OPERATING SUPPORT GRANT

LRAC welcomes your questions about eligibility, grant programs, and application support for grant applications. First time applicants are especially encouraged to contact the LRAC office prior to starting an application, after first reviewing the guidelines and application instructions.

Contact: Betsy Ostenson, Grant Manager to set up appointment in person or by phone or by GoToMeeting.

Grant Information

Amount: 10% of the average previous two years’ expenses*

LRAC/MSAB grants may not be part of the total Annual Expenses, up to $6,000 maximum

Amount Funded: $64,173 (subject to change)

Purpose: To strengthen and stabilize the art organizations in the LRAC region.

For: Arts Organizations with Annual Expenses less than $174,000*

* This is based on the LRAC Annual Revenue and Expenses Report calculation available in the online application.

LRAC Operating Support Grant Outcome:
Minnesota arts organizations report having access to the resources, information, personnel, audience, etc. they need.

Grant Schedule

Operating Support Grant: Project Start dates must be after March 18, 2020
Grant Writing Webinar: Tuesday, December 3, 2019
Application Deadline: 5:00 pm*, Tuesday, January 7, 2020
Grant Review: Tuesday, February 18, 2020

*new this year

FUNDED BY:

This Lake Region Arts Council Grant Program is funded through a Minnesota State Legislative appropriation.

Lake Region Arts Council
133 South Mill Street, Fergus Falls, MN 56537
Phone: 218.739.5780
Email: LRAC4@LRACgrants.org
I. GENERAL INFORMATION

The Lake Region Arts Council will provide operating support on an annual basis to qualifying arts organizations in the nine counties of the region.

The purpose of these operating support grants is to strengthen and stabilize the art organizations.

The funding for this program is provided by a Minnesota State Legislative appropriation.

II. APPLICANT ELIGIBILITY

To be eligible for funding, the grant applicant (arts organization) must:

1. Have the fine arts as its primary focus.
2. Be a non-profit arts organization with domestic Articles of Incorporation on file with the State of Minnesota.
3. Be located in the LRAC nine county region; Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse and Wilkin counties.
4. Do not intend to relocate outside the 9 county LRAC region during the grant year of the grant project or until approval of the final report.
   Note: if organization leave the LRAC region before the completion of the grant project the grant funds must be returned.
5. Have been in existence and have actively programmed arts events for at least three years.
   The start date for the organization is the date listed on their MN domestic Articles of Incorporation Certification or IRS Letter of Notification, which ever has the earliest date.
6. Have a 501(c) 3 tax-exempt status with the Internal Revenue Service.
7. Submit a complete and accurate application, providing all requested information. The financial information must be accurate, detailed and appropriate to the proposed use.
8. Have a Board of Directors that meets on a regular basis.
9. Have their most recently completed year’s actual operating expenses less than $174,000. (new this year)
10. Have 60% of the programming be focused on the arts, The most recent financial annual report must have 60% of the total operating expenses dedicated to arts activities and arts related expenses.
11. Be able to demonstrate the high quality of the arts products, services or activities they provide and their impact on the community.
12. Give a specific intent for the funds to be granted. *If requesting funding for utilities, provide proof of previous year’s utility expenses with statements or invoices.
13. An organization receiving LRAC Project Grants may apply for LRAC Operating Support.
II. APPLICANT ELIGIBILITY (CONTINUED)

Applicants not eligible for funding:

1. Any organization whose primary focus is not the fine arts.

2. Any organization already receiving Operating Support Funds from the Minnesota State Arts Board or Operating Support from the McKnight Foundation is not eligible to apply for LRAC Operating Support. However, McKnight Operating Support grantees are eligible to apply for LRAC Project Grants. Call the LRAC office if you have questions.

3. Schools, universities, public radio and television stations, libraries, museums, civic organizations (such as chambers of commerce and other community service agencies), churches, religious organizations, or units of government.

4. Any organization, which has a final or mid-term report overdue or not approved by the LRAC staff from past LRAC grants.

