

Operating Grant Program Fair Notice Policy

This policy has been updated as of January 1, 2020

Calgary Arts Development stewards public dollars for the public good on behalf of the citizens of Calgary (known as Mohkinstsis in Blackfoot). We have a responsibility to ensure the security and value of the investments we make on their behalf.

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 be transparent and 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 year.

In 2020, risk assessment will be completed by Calgary Arts Development staff through the interim report process, and by peer assessment committees through the Operating Grant increase application process. In 2021 and 2022, risk assessment will be completed by Calgary Arts Development staff through the [**interim report process**](#).

In addition to these processes, Calgary Arts Development reserves the right to flag, reduce, delay, suspend or withdraw an organization's grant based on critical or high-risk concerns at any time.

- Calgary Arts Development may raise a flag based on any of the conditions outlined throughout this policy.
- Flags which result in a reduction, suspension, or withdrawal of a grant must be recommended by a peer committee. In non-assessment years (2021 and 2022), a special resiliency committee will be convened to make recommendations.
- Calgary Arts Development's suspension or withdrawal of an organization's grant requires majority approval by Calgary Arts Development's board of directors.
- Organizations that are removed or choose not to re-apply or submit their reporting in any grant year will be considered a new applicant in subsequent years. They will only be eligible to receive operational funding if the program is open to new applicants.
- Should Calgary Arts Development's funding from The City of Calgary be reduced, grant reductions may occur outside of this policy.

Operating Grant Flagging Process

Organizations who received an assessor flag in 2018 or a financial flag in 2019 **will not** be required to submit an update as part of their 2020 interim report. Organizations will be contacted by Calgary Arts Development staff directly to discuss their current state.

Calgary Arts Development staff review organizations' interim reports, and may apply a financial flag for any of the below.

- Deficits over 10% for the last two consecutive fiscal years.
- More liabilities than assets on the balance sheet for the last completed fiscal year.
- 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. 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).

Assessment committees review organizations' applications, and may apply a flag through a majority vote for any of the below. Flags may be applied for critical, high-risk concerns based on the information provided in the application.

- A significant and unexplained reduction to artistic or community impact compared to previous years, including serious issues that may arise related to equity, diversity and inclusion.
- A demonstrated lack of capacity to complete core programming, or achieve key organizational goals.
- A demonstrated lack of capacity in resource management or organizational governance.
- The need for future planning to address the current level of risk or to mitigate previous resiliency flags.
- A significant lack of transparency and information in the application such that the assessors are unable to determine whether the organization merits their investment.

If a flag has been applied, the assessment committee may recommend any of the below actions. If an organization's grant amount has been reduced as the result of a flag action, organizations may follow the [Appeals Policy](#).

- **First Year of Flagging:**
 - Reduction of grant increase (if score above 65) up to 10%.
 - E.g.: Base Grant \$100,000 + Increase \$10,000 = Total Grant \$109,000

- **Second Year of Consecutive Flagging:**
 - Reduction of grant increase (if score above 65) up to 25%.
 - E.g.: Base Grant \$100,000 + Increase \$10,000 = Total Grant \$107,500
- **Three or More Years of Consecutive Flagging:**
 - Reduction of grant increase (if score above 65) up to 50%
 - E.g.: Base Grant \$100,000 + Increase \$10,000 = Total Grant \$105,000
 - No increase (if score is above 65).
 - Removal of organization from Operating Grant Program.

This action will launch the secondary peer assessment process outlined at the bottom of this policy and requires majority approval by Calgary Arts Development’s board of directors.

Organizations who receive either a staff resiliency flag or an assessor resiliency flag will be asked to meet with Calgary Arts Development to discuss a plan to address their flag conditions before their funding is released. In 2021 and 2022, the organization will submit an update to their flag conditions as part of their interim report.

Q1 – Q2	Q2	Q3 – Q4	Q1 2021 & 2022
Interim report is reviewed by staff. If a financial flag is applied, the organization must meet with staff to discuss a plan to address the risk before their base grant is released. Information about this plan may be shared with the assessment committee.	Application is reviewed by assessors. If a flag is applied, assessors will recommend appropriate action.	Organization is notified. The organization must meet with staff to discuss a plan to address the risk. If applicable, the recommended action is taken and funding increase is released. Secondary peer assessment and appeals process.	Organization submits an update to their flag conditions as part of interim reporting. Calgary Arts Development may flag an organization at any time. A special resiliency committee will be convened to make recommendations on flag conditions.

Removal of Grant - Secondary Peer Assessment

If the assessment committee recommends complete removal of a grant amount after three years or more of consecutive flagging, the following process will be applied:

- The organization will receive a written notice of the recommendation in addition to the compiled feedback and comments from the assessment committee.
- The organization will be given the opportunity to respond to the recommendation and comments in writing, outlining the conditions contributing to the flag and plans to mitigate those conditions.
- If appropriate, the organization may provide evidence demonstrating that the assessment committee fundamentally and materially misunderstood the content of the application such that the recommendation to remove funding was made in error.
- Staff will convene a secondary peer assessment panel comprised of members of the previous assessment committee and new members, who will review in full the interim report, application, and response from the organization and make a final recommendation:
 - Uphold the decision to remove funding entirely.
 - Suspend the grant for one year.
 - Restore the organization to their base grant.
 - Recommend an increase within the percent range outlined through the Operating Grant increase guidelines.
- Calgary Arts Development's suspension or withdrawal of an organization's grant requires majority approval by Calgary Arts Development's board of directors.
- Decisions made through the secondary peer assessment process and approved by Calgary Arts Development's board of directors cannot be appealed.