



CREATIVE  
TRUST

EXPLORING THE FEASIBILITY

# Creative Trust

# Open Source Tool Kit

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# Creative Trust Open Source Tool Kit

## Exploring the Feasibility

### 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.

## Exploring the Feasibility

Creative Trust's Working Capital for the Arts was an ambitious program, financially and in its scope and execution. We knew from the beginning that we would have to provide detailed analysis and carefully considered arguments to attract the support we needed to succeed. In this Tool Kit, we disclose our initial one year process of establishing the program's necessity and feasibility. Our Final Report detailed the findings of our investigation into the situation of small and mid-size performing arts companies in Toronto, and whether a Working Capital for the Arts program would be effective in assisting with their financial and organizational problems. We tested community support for such a program, sought out and interviewed prospective funders and board leadership candidates, and began developing a program model suited to our sector's specific situation and needs.

# Initial Process Proposal

Creative Trust received initial funding of \$40,000 in 2000 to explore the feasibility of developing a capacity building program for Toronto's mid-size music, theatre and dance organizations. This was the first proposal on how to proceed, submitted to the Steering Committee and approved on December 11, 2000.

## Where we are: December 11, 2000

- We have received \$40,000 to research the potential for a Toronto-based Working Capital for the Arts fund, develop a model and action plan, and begin implementation. Timeline: October 2000 – April 2001 (7 months)
- The funding (\$10,000 from each of the Department of Canadian Heritage, Ministry of Citizenship, Culture and Recreation, Toronto Community Foundation, and Samuel and Saidye Bronfman Family Foundation) is being held in trust by the University of Waterloo's Centre for Cultural Management. They are prepared to receive all project funds, issue appropriate tax receipts, maintain financial records, issue cheques for all expenses, and generate financial reports.
- Jini Stolk began work on the project in September, intensively from mid-October. Peter Brown, who has experience with developing stabilization funds and financial expertise, has begun working as part of the Project Team. Together, they have developed the Research Action Plan, almost completed research into similar Canadian and international Funds, and have begun analyzing financial information from Arts4Change/Creative Trust companies.

## What we have to do

December 11, 2000

- Determine the role and make-up of the steering committee
- Confirm the role and responsibilities of the Project Manager
- Approve the financial arrangement with University of Waterloo (or create an alternative structure) and create financial management procedures
- Clarify Working Capital for the Arts' relationship to Arts4Change and Creative Trust Endowment Fundraising Project
- Define criteria for participation
- Discuss the name of the project

- Confirm the approach to gathering information from potential participating companies; understanding their needs and priorities; and keeping them informed
- Confirm the approach to keeping project funders interested and involved; and identifying and cultivating potential funders

#### Follow-up

- Confirm steering committee membership and role; Toronto-based companies that have participated in Arts4Change will form core of Working Capital; Working Capital will be the second “Creative Trust project,” as a natural follow-up to the endowment campaign
- Set dates and preliminary agendas for future steering committee meetings
- Sign contract with Project Manager and University of Waterloo
- Continue working with Jane Marsland to ensure continuation of Arts4Change as an essential part of the Working Capital for the Arts process
- Set a process and schedule for communicating with potential participating companies and funders

#### By March - April

- Agree on proposed program model (or options)
- Undertake interviews and revise program model based on potential participants’ response
- Gauge interest of public sector funders at all three levels
- Gauge interest of probable lead funders from private sector
- Group meeting to discuss proposed program and funder response
- Begin process of expanding the steering committee, to involve funders

#### By Research Project end - May

- Report completed, recommending a Working Capital Fund program, financial and organizational criteria for participation, action plan, and timeline
- Proposals submitted to core private sector and government funders for the implementation of the action plan
- Steering committee beginning to expand to include selected funders, in preparation for reconstitution as board of directors

# Action Plan

The Feasibility Study's first action plan was produced by the project manager and team and approved by the Steering Committee on December 11, 2000.

## Phase 1: October 1 – January, 2001

**Gather information about similar Funds in Canada, the United States and Great Britain.**

- Share information already on hand, and gather complete and up-to-date information about Funds in Canada, the United States and Great Britain, including:
- Alberta Performing Arts Stabilization Fund, Bay Area Arts and Heritage Stabilization Program (Hamilton), Vancouver Arts Stabilization Team, Manitoba Arts Stabilization Program, New Brunswick Stabilization Program, PHASE (Nova Scotia), Prince Edward Island Stabilization Program, Quebec Arts and Culture Fund, Saskatchewan Arts Stabilization Program, and
- Ford Foundation's Working Capital Fund for Minority Cultural Institutions, Non-profit Finance Fund, other U.S. and international funds
- Follow-up phone/email interviews with Fund administrators and participants, whenever possible; maintain regular contact with key comparable organizations

**Undertake preliminary financial analysis of potential participants; test project ideas.**

- Collect three years of data from audited financial statements, analyze results, plot trends and ratios
- Have preliminary discussions with some potential participants, to discuss project plans
- Brainstorming session with Project Team and Steering Committee members, December 11, 2000. Agenda: report on research, agree on core principles, resolve process questions, revise Action Plan
- Presentation and update on Working Capital for the Arts to full meeting of the Creative Trust Endowment Fundraising participants, January 18, 2001

## Phase 2: February – April, 2001

**Develop a proposed model for a Toronto-based Fund with Arts4Change and Endowment Fundraising organizations as the core projected participants.**

- Brainstorming session with Project Team, Advisors and Steering Committee members, February 7. Agenda: clarify program goals, review variety of program models, agree on preliminary criteria for participation and proposed program model
- Meet with prospective Advisory Committee members in advance of meeting
- Prepare interview questionnaire and introductory materials; enclose with letter requesting meeting with core projected participating organizations
- Meet with Managers, Artistic Directors, and Board Presidents of all potential participating companies to interview them about their financial and organizational situation, goals, and most pressing immediate and long-term needs. Ensure understanding of the program's goals; test proposed program model and interest and ability to successfully participate in a Working Capital for the Arts program

### **Phase 3: March - April, 2001**

#### **Develop a recommended model for a Toronto-based Fund.**

- Analyze the results of the research on potential participating companies' needs, goals and ability to successfully participate
- Analyze the current working capital situation of potential participating companies, the impact of lack of working capital, and the anticipated value of an influx of working capital
- Revise proposed model for Working Capital for the Arts/Toronto
- Interim report
- Steering Committee meeting
- Send Interim Report to feasibility project funders and key arts funding agencies, donors and municipal leaders: Canada Council, Trillium Foundation, Ontario Arts Foundation, Ontario Cultural Attractions Fund, Toronto Arts Council Foundation, City of Toronto Culture Office, and Mayor's office

### **Phase 4: May - June, 2001**

#### **Explore potential Fund donor awareness and interest, by meeting with fundraising experts, board members and corporate and foundation executives.**

- Explore future involvement of private sector funders who have already expressed an interest



- Meet with feasibility project donors to explore their ongoing interest and commitment
- Keep key arts funding agencies, donors and municipal leaders informed.

**Prepare a report that includes a recommended Working Capital Fund model, an action plan, and a timeline for implementation of the Fund.**

- Group meeting with potential participating companies to present report. Ensure complete understanding of program's goals, and full buy-in.
- Submit report to all project funders and to all potential funders, as well as to potential participants.
- Prepare and submit proposals to core private sector and government funders for the implementation of the action plan.
- Identify, cultivate, and appoint initial board members.