III. FUNDING ELIGIBILITY

1. The applicant may request funding for up to 10% of the applicant’s average two years expenses, to a maximum of $6,000 per year.

2. All Arts organizations are required to submit the LRAC Annual Revenue and Expenses Report along with their annual profit and loss statement or membership approved annual treasurer’s report to calculate their 10% grant request. The LRAC Annual Report need to match the annual financial statement provided by the applicant.

New this year: This report is a two year look back and the potential eligible amount will be calculated on the second page of the form. If the number is greater than $6,000, then the request is $6,000.

3. Annual expenses cannot include grants received from LRAC or the Minnesota State Arts Board during the same 24 months as the fiscal year begin used for the application. Your organization’s annual expenses will be either FY17 & FY18 if your fiscal year ends Dec. 31, 2019 or FY18 & FY19, if your fiscal year ended in October, September or June, 2019.

4. The total amount requested may be allocated between the four funding categories listed below, adding up to 100% of the funding request. Please provide specific details for the expenditures within each category.

   A. Basic operating support: rent, insurance, utilities, publicity, postage, etc.
      Proof of previous utilities expenses is required, statements or invoices acceptable.

   B. Administrative support: salaries, consultant fees, contracted workers, etc.

   C. Capital expenditures: purchase of equipment: water heater, lighting and sound equipment, tables and chairs, etc.

   D. Building projects: construction, purchase, and renovation of buildings.
III. FUNDING ELIGIBILITY (CONTINUED)

There are certain restrictions on the funds that the LRAC administers.

The LRAC cannot consider an application for an Operating Support grant if any of the following conditions exist:

1. The organization is a recipient of General Operating Support Funds from the Minnesota State Arts Board.
2. The organization is a recipient of Operating Support from the McKnight Foundation.
3. The applicant has final or mid-term grant reports overdue or not approved by LRAC staff or board from past LRAC grants.
4. The application is not complete and accurate, providing all requested information.
5. The request is from an organization that promotes religious backgrounds, faiths or beliefs or the events are designed essentially for the religious socialization of the audience.
6. The request is for an individual instead of an organization.
7. The fine arts are not the primary emphasis of the applicant organization.
8. The request is to reduce or eliminate accumulated deficits.
9. LRAC Operating Support funds may not be used as a match for other LRAC grants.
10. The organization’s activities are for "members only". Organizations must provide for significant community involvement.
11. The organization or its activities promote a particular political agenda or beliefs.
12. The organization or its activities attempt to influence any state or federal legislation or appropriation.
13. The request is for non operating costs, such as programming or production costs.

If you have any questions about any of these restrictions, please call the LRAC office.

All applications submitted on the deadline date are not eligible for revisions and no corrections or changes are permitted to the application. It is therefore to the applicant's advantage to submit the grant application well before the deadline date.

The content, accuracy and completeness of an application are solely the responsibility of the applicant.
IV. REVIEW PROCEDURES

Grant Review

- LRAC Board members receive copies of all applications, either electronic or paper copies, at least one week prior to the review session.

- After grant applications have been formally submitted, board members are prohibited from discussing them with grant applicants. Applicants should direct questions to the LRAC office staff.

- In fairness to all applicants, the council will consider only the information on the application form with accompanying supporting materials. Review meetings are open to the public. Applicants may not offer additional information at the grant review meeting.

- LRAC Board, review panels and staff observe strict procedures to prevent any conflict of interest in the processing, review and selection of grant awards. The full Conflict of Interest Policy can be viewed at www.LRAC4.org/grant-management or by contacting the LRAC office.

- In arriving at decisions, LRAC Board members determine

  First, the eligibility of the applicant and

  Second, the eligibility of the project.

The LRAC Board discusses each application in relation to the project eligibility criteria.

Any applicants that are determined to be ineligible shall be eliminated from the review process.

- Next, through majority vote, the LRAC Board determines whether the grant application will be eligible for full funding based on the four review criteria or denied funding based on specific criteria.

