



Cultural Endowment Program Guidelines for 2019-2020

Application Deadline: June 1, 2018

State Matching Shares available: July 1, 2019

Florida Department of State
Division of Cultural Affairs
329 North Meridian Street
Tallahassee, Florida 32301

Cultural Endowment Program Guidelines

Florida Department of State, Division of Cultural Affairs
Florida Council on Arts and Culture

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Guidelines

About this Document

The guidelines detail application policies and requirements for a Cultural Endowment Program grant and are incorporated by reference into Rule 1T-1.001, Florida Administrative Code.

Purpose of this Program

The purpose of the Cultural Endowment Program (CEP) is to create an endowment matching funds program that will provide programming resources from interest earned to participating cultural organizations.

An organization must be designated as a Cultural Sponsoring Organization (CSO) and raise \$360,000 to be held in an endowment account in order to be eligible for a \$240,000 State Matching Share (SMS). Each individual endowment in this program must be maintained in a single account at a total value of at least \$600,000 per SMS. Interest earned on the endowment corpus must be used for programming expenses of the organization, or reinvestment to expand the principal fund.

Structure

The Cultural Endowment Program is comprised of two components:

1. Cultural Sponsoring Organization (CSO) designation, and
2. Receipt of a \$240,000 State Matching Share (SMS).

Although both parts require the submission of application material, each contains eligibility criteria that are unique to the components. An organization may be designated as a CSO without submitting an application for an SMS. However, CSO designation is an eligibility criterion for the receipt of an SMS.

Cultural Sponsoring Organization Designation

Eligibility Requirements

Organizations eligible to be designated a Cultural Sponsoring Organization under this program must meet the requirements in both of the following subsections:

Administrative and Legal. Be a not-for-profit, tax exempt Florida Corporation according to these definitions:

1. Incorporated or authorized as a not-for-profit corporation, in good standing, pursuant to Chapter 617, Florida Statutes;
2. Designated as a tax exempt organization as defined in Section 501(c)(3) or (4) of the Internal Revenue Code of 1954;
3. Designated as in compliance with S. 170 of the Internal Revenue Code of 1954.

Program Requirements. Eligible organizations must be able to provide a description and documentation of a program that qualifies it as a sponsoring organization within a cultural discipline (see definition). The description and documentation shall include printed performance or printed exhibition material such as brochures, programs, or catalogues.

You are NOT ELIGIBLE for this program if you are:

1. A community college;
2. A Direct Support Organization (i.e., Friends, Foundations, or Trusts) which is not directly conducting, creating, producing, presenting, staging, or sponsoring cultural exhibits, performances, or events;
3. A federal, state, county, or city government entity.

Application Deadline

An application for designation as a Cultural Sponsoring Organization may be submitted at any time and is a criterion for eligibility to receive a State Matching Share. Designation must be recommended by the Florida Council on Arts and Culture and approved by the Secretary of State before an organization can be considered eligible to receive a State Matching Share.

Potential applicants are encouraged to contact the Division to inquire about the Florida Council on Arts and Culture meeting schedule. **An application must be received at least 30 days prior to a regular meeting of the council in order to be included on the agenda.** Meetings are held quarterly.

Application Submission Procedures

Submit a complete application to the Division that consists of the following documents and information:

1. Application Form (CA2EO37) can be found at the following link:
<http://dos.myflorida.com/media/31122/cepapplformca2e037.pdf>;

2. A letter from the chairman of the board or president of the organization formally requesting designation as a Cultural Sponsoring Organization;
3. A copy of the organization's determination letter from the Internal Revenue Service confirming tax exempt status, pursuant to Section 501(c)(3) or (4) of the Internal Revenue Code of 1954;
4. The description and documentation of a program that qualifies the organization as a sponsoring organization within a cultural discipline. The description and documentation shall include printed performance or printed exhibition material such as brochures, programs, or catalogues.

