

REPORT

Funding Models for Sustainability: Lessons from Selected Arts Service Organizations in the Visual and Media Arts

PREPARED FOR

Anne Bertrand, Director
Artist-Run Centres and Collectives
Conference (ARCA)
annebertrand@arccc-cccaa.org

SUBMITTED BY

Marilyn Burgess and Maria De Rosa
Communications MDR
www.communicationsmdr.com

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Glossary of Terms

Artist-run sector: refers to the arts sector populated by groups or organizations who are run and self-determined by artists working together. What in Canada are known as artist-run centres and collectives are referred to as artist-run initiatives in Australia and artist spaces in the US.

Business model: A business model is much more than the financial transactions undertaken by an organization and recorded in its financial statements. It describes the rationale of how an organization creates, delivers and captures value.

Earned revenues: Revenues earned from an activity (for example, conference fees, sales of memberships, workshop fees or selling publications).

Federation: An organization comprised of a set of smaller organizations, which seeks to bring attention to issues that are of importance to its members. Each organization that comprises the federation maintains control over its own operations.

Non-profit organization: An organization that uses its surplus revenues to achieve its goals rather than distributing them as profit or dividends.

Non-restricted income: Any source of funding or finance that is not directly linked to a set of specific outcomes and can be used to do whatever an organization wants. It can be used to support core operating costs, project costs, new staff positions or be put away for future use.

Private sector income: Income from private sources, for example donations (including crowd funding) or grants from trusts and foundations.

Profitability: In not-for-profit organizations, profitability reflects the maintenance of working capital to support or continue operations of programs and services.

Public funding: Funding received from any public organization (for example, federal, provincial or municipal arts councils).

Support in kind: Support in kind is used to describe any materials or services that an organization would otherwise have to pay for but that are being provided free of charge or at a reduced rate. It can include equipment being provided free of charge that would otherwise have to be bought or rented; the use of conference space that would otherwise be paid for; volunteers who are providing their time and services for free.

Sustainability: Sustainability refers to the maintenance of financial capacity to maintain or expand services with sufficient resilience to withstand occasional short-term economic shocks (such as a loss of a grant or donor funding).

Sources:

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Introduction

1. *The Context*

In Canada and abroad, the funding model that has sustained artists' organizations is changing and organizations that have served as the voice of the visual and media arts sectors are under pressure to diversify their funding sources. The Canada Council for the Arts' has introduced a new funding model, which is anticipated to affect funding to Canadian national arts service organizations (NASOs) serving the artist-run visual and media arts sectors. In Australia, France and the United Kingdom, funding to the arts is also being reconfigured with calls to increase philanthropic fundraising and entrepreneurship.¹ In the United States, funding to the independent visual arts is precarious, largely supported by a small number of private foundations.

Within this context, the Artist-Run Centres and Collectives Conference (ARCA), in partnership with the Association of Artist-Run Centres from the Atlantic AARCA, and the Independent Media Arts Alliance (IMAA), retained the services of Communications MDR to identify models for funding in other jurisdictions that could inform the development of funding strategies for Canadian artist-run NASOs.

2. *Goals of the Study*

The goals of the study are two-fold:

- to examine the business models of selected Canadian and international arts service organizations so as to identify potential models for the Canadian context;
- to assess the feasibility of implementing new business models for ARCA.

The present report provides the findings with respect to the first goal of the study.

3. *Approach and Methodology*

This study examined nine organizations that have mandates in the visual arts and provide services to artist-run, visual arts organizations. International organizations include: Common Field in the United States, la Fédération des réseaux et associations d'artistes plasticiens (la Fraap) in France, the National Association for the Visual Arts (NAVA) in Australia, and Res Artis in Netherlands. The Canadian organizations include: Canadian Artists Representation/Le front des artistes canadiens (CARFAC), the Canadian Crafts Federation (CCF), the Independent Media Arts Alliance (IMAA), the Reroupment des centres d'artistes auto-gérés du Québec (RCAAQ) and the Artist-Run Centres and Collectives Conference (ARCA).

The consultants conducted a web-based review of literature and information about the business models of these organizations. Appendix 3 contains profiles of these organizations. This examination was complemented by a review of selected publications that examined the ways in which the financial resilience of artist-run organizations could be increased. A bibliography of sources is provided in Appendix 1. Eight interviews were conducted with the selected organizations to further complement the information gathered from the review of web-based information and literature. A list of interviewees is provided in Appendix 2.

¹ Carla Cruz, *Practicing Solidarity*, Common Practice, February 2016.

4. Structure of the Report

This report is structured into three sections:

- Section I describes the key factors for consideration with respect to the funding models of small visual arts organizations in the artist-run sector;
- Section II provides an examination of the business models being used by selected international and national arts service organizations; and
- Section III offers concluding observations for consideration, which can provide potential new directions for ARCA and other arts service organizations seeking to diversify their revenues.

I. Funding Models for Sustainability: Key Factors for Consideration for Small Visual Arts Organizations in the Artist-Run Sector

1. A Fragile Ecosystem for Artist-Run Arts

1.1 Predominance of Small and Micro Organizations

The arts service organizations examined in this study and operate within a fragile ecology composed of small and micro organizations, many of which are artist-run. While they operate within a fragile ecology, artist-run centres and collectives play a central role in supporting the production and critical advancement of emergent artistic practices and contributing to the development of the careers of artists.² It is worth noting in this context that of the approximately 180 artist-run centres in Canada represented by ARCA, less than half – 75 in all – receive recurring funding from the Visual Arts Section of Canada Council for the Arts.³

Artist-run centres and collectives follow the not-for-profit business and organization model. They do not charge admission fees, pay artists for their contributions (exhibitions, presentations, performances) are non-commercial and de-emphasize the selling of artwork.⁴ Some centres support creative production, for example in the media arts, photography and printmaking. Typically, artist-run centres deliver their services through a membership structure.

