STORIES WE TELL:

Data Narratives and Organizational Financial Precarity in Canada's Arts, Culture and Heritage Sector

Cultural Policy Hub Report
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CULTURAL POLICY HUB

Acknowledgements

The Cultural Policy Hub is a national, bilingual network of researchers, policymakers, artists and creators from across Canada's academic, government, non-profit and private spheres. Through policy research, convening and analysis, we support cultural policymaking from the local to the national levels. We are an independent, objective partner in public policy issues to which the cultural sector contributes.

This report is presented as part of a two-year project titled Mapping Drivers of Change Across Arts Organizations. The project's objective is to support an evidence-based national policy conversation to address organizational precarity in Canada's not-for-profit arts and cultural sector, and explore the shift to a more sustainable, resilient and equitable system of practice and support for the arts and heritage in Canada. This project arrives during a time of considerable uncertainty in the sector and is part of a larger conversation in which many are engaged around what needs to change for the sector, not only to recover in a post-pandemic reality, but continue to grow and nurture a more sustainable, equitable and resilient sector in the years and decades to come.

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EXECUTIVE SUMMARY

In the fall of 2024, the Cultural Policy Hub at OCAD University launched a two-year policy research project on precarity and resilience in the not-for-profit arts and heritage sectors. The project, supported by the Hub's partners and by the Government of Canada through the Department of Canadian Heritage, aims to support an evidence-based national policy conversation to address precarity in the arts and cultural sector. It will explore and provide tools to support a shift to a more sustainable, resilient and equitable system of practice and support for the arts and heritage.

This research report sets the baseline for understanding the root causes of organizational precarity in the arts, culture and heritage sector in Canada. It specifically examines financial health as a dimension of precarity as experienced by a sample of arts and culture organizations in Canada in the periods before, during and after the COVID-19 pandemic. It illustrates that there is no "pre-precarity" state to return to; rather, precarity is a permanent, structural result of the way the systems of support for the sector are designed, and how organizations operate and are governed.

Government reports and statistical analyses tend to highlight the successes of Canada's arts, culture and heritage sector, including the sector's significant contributions to the nation's economy, defined by growth in metrics like GDP and employment. But the state of the sector before and during COVID-19, as reported by those who work within it, has been one of persistent precarity, and there is a great deal of uncertainty about the sector's well-being and future. In the current global context, the expectations of uninterrupted, continuous growth and of organizations existing in perpetuity are no longer reasonable, particularly when resources are spread across a growing number of organizations representing an increasing diversity of practices and perspectives.

There is a wide disparity in how sectoral health is captured and portrayed in Canada. Cultural statistics and figures reported by the federal government are contrasted by statistics and surveys from those living and working within the sector who offer a very different—and much less optimistic—point of view. Policymakers need to consider the disparate conclusions that can be drawn from cultural statistics and data, depending on the source. Those generated by the government or reported to public funders show one perspective; those captured from within the sector show another. Acknowledging these disparities and working to close the gaps they create should remain a key step in the pursuit of addressing precarity in Canada's arts, culture and heritage sector.

Generally speaking, arts, culture and heritage organizations report experiencing precarity due to a number of systemic pressures, including unpredictable funding, rising costs, inflation and limited evaluative capacity. Those pressures are then passed down to artists and cultural workers, who typically perform duties that go above and beyond what they are compensated for but remain amongst the lowest earners in any sector. They also tend to carry high levels of stress and burnout, and typically enjoy fewer occupational protections compared to people working in other occupations.

The evaluative capacity of arts, culture and heritage organizations often lags behind other sectors. There is some reliable data on organizational and individual well-being prior to the pandemic; but survey data on organizational and individual well-being became more readily available during the pandemic and in the ensuing recovery period, suggesting that the sector is addressing gaps in how it records and reports the issues it faces. This effort comes both as a result of and in response to worsening organizational precarity.

Organizations continue to call attention to worsening precarity in the media, in surveys and in reports to their funders. Burnout, stress and financial strain continue to be among the highest concerns for those working within the arts, culture and heritage sector during the pandemic through 2024. Survey results released by the Canada Council for the Arts in December 2024 showed that more than half of core-funded and non-core organizations (54%) had seen their revenues decrease over the past year. Those revenue decreases come alongside strain on funders, who are struggling to meet increasing demand for support from a growing sector.

This report examines organizational precarity in the arts, culture and heritage sector. It defines organizational precarity as part of an environmental scan of the sector. That scan provides context for a deep dive into the financial data of over 1,800 publicly funded arts and culture organizations over a roughly ten-year period. Key findings from the data include:

- Organizational revenues dropped initially during the pandemic and later recovered, eventually surpassing pre-pandemic levels in 2021–22 and continuing to rise in 2022–23. However, due to significant inflation during this period, a dollar isn't worth as much as it was before the pandemic and a return to that level is not a full recovery.

- Expenses trended in step with revenue declines during the pandemic. Organizations cut spending where possible, and spending gradually recovered alongside increased revenues, eventually surpassing pre-pandemic levels in 2021–22 and continuing to rise in 2022–23. As noted above, the recovery in spending as an indication of organizational well-being should be considered in a context where buying power has diminished because of inflation, so the recovery tracked does not necessarily indicate a full recovery.

- Variable/discretionary programming costs were the most likely to be cut during the pandemic. Meanwhile, fixed operational expenses and salaries largely followed pre-pandemic trends. With more than half of organizational expenses dedicated to fixed or "necessary" costs, the organizations included in this dataset appear to have limited flexibility in how they spend, even in a crisis such as a global pandemic. This apparent inflexibility underscores the financial precarity of the sector.

- Organizations' revenue-generating capacity also dropped during the pandemic and has not yet recovered. Small and mid-sized organizations, who traditionally have had a higher return on investment than organizations with budgets above $1M, have struggled to generate the same return on investment as they recorded for years prior to the pandemic.

- After nearly a decade of reporting surpluses between 0.0% and 2.0%, the sector as a whole saw surpluses skyrocket during the pandemic to 10.5%, followed by a deficit of 2.2% in 2022–23. Public funding sustained the sector during the pandemic but drops in the value of private and earned revenue, combined with the sunsetting of emergency funding programs, mean the sector will need to see significant growth across multiple funding areas in order to continue to sustain itself.

At its core, this report has to do with the stories we tell about the arts, culture and heritage in Canada, and how those stories are supported or contradicted by the evidence at the sector's disposal. The limitations of accessing and analyzing cultural data in Canada are being addressed and will help clarify the state of the sector in the coming years. But the perspectives gained need to inform a more coordinated and nuanced narrative about how to sustain arts, culture and heritage in Canada, especially as the sector grows and transforms in the years to come. For their part, policymakers need to support access to and interpretation of data as a critical tenet in shaping the future of the arts in Canada: as the sector's capacity to use and share cultural data grows, so too will policymakers' ability to make informed decisions and develop policy tools that respond meaningfully to the sector's intersecting needs.

This portrait of the persistence and root causes of precarity in the sector will support the Hub's work with its partners to build new, more resilient models for the arts and heritage in Canada.

Key questions will include:

- If defined as a return to pre-pandemic levels of revenue among organizations, is "recovery" possible or desirable as a goal?

- If not, then what does success look like for the sector—and for organizations and artists—in the future? How can it be measured, and what new measures should complement or replace unachievable metrics that assume unlimited growth in volume and spend is possible (number of performances, audiences, etc.)?

- What can policymakers and organization leaders learn from current and past approaches (endowments, capacity building, stabilization projects, funds that support transformation and merger, etc.) in planning for the future?
- To what extent is engagement with communities the essential driver of new, more sustainable approaches?

Introduction

Canada's not-for-profit arts, culture and heritage sector is a network of organizations and individuals that support the creation and production of—and the public's engagement in—artistic and cultural works and experiences from coast to coast to coast. Cultural and artistic activities take place across multiple creative, private and public spaces: stadiums, microcinemas, theatres, warehouses, museums, concert halls and open fields, to name just a few. Those activities are organized and delivered by a vast network of cultural workers: artists, curators, administrators, technicians, educators and others who create cultural-engagement opportunities for communities across the country. Most Canadians engage with the products of the cultural sector daily, and most are aware and appreciative of those interactions: about one of every two Canadian culture-goers feels that the arts and culture are important to them,[i] and two-thirds claim that the arts positively impact their sense of belonging.[ii]

While historically the culture sector has been undervalued in economic terms, its role in Canada's economy is increasingly recognized. The sector now operates in collaboration with technology, education and place-based economies to drive broader growth and innovation. Provincial and Territorial Cultural Indicator data released annually by Statistics Canada shows a resilient sector, one that employs hundreds of thousands of Canadians whose creative output generates billions of dollars for Canada's economy every year. One example of how investment in the arts stimulates economic activity is the Canada Council for the Arts, Canada's largest public arts funder. According to the Council, for every public dollar that it invests to support arts organizations' year-round operations, those same organizations spend $6 in their communities.[iii] By comparison, the return on investment for Canadian museums is $4 for every public dollar spent.[iv]

The Canada Council operates as part of Canada's mixed funding model for the not-for-profit cultural sector, where public funding, private sector revenue and earned revenues each contribute to organizational revenues. This model has evolved, in part, with the aim to ensure the sustainability and long-term viability of arts and culture organizations and institutions. If the sector were to see cuts to public funding, declines in corporate or individual giving, or a downturn in attendance at cultural events, the economic impact would be mitigated to some extent by stability in other revenue streams. This is especially the case for organizations that have secured core operating funding, an annual or multi-year public funding commitment that provides more security than project-based grants can offer.

The push for income diversification to manage public spending has, ironically, made the sector more fragile by overburdening small organizations with fundraising demands and favouring large, already resilient institutions. In this context, many older institutions have benefitted from decades of sustained public funding and support from a wealthy patronage, while thousands of other organizations operate with what they would argue are too few resources to deliver programming and services to their communities. One of the consequences of that emphasis on sustaining the same organizations over decades has been a lack of renewal within the sector. Funders are making efforts to address this by shifting their priorities in terms of what kinds of work gets supported and redistributing their funds accordingly. Previously excluded communities, notably Indigenous artists and organizations and those from other equity-deserving communities, are finally receiving support in a system that has been built on a colonial, Western/European legacy of fine and performing arts.

The combination of steady growth in the arts and heritage sector and these long-overdue first steps to opening the funding systems to equity-deserving and Indigenous applicants have, along with other factors, led to increased demand on public- and private sector funding. And while investment in culture has seen record highs in recent years, per capita investment in the arts—when adjusted for inflation and population growth, such as in a recent report from Hills Strategies on trends in government spending on culture—has only gone up 3% between 2008–09 and 2023–24.[v]

Funders, meanwhile, are reporting lower application success rates for certain critical programs: Table 1 below shows the number of grants awarded relative to the number of applications the Canada Council received and/or assessed across all programs from 2017–18 to 2023–24, as well as the success rate for each year. Furthermore, of the record 13,349 funding applications submitted to the Canada Council for two components of its 2023 *Explore and Create* program, only 16.6% received funding.[vi] Efforts to reallocate funding to support emerging practitioners have also been contentious: those funds are drawn from pools meant to support mid-career and established artists, which has led some to doubt the prospects for developing sustainable, long-term careers in the sector.[vii]

The pressure facing Canada's largest public funder of the arts is just one factor that contributes to an overall context of scarcity and precarity in the arts and cultural sector. Despite its considerable contributions to Canada's economy and its productivity, arts and culture is contending with a structural conflict: the abundance of creative work and cultural experiences that the sector generates often comes at the expense of the general well-being of the individuals and organizations producing that work. Many artists and cultural workers struggle to make a living; many earn less than half the average wage in any given city or region.[viii]

Table 1: Canada Council Grant Success Rates, 2017–18 to 2023–24

Year	Number of Grants Awarded	Number of Grant Applications	Success Rate (%)
2017–18	5,951	13,043	46%
2018–19	7,474	13,130	57%
2019–20	7,878	18,540	42%
2020–21	6,689	14,825	45%
2021–22	9,938	18,531	54%
2022–23	9,477	21,213	45%
2023–24	7,696	28,087	27%

Since the COVID-19 pandemic began, stress and burnout among arts and culture organizations and their staff have reached peak levels.[ix] In the past few years, the resilience of a sector with a history of overdelivering with too few resources has looked less and less assured. This, in turn, has prompted policymakers to recognize the need to act: stabilizing financial support for artists and cultural workers to address financial precarity was the second of six areas for future action identified after the 2022 National Summit for the Arts.[x]

How to measure impact and public value in the arts?

In the current system, organizations and the sector as a whole struggle to define, measure and report on the results of the funding they receive, while at the same time the demand for this type of measurement has increased. When public funding to the professional arts and heritage began in Canada, it was a response to the country's perceived lack of high-quality Western art forms and study collections, and of organizations required to nurture them. Early efforts of public funding focused on making these art forms available throughout the country—for example, through a concerted effort to build and program regional theatres in cities across Canada. Success was largely measured by the volume of programming and, over time, by the number of people who attended or participated in it. To access and maintain operating funding, organizations learned that they had to incorporate as a not-for-profit and show growth in programming and audiences year after year while maintaining a high quality of programming.

> Today, the purpose and success of arts and heritage organizations is less clear, and the sector's growth trajectory is becoming more and more difficult to sustain. The precarity that the not-for-profit arts and heritage sector faces—alongside the diversity of its programs and offerings—undermine its ability to articulate its public purpose, to measure outcomes and demonstrate its impact. Many cultural thinkers and practitioners are working to shift the conversation around what makes the sector successful and of value to people and communities. At the same time, researchers such as Kelly Hill and organizations like Mass Culture are making cultural data more accessible and intelligible, which in turn can bolster our understanding of the conditions of precarity that the sector faces. But the datasets themselves remain incomplete despite excellent efforts by many organizations and individuals to fill in the gaps. The conversation about public value and the collection and interpretation of data are often disconnected from one another, which results in a misalignment between what is stated as purpose and the data used to report results.

This report explores the conditions that contribute to financial precarity among arts, culture and heritage organizations, and considers what policy directions may be required for the government to help stabilize the sector. It includes a scan of anecdotal evidence, qualitative and quantitative data and feedback from those within the sector to gain indications of evolving trends in the state of the sector over the past decade; it compares the data that organizations are reporting to funders to the ways that organizational well-being and sustainability are being reported in surveys, in the media and through other channels. The report then turns its attention to the current state of the sector and considers the need for "future action" stated at the 2022 National Summit for the Arts noted earlier. In an era when not-for-profit arts organizations are reporting widespread financial strain despite record levels of public funding for the arts and culture, the tools that policymakers need to support the sector need to be reconsidered and, perhaps, redeveloped. For its part, the sector needs to consider its capacity to evaluate and demonstrate its impact: to policymakers, to the funding bodies that help sustain it and to the general public.

Methodology and scope

This report begins with a scan of the existing literature on precarity in the arts, culture and heritage sector in Canada. The review explores organizational financial health in Canada's arts, culture and heritage sector in the years leading up to the start of the COVID-19 pandemic. It cites over 50 reports, surveys, articles and other sources as a means of contextualizing the internal and external factors that contribute to organizational precarity across the sector.

The report then turns to an analysis of financial information pulled from Canadian Arts Data/Données sur les arts au Canada (CADAC), a database of the financial and statistical data of over 1,800 core-funded arts organizations. These arts organizations receive operating funding from one or more of 18 federal, provincial or municipal arts funders. Because these organizations receive operating funding, they are among the best-supported in the sector, and any conclusions drawn from the data should be made with this in mind.

The information collected in CADAC is used by its member funders to inform granting decisions. In 2022, the Canada Council for the Arts and other funders developed a new CADAC system and platform. Titled *Explore Our Data*, this platform was designed to support knowledge-sharing across the sector by providing opportunities for anyone to access "reliable and consistent analysis of the Canadian arts sector."[xi]

For the purposes of this research, data was obtained from CADAC's public data portal, which provides access to aggregated financial and statistical data with the option to filter on several variables.[xii] Data used in this analysis was obtained in December 2024 for all organizations reporting into CADAC from 2012–13 to 2022–23, and those organizations were identified with revenue greater than and less than $1 million. The groupings of individual CADAC line items used in the financial analysis are outlined in Appendix A.

Submission of data is a mandatory requirement for organizations that receive operating funding, and CADAC has a data validation process in place to ensure accuracy in the database.

Because reliable CADAC data was only available up to the 2022–23 fiscal year, researchers coordinated with the Ontario Nonprofit Network (ONN), a network of 58,000 not-for-profit organizations in Ontario that supports policy and advocacy work and provides services across the network to strengthen the non-profit sector. ONN staff prepared updated charts of survey data on arts, culture, heritage and tourism non-profit organizations collected as part of the ONN's ongoing State of the Sector surveys from 2021 to 2024. The Hub team then assessed the available data for gaps, as the State of the Sector survey questions are revised and, in some cases, reformulated for relevance each year. Results from the ONN State of the Sector survey are presented alongside results from the Canada Council's recent Arts Pulse Community Survey published in December 2024. The publicly available report includes summaries of survey responses from 1,464 organizations, of which 600 received core funding. These survey results are presented together to provide insight into the perception of precarity among arts and culture organizations and their leaders to cover a period for which reliable CADAC data was not yet available.

Data limitations

Despite taking reasonable measures to ensure data integrity, there are several limitations of which to be aware when interpreting the CADAC data.

- Because data submission is tied to organizations' receipt of operating funding, those that do not receive operating funding are not represented in this data set and are presumed to experience greater precarity than organizations that benefit from sustained core funding. It is also worth noting that this database does not fully represent organizations based in Quebec, as the Conseil des arts et des lettres du Québec (CALQ) is not a CADAC member and data for the organizations the Conseil supports are held in different systems.

- Organizations may enter and/or drop out of the dataset when there are changes to their eligibility. Moreover, the aggregated data available through CADAC's public data portal does not indicate whether organizations contributing data in a given year have contributed to data in previous/subsequent years. While the population of organizations reporting into CADAC is likely very similar from year to year, observations about longitudinal trends (i.e. changes over time) in the data should be understood as *indicative* of the evolving health of the sector, as opposed to a comprehensive account of an identical set of organizations.

- The financial line items available in CADAC are not necessarily in alignment with organizations' own reporting systems and requirements. Data submission requires some judgement (and, potentially, estimation) on the part of contributing organizations. Paralleling the previous point, this aspect of the data collection process can diminish the accuracy of longitudinal observations (to the extent that the basis for judgements and/or estimates used by the same organization may vary from year to year), as well as the uniformity of data reported within a particular category by different organizations (to the extent that judgements and/or estimates differ from organization to organization).

- Data is collected in such a way that organizations' fiscal year-end falls within a particular calendar year. When interpreting data at the outset of the pandemic, for example, the fiscal year 2019–20 includes a fiscal year ending before lockdowns started alongside a fiscal year ending over nine months after lockdowns began. As a result, data presented on a time series is somewhat smoothed (like a two-year rolling average) and does not show the sharp and immediate effect that many organizations likely experienced at this key inflection point.

