Operating Support

COVID-19 Revised DEADLINES:

Phase 1: May 1
Phase 2: Sept 1
Phase 3: Dec 1

PURPOSE

To the best of our ability, provide a source of financial support for core arts and cultural organizations that are well-managed, firmly established, and have significant impact and broad community engagement.

THIS GRANT IS OPEN TO:

Established arts and culture organizations with an average three-year adjusted audited revenue of at least $150,000; only available to organizations previously receiving Operating Support.

AWARD AMOUNT:

Calculated based on three-year average adjusted audited revenue and score. Award amounts are contingent upon funds available.

STAFF CONTACT

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Operating Support - Purpose

Provide a stable source of financial support for core arts and cultural organizations that are well-managed, firmly established, have significant impact and broad community engagement.

Description

The Operating Support program provides unrestricted funding as an investment in the general operations, administration and programs of eligible arts and cultural organizations in all disciplines.

Who is eligible to apply?

Due to limited funding, this grant is open only to organizations that have received a 2019 Operating Support grant. Applicants must be independent, financially-sound arts and cultural organizations that demonstrate the following attributes to be eligible to apply or maintain eligibility.

Financial Eligibility Requirements

- Minimum of $150,000 three-year average adjusted audited revenue* (see following pages for calculation details) and traditionally (pre pandemic) present a diverse revenue and support stream and dollar-for-dollar cash match; and

- Are able to submit the most recent three years of audited financial statements as part of the application process;
    - Applicants should have an independent audit that includes a statement of functional expenses. If the applying organization is a subsidiary of a parent company that already has audited financial statements, the parent company audit must be submitted along with reviewed financials statements of the applying organization.
    - Organizations that are headquartered in Columbus but with satellite sites outside of the city of Columbus must be prepared to submit Columbus-specific audit documentation for programming/operations only within the city of Columbus.

Artistic Eligibility Requirements

- Primary focus and actual operations are artistic or cultural in nature and have had artistic programming for at least three consecutive years; demonstrate exemplary artistic achievement; and engage and compensate professional artists.

City of Columbus & Nonprofit Eligibility Requirements

- Have held their own 501(c)(3) status for at least three consecutive years; based in and primarily serving the city of Columbus; and demonstrate a wide-ranging impact on the city's economy and tourism.

Board Governance & Staff Eligibility Requirements

- Operate with professional management and artistic staff; have at least one paid full-time or part-time staff member; and operate with a community-based board of trustees charged with legal and fiduciary responsibilities, including the hiring of the chief artistic and/or executive directors.

When are applications due?

Operating Support applications are available for submission once per calendar year. In response to the impact of the global pandemic, the 2020 OS application process and timelines have been revised to implement a three-phase process and slightly revised quarterly payment schedule.

PHASE ONE Q1	
May 1	Upload available financial/planning documents
May 14-26	In-depth interviews via videoconference
June 18	Q1 award notification, grant agreement signed
June 30	Q1 award payment processed via ACH

PHASE TWO Q2	
Sept 1	Application due in portal
Sept 7-11	Interviews, if required
Oct 15	Q2 award notification, grant agreement signed
Oct 30	Q2 payment via ACH (aligns w/ receipt of public funds)

PHASE THREE Q3 & Q4 (combined)	
Dec 1	Upload financials/planning documents
Dec 14	Q3 & Q4 combined grant agreement signed
Dec 16	Q3 payment via ACH
March 30	Q4 payment via ACH

Audit and FY Report Due	105 days after organization's Fiscal Year End

Final Report Due	August 5, 2021 (extended to collect 1 year ticket fee data)

Ticket Fee Requirement

Recipients of Operating Support are required to apply the city of Columbus' 5% arts and culture fee to all admission tickets. For details, https://www.gcac.org/impact-of-the-arts/columbus-ticket-fee/. The final report for 2019 grantees has a deadline of August 5 and will collect ticket fee totals from the first year.

How are awards calculated?

The Arts Council uses a three-year average of the recipient's adjusted audited revenue* to establish the recipient's peer group. This three-year adjusted revenue average, the revised 2020 applicant budget peer group and the 2019 application score will determine an annual grant amount.

