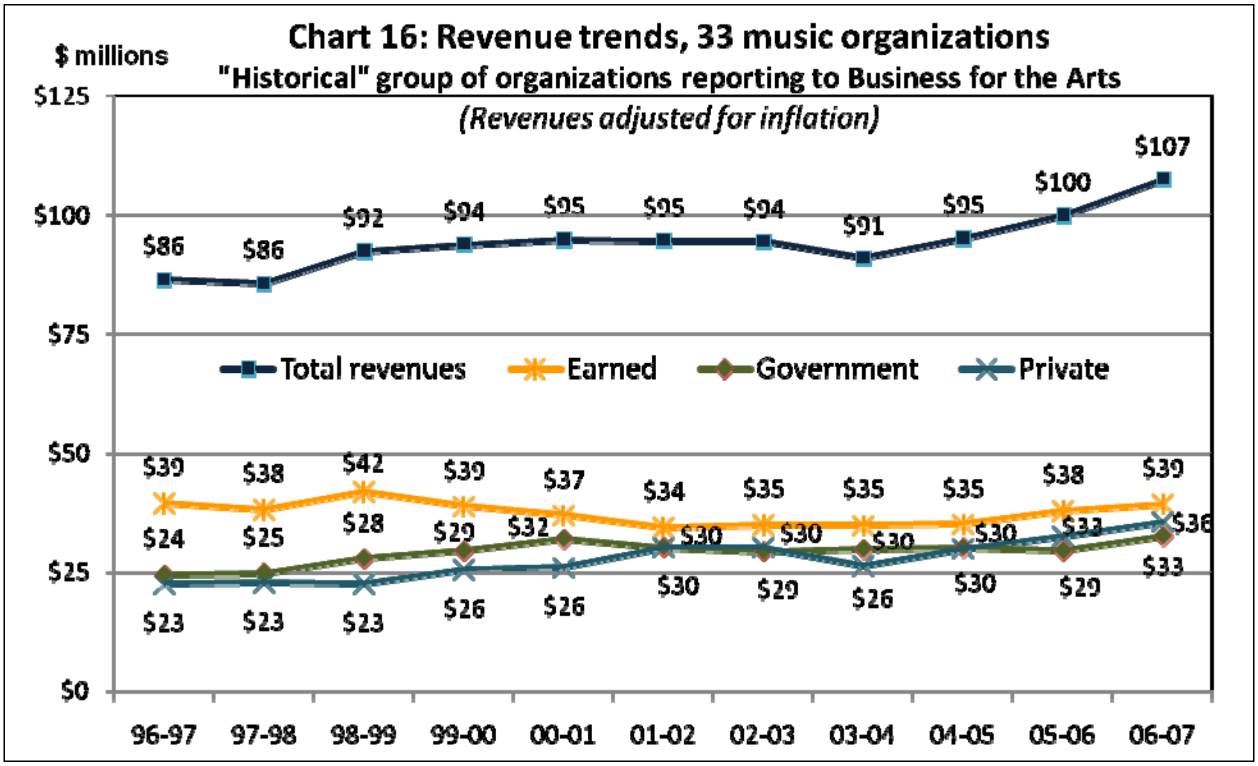


Chart 15b: 2006-07 revenue breakdown of 33 music organizations
(33 "historical" organizations reporting to *Business for the Arts*)

Yearly changes in revenue components

Chart 16 shows the inflation-adjusted year-by-year changes in all revenue components for the 33 music organizations. Revenues are stated in current dollars (i.e., previous years' revenues have been adjusted to account for inflation).



For the 33 music organizations, total revenues peaked at $107 million in 2006-07, the most recent survey year. Total revenues increased in six of the ten yearly change periods.

Earned revenues experienced five increases and five decreases between 1996-97 and 2006-07, with a peak of $42 million in 1998-99.

Government revenues increased between 1996-97 and 2006-07, peaking at $33 million in 2006-07. Government revenues increased in seven of the ten yearly change periods.

Private revenues showed a fairly consistent upwards trend, reaching a peak of $36 million in 2006-07, the most recent survey year. Private revenues increased in eight of the ten periods and surpassed government revenues in 2005-06.

Changes in attendance

While the number of performances increased by 15% between 1996-97 and 2006-07, attendance at the 33 music organizations decreased by 22%, from 2.1 million in 1996-97 to 1.6 million in 2006-07. The attendance decrease is largely due to a substantial decrease for one very large organization. The attendance figures include home and tour attendance. Home attendance decreased by 24%, while touring attendance figures decreased by 3%.

Profile of opera companies

Thirteen opera companies reported data to the 2006-2007 Business for the Arts *Annual Survey of Performing Arts Organizations*.

Revenues, expenses and surplus/deficit

Total operating revenues for the 13 opera companies were $72 million in 2006-07.