Despite these limitations, CADAC represents one of the best available sources on the financial health of arts organizations in Canada. Because the data includes over 1,800 organizations, the first two points likely have a minimal effect on aggregate and average figures. Conclusions reached in this analysis have been considered with respect to all the issues listed above.

In addition to the limitations on the CADAC data, overall data on the not-for-profit arts and cultural sector in Canada share other limitations. For one, they are highly decentralized; developing a comprehensive understanding of the state of the sector for just one year requires researchers to dive into an array of dashboards, annual reports, surveys and third-party analyses.[xiii] Upon doing so, another issue becomes clear: the data that are available tell very different stories about the state of the arts and culture sector in Canada at a given time.

This report serves as a reliable sample, as opposed to a comprehensive picture. It represents a deep dive into the dataset for this sample group over a 10-year period, from fiscal year 2012–13 to 2022–23. Despite variances in the exact organizations reporting into the system year over year, the data examined provides a very clear financial and statistical portrait of organizations receiving operating in the country. That said, this portrait is at times distorted by the challenge of working with a sample that includes a wide range of organizations, from small collectives with next to no public funding to the country's largest and most well-funded public art institutions. Even if they are working within the same discipline, those organizations may operate along very different business models: the data contains a mix of performing groups, educators, exhibiting spaces, presenters, etc., and each will experience unique challenges in the context of changing market and environmental factors, such as changes in distribution/digitization, consumer consumption preferences or attendance habits, or a major disruption like the COVID pandemic. One of the aims of this report is to identify and consider those specificities as a contributing factor to precarity in the sector.

Defining Organizational Precarity

Before beginning research and analysis work on precarity, it is important to define it. Precarity refers to a "condition of dependence"—between people or organizations, and their work, their government, the economy, etc.—that is characterized by instability and uncertainty.[xiv] In the occupational sense, the term refers to the stressors that consistently and negatively impact individuals at work, as well as the broader structural and systemic issues that impact the organizations those individuals work with and within.

Precarity is not unique to the arts and culture sector. The following stressors are presented in the context of how arts and cultural organizations experience them, but they are also being felt across the not-for-profit and charitable sectors:

- The unpredictability and variability of public funding for organizations, most of whom rely on project-based funding
- The failure of organizational budgets in the arts, typically already strained, to keep up with the gradual increase of operating and program delivery costs when revenues are stagnating
- The unaffordability of studio, presentation and administrative space for artists and arts organizations, which regularly tops of the lists of concerns in reports of surveys and engagements with the cultural community
- Inadequate staffing capacity for arts and culture organizations—where artists and cultural workers experience much higher levels of volatility and instability compared to workers in other sectors—and significant recruitment and retention issues
- An over-reliance in the sector on contract and temporary work and volunteerism
- The need to address inequity in the sector, implement anti-racist frameworks and create safe workplaces, which falls on boards and organizational leaders, some of whom lack the resources, experience or capacity to adequately undertake this work
- A lack of cohesion and consensus on the value of artistic and cultural work and engagement
- A sense by many people that the arts as they are currently offered aren't for them, or aren't relevant to their experience, identities or everyday lives, and a lack of engagement from those individuals in arts and culture programming

While any one of these stressors can contribute to organizational precarity, most arts and culture organizations or institutions experience them in combinations, which can make it especially difficult for the leaders and their staff to develop long-term, sustainable plans to manage organizational finances and deliver on their mission and vision.

Mapping Precarity in the Arts and Culture Sector

The State of the Sector Before the Pandemic

Much of the literature and data available prior to the pandemic shows a growing, vibrant arts, culture and heritage sector. Take 2019 for example, a banner year for the sector in Canada. Cultural jobs had risen to 655,000 people, more than any other year since 2010.[xv] Just under 4% of the total Canadian workforce were employed in cultural work, or about one in every 26 Canadians.[xvi] The sector's GDP amounted to over $55 billion, another high across the preceding ten-year span.[xvii] The federal government had committed in 2016 to doubling the Canada Council of the Arts' budget to $360 million by 2021. Live performing arts admissions revenues totaled $3.8 billion in 2019,[xviii] and more Canadians were visiting heritage institutions than ever before—not-for-profit art galleries, museums, archives and historic sites reported a record 79 million visits across the country in 2017, the last pre-pandemic year for which these figures were available.[xix]

Attendance at cultural events was also flourishing: 1,568 core-funded arts organizations reporting into CADAC recorded 106,657,408 attendees and participants across all their programs in 2018–19, averaging just over 58,000 per organization. A broader 2019 survey of arts presenters undertaken by Hill Strategies and CAPACOA showed an average of 38,000 attendees per year per organization, with a median of 5,700.[xx]

According to Business/Arts' 2018 Culture Track Canada report, a survey that tracks cultural audiences' attitudes and behaviours, some of the main motivators for this active participation in culture included feeling connected to others, discovering new perspectives and cultivating belonging within community. Another key motivator driving people to engage with arts and culture in the Culture Track Canada report was their "unique ability to reduce stress."[xxi] There are numerous other studies, surveys and reports that document how participation in arts and cultural activities can lead to positive mental health outcomes.[xxii]

Conditions of Precarity in the Sector Before the Pandemic

Despite all these positive signs, artists and cultural workers—and the organizations they worked with and within—reported facing considerable challenges that had been deeply engrained in the sector for decades. Qualitative evidence of the strain on the sector is plentiful, but self-reported quantifiable evidence of precarity in the cultural sector remained largely elusive prior to the pandemic. As a Department of Canadian Heritage literature review on the socio-economic conditions of the visual art market admitted, "the socio-economic conditions of workers in the visual arts or promoting and disseminating the visual arts are not specifically addressed in most studies."[xxiii]

Indeed, one of the limitations of mapping precarity in the arts and culture sector prior to the pandemic is the limited data and analysis on how organizations struggle with precarity. Labour Force Survey, Census and other Statistics Canada data can provide insight into how artists and cultural workers are faring; but reliable data and reporting on the health of arts institutions, museums and heritage sites, as well as artist-run organizations and collectives, is harder to find prior to 2020. When organizations report on their activities and well-being, they are incentivized to highlight strengths and successes and minimize the challenges they face, especially when reporting to funders, corporate sponsors and other entities that decide which organizations receive funding, and which ones don't.

With too few resources at their disposal and an obligation to respond to the intersecting challenges noted earlier, arts organizations have not made collecting and analyzing data or evaluating impact a high priority. A 2019 Imagine Canada report on the state of evaluation for over 7,000 arts and culture charities in Canada examined the limitations these charities face in undertaking substantive evaluation of the impacts and return on investment of their work. According to the report, 69% of arts, culture & recreation charities identified the lack of financial resources as a barrier, compared to 59% among other charity subsectors. In determining the root causes of those limitations, the report concluded:

> ***"The most potent barriers appear to be resource related. Over two thirds of arts, culture & recreation charities cite lack of financial and staff time as barriers. These constraints appear to be particularly significant for arts charities as they are noticeably more likely than charities in other sub-sectors to view these factors as barriers. The frequency with which these constraints are reported may go some way towards explaining why arts charities are less likely than other types of charities to evaluate some aspects of their work, tend to use fewer measures to evaluate their work and make less intensive use of evaluation results."***[xxiv]

That lack of evaluative capacity has also contributed in part to limitations in data analysis and reporting on the conditions of precarity in the arts and culture sector prior to the pandemic.

But there are some exceptions, such as Work in Culture's *MakingItWork* report. The results of this report, which features survey responses from over 1,000 people and organizations, provide a clear indication of some of the challenges arts and culture organizations faced prior to the pandemic. In it, researchers offered some key insights into the operational limitations of the organizations surveyed,[xxv] concluding for example that only 13% of those organizations had dedicated HR staff, and that 16% offered no benefits of any kind to their staff.[xxvi] The report illustrated how organizations operating with less than $100,000 in annual revenues had higher headcounts (13) than those with budgets between $100,000–$400,000 (4) and $400,000–$1M (9).[xxvii] These figures provide an indication of how organizations with small budgets manage their operations by relying on a higher number of presumably temporary and low-waged contract positions.

The report also captured the insecurity that the surveyed organizations—alongside the individuals that staffed them—faced back in 2018: "Over and over, roundtable participants lamented that day-to-day and year-to-year survival is still top of mind for many artists and arts organizations."[xxviii] The top three challenges organizations identified in the report were:

- **Managing overall operations (60%)**
- **Keeping pace with salary expectations (58%)**
- **Work/life balance (50%)**

Taken together, those concerns amount to strain on individual and organizational capacity. The consistent strain on material and human resources that arises as a result of being constantly preoccupied with organizational survival is one of the key factors that contributes to precarity in the arts, culture and heritage sector.

Other reports reinforce different factors that contribute to a general state of precarity in the arts and culture sector prior to the pandemic, such as the City of Vancouver's ambitious *Making Space for Arts and Culture* infrastructure plan from 2019. The plan characterizes the state of cultural spaces in the city as "extremely vulnerable."[xxix] Meanwhile, 31% of all heritage institutions responding to the Government of Canada's 2019 Survey of Canadian Heritage Institutions responded that "their buildings and capital infrastructure are less than adequate and require attention; 7% say their facilities are approaching end of service life or are unfit for sustained service."[xxx]

Among the results of widespread organizational precarity were negative outcomes for artists and cultural workers.[xxxi] Hill Strategies' statistical study of artists in 2016, another invaluable source of pre-pandemic cultural data, showed that artists' median incomes were 44% lower than that of workers across all other industries, and cultural workers' median incomes were 6% lower than the national standard.[xxxii] In 2018, arts workers in Quebec were three times more likely to hold multiple jobs than they were in 1990.[xxxiii] The Toronto Arts Foundation 2019 Arts Stats poll of 1,508 arts professionals in Toronto revealed that 69% of artists made less than Toronto's annual living wage ($45,000), and that 50% earned less than $30,000. Half of all arts workers in Toronto, though generally better off than artists, made less than $45,000, and a staggering 80% of artists and arts workers believed they could not make a living wage in the city.[xxxiv]

The gender pay gap meant cultural workers who identify as women earned 20% less than men, despite evidence that women outnumber men in the sector, including in key curatorial and executive leadership positions.[xxxv] These issues were (and continue to be) compounded for Indigenous, Black and racialized artists within Canadian cultural institutions: 2016 census data revealed a stark income disparity where Indigenous artists earned only $0.68 (racialized artists $0.72) for every dollar earned by their non-Indigenous and non-racialized peers.[xxxvi]

There is a wide disparity in how sectoral health is captured and portrayed in Canada. Cultural statistics and figures reported by the federal government—such as those above that demonstrate a thriving and vibrant sector in 2019—are contrasted by statistics and surveys from those living and working within the sector that offer a very different (and much less optimistic) point of view. Policymakers need to consider the disparate conclusions that can be drawn from cultural statistics and data, depending on the source. Those generated by the government or reported to public funders show one perspective: those captured from within the sector show another. Acknowledging these disparities and working to close the gaps they create should remain a key step in the pursuit of addressing precarity in Canada's arts, culture and heritage sector.

However, the cultural sector's employees, resources and management practices are gaining attention from the government due to their increasing economic output. The core of the cultural sector, closely tied to the digital economy, experience economy and creative industries, experiences acceptable income growth rates. But this does not necessarily translate to greater welfare for cultural sector employees.

Emergency Responses during the Pandemic

When the COVID-19 pandemic began in March 2020, government-mandated lockdown measures had an immediate impact on arts and culture organizations across Canada. In-person programming ground to a halt. Preliminary estimates from Statistic Canada suggested that operating revenues fell in every cultural industry, with the exception of sound recording.[xxxvii] The government also concluded, perhaps unsurprisingly, that Canadian arts and culture charities were "markedly more likely to experience revenue declines" than charities in other sectors."[xxxviii]

In response, the government extended unprecedented emergency support to the arts, culture and heritage sector through a number of policy tools, most notably the Canadian Emergency Relief Benefit (CERB), the Canadian Emergency Business Account (CEBA) and the Canadian Emergency Wage Subsidy (CEWS). These programs were by and large welcomed as a crucial lifeline for the cultural sector, whose workers represented the second highest percentage of beneficiaries of those programs, behind food service and accommodation workers.[xxxix] This should come as no surprise, given that artists saw an average 29% decline in hours worked from 2019 to 2020.[xl] In all, 63% of artists and cultural sector workers benefited from at least one payment from an emergency program.[xli] To give one example that illustrates the spike in federal funding to the arts, 2020 saw the most significant jump in federal investment in non-profit performing arts industries in Canada's history, with federal grant funding reaching an all-time high of 48% of total public sector grants.[xlii]

Public investment in support for the arts helped balance the losses organizations felt during the COVID-19 pandemic and were crucial to the sector weathering its storm. While these programs were generally well-received, the benefits they provided were distributed and accessed unevenly across the sector. Many arts organizations saw record surpluses during the pandemic, with emergency benefits more than making up for lost revenues, while other organizations were forced to close their doors. Self-employed artists and cultural workers, among the most vulnerable in the sector, had difficulty meeting the eligibility requirements for worker support programs. Small organizations and collectives, made up primarily of temporary and contract staff, also struggled to meet program requirements.

On the flipside, major arts institutions saw earned and private revenues decline so greatly that the government supports could not adequately make up the losses. This caused a number of high-profile institutions to shift their operational and program delivery models to address this new reality: many pivoted to develop digital streaming solutions, while others have been forced to temporarily close their venues or accept injection funds from different levels of government. That ambition to pursue transformational change is not unique to major institutions, and there are programs that are supporting organizations through this type of work, such as the Future Focus granting program offered by Calgary Arts Development, the Rosza Foundation and the Calgary Foundation. A case study of the program's effectiveness undertaken by Brian Loevner outlines the opportunities and obstacles that the leadership of these organizations faced through these transformation projects, which ranged from board development to partner assessments to succession and leadership planning.[xliii] It outlines in detail the risks with which cultural leaders have to contend if systems-level change is to be realized, and provides insight into the ways that those risks contribute to the persistence of precarity within the sector.

Worsening Precarity During the COVID-19 Pandemic

As the severity and longevity of the pandemic became clear, arts, culture and heritage organizations—including funders, not-for-profits, arts service organizations, etc.—started committing resources to documenting and reporting the impacts of the pandemic on individuals and organizations from across the sector, as well as on public engagement with cultural outputs.

One such report, the *National Arts and Cultural Impact Survey*, collected data from 728 organizations and over 1,200 individuals on the state of the sector during the height of the pandemic.[xliv] Among the obstacles organizations had faced between August and October 2020, government regulations and planning alongside public health orders during COVID-19 topped the list.

The following obstacles align closely to the indicators of precarity that have become synonymous with the state of cultural work in Canada:

- **Staff stress or burnout (64%)**
- **Financial constraints (55%)**
- **Fluctuations in demand for services (49%)**
- **Lack of capacity to adapt to current reality (48%)**
- **Shortage or inability to access space or equipment (25%)**
- **Maintaining sufficient cash flow or managing debt (24%)**[xlv]

Similarly, the Saskatchewan Arts Alliance's COVID-19 Impact Survey revealed that 88% of respondents cited increased stress in the workplace as the top impact of the pandemic in its first few months.[xlvi] In a 2020 survey conducted by the Artist-Run Centres Association (ARCA), 40% of organizations cited financials as their greatest sphere of concern.[xlvii] 35% of those respondents anticipated cash flow issues because of the pandemic. Alongside concerns about the future of public funding, respondents cited "the financial impact of the crisis on funding offered by private foundations, on funding provided through Gaming programs, and on their long-term capacity to generate revenue as a result of diminished audiences" as concerns.[xlviii]

Naturally, audience behaviours also changed significantly during the two-year period where COVID lockdown measures fluctuated in response to the number of cases reported. The Government of Canada's Arts and Heritage Access and Availability Survey 2020–2021 highlighted that 46% of Canadians surveyed between February and March 2021 who had attended one of five types of arts and culture events before the pandemic had yet to do so since the pandemic began.[xlix] Visits to heritage institutions fell to 16 million in 2020, a 79% drop from the previously recorded high of 79 million in 2017.[l] Arts organizations reporting to CADAC reported just over 53 million visitors in 2019–20, a roughly 50% drop from the previous year; those figures would include attendance at online events and views for streamed programs, which mitigated a much more precipitous drop in physical attendance during that period.

Organizations' private sector and earned revenues saw significant declines, which led to the federal and provincial/territorial governments intervening with emergency support funding to save the arts and culture sector from collapsing. The Ontario Arts Council's Early COVID-19 Impacts Survey listed the anticipated loss of revenue for Ontario arts organizations at the end of June 2020 (three months into the pandemic) at $128 million.[li] One national impact survey undertaken at PRA Inc. captured a permanent closure rate of 3% in the sector, noting that the actual figure was likely higher, given that shuttered venues and organizations would in most cases not have anyone left to report the closure.[lii]

Summary

The evaluative capacity of arts, culture and heritage organizations often lags behind other sectors, but there are some reliable data on organizational and individual well-being prior to the pandemic. Survey data on organizational and individual well-being became more readily available during the pandemic and in the ensuing recovery period, suggesting that the sector is addressing this lack of evaluative capacity in part as a response to persistent precarity.

Organizations and individuals described worsening precarity in surveys and in reporting attendance figures for their programs, though some organizations continued to have success attracting audiences as pandemic restrictions eased. Burnout, stress and financial strain continued to be among the highest concerns for those working within the arts, culture and heritage sector during the pandemic.

Government reports and statistical analysis tend to highlight the successes of the sector, especially through its economic contributions to Canada's economy. During the pandemic, the government highlighted the effectiveness of its delivery of pandemic-relief funding supports, with some acknowledgment of the gaps and limitations of those programs in serving some members of the cultural community. But the state of the sector before and during COVID-19, as reported by those that work within it, has been one of increasing precarity and uncertainty about the future.

Next, this report examines organizational financial data reported by core-funded not-for-profit arts organizations over the past 10 years to identify trends in how the pandemic impacted revenues and expenditures to determine what conclusions can be drawn about those organizations' financial health during early phases of the sector's pandemic recovery.

