



CREATIVE
TRUST

DEVELOPING THE ORGANIZATION

Creative Trust Open Source Tool Kit

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Creative Trust's complete records and documents are available at the University of Guelph Library's Archival and Special Collections Department. For information on the collection contact libaspc@uoguelph.ca

Creative Trust Open Source Tool Kit

Developing the Organization

Introduction

The Creative Trust was formed in 1998 as a collaborative endowment fundraising initiative, and in late 2002 launched Working Capital for the Arts, a program to help Toronto's mid-size performing arts companies achieve financial health and balance. Working Capital for the Arts - which combined matching deficit elimination grants and working capital awards with an intensive program of work including one-on-one consultations and assistance, workshops, seminars and community roundtables - was the most in-depth, multifaceted and successful arts sustainability initiative in Canada. It grew between 2003 and 2012 to include the Outreach Program, Audiences Project and Facilities Initiative. Creative Trust raised almost \$7 million from private and public donors for this work, and distributed almost \$4 million directly to 21 mid-size performing arts companies. An additional 40+ companies also participated in the Trust's many workshops and professional development activities.

It was Creative Trust's intention from the beginning to sunset after its work was completed and its goals achieved. In October 2012, having helped Toronto's performing arts companies improve their governance, planning and management skills, eliminate deficits, and acquire and maintain working capital reserves, we announced our closing. The Creative Trust legacy includes a measurable and sustained positive impact on the health and stability of many of Toronto's most important mid-size and small music, theatre and dance companies. The work has also had an impact on the arts community beyond. Participants were involved in learning activities which helped them rethink assumptions and change the ways they work; they gained new skills and insights and put them successfully into practice – raising the bar for everyone. Through Creative Trust, Toronto's performing arts community embraced the value of open sharing and collaboration.

These Open Source Tool Kits grew out of Creative Trust's desire to ensure that our results would be understood and sustained, and to share our approach and learning – providing ideas and examples for other arts and non-profit leaders to explore and borrow from. Our deeply rewarding relationship with the Toronto Arts Foundation, through the Creative Trust Research Fellowship, has allowed us to develop these Open Source tool kits - a compendium of processes, policies and program materials. These documents reflect the most important thinking and activities in the success of Working Capital for the Arts. We hope they may offer inspiration and valuable ideas to others as they work to improve the strength and sustainability of their memberships and communities.

Developing the Organization

Creative Trust's work rapidly accelerated following the release of our Feasibility Study, which showed overwhelming support for a Toronto-based performing arts sustainability program. In Fall 2001 we decided to proceed with a one-year Development Phase, to be followed immediately with the launch of Working Capital for the Arts. Not only did we have to design a program that would—in both its rigour and flexibility—make a real difference to the future of a vital component of Toronto's arts community, and achieve sufficient early support in our \$6.1 million funding campaign to ensure a smooth start-up and the immediate ability to provide services and support to music, theatre and dance companies.

We also had to develop an organizational infrastructure that was stable, sophisticated and flexible enough to allow this major program, which we anticipated would have a life span of between 5 – 7 years, to succeed.

These tasks were those of any start-up organization, albeit one with a growing public profile, significant community expectations, and challenging fundraising needs. We needed to incorporate and apply for charitable status; decide on the appropriate organizational structure and develop a business plan and detailed extended budget; establish an office; hire staff and develop position descriptions and employment policies;

identify, cultivate and involve board members willing to commit themselves to the program's success and participate fully in a major capital campaign; develop governance policies and practices; develop our core communications, including vision and mission; develop a communications strategy and materials; and much more.

It was a grand challenge and an exciting ride, and this is the right place to recognize our Program Development and Evaluation Director Peter Brown, without whom this work would not have been possible.

Development Phase Summary

An early summary of tasks and timelines for Creative Trust's one-year Development Phase, which immediately followed the completion of our Feasibility Study.

Working Capital for the Arts: A Program to Support and Sustain Small and Mid-Sized Performing Arts Companies In Toronto. Development Phase- October 2001 through June 2002

Purpose

Working Capital for the Arts is a program to help Toronto's most creative and influential music, dance and theatre companies develop strong planning and financial skills, achieve financial balance, and acquire and maintain a fund of working capital.

Having completed a successful study of the feasibility of Working Capital for the Arts we are seeking funding to further develop the program's design, and put the leadership, support, and infrastructure in place for a June 2002 program launch.

Feasibility study overview

The idea for Working Capital for the Arts grew out of Toronto's arts community. A group of senior managers from small and mid-sized performing arts organizations, who had been involved with another successful cooperative program called The Creative Trust, realized that they were in need of help. They and their organizations, which produce the majority of new creative work in Toronto, required new skills to deal with a range of increasingly pressing challenges. Foremost among these was their sector's almost total lack of working capital. This basic financial weakness was stifling them, undermining their ability to achieve artistic success, and endangering their futures.

With the encouragement and support of the Department of Canadian Heritage, the Ministry of Citizenship, Culture and Recreation, the Toronto Community Foundation, and the Samuel and Saidye Bronfman Family Foundation they undertook a study of the feasibility, in Toronto, of a program modeled on successful community-based arts stabilization programs in the United States and Canada. The study's purpose was to test support for such a program, both within the performing arts community and the public and private sectors, and begin to develop a program model suited to the specific situation and needs of Toronto's performing arts companies.

The Steering Committee created a comprehensive work plan and guided the Project Manager and Consultant as they: researched similar programs, interviewing both program providers and recipients; prepared a detailed financial analysis of potential participating companies; conducted in-depth interviews with key administrative, artistic and board leadership; developed proposed eligibility and program criteria; and tested potential support by interviewing key individuals within the private sector.

During the course of the study, the steering committee adopted a number of core principles, among them that:

- The program will be developed by arts professionals whose shared experience, vision and values ensure that participating organizations' real needs are met
- The program's structure and criteria will be based on the understanding that the artistic vision is at the heart of each organization; and
- The program's goals must ultimately be to facilitate this vision

Feasibility study results and recommendations

The results of the study were overwhelmingly supportive of the development of a Toronto-based Working Capital for the Arts program.

The need for such a program was clearly expressed, not only within the financial statements of potential participating companies, but also directly by managers, artistic directors and board presidents frustrated by financial crisis and unable to cope with ever increasing expectations. They wanted to participate, were eager to develop new skills, and were open to change – if that change ultimately allowed them to devote more of their energies and attention to producing fine art and bringing it to their community.

The community, as represented by individuals from private foundations and corporations with a history of supporting the arts, were sympathetic and understanding of the problems faced by these organizations. They recognized the strength of this sector, were impressed by its creative vitality, and were aware of its importance to the cultural health and well being of the City of Toronto. Furthermore, they felt the Working Capital for the Arts program combined fairness with the financial rigour that would appeal to the business community. They felt the program would be a success.

The Steering Committee has therefore decided to move to the next phase – the Development Phase of Working Capital for the Arts – in which steps will be taken to develop the organization, support, and program structure needed to launch the program by June 2002.

Development Phase action plan

1. Develop business plan and an organizational infrastructure

In order to prepare for the program's launch, we have to set up an appropriate infrastructure – stable, sophisticated and flexible enough to undertake a program of this size, budget, and projected impact on the performing arts community. We will:

- Develop a detailed business plan for the program, including budget, action plan, and a timeline which incorporates performance indicators
- Incorporate and apply for charitable tax status
- Develop an executive director job description and hiring process; hire
- Develop a communications strategy for dealing with prospective participating companies and prospective funders
- Design and develop promotional, organizational and introductory program materials

Start date: Sept. 15/01 Finish date: Feb 28/02 Budget: \$47,750

2. Identify and cultivate prospective leaders

The success of Working Capital for the Arts is dependent upon the support of the public sector – which has to make a policy determination that the contribution of small and mid-sized, creation based performing arts is important and must be sustained. More importantly, however, its success is dependent upon the commitment and support of private sector corporations, foundations, and individuals who strongly believe in the essential value this sector has for the community. We have to identify, cultivate and involve a group of leaders willing and able to commit themselves to the program's success, and act as visible advocates for Working Capital for the Arts. We will:

- Gather and synthesize all recommendations made during the course of the feasibility study
- Conduct research on the most likely possibilities for volunteer leadership
- Choose and approach prospective volunteer leaders
- Help these leaders develop a skilled and committed board of directors
- Develop written criteria for board membership; define board roles and responsibilities
- Create and implement a volunteer working committee structure

Start date: Nov. 15/01 Finish date: Mar. 15/02 Budget \$16,500

3. Secure leadership funding and identify other potential funders

We anticipate that the Working Capital for the Arts program will have a life span of between 5 – 7 years; fundraising to meet the overall goal of \$6.1 million will be an important focus in the early years. However, a significant proportion of this overall budget should be in place before the program is launched, to ensure a smooth start-up and the immediate ability to provide services and support to arts organizations. We will:

- Contract a fundraising consultant to analyze the fundraising environment, review competing campaigns and develop a detailed private sector fundraising strategy and target list
- Cultivate prime private sector prospects and secure as much private sector support as possible before Working Capital for the Arts is launched
- Formally apply to the federal Department of Canadian Heritage for funding under the Sustainability Initiative
- Negotiate a detailed contract with DCH (this will likely be the first negotiated under that initiative, and will serve as a model for other participants)

- Continue discussions and negotiations with the City of Toronto and its agencies, in anticipation of in-kind and financial support

Start date: Oct. 15/01 Finish date: June 15/02 Budget: \$36,250

4. Refine the program's eligibility criteria and program structure

A number of alternative program ideas, taking into account the most successful aspects of previous programs, were tested during the course of the feasibility study. As a result, we have come up with a broad program design that is sensitive to the challenges faced by arts managers and artistic and board leadership, but has sufficient rigour to ensure real organizational, attitudinal and behavioural change. We have to refine and develop that preliminary program design. We will:

- Develop detailed eligibility criteria which allow us to identify those arts organizations best suited for participation in the program
- Define exactly what the program is trying to achieve; set goals, objectives, and performance indicators
- Develop a program structure and process that assists, encourages and supports companies throughout their participation
- Develop a strategic plan for the life of the program

Start date: Nov. 15/01 Finish date: Dec. 31/01 Budget: \$5,500

5. Begin providing eligible organizations with technical assistance

In the course of the feasibility study it became clear that each potential participating arts organization needs assistance with real change, and that none has sufficient internal resources to do everything it needs to do to ensure long-term sustainability. The technical assistance aspect of Working Capital for the Arts is perhaps the most important part of this program, and we have to be sure that we have the expertise, experience and resources to provide meaningful assistance. We have therefore chosen Arts Action Research, whose principals George Thorn and Nello McDaniel have achieved international recognition for their work on change management in the arts, as Lead Consultants. We will:

- Meet with the Lead Consultants to determine the scope of their involvement with participating arts organizations
- Meet with the Lead Consultants to define their involvement as mentors to a core group of Toronto-based Associate Consultants, who will continue working with participating organizations between Thorn and McDaniel's scheduled visits to Toronto
- Develop a process of assessing each participating company's financial and organizational position, its readiness for participation in Working Capital for the Arts, and the help it needs to do the financial and strategic planning required by the program
- Develop a process for providing technical assistance at the beginning to assist with readiness, and throughout the course of the program
- Organize mentoring sessions, beginning in March, in which the Lead Consultants orient the Associates on their methodology
- Identify skills and mentoring that may be provided pro bono by employees of corporate funders of Working Capital for the Arts
- From this group, supplemented by independent experts, create a list of Resource Consultants able to provide skills and mentoring in specific areas of need

Start date: Nov. 30/01 Finish date: May 30/02 Budget: \$27,250

6. Administration and program launch

Working Capital for the Arts will work in partnership with existing programs of support for the arts, and will need broad community support and understanding to be successful. In preparation for the launch, we have to undertake a strategy of communications that will place the program in the context of other similar or complementary programs. Our communications have to reinforce the essential nature of ongoing operational support from all levels of government and the private sector, and clearly communicate the specific need for, and expected outcomes of, this special one-time program. We will:

- Locate and set-up an administrative office; set up a financial and accounting system
- Contract part-time administrative assistant
- Launch an ongoing communications strategy for our colleagues in the arts and funding communities; this will be the beginning of a process of shared learning that will allow Working Capital for the Arts to serve as a model and mentor to other communities
- Launch an ongoing communications strategy for the public; this will be the beginning of a process of reaching out to our communities and audiences
- Launch Working Capital for the Arts with a significant public event

Start date: Dec. 31/01 Finish date: June 15/02 Budget \$16,750

Working Capital for the Arts – Toronto

Pro-forma Budget for Development Phase

The budget for our one-year Development Phase was accurately estimated at almost \$150,000.

<u>Item</u>	Days	Budget Amount	Duration		Months
			Starts	Ends	
<i>1 Private and Public sector strategies and funding</i>					
Develop funding strategy with public and private sectors	4	\$3,000	15-Oct-01	15-Nov-01	1
Develop business plan, performance measures for Fundraising, etc.	8	6,000	30-Sep-01	31-Oct-01	1
Private Sector Fundraising Project / Preliminary commitments	fee	30,000	15-Nov-01	28-Feb-02	3
Study supervision	5	3,750	15-Nov-01	28-Feb-02	3
		<u>42,750</u>	<u>30-Sep-01</u>	<u>28-Feb-02</u>	5
<i>2 Incorporation of Foundation</i>					
Incorporate New Charitable Foundation - Legal Documents assistance, registrations, etc.	5	2,500	15-Sep-01	15-Nov-01	2
		<u>3,750</u>	<u>15-Sep-01</u>	<u>15-Nov-01</u>	2
		6,250	15-Sep-01	15-Nov-01	2
<i>3 Leadership, Board Recruitment</i>					
Seek leaders, Board members, job descriptions	8	6,000	15-Sep-01	15-Jan-02	4
<i>4 First round of Technical Assistance</i>					
Diagnosis and Strategic Planning assistance to participants	fee	45,000			
Strategic planning follow-up, development of future TA needs	25	20,000			
		<u>65,000</u>	<u>30-Nov-01</u>	<u>30-Apr-02</u>	5
<i>5 Communications Strategy</i>					
Distribute criteria, Phase One status report and hold Phase Two discussions with proposed participants					
Develop strategy for ongoing communications with participants, funders and the public	6	4,500	30-Sep-01	15-Nov-01	1.5
<i>6 Administrative Assistance and accommodation</i>					
Office space, communications, network, etc.		5,000	30-Nov-01	30-Apr-02	5
Administrative assistance (10 days per month)					
Distribution of Final Phase One Report					
Distribution of Phase Two report					
Participant Meetings organization					
Incorporation					

Fundraising study					
Leadership search, correspondence, meetings					
Board, committee meetings					
Subtotal	40	10,000	01-Jan-02	30-Apr-02	4
		15,000	01-Jan-02	30-Apr-02	6
<i>7 Program Launch</i>					
Program Launch, Press release, reception, etc.		5,000	30-Apr-02	30-Apr-02	
TOTAL		\$ 144,500			

Working Capital for the Arts: A Program Summary

This is an early Program Summary used as background material in funding requests.

The goal: sustaining healthy arts organizations

Working Capital for the Arts is a program to support and sustain small and mid-sized creation-based arts organizations in Toronto, by helping them create working capital reserve funds. The program will help participating companies develop the strong planning and financial skills they need to achieve financial balance, and reward that achievement with a fund of working capital.

