



CREATIVE  
TRUST

BOARD AND GOVERNANCE

# 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](mailto:libaspc@uoguelph.ca)

# Creative Trust Open Source Tool Kit

## Board and Governance

### 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.

## Board and Governance

Creative Trust's *Working Capital for the Arts* program was developed by a steering committee of four arts managers (Joan Bosworth, Mallory Gilbert, Claire Hopkinson, and Jini Stolk). We incorporated and formed our first Board of Directors - made up equally of arts professionals and experienced arts supporters - in late 2002.

We all wanted Creative Trust's board practices to exemplify excellence in non-profit governance, because of our leadership role in advising and assisting 21 major established organizations and because the program had a significant profile and ambitious fundraising goal. The governance policies we developed over the years, gathered together in this *Board and Governance Tool Kit*, drew heavily on the arts-centred work of George Thorn and Nello McDaniel of Arts Action Research.

The vigorous discussion we had around each of these policies (how will Board and professional staff share the responsibility of achieving our mission and vision?; how can we firmly guard against conflict of interest with a Board including arts professionals, active arts volunteers and funders?; how do we ensure that our programmatic decision-making and grant-giving practices are transparent and fair?; how can we develop the profile and public trust necessary to achieving our funding goal?) proved the power and richness of a Board

encompassing the experiences, perspectives and skills of senior arts managers and senior community and business leaders.

# About Creative Trust

This introduction to Creative Trust's program and goals was included in our first Board recruitment package in 2002.

## What is Creative Trust?

Creative Trust: Working Capital for the Arts is a six year program to support and strengthen Toronto's mid-size creation-based performing arts companies, by assisting them in developing their planning and financial skills, achieving organizational and financial balance, and acquiring and maintaining a fund of working capital. It 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 grants and working capital awards.

## What is Creative Trust's long-term objective?

Creative Trust companies are of fundamental importance to Toronto's cultural infrastructure and are at the heart of artistic creation in Canada. By helping them build artistically vital, financially balanced organizations, the program's ultimate objective is a stronger, more vibrant performing arts community whose most innovative music, dance and theatre companies create, produce and present their work in a healthy and sustainable environment.

## Where does the idea come from?

Creative Trust was initiated by the community as a collaborative effort by Toronto's mid-size music, theatre and dance companies to build a strong future for themselves and their sector. The program is modeled on 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 stable and financially healthy arts organizations.

### **Who is eligible for the program?**

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. Admission is a competitive process: companies who are deemed most able to benefit from the technical assistance provided and most likely to be made more stable by an infusion of working capital, will be chosen.

It is anticipated that around twenty-five organizations will be admitted to the program, subject to the availability of sufficient financial resources.

### **Where does Creative Trust get its funding?**

The \$6.1 million program is intended to be an equal partnership between the public and private sectors, which are being asked to commit new funds to this special, one-time fundraising effort. The program's strong initial funding support – \$1.5 million as part of the Department of Canadian Heritage's Sustainability Initiative, \$250,000 from the George Cedric Metcalf Charitable Foundation, matched by the Samuel and Saidye Bronfman Family Foundation – has stimulated over \$2 million additional from the Province of Ontario, the City of Toronto, corporations, and the private philanthropic sector.

### **How is the program governed?**

The program is a not-for-profit corporation incorporated under the laws of Ontario and registered as a charity under federal legislation. It is governed by a twelve member Board of Directors which includes 4 arts representatives and 8 community and business leaders and program funders.

# What Do Boards Do?

This was included in our first Board Orientation package in 2003.

## Why do we have to have a Board?

Once an arts organization has been allowed to incorporate as a not-for-profit, charitable organization, the government makes sizable concessions both in not taxing the organization itself and by allowing donors to claim tax deductions for their donations to the organization. From the perspective of the government, this is an indirect subsidy, which across the entire not-for-profit sector adds up to millions of dollars that would otherwise go to the government. For this reason, the government requires a Board of Directors to act as stewards to ensure that the public purposes of the organization are being carried out, to be accountable to the government (federal or provincial) that granted the charter, and ultimately to be accountable to the public itself.

The Board has both a legal and fiduciary responsibility. Board members must ensure that the organization is carrying out the mission as set out in the articles of incorporation and that the financial activities of the organization are both legal and in accordance with the government's requirements. For a more detailed explanation go to the Broadbent Report: [Building on Strength: Improving Governance and Accountability in Canada's Voluntary Sector.](#)

## What should Boards do?

- Ensure that the artistic vision/mandate of the organization is being carried out
- Play a leadership role in developing links to the community, promoting the work of the organization as well as championing the role of the arts in society
- Approve the organization's annual activities in collaboration with the senior arts professionals
- Work with the senior arts professionals to establish a direction for the future

- Set policies for the operation of the organization
- Establish fiscal policies and boundaries with budgets and financial controls
- Understand, approve and monitor the budget periodically over the year to ensure financial stability
- Provide adequate resources for the activities of the organization through their own financial contribution and by making a commitment to fundraising
- Hire the Artistic Director and General Manager

### **What should Boards not do?**

- Engage in the day-to-day operation of the organization
- Make programmatic decisions without consulting the senior arts professionals
- Hire staff other than the Artistic Director and General Manager

### **Panel on Accountability and Governance in the Voluntary Sector (The Broadband Report Panel)**

The Panel identified the overall responsibility of the Board of Directors as ensuring the stewardship of the organization. It identified seven more specific board tasks or responsibilities:

- Ensuring the mission is achieved through strategic planning;
- Development of appropriate structures;
- Ensuring the board understands its role;
- Ensuring that an effective management team is in place;
- Communicating to members, stakeholders and the public;
- Implementing assessment and control systems; and,
- Planning for the succession and diversity of the board.

# Memo to Prospective Advisory Council Members

**An Advisory Council was formed at the same time as our first Board; its purpose is explained below.**

**Memo to:** Board of Directors  
**From:** Jini Stolk  
**Date:** December 11, 2002  
**Re:** Advisory Council

I am enclosing a package of information for prospective Advisory Council members. It includes the Advisory Council Terms of Reference, a list of Board and Advisory Council members to date, a brief overview About Creative Trust, and a sample letter to be tailored to each individual prospect.

Prospective Advisory Council members should be asked or ‘sounded out’ in person or by phone. The information package should be presented if a meeting is held; or mailed, in follow-up to an initial phone conversation, with the sample letter. I can follow-up with a further phone call, if necessary, and will send a thank you letter with Claire’s signature to those that agree to join.

As soon as one or two prominent individuals have accepted, let the next ones know when you approach them. It will make their decisions easier.

The Advisory Council list will send an important message to prospective supporters: that leaders in the arts and business and the community have endorsed Creative Trust, making their decision to support the program easier.

Let me know how things go, and call if you’d like me to send you the sample letter by email. Best of luck!