Many artist-run organizations, including regional and national associations, lack secure or recurrent funding. A study of business models in the visual arts noted that small and micro organizations in the visual arts have very limited resources and spend a substantial portion of their operating costs on staff.⁵ These organizations have few resources to dedicate to the development of new services.⁶

Many operate without paid staff. In France, more than half of the organizations in la Fraap's membership rely on volunteer staff for their core operations. Only a few of their members can afford a paid team of permanent employees. Most have annual revenues of less than 10,000 Euros.⁷ Artist-run centres in Canada report being understaffed or staffed with

² Marilyn Burgess and Maria De Rosa of Communications MDR, *The Distinct Role of Artist-Run Centres in the Canadian Visual Arts Ecology*, prepared for the Canada Council for the Arts, October, 2011.

³ Canada Council for the Arts, Research and Evaluation Section, *Understanding Canadian Arts Through CADAC Data: A Portrait of 75 Artist-Run Centres*, 2015.

⁴ Bronson, AA "The Humiliation of the Bureaucrat: Artist-Run Centres as Museums by Artists." *Museums by Artists*. AA Bronson and Peggy Gale, eds. Art Metropole, Toronto 1983. Retrieved from <http://goodreads.timothycomeau.com/aabronson/#1def>.

⁵ Susan J. Royce, *Business Models in the Visual Arts*, February 2011.

⁶ Sarah Thelwall, *Size Matters: Notes towards a Better Understanding of the Value, Operation and Potential of Small Visual Arts Organizations*, Common Practice, July 2011. This study found that spending was concentrated in program and staffing costs, leaving little for development of new services

⁷ Opale and la Fraap, "Les repères de l'avisé (ingénierie et services pour entreprendre autrement) Les collectifs d'arts plastiques et visuels, Création, consolidation, développement de l'activité et de l'emploi," in *Culture No. 9*, février 2012.

underpaid employees.⁸ A lack of funding also makes it difficult to keep pace with rising operating costs.⁹ In the US, many artist-spaces are operating without benefit of funding.¹⁰

1.2 Public Funding is Becoming More Difficult to Access by Many NASOs

The arts service organizations examined for this report are themselves fragile, with limited access to funding. This is particularly true for those serving the artist-run sector. National arts service organizations typically rely on grants to support their “core” operations. Public sector grants are the most important source of funding for all but two of the organizations examined as part of this study. The exceptions are Common Field, which is currently supported by a private sector grant from the Andy Warhol Foundation, and Res Artis, which is actively seeking ways to access public funding. With their reliance on grants, NASOs face challenges shared by other small arts organizations to adjust to a changing funding context.

As funders implement performance based funding, there is a concern that metrics being used may not be appropriate for smaller organizations in the visual and media arts.¹¹ In particular, there is a need to identify the indicators of performance that can better communicate the value that is being created in these organizations.

This challenge exists also with respect to accessing private sector foundation grants, where the long-term focus of NASOs is often at odds with requirements for measurable short-term impacts.¹² This tension has become an area of critical inquiry in the field.¹³

2. The Challenge of Making the Case for Funding

2.1 Challenges to Understanding and Measuring the Value of Small Arts Organizations

Increasing pressure on public funding requires artists’ organizations to work harder to demonstrate their value. Those in the field agree that this value can and should be measured.¹⁴ However, current performance metrics being used by funders in the jurisdictions of the organizations examined do not necessarily capture the role that these organizations play in the wider arts ecology. A key challenge for smaller arts organizations, in particular artist-run organizations, is a lack of appreciation for the critical role they play in developing the careers of artists, the value of which, using current metrics, may only become apparent and measurable much later.

One example of this is the focus on experimentation and development of new artistic practices in artist-run centres, which is poorly aligned with the need to demonstrate audience growth to funders. Artist-run centres “provide a vibrant environment in which to develop

⁸ Marilyn Burgess and Maria De Rosa, Communications MDR, *Employment Standards in Canadian Artist-Run Centres and Independent Media Arts Centres*, Prepared for the Independent Media Arts Alliance and the Artist-run Centres and Collectives Conference, October 2010.

⁹ Marilyn Burgess and Maria De Rosa of Communications MDR, *The Distinct Role of Artist-Run Centres in the Canadian Visual Arts Ecology*, prepared for the Canada Council for the Arts, October, 2011.

¹⁰ Interview with Courtney Fink, Common Field.

¹¹ Gordon-Nesbitt, Rebecca, *Value, Measure, Sustainability: Ideas towards the future of the small-scale visual arts sector*, December 2012.

¹² Cathy Hunt, *Paying the Piper: There has to be a better way*, Platform Paper No. 45, Currency House, November 2015

¹³ Lisa M. Sontag-Padilla, et al, *Financial Sustainability for Nonprofit Organizations A Review of the Literature*, Rand Corporation, 2012.