**Next Phase 4: June 2001 –**

- Further program development and fundraising, in preparation for Fund start-up

**Project Manager:** Jini Stolk

**Project Team:** Peter Brown

**Project Advisors:** Jane Marsland, Robert Sirman, Catherine Smalley

**Steering Committee:** Tricia Baldwin, Joan Bosworth, Mallory Gilbert, Claire Hopkinson

# Process Values and Vision

We started by setting out the values and vision that would guide our own program; these were agreed to by the steering committee, December 11, 2000.

The Canadian Conference of the Arts' *Arts in Transition Project Report* recommended the following as key characteristics of effective arts funding programs:

- They are based on meaningful, in-depth consultation, at every stage in the development and implementation of the program
- They are flexible, enabling resources to be used in areas of greatest need, and allowing changes to be made in these priorities over time
- Their overall probable outcomes are clearly communicated, such as amounts of monies to be granted, the assessment criteria, etc.
- They are efficient and economical
- They are fair and perceived to be fair
- Accessibility to the program is determined by the criteria

These principles will guide our process.

# Financial Research Introductory Letter

**One of our first steps was to examine the financial situation of mid-size performing arts companies in Toronto and of the companies that we anticipated might participate in the Working Capital for the Arts program. This letter was sent in Jan 2001, to 25 potential participating companies.**

Dear [Name]

I am writing to bring you up to date on the Working Capital for the Arts Project. As you know, the Creative Trust Steering Committee, as it was launching that endowment fundraising project, also applied for to funding to undertake research on the possibility of forming a Working Capital for the Arts program for small and mid-sized performing arts organizations in Toronto.

We are pleased to say that we have received funding to allow us to spend some time over the winter and spring in gathering information on the financial situation, financial and organizations needs of this sector, and exploring whether there is sufficient interest (both from potential participating arts companies as well as potential funders) to develop such a program.

In order to begin gathering information about the current state of our sector, we would like to ask whether you would provide us with your last three audited financial statements. These will be used to gain an analysis of the overall state of potential participating companies; your company's specific, individual figures will not be released. We would appreciate it if you would forward these, either electronically, or by mail, to Peter Brown.

Our research at this point is preliminary, and you have our assurance that no decisions about the program (its structure, criteria for participation, or indeed, whether it will be launched) will be made without significant communication, feedback and involvement with you and other potential participants.

Thank you for your help with this. I would be happy to answer any questions you may have at this early stage in research into the program's feasibility, as would the members of the steering committee. Please feel free to phone any of us.

Yours truly,  
Jini Stolk

# Financial Summary

This spread sheet summarizes our analysis of the financial statements of 20 potential participating companies.

Year end	Net Working Capital (\$)				Latest Total Revenues	Accumulated	Accumulated	Working Capital as Percent Annual Expenditures				Working Cap. Fund at 25% Revs \$	
	1997	1998	1999	2000		operating Surplus	total Surplus	1997	1998	1999	2000		
				-	-	-	-						
30-Jun-00		25,034	3,817	6,491	198,620	7,578	7,578		14.7%	1.8%	3.3%	49,655	
31-Aug-00	-34,326	-97,215	-101,777	-73,827	560,063	-73,827	-41,832	-9.9%	-16.2%	-16.4%	-13.3%	140,016	
30-Jun-00		-117,873	-124,846	-145,195	1,187,831	-168,830	31,008		-14.4%	-10.8%	-12.2%	296,958	
31-Aug-00	-73,329	-79,685	-32,753	-61,106	307,388	2,293	83,673	-27.2%	-30.0%	-11.6%	-20.2%	76,847	
31-Jul-00		-95,300	-140,446	-122,494	548,887	-122,494	-86,402		-18.9%	-24.7%	-23.2%	137,222	
31-Jul-00		-42,510	-45,886	-28,011	402,937	-28,011	22,999		-12.3%	-12.2%	-7.3%	100,734	
31-Mar-00		-97,263	-107,796	-104,181	608,473	-99,282	-99,282		-18.0%	-18.7%	-17.2%	152,118	
31-Mar-00		82,110	76,318	105,923	551,409	22,446	105,923		16.9%	15.4%	20.3%	137,852	
30-Jun-00		114,880	3,060	-29,212	1,034,533	-255,771	7,733		15.0%	0.3%	-2.8%	258,633	
31-Aug-00	-95,344	-82,698	-88,564	27,837	525,138	56,734	56,734	-28.1%	-24.8%	-24.7%	7.1%	131,285	
30-Jun-00		37,818	91,727	58,583	384,081	58,583	58,583		11.4%	21.5%	14.0%	96,020	
30-Jun-00	-105,001	-92,564	-96,826	-62,746	1,908,604	-147,358	-147,358	-7.6%	-5.4%	-5.3%	-3.2%	477,151	
30-Jun-00		214,485	301,399	143,538	1,177,675	86,201	86,201		613.4%	38.8%	11.0%	294,419	
30-Jun-00		-32,174	-42,878	-169,875	2,727,830	-165,136	65,637		-1.1%	-1.6%	-6.2%	681,958	
31-Aug-00		-60,231	-59,832	-62,591	588,829	-48,958	-48,958		-8.8%	-9.2%	-10.8%	147,207	
30-Jun-00		26,581	15,136	9,879	1,698,139	49,760	738,212		1.7%	1.0%	0.6%	424,535	
30-Jun-00		-8,458	-24,586	-28,791	272,042	-23,529	-23,529		-3.3%	-8.2%	-10.3%	68,011	
31-Jul-00		6,886	7,602	41,035	182,861	41,556	41,556		3.1%	4.9%	26.2%	45,715	
30-Jun-00		-135,263	-220,967	-101,295	1,007,641	-390,628	-86,972		-15.2%	-22.6%	-9.7%	251,910	
31-Aug-00	-116,012	-86,316	-68,199	-60,260	887,057	-105,152	-17,130	-12.0%	-8.7%	-6.6%	-9.9%	221,764	
		<b>-519,756</b>	<b>-656,297</b>	<b>-656,298</b>	<b>16,760,038</b>	<b>-1,303,825</b>	<b>754,374</b>					<b>4,190,010</b>	
									<i>as percent revenues:</i>				
(Sum of latest working capital deficits 13 companies in 2000)		-1,155,356	<b>-1,049,584</b>		12,042,115	-1,628,976	-551,463					<b>-8.7%</b>	
(Sum of latest Working capital surpluses 7 companies in 2000)		499,059	393,286		4,717,923	325,151	1,305,837					8.3%	
		<u>-656,297</u>	<u>-656,298</u>			<u>-1,303,825</u>	<u>754,374</u>						

# Interviews: Introduction and Information

These introductory materials were sent out to potential participating companies in advance of interviews with each company's Artistic Director, Manager and Board President in winter 2001.

## An Introduction to the Project

When the government of Ontario announced its \$2 million Ontario Arts Endowment Fund in 1998, 23 small and mid-sized Ontario performing arts groups joined together to take advantage of this opportunity. Their innovative cooperative fundraising effort, known as The Creative Trust, succeeded in raising over \$700,000, which was matched dollar for dollar by the Arts Endowment Fund – providing each participating company with a permanent endowment fund.

The success of this endeavor, along with the knowledge that endowments are but a partial solution to the ongoing needs of creation-based small and medium-sized performing arts organizations, has led to the idea for a new program – Working Capital for the Arts. Working Capital for the Arts would make it possible for this group of companies, who are the major producers of new creative work in the Province of Ontario, to maintain the momentum of Creative Trust and continue to work together to build strong futures. The Department of Canadian Heritage, The Ontario Ministry of Citizenship, Culture and Recreation, The Samuel and Saydie Bronfman Family Foundation and the Toronto Community Foundation, have all provided support to allow us to research the feasibility of this program.

