



**Annual Meeting of the  
Cuyahoga Arts & Culture Board of Trustees**  
Center for Innovation and Growth, Baldwin Wallace University  
Monday, April 21, 2014, 4:00 pm

- 1. Call to order**
  - a. Call to order
  - b. Call the roll
  - c. Motion to approve February minutes
  - d. Administer Oath of Office to new trustees
  
- 2. Public Comment on Today's Agenda**
  
- 3. Executive Director's report**
  
- 4. Connect with Culture**
  
- 5. Finance Report**
  
- 6. Presentation** – 2013 Report to the Community
  
- 7. Board Discussion** – preview of June Board Retreat
  
- 8. Board Action** – 2015 PS and 2015-16 GOS Guidelines
  
- 9. Board Action**
  - a. Administrative matters
    - i. Approval Policies annually
      1. Allocation Policy
      2. Audit Committee Charter
      3. Business Continuity
      4. Cash Reserve Policy
      5. Ethics Policy
      6. Internal Financial Controls Policy and Procedures
      7. Investment Policy
      8. Public Records Policy
    - ii. Affirm members of Audit & Finance Advisory Committee
    - iii. Elect officers
    - iv. Other administrative matters
  
- 10. Public Comment**

Next Meeting:  
June 16 at 4:00 pm at the Nature Center at Shaker Lakes (includes Board Retreat)
  
- 11. Adjourn**



## About Cuyahoga Arts & Culture

### Our Mission

Cuyahoga Arts & Culture's mission is to inspire and strengthen the community by investing in arts and culture. CAC was approved by Cuyahoga County voters in 2006, and since 2007, CAC has invested more than \$112 million dollars in 259 arts and cultural organizations in Cuyahoga County.

### Our Grantmaking

Cuyahoga Arts & Culture funds arts and cultural organizations in Cuyahoga County through its two primary grant programs: General Operating Support and Project Support. To ensure an impartial and transparent application review process, CAC convenes a panel of arts and cultural professionals from outside the region who discuss, evaluate and score all eligible applications in a public setting.

### Our Values

We ground our work in our values and guiding principles:

- Accountability
- Impartiality
- Transparency
- Partnership

### Our Board of Trustees

Cuyahoga Arts & Culture is governed by a board of five trustees with broad knowledge and experience in the arts or cultural heritage. The board is appointed by the Cuyahoga County Executive and confirmed by Cuyahoga County Council (one position is currently vacant). All Board of Trustees meetings are open to the public.

Current Trustees:

[Matthew Charboneau](#), professional musician

[Sari Feldman](#), Executive Director, Cuyahoga County Public Library

\*[Joseph Gibbons](#), Attorney, Schneider, Smeltz, Ranney & LaFond P.L.L.

[Steven Minter](#), Executive-In-Residence, Cleveland State University

\*[Eliza Wing](#), Director of Digital Brands, American Greetings

For more information, visit [www.cacgrants.org](http://www.cacgrants.org).

\*Will be sworn into office on April 21, 2014.

**Executive Director's Report**  
**Annual Meeting of the Board of Trustees**  
**21 April 2014**

Welcome to our Annual Meeting for 2014.

At today's meeting, we are delighted to **welcome new trustees Joe Gibbons and Eliza Wing** into our midst. Both have a strong commitment to arts and culture as well as to our community, and we are grateful that the County Executive appointed them to our Board. We are also very **pleased that Steve Minter has been reappointed to another three year term**, continuing his service to the Board for which he was the founding chairperson. Joe, Eliza, and Steve will be officially sworn in at today's meeting, and I know you join me in thanking them for their service to our mission.

Our Annual Meeting provides an opportunity to reflect on the year gone by as well as to look to our future. The **release of our 2013 Report to the Community**, which you will see for the first time at today's meeting, provides all of us with a great tool to not only reflect on the impact of our funding but also to celebrate the importance of arts and culture to our community. The statistics and the stories therein are impressive, and I encourage you to share it with your networks as a way to elevate the conversation of the importance of dedicated, public funding for arts and culture in our community. Please join me in thanking Jennifer Schlosser, our communications manager, who has produced yet another great report and accompanying set of videos. Our plan for the distribution of this report is outlined in the staff report that follows. Jennifer's maternity leave will begin in the coming days, and we wish her and her husband, Ben Miladin, all the best as their family grows.