CADAC Data: 2013–14 to 2022–23

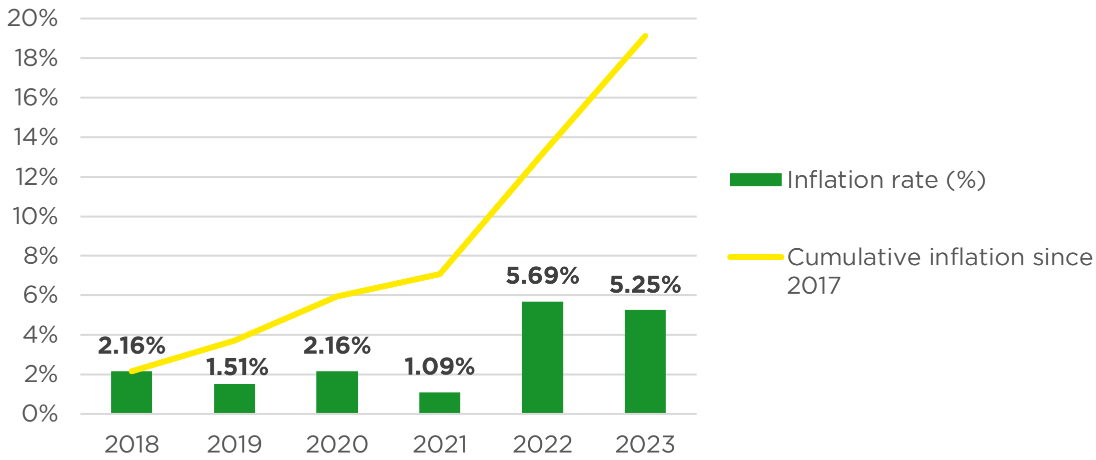
This section looks at financial data from Canadian arts and culture organizations in order to analyze trends that have contributed to precarity for those organizations over a 10-year period.

This financial data is drawn from CADAC, a reporting database that enables public arts and culture funders in Canada to access and review financial and statistical data from the organizations they fund. Around 1,800 arts and culture organizations who receive annual or multi-year operating funding from CADAC's members—a group of eighteen federal, provincial and municipal funders—report their data on a yearly basis. In recent years, CADAC has made aggregated and anonymized data available through a new web portal.

Data used in this analysis was obtained in December 2024 for all organizations reporting into CADAC from 2013–14 to 2022–23. Data was segmented by organizations reporting revenue of greater than and less than $1M in each year. The revenue and expenses data collected are presented in nominal dollars (as reported in CADAC) and have not been adjusted for inflation: readers should keep this in mind when observing revenue and expense trends that show a complete recovery (or better) in 2022–23 compared to previous years.

While the dollar value of revenues has numerically exceeded pre-pandemic levels, unusually high levels of inflation during this period mean that even a return to the same dollar value does not necessarily represent a comparable level of purchasing power for organizations. The effects of inflation are complex and far-reaching. Disruptions in supply chains and the labour market affect each type of expense differently, which will, in turn, affect organizations differently depending on their location, business model and reliance on paid labour to earn revenue. Likewise, inflation on household goods influences consumer behaviour—an increased cost for household necessities may squeeze out consumers' willingness to spend on the arts and other discretionary items. For the purpose of analyzing revenues, it's sufficient to understand that a dollar isn't worth as much as it was before the pandemic and a return to that level is not a full recovery, heartening though it may be. The implications of inflation on organizations' costs are explored in more depth in the following section.

Inflation rate (2018-2023)
(Source: Bank of Canada)



Charts outlining the composition of organizational expenses have been inflation-adjusted to demonstrate the shift in overall purchasing power for arts and culture organizations across the period examined. Specifically, inflation-adjusted figures show that unusually high rates of inflation during the COVID-19 pandemic have placed an otherwise invisible damper on what organizations can actually buy, despite a return to similar dollar values of spending after the pandemic.

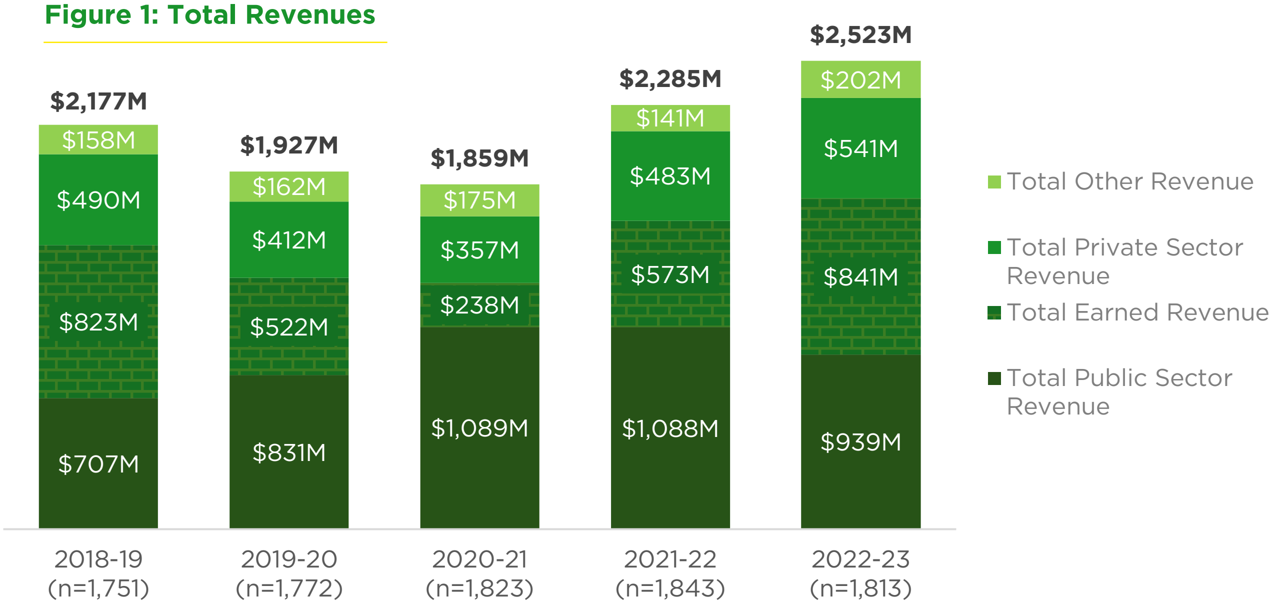
The CADAC dataset presents a few limitations. For one, it only includes data from core-funded organizations and excludes organizations that only receive project-funding (or no public funding at all), who are generally presumed to experience greater precarity than core-funded organizations. The number of organizations reporting into CADAC can fluctuate from year to year. Given that the aggregated data does not reveal when one organization stops reporting and a new one starts, the trends observed should be seen as indicative of the overall financial well-being of the sector. There are also regional and representational limitations to the study: for example, arts and culture organizations in Quebec are underrepresented in the CADAC dataset, as the province's main cultural funder (the Conseil des arts et des lettres du Québec, or CALQ) is not a member and the organizations it supports report directly to CALQ instead of to CADAC.

Organizational Revenue

Organizational revenues for not-for-profit arts, culture and heritage organizations are typically broken out into the three key categories, as represented in the graphs below: public revenue (dark green), earned revenue (green brick) and private revenue (green), with other revenue (light green) capturing any sources of revenue not included in these categories. See Appendix A for more detail on the groupings of individual CADAC line items used in the financial analysis.

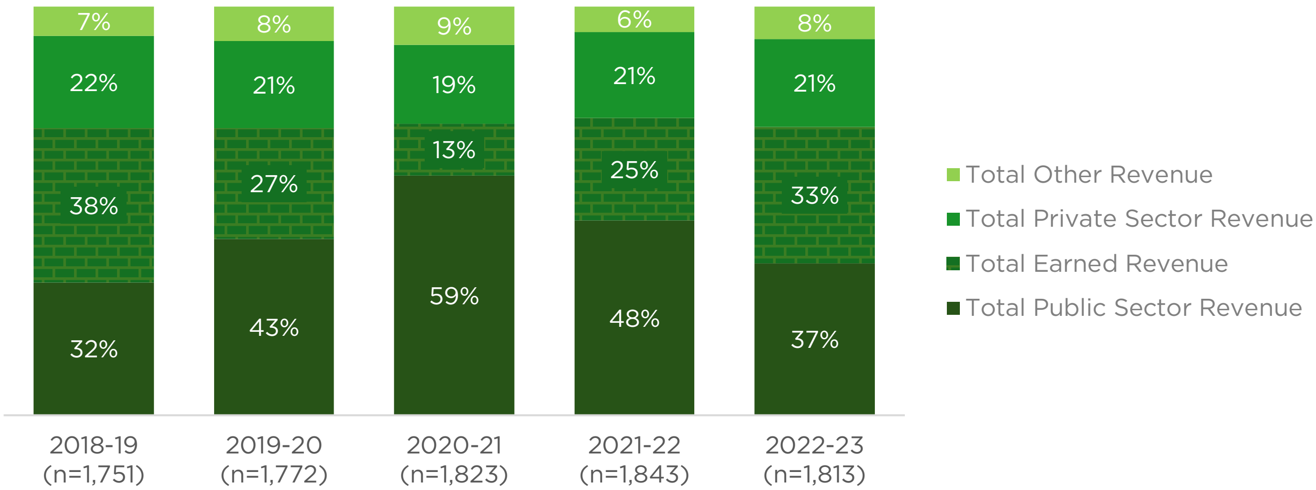
The revenue data delivered to CADAC from core-funded arts organizations from fiscal years 2018–19 to 2022–23 confirms a trend that has been observed quantitatively: overall, revenues dropped during the pandemic and have since recovered, eventually surpassing pre-pandemic levels in 2021–22 and continuing to rise in 2022–23, as shown below in Figure 1. (Throughout the analysis, it is worth noting that the total number of core-funded organizations reporting into CADAC grew by 4% from 1,751 in 2018–19 to 1,813 in 2022–23.)

Figure 1: Total Revenues



Public sector revenues for these organizations rose sharply between 2018–19 and 2020–21, due in large part to emergency support funds delivered by the Canada Council and the Department of Canadian Heritage through the Emergency Support Fund for Cultural, Heritage and Sport Organizations ($500M, announced in May 2020) and the Supporting Arts and Live Events Workers in response to COVID-19 fund, a $181M package that followed in March 2021. As seen in Figure 2 below, this influx of government support resulted in a significant increase in public sector revenue, which rose from a 32% to 59% share of all revenues in 2020–21 (a 54% total increase in dollar value over two years). Public sector revenues then started their correction to pre-pandemic levels, dropping down to 37% in 2022–23 from a high of 59% in 2020–21, but remaining above the 32% level observed in 2018–19. COVID-support programs helped to offset the considerable reductions in earned and private sector revenues seen across the five-year period examined in the chart above.

Figure 2: Distribution of Revenues



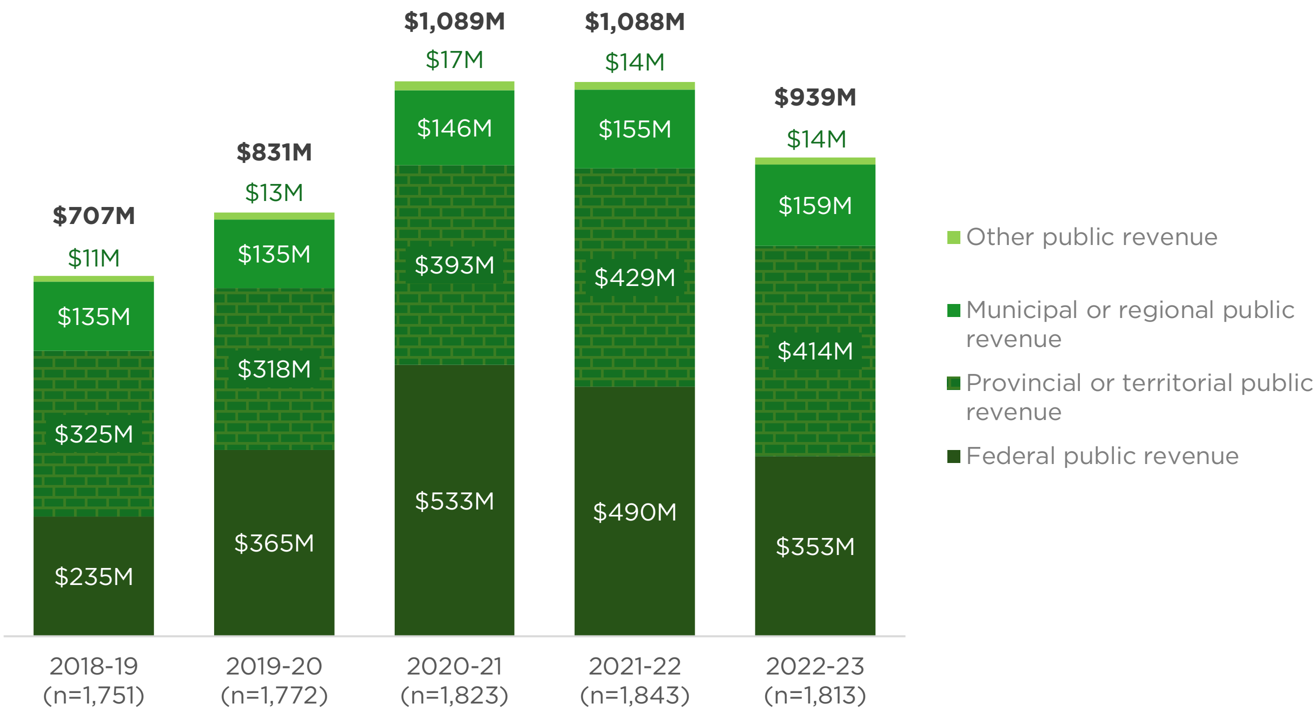
Of the various revenue sources that were negatively impacted by the pandemic, earned revenue saw the most significant declines during the height of the pandemic in 2020–21, when organizations were affected by the lockdown, space closures and mass programming cancellations: Figure 2 above shows earned revenue falling to just 13% of the total revenue share in 2020–21 from 38% in 2018–19 (a -25 point decrease). By 2022–23, earned revenue had not yet fully recovered, with 33% of the revenue share compared to 38% in 2018–19 (a +5% difference). Venue closures and cancelled programming led to a contraction in earned revenues, resulting in over $585M in lost revenue between 2018–19 and 2020–21. Had the government not intervened by increasing public funding, the impacts on the arts and culture sector from this lost earned revenue could have been much more severe.

Private sector revenue also saw a significant contraction over the five-year period, but it was much less pronounced than that seen in earned revenue. At the height of the pandemic in 2019–20 and 2020–21, private sector revenues dropped to a low of $357M in 2020–21, down 27% from the $490M recorded in 2018–19. Private sector revenues then increased by 35% in 2021–22 compared to the previous year ($357M to $483M) and recovered further in 2022–23, gaining by 52% compared to the low in 2020–21 ($357M to $542M). This trend came as a surprise to researchers given two recent factors: a sharp rise in inflation—which would presumably lead individual donors to reduce their contributions as they managed a higher cost of living—and more recent trends indicating that corporate sponsors are shifting away from support for the arts and directing funds to other priority sectors.[liii] Despite those shifts in the total dollar value of private sector revenues, the change in its share of overall revenues remained relatively consistent, with a spread of just three percentage points across the five-year period examined.

Public Revenue

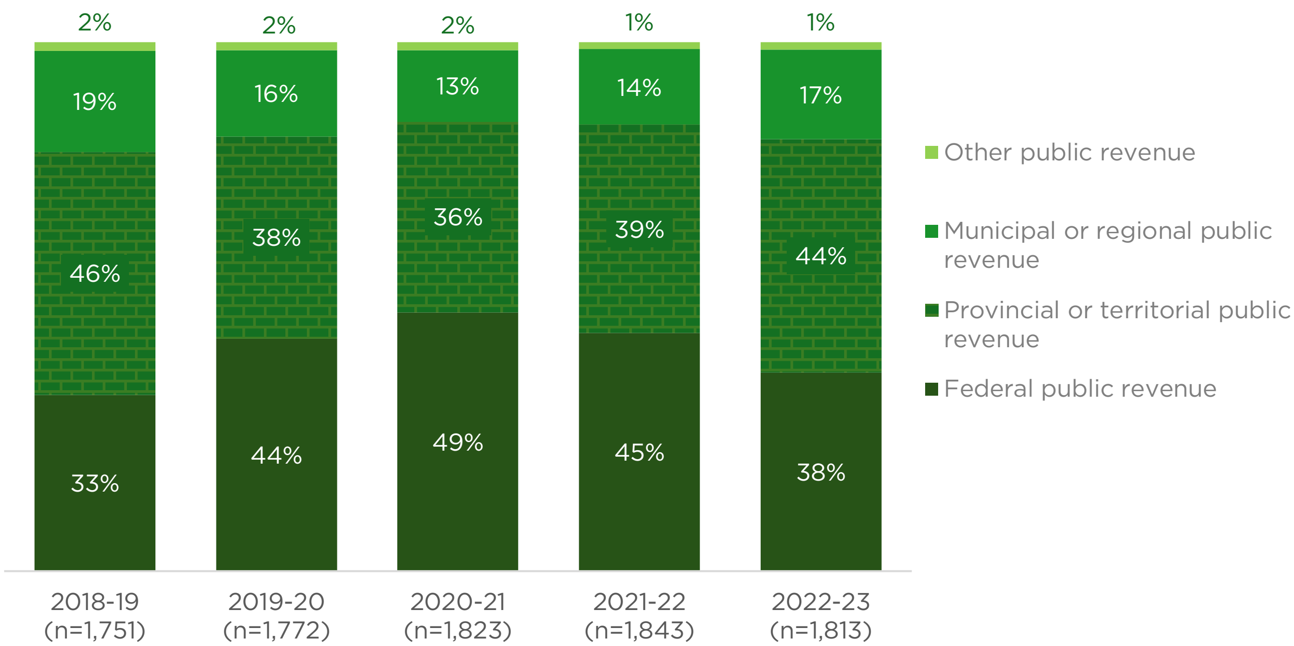
Figures 3 and 4 outline the total public revenues and distribution of public revenues to organizations by jurisdiction (federal, provincial, municipal and other). The totals in this chart correspond to the "Total Public Sector Revenue" series (dark green) in Figure 1.

Figure 3: Total Public Sector Revenue



With federal emergency funds at their disposal, organizations saw their total public revenue increase by 27% in 2020–21 compared to the previous year ($831M to $1,089M), while the increase from 2018–19 was up 54% ($707M to $1,089M). Amplified levels of public funding carried over into 2021–22 ($1,088M), with increases to provincial/territorial funding (+9%) and municipal funding (+6%) contributing to the overall effort to sustain organizations through the pandemic. In 2022–23, public sector revenues fell by 14% ($1,088M to $939M) as federal emergency support programs were sunsetting: the overall federal funding figures remained higher than the figures recorded in 2018–19, following a decline of $137M (-28%) from the previous year (2021–22). Using 2018–19 as a benchmark, provincial and municipal funding levels increased over the five-year period.

