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Canada Cultural Investment Fund (CCIF)

*Endowment Incentives
Component Guidelines*



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Please refer to the glossary for the definitions of underlined words in this document.

1. Introduction

1.1 CCIF Objective

The Canada Cultural Investment Fund (CCIF) encourages private sector investment, partnership and sound business practices to help arts and heritage organizations be better rooted and recognized in their communities.

The CCIF program has three components that work together in achieving these objectives: **Endowment Incentives**, Strategic Initiatives and Limited Support to Endangered Arts Organizations.

1.2 Endowment Incentives Component Expected Results

The Endowment Incentives component expected result is that private sector donations enable arts organizations to raise capital and grow endowments. Arts organizations demonstrate sound organizational and administrative health and thus contribute to a more resilient sector.

Ultimately, the CCIF will help to create an environment in which Canadians value and invest in arts organizations.

1.3 Endowment Incentives Component Objectives

This component is intended to foster a climate which encourages private donors to contribute to endowment funds for non-profit professional arts organizations in order that they may access new sources of funding in the future. Raising capital and creating endowments for arts organizations further diversifies their revenue streams which in turn helps them realize their artistic goals. This component invites active involvement from the private sector in the cultural affairs of the community by providing matching funds of up to one dollar for every dollar raised from private donors, to create endowment funds or to increase existing ones.

2. Eligibility Criteria

An application to the Endowment Incentives component must be submitted jointly by a non-profit professional arts organizations and an associated foundation. Each of these two parties must meet the respective eligibility criteria. The foundation becomes the recipient of the matching funds; the non-profit professional arts organization is the final beneficiary of the income generated from the foundation's investment.

2.1 Eligible Applicants

2.1.1 Associate Foundation

To be eligible, the foundation must:

- be a publicly registered charitable foundation at the time of application, as described in subsection 149.1(1) of the *Income Tax Act*, whose mandate is to accumulate, administer, and invest capital assets for the purpose of providing part or all the annual income to the beneficiary arts organization.

2.1.2 Beneficiary Arts Organization

To be eligible, the non-profit professional arts organization must:

- be incorporated under the appropriate federal, provincial or territorial legislation;
- have as its principal mission (core purpose as outlined in its mission statement):
 - the creation or production of professional artistic works;
 - the presentation of professional artistic works; or
 - the training of professional artists;

- And either receive support from one of the following sources within the last five fiscal years :
 - Canada Council for the Arts or
 - Department of Canadian Heritage, specifically the Canada Arts Presentation Fund or the Canada Arts Training Fund, or the Fathers of Confederation Building Trust.

Note: Applications from organizations that received funds under this component prior to the addition of this criterion in 2005-2006 will be considered.

- Or, if no financial support has been received from the sources listed above within the last five fiscal years, the organization must provide documentation to demonstrate that it meets the definition of a non-profit professional arts organization. Specifically, the arts organization must show that it:
 - has a paid artistic director, general manager, or equivalent: and
 - pays artistic fees at established national standards for the artistic discipline(s) and practice in which it operates.

In addition, the arts organization:

- must have been in operation for a minimum of three years prior to the application; and
- cannot have a negative net assets ratio in excess of 15% of the total revenues for the fiscal year. The net assets used in the calculation must exclude any externally restricted components. Both figures (net assets and total revenues) to be used in this calculation are based on the financial statements, presented according to the generally accepted accounting principles of Canada.

2.2 Ineligible Organizations

The following are not eligible under this component:

- heritage organizations;
- competitions; and
- Federal agencies, Crown corporations, provinces, territories, and municipalities and their agencies.

3. Assessment Process and Criteria

All applicants are encouraged to contact the CCIF office at the Department of Canadian Heritage before submitting a completed application.

3.1 Assessment Process

After the program has received a complete application, the eligibility of the arts organization and the foundation is evaluated. The evaluation is based on the information provided in the Application Form and all supporting documents.

Additional information may be requested to enhance the evaluation process. For example, if the arts organization has been in a deficit position for the past two (or more) years, a written analysis of what has led to the deficit position as well as what plans have been put in place to improve the financial health of the organization may be required.

3.2 Assessment Criteria

The final amount of the grant will be determined once the eligibility of all applications has been assessed. Eligible applicants receive a grant from the Department to match the funds raised from donations up to a maximum of one dollar for each dollar raised, **depending on the availability of funds and the number of successful applicants.**

3.2.1 Life-time Maximum Funding

The maximum amount of funding that can benefit any one arts organization from the Endowment Incentives component is \$15,000,000 over the life of this program.

3.2.2 Funds Eligible for Matching

Funds Eligible for matching:

To be considered for matching funds, donations must come from private sources. These can include non-governmental sources such as gifts from individuals, corporations or non-government foundations.