Working Capital for the Arts has similarities to arts stabilization initiatives that have been successful in the United States and are growing in number in England and Canada. The results of these programs have been overwhelmingly successful. Communities that have supported stabilization programs are now enjoying a flourishing artistic output by stable and financially healthy arts organizations.

The program, which is to be funded under private sector leadership with matching funds from the public sector, will allow its participants to take advantage of opportunities for growth and change, and to respond actively and creatively to new realities. Its goals are to increase their capacity for self-reliance, improve their access to non-government sources of financing, and develop partnerships between the companies and the private and public sectors.

Community working capital or arts stabilization funds are successful in improving the long-term artistic and financial viability of organizations by means of three key program components – the provision of expert technical assistance, deficit retirement, and the establishment of working capital reserves. The Proposed Program Criteria for Working Capital for the Arts are attached as Appendix 1.

The program's cultural legacy to Toronto will be a thriving group of creatively focused music, dance and theatre companies, free to produce inspiring, imaginative work that challenges and enriches audiences for many years to come.

The background: a history of cooperation and success

When the government of Ontario announced its \$25 million Ontario Arts Endowment fund in 1998, 23 small and mid-sized performing arts groups joined together to take advantage of this opportunity. Their innovative cooperative fundraising effort, known as The Creative Trust, succeeded in raising almost \$700,000, matched dollar for dollar by the province – providing each participating company with a permanent endowment fund.

The success of this endeavor, along with the awareness that endowments are only a partial solution to the ongoing needs of creation-based small and mid-sized performing arts organizations, led to the idea for a new program – Working Capital for the Arts. Working Capital for the Arts is intended to maintain the momentum of Creative Trust and make it possible for this same group of companies to continue to work together to build strong futures.

The Department of Canadian Heritage, the Ministry of Citizenship, Culture and Recreation, the Toronto Community Foundation and the Samuel and Saidye Bronfman Family Foundation provided essential funding and support to allow them to examine the feasibility of such a program.

The participating companies: Toronto's creative core

The development of this program has been a collaborative effort by a group of small and mid-sized companies whose mandates embrace the creation, development and performance of Canadian works in

theatre, dance and music. Together, they embody the core of performing arts creation in the Province of Ontario.

Their purpose in joining together was to empower themselves and their organizations by creating their own initiatives to address the organizational and fundraising problems of small and mid-sized creation-based arts organizations.

This is the sector identified as most at risk in a recent study commissioned by the Pew Charitable Trusts in the United States. Squeezed between large institutions and very small, flexible producing groups, mid-sized performing arts companies in the U.S. are struggling to survive and need to adopt strategies of change, according to the report.

Working Capital for the Arts is a pro-active approach by Toronto companies to counter these same pressures. Given the extraordinary success the Creative Trust had in galvanizing and energizing the potential of Ontario's small and mid-sized arts organizations, this same collective energy will be brought to bear on creating a successful Working Capital for the Arts Program.

The supporting organizations: a private/public partnership

Arts stabilization programs stimulate new support for the arts. In Canada they have thus far raised more than \$26 million in dedicated funding for arts and cultural organizations; \$14.5 million from the private sector.

A successful program must raise sufficient funds to assist with and encourage the elimination of any accumulated deficits, ensure that working capital reserves are established and maintained (at 25% of annual revenues), and provide technical assistance to help participating companies achieve their long-term goals. The total cost of a program to ensure a stable future for Toronto's pre-eminent creative theatre, music and dance companies is \$6.1 million.

The final phase of the feasibility study examined whether Working Capital for the Arts would be successful in raising \$3 million in leadership support from the private sector, to match anticipated public funding. The response from a range of private sector leaders indicated that it would be. Comments expressed during interviews included: “fair but rigorous...a project with real appeal for those who love the arts but are also concerned about financial prudence”; “I like the emphasis on ‘enabling’ organizations to build financial strength”; “the joint approach, and the goal of a healthy bottom line, is appealing to corporations”; and “it does no good to support the arts without supporting the administration of the arts.”

The anticipated results: a healthy sector

The project will:

- Provide participating organizations with management, financial, governance and planning skills
- Build the capacity for artistic development and growth of participating organizations
- Reward excellence by requiring participating organizations to reduce their accumulated deficits over the period of the program
- Provide participating organizations with working capital reserves
- Assist volunteer board members to make a meaningful and satisfying contribution to their organizations
- Encourage the private sector to consider the importance of arts and cultural organizations to the vitality of their community, and increase their support
- Demonstrate to the people of Toronto that arts organizations are pro-actively working together to secure their own futures
- Facilitate the sharing of skills and resources, and encourage partnerships and mentoring
- Provide a model for continuing co-operation

The successful completion of this project will result in:

- A stronger, more vibrant performing arts community, whose most highly acclaimed companies are equipped to meet the challenges they face and sustain themselves over the long term
- A performing arts community that is empowered to work together to find creative solutions to the challenges it faces
- A model for mutually productive partnerships between the arts and the private sector

Measurable results for participating organizations will include:

- The development of new and substantial private-sector support for artistic activities and organizational needs
- Increased financial stability through the elimination of operating deficits and the building of working capital reserves
- The recognition and achievement of the appropriate dynamic balance between what they need to do to fulfill their mission and the financial and human resources available to them
- The ability to undertake new activities that allow them to move forward as organizations
- The development of their human and technical resources
- The development of more confident and effective fundraising boards
- Improved marketing and outreach capabilities, increased volunteer bases, and more

Appendix 1.

Proposed Program Criteria

1. Eligibility

The Working Capital program is open to organizations which:

- a) Are incorporated as not-for-profit, charitable corporations
- b) Have a mandate based on the professional creation, production and presentation of arts programs
- c) Have full-time administrative staff and an active board of directors who will be engaged in the Working Capital program and will enter into a formal agreement with the Working Capital program
- d) Have been in continuous operation for a minimum of four years prior to admission to the program, have a history of regularly-scheduled programming, of private sector (individual and corporate) financial support and of community outreach programming
- e) Recognize that long-term organizational health and sustainability may require fundamental change and are willing to undertake a program of change, if required
- f) Recognize that an organization-wide commitment to a planning process will be a necessary element of successful completion of the Working Capital program

Eligible organizations with an accumulated operating deficit will provide audited statements that show that:

- The deficit is not more than 20% of the organization's most recent annual operating revenues;
- and

- They have broken even or have generated a surplus on operations in the year prior to entry into the program

2. Admission to the Working Capital Program

Eligible organizations will be admitted to the Working Capital program when:

- a) They have no accumulated operating deficit (half of any deficit having been raised by the organization within a reasonable time period, and matched by the Working Capital program); and
- b) Board, management and artistic director have joined forces to produce a sound and achievable strategic operating plan for a minimum of three years, which includes a goal of achieving a break-even on operations over the planning period, and details areas of assistance required to aid in achieving the planning goals.

3. Operation of the Working Capital Program

Deficit Elimination: Eligible organizations will qualify for admission to the program and for deficit elimination grants equal to 50% of any outstanding accumulated operating deficit, when they have raised the first 50% of any accumulated operating deficit. Sums disbursed by the Working Capital program for deficit elimination may be deducted from the total working capital funds for which the organization subsequently qualifies.

Term of the Program: Each organization admitted to the program will participate in the Working Capital program for a period of four years.

Working Capital Funds: The Working Capital program will contribute to each organization admitted to the program an annual amount equal to 6.25% of its base year revenues, on production and approval of each of four annual audited statements which show, as a minimum requirement, that the organization

has achieved at least a break-even on its operations for each year. (“Break-even” will be defined as a surplus on operations or a deficit which is smaller than 2% of base year revenues).

At the discretion of the program, Working Capital funds will cease to be paid for any year in which the organization generates an operating deficit which exceeds 2% of base year revenues; payments will resume when the deficit situation is corrected (subject to a maximum overall term of six years).

Technical Assistance: The Working Capital program will entertain proposals from eligible organizations, and organizations which have been admitted to the Program, for project funding to assist the organization, or a group of organizations, in achieving their plans through application of specialized knowledge and skills, training, strategic planning, fundraising, marketing, the acquisition of technological equipment or software, etc. Each organization will be eligible to receive a maximum of \$30,000 from the Working Capital program for these purposes. The Working Capital program will work in partnership with other sources offering funding for similar purposes (Ontario Arts Council, Trillium, Canada Council Flying Squads, Metcalf Charitable Foundation, Income Managers Program etc.) wherever possible.

Creative Trust Business Plan

September 9, 2002

The Department of Canadian Heritage, our program's largest donor, supported the development of Creative Trust's Business Plan. It was completed in September 2002 as the culmination of our Development Phase, and summarizes the major work completed during this phase.

1. Introduction
2. Vision and Mission Statement and Core Principles
3. Organization and Key Roles
4. Governance Policies and Practices
5. Program Eligibility and Admission Criteria
6. Plan for Technical Assistance
7. Preliminary List of Organizations and Financial Benchmarks
8. Pro-forma Project Budget
9. Fundraising Strategic Plan
10. Communications Strategic Plan
11. Program Evaluation
12. Implementation Plan

Annexes

- I. Technical Assistance Requirements
- II. Pro-forma Organization Chart
- III. Biographies of Directors, Key Staff and Consultants
- IV. Organizations' Key Financial Data
- V. Pro-forma Program Operating Budget and Cash Flow

1. Introduction

Toronto's residents enjoy both abundance and excellence in the performing arts. Shows such as Theatre Passe Muraille's *The Drawer Boy*, Tapestry New Opera Works' *Iron Road*, Toronto Dance Theatre's *Nest*, and Opera Atelier's *Persée*, bespeak a community of unsurpassed artistic maturity.

Behind the scenes of companies like these, however, lies a different reality. Cramped workspace, outdated equipment, overworked staff, cash flow crises, and budgetary constraints beset even the most successful productions. Our city's finest creators and producers are spending an inordinate amount of energy on financial struggle.

Creative Trust: Working Capital for the Arts is a program designed to help performing arts companies develop strong planning and financial skills, achieve financial balance, and acquire and maintain a fund of working capital. Its goal is a stronger, more vibrant performing arts community whose most creative music, dance and theatre companies produce their work in a healthy and sustainable environment.

When the government of Ontario announced its \$25 million Ontario Arts Endowment Fund in 1998, 23 small and mid-sized performing arts groups joined together to take advantage of this opportunity. Their innovative cooperative fundraising effort, known as Creative Trust, succeeded in raising almost \$700,000, matched dollar for dollar by the province – providing each participating company with a permanent endowment fund.

The experience of joining together to build for the future was very empowering, and the financial benefits of the OAEF were much appreciated. Creative Trust companies grew in confidence and have continued to add to their endowments, both collectively and individually.

However, they still faced cash flow and other financial difficulties, and it was clear that endowments were only a partial solution. The sector was stifled by a substantial working capital deficit; this basic financial weakness was undermining their ability to achieve the level of success warranted by their artistic achievements.

Inspired by the success of Creative Trust's endowment program, the group decided to continue to work together to find solutions to these common problems.

The Department of Canadian Heritage, the Ontario Ministry of Citizenship, Culture and Recreation, the Toronto Community Foundation and the Samuel and Saidye Bronfman Family Foundation provided funding to examine the feasibility of a program to provide new skills and resources to ensure these companies' long-term sustainability. The Department of Canadian Heritage, the Ministry of Culture, the Samuel and Saidye Bronfman Family Foundation, and the Fidelity Foundation then provided additional funding to assist in the program's development. Their visionary support is the basis for an initiative that will have a profound impact on the future of the arts in Toronto.

Working Capital: Sustaining Healthy Organizations

“Financial health enhances creativity by freeing arts organizations from depressing, restricting and time-consuming spirals of crisis management and crisis funding.”

Nancy R. Sasser, President of the National Arts Stabilization, Baltimore

Working capital is defined as the difference between current assets and current liabilities. Adequate working capital is an indicator of financial health. Its lack indicates an inability to meet current financial obligations as they arise, and is always evidenced by persistent cash flow and other financial difficulties. Recent studies confirm what has been obvious to arts managers for some time: a shortage of working capital is a chronic

problem for arts organizations in Canada. The result is that attention is diverted from making art to “making do.”

Creative Trust: Working Capital for the Arts is one of a growing number of arts stabilization initiatives that has had considerable success in the United States, England and Canada. It is part of a larger movement to help arts organizations help themselves by fostering the capacity to understand and cope with problems and challenges, now and in the future.

Arts stabilization programs are a community effort, in which private sector understanding, commitment and support are essential. Where they exist, they stimulate new support for the arts. In Canada they have thus far raised more than \$26 million in dedicated funding for arts and cultural organizations; \$14.5 million from the private sector.

Communities that have supported stabilization programs are now enjoying a flourishing artistic output by more stable and financially healthy arts organizations.

2. Vision and Mission Statement and Core Principles

Creative Trust: Working Capital for the Arts is a program designed to help a group of Toronto's small and mid-sized creation-based performing arts companies develop strong planning and financial skills, achieve financial balance, and acquire and maintain a fund of working capital. Its ultimate goal is a stronger, more vibrant performing arts community whose most creative music, dance and theatre companies produce their work in a healthy and sustainable environment.

Core Principles

At an early meeting of Creative Trust's Steering Committee, it was determined that certain core principles would obtain to the development of the Working Capital for the Arts program.

- Working Capital for the Arts will be grounded in the core belief that positive change for the arts can be achieved only if artists and arts professionals reclaim control, energy and self-esteem
- The program will be developed within this context of shared vision and values
- The program's content, criteria and goals will reflect the understanding that the artistic vision is at the heart of each organization
- The program will try to build a flexible, holistic model of organizational health
- The program will encourage and develop management practices that support the goal of sustainability of the artistic mission
- The program believes and will encourage the view that planning will increase the probability of an organization sustaining its mission
- The program believes that economic balance is essential to allowing arts organizations to advance and sustain their missions

- The program encourages each organization to take responsibility for finding its own, most effective, working balance between artistic mission and economic means
- The program will allow organizations to make and test their own decisions
- The program will stress the creation of art as a measure of success
- The program will require sustained initiatives, and will seek the development of long-term organizational growth and development

3. Organization and Key Roles

Board

Creative Trust for Arts & Culture is a not-for-profit corporation incorporated under the laws of Ontario and is a registered charity under federal legislation.

As such, it is governed by a Board of Directors that will have the requisite officers (President, Secretary and Treasurer) and will ultimately number twelve members.

Board members will be drawn from prominent business leaders with a record of voluntary work in the arts, representatives of key funders of Creative Trust’s programs and members of the Toronto performing arts community. Members will include at least one legal and one financial or accounting professional.

Pro-forma distribution of members:

Business leaders and lead program funders	8
Arts community representatives	4

Board members will have and agree to position descriptions which will outline their fiduciary responsibilities and which will involve each member in the work of at least one Board committee.

The Committee structure of the Board will include:

Executive Committee: Charged with operating responsibility as a proxy for the full board. 5 members

Finance and Audit Committee: Charged with responsibility for operating, accounting and financial controls, annual and special audits, investment policies and treatment of financial resources. 3 members

Resources Committee: Charged, with the assistance of all other members, staff and professional fundraisers, as required, with responsibility for the raising of private and public sector funding requirements for the Creative Trust Working Capital Program. 8 members

Other Board committees will be created and disbanded as required, and may include Communications, Special Events and Sponsorships, Human and Technical Assistance Resources, etc.