# Advisory Council Shape, Style and Methodology for Implementation

**This memo and the Advisory Council Terms of Reference were approved by the Board on November 11, 2002.**

It is recommended that members be asked in person or by phone. Terms of reference would follow, along with some background material. They should be ‘sounded out’ by someone they know first, before the formal invitation goes out.

Begin with the first half dozen that are most likely to say ‘yes’, and whose endorsement would be the most influential. The others that follow become easier, and may be done by letter.

As soon as one or two have accepted, let the next ones know when you approach them. It will make their decisions easier.

Think ahead about the complexion of the Advisory Council you want to achieve at the end of the process and the message this list will send to prospective supporters. The list should tell a story: leaders in the arts and business and the community have endorsed this, so the reader doesn’t feel the need to do too much diligent researching before supporting the program in some capacity. Everybody that will later be invited to participate with Creative Trust should be able to identify with someone on the letterhead (Staff, Board, Council). Avoid ending up with a list that is too much anything e.g. male/female, volunteer/professional, arts/business, old/young, fresh/retired. Don’t make it look exclusively like a group of people with money – the mix with people in the arts makes it lively.

In each instance, think about what that particular person can do for Creative Trust.

Don’t wait to complete the board positions before moving forward with this.

# Creative Trust 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 through Creative Trust, which 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 and act as goodwill ambassadors for Creative Trust. As ambassadors the members will help develop awareness and advance the vision for the 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, renewable for an additional four years, or until the completion of the program

## 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

# Creative Trust Governance Overview

**This document was drafted for discussion by the Board, which had identified the need for more formalized governance policies. It was discussed and adopted on June 2004.**

## Defining Governance

Because governance is a word that means different things to different people, I thought some definitions might be helpful:

“Governance is the process and structure used to direct and manage the business and affairs of the corporation with the objective of fulfilling the mandate of the organization. Excellence in governance is a philosophy and method that secures organizational legitimacy and the resources necessary to fulfill the mandate of the organization by generating public confidence in the stewardship of the Board of Directors and the professionalism of Staff.”

“Governance is the shared obligation of arts professionals and the board for accountability, responsibility and structures that ensure the ongoing health, sustainability and achievement of the mission of an arts organization.”

“Governance is defining how the collaboration process works.”

## Board Roles and Responsibilities

The board of a not-for-profit organization is generally understood to be responsible for ensuring that there are sufficient resources for programs and activities, and that these are consistent with the organization’s mission and values. The board monitors the organization’s scope of activity, financial health, and plans for

the future, and provides support and guidance to the staff by establishing policies in areas such as strategic planning, personnel and finance.

As Claire said, our board's ultimate responsibility is to safeguard Creative Trust's mandate, and ensure that we're doing what we say we're doing, in the best and most responsible and transparent way.

Creative Trust currently defines the board's roles and responsibilities as falling into four key areas: stewardship, financial oversight and accountability, resource development and community outreach. I believe these are appropriate, but have attached a revised and somewhat more detailed proposal on board roles and responsibilities for your consideration.

### **Senior Staff Roles and Responsibilities**

The senior staff member (executive director) of a non-profit is generally responsible for day-to-day operations, program delivery, financial management, communications, outreach and marketing, implementing the fundraising plan, and planning. The executive director is also responsible for identifying human resources and other infrastructure needs, and hiring and supervising staff.

Creative Trust currently has no structured oversight of senior staff, and no policies specifically related to employment. I recommend that we form an ad hoc Human Resources Committee to review the attached draft Employment Policy, and negotiate the renewal of the Executive Director's contract, including reporting and evaluation procedures.

### **Board and Staff Roles and Responsibilities**

Because the separate and mutual roles and responsibilities of board and staff in a not-for-profit organization are often not well defined or understood, I have prepared an outline of Board and Staff Roles and Responsibilities for your consideration.

## Committee Roles and Responsibilities

Creative Trust currently has two active committees: **Executive and Finance** and **Development**, which are meeting regularly and working well. I recommend adding to the responsibilities of the Executive and Finance Committee, and clarifying the reporting structure of the Development Committee, according to the attached revised Terms of Reference.

We have had other ad hoc committees including a **Programming Committee**, which met during the development of the program structure, and eligibility and admission procedures; and a **Gala Committee**. We should re-activate these (the Gala Committee as a Special Events Committee) if needed.

I recommend forming an ad hoc **Human Resources Committee**, to assist the Executive Director to develop employment policies and create reporting and evaluation procedures for staff. This committee might be made up of 2 – 3 members of the board, and meet only as needed. We have recently agreed to re-activate the **Communications Committee**, to help staff develop and implement a communications and media strategy for Creative Trust. This committee might include members of the advisory council and representatives of companies who are participating in the Working Capital for the Arts program.

An overall proposal regarding Committee Roles and Responsibilities is attached for consideration.

# Advisory Council Roles and Responsibilities

The Advisory Council has been defined as a supportive body working with the Board to advance Creative Trust's goals and activities. I recommend that we reaffirm the Advisory Council's existing Terms of Reference, with the slight revisions attached.

## Decision-Making Processes

**Working Capital for The Arts Program:** We all feel that Creative Trust has a special responsibility for clarity in its decision-making around the Working Capital for the Arts program.

We have been working under the assumption that all decisions related to the development of the program are policy decisions, and I have therefore been bringing detailed proposals to the board for discussion and approval. Now that the structure of the program is set, we want to ensure that our processes are documented and adopted as policy. We also need to agree on which remaining decisions are the board's.

We have so far adopted, as policy, the program's Core Principles and Goals, Eligibility Criteria, Guidelines, Admission Process, Organizational Assessment Template, Work Plan Development Process and Structure, Agreement Form, and Agreement Process.

The board should at future meetings adopt as policy the process by which deficit reduction and working capital grants are made; decisions on making these grants should be subject to board approval. The process of evaluation should also be adopted as board policy; other processes may be appropriate to adopt as policy as the program develops.

**Creative Trust:** We currently have adopted policies on Investment, Conflict of Interest, and Equity, Access and Racism. We have developed formats for financial and fundraising reports, and have developed a process

for audit review and approval. We need to develop an Equity Implementation policy; there may be other policies required.

# Program Vision Principles and Objectives

This document, approved by the Board in June 2004, amalgamated Creative Trust's earliest policy decisions dealing with the purpose and objectives of the Working Capital for the Arts Program.

## Vision and Mission Statement

Creative Trust: Working Capital for the Arts is a program to support and strengthen Toronto's mid-size creation-based performing arts companies, by assisting them in developing their planning and financial skills, achieving organizational and financial balance, and acquiring and maintaining a fund of working capital.

By helping participating companies build artistically vital, financially balanced organizations, Creative Trust's ultimate objective is a stronger, more vibrant performing arts community whose most innovative music, dance and theatre companies create, produce and present their work in a healthy and sustainable environment.

