

APPENDIX 3

ORGANIZATIONS WITH MANAGEMENT AGREEMENTS

The Operating Support Grant Program is intended to assist organizations whose primary mission is arts and culture. If your organization is in a “management agreement” relationship with another organization, your Operating Support application must include three additional components, two narratives and a letter of endorsement, all outlined below:

1. Statement of Relationship with Managing Organization

- Demonstrate that your organization has a separate identity from the managing organization, as evidenced by brochures, publicity, and general public recognition.
- Explain how your organization acts as an independent entity. Examples include staff dedicated solely to the arts and culture mission and an annual budget under the control or administered by those staff.
- Specify how your organization is governed: Does your organization have a separate board or advisory board, and if so, what is the extent of its authority? To what extent does the managing organization affect operational decisions?

2. Statement of Financial Relationship with Managing Organization

- Identify specifically where your operations are accounted for and reported in your and the managing organization’s financial statements.
- Indicate how the “stand-alone” financial statements provided in the grant application were derived. Is this a budget approved by a governing authority, or is this a re-statement of relevant costs that have been extracted from the budget of the managing entity?
- Indicate the financial relationship between the applicant organization and your parent organization. Specifically:
 - How are overhead and administrative costs handled? Does the parent organization assess an administrative fee, or charge for HR, legal, rent, debt repayment or other such costs? If so what amounts? What percentage of the grant will go to the larger entity for such costs?
 - Does the parent organization provide support that does not appear in the applicant organization’s budget, such as providing services for or staff for building operations costs, grounds maintenance, or for legal, HR or IT services?
 - Specify what revenue, if any, is restricted for or specifically generated for the applicant organization, and the amount of general subsidy for operating provided by the parent organization. At the end of the fiscal year, how does the parent organization handle deficits and surpluses in the applicant organization’s budget?
 - Is there private source of funding to supplement the budget or programs, such as a Friends group or other private support organization? If so, what is the relationship of that organization to the applicant organization? Provide a statement of the financial support from the supporting organization.

3. Letter of Endorsement

- Provide a letter of endorsement and continuing support from the CEO, President or authorized official of the organization providing the management services.