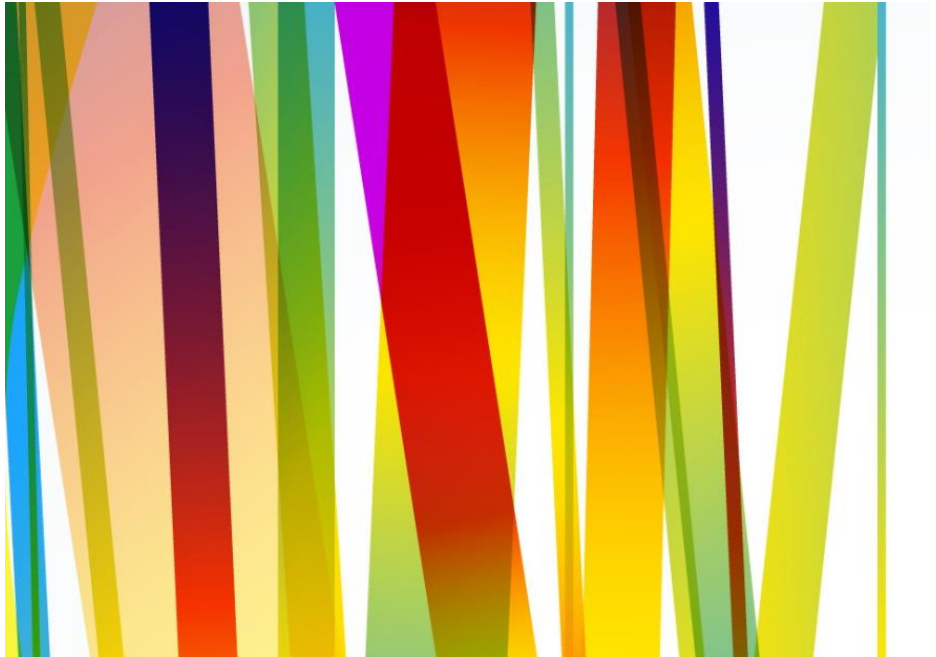


A National Sistema Network in Canada



8/9/2013

PHASE 2: FEASIBILITY STUDY AND STRATEGIC PLAN

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Approved by the National Sistema Steering Committee

Presented to the National Arts Centre Foundation and the
J.W. McConnell Family Foundation

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EXECUTIVE SUMMARY: RECOMMENDATION

With the benefit of rigorous deliberation and broad consultation, the National Sistema Steering Committee (NSSC) has reached consensus to found a national organization – **Sistema Canada**. The NSSC is confident that Sistema Canada is the most effective way to meet the needs validated during the feasibility process and recommends moving to implementation of Sistema Canada now.

Our analysis showed that primary funding sources for Sistema Canada are expected to come from foundations, individual philanthropists and corporate community investment programs. That means charitable status is an essential requirement.

Sistema Canada will be established as a federally incorporated not-for-profit organization through Corporations Canada and it will seek charitable registration from Canada Revenue Agency.

While Corporations Canada's not-for-profit incorporation process takes 5 days, Canada Revenue Agency reviews each application for charitable registration on its own merits and that process can take a few months or two years depending on the situation. Both agencies recommend that when not-for-profit incorporation and charitable status are sought, the applications should be reviewed concurrently to ensure complete compliance for both sets of requirements. While the basic organizational set up is similar, the requirements for charitable status are more stringent as charities become able to issue income tax receipts for donations and are tax exempt.

Further, having two national level organizations who supported this needs assessment and feasibility study with funds and expertise has demonstrated how much can be accomplished with the help of interested and capable partners.

With this knowledge, the NSSC has authorized discussions with the National Arts Centre to explore creating a mutually beneficial operating partnership for a fixed term. It is hoped that such an operating partnership would serve to accelerate start-up for Sistema Canada, achieve delivery of important capacity-building services to local Sistema-inspired Centres more quickly while providing a built-in measure of credibility and access to capabilities in areas like fund development.

Sistema Canada, once incorporated as a legal entity separate from the individuals volunteering on the NSSC, will be able to enter legal contracts and agreements, while limiting personal liabilities.

Should no mutual agreement be struck with the National Arts Centre by December 2013 – and if no other suitable operating partner can be secured – Sistema Canada will independently undertake raising the necessary operating funds, pursue a requisite fiduciary relationship to enable receipt of charitable funds while it awaits its own charitable registration and work to start-up its operations.

Finally, as a national organization, Sistema Canada will endeavor to offer its services and documents in both official languages.

INTRODUCTION: FROM ASSESSING NEEDS TO FEASIBILITY

In the fall of 2012, the J.W. McConnell Family Foundation and NAC Foundation commissioned a study to examine whether there was a need for a national Sistema organization in Canada and, if yes, how that organization could become an effective, relevant part of the emerging Sistema movement in Canada.

At the end of phase 1, *Toward a National Sistema Network: Report on the Needs Assessment Phase of Project Sistema Canada (January 2013)* summarized research regarding the social needs in communities across Canada, the needs of new or emerging Canadian Sistema-inspired Centres – with a focus on assessing which needs are best met locally to ensure local resiliency and which ones can be met through a national organization – and a review of other countries' national Sistema organizations.

The Needs Assessment concluded, and project funders agreed, that a highly focused national network working on behalf of local and regional, established and emerging Sistema-inspired Centres would significantly benefit the growth of this movement in Canada, and by so doing positively affect the lives of children and youth.

The Needs Assessment process made clear: a national entity is only relevant when it is born of the multi-faceted experiences of and needs in local programs and if it helps local programs flourish within their local community context and priorities. Its targeted services would fill crucial gaps in organizational capacity building, professional development/teacher training, youth encounters and performances, research and evaluation as well as raising awareness of the need for and impacts of Sistema programs.

During phase 2 (February to July 2013) we examined how a sustainable, national organization able to galvanize a national movement can be best achieved, and further developed how the identified national role can be brought to life. Our work focused on eight areas that organizations must consider in order to ensure feasibility and sustainability.

Strategy	Focus on:
Mandate	Vision, mission, goals, unique positioning
Organization Mgmt	Type of organization, governance structure and people (board, staff, volunteers, partners)
Financial Mgmt	Sourcing, allocation and management of financial resources
Service Delivery	Services, programs, operations
Communication/Marketing	Identifying and engaging with Centres, stakeholders / funders / public
Technology	Use of technology
Growth	Type and rate of growth of organization, growth of Centres
Risk	Recognizing the unacceptable and mitigating it

The feasibility study design used a participatory research and consultation process that invited every Sistema-inspired Centre in Canada to participate – including several in development – so that the mandate, services and governance options would be thoroughly evaluated through the lens of those Centres that the national organization would serve.

For the feasibility study the NAC Foundation received additional support from the Winnipeg Foundation.

Leadership

This study was led by Geneviève Cimon, Director of Music Education at the National Arts Centre (planning, strategy, management) and Inga Petri, President of Strategic Moves (research, facilitation, strategy) in collaboration with a seven-member National Steering Committee.

National Sistema Steering Committee (NSSC) (Alphabetically)

1. Tanya Derksen (Winnipeg Symphony Orchestra – Sistema Winnipeg)
2. Tina Fedeski (The Leading Note Foundation's OrKidstra program, Ottawa)
3. Ken MacLeod (Sistema New Brunswick)
4. Darlene Nuqingaq (Iqaluit Music Society)
5. Theodora Stathopoulos (Viva Sistema!, QMEA, Montreal)
6. David Visentin (Sistema Toronto)
7. Kathryn Walker (Saint James Music Academy, Vancouver)



THE NATIONAL SISTEMA STEERING COMMITTEE, JULY 6, 2013.
FROM LEFT TO RIGHT: KEN, KATHRYN, THEODORA, GENEVIÈVE,
TANYA, INGA, TINA, DARLENE, DAVID.

