

Research into the sustainability  
of Ontario's community museums  
**CMOG SNAPSHOT 2000–2004**

A summary of findings from financial and visitation data from  
Community Museum Operating Grant program applications

June 2008

# CMOG SNAPSHOT 2000–2004

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## EXECUTIVE SUMMARY

To understand the responses and initiatives necessary to improve the organizational health and sustainability of Ontario's community museum sector, the Ontario Museum Association (OMA) studied the operations of museums which are funded by the Community Museums Operating Grant (CMOG) program of the Heritage Branch, Ontario Ministry of Culture. CMOG is the primary vehicle through which the Province of Ontario supports museums in Ontario. Approximately 180 museums, or 23% of Ontario museums, received CMOG support each year over the period of the study. This represents less than one quarter of the 770 heritage and heritage-related institutions identified in the province.

This project analyzed and summarized the financial and visitation data of 180 community museums provided by the Ministry as excerpts from the program applications from 2000–2004, the last year for which data was made available. This document presents a summary of findings as a “snapshot” of CMOG funded community museums in Ontario, offers a recommendation to increase the sustainability of the museums, and identifies future research areas necessary to provide a clearer picture of the operational health and organizational challenges facing museums and their contribution to creative and sustainable communities.

In 2004, the last year for which data was analyzed, CMOG contributed \$2.7 million to the operation of Ontario museums. This represents 4.9% of total revenue for CMOG supported museums, or 23¢ per Ontarian.

As well as playing a vital role in preserving and sharing Ontario's rich heritage for the citizens of, and visitors to, the Province, CMOG-funded museums:

- *contributed over \$50 million of direct spending to the Ontario economy in 2004 and*
- *consistently attracted over 2 million visitors per year.*

Based on this research, and despite a welcome increase in the CMOG program in 2007, the OMA continues to be concerned over the sustainability of Ontario's museums. Overall museum budgets are small and inadequate to successfully preserve and tell Ontario's many stories. The research reveals that:

- *museums invest less than 6% of expenses in core areas, namely interpretation, education, exhibition, conservation, curatorial and acquisitions.*

- *CMOG funding is insufficient to keep pace with even minimal museum growth and as a result, the grants awarded each year have fallen short of the CMOG funding formula by a growing margin. In 2004, the shortfall was \$4.9 million.*
- *Museums have limited, if any, financial reserves; and*
- *there is no comprehensive provincial strategy to address the growing capital requirements of Ontario museums.*

Self-generated revenue and municipal support are the two key revenue sources. Additional provincial investment through CMOG would increase the sustainability of Ontario museums. Highlights from the research include:

- *Only 23% of Ontario museums receive a provincial operating grant.*
- *The annual shortfall based on the funding formula consistently exceeded the actual dollar amounts granted in the CMOG program.*
- *Museums that are owned and operated by municipalities have growing operational sustainability over museums that are incorporated and independently governed as a non-profit corporation.*
- *Provincial investment in community museums is far less than other cultural organizations. In 2004, Ontarians paid \$0.23 each to fund local museums, compared to \$1.85 for libraries and \$2.44 for arts organizations.*

This study was conducted as part of a larger initiative to improve the knowledge about the operational situation of Ontario's museum sector and was funded in part by the Ontario Trillium Foundation. The research was conducted by Young Associates. An Advisory Group, drawn from leaders of Ontario's museum community (see Appendix I for members) provided direction for the project, contributed to data analysis and reviewed the draft report.

In summary, Ontario community museums are growing, they self-generate a significant portion of their budgets, and their activities provide significant economic benefits within the province. Many Ontario municipalities have recognized the value of their local community museums and have made operational investments. However, museums, especially non-profit museums, face tremendous challenges in funding key mandate areas such as education and collections and have little, if any, operational sustainability. Museums are generally operating within their resources, but the gap between *available* operational and capital resources and *adequate* resources, while not precisely known, is anecdotally concluded to be a significant and growing one.

## RECOMMENDATIONS

To increase the sustainability of Ontario's museums, the OMA recommends that the Ministry of Culture:

- *Provide sufficient dollars to meet the existing funding formula of the CMOG program for participating museums and to admit additional museums into the program.*
- *Contribute to the research on Ontario museums including the timely compilation, analysis and release of data regarding CMOG funded museums.*
- *Contribute to the knowledge and understanding of the economic and social impact of Ontario museums and their role in creating creative communities.*

## COMMUNITY MUSEUM OPERATING GRANT PROGRAM DATA

The data provided to the project was anonymous. Individual museums were identified only by a serial number. There were issues with the completeness and reliability of the data, stemming from differences in how applicants interpreted and completed the original grant application form, and errors in the Ministry's data input.

Only selected CMOG data from the detailed applications was released by the Ministry and this limited the completeness of the snapshot. For example, descriptions of governance structures, the number of staff positions, wage levels and the number of volunteer hours were not released. 2004 was the most recent data provided by the Ministry. The availability of more recent and more comprehensive information would provide a more complete picture of sustainability.

The data was treated on an aggregate, or total, basis, and was segmented by:

- *region (using the Ministry of Culture's regions).*
- *type (as stated in Regulation 877 to the Ontario Heritage Act: municipal, not-for-profit, conservation agency, library board, Indian band).*
- *open (year-round or seasonal).*
- *budget size (ranges determined by the researcher as reasonable groupings).*

## PROVINCIAL POLICY CONTEXT

*In 2004, CMOG grants totalled \$2.7 million. Only 23% of Ontario museums receive provincial operating grants.*

The Ontario Heritage Act (1975) provides the Ministry of Culture with the mandate to conserve, protect and preserve the heritage of Ontario and provides the authority to provide operating grants to community museums. The Ministry does this through the delivery and administration of the Community Museum Operating Grant (CMOG).