Funds can also include an amount an arts organization has decided to donate in perpetuity, out of its own assets, to the endowment fund held by its associated foundation.

Only private donations raised and deposited in the twelve months preceding the deadline are eligible to be matched.

Funds Ineligible for matching:

Public funds, from any level of government, will not be considered for matching.

Pledges and bequests in probate are not eligible.

3.2.3 Calculating Annual Request and Potential Grant

For each arts organization, the maximum amount that can be requested for matching in each fiscal year is the lesser of **\$2,000,000** or 50% of the average total revenues for the organization's past three completed fiscal years.

Once an arts organization has benefited from grants totalling \$10,000,000, then the maximum amount that can be requested for matching in a fiscal year is the lesser of **\$1,000,000** or 50% of the average total revenues for the organization's past three completed fiscal years.

To calculate the maximum annual request and the potential grant per arts organization:

- Calculate the average annual operating revenue of the arts organization based on the last three completed fiscal years, from the date of application; and calculate 50% of this amount.
- Review the total amount of Endowment Incentives grants benefiting the arts organization to date. If total grants to date are less than \$10,000,000 total, an arts organization may apply for up to \$2,000,000 per year. If total grants to date are more than \$10,000,000, an arts organization may apply for up to \$1,000,000 per year.
- Choose the lesser of the amounts from Step 1 or Step 2 as they apply to the arts organization's situation.
- Indicate the Requested Amount on the application forms.

4. Endowment Incentives Requirements

4.1 Funding Conditions

- i. If the application is approved, payments will be made in the form of grants. Prior to the release of funds, a grant agreement specifying conditions for restricted capitalization, control and accountability mechanisms must be signed by the recipient foundation.
- ii. The grant from the Endowment Incentives component, together with the equivalent sum raised from private donors, must be capitalized in perpetuity in the recipient foundation's restricted assets, in accordance with the limitations outlined in the grant agreement. Only the income generated by the funds may be made available to the associated non-profit arts organization.
- iii. The difference between the amount of money accumulated in an endowment fund and the amount granted under the Endowment Incentives component is not subject to the grant agreement restrictions. However it may be subject to other restrictions such as donors' conditions. For example, if a Foundation requested \$2,000,000 under the component and received a grant of \$1,500,000, the difference of \$500,000 is not subject to the grant agreement restrictions set by Canadian Heritage.
- iv. A grant may not be subject to any cost or other expenditure, other than reasonable and standard administration and investment charges, which shall not exceed 2% of the grant as recorded for the preceding fiscal year.
- v. The cost of fundraising activities must be borne by the operational budgets of the beneficiary arts organization if the beneficiary arts organization is partnering with a foundation other than its own.
- vi. The foundation and the beneficiary arts organization must be able to certify that current or former public office holders or public servants in their employ are in compliance with the *Values and Ethics Code for the Public Service* and the *Conflict of Interest and Post Employment Code for Public Office Holders* in all matters relating to the affairs of the applicants.

4.2 Submitting an Application

Only completed applications sent with all requested supporting material and postmarked no later than the published deadline will be considered. Any contractual agreements involving either or both the arts organization or the associated foundation before the application is approved are undertaken at their own risk.

Please carefully review the Application Forms available in PDF format on the Canadian Heritage website. The foundation and the arts organization must complete their respective forms and together submit all required documentation, including their respective application checklists, as per the table below.

Documents	Foundation	Arts Organization
Annex I General Application for Funding	Required	Required
Annex II Governance Practices Disclosure	Not required	Required
Annex III Certification	Required	Required
Annex IV Checklist	Required	Required
Annex V Report on Results	Required	Not required
Annex VI Calculation Worksheet	Not Required	Required
Financial statements (and management letter where applicable)	Required	Required
Conflict of Interest policy	Required	Required
Board resolution adhering to governance practices disclosure statement	Not required	Required
Board resolution confirming collection and deposit of donations to be held in perpetuity	Required	Required
Strategic Plan / Business Plan	Not required	Required
Letters patent, status of incorporation, bylaws	Required	Required
Investment Policy	Required	Not required
Demonstration of support from one of the following sources within the last five fiscal years (e.g. grant approval letter): Canada Council for the Arts; or Department of Canadian Heritage, specifically the Canada Arts Presentation Fund or the Canada Arts Training Fund, or the Fathers of Confederation Building Trust.	Not required	Required
Alternatively, if no demonstration of financial support is available from one of the eligible sources listed above within the last five fiscal years, the <u>non-profit professional arts organization</u> must provide additional documentation: 1. Proof that the arts organization has a paid artistic director, general manager, or equivalent: and 2. Proof that the arts organization pays artistic fees at established national standards for the artistic discipline(s) and practice in which it operates.	Not required	Required

Send completed applications to:

Department of Canadian Heritage
Canada Cultural Investment Fund
Endowment Incentives Component
25 Eddy Street, 13th Floor, Room 308 (25-13-V)
Gatineau, QC K1A 0M5

For more information please contact:

Email: fcic-ccif@pch.gc.ca

Telephone: 819-997-3955

Facsimile: 819-934-7162

TTY (Toll-free): 1-888-997-3123

The TTY is a telecommunication device for people who are deaf, with a hearing disability, or speech-impaired.