The most important work of today's meeting is the **discussion and approval of the grant program guidelines** that will govern the 2015 Project Support and 2015-16 General Operating Support grant programs (page 16). As you know, these guidelines have been in development for nearly a year. They are grounded in our mission, vision and values and are informed by desire for continuous improvement as well as feedback from our cultural partners. Although you will find no significant policy changes in these documents, the refinements that the program team has made will, we hope, continue to make our process more transparent and accessible for applying organizations. We look forward to this discussion.

Also at today's meeting, we will take a moment to **discuss the content of our upcoming board retreat**, which will follow our June 16 board meeting at the Nature Center at Shaker Lakes. Once again, Randell McShepard has agreed to facilitate our conversation, and our early stage agenda includes:

- Revisiting our strategic framework in light of the baseline evaluation work highlighted on page 8 of the staff report;
- Discussing the results of the Public Value study with Holly Sidford and Nick Rabkin of the Helicon Collaborative, an important piece of research that was suggested at our last board retreat;
- Looking ahead to the elements necessary to ensure CAC's bright future; and
- Building camaraderie and a strong culture within the new composition of our board.

Your comments and suggestions for retreat content are welcome and encouraged.

Finally, many thanks to Bryan Bowser, Assistant Director of the Conservatory for External Affairs and Director of the Arts Management Program at Baldwin Wallace University, for hosting our gathering today. We will hear from Bryan about the way that a private university uses public dollars to impact the community at large, and we thank him for his hospitality.

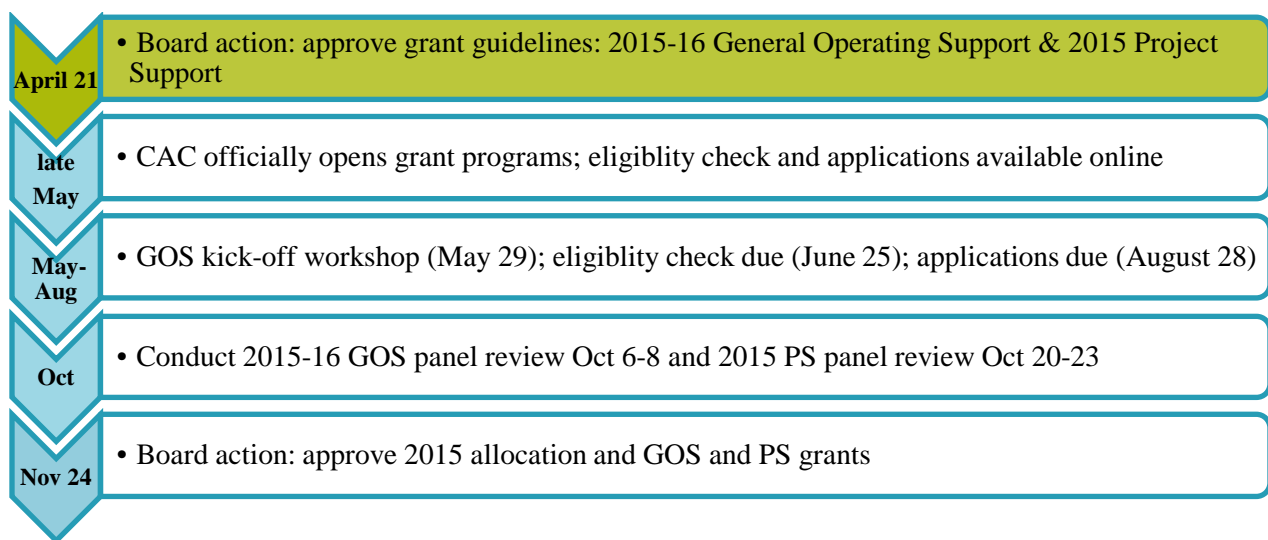
Thank you, as always, for your attention to the important matters before the board today.

## CAC Board Meeting April 21, 2014 Updates from Staff

Each year, Cuyahoga Arts & Culture staff members identify [team objectives](#) to guide our work. For 2014, our team objectives fall into three areas: 1) grantmaking and knowledge-building; 2) raising awareness; and 3) building internal capacity. In an effort to share our progress in each of these areas with the Board, we present our staff updates using this framework.

### GRANTMAKING & KNOWLEDGE-BUILDING

Since last the Board met, the team has been focusing on preparing for and finalizing the 2015-16 General Operating Support and 2015 Project Support Guidelines (see memo on page 16.) This work progresses as staff manages the 2014 cohort of 196 organizations. Below is a snapshot of key program dates, along with brief updates on our recent grantmaking and knowledge-building work.



