

2023 Budget Notes

Heritage Toronto

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Description

Heritage Toronto builds a better city by bringing people together to explore Toronto's shared past and people's lived experiences. It delivers 80+ public programs annually including: walking, bus and cycling tours; heritage plaques, digital programs and exhibitions, the Heritage Toronto Awards, and the Emerging Historian program.

Why We Do It

Heritage is a positive force for social inclusion, economic development and sustainability. Toronto's heritage programs connect people and neighbourhoods and build a compassionate city which honours its diverse stories to ensure that each resident feels reflected, and has a voice, in its future.

The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.

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What Service We Provide

Heritage Promotion and Education

Who We Serve: City Council, Residents and Tourists, Community Organizations, Students and Educational Institutions, Media, Business Improvement Areas (BIAs) and Business, Neighbourhood Groups

What We Deliver: 80+ annual public programs

How Much Resources (gross 2023 operating budget): \$1.237 million

Heritage Fundraising and Partnerships

Who We Serve: Community Organizations, Educational Institutions, Other Charities, Philanthropists, Corporations, Industry and Business, City Divisions, Other Levels of Government

What We Deliver: Partnerships with hundreds of community groups, businesses, donors and volunteers across the City

How Much Resources (gross 2023 operating budget): \$0.198 million

Budget at a Glance*

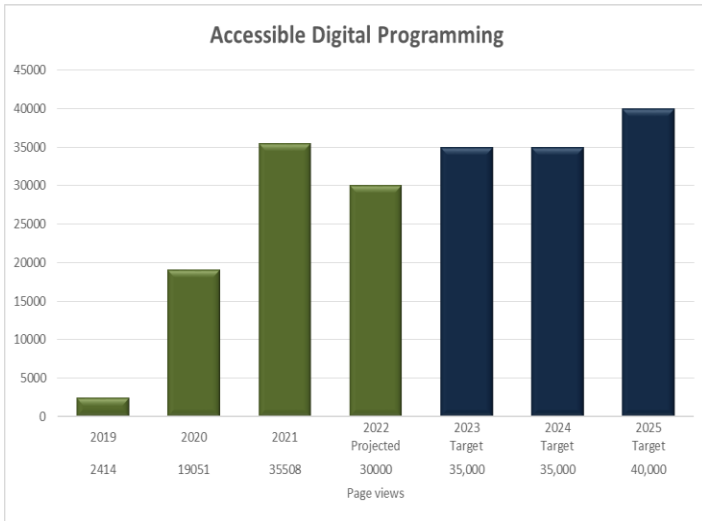
2023 OPERATING BUDGET

\$Million	2023	2024	2025
Revenues	\$0.860	\$0.597	\$0.613
Gross Expenditures	\$1.435	\$1.143	\$1.164
Net Expenditures	\$574.5	\$0.546	\$0.551
Approved Positions	12.5	9.5	9.5

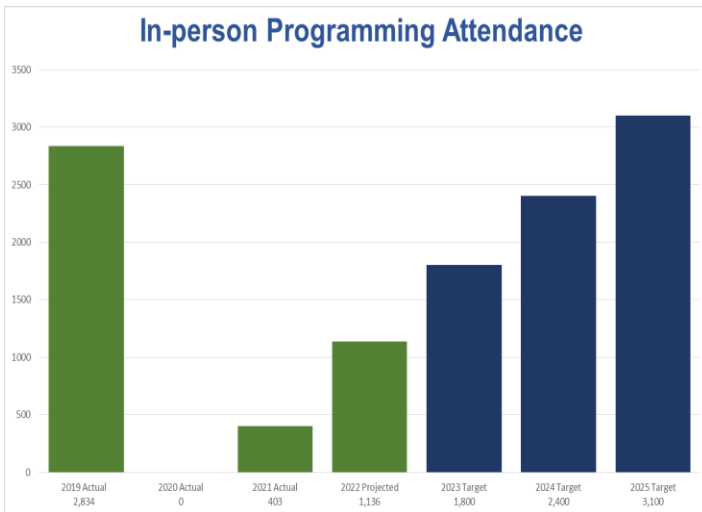
Heritage Toronto does not have a 10-year Capital Plan

*This document reflects the 2023 Operating Budget and 2023-2032 Capital Budget and Plan as tabled by the City's City Manager and Chief Financial Officer and Treasurer, which is consistent with the budget approved by Heritage Board at its meeting on December 15, 2022.