## **Working Capital**

A business (whether non-profit or commercial) is said to have “working capital” when its current assets exceed its current liabilities. This excess is necessary to carry on business: it measures an organization's ability to finance current operations (including new artistic ventures, in the case of non-profit performing arts companies) while meeting all of its financial obligations. Recent studies show that arts organizations in Canada suffer from a chronic shortage of working capital, and that this shortage is the primary cause of artistic deficits, organizational collapse and management distress.

## **Sustaining Healthy Organizations**

The aim of Working Capital for the Arts is to support and sustain small and mid-sized, creation-based arts organizations in Toronto, by helping them create working capital reserve funds equal to 25% of their annual revenues. It is a program founded on the Arts4Change core principle that positive change can only be achieved when artists and other arts professionals reclaim control, energy and self-esteem.

Working Capital for the Arts has similarities to Arts Stabilization initiatives which have been successful in the United States and are growing in number in England and in Canada (Vancouver, Alberta, Saskatchewan, Manitoba, Nova Scotia and Hamilton-Wentworth have programs underway; new efforts are starting in New Brunswick and P.E.I., and discussions are taking place in various Ontario communities). Arts Stabilization programs in Canada have thus far raised more than \$26 million in dedicated funding for arts and cultural organizations, \$14.5 million from the private sector. These community Arts Stabilization funds are dedicated to improving the long-term artistic and financial viability of organizations by means of three key components – deficit retirement, the provision of expert technical assistance and the establishment of working capital reserves.

### **The Toronto Situation**

Preliminary reviews of the latest financial statements of twenty mid-size performing arts organizations reveal that:

- 14 of the organizations have working capital deficits which total \$900,000, or 7.3% of their annual revenues,
- the remaining 6 organizations have working capital surpluses, which total \$365,000 or 8.7% of their revenues, and
- 10 companies have accumulated operating deficits, ranging from \$27,000 to \$170,000.

### **The Proposed Program**

While we wish to test our ideas during our discussions with participating organizations, we feel that a successful program must raise sufficient funds to ensure that:

- Any accumulated operating deficits are eliminated,
- Substantial working capital reserves are established and maintained (25% of \$17 million, or \$4.25 million will be required), and
- ‘Technical Assistance’ is provided to help participating companies achieve their long-term goals.

Technical assistance, or expert professional advice, may be used to improve systems, financial, management or board practices, audience development, marketing, etc. Such assistance would be provided

as each organization, or group of organizations collectively, defines its requirements. This part of the program would dovetail with similar assistance programs now in place at the Ontario Arts Council, The Trillium Foundation, The Canada Council for the Arts, the Metcalf Foundation, the McConnell Foundation and elsewhere.

The total program funds required to achieve these ends is estimated to be \$ 7 million.

#### Core Principles

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



# Interviews: Invitation Letter

[Date]

[Name, Address]

Dear [Name]

I am writing to ask for a meeting with yourself to explore [Company]’s potential involvement in Working Capital for the Arts – a program to provide financial and technical assistance to small and mid-sized performing arts organizations in Toronto. The program’s goal is to ensure the sustainability of individual companies and of this essential sector of the arts community.

We are now examining the feasibility of starting up such a program. The most important part of our research is talking to potential participating companies to explore their situation and needs. We want to be sure that the program we develop is responsive to the real challenges facing companies like yours.

The enclosed Discussion Guide will give you an idea of the themes we would like to discuss with you, and the Introduction to the Project provides a brief summary of the project and its goals.

We are scheduling meetings of about an hour in length for the weeks February 26 – March 2 and March 19 – 30; I will call within the next few days to confirm when we can come to see you. Would you please check your schedules in advance of my call; it’s important that we speak to the key people in your organization at the same time, if at all possible.

Thank you so much for your assistance with this. I look forward to seeing you soon.

Yours truly,

Jini Stolk

# Interviews: Discussion Guide

This Discussion Guide details the information we provided and the questions we asked in our interviews with potential participating companies.

## Discussion Guide

Interview Date:

Organization:

Contacts:

Artistic Director:

General Manager:

Board President:

## Introduction

- Intent of the study, process and timing
- Criteria for organizations to be included
- Purpose of this interview
- Program funding concerns –one-time funding to enhance working capital and ensure long-term artistic and financial viability.

## Organizational Situation

1. History and present support from governments – municipal, provincial, federal.
  - View of future government support.
2. History and present private sector support.

- View of competitive environment, future prospects.
- Who are your key funders?

### 3. Financial history and present situation

Latest year end:                      Total Revenues: \$

Current working capital situation:

Accumulated Surplus (Deficit):                      Any plans to retire deficit? (Written?)

Frequency of production of operating statements, balance sheets?:

### 4. Staffing

Number of full-time staff:    Staff turnover in last year:

General Manager Service time:    Artistic Director service time:

### 5. Board of Directors

Committee structure?:    Active board?    Effective?

Any Program Leadership suggestions?:

### 6. Planning processes - Strategic Plans / Budgets / Cash Flows to discuss

Do you have written strategic plans?    Board role in development of plans?

*Working Capital for the Arts - Toronto*

1. Quantified need for working capital funds.
2. Comments on the concept, execution, goals.
3. Any specific needs for technical assistance, program components, e.g. technical assistance fund, working capital fund, short-term loans, physical facilities, etc.?
4. Other Suggestions.

# Interviews: Summary

A summary of the results of our interviews with potential participating companies was presented to the steering committee for consideration as we developed the detailed program criteria.

## Summary of Interviews

During the course of this feasibility project, the Project Manager and Consultant met with each organization on our list of potential participating companies, seeing, in most instances, the Administrative, Artistic and Board leaders. This was an invaluable opportunity to deepen our understanding of each company's situation, test our ideas and elicit comments and suggestions, and develop a high level of understanding and buy-in to the program's goals and structure.

We were told that the program was necessary, timely, and an “empowering idea.” The enthusiasm of the response was based not only on real, endemic problems and weaknesses among this group of companies, but also on an energetic desire to work towards new, community-based solutions to the problems facing the arts in Toronto.

We visited 18 companies, most often in their offices or studios, speaking for an hour or more about the program and the company's financial and organizational reality. The companies on the list of potential participants comprise some of Canada's foremost arts organizations – an impressive group of creation-based companies which have received recognition and honours for their artistic output.

## Organizational State

Not only was this group of companies at the heart of creation in Toronto, 14 of the 18 also owned and/or managed some of the city's most important performing and studio facilities. Ballet Jorgen, Canadian Children's Dance Theatre, Danny Grossman Company, and Toronto Dance Theatre in dance, Buddies in Bad Times Theatre, Equity Showcase Theatre, Factory Theatre, Tarragon Theatre, the Theatre Centre and Theatre Passe Murraile in theatre; and the Music Gallery, Opera Atelier and Tafelmusik in music – these organizations control many of the city's most important and fully-used studio and performance spaces, providing venues for innumerable small and independent arts companies.

The companies had relatively stable government support, although all had felt the impact of the large cut to the Ontario Arts Council in the mid 1990's. Private support was also relatively strong, often growing;

each company enjoyed the loyal support of individual donors who appreciated their work. This was often, along with special events and foundation fundraising, the major source of unearned income. Corporate support, however, was significant for only 4 out of the 18 companies. Many companies felt that they needed to do more to woo corporate sponsorships, while others had turned their energies to more productive fundraising directions.

Not surprisingly, concerns about the wellbeing and future of their facilities – which all showed the results of years of inadequate and underfunded maintenance and repair - was an almost equally pressing concern for their companies as was working capital. This is a group of companies which starkly confirm the axiom that the arts communities' greatest needs are for “working space and working capital.”