## Core Principles

- 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

### Supporting Objectives

- To support and enhance the knowledge, skills and abilities of the human resources of mid-size performing arts companies
- To recognize and sustain the leadership in these organizations
- To help arts organizations flourish as dynamic and financially healthy artistic entities, and thereby increase their probability of survival
- To build an environment that can sustain a healthy, dynamic and diverse arts sector
- To assist in creating a “culture of shared resources”
- To foster discussion, debate and action for the long-term sustainability of the arts in Toronto
- To communicate clearly who the mid-size performing arts companies are, what they do, and why they are important to our communities and society

### Critical Factors for Success

Creative Trust believes that the following key characteristics, internal operating capacities and behaviours, taken together, provide the best framework for success and are essential for maintaining and sustaining a healthy, balanced and productive arts organization over time:

- Leadership

- Vision/Values/Mission
- Working Processes
- Relationships
- The Organizational Equation
- Resource Development
- Infrastructure
- Planning and Learning

Creative Trust's process of working will be tailored to the individual participating organizations and will assess and address each of the above elements.

# Creative Trust Board of Directors Roles and Responsibilities

**These are the first documentation of Creative Trust's Board's Roles and Responsibilities, adopted by the Board and Executive Directors in November 2002.**

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-size 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 Creative Trust Board meets regularly, every six weeks, to fulfill its responsibilities as outlined below. Board members are also expected to sit on one or more committees.

## Stewardship

The Board provides leadership in supporting and sustaining Creative Trust's mission and values, developing and implementing a continuous strategic planning process, and for planning for Board and senior staff succession.

Board members are expected to demonstrate a commitment to the organization's mission and values, maintain sufficient knowledge of and oversight of the activities of the organization to provide stewardship, and commit the time necessary to fulfill their responsibilities

The Board is also responsible for defining its own role and responsibilities, and for creating an environment in which the board and its members, individually and as a whole, are fulfilling their roles and responsibilities.

## Financial Oversight and Accountability

Through the Executive and Finance Committee, the Board is responsible for establishing and monitoring Creative Trust's financial policies and procedures, and for monitoring and controlling financial risk. These policies and procedures 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.

The Board will create Investment policies that establish guidelines and monitoring procedures to govern investment of Creative Trust's financial resources. These policies will be reviewed at least annually.

## Resource Development

The Board is responsible for providing leadership in developing the resources necessary to achieve and sustain Creative Trust's mission. Board members contribute to and understand the fundraising plan, and work together with the staff to attain Creative Trust's fundraising goal by participating in the process of identifying and cultivating contributors, and by making a personal financial contribution to the best of their abilities.

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

## 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 and partnerships, and cultivates opportunities for the development of new resources.

Board members are expected to be passionate advocates for the vitality, importance and needs of Toronto's creation-based music, theatre and dance companies, and to understand the mission, values and major activities of the organization, and champion its cause within the arts community and to the wider community.

# Creative Trust Executive Director Roles and Responsibilities

The Executive Director is the senior staff member of the organization, and is hired by and reports to the Board of Directors to undertake the following:

## Major Responsibilities:

- The day-to-day operations of Creative Trust and the delivery of its programs
- Strategic planning, and policy and organizational development
- Establishing and maintaining the administrative structure necessary to achieve the aims and objectives of Creative Trust, including the selection and engagement of staff, either by contract or employment
- Financial management and controls
- Implementing the fundraising campaign and overseeing its progress
- Communicating the program's goals and objectives in the most compelling possible way, in collaboration with the Board of Directors
- The establishment and maintenance of close liaison and relationships with the Board of Directors and Advisory Council, and management and creative leadership of the organizations in the programs; representatives of private and public sector funders; the Toronto arts community; other stabilization programs in Canada and elsewhere; and the general public
- Other tasks which may be required

# Definition of the Separate and Mutual Roles and Responsibilities of Creative Trust Board and Staff

**This was the first document differentiating the separate and mutual roles and responsibilities of Board and Staff.**

**Mission:** Defining and achieving the mission is a shared responsibility, with leadership coming from staff

- Staff's role is to advance the mission and promote the values of the organization with carefully planned activities that are achievable with available resources
- Board's role is to support the mission and values of the organization by protecting it and allowing it to achieve its goals; by reaching out into the community to generate financial resources; and by helping to involve others in its work

**Programs and activities:** Identifying and carrying out programs and activities that advance the mission is a shared responsibility, with leadership coming from staff

- Staff's role is to create realistic plans backed up by realistic budgets; identify tasks that need to be done and problems that can't be solved with available resources; and define needs and expectations of the board
- Board's role is to understand the organization's needs and expectations; identify ways they can assist, and take responsibility and initiative without undermining staff

**Communications and community relations:** Ensuring that the mission is clearly communicated and that the community is aware and involved in the organization is a shared responsibility

- Staff's role is to see that all communications reflect the organization's mission and values and that all activities contribute to the community
- Board's role is to act as ambassadors for the organization, reaching out into the community on its behalf, creating the interest and excitement that brings ideas, volunteers, new partnerships and other resources

**Organizational sustainability:** Ensuring a sustainable future is a shared responsibility

- Staff's role is to plan, budget and manage so as to ensure sustainability; and provide the board with the information it needs to understand and contribute to the organization's finances and operations
- Board and staff share the role of finding the resources needed to ensure a financially stable and sustainable environment
- Board's role is to assist in creating a strong working team by ensuring staff satisfaction, stability and orderly recruitment

**Personal growth and fulfillment:** Staff and board are equally responsible for ensuring that everyone involved with the organization is valued, respected and supported – and that their work is fulfilling and rewarding

- Staff's role is to build a strong stable team by training and guiding staff and motivating and engaging board and volunteers
- Board's role is to assist in building a strong, stable team of staff, board and volunteers, and help team members achieve satisfaction, personal growth and professional development through their work
- Staff's role is to recognize and thank everyone who contributes time, money and resources to the organization
- Board's role is to identify their own goals and motivations, so they can contribute their best efforts where most needed

# Creative Trust Committee Roles and Responsibilities

## Committee Roles

- Committees will work with staff to set objectives and develop a strategic action plan for their area, for approval by the board

## Committee Responsibilities

- Committees are responsible for providing advice and feedback to staff, setting specific goals that respond to the needs of the organization, finding ways to achieve them, and reporting back to the board on their progress on meeting their objectives

## Responsibilities of Committee Chairs and Members

- Committee chairs are responsible for setting a schedule of meetings and recommending committee members, in consultation with staff. Membership may include staff members, board members, advisory council members and outside members or advisors as needed and appropriate
- Committee members must make a commitment to be active participants in the work of the committee

## Committee Accountability

- Committee chairs will provide full, informative reports to the board of directors, and bring proposals for programs or activities that involve new resource allocation to the board for discussion and decision

The Executive and Finance Committee is the only committee authorized to act on behalf of the board, as necessary, between meetings; such decisions will be brought to the next meeting of the Board for ratification.