Figure 4: Public Sector Revenue Distribution

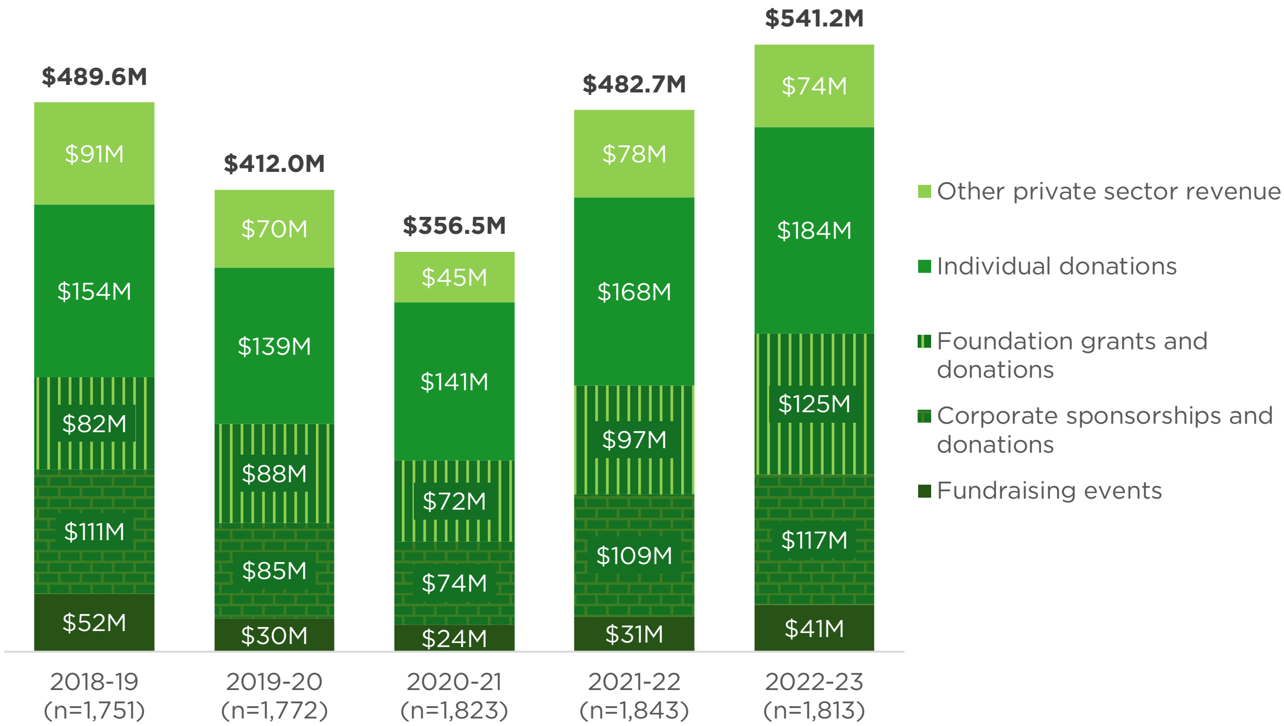


Prior to the pandemic, provincial/territorial funders provided the largest share of public sector funding at almost 46%, as seen in Figure 4. The federal government provided large amounts of emergency funding to cultural organizations starting in 2019–20, amounting to nearly 50% of the funding pool in 2020–21. In the years since, the distribution of public funding by jurisdiction was on track to return to roughly pre-pandemic shares by 2023–24.

Private Revenue

Figure 5 outlines total private revenue as well as subtotals across five key subsets: fundraising events (dark green), corporate sponsorships (green brick), foundations grants and donations (green lines), individual donations (green) and other private sector revenues, including in-kind goods and services (light green).

Figure 5: Total Private Sector Revenue



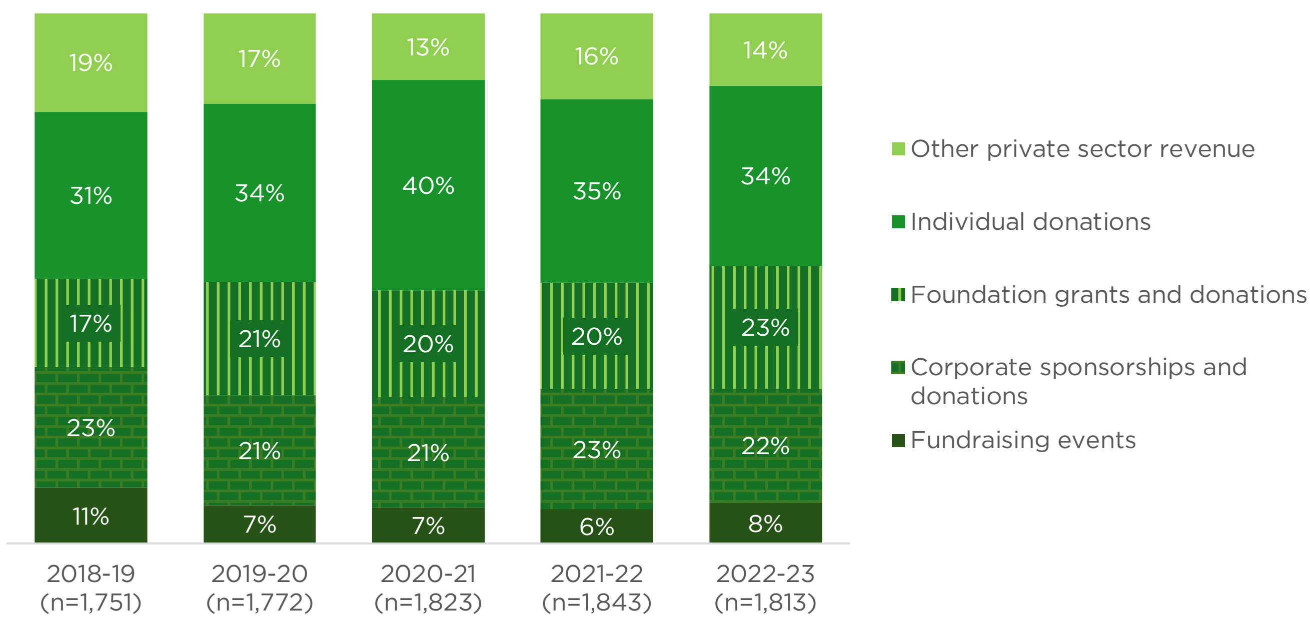
The decline observed in fundraising event revenues did not come as a surprise. The rise in online giving and the difficulties most arts organizations face in committing resources to fundraising have no doubt had an impact on these figures. The more surprising gains in private sector revenues came in individual donations. During a period where the donor pool is shrinking and arts organizations are reporting challenges in generating donations, core-funded organizations reporting into CADAC demonstrated year-over-year growth in individual giving over a four-year period, from $139M in 2019–20 to $184M in 2022–23, a 32% increase. Individual giving was the only subset of earned revenues that grew consistently starting in 2019–20, as other categories only began their recovery in 2020–21.

> The 2018 Cultural Track Canada report, which tracks the attitudes and behaviours of Canadian cultural consumers and donors, noted that only 5% of Canadian cultural consumers donate to cultural charities or organizations. According to the report, there are two main issues driving this lack of donor support. First, 30% of non-donors to culture believed their tax dollars are already doing enough to support arts and culture charities and organizations. The other reason they didn't donate? They simply hadn't been asked.[liv]

Figure 6 below reveals the distribution of private sector revenues over this five-year period. In 2020–21, individual donations rose to offset potential loses in other areas; this demonstrates, to some extent, how culture-goers and donors value the arts. It took until 2021–22 for donors to surpass the levels of giving seen in 2018–19, but those individual donations have since eclipsed pre-pandemic numbers and are trending upward.

The variance in corporate sponsorship support, meanwhile, was more drastic across the five-year period. With little programming on offer and few opportunities for organizations to deliver sponsor incentives and brand visibility, corporate sponsorships contracted by 33% between 2018–19 and 2020–21 before bouncing back in the two years following the pandemic and reaching new highs in 2022–23. These numbers, while reassuring, should be met with skepticism, given the recent number of high-profile cases of major corporate donors dropping their sponsorships of arts, culture and heritage organizations and institutions.[lv]

Figure 6: Distribution of Private Sector Revenue

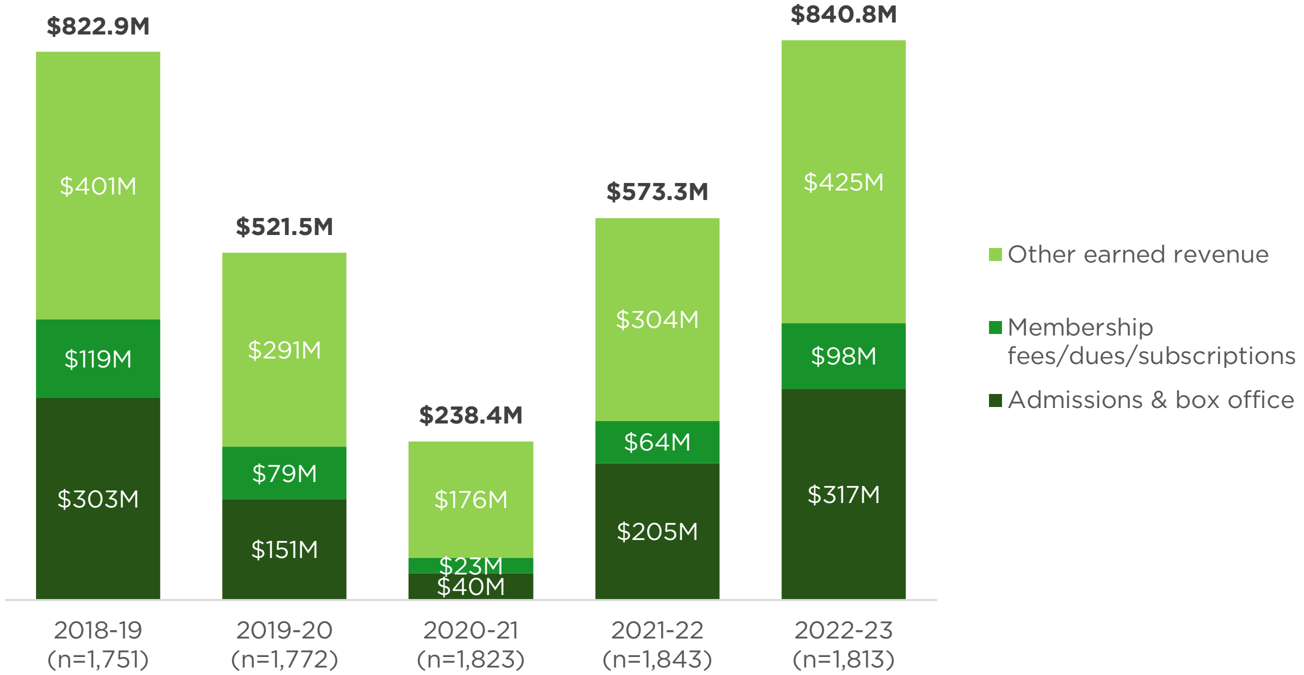


Despite declines and recovery of nearly $200M, the distribution of private sector revenues categories remained relatively stable over the first year in which organizations were impacted by the pandemic, with only a slight decrease in 2020–21. Powered by considerable gains in nearly every domain, private sector support peaked in 2022–23 at $541M, 10% above the $489M mark private revenues reached before the pandemic started.

Earned Revenue

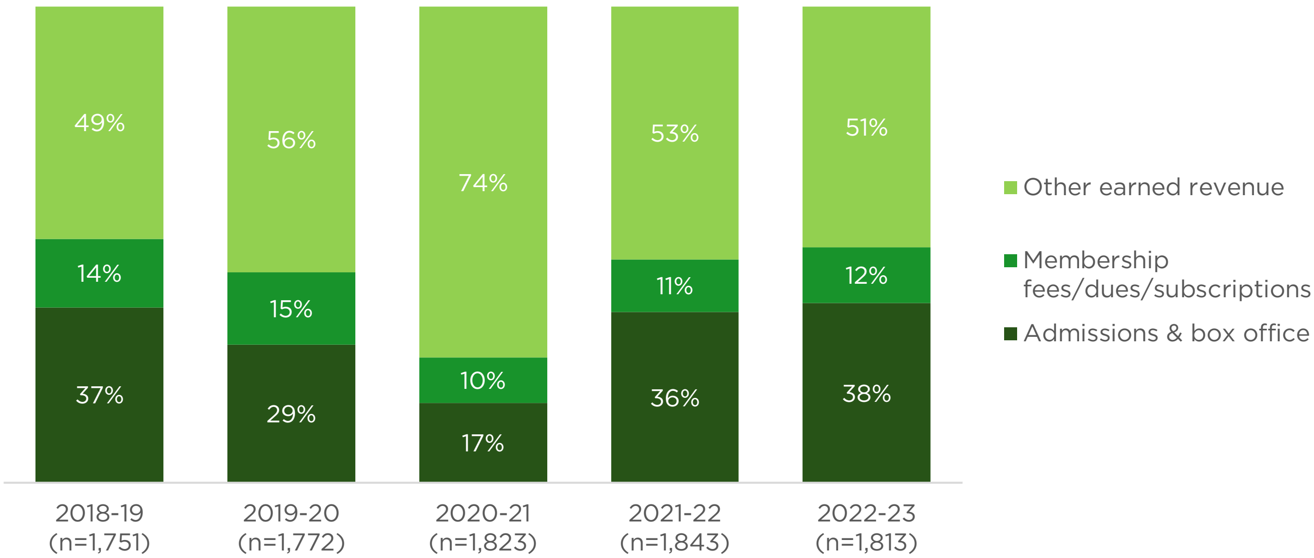
A breakdown of total earned revenues and their distribution by subsets is provided in the following charts. The types of earned revenues vary significantly across the arts, culture and heritage sector. For the purposes of this study, those earned revenues as recorded in CADAC have been consolidated into three primary categories: admissions & box office earnings (dark green), memberships fees and subscriptions (green), and other earned revenue, which includes touring and distribution revenue among other sources (light green).

Figure 7: Total Earned Revenue



The most significant and long-lasting disruptions to arts, culture and heritage organizations over the five years examined were in earned revenues. In 2020–21, when COVID-19 lockdown measures were at their peak, earned revenues had dropped by 54% compared to the previous year and by 71% compared to 2018–19. Predictably, admissions and box office revenues collapsed, falling by 87% over two years (from $303M in 2018–19 down to $40M in 2020–21). As a result of ticket sales dropping, the admissions and box office share of earned revenue distribution decreased by 20% over two years, down from 37% in 2018–19 to just 17% of total earned revenues in 2020–21, as seen in Figure 8 below. And with little to no programming on offer, patrons cancelled their memberships en masse, leading to a decline of 81% in membership fees/subscriptions over two years ($119M in 2018–19 down to $23M in 2020–21).

Figure 8: Distribution of Earned Revenue



Other earned revenues—a broad category that includes touring revenues, artist fees, sales and broadcasting rights, and educational programs—fared slightly better, with loses limited to 27% between 2018–19 and 2019–20, and 40% between 2019–20 and 2020–21. Greater losses were likely mitigated by the inclusion of sales, commissions and broadcasting revenue for television and digital streaming revenue in this category, as venues and cultural organizations pivoted to present programs on online platforms in an effort to offset the disruptions caused by the closure of physical cultural spaces during the lockdown.

Despite significant losses, earned revenues had largely recovered by 2022–23, as seen in Figure 7 above. Admissions and box office totals for that year exceeded pre-pandemic levels and had recovered their share of earned revenues. While memberships as a share of earned revenues increased, it had not yet recovered to pre-pandemic levels by 2022–23, which may be due in part to organizations restructuring their membership programs in the wake of the pandemic or to shifts in patron attitudes towards subscription models for live artistic and cultural programming compared to the costs of online/streaming subscription services.

Revenue Summary

The date shows that, overall, organizational revenues dropped during the pandemic and have since recovered, eventually surpassing pre-pandemic levels in 2021–22 and continuing to rise in 2022–23. However, due to significant inflation during this period, a dollar isn't worth as much as it was before the pandemic and a return to that level is not a full recovery.

- Emergency funding during the pandemic sustained the sector, and public revenues rose to a high of 59% of the share of all revenues (2020–21). Public revenues then dropped to 38% of the share of all revenues by 2022–23, and indications from the sector are that the share of public revenues will continue to fall in the years to come.

- Despite trends observed across the sector, core-funded organizations reporting into CADAC demonstrated year-over-year growth in individual donations over a four-year period, from $139M in 2019–20 to $184M in 2022–23, a 32% increase.

- Revenues from corporate sponsorships and foundation grants decreased through the pandemic, but by 2022–23 both had surpassed the amounts recorded in 2018–19. Meanwhile, fundraising revenues, along with their accompanying expenses, dropped over the five-year period.

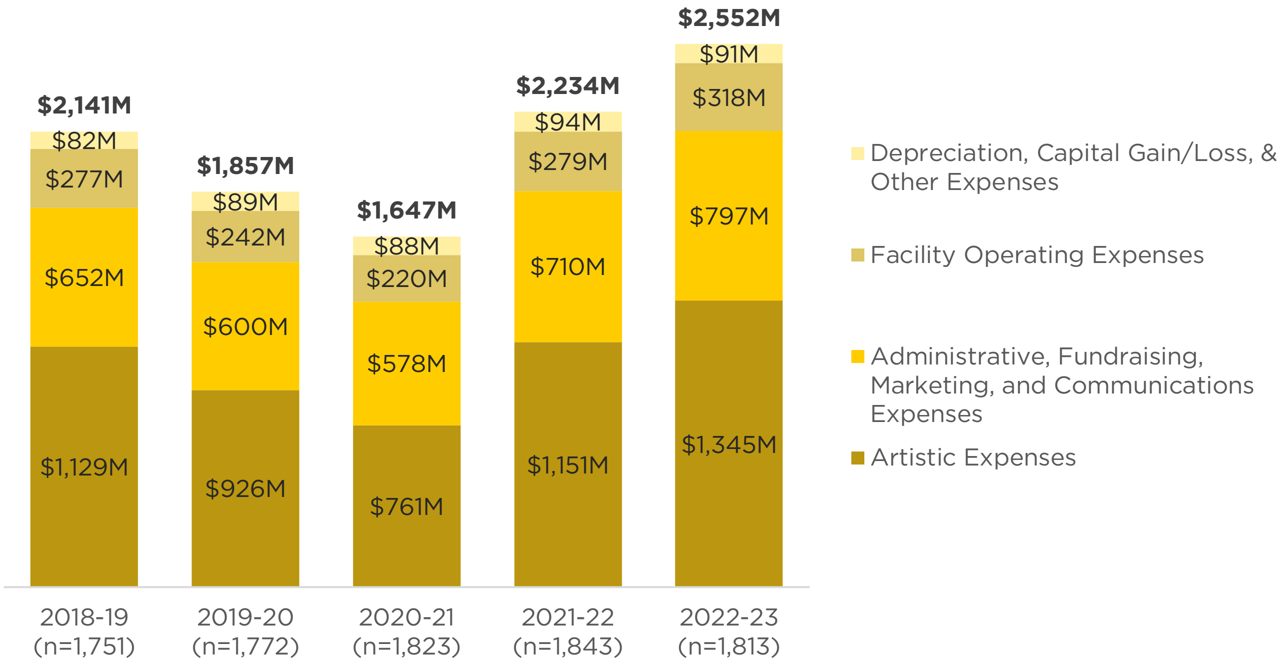
- After a tremendous drop-off during the pandemic, box-office and admissions revenue appear to have fully recovered, from $303M in 2018–19 to $317M in 2022–23 (+5%). Given that many arts and culture presenters are reporting difficulty in attracting audiences to their spaces, this recovery may be in part the result of ticket price increases to make up a revenue shortfall from reduced patronage.