¹⁴ Sarah Thelwall, *Size Matters: Notes towards a Better Understanding of the Value, Operation and Potential of Small Visual Arts Organizations*, Common Practice, July 2011; Rebecca Gordon-Nesbitt, *Value, Measure, Sustainability: Ideas towards the future of the small-scale visual arts sector*, December 2012.

work – places where they can connect with potential audiences during the creative process.”¹⁵ The depth of engagement that may be taking place in artist-run centres may not be captured, though this work is essential to building audiences over the long term, when these same artists exhibit their works in larger galleries or museums. As one writer notes, “the challenge in pinning down the identity of artist-run centres is also their greatest strength.”¹⁶

Carla Cruz notes in her study of small arts organizations, “the strength of small visual arts organizations lies in their diversity and risk-taking, while their particularity is seen to reside in the depth of, and commitment to, practices extending over longer periods of time. Viewed in these terms, the value of small visual arts organizations manifests itself in a long-term contribution to the sector, without which larger-scale organizations could not thrive.”¹⁷

Similarly, artist-run service organizations are sector builders, with a history of pioneering development and professionalization of artists’ structures enabling and facilitating contemporary artistic development.

For example, most organizations have developed codes of professional practice and defend the rights of artists to a living wage. This is core sector development work that is difficult to measure in the short term.

CARFAC was one of the first organizations to introduce a minimum exhibition fee schedule for visual artists. CARFAC’s advocacy for an artists’ resale right in Canada is another long-term effort with sector building potential.

Through NAVA, Australian artists benefit from the Code of Practice for the Professional Australian Visual Arts, Craft and Design Sector, a comprehensive guide to best practice standards for artists’ fees, gallery representation, residencies, tax, insurance and artists’ rights. NAVA is also collaborating with other organizations to develop a cultural policy for Australia.

La Fraap has developed a Charter of professional practice (Charte de déontologie) to which all members must adhere. La Fraap collaborated on the development of a sector-wide Charter promoting and defending the importance of artists’ spaces (Charte de la coordination nationale des lieux intermédiaires et indépendants).

Members of IMAA must respect its Statement of Professional Values. Res Artis seeks to maintain the quality and integrity of the field of arts residencies by working to define the field and requiring all members to adhere to its mission, vision and values. For its part, Common Field is working to articulate the common values shared by its members.

These efforts illustrate a concern for long-term impacts on the lives of artists and the field of professional practice. It is clear for example, that CARFAC’s fee schedule introduced in 1975 has had significant impact in the visual arts in Canada, though measuring the impact would be very difficult, and any attempt to have measured its impact in the short term would have been gravely inadequate.

¹⁵ Clare Connor and Gavin Barlow, Could arts centres hold the key to UK culture’s future?, *The Guardian*, April 3, 2014.

¹⁶ Clare Connor and Gavin Barlow, Could arts centres hold the key to UK culture’s future?, *The Guardian*, April 3, 2014.

¹⁷ Carla Cruz, *Practicing Solidarity*, Common Practice, February 2016.

II. Key Characteristics of the Business Models of Selected National and International Arts Service Organizations

1. Public Funding Continues to Represent a Significant Level of Revenues but Diversification is a Key Trend

1.1 Towards Diversification of Revenues

Public funding is the principle source of revenue in six of the eight organizations examined for this study, representing between 65% and 95% of total resources. In two organizations, public funding represents more than 90% of revenues. For its part, the US-based organization, Common Field, relies almost entirely on grants from private sector foundations. As an international organization, Res Artis does not currently have access to public funding, though it has identified the need to do so to deliver its services.

With such a high reliance on public funding, these organizations are vulnerable to changing priorities. This has been the case in Australia, France, and the UK, where access to public funding has become more difficult in recent years. One organization, NAVA, has recently lost a significant share of its public funding, slashing approximately 25% from its core budget in one year. Recent changes to funding programs in Canada, such as the introduction of funding caps, present a similar risk to Canadian organizations.

With these difficulties in maintaining or accessing public and even foundation funding, the need to diversify revenues is paramount. There is a trend, and noted interest, on the part of arts organizations to diversify their revenues. A study conducted of artist-run centres in Canada found that these were seeking new avenues of funding, such as endowments or developing new business models.¹⁸

1.2 Diversification Through Earned Revenues and Use of Charitable Status

Earned revenues represent between 5% and 29% of their total revenues of the organizations examined for this study. Earned revenues are the sole source of income for Res Artis. Revenues are being earned primarily from membership fees, though organizations are also earning revenues through fees for training and professional development activities, as well as conference fees.

Opportunities are said to exist to exploit the intangible assets (knowledge, expertise, business processes and business models) produced by arts organizations in the achievement of their missions.¹⁹ In the course of their work, NASOs produce significant knowledge and expertise, some of which may be exploited commercially, for example through consulting, research and teaching, or even licensing/franchising depending on the intangible assets being created. A key challenge is the lack of capacity in many smaller arts organizations to monetize their intangible assets to develop new streams of revenue. Having paid staff has been shown to strongly correlate to the ability to earn greater revenues.²⁰

¹⁸ Marilyn Burgess and Maria De Rosa of Communications MDR, *The Distinct Role of Artist-Run Centres in the Canadian Visual Arts Ecology*, prepared for the Canada Council for the Arts, October, 2011.

¹⁹ Sarah Thelwall, *Size Matters: Notes towards a Better Understanding of the Value, Operation and Potential of Small Visual Arts Organizations*, Common Practice, July 2011.

²⁰ David M. Lasby, *Earned Income-Generating Activities Among Canadian Charities: Data Highlights – A Summary of Findings from Imagine Canada's Sector Monitor*, Imagine Canada, 2013.