\*Note: after further discussion the Board agreed on June 2004 not to empower an Executive Committee with the above authority to act on behalf of the Board between meetings.

# Creative Trust Executive and Finance Committee

## Terms of Reference

The authority of the Executive and Finance Committee to act on behalf of the Board between meetings was later rescinded, following much discussion.

The Executive and Finance Committee provides oversight over the operations and finances of the organization and may act on behalf of the board, as necessary, between meetings; such decisions (which may not include grant-making decisions) will be brought to the next meeting of the Board for ratification.

Its roles and responsibilities are as follows:

1. Oversee the finances of the organization, under the leadership of the Treasurer, including budget review and implementation. This will include:

### **Financial oversight**

- Review and approve regular financial statements; ensure statements are presented in a format which provides sufficient information for thorough and complete oversight; presents statements to the board for information

### **Audit**

- Review plans; review and approve results, and bring recommendation for approval to the board; approve fees and bring recommendation for approval to the board; establish a relationship with the auditor independent of management, receive and review recommendations and notes on internal controls or other management issues; recommend changes to the board if necessary, and implement such changes

### **Budget**

- Monitor progress of creating next year's budget; understand and agree with budgetary assumptions; present the budget to the Board of Directors for approval; monitor year-to-date expenses and revenues, and balance sheet activity; examine year-end forecasts; review any transactions beyond the

scope of the approved budget, or outside the ordinary course of business; report to the Board of Directors on the financial status of the current year

### **Insurance**

- Annual review

### **Funds management**

- Create and annually review investment policies
- Review and approve investments; appoint manager, review results.

2. Oversee the operations of the organization, working with senior staff on organizational planning and strategic objectives

### **Operational oversight**

- Assist and advise senior staff on operational issues as needed

### **Forward planning**

- Discuss and review strategic planning process of staff
- Develop long range planning for special projects and program needs

### **By-laws**

- Conduct an annual review to ensure compliance, and to make recommendations for revisions as required

3. Evaluate progress and success of senior staff functions

### **Executive Director**

- Undertake annual performance review
- Review and where necessary revise the position description
- With the Executive Director, develop corporate and strategic objectives that Executive Director is accountable for achieving, and
- Monitor performance in relation to the strategic objectives

### **Key contracted staff and suppliers**

- Review and approve contracts
- Review major supplier contracts (e.g. are we being cost efficient and paying competitive rates)
- Be aware of financial obligations

# Creative Trust Development Committee

## Terms of Reference

### Background

- At the October 2003 board meeting, it was agreed that we set up a Development Committee

### Composition

- The committee will be composed of members from the Board and the Advisory Council and possibly other friends of Creative Trust

### Meetings

- Meetings will be held as required or monthly. Agendas will be circulated in advance of meetings, together with reports on the previous month's activities

### Responsibilities

- Assisting with entrees to potential donors: foundations, corporations, and individuals
- Attending presentation meetings with prospective supporters
- Providing introductions or acting as door-openers on occasion

### Reporting and Accountability

- Accountable to the board
- Report through the chair to the board at each meeting
- Work with executive director and development director

# Creative Trust Human Resources Ad Hoc Committee

## Terms of Reference

The Human Resources Committee will assist the Executive Director to develop employment policies and create reporting and evaluation procedures for staff. It will meet as needed, to fulfill the following roles and responsibilities:

- Review recommended employment policies, reporting and evaluation procedures, and bring recommendations to the board for approval
- Negotiate Executive Director's contract, and bring recommendations to the board for approval
- Undertake Executive Director's annual review
- Assist Executive Director with any employment issues, as necessary

# Staff Structure, Responsibilities and Compensation

An early memo dated October 15, 2002, with proposals for staff structure, responsibilities and compensation.

**To:** Human Resources Committee

**From:** Jini Stolk

**Re:** Staff structure, responsibilities and compensation

Creative Trust: Working Capital for the Arts' activities have been carried out thus far by contracted staff rather than salaried employees. Together, Peter Brown and I conducted the feasibility study, as Project Consultant and Project Manager respectively. As Executive Director I have taken the lead on the development phase, with Peter continuing to act as Project Consultant, and Jane Marsland assisting with Program Development. Our work has been guided by the steering committee and, after incorporation in December 2001, by the board of directors.

Contracting essential functions to senior people with appropriate expertise has worked very well so far, allowing us to make a great deal of progress efficiently and inexpensively compared to other similar projects.

Now that the program launch is rapidly approaching, we need to review current staffing and put in place a structure and policies for implementing the program that will serve the organization in the long term – while still maintaining the board's commitment to a lean administration. Below is a brief description of current staff and their functions, with proposals for moving into the program phase.

## Administrative Staff

**Jini Stolk:** Following completion of the feasibility study, I was contracted (see attached) to oversee the completion of all tasks related to the development phase, and appointed as Executive Director upon Creative Trust's incorporation.

I would be happy to continue as Executive Director if the board chooses to reaffirm my appointment. This would require the negotiation of a new contract (effective January 1<sup>st</sup>, or upon program launch) with appropriate terms and conditions; responsibilities under such a contract would include:

- 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; and
- 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

**Young Associates:** Hired in July 2002 on an as-needed basis to set up our financial system, act as bookkeeper, and prepare monthly financial statements. I propose that we contract Young Associates through the program phase on the above terms.

**Administrative and fundraising assistant (new):** The Executive Director will require assistance in the very near future with administrative, communications and program delivery tasks; the fundraising campaign will also require administrative backup in the Creative Trust office. I propose that we hire an administrative assistant as soon as possible, for 15-20 hours a week to:

- Offer administrative support to the Executive Director and board of directors
- Assist in the fundraising effort; and
- Assist in the coordination of technical assistance to program organizations, etc.

When needed (following the program launch or before), we can extend the above contract or hire a full-time salaried Administrative and Fundraising Associate.

***Hennessy & Associates:*** Contracted in the development phase to prepare a fundraising strategic plan, which is now complete. H&A was recently asked to submit a proposal for direction of the overall fundraising campaign.

### Program Staff

***Peter Brown:*** Peter was contracted as Project Consultant during Creative Trust's feasibility phase, because of his financial skills and extensive experience with stabilization programs; this contract was renewed for the project's development phase.

I propose that we negotiate a contract renewal for the program phase, for services in the areas of financial planning; program planning and evaluation; government relations; financial analysis of participating companies; and other tasks that may be required.

***Jane Marsland:*** Creative Trust grew out of a previous program of organizational evaluation and technical assistance called Arts 4 Change, that Jane conceived and managed. Since stepping down from the board, Jane has been working on program development according to the terms of the attached draft contract, which should be approved and signed. I propose that we also negotiate a new contract for the management of Technical Development Services in the program phase, providing a monthly retainer to guarantee a minimum

level of time commitment of 2 – 3 days a week; time spent above the minimum would be paid at a daily rate to be negotiated.