Only 23%, or 180, of the approximately 770 heritage and heritage-related institutions identified in the province receive operating grants through the program. Funding recipients must meet operating requirements and standards<sup>1</sup> to be considered for the program. Not all eligible museums have been admitted into the program because of the amount of available funding.

Total amount of CMOG grant funding over the 5 years of the study was:

2000	2,710,018
2001	2,654,784
2002	2,704,940
2003	2,690,723
2004	2,730,652
<b>Five-year total</b>	<b>13,491,117</b>

### Funding Gap

Regulation 877 under the Heritage Act was enacted in 1990 to provide a funding formula for CMOG. However, grants awarded have fallen short of the formula each year by a growing margin. Over the 5 years of the study, the total CMOG funding shortfall was:

2000	3,811,218
2001	4,041,049
2002	4,121,477
2003	4,632,437
2004	4,895,632
<b>Five-year total</b>	<b>21,501,812</b>

*The funding formula shortfall consistently exceeded the actual dollar amounts granted.*

<sup>1</sup> As defined in Regulation 877 to the Ontario Heritage Act, the following types of museums are eligible for CMOG funding:

“(a) a non-profit corporation that has its head office in the Province of Ontario and that operates a museum,  
(b) a council of a municipality that operates a museum,  
(c) a public library board, under the Public Libraries Act that operates a museum,  
(d) a council of an Indian Band as defined in the Indian Act (Canada) that operates a museum, and  
(e) a conservation authority established by or under the Conservation Authorities Act that operates a museum”

Standards for Community Museums in Ontario are found at <http://www.culture.gov.on.ca/english/heritage/museums/mustand.htm>

*Provincial investment in community museums is far less than other cultural organizations. In 2004, Ontarians paid \$0.23 each to fund their local museum, compared to \$1.85 for libraries and \$2.44 for arts organizations.*

In fact, the funding shortfall consistently exceeded the dollars granted to museums.

The provincial budget of spring 2007 included an increase of \$2.3 million to CMOG, providing a significant annual increase to eligible museums' operating budgets. Despite the welcome increase, the gap continues to grow.

### **Operating Funding Comparison: Museums to Libraries and Arts Organizations**

The Ministry's portfolio includes providing operating funding to libraries and arts organizations:

<b>Operating Grants</b>	<b>Total Awarded</b>	<b>Per Citizen</b>
Ontario Arts Council funding to organizations, 2004–05 (1)	29,290,138	2.44
Ministry of Culture funding to libraries, 2004 (2)	22,194,235	1.85
CMOG grants to community museums, 2004	2,730,652	0.23

(1) From OAC 2004-05 Annual Report, published online at [www.arts.on.ca](http://www.arts.on.ca)

(2) From 2004 Ontario Public Library Statistics, published online at <http://www.culture.gov.on.ca/english/culdiv/library/statistics2004/2004stats.htm>

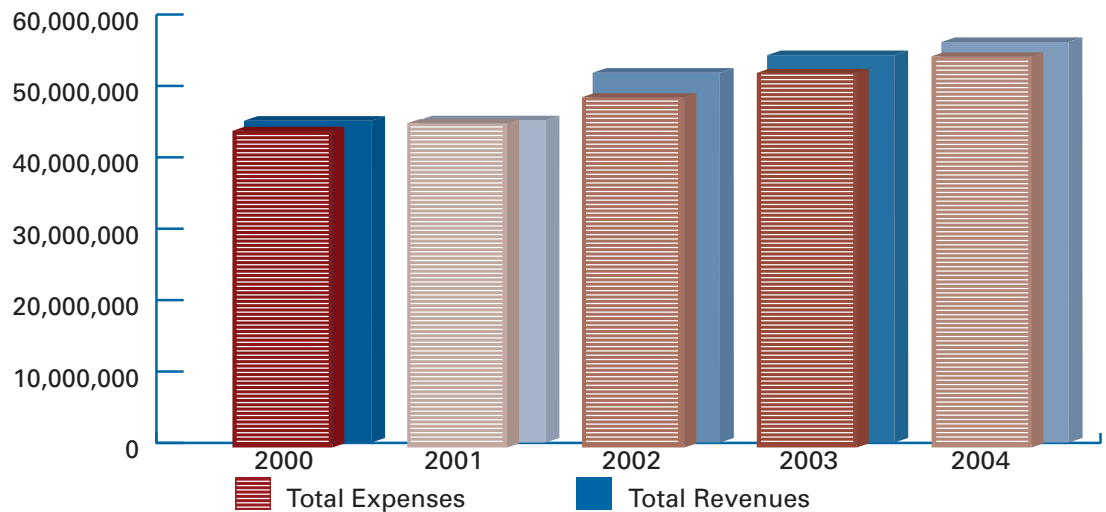
Provincial investment in community museums is far less than other cultural organizations. In 2004, Ontarians paid \$0.23 each to fund their local museum, compared to \$1.85 for libraries and \$2.44 for arts organizations.