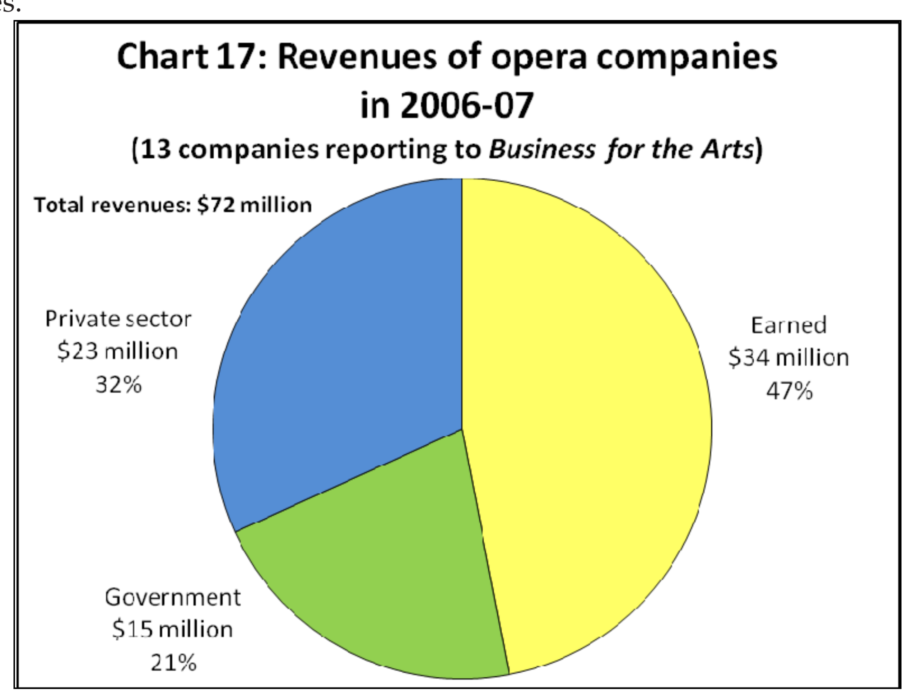
Total expenses ($71 million) were slightly less than total revenues, leaving a season surplus of $1.3 million, or 2% of total revenues. This surplus resulted in a decrease in the overall accumulated deficit of the 13 opera companies, which amounted to $1.7 million (2% of total revenues) at the end of 2006-07.

Eleven of the 13 opera companies (85%) reported a surplus or essentially balanced budget in 2006-07, while the other two companies reported a deficit of more than 2% of total revenues. One company reported a deficit exceeding 10% of total revenues.

The average revenues of the 13 opera companies were $5.6 million.

Breakdown of revenues

As shown in Chart 17, 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 behind only theatre organizations, which receive 19% of their revenues from government sources. Private revenues amounted to 32% of total revenues ($23 million), a level that is second-highest among performing arts disciplines behind only music organizations, which receive 33% from private sector sources.



Attendance
The 13 opera companies presented 369 performances to a total audience of 520,000 individuals (460,000 at home and 60,000 on tour).

Endowments, capital campaigns and securities
Five opera companies raised a total of $3.4 million in endowment funds in 2006-07, of which $1.4 million came from private sector sources. Nine opera companies reported holding an endowment. The total value of these endowments is $22 million, which represents 38% of these companies' total revenues in 2006-07.

Five opera companies received donations of publicly traded securities worth a total of $660,000. Only one opera company raised any capital funds in 2006-07, with a total of $7,000 raised.

10-year changes for opera companies

This section of the report examines changes in revenues, expenses and attendance for the 12 opera companies that responded to the Business for the Arts *Annual Survey of Performing Arts Organizations* over a 10-year period, from 1996-97 to 2006-07.

Changes in revenues and expenses
Total operating revenues for the 12 opera companies were $72 million in 2006-07. Real growth in total revenues was 38% between 1996-97 and 2006-07. *(Note: "Real" growth refers to inflation-adjusted amounts.)*

Ten of the 12 opera companies (83%) registered a real increase in revenues.

Total expenses increased by a slightly lower amount than total revenues, growing by 33% after inflation.

Changes in the breakdown of total revenues
Of all revenue categories, earned revenues grew at the fastest rate (53%). Private sector revenues also grew substantially (by 35%). In contrast, government revenues increased by 15%.

As shown in Charts 18a and 18b, the revenue mix for the 12 opera companies changed between 1996-97 and 2006-07. As a percentage of total revenues, earned revenues increased from 42% of total revenues in 1996-97 to 47% in 2006-07. Private sector revenues represented 32% of total revenues in both years. Government revenues decreased from 25% of total revenues in 1996-97 to 21% in 2006-07.

