ARTS COUNCIL, INC.

NORTH CAROLINA)
)
FORSYTH COUNTY)

AGREEMENT FOR THE GRANT OF
CITY OF WINSTON-SALEM FUNDS

THIS AGREEMENT, made and entered into as of the 20 day of September, 2010 by and between the City of Winston-Salem, (hereinafter referred to as the City) and **Arts Council, Inc.** (hereinafter referred to as the Grantee), pursuant to and subject to the restrictions and conditions set forth herein;

WITNESSETH:

In consideration of receipt of a grant or appropriation of funds from the City Council of the City of Winston-Salem for the fiscal year **2010-2011**, not to exceed the amount of **$195,000,** plus a capital campaign contribution in the form of a reduction in the Arts Council's annual sublease payments for the A/C Delco Building by **$50,000** a year through the end of the sublease period in March 2019, the Grantee named herein above does hereby agree to abide by the terms of this Agreement.

In consideration of the above, the parties do hereby agree as follows:

(1) The Grantee covenants and agrees to expend the funds which are the subject of this Agreement and perform services in consideration of the receipt of funds in accordance with the work program and/or under the restrictions and conditions as attached to this Agreement and incorporated herein by reference. The Grantee further agrees to expend the City funds in accordance with the Grantee's budget as attached hereto and which is incorporated herein by reference. Funds made available to the Grantee pursuant to this Agreement shall be expended only in accordance with applicable federal, state and local laws.

(2) Termination of this Agreement may occur for reasons described herein or in attachments hereto. The City may execute an extension of this Agreement in its discretion and in accordance with such additional conditions as it may require.

(3) The Grantee agrees that it will supply such records, information or verification relating to expenditures of the funds or the operations of the Grantee as may reasonably be requested by the City. The Grantee agrees that the City shall have access to the records and premises of the Grantee at all reasonable times, and the Grantee agrees to submit such reports as the City shall request pertaining to the funds granted herein or the operation of the Grantee. The Grantee shall

maintain a written accounting and documentation of all of its receipts and disbursements relating to the grant funds which are the subject of this Agreement. The City reserves the right to require a certified audit pertaining to the use of the grant funds, or may perform the audit through the use of its staff.

(4) The Grantee shall furnish to the City a copy of its audit report performed by a certified public accountant as soon as such becomes available to the Grantee.

(5) Funds will be disbursed to the Grantee, in accordance with Exhibit C, by reimbursement to the Grantee for expenses incurred in accordance with the attached budget, unless otherwise specified in the attachments. Further, should the Grantee overspend the attached budget, the City shall have no obligation to reimburse the Grantee for such expenditures.

(6) The City may suspend or terminate the payment of grant funds in whole or in part for any violation of this Agreement. Suspension or termination may be effected for the following reasons as determined by the City, but not limited to these reasons:

(a) Improper use of grant funds;

(b) Failure to comply with the terms and conditions of the Agreement;

(c) Submission to the City of reports which are incorrect or incomplete in any material respect;

(d) Uncontrollable circumstances, rendering the carrying out of this Agreement improper or infeasible.

In addition, the City may suspend or terminate payment of grant funds if the Grantee fails to make satisfactory progress toward meeting the project services which are the subject of this Agreement and the determination of whether satisfactory progress has been made shall be in the sole discretion of the City.

If for any reason the payment of grant funds is suspended or terminated, the Grantee agrees to promptly remit to the City any payments previously received by the Grantee which the City deems to have been paid and received in violation of this Agreement.

(7) Any and all alternatives in the restrictions and conditions upon the grant of the funds herein shall be subject to prior review and written approval by the City.

(8) This Agreement and the grant funds which are the subject of this Agreement are expressly non-assignable without the prior written consent and approval of the City.

Additionally, this agreement or the funds herein may not be continued by a successor to the Grantee herein named or subcontracted without the prior written consent to the City.

(9) Non-expendable property purchased under this Agreement shall remain the property of the Grantee, unless the attached conditions or budget provide that such property shall become the property of the City.