Yet, these organizations, which produce or present hundreds of shows and concerts each year, operate with remarkably small core staffs (ranging from 2 to 9), supplemented by part-time, seasonal and project by project employees. They all benefited from stability at the leadership levels, with either the administrator or the artistic leader having served a long time; there tended to be a high turnover with other administrative staff.

The boards, too, were small but dedicated, serving an important supportive role – although more often than not relatively inactive as fundraisers. This was an issue and a concern for almost every organization, many of which are working on board recruitment and expansion. There was a strong desire to identify board members with fundraising experience.

As a group, the companies were eager to embark upon or expand their involvement with strategic and business planning, committed to retiring their deficits, and embraced the notion of permanent working capital funds as being immeasurably valuable to their companies' futures. Their ability to have such a large impact with so few current resources, and their openness to working cooperatively within their community to find new solutions to old problems, bodes extremely well for their potential to benefit from a program like Working Capital for the Arts.

# Interviews: Prospective Funders Questionnaire

The feasibility study included interviews with philanthropic leaders and prospective program funders.

## *Working Capital for the Arts – Toronto --Feasibility Study*

### Discussions with Arts Funders

Company/ Foundation/Department: \_\_\_\_\_

Contact: \_\_\_\_\_ Interview Date: \_\_\_\_\_, 2001

Address: \_\_\_\_\_ Phone: \_\_\_\_\_

**Interview Purposes:** To assess what appeals to funders about the concept, what concerns do they have, does it meet their corporate funding policies and would they encourage the project to proceed? Are they core funders?

**Introduction:** The feasibility study, the history of Arts Stabilization in Canada and the U.S., the Toronto organizations, what results sought.

### Corporate Positioning:

- What **history** of support to charities, arts? What focus, how are approvals handled? (Local authority?)  
What corporate arts funding policy/philosophy?
- Is there a difference between your **sponsorships** and donations? Y N  
How important is **Donor Recognition**? Annual Donations Spending? Formula?
- Proportion arts as compared to other funding areas?
- Opinion of charities, arts organizations, their quality of work, management.

### Working Capital for the Arts:

1. Received, read, understood the arts stabilization document? Y e s N o Unclear  
What points are unclear?:

2. Opinion of the concept:
  
3. Principal concerns, suggestions:
  
4. See list of Organizations. Known? \_\_\_\_\_ Should others be added? \_\_\_\_\_
  
5. **Able** to fund a Working Capital for the Arts program?: Yes: No:
  
6. **Willing** to fund a program?: Yes: No:
  
7. **Timing** of funding requests: \_\_\_\_\_
  
8. **Leadership Suggestions**: What sort of leadership is needed?



# Proposed Criteria for Program Participation

These criteria were developed following our research, financial analysis and interviews, and were preliminarily approved by the steering committee.

Professional performing arts organizations in Toronto, with budgets between \$200,000 to \$3 million, that demonstrates:

- Shared values and understanding gained through participation in Arts4Change, or willingness to participate in an Arts4Change process
- Willingness to undertake a program of potentially fundamental change
- Provision of sustained public benefit through the quality of artistic work created, produced or presented
- Significant community impact and audience support
- Ability to benefit from the program as indicated by professional management, fundraising capacity and an active board
- Financial commitment by main financial stakeholders
- Prospect for sustainability in the current environment

Other comments and input:

- a permanent cap to the size of the group (suggestion was 25)
- a minimum size operating budget
- each group to have a least one full time staff member
- some minimum number of public activities
- professional leadership and peer recognition for any new applicant

# Pro-forma Program Operating Budget - Working Capital for the Arts first overall program budget outline

## Pro-forma Program Operating Budget

(All amounts in thousands of dollars)

	Feasibility	Development	Program	Annual Projections (Years ending December 31)						Totals	
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>		<u>2008</u>
<b><u>Revenues</u></b>											
<b><i>Feasibility Phase</i></b>											
<i>Grants and Contributions:</i>											
Foundation	10										
Federal	10										
Provincial	10										
Community Foundation	10										
	<u>40</u>										
<b><i>Development Phase (underway, to June, 2002)</i></b>											
<i>Grants and Contributions:</i>											
Foundation		25									
Federal		25									
Provincial		50									
Corporation		30									
		<u>130</u>									
<b><i>Program Phase</i></b>											
Provincial			1,500	100	375	375	375	275	-	-	1,500
Federal			1,500	175	375	375	375	200	-	-	1,500
City			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>40</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>130</u>

**Program Phase**

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	<u>275</u>	<u>27</u>	<u>45</u>	<u>50</u>	<u>50</u>	<u>40</u>	<u>40</u>	<u>23</u>	<u>275</u>
	<u>6,127</u>	248	1,255	1,535	1,168	990	665	266	<u>6,127</u>
Period Net		<u>702</u>	<u>734</u>	<u>(147)</u>	<u>45</u>	<u>(406)</u>	<u>(662)</u>	<u>(266)</u>	
Net to date		702	1,436	1,289	1,333	928	265	(0)	

# Feasibility Study Final Report

## Working Capital for the Arts

The completed final report on our study of the feasibility of a **Working Capital for the Arts** program for Toronto's mid-size performing arts companies.

### Introduction

Toronto's residents enjoy both abundance and excellence in the performing arts. Shows such as Theatre Passe Muraille's *The Drawer Boy*, Tapestry Music Theatre's *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.

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.

### This Report

This report is the conclusion of a one-year study into the feasibility of such a program in Toronto.

The study's purpose was to investigate the situation of small and mid-sized performing arts companies in Toronto; decide whether a Working Capital for the Arts program would be effective in assisting with their financial and organizational problems; test community support for such a program; and begin developing a program model suited to this sector's specific situation and needs. During the course of the study we also sought out and interviewed prospective funders and leadership candidates; their insights were invaluable in refining the program's conceptual framework.

The results, as outlined in this report, were presented to the Steering Committee members in August 2001, with the recommendation that they seek funding to put the leadership, support, and infrastructure in place for a June 2002 program launch.

This report is also being distributed to potential participating companies, government cultural departments, funding agencies, interested corporations, foundations and individuals, in order to build broad understanding and concrete support for the program.

It is hoped that this report will lead to the development of a full-fledged Working Capital for the Arts program in Toronto. We believe that the legacy of such a program will be a thriving group of creatively focused music, theatre and dance companies.

We point out, however, that although working capital is essential to providing arts organizations with the means to build and create, it is one of several components necessary for financial and organizational health. Performing arts companies require steady annual operating funding to maintain their programs and fulfill their artistic missions; working capital reserves to allow them to seize opportunities and overcome challenges; capital funding to maintain safe and secure environments for themselves and their audiences; and endowment funds to ensure long-term organizational stability.

With these elements in place, Toronto audiences can continue to enjoy inspiring, imaginative work that challenges and enriches them for many years to come.

## Background

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 experience of joining together to build for the future was very empowering, and the financial benefits of the OAEF were much appreciated. The 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, 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. Their visionary support allowed this study to move forward, and is the basis for an initiative that we believe will have a profound impact on the future of the arts in Toronto.

### The Participating Companies

This undertaking has been a collaborative effort by 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.

Annually, they give over 2,000 performances to audiences of almost 600,000 people – as many as attend the Stratford Festival each year. They provide opportunities for artists at all stages of their careers to experiment, collaborate and hone their craft; their productions reflect the passions of Toronto's diverse communities, and give voice to fresh themes and ideas. Their work has received local, national and international awards, and has toured around the world to great acclaim.