Sistema Centre Leaders (Alphabetically)

These leaders participated in consultations on the creation of a national organization:

1. Clark Bryan (El Sistema Aeolian, London, ON)
2. Michèle Chappaz and Fiona Crossling (Partageons L'espoir / Share the Warmth, Montreal, QC)
3. Ashley Dickey (Brio Music, London, ON)
4. José Duque and Rose Lamoureux (International Avenue Arts and Culture Centre, Calgary, AB)
5. Trevor Falk (Sistema Bruce-Grey, Owen Sound, ON)
6. Cinna Faveri (Esperanza Music Project, Mississauga, ON)
7. Kari Kokko (Community Music School of Waterloo Region, ON)
8. Jacqui Muir and Boris Brott (Brott Music Festival, Hamilton, ON)
9. Alyssa Patterson (Edmonton Symphony Orchestra, Edmonton, AB)
10. Jill Reid (Saskatoon Symphony Orchestra – North Battleford, SK)
11. Stephen Wolsley (Sistema South London, London, ON)
12. Graham Yates (Bakerview Music Academy, Abbotsford, BC)

Experts and Stakeholders (Alphabetically)

We thank these individuals for their expertise and perspectives during the feasibility study:

1. Eric Booth (Sistema USA)
2. Julie Byczynski (Associate Director, Major Gifts, National Arts Centre Foundation)
3. Katherine Carleton (Orchestras Canada)
4. Kevin Chin (Knowledge and Evaluation Officer, J.W. McConnell Family Foundation)
5. Christopher Deacon (Managing Director, National Arts Centre Orchestra)
6. Jonathan Govias (Abreu Fellow, Symphony Nova Scotia)
7. Richard Hallam (In Harmony Sistema England, ISME Sistema SIG)
8. Brian Levine (Glenn Gould Foundation)
9. Judith Marcuse (International Centre of Art for Social Change)

Legacy of the Process so far

In addition to concluding the needs assessment and feasibility study with a recommendation to proceed with the implementation of the national organization, described in the next section, several tangible results have been achieved over the last year:

- Members of the NSSC have:
 - Forged close, collaborative relationships aided by teleconference, email exchange and face-to-face meetings.
 - Experienced first-hand the power of participatory research and its value as a methodology for community-engaged work.
 - Gained a much deeper appreciation of organizational models and their implications.
- Not only has the feasibility study concluded positively, but it has yielded a comprehensive organizational blueprint and strategic plan ready for implementation.
- Collectively, we have expanded our knowledge of the diversity of Canadian Sistema-inspired programs and established a baseline at the end of 2012.
 - Every Sistema-inspired Centre we have found has been invited to participate in this process at key decision points.
 - Connections between Centres across the country are growing stronger.
- A repository for relevant literature has been created and will form part of the Sistema Canada website upon launch.
- We have begun the crucial process of building trust through concerted action, sharing and listening respectfully and working toward common objectives.
- We have begun to forge a single, cohesive voice for the Sistema movement in Canada through consensus building.

MAKING OUR CASE

The emerging Sistema movement is becoming a significant, cost-effective part of the solution to eliminating Canada's social deficit.

1. The Need in Canada

Child poverty is on the rise again in Canada: up to 1.1 million Canadians under 18 years of age lived in poverty in 2011. About 1 in 7 children in Canada are affected.¹

- Some populations are disproportionately affected such as children, Aboriginal peoples, single parents, new Canadians and people with disabilities.²
- Canada ranks 24th among the OECD's 35 member states in child and family poverty, despite being among the 12 richest countries on earth.
- There is no national strategy for poverty reduction in place, but provinces and territories have begun to develop and implement their own strategies within the last 5 years.

Cost of poverty is high.

- In Ontario alone the effects of poverty are estimated to cost between \$10.4 billion and \$13.1 billion each year due to factors like increased health care costs, increased social transfers, lost productivity and lost taxes. That represents 10.8% to 16.6% of the provincial budget.² On this basis, we estimate a total cost of poverty in Canada of \$33 billion to \$52 billion each year.
- Canada could save \$7.6 billion per year on health expenditures by moving people from the lowest income bracket (bottom 20%) to the second lowest income bracket.²

Poverty is the single largest determinant for health according to the World Health Organization.

- Those experiencing "poverty, especially persistently, are at higher risk of suffering health problems, developmental delays, and behaviour disorders. They tend to attain lower levels of education and are more likely to live in poverty as adults."¹
- The Canadian Medical Association found that only 40% of Canadians earning under \$30,000 reported good or excellent health, while 70% of those earning over \$60,000 do. As a result the CMA has recommended to government to eliminate poverty in order to support health and well-being among all Canadians.³

Social interventions work to reduce criminal activities.

- Canada spends about \$18 billion on policing, prisons and criminal courts.



PARTICIPANT IN SISTEMA
NEW BRUNSWICK

¹ Data from September 2011. The Conference Board of Canada uses the OECD's relative measure of child poverty, which calculates the proportion of children living in households where disposable income is less than 50% of the median in each country. <http://www.conferenceboard.ca/hcp/details/society/child-poverty.aspx>

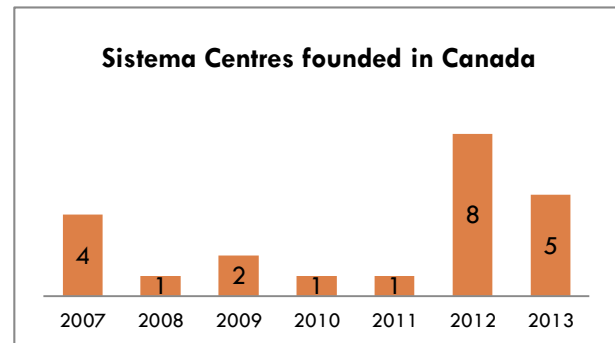
² The Cost of Poverty: An Analysis of The Economic Cost of Poverty in Ontario, Ontario Association of Foodbanks, 2008

³ Health Care in Canada: What Make us Sick, Canadian Medical Association, July 2013

- Several social interventions have been shown to reduce crime due to poverty and social issues dramatically, such as helping a poor parent with a difficult child reduces child abuse by 70%; establishing outreach projects for youth who have abandoned school and are engaged in anti-social behavior in disadvantaged areas reduce their re-arrests by 60%, funding focused services for aboriginal youth are expected to reduce aboriginal violence – some suggest by 50% or more.⁴

2. The Need for Sistema Canada

From its strong roots in Venezuela dating to the 1970s, *el Sistema* has become an international movement with programs in more than 60 countries. Hundreds of new programs have emerged in the developed world since 2007. Taking their inspiration from the compelling Venezuelan experience, 22 Canadian Centres are now operating with nearly half of them in their first year⁵. At least five new Centres are slated to open in 2013 and several existing Centres are planning to expand either by establishing new program sites in new communities, increasing the number of program hours or increasing the number of participants within the next 12 to 24 months.



The number of children served in 2012 was about 1,700 nationally. Our research suggests this could rise to about 2,500 by the end of 2013. Through our baseline survey of 12 Sistema-inspired programs in the fall of 2012, we learned that the number of volunteers is almost double the number of paid staff (mostly part time teachers). Some programs have no paid staff at all relying on volunteers for all administrative, teaching and other program functions.

The demand for access to programs is higher than can be accommodated within current capacities. And, while more established Centres have secured adequate resources to sustain and grow their programs, start-ups face significant challenges that delay the launch of their programs and/or jeopardize operations beyond the first year.

In large part, new Sistema-inspired Centres are struggling to achieve viability because *Sistema* is a recent idea in Canada, so that leadership, know-how, skills and resources (both human and financial) are only at an early development stage.

While no Sistema Centre has failed to-date, we estimate that about half of the current/emerging Sistema-inspired Centres are at risk – especially in their first 3 years – due to a range of factors:

- lack of specific expertise and capacities (ranging from a lack of qualified teachers to needing to learn how to manage strategic planning and fund development in a charitable context)
- lack of a network that brings together experts and peers to advance Centres' own capabilities
- limited access to start-up funding
- lack of significant national performance opportunities for Sistema programs to help raise awareness.

