

## *Canadian Arts and Heritage Sustainability Program Stabilization Projects Component*

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### *An Overview*

Professional Canadian arts and heritage organizations have the will and ability to provide for their own long-term survival. The Canadian Arts and Heritage Sustainability Program supports projects that will improve and consolidate the governance, planning, financial and organizational situation of non-profit arts and heritage organizations. The program brings together a variety of stakeholders and encourages organizations to embark on a rigorous process that will strengthen the arts and heritage sectors. It provides assistance through four program components, Stabilization Projects, Capacity Building, Endowment Incentives, and Networking Incentives.

### *Our Commitment*

Canadians will have more opportunities to experience diverse, high quality arts and heritage activities, provided by strong and stable arts and heritage sectors.

### *The Principle*

The Canadian Arts and Heritage Sustainability Program is guided by the principle that the quality of life of Canadians is influenced positively by arts and heritage offerings of high quality and diversity. The Canadian Arts and Heritage Sustainability Program aims at fostering an environment that will promote the development and the sustainability of arts and heritage activities.

### *The Objective*

The objective of the Canadian Arts and Heritage Sustainability Program is to strengthen organizational effectiveness and build capacity within the arts and heritage sectors and ensure that those organizations operate in a favorable environment. Each of the four program components offers a distinct means of achieving this objective.

**The Stabilization Projects Component** provides grants to Stabilization Projects. A Stabilization Project is administered by an independent non-profit group that represents the interests of the larger community through the make-up of its Board and through the diversity of its revenue base. Funding from this component is added to that raised by the Stabilization Project from other levels of government and the private sector. This broad revenue base in turn funds eligible arts and/or heritage organizations within a specific geographic area that are willing to undergo fundamental changes related to how they plan, organize, finance and govern themselves.

**The Capacity Building Component** provides contributions to arts and heritage organizations that do not benefit from participation in a Stabilization Project. For example, there will always be places in Canada where, due to smaller populations, it is impractical to establish a Stabilization Project. Also, Stabilization Projects may establish eligibility criteria which limit the participation of some organizations. The Capacity Building Component ensures a Canadian scope for the program by providing financial support through direct contributions to those arts and heritage organizations which want to undertake projects to improve their organizational capacity, but do not have access to a Stabilization Project.

**The Endowment Incentives Component** for Arts Organizations provides grants to arts organizations' endowment funds. Raising capital and creating endowments give arts organizations a greater capacity for realizing artistic expression by supporting their long-term stability. This component invites active involvement from the private sector in the cultural affairs of the community by providing matching funds of up to one dollar for every dollar raised from private donors, to create endowment funds or to increase existing ones. Heritage organizations, training institutions, presenters and festival organizations are not eligible under this component.

**The Networking Initiatives Component** provides strategic contributions to national networking projects that develop, improve and strengthen the environment for arts and culture in Canada through networking undertakings involving municipal cultural officials or Stabilization Projects. Networking projects are national in scope and work toward developing the capacity of participants in at least one of the following areas:

- cultural policies and action plans at the municipal level,
- sound management practices for arts and heritage organizations,
- private sector involvement at the local level to sustain cultural activities.

**How to apply**

Applicants can obtain application forms at [www.canadianheritage@pch.gc.ca/](http://www.canadianheritage@pch.gc.ca/) or at any Canadian Heritage office.

**Terms printed in italics are defined in the Glossary.**

## **The Stabilization Projects Component**

### ***What is it?***

This component provides funding to establish and operate Stabilization Projects. A Stabilization Project is an independent, non-profit organization operated by a board of directors, whose mandate is to support professional arts and/or heritage organizations within a city or region with their projects to adopt sound practices in governance, planning, financial and organizational effectiveness.

### ***Eligibility Criteria***

#### **(a) Applicants**

Eligible applicants are independent, not-for-profit organizations, known as Stabilization Projects, incorporated under the Canada Corporations Act, Part II or provincial or territorial legislation. The objective of a Stabilization Project is to support individual arts and heritage organizations within a specific geographic area, in their efforts to strengthen their governance, organizational effectiveness, planning process and finances.