- Membership and subscription revenues also dropped significantly during the pandemic but have been much slower to recover and have yet to reach their 2018–19 levels.

Organizational Expenses

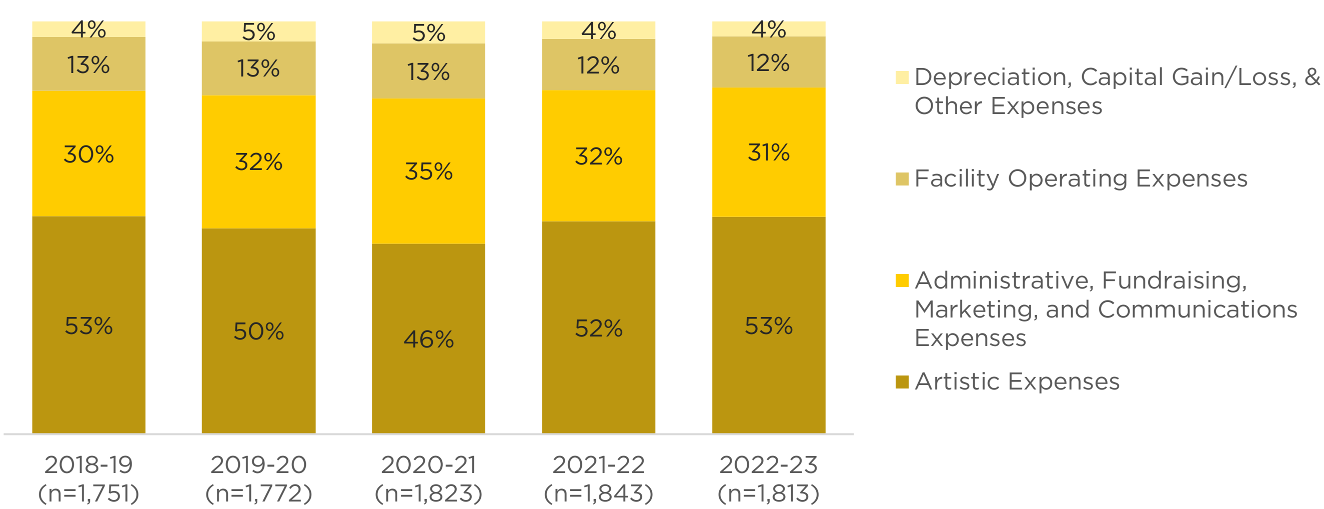
In addition to revenue, CADAC also includes information on organizational expenses. Organizational expenses recorded in CADAC were consolidated into four categories, outlined in the chart below as follows: artistic expenses (brown); administrative, fundraising, marketing and communications expenses (orange); facility operating expenses (dark beige); and depreciation, capital gains, and other expenses (light beige). These designations include salaries and hard costs relevant to each category’s outputs.

Figure 9: Total Expenses



The trend in organizational expenditures mirrored that observed on the revenue side: a decline in spending through the pandemic followed by a surge to levels that surpassed pre-pandemic years. At the height of the pandemic in 2019–20 and 2020–21, total expenses dropped to $1,647M, a 23% decrease from the $2,141M spent in 2018–19. Indications from the within and outside sector suggest that, while expenses decreased overall and then recovered during the pandemic, the cost of doing business has risen consistently year-over-year since the pre-pandemic period, which partially explains the significant increase in spending by 2022–23.

Figure 10: Distribution of Expense



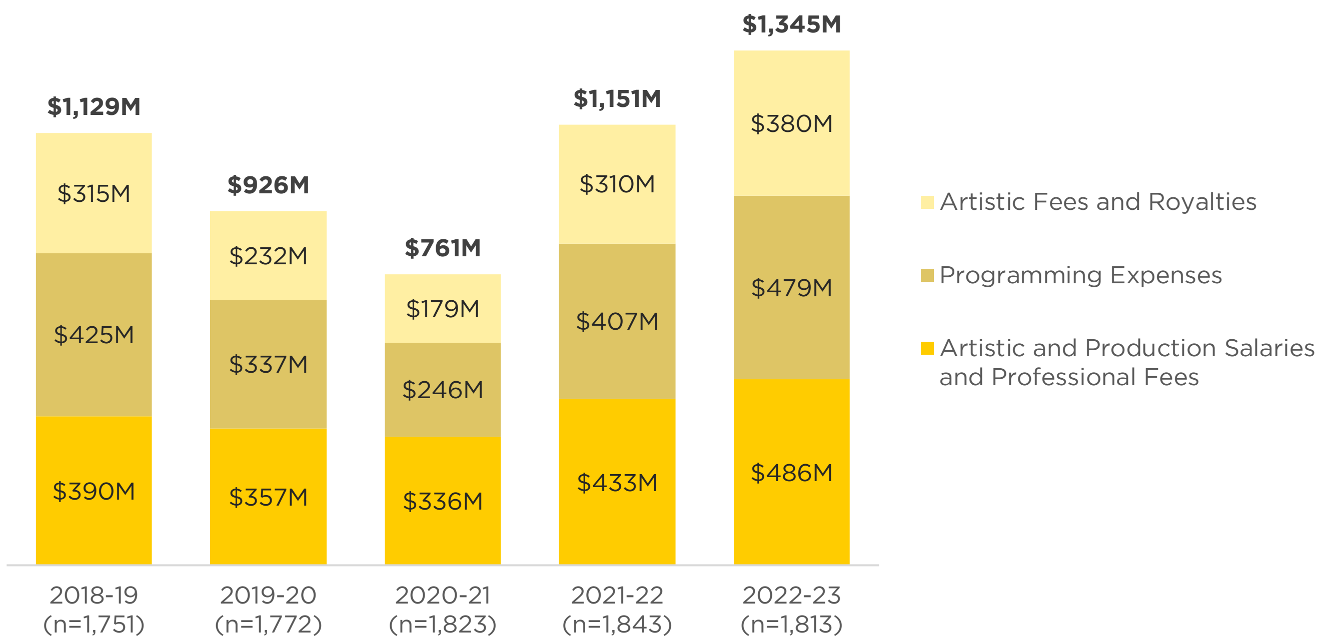
The distribution of expenses between 2018–19 to 2022–23 saw surprisingly little change. The ratios for facility operating expenses and capital gain/loss & other expenses remained virtually unaffected throughout this five-year period (each with a change of around 1%). Administrative, fundraising, marketing and communications expenses took up a larger share of overall spending with a modest 8% decline in the distribution of artistic expenses. The distribution of expenses in 2022–23 was almost identical to the distribution recorded in 2018–19.

Unsurprisingly, the influx of government support through 2020 and 2021 and the easing of pandemic restrictions led to a surge in spending in the ensuing years. Total spending increased by 34.5% in 2021–22 compared to the previous year ($1,647M to $2,234M) and jumped another 14% over the next year (from $2,234M to $2,552M).

Artistic Expenses

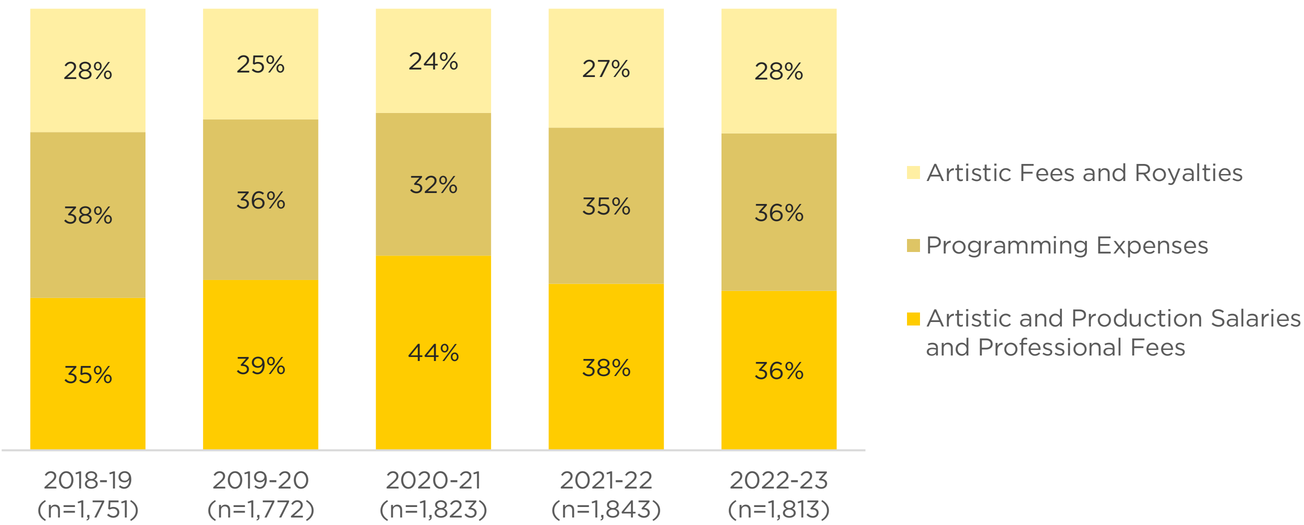
Figures 11 and 12 outline the total artistic expenses and distribution of artistic expenses between programming expenses, artistic and production salaries and professional fees and, lastly, artistic fees and royalties. The totals in this chart correspond to the “Artistic Expenses” series (brown) in Figure 9.

Figure 11: Total Artistic Expenses



Cuts to organizations’ spending were most evident in artistic expenditures, which dropped to $761M in 2020–21 from $1,129M in 2018–19 (-33%, see Figure 11 above). While that $761M represented 46% of all organizational spending in 2020–21, only $179M was directed to artists via royalties, artistic and presentation fees or sales: to put that in perspective, at a time when artists were at their most vulnerable, organizations managed to direct 11% of total expenses to pay artists (compared to 15% in 2018–19). This amounted to 24% of organization's total artistic spending, compared to 28% in 2018–19 (see Figure 12 below).

Figure 12: Distribution of Artistic Expenses

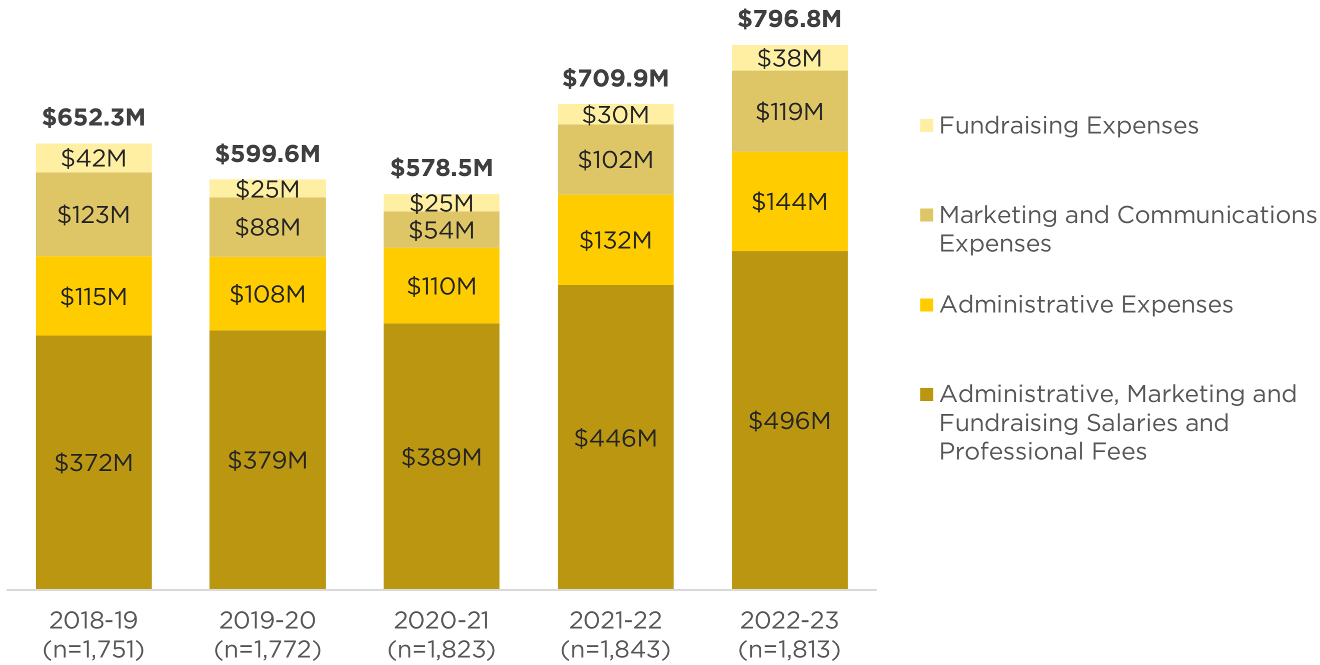


While the payment of artists via royalties and fees seems to have recovered in volume and in proportion within expenses in 2022–23 compared to pre-pandemic levels, programming expenses have not yet fully bounced back. Predictably, they experienced the largest contractions in 2020–21, down from $425M in 2018–19 (or 38% of total artistic expenses) to $246M in 2020–21 (32% of total artistic expenses). When compared to other artistic expenses, salaries and fees, programming expenses represent only 36% of total artistic expenses, a slight drop of -2% compared to 2018-19.

Administrative, Fundraising, Marketing and Communications Expenses

Figures 13 and 14 outline the evolution and distribution of administrative, fundraising, marketing and communications expenses as well as salaries. The totals in this chart correspond to the "Total Administrative, Fundraising, Marketing and Communication Expenses" series (orange) in Figure 9.

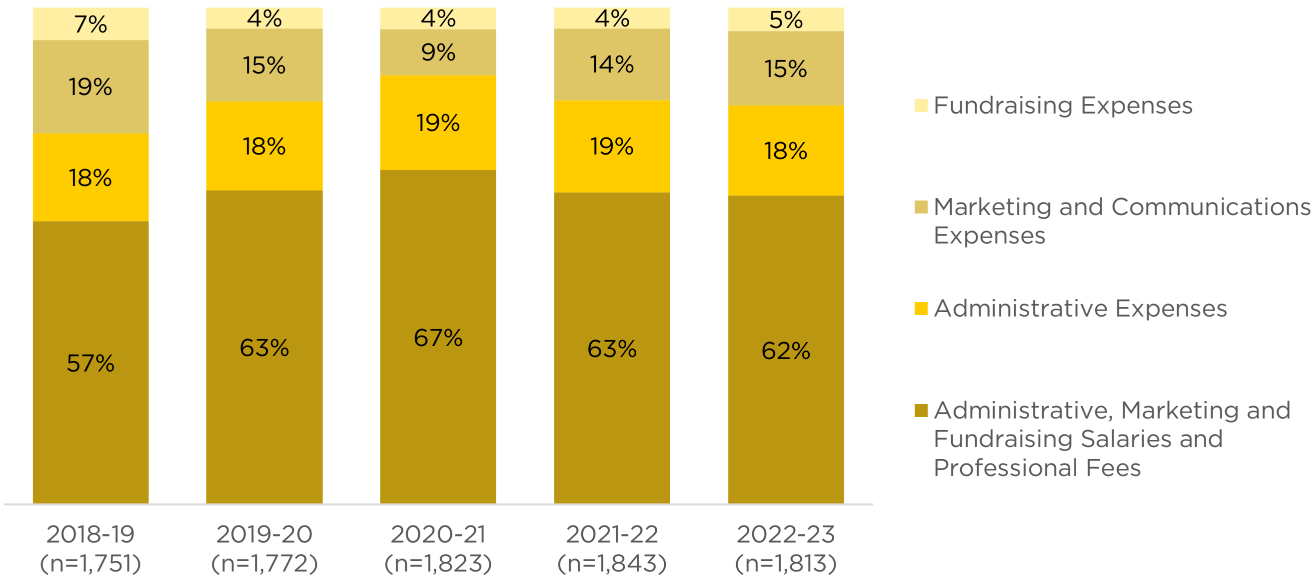
Figure 13: Administrative, Fundraising, Marketing and Communications Expenses



Administrative and marketing spending, like the costs of operating facilities, also saw declines between 2018 and 2021, but neither was as severe as the declines in artistic expenditures.

The bulk of the contraction in administrative and marketing costs overall came from reduced fundraising costs (and, in turn, activities), and a reduction of marketing and communications activities due to the limited programs on offer to market. The rise in administrative expenses includes rent/mortgages for office and administrative spaces: in total, these administrative expenses (which also include things like non-artistic travel and banking interest) rose by +25% from 2018–19 to 2022–23. It's safe to assume that a significant portion of that is the result of the increased cost of renting and operating office and administrative spaces. However, the rise of administrative expenses over the period was proportional to the overall increase in all administrative, marketing and fundraising expenses throughout the period, as they stayed consistent at 18% of this envelope in from 2018–19 to 2022–23 (see Figure 14 below).

Figure 14: Distribution of Administrative, Fundraising, Marketing and Communications Expenses

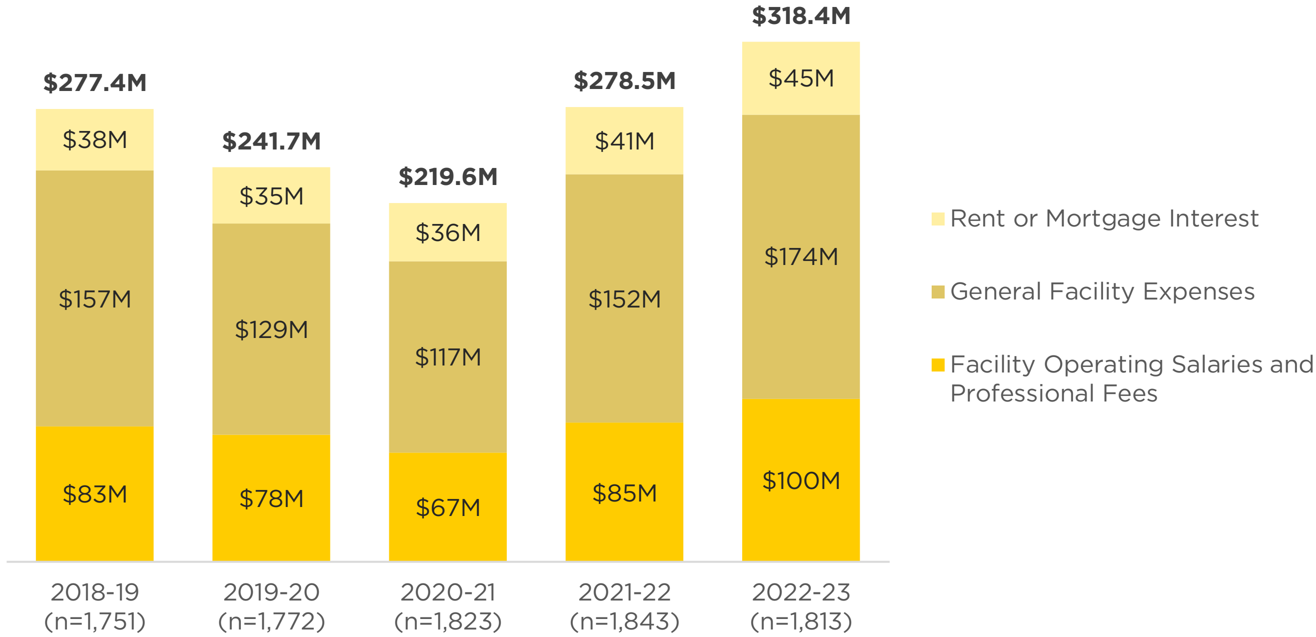


At the same time, administrative and marketing salaries and professional fees increased in all five of the years studied, growing by +33% from 2018–19 to 2022–23. Salaries represented 62% of the administrative, fundraising, marketing and communications expenses in 2022–23, as opposed to just 57% in 2018–19. This increased share of administrative salaries and professional fees may be in part due to the necessity to increase salaries to retain employees in a period of transition and inflation post-pandemic, or a result of arts leaders' attempts to increase wages to try to meet living wage minimums. The increase in administrative salaries is greater than the average increase in salary across Canada's Information, culture and recreation sector (22% between 2018 and 2023 according to Statistics Canada).[lvi]

Facility Operating Expenses

Figures 15 and 16 outline the evolution and distribution of facility operating expenses including rent or mortgage interest, general facility expenses, and facility operating salaries and professional fees. The totals in this chart correspond to the "Total Facility Operating Expenses" series (dark beige) in Figure 9.