⁴ "Prevention, Not More Jails, Needed to Solve Prison Crowding in Canada", Gazette, University of Ottawa, <http://www.gazette.uottawa.ca/en/2012/10/prevention-not-more-jails-needed-to-solve-prison-crowding-in-canada/>

⁵ In some cases, an existing music program has moved toward *Sistema* after it became better known in Canada starting in 2007.

Sistema Canada is the requisite catalyst for sustainable growth of Sistema-inspired Centres across Canada that brings together like-minded people and organizations to create a powerful connectivity:

- Organizational capacity building, leadership development, youth exchanges and unlocking national-level sources of seed-funding for local programs fill the most urgent needs identified by Sistema-inspired Centres during the start-up phase and first 3 years of existence.
- Sistema-inspired Centres confirm that knowledge exchange, access to expertise, and sharing information and know-how through a network of Sistema-inspired Centres are important to success; with Sistema Canada these activities become scalable while current mentoring activities undertaken by leaders of existing programs are generally not. As demand from emerging Centres for information and expertise increases, it is expected that this informal mentoring could only accommodate a fraction of requests effectively.
- Communicating the need for and impact of Sistema on the national level is important to help create local funding opportunities for Sistema-inspired Centres. Proof of the effectiveness of Sistema has to be gathered nationally to enable country-wide benchmarking through research and evaluation.

At this moment, we are seeing a grassroots movement driven by passion and enthusiasm gaining momentum. Establishing Sistema Canada means amplifying the energies of individuals and organizations at work on the ground so that the sum will be greater than its parts.

Furthermore, even as the number of Sistema-inspired Centres in Canada grows, most provinces/territories are not expected to achieve a large enough number of different Centres in the foreseeable future to secure effective provincial-level organization. As such this movement will benefit in the mid-term most from a combination of locally-driven Centres and a national-level organization that provides certain strategic services to these local Centres. Should provincial organizations emerge, we will endeavor to avoid duplication of services through collaboration and information sharing.



SAINT JAMES MUSIC ACADEMY IN VANCOUVER'S DOWNTOWN EASTSIDE

Importantly, every Sistema-inspired Centre has been consulted and the consensus is clear:

Sistema Canada is poised to have significant impact on the development and sustainable growth of Sistema-inspired Centres and consequently will inspire more children and youth to achieve their full potential through the transformative power of music.

3. How Sistema-inspired Centres Make a Difference

Our research on Canadian Sistema-inspired programs has confirmed that they are at the forefront of using music as an agent of social change and, in so doing, are addressing issues of poverty and the resulting lack of social, educational and economic opportunity. They invariably are focused on fostering social development and citizenship through music. Each Centre's participants tend to be part of immigrant, francophone, aboriginal, low-income, disadvantaged or at-risk populations.

By leveraging the proven social, health and education benefits of learning music in groups and by providing a supportive environment where multi-faceted physical, practical and emotional needs of participants are met, an effective framework for concerted social development has begun to evolve in Canadian Sistema-inspired Centres.

This approach is unique and complementary to other child and youth service organizations' activities. Our research shows that Sistema-inspired Centres have sprung up either as part of long-standing community-based organizations, as independent organizations serving specific communities, or as organizations that have changed their program design to adopt a Sistema philosophy.

Sistema programs are a proven way to build the skills, confidence and self-esteem needed for educational achievement and for helping young people realize their own potential as citizens ready to take on challenges for the betterment of their own lives and the circumstances in their communities.

Sistema programs are designed to engage children as young as 5 and 6 years old and throughout their growing up years through an immersion-based study of orchestral and ensemble-based music. Given the recent emergence of Canadian Sistema-inspired Centres, it is not surprising that 80% of participants in 2012 were pre-teens. This percentage is expected to increasingly include older youth as retention is expected to be high based on early indicators, awareness of Sistema increases and the Centres' programs mature over the next ten years.

Sistema-inspired Centres are located where the need is greatest: in some of Canada's most disadvantaged and poorest communities and neighbourhoods from Vancouver's Downtown Eastside to Winnipeg's inner city neighbourhoods to Parkdale and Jane/Finch area in Toronto and Montreal's Pointe St Charles and downtown area. Rural and Aboriginal communities in Iqaluit, Winnipeg, Montreal and New Brunswick are embracing Sistema-inspired social development through music programs. Centres are located in seven provinces and one territory, with the majority clustered in Ontario.



NUNAVUT SIVUNIKSAVUT SINGERS AND INUIT DRUM DANCERS PERFORMING FOR THE IQALUIT FIDDLE CLUB AND THE LEADING NOTE FOUNDATION'S ORKIDSTRA DURING A VIDEO CONFERENCE SPONSORED BY THE NATIONAL ARTS CENTRE

Sistema-inspired Centres are part of the community in which they operate and they contribute to that community through fostering critical capacities and capabilities with participants and their families.

THE KEYS TO FEASIBILITY

The NSSC considered the question of sustainability in three broad dimensions:

- **Relevance:** Focus on local Centres' needs especially during development and start-up to 3 years
- **People:** Energized and committed leaders willing to take on the work of galvanizing the Sistema movement in Canada
- **Finance:** A financial model with diverse sources of funding - and expenditures for services that demonstrate direct impact on the lives of children and youth across the country

Underlying the feasibility study is the notion that an organization that is consistently effective features:

- A clear sense of mission, goals and core activities
- Endorsement by and involvement of those organizations it aims to serve
- Committed volunteers
- Strong governance systems
- Capable management
- Prudent financial planning
- Clear evaluation measures and success benchmarks
- Flexibility and agility to learn and respond to evolving needs

Sistema Canada's Mandate

The NSSC reached consensus on the mandate for Sistema Canada. These elements were tested and refined with feedback from extensive consultations with local Sistema leaders in June and July 2013.

Who We Are

Sistema Canada is a network of affiliated programs that share a common purpose and are guided by common values.

Our Vision/Purpose

Our vision is to inspire children and youth to achieve their full potential through the transformative power of music.

Our Mission/Goal

Our mission is to catalyze growth and foster long-term sustainability of Sistema-inspired programs in Canada.

Our Eight Common Values

Each Centre is guided in its approach and program design by these *Eight Values*:

Social Development is the goal. Music is the way to achieve that goal.

Community-based – Communities are at the heart of each local program whether it is housed within a community or a school facility. To achieve the desired outcomes, programs build partnerships starting with families and community resource people that enable participant recruitment and support and extending to

other organizations including schools and post-secondary institutions. These partners influence program design, implementation and evaluation. Each program designs and develops its repertoire and curriculum to best meet the needs of youth in their local community.

Access – Sistema-inspired Centres break down barriers of all kinds from socio-economic barriers to language and cultural barriers.

Ensemble – Ensemble-based instruction is at the heart of cultivating the socio-behavioural benefits of concentration, discipline, mutual respect and collaboration. The instructional modes can range from classical orchestral music to choral to other ensemble-based styles, cultural genres or traditions.

Immersion – High frequency and/or intensity. Programs are designed to foster multi-year commitment and participation.

Mentorship – Participants mentor each other and share their knowledge.

Achievement – Striving for musical excellence, each according to their own capacity, unites the participants around a common goal. Performance gives purpose and direction to this effort and lets the community acknowledge participants' achievements.

Collaboration – Sistema-inspired Centres collaborate to combine their skills and efforts to bring high quality, long-term programs to every community that wants it.

These Eight Values of Sistema in Canada will be used to ensure a level of cohesion that defines Sistema programs in Canada in the short to medium term at least; as Sistema philosophy evolves so can these values.



OTTAWA'S ORKIDSTRA IN CONCERT

Sistema Canada will have achieved its mandate when every child in Canada can realize its full potential and poverty, which is a crucial barrier to achieving health and well-being, is eradicated.

