



Canadian  
Heritage

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# Capacity Building For Arts and Heritage Organizations

Canadian Arts and Heritage  
Sustainability Program

*Applicant's Guide 2007-2008*



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## Part I

# Program objectives, funding conditions and eligibility criteria

## 1. Objectives

### 1.1 GENERAL PROGRAM OBJECTIVES

The Canadian Arts and Heritage Sustainability Program (CAHSP) aims to contribute to the long-term sustainability of Canadian arts and heritage organizations in communities where they are valued. It does so through four components, including Capacity Building.

### 1.2 CAPACITY BUILDING COMPONENT OBJECTIVES

The Capacity Building component of the CAHSP provides financial support for organizational development projects that will improve the management, administrative and financial capabilities of eligible non-profit arts and heritage organizations. These projects fall into four key areas:

- *Governance*
- Management practices
- Financial self-sufficiency
- Development of new or diversified audiences

Recent projects include fundraising plans, marketing studies, ticketing/donor base development, volunteer management, strategic planning, governance, board and expertise development in specific areas such as touring and financial management.

## 2. Applicant eligibility

The Capacity Building Component may provide financial support to **professional not-for-profit arts or heritage organizations** that meet the following eligibility criteria and are not currently financially benefiting from a *Stabilization Project* to improve their organizational, administrative and financial structures.

**Note:** This component is specifically geared toward organizations serving the heritage sector and the following artistic disciplines: theatre, music, dance, visual arts, media arts and literary arts. Organizations representing cultural industries such as film, video, sound recording, books and magazines are supported through other areas of the Department of Canadian Heritage. Information on cultural industry funding programs is available on the department web site ([www.canadianheritage.gc.ca](http://www.canadianheritage.gc.ca)).

For questions regarding eligibility under the capacity building components, please contact a program officer prior to applying.

## 2.1 ELIGIBLE ARTS ORGANIZATIONS

### a) Professional not-for-profit arts organizations that:

- are incorporated under the *Canada Corporations Act*, Part II, or corresponding provincial or territorial legislation;
- have as a primary mandate the creation, production, and/or presentation of works of professional artists in any artistic discipline;
- pay artists for their work;
- have a history of ongoing, regularly scheduled artistic programming;
- are governed by an active board of directors;
- have been in continuous professional operation for a minimum of two years prior to the application deadline (also pertains to a recognized predecessor); and
- do not have an **accumulated deficit** greater than 25% of their latest annual operating revenue.

### b) National not-for-profit professional arts service organizations that:

- are incorporated under the *Canada Corporations Act*, Part II, or territorial or provincial legislation;
- are governed by an active board of directors or Aboriginal governing body;
- are membership-based;
- have a mandate to offer services and represent the interests of its members, which include individual professional artists, arts organizations, or other elements of the arts community, through support for the *creation, production* or dissemination of artistic works by professional artists, or for the professional practice of artists through activities such as professional development, research, training, professional services, advocacy, education and dissemination of information;
- employ at least one salaried employee with professional status;
- provide services or activities to members on a Canada-wide basis; and
- have been in continuous operation for a minimum of two years prior to the application deadline (also pertains to a recognized predecessor).

### c) Aboriginal organizations / governing bodies, including First Nation Tribal Councils and Inuit and Métis equivalent governing organizations, which:

- include in their mandate the creation, production and/or presentation of works of professional artists in any artistic discipline;
- pay artists for their work;
- have a history of ongoing, regularly scheduled artistic programming;
- are governed by an active board of directors or Aboriginal governing body;
- have been in continuous professional operation for a minimum of two years prior to the application deadline (also pertains to a recognized predecessor);
- do not have an accumulated deficit greater than 25% of their latest annual operating revenue.

**Federal agencies, crown corporations, provinces, territories and municipalities are not eligible for funding under the arts component.**

## 2.2 ELIGIBLE HERITAGE ORGANIZATIONS

The Capacity Building Component for Heritage Organizations targets institutions and organizations that perform museological functions and national or provincial professional service organizations whose members are custodial institutions or individuals performing museological functions in heritage institutions.