(10) The attached Exhibits are:

(a) The Budget;

(b) The Work Program;

(c) Purposes and/or Restrictions and Conditions;

(d) Report Requirements; and,

(e) Requirements related to the Capital Campaign contribution.

(11) The Arts Council, Inc. desires to give, and the City of Winston-Salem, as a sponsor, agrees to accept the same sponsorship benefits as provided to other capital campaign contributors at the same level, including recognition of sponsorship in all programs, listings, and plaques, and receipt of any tickets or invitations related to the opening events.

These exhibits are incorporated herein by reference and shall have the same force and effect as if set forth herein.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its behalf; and the Grantee has caused the same to be duly executed in its behalf as of the date first above written.

ATTEST **CITY OF WINSTON-SALEM**

Renee L. Phillips (SEAL) BY: _____

Renee L. Phillips, City Secretary Lee Garrity, City Manager

ATTEST **ARTS COUNCIL, INC.**

Hunter Douglas (SEAL) BY: Mike Rhodes

, Secretary , Chairman

Approved MR

APPROVED AS TO FORM AND LEGALITY

Angela Carmon, City Attorney

THIS DOCUMENT HAS BEEN PRE-AUDITED IN ACCORDANCE WITH THE NC LOCAL GOVERNMENT BUDGET AND FISCAL CONTROL ACT

Lisa Saunders, Assistant Chief Financial Officer

JULY 1, 2010

EXHIBIT A: BUDGET

EXPENDITURES	BUDGETED 2010-2011
Please see Attached Budget	

REVENUES	BUDGETED 2010-2011
Please see Attached Budget	

Operating Budget Summary

Expenditures by Program	Budgeted FY 09-10	Projected FY 09-10	Requested FY 10-11
Program Services	3047400	3047400	3,402,500
Fundraising	585000	585000	486,100
Management and General	385000	585000	530,200
Total	**4017400**	**4017400**	**4,418,800**

Expenditures by Category	Budgeted FY 09-10	Projected FY 09-10	Requested FY 10-11
Personnel			
Employee Salaries and Wages	865000	865000	936,000
Employee Benefits	195000	195000	195,000
Subtotal, Personnel	**1060000**	**1060000**	**1,131,000**
Operating Expenses			
Facility Rent and Utilities	270000	270000	201,000
Training and Conference Registration	2500	2500	2,000
Memberships and Dues	2500	2500	6,300
Travel and Transportation	7400	7400	7,400
Grants To Individuals and Organizations	2050000	2050000	2,065,500
Contracted Fundraising Services	0	0	0
Good Purchased for Resale	0	0	0
Other Contracted Services	175000	175000	110,000
Other Operating Expenses	450000	450000	895,600
Subtotal, Operating Expenses	**2,957,400**	**2,957,400**	**3,287,800**
Capital Outlay			
Total	**4017400**	**4017400**	**4,418,800**

Revenues by Category	Budgeted FY 09-10	Projected FY 09-10	Requested FY 10-11
City of Winston-Salem			
General Fund	200000	200000	195,000
Other Funds (CDBG, Occupancy Tax, etc)	0	0	0
Forsyth County	200000	200000	18,800
State of North Carolina	110000	110000	85,000
Federal Government	0	0	0
Admissions/Program Revenue/Sales	600000	600000	350,000
Memberships	0	0	0
Donations	3864000	3864000	3,450,000
Foundation Grants	0	0	0
Interest and Investment Income	26000	26000	20,000
Parent Organization	0	0	0
Other	0	0	300,000
Total	**5000000**	**5000000**	**4,418,800**

JULY 1, 2010

EXHIBIT B: WORK PROGRAM

Please see Attached Activity Information

Performance Information by Activity

Organization Name: The Arts Council of Winston-Salem and Forsyth County

Activity: Fundraising

Goals:

1. Increase Renaissance Society ($1000 and above donors) by 15 percent.
2. Increase # of donors by ten percent.
3. Conduct 20 new workplace campaigns and increase participation in current workplaces by 20 percent.
4. Broaden the base of support by seeking new sources of funding.