Sistema Canada's Objectives

- Foster collaboration among Centres at all stages of development.
- Foster knowledge exchange and specialized training for teachers, administrators and volunteers.
- Encourage the development of Sistema-inspired programs in Canada by creating access to national-level funding, information sharing, advice and capacity building.
- Support research and evaluation activities and maintain public awareness of the need for and impact of programs.
- Celebrate and support the diversity of Canada through the variety of musical genres taught.
- Act as a national contact for Canadian and international partners, stakeholders and organizations.

Sistema Canada's Activities

Bringing the mandate and objectives to life, the NSSC vetted, refined and reached consensus on Sistema Canada activities and services to local Centres. These services were tested with and refined further by local Sistema-inspired Centre leaders and found to respond well to urgent and ongoing needs.

Sistema Canada's activities and services are clustered in the following five areas:

START-UP LAB

- Catalyst: Act as facilitator for programs in development and start-ups by sharing tools for professional development, including teacher training and organizational development.
 - Mentorship: to provide access to a group of experts and mentors (e.g. legal, accounting, program design, strategic planning, training, community engagement methodology)
 - Partnership: Develop a national strategy for core needs of local Centres (e.g. instruments).
- Seed funds: Help new Centres and Centres expanding their programs through seed grants and by creating access to national-level funding sources.

LEADERSHIP DEVELOPMENT

- Leadership Conference: Organize an annual national Leadership Development conference and performance bringing together administrators, teachers, volunteers and young people.
- Knowledge Exchange: Build and maintain an interactive, online Knowledge Exchange Portal including a repository of information, FAQs and open discussion board.
 - Develop a series of topical webinars to build professional and organizational capacity.
 - Enable online conferencing capabilities at program sites across Canada to encourage networking, knowledge sharing, peer training and collaborative teaching.

YOUTH DEVELOPMENT

- Youth-led events or exchanges for peer mentoring and development of community leadership
 - Convene national and international performance opportunities for young people.
 - Catalyst for regional and national performance opportunities for young people.

THINK TANK

- **Research and Evaluation:** Collect statistics on Canadian programs and undertake meta-studies of program evaluations (in Canada and the world) to learn what drives program success in the long-term and create adaptive models for Sistema.
 - Develop and update program evaluation tools and create common tools for measurement.
 - Publish findings in the online Knowledge Exchange Portal.
 - Stimulate discussion and exchange at the annual national Leadership Development conference.

CONNECTING THE SISTEMA MOVEMENT

- First point of contact for Sistema organizations in Canada, the Sistema movement internationally as well as a recognized contact point with other “arts for social change” organizations and stakeholders.
- Maintain communications and encourage collaborations with the Fundación Musical Simón Bolívar (Fundamusal) in Venezuela.
- Develop an online campaign to raise awareness of the need for and impact of programs.

Two areas of services continue to be discussed in terms of process and logistics among the NSSC and local Centres: 1) national level funding and 2) the use of online or advanced video conferencing technologies. The following presents the NSSC's current position:



VIVA SISTEMA! PARTICIPANTS IN POINTE ST CHARLES, MONTREAL

Fund development and distribution of funds

Through consultations with local Centres we have affirmed that local fundraising and grant proposal writing are always going to be the responsibility of local Centres, so that they build sustainability and resiliency into the structural design and decision-making of their community-based organizations. However, there is a desire to enable Sistema Canada to unlock new avenues of funding on the national level specifically for Centres in the start-up phase or those ready to expand their programs.

One consistent area of concern was the decision-making process that would be used to allocate national-level funding to local Centres. Sistema-inspired Centre leaders were eager to explore a mechanism that would mitigate potential distrust or alienation and foster transparency and collaboration among Centres. Sistema Canada would neither want to encourage factions of “in-group/out-group” nor the lobbying for funds nor putting itself at great financial risk.

It has been recommended that two ways of securing funds may be most desirable:

1. Sistema Canada facilitates a joint proposal on behalf of a consortium of programs whereby requirements and budget allocations are defined upfront and, if successful, funds are distributed as agreed.

2. Maintain an inventory of needs within Centres and pursue funding to match those needs from national level sources. Funds obtained in this way would be made available to eligible Centres through an application process. Applications would be vetted by an allocation committee using specific, pre-established criteria.

In both cases, funds would only be available to Sistema-inspired Centres with charitable status or those who have secured a fiduciary (this means local Centres are considered “qualified donees” for charitable funds by Canada Revenue Agency). And in both cases, the trend among national funders towards wanting similar programs to apply for funds on a single application would be satisfied as well.

Communications and Networking Technologies

Permanent customized video conferencing capabilities were proposed as a way to connect Centres across Canada, encourage training and networking. While the aims were considered important, the specific method was felt to be unnecessarily expensive. With the rapid advances in online communications technologies and the widening availability of 4G networks, Centres are satisfied for now with using Skype and other mostly free means of online communication for networking, training and teaching.

In general, Sistema leaders want a Sistema Canada website and other communications that are in keeping with the grassroots movement and at the same time are an appropriate reflection of the professionalism of its leaders and teachers. They welcomed the idea of robust web content from webinars to discussion boards to many kinds of customized information for Centres at various stages of development.



SISTEMA NEW BRUNSWICK IN CONCERT

Analysis of Funding Avenues

Sistema-inspired Centres have indicated that while they have significant needs and look forward to benefitting from Sistema Canada's targeted services, they have no budget to pay for Sistema Canada's operations or services themselves. This is particularly apparent for programs in development or in their first year of operation; a time usually marked by too few resources to pay for essential program expenses. As a result, programs tend to serve a smaller number of children despite the great need and demand in their community. Local Centres believe their locally raised funds must be channeled into the local community.

That means funding for Sistema Canada's activities has to come from other public and private sources such as foundations, corporate partners, interested individual donors or governments so as not to compete for local funding sources.

Government

Our analysis showed that there are no federal government programs in place to fund Sistema Canada.

The areas of social development, poverty reduction, health and education are provincial / territorial responsibilities; by and large the federal government simply transfers funds to provincial / territorial governments for those areas. There exist rare examples of specific programs receiving substantial federal funding; most recently Pathways to Education received over \$6 million in federal funds to expand its program to several sites outside of Ontario.

It is encouraging to note that Policy Horizons Canada, a federal government policy think tank, has completed a study on *Well-being* based on the idea that "economic output is better understood as a means to an end and that end is 'well-being' – why the current well-being movement has relevance to Canada's future."⁶ It is conceivable that federal funds could eventually be secured from federal departments like Health Canada (e.g. under its Innovation Strategy) or the newly named Ministry of Employment and Social Development which previously has run pilots for Child and Social Development Projects. Similarly, there is a case for funding that can be made from Justice Canada or Corrections Canada, even though no matching funding programs exist at present. Aboriginal Affairs and Northern Development may be a funding option for Aboriginal organizations; we do not expect to secure operating funds for Sistema Canada in general through this department.

There is project funding for specific activities, like Canadian Heritage's Youth Exchanges program administered by the YMCA or job creation and career programs that can cover some costs of hiring staff.

Furthermore, some provincial funds may be accessible to a national organization that is not accessible to local Centres; those funds usually have to be spent for the benefit of the province. Pursuit of these funding sources would have to be vetted with local Centres to ensure no undue conflicts arise.

In general, government can fund any type of organization ranging from for-profit business to not-for-profit corporations to charitable organizations as long as specific eligibility criteria are met.

⁶ Redefining Progress: The Well-being Objective, Policy Horizons Canada <http://www.horizons.gc.ca/eng/content/well-being>

Foundations

Local Centres receive grants from their local Community Foundation (there are about 180) and other locally focused foundations today. Some also receive funds from their local United Way. These well-known funders exist to serve the local charitable sector. While both movements have a national membership organization, they do not provide funding to local members or other national organizations.