Ranking

- Each approved grant application will be ranked. Points acquired by each application are totaled and divided by the number of council members ranking that project. Projects are ranked in order from high score to low score. Grants are then awarded according to their rank.

- Applicants should be aware that although an application may be approved for funding, its rank might determine that it will receive partial or no funding.

- If two applications receive identical rankings, the application with the earliest submission date will be given priority.

- If the applicant accepts partial funding, a revised budget will be submitted. If the applicant refuses partial funding, the amount will be offered to the next applicant on the ranking list.

Notification Process

Applicants are notified of funding decisions within two weeks after the grant review. A notification letter will be sent to the applicant.

Organizations wishing to know the funding decision after the LRAC Grant Review may log back into the LRAC Grant Site to check out the status of their application or call the LRAC office on Friday after the grant review.

If funding is approved, the organization will be required to submit a Grant Contract and the Request for Payment form through the LRAC Fountant online grant system.

Payment and Final Report

Upon submission of the signed grant contract and the "request for payment" form, 80% of the grant funds will be mailed to the organization’s address of record listed on the Request for Payment form.

Upon receipt of the final report, the remaining 20% of the grant funds will be sent to the grantee after the final report is reviewed by the LRAC Board at the January Board Meeting.
V. REVIEW CRITERIA

Projects supported by the LRAC are expected to encourage and reflect the highest possible standards of artistic excellence. The following review standards are a guide to what the LRAC will consider in its evaluation of proposals. It is to the applicant's advantage to address these criteria completely.

The LRAC Board is an 18 member board, comprised of two people from each of the nine LRAC counties. For more information about the LRAC Board, refer to the LRAC4.org/About Us/Staff and Board. All reviewing LRAC Board members will rank each application on a scale of 1 to 5 in the four criteria; I. Quality and Excellence in the Field, II. Community to Community Access, III. Commitment to the Art Form, and IV.

A perfect score would a 20 (5,5,5,5). The average score is generated based on the number of reviewing LRAC Board members. A board member that declares a conflict of interest for an applicant will not rank the application.

The LRAC uses the following review standards for all applications.

I. Quality and Excellence in the Field: (5 points)
   - Does the organization define standards for its product?
   - Does the organization evaluate its activities?
   - Who makes the artistic decisions and what is their background?
   - If a capital request, will support lead to an improved artistic product?

II. Commitment to Community Access: (5 points)
   - To what groups of people does the organization reach out?
   - How is the community responding?
   - If a capital request, will the funding benefit the organization's relationship to its community?
   - How does your organization respond to your community's desires for expanded programming?
   - Are the organization's activities open to the entire community, or membership based?

III. Commitment to Art Form: (5 points)
   - Does the organization respond to changing directions of the art form(s) it provides?
   - Does the organization respond to changing needs within the community?
   - Who or what provides feedback and how is that feedback used to determine new directions?

IV. Organizational Stability and Commitment to Sound Management: (5 points)
   - Does the organization plan?
   - Who makes the managerial decisions and what is their background?
   - Is the organization fiscally sound?
   - If a capital request, what impact will support have on the stability of the organization?
VI. GRANT RECIPIENT RESPONSIBILITIES

If a grant is received, the grantee must:

A. **Sign and submit** to the LRAC online grant system within **45 days**, from the grant award date, the LRAC Contract Agreement and the Request for Payment form which includes the following:

   **Terms of Agreement:**
   1. Grant activities and spending cannot start before the contract is signed and submitted to the LRAC online grant system.
   2. The project will be carried out in compliance with the project description, budget and dates as set forth in the application. **Any significant revisions in the project must receive prior approval of the LRAC before expenditure of grant funds.**

   The types of changes would include large budget expenditures, i.e. in excess of $500, changing artists, venues or dates, or scope, focus or artistic intentions or the project. Any requests for revisions submitted between LRAC Board meetings will be considered at the next scheduled meeting. **Depending on the decision made by LRAC at the meetings, the grantee may or may not be required to return money to LRAC or may or may not receive their final 20% payment.**

   3. **Access to participation** in the project will not be limited on the basis of national origin, race, religion, age or sex.