# OVERVIEW OF FINDINGS FROM CMOG RESEARCH

*Self-generated revenue and municipal support are the two key revenue sources.*

## Total Revenue and Expenses

In 2004, the total revenue for CMOG funded museums exceeded \$56 million, an increase of about 24% from 2000 to 2004; municipal museums reported the majority of the increases. Expenses were \$54.5 million in that same year. CMOG investment is not keeping up with this growth.



	2000	2001	2002	2003	2004	% Change
<b>Total Revenue</b>	45,139,364	45,194,828	51,872,598	54,335,682	56,167,332	24%
<b>Total Expense</b>	44,171,474	45,223,455	48,846,780	52,241,203	54,536,864	23%

The figures reported on CMOG grant applications suggest that year by year the sector as a whole is achieving slightly better than break-even results although it is clearly not keeping up with inflation. In general, the museums have limited, if any, financial reserves, a key measure of organizational sustainability.

## Revenue Sources

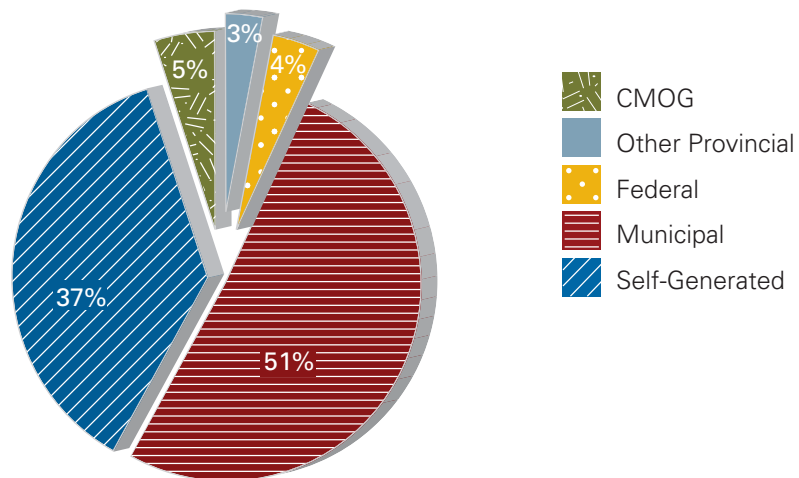
Beyond the support provided by CMOG, the museums considered in this study have two significant revenue sources: self-generated revenue and municipal support.

*Community museums self-generate 37% of their revenues.*

The museums self-generate 37% of their revenues from admissions, memberships, programming, fundraising and ancillary services such as gift shops, food services and rentals.



## Revenue Proportions in 2004



Revenue Proportions	2000	2001	2002	2003	2004
<b>CMOG</b>	2,710,018	2,654,784	2,704,940	2,690,723	2,730,652
<b>Other Provincial<sup>2</sup></b>	499,802	677,379	1,112,300	1,249,592	1,477,601
<b>Federal<sup>3</sup></b>	1,263,870	1,206,370	2,462,803	2,273,068	2,076,291
<b>Municipal</b>	22,005,698	21,957,363	25,338,138	28,129,318	28,966,904
<b>Self-Generated</b>	18,659,977	18,698,932	20,254,417	19,992,981	20,915,884
<b>Totals</b>	45,139,364	45,194,828	51,872,598	54,335,682	56,167,332

Museums in northern Ontario tend to attract a higher percentage of their revenues from sales and rentals than their southern counterparts. In the southern regions, fundraising has more prominence: opportunities for private sector support are considerably greater.

Over the study period, provincial support has remained constant at 7% — however, the proportion is changing. CMOG funding has shrunk from 6% to just under 5%, and other provincial sources (e.g. employment grants) have increased in proportion.

Municipal museums have greater sustainability than non-profit community museums. They are growing faster, tend to have larger budgets and receive a proportionally larger share of CMOG dollars. Municipal support is critical to the sector, and totals 51% of all funding.

<sup>2</sup> "Other Provincial" cannot be broken down in greater detail

<sup>3</sup> The OMA, as well as other provincial and national museum associations, continue to encourage the Government of Canada to increase funding to museums

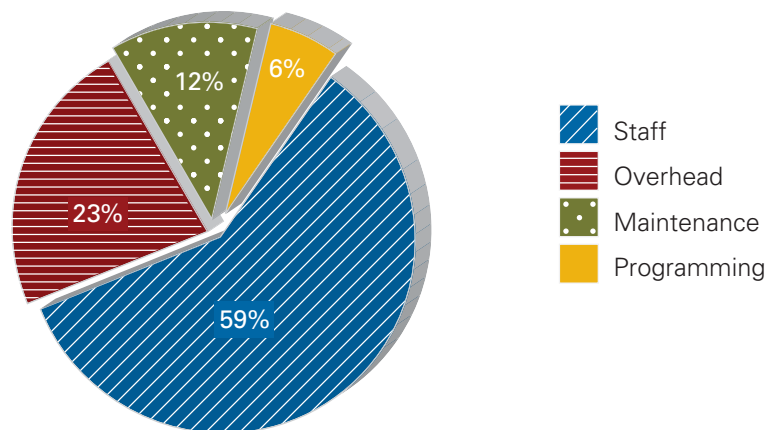
*Museums invest less than 6% of expenses in core areas of interpretation, education, exhibition, conservation, curatorial and acquisitions.*

## Expenses

In 2004, total expenses for community museums were \$54.5 million, slightly less than total revenues for the same period. Like most non-profit organizations, the major expense areas are staffing and overhead. "Overhead" includes administration, promotion, and costs of self-generated revenue.