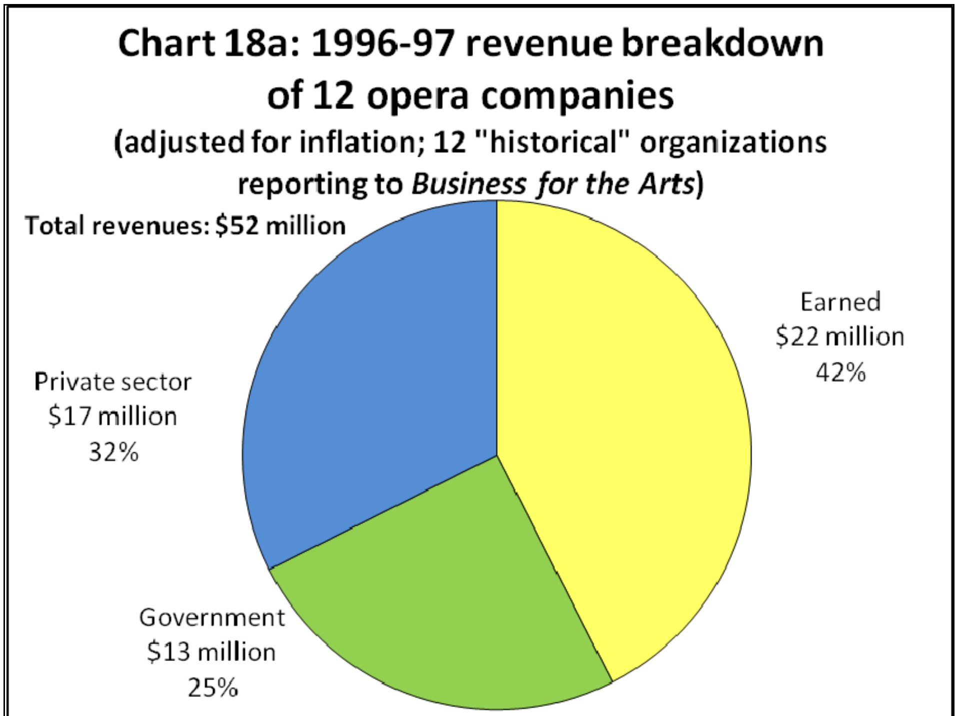


Chart 18a: 1996-97 revenue breakdown of 12 opera companies
(adjusted for inflation; 12 "historical" organizations reporting to *Business for the Arts*)
Total revenues: $52 million
Earned
$22 million
42%
Private sector
$17 million
32%
Government
$13 million
25%

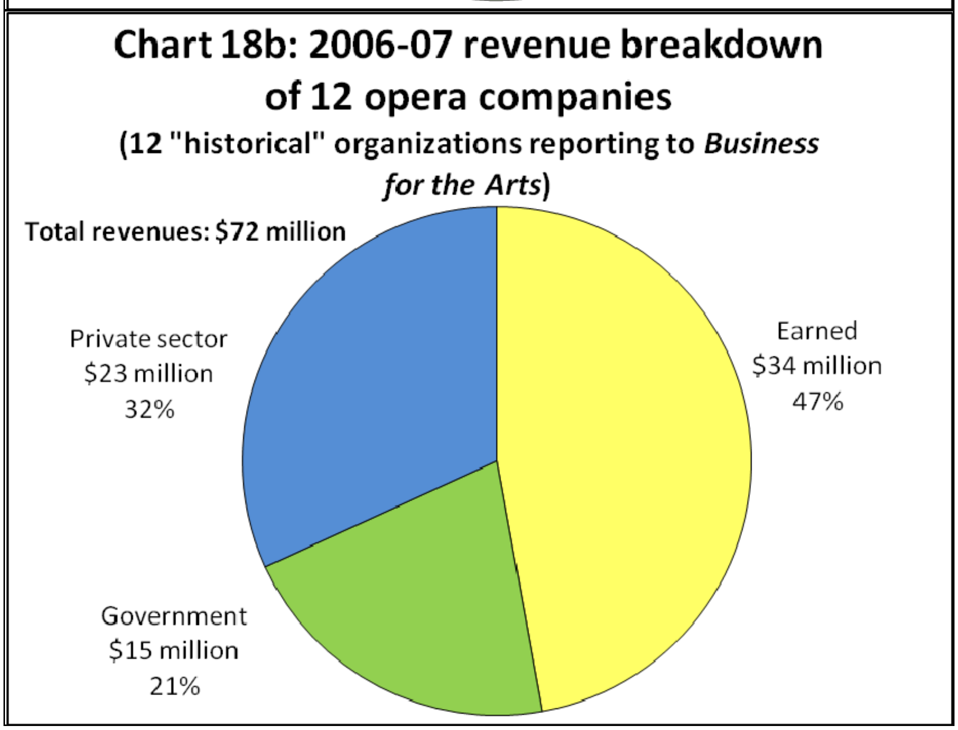
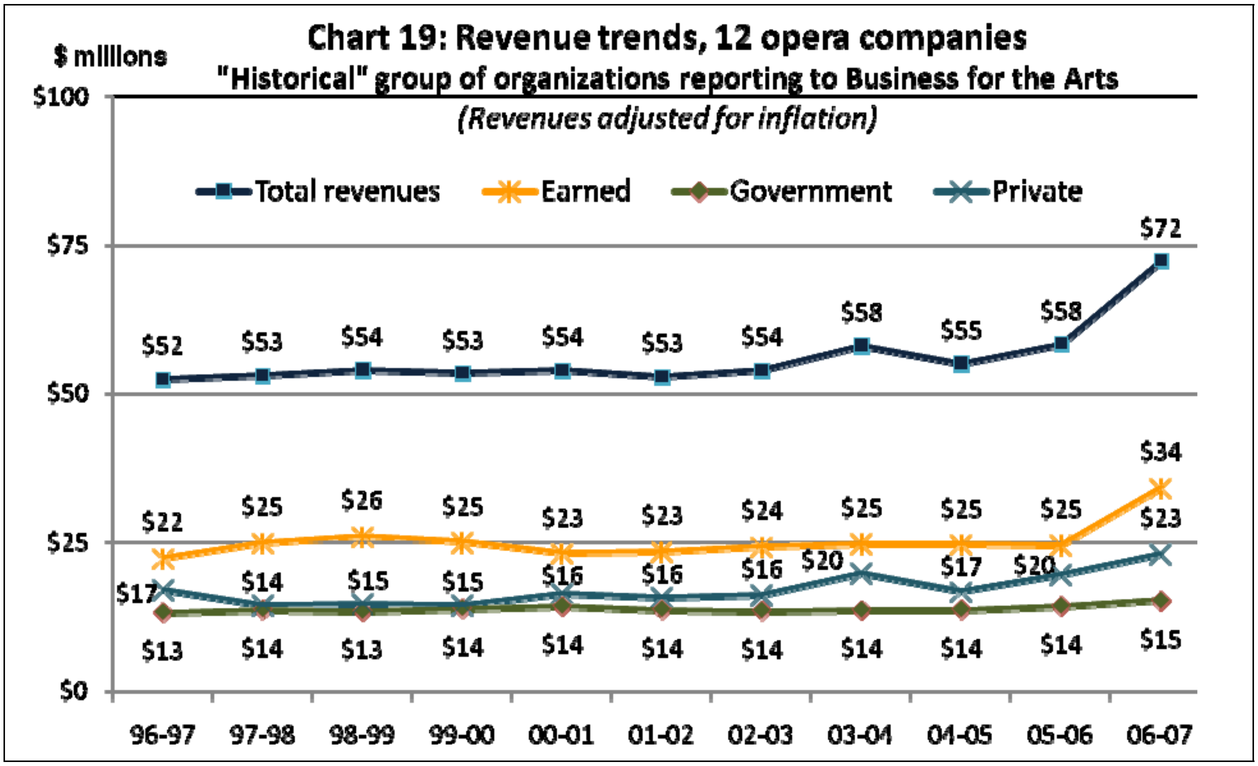