**Creative Culture Grants.** We are pleased to share that *Daring to be Dumbo*, Dancing Wheels' documentary on bullying and one of the two winners of CAC's Creative Culture Grants competition, aired on April 5 at 7:00 pm on Cleveland's WKYC. The 30-minute film, which was narrated by Al Roker and featured interviews of STOMP percussionist Elec Simon and local Tolerance Fair creator Justin Bachman, included a 30-second informational ad by and about CAC in addition to other CAC credits – helping us accomplish one of our main goals of the program: connecting directly with thousands of County residents to tell the story about the power of public funding.

Leading up to the prime-time airing, Karen Gahl-Mills joined Dancing Wheels President Mary Verdi-Fletcher for a March 29 interview on WKYC to promote the documentary and our CCG program. Looking ahead, CAC will continue to collaborate with Dancing Wheels on marketing and promotional efforts. With the documentary now complete, the project moves forward with the implementation of its planned outreach programs at 27 area libraries and events with project partners The Diversity Center, Girl Scouts of America and others.

**Understanding & Measuring Public Benefit.** At its February meeting, the Board approved a contract for CAC to continue work with the NY-based Helicon Collaborative (Holly Sidford and Nick Rabkin) to explore the public value of arts and culture and the role that Cuyahoga Arts &

Culture's partners play in creating that value. Since that time, Helicon conducted a series of focus groups with both frequent and non-frequent-users of our cultural institutions, more than 20 interviews with community stakeholders and a thorough literature review. The work is aimed at tackling the following research questions which are:

- What do Cuyahoga County residents, cultural and civic leaders and researchers believe are the benefits of arts and culture?
- Are there gaps between the public's views and cultural leaders' views?
- How can public value be enhanced by CAC's work?

We used the initial results to inform our 2015 Guidelines, before you for your approval today, and are now considering options for how to further integrate our cultural partners into the work. We anticipate sharing the results of this work with the Board at its June retreat.

**Conducting Baseline Assessment.** To begin answering the question, “what difference is CAC making?” CAC spent the last several months conducting a baseline assessment of our grantmaking. Jake Sinatra managed the project. The initial results ensure that CAC has a clear understanding of the “who, what, when, where and why” of our grantmaking since 2008. This data snapshot will inform our grantmaking, budgeting and organizational planning. In the coming months we will build on this work to assess how CAC funding may have affected institutional support for arts and culture in our community.

One notable finding: Every year CAC-funded organizations are providing arts and culture programs in a growing number of locations. In 2013, CAC funded organizations offered programs in 56 of the County's 59 municipalities. Each of the dots below represents a unique location where CAC-funded programs took place.



**Nonprofit Finance Fund.** In our continuing efforts to offer learning opportunities and application preparation for our cultural partners, CAC will contract with the Nonprofit Finance Fund (NFF) to conduct 90-minute phone consultations on finances for up to 45 General Operating Support applicants throughout June and August. Consultations will involve a review of an organization's Cultural Data Project Funder Report, discussion of what the data say about the organization's financial situation and provide guidance on any financial issues that may need to be addressed in the 2015-16 GOS application. CAC offered similar consultations to GOS applicants prior to the 2013-14 GOS application, and received overwhelmingly positive feedback from the 37 organizations that participated. The consultations will be confidential and CAC will not participate in the phone meetings.

**Neighborhood Connections.** Following February’s board approval, CAC entered into an \$85,000 contract with Neighborhood Connections to support informal, resident-led arts and cultural projects in Cleveland and East Cleveland. This collaboration will continue to help CAC “create energetic neighborhoods infused with culture.”

Through this partnership, we are gaining insight on how best to create and manage small grant programs and serve applicants. This knowledge transcends our Neighborhood Connections partnership; it is helping inform our own Project Support II program. In addition, this partnership is allowing us to connect directly with more County residents, increasing awareness of our agency and the importance of public funding for arts and culture.



Photo: Students participate in a weeknight African drumming lesson through the Neighborhood Connections and CAC-funded West African Drumming Ensemble at Woodland Hill CMHA Community Center.

**Project Support Updates of Note.** CAC is in the final stages of closing out 2013 Project Support grants. While an overwhelming majority of grants were successfully completed, there are several projects for which we are unable to pay out, due to compliance issues. Because CAC requires “proof of match” before releasing funds, we are safe-guarded against losing grant dollars to projects that are never completed or to organizations that are no longer viable. The following 2013 grants have been revoked and all organizations have been formally notified:

- *Access to the Arts* (\$6,072) and *Northern Ohio Bibliophilic Society* (\$1,014) failed to meet reporting requirements. These organizations are no longer in good standing and will be unable to apply for future grants until completing past-due reports. Additionally, Access to the Arts is no longer in good standing with the State as it failed to file a statement of continued existence with the Ohio Secretary of State.