Figure 15: Total Facility Operating Expenses

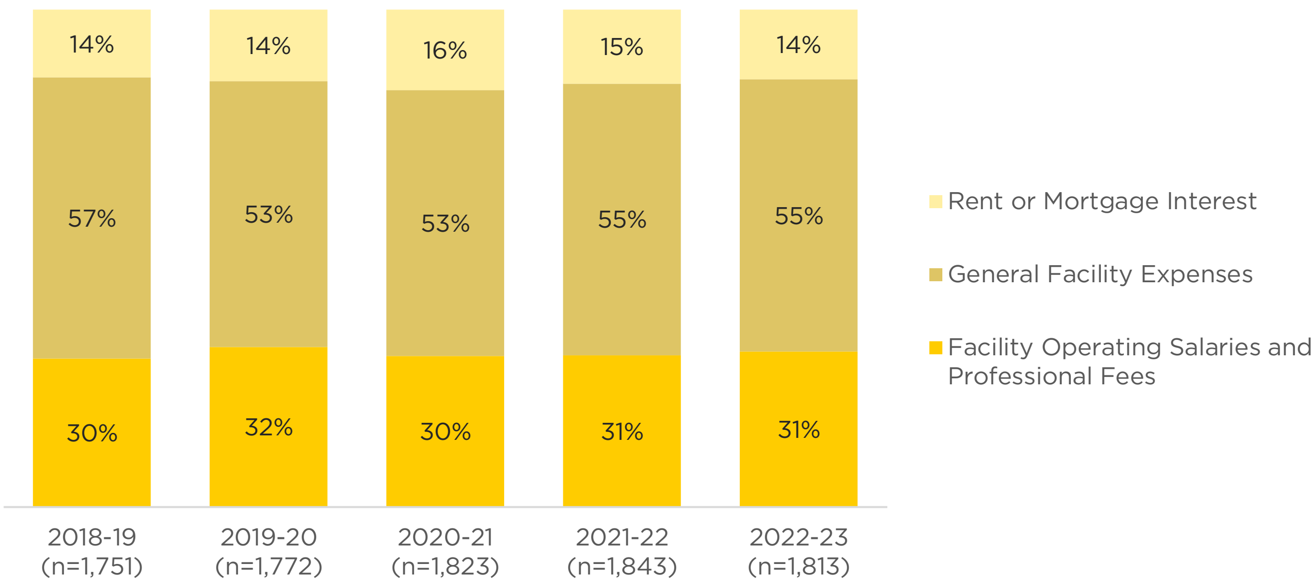


The changes in facility operating expenses have been less dramatic than in other areas: despite significant challenges, including pandemic lockdowns and increased rents, organizations continued to spend on performance and storage spaces and the staff required to operate them. General facility expenses, including rent and permanent collection storage, rose by 11%, from $157M in 2018–19 to $174M in 2022–23. Again, this is due, in all likelihood, to the fact rent and mortgage interest costs have gone up alongside significant jumps in the Bank of Canada's key lending rate starting in 2022.

Salaries and fees for facilities professionals fluctuated similarly to artistic salaries, dropping from $83M to $67M between 2018–19 and 2020–21 (-19%) before jumping up to $100M in 2022–23 (+49% compared to the low recorded in 2020–21, +21% compared to 2018–19).

Facility operating expenses seem to be the most fixed expenses in their distribution, as rent and mortgage interest, general facility expenses and salaries and fees evolve almost entirely proportionally to the decrease and increase of the envelope. They also showed very similar distribution of total facility operating expenses in 2022–23 compared to 2018–19 (see Figure 16 below): 14% for rent or mortgage interest (no change), 55% for general facility expenses (-2%), and 31% for facility operating salaries and professional fees (+1%).

Figure 16: Distribution of Facility Operating Expenses



Despite what look like incremental changes to the cost of running cultural spaces, feedback and evidence from the sector suggests that the availability and affordability of cultural spaces continues to be a significant threat to the sector. Data provided by the Ontario Non-profit Network confirmed that 79% of arts, culture, heritage and tourism non-profits surveyed in 2023 were operating in the same space as the year prior. As the sector began its reemergence in 2021, spending on facilities saw significant increases, due no doubt to the costs of accessing new spaces, a spike in interest rates compared to pre-pandemic years and rising rents in many cultural hubs across the country. For example, a 2023 report on the state of music venues in Toronto found that 75% of respondents to a community survey considered music venues endangered or threatened.[lvii] It also provided insight into astronomical spikes in operating costs for cultural venues and organizations, with some citing insurance rates rise as much as 4,000% during the pandemic.[lviii]

Expenses summary

The data shows that expense trended in step with revenue declines during the pandemic. Organizations cut spending where possible, and spending gradually recovered alongside increased, eventually surpassing pre-pandemic levels in 2021–22 and continuing to rise in 2022–23. As noted above, the recovery in spending as an indication of organizational well-being should be considered in a context where buying power has diminished because of inflation, so the recovery tracked does not necessarily indicate a full recovery.

- Total expenses dropped to $1,647M during the pandemic (2020–21), a 23% decrease from the $2,141M spent in 2018-19. By 2022–23, they had grown to over $2,552M: in that year, organizations were spending 20% more than they had in 2018–19.

- During the pandemic, cuts to artistic expenses were the most drastic, dropping by 33% from 2018–19 to 2020–21. Artistic salaries and payments to artists saw a contraction during this time. In 2020–21, organizations directed $0.11 of every dollar they spent to artists through fees, royalties and sales, compared to highs of $0.15 of every dollar spent in 2018–19 and 2022–23.

- Administrative, marketing and fundraising expenses saw similar contraction: the cost of renting or owning office space and doing business rose, while spending on fundraising stagnated.

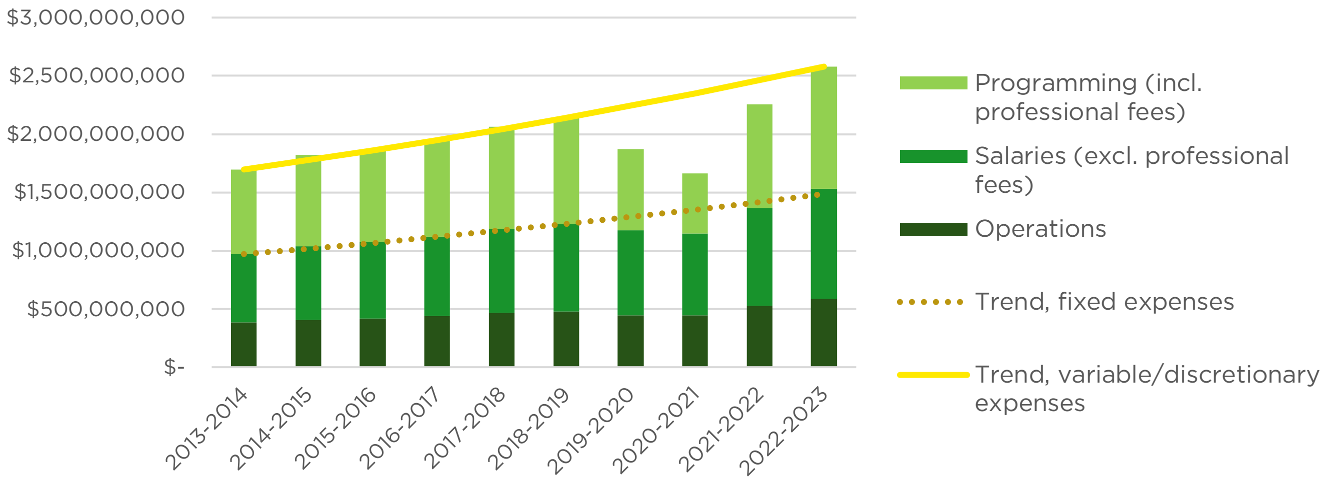
- Where artistic and facilities salaries dropped and then recovered to exceed pre-pandemic levels, administrative salaries actually grew year over year. This is the only category where this trend was observed, and it suggests that many organizations prioritized compensating administrative staff and leadership to sustain themselves during a period of crisis.

- The cost of running cultural spaces and facilities has never been higher. Costs for facilities staffing, mortgage interest, rent and mortgage payments increased by $100M from 2020–21 to 2022–23, a 49% increase.

Composition of Expenses

The following chart outlines trends in the composition of organization's expenditures over 10 years. The trend lines follow the compound annual growth rate observed from 2013–14 to 2018–19 and help to illustrate the extent to which fixed and variable expenses have returned to pre-pandemic growth. The lower (dotted brown) line shows the trend in fixed expenses—that is, organizational expenditures that cannot be reduced on a temporary basis such as permanent salaries (green), facility maintenance and other non-discretionary operating costs (dark green). The higher (yellow) line follows the trend in variable expenses (light green) which include programming expenses and contract employment (professional fees).

Figure 17: Composition of expenses

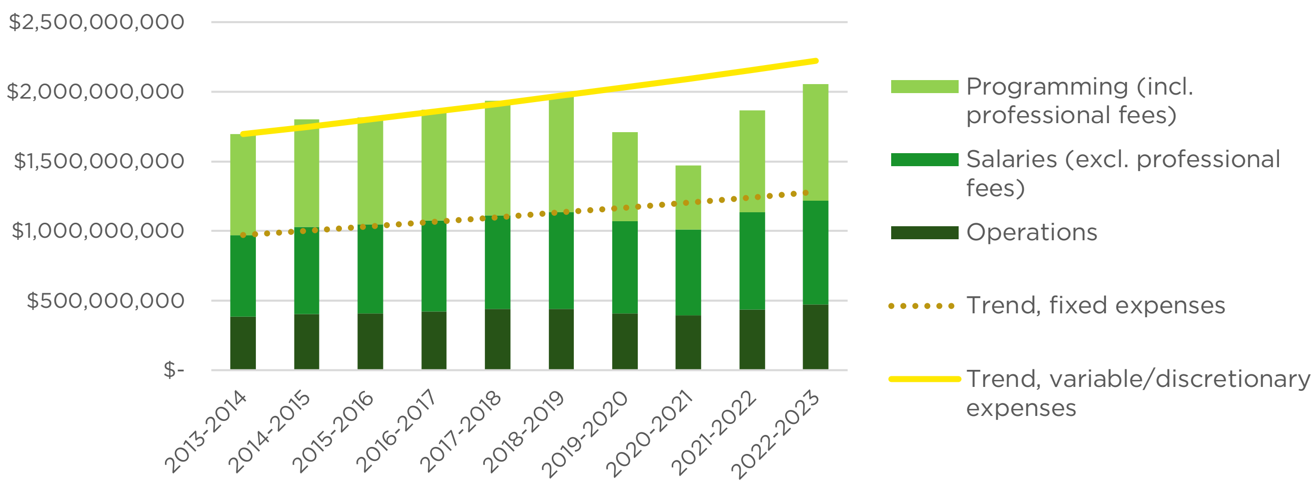


Broadly speaking, this chart shows that organizations responded to the pandemic lockdowns in earnest by cutting about half of their variable/discretionary programming costs. Despite a very modest decrease during the COVID lockdowns (2019–20 to 2020–21), fixed operational expenses and salaries largely followed pre-pandemic trends. For organizations with business models that rely heavily on in-person attendance, the nature of programming expenses likely transitioned to investing in new types of revenue-generating activities, or to simply maintaining audience engagement in line with each organization's cultural mandate. Given the unique opportunity to see the financial performance of this sector during a period of extreme stress, this chart illustrates the magnitude of non-discretionary expenses as a share of arts organizations' operating costs: significantly, more than half of organizational expenses appear to be necessary, even in a state of emergency. This apparent inflexibility of organizations' fixed financial obligations underscores the financial precarity of the sector.

By 2022–23, the trends in this chart suggest that organizations have returned to spending at the levels observed prior to the pandemic. Having moved past the unprecedented disruptions caused by lockdowns, organizations continued to invest heavily in programming and salaries as a countermeasure to rising precarity: core-funded arts organizations spent $412,680 on salaries on average in 2022–23, compared to $394,553 in 2018–19.

The following chart shows the same data adjusted for inflation and, as a result, provides a different—and potentially more accurate—assessment of how spending has kept up with year-over-year trends. To put it simply, the dollar figures shown in this chart have been normalized, such that each dollar approximates the same amount of purchasing power in each year. For example, an artist will charge more for a performance in response to the artist's rising cost of living; by adjusting for inflation, $100,000 worth of artist fees should represent approximately the same amount of performance in the first and last years in this visualization. Consequently, this chart provides a better indicator of how much activity organizations are engaging in (independent of the progressively more inflated dollar value of their spending).

Figure 18: Composition of expenses, inflation adjusted (chained 2014 dollars)



Understanding that supply chain disruptions, changing consumer behaviour and economic stimulus (among other factors) prompted exceptional rates of inflation during the pandemic, this visualization provides a clearer perspective of arts organizations' return to pre-pandemic levels of activity.

While the first chart showed that the dollar value of costs has materially increased above those observed before the pandemic, this illustration shows that the amount of products and services that organizations can deliver at these inflated prices remains below historical levels.

Excess inflation means that each dollar buys less staffing, supplies and programming than it did in previous years: accounting for inflation, organizations spent $620M less in 2020–21 than they should have compared to pre-pandemic trends (-15.8%) and still spent $165M less in 2022–23 than they should have if the sector hadn't been hit by the pandemic (-7.4%). Most of the restriction in spending has affected programming expenses (-11% in 2022–23 compared to the trend of discretionary expenses) over salaries and operations (-4.8% in 2022–23 compared to the trend of fixed expenses).

These figures show that while organizations' spending has indeed "bounced back" from lows, it has still not returned to the pre-pandemic trend and may never make up for lost ground: from 2019–20 to 2022–23, there was a gap of almost $1,400M in cultural organization spending that would have otherwise contributed to the Canadian economy.

In an analysis of data from a Statistics Canada survey delivered in January and February of 2023, the report's author concluded that "more than one-half of organizations and businesses in the arts, heritage, and entertainment (53%) believe that rising inflation is an obstacle for them," with just under 70% claiming that they were likely or very likely to pass those costs down to their customers and patrons.[lix]

Composition of Expenses Summary:

The data shows that variable/discretionary programming costs were the most likely to be cut during the pandemic. Meanwhile, fixed operational expenses and salaries largely followed pre-pandemic trends. With more than half of organizational expenses dedicated to fixed or "necessary" costs, the organizations included in this dataset appear to have limited flexibility in how the spend, even in a crisis such as a global pandemic. This apparent inflexibility underscores the financial precarity of the sector.

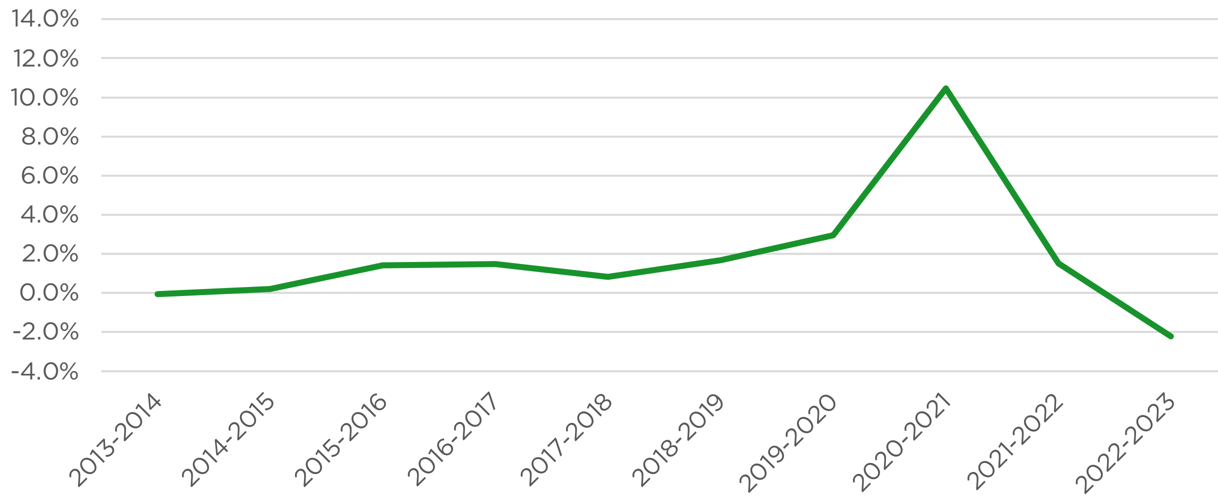
- Organizations responded to the pandemic lockdowns in earnest by cutting about half of their variable/discretionary programming costs. However, more than half of organizational expenses, such as salaries and operating expenses, appeared to be necessary, even in a state of emergency.
- Cuts to variable/discretionary spending include contractors and temporary staff. This means that workers in the most precarious positions were most impacted by cost cutting efforts.
- While organizations' overall spending appears to have recovered from 2020–21, excess inflation has created less buying power for organizations compared to previous years, which is putting strain on organizational budgets despite apparent growth in total revenues.

Financial Health of the Sector

This section provides an overview of financial health and performance for the sector.

In Figure 19, surplus/deficit is analogous to profitability in for-profit enterprises—a measure of how much revenues exceed or fall short of expenses (as a percent of revenue).

