



OPERATING SUPPORT GRANT 2023-2025 GUIDELINES

Revised: November 1, 2023

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.

The following are subject to change for all FY24 LRAC grant programs:

- * Amount of funding available for each grant round
- * Acceptable date that your grant project activity can start

Contact LRAC Grant Manager for more information.

Grant Information

Amount: Up to \$8,000 maximum; based on the average previous two years' expenses*
See page 2 for funding tiers (LRAC/MSAB grants excluded from total annual expenses)

Available Funds: \$95,300 (subject to change)

Purpose: To strengthen and stabilize the arts organizations in the LRAC region

For: Arts organizations with annual expenses **less than \$174,000***

**Determined by 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

Instructional Videos for Grant Writing available online after Monday, November 20, 2023

Operating Support Grant *Project Start dates must be after March 19, 2024*

Application Opens: **Monday, November 20, 2023**

Application Deadline: **Thursday, January 4, 2024 at 5:00 pm**

Grant Review: **Tuesday, February 20, 2024 at 6:30 pm**

This activity is made possible by the voters of Minnesota through grants from the Lake Region Arts Council, thanks to a legislative appropriation from the Arts and Cultural Heritage fund and in part through a Minnesota State Legislative general fund appropriation.

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I. GENERAL INFORMATION

The Lake Region Arts Council will provide operating support on a two-year grant cycle to qualifying arts organizations in the nine counties of the region.

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

Funding for this program is provided by a Minnesota State Legislative appropriation and the Legacy Arts and Cultural Heritage fund.

To provide greater long-term stability for arts organizations, the Operating Support Grant is awarded for two consecutive years for a two-year total of funding. Once the first-year contract is signed and approved by the LRAC office, the first grant payment of 50% of the full two-year award will be distributed. The second 50% payment will be distributed after the submitted midterm report is reviewed and approved by the LRAC Board at the January 2025 meeting, and a second-year contract is signed and approved by the LRAC office. Upon submission of the final report at the end of the second year, the organization will be eligible to apply for a new two-year Operating Support grant.

(New this year) Grant activities or spending cannot start before the LRAC grant contract is signed and submitted to the LRAC online grant system.

The Grant Award amount is determined through a tiered system with different funding levels.

The table given below shows the fixed amounts that organizations are eligible to receive.

Your organization’s average two-year annual expenses determines your tier of funding. See the **Funding Eligibility section** for details.

The timeline will be as follows for Fiscal Years 2024 and 2025:

- January 2024 application deadline
- February 2024 Grant Review by the LRAC Board
- December 2024, midterm report due
- January 2025, midterm report review by the LRAC Board
- December 2025, final report due
- January 2026, final report review by the LRAC Board

Arts Organization Annual Expenses Classification	Eligible Fixed Amount for Each Year
\$10,000 or less	\$1,000/year (\$2,000 total per 2-year grant)
\$10,001—\$30,000	\$4,000/year (\$8,000 total per 2-year grant)
\$30,001—\$60,000	\$6,000/year (\$12,000 total per 2-year grant)
\$60,001—\$174,000	\$8,000/year (\$16,000 total per 2-year grant)
Total budgeted for grant round year 1:	\$95,300
Total budgeted for grant round year 2:	\$95,300

LRAC Equal Access Statement:

As a publicly funded program, LRAC’s re-granting of state funds must maintain high standards of fiscal responsibility and be conducted in an open manner without discrimination on the basis of national origin, race, color, creed, religion, disability, gender, status with regard to public assistance, gender preference, marital status or political affiliation.

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 **nonprofit arts organization** with domestic Articles of Incorporation on file with the State of Minnesota which is active and in good standing.
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 nine-county LRAC region during the grant year of the grant project or until approval of the final report. *Note: if an organization leaves 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 one year**. The start date for the organization is the date listed on their MN domestic Articles of Incorporation Certification or IRS Letter of Notification, *whichever 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 total less than \$174,000**.
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 arts organization receiving LRAC Project Grants and/or LRAC Legacy Grants **may apply** for LRAC Operating Support.

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.