Museums' core functions include: interpretation, exhibition, conservation, curatorial and acquisitions. However, consistently these activities remain a small proportion of museums' expenditures. In 2004, museums invested less than 6% of their expense budgets into these important areas and of those funds, only 1.5% was invested in museums' collections (conservation, curatorial and acquisition expenses)

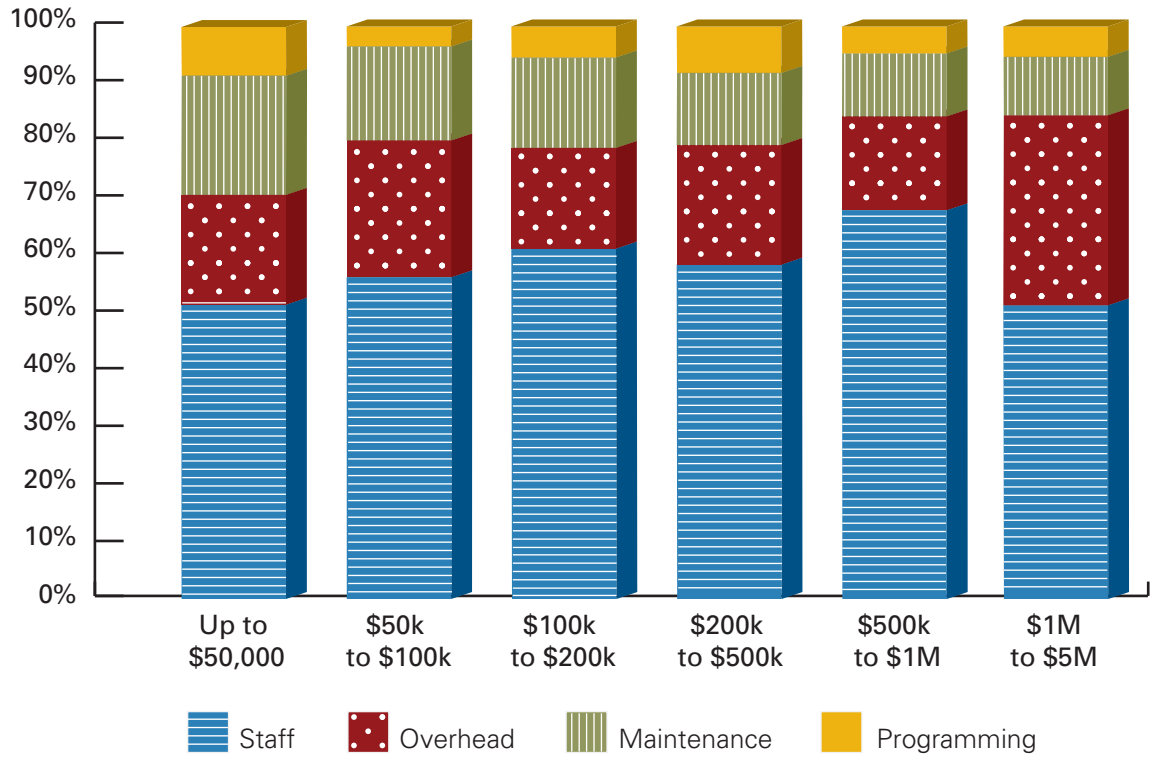
### 2004 Expense Proportions



Expense Proportions	2000	2001	2002	2003	2004	5-Yr % Change
<b>Staff</b>	24,852,231	26,217,316	27,835,590	30,820,197	32,203,123	29.6%
<b>Overhead</b>	11,146,782	10,679,337	11,658,286	11,677,159	12,439,587	11.6%
<b>Maintenance</b>	5,674,671	5,541,161	6,180,011	6,322,128	6,658,274	17.3%
<b>Programming</b>	2,497,790	2,785,640	3,172,894	3,421,718	3,235,880	29.5%
<b>Totals</b>	44,171,474	45,223,455	48,846,780	52,241,203	54,536,864	

The total size of a museum's budget has an impact on the percentage expense allocations and suggests there are certain economies of scale.

### Compare Expense Area by Budget Size, 2004



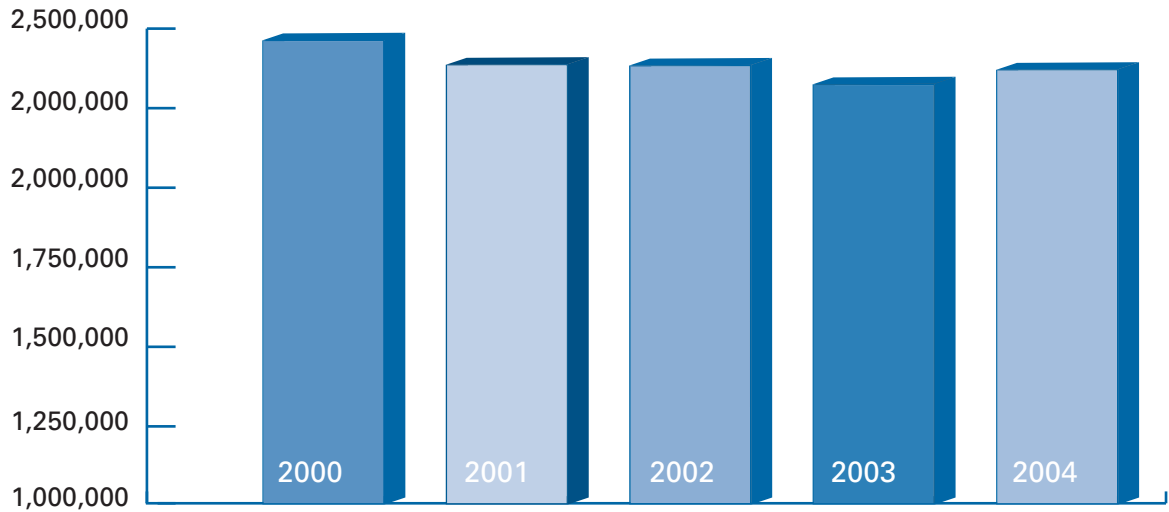
*Visitation was quite stable over the study period, but indicates the effect of the 2003 SARS crisis.*