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. Following the extraordinary success of Creative Trust in galvanizing the potential of Ontario's small and mid-sized arts organizations, this same collective energy has been brought to bear on designing Working Capital for the Arts.

### Feasibility Study Process

The process of this study was guided by a Steering Committee of senior managers including Joan Bosworth of Opera Atelier, Patricia Baldwin of Tafelmusik, Claire Hopkinson of Tapestry New Opera Works, and Mallory Gilbert of Tarragon Theatre. Jane Marsland, (former General Manager of Danny Grossman Dance Company), Catherine Smalley (former General Manager of Young People's Theatre), Robert Sirman (Executive Director of the National Ballet School), and William Poole (Director of the Centre for Cultural Management, University of Waterloo) acted as Advisors.

The Committee created a comprehensive work plan and guided the Project Manager and Consultant as they undertook research into similar programs, prepared a detailed financial analysis of potential participating companies, conducted in-depth interviews with key administrative, artistic and board leadership, and developed proposed eligibility and program criteria.

The Steering Committee felt that its responsibility was to build the supportive environment needed for a vibrant performing arts culture, and to help arts organizations do what they do best – create, perform, produce and present inspiring music, theatre and dance. The Committee therefore 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.



## 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.”

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.

### The Timing Is Right

Both the U.S. and Canada have experienced economic slowdown and analysts are predicting negative economic growth for the first time in more than a decade.

Arts organizations rely on three sources of self-generated revenues that are themselves dependent on economic conditions: ticket sales, individual and corporate donations and sponsorships. While volatility in these sources is a natural ingredient of the economic cycle, when such downturns are coupled with constraints on public sector support (as is certainly the case in Toronto and Ontario today), the results can be disastrous.

Certain principles are shared by all arts stabilization/working capital programs; principles of building capacity and sustainability by promoting and assisting in a focus on good management practices, responsible governance and strong strategic planning. These principles and practices have been demonstrated in the U.S., and now in Canada, to be effective means of responding to the negative effects of economic downturns.

While Toronto's small and mid-sized arts organizations carry relatively smaller accumulated deficits than the larger companies (deficits of Toronto's "Big 4" range from 19 to 35 percent of revenues) there is no guarantee that this situation can be sustained.

The coming economic downturn presents a unique opportunity to demonstrate that the principles of the Working Capital program can mitigate financial problems and assist in creative development, while safeguarding organizations from landing on the list of endangered treasures.

*"...Toronto's major performing arts companies...are all struggling with the same problems. Endowment funds in their current form can't do it. We need something like the Vancouver Arts Stabilization Team ..."*

*Robert Everett-Green, the Globe and Mail*

It may be too late for a stabilization solution to the problems of Toronto's four major performing arts companies. It is most certainly not too late for the rest.

#### How Community Stabilization Programs Work

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 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 to develop new skills, identify and solve organizational problems, and develop new, more effective ways of working.

## FEASIBILITY STUDY RESULTS

### Financial Survey and Analysis

#### Financial survey

During the feasibility study we 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 which total \$393,000 (8.3% of their revenues.) Operating surpluses and deficits reveal a similar pattern and scale.

	<i>Companies</i>	<i>Latest Revenues</i>	<i>Surpluses (Deficits)</i>	<i>Percent</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%

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 a program to ensure a stable future for Toronto's pre-eminent creative theatre, music and dance companies is \$6.1 million.

Estimated Application of Funds		\$
<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>

## Company Interviews

### Interviews conducted

During the course of this study, the Project Manager and Consultant met with 19 out of 20 potential participating companies (*Appendix 1*). 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.

<i>Average revenues</i>			
			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

In most instances we saw the Administrative, Artistic and Board leaders. The discussions we had with them were an invaluable opportunity to deepen our understanding of each company’s situation, test our 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 2 to 10), 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.

**Operational issues**

Although well and carefully managed, more than half the groups were carrying financial debts or facing deficits; new creation is a notoriously risky business. Most also had a human deficit in which professional staff, and sometimes board or volunteers, were seriously overextended, attempting to fulfill financial needs with human resources.

The individuals we interviewed were frustrated by financial crisis and finding it difficult to cope with ever increasing expectations. They spoke candidly about the challenges they faced, including frequent or chronic cash flow problems and programming constraints (“debt is our artistic director.”) The inability to pay competitive salaries meant that retaining staff was difficult, as was sustaining organizational memory. Managers were often training and re-training entrance-level employees.

Computers, software, and other equipment – including theatre sound and lighting – were often inadequate or out of date. Offices and other workspace tended to be crowded and less than ideal.

These problems were exacerbated by outside forces. Those mentioned included a public education system that has cut programs making the arts available to all children; costs and ticket prices that continue to rise because of the economics of live performance; and audiences with more choice and less time.

Not every company felt these pressures to the same extent. Companies that had the highest level of leadership stability were, for the most part, healthier both financially and organizationally. But none of the companies interviewed had sufficient internal resources to protect themselves from unanticipated downturns, or to cope adequately with the range of challenges facing arts organizations today.

Not surprisingly, for the 14 companies that owned or operated performing spaces, concerns about the wellbeing and future of their facilities – all of which showed the results of years of inadequate maintenance and repair – were almost equally pressing as operating concerns. For this group, the need for “working space and working capital” predominates.

## **The reality of fundraising**

The interviewed companies (probably as a result of their high artistic achievements) had relatively stable overall government support, although all had felt the impact of cuts at the Ontario Arts Council. (Within an 18-month period in the last half of the '90's the OAC went from an annual budget of \$42.6 million to \$25.3 million.)

Individual support was, along with special events and foundation fundraising, these companies' major source of contributed income. However, although individual donations were relatively strong and often growing, they were not growing fast enough to make up for government cutbacks and corporate withdrawal.

Corporate support was significant for only four of the companies, and even for these accounted for a relatively small proportion of overall revenues. Many of the companies were searching for ways to woo corporate sponsorships, while others had turned their energies to what they saw as more productive fundraising activities. Their experience was that corporations had largely withdrawn from cultural philanthropy, transferring their involvement to youth, the social services, or a range of other endeavours deemed more urgent or deserving.

The boards of the companies we interviewed were generally small, consisting of dedicated supporters worried about the sustainability of the companies whose artistic visions they believe in. They served an important supportive role – but although they were expected by many outside observers to be effective fundraising entities, more often than not they were relatively inexperienced and much less effective than they wished to be. This was an issue and concern for almost every organization, many of which were working on board recruitment and expansion. There was a strong desire to identify potential new board members with fundraising experience.

## **Response to the program proposal**

As a group, the companies were eager to embark upon or expand their involvement with strategic and business planning, and committed to retiring any existing deficits. They embraced the notion of permanent working capital funds as being valuable to their companies' futures.



We were told that the program was necessary, welcome, and an “empowering idea.” The enthusiasm of the response was based not only on real, endemic problems and weaknesses among this group of companies, but also on an energetic desire to work towards new, community-based solutions to the problems facing the arts in Toronto.

### Private Sector Interviews

*“It does no good for the funding community to support the arts without supporting the administration of the arts.”*  
*Nathan Gilbert, Executive Director, The Laidlaw Foundation*

The final and most telling phase of the feasibility study was to examine whether Working Capital for the Arts would be likely to succeed in raising \$3 million in support from the private sector, to be matched by public funding.

Proposed Source of Funds	
Private Sector	3,050,000
Department of Canadian Heritage	
Ontario Ministry of Tourism, Culture and Recreation	
City of Toronto	3,050,000
Interest Income	12,000
<b>Total Funds</b>	<b>6,112,000</b>

The Project Manager and Consultant met with 11 key leaders in the foundation and business communities who have been involved in encouraging and supporting Toronto’s performing arts community. In addition to identifying leadership support around which to create a strategic fundraising plan, we also sought advice on content, priorities, tactics, and specific funder interests.