Six of the eight organizations examined have charitable status. Currently, charitable donations represent less than 3% of total revenues. While reliance on charitable donations is clearly part of the revenue mix of larger arts organizations, there are challenges associated with charitable fundraising in smaller arts organizations. A study of cultural philanthropy in Quebec found that cultural organizations find it difficult to establish ties with possible donors, especially those in the business community.²¹ A study in the UK similarly found that smaller arts organizations were not engaging with the charitable funding sector, citing the need for sustained effort only possible in larger organizations.²² In addition to these challenges, some organizations find themselves in a position where they do not wish to compete against their own members for charitable donations.

2. Project Funding from Public and Private Sources is Supporting an Array of Activities

2.1 Project Funding is Increasingly Being Used to Support Core Activities

Project funding, which is typically focused on short-term outcomes, is increasingly critical to enable organizations to deliver their programming.

Project funding supports the major initiatives of organizations, including promotional campaigns and research. Large-scale projects, in particular, public promotional campaigns are being undertaken in the crafts sector with the help of project funding. NAVA has just completed a three-year Craft Initiative. The initiative was one response to radical cuts to crafts funding by the Australian government. With project funding from public funders and partners, the project enabled targeted research, a series of conferences, and a report setting an agenda for the Australian crafts sector for the future. The Year of Craft 2015 was the CCF's year-long celebration of contemporary fine craft. Throughout the year, craft artists, institutions, associations and the general public took part, attending almost 900 events across the country.

Organizations interviewed for this study noted the need to attract more project grants to sustain their core programming activities. Some organizations, such as la Fraap and Res Artis are looking beyond their borders to identify possible sources of project funding to support their work. Both organizations are interested in the possibility of accessing funding from the European Union.

Some organizations identify research as an area of expansion. Funding for research is said to be of limited availability, and organizations need to be innovative in undertaking research. For example, Common Field, Res Artis, ARCA and la Fraap have mapped their members on interactive maps online, supporting greater understanding of the size and scope of their sectors. The CCF leveraged its Year of Craft 2015 project to gather critical information about the make up of the sector around the country, strengthening its understanding of its constituents. Common Field gathers critical thinking on the field through its Field Grants that support exchange and reflection. The results are shared with Common Field's national network, to facilitate broader learning and insight. Under the banner of NAVA's three year Craft Initiative, research was undertaken to benchmark standards required for the craft and design sector.

Some research is being funded through project grants. For example, NAVA has been measuring the economic and cultural output of Australia's small-to-medium sized visual arts

²¹ Report of the Task Force on Cultural Philanthropy *Nurturing a Philanthropic Culture in Quebec*, June 2013.

²² Rebecca Gordon-Nesbitt, *Value, Measure, Sustainability: Ideas towards the future of the small-scale visual arts sector*, December 2012.

organisations through surveys of urban and regional galleries, artist-run initiatives, Australian Craft and Design Centres and Contemporary Arts Organisations. This project is being funded through a Knowledge Exchange Grant from the City of Sydney.

It is interesting to note that in its new funding model, the Canada Council for the Arts intends to provide project grants to NASOs to undertake research.

2.2 Partnerships are Being Leveraged to Access Regionally-based Funding and In-Kind Support

Organizations with regional members are using their local networks to access regional funding.

Through its regional cluster strategy, Res Artis is exploring the possibility of project funding through international collaborations with funders in other jurisdictions. Res Artis is also developing regional clusters to better harness local skills and expertise. The organization intends to leverage its large membership to increase the pool of volunteers contributing to the work of organizations.

In addition to its national conference, the CCF co-hosts convenings in different cities throughout the year to enable more people to participate in networking and professional development. These afford additional opportunities to leverage local funding and/or the provision of in-kind services (such as meeting rooms that would otherwise need to be rented). Common Field similarly partners with regional organizations to host meet-ups in cities across the US.

Parallels – Journeys into Contemporary Making, was a major international craft and design conference that NAVA presented in partnership with the National Gallery of Victoria.

3. Charitable Donations are Being Used to Support Professional Development

Charitable donations are being secured to support professional development opportunities in ways that also raise the profile of the sector. NAVA maintains close ties with philanthropists who make annual donations to support awards, prizes and an arts residency. These include The Freedman Foundation Travelling Scholarship for Emerging Artists; the Freedman Foundation International Scholarship for Curators; the Windmill Trust Scholarship for Regional NSW Artists; the Carstairs Residency Prize and the Sainsbury Sculpture Grant; and the MPavilion/ Art Monthly Australasia Writing Award.

IMAA launched a national Media Arts Prize in 2014 with crowd funded support. Res Artis, which is not a registered charity, nevertheless runs a number of programs where members act as donors to support the development of other members, through awards and contributions towards fellowships. Res Artis offers fully funded residency opportunities through its Res Arts Awards, allowing arts residencies to host artists in need of funding. These are funded through the host organizations. Through the Res Connect initiative Res Artis members act as donors who pay the membership fee for an emerging residency program to join the network.

Interestingly, organizations with charitable status report that being charitable has had no impact on their ability to lobby on behalf of their sectors. Overall, organizations noted that their lobbying efforts were within the rules permitted by legislation, and that they have been able to lobby as they see fit. One organization noted that while it is a charity, it is small in comparison with others, and “flies under the radar.” Another organization stated that its lobbying efforts, which are highly visible, still fall within the rules set for charitable

organizations. Organizations tend to value their advocacy work, which is seen to support their lobbying by providing information about the size and importance of their sectors. One organization considers that it has expertise with which to provide guidance to policy makers.

It is instructive to remember that in Canada, the maximum that a charity can spend on political activities annually is generally 10% of its total annual resources, with a higher percentage for small charities. Activities that are transparent (i.e. shared with the public) and do not involve a call to action are not considered political for the purpose of the cap.²³

4. The Increasing Importance of Earned Revenues

Earned revenues are said to be increasingly important to ensure the sustainability of organizations. In particular, there is a critical need to raise non-restricted income (income not tied to specific activities or outcomes).