Mailing

Send one application packet to:

Florida Cultural Endowment Program
Division of Cultural Affairs
R. A. Gray Building
500 S. Bronough Street
Tallahassee, FL 32399-0250

Application Review Process

Application Review: Upon receipt, the application will be assigned an application number. The Division will determine whether the application is complete and in compliance with application requirements.

Eligibility Notification: All applicants will be notified in writing by the Division of the applicant's eligibility. Based on the determination of eligibility, the Division then makes a recommendation to the Florida Council on Arts and Culture at one of the Council's quarterly meetings.

Florida Council on Arts and Culture Review: The Council reviews the recommendation of the Division. The Council then submits recommendations for designation to the Secretary of State.

Secretary of State Review: The Secretary of State reviews and approves the designation recommendation of the Council. The Division notifies the organization of the designation.

State Matching Share

Introduction

When an organization raises \$360,000 in eligible contributions, the State of Florida will, subject to legislative appropriation, match the local contributions with a State Matching Share (SMS) in the amount of \$240,000. The State Matching Share, when combined with the local match, creates an endowment fund for the organization. The funds in the endowment fund are invested by the Cultural Sponsoring Organization (CSO), and the interest that is generated on the investment(s) is used for general programming support, or reinvestment of any residual to expand the principal fund.

Cultural Sponsoring Organization designation is an eligibility criterion for the receipt of a State Matching Share. **Important:** The Secretary of State must approve Designation before an organization can be considered eligible to submit an application for a State Matching Share.

Eligibility Requirements

Organizations eligible to receive a State Matching Share under this program must meet the requirements in both of the following subsections:

Administrative and Legal. Be a not-for-profit, tax exempt Florida Corporation according to these definitions:

1. Incorporated or authorized as a not-for-profit corporation, in good standing, pursuant to Chapter 617, Florida Statutes;
2. Designated as a tax exempt organization as defined in Section 501(c)(3) or (4) of the Internal Revenue Code of 1954;
3. Designated as in compliance with S. 170 of the Internal Revenue Code of 1954.

Program Requirements. Eligible organizations must:

1. Be designated a Cultural Sponsoring Organization (CSO). Not-for-Profit status required for CSO designation will be verified again by Division staff at the time of any SMS application, and again prior to the release of a SMS;
2. Have deposited eligible new contributions, totaling at least \$360,000, into a “State of Florida Cultural Endowment Fund,” that is owned by the CSO within a single financial institution, not multiple institutions; and
3. Not have been awarded a State Matching Share within the 23-month period preceding this application. The 23-month period commences on the date the previous SMS was awarded. (Note: A State Matching Share is considered to have been awarded as of **July 1** of the fiscal year for which the Florida Legislature appropriates sufficient funds for the Department to enter into an Endowment Agreement with an eligible organization.)

Application Deadline

Applications for a State Matching Share must be received in the Office of the Division of Cultural Affairs (or the Department of State) by 5:00 p.m., **June 1**. However, any application postmarked by the United States Postal Service no later than midnight of June 1 shall be deemed to have been timely received. In addition, a certificate of mailing obtained from and dated by the United States Postal Service, or a receipt from an established courier service which bears the date on or before the date the application is due, shall be proof of mailing in a timely manner. If the application deadline falls on a Saturday, Sunday, or legal holiday, the deadline date will be the following day which is not a Saturday, Sunday, or legal holiday.

Application Submission Procedures

To be considered eligible for a State Matching Share, an organization must submit one copy of a complete application to the Division. A complete application consists of the following documents:

1. Application Form (CA2EO37)
<http://dos.myflorida.com/media/31122/cepapplformca2e037.pdf>;
2. A list of the applicant's current board members, including each member's full name, occupation, address, phone number, and position held with the applicant organization;
3. A copy of the organization's most recent annual independent certified audit;
4. Documentation establishing that the organization has deposited, prior to the application deadline, new contributions having a total annual value of at least \$360,000 (See How to Document the Receipt of the Match);
5. Documentation of Cultural Sponsoring Organization designation;
6. A statement from the chairman of the board or president of the applicant certifying that all documentation is true and correct, and that the Department shall have access to the applicant's records for endowment program purposes.