Chart 18b: 2006-07 revenue breakdown of 12 opera companies
(12 "historical" organizations reporting to *Business for the Arts*)
Total revenues: $72 million
Earned
$34 million
47%
Private sector
$23 million
32%
Government
$15 million
21%

Yearly changes in revenue components

Chart 19 shows the inflation-adjusted year-by-year changes in all revenue components for the 12 opera companies. Revenues are stated in current dollars (i.e., previous years' revenues have been adjusted to account for inflation).



For the 12 opera companies, total revenues peaked at $72 million in 2006-07, the most recent survey year. Total revenues increased in seven of the ten yearly change periods, with a substantial increase in 2006-07. This increase was in large part due to a significant expansion at the Canadian Opera Company. The COC opened its new Four Seasons Centre with a special series of performances (Wagner's Ring cycle), which represented a major expansion of its performance season in that year.

Earned revenues did not increase significantly until 2006-07, where a substantial increase led to earned revenues reaching $34 million. Earned revenues increased in six of the ten periods.

Government revenues remained relatively stable, peaking at $15 million in 2006-07. Government revenues increased in seven of the ten yearly change periods, but most of these increases were relatively small.

Private revenues increased, reaching a peak of $23 million in 2006-07, the most recent survey year. Private revenues increased in six of the ten periods.

Changes in attendance

The number of opera performances decreased very slightly (by 1% between 1996-97 and 2006-07). Attendance at the performances of these 12 opera companies also decreased by 1%, from 528,000 in 1996-97 to 524,000 in 2006-07. This figure includes home and tour attendance. Home attendance decreased by 3%, while touring attendance figures increased by 26%.

Profile of dance companies

Fifteen dance companies reported data to the 2006-2007 Business for the Arts *Annual Survey of Performing Arts Organizations*.

Revenues, expenses and surplus/deficit

Total operating revenues for the 15 dance companies were $50 million in 2006-07.

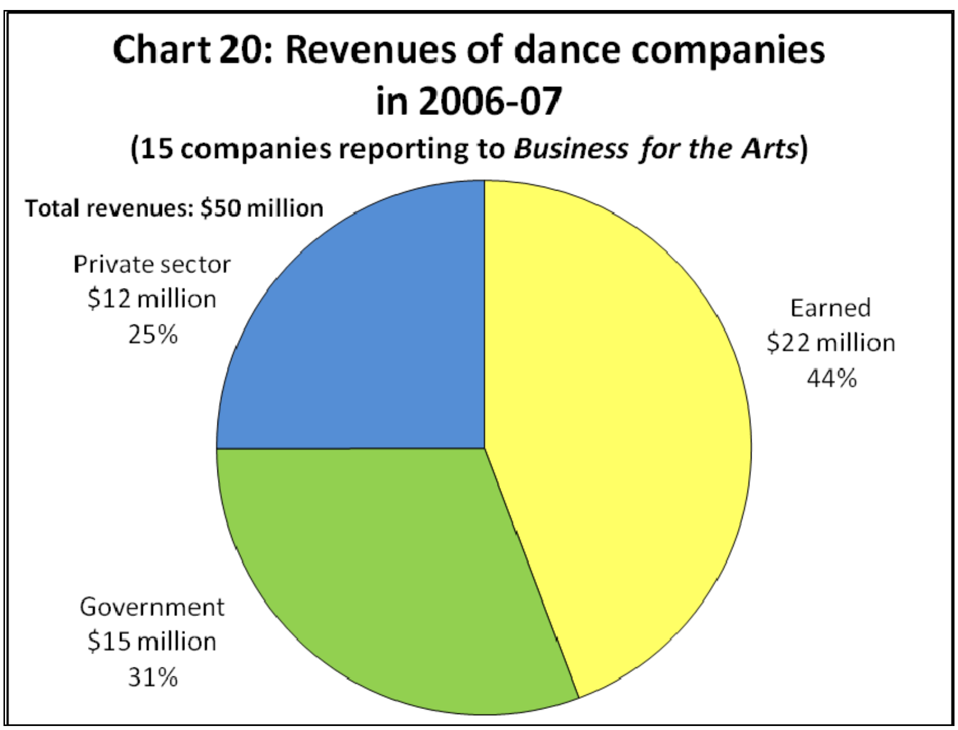
Total expenses ($48 million) were slightly less than total revenues, leaving a season surplus of $1.7 million, or 3% of total revenues. This surplus resulted in an overall accumulated surplus for the 15 dance companies. The accumulated surplus amounted to just over $400,000 (or 1% of total revenues) at the end of 2006-07.

