

PEKKA OESCH

# Säätiöiden tuki taiteille 2001 ja 2005

Foundation Support for the Arts in 2001 and 2005



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## *Foundation Support for the Arts in 2001 and 2005*

### *English Summary*

The survey examines the amount of funds Finnish foundations used for financing culture and different art forms by allocating grants, scholarships and prizes to private artists and cultural and artistic communities, as well as through maintaining the culture and arts institution. In addition, the survey clarifies how much public funding culture and arts foundations receive from the state and municipalities, and as donations from companies and private citizens.

The survey examines partially or completely private, independent culture and art foundations that were operational during the years 2001 and 2005. Foundations established by the public sector, as well as dependent foundations, have been excluded from the survey, except for Svenska Kulturfonden. Föreningen Konstsamfundet r.f. and Svenska litteratursällskapet i Finland r.f. are also included in the survey. These three associations resemble foundations; they allocate grants and they are essential supporters of Finnish-Swedish culture and art. The results are compared with the previous foundation survey, covering the years 1993 and 1997 (Oesch 1999).

In mid-2007, there were 2,758 registered foundations in Finland, and of these the purpose and operations of 356 foundations were more closely examined. According to their annual report, approximately 100 of these foundations did not primarily or even partly operate in the field of culture and the arts, regardless of their name. In addition, some of them had merged with another foundation, had been terminated or erased from the Register of Foundations, or were inactive. All in all, 249 foundations and associations supporting culture and the arts were left for the survey.

The establishment and operations of a foundation are regulated by the Foundations Act of 1931, with numerous amendments, and the Foundation Decree of 1989. Foundations are supervised by the National Board of Patents and Registrations in Finland, which maintains the Register of Founda-

tions. According to the Foundations Act, foundations are obligated to submit an annual report and annual accounts documents for registration to the Register of Foundations. However, all foundations do not always submit the required documents by the due date, and these documents must be requested for afterwards. For the purposes of this survey, the annual reports and annual accounts of 236 foundations for the year 2001 and the documents required by law from 226 foundations for the year 2005 were available for examination.

The division of the foundations and the allocation of their grants and scholarships among different art forms are based on the purpose of each foundation or the information provided in the annual report. In classifying the largest sums, the information on the grant recipients published by the foundations was used, and when needed, additional information was requested from the foundation in question. The relative size of the foundations and the growth of their assets are determined mainly based on the balance sheet total of the accounts.

The survey divides the foundations among different art forms according to the nature of their operations, based both on the support given to different art forms as well as the support received by the foundations during 2001 and 2005. The foundations were divided according to their field of operations marked in the deed of each foundation, as well as the support they granted to different art forms. The classification of art forms was based on that used by the Arts Council institution in Finland. The foundations were divided into capital foundations and institutional foundations based on their operational principle. A foundation can also represent both types simultaneously.

Capital foundations support the sciences and arts, as well as cultural activity, usually by allocating grants, scholarships and prizes. The foundations create the maximum annual operation funds through the net profits of their assets and fundraising activity. After the necessary expenditures, the funds are used for implementing the purpose of the foundation either for their own operational expenditures or through allocating grants.

Institutional foundations, on their behalf, implement their purpose by, for example, maintaining an art museum, an art institute or other cultural and art activities, and these expenses form an essential part of their economic operations. Expenses due to the maintenance and activities of an institute are covered by the profits of the foundations and possible asset-based profits, as well as donations and subsidies obtained from the state and the municipality.