Mailing

Send one application packet to:

Cultural Endowment Program
Division of Cultural Affairs
R. A. Gray Building
500 S. Bronough Street
Tallahassee, FL 32399-0250

Match and Documenting Receipt of Match

Match. Below are two examples of how the local match (\$360,000) can be raised:

Example 1. The organization solicits contributions from individual donors specifically for the organization's **"State of Florida Cultural Endowment Fund."** This is usually a lengthy process taking months and sometimes years. The organization deposits these individual contributions into their **"State of Florida Cultural Endowment Fund."** When the total accumulated dollars in the fund reaches \$360,000, the organization informs the Division that the match is in hand by submitting the required application material for a State Matching Share.

In this example, documentation would consist of a chronological listing by date, and corresponding amount, for each eligible new contribution. The organization would submit the list and a financial statement showing that the entire \$360,000 match was deposited in the organization's **"State of Florida Cultural Endowment Fund."** (Note: see definition 1 under New Contributions). The Division does not require that copies of checks or individual deposit slips be submitted. However, they must be available for review upon request.

Example 2. An individual donor gives the organization a single contribution of at least \$360,000. The donor does not indicate a specific use of the contribution. The organization's governing board directs that the contribution be deposited into the organization's **"State of Florida Cultural Endowment Fund."** The organization then submits the required documentation requesting a State Matching Share.

In this example, documentation would consist of:

- A financial statement showing that at least \$360,000 was on deposit in the organization's **"State of Florida Cultural Endowment Fund,"** prior to the June 1 application deadline;
- Board resolution or official minutes from the latest board meeting indicating that the governing board directed that the contribution be deposited into the organization's **"State of Florida Cultural Endowment Fund."** The Board Chair must sign the resolution or minutes. (Note: see definition 2 under New Contributions); or
- Documentation of the source and receipt date of the contribution (copy of check); bank deposit slips or investment instruments showing that the match is in their **"State of Florida Cultural Endowment Fund"** account owned by the CSO.

Other Sources of Match. Match may include funds from local or federal sources. However, moneys provided by the State of Florida shall not be eligible for any part of the organization's matching share. Undoubtedly, there will be variations on the above scenarios. If you find that to be the case with your endowment, call the Division for additional information.

Donor Confidentiality Information:

Donors to the “State of Florida Cultural Endowment Fund,” shall be confidential and exempt, at the request of the donor, from the provisions of Section 119.07(1), Florida Statutes:

1. Prospective donors whose names have been identified by the sponsoring organization itself shall not be released and shall remain confidential pursuant to Section 119.07(1), Florida Statutes.

How to Establish a Compliance Date

The Compliance Date is important because it establishes your "place-in-line" on the Priority List. The Compliance Date is the date the applicant deposited new contributions having a total capital or assessed value of at least \$360,000 into the organization's “**State of Florida Cultural Endowment Fund.**”

Priority List

If sufficient funds are not appropriated by the Legislature for distribution to the Cultural Sponsoring Organization, the Department shall maintain the organization on the Priority List for the following fiscal year. It is the obligation of the organization to maintain legal and programmatic eligibility for a SMS while on the Priority List. If for any reason, the organization chooses to expend part or all of the \$360,000 match, the organization will be removed from the Priority List and the organization will be required to submit a new application.

At such time as the funds become available for the distribution of a State Matching Share by the Department, the Department shall release a State Matching Share in the order listed on the Priority List. Once the Department awards a State Matching Share, the organization is removed from the list.

For the purpose of establishing a Compliance Date, contributions merely pledged shall not constitute any part of the local matching share for which a State Matching Share may be received.