How Well We Are Doing – Behind the Numbers



- There are 25% fewer web users as a result of the pandemic and cancellation of in-person program registration, it is expected recovery of tour registration will build in 2023.
- In 2023, Heritage Toronto must re-develop its website, which is aging out, and continue to rebuild total users to pre-pandemic level while maintaining the quality of the visitor experience for their digital audiences.



- In 2022, Heritage Toronto restored in-person programs to pre-pandemic levels, including a return to 2019 tour offerings and the first in-person Heritage Toronto Awards event since 2019. However, the return of in-person attendance has been much slower than originally projected.
- In 2023, Heritage Toronto will continue to prioritize rebuilding its in-person audiences, align tours with existing city-wide events and re-launch its bus tours to provide service to people with mobility issues and showcase neighbourhoods across the GTA.
- In 2023, 50% of tours season content will highlight new communities and new topics, with a focus on equity deserving communities.

How Well We Are Doing

Service	Measure	2020 Actual	2021 Actual	2022 Target	2022 Projection	Status	2023 Target	2024 Target
Outcome Measures								
Heritage Promotion and Education	Heritage Plaques Installed	62	58	60	58	●	55	50
Heritage Promotion and Education	Awards Attendees	0	0	500	320	●	500	500
Heritage Promotion and Education	Digital Exhibits and Articles	21	11	1	11	●	9	9
Heritage Promotion and Education	Virtual Tours and Livestreams	6	16	4	4	●	3	4
Heritage Promotion and Education	In-person Tours Attendance	0	502	2,530	1,130	●	1,800	2,100
Service Level Measures								
Heritage Promotion and Education	Page Views of Digital Programs	19,051	35,508	31,000	30,000	●	35,000	35,000
Heritage Fundraising and Partnerships	Number of Community Partnerships	0	39	60	46	●	51	51
Heritage Promotion and Education	Emerging Historian Contracts	18	16	21	28	●	31	27

Other Measures								
Heritage Fundraising and Partnerships	Increase in private donations	-31%	35%	-8%	31.5%	●	29%	10%
Heritage Fundraising and Partnerships	Increase in sponsorship revenues	-66%	49%	150%	44%	●	129%	10%
Heritage Fundraising and Partnerships	Total budget from fed./prov. gov'ts and private foundations	13%	10.5%	-64%	-62%	●	0%	10%
Heritage Promotion and Education	Public Subscribers to bi-monthly E-Newsletters	8,050	8,255	8,400	8,756	●	9,000	9,000

2022 Projection to 2022 Target Comparison
 ● 80% - 100% ● 64 - 79% ● 63% and Under

COVID 19 IMPACT AND RECOVERY

2023 Impact and Recovery

Operating Budget Impact

- COVID-19 is projected to partially impact Heritage Toronto's operations in 2023 with \$0.011 million in revenue losses as a result of lower expected attendance for the tours.

Service Level Changes

- Rebuild in-person tours attendance by diversifying tour format, content and geographic range.
 - Rebuild visits to digital programming on the website by 5,000 visits to match 2021 high.
 - Rebuild prior sold out attendance levels at the Heritage Toronto Awards.
 - Reduce the number of plaques installed to prioritize larger plaques with more diverse consultation and interpretation.
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EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- In person programs were rebuilt to pre-pandemic levels and digital programs, initiated during the pandemic, continue to prove very popular with the public.
- The agency significantly expanded the diversity of its tours season with 75% of its tours resulting from the employment of Emerging Historians and the Equity Heritage Initiative.
- Equity-deserving subjects and diverse themes were featured in 45% of all 2022 heritage plaques installed.
- Annual private donations increased 31.5% with the return of in-person programming.