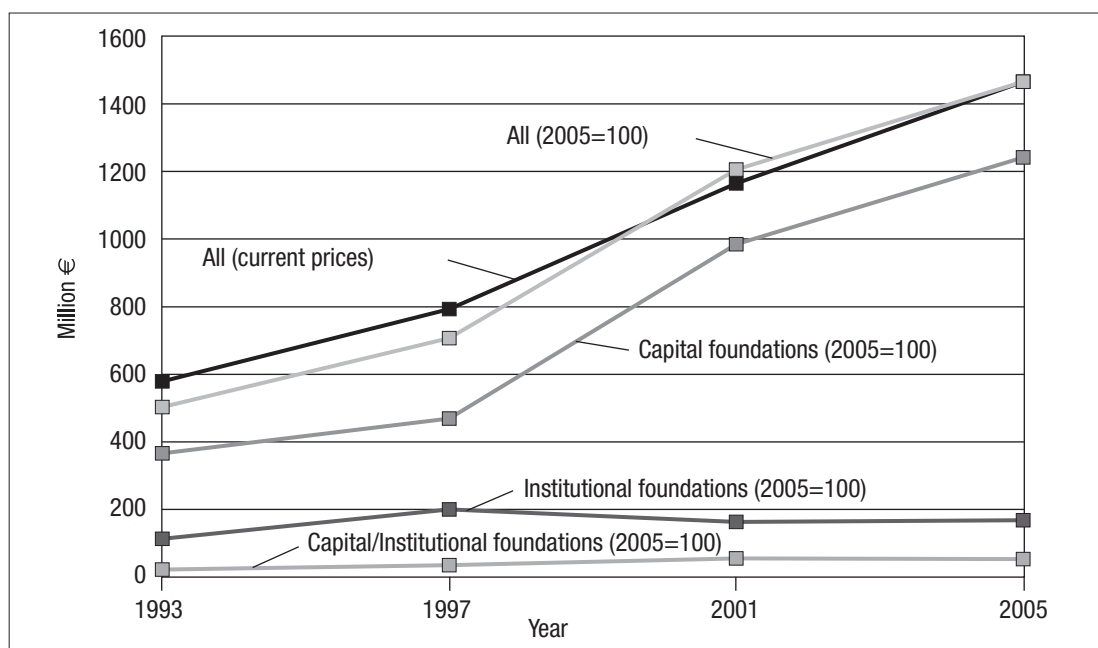
Support for the arts refers here primarily to focusing the support on the professional practice of the arts, but also to supporting organisations and communities of a particular art form. Moreover, supporting art studies in a particular art form was also considered as art support, if the studies were seen as clearly relating to the practice of art as a profession. Funding in-

tended specifically for research in arts, such as grants allocated for different scholarly theses, were excluded from the survey.

Most of the foundations for the advancement of Finnish culture and arts are relatively new. A third of the currently functioning culture and art foundations that were examined were established in the 1980s and two thirds started their operations in 1971 or later. In the 1980s, nearly as many culture and arts foundations were registered as during the previous decades altogether. Since then, the number of registrations has declined rapidly, and the number of new foundations established during the first decade of the 21<sup>st</sup> century seems to be on the same level as in the 1920's.

The balance sheet total of the culture and arts foundations examined was approximately 1.2 billion euros in 2001. The real value of the corresponding amount adjusted to the price levels of 2005 was 70.5 percent higher. The balance sheet of capital foundations exhibited particularly strong growth; it doubled. The balance sheet total of capital/ institutional foundations had grown 55 percent since the previous survey in 1997. The real value of the balance sheet total of institutional foundations was nearly a fifth lower than in 1997. (Graph 1.)

Graph 1. The balance sheet total according to foundation types in 1993, 1997, 2001 and 2005 (2005=100)



In 2005 the balance sheet total of all the foundations examined was about 1.5 billion euros. The growth relied clearly on capital foundations, even though their balance sheet total was now only 26 percent higher than in 2001. The economic situation of institutional foundations and institutional/ capital foundations remained nearly the same. Despite the small imp-