Honorary Patrons

Certain highly respected members of the business and arts community will be asked to become honorary patrons of Creative Trust. At this date one has been nominated by the Board and has agreed to serve.

Leadership Council

A Leadership Council, comprising members from the wider community, will be charged with assisting with the fundraising campaign and applying their combined experience to address important policy issues that will arise as the program develops.

Biographies of the present Directors and Honorary Patrons are appended to this plan.

Staff Resources

Appointed by and reporting to the Board of Directors will be an **Executive Director** whose position description will include responsibility for:

- The day-to-day operation of Creative Trust for Arts & Culture and its programs
- The selection of and engagement of staff either by contract or employment, including technical assistance resources
- The establishment and maintenance of close liaison and reporting relationships with the Board of Directors, management and creative leadership of the organizations in the programs, representatives of the programs' private and public sector funders, the Toronto arts community at large, other stabilization programs in Canada and elsewhere, and the general public

Support Staff will be engaged as required to:

- Offer administrative support to the Executive Director and Board of Directors;
- Assist in the fundraising effort;
- Assist in the coordination, diagnosis and offering of technical assistance to program organizations, etc.

A pro-forma organization chart is provided as **Annex II** to this plan.

4. Governance Policies and Practices

Board Responsibilities

The Board of Directors of Creative Trust for Arts & Culture is made up of individuals who have demonstrated leadership in encouraging and supporting Toronto's small and mid-sized creation-based performing arts companies, and are committed to building a healthy and sustainable future for this sector. They are able and willing to bring new resources to Creative Trust, and to build partnerships with individuals and groups who can advance its mission. They have the skills to assist Creative Trust in meeting its goals, the desire to advocate on its behalf, and the willingness to fulfill specific tasks.

The Board of Directors of Creative Trust has four main functions:

A. Fundraising

Within a carefully structured plan, board members work together, with the staff, to obtain the financial resources needed to attain Creative Trust's fundraising goal.

B. Financial Oversight and Accountability

Through the Finance and Audit committee, the Board of Creative Trust will be responsible for establishing and monitoring adherence to Creative Trust's financial policies and procedures. These policies will be established to maintain financial records in accordance with generally accepted accounting principles and to ensure timely and accurate financial reporting to the Board and other stakeholders. Creative Trust has appointed an auditor who will be charged with performing the annual audit and with assisting the Board in ensuring such adherence.

Investment policies will be established by the Board to establish guidelines and monitoring procedures to govern the investment of Creative Trust's financial resources.

All investments will qualify as permitted investments authorized for the investment of funds by life insurance companies in Canada. Investments will only be made in the following asset categories:

- Cash
- Demand or term deposits
- Short-term notes (having a minimum credit rating of R-1 mid, or its equivalent)
- Treasury bills
- Bankers acceptances
- Commercial paper and/or
- Bonds, including coupons or residuals (having a minimum credit rating of A)

Policies in regard to investments shall be reviewed at least annually.

C. Provide Professional Expertise and Services

Board members are also expected to act as a resource by providing services and advice to assist the organization.

D. Community Outreach

Board members will act as ambassadors for the organization, reaching out into the community on its behalf, creating the interest and excitement that brings ideas, partnerships, and new resources.

The responsibilities of an effective Creative Trust board member are:

- To be a passionate advocate for the vitality, importance and needs of Toronto's creation-based music, theatre and dance companies
- To demonstrate a commitment to the organization's mission and vision
- To champion the cause of the organization within the arts community and to the wider community
- To provide leadership and participate in the process of bringing new human and financial resources to our efforts; and
- To commit the time necessary to fulfill the above responsibilities

5. Program Eligibility and Admission Criteria

During the course of the project's feasibility study, the Steering Committee considered a range of program options, based on the most successful practices of other programs. They decided to maintain the three key components of successful community working capital or arts stabilization funds – the provision of expert technical assistance, deficit retirement, and the establishment of working capital reserves.

The resulting proposed program criteria are sensitive to a variety of organizational structures and work styles, but require program participants to demonstrate:

- Shared values and understanding
- A willingness to undertake a program of potentially fundamental change
- The provision of sustained public benefit through the quality of artistic work created, produced or presented
- Significant community impact and audience support
- The ability to benefit from the program as indicated by professional management, fundraising capacity and an active board
- Financial commitment by main financial stakeholders; and
- The prospect for sustainability in the current environment

Proposed Program Criteria

1. Eligibility

The Working Capital program is open to organizations having annual operating revenues under \$4 million, which:

- a) Are incorporated as not-for-profit, charitable corporations
- b) Have a mandate based on the professional creation, production and presentation of arts programs
- c) Have full-time administrative staff and an active board of directors who will be engaged in the Working Capital program and will enter into a formal agreement with the Working Capital program
- d) Have been in continuous operation for a minimum of four years prior to admission to the program, have revenues which do not exceed \$4 million per year, have a history of regularly-scheduled programming, of private sector (individual and corporate) financial support and of community outreach programming
- e) Recognize that long-term organizational health and sustainability may require fundamental change and be willing to undertake a program of change, if required; and
- f) Recognize that an organization-wide commitment to a planning process will be a necessary element of successful completion of the Working Capital program

Eligible organizations with an accumulated deficit will provide audited statements that show that:

- The deficit is not more than 20% of the organization's most recent annual operating revenues; and
- They have broken even or have generated a surplus on operations in the year prior to entry into the program

2. Admission to the Working Capital Program

Eligible organizations will be admitted to the Working Capital program when:

- a) They have no accumulated deficit (half of any deficit having been raised by the organization within a reasonable time period, and matched by the Working Capital program); and

- b) Board, management and artistic director have joined forces to produce a sound and achievable strategic operating plan for a minimum of three years, which includes a goal of achieving a break-even on operations over the planning period, and details areas of assistance required to aid in achieving the planning goals

3. Operation of the Working Capital Program

Participating organizations will be eligible for two types of financial award.

- a) **Deficit Elimination Grants:** Each participating organization will be required to reduce any outstanding financial deficit (i.e. the accumulated operating deficit appearing on its audited financial statements for the year in which it is admitted to the program – its “base year”) by half. Once it has succeeded in doing so, it will receive a deficit elimination grant equal to the remaining half; this will allow each organization to continue the program deficit-free and in financial balance.

- b) **Working Capital Funds:** Each participating organization, once it has eliminated any outstanding financial deficit, will be eligible to receive up to four annual contributions of working capital funds, each equal to 6.25% of its base year revenues. To qualify, it must submit annual audited statements that show, as a minimum requirement, the achievement of at least a break-even on its operations for the year. Break-even will be defined as a surplus on operations, or a deficit that is less than 2% of base year revenues. At the discretion of the program, working capital funds will not be contributed in any year in which the organization generates an operating deficit of more than 2% of base year revenues; contributions will resume when the deficit situation is corrected (subject to a maximum overall term of six years.)

* The program will require that these working capital funds be retained as restricted cash reserves, which will provide a permanent buffer against cash flow fluctuations and unanticipated shortfalls.

Participating organizations will be eligible for two types of *Expert Technical Assistance*:

- a) At the beginning of the program, each participating organization's financial and operational situation will be thoroughly assessed. It will then be assisted in achieving clarity in vision/mission/purpose, in developing processes for planning and problem solving, and in achieving operating and financial balance. During this phase, each organization will be assisted in developing a realistic long-term strategic plan (including a deficit reduction plan if necessary.)

- b) Throughout the program, participating organizations will be eligible for special assistance in developing new knowledge and skills, identifying and solving organizational programs, and developing new, more effective ways of working. They will be able to call on consultants with expertise in fundraising, marketing, financial systems, training, or any other area of need; or to apply for grants for the acquisition of essential technological equipment or software, etc.

This *expert technical assistance* will be provided by professional consultants, with expertise and experience in arts and business management, who are sent into the organization to work with the key administrative, board and artistic leadership. Expert volunteers from the business community will also be available to work with companies with specific needs.

* This assistance will be complemented by a series of seminars and roundtables facilitating learning, sharing and group problem solving. These facilitated discussions will focus on topics such as human relations, box office management, or touring, relevant to all participants. Newsletters, discussion papers, and case studies will also be developed and distributed to participants.

6. Plan for Technical Assistance

Community working capital or arts stabilization programs improve the long-term artistic and financial viability of organizations by means of three key program components – including, and in some ways most importantly, the provision of expert technical assistance. They operate within a limited timeframe, typically achieving their objectives in about seven years and then dissolving.

Participating companies are assisted in developing realistic long-term strategic plans – including deficit reduction plans, if necessary – and are able to call upon consultants with expertise in fundraising, marketing, financial systems or any other area of need. If they have a deficit, they are required to reduce it by half. They receive the remaining half as a grant, allowing them to continue the program deficit-free and in financial balance. For the remaining years of the program, they are required to maintain that balance; if they are successful they are rewarded with working capital grants that they retain in restricted cash reserve funds. These reserves provide a permanent buffer against cash flow fluctuations and unanticipated shortfalls; they also provide the freedom to respond to exciting new opportunities.

Throughout the program participating companies are helped through a program of technical assistance to develop new skills, identify and solve organizational problems, and develop new, more effective ways of working.

A listing of the technical assistance needs of a group of Toronto arts organizations, as defined by their managers, artistic directors and board members, is provided as **Annex 1** to this plan.

Technical Expertise, Experience and Resources

The arts organizations that participate in Creative Trust: Working Capital for the Arts will need assistance in achieving real change; none has sufficient internal resources to do everything they need to do to ensure long-term sustainability. The technical assistance component of Creative Trust: Working Capital for the Arts is perhaps the most important aspect of the program, because its goal is to help participating organizations help themselves, by fostering the capacity to understand and cope with problems and challenges.

George Thorn and Nello McDaniel of ARTS Action Research, who have achieved international recognition for their work on change management in the arts, have agreed to serve as Lead Consultants working closely with the Working Capital initiative. Technical Expertise, Experience and Resources will also be supported by a core of Associate Consultants, who will continue working with participating organizations between Thorn and McDaniel's scheduled visits to Toronto.

The elements of Technical Expertise, Experience and Resources have been developed and implemented through various projects of ARTS Action Research in Canada and the United States. Particularly influential has been AAR's work through the Arts4Change Program involving 22 mid-tier professional arts organizations in Toronto, the Alliance of Resident Theatres/New York's Theatre Leadership Institute, and The Capital Initiative: Building a Sustainable Cultural Community in Portland, Oregon.

Technical Expertise, Experience and Resources is designed to provide participating arts professionals and organizations with the conceptual and strategic resources to claim the leadership, balance and means to be healthy and productive as individuals and cultural organizations.

The Program will provide services and support to arts professionals and organizations to strengthen their long-term artistic, financial and organizational capability.

All organizations going through Technical Expertise, Experience and Resources will receive guidance and support appropriate to their needs, discipline, size, scale and complexity. While the experience and process for each participating organization will be different, there are some consistent things each will be asked to address.

Identify and Position Leadership. Understanding the leadership role and function of the arts professional has been confusing and difficult for many. Some professionals are comfortable in a leadership role; others are not. Integral to this process is the position that arts professionals must assume the responsibility, authority and accountability for the organizations they need. While different arts professionals have different individual styles, Technical Expertise, Experience and Resources will concentrate on helping each identify and position her/himself to lead the organization.

Organizational Balance. Each organization must gain a sense of balance, health, and energy to focus on planning and positive development. No organization can maintain its optimum creative output or undertake significant work if at risk (e.g. in debt, overextended, burned out.) Some groups may enter this program carrying financial debts or facing deficits. Often there is a human deficit in which professional staff, and sometimes board or volunteers are seriously overextended, attempting to fulfill financial needs with human resources. On an individual organizational basis, AAR and the Technical Expertise, Experience and Resources Leadership Team will try to determine the relationship between what each is attempting to do artistically, programmatically, and operationally and the base of known and reliable human and financial resources available.

Achieve Clarity in Vision/Mission/Purpose. To ask audiences and the community for participation and support, an arts organization must make a very clear case for support. In order to stand out in any community today, given the extraordinary range of cultural and non-cultural issues and concerns, each organization has to be articulate, precise, and passionate in expressing its case.

As an integral part of this program, the leadership of each participating organization will be asked to articulate in clear, strong language a rationale stating who they are, what they do, who the work is for, and why it is important.

Clarity in artistic and programmatic mission and focus is a critical building block for several reasons. First, if each group's working processes are to be based upon its unique creative and programming qualities, then the leadership must be clear and articulate about her/his work. Second, to eliminate negative competition among arts and culture professionals, it is critical to establish how diverse the community really is. That diversity is most striking when each group expresses its vision and mission thoughtfully and distinctively.

Developing Processes. All of AAR's work relies upon the application of the individual organization's creative and/or programmatic process as a basis for planning, decision-making, problem solving, relationships, and operating. It is the most effective, organic, adaptive, and proactive process available to arts and culture professionals -- perhaps to anyone.

For years, arts organizations have been encouraged to believe that there was a certain way for each to develop and look. Over the years, prevailing theory has directed professionals to build and support an institution, which in turn supports the work. Too often this has meant that the professionals spend ever-increasing amounts of time, energy, and resources on developing an organization, with decreasing amounts of time committed to developing and connecting the work. There are no models, only examples of how each cultural entity makes work and shapes itself based upon that work.

Developing an Appropriate Level of Operation. Having established balance, leadership, clarity in mission/vision/purpose, and an approach to process, Technical Expertise, Experience and Resources work turns to identifying the appropriate level of operation. In some cases the group may be operating at the appropriate level and needs to concentrate on securing the base of resources and maintaining balance. Others need to look at identifying different levels of activity and different operating equations.

An important part of determining the operating equation is how each company defines community, and how each identifies the audience to be reached. For each arts organization, there is an appropriate audience and funding base and ways to access and secure resources. Each participant is challenged to focus clearly on the relationship between the work and the audience and funding, and to shape expectations, approaches, balance and equations based upon those resources.

In general, Technical Expertise, Experience and Resources focus on balancing the operations within each organization will include:

- Planning, organizational structures, cultures and operating systems
- Connecting the work with audiences through effective learning, community engagement and appropriate marketing techniques
- Identifying appropriate contributed income opportunities and developing effective approaches to generating contributed income for operating support as well as special capital (e.g. new creation funds, facility needs)
- Identifying needs for infrastructure support and development, with particular focus on human resource development in the areas of staff, board and volunteers, and related facility, systems, and equipment needs; and

- Identifying the need for adding and/or improving facilities for performance, rehearsal, education projects, film/video/recording projects, and/or other specialized facility needs

Technical Expertise, Experience and Resources Program Components and Process

The direction of Technical Expertise, Experience and Resources will be maintained by Lead Consultants Nello McDaniel and George Thorn and the staff and board leadership of Creative Trust: Working Capital for the Arts. Technical Expertise, Experience and Resources will also be supported by a core of Associate Consultants, made up of working arts professionals based in Toronto, who are integrally familiar with the concepts and working processes of ARTS Action Research developed and implemented in the Arts4Change Program. The Associate Consultants will be selected, oriented and supported throughout the program process by McDaniel and Thorn. To address particular technical needs that may arise in areas such as finance, fund raising or information systems, a pool of Resource Consultants will be identified. The selection, orientation and deployment of Resource Consultants will be coordinated by McDaniel and Thorn, and the staff and board leadership of Creative Trust: Working Capital for the Arts.

