

program
guide
GUIDE



ONTARIO CULTURAL ATTRACTIONS FUND

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HIGHLIGHTS 1999 – 2003

- \$18.3 million committed to 138 projects
- Organizations supported by OCAF have seen their attendance grow by over 40% on average compared to the previous year's performance
- Administration expenses averaging less than \$220,000 per year or 5% of annual investment commitment
- Fund expected to issue roughly \$40 million over its lifespan – double the Province's initial investment
- 92% repayment return to the Fund

ONTARIO CULTURAL ATTRACTIONS FUND



Cover :

*20th Anniversary Celebrations, Sioux Lookout Blueberry Festival
Stratford Summer Music 2001, Stratford Arts Foundation
Egyptian Art in the Age of the Pyramids, Royal Ontario Museum
Dinosaurs 2000, Science North*

Background: *Stratford Summer Music 2001, Stratford Arts Foundation*

Inside cover: *Doors Open Ontario, Ontario Heritage Foundation*

1 Introduction

The Ontario Cultural Attractions Fund (OCAF) investment program was established in 1999 and is managed on behalf of the Government of Ontario by an independent, not-for-profit entity called the Ontario Cultural Attractions Fund Corporation.

This \$20 million initiative aims to increase cultural tourism by assisting Ontario's arts, cultural and heritage organizations to capitalize on the potential of new and expanded events and activities, including exhibitions, festivals and performances.

OCAF achieves this by providing up-front working capital directed towards the applicant's marketing and promotional costs. The OCAF investment takes the form of a partially repayable loan. Since 1999, OCAF has invested in a diverse range of projects that have attracted in excess of four million visitors while helping to strengthen the earned revenue streams of those organizations supported.

The success of the 138 events in which OCAF has invested has led to a healthy replenishment of the Fund for future initiatives. The program is expected to continue until 2010.

This guide will explain how the OCAF program works and how eligible arts, cultural and heritage organizations can participate.

“The application process and procedures were very user-friendly. We found the staff to be very knowledgeable and willing to assist in every aspect of our needs.”

The Reverend Nick Wells, Bi-centennial Chair
Elgin County Library – Talbot Settlement Committee

2 Objectives

The Ontario Cultural Attractions Fund is an investment fund to assist arts, cultural and heritage organizations to develop, promote and present one-off or first time events, or a significant expansion of existing activity, that are designed to attract new tourists and visitors to cultural events in communities across Ontario.

OCAF investment reduces the financial risk associated with mounting such events. Specifically, the program supports projects that aim to:

- attract new tourists to the region; and
- increase the earned revenue capability of the applicant organization

The Ministry of Tourism defines a tourist as someone travelling from within Ontario a distance of 40 kilometres or more, or from elsewhere in Canada 80 kilometres or more.



OCAF Project: CANADA JAZZ 2000
Ottawa International Jazz Festival

OCAF Project:
EGYPTIAN ART IN THE AGE OF THE PYRAMIDS
Royal Ontario Museum



3 How OCAF Works

OCAF is different from other arts, culture and heritage funding programs

OCAF is a unique program that works with the cultural sector to generate revenue for the applicant, while also generating tourism-based income for businesses and tax revenue for the Province of Ontario.

Unlike most government funding programs for the cultural sector, OCAF has been designed as an investment-based program. Some of the program's characteristics are the following:

- OCAF provides up-front working capital directed towards the marketing costs of the project.
- The program requires repayment of a portion of the OCAF investment, based upon formulas which consider the applicant's operating budget and the project's earned revenue. See Page 7 for further details on the repayment formula.
- This repayment replenishes the fund, enabling OCAF to invest in further projects.
- In addition to a clear set of fundamental eligibility and assessment criteria, the OCAF Board, through its experience with this program, has identified various success indicators and benchmarks that are considered during the assessment process. Further information on these benchmarks can be found on Page 11.
- A final decision on each investment is made by the OCAF Board, which meets at least six times a year.

4 *Eligibility*

OCAF is administered by Ontario Cultural Attractions Fund staff and Board in accordance with criteria approved by the Ministry of Culture. The eligibility criteria are as broad and flexible as possible to ensure active participation by organizations of all sizes.

The following eligibility criteria apply:

ELIGIBLE ORGANIZATIONS

To be eligible, applicants must meet *both* of the following criteria:

- The applicant organization must be an incorporated Ontario-based, not-for-profit arts, heritage or cultural organization that has been in existence for at least one year.

and

- The primary purpose of the applicant organization is the presentation of arts, heritage or other cultural programming, or the preservation and presentation of arts and heritage resources in Ontario.

