

ADMINISTRATIVE REPORT

Report Date: November 13, 2012
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Meeting Date: December 11, 2012

TO: Vancouver City Council

FROM: Managing Director, Cultural Services

SUBJECT: 2012 Organizational Capacity Development - Grant Allocation to Vancity Community Foundation

*RECOMMENDATION **

THAT Council approve a grant of \$62,600 to the Vancity Community Foundation to support a new Financial Literacy Program Framework for non-profit cultural organizations. Source of funds to be the Cultural Grants Budget.

*COUNCIL AUTHORITY/PREVIOUS DECISIONS **

Approval of this grant allocation requires eight affirmative votes of Council.

*CITY MANAGER'S/GENERAL MANAGER'S COMMENTS **

The General Manager approves of the foregoing.

REPORT

*Background/Context **

The City of Vancouver has been supporting organizational development in the non-profit cultural sector since 1989 through workshops and training, consultation and technical expertise in areas of organizational development and strategic planning. Numerous partners have collaborated with the City in these efforts including the Department of Canadian Heritage, the BC Arts Council, the Vancouver Foundation, the Capital Regional District, the Centre for Not-for-Profit Sustainability and recently Vantage Point (formerly Volunteer Vancouver).

In 2011 the City of Vancouver partnered with Vantage Point to provide professional development opportunities in the leadership of non-profit cultural organizations. Opportunities are provided to eligible organizations for training in Board Development, Governance, and Executive Director leadership and Human Resource management, at no charge.

To build a holistic approach to supporting organizational health, the City of Vancouver began working with Vancity Community Foundation in 2012 towards developing a Financial Literacy Program and Framework. This is a first time initiative and a significant part of the continuum towards sustaining healthy non-profit cultural organizations.

*Strategic Analysis **

The economic downturn and shifts in individual, corporate, and public sector assistance for non-profit sector has created a critical need for improved financial management and planning for many of the City's non-profit cultural organizations. Financial literacy is one of the first steps on the road to economic strength.

As the City is committed to a community with arts and culture at its centre, devising proactive strategies to improve the health of its arts and cultural organizations is a priority in fostering a diverse and thriving cultural economy. Other funding agencies share this priority. To complement City initiatives already in place and to lever greater assistance to support healthy non-profit cultural organizations, the City is partnering with Vancity Community Foundation to assist with financial literacy opportunities for the sector.

Vancity Community Foundation

Established in 1989, The Vancity Community Foundation (VCF), is a charitable organization with assets over \$45M, who invests in positive change in communities through economic development strategies, partnerships, and advocacy. Arts and culture is a major focus of their work. VCF seeks to support non-profit organizations that are financially sustainable so they can meet the evolving social, environmental, and economic needs of our communities. Financial literacy is a major priority for the foundation and they implement this through training, professional development and advice. Through these endeavours, VCF invests in community organizations' wealth and well-being.

Financial Literacy Program Framework

Through a partnership with Vancity Community Foundation, the City of Vancouver can support a shared goal of strengthening the non-profit cultural community's financial accountability and performance. The framework will provide focused financial expertise and planning to assist the non-profit cultural sector through the following:

- *Financial Fitness Workshop* - comprehensive training in the areas of accounting, cash flow, budgets, strategic and financial planning, governance, and legal compliance.
- *Customized workshops* - specific to certain needs such as building capital assets and fund accounting, analyzing financial statements.
- *Technical Financial assistance* for short-term planning and immediate needs - practical one-on-one guidance from financial experts to address cash flow issues or deficit reduction planning.

- *Financial consultation* for mid to longer term planning - audit of financial position and the creation of strategies for improved viability.
- *Development of a Financial Diagnostic Assessment Tool* for Cultural Planners to use in their evaluation of the financial health of non-profit cultural organizations.

Organizations will be able to attend workshops or receive personal consultation or expertise in financial content at no cost.

This assistance would augment other support offered through Vancity to cultural organizations such as the Social Enterprise Portfolio Program (a multi-year grants and mentorship program for social enterprises that have growth potential), and sponsorship opportunities. Both agencies have a vested interest in common organizations. It is to our mutual benefit to take a strategic and coordinated approach to support their financial health and development.

Eligibility

Candidates for the program will be determined through an annual financial review of applications for organizations who apply for assistance through any cultural grants program, and a review of financial statements and plans will take place for organizations receiving support outside of a grants program. For all candidates, the development of a financial health diagnostic assessment tool will be applied to assist with the analysis. Cultural Services staff will work closely with staff from Vancity to determine priority participants for customized and technical assistance.

The financial assessment will focus on indicators such as: diversified revenue streams, positive cash flow projections, working capital ratios, realistic and balanced budgets, strategic and financial plans, and internal monitoring controls.

Projected Outcomes

It is anticipated that through a strengthened and coordinated financial literacy framework, the City will have a significant impact on the 250+ non-profit cultural organizations it currently has a funding relationship with.

Working with Vancity will achieve significant impact in the sector, and as an example, Vancity recently added to a cultural organization's stability by working closely with the staff and Board and also increasing its operating line of credit so it could adapt to seasonal fluctuations within its programming calendar. The Development Manager considered this vital to the society's survival during periods where thousands of dollars were tied up in different payment cycles from government grants and other sources. The guidance provided by Vancity also enabled them to expand their revenue generating streams through increasing private and corporate support, to create a healthier balance with their public sector resources.

Anticipated outcomes include:

1. Decreased reliance on public sector funds through a healthier balance of revenue streams
2. Increase literacy in assessing financial performance for both staff and grantees
3. Increase in available resources through strengthened financial assessment process to allow funding to respond to change and growth in the sector

4. Greater ability for the cultural community to plan for sustainable growth
5. Increased impact in a diverse cultural economy, greater employment opportunities for artists and administrators and through vibrant opportunities for public participation

Budget

Program	Cost	Total
Financial Fitness Workshops	4 modules, development & delivery \$150/hr Series offered twice per year	\$20,000
Customized Workshops	Development & delivery \$150/hr Up to four workshops	\$11,000
Technical Assistance	\$150/hr x 60 hrs	\$9,000
Financial Consultation	\$150/hr x 60 hrs	\$9,000
Diagnostic Assessment Tool	\$125/hr x 25 hrs development & training	\$3,125
Evaluation Report	\$150/hr x 35 hrs	\$4,375
Administration and reporting	Registration, communications, contracts, financial reporting	\$6,100
Total		\$62,600

Inclusive of all taxes.

Implications/Related Issues/Risk (if applicable)

*Financial **

The source of funds for this recommendation is the 2012 Cultural Grants Budget. Approval of this recommendation leaves no unallocated balance in that budget.

*CONCLUSION **

Approval of this recommendation complements the investment the City of Vancouver provides to support healthy cultural organizations including assistance for programs and operations as well as leadership development and financial planning.

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