Each organization involved in Technical Expertise, Experience and Resources will be asked to participate in the following:

a) Context/Concepts Roundtable. The Context/Concepts Roundtable is designed to do two things: first, establish the context of environmental (e.g. economic, political, cultural) factors within which all are working; second, review, in some depth, concepts that relate to each group's development and working structures. Integral to this is the centre piece of AAR's work: the use of the artistic process as the central framework for planning, working, problem solving, decision-making, and relationship building. If each entity's working processes are to be based upon its unique artistic qualities, then the artistic leadership must be clear and articulate about its work. In order to stand out in an increasingly crowded arts community each group must

be articulate, precise, and passionate in expressing its uniqueness and significance. In this initial roundtable a framework for describing and positioning the work and developing a planning process will be provided.

b) Participant Selection. Immediately following the Context/Concepts Roundtable, AAR and the staff and board leadership of Creative Trust: Working Capital for the Arts will begin individual meetings with those organizations expressing interest in participation. It is imperative that the professional leadership, artistic and management, of each organization as well as key board leader(s) be involved in this meeting. Among the criteria for selection will be:

Professional performing arts organizations in Toronto, with annual revenues of up to \$4 million, that:

- Provide sustained public benefit through the quality of artistic work created, produced or presented
- Have significant community impact and audience support
- Have the ability to benefit from the program as indicated by professional management, fundraising capacity and an active board
- Benefit from financial commitment by their main financial stakeholders
- Have the prospect for sustainability in the current environment; and
- Have no significant artistic, financial or operating problems that will prevent the organization from fully participating in the consortium process

Eligible organizations will also demonstrate:

- Shared values and understanding gained through participation in Arts4Change, or willingness to participate in an Arts4Change process
- Professional leadership that is committed to the process and to doing the work necessary

- Organizational leadership, staff and board that are committed to the time required to participate fully
- Willingness on the part of professional and board leadership to undertake a program of potentially fundamental change; and
- Willingness to work cooperatively with a group of colleagues as part of the process

Following this round of meetings, AAR and the staff and board leadership of Creative Trust: Working Capital for the Arts will select the most appropriate organizations to participate in Technical Expertise, Experience and Resources. At this time AAR, in conjunction with the staff and board leadership of Creative Trust: Working Capital for the Arts, will also assign an Associate Consultant to work with each organization.

c) Work Plan Development. Following participant selection, McDaniel or Thorn and the appropriate Associate Consultant will meet with each participant to begin development of an individual work plan. This meeting will delve more deeply into each organization's situation, needs and challenges and will result in a work plan containing process, timeline, and expectations.

d) Work Plan Implementation. Following development of participant work plans, each organization will begin the working process through a series of individual meetings with their Associate Consultant. These meetings will be scheduled six to eight weeks apart over a sustained period of 12 to 24 months. Much of the critical work of Technical Expertise, Experience and Resources will be conducted through these individual meetings that will allow the Associate Consultants to help each organization address particular needs, challenges and requirements. The individual meetings always involve professional leadership and often involve other staff and members of the board.

e) Community Roundtables. From time to time, special roundtable sessions will be convened to address particular common needs or issues the organizations are confronting. These sessions will be led by McDaniel and Thorn or other chosen experts and will include all the Associate Consultants as well as the participating

organizations. In these sessions, in addition to the information that the consultants will provide, all will share in the wealth of knowledge, wisdom, experience and information among the participants. Group sessions make communication easier and more likely throughout a work process.

f) Annual Review. Approximately twelve months following the initial Context/Concepts Roundtable, a review and assessment will be conducted of each participant's progress and future planning needs. This annual review will allow an opportunity to make adjustments and appropriate alterations to the work plan and determine appropriate next steps for each participant.

g) Design Intervention. Throughout the Technical Expertise, Experience and Resources process described above, individual organizations may have a special need for help. This may be related to a financial or operating crisis, some type of unforeseen leadership transition or perhaps the need to act immediately on an important issue or opportunity. In such cases the Lead Consultants will be available to the Associates and organizations upon request.

7. Preliminary List of Organizations and Financial Benchmarks

During the feasibility study the consultants reviewed the most recent audited financial statements of 20 mid-sized performing arts organizations in Toronto. The study revealed that 13 of these organizations have working capital deficits which total \$1,050,000 (or 8.7% of their revenues) and the remaining 7 organizations have surpluses that total \$393,000 (8.3% of their revenues.)

Operating surpluses and deficits reveal a similar pattern and scale. **Annex IV** provides these data.

	<i>Companies</i>	<i>Latest Revenues</i>	<i>Surpluses (Deficits)</i>	<i>Percent</i>
		\$	\$	
Working Capital Deficits	13	12,042,115	(1,049,584)	-8.7%
Working Capital Surpluses	7	4,717,923	393,286	8.3%
	20	16,760,038	(656,298)	-3.9%

These organizations have kept their artistic focus, and continue to make do with remarkably lean budgets. However, they are operating on a thin edge; any further strain could imperil their futures.

Analysis of financial need

Based on these figures, a successful program must raise sufficient funds to assist and encourage the elimination of any accumulated deficits; ensure that working capital reserves are established and maintained (at 25% of annual revenues, this portion of the funds will require \$4.2 million); and provide technical assistance to help participating companies achieve their long-term goals.

The total cost of the program to ensure a stable future for Toronto's pre-eminent creative theatre, music and dance companies is estimated to be \$6.1 million.

<i>Estimated Application of Funds</i>			\$
1. Working Capital Fund Needs			
	25% of Revenues		4,190,010
	13 Companies with WC deficits total	<i>(1,049,584)</i>	
	Provide 50% thereof		524,792
2. Technical Assistance Needs			
	\$ 30,000 per organization average		600,000
3. Program Administration Needs			
	15% of program expenditures, to include fundraising		812,220
Total Funds Required			6,127,022

During the course of the feasibility study, the Project Manager and Consultant met with 19 out of 20 potential participating companies. This is an impressive group of companies that have received recognition and honours for their artistic output. Their budgets range from under \$500,000 to over \$1.5 million – testifying to their ability to make a large cultural impact with relatively few resources.

Average revenues		Averages	
		\$	
Under \$500,000	6	1,747,929	291,322
\$500,000 to \$1 million	7	4,269,856	609,979
\$1 million to \$1.5 million	4	4,407,680	1,101,920
Over \$1.5 million	3	6,334,573	2,111,524
	20	16,760,038	838,002

In most instances the consultants met with the Administrative, Artistic and Board leaders. The discussions held with them were an invaluable opportunity to deepen the understanding of each company's situation, test ideas, elicit comments and suggestions, and develop a high level of understanding and buy-in to the program's goals and structure.

These companies present hundreds of shows and concerts each year, and have built strong, supportive audiences. But they operate with extremely small core staffs (ranging from two to ten), supplemented by part-time, seasonal and project employees. They all benefit from stability at the leadership level, with either the administrator or artistic leader having served for many years. However, there tends to be a high turnover of other staff.

Fourteen of the companies interviewed (Ballet Jorgen, Canadian Children's Dance Theatre, Dancemakers, Danny Grossman Company, and Toronto Dance Theatre; Buddies in Bad Times Theatre, Equity Showcase Theatre, Factory Theatre, Tarragon Theatre, the Theatre Centre and Theatre Passe Muraille; and ARRAYMUSIC, the Music Gallery, and Tafelmusik) have a community importance beyond their artistic programming. They own and/or manage studios and performing spaces that provide essential rental facilities to a large number of small companies and independent artists.

Preliminary List of Organizations

Potential Participating Companies Interviewed as part of the Program Feasibility Study

COMPANIES INTERVIEWED	INDIVIDUALS INTERVIEWED	ADDRESS OF COMPANY
ARRAYMUSIC	Michael Jones, General Manager Maggie Keith, Board Co-Chair	60 Atlantic Ave., Studio 218 Toronto, Ontario M6K 1X9
Ballet Jorgen	Bengt Jorgen, Artistic Director Susan Bodie, Administrator Buck Henderson, Board President Paul Ireland, Board Treasurer	160 Kendal Avenue Toronto, Ontario M5R 1M3
Buddies in Bad Times Theatre	Gwen Bartleman, General Manager David Oiye, Artistic Director Jim Tennyson, Board Member	12 Alexander Street Toronto, Ontario M4Y 1B4
Canadian Children's Dance Theatre	Michael de Coninck Smith, Managing Director Deborah Lundmark, Artistic Director Tannis Walker, Development Director	509 Parliament Street Toronto, Ontario M4X 1P3
Dancemakers	Andrea Vagianos, Administrative Director Serge Bennathan, Artistic Director Jo Anne Olafson, Board President	927 Dupont Street Toronto, Ontario M6H 1Z1
Danceworks	Mimi Beck, Artistic Director Jacob-Edwards, General Manager Wendy Reid, Board Member	130 Spadina Ave., Ste. 203A Toronto, Ontario M5V 2L4
Danny Grossman Dance Company	Anne Patterson, Gen. Manager Pam Grundy, Associate Artistic Director Connie Putterman, Board President	425 Queen St. W., Ste. 207 Toronto, Ontario M5V 2A5
Equity Showcase Theatre	Christine Moynihan, Artistic Producer Kevin Hicks, Board President	651 Dufferin Street Toronto, Ontario M6K 2B2
Factory Theatre	Nancy Webster, General Manager Stephen Moore, Administrator Ken Gass, Artistic Director	125 Bathurst Street Toronto, Ontario M5V 2R2
Necessary Angel Theatre	Guy de Carteret, General Manager Richard Rose, Artistic Director Lynn Patterson, Board President	20 Maud St., Ste. 300 Toronto, Ontario
Opera Atelier	David Baile, General Manager Marshall Pynkosky, Co-Artistic Director Nancy Rowat, Board Treasurer	St. Lawrence Hall 157 King St. E., 3 rd floor Toronto, Ontario M5E 1G9
Tafelmusik	Tricia Baldwin, General Manager Don Oravec, Director of	427 Bloor Street West Toronto, Ontario M5S 1X7

COMPANIES INTERVIEWED	INDIVIDUALS INTERVIEWED	ADDRESS OF COMPANY
	Development Jeanne Lamon, Artistic Director Lynn Haight, Board President	
Tapestry New Opera Works	Claire Hopkinson, Managing Director/Producer Wayne Strongman, Artistic Director Sylvia Morawetz, Board President	60 Atlantic Ave., Studio 112 Toronto, Ontario M6K 1X9
Tarragon Theatre	Mallory Gilbert, General Manager Craig Morash, Administrator Urjo Kareda, Artistic Director John McKellar, Board Member	30 Bridgman Avenue Toronto, Ontario M5R 1X3
The Music Gallery	Jim Montgomery, Artistic Director Christina Jol, General Manager Larry Lewis, Board President	60 Atlantic Ave., 2 nd floor Toronto, Ontario M6K 1X9
Theatre Centre	Rick Sherman, General Manager David Duclos, Artistic Director Rebecca Scott, Board President	9 St. Nicholas St., 6 th floor Toronto, Ontario M4Y 1W5
Theatre Columbus	Deirdre Newman, General Manager Martha Ross, Co-Artistic Director Amanda George, Board President	174 Spadina Ave., Ste. 403 Toronto, Ontario M5T 2C2
Theatre Passe Muraille	Taylor Raths, General Manager Layne Coleman, Artistic Director Carol Feeney, Board President	16 Ryerson Avenue Toronto, Ontario M5T 2P3
Toronto Dance Theatre	Jay Rankin, General Manager Christopher House, Artistic Director Ian MacKay, Board President	80 Winchester Street Toronto, Ontario M4X 1B2

8. Pro-forma Project Budget

Annex V to this report provides the pro-forma operating revenues and expenditures plan for the Working Capital Project spread over the anticipated life of the project.

In summary:

Projected Funding Sources		
	(\$000's)	
Government of Ontario	1,250	20%
Federal Department of Canadian Heritage	1,500	24%
City of Toronto	300	5%
	<hr/>	<hr/>
Public Sector	3,050	50%
Corporations	1,275	21%
Foundations	1,500	24%
Individuals	275	4%
Interest	52	1%
	<hr/>	<hr/>
Private Sector	3,102	50%
Total Funding/Income	6,152	100%

Projected Application of Funds		
	(\$000's)	
Program Design and Development	46	
Technical Assistance to Organizations	573	
Conditional Deficit Retirement Grants	525	
Conditional Working Capital Grants	4,190	
Technical and Administrative Consultation	518	
General Administration	275	
	<hr/>	
Total Expenditures	6,127	

9. Fundraising Strategic Plan

A well-documented feasibility study has been completed and a detailed fundraising campaign strategy has been executed.

During March of 2001, proposals were sought from four professional funding consultants to develop a strategic plan for the achievement of Creative Trust's private and public sector funding targets. The Board of Creative Trust considered these proposals and selected the firm of Hennessy and Associates (H & A) to work with the board and management of Creative Trust to develop this plan. Work on Part I of the plan began in mid-April, 2002.

“The current awareness for the arts in Toronto and the recent financial commitment to its expansion has never been higher. It demonstrates an understanding for the importance of the arts to the health of the city as a whole. The timing is excellent. The goal is modest in comparison with the major arts organizations with major capital campaigns in the wings. Creative Trust should aggressively move forward with its plans.” (H & A)

In brief, the fundraising strategic plan addresses the following:

1. All potential sources of financial support
 - a. Public Sector: three levels of government
 - b. Private Sector: Foundations & Associations, Individuals, Corporations
2. An achievable funding formula, outlining a percentage breakdown by sector and area
3. Provides a Levels of Giving chart, outlining the donor size of the campaign, and the breakdown of gifts, from leadership gifts through major gifts to general gifts
4. The structure recommended to achieve the funding targets

5. Details of the campaign structure, including administration and volunteer leadership
6. Required tools, including research on donor management software; and
7. The timetable for implementation

There will be an additional component to the Strategic Plan, a funding-specific test marketing phase. This phase began in August 2002.

The goal of this element is to establish credibility for the strategic plan. The sources and levels of funding, the convincing case for support and the identification of the required volunteer leadership need to be tested in the 'fire' of personal interviews with key funding decision makers. The plan will then be modified to provide a case, which eliminates perceived weaknesses and builds on strengths.

Some of the interview questions asked include:

- Familiarity with the Creative Trust project
- Vision of the project and its case for support
- Support for the concept of the project
- Level of support for the project and rationale
- Support for concept of private sector funding/strategy
- Identification of sources of support
- Timing
- Strengths and weaknesses of the project
- Leadership
- Level of visibility for the project
- Level of support from interviewee as a donation, sponsorship, etc.

The \$6 million, seven-year program has made substantial headway. With a \$1.5 potential contribution commitment from the Department of Canadian Heritage and a \$250,000 grant secured from The George Cedric Metcalf Charitable Foundation, a solid funding core has been established. The initiative builds on successful models in other communities.

The Methodology

The methodology for the 10-week, concurrent, 2-part assignment has been as follows:

Part I Development of a Strategic Fundraising Plan

Part I consists of the development of a plan that provides insight to the funding arena, detailed funding methodologies, specific strategies for achievement of the goal, campaign leadership, timeline and case for support.

Part II Market Testing & Refinement

Part II consists of market testing the elements of Part I and refinement of necessary elements before the campaign has formally begun. This part will consist of 20-25 interviews with senior representatives from the private and public sectors. Interviews will be one on one, in person and will be conducted primarily by Principal, Sally Hennessy.