***George Thorn and Nello McDaniel (Arts Action Resources):*** Contracted as Lead Consultants for the program phase under the terms of the attached contract. We will revise the contract to reflect the program’s revised schedule.

***Resource Consultants:*** I propose that we draft a basic contract to be used for the contracting of Resource Consultants to provide specialized expertise to Creative Trust participating companies; we should expect the daily rates of these consultants to range between \$600 and \$1,000.00.

### **Salary Budget**

The salaries and fees in existing contracts have been included in the detailed program budget being developed. Estimates have been made for the contracts to be negotiated; for the Executive Director, Administrative Assistant, and Technical Development Manager positions these estimates are based on a survey of Stabilization Program staff salaries, attached. These figures will be finalized once discussions and negotiations are complete.

### **Staff Policies**

We should develop a set of written staff policies for both contracted and employed staff members.

# Summary of Staff Employment Terms and Major Responsibilities

## Executive Director

Contract, fee per month based on 4 days/week on average

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### Major Responsibilities

- The day-to-day operations of Creative Trust and the delivery of its programs
- Strategic planning, and policy and organizational development
- Establishing and maintaining the administrative structure necessary to achieve the aims and objectives of Creative Trust, including the selection and engagement of staff, either by contract or employment
- Financial management and controls
- Implementing the fundraising campaign and overseeing its progress
- Communicating the program's goals and objectives in the most compelling possible way, in collaboration with the Board of Directors
- The establishment and maintenance of close liaison and relationships with the Board of Directors and Advisory Council, and management and creative leadership of the organizations in the programs; representatives of private and public sector funders; the Toronto arts community; other stabilization programs in Canada and elsewhere; and the general public
- Other tasks which may be required

## Administrative Coordinator

Employee, annual salary

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### Major Responsibilities

- Office management and administration

- Day to day financial management: deposits, issuing of cheques, payroll, tax remittance
- Fundraising assistance and special event coordination
- Marketing and communications implementation
- Assisting the Technical Assistance Director with scheduling, making all travel, site and program arrangements, and communications for periodic working visits by Arts Action Research
- Outreach Program implementation
- Database development and maintenance
- Administrative assistance
- Other tasks which may be required

### **Program Development and Evaluation Director**

Contract, daily fee for services which are provided upon request of Executive Director

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#### **Major Responsibilities**

- Working with the Executive Director on all aspects of Program Development, including guidelines, forms, systems, contracts, and operations
- Creative Trust financial analysis and long-term planning and budgeting; special project and grant budgeting
- Financial analysis of applicants to *Working Capital for the Arts*; ongoing financial analysis of participating companies, including financial component of annual reviews
- Provision of financial consulting and advice to participating companies
- Development and implementation of ongoing evaluation process and procedures
- Assisting in fundraising strategy, meetings and preparation of grant applications, as requested
- Attending meetings and working sessions as required
- Other tasks which may be requested

## Technical Assistance Director

Contract, daily fee for services provided, 4 day/month minimum retainer

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### Major Responsibilities

- Developing the Organizational Assessment and Technical Assistance aspect of the program in cooperation with the Executive Director and Arts Action Research
- Assisting in developing *Working Capital for the Arts* program guidelines, Assessment Templates and other program materials as may be required
- Implementing the Organizational Assessment and Technical Assistance aspect of the program in cooperation with AAR; meeting with participating companies as required to develop and ensure progress on their Work Plans
- Conducting the organizational assessment and Work Plan progress analysis component of annual reviews, in cooperation with AAR
- Developing and implementing Technical Assistance activities that contribute to a community-wide learning process in co-operation with AAR and the ED
- Preparing and communicating as necessary for periodic working visits by AAR
- Attending meetings and working sessions as required
- Other tasks which may be required to successfully implement the Organizational Assessment and Technical Assistance aspect of Working Capital for the Arts

## Bookkeeper

Hourly fee for services provided upon request, half day, 2X/month minimum

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### Major Responsibilities

- Monthly reconciliation

- Monthly board reports and updated variances
- Assist with budget development and controls
- Gov't filings (GST, Charities)
- Other tasks which may be required

### **Development Director, Associate and Assistant**

Contract, monthly fee as negotiated for services of firm; current contract

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#### **Major Responsibilities outlined in current contract**

- **Board:** Provide continuing assistance with board development
- **Development Committee:** Work with the development of the Campaign Fundraising Committee to refine goals, action plan critical path
- Identify and secure a Campaign Chairman
- **Events:** Develop a strategy for major donor events
- **Corporations:** Help to secure three to four pacesetting corporate commitments at a level of approximately \$100,000
- **Print Materials:** development of Case for Support, which will act as the print support brochure for the major gift elements of the campaign, in time for next major donor event(s)
- **Newsletter:** develop and distribute a newsletter to current and prospective supporters (both public and private sector) of Creative Trust
- **Foundations:** On-going applications to foundations

## **Lead Consultants – Arts Action Research**

Contract, daily fee for services provided as per schedule detailed in contract

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### **Major Responsibilities**

- Assessment of potential participants, technical assistance work, and development of a knowledge based assessment/evaluation framework with up to 20 mid-sized performing arts organizations based in Toronto, over a period of one year
- Act as lead consultants working with principal consultants (Marsland, Brown, Stolk) as well as utilizing the specialized expertise of additional resource consultants from time to time
- It is anticipated that a number of resource consultants will be identified and an orientation roundtable of the resource consultants by McDaniel and Thorn will be convened
- Periodic review meetings as part of the scheduled work visits, to meet with principal consultants to review the working processes and any issues. These meetings may also be used for any design intervention work required by the principal consultants
- Other meetings and activities as may be required

# Creative Trust Administrative Employment Policies and Procedures Terms of Employment

## Employment Philosophy

Creative Trust is committed to the highest possible standards of human resources policy and practice, and to creating a working atmosphere that is open, supportive and rewarding. Wherever possible, employees will be offered a variety of work experiences, and have access to the training they need to do their job well. They will be best informed of how their job relates to the Creative Trust as a whole, and will be recognized for work well done.

## Hiring

Available administrative positions will be advertised to ensure fair access; postings will include job descriptions and requirements that are as clearly defined as possible.

Existing employees who may qualify for consideration or promotion will be encouraged to apply.

After the advertised application deadline, a short list of candidates will be drawn up for interviews. The successful candidate will be chosen after interviews are completed. During this process the Executive Director will seek the opinions and advice as may be appropriate from any committee chair(s) who will be most directly involved with the employee, but final decisions on hiring will be made by the Executive Director. All candidates will be notified of the results of the hiring process as quickly as possible.

## Letters of Agreement

All full-time and contract administrative employees enter into Letters of Agreement with the Executive Director. The Letters of Agreement outline details specific to the position.

A full job description will be attached to each Letter of Agreement.