4.3 Deadline

Each year, all completed applications and support material must be postmarked no later than **December 1**. If December 1 falls on a weekend day, applications may be postmarked the next business day following December 1.

4.4 Service Standards

Canadian Heritage has set service standards for the timely delivery of its funding programs for the following three transactions:

- Acknowledgement of Receipt of Application
- Funding Decision
- Issuance of Payments

The achievement of these service standards is a shared responsibility between applicants and the Department. Applicants must submit all required documentation duly completed in accordance with the program's guidelines and within the Department's time limits.

For the program's Service Standards, please refer to the Department's website at www.pch.gc.ca or contact the program.

Note: Additional information may be requested to complete the evaluation of the project. Failure to provide the requested information within the timeframe determined by the program will result in a delay in processing the application, and may lead to closure of the file.

Important: if you do not receive an email Acknowledgement of Receipt of Application by December 15, please contact us.

4.5 Reporting Requirements

An organization receiving funding from the Department of Canadian Heritage must submit a final report.

All foundations are required to report on results achieved to assist the program in collecting data for evidence-based impact analysis. Please note that this information will be used for statistical and trends analysis. See Annex V Report on Results in the application forms.

Failure to submit a final report for previous funding by the Department will be taken into consideration when assessing new applications, and could be cause for rejection of an application.

4.6 Public Acknowledgement of Financial Assistance

All funding recipients must publicly acknowledge, in English and in French, the financial support received from the Government of Canada in all communication materials and promotional activities related to the funding agreement, such as advertising, promotional and program materials, public announcements, speeches, websites, social media, etc. The Department's requirements for public acknowledgement of financial assistance were updated in 2014 and are now part of the funding agreements.

The Department's [Guide on the public acknowledgement of financial assistance](#) will assist funding recipients in complying with the requirements described in the funding agreement.

4.7 Access to Information

If an access to information request is received regarding an application for financial support or any other document in the Department's possession containing information about your organization, the information provided to the Department will be treated in accordance with the [Access to Information Act](#) and the [Privacy Act](#).

4.8 Official Language Requirements

The program shall ensure that appropriate measures are put in place to support the development of official language minority communities in Canada, as well as to promote the full recognition and use of English and French in Canadian society. The terms and conditions of compliance will be detailed in the grant or contribution agreement. At a minimum, the recipient will ensure that acknowledgement of the Department's support for the project is expressed in both English and French. For more information, you may consult Part VII of the [Official Languages Act](#) (R.S.C., 1985, c. 31 (4th Supp.)).

4.9 Evaluations of the Program

The Department will conduct periodic evaluations of the Endowment Incentives component. During an evaluation, recipients must make available any records, documents, or other information that may be required to perform the evaluation.

4.10 Audits

Canadian Heritage conducts audits on a sample of successful applications each year; the Department will assume the audit cost. In such cases, recipients must make available any records, documents, or other information that may be required to perform the audit. Recipients must retain for at least five years supporting documents related to the information provided in all application forms.

A recipient found to have submitted false or unsupported information may be required to repay the full amount of the financial support received.

4.11 Disclosure of Information to the Government of Canada

By applying to the Endowment Incentives component, applicants authorize the Department of Canadian Heritage to disclose any information received in their application within the Government of Canada or to outside entities for the following purposes: to reach a decision on an application; to administer and monitor the grants or contributions; and to evaluate the Program results.

The disclosure of any information received in an application may also be used to reach a decision on other application(s) by the applicant for financial support under any other Canadian Heritage program. Data may also be transferred to Statistics Canada for statistical purposes.

4.12 Information That Could Be Made Public

Amounts awarded to recipients are public information. Successful applicants receiving financial support from the program may have the name of the organization and the amount awarded listed on the Canadian Heritage website or disclosed in public documents produced by Canadian Heritage.

4.13 Protection of Personal Information

Your personal information is protected under the Privacy Act. Only information needed for operating the Endowment Incentives component and measuring its results will be requested. The collection and use of personal information for this program is authorized by the *Department of Canadian Heritage Act*, and is required for your participation.