Nationally, a number of foundations exist with mandates related to social inclusion, social innovation, leadership, community development, youth and education that Sistema Canada can work with to secure funding for its activities. A preliminary review yielded several foundations that fit the Sistema Canada mandate well, starting with the J.W. McConnell Family Foundation and extending to the McLean Foundation, the Metcalfe Foundation and the Laidlaw Foundation (restricted to Southern Ontario's Golden Horseshoe area at the western side of Lake Ontario covering about 70% of Ontario's population, where the largest cluster of Sistema-inspired programs operate today).

The Canadian tax system restricts foundations to operate within their own charitable mandates. This means that they can only provide grants or donations to qualified donees⁷ which typically means another charity.

Foundations can enter contracts for services with another organization of any type or they can run programs within their own foundation if they so choose.

Corporate Giving

Funding from the corporate sector will form another potential source of revenue for Sistema Canada. Rather than locally or regionally based business, Sistema Canada's likely corporate partners will be those with national scope and interests with established corporate social responsibility policies. By examining the community investment priorities or giving pillars, one can narrow a prospect pool down to a short-list of companies who have an interest in supporting youth at-risk, education and community betterment. Support from a national corporation could come in the form of traditional sponsorship (money in exchange for a range of benefits such as corporate visibility or corporate hosting) or philanthropic (through a corporate foundation or corporate giving program). Given that opportunities for traditional sponsorship benefits are limited, Sistema Canada is likely to find that corporate philanthropy is the more successful route. However, opportunities for corporate exposure could be creatively developed such as through a national conference or concert, but it should also be noted that servicing costs for sponsorship are usually higher than those for philanthropic support.

Targeted approaches to companies whose funding criteria are met will yield the best results, particularly when combined with established rapport (such as peer to peer approaches where a board member has a connection to a decision maker or where pre-existing funding relationships exist). Financial institutions (such as banks and insurance companies) often have a community-based giving focus since the nature of their business is community based, as do telecommunications and energy companies.

⁷ Under the Income Tax Act, qualified donees are organizations that can issue official donation receipts for gifts they receive from individuals and corporations. Registered charities can also make gifts to them. Qualified donees are as follows: a registered charity (including a registered national arts service organization); a registered Canadian amateur athletic association; a listed housing corporation resident in Canada constituted exclusively to provide low-cost housing for the aged; a listed Canadian municipality; a listed municipal or public body performing a function of government in Canada; a listed university outside Canada that is prescribed to be a university, the student body of which ordinarily includes students from Canada; a listed charitable organization outside Canada to which Her Majesty in right of Canada has made a gift; Her Majesty in right of Canada or a province; and the United Nations and its agencies.

Individual donors/philanthropists

There are individuals who make large charitable donations. Obtaining such a donation tends to require strong connections in the philanthropic community and considerable cultivation and stewardship. Typically charitable tax receipts are expected.

While there are a multitude of fundraising activities that can be undertaken, most effective for Sistema Canada would be the pursuit of major gifts from philanthropists interested in supporting work at the intersection of creating opportunity for youth, education and the arts.

In summary, key sources of funding available today are foundations, corporations and individual donors.

Sistema Canada's Framework

Establishing a National Not-for-profit, Charitable Organization

This funding analysis shows that the financial pre-requisite for Sistema Canada is that it must be able to receive charitable funds and accordingly, must adopt the organizational structure of a charity.

Obtaining charitable status is largely a financial management decision:

- Enables direct access to all types of private, public and foundation funding
- Tax advantage for donations
- Tax-exempt status

To obtain charitable status an organization must have a charitable purpose (relief of poverty, advancement of education, advancement of religion or certain other causes defined by the courts (libraries, volunteer fire departments). A registered charity can only use its funds and resources in two ways: 1) It can carry on its own charitable activities; 2) It can make gifts to other organizations that are qualified donees. Charities are subject to certain limits on activities (in particular any political activity) and benchmarks (e.g. cost of professional fundraisers; ratio spent on charitable activities)

While the mandate and services outlined for Sistema Canada meet charitable requirements, Canada Revenue Agency examines each application on its own merits and makes no commitment on how long reviews take. Basically, it can take 3 to 18 months to receive charitable status.

The NSSC expects that ultimately Sistema Canada will achieve its independent charity status, and be able to carry out its mandate and charitable activities independently.

In order to establish Sistema Canada immediately, it will be federally incorporated as a not-for-profit organization with Corporations Canada; there is a service commitment of a 5-day turnaround for applications. This step establishes Sistema Canada as a legal entity onto itself, capable of entering contracts and agreements, without implicating NSSC members personally or implicating any of the local Centres with any legal responsibility.

The not-for-profit incorporation will be structured so that it qualifies it to also obtain charitable status. In essence, the governance elements for a not-for-profit are the same as for charities, but they have lower minimum requirements and no imposed limits on activities. In its incorporation papers, the not-for-profit

organization must specify its mandate and range of activities; it will be ensured that they are limited to the charitable ones we have defined above.

Importantly, not-for-profit corporations are not qualified donees for foundations and they cannot issue charitable tax receipts. Therefore, a solution must be established to enable the flow of foundation funds to finance the services of Sistema Canada.

Pursuing a Full Operating Partnership

There is a great deal of momentum that has built over the past year as a result of this process; there is great desire to galvanize the emerging movement and harness its power toward the greatest good. The NSSC is keen on speeding up start-up of Sistema Canada and its service to Sistema-inspired Centres.

To this end, the NSSC decided to consider the partnership potential of national organizations that are active in the music field, embrace a social mandate and may be capable of adding value to the partnership. Preliminary exploratory conversations were undertaken with the Royal Conservatory of Music, Glenn Gould Foundation, Orchestras Canada and the National Arts Centre. While all four organizations are enthusiastic about the Canadian Sistema movement, and are keen to see Sistema-inspired programs succeed in communities across Canada and are prepared to participate in that success, it became clear that among these four only the National Arts Centre would potentially be a viable option.

The Royal Conservatory of Music confirmed that it was not in a position to take on a role as an operating partner for a period of time, as it did not match its strategic plan. Orchestras Canada and the Glenn Gould Foundation both operate on relatively small budgets. Neither would be able to offer office space. The Glenn Gould Foundation felt it could consider assisting in fund development while Orchestras Canada does not have that capability. From a mandate perspective alignments with these organizations would likely be sufficient, even though Sistema Canada would likely shift these organizations' focus for a time.

The National Arts Centres stands out as a potential partner because of its national mandate and proven leadership role in the performing arts, its long-standing commitment to music education, its record of working as a partner with other organizations, its long time interest in Sistema, its strong fund development skills through the NAC Foundation, its positive relationship with the J.W. McConnell Family Foundation and finally the trust the NAC has developed with the NSSC members throughout the needs assessment and feasibility process.

As such, the NSSC has authorized the exploration of a potential operating partnership with the National Arts Centre.

The proposed concept for an operating partnership is that the National Arts Centre and Sistema Canada enter into a contract in order to deliver the specified services to Sistema-inspired Centres and the movement at large across Canada. As an operating partner, the NAC would need to understand and support the locally-based ownership of this grassroots movement even as it generously shares the benefits of its own national scope.

Due to its own charitable status, the NAC/NAC Foundation would be a key enabler to solicit and/or receive funding from foundations, corporations and individuals in order to launch Sistema Canada's activities.

The partnership could include a variety of added value, from spearheading or assisting in the fund development campaign to providing office space and infrastructure as an in-kind contribution.

The NSSC believes that the right operating partner could benefit in a number of ways from this approach, such as leveraging strategic opportunities in social development, community development, nation building that may lie within the scope of the partner's own mandate; forging valuable, new relationships in the philanthropic community outside of the arts and culture arena; strengthening their own community-engaged profile through their work with Sistema Canada.

Pending the outcomes of conversations with the National Arts Centre, two alternative potential partners may be approached: the Banff Centre, as another broadly based institution in the general arts and culture arena that has a national profile, and the recently created Canadian Network for Arts and Learning. The latter was recommended for consideration by the Royal Conservatory of Music in case a fiduciary relationship might be required should a full operating partnership not come to fruition.