A separate agreement will be issued for each phase with award amount, which will be dependent on the Arts Council's available funds and reviews of applicant's finances and planning. The intention is to distribute quarterly payments in equal amounts, but this is wholly dependent on public funds received.

* NOTE: Adjusted audited revenue is defined as: audited revenue less 1) in-kind support, 2) capital contributions, 3) Arts Council grant awards, 4) other funding provided by the city of Columbus and/or Franklin County and 5) related party funds (related party funds are defined as funds provided by an entity controlling, controlled by or under common control with the applicant). This definition has been expanded for the 2020 Guidelines.

2020 OPERATING SUPPORT PROCESS

PHASE ONE: Q1

There is no application for Phase One: Q1. The formal application deadline is moved to September 1 to allow organizations time to prepare response and recovery related to the pandemic. For Phase One, we will lean heavily on the interview process to assess status of organizations. A list of possible questions will be shared prior to the interviews; questions will vary from organization to organization.

May 1: Upload deadline. Organizations will upload available financials (six month forecast/cash flow) and any planning documents to the online application. Planning documents might include steps you have taken to date (staff reductions, loans, etc.) & future scenarios. No special format is required. It is assumed that organizations will already have or are working on such documents. There is NO scoring.

May 14-26: Interviews. The Arts Council staff and board representatives will host in-depth videoconference conversations to understand each organization's immediate response measures, planning and leadership, including board engagement.

June 18: Award notifications and Q1 Grant Agreements sent. OS awards are voted on by the Arts Council board. By the time recommendations reach the full board, they have been vetted by the Operating Support subcommittee and the board's Executive Committee.

June 30: Q1 award disbursement via ACH direct deposit.

PHASE TWO: Q2

July 1: Applications are open in GoArts

Sept 1: Deadline for online application/financials. Questions will be relevant to current environment.

Sept 7-11: Applicant interviews, as needed, for clarity or to discuss concerns. There is NO scoring.

Oct 15: Q2 award notification and grant agreement sent. Awards are voted on by the Arts Council board

Oct 30: Q2 award disbursement via ACH. (Payment moved to align with receipt of public funding)

PHASE THREE: Q3 & Q4

Dec 1: Upload deadline for updated financials and planning documents

Dec 7-11: Applicant interviews, as needed, for clarity or to discuss concerns

Dec 14: Q3 and Q4 award notifications combined in one grant agreement. Awards are voted on by the Arts Council board

Dec 16: Q3 award distribution via ACH

March 30: Q4 award distribution via ACH

FY REPORT: The organization's audit and comparative financial spreadsheet must be submitted as part of the FY Report 105 days after the organization's fiscal year end. These documents do not need to be uploaded at the time of the application submission.

FINAL REPORT: Final Report submission deadlines will be August 5 annually. This enables 12 month reporting on ticket fee receipts.

AFTER YOU ARE AWARDED

Grant Agreement

In three phases, a grant agreement specifying the terms of the grant will be available in GoArts under the "Requires Attention" heading. To accept the award, review the grant agreement and digitally sign by the date indicated. No major changes in the project can then occur, either in activities, key leadership, or finances, without prior written approval from the Arts Council. Failure to properly notify and/or obtain approval could result in the cancellation of the remaining grant.

Award Disbursement

Grant approvals are based on evaluations and available funding. Following a vote from the Board of Trustees/Operating Support Committee, applicants will be notified by email of the application award status (approved, approved with contingencies, or declined). Emails are sent to the primary grant contact and the authorizing official (as listed in the GoArts organizational profile).

Please note that all Arts Council grant payments are fully dependent upon funding from the City of Columbus and Franklin County Board of Commissioners. This award does not imply continued or equivalent support from the Arts Council.

With GCAC experiencing several months of zero bed tax or ticket fee revenue, we have made considerable revisions to our 2020 budget to support our OS organizations the best we can. However, we cannot pledge an annual award with the uncertainty of our financial future. Instead, will move to a three-phase financial review and contracts versus an annual contract. In short, our aim is to disburse four equal payments, but this will be contingent on our available funds.