Fourteen of the 15 dance companies (93%) reported a surplus or essentially balanced budget in 2006-07, while the one remaining company reported a deficit of more than 2% of total revenues.

The average revenues of the 15 dance companies were $3.3 million.

Breakdown of revenues

As shown in Chart 20, 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).



Attendance

The 15 dance companies presented almost 800 performances to a total audience of 550,000 individuals (370,000 at home and 180,000 on tour).

Endowments, capital campaigns and securities

Seven dance companies raised a total of $9.9 million in endowment funds in 2006-07, of which $5.9 million came from private sector sources. Eleven dance companies reported holding an endowment. The total value of these endowments is $35 million, which represents 76% of these companies' total revenues in 2006-07.

Three dance companies received donations of publicly traded securities worth a total of $3.1 million in 2006-07. No dance companies reported capital fundraising in 2006-07.

10-year changes for dance companies

This section of the report examines changes in revenues, expenses and attendance for the 11 dance companies that responded to the Business for the Arts *Annual Survey of Performing Arts Organizations* over a 10-year period, from 1996-97 to 2006-07.

Changes in total revenues and expenses

Total operating revenues for the 11 dance companies were $56 million in 2006-07.[2] Real growth in total revenues was 16% between 1996-97 and 2006-07. *(Note: "Real" growth refers to inflation-adjusted amounts.)*

Unlike other performing arts disciplines, revenue increases were not widespread in dance: only 6 of the 11 dance companies (or 55%) registered a real increase in revenues.

Total expenses were held to a 10% growth rate, substantially less than total revenues.

Changes in the breakdown of total revenues

Of all revenue categories, private sector revenues grew at the fastest rate (43%). Earned revenues increased by 16%, while government revenues grew by only 1% between 1996-97 and 2006-07.

As shown in Charts 21a and 21b, the revenue mix for the 11 dance companies changed somewhat between 1996-97 and 2006-07. As a percentage of total revenues, earned revenues remained fairly stable (47% of total revenues in 1996-97 and 47% in 2006-07). Private sector

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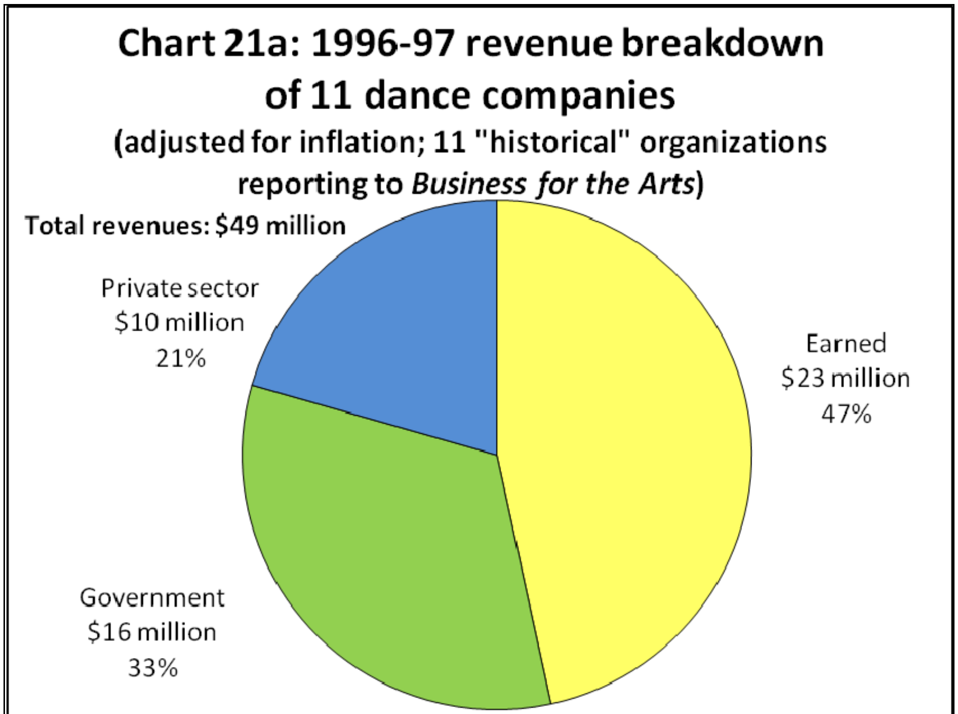
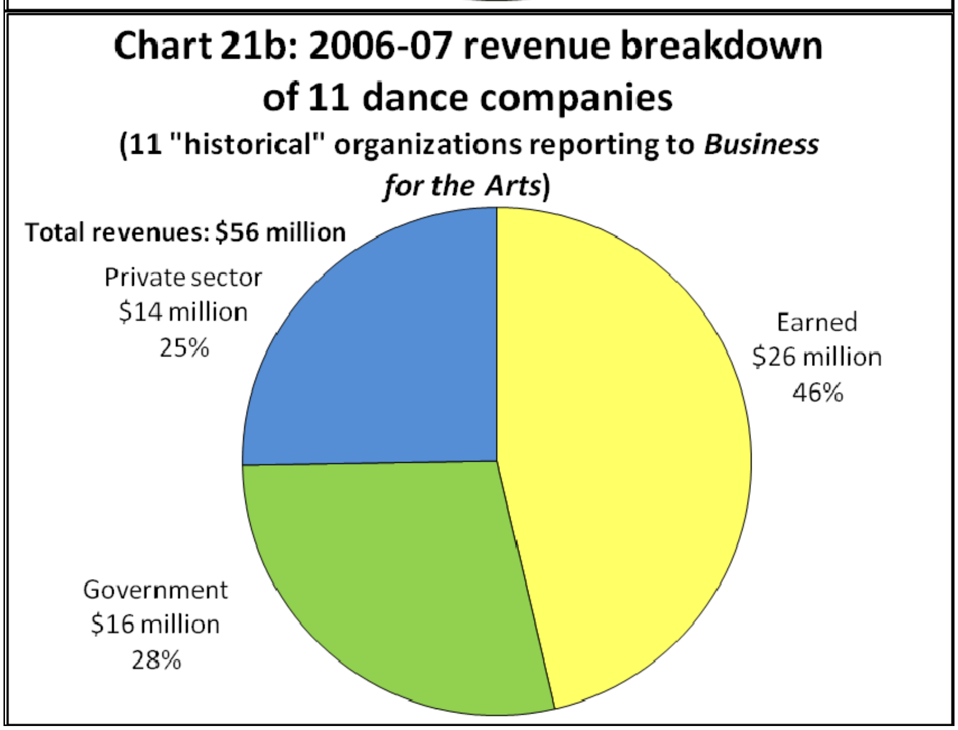
[2] The total operating revenues for the 11 dance organizations in the historical group are larger than for the 15 organizations reporting in 2006-07 because of the imputation of data for some relatively large dance companies in 2006-07. This imputed data was not included in the 2006-07 summary but is included in the historical analysis.