4.1 Memberships are Key to Generating Revenues

Earned revenues from membership fees are the main source of non-restricted income for NASOs. For this reason, organizations are paying close attention to the types of services that members need and are willing to pay for. A key area where earned revenues can generate the types of surpluses necessary to support operations is memberships. The organizations examined in this study directly represent over 1400 artists organizations and close to 4000 individual artists and arts professionals. (The number of organizations and individuals indirectly represented through these members is significantly higher.)

Organizations typically earn a portion of their revenues from membership fees, varying between 5% and 25% of total operating revenues.

Wide membership bases coupled with programs that are in demand with their members, allow NAVA and Res Artis to offset a significant portion of their operating costs through membership fees. Both organizations offer significant benefits in exchange for memberships.

Insurance programs

NAVA is the only organization examined that represents primarily individuals (3500) and is growing its membership of organizations (currently 50). NAVA premium plus members have access to a range of professional insurance coverage, which is being used by half the membership. Insurance programs include public and products liability, professional indemnity, liability insurance for property in custody or control, tenants insurance and personal accident insurance. NAVA is not the only organization providing insurance coverage at affordable rates, but it is the only national arts service organization to do so. The insurance program is profitable and contributes approximately 25% of total operating revenues.

Networking

Res Artis represents 600 arts residencies in over 70 countries. Res Artis' operations are primarily supported through member contributions. It is the only international network of its kind, instrumental in facilitating the work of arts residencies by offering members free visibility to promote their residencies internationally and discounts on advertising

²³ Canada Revenue Agency "Policy Statement CPS-022", as discussed in Dora Tsao et al, Environmental Law Centre, University of Victoria, *Tax Audits of Environmental Groups: The Pressing Need for Law Reform: A Law Reform Analysis for DeSmog Canada*, March 2015.

opportunities. The field of arts residencies has exploded in the past decade and there is a great need for a network like Res Artis to help arts residencies achieve their goals. The advantages of joining Res Artis drive membership, for which fees are the primary source of revenues for the organizations.

Grant programs

The need for a national artist-run service organization in the US is apparent in the rapid growth of NASO startup Common Field, which has attracted 500 members from 42 states since opening its membership in 2015. The organization seeks to be a platform for sharing learning and exchange between groups, and connecting them with related fields. Field Grants help to achieve this mission by offering support to member organizations for projects that generate exchange, connection, and thinking on arts organizing projects and practices.

NAVA also administers granting programs on behalf of other funders, which provides additional staff positions for NAVA. These include the NSW Artists' Grant, funded by Arts NSW, (an agency of the New South Wales Government) and supported by the Visual Arts and Craft Strategy, an initiative of the Australian State and Territory Governments. The Visual Arts Fellowship is funded by the Copyright Agency. NAVA members can apply for grants online.

The organizations examined in this study recognize both the need and the opportunity to grow revenues through membership fees. For example, NAVA has set goals to raise revenues by attracting new members and recently reinstated organizational memberships. It is developing new services to attract new members, both long-term and short-term, such as an artists' pension plan, and delivering professional development activities through webinars to reach a broader clientele. NAVA intends to market its memberships intensively. Similarly, IMAA and ARCA are examining what benefits they might provide to drive revenues. The CCF aims to attract more affiliate members through outreach. Fundraising targets from memberships are being set in some organizations, such as NAVA and the CCF.

A too rapid increase in the number of members can create new challenges for organizations. Both Common Field and Res Artis are working to keep pace with explosive demand for membership. The fledgling organization Common Field is already developing a new website to provide a networking platform and virtual space for discussion among its growing membership. Res Artis is responding to the explosion in arts residencies worldwide, using member skills to keep up with demand and new technology to convene members and share information.

La Fraap is working to position artist-run culture within a critical understanding of economic and social innovation, to gain visibility in this space. By strategically positioning its sector within this larger social current, la Fraap is both achieving greater visibility for its members, and supporting its strategy to build its membership from amongst the ranks of emerging arts practitioners.

4.2 Professional Development Products and Services Afford Additional Opportunities to Earn Revenues

Another avenue for earning revenues is through the sale of professional development products and services. Typically, NASOs are offsetting the costs of professional development events (conferences, workshops, webinars, etc) through participation fees. However, for the most part, grants are still needed to cover the full cost of delivering these services. In general, fees from professional development activities are insufficient to generate the type of

surpluses necessary to subsidize other core activities. On the other hand, they are instrumental in driving membership.

Professional development in the organizations examined covers a range of activities and events, including conferences, professional training workshops and webinars, including business skills development (copyright, marketing, pitching), mentorships, fellowships, networking platforms. For example, the RCAAQ offers a suite of professional development training opportunities through subsidized training courses. Participants pay only nominal fees ranging from 10% to 25% of actual costs, and from \$40 to \$59, depending on the course.

Access to professional tools

Organizations also provide essential services through the production and sharing of professional tool kits for the exclusive use of members. For example, CARFAC provides standard contracts and as well as best practice guidelines for artists and institutions on topics such as public art commissions, working with public galleries and dealers, and copyright for exclusive use by members. CARFAC is able to drive membership revenues through these services through its mixed membership model that includes both regional affiliates and individual artists.

