

Operational Funding - Fair Notice Policy

Updated January 2019

As a steward of important community cultural assets on behalf of the communities that represent Calgary, Mohkinstsis, Calgary Arts Development has a responsibility to ensure the security and value of the investments we make on their behalf. This **Fair Notice Policy** supports Calgary Arts Development's commitment to open, fair and transparent processes, as well as encouraging strong artistic impact, public impact, and organizational resiliency in the organizations it funds.

Calgary Arts Development Staff Assessment

This policy ensures that organizations that receive annual operational funding from Calgary Arts Development have the opportunity to address risks related to the investment they receive. These processes are intended to encourage those organizations to work with Calgary Arts Development to create strategies and remedy high-risk conditions without being subject to major fluctuations in their grants in a single assessment year.

Staff will now assess the following as part of resiliency screen submitted by applicants with basic reporting. Organizations that are flagged under one or more of the following criteria will not automatically receive a grant reduction:

- Deficits over 10% for the last two consecutive fiscal years.
- More liabilities than assets on the balance sheet for the last completed fiscal year.
- **Have there been any major unplanned disruptions in the last completed year to the delivery of core programming and activity? *NEW**
- **Are there significant issues that have occurred within the organization in the last completed year related to equity¹, diversity², and inclusion³? *NEW**
- **Are there any instances of formal investigations, litigation or lawsuits directed at the organization in the last completed year? *NEW**

¹ An approach to diversity in which differences among all people in a community are accommodated on an individual basis and historical exclusions and systemic barriers that unique to diverse peoples are taken into account.

² Describes the wide range of identities of the people that live in a community, including race, ethnicity, gender, sexual orientation, physical and cognitive ability, class, etc.

³ A sense of belonging, which allows people to engage with and contribute within a community or environment.

Organizations flagged for resiliency may complete either of the following processes, at Calgary Arts Development's sole discretion:

1. Provide a written report to Calgary Arts Development explaining the circumstances that led to the flag condition(s) and their plans to remedy the flag condition(s).
2. Meet with Calgary Arts Development staff to discuss their plans to remedy the flag condition(s). Minutes will be taken from the meeting, approved by the organization, and then added to the organization's granting file.

After reviewing information related to the flag conditions, at their sole discretion staff may convene a special peer Resiliency Panel to assess grantee risk they feel calls into question the value of public investment currently made.

Resiliency panels will assess the situation according to the following criteria:

- A. A significant reduction to artistic or public impact compared to previous years.
 - a. **This includes serious issues that may arise related to equity, diversity and inclusion. *NEW**
- B. A lack of capacity to complete core programming or activity, or achieve key organizational goals.
- C. A lack of transparency such that the assessors are unable to determine whether the organization merits the current investment.
- D. The need for future planning to address the current level of risk or to mitigate previous resiliency flags.

Resiliency Panels may make recommend reductions to grant amounts in the following way:

- First year of flagging: 10% of the current grant amount.
- Second year of consecutive flagging: 15% of the current grant amount.
- Third year (or more) of consecutive flagging: any reduction up to the full removal of the current grant amount.

Additional to this Policy

1. Notwithstanding the above, Calgary Arts Development reserves the right to flag, reduce, delay, suspend or withdraw an organization's grant at any time if:
 - a. staff or assessors identify factors or circumstances that indicate a serious reduction in an organization's level of public engagement and activity, or;
 - b. an assessment panel notifies Calgary Arts Development that an organization is a high-risk investment, or;

- c. there is reliable evidence obtained by Calgary Arts Development staff that indicates an organization presents a risk to default on the obligations stated in its Investment Agreement for any given program. In Calgary Arts Development's sole discretion, a third party audit of the organization may be required to determine if the organization is an acceptable investment risk. The cost of the audit will be deducted from that organization's subsequent grant (if any).
2. Calgary Arts Development's suspension or withdrawal of an organization's grant requires majority approval by Calgary Arts Development's Board of Directors.
3. Organizations that do not re-apply or leave an operational funding program in a given assessment year will be assessed as new applicants in any subsequent years.
4. Should Calgary Arts Development's funding for the program be reduced, organizations may receive reductions to their grant that may not adhere to this policy.