## RAISING AWARENESS

Our 2014 objectives in this area focus on strategically communicating the impact of CAC funding to County residents and key regional and national stakeholders, reaching beyond the local cultural community.

**Report to the Community.** CAC will release its 2013 Report to the Community at our annual meeting on April 21. Using data from the Cultural Data Project and stories from our cultural partners, the report demonstrates how CAC funding supports education, quality of life and economic development in Cuyahoga County.

We will use the report as an educational tool to tell the story of CAC and the importance of public funding for arts and culture in the coming days, weeks and months. It will be mailed (about 300) and emailed (about 9,000) to elected officials, key stakeholders, cultural partner executive directors and board members, media and other community members along with a cover letter or message from Karen Gahl-Mills. In conjunction with the report, we have created two videos highlighting the work of two of our cultural partners: the Rock and Roll Hall of Fame and Museum and Cleveland TOPS Swingband, and an article about the Cleveland Museum of Natural History’s Inspire Program. The report and videos will be posted prominently on our website and shared via social media. We are also planning outreach to key media, including the major local

media outlets and key local community newspapers. The report will be available at [www.cacgrants.org/report](http://www.cacgrants.org/report) and we encourage you to share it with your colleagues.

**Website Launch.** Since November, when the Board approved a contract with Aztek to design a new website, CAC has worked with Aztek to develop a new website for CAC that will better reach residents and serve our cultural partners. The new website will strengthen CAC’s online presence, allow us to communicate better with a broader audience through expanded capabilities (extending to mobile platforms), and will help CAC staff streamline and improve content. We will utilize the website as a central communications tool that boosts all of our communications efforts, including a renewed social media strategy and strategic communications plan. We anticipate the launch of the new site to take place in early June.

**Telling CAC’s Story.** In addition to our formal communications such as our website and Report to the Community, all CAC team members are making extra efforts this year to get out into the community and tell CAC’s story – and more importantly – share with stakeholders the importance of public funding for arts and culture. Recent presentations include:

- Cultural Partner Boards and Community Leaders: Cleveland Restoration Society (Karen); Great Lakes Theater (Karen); Cleveland Leadership Center (Jill)
- Academic Lectures & Student Groups: Lilly School of Philanthropy – Indianapolis, Indiana (Jill); Mandel School/Case Western Reserve University (Jill); Baldwin Wallace University (Jesse)

**Email Communications.** We continue to utilize email to connect with and educate our constituents about CAC’s work and have sent out the following emails in the past few weeks:

- [February Events Email](#) and [February e-Newsletter](#)
- [March Events Email](#)
- [April Events Email](#)

**Media Placements.**

Date	Media Outlet	Headline
Apr 2	The Plain Dealer	<a href="#">With late-night stroke of the pen, Kasich signs capital bill targeting \$135M at Northeast Ohio</a>
Apr 2	Cool Cleveland	<a href="#">Video: The rock that rolls and Daring to be Dumbo hit the Dancing Wheels Co.</a>
Mar 29	WKYC-TV Channel 3	<a href="#">Film highlights overcoming bullying</a> (interview with Karen Gahl-Mills and Mary Verdi-Fletcher of Dancing Wheels)
Mar 25	The Hudson Hub Times	<a href="#">Collinwood April events include carnivals, Earth Day, record store day</a>
Mar 18	The Plain Dealer	<a href="#">Kasich’s capital budget proposes spending nearly \$135 million on projects in Cuyahoga and surrounding counties</a>
Mar 18	The Plain Dealer	<a href="#">Here’s the list: Nearly \$135 million in capital improvement projects for seven counties</a>
Mar 13	Crain’s Cleveland Business	<a href="#">Downtown Cleveland Alliance selects 19 participants for its City Advocates program</a>
Mar 10	The Plain Dealer	<a href="#">New survey says Cuyahoga residents participate often and place a high value on the arts</a>
Feb 16	Crain’s Cleveland Business	<a href="#">Will support be on display for another sin tax – one supporting arts – in 2015?</a>

Jan 31	The Plain Dealer	<a href="#">Calling all Makers: Ingenuity and the Cleveland Public Library want you</a>
Dec 13	The Plain Dealer	<a href="#">Community Partnership for Arts and Culture awards \$405,000 in creative grants and prizes</a>

## **BUILDING INTERNAL CAPACITY**

Our 2014 objectives in this area focus on developing team members and improving each team member's personal efficiency so we are better prepared to support our cultural partners and carry out CAC's mission.