Week 1-2 (Completed May, 2002)

- Meet with project authority
- Research and present preliminary interview list
- Prepare letter of introduction necessary for interviews
- Begin scheduling interviews
- Prepare preliminary case for support

- Prepare preliminary funding formula (dividing sectors and sources into percentage estimates of total goal)
- Prepare standards/levels of giving (dividing the funding goal into number of gifts at each dollar amount level in order of largest to smallest level)
- Research comparable arts stabilization programs as they relate to funding strategy and levels

Week 3-4 (Completed June 2002)

- Assess the climate for support, specifically as it relates to the cultural funding environment with six major cultural, capital campaigns in development for the next three years
- Research other capital campaigns for small to mid-size performing arts companies currently in planning stages for capital development
- Interview and test campaign with individuals, organizations and corporations whose comments and opinions will be vital to the campaign's ultimate success

Week 5-6 (Completed July 2002)

- Assist Creative Trust management by researching and identifying possible leadership candidates, establishing the level of leadership required to achieve campaign goal
- Develop the vision of the campaign
- Research potential sources of support
- Create recognition opportunities, taking into account that there are no opportunities for individual naming as there would be with a building campaign
- Continue interviews

Week 7-8 (Completed August 2002)

- Continue researching potential sources of support
- Establish and define planned giving element of campaign
- Formulate essential elements necessary for concurrent public relations campaign
- Continue interviews
- Meet with project authority to review preliminary findings

Week 9-10 (Completed September 2002)

- Identify issues of concern and potential obstacles and recommend feasible strategies for avoiding and/or minimizing
- Define public awareness as it relates to the campaign
- Evaluate timing of campaign
- Develop detailed work plan and critical path
- Estimate fee and expense budget for campaign
- Prepare and present final report

The final report is a stand alone, detailed funding strategy for the \$6.1 million, seven-year project. It:

- Defines both the private sector (corporate, philanthropic and individual) areas for involvement and the public sector areas for support
- Provides a final funding formula and standards of giving
- Identifies a list of potential lead donors
- Establishes campaign policies, timing and vision
- Provides a final, test-marketed and refined Case for Support for the project
- Estimates the fees and expenses for the campaign

- Indicates potential leadership candidates
- Includes a detailed work plan and critical path; and
- Explores issues of concern and recommended strategies to overcome

The Approach

The approach that Creative Trust will take to this project builds on proven strategic planning and methodology for capital campaigns in the cultural sector for small to mid-size companies. The plan begins with the template of a classic model of a campaign driven by volunteer leadership with solicitation beginning with the largest gifts and moving sequentially to major gifts and finally general gifts. It then tailors the strategy and methodology to conform with the particular strengths and needs of Creative Trust, its constituency and its leadership.

The strategy develops a funding partnership of private and public sector. The strategy determines and recommends the funding formula that will work, indicating which sectors will leverage other sectors in order to maximize the level of support. The strategy incorporates a model that allows for funding over a period of three years for major gifts and accommodates all appropriate categories of planned giving. It offers a suggested donor recognition plan, bearing in mind the inability to offer physical naming opportunities.

The strategic plan addresses the sourcing of ‘new’ money from within the private sector, including an achievable level of support from significant leaders in philanthropic funding for the arts as well as drawing from the existing base of funding from Creative Trust’s constituency. It is sensitive in the latter case to not impede the ongoing fundraising of these companies.

Issues Considered

Strengths:

- A thorough Feasibility Study has been completed
- Administrative leadership is in place
- Leadership commitments have been made from both public and private sectors
- The mission and goals have established urgency and need for the Creative Trust campaign
- The constituency for support – small to mid-size performing arts organizations in Toronto – has been identified and a strong case has been made exhibiting their need for support and the outcomes of the Creative Trust campaign
- This initiative will build on the models of successful arts stabilization programs in other cities
- The current awareness of the cultural sector in Toronto and the commitment of financial resources to support major capital expansion speak to a credible and fertile environment in which to seek support. The small to mid-size performing arts companies represent the engine, which fuels the growth and development of theatre, dance and music in Canada’s cultural capital
- The financial goal has been identified and has met with positive comments from representatives in the public and private sectors
- The private sector has been tested in recent years with ever increasing funding goals and has succeeded in meeting those increased goals. The base of philanthropic giving is increasing – particularly in the ‘individuals’ sector and particularly with the rapid growth of planned giving. Creative Trust will need to build planned giving into its campaign strategy

Areas for further action:

- Volunteer leadership has not yet been fully identified. The stature, credibility and commitment of the volunteer team, which will spearhead the campaign, will be a strong factor in determining the success of the campaign. The strategic plan serves Creative Trust by identifying prospective candidates
- The campaign strategy defines the source of funds based on ‘new’ money. The strategy will need to identify and define both new sources of funding as well as resources within the current constituency of support that don’t interfere or impede the funding needs of the respective companies
- This campaign will be competing with at least six major capital campaigns with ambitious goals that exceed, in many cases, any historical funding to date
- The private sector funding needs for every sector over the next five to ten years to stretch the base of funding well beyond anything that has been attained in the past. It is a competitive environment. Individuals, foundations and corporations will be asked for ‘stretch’ gifts from every direction.

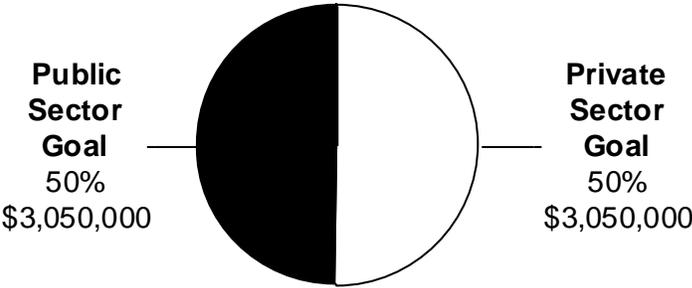
**Creative Trust
Standards of Giving**

Number of Gifts	Amount of Gift	Total	Percentage of total goal	Cumulative Total	Cumulative Percentage of total goal
1 @	\$500,000	\$500,000	16%	\$500,000	16%
2 @	\$250,000	\$500,000	16%	\$1,000,000	32%
6 @	\$100,000	\$600,000	20%	\$1,600,000	52%
12 @	\$50,000	\$600,000	20%	\$2,200,000	72%
20 @	\$25,000	\$500,000	16%	\$2,700,000	88%
30 @	\$10,000	\$300,000	10%	\$3,000,000	98%
10 @	\$5,000	\$50,000	2%	\$3,050,000	100%

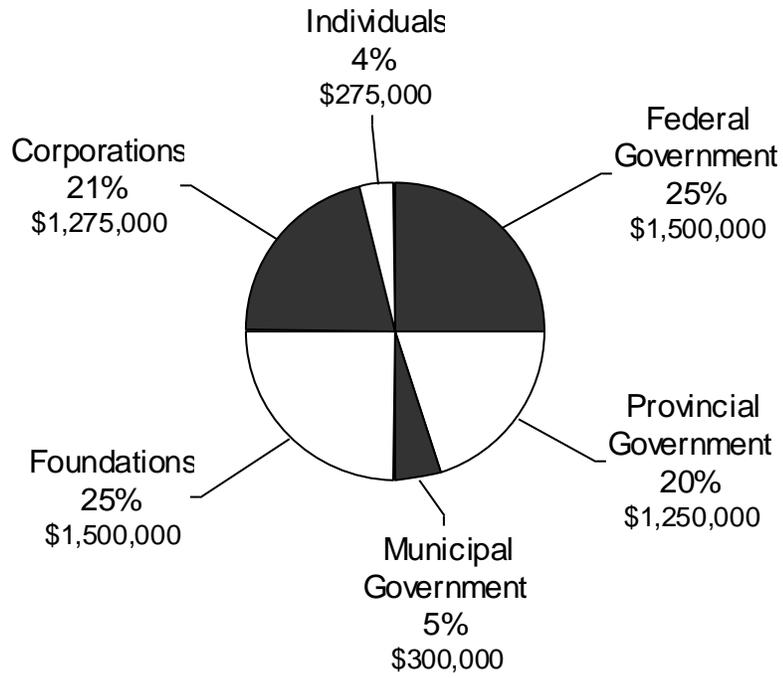
**Creative Trust
Projected Funding Sources**

\$6.1 million campaign

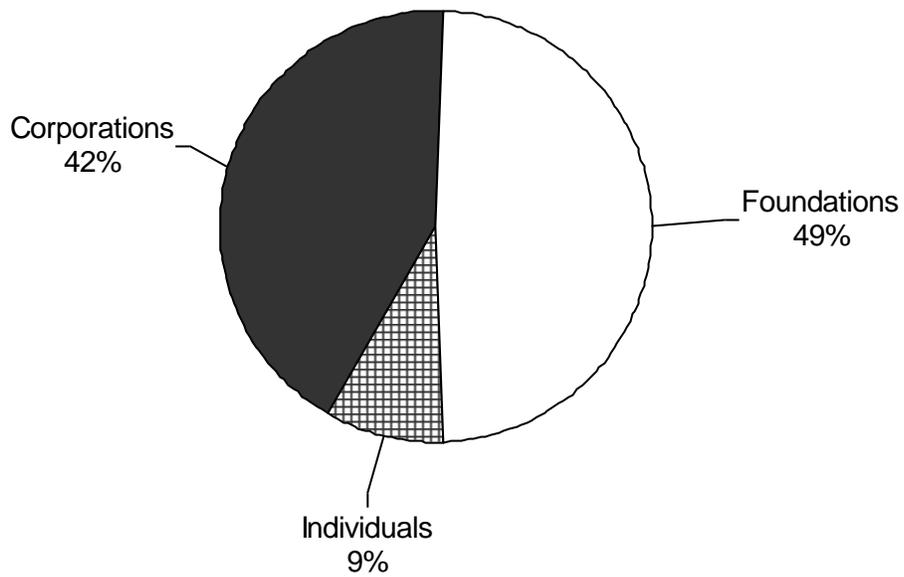
Public/Private Sector Division



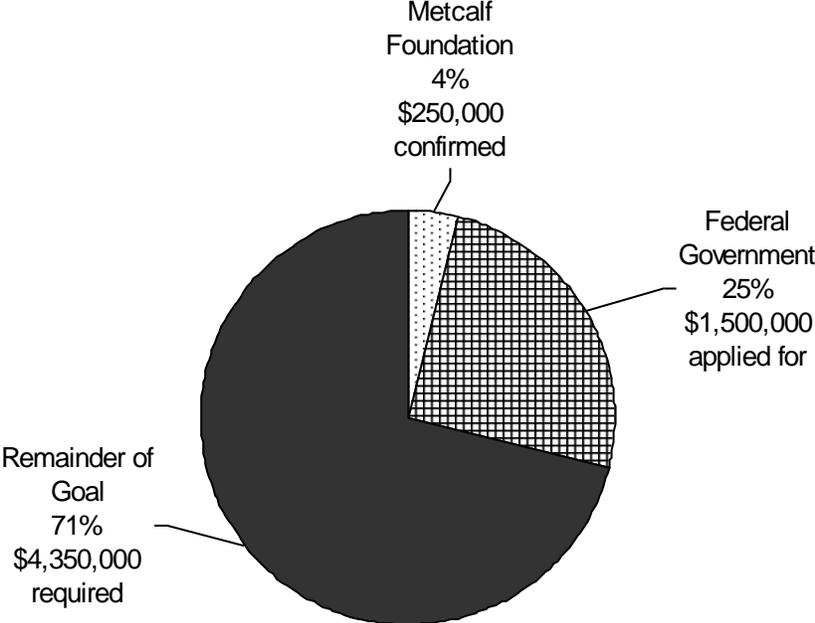
Sector Areas



Private Sector Support Breakdown



Committed and Confirmed Support to Date



10. Communications Strategic Plan

Purpose:

To create the broad community support and understanding that Creative Trust: Working Capital for the Arts will need to be successful. To find new ways of saying who the companies are who are participating in Creative Trust: Working Capital for the Arts, what they do, and why they are important. To explore and communicate the shared values of these companies. To help build an environment that can sustain a healthy, dynamic and diverse arts sector by monitoring and evaluating results, and sharing them with colleagues.

Context:

Communications should place the program in the context of other similar or complementary programs. They should reinforce the essential nature of ongoing operational support from all levels of government and the private sector, and clearly convey the need for, and expected outcomes of, this special one-time program. They should encourage members of the boards of participating companies to take an active role in promoting awareness of the value of the arts to society by expanding the notion of “accountability” as part of governance. They should assist companies in making deeper connections with the community by reinforcing their value and importance.

Scope of Task:

- Develop a strategy for communicating to prospective participating companies and funders, both before and after the program’s Public Launch
- Develop and design promotional, organizational and program materials

- Take into account the strong relationship between communications and fundraising
- Develop an ongoing strategy for communicating to colleagues in the arts and funding communities; make this the beginning of a process of shared learning
- Develop an ongoing strategy for communicating to the public; make this the beginning of a process of reaching out to our community and audiences to create a more receptive, supportive political and social environment for the arts

Success:

Will be measured by the extent to which the program and its goals are understood and accepted; the perceived value of its participating companies is enhanced; and the lessons of the program influence arts management and funder practice.

Key Strategies:

- Personalize the message
- Look for enlightened partners, those who want to make a valued return to their community over the long term
- Emphasize the relationship of participating companies to their audiences and communities
- Frame the debate: *“the order in which you give information determines how people think”*
- Perception is reality: *“if you use language that produces a strong opinion, no subsequent information will get people to change their minds”*
- Use powerful visual imagery

Target 1: Prospective Participating Organizations

Communicate:

- The criteria and process by which companies will be deemed eligible and admitted into the program
- The process to be undertaken by participating companies, the program's expectations of and commitment to them, and the program's values
- That participating companies will be encouraged and assisted to find the best ways to achieve their own unique artistic visions; and
- That fundraising for Creative Trust will not encroach upon existing sources

Tools:

- A letter (or email) bringing potential participants up to date on project progress, and requesting most recent financial statements
- October 2002: Call for expressions of interest – distribute through arts councils and service organizations
- Clearly identify eligibility criteria, assessment and program process, and timelines: think through what information companies will need to decide whether to be involved (check Metcalf Foundation materials)
- Include the program's values, principles, and commitment to participating companies (which will be part of the agreement form)
- Communicate the benefits of participation
- November 2002: An introductory session with George Thorn and Nello McDaniel
- Identify those companies that qualify, invite board and staff
- February 2002: Public Launch (and press release) to announce receipt of federal grant, private sector contributions to date, Metcalf Foundation challenge, and board of directors – and possibly

preliminary list of participating companies: artists host and speak; board leader appeals to prospective funders; corporate identity is unveiled (does not need to be flashy)

- Bimonthly “Quick Info” Updates to participating companies

Target 2: Prospective Private Sector Funders

Communicate:

- Importance and value of the mid-sized, creation based performing arts sector and the danger that they will be overlooked and imperiled by the proliferation of large organizations’ facilities projects and financial needs
- The urgency of the need to improve these companies’ financial health
- Creative Trust’s track record and history of achievement
- The reasons why these particular companies are participating and not others
- That the program is seeking long term results – longevity of impact; and
- Support can’t encroach upon existing support to this sector for operations or special projects

“Those communities that are the richest in their artistic traditions are also those that are the most progressive in their economic performance and the most resilient and secure in their economic structure.”