Endowment Agreement

The Endowment Agreement is the document by which the organization enters into a contract with the State of Florida for the management of the endowment fund. The Department of State will establish an Endowment Agreement with the organization after the:

1. Organization has complied with all criteria for the receipt of a State Matching Share;
2. Division determines that sufficient funds are available for the organization based on the legislative appropriation and the organization's ranking on the Priority List;

3. State Matching Share and the Local Matching Share is deposited into one endowment account that has the words “State of Florida Cultural Endowment Fund.”

Upon the execution of an endowment agreement between the Department and the Cultural Sponsoring Organization, one State Matching Share shall be transferred to the organization.

Managing Your Endowment Account

The entire \$600,000 must be invested according to an investment plan established as part of the Endowment Agreement. **ENDOWMENT FUNDS MAY NOT BE USED AS COLLATERAL.**

Combining State Matching Shares. The sponsoring organization may establish an endowment program fund for each endowment, or combine two or more endowments in one program fund.

Maintaining the \$600,000 minimum investment. Each individual endowment in this program must maintain a minimum market value of at least \$600,000 (\$360,000 local match and \$240,000 State Matching Share) at all times. The preservation of the \$600,000 capital value of the program fund must be the primary investment constraint of the organization. The Capital Value of the endowment fund is the monetary worth of all investment instruments as documented by the market value of the fund at the fiscal year end date of the organization. **The total of all investment instruments must be capable of conversion to cash in an amount not less than \$600,000.** The investment entity must insure that the Capital Value of the corpus of the endowment shall not be less than \$600,000 with regard to the investment instruments. Remember to consider brokerage fees and other financial management costs when monitoring the program fund value.

Investment objectives. The Endowment Agreement between the Department and the organization will contain provisions that assure that the organization has made prudent arrangements for the investment of the entire program fund. The Agreement will include a detailed explanation of the investment plan for the endowment funds. The investment objectives of the organization shall be to preserve the principal amount of each endowment fund while maximizing current income through the use of investment-quality financial instruments (see Definitions).

Use of endowment interest. The Cultural Sponsoring Organization may expend money generated by the investment of the SMS and local match only for costs incurred while engaged in programs directly related to cultural activities. For more information, please see the “Non-Allowable” section below.

Jeopardizing your State Matching Share. The \$240,000 State Matching Share for each individual cultural endowment will revert to the state if any of the following events occur:

1. The recipient Cultural Sponsoring Organization ceases cultural programming operations;
2. Files for protection under federal bankruptcy provisions;
3. **Willfully** expends a portion of the \$600,000 endowment principal of any individual cultural endowment or allows the market value of the fund to fall below the \$600,000 minimum;
4. The Department determines that the Cultural Sponsoring Organization has willfully violated the provisions of the Endowment Agreement;
5. The \$240,000 State Matching Share and all revenue earned from the use of the State Matching Share will revert to the state if the Department determines that fraudulent information or documentation has in any way been used for the purpose of obtaining or continuing the endowment program;
6. Fails to maintain its Cultural Sponsoring Organization status.

Frequency of Shares. Sponsoring Organizations shall be eligible to receive only one State Matching Share from the Florida Cultural Endowment Program per application deadline. Additional State Matching Shares shall not be awarded more frequently than once every 36 months (see Eligibility Requirements).

Non-Allowable Expenditures

The income that is generated from the investment of the SMS and the local match shall be expended only for costs while engaged in **programs** directly related to cultural activities. The income from the investments **may not be used for:**

1. Costs for lobbying or attempting to influence federal, state, or local legislation; the judicial branch; or any state agency;
2. Building, renovation, maintenance, or remodeling of facilities;
3. Bad debts, contingencies, fines and penalties, interest, and other financial costs;
4. Private entertainment, food, beverages, plaques, awards, or scholarships;
5. Re-granting, contributions or donations;
6. Projects which are restricted to private or exclusive participation, which shall include restricting access to programs on the basis of race, color, religion, sex, national origin, age, handicap, or marital status;
7. Neither the corpus nor the income of the endowment may be pledged as security for any debt or purchase (collateral).