### Visitation

Visitation was quite stable over the study period although the dip in totals as a result of the SARS crisis is evident, and carries on into 2004. That said, the 2003 SARS crisis had less effect on community museums than other cultural attractions. The base local audience may make community museums less vulnerable to fluctuations in tourism.

Public access to collections, demonstrated by open days and open hours is also stable at an average of 46,214 open days/year and an average of 282,392 hours/year.

### All Reporting Museums — Total Visitors



	2000	2001	2002	2003	2004	5-Yr % Change
<b>Total Visitors</b>	2,443,897	2,315,380	2,311,174	2,209,086	2,288,725	-6%

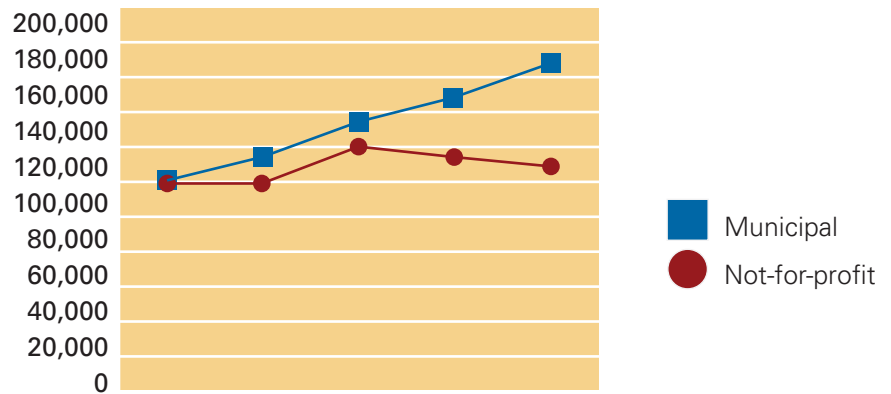
## Community Museum Types

Museums that are owned and operated by municipalities have growing operational sustainability over museums that are incorporated and independently governed as a non-profit corporation. The majority of museums in the CMOG program (60%) are municipal and these museums receive (68%) of the CMOG funds.

*Municipal museums have greater sustainability than non-profit community museums. They are growing faster, tend to have larger budgets and receive a proportionally larger share of CMOG dollars.*

In 2000, the median municipal museum was virtually identical in budget size to the median not-for-profit, but the situation changed substantially over five years.

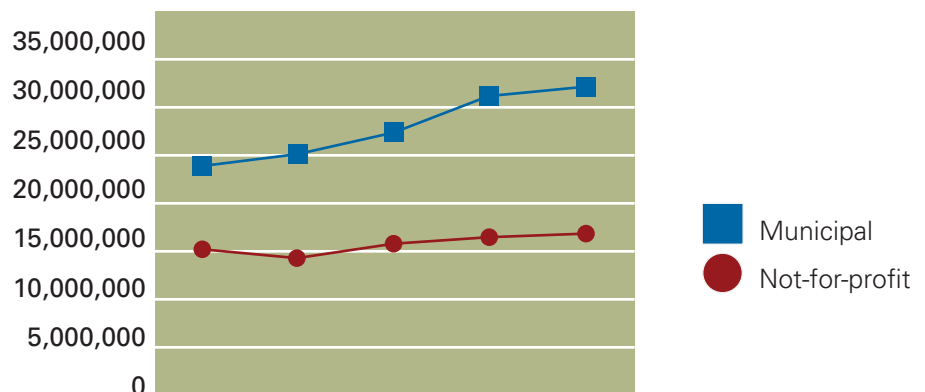
### Median Expense 2000–2004



Municipal museums exhibited a 51.3% change in median expenses over the five years while non-profit museums experienced only a 8.8% change.

On a total basis as well, municipal museums grew much more rapidly than not-for-profits and show a 33.4% change over the non-profit 12.2% change over five years.