John Kenneth Galbraith

Tools:

- A well-crafted and simple but visually arresting case statement
- *September 2002*: Invitations to a high-level introductory discussion session, perhaps at Royal Bank HQ
- Public Launch – invitations from Honorary Patrons and/or board leadership
- Globe and Mail editorial or donated ad space in business pages following Public Launch

- Web site lists and thanks donors
- Community leaders send the message – if we want creative arts organizations in our community, it is up to us to support them
- “Quick Info” Updates distributed to funders

Target 3: Public

Communicate:

- The contributions of the participating companies to the process of Canadians expressing themselves to each other
- The value and impact of these companies’ relationship with their audiences
- That this is a self-initiated, proactive effort – creative companies being creative about ensuring their futures; and
- Mid-sized companies are looking to help themselves

Tools:

- Public Launch, editorial coverage and donated ad space
- House program messages aimed at audiences of participating companies, in the form of a “social contract” – we will keep ourselves healthy in order to continue to provide artistic excellence for generations to come
- Creation and dissemination of a “Harper’s Index”-type set of facts and figures about the value of the creative performing arts, and of the participating companies
- Web site, linked to participating companies’ web sites
- Community outreach by Creative Trust and participating companies’ board members

Target 4: Non-Participating Companies

Communicate:

- That the process for choosing participants is consistent and fair
- That we will start with these companies, but that Creative Trust is leaving the door open for ancillary programs aimed at non-eligible companies; and
- That the Creative Trust: Working Capital for the Arts program will benefit the entire arts community, because the results will be shared

Tools:

- *Fall 2002:* Meet with “Big 5” companies to discuss need and objectives of the program; potential participants; cooperation with their activities and goals; and projected impact on participants and community
- *Fall 2002:* Produce a flyer for distribution in house programmes and lobbies: side 1”good news; please contact for eligibility requirements” side 2: “if you believe in this sector, if you want to support it, contact...”
- Public Launch
- “Quick Info” Updates widely distributed
- Web site, linked to Arts Councils’ web sites
- Criteria to be summarized in all communications
- Participating companies and their board members will be used to spread a positive message about the program

Target 5: Arts Community

Communicate:

- That Creative Trust will raise the profile of Toronto's creative arts community
- That Creative Trust will help create a more receptive, supportive political and social environment for the arts; and
- That Creative Trust will benefit the entire arts community, because the results will be shared

Tools:

- *Fall 2002:* Meeting with TTA, Theatre Ontario, PACT and other service organizations to discuss need and objectives of the program; how it will work and its timeline; potential participants; cooperation with a.s.o. initiatives; and projected impact on participants and community. Get their input on criteria
- *Following Public Launch:* Proactively meet with potential critics of the program, to ensure them that the program's goal is to strengthen the artistic output of participating companies; that the program will be able to serve as a model for other initiatives; and that Creative Trust is leaving the door open for ancillary programs aimed at non-eligible companies
- Create articles using case studies from the program, and sharing our results and analysis, for a.s.o. newsletters
- Ensure that the Centre for Cultural Management at the University of Waterloo is an active partner in wider distribution of information about the program, and in creating learning opportunities

Target 6: Funding Agencies/Governments

Communicate:

- That this is a self-initiated, proactive effort – creative companies being creative about ensuring their futures
- That participating organizations will continue to need strong operating support from funding agencies; and
- That juries and other assessors must be charged with not penalizing participating companies for healthy balance sheets carrying capital reserve funds

Tools:

- *Fall 2002:* Meetings with all concerned officers at TAC, OAC, CC, Trillium Foundation to discuss need and objectives of the program; how the program will work and its timeline; potential participants; overlap/cooperation with other similar programs; and projected bottom line and other impact on participants. Get their input on criteria
- Ongoing discussions with Flying Squad, Strategic Initiatives, COMPASS, and other programs with similar goals
- Regular interim meetings with funders to analyze success of program
- Proactively meet with potential critics of the program, to ensure them that our goals are complementary to existing programs
- Share our results and analysis with funders, and anyone interested in our goals and process

11. Program Evaluation

Accountability and evaluation

In order to ensure its greatest success, the Working Capital for the Arts program will be:

- Based on meaningful, in-depth consultation, at every stage in its development and implementation
- Flexible, enabling resources to be used in areas of greatest need, and allowing changes to be made in these priorities over time
- Clear about its overall probable outcomes, such as amounts of monies to be granted;
- Efficient and economical; and
- Fair and perceived to be fair, and accessible based on stated criteria

Creative Trust will evaluate and measure the program's success, and share its experiences with funders and other similar program providers across Canada and the United States.

As the program is meant to create a controlled working capital reserve fund for participating companies, a method will be found for ensuring the maintenance, by each company, of a fund sufficient for ongoing financial sustainability, investment in strategic initiatives and shelter from year-to-year unplanned adverse events.

Because Working Capital for the Arts is a program of change, it will work collaboratively with participating companies to identify their major organizational problems; agree on strategies for solving those problems; and define the positive changes and end results they are both seeking.

It will develop measurable indicators of success, with artistic success as a foremost goal.

Measuring, evaluating and reporting

Evaluation and assessment will be embedded in every aspect of the program.

The Program will:

- Develop a set of key questions to assess the organizational and financial state of each organization – as it enters the program and at key points throughout, to measure starting points, change and improvement
- Regularly collect and analyze data – both factual and through interviews – about individual companies and the sector
- Test and question its methods to ensure they are successful in achieving desired results, and that they make the best possible use of resources
- Use feedback from the roundtables on the program’s impact to adjust and improve their methods
- Continue to research the successes and failures of similar programs, and identify and integrate their most successful practices into the program; and
- Share its results and analysis with similar programs, funders, and anyone interested in their goals and process

12. Implementation Plan

Creative Trust: Working Capital for the Arts will work in partnership with existing programs of support for the arts, and will need broad community support and understanding to be successful. In preparation for the program's launch, the communications strategy will place the program in the context of other similar or complementary programs.

All program communications will reinforce the essential nature of ongoing operational support from all levels of government and the private sector, and clearly communicate the specific need for, and expected outcomes of, this special one-time program. Funding for this program must not compete with, or diminish support to the organizations.

Implementation tasks to be undertaken include:

Launch the Creative Trust: Working Capital for the Arts program with a significant public event by February, 2003.

The launch will occur when several significant events have taken place.

- The Board of Directors has been established with at least four private sector members
- Several private sector lead gifts are committed
- The fundraising strategic plan is being implemented
- The Department of Canadian Heritage has approved the program for funding under its program for support to stabilization programs; and

- All potentially-eligible organizations are aware of the program and its requirements and boards, management and artistic direction have expressed strong interest in participating

Annex I

Technical Assistance Requirements

The following technical assistance needs were identified in Interviews with potential participating companies' managers, artistic directors and board members.

Equipment

Computer hardware (2 companies)

Computerized box office system/upgrade (4 companies)

E-ticketing system (2 companies)

Office equipment (3 companies)

Sound and other production equipment

Video conferencing equipment

Skills Development in the following areas:

Archiving

Audience outreach and development (4 companies)

Board development and fundraising training (2 companies)

Capital campaigns (4 companies)

Educational programming (2 companies)

Entrepreneurial investment and revenue generation (2 companies)

Financial planning and control (3 companies)

Fundraising research

Marketing and marketing plan development (4 companies)

Protection of overall financial viability during a capital campaign

Publicity (3 companies)

Securing investment for commercial transfers

Strategic plan development (5 companies)

Touring

Television and film production and distribution

Web site development (2 companies)

Collective Skills Development and/or research

Arts4Change continuation (3 companies)

Audience research and development

Development of a coordinated audience and fundraising database

Development of improved relations with financial institutions (banks, etc.)

Environmental scan

Facilities maintenance and improvement

Human resources

Investment advice on working capital funds

Staff recruitment

Additional Staff needs

Education staff member (2 companies)

Fundraising apprentice or staff member (3 companies)

Marketing and promotions staff member

Outreach and audience development staff member (2 companies)

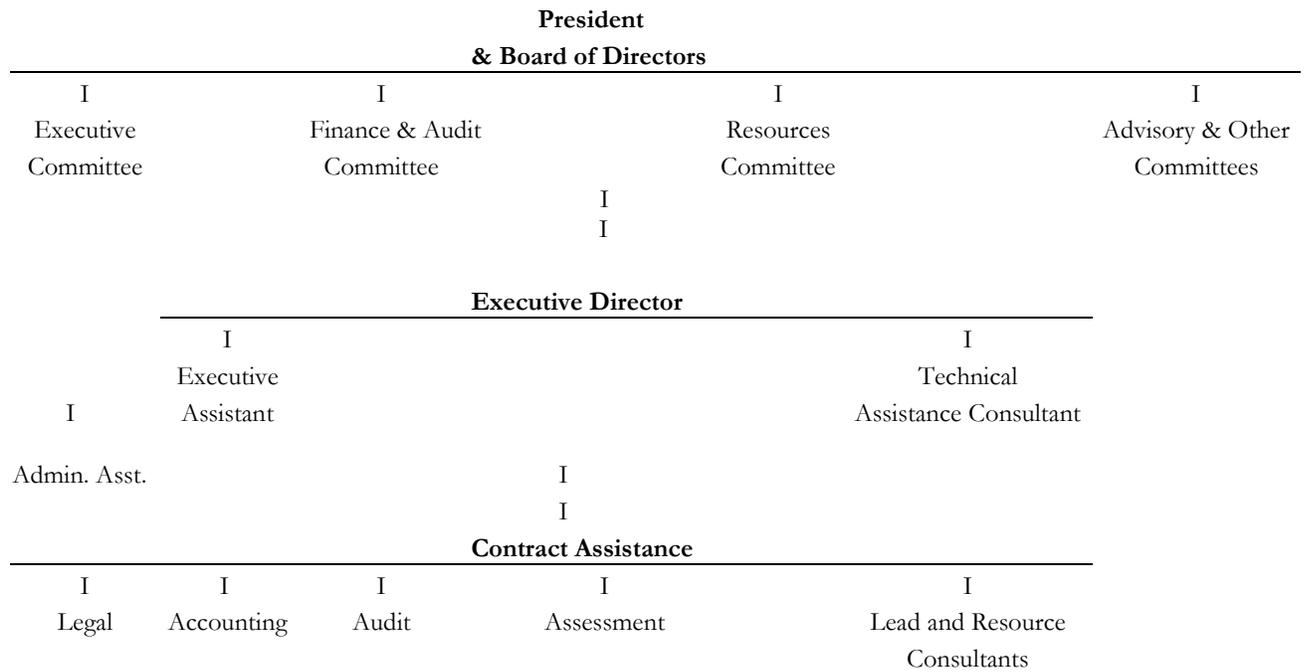
Production assistant

Technical director (2 companies)

Board recruitment and development

Annex II

Pro-forma Organization Chart



Annex III

Biographies of Directors, Key Staff and Consultants

Honorary Patron

Hon. H.N.R. Jackman O.C., O.Ont., C.D., LL.D, Honorary Patron

Board Of Directors

J. Alexander Houston, Director

Ralph C. McLeod, Director

Sandra Pitblado, Director

Patricia Baldwin, Director

Joan Bosworth, Director

Mallory Gilbert, Director

Claire Hopkinson, Director

Key Staff and Consultants

Jini Stolk, Executive Director

Peter D.R. Brown, Project Consultant

Jane Marsland, Technical Assistance Consultant

Nello McDaniel and George Thorn, ARTS Action Research, Lead Technical Assistance Consultants

Key Accounting and Legal Advisors

Auditors

Farr and Hall, LLP. Chartered Accountants, Robert J. Hall, C.A.

Financial Managers and Bookkeepers

Young Associates, Heather Young

Lawyers

Sack Goldblatt Mitchell, Barristers & Solicitors, Michael Kainer, Barrister & Solicitor

Annex IV

Organizations' Key Financial Data

(See attached table)

Annex V

Pro-Forma Operating Budget and Cash Flow

(See attached table)

Annex IV

Organization	Year end	<u>Net Working Capital (\$)</u>				<u>Latest Total</u> <u>Revenues</u>	Accumulated	Accumulated
		<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>		<u>operating</u> <u>Surplus</u>	<u>total</u> <u>Surplus</u>
					-	-	-	-
1 Company	30-Jun-00	#REF!	25,034	3,817	6,491	198,620	7,578	7,578
2 Company	31-Aug-00	-34,326	-97,215	-101,777	-73,827	560,063	-73,827	-41,832
3 Company	30-Jun-00	#REF!	-117,873	-124,846	-145,195	1,187,831	-168,830	31,008
4 Company	31-Aug-00	-73,329	-79,685	-32,753	-61,106	307,388	2,293	83,673
5 Company	31-Jul-00	#REF!	-95,300	-140,446	-122,494	548,887	-122,494	-86,402
6 Company	31-Jul-00	#REF!	-42,510	-45,886	-28,011	402,937	-28,011	22,999
7 Company	31-Mar-00	#REF!	-97,263	-107,796	-104,181	608,473	-99,282	-99,282
8 Company	31-Mar-00	#REF!	82,110	76,318	105,923	551,409	22,446	105,923
9 Company	30-Jun-00	#REF!	114,880	3,060	-29,212	1,034,533	-255,771	7,733
10 Company	31-Aug-00	-95,344	-82,698	-88,564	27,837	525,138	56,734	56,734
11 Company	30-Jun-00	#REF!	37,818	91,727	58,583	384,081	58,583	58,583
12 Company	30-Jun-00	-105,001	-92,564	-96,826	-62,746	1,908,604	-147,358	-147,358
13 Company	30-Jun-00	#REF!	214,485	301,399	143,538	1,177,675	86,201	86,201
14 Company	30-Jun-00	#REF!	-32,174	-42,878	-169,875	2,727,830	-165,136	65,637
15 Company	31-Aug-00	#REF!	-60,231	-59,832	-62,591	588,829	-48,958	-48,958
16 Company	30-Jun-00	#REF!	26,581	15,136	9,879	1,698,139	49,760	738,212
17 Company	30-Jun-00	#REF!	-8,458	-24,586	-28,791	272,042	-23,529	-23,529
18 Company	31-Jul-00	#REF!	6,886	7,602	41,035	182,861	41,556	41,556
19 Company	30-Jun-00	#REF!	-135,263	-220,967	-101,295	1,007,641	-390,628	-86,972
20 Company	31-Aug-00	-116,012	-86,316	-68,199	-60,260	887,057	-105,152	-17,130
TOTALS			-519,756	-656,297	-656,298	#####	#####	754,374
Sum of latest working capital deficits (13 companies in 2000)				#####	#####	#####	#####	-551,463
Sum of latest Working capital surpluses (7 companies in 2000)				499,059	393,286	4,717,923	325,151	1,305,837
				-656,297	-656,298		#####	754,374

Development Phase Task List

This is the final version of the Development Phase list of tasks, summarizing everything accomplished at November 29 2002, the end of this phase.