Others offer their tools for free. NAVA has a comprehensive set of tools to help artist-run initiatives govern and manage their organizations. The RCAAQ has developed an online portal, the Réseau d'art actuel, dedicated to promoting contemporary art to the sector and the broader general public, including information on a broad range of activities and practices found within the contemporary art sector in Quebec, Canada and internationally. ARCA supports the development of a national directory of artist-run centres and collectives, which is made available to the public online. This directory is produced in partnership with the RCAAQ. These services, while not monetized, have the potential to attract new members by increasing the visibility of the organization.

Mentoring through professional advice and exchange programs

Some organizations provide exclusive access to professional development and exchange programs to their members. Res Artis provides important mentoring and professional advice for emerging arts residencies, and supports international collaboration and exchange through its programs. Members also have opportunities to participate in an exchange program of cultural workers from residency centers in the Res Artis network.

Res Support offers training for emerging artists residencies during their startup phase. Res Support Fellowship provides opportunities for collaborative exchanges between cultural workers from residency centres in the network.

Through the Projet d'échange Montréal – La Havane, the RCAAQ offers an international exchange work-study program favouring the exchange of knowledge and ideas between artists and exhibition curators in established and emerging circuits.

Arts organizations who join NAVA have access to two free professional development opportunities a year specifically designed for administration staff.

Formulas for generating membership fees in federated organizations

Opportunities are more limited to earn membership fees in federal models of organization. Federations bring together regional members who retain their own autonomy and participate equitably in governing the federation.

The federal model is effective for lobbying, and has been used to advantage by CARFAC, in its role of collective bargaining and public advocacy campaigns on behalf of Canadian artists. The model ensures representation from all regions of the country, in keeping with the distribution of visual artists and crafts people in every corner of the country. However, federal models have limited opportunities to gain revenues from their members.

Federal organizations require innovative funding formulas to increase their membership fees. Both CARFAC and the CCF operate through a mixed model of association and individual memberships, allowing them to collect fees from a greater number of members. The CCF applies a funding formula to determine the membership fees to be paid by its regional councils. CARFAC shares in the membership fees collected by its regional affiliates.

III. Concluding Observations: Potential Directions for Consideration

1. Diversification is Key to Sustainability

In her paper *Business Models in the Visual Arts*, Susan Royce identifies three characteristics that are key to ensuring the sustainability of arts organizations over the long term. To succeed organizations must be attractive to a range of “co-investors” (funders, donors, members/clients and the public); they must be able to innovate strategically, in response to the changing sector needs; and they must be able to do so cost effectively.²⁴

1.1 Organizations Need A Mix of Public and Private Funding

As we have seen, the artist-run visual arts sector is fragile, comprised of small and micro organizations, often largely dependent on a mix of government grants or self-funding. Some NASOs are using their project grants to sustain a part of their operations. In a context of shifting funder priorities, the organizations examined in this study are sensitive to the need to diversify their revenues to support their operations and development. However, it is clear that the capacity of such organizations to diversify their revenues is limited.

NASOs examined for this report have limited engagement with the charitable sector. Organizations with charitable status may be able to attract individual and corporate donations to their organizations. For example, both the Government of Canada and the Province of Quebec have put in place incentives to stimulate greater giving, providing matching funds to charitable donations made to arts organizations.²⁵ However, attracting donations is highly competitive and resource intensive, and is said to be a space largely owned by larger organizations.²⁶

1.2 Earned Revenues Provides the Greatest Opportunity for Diversification of Revenues

It is clear that for some organizations, including several examined in this study, increasing their earned revenues provides the greatest opportunity to diversify their revenues. Earned revenues are considered to have the largest potential for income growth in the community sector in Canada.²⁷

NASOs have the greatest opportunity to earn revenues from their key clientele – their membership – through the sale of opportunities for networking such as national and regional convenings, through the provision of paid professional development services such as courses, workshops and toolkits, and through the sale of memberships with attractive benefits. These activities need not be provided on a full cost recovery basis. In many cases they can be subsidized by other “co-investors”.

As we have seen, organizations such as Common Field, Res Artis, IMAA and ARCA are providing valuable meeting opportunities. Four organizations, NAVA, Res Artis, the RCAAQ and CARFAC, are providing valuable professional services to drive their memberships. Some

²⁴ Susan J. Royce, *Business models in the visual arts: an investigation of organizations business models for the Turning Point Network and Arts Council England*, February 2011.

²⁵ See for example, the Strategic Initiatives Program of the Department of Canadian Heritage, and Mécénat Placement Culture in Québec.

²⁶ *Leadership in changing times: An overview and Trend Analysis for Volunteer Boards of Directors of Community Organizations in Canada*, Ontario Nonprofit Network, September 2015.

²⁷ *Leadership in changing times: An overview and Trend Analysis for Volunteer Boards of Directors of Community Organizations in Canada*, Ontario Nonprofit Network, September 2015.

NASOs, such as the CCF and NAVA are reaching out to new clienteles to increase membership revenues.

While the study also finds that NASOs may be able to monetize intangible assets created in the course of conducting their primary business, organizations need sufficient capacity to develop new products and services.

Conclusion

In summary, it is clear that artists' organizations must be innovative to meet the funding challenges afforded by a changing funding environment and sufficiently agile to evolve their services to meet the changing needs of their members. Attracting a range of co-investors will require organizations to be clear about their missions, to communicate the value of their sectors effectively, and to demonstrate their value to their members, other stakeholders and potential funders, donors and clients.

We note with interest the approaches to advocacy being taken by the organizations examined. These range from national public appreciation campaigns organized by the CCF, to sector convening strategies of Common Field or Res Artis, which aim to promote understanding and strengthen their respective sectors through networking and knowledge sharing. Partnership is also valued in the defense of artist-run networks, allowing some NASO's to engage a wider array of stakeholders such as La Fraap's efforts to strategically position its network within the larger social economy sector.