## Terms of Employment

In addition to the Letter of Agreement, the following employment policies apply:

1. Our regular work week is 35 hours per week, served between the hours of 9:00 am to 6:00 pm, with a one hour lunch break.
2. Summer hours will begin June 1 through Labour Day. During this period employees have the option of serving our 35 hour work week during the following hours:
  - 8:30 a.m. to 6:00 p.m. Monday through Thursday
  - 8:30 a.m. to 12 noon Friday
3. Meetings and events may be held in the evenings or on weekends, and are considered part of the job. Because there is no provision for overtime pay in the budget, Creative Trust provides some paid time off in lieu of overtime worked as follows: up to a two week period encompassing Christmas and New Year's, and additional time off of up to 5 days depending upon the extent of overtime worked.
4. Statutory holidays are New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday in August, Labour Day, Thanksgiving Day, Christmas Day, and Boxing Day. Employees receive regular pay for these days. Religious holidays other than those listed here can be negotiated with the Executive Director.
5. Vacation time is allocated on a calendar year basis, so vacation days cannot be carried past December 31st. Employees are entitled to two weeks paid vacation in their first and second year of employment, three weeks in their third year, and four weeks after their third and in any following years. Holiday schedules must be approved by the Executive Director at least one month in advance. Upon leaving Creative Trust, employees will receive 4% vacation pay for any unused vacation days in that year.
6. Employees will receive regular pay during sick days of up to 14 days in a calendar year. Employees must notify the office as soon as possible if they are unable to come to work. Any absence longer than 5 days may require notification from a doctor. In cases where more than 14 sick days are required, arrangements will be made between the employee and the Executive Director.

7. Compassionate leave, or leaves of absence for personal reasons, may be granted by the Executive Director, but will not normally exceed one week; these leaves are paid if granted.
8. To have work-related expenses reimbursed, an expense request must be made to the Executive Director for approval prior to the expenditure, and an expense claim and receipts must be submitted afterwards.
9. All purchasing of materials and supplies is coordinated through the Administrative Coordinator.
10. Conflict of interest is an issue that can affect employees, who must keep the Executive Director informed of other activities they undertake which could be seen to be related to their work. The most obvious example of this would be any involvement with an organization or individual(s) seeking business or employment with Creative Trust, or admission to the Creative Trust *Working Capital for the Arts* program. It is imperative that employees are seen to be wholly objective in any dealings with outside interests.
11. It is essential that confidentiality be maintained by Creative Trust employees on all information, opinions, decisions etc., which may be expressed within the office and committee and board meetings, and which may reflect on external relationships past, present or future.
12. Creative Trust is a professional arts organization and employees must operate professionally, efficiently and courteously at all times and must support the goals, programs and activities of Creative Trust in dealings with members, clients, other companies and the public. If an employee is hindered from performing his or her duties in such a manner, it is his or her responsibility to bring this to the attention of the Executive Director.
13. Creative Trust adheres to the Anti-Racism, Access and Equity Policies that are appended to this Employment Policy document.

## Evaluation

Creative Trust recognizes that open and ongoing discussions between employees and their employers are vital to a productive and happy work environment. Performance reviews are a key part of this process. Performance reviews are planned and documented private discussions and exchanges between an employee

and the Director/manager to whom she/he reports. The purpose of such reviews is to give both employee and employer a chance to discuss the working situation, recognize progress, develop mutual understanding, and plan for professional development and future objectives. It may also be used to discuss pay increases.

Performance reviews are conducted 3 months from the date of assuming a position and annually thereafter. If necessary, they can be scheduled at more frequent intervals. The performance review for the Executive Director will be conducted between the Executive Director, the Board President and one other Board member selected by the Executive Director. Performance reviews for employees will be conducted between the employee and the Executive Director. They will include a discussion of achievements and problems during the year and, where appropriate, input from relevant committee chairs.

A written summary of the discussion is prepared and signed by both parties as a complete and true account of the conversation. Documentation of reviews is confidential and is accessible only to the employee, the Director/manager to whom he/she reports and Creative Trust's Executive Director.

## **Termination**

Each Letter of Agreement specifies a notice period for termination. In case of a firing, it is expected that the employee will have received warnings, documented in writing. In the case of resignation, it is expected that the termination period will be honoured to allow for replacement, and that any commitment to training such a replacement will also be honoured.

# Review of the By-laws of Creative Trust for Arts & Culture

Following the Annual General Meeting of May 11, 2004, the Executive and Finance Committee requested a review of the Corporation's by-laws, to ensure compliance and to allow for recommendation of changes, if required. This review was approved by the Executive and Finance Committee on July 27, 2004.

The following comments arise from that review:

- The by-laws call for a Board of 12 directors; Creative Trust currently has 9 directors. Three positions remain to be filled. (The Board may elect new members to fill vacancies at any time, as long as a quorum is present)
- The term of office for the first directors of the Corporation is for 3 years, after which they may serve an additional two 2-year terms
- Other directors may serve two 2-year terms
- Directors with a conflict of interest in a proposed contract or transaction must declare their conflict, absent themselves during the discussion, and not vote on the matter. We have been in compliance.
- Quorum is a majority of members of the Board. We have been in compliance in voting on motions.

We are in compliance with all other by-laws of the Corporation, none of which require revision or repeal at this time.

Should we decide to enact, repeal or amend a by-law, now or in future, the process for doing so is outlined in by-law 11, which requires a majority vote of the Board and endorsement of that vote by a majority vote of the members.

# Creative Trust Investment Policy

These policies were approved by the Board of Directors on November 11, 2002; revised on January 15, 2004; and further revisions were approved by the Board of Directors on April 13, 2004.

Investment policies will be created and reviewed from time to time by the Board of Directors, through the Executive and Finance Committee, to establish guidelines and monitoring procedures to govern the investment of Creative Trust's financial resources.

## 1. Ordinary Prudence

Investment policies, standards and practices will be those that a person of ordinary prudence would exercise in dealing with the property of others in comparable circumstances.

Investment of assets will be made prudently in order to maintain asset value, and will be subject to appropriate diversification in order to limit exposure to undue financial risks and other adversity.

## 2. Investment Priorities

In the management of the funds the following shall be the guiding priorities;

- Preservation of the principal of capital sums invested;
- Maintaining the liquidity necessary to meet ongoing program needs; and
- Generating acceptable returns on the funds invested.

## 3. Acceptable Forms of Investment Vehicles

Investments will be made only in the following asset categories:

- Cash

- CDIC-insured demand or term deposits
- Treasury bills issued by the Government of Canada and/or by the Province of Ontario
- Bankers' acceptances rated AA or higher issued by a major Canadian bank
- Government of Canada bonds with terms to maturity of not more than six years
- Bonds of Agencies of the Government of Canada having terms to maturity of not more than three years

#### 4. Investment Mix

The maximum investment in the above categories shall not exceed:

- Cash, insured deposits, treasury bills: 50 percent
- Bankers' acceptances: 20 percent
- Government of Canada: 50 percent
- Government Agencies: 10 percent
- Provincial Bonds: 15 percent

A maximum of 30% of the portfolio shall be in "AA" rated credit (or an equivalent rating) and no investments rated below "AA" may be held.