Apply for development phase funding

- A Foundation - \$30,000 US (46,443 CDN)
- Samuel and Saidye Bronfman Family Foundation - \$25,000 in two installments
- Ministry of Tourism, Culture and Recreation - \$50,000
- Department of Canadian Heritage - \$23,364 committed
- Department of Canadian Heritage research/travel - \$4,180

Incorporate

- Founding board – created
- Objects, by-laws – approved, amended
- Register the corporation
- Register for G.S.T.
- Apply for charitable status – received effective May 24th

Private Sector Project funding

- Create proposal call for fundraising strategic plan
- Refine prospect list, create standards of giving
- Complete strategic fundraising plan
- Cultivate prime private sector prospects
- Case statement, first foundation proposals

Public Sector Project funding

- Treasury Board submission to Department of Canadian Heritage
- Leadership, governance structure
- Program outline
- Fundraising study/strategy
- Technical assistance strategy
- Project budget
- Pursue Provincial and Municipal funding
- Meet with Minister, ADM Terry Smith, DM Lucille Rock
- Meet with Liberal Culture Critic
- Submit proposal for provincial funding
- Pursue Trillium Foundation
- Meet with Rita Davies, and Jim Garrard
- Meet with Economic Development Office re City Funding

Leadership search

- Strategy for approaching prospective leaders
- Approach, woo, and confirm leaders
- Roles and responsibilities of board members
- Role of Advisory Board and Honorary Patron

Administration

- Office, furnishings, computer, phone
- Open bank account
- Create financial and bookkeeping system
- Clerical assistance

Refine Program

- Meet with Alberta, Nova Scotia stabilization programs – March 02
- Submit report on meetings to DoCH
- Goals, objectives, performance indicators
- Guidelines for applicants, and application form
- Background and frequently asked questions
- Revise guidelines with George and Nello

Technical assistance - beginning the program

- Contract George and Nello for involvement as consultants and mentors
- Revise proposed program outline
- Develop strategic plan and diagnostic process
- Revise plan with George and Nello

Communications strategy

- Meet with advisory group to discuss strategy
- Draft strategy for prospective participating companies, non-participating companies, prospective funders, public
- Meet with OAC discipline offices – March 27/02
- Meet with TAC, Canada Council discipline offices
- Meet with service organizations
- Create letterhead

Program launch

Working Capital for the Arts Program Readiness Task List

A list of tasks for Summer 2002, in readiness for the Fall launch of Working Capital for the Arts.

Core Staff Contracts:

Technical Assistance Director
Program Development and Evaluation Director
Executive Director
Administrator
Bring to Finance Committee

Arts Action Research:

Rider to this year's contract – adjusting number of visits and dates – in process
Next year's contract, 3 visits – in process
Visas
Bring to Finance Committee

Program Application Process:

Program description
Program description printed
Application form completed, using Metcalf form as a template and integrating AAR comments; board approval
Application form printed
Confirm with OAC officers list of companies to be sent application form
Confirm permission to request copy of most recent OAC grant application with application
Send forms out, post on website
Application form distributed, assessment undertaken, first 10 – 12 companies admitted to technical assistance component of program: initial letter of agreement signed, with caveat that admission to technical assistance component does not guarantee deficit elimination or working capital funding

Funding Requirements Prior to Commencement of Program:

\$500,000 DoCH received

Commitment to full working capital aspect of program for first companies admitted – budget analysis

Program Admission Process:

Program Admission Policy and Procedures complete and approved by board

Board Conflict of Interest Policy approved by board

Receive completed applications – by May 30

Resource Consultants:

List of potential resource consultants

Database of potential resource consultants

Draft letter to potential resource consultants – introducing program, asking if they are interested in being on our list, asking them to identify their key areas of expertise, asking for resume

Send letter to potential resource consultants, with attachments (About Creative Trust and Program Description)

Set fee structure @ \$600 - \$800/day

Communications:

Check all above against Communications Plan, ensure consistency

Continue individual outreach

Implement ongoing communications

Other:

Secure permanent office space

Creative Trust Schedule April 2002 - May 2003 (with projected future activities through December 2003)

We required detailed weekly schedules, especially during this time of extensive start-up activities, to keep track of the many threads and deadlines of our work. Note that amongst all the deadlines below, we launched our program with a Gala on October 27, 2002.

Week of Monday,

April 21	<i>(proposed)</i> Finance Committee meets to review contracts, other financial commitments
April 28	Application Forms out to community
May 13	Board of Creative Trust approves Assessment Template, procedure for retaining Resource Consultants, initial letter of agreement with companies admitted to program. Letter to potential Resource Consultants, providing information on consulting possibilities with CT
June 2	All applications received and reviewed by CT <ul style="list-style-type: none">• <i>Selection of potential Round 1 participants – up to 20 may be eligible</i>• Initial identification of possible resource consultants for specific functional expertise• Visas complete
June 9	JM Organizes assessment meetings for AAR visit – AAR itinerary and agenda
June 16	AAR in Toronto <ul style="list-style-type: none">• <i>Draft assessment template and application form, presented to the board at its June 17 meeting</i>• Continue work on development of evaluation plan - learning process for evaluation• <i>Application form and assessment template following board meeting completed by staff and AAR, and approved by board subcommittee</i>
July 14	Application forms out to community, with proviso that there is no guarantee of working capital funding
September 8	Application deadline; applications received, process of review begins
September 22	JM begins organizing assessment meetings
October 27	Gala and AAR in Toronto <ul style="list-style-type: none">• Individual meetings with potential Pilot Round and Round 1 participants

	<ul style="list-style-type: none"> • Assessments and scoring by AAR and Creative Trust indicating recommendations for Pilot Round and Round 1
November 5	Report documents out to Assessment Committee.
November 17	<p>Assessment Committee meets and selects Pilot Round and Round 1 provisional participants</p> <ul style="list-style-type: none"> • Recommendation report prepared for Board meeting
December 8	Board of Creative Trust meets to approve Pilot Round companies and Round 1 provisional participants
December	Individual meetings with Pilot Round participants – JM (in consultation with AAR) begins laying out framework for work plans - template
January	<p>AAR in Toronto building Work Plans</p> <ul style="list-style-type: none"> • Context/Concept Roundtable for Pilot Round and Round 1 provisional participants
February	<p>JM begins to finalize work plans with participants – agreement on paper</p> <ul style="list-style-type: none"> • Participants begin to implement their work plans and where appropriate, CT brings resource consultants into specific functional areas • Regular communication between JM and AAR
March	<p>AAR in Toronto</p> <ul style="list-style-type: none"> • Individual meetings – areas needing concentrated work – intervention for problems etc • Roundtables • Development of learning evaluation process
May	<p>AAR in Toronto</p> <p>As Funding Targets Achieved</p> <ul style="list-style-type: none"> • Round 1 participants begin program • CT commits to deficit reduction and working capital grants for Pilot Round and Round 1 participants • Round 2 admission process begins

Creative Trust Sequence of Future Events (Round 1)

June 23	Report documents out to Assessment Committee.
July 14	Assessment Committee meets
July 21	Recommendation report prepared for Board meeting
July 28	Board of Creative Trust meets to approve first round companies – note proposed change of date for Board meeting
August 4	Individual meetings with Round 1 participants begin – JM begins laying out framework for Work Plans to clarify expectations
August 25	AAR in Toronto building Work Plans <ul style="list-style-type: none">• Context/Concept Roundtable for selected Round 1 participants• Individual meetings with Round 1 participants• Begin to shape individual Work Plans• Begin work to structure evaluation plan – learning process• Any required ‘political/FR’ meetings
September	<ul style="list-style-type: none">• JM begins to finalize Work Plans with participants – agreement on paper• Participants begin to implement their Work Plans and where appropriate, bring resource consultants into specific functional areas• Regular communication between JM and AAR
December 15	AAR in Toronto <ul style="list-style-type: none">• Individual meetings – areas needing concentrated work – intervention for problems etc• Roundtables• Development of learning evaluation process• Political meetings• Meeting with resource consultants if require

Press Release

October 14, 2003: the official launch of Creative Trust's Working Capital for the Arts program.

Creative Trust launches *Working Capital for the Arts*

First round applications are now being assessed • www.creativetrust.ca

Toronto, ON, October 14, 2003...Creative Trust today announced the launch of the *Creative Trust: Working Capital for the Arts* program. This six-year program will support and strengthen 25 of Toronto's mid-size creation-based performing arts companies, by assisting in developing their planning and financial skills, achieving organizational and financial balance, and acquiring and maintaining a fund of working capital.

Applications have now been accepted for round 1; for details on round 2 see www.creativetrust.ca.

Creative Trust: Working Capital for the Arts is a program for Toronto's mid-size, non-profit, creation-based performing arts companies, with annual budgets in the range of \$400,000 to \$4 million. These award-winning and creatively vibrant organizations are at the heart of Toronto's cultural community where together they give over 2,000 performances annually to audiences of almost 600,000 people. These companies provide opportunities for artists at all stages of their careers to experiment, collaborate and hone their craft; their productions reflect the passions of our diverse communities, and give voice to fresh themes and ideas. They are an impressive group of established companies that have received recognition and honours for their artistic output. Yet behind the scenes, cramped workspaces, outdated equipment, overworked staff, cash flow difficulties and budgetary constraints beset even the most successful productions. Toronto's finest creators and producers are spending an inordinate amount of energy on financial struggle.

Creative Trust: Working Capital for the Arts is one of a growing number of arts stabilization initiatives that have had considerable success in the United States, England and Canada. These programs have a proven track record and communities that have supported stabilization programs in the past are now enjoying a flourishing artistic output with a more stable and financially healthy arts community.

Admission to the program will be a competitive arms-length process. The program combines an intensive working process – in which participating companies are given technical assistance with strategic planning, financial management, fundraising or any other area of need – with deficit reduction contributions and working capital awards.

Creative Trust: Working Capital for the Arts has already galvanized strong funding support -- the Federal government committed \$1.5 million as part of the Department of Canadian Heritage's Sustainability Initiative. Commitments of close to \$1 million from the Province through the Ontario Trillium Foundation and the Ontario Arts Council have recently been made, and The City of Toronto through its Economic Development program has provided start-up funding. Foundation support has been strong, with lead gifts of \$250,000 from each of the George Cedric Metcalf Charitable Foundation and the Samuel and Saidye Bronfman Family Foundation.

The campaign must now secure the remainder of its funding. The financial goal of Creative Trust is to raise \$6.1 million over two years to fund the six-year program. The campaign calls for a private-public partnership, with support by private foundations, corporations and individuals matched equally by the federal, provincial and municipal government.

Creative Trust's goal is to ensure the health and stability of companies essential to Toronto's, and Canada's, cultural well being – allowing them to devote more of their energies to producing fine art and bringing it to the community.

The official launch will take place on Monday, October 27 when a line-up of stars graces the stage of Toronto's Princess of Wales Theatre for the **Creative Trust Celebration Gala**. The event, which is being produced by John McKellar in partnership with David and Ed Mirvish, will benefit the **Creative Trust**. Performers include Brent Carver, Leslie Arden, Amy Sky, Cynthia Dale and Seán Cullen. Tickets are \$75 - \$200 and are available through TicketKing, 416 872-1212 or 1 800 461-3333.

Further information and applications can be found online at www.creativetrust.ca.

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Stars on Stage for Toronto Arts
Richard Ouzounian
THEATRE CRITIC
Saturday, October 25

It's always nice when an organization puts its money where its mouth is — and vice versa.

Both of those things are going to happen on Monday at 8 p.m., when "All Together Now," the fundraising gala for Creative Trust, takes place at the Princess Of Wales Theatre.

It brings together a star-studded group led by Brent Carver, Cynthia Dale, Amy Sky and Seán Cullen in a multidisciplinary evening that will simultaneously celebrate and support the performing arts in this city.

Those are the twin goals of the Creative Trust, which has been working quietly but efficiently for the last five years to make life a little more financially viable for Toronto's mid-sized theatre, music and dance companies.

Its first major effort was a successful co-operative Endowment Fundraising campaign that poured a much-needed \$750,000 into our city's arts organizations, a figure matched by the provincial government.

Now they're on to something even more ambitious, with their "Working Capital For The Arts," a six-year program intended to provide \$6.1 million so that "the usual day-to-day stresses of where the next dollar is coming from will be alleviated."

That quote comes from John McKellar, who has a special role in the evening. Long known as one of this city's major supporters and donors to the arts, McKellar made an offer to Creative Trust that was generous even by his standards.

"He came to us," recalls executive director Jini Stolk, "and said, 'I would like to produce a gala on your behalf.' That's really a shining example of a supporter's extraordinary commitment to what we're doing."

McKellar, with his typically self-effacing style, feels the work of the Creative Trust is essential and his support is a logical extension of that belief.



Corpus Dance will perform at the Monday night Gala event.

"With all the cutbacks in various areas, it's the mid-sized groups that are struggling. They can't afford the two-page ads in the papers or the TV commercials. They need all the support they can get."

Stolk paints an even darker picture. "Reputable companies that have been around for 30 years don't even have reserve funds if something happens. They don't have any money to invest in their own futures, they don't have adequate support for their art."

She admits that the support of the Working Capital Fund won't solve everything, but it will allow these mid-sized organizations a chance to "support and strengthen their activities, to feel assured in the possibility of their long-term existence."

The "mid-sized" definition fits about 50 music, dance and theatre companies in Toronto with annual budgets that range from \$400,000 to \$4 million. The ranks include such prominent groups as Tarragon Theatre, Opera Atelier and Toronto Dance Theatre, to name just a few.

(Stolk stresses that companies with smaller annual budgets "are still doing wonderful work. But we needed to focus on groups that were actual organizations, rather than driven by one or two artists.")

If the fundraising campaign reaches its goal, Creative Trust will be able to offer many of these companies working capital of up to 25 per cent of their annual revenues over four years.

For the gala, "I wanted to make a big bang," McKellar confesses, "and to put together the best show I could."

He certainly tapped the talent A-list. He enlisted his son Don to join Bob Martin in writing the show, got Kelly Robinson to direct, Glenn Morley to lead the orchestra, Graeme Thomson and Steve Ross to design and Gregory Nixon to provide the video segments. Other performers on tap include the Canadian Children's Dance Theatre, the Nathaniel Dett Chorale, the Julia Sasso Dancers and many more.

"I was originally thinking it would be difficult to get people to perform," chuckles McKellar, "but nobody who was going to be within 200 miles of Toronto on the date refused."

The \$200 dinner-plus-show seats have sold out, but there are still \$75 show-plus-party seats available (\$35 for artists), which can be purchased at 416-872-1212.

"We did this," admits McKellar, "to stand as an example of how people in the performing arts are a crucial part of our society, and because sometimes they are overlooked."