Alternative Models Evaluated and Dismissed

Being a program within an existing organization

The NSSC felt that literally embedding Sistema Canada's activities, without creating any separate legally valid organization, within an existing national organization would have some advantages. However, it was feared that it would be difficult over time to maintain the identity, profile and unique singular focus of Sistema within a larger entity that had its own unique mission and mandate.

Greatest appeal lay in the implied strong support from a national organization and benefiting from all of its systems, procedures and governance structures. On that other hand, this would expose the Sistema program to the national organizations' budget pressures and unforeseen budget cuts resulting in internal competition for funds. Further, no-one on the NSSC is prepared to give up the independence of Sistema Canada; or risk that this program would become disconnected from the grassroots movement.

A range of accountability measures were discussed to mitigate those risks and found to be so high that this option was no longer considered feasible.

The assessment also concluded that this framework would rely on people and organizations outside the Sistema movement to provide critical national services. In light of the U.S. experience where a succession of attempts at this type of arrangement failed (first as part of a university, then as part of the LA Philharmonic, then as part of the New England Conservatory⁸), the NSSC has no confidence that we would achieve a different result. In light of this, the length of time needed to try and negotiate such an arrangement was a significant concern due to the delays in starting up it could easily create.

Eric Booth who has been at the forefront of the U.S. experience said he was "deeply impressed with how many things you [Sistema Canada] got right and the ways in which you seem to have learned from the mistakes of others and really have made provisional decision after provisional decision that seems so right." Furthermore, in Eric's view it is the distinctiveness of Sistema that is requisite to being able to attract sustainable funding.

⁸ Since November 2011, the U.S. movement has been working on creating an independent national Sistema organization, called the National Alliance of El Sistema Inspired Programs. It is now undergoing its strategic planning process to define services and build relevant programs.

Judith Marcuse also recommended against this version of an incubating option: “Partnering is hard, takes lots of time as the financial relationship is the responsibility of the fiduciary legally and they have to know what’s going on and control it according to Canada Revenue Agency. This takes resources for management of the relationship and you could expend those energies more efficiently on setting up your own charitable organization right away.”

Forging Collaborative Partnership of Sistema-inspired Centres

One of the best examples of collaborative partnerships may be found with the Culture Days movement. For instance for Culture Days Ontario, one arts organization acts as the fiduciary, responsible and liable for sound financial management, another provides staff and an office, a third takes charge of fund development. At its heart, however, lie the 60+ members of the Ontario Taskforce who provide guidance and direction to staff, harness their own organizations’ energies and resources to support Culture Days and act as champions and ambassadors in their spheres of influence.

Given the newness of most Sistema programs and their own struggles to build a sustainable local organization, this model, while appealing in its lack of superstructure, was not considered workable due to the high risks and real costs it places on the few collaborative partners who would shoulder the majority of the burden of additional work and responsibility.

Shared Platform for Financial Management and Administration

Shared platforms have become a hot topic in the not-for-profit and charitable sector. Tides Canada is one of the first shared administrative and financial management platforms in Canada. Tides Canada works with grassroots organizations whose mission relate to social inclusion, civic engagement, leadership and the environment. Tides Canada takes care of administrative functions such as financial management, accounting, risk management, governance, human resources and insurance.

Once approved, a Tides Canada project is carried out within the charitable purposes and responsibilities of Tides Canada. By using Tides Canada’s charitable registration, a project can receive charitable donations and issue tax receipts. The requisite financial accountability process includes that each project establishes a steering committee, overseen by the Tides Canada’s management team and ultimately, Tides’ board of directors. As a result project staff still has to spend considerable time on administration and reporting to satisfy the requirements. Furthermore, all fundraising, fund development and grant writing is undertaken by the project; Tides does not do this work for its members. Nor does Tides provide office infrastructure. Finally, Tides has the minimum budget threshold of \$100,000 annually required to join Tides and charges 10% for its administration services.

In the final analysis, while it could solve the issue of needing charitable registration, this option was seen as much less feasible overall and has been dismissed at this time.

Organizational Structure

The NSSC endorses the following structure for both the not-for-profit incorporation and charitable status, as it provides for a singular mandate, strong governance, clear accountability and transparency as well as a strong voice for those working within this grassroots movement.

Unanimously, Sistema-inspired Centres and NSSC members have echoed time and again, that Sistema-inspired Centres are grassroots, community-based organizations. As such, they feel strongly that an important tenet of community-based work must be upheld in the creation of Sistema Canada: those affected by decisions must have a say and a voice in those decisions. As a result most have requested that the Board of Directors of Sistema Canada include people involved and knowledgeable of Sistema-inspired Centre's work on the ground. This is seen by many as a significant step toward ensuring legitimacy for Sistema Canada as a national convener and service provider to the movement. As a consequence, the NSSC has adopted a solution that provides a) strong governance from a skilled, dedicated board of directors and b) a strong voice for Centres within an Advisory Council.

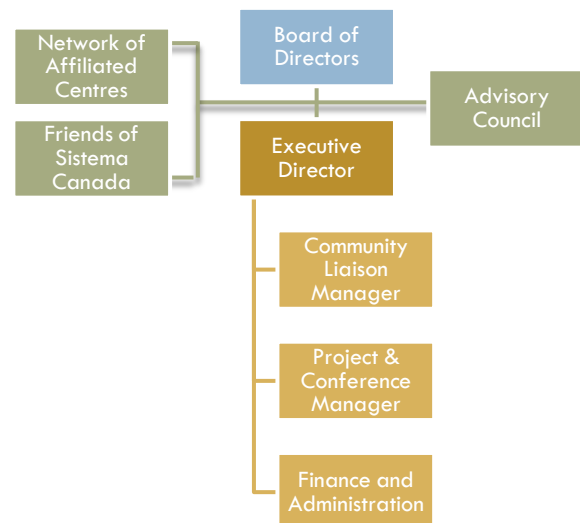
Strong Governance

The NSSC believes that greatest stability for Sistema Canada will come from a strong, skilled board of directors. Directors should bring a range of skills, for instance, legal, fundraising, communications, accounting, strategy and include a national perspective. Directors could also include knowledgeable people involved with Sistema-inspired Centres, for instance as volunteer leaders or board members.

Importantly, it is well understood that the board of directors of any charitable organization is solely responsible and accountable to the mandate, mission and activities of that charity. As such, it is not possible for a board member to “represent the interests” of a specific local Centre. Board members are obligated to act in the best interests of the organization they govern. By definition, charitable board members are volunteers who cannot derive personal gain from their appointment.

Ideally, the board would have 12 directors so there is some flexibility and redundancy, but it is small enough to effectively work together. The NSSC recommends adopting a rolling board structure, for instance 3-year renewable terms so that fresh energy and ideas are always balanced with experience and continuity. The NSSC recommends adopting a limit of two or three consecutive terms on the board.

The board of directors provides governance, strategic planning, risk management and requisite oversight for the operations of Sistema Canada. The board of directors is responsible for board recruitment and strategic decision-making in collaboration with the Executive Director.



While more meetings may be needed during start up, a quarterly board schedule should ultimately suffice.

For purposes of incorporating Sistema Canada, the NSSC could become the founding board of directors with a short term mandate to recruit a full board and put in place the necessary steps to start up operations. Should an operating partner be found, they may also be offered a position on the board of directors as required.

Advisory Council

To ensure that Sistema Canada stays close to the experiences, concerns and needs of local Sistema-inspired Centres, the NSSC recommends setting up a permanent, voluntary advisory council comprised of a representative of each Sistema-inspired Centre. Of note, several Centres already run more than one program usually in different neighbourhoods. It is the Centre itself (not the individual program) that sits on the advisory council.

While monthly or bi-monthly meetings may be called for during start up, a semi-annual schedule should ultimately suffice as the staff will work closely on a daily basis with Sistema-inspired Centres across Canada.

Sistema Canada staff and board will keep the advisory council apprised of progress and calibrate activities to ensure the greatest degree of relevance to its core constituency.

