Operating Assistance to Arts Organizations Assessment Tool

Organization Name:	

Scoring Summary	
Total for Artistic Impact	/50
Total for Audience and Community Engagement	/25
Total for Organizational Effectiveness	/25
Total Overall	/100

Artistic Impact (50%)	
Past, current, and future programming furthers the artistic vision of the artistic leadership and the organization. Programming is of high quality and reasonable quantity given the organization's capacity.	/30
Programming supports the development of the general art form and artistic practice in Nova Scotia.	/10
Programming shows support for and presentation of work by and employment of Nova Scotian artists.	/10
Total for Artistic Impact	**/50**
Notes:	

Audience and Community Engagement (25%)	
Audience and community engagement activities develop and maintain meaningful connections with the public. These activities serve the artistic vision of the organization.	/10
Audience and community engagement activities develop and maintain positive relationships with relevant cultural and/or community partners. These activities serve the artistic vision of the organization.	/10
The organization provides opportunities and support for the professional development of professional and pre-professional artists.	/5
Total for Audience and Community Engagement	**/25**
Notes:	

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Organizational Effectiveness	
The organization works within the capacity and experience of staff, board and volunteers. Staffing changes are accounted for.	/3
The organization demonstrates strong governance practices and strategic planning where required.	5
The organization shows strong understanding of its challenges in relation to operational effectiveness. The organization demonstrates they have the capacity to thoughtfully respond to challenges. These areas may include but are not limited to, work planning, communication, marketing, and facility management.	/5
Financial management* • Budget projections are reasonable /3 • Revenues are balanced /3 • Surpluses/deficits are reasonable and explained /3 • No cash flow concerns /3 *See Financial Management Scoring Guide below	/12
Total for Organizational Effectiveness	**/25**
Notes:	

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Financial Management Scoring Guide

1. BUDGET IS REASONABLE

The reasonableness of an organization's budget projections can be assessed in relation to their previous results.

Look at the main categories of revenues and expenses (sub-totals) and observe their evolution over the years.

Line **4175** Total Earned Revenue
Line **4345** Total Private Sector Revenue
Line **4550** Total Public Sector Revenue

Line **5195** Total Artistic Expenses
Line **5235** Total Facility Operating Expenses
Line **5330** Total Marketing and Communications Expenses
Line **5425** Total Fundraising Expenses
Line **5525** Total Administration Expenses

If the amount increases/decreases significantly in the current year and/or application year(s), you should ask yourself: does this make sense in relation to what the organization wrote in their application and are their projections reasonable, particularly increases in revenue.

Note that the definition of "moderate or significant" should be determined in relation to the size of the organization's budget. A change of $100,000 would be "moderate" for a company with a large budget but would be considered "significant" for company with a smaller budget.

Scoring

- Moderate Change = 3
- Expenses: Significant change = 2
- Revenues: Significant Change = 1

2. REVENUES ARE BALANCED

The financial strength of an organization can be seen in the level of revenue it generates itself.

Observe the organization's revenue sources and compare their evolution over the years (see the percentage column for each fiscal year).

Line **4175** (Total Earned Revenue) + Line **4345** (Total Private Sector Revenue) compared to Line **4550** (Total Public Sector Revenue)

Is there a reasonable balance of revenues? As an arts organization becomes more established, usually its reliance on public sector support diminishes.

Scoring should be made by comparing % of revenue sources with similar organizations in the competition.

Scoring

- Reasonable balance of revenues = 3 points
- Some revenues are unbalanced = 2 points
- Unreasonable balance of revenues = 1 point

3. SURPLUSES/DEFICITS ARE REASONABLE AND EXPLAINED

The organization's ability to manage its finances can be seen in the surplus or deficit and in the accumulated surplus or accumulated deficit and in its reserve funds.

Look at:
The % of the surplus or deficit for the year (line **6210**),
The % of the accumulated surplus or accumulated deficit, end of year (sum %s of line **6205** and **6210**),

The % of unrestricted net assets (line **6310**)
The % of internally designated or restricted funds (line **6320**)

A large accumulated surplus and/or reserve funds or a large accumulated deficit might indicate an inability to estimate revenues and/or manage expenses.

Organizations are encouraged to develop accumulated surpluses and/or reserve funds to help absorb unexpected future losses. However, amounts greater than 25% of an organization's budget should be identified for a particular purpose.

Organizations with an accumulated deficit greater than 10% of the organization's budget should submit a detailed deficit reduction plan with its application.

Does the organization show that it can manage its finances? Is there a large accumulated deficit that could have a negative impact its ability to fulfill its artistic vision? Is there a large accumulated surplus and/or reserve funds that could indicate it is not utilizing its resources to fulfill its mandate and planned activities

The seriousness of the deficit situation might be reduced in relation to the % on lines 6320, 6325 and 6330.

Scoring

- Reasonable surplus/deficit = 3 points
- Moderate surplus or deficit with explanation = 2 points
- Moderate deficit or surplus greater without explanation = 1 point
- Accumulated deficit greater than 10% = 0 points*

*See Concerned Status Policy

4. NO CASH FLOW CONCERNS

The organization's cash flow situation can be analyzed using the working capital ratio.

Look at the working capital ratio (line **6360**) and compare it from year-to-year.

The working capital ratio shows whether the organization has sufficient cash (or easily cashable assets) to pay for short term debts and other liabilities that need to be paid relatively soon. For example, a ratio of 1.23 means that the organization has $1.23 available for every $1.00 of short-term debts and liabilities. A ratio of 0.63 means that an organization has 63 cents available for every $1.00 of short-term debts and liabilities.

An organization that has an accumulated surplus may actually be in serious financial difficulty because of large loans and/or a large amount of capital assets that are being amortized (purchased and paid for in one year but the expense is being allocated over several years). This ratio will assist in identifying if there is a problem with cash flow.

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Does the organization have a healthy cash flow? Take note if the ratio has improved or worsened from the previous year.

Scoring

- If line **6360** is equal to or greater than 1.0 = 3 points
- If line **6360** is between 0.7 and 1.0 = 2 points
- If line **6360** is between 0.5 and 0.7 = 1 point
- If line **6360** is less than 0.5 = 0 points*

*See Concerned Status Policy