Applicants may receive OCAF support no more than once every two years.

Applications from consortia are welcome, provided at least one member of the consortium satisfies the eligibility criteria and assumes responsibility for the repayment.



OCAF Project: **TIMESCAPE**
Ontario Science Centre

ELIGIBLE PROJECTS

To be eligible, projects must meet *all* of the following criteria:

- be one-time only and/or be demonstrably distinct from the ongoing programming or activity of the applicant (this could be a significant expansion or enhancement to existing programming)
- represent the single largest new programming initiative in the applicant's business plan for that year
- run for a fixed or limited period of time
- anticipate the following project revenues:
 - A. no less than 10% of total revenues will be generated from private-sector sponsorship and donations (private-sector revenue); and
 - B. no less than 50% of total revenues will be earned through admissions, merchandising, and food and beverage sales (earned revenue)
- aim to generate a surplus for the applicant
- have a marketing plan that targets new tourists to the community
- demonstrate clearly the capability of repayment to OCAF

INELIGIBLE PROJECTS

- established, ongoing annual programs
- events of a local nature which do not intend to attract tourists
- religious activities
- trade fairs, conventions or conferences
- events closed to the general public

INELIGIBLE APPLICANTS

- individuals
- for profit organizations, limited partnerships or other businesses
- federal crown agencies

PRIVATE-SECTOR REVENUE

Includes revenues from corporate sponsors, local businesses, private foundations and individual donors.

Can include a portion of in kind support (ie. non-cash but quantifiable and reasonably measured) for OCAF purposes.

EARNED REVENUE

Is an important component of the budget and includes any of the following:

- Tickets and admissions
- Merchandising
- Advertising revenues
- Memberships
- Food and beverage revenues
- Other fees (examples are fees from workshops, classes, and touring)

5 Value of OCAF Investment

The OCAF investment is designed to reduce the financial risk associated with a project, by providing up-front working capital to assist organizations in marketing and staging these events.

The OCAF investment is determined by the size of the project budget, according to the formula in the chart below. This formula should serve as a guide only, as the OCAF Board considers many aspects of an application in determining the appropriate investment level. Information on the Board assessment practices can be found on Page 11.

| Category | Maximum OCAF Investment | To Maximum of |
|---|-------------------------------|---|
| Project expenses over \$1 million | 33% total project costs | 3 times private sector sponsorships and donations |
| Project expenses \$100,000 to \$1 million | 50% total project costs | 5 times private sector sponsorships and donations |
| Project expenses under \$100,000 | Up to 66% total project costs | 66% total project costs |
| All Projects in Northern Ontario | Up to 66% total project costs | 66% total project costs |
| Projects in cities or municipal regions with populations under 100,000, where the applicant has annual revenues of less than \$10 million | Up to 66% total project costs | 66% total project costs |



OCAF Project:
RE-ENACTMENT AT BATTLE OF GEORGIAN BAY
Historic Military Establishment of Upper Canada

6 *Repayment Formula*

As the OCAF program is one of investment, the repayment portion is an essential component. The repayment helps replenish the Fund, which in turn enables OCAF to invest in further initiatives. Repayment of a portion of the investment is required in all cases and forms part of the legal agreement between OCAF and successful applicants.

The repayment formula is based upon the size of the applicant's operating budget and the project's earned revenues.

| Category | Repayment | To Maximum of |
|--|---|---------------------|
| Annual budget over \$10 million | 15% of the project's gross earned revenue | 50% OCAF investment |
| Annual budget from \$1 million to \$10 million | 15% of the project's gross earned revenue | 40% OCAF investment |
| Annual budget under \$1 million | 15% of the project's gross earned revenue | 30% OCAF investment |
| All projects in Northern Ontario | 15% of the project's gross earned revenue | 30% OCAF investment |
| All projects in cities or municipal regions with populations under 100,000 | 15% of the project's gross earned revenue | 30% OCAF investment |

The repayment formula above applies to first-time applicants, or to those requesting investment three or more years after their previous application. For applicants returning to OCAF after two years, the maximum repayable amount increases by 10% in each category. For example, applicants with annual budgets over \$10 million will repay 15% of gross earned revenue to a maximum of 60% OCAF investment.