Key Challenges and Risks

- In person attendance, and associated earned revenue, has not yet recovered to pre-pandemic levels despite the restoration of programming.
- Sponsorship has not yet recovered to pre-pandemic levels. Despite returning to an in-person event, Heritage Toronto Awards sponsorship increased only 13%, well below the 35% needed to offset the agency's costs.
- Maintaining plaques in a state of good repair and managing the growing intensity of public requests is increasingly costly and time consuming.
- Aging website, dated technology and failing system integration has created challenging experiences for digital audiences.
- Unable to fill vacancies requiring: managerial experience in Inclusion, Diversity, Equity and Accessibility (I.D.E.A.) and diverse community programming; experience in digital and marketing to develop dynamic social media and digital content to grow digital audiences. This is due to recruitment challenges to attract and compete for right candidates in job marketplace.

Priority Actions

- **Restore the State of Heritage Report:** Timed to election cycles, the agency has previously produced a State of Heritage Report to help advise the City and Council members on heritage matters. To produce a hybrid issue in 2024, community consultations will begin in 2023 through the hiring of a project coordinator from an equity-deserving community.
- **Rebuild Digital Accessibility and Service:** The agency will solicit donations to re-develop the web site through the hiring of a project coordinator to develop secure transactional experiences and build digital content in video and dynamic formats.
- **Rebuild Public Audiences:** In-person audiences must be rebuilt to generate earned/private revenue and ensure the financial sustainability of the agency. To create new content and generate new audiences, the agency must restore its previous staffing levels through successful full-time permanent hires or contracts.
- **Execute the Equity Heritage Project:** With no full-time staff to execute this project in 2021/2022, sponsorship funding has been largely deferred. As the Equity Heritage Project must be completed in 2023, the agency must now compress its plans into one final year, restoring its full-time staffing levels and employing three simultaneous Equity Heritage Project Coordinators.
- **Review the Heritage Plaque Program:** Analyse 850 existing plaques to identify areas of deficiency with regard to cultural diversity, geographical diversity, and diversity of topic in order to set future benchmarks. Review fee structure to ensure fees adequately cover the increasing cost of producing, installing, and maintaining plaques.

TALBED BUDGET

The City Manager and Chief Financial Officer and Treasurer have tabled:

1. The 2023 Operating Budget for Heritage Toronto of \$1.435 million gross, \$0.861 million revenue and \$0.575 million net for the following services:

Service:

	Gross Expenditures (\$000s)	Revenue (\$000s)	Net Expenditures (\$000s)
Heritage Promotion & Education	1,237.4	309.5	927.9
Heritage Fundraising & Partnership Development	197.6	551.0	(353.4)
Total Program Budget	1,435.0	860.5	574.5

- The above includes a 2023 budgeted staff complement for Heritage Toronto of 12.5 operating positions.

2023 OPERATING BUDGET

2023 OPERATING BUDGET OVERVIEW

Table 1: 2023 Operating Budget by Service

(In \$000s)	2021 Actual	2022 Budget	2022 Projection*	2023 Base Budget	2023 New / Enhanced	2023 Budget	Change v. 2022 Projection	
By Service	\$	\$	\$	\$	\$	\$	\$	%
Revenues								
Heritage Promotion & Education	215.9	305.3	308.2	309.5		309.5	1.3	0.4%
Heritage Fundraising & Partnership Development	234.4	433.1	295.3	551.0		551.0	255.7	86.6%
Total Revenues	450.3	738.4	603.4	860.4		860.4	257.0	42.6%
Expenditures								
Heritage Promotion & Education	679.9	1,032.2	822.7	1,237.3		1,237.3	414.6	50.4%
Heritage Fundraising & Partnership Development	220.4	217.5	236.7	197.6		197.6	(39.1)	(16.5%)
Total Gross Expenditures	900.3	1,249.6	1,059.4	1,435.0		1,435.0	375.6	35.5%
Net Expenditures (including COVID-19)	450.0	511.2	455.9	574.5		574.5	118.6	26.0%
Required COVID-19 Support	57.7	84.3	84.7	11.5		11.5	(73.2)	(86.5%)
Net Budget (excluding COVID-19 supports)	392.3	426.9	371.3	563.1		563.1	191.8	51.7%
Approved Positions**	8.5	10.5	N/A	12.5		12.5	N/A	N/A