The response indicated that such a program would be successful. The individuals we interviewed were sympathetic and understanding of the problems faced by the potential participating 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.

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”*

## RECOMMENDATIONS

### Overview

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. 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.

These organizations’ desire to work towards new, community- based solutions to the problems facing arts organizations in Toronto bodes well for Working Capital for the Arts.

The community, as represented by individuals from private foundations and corporations with a history of supporting the arts, felt the Working Capital for the Arts program combined fairness with the financial rigour that would appeal to the business community. They believed the program would be a success.

We therefore recommend that the Steering Committee move immediately to the next phase – the Development Phase of Working Capital for the Arts – in which steps are taken to develop the organization, support, and program structure needed to launch the program

### Recommended Program Model

During the course of the 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.

#### **Criteria: eligibility and admission**

The resulting Proposed Program Criteria (*Appendix 2*) 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
- The prospect for sustainability in the current environment

#### **Program structure**

The proposed program structure allows each participating company to be as free as possible to define its own needs; yet it is rigorous enough in its expectations of responsible and effective financial and organizational management to ensure real organizational, attitudinal and behavioral change.

The program is expected to have a life of approximately seven years – up to three years for eligible companies to retire accumulated deficits, and four years of working capital grants. The budget is based on building working capital reserves equal to 25% of total operating revenues.

The program acknowledges that some companies may face financial set backs during the course of the program, but provides continuous support to help them get back on track.

### **Technical assistance to be provided**

Each organization will be helped at the beginning to regain a sense of balance and vision, and to focus on positive development by achieving clarity in vision/mission/purpose, developing processes for planning and problem-solving, and achieving operating and financial balance

Companies will receive continuous monitoring and mentoring. Need for technical assistance in specific areas will be met throughout the program by consultants with experience in arts and business management. The Working Capital program will also entertain proposals for project funding to assist an 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 program will also present a series of seminars and roundtables facilitating learning, sharing and group problem solving.

The Working Capital program will work in partnership with other sources offering funding for similar purposes, including the Ontario Arts Council, the Ontario Trillium Foundation, the Canada Council

Flying Squads, the George Cedric Metcalf Charitable Foundation, and the Income Managers Program, wherever possible.

## Anticipated Results and Goals

### Objectives

- Provide organizations with management, financial, governance and planning skills
- Build the capacity of organizations to develop, improve and expand programming and other community services
- Encourage positive and supportive relationships between the artistic impulse and the fiscal bottom line
- Reward excellence by requiring organizations to reduce their accumulated deficits over the period of the program
- Provide 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, encourage partnerships and mentoring, and provide a model for continuing co-operation

### Goals

- 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

### Results for participating organizations

- The development of more confident and effective fundraising boards
- The development of new and substantial private-sector support for artistic activities and organizational needs
- Increased long-term financial stability through the elimination of operating deficits and the building of a pre-determined level 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 resources available to them
- The ability to undertake new activities that allow them to grow stronger
- The development of their volunteer and other human and technical resources
- Improved marketing and outreach capabilities, and development of their markets

## Major Conclusions and Remaining Issues

### Participating companies

We recommend that the program begin with the core group of organizations identified as potential participants, and grow to encompass no more than 25 small and mid-sized creation based performing arts organizations. Their common vision, shared interests, and history of working together should eliminate some of the more vexing problems of more broad-based programs.

Museums, art galleries, and other visual arts organizations in Toronto may very well need and be able to benefit from such a program. We did not study that potential, believing that a more contained program, specific to performing arts organizations, had a greater chance of success – and could serve as a model for any future program serving museums or the visual arts.

We do not recommend that the “Big 4” companies be part of Working Capital for the Arts. The size of their budgets and scope of their current financial problems call for a different type of approach.

### Remaining issues

1. A number of possible participating companies (including but not limited to Soulpepper Theatre Company, Nightwood Theatre, and Young People’s Theatre - now the Lorraine Kimsa Theatre for Young Audiences) were not included in the feasibility study process. Their level of interest, and potential for successful involvement remains to be explored.

## **Structure**

We recommend that Working Capital for the Arts function as a separately incorporated charitable organization. A Board of Directors should be formed, with a mix of private sector individuals and arts representatives. Directors should be chosen based on their:

- Understanding of the goals of Working Capital for the Arts
- Ability to be passionate advocates for the concept and program
- Ability and willingness to seek financial support for the program

### **Remaining issues**

1. Working Capital for the Arts' ongoing relationship to the Creative Trust's endowment fundraising efforts should be clearly and formally defined in order to avoid confusion or misunderstanding.
2. The name "Working Capital for the Arts" emphasizes one aspect of the program over others that are equally central to its purpose; a change of name should be considered.

## **Fundraising**

Although the feasibility study indicated strong potential private sector support for Working Capital for the Arts, it is essential to undertake a thorough fundraising feasibility and strategic study without delay. The program should not begin until half or three-quarters of the total budget is secured.

### **Remaining issues**

1. The Province of Ontario is the only province in Canada, save Newfoundland, without an arts stabilization program. Vigorous efforts to advocate for such a program must continue, but contingencies should also be examined.

2. Working Capital for the Arts should seek out and secure new money; every effort must be made to ensure that the program does not divert funds from existing arts programs.

### Accountability and evaluation

In order to ensure its greatest success, we recommend that the Working Capital for the Arts program 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
- Fair and perceived to be fair; and accessible based on stated criteria

It must be prepared to evaluate and measure its success, and to share its experiences with funders and other similar program providers across Canada and the United States.

### Remaining issues

1. As the program is meant to create a permanent reserve fund for participating companies, a method should be found for ensuring the maintenance by each company of a fund sufficient for ongoing financial stability and investment in strategic initiatives

## Assessing the Impact

Because Working Capital for the Arts is a program of change, it should 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 must develop measurable indicators of success, with artistic success as a foremost goal.



## **Measuring, evaluating and reporting**

Evaluation and assessment should be embedded in every aspect of the program. We recommend that the program:

- 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 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
- Share its results and analysis with similar programs, funders, and anyone interested in their goals and process

## NEXT STEPS

We recommend moving directly into a Development Phase which, over the next eight months, works to develop a strong organization and program framework for Working Capital for the Arts.

### Development Phase Action Plan

#### 1. Develop business plan and an organizational infrastructure

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

- Develop a detailed business plan for the program, including vision, mission, organizational structure, program outline, budget, financial policies, performance indicators and timeline, etc.
- 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. The Steering Committee has 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. Tasks to be undertaken include:

- 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**

It is anticipated 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.