**Staff Professional Development.** All CAC staff members have professional development plans which are formally reviewed each quarter. As a part of professional development, many staff members will attend conferences in the coming months. We will bring back our new knowledge and share it with teammates. Recent learning opportunities include:

- *Grantmakers for Effective Organizations:* Karen, Jill and Jake attended GEO's biennial conference in Los Angeles in early March. The gathering of grantmakers, known for championing general operating support and critically assessing the field of philanthropy, provided us an opportunity to connect with national leaders and explore how CAC's work compares to others in the field.

Of note, [CAC is a featured case study on GEO's website](#) – highlighting our focus on “supporting nonprofit resilience” through general operating grantmaking that prioritizes public benefit and includes wrap-around capacity building assistance, noting our work with Helicon and Nonprofit Finance Fund.

- *Grant Managers Network.* Jesse joined 675 philanthropic professionals at the annual Grant Managers Network conference in San Diego in mid-March. The conference was a great opportunity to network and learn more about best practices for working with and managing grantees, technological solutions implemented by other funders, mapping data, grant application and report variance, and the processes and challenges of colleagues at private foundations.
- *United States Urban Arts Federation.* Karen and Meg attended the winter 2014 gathering of USUAF in Detroit in late February. The conference featured two panels, both of which focused on the role the arts sector plays in community transformation specifically to the local landscape of urban centers. Discussions included the best role for local arts agencies and how this has changed over time. Highlighted was the national trend toward a focus the public benefit when making investments in arts and culture within the community.

**Congrats, Jake!** Jake Sinatra was selected from a pool of over 100 candidates to be a member of the Downtown Cleveland Alliance's 2014-16 class of City Advocates. The program is designed to “provide civic education and foster active engagement for rising leaders in the Downtown Cleveland community.” During his two years in the program, Jake will work with a team to design and carry out a project aimed at improving the ability of life for residents, business and visitors.



## FINANCIAL UPDATE

### 2014 YTD

**Revenue.** Tax revenue through March 31 was \$3,698,778. This figure is \$156,194 or 2.07% under forecast for the first three months of the fiscal year and 5.97% below revenue for the same period in 2013. Interest revenue through March was \$19,999. This figure exceeds our YTD forecast by \$3,224.

As of March 31, CAC inactive monies are invested as follows:

- STAR Plus: \$5,033,340 (yield .20%)
- Baird Public Investment Advisors: \$13,041,557.52 (target yield .67%)
- STAR Ohio: \$4,469 (yield .01%)

**Expenditure.** Cash expenditures through March were \$7,621,700. This figure is slightly above the budgeted amount of \$7,510,085 primarily due to the timing of grant payments. Please note the expenditure figure varies from the financial statements because we recognized, or accrued, the full amount of grant awards for 2014 in January. We will draw down the balance sheet account as we remit payments to our cultural partners.

**Audit Committee.** The Audit and Finance Committee met on February 26. At this meeting the committee reviewed the Internal Financial Controls Policies and Procedures and the Audit Committee Charter. The committee provided several recommendations for modifications to both documents. The proposed changes are included in the policies section of the board materials. The board will be asked to approve the changes at the April 21 meeting.

Also at today's meeting, we will ask the board to reaffirm committee members Cynthia Hope and Tim Longville to another one-year term. Committee member Bryan Gillette is stepping down, and we thank him for his service.

**Annual Audit.** The post audit meeting with the Ohio Auditor of State was held in CAC's office on April 11. Joining the meeting with Karen and Meg were audit committee members Steve Minter, Cindy Hope and Tim Longville. CAC received an unmodified, or clean, audit opinion for FY13. Additionally, there were no material or immaterial weaknesses or instances of non-compliance noted. The audit should be released on May 8 and will be publicly available on the [Ohio Auditor of State's website](#).