#### **(b) Activities**

A Stabilization Project must include among its services the delivery of technical expertise in organizational development, governance practices, financial management and planning for individual organizations.

Optional services may include:

- Deficit reduction, whereby a Stabilization Project may provide its clients with funding as a partial contribution - up to 50% - towards the elimination of an accumulated deficit.
- Building working capital reserves, whereby a Stabilization Project may provide funding to clients to create working capital reserves.

### ***Application Procedure***

The complex nature of creating a Stabilization Project requires considerable preliminary work and a process which will, by necessity, create a collaborative undertaking on the part of all potential stakeholders. Please consult a Canadian Heritage Regional Office from the list provided, to explore the potential for creating a Stabilization Project. Application forms are available at the Regional Office or can be downloaded from [www.canadianheritage.gc.ca](http://www.canadianheritage.gc.ca).

### ***Deadline***

There is no deadline for the Stabilization Projects Component.

The Department of Canadian Heritage wishes to advise those organizations interested in submitting an application. However, please note that funding for this program has not been confirmed after March 31st, 2005 and can not be guaranteed.

### **Points to consider**

1. Projects cannot be funded retroactively. Applicants who enter into contractual agreements related to the project before the application is approved, do so at their own risk. Successful applicants may charge to the project, eligible expenses incurred from the date of application.
2. The information contained in a submission is subject to the regulations of the Access to Information Act and the Privacy Act.
3. All applicants must be able to certify that any former public office holder or public servant employed

will comply with the provisions of the relevant conflict of interest and post-employment codes.

***Funding***

Support takes the form of a conditional grant. The terms and conditions which limit the use of any funds granted will be outlined in a legal agreement between the Stabilization Project and the Department of Canadian Heritage. The conditions provide for control and reporting mechanisms. The Stabilization Project will be required to report to the Department at specified intervals for evaluation purposes. The Department may also require a voting seat on the board of directors of the Stabilization Project. Grants from the Department shall not exceed the lesser of 25% of the total projected revenues or \$5,000,000 as determined by allowable project costs such as salaries, administration and Board expenses and the capitalization of the different assistance mechanisms of the Stabilization Projects. Departmental financial assistance to a Stabilization Project will not be less than \$100,000.

Public and private sector participation and investment are vital to the success of a Stabilization Project. Public sector support from all levels of government cannot exceed 50%.

**Application requirements for the Stabilization Projects Component**

All applications to the Stabilization Projects Component must include:

1. Funding Application General Information Parts A, B, and C.
2. A thorough business plan of the proposed Stabilization Project.

This plan must include:

- i) About the organization of the proposed Stabilization Project
  - a description of the organization's vision and mission;
  - an organization chart with the names and roles of the organization's key directors as well as their recent past accomplishments in the area of the arts, heritage, business and/or administration or community development related work;
  - a description of the organizational and administrative structure of the Project, including a demonstration of the extent to which it is anchored in and supported by the community;
  - details of the financial strategy for revenue generation including the names and contact information of all other funding contributors and the nature of the agreements which govern their participation;
  - the annual operating budgets and cash-flow forecasts for every year of projected activity - the budget must detail administrative expenditures and the cost of delivering the services offered;
  - a description of the details or policies on internal financial accountability mechanisms (such as the requirements of financial record keeping in accordance with generally accepted accounting principles);
  - a list of permanent employees and their curriculum vitas;
  - a statement of the organization's investment policy for the funds raised;
  - a detailed description of self-evaluation procedures.
- ii) About the proposed Stabilization Project's constituency:
  - a full description of the project's constituency or potential clients - include the geographical boundaries; the sector of activity (performing arts, all arts and heritage, only heritage organizations etc.); the boundaries which will be applied to the size, as defined by annual budget, of potential clients. If known, list all potential clients and provide descriptions of these in terms of their annual budgets, deficits, identified organizational challenges;
  - a detailed description of the type of mechanisms that will be established to assist client organizations in the community;
  - a detailed description of client's expected self-evaluation procedures.