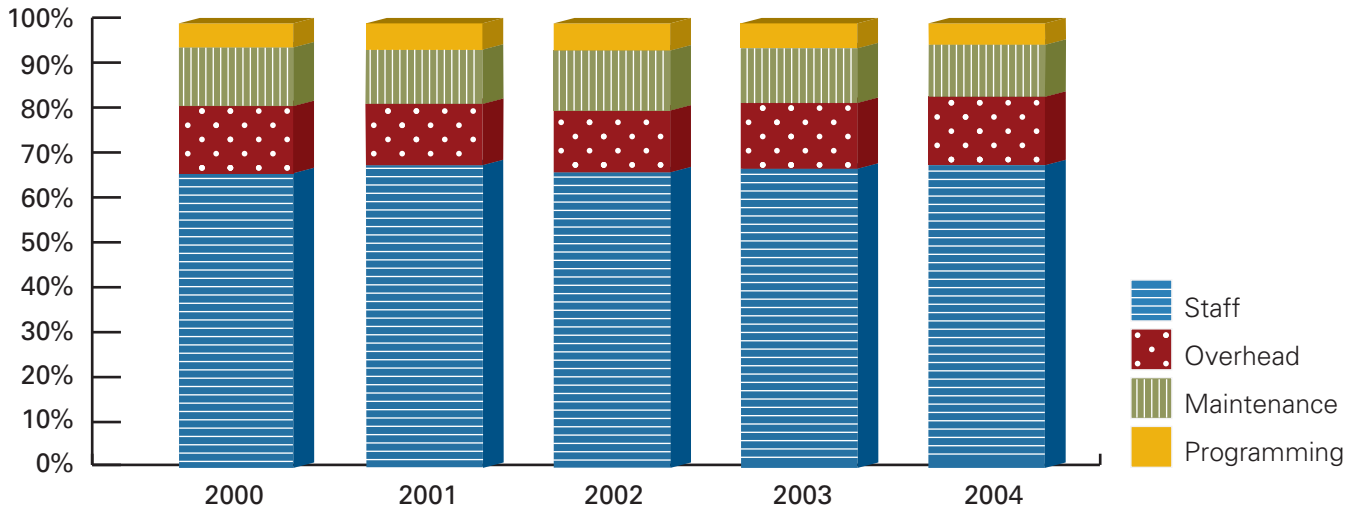
### Aggregate Expense 2000–2004



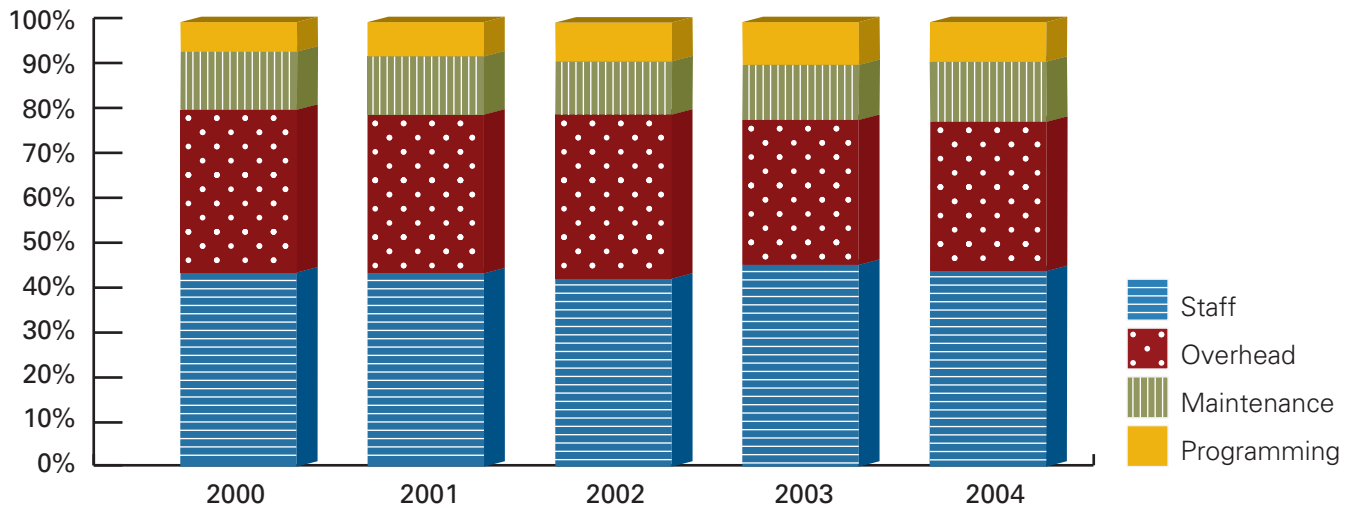
Both types of museums include organizations of all sizes. The difference in resources between the smallest and the largest is substantial. The smallest municipal museum has about 0.5% of the largest municipal museum's budget. That is, the smallest one has only 50 cents for every \$100 the largest one has to spend. This difference is virtually the same among not-for-profit museums.

Proportionally, municipal museums spend more on staff than not-for-profits. This is likely indicative of the general below-market rates paid by non-profits and the need to conform to municipal salary scales for municipally run institutions. In addition, the not-for-profits invest a larger share of their resources on programming but a lower dollar total.