### a) Professional not-for-profit heritage organizations that:

- are incorporated under Part II of the *Canada Corporations Act* or under corresponding provincial or territorial legislation;
- are governed by an active board of directors;

- have a mandate to collect, preserve, interpret and present heritage collections for the public (including *museums*, archives, libraries, cultural centres, historic and natural heritage sites);
- provide services to the public year-round;
- employ at least the equivalent of one full-time professional staff; and
- do not have an accumulated deficit greater than 25% of their latest annual operating revenue.

b) **National, regional or provincial professional heritage service organizations** that:

- are incorporated under Part II of the *Canada Corporations Act* or under corresponding provincial or territorial legislation;
- have been in continuous professional operation for a minimum of two years prior to the application deadline (also pertains to a recognized predecessor);
- are governed by an active board of directors;
- are membership-based;
- have a mandate to offer services and represent the interests of their members in the field of heritage. Members can be either custodial institutions or individuals assuming museological functions in heritage institutions; and
- employ at least the equivalent of one full-time professional staff.

c) **Municipal or regional governments and agencies of provincial/territorial governments**

Please note that municipal or regional governments in Quebec and agencies of the Quebec government are eligible for the heritage component on the condition that they can obtain an order in council with regard to the Act respecting the Ministère du Conseil exécutif, available at <http://www.canlii.org/qc/laws/sta/m-30/20050211/whole.html>.

d) **Aboriginal Organizations / Governing Bodies**, including First Nation Tribal Councils and Inuit and Métis equivalent governing organizations that:

- are governed by an active board of directors or Aboriginal governing body;
- have a mandate to collect, preserve, interpret and present heritage collections for the public;
- provide services to the public year-round;
- employ at least the equivalent of one full-time professional staff; and
- do not have an accumulated deficit greater than 25% of their latest annual operating revenue.

**Federal agencies and Crown corporations are not eligible for funding under this component.**

## 3. Project eligibility

The Capacity Building Component provides financial assistance to projects aimed at transforming how an organization functions in key areas such as:

- *Governance*
- Management practices
- Financial self-sufficiency
- Development of new and/or diversified audiences

### 3.1 ELIGIBLE PROJECTS

Applicants are requested to **focus** their projects on **one** key capacity building area. Projects may include the implementation phase of a new initiative, provided that the need is clearly demonstrated by the applicant.

The application must clearly demonstrate that the project is a **new activity** or a **new approach to an ongoing activity** that creates additional organizational capacity (transforms the way the organization operates).

The following are examples of eligible project capacity building areas:

- examine and change/improve your organization's governance structure and/or practices;
- re-assess organizational strengths and weaknesses as a first step towards improving organizational *capacity*;
- develop a new *business plan* and/or *strategic plan*;
- review and develop new management policies and procedures in core management areas, i.e. financial systems, human resources (including succession planning), marketing, communications, outreach and/or audience development;
- seek new collaborations and partnerships for the development of organizational efficiencies or new models of organizational structure;
- examine new ways to broaden markets and/or networking potential;
- develop new revenue-generating strategies; and
- re-examine your organization's position within the community and develop strategies to improve accessibility and reach new and diversified audiences.

### 3.2 ELIGIBLE EXPENSES

Eligible expenses must be directly associated with the project activities and can be of cash and/or in-kind value. Eligible expenses may include items such as:

- an expert *consultant* engaged for periodic leadership, training, and guidance or facilitation duties to manage the implementation of plans over a specific period of time;
- costs of the decision-making process for the adoption of new strategies, such as facilitated Board and staff retreats;
- costs of positioning the organization to implement new strategies, such as training staff in the procedures of implementation;
- costs related to the development of materials integral to the project, e.g. marketing tools that are field-tested as a component of a project to introduce a new marketing strategy; board or personnel manuals; specialized software created or adapted to carry out project activities;
- reasonable portion of employees' salaries related to time directly devoted to the project activities (include an explanation on how you calculated this figure). This normally represents no more than 20% of the employee's salary prorated over the dates of the project;
- administration costs incurred in the project that can be documented;
- expenses related to meetings. Note: reimbursement for eligible costs associated to travel and accommodation cannot exceed *Treasury Board Guidelines*;
- material costs and salaries linked to positioning an organization to implement plans;
- minor capital costs, such as the purchase of equipment required for the project;
- translation costs; and
- costs related to the audit of *project* expenditures (for recipients of contributions of \$50,000 or greater).

Although the Program does not fund in-kind expenses, these may be calculated in the total cost of the project to help determine the eligible amount of the financial contribution.

### 3.3 IN-KIND CONTRIBUTIONS

In-kind contributions are donations to a project by an individual, business or organization of materials, goods, services or time to the project that would otherwise be a necessarily incurred expense. To be eligible, the in-kind contribution must be essential to the project's success, and otherwise would be purchased or paid for by the applicant.



The in-kind contribution must be measured at fair market value on the date of contribution, documented where possible and must be recorded in the recipient's accounting books.

**Note:** An applicant's contribution to the project of permanent staff time and work, for which salaries, wages and benefits are paid, should be recorded as part of the applicant's cash contribution.