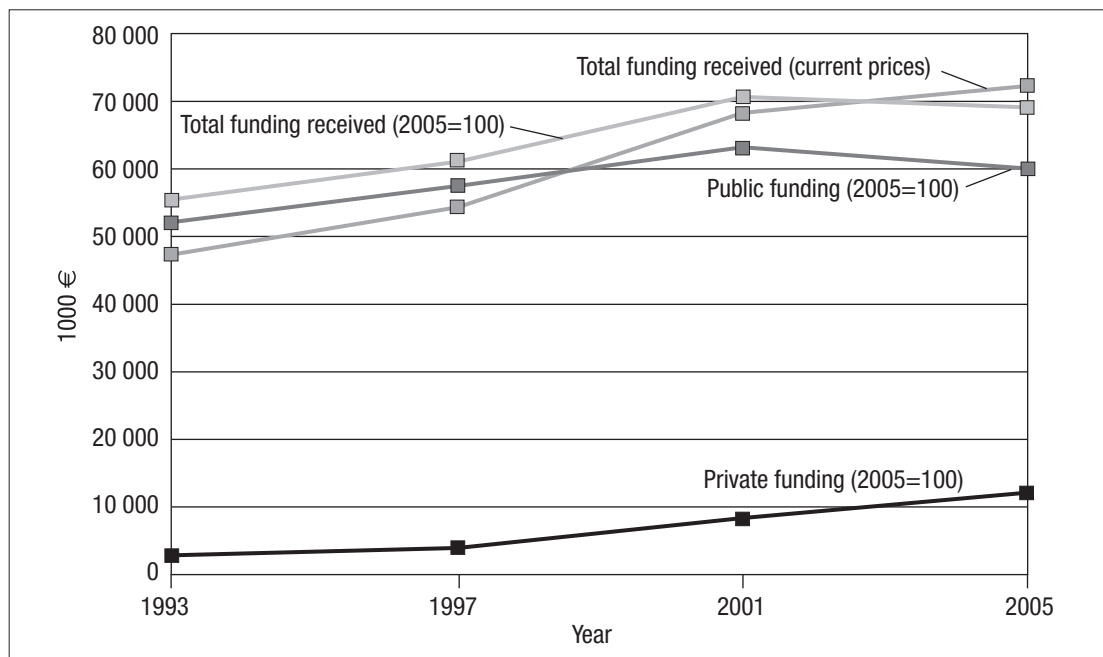
rovement, the real value of the balance sheet total of institutional foundations was lower than in 1997. On the basis of the balance sheet total of the accounts, the economic situation of capital foundations supporting culture and the arts has improved considerably. The economic situation of institutional foundations, on the other hand, has remained unchanged during the first decade of the 21<sup>st</sup> century. (Graph 1.)

Of the 246 culture and arts foundations in the survey, 44 percent had received financial support from the state, municipalities, companies or private citizens. The support was given in the form of activity and project funding, sponsorship and donations. The state and municipalities primarily subsidised those institutional foundations that maintained cultural and arts institutes and did not allocate grants or prizes for artists. Indirectly, however, these foundations do provide employment for artists. In addition to money, private citizens also donated a variety of items, such as works of art and art collections. The sums donated by companies were significantly smaller than the legacy donations by private citizens. One of the reasons for this is considered to be the fact that donations only entitle companies to small tax deductions, currently 25,000 euros a year per recipient at most.

In 2001, the public and private subsidies the foundations received were altogether 68.2 million euros and 72.2 million euros in 2005. Nearly all of the subsidies were from the state and municipalities. During the first decade of the 21<sup>st</sup> century, funding from companies had decreased. However, donations by private citizens have increased markedly after 1997.

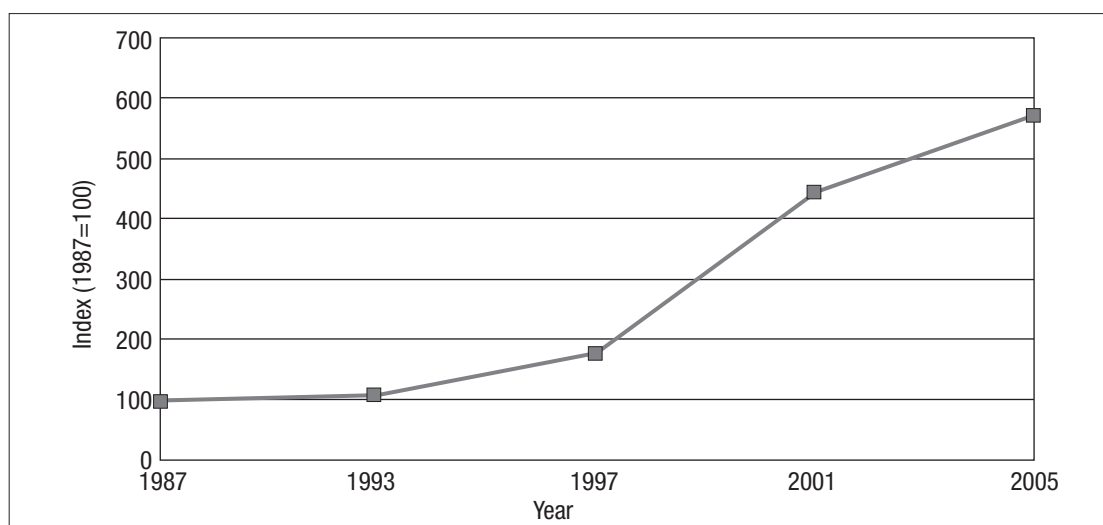
The state was the primary source of funding, even though 60 percent of the foundations in the survey functioned outside public funding. Of the foundations that received public or private funding, 56 percent were institutional foundations, which maintained cultural or arts institutes, or organized cultural or artistic events; approximately two fifths were capital foundations. The majority of the foundations that received private funding represented general cultural foundations, which allocate grants for many areas of culture and the arts. (Graph 2.)