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

III. FUNDING ELIGIBILITY (New this year)

1. Applicants may apply for a **minimum of \$1,000, with a maximum of \$8,000**, per year for the two-year grant cycle. The fixed amount of funding will be based on the tiered system of average two-year expenses as presented on page 2.
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 funding tier. The LRAC Annual Report needs to match the annual financial statement provided by the applicant. This report is a two-year look back and the average two-year expenses are automatically calculated on the second page of the form. If the number exceeds \$8,000, then the request will be \$8,000.
3. Annual expenses cannot include grants received from LRAC or the Minnesota State Arts Board during the same 24 months as the fiscal year being used for the application. Your organization's annual expenses are based on either FY19 & FY20 if your fiscal year ends Dec. 31, 2023 or FY20 & FY21 if your fiscal year ended in October, September, or June, 2023.
4. The total amount requested may be allocated between the four funding categories listed below, **adding up to 100%** of the funding request. The allocation categories may be changed for the second year on the midterm report.

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.
Job description for new positions, resumes for existing personnel or contractors are required.
- C. Capital expenditures:** purchase of equipment: water heater, lighting and sound equipment, tables and chairs, etc.
Two quotes for equipment documenting the price points are required.

- D. Building projects:** construction, purchase, and renovation of buildings.
Two quotes for potential construction or renovation are required.

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 midterm 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.
14. **Grant activities or spending that start before the LRAC grant contract is signed and submitted to the LRAC online grant system.**

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

IV. APPLICATION INSTRUCTIONS (New this year)

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 Instructional Videos

If you are a first-time applicant, you are encouraged to watch the LRAC grant writing instructional videos. Check out the LRAC4.org website for access to these videos, helpfully broken up into different topics relevant to the 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**.

All applications will be reviewed for accuracy and completeness by the LRAC staff upon submission, specifically any content or documentation that would impact the eligibility of the application. Any changes or corrections will be identified and communicated with the primary contact person by email through the LRAC online grant system.

The deadline to make any recommended changes to the application will be one week from the notification to the applicant. **Changes other than those suggested by LRAC staff are not allowed and could affect the application's eligibility. The content, accuracy and completeness of an application are solely the responsibility of the applicant.**

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.*

V. REVIEW PROCEDURES (New this year)

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 (see Page 6 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. **A minimum score of 65% must be achieved in order to be consider for funding.**

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 email and 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 Foundant online grant system.

Payment, Midterm & Final Report

Upon submission of the signed grant contract and the request for payment form, **50% of the grant funds (first year's payment) will be mailed to the organization's address of record.**

A midterm report will be due in December 2024 and will be reviewed at the January 2025 LRAC Board Meeting. **The remaining 50% of the grant funds (second year's payment) will be sent to the grantee after the midterm report is reviewed and approved and a second-year contract is signed by the grantee and approved by LRAC.**

The final report will be due in December 2025 and will be reviewed by the LRAC Board at the January 2026 Board Meeting. Upon submission of the final report at the end of the second year, the organization would be eligible to apply for a new two-year Operating Support grant.

VI. 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](https://LRAC4.org/About%20Us/Staff%20and%20Board).

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 Organizational Stability and Commitment to Sound Management.**

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?

VII. GRANT RECIPIENT RESPONSIBILITIES (New this year)

If a grant is received, the grantee must:

A. Sign and submit the yearly LRAC Contract Agreement and the Request for Payment form to the LRAC online grant system. This is due within **45 days** from the grant award date for the first year-contract and **45 days** from the midterm report approval date for the second-year contract. The agreement and form 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 Board before expenditure of grant funds.** These 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.

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 made possible by the voters of Minnesota through grants from the Lake Region Arts Council, thanks to a legislative appropriation from the Arts and Cultural Heritage fund and in part through a Minnesota State Legislative general fund appropriation.”**

B. At the end of the Operating Support Two-Year Grant Cycle (December 15, 2025), 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 term item 4, 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, including **proof of payment of all grant expenses. Acceptable documents include purchase receipts, copies of checks or bank statement line items, credit card statements or detailed organization QuickBooks/ accounting reports.** 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 218-517-9760.

Midterm Report Details

A midterm report will be due in December 2024 and will be reviewed at the January 2025 LRAC Board Meeting. This midterm report will be submitted online and contain similar information to the final report.

The total amount awarded for each year may be allocated between four funding categories: Basic operating support, Administrative support, Capital expenditures, and Building projects, **adding up to 100%** of the funding request. The midterm report may include a request to change the allocation categories for the second year of the grant.

The remaining 50% of the grant funds (second year’s payment) will be sent to the grantee after the midterm report is approved by the LRAC Board at the January 2025 meeting and a second-year contract is signed by the grantee.

VIII. MISUSE OF FUNDS PROCEDURE OVERVIEW

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.

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

*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.*

IX. 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.

X. 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.

XI. 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.

Click on the APPLY link on the LRAC4.org website to create your logon profile and start your grant application.