**Municipal Museums funded by CMOG — Proportions of Expenses**

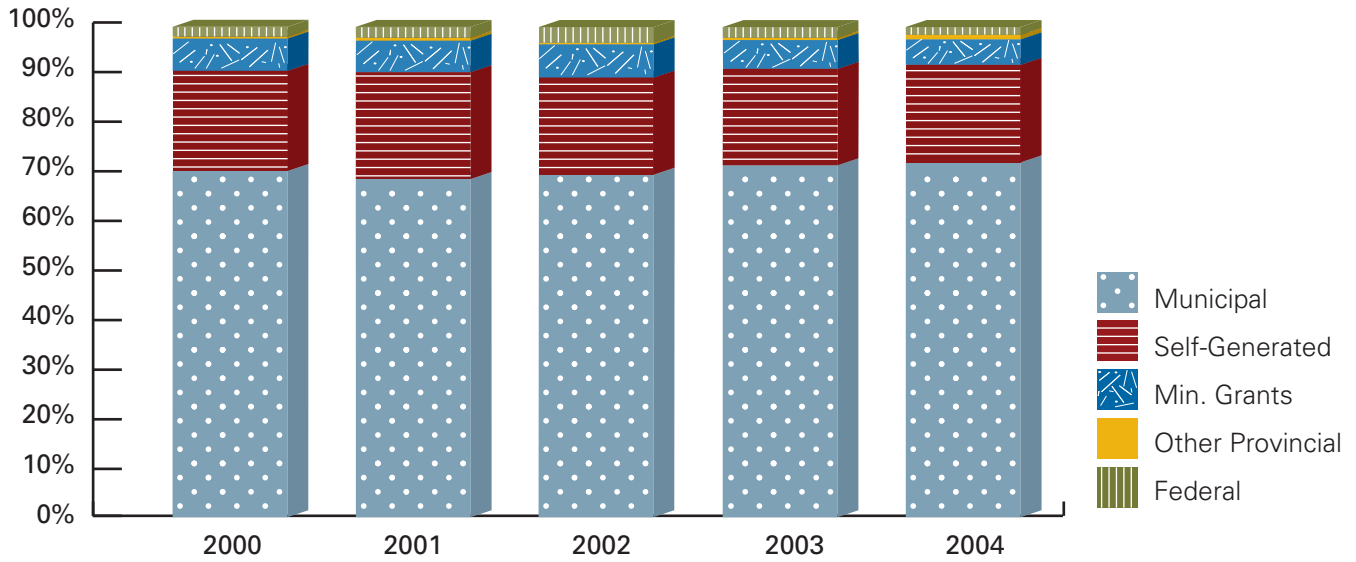


**Not-for-Profit Museums funded by CMOG — Proportions of Expenses**

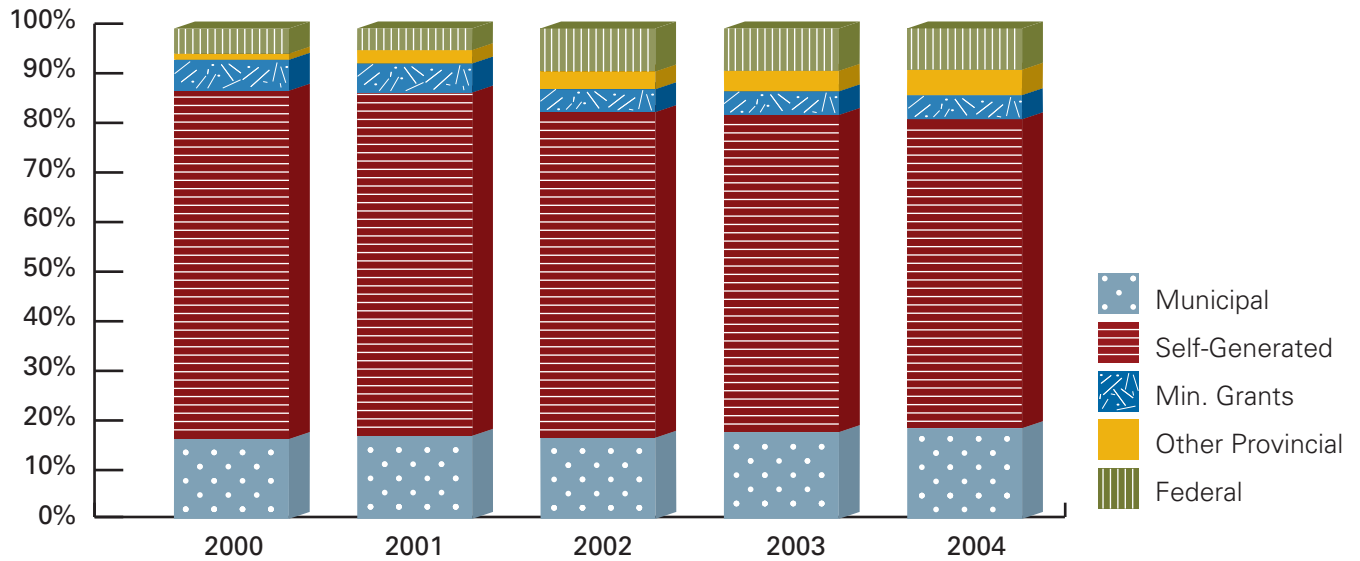


CMOG funding is based on a percentage of total eligible expenses. Municipal museums spend more on staffing and receive larger CMOG grants. For both municipal and not-for-profit museums, municipal funding is a critical part of revenue.

### Municipal Museums funded by CMOG — Revenue Proportions



### Not-for-Profit Museums funded by CMOG — Revenue Proportions



*There are noticeable differences between museums in the northern and southern regions in revenue streams, expense allocations, growth, and attendance.*

## Museums by Region

The Ministry of Culture has established the six regions for service delivery within the province: Central, Southwest, East, West, Northeast and Northwest.

<b>CMOG Museums by Region</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Central	69	62	61	62	63
Southwest	52	52	53	52	53
East	38	32	30	30	30
Northeast	25	22	21	21	21
Northwest and West	11	10	10	10	10
<b>Total # of museums</b>	<b>195</b>	<b>178</b>	<b>175</b>	<b>175</b>	<b>177</b>

There are noticeable differences between museums in the northern and southern regions:

- Museums in the north tend to attract a higher percentage of their revenues from sales and rentals than their southern counterparts. In the south, fundraising has more prominence: opportunities for private sector support are considerably greater.
- Museums' growth is not consistent across regions. In total, spending among Northeastern museums fell by about 6%. Central Ontario showed the strongest increase in spending at 28% over the five years.
- Salaries take up a greater share of the budget in the south. Staffing expenses, at 55%, are largest in the Central region.
- Spending on maintenance is proportionally lowest in Central Ontario. This region has the largest of the CMOG funded museums. Although **dollar** spending was largest here, it took up the smallest **percentage** because of budget size.
- Across the province in 2004, all regions allocated about the same percentage of their budget to programming areas (interpretation, education, exhibition, conservation, curatorial and acquisitions).
- The Central region, with the most and the largest museums, reports the highest total attendance, and the Northwest the lowest.