Graph 2. Public and private funding for the foundations in 1993, 1997, 2001 and 2005 (2005=100)



Approximately half (49 percent) of the 249 foundations and foundation-like associations included in the survey had allocated grants and prizes either in 2001 or 2005. During these years, 78 percent of the foundations that had allocated grants had also supported the arts in 1993 or 1997. The total sum of the grants allocated during the 21<sup>st</sup> century by the foundations supporting culture and the arts has increased notably since 1987, but the growth has been particularly rapid since the end of the 20<sup>th</sup> century. (Graph 3.)

Graph 3. Trend in the total amount of the foundation support allocated for culture and the arts in 1987-2005. (Index: 1987=100)

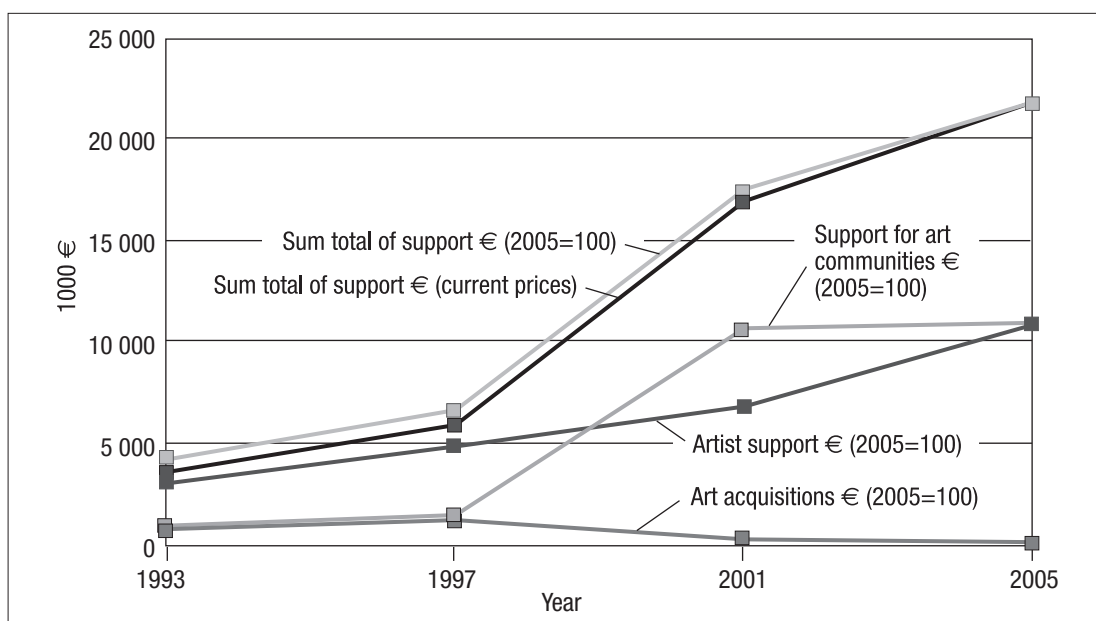


The foundation support for the arts was a total of some 18.2 million euros in 2001, when 107 of the foundations examined allocated funds. After excluding public funding for the foundations, the sum allocated for private artists, working groups of artists, as well as artistic organisations and communities, was 15.9 million euros.

In 2005, culture and the arts were funded by 112 foundations with a sum total of 23.2 million euros. After deducting the subsidies by the state and municipalities, the sum allocated for artists, working groups, different artistic organisations and communities was 20.7 million euros. The real value had tripled compared to the situation at the end of the 1990s. The sum does not include art acquisitions. (Graph 4.)

There was a notable increase in the financial support allocated by the foundations in the survey to cultural and artistic communities between 1997 and 2001. Since then the support has decreased to some extent. The sum total of the grants allocated for artists grew more consistently until the beginning of the 21<sup>st</sup> century, but during the following four years, artist support grew sharply, by 60 percent. (Graph 4.)