**Assessment Criteria**

The most important assessment criterion of this component is the thoroughness of the proposed business plan which forms the greatest single element of the application requirements. Applications are compared and assessed against positive responses to the following criteria:

- Will the Stabilization Project meet the needs of a large segment of the community of arts and/or heritage organizations and enjoy the support of a broad and credible range of stakeholders?
- Is the proposed business plan based on a rigorous analysis of the potential for fundraising in the community?
- Does the leadership of the Stabilization Project include participation from a broad and credible range of community stakeholders?
- Does the proposed project have the support of other stakeholders in the arts and heritage community, from other levels of government, and the private sector?
- Does the proposed business plan clearly articulate the mandate, constituency, governance, financial, organizational and administrative structures of the proposed Stabilization project?

The assessment process may take up to six (6) months to be completed. The information provided in the application form and in the business plan will be used to assess the request for funding and to monitor the results of the project, should financial assistance be provided.



**FUNDING APPLICATION  
GENERAL INFORMATION**

**DEMANDE DE FINANCEMENT  
RENSEIGNEMENTS GÉNÉRAUX**

**INSTRUCTIONS**

Please complete parts A and B, sign and date the form in part C.

**INSTRUCTIONS**

Remplir les parties A et B, signer le formulaire et inscrire la date à la partie C.

PART A - APPLICANT INFORMATION / PARTIE A - RENSEIGNEMENTS SUR LE DEMANDEUR		
INCORPORATED NAME / NOM DE LA SOCIÉTÉ		
Usual Name / Nom usuel		Previous Name of Organization / Ancien nom de l'organisme
Scope of Organization's Activities / Portée des activités de l'organisme <input type="checkbox"/> Local / Locale <input type="checkbox"/> Municipal / Municipale <input type="checkbox"/> Provincial / Territorial / Provinciale / territoriale <input type="checkbox"/> Regional / Régionale <input type="checkbox"/> National / Nationale <input type="checkbox"/> International / Internationale		
LEGAL STATUS / STATUT JURIDIQUE		
Incorporated / Constitué en société	<input type="checkbox"/> Yes / Oui	<input type="checkbox"/> Federal / Niveau fédéral
	<input type="checkbox"/> No / Non	<input type="checkbox"/> Provincial / Federal / Niveau provincial / fédéral
Registration No. / N° d'enregistrement _____		<input type="checkbox"/> In Process / En traitement
Date _____		Date Applied / Date de la demande _____
Registered with Canadian Customs & Revenue Agency as a Charitable Organization / Enregistré auprès de l'Agence des douanes et du revenu du Canada à titre d'organisme de bienfaisance		
<input type="checkbox"/> Yes / Oui	<input type="checkbox"/> No / Non	<input type="checkbox"/> In Process / En traitement
Registration No. / N° d'enregistrement _____		Date Applied / Date de la demande _____
Date _____		Date Applied / Date de la demande _____
PART B - CONTACT INFORMATION / PARTIE B - RENSEIGNEMENTS SUR LA PERSONNE-RESSOURCE		
Contact Person's Name for Official Correspondence / Nom de la personne-ressource pour correspondance officielle		Title / Titre
<input type="checkbox"/> Mr. / M. <input type="checkbox"/> Mrs. / Mme. <input type="checkbox"/> Ms. / Mlle.		
Street Address (Street, City, Province/Territory, Postal Code) / Adresse (rue, ville, province/territoire, code postal)		Mailing Address (if different) / Adresse postale (si différente)
Office Telephone No. / N° de téléphone (bureau) (    )	Residence Telephone No. / N° de téléphone (domicile) (    )	Fax / Télécopieur (    )
E-Mail / Courriel électronique	Web Site / Site web	In which official language do you wish to communicate? / Langue officielle de communication demandée <input type="checkbox"/> English / Anglais <input type="checkbox"/> French / Français
OFFICE USE ONLY / RÉSERVÉ À L'ADMINISTRATION INTERNE		Program Officer / Agent de programme
Date Received / Date de réception		
PART C - AFFIRMATION / PARTIE C - AFFIRMATION		
<p>I AFFIRM THAT the information in this application is accurate and complete and the project proposal, including plans and budgets, are fairly presented. I agree that once funding is provided, any change to the project proposal will require prior approval of the Department. I agree to publicly acknowledge funding and assistance by the Department, in accordance with the terms of the funding agreement. I also agree to submit a final report, and where required, financial accounting for evaluation of the activity funded by the Department. I understand that the information provided in this application may be accessible under the Access to Information Act. I also agree to respect the spirit and intent of the various acts governing the programs of the Department of Canadian Heritage.</p>		
<p>J'AFFIRME QUE les renseignements contenus dans la présente demande sont exacts et complets et que le projet, y compris les plans et les budgets, est correctement présenté. J'accepte qu'une fois le financement fourni, toute modification au projet devra être approuvée au préalable par le Ministère. J'accepte de faire état publiquement du financement et de l'aide du Ministère, conformément aux modalités de l'accord de financement. J'accepte également de déposer un rapport final et, au besoin, la comptabilité générale aux fins de l'évaluation de l'activité financée par le Ministère. Je comprends que les renseignements fournis dans la présente demande peuvent être divulgués en vertu de la Loi sur l'accès à l'information. J'accepte en outre de respecter l'esprit des diverses lois régissant les programmes du ministère du Patrimoine canadien.</p>		
AUTHORIZED SIGNATURE / SIGNATURE AUTORISÉE		
Authorized Signature / Signataire autorisé	Name and Title (please print) / Nom et titre (en lettres moulées)	Date