Publicity/Donor Acknowledgement

Once you are awarded, say "Thanks!" in a public way. The Arts Council requires that all organizations and artists receiving funding demonstrate the public value of the arts by making others aware of awards received and acknowledging public funders. Refer to APPENDIX A for details of the contractual publicity requirements.

Assessment and On-Site Visits

The Arts Council makes its most informed funding decisions using documentation of an organization's activities, including planning and evaluation documents, progress updates, and final reports. From time to time, staff and Board members may conduct on-site visits to Operating Support recipients to better assess the impact of the grant awards. Also, organizations should be prepared to make available up to four complimentary tickets for all performances, exhibits, or events funded at the request of the Grants & Services department so that staff or trustees can experience your programming live.

Required Reporting

Operating Support recipients have a multi-step standard reporting process driven by the organization's fiscal year and the term of the Arts Council grant agreement. All reporting is submitted through the **GoArts** portal, under the Requires Attention section, reporting tab.

1) **Fiscal Year (FY) REPORT and Audited Financial Statements** are due <u>105 days</u> after an organization's fiscal year end. You will find this in GoArts application system. Log in, scroll to the bottom to Requires Attention section, in the Reports tab there is a link called FY Report.

   A. Upload the newly completed Audit in the Supplementals tab

      1. Must include Statement of Functional Expenses

      2. Must include management letter or other documentation provided by auditors, if applicable

   B. Use the information from your audit to complete the Comparative Financial Statement

      1. In the Supplementals tab, find the financial spreadsheet under *Comparative Financial Statement*

      2. Download the spreadsheet and then update the FY19 Actuals and FY20 Budget plus comments on variances. Save it to your computer.

      3. Upload the revised/new spreadsheet to the section titled: *Comparative Financial Statement UPDATED*

      4. Using the data in your financial spreadsheet (pulled from your audit), compete the rest of your **FY Report** and submit by the due date indicated in the system.

NOTE: Failure to upload audited financial statements and the comparative financials spreadsheet and complete the FY Report on the due date will result in a reduction of the grant award in the amount of **$500 per day overdue**; the reduction will be applied to the next disbursement. An extension may be granted by the Grants & Services department as long as the extension is requested in writing BEFORE the due date. Arts Council staff has the authority to deny an extension if there is a history of unsupported extension requests.

2) **FINAL REPORT** is due August 5 annually.

   • A thirty (30) day extension may be requested in writing BEFORE the due date.

   • Failure to submit a final report within ninety (90) days of the due date may result in the cancellation of the remaining grant amount.

Removal from Operating Support

The Grants & Services staff monitors the eligibility status of Operating Support recipients and provides notification if the organization's continued participation in Operating Support appears to be in jeopardy.

In 2020, the series of document reviews and conversations is designed to continuously monitor the viability of an organization in the face of pandemic impact.

An Operating Support recipient may receive notice of impending ineligibility if the recipient:

- • Demonstrates a 10% or greater deficit for two consecutive fiscal years; or

- • Receives a note of going concern in their audited financial statements; or

- • Does not meet the minimum three-year average adjusted annual audited revenue of $150,000; or

- • The organization's sustainability is deemed vulnerable or at risk due to financial, board or leadership mismanagement or misconduct.

The above reasons are considered just cause to designate an organization ineligible for the Operating Support program. However, with the recommendation of the Creative Advancement Committee, the Arts Council Board reserves the authority to terminate or extend an organization's participation at any time.

Once a recipient organization has received notice of concern from the Arts Council, the notice must be distributed to all members of the recipient's Board of Trustees. Organizations will be required to submit their Board-approved solution, as well as provide additional monthly or quarterly programming or financial reporting. Additional restrictions and requirements may accompany any grant.

An organization's failure to take corrective action and demonstrate annual progress and stabilization will make it ineligible for Operating Support. An organization cannot receive Operating Support without meeting all eligibility requirements for three consecutive years. The Arts Council and its Board of Trustees may rely on external evaluations to assess the organization's eligibility.