#### 5. Funds Management

Investment and fund management operation shall be through a brokerage account or accounts with a major Canadian investment institution or bank.

# Creative Trust Leadership Search

## Qualities Needed in New Board Members

Creative Trust had to replace 3 retiring Board members in 2005 and 2006; this document helped guide our search.

We are looking for three new members who combine our required qualities with additional valuable qualities, and who fit one of our possible profiles:

### Required Qualities:

- Demonstrated leadership in encouraging and supporting Toronto’s creative mid-size performing arts companies
- Commitment to building a healthy and sustainable future for this sector
- Ability and willingness to bring new financial and other resources to Creative Trust
- Personal and professional credibility
- Ability and willingness to build partnerships with individuals and groups who can advance our mission
- Skills to assist Creative Trust in meeting our goals
- Desire and ability to advocate on our behalf; excellent prospective communicator of Creative Trust’s message to public, press, and peers
- Willingness to fulfill specific tasks; active, energetic participator
- Ability to work within and complement the Creative Trust “corporate culture;” rapport with board members, staff and consultants

### Additional Valuable Qualities:

- Experienced, effective fundraiser
- Strong interest in creativity, creative organizations, or “the creative city”
- Experience with, and understanding of non-profit organizations in other sectors

- Ability to analyze and deal with risks inherent in a start up entrepreneurial venture
- Involvement in capacity-building and sustainability in the non-profit world; interest in evaluation of capacity-building activities
- Experience in conception and organizing of cultural events
- Appreciation of the economic value of the mid-size sector
- Communications experience and the ability to assist with awareness and profile building
- Connections with the municipality of Toronto and ability to assist with municipal fundraising
- Ability to bring balance to our board table in the areas of gender; age, ethnic or cultural background, and professional sector

**Possible Profile(s):**

- Successful mid-career member of corporate workforce, with connections for fundraising and board experience
- Senior member or recent senior retiree from corporate workforce, with connections for fundraising and board experience
- Senior member of the cultural community: a professional artist, administrator from a company not eligible to participate in *Working Capital for the Arts*, or experienced board member or funder
- Senior elected or staff representative of the City of Toronto; current or recent
- Senior member of another non-profit community

**Creative Trust for Arts & Culture  
Working Capital for the Arts**

**Board Orientation Package  
2006 and 2007**

# Board Orientation Package Contents

Background

Working Capital: Sustaining Healthy Organizations

Mission and Vision Statement

Core Principles

Organization and Key Roles

Board Role and Responsibilities

Program Components

Financial Benchmarks

List of Participating Companies

Biographies of Key Personnel

## *Annexes*

*2007 Annual Report*

*Third Year Evaluation Report*

*Creative Trust Case for Support*

## Background

When the government of Ontario announced its \$25 million Ontario Arts Endowment Fund (OAEF) 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 small permanent endowment fund.

The experience of joining together to build for the future was very empowering. 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 Creative Trust: *Working Capital for the Arts*, a program that is having 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 accompanied 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 have 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.

## Mission and Vision Statement

Creative Trust for Arts & Culture supports Toronto's mid-size creative performing arts companies by assisting them in building artistically vital, financially healthy, sustainable organizations. Its major program, Working Capital for the Arts, combines an intensive working process in which participants are helped to achieve organizational and financial balance, with the provision of working capital awards.

Creative Trust's ultimate goal is a more vibrant community whose most innovative music, dance and theatre companies create, produce and present their work in a healthy and sustainable environment.

## Core Principles

- Working Capital for the Arts is 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 was developed within this context of shared vision and values
- The program's content, criteria and goals reflect the understanding that the artistic vision is at the heart of each organization
- The program tries to build a flexible, holistic model of organizational health
- The program encourages and develops 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 allows organizations to make and test their own decisions
- The program stresses the creation of art as a measure of success
- The program requires sustained initiatives, and seeks the development of long-term organizational growth and development

## Organization and Key Roles

### 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.

### Board of Directors

Joan Bosworth  
Mallory Gilbert, *Treasurer*  
Derek Hayes  
J. Brett Ledger  
Sandra Pitblado, *President*  
Celia Smith  
Suzanne Weiss

### Advisory Council

(as of June 2006)

Yvonne Chiu  
Robert Farquharson  
Lynda Friendly  
Claire Hopkinson  
J. Alexander (Sandy) Houston  
Peter Jeffery  
Judy Matthews  
John McKellar  
David Mirvish  
Frances Price  
Nan Shuttleworth  
David Silcox  
Nalini Stewart  
Constance Wansbrough  
Harriet Bunting Weld  
Joyce Zemans

### Advisory Council

The Advisory Council is a supportive body, working in cooperation with the Board of Directors to advance the principles of Creative Trust and endorse its goals and activities.

## Staff Resources

The Executive Director (Jini Stolk) is the senior staff member of the organization, and is hired by and reports to the Board of Directors to undertake the following:

### Major Responsibilities:

- The day-to-day operations of Creative Trust and the delivery of its programs
- Strategic planning, and policy and organizational development
- Establishing and maintaining the administrative structure necessary to achieve the aims and objectives of Creative Trust, including the selection and engagement of staff, either by contract or employment
- Financial management and controls
- Implementing the fundraising campaign and overseeing its progress
- Communicating the program's goals and objectives in the most compelling possible way, in collaboration with the Board of Directors
- The establishment and maintenance of close liaison and relationships with the Board of Directors and Advisory Council, and management and creative leadership of the organizations in the programs; representatives of private and public sector funders; the Toronto arts community; other stabilization programs in Canada and elsewhere; and the general public
- Other tasks which may be required

The Administrative and Program Coordinator (Shana Hillman) is the front line contact for participating companies, and is hired by and reports to the Executive Director to undertake the following:

### Major Responsibilities:

- Office management and administration
- Day to day financial management, including financial reports

- Fundraising and proposal development assistance, and special event coordination
- Monitoring and ensuring requirements, including recognition, of funders are met
- Implementing the organization's communications and public relations activities; maintaining the website and editing the newsletter
- Assisting with scheduling, travel, site, and program arrangements for visiting consultants and speakers
- Works with consultants to develop programming for member companies
- Database development and maintenance
- Board communications
- Administrative assistance and other tasks which may be required

## Board of Directors

### Roles 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-size 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 Creative Trust Board meets regularly, every six weeks, to fulfill its responsibilities as outlined below. Board members are also expected to sit on one or more committees.

### Stewardship

The Board provides leadership in supporting and sustaining Creative Trust's mission and values, developing and implementing a continuous strategic planning process, and for planning for Board and senior staff succession.

Board members are expected to demonstrate a commitment to the organization's mission and values, maintain sufficient knowledge of and oversight of the activities of the organization to provide stewardship, and commit the time necessary to fulfill their responsibilities

The Board is also responsible for defining its own role and responsibilities, and for creating an environment in which the board and its members, individually and as a whole, are fulfilling their roles and responsibilities.