Graph 4. Foundation support for the arts in 1993, 1997, 2001 and 2005 (2005=100)

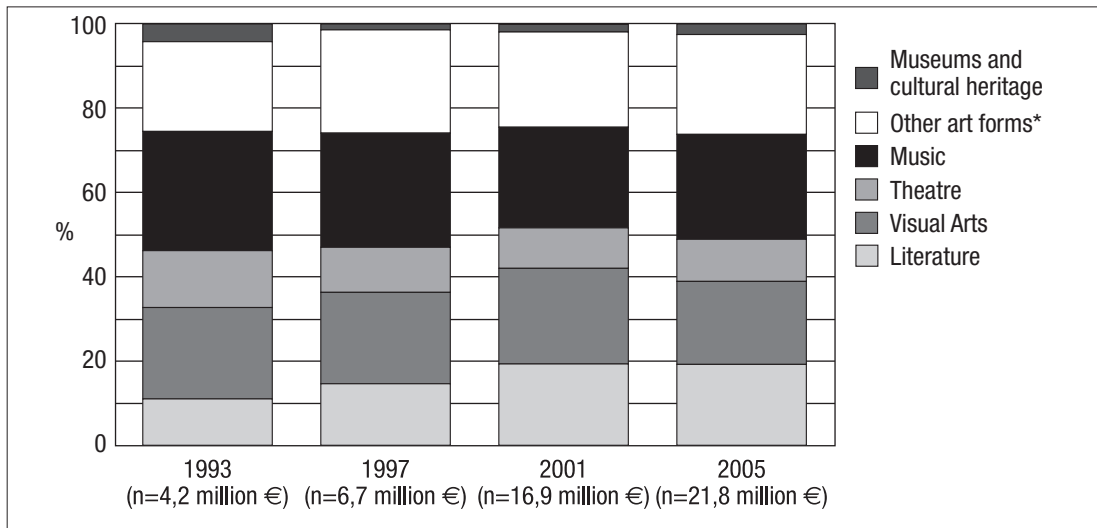


The amount of approximately every third grant allocated by the foundations during both survey years was 10,000–49,999 euros. The majority of the grants allocated were smaller than 50,000 euros. Approximately two fifths of the support sums allocated for culture and the arts were less than 10,000 euros. There were no significant changes in the magnitude of the grants during the survey years.

The major recipients of the grants allocated by the foundations remained the same as in the 1990s. Music remained the most important indi-

vidual art form and received approximately one fourth of the total support. Support for literature has notably increased since 1997, and in 2005 its share was as great as that of the visual arts. In the 21<sup>st</sup> century, these three art forms, as well as theatre, received altogether about 73 percent of the foundation support for the arts. (Graph 5.)

Graph 5. The share (%) of the foundation support for different art forms, as well as for museums and cultural heritage, in 1993, 1997, 2001 and 2005

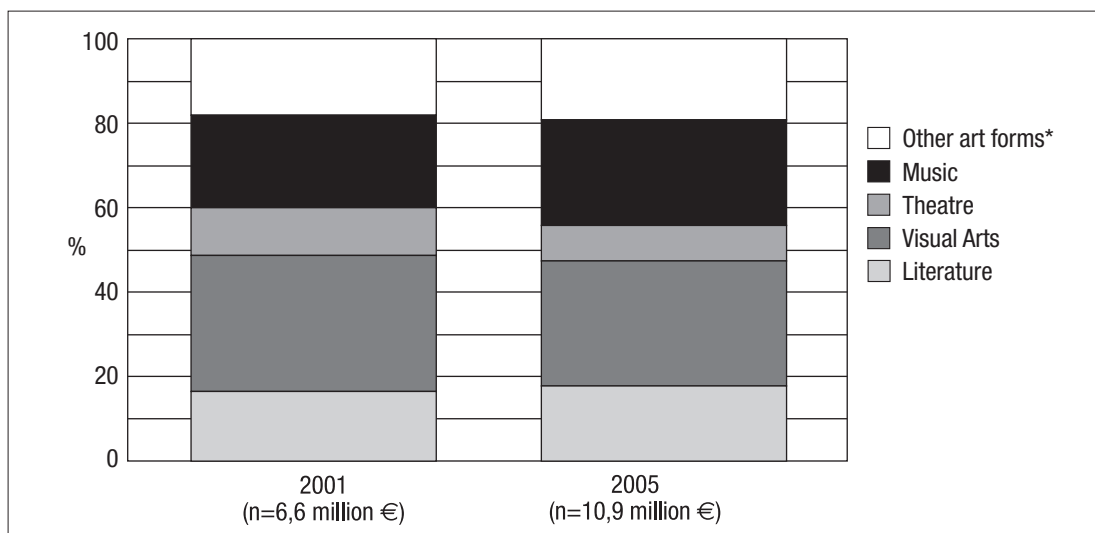


\*) Design, dance art, cinema and photographic art, architecture, others.