Figure 19: Operating surplus/deficit (% of total revenue)



The sector was marginally exceeding expenses in the period from 2013–14 to 2018–19 (with a six-year average of 0.9%). The effects of the COVID-19 pandemic can be seen starting in 2019–20: a significant spike in reported surplus (up to 10.5% by 2020–21), followed by a steep decline and the largest deficit recorded over a ten-year period (-2.2%) by 2022–23.

The trend was similar between organizations with up to $1M in annual revenues compared to those with more than $1M in revenues.

Fig. 20: Operating surplus/deficit (% of total revenue) for Orgs <$1 Million

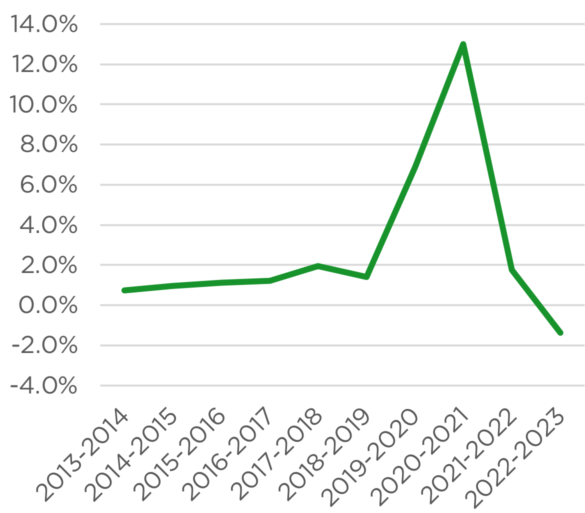
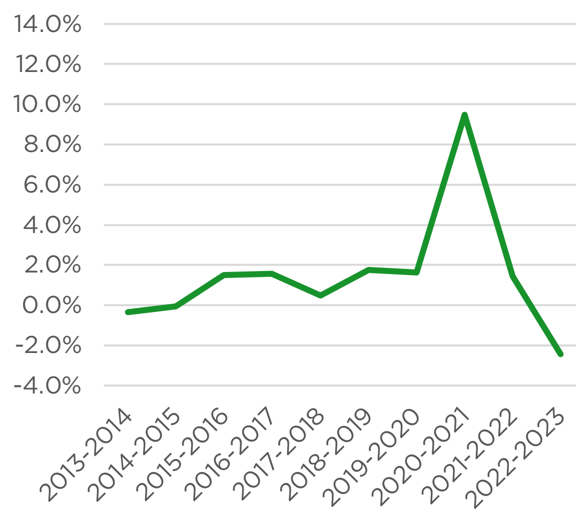


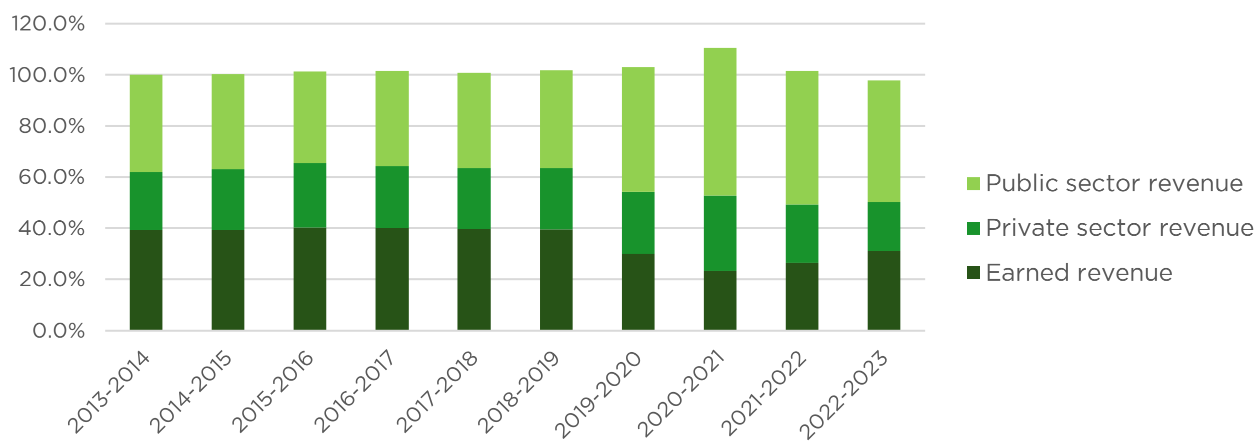
Fig. 21: Operating surplus/deficit (% of total revenue) for Orgs >$1 Million



Smaller organizations recorded a higher surplus in 2019–20 than larger organizations, which could be explained by a number of different factors: smaller organizations may have managed to curb spending more rapidly to address the impacts of the pandemic; or government supports represented a larger share of an organization's total revenue; or smaller organizations were more nimble in finding sources of revenue that did not rely on physical attendance.

The chart below expands on the distribution of revenues examined earlier (Figure 2) by showing the contribution of different revenue sources relative to expenses. This chart is scaled, such that amounts above or below 100% are equal to the operating surplus/deficit shown in Figure 19.

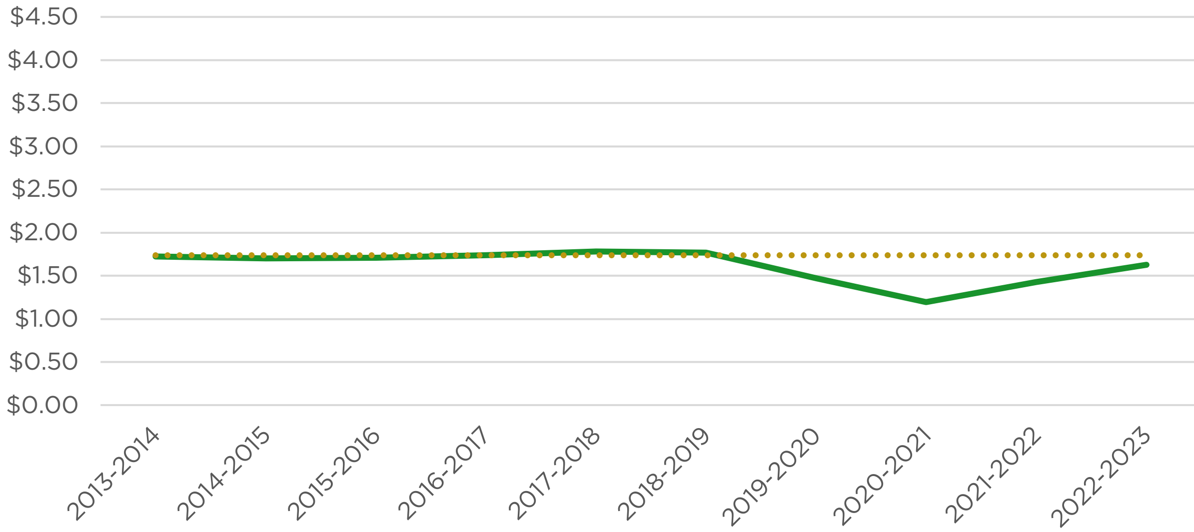
Figure 22: Contribution of revenue by type



Considering the significant drop in earned revenue and fluctuations in private sector revenue from 2019 to 2022, public-sector revenue more than made up for the shortfall (relative to expenses) and that public support was responsible for the unusual surpluses observed during the pandemic. However, it's also clear that private and earned revenue have fallen to well below pre-pandemic levels, and that neither had recovered their share of total revenues by 2022–23. With the sunsetting of emergency support programs, the safety margin afforded by a couple of windfall surpluses are unlikely to sustain the sector for long without continuing growth in private/earned revenue.

The following chart provides a metric to assess how organizations' revenue-generating capacity has recovered since the pandemic began.

Figure 23: Revenue per dollar of net assets



Prior to the pandemic, organizations generated $1.74 for each dollar of net assets on their balance sheet. By 2022–23, organizations' earning capacity had still not recovered to pre-pandemic levels, reaching $1.63 generated per dollar of net assets. This chart does not lend itself to inflation adjustments because long-term assets are valued at their purchase price. After the high levels of inflation observed during the pandemic, this metric would need to exceed the pre-pandemic average to mark a return to the pre-pandemic trend (represented by the dotted brown line).

Figure 24: Revenue per dollar of net assets for organizations <$1M

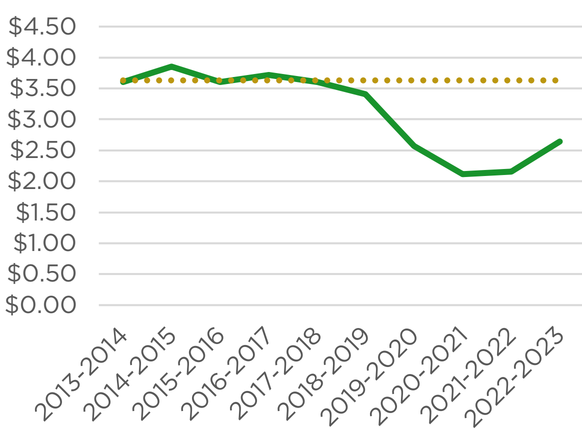
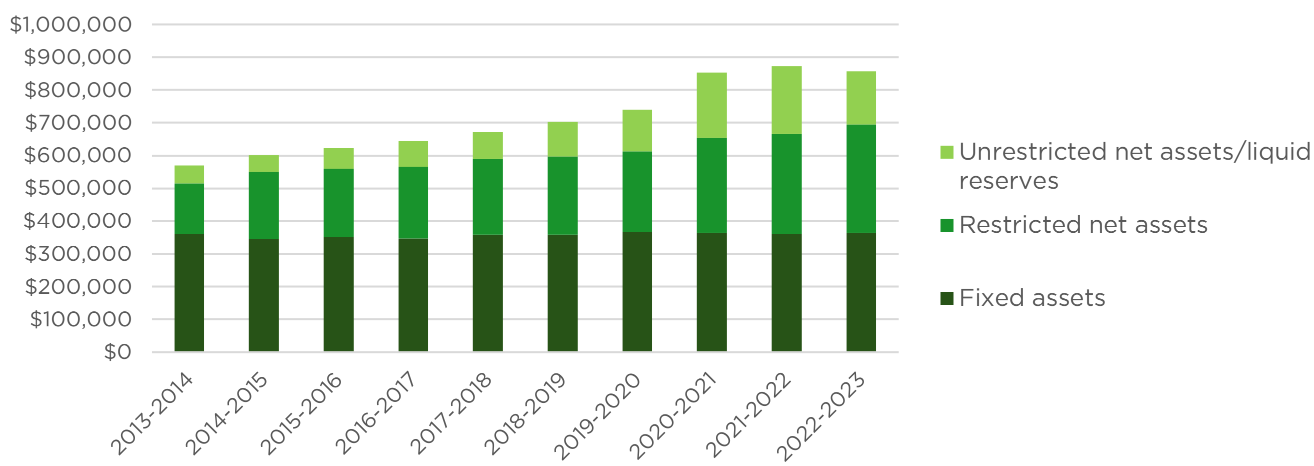


Figure 25: Revenue per dollar of net assets for organizations >$1M

Examining these ratios for organizations above and below $1M in annual revenue reveals that smaller organizations have, historically, delivered significantly higher revenues relative to investment (around $3.60 for organizations under $1M compared to $1.50 dollars for organizations over $1M). However, those smaller organizations have been much slower to recover than larger organizations, who hit their benchmark in 2022–23.

Figure 26 shows the composition of total net assets with respect to liquidity.

Figure 26: Composition of total net assets



From 2013–14 to 2018–19, organizations nearly doubled their unrestricted net assets and cash reserves (a 90% increase), indicating a positive trend in liquidity compared to the years prior to the pandemic. The infusion of public support and addition of longer-term debt during the pandemic provided liquidity to these organizations. It is possible that significant growth in arts endowments during the pandemic have also contributed to the rise in restricted assets.

Figure 27: Composition of total net assets for organizations <$1M

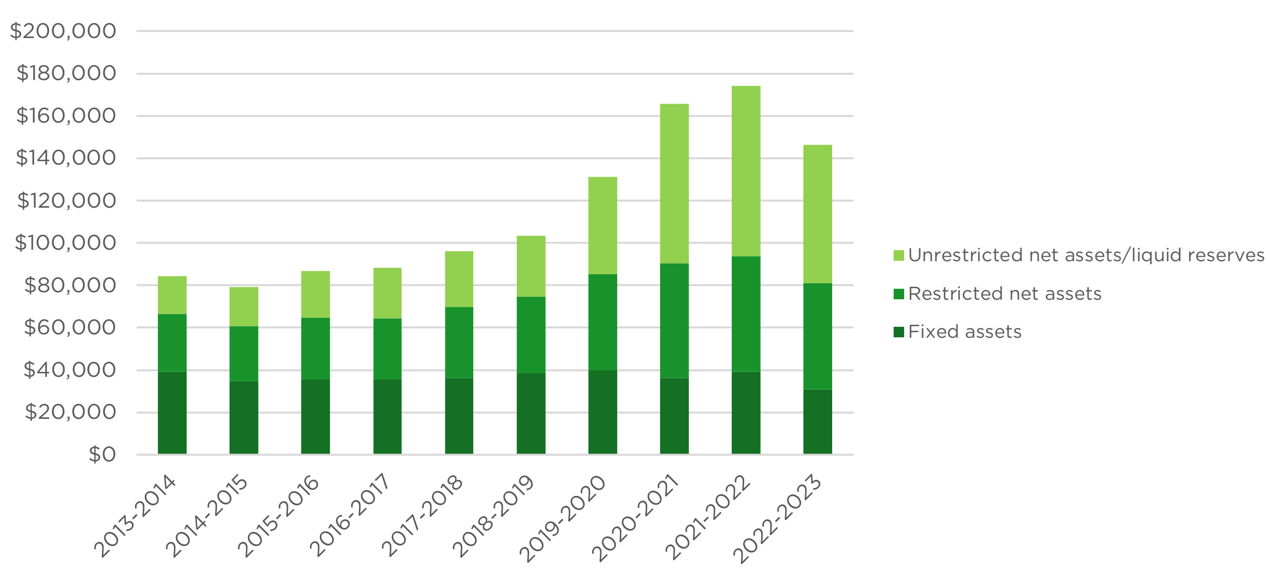
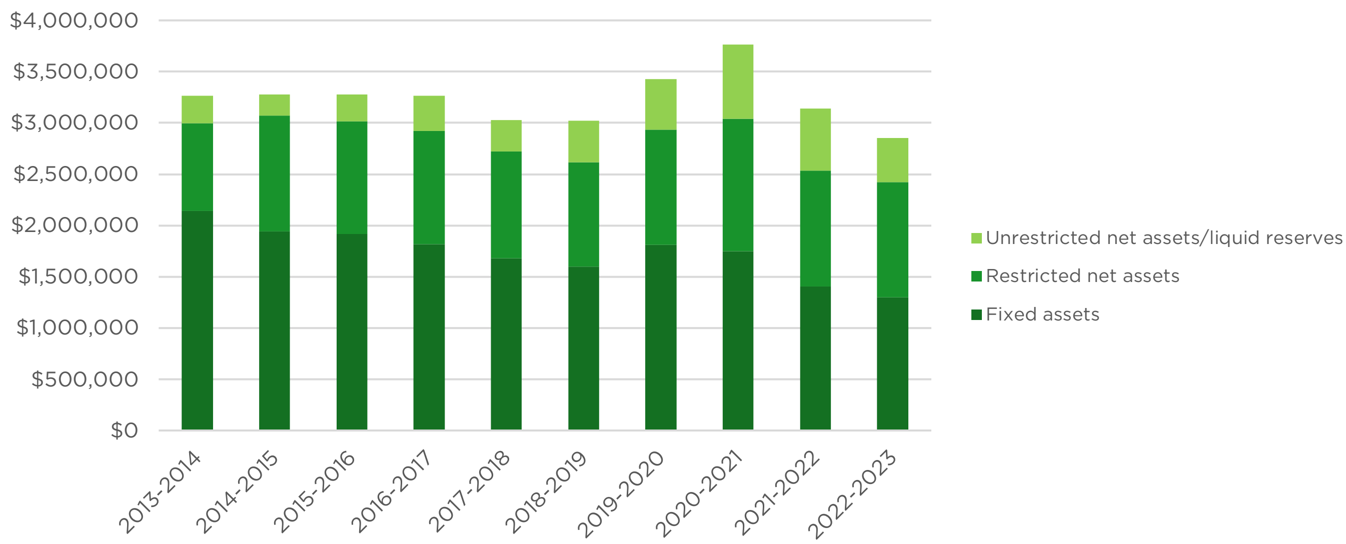


Figure 28: Composition of total net assets for organizations >$1M



When comparing liquidity among smaller and larger organizations, an interesting trend emerged: smaller organizations had significantly higher ratios of restricted and unrestricted net assets and liquid reserves than their larger sister organizations. This reinforces the observation that smaller organizations were more nimble in cutting expenditures and allocating support funds to restricted and unrestricted reserves to support a longer-term recovery from the pandemic. Meanwhile, larger organizations—carrying larger payrolls, facility and operating expenses—had much less flexibility and recorded a much lower collective working capital ratio (1.2%) in 2022–23 than did smaller organizations (1.8%).

Financial Health Summary:

After nearly a decade of reporting surpluses between 0.0% and 2.0%, the sector as a whole saw surpluses skyrocket during the pandemic to 10.5%, followed by a deficit of -2.2% in 2022–23. Public funding sustained the sector during the pandemic, but drops in the value of private and earned revenue combined with the sunsetting of emergency funding programs mean the sector will need to see significant growth across multiple funding areas in order to continue to sustain itself.

- On the whole, organizations reported a significant spike in reported surplus (10.5% of total revenues by 2020–21).
- Smaller organizations (<$1M) recorded higher surpluses than larger organizations (>$1M) in 2020–21.
- Organizations of all sizes saw similar declines and recorded deficits around -2.2% in 2022–23.
- Organizations' revenue-generating capacity also dropped during the pandemic and has not yet recovered. Organizations under $1M, who traditionally have had a higher return on investment

($3.60) than those with budgets above $1M ($1.50), have struggled to generate the same return on investment as they recorded for years prior to the pandemic.

- Organizations reported significantly higher unrestricted and restricted reserves starting in 2020–21. Smaller organizations were much more likely than larger organizations to have allocated resources to reserve funds, suggesting once again that smaller organizations were, to some extent, better adapted to weather the disruptions caused by the pandemic, at least during its height.

