

# Ontario Arts Foundation

## Building a Foundation for the Arts Arts Endowment Fund Program

### Submission: Ontario's Culture Strategy

November 12, 2015



## Ontario's Culture Strategy

### Submission: Ontario Arts Foundation – Arts Endowment Fund Program

Within the Ontario Culture Strategy discussion paper, two important questions are raised:

- *How can we strengthen and grow the culture sector in Ontario so that it continues to contribute to our social and economic wellbeing?*
- *In a time of scarce resources, what key culture priorities should the Ontario government support?*

### Arts Endowment Fund Program

The Ontario Arts Foundation is pleased to submit that one of the financial strategies behind continuing a strong tradition of support for arts and culture is the renewal of endowment matching programs through the **Arts Endowment Fund**.

### The Results are a Compelling Story for Supporting the Arts in Ontario

In May 1988, the Province of Ontario and the private sector began a highly successful partnership to support the arts through the Arts Endowment Fund program administered by the Ontario Arts Foundation.

Money raised totaling **\$59.9 million** from the private sector by eligible arts organizations was matched dollar for dollar from **\$60 million** in provincial funding over three phases (May, 1998, 2000 and 2007).

- May 1998     \$25 million
- May 2000     \$25 million
- March 2007   \$10 million

Organizations receive their annual income as *unrestricted revenue* – many organizations re-invest this income through

<b>\$60 million</b>	<b>Provincial Funding</b>
<b>\$59.9 million</b>	<b>Private Sector Fundraising</b>
<b>\$119.9 million</b>	<b>Total Endowment Investment</b>
<b>\$60.9 million</b>	<b>Income paid out (cumulative 1998-2015)</b>
<b>\$146.4 million</b>	<b>Market value of funds at March 31, 2015</b>
<b>101%</b>	<b>Return on the Province of Ontario's Investment</b>

the delivery of arts education to children, youth and adults, provide community engagement programs or fund arts scholarships supporting the next generation of Ontario artists. Income is used to create world class arts programming, attracting residents and visitors to all parts of Ontario.

## Endowment is a Key to Financially Stable Arts Organizations

Ontario's Culture Strategy is an opportunity to take a fresh look at how Ontario invests funding programs to build a strong and dynamic culture sector.

Strong and financially stable arts organizations have the resources and ability to create, adapt and deliver arts programs and arts education to residents and visitors of Ontario. The capitalization of an arts organization represents the accumulation of financial resources in support of the organizations' long term arts mission.

Resources include:

- Liquid assets to meet short term obligations
- Resources to invest in risk and innovation – new arts programs
- Resources to support and maintain an arts facility
- Long term endowment funds support the longevity of the arts organization with annual returns as a stable, recurring source of 'unrestricted' revenue for operating costs

We suggest that stable, financially secure arts organizations are an important element to Ontario's achieving its cultural objectives. The investment returns and sustained annual income generated through endowments is highly valued by the arts organizations supported by the Ontario Arts Foundation.

It is not a choice between funding the present or the future. Long term endowment funds are **one** way to assure a continuing present source of income.

The backbone of endowment gifts are individual donors. Endowments, and in particular – **matching programs** provide a strong incentive for individual and corporate donors to see their gifts leveraged and aggregated for the long term benefit of the arts organizations and arts programs important to them and their local community.

Predictable annual income allows organizations to plan, adapt and build arts programming that engages with the local community through jobs, education, tourism and vibrant community life. Endowment income functions as an increasingly important cushion against risk – a reliable source of income brings security to an arts organization's operations.

The Ontario Arts Foundation connects private donors and the arts through funds established in response to government matching programs.

## Why Invest Through Endowment

The arts are central to the vibrancy and health of our society. The matching model provides all donors, including those of modest means, the satisfaction of knowing that their gifts are being leveraged and aggregated for long term benefit of arts organizations.

The AEF program answers a question raised in the Culture Strategy discussion paper, **“What is the government doing well that supports the arts sector”**. The AEF program demonstrated the enthusiasm of private donors to raise funds, which were matched creating a source of secure long term income. The provinces’ \$60 million investment has created, and will **continue to build** a pool of capital capably and wisely managed for the very long term.

The AEF Program goals, were:

- To increase self-generated revenue and provide a stable source of long term income
- To foster excellence, investment and engagement in the arts by residents and visitors to Ontario
- To enhance an arts organization’s ability to create employment and contribute to Ontario’s economy

The Arts Endowment Fund program is a highly successful **long term public/private partnership** that supports the operating expenses of Ontario arts organizations.

We submit that a renewed matching program, as part of Ontario’s Culture Strategy is a key way for existing, new and culturally diverse arts organizations to **build** endowments that **engage** private donors and the government as partners.

***Ontario’s arts organizations have proved that ingenuity, talent, creativity and resourcefulness are cornerstones of a vibrant arts sector....one that has a lasting and positive economic contribution to the life of Ontarians.***

## **Who We Are**

Established in 1991, the **Ontario Arts Foundation/Fondation des Arts de l’Ontario** is a public foundation, which for 25 years has encouraged and facilitated private donor giving to the arts in Ontario.