Cuyahoga Arts & Culture Revenue and Expenditures through March 31, 2014				
Accrual Basis	Through 3/31/14	Through 3/31/14	\$	%
	Actual	Budget	Over/Under Budget	of Budget
<b>Ordinary Revenue/Expenditures</b>				
<b>Revenue</b>				
Excise Tax	\$ 3,698,778	\$ 3,854,972	\$ (156,194)	95.9%
Interest	\$ 19,999	\$ 16,775	\$ 3,224	119.2%
Other revenue	\$ 100	\$ -	\$ 100	
<b>Total Revenue</b>	<b>\$ 3,718,877</b>	<b>\$ 3,871,747</b>	<b>\$ (152,870)</b>	<b>96.1%</b>
<b>Expenditures</b>				
<b>Arts &amp; Cultural Programming</b>				
Salaries, Wages and Benefits	\$ 64,371	\$ 87,959	\$ (23,588)	73.2%
Program	\$ 49,957	\$ 73,875	\$ (23,918)	67.6%
Grants**	\$ 15,768,357	\$ 7,180,376	\$ 8,587,981	219.6%
<b>Total A&amp;C Exenditures</b>	<b>\$ 15,882,685</b>	<b>\$ 7,342,210</b>	<b>\$ 8,540,475</b>	<b>216.3%</b>
<b>General &amp; Administrative</b>				
Salaries, Wages and Benefits	\$ 69,852	\$ 87,990	\$ (18,138)	79.4%
Facilities, Supplies, Equipment	\$ 15,798	\$ 22,135	\$ (6,337)	71.4%
Professional Fees	\$ 44,090	\$ 57,750	\$ (13,660)	76.3%
Depreciation	\$ -	\$ -	\$ -	
<b>Total G&amp;A Expenditures</b>	<b>\$ 129,739</b>	<b>\$ 167,875</b>	<b>\$ (38,135)</b>	<b>77.3%</b>
<b>Total Expenditures</b>	<b>\$ 16,012,424</b>	<b>\$ 7,510,085</b>	<b>\$ 8,502,340</b>	<b>213.2%</b>
<b>Net Ordinary Revenue</b>	<b>\$ (12,293,547)</b>	<b>\$ (3,638,338)</b>	<b>\$ (8,655,210)</b>	

\*\* Actual grants figure represents accrual for approved grants for 2014. Outstanding obligations to be paid in 2014 are on the balance sheet.

	<u>Actual - Accrual</u>	<u>Budget</u>	<u>Actual - Cash</u>
<b>Total Expenditures</b>	\$ 16,012,424.26	\$ 7,510,085	\$ 7,621,700

# Cuyahoga Arts & Culture

## Balance Sheet

As of March 31, 2014

Mar 31, 14

### ASSETS

#### Current Assets

##### Checking/Savings

Baird (U.S.Bank)	13,041,557.52
KeyBank	76,021.17
Star Ohio Excise Tax	4,468.78
STAR Plus	5,033,339.80

**Total Checking/Savings** 18,155,387.27

##### Accounts Receivable

Accounts Receivable 1,356,099.96

**Total Accounts Receivable** 1,356,099.96

**Total Current Assets** 19,511,487.23

#### Fixed Assets

Furniture and Equipment 65,707.67

Software and Webdesign 10,000.00

Accumulated Depreciation -57,413.88

**Total Fixed Assets** 18,293.79

**TOTAL ASSETS** 19,529,781.02

### LIABILITIES & EQUITY

#### Liabilities

##### Current Liabilities

##### Other Current Liabilities

Payroll Liabilities 10,167.65

GOS Grants 6,886,343.00

Project Support Grants 1,633,854.00

**Total Other Current Liabilities** 8,530,364.65

**Total Current Liabilities** 8,530,364.65

**Total Liabilities** 8,530,364.65

#### Equity

Operating Reserve 23,292,963.60

Net Income -12,293,547.23

**Total Equity** 10,999,416.37

**TOTAL LIABILITIES & EQUITY** 19,529,781.02

**CAC CIGARETTE TAX COLLECTIONS HISTORY AND 2014 ACTUAL REVENUE**

Month	2013		2014	
	Monthly Tax	12-13% Change	Monthly Tax	13-14% Change
<b>JANUARY</b>	\$ 1,418,698.62	14.80%	\$ 1,441,567.19	1.61%
<b>FEBRUARY</b>	\$ 1,195,793.73	10.15%	\$ 901,110.50	-24.64%
<b>MARCH</b>	\$ 1,319,151.89	-7.25%	\$ 1,356,099.96	2.80%
<b>APRIL</b>	\$ 1,519,876.59	-0.20%	\$ -	
<b>MAY</b>	\$ 3,004,713.36	6.87%	\$ -	
<b>JUNE</b>	\$ 1,025,108.65	-22.12%	\$ -	
<b>JULY</b>	\$ 437,767.31	22.62%	\$ -	
<b>AUGUST</b>	\$ 1,135,767.36	-18.03%	\$ -	
<b>SEPTEMBER</b>	\$ 1,544,794.00	14.83%	\$ -	
<b>OCTOBER</b>	\$ 1,545,708.64	5.81%	\$ -	
<b>NOVEMBER</b>	\$ 1,095,862.10	-28.47%	\$ -	
<b>DECEMBER</b>	\$ 1,476,364.07	12.19%	\$ -	
<b>TOTALS</b>	<b>\$ 16,719,606.31</b>	<b>-0.43%</b>	<b>\$ 3,698,777.65</b>	<b>-5.97%</b>