This advisory council will meet regularly via electronic means, to provide input and feedback to the board and staff on their priorities and concerns and to share progress made on the ground.

The advisory council will be enshrined in the bylaws of Sistema Canada. It is expected that two ex-officio board positions would be reserved for representatives of the advisory council, in order to have a permanent and strong formal link to the board of directors.

Network of Affiliated Centres

Both Sistema-inspired Centres who are already operating and those in development join the Sistema Canada Network by declaring their support of Sistema Canada's mandate and adherence to or striving for the *Eight Values of Sistema in Canada*. Upon payment of a small annual registration fee (e.g. \$100), set from time to time by the board of directors in consultation with the advisory council, Centres become eligible to use its services, including full access to the knowledge exchange website and invitation to the annual Leadership Conference.

Any staff, teachers and volunteer within a Sistema-inspired Centre – and all of its programs – can access Sistema Canada's services and resources. These services include a Network-enabling discussion board within the Sistema Canada's online knowledge exchange portal.

Friends of Sistema Canada

Friends are supporters of the movement who do not work within Sistema-inspired Centres but want to demonstrate their support. By declaring their support of Sistema Canada's mandate and by making an annual Friends donation (e.g. at minimum \$100, with various other levels of Friend support available), they gain access to all communications and events held by Sistema Canada.

Staffing

Initially only the Executive Director will be hired until requisite funds are in place to grow the staff complement over time.

Ultimately, Sistema Canada would operate with a permanent staff of 3.5 people:

- executive director (full time)
 - Responsible for implementing strategic priorities, managing day-to-day operations, working with Sistema-inspired Centres and providing substantive expertise, preparing funding proposals, building partnerships, liaising with partners, managing budgets, hiring and supervising staff, raising the profile of Sistema movement, reporting to the board of directors and collaborating on strategy and governance
- community liaison manager (full-time)
 - Responsible for communications, web site creation and maintenance, webinar series, , social media presence, virtual networking/training events, mentorship program, tool kit creation, developing an online awareness campaign
- project manager/conference organizer (full time)
 - Responsible for Mentorship program – identifying and recruiting a roster of experts, Leadership Conference programming and organization, Youth Performance and Learning events, research and evaluation and other initiatives.
- financial and administrative manager (part-time)
 - Responsible for book keeping and accounting, coordinating annual audit and Canada Revenue Agency filing, funding proposals, day-to-day administration.

This staff complement will be augmented with the group of qualified experts as well as project-based consultants in research and evaluation and other initiatives as needed and funds are available.

Volunteers

In addition to the board of directors and advisory board, volunteers would be required for the annual conference, as mentors, and to support specific tasks (e.g. website updates), or projects (tool kit creation in special areas of expertise). Volunteers can be recruited through local Centres as well as utilizing high school students requiring community service hours for graduation, or simply interested in volunteering or college/university programs with work experience components. Corporate partners may also have staff volunteer programs that can be leveraged.



SISTEMA WINNIPEG PARTICIPANTS

Volunteers will be subject to the usual vetting, including background checks as mandated by law.

Growth of the Movement: Investing in Sistema

Sistema-inspired Centres deliver social development through music in a very cost effective way.

With modest investments, Sistema Canada can help local Centres grow from 1,700 children participating in 2012 to at least 8,500 children by 2017. And perhaps most important, Sistema Canada will play a crucial role in helping local Centres grow resilient.

Mature city-based Sistema-inspired Centres with about 150 to 200 participants are expected to operate sustainably at an average cost of \$3,200 to \$3,800/child/year. However, in 2012, several programs that provided programming had no budget at all or are entirely volunteer-run. This depressed the average cost per student to under \$2,300/child/year. This situation is not considered sustainable as real costs, like facility rental or instrument repair, cannot be covered and staff and teachers are difficult to recruit long-term for free or at sub-market rates.

In 2012, we found that on average 80% of budget went to programming (teachers, staff, instruments, space and communications.) The lower the budget, the higher the percentage of funds spent on teachers. It is clear, Sistema leaders place greatest priority on teachers and the difference they can make in participants' lives.

Centres enjoy significant community support: most funds in 2012 came from individual donations (25% of cash received) and from foundations (25%). Most do not currently receive significant government funding from any level of government, with the exception of New Brunswick where the province has become a multi-year funding partner. The highest value in-kind donations are of facilities – often through schools (37% of total in-kind value) – followed by instruments (27%).



SAINT JAMES MUSIC ACADEMY

In addition to the scope of health spending in Canada due to the effects of poverty between \$33 and 52 billion annually other figures provide meaningful comparisons of efficiency and impact. For instance, in 2008/2009, the average cost to educate a student for one year in Canada amounted to \$11,614.⁹ To keep a prisoner in jail for 1 year costs \$114,000/prisoner¹⁰.

A mature Sistema program that serves 150 children at an average cost of \$3,500 per child costs only \$525,000 annually. That means that in order to pay for itself, each program would have to divert only five of these 150 children from the poverty spiral that can lead some into a life of crime.

⁹ Public school indicators for Canada, the provinces and territories, Statistics Canada (2010)

¹⁰ Corrections and Conditional Release Statistics Overview, Corrections Canada (2011)

It is estimated that for the cost of 10 future prisoners per year who are diverted towards a productive life, Sistema Canada can help every current and emerging Sistema-inspired Centre sustainably grow and operate effectively and efficiently. And moreover, it can play a significant role in spurring development of 5 to 10 new Centres each year for the next 4 years, resulting in about 8,500 young people participating and benefitting by 2017.

Four-Year Budget Projection

The following budget shows a progressive implementation assuming that two founding funders would provide the majority of funds in the first year. Four additional sources of funding are cultivated during year 1. We would seek three- to four-year funding agreements to ensure predictable operations, minimize risk of sudden financial shortfalls and allow for mid-term fund development both within the philanthropic and corporate community and government.

The revenue side of this budget assumes considerable capacity in the area of major gift development.

Immediately in year 1, Sistema Canada would begin targeted grant writing to raise project-based funds where eligibility rules allow or. If necessary, a fiduciary arrangement enables application.

	REVENUE	Year 1 2014	Year 2 2015	Year 3 2016	Year 4 2017	Total
Major gifts	Foundation 1	200,000	150,000	150,000	130,000	630,000
	Foundation 2	-	80,000	80,000	80,000	240,000
	Corporate funder 1	80,000	80,000	100,000	100,000	360,000
	Corporate funder 2	-	50,000	70,000	100,000	220,000
	Major gift 1 - philanthropist (national/youth/development)	30,000	30,000	30,000	60,000	150,000
	Major gift 2 - philanthropist	10,000	15,000	25,000	25,000	75,000
	Subtotal Professional Fundraising Target	320,000	405,000	455,000	495,000	1,675,000
Grant Writing (Project based)	YMCA youth exchange (Heritage funded)	50,000	75,000	100,000	130,000	355,000
	Federal gov't - project based (e.g. Youth, Health, Employment)	-	16,000	25,000	35,000	76,000
	Fed/prov gov't - joint proposal for Centre consortium (e.g. Trillium in Ontario)	-	50,000	80,000	120,000	250,000
	Provincial capacity grants (e.g. ON Arts Council, SK Arts Board, AB Fdn / Arts)	30,000	50,000	60,000	60,000	200,000
	SSHRC/University/Sistema partnership research grants	-	75,000	75,000	90,000	240,000
	Earned revenue					
	Annual Network Registration fee (\$100)	3,000	6,000	7,000	8,000	24,000
	Leadership Conference Registration (\$25)	2,500	3,000	4,000	5,000	14,500
	Subtotal Gov't grant writing/ earned revenue by Sistema Canada	85,500	275,000	351,000	448,000	1,159,500
	TOTAL Revenue	405,500	680,000	806,000	943,000	2,834,500

The expense-side of the budget shows the ramping up of services, starting with core services like an annual leadership conference, along-side the gradual ramping up of staffing levels.