Tasks to be undertaken include:

- 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 and Treasury Board for funding under the Sustainability Initiative
- 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. We have recommended 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. That preliminary program design must be refined and developed. Tasks to be undertaken include:

- Develop detailed eligibility criteria which allow for the identification of those arts organizations best suited for participation in the program
- Define exactly what the program is trying to achieve; affirm 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 the Steering Committee has to be sure that it has the expertise, experience and resources to provide meaningful assistance. We therefore recommend 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. Tasks to be undertaken include:

- 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 recommend a strategy of communications that will place the program in the context of other similar or complementary programs. 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. Tasks to be undertaken include:

- Locate and set-up an administrative office; set up a financial and accounting system
- Contract part-time administrative assistance
- Launch an ongoing communications strategy for 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***

**Appendix 1.**

POTENTIAL PARTICIPATING COMPANIES

INTERVIEWED AS PART OF 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 Oiyee, 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	<b><u>Andrea Vagianos, Administrative Director</u></b> Serge Bennathan, Artistic Director Jo Anne Olafson, Board President	927 Dupont Street Toronto, Ontario M6H 1Z1
Danceworks	<b><u>Mimi Beck, Artistic Director</u></b> <b><u>Roslyn Jacob-Edwards, General Manager</u></b> Wendy Reid, Board Member	130 Spadina Ave., Ste. 203A Toronto, Ontario M5V 2L4
Danny Grossman Dance Company	<b><u>Anne Patterson, Gen. Manager</u></b> <b><u>Pam Grundy, Associate Artistic Director</u></b> Connie Putterman, Board President	425 Queen St. W., Ste. 207 Toronto, Ontario M5V 2A5
Equity Showcase	Christine Moynihan, Artistic	651 Dufferin Street

COMPANIES INTERVIEWED	INDIVIDUALS INTERVIEWED	ADDRESS OF COMPANY
Theatre	Producer Kevin Hicks, Board President	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 <sup>rd</sup> floor Toronto, Ontario M5E 1G9
Tafelmusik	Tricia Baldwin, General Manager Don Oravec, Director of Development Jeanne Lamon, Artistic Director Lynn Haight, Board President	427 Bloor Street West Toronto, Ontario M5S 1X7
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 <sup>nd</sup> floor Toronto, Ontario M6K 1X9

COMPANIES INTERVIEWED	INDIVIDUALS INTERVIEWED	ADDRESS OF COMPANY
Theatre Centre	Rick Sherman, General Manager David Duclos, Artistic Director Rebecca Scott, Board President	9 St. Nicholas St., 6 <sup>th</sup> 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 <i>Layne Coleman, Artistic Director</i>	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



## Appendix 2.

### 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 be 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 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

**Deficit Elimination:** Eligible organizations will qualify for admission to the program and for deficit elimination grants equal to 50% of any outstanding accumulated deficit, when they have raised the first 50% of any accumulated 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 that 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, including the Ontario Arts Council, the Ontario Trillium Foundation, the Canada Council Flying Squads, the George Cedric Metcalf Charitable Foundation, and the Income Managers Program, wherever possible.

## ATTACHMENTS

### Biographies of key personnel

#### **Jini Stolk, Project Manager**

Jini Stolk has senior arts management experience in a range of producing and membership organizations. She was Managing Director of Toronto Dance Theatre for six years between 1994 and 2000, and guided that company through a major artistic and organizational transition, reducing the accumulated deficit from over \$250,000 to \$50,000 and positioning TDT for a major capital campaign. Before that she spent 10 years as Executive Director of the Toronto Theatre Alliance, where she promoted the interests and concerns of Toronto's performing arts industry to government, the media, the private sector and the public. While at the TTA she acquired and revitalized T.O. TIX, Toronto's half-price ticket booth and acted as executive producer of the Dora Mavor Moore Awards. She has also served as Associate Director of the Association of Canadian Publishers and General Manager of Open Studio. She is currently working as an arts consultant to clients including the City of Toronto's Culture Office and GHK International, and continues her involvement in many community and cultural advocacy activities. She serves as President of the Boards of Toronto Artscape and the Six Stages Theatre Festival.

#### **Peter Brown, Project Consultant**

Peter Brown has been a consultant to Sports Canada, The Canada Council, the National Gallery of Canada, the Canadian Conference of the Arts and the Governor General's Performing Arts Awards Foundation, the Ontario Ministry of Tourism, Culture and Recreation and the Department of Canadian Heritage. Peter is also a Director and President of the Centre for Contemporary Canadian Art which, among other projects, has developed the first national, contemporary art database, and was for three years the Director of Operations for Harbourfront Corporation in Toronto.

For nine years, until 1994, Peter was the Treasurer, Director of Finance and Administration and Senior Assistant Director of the Canada Council for the Arts in Ottawa. Prior to that, he was the chief administrative and financial officer for Massey Hall and Roy Thomson Hall in Toronto, where he also served for four years as a member of the corporation's Board of Governors. During recent years, Peter has completed six feasibility studies (with two more underway) for the development of a series of national and community-sponsored cultural stabilization projects across Canada.

### **Jane Marsland, Technical Assistance Consultant**

Jane Marsland has managed arts organizations since 1974. She was General Manager of the Danny Grossman Dance Company from 1983-1999. In 1995, Jane was awarded the first M. Joan Chalmers Award for Arts Administration for outstanding contribution to leadership in the arts. She has been an articulate advocate for the arts over many years and has served on a wide range of boards, advisory groups and committees, such as: Vice-President and Chair of Programming, Harbourfront Centre; Co-sponsor of Dance 2020; Co-Chair Committee on Issues Related to the Restructuring of the Arts Community, Arts in Transition Project; member of the Advisory Council to the Program in Arts Management, University of Toronto and Ryerson Theatre School Performance Advisory Committee. She was Co-Founder of For Dance and Opera, a strategic collaboration to book and tour four companies as well as Co-Founder and Director of ARTS4CHANGE, a program designed to create positive change for and by arts professionals in Toronto. Since October 1999, Jane has been working as a free-lance arts consultant.

### **William Poole, Financial Administrator**

William (Bill) Poole has worked in the cultural sector since earning his MBA (Arts Administration concentration) from York University in 1973. He served as Assistant General Manager of the Shaw Festival in Niagara-on-the-Lake from 1973 to 1976 and spent the next five years as Director of Development for the National Ballet of Canada. He then spent eight years (1982 to 1989) as Administrative Director and Academic Principal of the National Ballet School. In January 1990, Mr. Poole was appointed Director of the Centre for Cultural Management at the University of Waterloo (UW). In this capacity he is responsible for initiating and co-ordinating projects aimed at strengthening management and governance in the cultural sector. One such project is the Cultural Management Institute (CMI), a virtual 'school' for professional arts and heritage managers, available exclusively over the world wide web. There are currently 10 interactive learning modules or online courses available free of charge on the CMI web site. Mr. Poole is also responsible for UW's undergraduate Cultural Management Specialization. As a community volunteer Mr. Poole has served on the Board of Kitchener's municipal arts facility, The Centre in the Square, since 1996 and is currently its Chairman.

### ***Members of the Steering Committee***

#### **Mallory Gilbert**

One of Canada's senior and most-respected arts managers, Mallory Gilbert has been General Manager of Tarragon Theatre from 1978 to the present. Before that she held various positions including stage manager and producer for professional and non-professional theatre companies in Canada and the U.S. She has served as a board member of the Professional Association of Canadian Theatres for 20+ years,

and was Vice-President from 1987-1989 and President from 1989-1993. She was also a member of the board of the Toronto Theatre Alliance, and of the advisory boards of the University of Toronto, Arts Administration Program, and George Brown Theatre Arts Program. She is currently a member of the board of GO 7, The Group of Seven Theatres. In 1982 she received the Brenda Donahue Award for achievement and contribution to the Toronto Theatre Community; in 1987 a Canada Council A grant; in 1994 the Gascon-Thomas Award given by the National Theatre School; and in 1998 the M. Joan Chalmers National Award for Arts Administration.

### **Claire Hopkinson, Producer & General Manager**

Claire Hopkinson was General Manager of Comus Music Theatre of Canada, where she began commissioning and producing such extraordinary projects as R. Murray Schafer's opera RA, and the Canadian Electronic Ensemble's Nightbloom. As a freelance producer, she brought Boom Baby, Boom! to the World Stage Festival, Hockey Wives to Factory Theatre, and produced A Map of the World - the first production to make the leap from Equity Showcase to The Canadian Stage and then to the National Arts Centre. Ms. Hopkinson has been the Development Manager for the Elgin & Winter Garden Project, Producer of the National Festival of Canadian Theatre and Producer of the Dora Mavor Moore Awards.