   4. The following **credit line must appear** on all programs and publicity related to the project: **This activity is funded in part by a grant from the Lake Region Arts Council through a Minnesota State Legislative appropriation.**

   B. At the end of the Operating Support Grant Year (December 15, 2020), a **narrative and financial final report** will be submitted online. This final report will include samples of publicity, programs, proof of payment, etc. containing the LRAC credit line in item 3, which will be uploaded into the final report form.

   C. **Be legally responsible** for the completion of the project and for the proper management of the grant funds.

   D. **Maintain** records, documents, or papers that show evidence of use of grant funds. The LRAC reserves the right to audit the project and/or the organization if circumstances warrant it.

   E. **Comply** with all applicable federal, state, and local laws, rules, regulations and ordinances in relation to the use of these funds. Failure to comply may result in termination or forfeiture of the grant.

   F. **Comply** with the requirements of the federal Americans with Disabilities Act (ADA) or show evidence of a plan to accommodate persons with disabilities. For assistance with this topic, contact the LRAC office at 218-739-5780 or contact:
VII. MISUSE OF FUNDS PROCEDURE OVERVIEW (New in FY2020)

Description and Scope

This procedure defines misuse of funds, outlines investigation and documentation of misuse, establishes a range of consequences when misuse has occurred, and outlines a process by which a grantee may appeal consequences. This procedure applies to funds a regional arts council receives from the State of Minnesota from its general fund, its arts and cultural heritage fund, or any other State funds. The procedure does not apply to other revenue sources regional arts councils may have (e.g., contributions from other grant makers or donors, or earned income).

Objective

The intent of this procedure is to ensure that regional arts councils are managing state funds in a consistent manner; that similar consequences will be imposed when misuse of state funds occurs; and that a grantee that has misused funds will lose privileges statewide, not just in the region in which it resides.

Definition: What constitutes misuse of funds

Misuse of funds means using State of Minnesota resources for any purpose other than those allowed by:
- State of Minnesota statutes, laws, rules, policies; and
- The regional arts council receiving and disbursing the funds; and
- The program guidelines or grant contract through which funds are disbursed.

Intentional misuse occurs when the grantee knowingly spends funds in ways that are outside the allowable parameters of the State, the council, or the program. Misuse also occurs when a grantee spends funds in ways that are inconsistent with the submitted proposal and budget.

Unintentional misuse generally occurs as a result of miscommunication or misunderstanding.

A grantee that is unable to complete all proposed activities is not misusing funds. Unspent funds are not misuse. The notices and consequences described below would not apply in this situation.

Consequence Overview

Misuse of state funds is never allowed whether the misuse is intentional or unintentional— notices and consequences will be issued.

If grantee does not return the funds: Grantee is permanently ineligible to receive State of Minnesota funds from the LRAC, from the Arts Board, or from any other regional arts council.

If grantee does return the funds: Grantee is ineligible to receive State funds from LRAC, the Arts Board, or any other regional arts council.

Range of Consequences:
- **Misused funds are less than $1,000** – for a period of one year from date of notification.
- **Misused funds are $1,000 - $5,999** – for a period of two years from date of notification.
- **Misused funds are $6,000 or more** – for a period of three years from date of notification.

In some circumstances, LRAC may determine that consequences outside this range are appropriate and may impose them.

LRAC is required to notify all mandated art organizations of imposed consequences.

Please Refer to the LRAC Misuse of Funds Procedure Document on the LRAC4.org website under Grants/Grant Management for the complete policy regarding the misuse of funds or contact the LRAC office.

Responsibilities of LRAC when Misuse has occurred

1. Verification and documentation
2. Notice of misuse and consequences to the grantees
3. Notices to the MN State Arts Board
4. Recovery of funds
5. Consequences
6. Reinstatement
7. Appeal process
VIII. GRANT TERMINATION

A grant contract may be terminated at any time:

⇒ By mutual written consent of the LRAC and the recipient;

⇒ Upon the written request of the recipient, but such termination shall not necessarily relieve the recipient of its responsibilities as set forth in the contract;

⇒ By the LRAC upon the failure of the recipient to comply with one or more of the conditions of the contract. Such termination shall be effective upon receipt of written notice by the recipient.