| Repayment Formula: Two Scenarios | |
|-------------------------------------|-------------------------------------|
| EXAMPLE 1 | EXAMPLE 2 |
| Annual Budget _____ \$1,500,000 | Annual Budget _____ \$150,000 |
| Project Budget _____ 300,000 | Project Budget _____ 260,000 |
| Earned Revenue _____ 150,000 | Earned Revenue _____ 140,000 |
| Private-Sector Revenue _____ 50,000 | Private-Sector Revenue _____ 65,000 |
| OCAF Investment _____ 100,000 | OCAF Investment _____ 55,000 |
| Repayment formula: | Repayment formula: |
| 15% of \$150,000 _____ 22,500 | 15% of \$140,000 _____ 21,000 |
| To maximum of | To maximum of |
| 40% OCAF investment _____ 40,000 | 30% OCAF investment _____ 16,500 |
| Repayment due _____ 22,500 | Repayment due _____ 16,500 |

7 Application Process

BEFORE APPLYING – ADVICE, INFORMATION AND APPLICATION MATERIALS

Application forms are available from the OCAF office or website (www.ocaf.on.ca) or from any Ministry of Culture Regional Office.

First-time applicants, and those requiring further information on the program or assistance with the application, should contact OCAF staff or the closest Ministry of Culture Regional Office. It is to the applicant's advantage to receive OCAF approval at least six months before the project commences, in order that OCAF investment can be applied to early marketing and promotion costs. Therefore it is recommended that organizations start the application process at least nine months prior to the event.

MARKETING MATERIALS AVAILABLE

Plan to Succeed: Marketing Made Easy is a marketing resource workbook developed by OCAF. It contains a helpful set of tools to assist organizations produce and execute a strong and effective marketing plan. *Plan to Succeed: Marketing Made Easy* is available in hard copy from the OCAF office or Ministry of Culture Regional Offices, or it can be downloaded from the OCAF website.

In addition, OCAF staff is available to provide marketing advice and support to groups or individual applicant organizations.

The Application

STAGE 1

Stage 1 requires the applicant to complete a two-page form with basic information about the proposed project and target market.

This application is reviewed by program staff. If the application indicates that the project meets the general eligibility criteria, applicants will be provided with a detailed Stage 2 application package. The Stage 1 approval process takes approximately two weeks if the application is complete and eligibility criteria have been met.

STAGE 2

The Stage 2 application requires the development of a detailed business case that includes a marketing plan, attendance and revenue projections, and an analysis of the benefits of the project to the community.

APPLICATION DEADLINES

There are six application deadlines for Stage 2 each year. Please refer to the “What’s New” section of the OCAF website for a current list of application deadlines. Stage 2 applications should be received at least four weeks prior to the meeting of the OCAF Board at which they will be considered.

CONFIRMATION OF RECEIPT OF APPLICATION

Applicants will receive electronic confirmation of receipt of both Stage 1 and Stage 2 applications.

“The Stage 2 application was an excellent one, allowing us time to develop our program effectively. The level of details required in the application paved the way for smooth execution. The swift release of funds was greatly appreciated.”

Marty Brent, Manager, Black Creek Pioneer Village

8 *Assessment Criteria*

Stage 2 applications will be reviewed against the established criteria listed below. Applications will also be considered in the context of the other proposals received, and in some cases Ministry of Culture consultants and other stakeholders will be consulted for additional advice or comment.

The following assessment criteria will be applied:

- The project demonstrates the potential to attract tourists from outside the region or province
- The project has a business case that reflects a measurable contribution to the organization's profile and that produces positive net income if reasonable revenue projections are met
- The organization has sufficient management capability and the programming track record to carry out the project with an acceptable level of risk
- The applicant has a marketing plan that:
 - clearly defines a target audience in terms of numbers, demographics and geographic areas, as appropriate
 - includes a media plan that will reach the target market, including non-local audiences
 - directs at least 10% of the total direct project costs towards marketing and promotional activities
- The staging of the special attraction or event will increase the revenue generating potential of the organization
- The applicant can demonstrate past fiscal responsibility and management capability



OCAF Project: **OPENING**
MacLaren Art Centre

IMPORTANT CONSIDERATIONS

After analysis of the projects supported to date, OCAF Board and staff have identified certain success indicators and benchmarks which guide the Board in its deliberations.

These are the following:

- Priority will be placed on those applications that demonstrate the intention and the potential to attract tourists from outside of Ontario.
- The Board typically considers only projects with total attendance figures of at least 1,000 in rural areas and 10,000 in large urban centres.
- The Board reviews the level of investment requested relative to the number of attendees. In general, the Board supports projects for which the OCAF investment is not more than \$5.00 per attendee.
- Successful applications usually show a close correlation between the size of the marketing budget and the OCAF investment.
- Priority is placed on investment in projects demonstrating the maximum repayment potential.