## **Mission of the Ontario Arts Foundation**

Our mission is threefold:

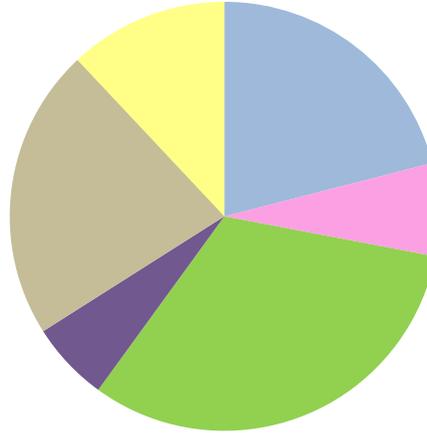
1. To receive and maintain endowment funds and pay income and/or principal to arts organizations in Ontario which are registered charities under the Income Tax Act (Canada).
2. To provide scholarships for study or research in the arts in Ontario or elsewhere.
3. To make awards for outstanding accomplishments in the arts in Ontario or elsewhere.

The Foundation manages endowments for 270 arts organizations, located in 75 communities across Ontario, and 26 private funds. In 2015, we paid out \$2.5 million in income to the arts organizations and \$274,000 in grants, awards and scholarships.

**The work of the Foundation through endowments reflects the cultural and artistic diversity of Ontario:**

**Arts Disciplines**

- Theatre
- Literature/Media Arts
- Music
- Dance
- Visual Arts
- Arts Service Org.



**The geographical diversity of Arts Endowment Fund organizations:**

**48 organizations in:**

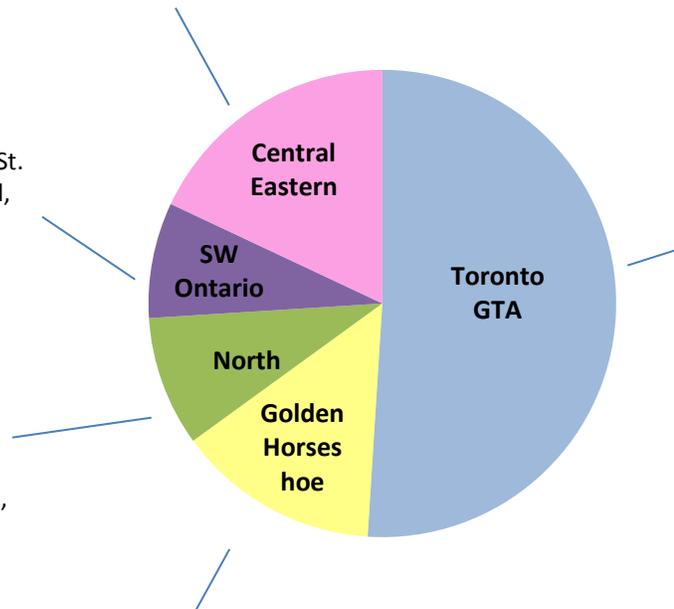
Bancroft, Belleville, Brockville, Campbellford, Cobourg, Gananoque, Kingston, Millbrook, Morrisburg, Ottawa, Peterborough, Picton, Port Hope, Stirling

**23 organizations in:**

Blyth, Chatham, Elora, Kincardine, London, Owen Sound, Port Dover, Simcoe, St. Marys, St. Thomas, Stratford, Union, Windsor

**25 organizations in:**

Barrie, Collingwood, Haliburton, Hearst, Huntsville, North Bay, Orillia, Parry Sound, Port Carling, Sault Ste. Marie, Sudbury, Thunder Bay, Timmins, Wikwemikong **Total Fund**



**139 organizations in:**

Bowmanville, Brampton, Burlington, Etobicoke, Mississauga, Oakville, Oshawa, Scarborough, Toronto, Weston, Whitby

**38 organizations in:**

Brantford, Cambridge, Dundas, Guelph, Hamilton, Kitchener, Mansfield, Niagara on the Lake, Orangeville, Palgrave, Port Colborne, St. Catharines, Stouffville, Waterloo

## The benefits of the Arts Endowment Fund program as expressed by the art organizations and patrons in their own words:

### **Drayton Entertainment, Cambridge**

*This vital program truly enables arts organizations to implement best practices and take steps to achieve self-sufficiency.*

### **Cdn Film Centre, Toronto**

*100% of the AEF income we receive is directed to our scholarship program for the development of Canada's next generation of film makers*

### **Open Studio, Toronto**

*The income from the fund is equal to the cost of hosting 4 artists in residencies each year – a valuable program for our community.*

### **Ottawa Art Gallery, Ottawa**

*The income we receive from the Ontario Arts Foundation has been a welcome income stream for our organization to deliver our operations. The existence of the government matching program has been integral to the success of our organization.*

### **Orchestras Canada, Peterborough**

*Our member orchestras appreciate the endowment because it is one way they can manage risk in turbulent times.*

### **Tim Price, OAF Board Member**

*The timing is right for a matching program. For myself and other colleagues of my generation, decisions about the distribution of our accumulated wealth are happening right now. A matching program could lead to a surge of donations to our arts organizations, a pride in our province's cultural goals and sense of commitment with both sectors working to benefit the community.*

*And finally....*

### **Inner City Angels, Toronto**

*It allows us to invest in the children of tomorrow, while serving those of today. The AEF is one of the few source of funds that grows each year and we are so grateful for that.*