## Financial Oversight and Accountability

Through the Executive and Finance Committee, the Board is responsible for establishing and monitoring Creative Trust's financial policies and procedures, and for monitoring and controlling financial risk. These policies and procedures 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.

The Board will create investment policies that establish guidelines and monitoring procedures to govern investment of Creative Trust's financial resources. These policies will be reviewed at least annually.

## Resource Development

The Board is responsible for providing leadership in developing the resources necessary to achieve and sustain Creative Trust's mission. Board members contribute to and understand the fundraising plan, and work together with the staff to attain Creative Trust's fundraising goal by participating in the process of identifying and cultivating contributors, and by making a personal financial contribution to the best of their abilities.

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

## 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 and partnerships, and cultivates opportunities for the development of new resources.

Board members are expected to be passionate advocates for the vitality, importance and needs of Toronto's creation-based music, theatre and dance companies, and to understand the mission, values and major activities of the organization, and champion its cause within the arts community and to the wider community.

## Definition of the Separate and Mutual Roles and Responsibilities of Creative Trust Board and Staff

**Mission:** Defining and achieving the mission is a shared responsibility, with leadership coming from staff

- Staff's role is to advance the mission and promote the values of the organization with carefully planned activities that are achievable with available resources
- Board's role is to support the mission and values of the organization by protecting it and allowing it to achieve its goals; by reaching out into the community to generate financial resources; and by helping to involve others in its work

**Programs and Activities:** Identifying and carrying out programs and activities that advance the mission is a shared responsibility, with leadership coming from staff

- Staff's role is to create realistic plans backed up by realistic budgets; identify tasks that need to be done and problems that can't be solved with available resources; and define needs and expectations of the board
- Board's role is to understand the organization's needs and expectations; identify ways they can assist, and take responsibility and initiative without undermining staff

**Communications and community relations:** Ensuring that the mission is clearly communicated and that the community is aware and involved in the organization is a shared responsibility

- Staff's role is to see that all communications reflect the organization's mission and values and that all activities contribute to the community
- Board's role is to act as ambassadors for the organization, reaching out into the community on its behalf, creating the interest and excitement that brings ideas, volunteers, new partnerships and other resources

**Organizational sustainability:** Ensuring a sustainable future is a shared responsibility

- Staff's role is to plan, budget and manage so as to ensure sustainability; and provide the board with the information it needs to understand and contribute to the organization's finances and operations
- Board and staff share the role of finding the resources needed to ensure a financially stable and sustainable environment
- Board's role is to assist in creating a strong working team by ensuring staff satisfaction, stability and orderly recruitment

**Personal growth and fulfillment:** Staff and board are equally responsible for ensuring that everyone involved with the organization is valued, respected and supported – and that their work is fulfilling and rewarding

- Staff's role is to build a strong stable team by training and guiding staff and motivating and engaging board and volunteers

- Board's role is to assist in building a strong, stable team of staff, board and volunteers, and help team members achieve satisfaction, personal growth and professional development through their work
- Staff's role is to recognize and thank everyone who contributes time, money and resources to the organization
- Board's role is to identify their own goals and motivations, so they can contribute their best efforts where most needed

## Program Components

Community working capital or arts stabilization programs improve the long-term artistic and financial viability of organizations by means of three key program components – the provision of expert technical assistance, assistance with deficit retirement, and the establishment of working capital reserves. They operate within a limited timeframe, typically achieving their objectives in about 7 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.

## Original Financial Benchmarks

The Working Capital for the Arts Programs financial benchmarks were established as part of the 2003 Feasibility Study.

Budgets of 20 potential participating companies ranged from under \$500,000 to over \$1.5 million.

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

The 2003 audited financial statements of these 20 mid-sized performing arts organizations revealed that 13 of these organizations had working capital deficits which total \$1,050,000 (or 8.7% of their revenues) and the remaining 7 organizations had surpluses which total \$393,000 (8.3% of their revenues.)

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

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.

Based on these figures, 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.

<i>Estimated Application of Funds</i>		\$
<b>1. Working Capital Fund Needs</b>		
25% of Revenues		4,190,010
13 Companies with WC deficits total	<i>(1,049,584)</i>	
Provide 50% thereof		524,792
<b>2. Technical Assistance Needs</b>		
\$ 30,000 per organization average		600,000
<b>3. Program Administration Needs</b>		
15% of program expenditures, to include fundraising		797,220
<b>Total Funds Required</b>		<b>6,112,022</b>

## Participating Companies

### Round One Companies

Ballet Jorgen Canada, Buddies In Bad Times Theatre, Dancemakers, Elmer Iseler Singers, Kaeja d'Dance, Lorraine Kimsa Theatre for Young People, Opera Atelier, Tafelmusik Baroque Orchestra and Chamber Choir, Tapestry New Opera Works, Théâtre français de Toronto and Toronto Dance Theatre.

### Round Two Companies

Danny Grossman Dance Company, Esprit Orchestra, Factory Theatre, Necessary Angel, Nightwood Theatre, Soundstreams, Tarragon Theatre, Theatre Direct, Theatre Passe Muraille and Toronto Children's Chorus.

### Outreach Companies

We recognize that Creative Trust has a special role to play in sharing its learning opportunities and experiences with companies whose budget size makes them ineligible for the core program. In February 2005 the Board approved a list of companies to be invited to join our new Outreach and Communications Program. Up to thirty small and culturally diverse organizations were included in our technical assistance and learning activities, in spring 2005.

AfriCan Theatre Ensemble, Alameda Theatre Company, Aluna Theatre, Ballet Creole, Cahoots Theatre Projects, Carlos Bulosan Culture Workshop, CanAsian Dance Festival  
The Centre for Indigenous Theatre, Clay and Paper Theatre, The Company Theatre, Continuum Contemporary Ensemble, Crow's Theatre, Dance Immersion, Dub Poets Collective, Esmeralda Enrique Spanish Dance, Fujiwara Dance Inventions, Hannaford Street Silver Band, inDANCE, Jumblies Theatre, Little Pear Garden Collective, Menaka Thakkar Dance Company, Modern Times

Stage Company, Mixed Company, The Music Gallery, Nightswimming, Obsidian Theatre Company, Princess Productions, Rasik Arts, Sampradaya Dance, Shadowland Theatre, Te Amim Music Theatre, The Theatre Centre, Theatre Smash and Tribal Crackling Wind.

## **Biographies Of Key Personnel**

### **Board Of Directors**

### **Key Staff and Consultants**

### **Lead Technical Assistance Associates**

### **Key Accounting and Legal Advisors**

#### **Auditors**

ConnellHall, LLP. Chartered Accountants, Barb Hall, C.A.

#### **Financial Managers and Bookkeepers**

Young Associates, Heather Young

#### **Lawyers**

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