At the same time, funders and arts organizations need to be realistic about the ability of NASOs representing smaller visual and media arts organizations to generate new streams of revenues. As with the not-for-profit sector in general, attracting non-governmental revenues to support their core operations is particularly challenging.

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Appendix 2: List of Interviewees

1. Maegen Black, Director, Canadian Crafts Federation (Canada)
2. April Britsky, Executive Director, Canadian Artists Representation/Le front des artistes canadiens (Canada)
3. Julie Desmidt, Coordinator, Fédération des réseaux et associations d'artistes plasticiens (France)
4. Courtney Fink, Co-Director, Common Field (United States)
5. Emmanuel Madan, National Director, Independent Media Arts Alliance (Canada)
6. Eliza Roberts, Executive Director, Res Artis (The Netherlands)
7. Tamara Winikoff, Executive Director, National Association for the Visual Arts (Australia)
8. ARCA Board Directors interviewed for this report:
 - Todd Janes, President, ARCA
 - Lise Leblanc, Board Member, ARCA
 - Jonathan Middleton, Vice President, ARCA
 - Katie Belcher, Board Member, ARCA
 - Jewell Goodwyn, Board Member, ARCA
 - Tarin Hughes, Board Member, ARCA
 - Anne Bertrand, Executive Director, ARCA

Appendix 3: Profiles of Organizations Examined

1. Canadian Crafts Federation (Canada)

The Canadian Craft Federation / Fédération Canadienne des Métiers d'Art is the national arts service organization that represents provincial and territorial craft councils and the Canadian craft sector. It advances and promotes the vitality and excellence of Canadian craft nationally and internationally to the benefit of Canadian craftspeople and the community at large.

The current three-year plan is built around three major goals that provide the framework for the federation's current and future activities:

- Serve as the national conduit between provincial, federal and international organizations for the promotion of Canadian Craft and the Canadian Craft sector.
- Continue to act as the National voice of Craft to increase awareness of and support for Craft.
- Establish and renew infrastructure in order to govern with best practices.

Craft Council Members (i.e. provincial councils) make up the bulk of membership. This includes the recognized provincial or territorial organizations that represent specific regions of the craft community across Canada. Individual members of the regional crafts councils are de facto members of the CCF. Affiliate Members are organizations with the goal of growing and advancing excellence in the field.

The CCF is a registered charity. Operating funding is currently provided by the National Arts Services Organization Program of The Canada Council for the Arts and through annual contributions from the provincial and territorial craft councils.

The CCF is supported by a mix of operating grants, project grants, membership fees and in-kind support.

2. Canadian Artists Representation/Le front des artistes canadiens (Canada)

Canadian Artists' Representation/Le Front des artistes canadiens (CARFAC) is the national voice of Canada's professional visual artists. As a non-profit association and a National Art Service Organization, its mandate is to promote the visual arts in Canada, to promote a socio-economic climate that is conducive to the production of visual arts in Canada, and to conduct research and engage in public education for these purposes.

CARFAC is a federation of regional affiliate organizations. Individuals who are members of regional affiliates are also members of the national organization CARFAC. Professional artists can become regular voting members within the national organization, as well as their regional affiliate. Regular voting members can elect to become Sustaining Members: by making an additional financial donation, the amount of which is set by the regional affiliate. Institutions and non-professional artists and can join as associate members but do not vote.

Canadian Artists' Representation/Le Front des artistes canadiens (CARFAC) is a registered charity and has been recognized by the Status of the Artist legislation.

CARFAC National is supported by operating funding and by its membership.

3. Common Field (US)

Common Field is a visual arts organizing network connecting contemporary, experimental, noncommercial artist-run and artist centered spaces and initiatives.

Its goals are:

- creating broad public visibility for artist organizations and organizers
- articulating the common practices and values of visual arts organizing
- sharing histories and stories of the field
- facilitating forums for convening, peer-to-peer knowledge, and exchange across geographies and communities
- providing platforms for resources, tools, and advocacy, and
- demonstrating responsive, diverse, and accessible approaches to creative production

Common Field's membership includes alternative art spaces, publications, digital exhibition venues, festivals, residencies, collectives, collaboratives, and individual organizers. These projects and spaces provide interdisciplinary and hybrid forms for art production, reception, and exchange. Common Field members organize chapters based on geographic region or shared interest. Chapters provide a mechanism for continuing conversation, taking actions, and leveraging national support for local visibility. Chapters might focus their work on advocacy to local communities or funders, shared press or media, or on collaborative events(s), etc. Other chapters might host social exchanges, dialogues, or social exchanges with peer organizations.

Common Field is presently exploring legal structures to ensure basic stability and continuity for the organization and has applied for 501(c)3 tax exempt status.

In 2014, a start-up grant from the Warhol Foundation enabled the public mobilization of Common Field.

4. Fédération des réseaux et associations d'artistes plasticiens (France)

La Fédération des réseaux et associations d'artistes plasticiens (la Fraap) is the first and only national professional organization representing the artist-run sector in the visual arts. Its mission is to enhance the professional structure of the sector, through representation, the development of tools and professional development activities, convening and the gathering of data on the sector.

La Fraap is open to all artist-run centres, collectives and professional organizations approved by its Board of Directors. Partner members are non-profit organizations with goals similar to that of its principle members. All members agree to abide by la Fraap's Charter on professional codes of practice.

La Fraap is a legally incorporated not for profit organization under the laws of France, a federation of artists' associations.