### 3.4 INELIGIBLE EXPENSES

Contributions are available for specific projects and cannot be used to cover general and overhead costs. Ineligible expenses include:

- salaries/benefits of employees not directly contributing to the project;
- ongoing operating costs of the organization;
- furniture, equipment;
- occupancy costs and overhead costs not directly related to the project;
- artistic production, programming and creation costs;
- research undertaken prior to the receipt of the application by the Program;
- contributions to endowments;
- capital improvement projects;
- direct funding to reduce deficits;
- planning studies for facilities; and
- hospitality.

**Note:** Costs incurred by the applicant before the receipt of the application by the Program are ineligible and will not be reimbursed.

## 4. Funding

Funding is disbursed in one of two ways: as a *grant* or as a *contribution*, depending on the amount requested and the assessment of funding risk. The required information and supporting documentation for an application is the same for grants and for contributions.

- Approved projects normally receive up to a maximum of 50% of eligible project costs to a maximum of \$250,000.
- This component recognizes as funding priorities organizations that operate within or provide services to communities that are Aboriginal, culturally diverse, operating in a context of an official language minority, rural or remotely situated, or focusing on youth.
- Funding support from all levels of government cannot exceed 90% of all project revenues.

### 4.1 GRANTS

Funding through grants is possible under the following circumstances:

- the financial assistance requested is less than \$25,000 for the project; and
- the project is assessed to be of low risk.

### 4.2 CONTRIBUTIONS

Funding through contributions is possible under the following circumstances:

- the financial assistance is greater than \$25,000; or
- for funding requests below \$25,000, the project is assessed to be of moderate to high risk.

## 5. Assessment criteria

Each application is assessed on the basis of the information provided by the applicant, including the Application Form, the project budget, and all supporting documentation. Additional information may be requested if needed to complete the assessment.

The assessment looks at both the applicant organization and the proposed project.

### 5.1 ASSESSING THE ORGANIZATION

The organization is assessed on the extent to which it is:

- relevant to the arts or heritage community and the broader community;
- professionally managed;
- financially stable; and
- operating within or providing service to a community that the Department recognizes as a priority (Aboriginal, culturally diverse, official language minority, rural/remote or youth).

### 5.2 ASSESSING THE PROJECT

The project is assessed on the following criteria:

- demonstrated need for the project and its contribution to the organization's long-term sustainability;
- applicant's ability to carry out the project (in-house human and financial resources);
- appropriateness of outside consultants;
- realistic project design and timeline;
- scope and benefit of the project, relative to organization's size and needs;
- appropriate and cost-efficient project budget;
- clarity of outputs and outcomes;
- appropriate evaluation measures and indicators;
- if and how the project will increase capacity to serve a community that the Department recognizes as a priority (Aboriginal, culturally diverse, official language minority, rural/remote or youth).

### **Collaboration and Partnerships** (if applicable)

Collaboration and partnerships are evaluated on the following criteria:

- nature of collaboration;
- service to other organizations or communities or members;
- demonstration of community (or member) support.

## Part II

# Accountability and requirements of the Department of Canadian Heritage

## 6. Accountability

CAHSP funding for an approved project will take the form of a grant or a contribution, administered through an agreement between the Department of Canadian Heritage and the organization, which stipulates accountability requirements that the recipient must meet through the completion of the project. These requirements ensure effective monitoring and management of projects to produce maximum results based on pre-stated goals, as well as best use of public funds.

### 6.1 CONTRIBUTION AND GRANT AGREEMENTS

The contribution and grant agreements describe the activities, budget and expected outcomes of the approved project, as well as identify the requirements and the general terms and conditions.

Recipients are advised to read the agreements carefully to ensure that they are aware of the requirements to fulfill the terms of the agreement.

### 6.2 METHODS OF PAYMENT

#### 6.2.1 GRANTS

The grant is paid in one instalment at the beginning of the approved project, except when the project runs over two government fiscal years. The grant will then be paid in two instalments, the first at the beginning of the project, and the second at the beginning of the government fiscal year (April 1).

#### 6.2.2 CONTRIBUTIONS

There are two possible methods of payment under the terms of the contribution agreement: advance payment and reimbursement of expenses.

##### a) Advance payment

Advance payments are made prior to the undertaking of activities planned for a specific period of time, as described in the contribution agreement, and are based on the projected cash flow needs for the project.

##### b) Reimbursement of expenses

Reimbursements are made for eligible project expenses already incurred, as outlined in the contribution agreement, upon receipt and acceptance of timely and appropriate reports.