5. Glossary

This glossary provides definitions of underlined words in this document. For the purposes of the Endowment Incentives component, the following definitions apply.

Arts presenters: Arts presenters select the artistic programming for public presentation in their community based on an artistic vision. They hire professional artists, groups and companies and are responsible for paying a guaranteed fee for each presentation. They provide the venue and supply the technical and promotional support. Presenters may also organize audience development and/or outreach in support of their artistic programming. They have a thorough knowledge of the audiences in their communities, of the professional arts community and of the various networks that support both the artists and the presenters.

Bequests: A bequest is property a registered charity receives from the will of a deceased person. Bequests received by a foundation are eligible for matching. However bequests not yet received, such as from an estate in probate, are not eligible for matching through the Endowment Incentives component.

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

Creation / Production: Artistic work, research and production of a new or substantially revised artwork, e.g. play, dance, score, script, sculpture, video or installation. Production also covers stage revivals and may include presentation in certain fields, such as theatre or dance. (See also arts presenters.)

Financial statements: A set of financial documents (a statement of financial position; a statement of operations; and a statement of changes in financial position) that, taken together, provide the reader with a picture of the financial viability and management capacity of an organization.

a) Audited financial statements: A certified accountant has performed auditing activities in accordance with generally accepted auditing standards. An auditor's report, without any qualifications or reservations, will generally include three paragraphs:

- an introductory paragraph identifying what statements have been audited, that the financial statements are the responsibility of the entity's management and that it is the auditor's responsibility to express an opinion on the financial statements based on the results of the audit;
- a scope paragraph indicating that the audit was conducted in accordance with generally accepted auditing standards that require planning and execution of auditing activities to provide reasonable assurance that the statements are free from material misstatements and the nature of audit activities performed; and
- an opinion paragraph stating whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the entity in accordance with generally accepted accounting principles.

b) Review engagement report: A review engagement report differs from an audit report in that the scope of a review is less than that of an audit; therefore the level of assurance provided to the reader of the financial statements is lower. A review engagement report will generally include three paragraphs:

- an introductory paragraph identifying what statements have been reviewed, that the review was conducted in accordance with generally accepted standards for review engagements, consisting primarily of enquiry, analytical procedures and discussion related to information provided to the certified accountant by the entity;
- a statement that a review does not constitute an audit and that the certified accountant is not expressing an audit opinion on the financial statements; and
- a conclusion indicating whether anything has come to the certified accountant's attention that causes the accountant to believe that the information being reported on is not, in all material respects, in accordance with generally accepted accounting principles.

Grant: A transfer payment that is subject to pre-established eligibility and other entitlement criteria. A grant is not subject to being accounted for by a recipient and is not normally subject to audit by the department in question. The recipient may be required to report on results achieved.

Heritage organizations: For the purposes of the Department of Canadian Heritage, heritage organizations have a mandate to collect, preserve, interpret, and present collections to the public and may include museums, archives, heritage centres, historic and natural heritage sites and libraries.

Management letter: A letter from a chartered accountant which normally accompanies audited financial statements. Based on the chartered accountant's audit and analysis of the organization's financial records and statements, this letter communicates observations of particular interest to the organization's management.

Net assets: Net assets equal total assets (excluding externally limited/restricted items) less total liabilities.

Net assets ratio: Net assets ratio equals net assets (excluding any externally limited/restricted items), divided by the total revenues for the fiscal year. Figures to be used in this calculation are based on the financial statements, presented according to the generally accepted accounting principles of Canada. To be eligible, an organization cannot have a negative net assets ratio in excess of 15%.

Non-profit professional arts organization: An incorporated organization operating in one or more artistic discipline(s) with a core mission and primary activity of creation or production of professional artistic works; presentation of professional artistic works; and/or training of professional artists. Furthermore it is an organization that is registered and operates as a non-profit arts entity with a board of directors overseeing its operations. It has a paid artistic director, general manager, or equivalent and the organization pays artist fees at established national standards for the artistic discipline(s) and practice in which it operates. Finally the organization has internal or external oversight of the organization's finances and produces annual financial statements.

Professional artist: Endowment Incentives refers to the definition used by the Canada Council for the Arts, which says that a professional artist is someone who has specialized training in the artistic field (not necessarily in academic institutions); is recognized as a professional by his or her peers (artists working in the same artistic tradition); and is committed to devoting more time to artistic activity, if possible financially and who has a history of public presentation.

Strategic plan: The strategic plan clearly describes an organization's mandate, its near, mid and long-term goals or objectives, as well as the priority actions necessary to realize these goals and objectives. The strategic planning process should analyze the internal and external factors, assess the risks and determine mitigation plans.