“The budget portion of the application is designed to ensure that OCAF gets the information it needs for strategic assessment of the proposal and that the client is fully aware of what the budget means to the the project’s short and long-term success. The budget compels the applicant to be aware of what’s involved with the payback: it’s a budget that doesn’t allow anyone to be surprised and that’s a good thing.”

Catherine O’Grady, Executive Producer,
Ottawa International Jazz Festival

SPECIAL INITIATIVES

The OCAF Board is prepared to show some flexibility in accepting and assessing special initiatives, as long as they meet the core objectives and all other eligibility criteria of the Fund. Specifically, the Board will consider projects that fall into two categories:

Free events or those with low admission price

The OCAF Board will consider applications for free or low admission price events which do not meet the 50% earned revenue criteria if the event is regional or provincial in scope. These applications must demonstrate that earned revenue combined with private-sector revenue represents at least 60% of total revenue, and that private-sector cash revenue must amount to at least 5% of total revenue. In such cases, the Board requires repayment fixed at a percentage of the investment, such percentage being based upon the annual budget of the organization as found in the repayment chart on Page 7.

Multi-year events

The OCAF Board recognizes that in order to establish a new cultural attraction, some first-time events and festivals may require support over the longer term. In such cases, the Board is prepared to consider investment over a two-to three-year period. Repayment is negotiated on a case-by-case basis, taking into account the project's cash flow.

Applicants with a project which may be eligible as a Special Initiative should discuss their plans with OCAF staff prior to completing a Stage 1 application.



OCAF Project: **TIMESCAPE**
Ontario Science Centre



OCAF Project: MUSEOPATHY
ROYAL MILITARY COLLEGE OF CANADA
Agnes Etherington Art Centre

9 Approval Process and Timelines

WHO MAKES DECISIONS AND WHEN

OCAF staff assess applications and make recommendations to the OCAF Board of Directors. All investment decisions are made by the Board and applicants are notified immediately following the Board meeting. The decision might be an outright approval of all or part of the amount requested, an approval with conditions, a deferral pending further information, or a denial. If the latter, applicants can reapply to the program with another eligible project without waiting the requisite two-year period.

Organizations receiving OCAF investment will be required to execute a legal agreement with the Ontario Cultural Attractions Fund Corporation that sets out terms and repayment requirements.

ACKNOWLEDGEMENT

Successful applicants are required to acknowledge OCAF support in all public materials, such as advertisements, signage, brochures, programs and websites.

10 Repayment and Final Report

A requirement of all OCAF investments is repayment of a portion of the investment and submission of a project report. The legal contract between the applicant organization and OCAF sets out the terms and conditions governing the relationship, including repayment and the timing of the final report.

The repayment is required within 60 to 90 days after completion of the event. A full project report is required at the time of repayment and must adhere to the report template provided by OCAF. The purpose of the report is to provide OCAF with valuable statistics and anecdotal evidence of the success of the supported venture. It is an essential tool that allows OCAF to provide the Ministry of Culture with current statistics on the program.

While the OCAF Board will not provide forgiveness for any of the repayment portion of the investment, it will give consideration to a flexible repayment strategy should an organization find itself, for legitimate reasons, unable to repay as outlined in the contract. In all cases, organizations should seek the advice of OCAF staff before moving forward.



OCAF Project: DOORS OPEN ONTARIO
Ontario Heritage Foundation



OCAF Project:
MIRO: PLAYING WITH FIRE
Gardiner Museum of Ceramic Art

“The OCAF application process was effective and timely. The worksheets were helpful and the ‘paperwork’ was not overwhelming. As a Northern Ontario entity, we are pleased to see that the fund determined investment and payback in accordance with regional differences. With population variances and access to resources being completely different from one region of Ontario to another, OCAF set the parameters accordingly.”

Tammy Frick, Executive Director
Cinefest Sudbury



The Ontario Cultural Attractions Fund is a program of the Government of Ontario through the Ministry of Culture, administered by the Ontario Cultural Attractions Fund Corporation.

ONTARIO CULTURAL ATTRACTIONS FUND

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MINISTRY OF CULTURE REGIONAL CONSULTANTS

For a listing of Ministry of Culture Regional Consultants please see:
www.culture.gov.on.ca/english/about/regional.htm

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OCAF Project: STRATFORD SUMMER MUSIC 2001
Stratford Arts Foundation. Photo by David Sharpe.