Administrative and Reporting Requirements

Recipients of a State Matching Share shall comply with the administrative and accounting requirements set forth in the Endowment Agreement that shall include but not be limited to:

1. Organization's fiscal year, detailing:
 - How the endowment interest was used. The interest that is generated on the \$600,000 corpus is to be used for the general programming of the CSO. Therefore, the CSO must have exclusive and unrestricted discretion over the use of the interest;
 - The benefits of the program to the organization;
 - How the \$600,000 corpus is invested. The CSO must submit a financial statement that identifies the corpus and documents that:
 - At least \$600,000 is invested in investment-quality financial instruments; and
 - The endowment account balance has a market value of at least \$600,000 for each endowment.

<http://dos.myflorida.com/media/31250/endowmentannualreportform.pdf>

2. An annual audit of the organization's financial accounts shall be conducted by an independent, certified, public accountant and shall be submitted to the Division for review within nine months after the expiration of the organization's fiscal year. The audit must specifically recognize the \$600,000 corpus (State Matching Share: \$240,000 and local match: \$360,000) as an asset of the CSO;
3. Maintain Endowment Matching Share and State Matching Share with a single financial institution, not multiple institutions;
4. Submission of other such reports as requested to monitor the status of the State Matching Share;
5. The CSO must have the authority to break the agreement with the investing entity;
6. Any additional information pertinent to the management of the corpus (i.e. change in CSO, etc.).

Accessibility and Non-Discrimination

The Division of Cultural Affairs is committed to making the arts and culture accessible to everyone, including:

- persons with disabilities;
- older adults;
- culturally and economically underserved populations; and
- minorities.

Organizations seeking support for activities that will not be open and accessible to all members of the public, regardless of sex, race, color, national origin, religion, disability, age, or marital status are not eligible for this publicly funded grant.

The Americans with Disabilities Act (ADA) prohibits discrimination against individuals with disabilities in employment, state and local government services, public accommodations, transportation and telecommunication. The ADA extends the requirements under Section 504 of the Rehabilitation Act of 1973, as amended, to all activities of state and local governments and places of public accommodations operated by private entities, including places of public display.

Refer to the Accessibility section of the Division's website for additional information and resources: <http://dos.myflorida.com/cultural/info-and-opportunities/resources-by-topic/accessibility/>

Definitions

- **"Applicant"** means an organization requesting designation as a Cultural Sponsoring Organization or requesting a State Matching Share.
- **"Application"** means completed form (CA2EO37), accompanied by required documents.
- **"Annual Deadline"** means June 1 of each year to apply for a State Matching Share (SMS). This is a postmark deadline. There is no hard deadline for CSO designation.
- **"Capital Value"** means the monetary worth of all investment instruments.
- **"Compliance Date"** means the date the applicant deposited eligible new contributions having a total capital value of at least \$360,000 into the organization's Cultural Endowment Program Fund.
- **"Council"** means the Florida Council on Arts and Culture.
- **"Cultural"** means the disciplines that include, but are not limited to, music, dance, theatre, creative writing, literature, architecture, painting, sculpture, folk arts, photography, crafts, media arts, visual arts, programs of museums, and other such allied, major art forms.
- **"Cultural Sponsoring Organization"** (CSO) means an organization:
 1. Whose primary purpose (85%) is to implement cultural programs;
 2. Meets the criteria of a sponsoring organization; and,
 3. Has been designated by the Department as a Cultural Sponsoring Organization.
- **"Department"** means the Department of State.
- **"Division"** means the Division of Cultural Affairs within the Department of State.
- **"Document"** means a written or printed-paper bearing the original, official, or legal form of something that can be used to provide decisive information or proof.
- **"Donor"** means an individual, agency, or other entity in the public or private sector making a contribution for which a State Matching Share may be received.