	EXPENSES	Year 1 2014	Year 2 2015	Year 3 2016	Year 4 2017	Total
SERVICES	Annual Leadership Conference	40,000	42,000	46,000	52,000	180,000
	Mentorship Program (experts)	39,000	58,500	79,400	103,000	279,900
	Youth Performance and Learning	65,000	91,000	118,000	151,000	425,000
	Research	-	75,000	75,000	90,000	240,000
	Funds to programs	70,000	95,000	115,000	140,000	420,000
	Special Projects (webinar series, tool kits)	20,000	40,000	27,000	25,000	112,000
	Communications/web - knowledge exchange	26,500	23,000	24,500	28,000	102,000
	Subtotal (Services)	260,500	424,500	484,900	589,000	1,758,900
OPERATING	Board governance, travel	15,000	15,000	15,000	16,000	61,000
	Office / office infrastructure	16,000	28,000	32,000	36,000	112,000
	Professional services (legal, accounting)	10,000	6,000	6,000	6,000	28,000
	Salaries and Benefits	79,625	155,146	207,025	222,564	664,360
	Subtotal (Operating)	120,625	204,146	260,025	280,564	865,360
	Total before Fundraising costs	381,125	628,646	744,925	869,564	2,624,260
	Fundraising/Development costs (shown in year funds are received)	24,000	51,000	61,000	73,000	209,000
	Total	405,125	679,646	805,925	942,564	2,833,260
	<i>Sistema-inspired Centres served in Sistema Canada Network</i>	<i>30</i>	<i>40</i>	<i>50</i>	<i>60</i>	
	<i>Children and Youth benefiting</i>	<i>3,300</i>	<i>4,800</i>	<i>6,500</i>	<i>8,500</i>	

Please see the appended Excel file with the detailed budget and underlying assumptions.

This four-year budget scenario is considered a best-case scenario for Sistema Canada, in that it requires the commitment and leadership of a few national funders and perhaps an operating partner who is invested in the mission of Sistema Canada and wishes to make a significant contribution to this movement in Canada through developing funding avenues and giving access to its own expertise and know-how.

As negotiations with the National Arts Centre – or any other potential operating partner – proceed, it is expected that this budget will be at the heart of discussions in terms of funding and financial risk that both organizations would take on. As such, the NSSC considers this four-year framework a starting point for discussions. Amendments and refinements can be made in response to early fund commitments that can be secured and in response to risk mitigation strategies for both partners.

Risk Management

The activities of Sistema Canada, like all organizations, will be constrained by available funding. Therefore, to achieve financial sustainability and mitigate financial risk, we propose phased growth of Sistema Canada in its activities, staffing and funding.

A key requirement the NSSC outlined was to obtain enough initial funding to hire at least 1 staff person dedicated to Sistema Canada.

Partnerships also entail potential risks, in terms of financial risk, reputational risks, risk of non-delivery of what is promised and agreed on.

Effective risk management means that board members must have the necessary skills and receive requisite board development training. The board exercises diligent oversight of staff and volunteers and their activities and manages risks arising from operations through best practice policies.

Communication

Communications is crucial. Ensuring communications flow freely and with a clear set of expectations will contribute to building trust and collaboration among Centres and between Sistema Canada and Centres.

Sistema Canada will require an effective brand including visual identity and graphic assets (one time investment)

It is expected that we will use the web extensively to deliver tools, including eventually developing an online awareness campaign delivered through social media.

Communications flow from the activities of Sistema Canada and as such need to be responsive. However, when opportunities arise to share the Sistema philosophy for instance through presenting at conferences, Sistema Canada will work pro-actively with Sistema-inspired Centres to take advantage of these opportunities.

Technology

Many of the services described will be delivered through online and mobile technologies.

As such information and communications technologies are a key component to enable service delivery effectively and efficiently over time.

The ability to use contemporary communications technologies and tools among staff members will be important to achieve the objectives of Sistema Canada.

STRATEGIC PLAN

Immediate Next Steps

Readying Implementation

With the submission of this report via the National Arts Centre Foundation to the J.W. McConnell Family Foundation, the NSSC proposes the following steps to prepare for starting up services by Sistema Canada in January 2014.

By August 31

- Conference call to discuss the results of the needs assessment and feasibility study by members of the NSSC, NAC Foundation and the J.W. McConnell Family Foundation.
- Share the feasibility study with all known Sistema-inspired Centres in Canada to maintain open communications and transparent process. Send a copy to FundaMusical in Venezuela including an inquiry about any concerns they might have about the use of “Sistema” in the national organization’s name.

By September 15

- Draft articles of incorporation and bylaws for Sistema Canada and prepare charitable application concurrently. Prepare materials for legal review and submission to Corporations Canada and Canada Revenue Agency.
- Conclude substantive discussions between Sistema Canada and the National Arts Centre / National Arts Centre Foundation on how to forge an operating partnership, in preparation for the NAC’s Board of Directors meeting in September.
- If needed, begin pursuit of alternative national operating partner.

September 15 to December 31 – NSSC uses its networks to recruit for the Board of Directors.

By November 15 – Conclude an agreement in principle with the NAC or another operating partner if needed. Not-for-profit incorporation is completed; and charitable registration is in progress.

- Prepare proposed partnership documents for final approval by partner’s Board of Directors.

By November 30

- Inform all known Sistema-inspired Centres in Canada of progress made and what to expect in 2014. Send an update on progress made to FundaMusical in Venezuela.
- Funding proposal to J.W. McConnell Family Foundation to enable start of Sistema Canada operations. Submit other key funding proposals.
- Have the complete job description for the first hire, the Executive Director, in place, strike a hiring committee and advertise the position nationally.

By December 15 – Sign contract governing an operating partnership.

Some costs will be incurred during this interim phase that are not currently funded. While some *pro bono* work might be secured, the NSSC would welcome an injection of funds for continued facilitation of NSSC activities, legal advice, undertaking the partnership negotiation process, board recruitment and hiring process.

Operations

Year 1 - Starting Operations

January to December 2014

The first quarter will be marked with start-up activities:

- Hiring and briefing the Executive Director
- Settling into the office space
- Transition from the founding board comprised largely of the NSSC to the first fully fledged board of directors and constituting the Advisory Council
- Make the introductions with local Sistema-inspired Centres and establish communications
- Register Sistema-inspired Centres for the Network
- A detailed business plan will be developed by the executive director in collaboration with the board of directors and advisory council.
- Development of a corporate graphic identity, business card design and a suite of templates including letterhead.

The second quarter will be marked by start-up of services in particular:

- National leadership conference which is to take place in the third quarter, including engaging a contract conference organizer
- Development of initial iteration of website and knowledge exchange portal
- Meeting with and getting to know local Sistema-inspired Centres.
- Create allocation committee and application process for funds available for start-up programs
- Write requisite government grants for project funding

The third quarter will be about mentorship and meeting:

- National leadership conference to take place in August
- Youth performance in conjunction with the conference
- Introduce the first slate of experts who are part of the mentorship program and how to access them

The fourth quarter will see growth:

- Assign mentorship opportunities based on local program requests
- Track mentors activities and evaluate initial onsite meetings to calibrate the program
- Grow the web presence
- Prepare to hire the Community Liaison Manager with responsibility for web and communications

Year 2 - Growing

With influx of new money, the scope of services will increase.

- Research and evaluation will be added to the activities.
- All other services increase in particular the expert mentorship programs and scope of youth performance in conjunction with the annual leadership conference.
- Contribute to the international movement

Year 3 – Getting in the groove

Further expansion becomes possible with increased operating and project funds.

Fund cultivation and stewardship will begin to look to the next 4-year plan, with evaluation of activities and their impact on the Canadian movement being undertaken.

Year 4 – Stable operations

By year 4, Sistema Canada will have become a stable, well-connected organization that has proven its capacity to make a substantial positive impact for local Sistema-inspired Centres, have made inroads in raising greater public awareness.