The sum total of the foundation support has grown constantly, and the growth was particularly strong between 1997 and 2001. The growth was visible in all art forms, but the most notable increase focused on literature and visual arts. The support for photographic art and the design exhibited the least growth. In the 21<sup>st</sup> century, the support for visual arts grew relatively the least, while the support for photographic art, dance and cinema grew the most. The sum total of the support for these art forms and the increase in euros were nevertheless significantly smaller compared to the support sums for music, visual arts and literature.

With regard to grants, scholarships and prizes allocated for individual artists and working groups, the distribution among art forms differed to some extent from that of the total support of the foundations. In 2001, a third of the foundation support for artists focused on visual arts, and musicians received over a fifth. Authors received 17 percent of the sum total, and every tenth grant was allocated for theatre artists. The relative share allocated to literature and music increased slightly in 2005, but the share allocated to the theatre remained at about eight percent. (Graph 6.)

Graph 6. Foundation support for artists (%) among art forms in 2001 and 2005



\*) Design, dance art, cinema and photographic art, architecture, others.

The amount of support allocated by capital foundations seems to correspond to the changes in the national economy and stock market developments. The sum total has increased due to the profits from investments, but even with the weaker economic outlook at the beginning of the 21<sup>st</sup> century, the foundations have been able to allocate more funds than previously. Most of the support allocated annually to culture and the arts by the capital foundations still derives from only a few foundations and foundation-like associations. Despite the stable economic situation of these foundations, private, foundation-based funding for culture and the arts is in a fragile state and dependent on the national economic outlook.

In 2001, the Arts Council institution in Finland granted artists and working groups altogether 12.9 million euros for artistic activity and projects. In addition, 3.1 million euros was allocated for the artistic activity of communities. In 2005, a sum of 15.5 million euros was granted for artistic activity and projects, and communities received some 3.9 million euros for different projects. (Karhunen 2002, 2006.)

However, the total sums do not include the subsidies by major national cultural and arts institutions, such as the Finnish National Opera foundation, the Finnish National Theatre Incorporation and the National Gallery. In 2001, the state spent in total 293 million euros for subsidising culture and the arts, and the budget for culture and the arts in 2005 was 348 million euros (e.g. 2002, 2006).

The state subsidy has been the most significant source of funding for cultural and artistic institutions. The total amount of the financial support that the foundations in the survey allocated for artists and communities was nevertheless almost as big in 2001, and in 2005 slightly bigger than the subsidy granted by the Arts Council institution in Finland.

In 2005, the real value of the sum total of the foundation support was 24 percent higher than in 2001, and the sum total of the grants allocated for artists grew by 59 percent. At the same time, the subsidy granted for artistic activity by the Arts Council institution grew by a fifth, and between 1997 and 2005 the growth was 55 percent.

In addition to the foundations, also companies fund culture and the arts to some extent. The latest survey on the art funding by companies was made by the Arts Council of Finland, and it concerns the year 2003 (Oesch 2005). The companies who replied to the questionnaire stated that they had funded the arts by 2.9 million euros. At least some of the companies who did not reply had also sponsored cultural and art institutions and events. Based on this information, the sum total of the support by companies was estimated as about 4 million euros (+/- 2%). The total support for culture and the arts provided by companies had reached its lowest point since the surveys began in 1984, even though at the end of the 1990s different surveys and barometers were still predicting that the support for culture and the arts provided by companies would create a significant alternative to public funding.

The results are not, however, entirely comparable to the art funding allocated by the foundations and the state in 2005, because companies do not allocate grants, for example. The most important form of financial support offered by companies is sponsorship, and at least a part of it also indirectly benefits private artists. However, different parties allocate support based on such different premises that the comparisons can only be seen as providing a loose frame of reference.

In addition to public subsidies, the grants and prizes allocated by private capital foundations and foundation-like associations have become increasingly significant sources of funding for culture and the arts. In the 21<sup>st</sup> century, cultural and artistic communities have received a larger proportion of foundation support than previously. However, the support clearly focuses on the same art forms that have traditionally received the majority of funding by the Arts Council institution as well as companies. In this respect, foundation support for culture and the arts has not complemented the funding obtained from other sources, but it has provided a valuable alternative and means of additional funding for the artistic activity and projects of artists as well as cultural and artistic communities.