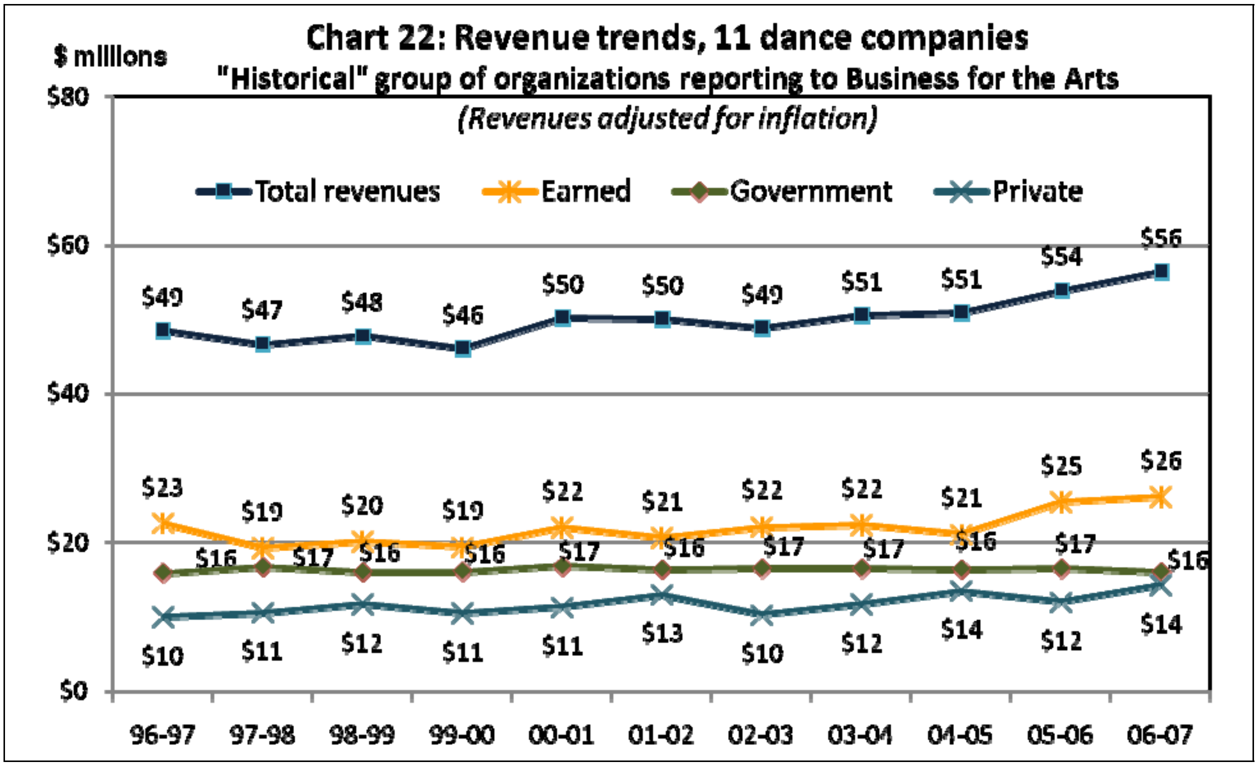
revenues increased significantly, from 21% of total revenues in 1996-97 to 25% in 2006-07. Government revenues decreased from 33% of total revenues in 1996-97 to 28% in 2006-07.





Yearly changes in revenue components

Chart 22 shows the inflation-adjusted year-by-year changes in all revenue components for the 11 dance companies. Revenues are stated in current dollars (i.e., previous years' revenues have been adjusted to account for inflation).



For the 11 dance companies, total revenues peaked at $56 million in 2006-07, the most recent survey year. Total revenues increased sporadically, with increases in six of the ten yearly change periods.

Earned revenues decreased in 1997-98 but rebounded over time, peaking at $26 million in 2006-07. Earned revenues increased in six of the ten yearly change periods.

Government revenues showed only relatively minor changes throughout the 10-year period. Government revenues were $16 million in six different years, including 2006-07.

Private sector revenues varied somewhat during the 10-year period, but followed an overall upward trend from $10 million in 1996-97 to $14 million in 2006-07. Private revenues increased in seven of the ten yearly change periods.