## 6.3 REPORTING REQUIREMENTS

### 6.3.1 FOR GRANTS

As outlined in the grant agreement, recipients must submit a report at the end of the project on results achieved. The report template provided with the grant agreement must be completed and returned upon completion of the project to provide the Program with tangible results.

Failure to submit a final report on past projects financed through CAHSP will be taken into consideration in the assessment of each new application and may result in the rejection of new applications to the Department.

### 6.3.2 FOR CONTRIBUTIONS

When outlined in the contribution agreement, recipients must submit activity and financial reports to receive a payment.

Upon completion of the project, all recipients are required to account for contributions received. They must submit a final financial report detailing how the funds were used, as well as a final activity report on results achieved.

Audited financial statements of the project revenues and expenses are required for contributions of \$50,000 or more. In these cases, the cost of the financial audit of the project will be considered as an eligible expense.

Failure to submit a final report on projects financed through CAHSP will be taken into consideration in the assessment of each new application and may result in the rejection of new applications to the Department.

## 7. Department of Canadian Heritage requirements

### 7.1 AUDITS OF RECIPIENTS

The Department of Canadian Heritage conducts audits of selected CAHSP contribution recipients each year. During the course of an audit, the recipients must make available any records, documents or other information that may be required to perform the audit. The Department will assume the costs of this audit.

A recipient must maintain accounting records to meet financial audit requirements of the federal government. Original receipts must be available in the event of an audit. Cancelled cheques, invoices and bank statements must be retained for five years.

**The recipient's accounting records and supporting documents must distinguish project costs from ongoing operating costs.** The recipient must also keep detailed records on amounts and values of in-kind goods and services.

A recipient found to have submitted false information must refund the whole or part of any contribution received and may be declared ineligible for future assistance.

### 7.2 ACCESS TO INFORMATION ACT

All approved projects are subject to the regulations of the *Access to Information Act* and the *Privacy Act*.

Under the *Access to Information Act*, members of the public may request and obtain access to information held in federal government records. Should a request be received for information about an application, the Access to Information and Privacy Secretariat will consult the applicant regarding the disclosure of any information submitted to the Department.

### **7.3 PUBLIC INFORMATION**

When funding is approved, the amount of funding, the purpose for which the funds were granted, and the names of the recipient are considered public information. This information is disclosed without consulting the recipients.

The CAHSP will make public a list of all recipients and their contribution amounts on an annual basis.

## Part III

# Application process

An application for funding under the **Capacity Building Component** must include the information as listed on the checklist in Appendix C.

Contact the **regional office** closest to you to discuss your project ideas or for assistance in completing your application.

## 8. Office locations and contact information

### Headquarters

(for national arts and heritage service organizations):

Canadian Heritage  
3rd Floor, 15 Eddy Street, Room 126  
Gatineau, Quebec K1A 0M5

Tel.: (819) 997-3955 (Arts)  
Fax.: (819) 994-6249

Tel.: (819) 997-7706 (Heritage)  
Fax.: (819) 997-7757

### Western Regional Office

(Alberta - British-Columbia - Yukon)

Canadian Heritage  
4th floor - 300 West Georgia Street  
Vancouver, British Columbia V6B 6C6  
Tel.: (604) 666-0176

### Prairies and Northern Regional Office

(Manitoba - Saskatchewan - Northwest Territories - Nunavut)

Canadian Heritage  
2nd Floor 275 Portage Avenue  
P.O. Box 2160  
Winnipeg, Manitoba R3C 3R5  
Tel.: (204) 983-3601  
Fax: (204) 984-6996

### **Ontario Regional Office**

Canadian Heritage  
150 John Street, Suite 400  
Toronto, Ontario M5V 3T6  
Tel.: (416) 954-0395  
Fax: (416) 954-2909

### **Quebec Regional Office**

Canadian Heritage  
Guy-Favreau Complex  
200 René-Lévesque Boulevard West  
West Tower, 6th Floor  
Montréal, Quebec H2Z 1X4  
Tel.: (514) 283-2332  
Toll-free: 1-877-222-2397

### **Atlantic Regional Office**

(New Brunswick - Nova Scotia - Prince Edward Island - Newfoundland and Labrador)

Canadian Heritage  
3rd Floor, 1045 Main Street, Unit 106  
Moncton, New Brunswick E1C 1H1  
Tel.: (506) 851-7066  
Fax: (506) 851-7079

## **9. Application deadlines**

Applications must be post-marked by:

**April 15, 2007**

**October 15, 2007**

The number of files to assess and the degree of complexity of the projects submitted will impact on the time required to process each application. The review process may take up to six months.