Working Capital for the Arts - Toronto Pro-forma Program Operating Budget

(All amounts in thousands of dollars)

	Feasibility <u>Actual</u>	Development <u>Budget</u>	Program <u>Budget</u>	Annual Projections (Years ending December 31)						Totals	
				<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>		<u>2008</u>
<u>Revenues</u>											
<i>Feasibility Phase</i>											
<i>Grants and Contributions:</i>											
Samuel and Saidye Bronfman Family Foundation	10										
Department of Canadian Heritage	10										
Ontario Department of Tourism, Culture and Recreation	10										
Toronto Community Foundation	10										
	40										
<i>Development Phase (underway, to June, 2002)</i>											
<i>Grants and Contributions:</i>											
Samuel and Saidye Bronfman Family Foundation		25									
Department of Canadian Heritage		25									
Ontario Department of Tourism, Culture and Recreation		50									
Fidelity Investments		30									
		130									
<i>Program Phase</i>											
Government of Ontario			1,500	100	375	375	375	275	-	-	1,500

Federal Department of Canadian Heritage	1,500	175	375	375	375	200	-	-	1,500
City of Toronto	75	25	25	25	-	-	-	-	75
Corporate and Individual Contributions	1,500	150	500	400	350	100	-	-	1,500
Foundations	1,500	500	700	200	100	-	-	-	1,500
Interest Income (at 2% p.a.)	52	-	14	13	13	9	3	-	52
	<u>6,127</u>	<u>950</u>	<u>1,989</u>	<u>1,388</u>	<u>1,213</u>	<u>584</u>	<u>3</u>	<u>-</u>	<u>6,127</u>

Expenditures

Feasibility Phase

Consulting Fees	37
Travel Expenses	2
Administrative, Postage, etc.	<u>1</u>
	<u><u>40</u></u>

Development Phase (underway, to June, 2002)

1 Develop Business Plan and Organization Structure	43
2 Identify and Cultivate Prospective Leaders	9
3 Secure Lead Funding and identify other potential funders	32
4 Refine Program Structure	5
5 Begin providing eligible organizations with Technical Assistance	27
6 Administration and Program Launch	<u>14</u>
	<u><u>130</u></u>

<i>Program Phase</i>										
4	Program Development	46	46						46	
5	Technical Assistance to Organizations	573	125	175	200	73			573	
7	Conditional Deficit Retirement Grants	525	-	-	200	150	175		525	
8	Conditional Working Capital Grants	4,190	-	950	990	800	700	550	200	4,190
9	Technical and administrative	518	50	85	95	95	75	75	43	518
6	General Administration	275	27	45	50	50	40	40	23	275
		<u>6,127</u>	248	1,255	1,535	1,168	990	665	266	<u>6,127</u>
	Period Net		<u>702</u>	734	(147)	45	(406)	(662)	(266)	
	Net to date		702	1,436	1,289	1,333	928	265	(0)	

Board Roles and Responsibilities and Advisory Council Terms of Reference

The first memo to our Board proposing official Roles and Responsibilities and Terms of Reference of our key volunteer leadership bodies, the Board and Advisory Council.

October 15, 2002

To: Human Resources Committee

From: Jini Stolk

Re: Board Roles and Responsibilities and Advisory Council Terms of Reference

We all wish to see Creative Trust's Board practices exemplify excellence in non-profit governance. As we are defining staff positions and responsibilities in preparation for our program phase, it is the ideal time to also define the Board's roles and responsibilities and our expectations of Advisory Council members.

We've promised the Department of Canadian Heritage that Creative Trust's Board members will have position descriptions which outline their fiduciary and other responsibilities, and involve each member in the work of at least one Board committee. We also need to formalize, by board motion, other aspects of our governance practice and policy.

I propose that we use the following materials, taken from our bylaws or Canadian Heritage business plan, as a reference point for decision- and policy-making.

Board structure

Creative Trust for Arts & Culture is a not-for-profit corporation incorporated under the laws of Ontario and is a registered charity under federal legislation.

It is governed by a Board of Directors with the requisite officers (President, Secretary and Treasurer) that will ultimately number twelve members. Pro-forma distribution of members is 4 arts community representatives, 8 business leaders and program funders.

The Committee structure of the Board will include:

Executive Committee: Charged with responsibility for operating oversight, organizational strategic planning, and evaluation of progress and success of senior staff functions. Authorized to make decisions, when necessary, as a proxy for the full Board. (3 or more members)

Finance and Audit Committee: Charged with responsibility for operating, accounting and financial controls, annual and special audits, investment policies and treatment of financial resources. This committee is required by our grant agreement with the Department of Canadian Heritage. (3 members)

Resources Committee: Charged, with the assistance of all other members, with responsibility for developing the resources needed to achieve and sustain Creative Trust's mission; and, with all other members and the assistance of staff and professional fundraisers, as required, for the raising of private and public sector funding requirements for the Creative Trust: Working Capital for the Arts Program. (8 members)

The bylaws allow for other Board committees to be created and disbanded as required. Current committees include:

Program Development Committee: Charged, with the assistance of staff, with responsibility for developing program guidelines and eligibility and admission criteria. (4 members to date)

Human Resources Committee: Charged, with the assistance of all other members and staff, with responsibility for identifying the human resources needs of the organization; developing employment policies; and developing and implementing policies relating to board responsibilities and accountability. (2 members to date)

Communications Committee: Charged, with the assistance of staff, with responsibility for developing and implementing a communications strategy for Creative Trust: Working Capital for the Arts. (1 Board member plus 3 community members to date)

Other potential committees cited include a Working Capital Awards Committee, Special Events and Sponsorships, and Technical Assistance Resources.

Honorary Patrons

Certain highly respected members of the business and arts community will be asked to become honorary patrons of Creative Trust.

Advisory Council

An Advisory Council, comprising members from the wider community, will be charged with supporting the program by acting as goodwill ambassadors for Creative Trust, helping to develop awareness and advance the vision, and assisting with the fundraising campaign.

Board Functions and Responsibilities

The Board of Directors of Creative Trust for Arts & Culture is made up of individuals who have demonstrated leadership in encouraging and supporting Toronto's mid-sized creation-based performing arts companies, and are committed to building a healthy and sustainable future for this sector. They are able and willing to bring new resources to Creative Trust, and to build partnerships with individuals and groups who can advance its mission. They have the skills to assist Creative Trust in meeting its goals, the desire to advocate on its behalf, and the willingness to fulfill specific tasks.

The Board of Directors of Creative Trust has four main functions:

E. Resource Development

The Board is responsible for developing the financial and other resources necessary to achieving and sustaining Creative Trust's mission. Board members work together with the staff, within a carefully structured plan, to attain Creative Trust's fundraising goal.

F. Financial Oversight and Accountability

Through the Finance and Audit Committee, the Board of Creative Trust is responsible for establishing and monitoring adherence to Creative Trust's financial policies and procedures. These policies will be established to maintain financial records in accordance with generally accepted accounting principles and to ensure timely and accurate financial reporting to the Board and other stakeholders. Creative Trust has appointed an auditor who will be charged with performing the annual audit and with assisting the Board in ensuring such adherence.

Investment policies will be created by the Board to establish guidelines and monitoring procedures to govern the investment of Creative Trust's financial resources. (see attached Investment Policy Proposal) Policies in regard to investments shall be reviewed at least annually.

G. Stewardship

The Board is responsible for supporting and sustaining Creative Trust's mission and values, and members are expected to maintain sufficient knowledge of and oversight over the activities of the organization to achieve this end. They are also responsible for the development and adoption of a continuous strategic planning process, and for Board and executive management succession planning.

H. Community Outreach

Board members act as ambassadors for the organization, reaching out into the community on its behalf, creating the interest and excitement that brings ideas, partnerships, and new resources

The responsibilities of an effective Creative Trust Board member are:

- To be a passionate advocate for the vitality, importance and needs of Toronto's creation-based music, theatre and dance companies
- To demonstrate a commitment to the organization's mission and vision
- To champion the cause of the organization within the arts community and to the wider community

- To provide leadership and participate in the process of bringing new human and financial resources to our efforts
- To commit the time necessary to fulfill the above responsibilities

Advisory Council Terms of Reference

Description

- The Advisory Council (“Council”) is a supportive body, working in cooperation with the Board of Directors to advance the principles of Creative Trust: Working Capital for the Arts (“Creative Trust”) and endorse its goals and activities
- The Council will stand behind the objectives to ensure the long-term health and stability of Toronto’s mid-size music, dance and theatre companies
- The seven-year program (2002 – 2009) will help some twenty-five companies develop strong planning and financial skills, achieve organizational health and balance, and acquire and maintain a fund of working capital

Responsibilities

- Members of the Council will support the program and act as goodwill ambassadors for Creative Trust. As ambassadors the members will help develop awareness and advance the vision for the seven-year program within their own respective constituencies
- On occasion they will act as ‘door openers’ to key individuals within their own community, company, industry or institution where Creative Trust may be seeking participation and support. It is suggested that each member agree to make a minimum of two introductions
- Members will stay informed on the program and its initiatives
- Members may be asked to give advice and guidance to Creative Trust’s Board and staff where needed, and may be invited to participate on working committees
- Members will be invited to attend official events and launches

Communications

- Members will be kept up to date on program developments and progress

Term of Office

- Membership on the Advisory Council will be for a three-year period, beginning in the fall of 2002. It will be renewable for an additional four years, or until the completion of the program in 2009

Member Profile

- Approximately twenty-five members will be drawn from leaders in the arts, business and the Toronto community
- Individuals who have distinguished themselves as supporters of the performing arts will be especially welcome

Communications Plan

June 2003-October 2003

Our revised Communications Plan from June 2003 detailing required tasks following the launch of Working Capital for the Arts.

Purpose:

- To continue implementation with emphasis on those targets who have not yet been fully reached (potential participating companies, public).
- To make use of the Gala to meet our communication goals and to significantly boost and broaden the public profile of Creative Trust and bring forward new supporters.

Target: Prospective Participating Companies

Communicate:

- The criteria and process by which companies will be deemed eligible and admitted into the program
- The process to be undertaken by participating companies, the program's expectations of and commitment to them, and the program's values
- That participating companies will be encouraged and assisted to find the best ways to achieve their own unique artistic visions
- That fundraising for Creative Trust will not encroach upon existing sources; ensure that the goals, timing, approach and prospective donor base as well as the case for support are understood and endorsed by the potential participating companies

Tools:

- A letter (or email) bringing potential participants up to date on project progress, and requesting most recent financial statements
- Create files with all communication from interested companies, add all correspondence
- March 2003: Session with George Thorn and Nello McDaniel
- Identify those companies that qualify
- Ensure that potential participating companies are briefed and prepared to respond to questions and support the concept.
- June 2003: Finalize application package for distribution to our mailing list and through arts councils, and include the program's values, principles, and commitment to participating companies (which will be part of the agreement form)
- Clearly identify eligibility criteria, assessment and program process, and timelines: think through what information companies will need to decide whether to be involved
- Communicate the benefits of participation
- October 2003: Gala (and press release) will also be used to announce receipt of federal grant, private sector contributions to date, board of directors – and list of participating companies
- “Quick Info” Updates to participating companies

Target: Prospective Private Sector Funders

Communicate:

- Importance and value of the mid-sized, creation based performing arts sector and the danger that they will be overlooked and imperiled by the proliferation of large organizations' facilities projects and financial needs
- The urgency of the need to improve these companies' financial health

- Creative Trust’s track record and history of achievement
- The reasons why these particular companies are participating and not others
- That the program is seeking long term results – longevity of impact
- Support can’t encroach upon existing support to this sector for operations or special projects

“Those communities that are the richest in their artistic traditions are also those that are the most progressive in their economic performance and the most resilient and secure in their economic structure.”

John Kenneth Galbraith

Tools:

- A well-crafted and simple but visually arresting case statement
- March 2003: Reception at Sandra and Jim Pitblado’s to introduce program, George and Nello, and fundraising campaign to private donors: mix of private donors, public funders, board presidents and artistic directors
- September 2003: Invitations to a high level introductory discussion session, perhaps at Royal Bank
- October 2003: Gala (and press release) will also announce receipt of federal grant, private sector contributions to date, board of directors – and list of participating companies
- Globe and Mail editorial or donated ad space in business pages following Gala; Toronto Life coverage
- Web site lists and thanks donors
- Community leaders send the message – if we want creative arts organizations in our community, it is up to us to support them
- “Quick Info” Updates distributed to funders

Target: Public

Communicate:

- The contributions of the participating companies to the process of Canadians expressing themselves to each other
- The value and impact of these companies' relationship with their audiences
- That this is a self-initiated, proactive effort – creative companies being creative about ensuring their futures
- Mid-sized companies are looking to help themselves

Tools:

- Gala, editorial coverage and donated ad space including in Toronto Life
- House program messages aimed at audiences of participating companies, in the form of a “social contract” – we will keep ourselves healthy in order to continue to provide artistic excellence for generations to come
- Creation and dissemination of a “Harper’s Index”-type set of facts and figures about the value of the creative performing arts, and of the participating companies
- Web site, linked to participating companies' web sites
- Community outreach by Creative Trust and participating companies' board members
- Flyer for distribution

Target: Non-Participating Companies

Communicate:

- That the process for choosing participants is consistent and fair

- That we will start with these companies, but that Creative Trust is leaving the door open for ancillary programs aimed at non-eligible companies
- That the Creative Trust program will benefit the entire arts community, because the results will be shared

Tools:

- 2003: Meet with “Big 5” companies to discuss need and objectives of the program; potential participants; cooperation with their activities and goals; and projected impact on participants and community
- 2003: Produce a flyer for distribution in house programmes and lobbies: side 1”good news; please contact for eligibility requirements” side 2: “if you believe in this sector, if you want to support it, contact...”
- Gala
- “Quick Info” Updates widely distributed
- Web site, linked to Arts Councils’ web sites
- Criteria to be summarized in all communications
- Participating companies and their board members used spread a positive message about the program

Target: Arts Community

Communicate:

- That Creative Trust will raise the profile of Toronto’s creative arts community
- That Creative Trust will help create a more receptive, supportive political and social environment for the arts
- That Creative Trust will benefit the entire arts community, because the results will be shared

Tools:

- Meetings with TTA, Theatre Ontario, PACT and other service organizations, to discuss need and objectives of the program; how it will work and its timeline; potential participants; cooperation with a.s.o. initiatives; and projected impact on participants and community. Get their input on criteria
- Proactively meet with potential critics of the program, to ensure them that the program's goal is to strengthen the artistic output of participating companies; that the program will be able to serve as a model for other initiatives; and that Creative Trust is leaving the door open for ancillary programs aimed at non-eligible companies
- Create articles using case studies from the program, and sharing our results and analysis, for a.s.o. newsletters
- Ensure that the Centre for Cultural Management at University of Waterloo is an active partner in wider distribution of information about the program, and in creating learning opportunities

Target: Funding Agencies/Government

Communicate:

- That this is a self-initiated, proactive effort – creative companies being creative about ensuring their futures
- That Creative Trust differs from agency programs in the extent to which it engages leadership from the community
- That participating organizations will continue to need strong operating support from funding agencies
- That juries must be charged with not penalizing participating companies for healthy balance sheets carrying capital reserve funds

Tools:

- **2002/03:** Meetings with all concerned officers at TAC, OAC, CC, Trillium Foundation to discuss need and objectives of the program; how the program will work and its timeline; potential participants; overlap/cooperation with other similar programs; and projected bottom line and other impact on participants. Get their input on criteria
- Ongoing discussions with Flying Squad, Strategic Initiatives, COMPASS, and other programs with similar goals
- Regular meetings with funders to involve them in shaping of plans
- Regular interim meetings with funders to analyze success of program
- Proactively meet with potential critics of the program, to ensure them that our goals are complementary to existing programs
- Share our results and analysis with funders, and anyone interested in our goals and process

Target: Gala Communications

Upcoming:

- Communicate about invitation/teaser, ensure members are committed to getting out save the date info to friends and associates
- Internal press release?
- Widely distributed press release
- Website updates
- Beamation, elevator screens, Toronto Life
- Save the Date email
- Insert on Creative Trust and Gala for Fall programs

- Other Save the Date distribution
- All boards
- All company mailing list
- Meet with gala committee members to introduce ideas and plans, explain role, ticket targets and strategy