Changes in attendance

While the number of performances increased by 10% between 1996-97 and 2006-07, attendance at the 11 dance companies decreased by 9%, from 651,000 in 1996-97 to 592,000 in 2006-07. This figure includes home and tour attendance. Home attendance decreased by 6%, while touring attendance figures decreased by 17%.

Profile of multidisciplinary organizations

Seven multidisciplinary organizations reported data to the 2006-2007 Business for the Arts *Annual Survey of Performing Arts Organizations*.

The statistics for these seven organizations are dominated by one large federal government institution (the National Arts Centre), which represents the vast majority of the total revenues of the seven organizations. The results should not, therefore, be considered representative of all multidisciplinary organizations.

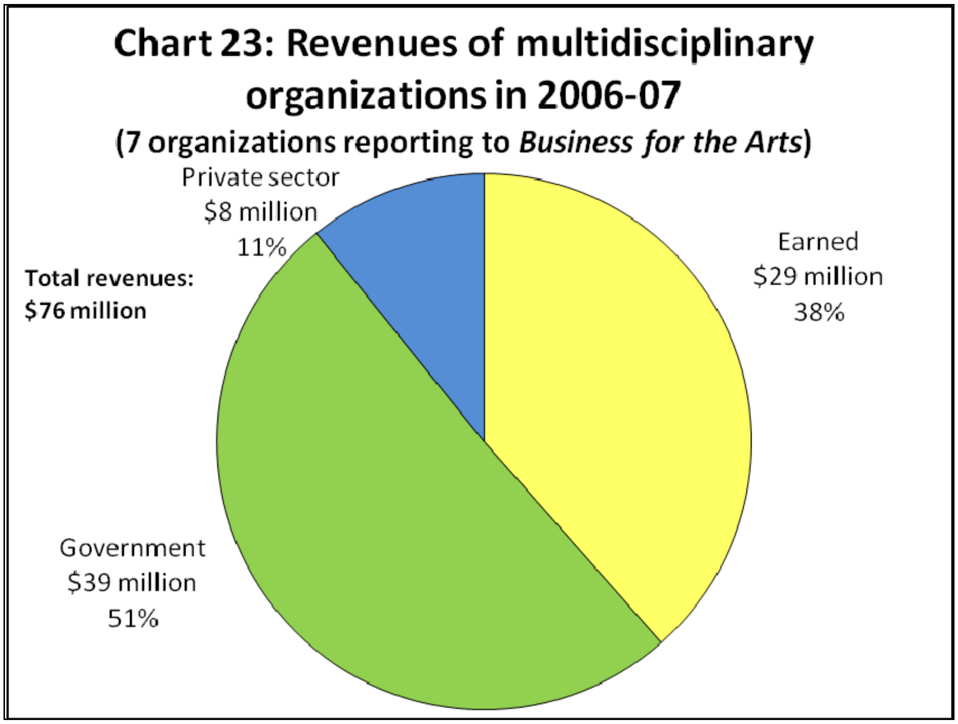
Revenues, expenses and surplus/deficit
Total operating revenues for the seven multidisciplinary organizations were $76 million in 2006-07.

Total expenses ($75 million) were slightly less than total revenues, leaving a season surplus of $810,000, or 1% of total revenues. This surplus resulted in an overall accumulated surplus for the seven multidisciplinary organizations. The accumulated surplus amounted to $660,000 (or 1% of total revenues) at the end of 2006-07.

Four of the seven multidisciplinary organizations (57%) reported a surplus or essentially balanced budget in 2006-07, while the three remaining organizations reported a deficit of more than 2% of total revenues.

The average revenues of the seven multidisciplinary organizations were $10.8 million.

Breakdown of revenues
As shown in Chart 23, 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).



Attendance

The seven multidisciplinary organizations presented 5,000 performances to a total audience of 1.7 million individuals (almost all at home, with very little touring attendance reported). It should be noted, however, that Prologue to the Performing Arts (a multidisciplinary organization) works to ensure that the performing arts are available for Ontario children, largely in school settings. Their attendance figures, despite being in schools across Ontario, are reported as "home" attendance.

Endowments, capital campaigns and securities

Only one multidisciplinary organization reported endowment fundraising (just over $300,000) in 2006-07, all of which came from private sector sources. Four multidisciplinary organizations reported holding an endowment. The total value of these endowments is $1.7 million, which represents 2% of these companies' total revenues in 2006-07.

Three companies reported capital fundraising worth a total of $200,000 in 2006-07, of which $44,000 came from private sector sources. Only one multidisciplinary organization reported receiving donations of publicly traded securities (worth just over $400,000) in 2006-07.

Note: Because the multidisciplinary statistics are dominated by one large federal institution, an analysis of 10-year changes will not be provided for multidisciplinary organizations.