IX. REVOCATION OF FUNDS

A commitment of funds to a recipient may be rescinded by the LRAC if one of the following conditions exists:

1. The recipient does not return the signed contract and/or attachments within 45 days of the date it is received.

2. The recipient does not return a revised budget and project description within 30 days of the date of notification of the LRAC action by letter.

Occasionally, additional "riders" or conditions will be placed on the use of the grant funds. These conditions, or in some cases recommendations, from the council, will be clearly outlined in the contract.

X. APPEALS POLICY AND PROCEDURE

Grant applicants may appeal the decisions of the LRAC only on the basis of procedure used during the review of the grant applicants. The appeals procedure is as follows:

1. Applicants must notify the LRAC office, in writing, of their wish to have an appeals hearing and the basis for the appeal. The applicant has **ten business days from the date of receipt** of the LRAC funding decision to submit this letter.

2. The appeals committee reviews the request for an appeals hearing and recommends to the chair whether or not there is a basis for an appeal. This recommendation is sent to the chair within ten business days of receipt of the request for an appeals hearing.

3. The chair then authorizes an appeals hearing or denies the request based on the committee report. If it is determined that there is no basis for an appeal, the applicant is so informed. The chair must take one of these actions within ten business days of receipt of the appeals committee recommendation.

4. When an appeals hearing is authorized, it is scheduled by the appeals committee chair with the applicant. Following the hearing, the appeals committee makes a recommendation to the LRAC at its next regularly scheduled meeting.

5. The LRAC then reviews the committee recommendations and makes a final decision on the appeal. The applicant is then notified of the LRAC’s decision within ten business days of that LRAC meeting.
X. APPLICATION INSTRUCTION

**Application Assistance**

Applicants are encouraged to contact the LRAC office early in the planning process so the staff can provide assistance.

In addition, grant application tips sheets are available online at the LRAC website, LRAC4.org under the Grants heading, Tip Sheets.

LRAC Board members may also provide advice and assistance to applicants during the grant preparation period. After applications are formally submitted, LRAC Board members are prohibited from discussing them with grant applicants.

An LRAC Board member who provides assistance in grant preparation must declare a conflict of interest and may not vote on or rank that application.

Advice and assistance from the LRAC staff or Board during the application process does not guarantee that the application will be completely free of errors or omissions.

**Grant Training Webinars**

First time applicants are encouraged to sign up for the Grant Writing Webinar. Check out the LRAC4.org website and Newsletter for more information on dates and times.

There will be three levels of training for potential applicants.

1. Grant Writing for Organizations
2. LRAC Grant Programs Overview
3. LRAC Operating Support Grant

**LRAC Online Grant Application**

All applicants will need to start by creating a logon profile in the LRAC Foundant online grant system.

If you forget your password, you will be able to create a new one 24/7 without LRAC assistance.

**Application Submission**

After you have logged in, you will move into the Dashboard. Start the grant application by clicking on the Apply button.

The application must be submitted to the LRAC Grants online application website by 5:00 pm (new this year).

When the application is received in the LRAC office, it will be checked by the LRAC staff for completeness.

If the application is incomplete, an effort will be made to contact the applicant prior to the distribution of the applications to the LRAC Board to obtain needed information, or to correct minor errors.

It is therefore to the applicant's advantage to submit the grant application in advance of the deadline date.

**Supporting Documents and Work Samples**

Supporting documents such as invoices, quotes, bids, proof of payments, job descriptions, resumes, etc. will be uploaded into the Attachment section of the online grant application.

Applicants will need to follow the instructions in the application for correct file size and format for uploading their documents.

**Submission Confirmation**

Once the application has been submitted to the LRAC online grant program, the applicant will receive an email which will be their confirmation of their submitted grant application. *The applicant should save this email to document their submission date and time.*