*2022 Projection based on 9 Month Variance

**YoY comparison based on approved positions

The 2023 Net Budget of \$0.575 million reflects a \$0.119 million or 26.0% increase from 2022 projections comprised of:

- \$0.073 million or 86.5% net decrease in expected COVID-19 impacts; and
- \$0.192 million or 51.7% increase in the 2023 Net Budget (excluding COVID-19) compared to 2022 projections.

KEY COST DRIVERS – FUNDING PRIORITIES

Total 2023 Budget expenditures of \$1.435 million gross reflecting an increase of \$0.376 million in spending above 2022 projected year-end actuals, predominantly arising from:

- Salaries and Benefits increases to reflect cost of living and other base adjustments in order to retain staff and reduce turnovers in a challenging job marketplace.
- The Equity Project in partnership with communities and diversified programming.
- Website Redevelopment requiring a temporary project coordinator for website revitalization to address aging website.

EQUITY IMPACTS OF BUDGET CHANGES

Low Positive Impact: The Community Partnerships and Diversified programming budget proposal's overall equity impact is low positive. Indigenous, Black and equity deserving groups will be positively impacted as the initiative will create development opportunities, expand service demographics, and initiate and steward new community partnerships. Youth from BIPOC and equity deserving groups represent the highest rates of unemployment in Canada, increasingly so during the course of the COVID-19 pandemic. Additionally, the Culture and Recreation sector is one of the three sectors which has experienced the most job losses across Canada (Toronto Star, December 7, 2021). Heritage Toronto has received full third-party funding to hire Equity Coordinators and fill independent contracts with people under 30 years of age and hired based on intersectionality of lived experience. This initiative will establish five new community partnerships to promote ongoing collaboration. Additionally, the Equity Coordinators will each curate an annual public program with a projected audience of 500, which celebrates the heritage of their community and addresses a community need.

2023 OPERATING BUDGET KEY DRIVERS

The 2023 Operating Budget for Heritage Toronto of \$1.435 million in gross expenditures is \$0.376 million or 35.5% higher than the 2022 Projected Actuals. Table 2 below summarizes the key cost drivers for the 2023 Budget.

Table 2: 2023 Operating Budget by Revenue / Expenditure Category

Category (In \$000s)	2020	2021	2022	2022	2023	2023 Change from 2022	
	Actual	Actual	Budget	Projection*	Budget	Projection	%
	\$	\$	\$	\$	\$	\$	
Provincial Subsidies	3.1	1.5	1.5		1.5	1.5	
Federal Subsidies	87.6	19.8	19.9	21.8	4.4	(17.4)	(80.0%)
User Fees & Donations	372.3	427.7	714.0	580.2	853.0	272.9	47.0%
Other Subsidies							
Transfers From Capital							
Contribution From Reserves/Reserve Funds							
Sundry and Other Revenues	3.0	1.2	3.0	1.5	1.5		
Inter-Divisional Recoveries							
Total Revenues	466.0	450.3	738.4	603.4	860.4	257.0	42.6%
Salaries and Benefits	596.4	590.0	747.3	708.0	938.8	230.8	32.6%
Materials & Supplies	26.4	24.6	0.0		33.8	33.8	
Equipment							
Service and Rent	259.3	269.0	502.4	351.4	462.4	111.0	31.6%
Contribution To Reserves/Reserve Funds							
Other Expenditures	14.9	16.7					
Inter-Divisional Charges							
Total Gross Expenditures	897.1	900.3	1,249.7	1,059.4	1,435.0	375.6	35.5%
Net Expenditures	431.1	450.0	511.3	455.9	574.5	118.6	26.0%

*Projection based on 9 Month Variance

Key Base Drivers:**Salaries & Benefits:**

The increase in salaries & benefits is driven by base salary increases for all non-union positions in effort to stay competitive and reduce staff turnover. Heritage Toronto will also continue its equity and partnership positions which is fully funded from sponsorship revenues.