Summary

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

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

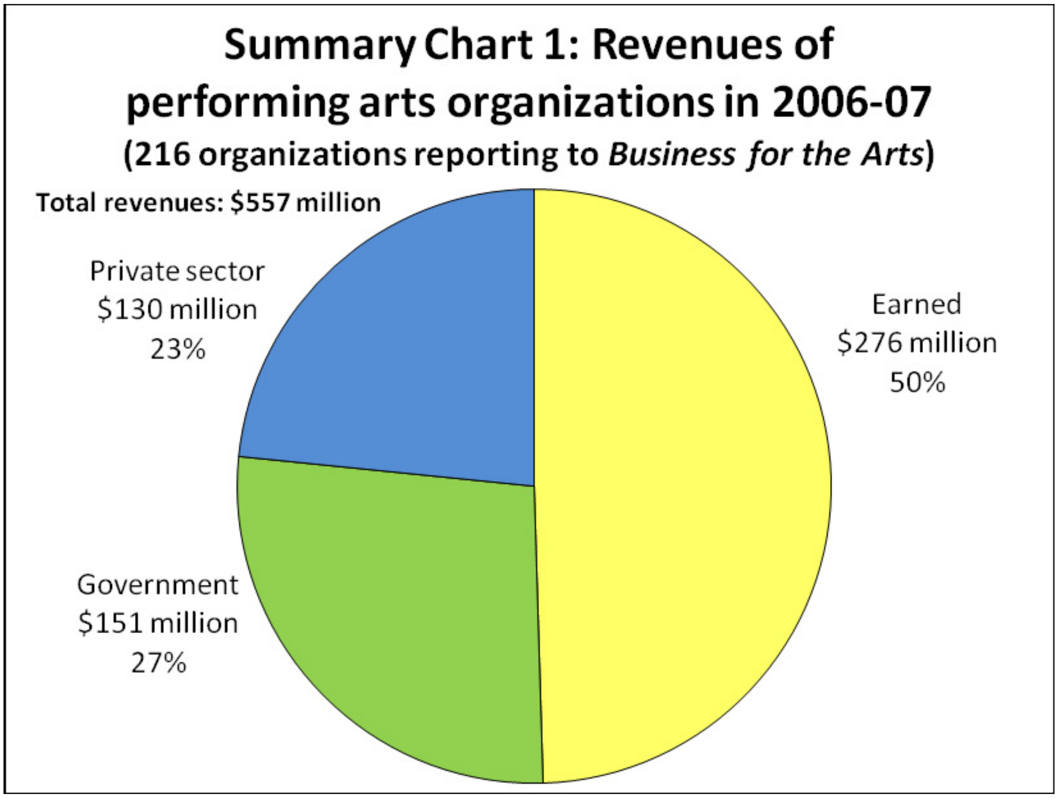
Total operating revenues for the 216 performing arts organizations were $557 million in 2006-07. Total expenses ($550 million) were slightly less than total revenues, leaving a season surplus of $7 million, or 1% of total revenues. This surplus resulted in an increase in the overall accumulated surplus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

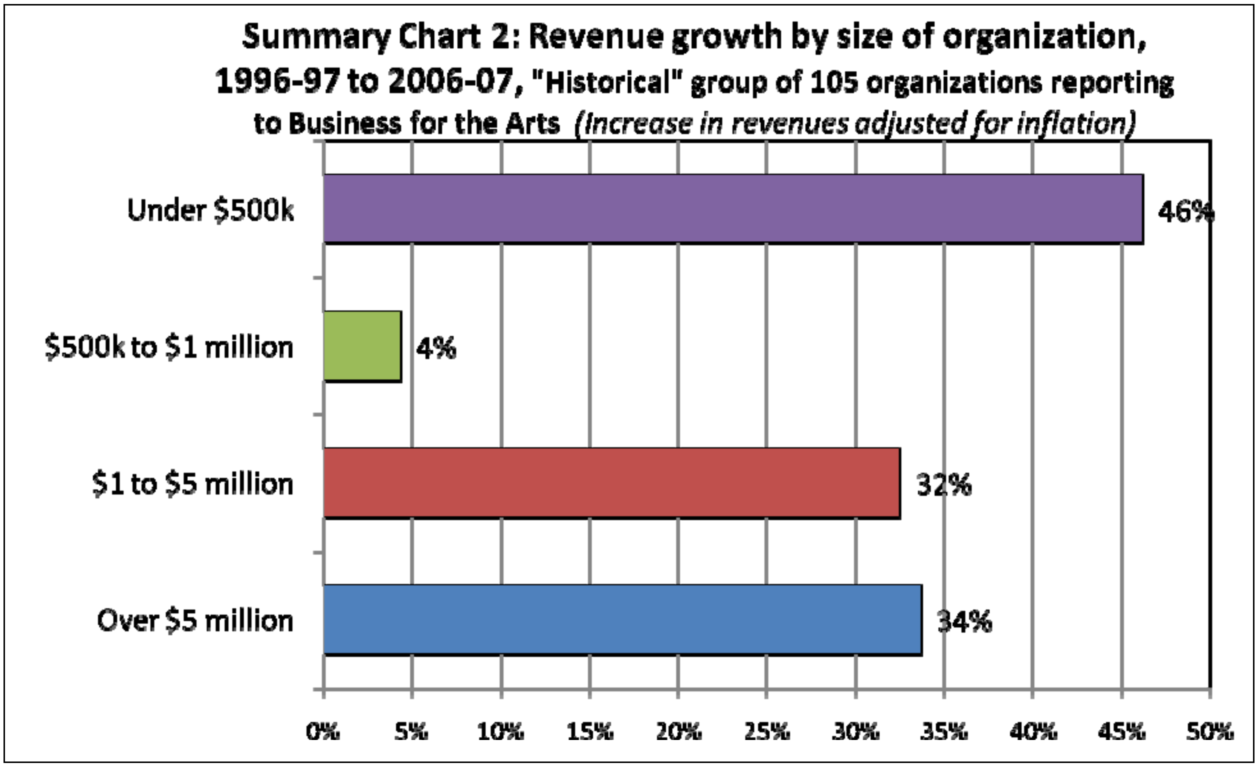
The smallest organizations grew the most, led by earned revenues

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, 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). Private revenues amounted to 33% of total revenues ($40 million), the highest private revenue percentage of any discipline.

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.