Performance Measurements	Actual 08-09	Objective 09-10	Projected 10-11	Objective 10-11
Effectiveness:				
Total $ raised	$3,000,000	$3,250,000	$3,250,000	$3,250,000
# of new workplace campaigns	40	44	48	48
% of total $ contributed by individuals	54	56	58	58
# of $1,000+ individual donors	400	440	475	475
Efficiency:				
volunteer employee coordinator hours	4000	4400	4800	4800
# of volunteer employee coordinators	180	200	220	220
# of volunteer solicitors	100	120	140	140
Volunteer solicitor hours	2000	2400	2800	2800
Workload Indicators:				
# of workplace campaigns	200	220	240	240
# of printed campaign materials distributed	20,000	22,000	24,000	24,000

*Our 2009-10 Annual Campaign kicked off in February; as such our projected amounts are the same as our objective amounts.

FY 08-09 Program Accomplishments:

The Arts Council reached its 2008-09 campaign goal of $3 million and made grants totaling $1.82 million for 09-10, which represents a 17% increase over 2008 grant awards. This increased goal –up from $2.75 million--was adopted in response to the 73 organizations that applied for over $2.1 million in funding in 2008.

FY 09-10 Key Objectives:

The Arts Council's 2010 campaign goal is $3.25 million. In order to meet the needs of our arts community, we must adopt this aggressive goal, which is achievable by increasing the overall contributions by 10%, increasing the number of our Renaissance Society donors by 10%, conducting 44 new workplace campaigns, and receiving the support of the City of Winston-Salem.

Performance Information by Activity

Organization Name: The Arts Council of Winston-Salem and Forsyth County

Activity: Grantmaking

Goals:

1. Continue to provide grantwriting assistance to applicants.
2. Ensure that the grant process is efficient, effective, transparent, cooperative, and predictable.
3. Award grants based on criteria of artistic excellence, organizational management, economic impact, arts education, and social capital and community impact.
4. Monitor and evaluate grantees to ensure that The Arts Council's investments result in reasonable returns to the community.

Performance Measurements	Actual 08-09	Objective 09-10	Projected 10-11	Objective 10-11
Effectiveness:				
# of grants awarded	65	78	80	80
$ of grant awards	$1,659,890	$1,825,000	$1,950,000	$1,950,000
# of new Funded Partner Organizations	5	1	1	1
# of new grant recipients	14	13	14	14
Efficiency:				
# Volunteers serving on grant panels and Application Review Committee	45	40	40	40
# of Volunteer hours	1500*	2000	2000	2000
*Most of the OSG grants awarded in 06-07 were 3 year awards, which greatly reduced the grant processing and review period.				
Workload Indicators:				
# of applications received	83	123	125	125
# of new applicants	10	32	32	32
# of applicants needing grantwriting/business plan assistance	64	26	26	26

FY 08-09 Program Accomplishments:

We increased our total grant awards by almost $257,000, an increase of nearly 17% over 2008 awards. This marks the third year in a row that The Arts Council has been able to increase its giving to the community and widen its circle of Funded Partners and members.

FY 09-10 Key Objectives:

The primary objective is always to award more grant funds, in an efficient, effective process that ensures that funding is given to those outstanding organizations and artists with the greatest community impact. We hope to increase our total awards by at least 10 percent, and to greatly increase project grants to individual artists and smaller arts organizations who provide excellent programming but who may not be eligible for Organizational Support. We will make every effort to raise awareness about our grant programs and encourage applications.

Performance Information by Activity

Organization Name: The Arts Council of Winston-Salem and Forsyth County

Activity: Facilities and Exhibits

Goals:

1. Manage the Arts Council Theatre at the Hanes Community Center, providing office space to cultural organizations and an affordable theatre for rent.
2. Manage the Downtown Center for the Arts (DCFA) , which includes Sawtooth School, Mountcastle Forum and Reynolds Place and Hanesbrands Theatre, in addition to two gallery spaces.
3. Increase number of paid rentals by ten percent.
4. Increase facility attendance by fifteen percent.