Materials and Supplies:

The increase in Materials and Supplies is due to an increase in supply purchases based on programming need. There is also related website expenditures for website revitalization.

Services and Rents:

The increase in service and rent is due to returning programming and costs to be incurred for community partnerships funded from sponsorship revenues.

User Fees and Donations:

The increase in user fees & donations is attributable to sponsorship funds secured for equity community partnerships. There are also volume based increases expected to tour revenues as well as donations as Heritage Toronto projects more in-person programming than in the last two years.

Offsets and Efficiencies:

There is a \$0.048 million one-time revenue through the use of internal reserves held by Heritage Toronto to bring down some of the salaries and benefits pressures as well as base savings of \$0.006 million from efficiencies.

2024 & 2025 OUTLOOKS**Table 3: 2024 and 2025 Outlooks**

(\$000s)	2023 Budget	2024 Incremental Outlook	2025 Incremental Outlook
Revenues			
Revenue Changes		(263.5)	15.7
Total Revenues	860.4	(263.5)	15.7
Gross Expenditures			
Expenditure Changes		(291.9)	20.6
Total Gross Expenditures	1,435.0	(291.9)	20.6
Net Expenditures	574.5	(28.4)	4.9
Approved Positions	12.5	(3.0)	0.0

Key drivers

The 2024 Outlook with total gross expenditures of \$1.143 million reflects an anticipated \$0.292 million or 20.1% decrease in gross expenditures below the 2023 Operating Budget. The 2025 Outlooks expects an increase of \$0.021 million or 1.8% above 2024 gross expenditures.

These changes arise from the following:

- Completion of equitable community partnerships and diversified programming and its related expenditures and revenues diminishing.
- Base salaries and benefits increases in order to retain staff and reduce turnovers in a challenging job marketplace.

APPENDICES

Appendix 1

COVID-19 Impact and Recovery

COVID-19 Impacts	In \$ Thousands				
	2022		2023		
	Budget	Projection*	Revenues	Gross	Net
Revenue Loss					
Tours	36.4	11.5	(11.5)		11.5
Sub-Total	36.4	11.5	(11.5)		11.5
Expenditure Increase					
Cleaning Protocols	47.9	67.9			
Tour Expenses		5.3			
Sub-Total	47.9	73.2			
Total COVID-19 Impact	84.3	84.7	(11.5)		11.5

* 2022 Projection based on 9-month variance.

Appendix 2

2023 Affordability Measures

N/A

Appendix 3

Summary of 2023 Service Changes

N/A

Appendix 4

Summary of 2023 New / Enhanced Service Priorities Included in Budget

N/A

Appendix 5

Summary of 2023 New / Enhanced Service Priorities Not Included in Budget

N/A

Appendix 6

**2023 Capital Budget;
2024 - 2032 Capital Plan Including Carry Forward Funding**

N/A

Appendix 6a

2023 Cash Flow and Future Year Commitments Including Carry Forward Funding

N/A

Appendix 6b

2024 - 2032 Capital Plan

N/A

Appendix 7

Reporting on Major Capital Projects: Status Update

N/A

Appendix 8

Capacity to Spend Review

N/A

Appendix 9

Summary of Capital Needs Constraints

N/A

Appendix 10

Inflows and Outflows to/from Reserves and Reserve Funds

N/A

Appendix 11

Glossary

Approved Position: Permanent or temporary positions that support the delivery of City services and service levels as approved by Council.

Actuals: An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

Capacity to Spend: Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Complement: Positions that support the delivery of City services and service levels as approved by Council.

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New / Enhanced Service Priorities: New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

Operating Budget: An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provided services; an example of an operating cost would be the cost to run the TTC subways.

Tax Supported Budget: Budget funded by property taxes.

User Fees: Program generated fee and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).