Since 1990, Ms. Hopkinson has been Producer and General Manager of Tapestry, guiding the company through a period of major growth and success. She is the producer of several award-winning new works including Still the Night and Iron Road. Her contribution was recognized by the 2001 Joan Chalmers National Award for Arts Administration. Ms. Hopkinson is an active volunteer in the community, having served as committee member at the Toronto Arts Council, and on the board of The Toronto Theatre Alliance and McGill Alumni Association of Toronto. She is the founding Chair of the Professional Opera Companies of Canada (POCC). She is a Director of Artscape and Secretary to the OPERA America Board.

### **Patricia Baldwin**

Tricia Baldwin is the Managing Director of Tafelmusik Baroque Orchestra and Chamber Choir. Prior to Tafelmusik, Ms. Baldwin was the Executive Director of Ballet British Columbia in Vancouver. She was responsible for a strategic re-organization that placed a greater emphasis on Ballet BC as a creation-driven organization. During her tenure Ballet BC built a quarter of a million-dollar savings account through the Vancouver Arts Stabilization Programme. She was also a Board Member of the Vancouver Dance Centre Society. As General Manager of the Kingston Symphony Association, new initiatives in programming,

audience outreach and fundraising enabled the orchestra to win the Lieutenant Governor's Award for the Arts, and allowed the orchestra to retire 93% of its accumulated debt. Ms. Baldwin currently serves on the Advisory Board of York University's MBA Arts and Media programme.

**Joan Bosworth**

Joan Bosworth is currently Executive Director of CANFAR, Canada's preeminent Foundation for AIDS research. Before that she served as Managing Director of Opera Atelier from 1992 – 2001, where she oversaw the company's explosive growth both in size and national and international profile. She was General Manager of the Danny Grossman Dance Company for 12 years before that, and continues her involvement with dance by working with the Dance Section of the Canada Council for the Arts as Coordinator of its Flying Squad program. She previously worked for the T D Bank's Art Collection, at the Art Gallery of Ontario, and at small commercial galleries.

# Company Discussion Guide

Working Capital for the Arts

**Interview Date:**

**Organization:**

**Contacts:**

Artistic Director:

General Manager:

Board President:

## **Introduction**

- Intent of the study, process and timing
- Criteria for organizations to be included
- Purpose of this interview
- Program funding concerns—one-time funding to enhance working capital and ensure long-term artistic and financial viability.

## **Organizational Situation**

1. History and present support from governments (municipal, provincial, federal)
  - View of future government support
2. History and present private sector support
  - View of competitive environment, future prospects
  - Who are your key funders?
3. Financial history and present situation



Latest year end                      Total Revenues: \$

Current working capital situation:

Accumulated Surplus (Deficit):                      Any plans to retire deficit? (Written?)

Frequency of production of operating statements, balance sheets?

#### 4. Staffing

Number of full-time staff:    Staff turnover in last year:

General manager service time:                      Artistic Director service time:

#### 5. Board of Directors

Committee structure:    Active board?    Effective?

Program Leadership suggestions?

#### 6. Planning processes - Strategic Plans / Budgets / Cash Flows

Do you have written strategic plans?

Board role in development of plans?

### **Working Capital for the Arts**

1. Quantified need for working capital funds

2. Comments on the concept, execution, goals

3. Any specific needs for technical assistance, program components, e.g. technical assistance fund, working capital fund, short-term loans, physical facilities, etc.?

4. Other suggestions

## **Working Capital for the Arts**

### *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 data base

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

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)

## **Working Capital for the Arts**

### Arts Funders Interviewed as Part of Feasibility Study

#### **Private Sector**

Nada Ristich, Director, Corporate Communications, Bank of Montréal

David Windeyer, Foundation Administrator, J. P. Bickell Foundation and George Lunan Foundation

Sarah Iley, Executive Director, Council for Business and the Arts in Canada

Maryska Bushnell, Manager, Employee Communications, Fidelity Investments Canada Ltd.

Brian Henderson, Vice-President, Marketing, Fidelity Investments Canada Ltd.

Margaret H. Morton, Vice-President, Program, Fidelity Foundation

Barbara Hejduk, Manager, Corporate Contributions, Imperial Oil Charitable Foundation

Nathan H. Gilbert, Executive Director, Laidlaw Foundation

Denis Lefebvre, Arts Programme Coordinator, Laidlaw Foundation

J. Alexander Houston, Executive Director, George Cedric Metcalf Charitable Foundation

John Hobday, Executive Director, Samuel and Saidye Bronfman Family Foundation

Karen Basian, Chief Financial Officer, 724 Solutions Inc.

Bill Young, President, Social Capital Partners

#### **Public Sector**

Bruno Jean, Senior Policy Analyst, Arts Policy Unit, Department of Canadian Heritage

Cynthia White Thornley, Director, Arts, Financing and Legislation, Arts Policy Unit, Department of Canadian Heritage

John Brotman, Executive Director, Ontario Arts Council

Steven Campbell, Director of Community Partnerships, Ontario Arts Council

Julia Foster, Chair, Ontario Arts Council

Dr. Murray Frum, President, Ontario Arts Council Foundation

Janet Stubbs, Executive Director, Ontario Arts Council Foundation

Lucille Rock, Assistant Deputy Minister, Culture, Sports and Recreation, Ontario Ministry of Tourism, Culture and Recreation

Donna Ratchford, Manager, Arts and Cultural Industries Branch, Ontario Ministry of Tourism, Culture and Recreation

Alida Stevenson, Policy Advisor, Ontario Ministry of Tourism, Culture and Recreation

Malka Rosenberg, Arts Consultant, Ontario Ministry of Tourism, Culture and Recreation

Stephen Kobryn, Policy Analyst, Arts and Cultural Industries Branch, Ontario Ministry of Tourism, Culture and Recreation

Patricia Else, Director of Grant Operations, Ontario Trillium Foundation

Yvonne Ferrer, Arts Manager, Central, Ontario Trillium Foundation

Jim Garrard, Executive Director, Toronto Arts Foundation

## Working Capital for the Arts

*Arts Funders Discussion Guide*

**Company/ Foundation/Department:**

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**Contact:** \_\_\_\_\_

**Interview Date:** \_\_\_\_\_, 2001

Address:

Phone:

**Interview Purposes:** To assess what appeals to funders about the concept, what concerns do they have, does it meet their corporate funding policies and would they encourage the project to proceed? Are they core funders?

**Introduction:** The feasibility study, the history of A.S., the Toronto organizations, what results sought.

### Corporate Positioning

- What **history** of support to charities, arts? What focus, how are approvals handled? (Local authority?)  
What corporate arts funding policy/philosophy?
- Is there a difference between your **sponsorships** and donations? Y N  
How important is **Donor Recognition**? Annual Donations Spending?  
Formula? Proportion Arts?
- Opinion of charities, arts organizations, their quality of work, management.

### Working Capital for the Arts

9. Received, read, understood the arts stabilization document?      Y e s      N o      Unclear  
What points are unclear?:

10. Opinion of the concept:

11. Principal concerns, suggestions:

12. See list of Organizations. Known? \_\_\_\_\_ Should others be added? \_\_\_\_\_

13. **Able** to fund a Working Capital for the Arts Program?:      Yes:      No:

14. **Willing** to fund a program?: Yes:      No:

15. Timing of funding requests: \_\_\_\_\_

16. Leadership Suggestions: What sort of leadership is needed?