**Glossary**

*For the purposes of the Program, the following definitions apply.*

**ACCUMULATED DEFICIT** is the excess of liabilities over assets of an organization.

**BUSINESS PLAN** is a working tool for turning a strategic plan (see below) into reality. It provides a road map for board, staff and organizational partners and is used to attract in particular private sector funders (foundations, corporations and individual donors). Typical arts business plans project organizational growth for the next 2 to 5 years. They usually include financial projections and targets, the size of markets (actual and potential) as well as information on market trends. A business plan describes how the organization is accountable to the community and the methods for monitoring and evaluating progress. A business plan may be a document separate from the organization's strategic plan, or it may incorporate the strategic plan.

**CAPACITY** in the context of this program, refers to organizational competencies and the extent to which these are effective in realizing an articulated mandate. It refers in this context to competencies in financial management, governance practices, planning, marketing and organizational development policies. Capacity building is then any undertaking which would expand, increase or develop an organization's competencies.

**CASHFLOW FORECAST** is the critical path of cash coming in and cash going out during a specific period of time. Preparing a monthly cash flow forecast provides the opportunity to show dollar figures, representing revenues and expenses, in the month the organization expects to collect and spend the cash over the course of a project.

**CREATION/PRODUCTION**

Creation/production describes the artistic and research effort behind creating and producing a new or substantially revised artwork (e.g. play, dance, performance, score, script, sculpture, video, installation). The final product is the property of the professional artist or arts organization.

**DEFICIT** occurs when, in any fiscal year, the expenses of an organization exceed its revenue.

**ELIGIBLE EXPENSES** in the context of the Capacity Building Component are expenditures which can be directly linked to the project's objectives. They may include, for example:

- fees and expenses paid to consultants
- transportation and accommodation costs for Boards, staff and consultants or facilitators
- material expenses and salaries linked to positioning an organization to implement plans
- networking and/or communications initiatives
- project administration expenses (e.g. staff time to report to funders, manage payroll, invoicing and/or communications, manage arrangements for meetings including travel and accommodation, incremental costs of office space or equipment).

\*Costs for travel and accommodation may not exceed Treasury Board guidelines. Please see [www.tbs-sct.gc.ca](http://www.tbs-sct.gc.ca).



**FEASIBILITY STUDY** is an analysis of the factors determining the successful completion of a project or attainment of the project objectives. The purpose of a feasibility study is to analyze the costs and benefits to the organization of undertaking a given project, in order to determine the best approach to accomplish specified goals.