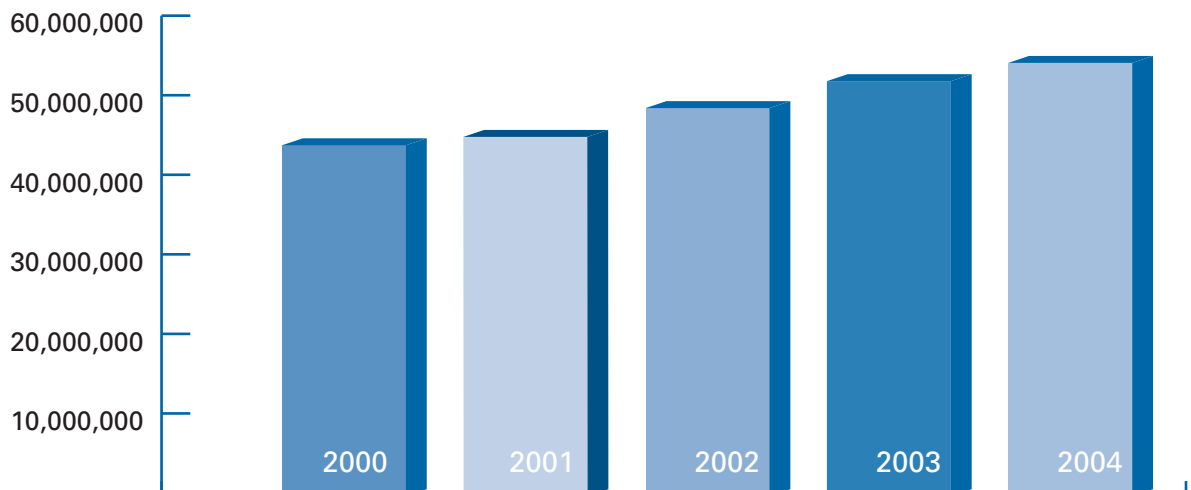
*Community museums contributed over \$50 million of direct spending to the Ontario economy in 2004 to support their operations.*

- The Central and Southwest regions, with the bulk of Ontario’s population, report about double the average attendance of the Eastern and two Northern regions.
- On average, Northeast and Northwest museums offer the most public access hours.

### **Economic Contribution to Ontario**

Museums have an economic impact in their communities and in the province at large. As of 2004, total spending of CMOG funded museums exceeded \$50,000,000. This does not include the impact of indirect “spinoff” spending nor the significant value of donated labour by volunteers.

### **Total Spending by Ontario Museums**



## DIRECTIONS FOR FUTURE RESEARCH/PROJECTS

This study shows that a wealth of information is being collected in the annual CMOG application process and its compilation and analysis provides an important profile of the current operations of community museums in Ontario. There is tremendous value in continuing to study this data and to look more broadly at the operations of all of Ontario museums as well as future needs.

A list of additional areas for research/projects which would assist in greater understanding of sustainability issues includes:

- Continue and expand the **CMOG Snapshot** for the years 2004 to present, and make it an annual analysis.
- Compile museums' **capital needs** — survey current investment levels, quantify unmet needs/funding deficiencies and future investment required to service and protect heritage resources.
- Conduct a **compensation study** — survey salary and benefits for full- and part-time staff; quantify volunteer hours and value added by volunteers.
- Examine **accounting/reporting standards** — identify typical accounting policies; compare to Generally Accepted Accounting Principles; recommend optimal policies; promote sectoral standards.
- Determine the **value of collections** — quantify the value of the collections held in trust by Ontario's museums for the benefit of the people of Ontario.
- Support **self-generated revenues** — investigate entrepreneurial success relative to organizational capacity; develop self-assessment tool to evaluate existing programs and new initiatives.



## CONCLUSION

The OMA, and Ontario's museums, value and recognize the importance the Government of Ontario accords to community museums. The OMA desires to continue to work with the Government of Ontario to ensure that the Province remains a viable partner in preserving and interpreting the heritage of Ontarians and to improve the sustainability of our museums. A combination of enhanced CMOG funding and cooperation to develop a meaningful research program to better ascertain the needs and contributions of Ontario museums would be a significant step forward.

The project was made possible by funding from the Ontario Trillium Foundation. Thanks to the staff of the Ontario Ministry of Culture, Programs and Services Branch.



## **Appendix I - Research Team**

This study was conducted as part of a larger initiative to improve the knowledge about the operational situation of Ontario's museum sector and was funded in part by the Ontario Trillium Foundation. The research and data analysis was conducted by Heather Young of Young Associates. An advisory group, drawn from leaders of Ontario's museum community, provided direction for the project, contributed to data analysis and reviewed the draft report.

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Francis Beaulieu – Executive Director, Muséoparc Vanier Museopark  
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Fiona Graham – Museum and Conservation Consultant  
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