Performance Measurements	Actual 08-09	Objective 09-10	Projected 10-11	Objective 10-11
Effectiveness:				
Number of exhibits and rentals at DCFA	0	100	250	Same
Attendance at DCFA events and exhibits	0	15,000	37,500	Same
Attendance at Sawtooth School classes,events	37,960	37,900	40,960	Same
Attendance at Arts Council Theatre	56,120	64,000	77,500	Same
Number of performances at AC Theatre	107	125	125	Same
Efficiency:				
Workload Indicators:				
# of hours required for setup/take down for events and exhibits (avg. 2 people x 3 hours per event)	0	2790	3200	Same
Jobs created at worksite/DCFA	100 construction	75 phased in	--	--

FY 08-09 Program Accomplishments:

During the construction of The Downtown Center, Sawtooth School set up operations at various venues around our community, including The Children's Home and The Enrichment Center. Despite the displacement, they reported sustained enrollments and successful programs. The Little Theatre (now known as Twin City Stage), The Children's Theatre and The North Carolina Black Repertory Theatre moved back into the Hanes Community Center in December of 2008, and have resumed normal operations. The Downtown Center for The Arts is scheduled to open in September 2010, and is approximately 86% complete at this writing.

FY 09-10 Key Objectives:

We are currently planning for operations in the new facility. Up to 24 full time and 50 part time positions are projected to be created once the Sawtooth School and the community meeting spaces—Mountcastle Forum, Reynolds Place, and Hanesbrands Theatre-- in the new building are operational. Key efficiency indicators for the new building are being developed and will be included as part of future applications.

JULY 1, 2010

EXHIBIT C: RESTRICTIONS AND CONDITIONS

1. The Grantee will submit quarterly narrative activity and financial reports to the City as provided for in Exhibit D.

2. Payment to the Grantee will be made quarterly after each financial report is submitted to the City.

3. Funds paid in accordance with this contract are to be used to finance the general operations of the Grantee.

4. City funds shall not be used to pay for private club memberships.

JULY 1, 2010

EXHIBIT D: REPORT REQUIREMENTS

1. The Grantee will submit quarterly financial reports, detailing the expenditures and revenues of its operation to the City.

2. The Grantee will submit a copy of its 2009-2010 Return of Organization Exempt From Income Tax (IRS Form 990).

3. The Grantee will submit an audited financial report concerning all funds expended and received at the end of the fiscal year.

4. The Grantee will submit a narrative report of the activities performed by the grantee in accomplishing its fiscal year 2010-2011 Work Program.

JULY 1, 2010

EXHIBIT E: REQUIREMENTS RELATED TO THE CAPITAL CAMPAIGN CONTRIBUTION

1. The City's contribution to the Arts Council Capital Campaign is represented by a reduction in the Arts Council's payments in its current sublease agreement with the City for the A/C Delco Building to a nominal lease payment of $1 annually through the end of the sublease period on March 2019.

2. The value to the Arts Council, in terms of cost avoidance, is approximately $50,000 a year, or $400,000 by the end of the sublease period. This contribution, which demonstrates local support to the Arts Council's comprehensive campaign, represents a portion of the local match required by the Kresge Foundation grant.

3. The City is to be provided sponsorship benefits, as appropriate given the City's level of contribution, including the following:

    a. Acknowledgement of the City's contribution should be displayed, along with other campaign contributors, in the building, in the public information documents, or other locations, as is appropriate.
    b. The same benefits of sponsorship should be provided to the City as are provided to other sponsors at the same level (such as free or discounted tickets to special opening events.) The Arts Council may substitute event tickets, as it deems appropriate, where scheduling conflicts exists, provided the substitute tickets have a value comparable to the original unused tickets.

CG 9/8/10