#### **HERITAGE ORGANIZATIONS**

- has the mandate of the long-term preservation, conservation and presentation to the public of original collections or collections of significance reflecting Canada's artistic, historic, scientific, archival and natural heritage as well to facilitate public access to these collections;
- provides services to the public year round and employs at least one full-time equivalent professional in a managerial / custodial capacity;
- has a history of on-going, regularly scheduled public programming;
- is managed by a Board of Directors, or a Band Council, that holds regularly scheduled meetings at which a quorum is present.

**MUSEUM** is a non-profit making, permanent institution in the service of society and of its development, and open to the public, which acquires, conserves, researches, communicates and exhibits, for purposes of study, education and enjoyment, material evidence of people and their environment. " (ICOM, 2001) See: <http://icom.museum/definition.html>

#### **IN-KIND CONTRIBUTIONS**

Materials or services that are donated to a project or by arms length parties or by the applicant (ie. the applicant's contribution). To be eligible as an in-kind contribution, the donated materials or services must be eligible expenses under the program's Terms and Conditions. In addition, the donated materials or services:

- would otherwise be purchased and paid for by the recipient;
- can be measured at fair value at the date of contribution. Fair value would be estimated using market or appraisal values. For example, fair value could be determined in relation to the purchase of similar materials and services.

**NATIONAL HERITAGE SERVICE ORGANIZATION** is not-for-profit and offers services and represents the interests of its members, either institutions or individuals, in the field of heritage, at the national level.

#### **NATIONAL PROFESSIONAL ARTS SERVICE ORGANIZATION:**

- is incorporated under the Canada Corporations Act, Part II, or territorial or provincial legislation;
- has a mandate to further the interests of their community, potentially consisting of professional artists, arts organizations, or other elements of the arts community, through support to the creation, production or dissemination of artistic works by professional artists; support to the professional practice of artists through activities such as professional development, research, training, professional services, advocacy, education and dissemination of information;
- employs and pays at least one professional staff;
- has a history of at least two years of membership from, and provide services or activities to, a minimum of three (3) provinces or territories;
- has been in operation for a minimum of two years prior to the application deadline (this pertains to a recognized predecessor).

**ARTS PRESENTER/PRODUCER** is incorporated under the Canada Corporations Act, Part II, or

territorial or provincial legislation and has a mandate to present or produce to their audience the works of artists or arts organizations. The arts presenter/producer may be involved in stimulating, co-producing or assisting in the creation or production of a performance, a series or exhibition. An arts presenter/producer does not own the final product. It remains the property of the professional artist or arts organization.

**PROFESSIONAL ARTS ORGANIZATION:**

- is incorporated under the Canada Corporations Act, Part II, or provincial or territorial legislation;
- has a mandate to create, produce, or make accessible works in any artistic discipline;
- has been in continuous professional operation for a minimum of two years prior to the application deadline (also pertains to a recognized predecessor);
- has a history of ongoing, regularly scheduled artistic programming;
- pays artists for their work;
- has an active Board of Directors that holds regularly scheduled meetings at which a quorum is present;
- does not have an accumulated deficit greater than 25% of its latest annual operating revenue

**STABILIZATION PROJECT** is an organization incorporated under the Canada Corporations Act, Part II or provincial or territorial legislation. It is governed by a Board of Directors representing a broad range of community stakeholders and administered by a team of professionals. The mission of a Stabilization Project is to be an agent of change that will assist cultural organizations in their efforts to increase their long-term viability.

**STRATEGIC PLAN** is a clearly written document that describes an organization's mandate, its near, mid and long-term goals or objectives, as well as the priority actions necessary to realize these goals and objectives.

**TECHNICAL EXPERTISE** refers to services provided, normally by individuals or groups from outside an organization, to assist the organization with specialized knowledge and/or skills in one or a number of areas of organizational development - for example, assessing the appropriateness or effectiveness of the organization's governance, strategic planning techniques, marketing, fundraising, communications, income development, outreach, human resources policies or training.

**WORKING CAPITAL** is a value which is calculated as short-term assets less short-term liabilities. It determines an organization's disposable funds and occurs as a positive result when the organization's short-term assets are greater than its short-term liabilities. This provides an organization with the ability to spend or invest in more activities to further its mandate.