- **"Eligible Contributions"** means cash or negotiable securities.
- **"Endowment"** means a fund with a total corpus (market) value of at least \$600,000. Consisting of a minimum of \$360,000 in local match and \$240,000 State Matching Share.
- **"Financial Instruments"** – For the purpose of this program means:
 1. Bonds, notes, or other obligations of the United States or those guaranteed by the United States or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof.
 2. State bonds pledging the full faith and credit of the State of Florida and revenue bonds additionally secured by the full faith and credit of the state.
 3. Bonds of the several counties or districts in the State of Florida containing a pledge of the full faith and credit of the county or district involved.
 4. Savings accounts in, or certificates of deposit of, any bank, savings bank, or savings and loan association incorporated under the laws of this state or organized under the laws of the United States doing business and situated in this state, the accounts of which are insured by the Federal Government or an agency thereof.
 5. Commercial paper of prime quality of the highest letter and numerical rating as provided for by at least one nationally recognized rating service.
 6. Common stock, preferred stock, and interest-bearing obligations of a corporation having an option to convert into common stock provided:
 1. The corporation is organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia; or
 2. The corporation is listed on any one or more of the recognized national stock exchanges in the United States and conforms with the periodic reporting requirements under the Investment Company Act of 1940.
<http://www.sec.gov/about/laws/ica40.pdf>.
- **"Investment Quality"** For the purpose of this program, this means a Financial Instrument that avoids aggressive risk. An Investment Quality Financial Instrument would have more of an income-based objective, with emphasis on the preservation of the principal rather than on the maximization of return.
- **"Local Matching Share"** means eligible contributions valued in the amount of at least \$360,000.
- **"Negotiable Securities"** are coupon or bearer bonds (whether issued by a government, state, municipal, railroad, public utility, or industrial corporation), certificates of indebtedness, notes, warrants, coupons, and stock certificates that by their terms permit transfer of title by delivery or assignment.
- **"New Contribution"** means:
 1. A donor-contributed eligible contribution:
 - That has been specifically designated, in writing, by the donor as a contribution to the organization's endowment program fund; and

- Received by the CSO not earlier than 5 years prior to the application deadline for which contribution is counted, or
- 2. An organization's dedicated eligible contribution:
- 3. That was dedicated by the local sponsoring organization for the purpose of deposit into the organization's Cultural Endowment Program Fund. For the purposes of receiving additional state matching fund endowments, only those contributions received after the compliance date established for the receipt of the previous endowment share shall be considered.
- **"Priority List"** means the list maintained by the Division that designates the order for distribution of State Matching Shares upon the availability of sufficient monies in the Cultural Endowment Program.
- **"Program Cost"** expenses directly related to carrying out your organization's mission.
- **"Program Fund"** means the Cultural Endowment Program Fund established by sponsoring organizations.
- **"Secretary"** means the Secretary of State.
- **"Sponsoring Organization"** means a cultural organization which:
 1. Is designated as not-for-profit pursuant to Section 501(c)(3) or (4) of the Internal Revenue Code of 1954;
 2. Is described in and allowed to receive contributions pursuant to the provisions of Section 170 of the Internal Revenue Code of 1954;
 3. Is a corporation not-for-profit incorporated pursuant to Chapter 617, Florida Statutes; and
 4. Is directly responsible for conducting, creating, producing, presenting, staging, or sponsoring cultural exhibits, performances, or events. (Note: This provision includes museums owned and operated by political subdivisions of the state except those constituted pursuant to s. 1004.67.)
- **"State Matching Share"** (SMS) means the \$240,000 that is dispersed by the State.
- **"Endowment Agreement"** means the document (Form CA2E039) signed by the Department and the Cultural Sponsoring Organization, and containing the provisions for the management of the local matching share and State Matching Share.
- **"Trusteeship"** means the conditions imposed by the endowment agreement between the Department and a Cultural Sponsoring Organization.

Help

For information about the Cultural Endowment Program, contact:

Hillary Crawford
Cultural Endowment Program Administrator

850.245.6462

Hillary.Crawford@dos.myflorida.com

For general information about the Division of Cultural Affairs and to access grant information and resources, visit our website at: <http://dos.myflorida.com/cultural/grants/>

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