



ONTARIO CULTURAL ATTRACTIONS FUND
LE FONDS POUR LES MANIFESTATIONS
CULTURELLES DE L'ONTARIO

Program Guide

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.

OCAF 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 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 2014.

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

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, Culture and Sport defines a tourist as someone travelling from within Ontario a distance of 40 kilometers or more, or from elsewhere in Canada 80 kilometers or more.)

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

Eligibility

OCAF is administered by Ontario Cultural Attractions Fund staff and Board in accordance with criteria approved by the Ministry of Tourism, Culture and Sport. 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.

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 40% of total revenues will be earned through admissions, merchandising, and food and beverage sales (**earned revenue
 - C. events considered free or low cost must demonstrate that earned revenue combined with private sector revenue represents at least 50% of total 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

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 a 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

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 a 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 Budget300,000	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 a maximum of	To a maximum of
40% OCAF investment40,000	30% OCAF investment 16,500
Repayment due22,500	Repayment due 16,500

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 Tourism, Culture and Sport 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 Tourism, Culture and Sport 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 Tourism, Culture and Sport Regional Office, 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.

Financial Reporting Requirements

In order to be eligible organizations now have to comply with the audit requirements under the Corporations Act of Ontario or the Canada Corporations Act, depending on their incorporation jurisdiction.

Not-for-profit organizations incorporated under the Corporations Act of Ontario:

- Applicants with annual revenues over \$500,000 must provide audited financial statements as part of their application in order to be eligible to the Program;
- Applicants with annual revenues over \$100,000 and up to \$500,000 will not have to provide an audit if the members of their corporation pass an extraordinary resolution to require a review engagement instead. The resolution will have to be submitted along with the application in order to be eligible to the Program;
- Applicants with annual revenues of \$100,000 or less can waive both an audit and a review engagement by an extraordinary resolution. The resolution will have to be submitted along with the application in order to be eligible to the Program

For more information please refer to the Ministry of Consumer Services Website:
http://www.sse.gov.on.ca/mcs/en/Pages/Not_For_Profit.aspx

Not-for-profit organizations incorporated under the Canada Corporations Act:

- Applicants with annual revenues over \$250,000 must provide audited financial statements as part of their application in order to be eligible to the Program;
- Applicants with annual revenues over \$50,000 and up to \$250,000 will not have to provide an audit if the members of their corporation pass an extraordinary resolution to require a review engagement instead. The resolution will have to be submitted along with the application in order to be eligible to the Program;
- Applicants with annual revenues of \$50,000 or less must conduct review engagement.

For more information refer to the Industry Canada
Website: <http://www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/cs05010.html>

In all cases the statements must be the most recent available and must be signed by a director of the corporation.

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

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 projects with total attendance figures of at least 1,000 in rural areas and 10,000 in large urban centres. Special consideration will be given to projects with attendance between 7,500 and 10,000 in large urban centres or between 750 and 1,000 in rural and northern areas if there is a strong case for tourism potential.

- The Board reviews the level of investment requested relative to the number of attendees. In general, the Board supports projects at no more than \$5 to \$10 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.

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 40% 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 50% of total revenue, and that private-sector cash revenue must amount to at least 5% of total revenue (for projects in the North and in rural areas, the requirement for at least 5% private sector cash revenue has been lifted). In the case of free or low admission price events, 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.

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.

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.