La Fraap is primarily supported by operating grants. Membership fees constitute 5% of total revenues.

5. Independent Media Arts Alliance (Canada)

The Independent Media Arts Alliance (IMAA) is a member-driven non-profit national organization working to advance and strengthen the media arts community in Canada. It is the only national alliance representing the media arts in Canada. IMAA's aims are:

- to provide a forum of communication and discussion among independent media arts groups
- to provide opportunities for developing links between all cultural elements of the IMAA, and
- to represent independent media arts organizations in front of agencies from the government and private sector

IMAA's central vision is a Canadian independent media arts field that is vibrant, diversified,

IMAA membership is open to artist-run organizations representing professional media artists. Members must support the creation, distribution or presentation of media arts. Representing over 90 independent film, video, audio and new media production, distribution and exhibition organizations in all parts of Canada, the IMAA serves over 16,000 independent media artists and cultural workers.

IMAA is an incorporated not-for-profit corporation and recognized charitable organization.

The organization is primarily funded through operating grants. Membership fees and project grants make up the difference.

6. The National Association for the Visual Arts (Australia)

The National Association for the Visual Arts (NAVA) is the Australian national industry body representing and advancing the professional interests of the visual and media arts, craft and design sector. NAVA actively supports and affirms the value of artists and the Australian art sector by leading critical dialogue and debate, informing policy priorities through research and consultation, and providing pathways for professional development and partnerships.

NAVA undertakes advocacy on behalf of the sector and sets and monitors adherence to best practice standards.

Its vision is that visual culture is central to Australian life.

Its current goals are to:

- Effectively advocate for the interests of the sector and provide research and informed policy advice to key decision makers.
- Set and monitor best practice standards for the industry.
- Build the skills, knowledge sharing and entrepreneurial capacity of practitioners and the sustainability of their careers by providing high quality resources and a benchmark professional development program,
- Secure sufficient resources and ensure good management for NAVA to optimise its capacity and achieve sustainability.

Membership is open to individuals and organizations.

NAVA is currently funded through a mix of project grants, memberships, philanthropy and other earned revenues.

7. Res Artis (Netherlands)

The vision of Res Artis is as the worldwide professional body for artist residencies, ensuring sustainability and development of the field through enabling connection and facilitating professional development for our member organisations. The mission of Res Artis is to:

Enable sustainability by providing tools for professional development.

Respect the regional, cultural and structural diversity of the artist residency field through adherence to our core values.

Actively engage with and be responsive to members' needs and changes in the field.

Ensure transparency through clear communication with members, the cultural sector and wider public.

Connect and promote members through face to face meetings and the use of digital platforms.

The Res Artis network is comprised of organisations, associations, institutions, museums, artist-run spaces and individuals - all of whom are involved in the field of artist residencies and international exchange programs. There are three different types of Res Artis members: residencies, associates and individuals. Residency members are the largest group of Res Artis members. These are organisations, artists groups or any other structures that directly organise an artist residency program.

The Associate Membership is open to programs, foundations, or other networks that assist or support international exchange programs or the artists themselves. They can be governmental, non-governmental or privately run. Individual Membership is open to artists, curators, or any other individual who wishes to support the activities of Res Artis, or who would like to be involved with our projects and activities.

Membership fee contributions support operations and development of programs and activities

8. Regroupement des centres d'artistes autogérés du Québec (RCAAQ)

The Regroupement des centres d'artistes autogérés du Québec (RCAAQ) is a non-profit association, committed to the promotion and advocacy on behalf of Quebec-based artist-run centres. In particular, the RCAAQ aims to speak with a strong voice and advocate for better recognition of the essential role artist run centres play in contributing to the vitality and dynamism of the contemporary arts across the country.

Founded in 1986, the RCAAQ today represents a network of sixty-four artist-run centers and cultural organizations managed by professional artists from visual and media arts field. These constitute a contemporary art network of artist-run centres in 22 Quebec cities and a wider stakeholder base of 2,250 professional artists and cultural workers.

The organization is led by an executive director, supported by three staff positions: an administrative director, training and professional development coordinator, and a webmaster.

The RCAAQ is a not-for-profit corporation governed by a nine-person board of directors elected yearly. Three members of this board represent the Montreal region, two represent the Quebec City region and the remaining four represent the other Quebec regions. The work of the organization is also undertaken by committees which oversee its governance, human resources management, communications, and on areas of strategic value.

The RCAAQ is funded from municipal, provincial and national sources, including the arts councils of Montreal, Quebec and Canada.

9. Artist-Run Centres and Collectives Conference (ARCA)

Officially established in 2005, the Artist-Run Centres and Collectives Conference (ARCA) is a national arts service organization, whose mission is to:

- Represent and defend the rights and interests of artist-run centres and collectives at the national level and within national arts associations
- Facilitate and promote networking among the different regional and cultural associations that make up its membership
- Produce studies and advocacy resources to assist in identifying and managing issues that affect artist-run centres and collectives in the visual arts
- Promote the importance of artist-run centres' role and contribution to the visual arts and to Canadian identity.

Through its seven regional associations of artist-run centres and two nation-wide cultural associations (The Aboriginal Region and the Association des groupes en arts visuels francophones), ARCA represents more than 170 artist-run centres and collectives across Canada, with 7,500 members drawn from the ranks of Canadian art professionals.

ARCA is a legally incorporated not-for-profit corporation. ARCA is also a member of the wider pan-Canadian advocacy group, the Canadian Arts Coalition.

ARCA is funded by the operating and project grants. Membership fees account for 5% of revenues.