



## **Arts Endowment Fund (AEF) Program**

The Arts Endowment Fund is a program of the Government of Ontario through the Ministry of Tourism, Culture and Sport administered by the Ontario Arts Foundation. The Ontario Arts Foundation is a public, non-government foundation whose purpose is to encourage and facilitate private giving to the arts.

**The Ontario government's investment of \$60 million in Phases I, II and III of the Arts Endowment Fund Program, combined with private sector contributions, has generated income payments to arts organizations of over \$55 million – a return of 92%!**

## **RECOMMENDATION**

**Renewal of the AEF Program: \$25 million in matching funds staged over three years**

The objectives of the Arts Endowment Fund Program are:

- To increase self-generated revenue and provide a stable source of long term income;
- Foster artistic excellence, investment and engagement in the arts by Ontarians, and;
- Enhance an arts organization's ability to create employment and contribute to Ontario's economy

There is extremely strong support for renewal of the matching program. Private donors are ***enthusiastic and ready*** to respond to a new matching opportunity. Matching programs are a powerful stimulus to focus donor attention on endowment giving. Income generated over the long term will help to sustain the infrastructure needs of Ontario's arts organizations.

**\$60 million** in matching funds from the Government of Ontario was given to the Ontario Arts Foundation (\$25 m. in 1998 budget for Phase I, \$25 m. in 2000 budget for Phase II, and \$10 m. in the 2007 budget for Phase III).

## **Results for Phases I, II and III – 1998 to 2008**

**\$59.9 million** was raised by the private sector for endowment and matched “dollar for dollar” from the Arts Endowment Fund.

**273 endowments** were established by Ontario arts organizations in communities in *all* parts of Ontario. The Foundation is responsible for investing and administering the funds, except for those of the 7 largest arts organizations (Canadian Opera Company, Harbourfront Centre, The National Ballet of Canada, The National Ballet School, Shaw Festival, Stratford Festival of Canada and the Toronto Symphony Orchestra. These organizations manage their endowments in their own foundations). Endowments established under the AEF Program now total: **over \$140m.**

The five year annualized rate of return at December 31, 2014 on investments held by the Foundation is a strong **9.4%** (net of investment management fees). This has enabled the Foundation to pay out a stable income. For 2015, the income payout will be 4.5% -- \$2.5 million.

Organizations receive income from their endowment funds as unrestricted revenue – many ‘re-invest’ this income into the deliver of local arts education, community engagement programs or arts scholarships supporting the next generation of Ontario artists. Unrestricted endowment income, at a time when other funding sources face retrictions, is increasingly important for Ontario’s arts organizations.

### **Cost Effective Program Administration:**

The annual administration costs of the Ontario Arts Foundation are low – investment and administration expenses average 1.0% annually. The foundation and its volunteer Board of committed arts philanthropists bring over 20 years of experience in administering endowments and the Arts Endowment Fund program.

### **How will renewal of the Arts Endowment Fund Program help the Ontario government continue to foster economic growth and job creation in the province?**

Arts and culture are important and significant contributors to Ontario’s economy. The cultural sector employs over 250,000, approx. 4% of total Ontario employment. Programs run by Ontario arts organizations attract 5.4 million participants (2.5 million are children/youth).

A renewal of the Arts Endowment Fund Program will provide government the opportunity to demonstrate its long term commitment to the arts, through a very cost

effective public/private partnership. A new program will reach communities and arts organizations of all sizes across Ontario, reflecting the growth and cultural diversity of the `creative economy.

Alan Walker, Executive Director  
Ontario Arts Foundation  
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