Insights from 2024

According to some sources, by 2023, the arts and heritage sectors seemed to be showing positive trends in the early stages of the pandemic recovery. After two years of drastic revenue decline, venue closures and unprecedented financial interventions from the federal and provincial governments, organizations were reporting revenue growth of 50%, or 100%, or 200%. A Statistics Canada analysis of arts, culture, sport and recreation industry data from 2022 offered a cautious but nevertheless optimistic outlook for the sector:

> ***"Industries across the culture, arts, entertainment and recreation services will continue to see recovery from the pandemic, which devastated these sectors for two years. With pre-pandemic influences and changed consumer preferences caused by the pandemic, the publishing industries remain the only sector where recovery growth remains elusive for upcoming years. For the other industries, although restrictions have been lifted, a full recovery will be influenced by inflation and the costs of essentials, as well as the discretionary income of households, which could delay the full return of revenues to pre-pandemic levels for these industries."***[lx]

The report pointed to significant growth in the performing arts industry in 2022, with revenue in the not-for-profit industry increasing by 71% and in the for-profit industry by 56%.[lxi] National cultural indicator statistics published in September 2024 showed continued nominal GDP increases across most cultural domains alongside slow but consistent culture jobs recovery.[lxii] Another positive trend observed earlier in this report has been donors' willingness to continue to support the arts: a survey undertaken by Nanos and Business/Arts in November 2024 showed that expected donations to the arts were 12% higher in 2024 than in 2022.[lxiii] A number of reports also suggested an increase in arts and culture attendance, especially in the performing arts. One such report was issued by the Institut de la statistique du Québec, which reported that 8.8M people had attended performing arts programs in the province in 2024, a 15% increase over 2022 figures (7.6M) and a 16% increase over the pre-pandemic average (7.6M).[lxiv]

Despite some positive signs, many other signals from the sector indicate that the negative trends observed—including a sector-wide deficit, a lower retain on per dollar investment and a failure for organizations to keep up with the high costs of operating and the impacts of inflation—could remain factors in 2025 and beyond.

Recent Data from the Ontario Nonprofit Network and Arts Community Pulse Survey

The data analysis conducted from the CADAC dataset only provided reliable financial data up to 2022–23. To help bridge the gap between the CADAC data and what has been transpiring in the sector in 2024, the Hub coordinated with the Ontario Non-profit Network (ONN), a network of 58,000 not-for-profit organizations in Ontario that supports policy and advocacy work and provides services across the network to strengthen the non-profit sector. With support from the ONN, the Hub was able to gather data on arts, culture, heritage and tourism non-profit organizations in Ontario collected as part of the ONN's ongoing State of the Sector surveys. The data offers insight into how organizational leaders within this subset of the sector view their financial and operational sustainability and resilience and highlight their most pressing concerns. A summary of key findings from the State of the Sector surveys is presented below.

From 2022 to 2024, 46% of arts organizations said they were able to sustain their organizations for seven to 12 months or less. Responses to the 2024 survey indicated that 68% of arts and culture organizations were seeing an increase in demand for services, but only 28% felt they were able to meet those demands. And while 39% of arts organizations cited revenue increases across public, private and earned sources in 2024, 79% claimed their expenses had increased.

In fact, the majority of arts, culture, heritage and tourism non-profits in Ontario recorded expense increases every year from 2021 to 2024, with 40% claiming a rise in expense from 1% to 24% and 27% claiming a rise in expense from 25% to 49% in 2024 (see Table 2 below). Meanwhile, 28% of arts organizations had resorted to dipping into their reserve funds.

Table 2: Change to Expenses for Arts, Culture, Heritage and Tourism Non-profit Organizations

Have your expenses changed in the past year?	2024	2023	2022	2021
Increased more than 100%	2%	0%	2%	0%
Increased by 75% to 100%	2%	1%	2%	1%
Increased by 50% to 74%	8%	7%	5%	3%
Increased by 25% to 49%	27%	30%	21%	7%
Increased by 1% to 24%	40%	53%	44%	24%
Decreased by 1% to 24%	4%	2%	7%	17%
Decreased by 25% to 49%	2%	1%	2%	12%
Decreased by 50% to 74%	1%	0%	2%	5%
Decreased by 75% to 100%	1%	0%	0%	4%
Total Increased (Any %)	79%	91%	74%	35%
Total Decreased (Any%)	8%	3%	11%	38%
No Change	13%	7%	15%	27%
Number of respondents/Count	168	121	N/A	N/A

Another source of sectoral survey data was recently delivered in the Canada Council's report on the results of its Arts Community Pulse Survey. Published in December 2024, the report included summaries of responses from 1,464 organizations, of which 600 received core funding.

In most cases, the concerns that emerged echoed what has been seen in other reports and appeals from across the sector. 51% of organizations felt their financial situation was unstable (44% core-funded organizations compared to 56% non-core organizations). More than half of core-funded and non-core organizations (54%) cited that their revenues had decreased, while only one-third saw revenue increases. 93% of organizations cited that additional funding to support sustainability was "very or extremely critical", and a ranking of what organizations anticipated would be their greatest financial challenges showed many of the same stressors already addressed in this report:

- **Funding challenges (50%)**
- **Financial instability (32%)**
- **Rising costs (26%)**
- **Lack of art grants (20%)**
- **Staffing issues (20%)**

Those concerns about the lack of funding were no doubt spurred by the sharp increases to expenses reported. 86% of organizations reported increases to their expenses, with 28% characterizing the increases as "significant." This no doubt informed respondents' outlook on the potential impact and ongoing viability of their program offerings: nine out of 10 organizations anticipated facing challenges in maintaining the impact of their programming in the future. A breakdown in expenses revealed increased spending across the expenditure categories observed earlier in the Hub's analysis:

- **Net increase to administration expenses: 79%**
- **Net increase to artistic expenses: 76%**
- **Net increase to marketing and communications expenses: 72%**
- **Net increase to facility operating expenses: 71%**

When assessing the challenges individuals faced in continuing to work in the arts, only 5% of individuals foresaw no challenges, while 52% ranked their outlook as "very or extremely challenging." In turn, organizations noted the difficulty they face in recruiting and retaining staff: during a presentation of these statistics organized by the Council and Mass Culture, Council staff noted that 81% of organizations anticipated staff recruitment and retention challenges. Those challenges were more prevalent among larger organizations (89% for organizations with budgets of >$1M) versus smaller organizations (72% for organizations with budgets of <$1M).

Further Strain on Public Funders

Optimism around what's in store for arts organizations in Canada seems to be waning as the realities of the post-pandemic reality become clearer. That started with the country's largest supporter of the arts, the Canada Council. In January 2023, the Council released the results of a survey of 3,095 organizations and groups that received Canada Council funding in 2021–22. According to the report, those organizations had seen their revenues recover to pre-pandemic levels by 2022, thanks in part to the Council's emergency Recovery Fund. However, those same organizations also cited "supply chain issues, record levels of inflation, labour shortages, and anxiety with respect to large or in-person activities" as issues that could challenge ongoing recovery efforts.[lxv]

In response to an open letter from the arts community demanding, among other things, more transparency on who and what the council is funding, the Canada Council's CEO Michelle Chawla committed to addressing the community's concerns through a survey of peer assessors and greater access to data about the council's funding decisions. In an open letter delivered in February 2024, Chawla outlined some of the challenges the council, alongside the sector, are working to address and the need for renewed investment in and support for the sector:

> ***"This demand, coupled with the quality of the applications, demonstrates the tremendous need for support for the arts, including funding. In addition to engaging audiences across the country, the arts play a crucial economic and social role in communities. As the arts community struggles with increased costs and a slow post-pandemic recovery, we recognize the importance of reliable public funding, not only for you, but also for the diverse communities you serve."***[lxvi]

Other funders have also cautioned on the capacity challenges arts and culture organizations are facing, and the resources at funders' disposal to meet those challenges. In a 2024 newsletter, Michael Choo, a Research Analyst at the Ontario Arts Council, noted that since 2020–21 there has been a 19% increase in OAC-funded organizations reporting deficits, underscoring the financial tightrope many are walking to stay afloat. The OAC also revealed through its operating funding applicant survey that operating grants recipients estimated they would need "an additional $15.1 million each year from OAC to make [their] current programming financially sustainable."[lxvii]

In Québec, where provincial funding for the arts far surpasses that of Canada's other provinces, there are more signs of impending crisis. The Front commun pour les arts québecois recently issued a press release outlining the decline in public funding for the arts in Quebec and the need to invest in CALQ in the next budget.[lxviii] As part of its release, the Front highlighted the erosion of public funding for the arts in Québec through CALQ, as follows:

- In the last three years, the CALQ budget went from $185 million (2022–23) to $172 million (2023–24) to $160 million in (2024–25), an 8% decrease over three years.
- There have also been program-specific cuts, such as the "Soutien à la mission" operating program, which has seen an increase of just 4% over six years, while inflation has gone up 22% over the same period. Between 2022 and 2024, the median funding to organizations dropped by -35%.
- Finally, in 2024, CALQ received $151 million in funding requests from organizations, of which it allocated $94 million. Demand was 61% higher than CALQ's capacity to fund, the largest spread ever.

In March 2025, the Québec government addressed these concerns when it tabled a budget that included a $317.9M increase to CALQ's budget over five years (2025–26 to 2029–30), as part of a $544M commitment to promote the province's culture and heritage.

In the west, investment in the arts and culture over the next few years is varying from one province to the next. B.C.'s Ministry of Tourism, Arts, Culture and Sport released a service plan in March 2025 that outlined from 2025–26 to 2027–28 that included an increase in Arts and Culture spending of less than 1%, from $41.4M to $41.7M over the next three years.[lxix] Meanwhile, the Alberta Foundation for the Arts recently acknowledge a $4.5M increase in the province's 2025 budget, the second such increase in as many years that had brought its total budget up to $34.6M.[lxx]

While increases to public funding can seem promising, there is evidence to suggest that increased funding leads to greater demand from practitioners and organizations, which can have negative consequences (such as, for example, a drop in the artists' average incomes).[lxxi] And as the analysis of financial data above shows, addressing gaps in public funding alone won't be enough to address rising costs and sustain organizations. Are there other ways that policymakers can support the sector? Or is it up to the sector to save itself?

Renewed Approaches to Addressing Precarity in the Sector

In the spring of 2025, the Cultural Policy Hub published a report following a series of interviews with 20 arts, culture and heritage leaders, researchers and funders about sectoral and organizational challenges that contribute to organizational precarity in Canada, and the opportunities that exist to address those challenges. During those conversations, participants articulated a number of intersecting issues that the sector is trying to address, which include systemic inequity, public and private undervaluation of the arts, disconnection from community, weak governance and funding gaps. The discussion with participants looked beyond calls for increased public funding to identify other ways the sector can start to address the challenges it faces, which included deeper collaboration, improving its access to and utilization of data, embracing new technologies and shifting the narrative that the sector is in crisis.

That report serves as a companion piece to this survey of the sector and analysis of organizational data. Taken together, the two reports raise questions about that the weight that the stories we tell about the state of the arts, culture and heritage sector in Canada hold—for funders, for policymakers and for the public. Those stories are full of contradictions and apparent clashes between quantitative and qualitative evidence: on the one hand, the sector is seeing a strong economic recovery since the pandemic, while on the other, risings costs and sagging spending power are leaving organizations budgets strained and leaders more and more concerned about sustainability.

The limitations of accessing and analyzing cultural data in Canada are being addressed and will help clarify the state of the sector in the coming years. But the perspective gained needs to inform a more coordinated and nuanced narrative about how to sustain the arts, culture and heritage in Canada, especially as the sector anticipates proliferation and transformation in the years to come. For their part, policymakers need to support access to and interpretation of data as a critical tenet in shaping the future of the arts in Canada: as the sector's capacity to use and share cultural data grows, so too will policymakers' ability to make informed decisions and develop policy tools that respond to the sector's intersecting needs.

Appendix A – CADAC Line Items & Report Labels

The following table shows the CADAC line items that were combined to produce charts in the financial analysis. Headings in the left column are sorted in the order that they appear in charts.

Figs	Chart Label	Chart Sub-label	CADAC Line Item(s)
1, 2	Total Revenue		4700 - Total Revenues (C)
		Total Public Sector Revenue	4550 - Total Public Sector Revenues
		Total Private Sector Revenue	4345 - Total Private Sector Revenue
		Total Earned Revenue	4175 - Total Earned Revenue
		Total Other Revenue	4210 - Total Net Investment Income 4615 - Total Other Revenues 4619 - Amortization of deferred contributions for capital assets 4620 - Other revenues
3, 4	Total Public Revenue		4550 - Total Public Sector Revenues
		Other public revenue	4540 - Other public sector revenues (please add some details) 4545 - In-kind goods and services revenues from public sector (if presented in F/S)
		Municipal or regional public revenue	4535 - Total municipal or regional public revenues
		Provincial or territorial public revenue	4500 - Total provincial or territorial public revenues
		Federal public revenue	4440 - Total federal public revenues
5, 6	Total Private Sector Revenue		4345 - Total Private Sector Revenue
		Other private sector revenue	4335 - In-kind goods and services revenues from private sector (if presented in F/S) 4340 - Other private sector revenues, including shared private/public funds. (please add some details)
		Individual donations	4305 - Individual donations
		Foundation grants and donations	4325 - Foundation grants and donations
		Corporate sponsorships and donations	4310 - Corporate donations 4315 - General corporate sponsorships (cash) 4320 - Specific corporate sponsorships (cash)
		Fundraising events	4330 - Fundraising events (gross)

Figs	Chart Label	Chart Sub-label	CADAC Line Item(s)
7, 8	Total Earned Revenue		4175 - Total Earned Revenue
		Other earned revenue	4115 - Co-productions 4120 - Touring revenue / exhibition rental 4130 - Distribution revenue (media arts) 4135 - Fees - guarantees (local market) .4140 - Other artistic revenues and fees (please add some details) 4145 - Fees from workshops / classes / conferences / annual meetings / seminars / colloquia 4150 - Revenue from associated school (gross) 4160 - Sales, commissions and broadcasting (gross) 4162 - Net revenues obtained from artists' gross bookings 4165 - Facilities and equipment rental, sale of works of art 4170 - Other earned revenues (please add some details)
		Membership fees/dues/subscriptions	4105 - Production admissions and box office from subscriptions / admissions membership or group admissions 4155 - Membership dues or fees (not eligible for a tax receipt)
		Admissions & box office	4110 - Production admissions and box office from single ticket sales 4125 - Presenting / hosting admissions and box office
9, 10	Total Expenses		5600 - Total Expenses (D)
		Depreciation, Capital Gain/Loss, & Other Expenses	5532 - Amortization of capital assets (depreciation) 5533 - Other expenses (loss on capital assets ...)
		Facility Operating Expenses	5235 - Total Facility Operating Expenses
		Administrative, Fundraising, Marketing, and Communications Expenses	*Think this should just be a totals line*
		Artistic Expenses	5195 - Total Artistic Expenses
11, 12	Total Artistic Expenses		5195 - Total Artistic Expenses
		Programming Expenses	5140 - Exhibition / programming / production / distribution (media arts) / special projects expenses 5145 - Loan and acquisition of works of art / performance 5150 - Touring / circulation expenses 5155 - Professional development programming for arts community 5160 - Expenses of associated school (gross) 5165 - Catalogues / documentation / publications 5170 - Collections management 5175 - Education, audience development and outreach 5180 - Advocacy (arts service organizations only) 5185 - Member communications (arts service organizations only) 5187 - Membership and Registration

Figs	Chart Label	Chart Sub-label	CADAC Line Item(s)
			5190 - Other artistic, program, and services expenses (please add some details)
		Artistic and Production Salaries and Professional Fees	5110 - Artistic salaries - permanent and temporary employees 5125 - Production / technical salaries - permanent and temporary employees 5130 - Production / technical services professional fees
		Artistic Fees and Royalties	5105 - Artists and professional fees 5115 - Copyright, reproduction and royalties payments
13, 14	Total Administrative, Marketing and Fundraising Expenses		5330 - Total Marketing and Communications Expenses 5425 - Total Fundraising Expenses 5525 - Total Administration Expenses
		Administrative, Marketing and Fundraising Salaries	5305 - Marketing and communications salaries - permanent and temporary employees 5310 - Marketing and communications professional fees 5405 - Fundraising salaries - permanent and temporary employees 5410 - Fundraising professional fees 5505 - Administrative salaries - permanent and temporary employees 5510 - Administrative professional fees
		Administrative Expenses	5515 - Rent or mortgage for administrative space 5520 - Other administrative expenses (please add some details)
		Fundraising Expenses	5415 - Fundraising events (gross) 5420 - Other fundraising expenses (please add some details)
		Marketing and Communications Expenses	5315 - Marketing production fees 5320 - Advertising purchases 5325 - Other marketing and communications expenses (please add some details)
15, 16	Total Facility Operating Expenses		5235 - Total Facility Operating Expenses
		Rent or Mortgage Interest	5225 - Rent or mortgage interest
		General Facility Expense	5215 - General facility expenses 5220 - Permanent collection storage fees 5230 - Other facility expenses (please add some details)
		Facility Operating Salaries and Professional Fees	5205 - Facility operating salaries - permanent and temporary employees 5210 - Facility operating professional fees
17, 18	Programming (incl.		5105 - Artists and professional fees 5115 - Copyright, reproduction and royalties payments

Figs	Chart Label	Chart Sub-label	CADAC Line Item(s)
	professional fees)		5130 - Production / technical services professional fees 5140 - Exhibition / programming / production / distribution (media arts) / special projects expenses 5145 - Loan and acquisition of works of art / performance 5150 - Touring / circulation expenses 5155 - Professional development programming for arts community 5160 - Expenses of associated school (gross) 5165 - Catalogues / documentation / publications 5170 - Collections management 5175 - Education, audience development and outreach 5180 - Advocacy (arts service organizations only) 5185 - Member communications (arts service organizations only) 5187 - Membership and Registration 5190 - Other artistic, program, and services expenses (please add some details) 5310 - Marketing and communications professional fees 5315 - Marketing production fees 5320 - Advertising purchases 5325 - Other marketing and communications expenses (please add some details)
17, 18	Salaries (excl. professional fees)		5110 - Artistic salaries - permanent and temporary employees 5125 - Production / technical salaries - permanent and temporary employees 5205 - Facility operating salaries - permanent and temporary employees 5305 - Marketing and communications salaries - permanent and temporary employees 5405 - Fundraising salaries - permanent and temporary employees 5505 - Administrative salaries - permanent and temporary employees
17, 18	Operations		5210 - Facility operating professional fees 5215 - General facility expenses 5220 - Permanent collection storage fees 5225 - Rent or mortgage interest 5230 - Other facility expenses (please add some details) 5410 - Fundraising professional fees 5415 - Fundraising events (gross) 5420 - Other fundraising expenses (please add some details) 5510 - Administrative professional fees 5515 - Rent or mortgage for administrative space 5520 - Other administrative expenses (please add some details) 5532 - Amortization of capital assets (depreciation) 5533 - Other expenses (loss on capital assets …)
26, 27, 28	Unrestricted net assets/liquid reserves		6310 - Unrestricted net assets 6325 - Cash reserves (Alberta organizations only)
26, 27, 28	Restricted net assets		6320 - Internally designated or restricted funds

Figs	Chart Label	Chart Sub-label	CADAC Line Item(s)
			6330 - Externally designated or restricted funds 6335 - Other net assets (please add some details)
26, 27, 28	Fixed assets		6315 - Invested in Capital / fixed assets

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