## MEMORANDUM

Date: April 21, 2014  
To: CAC Board of Trustees  
From: CAC Program Team: deputy director Jill Paulsen  
program managers Stacey Hoffman & Jesse Hernandez; and program associate Jake Sinatra  
Re: 2015-16 General Operating Support and 2015 Project Support Guidelines

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**Executive Summary:** At its April meeting, staff will present to the Board the 2015-16 General Operating Support and the 2015 Project Support Guidelines for review and approval. The Guidelines are the policy documents that shape CAC's grantmaking work and are the result of over a year of planning, feedback gathering and Board discussion.

Neither program's Guidelines contain any notable *policy* changes; all revisions are *technical* and aimed at creating more streamlined, clear and user-friendly applications that embody CAC's commitment to strengthening the community. Revisions include:

### Technical Revisions for 2015 Guidelines

#### Both Programs

- Simplified and clearer definitions for CAC's funding criteria: Public Benefit; Artistic & Cultural Vibrancy; and Organizational Capacity.
- Improved panelist recruitment and training; improved communications with applicants to ensure they understand the panel process.
- Acceptance of a review, in place of an audit, for organizations with budgets less than \$750,000.

#### 2015-16 General Operating Support

- Clarified financial health measures, including a:
  - Working Capital figure that measures current assets, including board-designated reserves/endowments; and a
  - Financial Situation & Planning narrative that enables applicants to demonstrate that they understand their financial reality and have a plan for the future.

#### 2015 Project Support

- Simplified application and panel review process for PSII, our small grants program.
- Past grant amount will be subtracted from 2015 grant requests, to bring the program into alignment with General Operating Support.

## **Background**

Over the last eight months, the Board has weighed in on planning for CAC's 2015 grant programs multiple times. In September 2013, we discussed early-stage issues central to the development of the 2015-16 General Operating Support and 2015 Project Support Guidelines. At the February 2014 meeting, the Board revisited these key issues and shared what they learned from participating in listening sessions with over 20 executive directors representing organizations receiving CAC funds.

## **Progress Update**

Since that time, staff members conducted additional research, and consulted with experts, including the nationally-respected Holly Sidford and Nick Rabkin of Helicon Collaborative. In addition, we offered all current cultural partners an opportunity to review and provide feedback on the draft Guidelines in early April.

This activity has shaped the 2015 Guidelines, before the Board for its approval. While we recommend several technical revisions, the changes are not of a policy nature. It is important to note that the core principles of each program are not changing – nor are either program's eligibility criteria, general timeline or application structure. What follows is an update on four key issues in the Project Support and Operating Support Guidelines, calling out technical changes of note.

### **Focusing on Public Benefit**

*How are our cultural partners engaging their community in their work and telling this story in applications and reports? How can we further clarify what we mean by “public benefit” in our Guidelines so organizations can be successful not only in our application process but also in their ability to serve residents?*

#### *Findings*

Through direct feedback from our cultural partners and in ongoing work with the Helicon Collaborative, we have determined that while most organizations produce immense public benefit, they often struggle with the frame of “serving their community” and are not all equally able to understand, embrace or demonstrate the value they provide the public in applications or reports.

Since CAC's funding comes from the public, it is vital that our investments benefit the public. As such, Public Benefit will remain the most heavily weighted funding criteria, in line with our mission to “strengthen the community.”

#### *Guidelines Changes*

- All three funding criteria: Public Benefit; Artistic & Cultural Vibrancy; and Organizational Capacity will remain the same, but the descriptors for each criteria have been revised to provide applicants with further guidance. (GOS: pg. 29; PSI: pg. 47; PSII: 64). We hope this results in stronger applications and a better shared understanding of what CAC aims to accomplish through its grant programs: stronger communities.

### **Measuring Financial Health**

*How are the financial health indicators (measuring operating performance, risk tolerance and financial trajectory) that we used for the 2013-14 General Operating Support application working?*

#### *Findings*

CAC's work in 2011-12 with the Nonprofit Finance Fund was very valuable, both in their assistance to create our financial health indicators and the personalized financial consulting

services they offered our cultural partners during the last application process. Conversely, feedback from cultural partners indicated they were often unclear on the calculations that led to their financial health scores.

#### *Guidelines Changes*

- We remain committed to measuring our General Operating Support applicants' financial health, but recognize the need to revise several of the measures for the 2015-16 General Operating Support cycle. These changes are in response to cultural partner feedback and will ensure that we more cleanly and clearly measure applicants' cash-on-hand (working capital) and knowledge of their own financial health. See pg. 30 for details. Specifically:
  - Instead of measuring Unrestricted Liquid Net Assets (called *Risk Tolerance* in 2013-14), we will now measure *Working Capital*, including contributions from board reserve funds/endowment.
  - We have reworked the measure formerly known as *Trajectory* to instead be: *Financial Situation and Planning*. This revision will allow organizations to demonstrate their knowledge of their operating environment and plan for continuous improvement. It will also help panelists more consistently evaluate this knowledge against clear criteria.
- At the April meeting, we will also request Board approval to once again enter into a contract with Nonprofit Finance Fund to provide financial consulting services to applicants, ensuring stronger applications - potentially leading to better scores than last cycle - and capacity-building that transcends this application cycle.

#### **Maximizing Panel Structure**

*Do our cultural partners understand the panel process? Is there a more effective way to conduct our panels? How can we decrease the workload for panelists?*

#### *Findings*

Most applicants see panel review as a learning opportunity; participation in CAC panels doubled last year, due to over 600 visitors listening to our live online audio feed. That noted, applicants often remain unclear about important panel processes (e.g. panelist training and applicants' ability to correct panelist errors). We have room for improvement in how we communicate with our applicants leading up to, during and after panel. From surveys, we have also learned that some panelists underestimate the amount of work it takes to thoroughly evaluate all applications.

#### *Guidelines Changes*

- In response to feedback, we found technical solutions to ease panel workload (simpler applications – especially for Project Support II, more panelists – likely for General Operating Support) and have set clear expectations as we recruit new panelists, a process that is well underway. We will also improve communications with cultural partners so they better understand our panelist recruitment, training and evaluation process.

The panel process is core to how CAC operates; well-run panels enable us to stay true to our values of transparency and impartiality. We will continue conducting open, live-streamed public panels. The Guidelines outline CAC's panel process (GOS: pg. 24; PSI: pg. 39; PSII: 57).

## **Examining Eligibility and Technical Issues**

*How are our eligibility criteria keeping pace with the changing arts and cultural landscape?  
How should we factor decreasing tax receipt and investment revenue into the structure of our grant programs?*

### *Findings*

While several organizations expressed a desire to return to a “pass/fail” application where score does not matter, the vast majority of organizations clearly want score to matter in all future application cycles. They value the opportunity to earn more money by submitting exceptional applications. In addition, we determined slight inconsistencies between our two programs in how eligible grant amounts are determined; minor modifications can bring this into alignment for 2015.

### *Guidelines Changes*

- For 2015, we have made a minor adjustment to how we calculate the amount an organization can apply for in the Project Support I program. For the first time, we will back out our past CAC’s investments. This change is in alignment with how we treat General Operating Support organizations and helps ensure that organizations do not become overly reliant on CAC to sustain their operations. In addition, we will accept a review, in place of an audit, for organizations with budgets less than \$750,000.

We will continue with the “score matters” policy in 2015; this has been our practice with Project Support for many years and the shift to align General Operating Support to this policy in the 2013-14 cycle reinforced our desire to strengthen the sector.

## **Next Steps**

If the Guidelines are approved, CAC staff will proceed to refine the application questions, which are grounded in the Board-approved policy Guidelines. As a part of this process, we will continue to seek cultural partner feedback, resulting in the formal, public launch of our 2015 grant opportunities in late May. Additional key dates are as follows:

<b>2015 Key Program Dates</b>	
April 21	Board reviews and can approve policies in 2015 Guidelines
April – May	CAC finalizes application questions and creates online application
Late May	Complete Guidelines & Applications are available online
May 29	General Operating Support kickoff and application workshop
Ongoing	CAC provides technical assistance to applicants: workshops/ webinars/meetings
June 25	Eligibility Check Due - first step in formal application process
August 28	Applications due
October	CAC conducts panels General Operating Support: Oct 6-8; Project Support: Oct 20-23
November 24	Board may approve 2015 allocation and grants