

Bookshelf

A Comparative Study of the Tax Treatment of Donors to Charity in 35 Countries

*Published by INTERPHIL, Interphil House, Yalding, Kent, ME18 6HU England,
1987, £5.25*

REVIEWED BY JOHN A. MCCLELLAND

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INTERPHIL, the agency devoted to international charitable activities, has recently published this intriguing study (sponsored by the Charities Aid Foundation of Great Britain), which gives a quick review of the regulations governing tax and charity around the world: four countries in the Americas, two in Africa, five in Asia, Australia and most countries in Europe. Outside Europe, the size of the Gross Domestic Product has been the main criterion for inclusion. The book provides an easy reference—one page per country for all but six which have two pages.

In a number of countries the study identifies a relationship between the levels of tax on personal income and the tax concessions the government makes for charitable donations. In Sweden, for example, where there is a comprehensive state welfare service, there are no tax exemptions given to individuals or companies for donations to charitable bodies. In other countries, the lower the tax burden, the greater the role allowed to charities.

In communist countries private giving in the public interest is not encouraged. In the Soviet Union, for example, there are no tax exemptions for individuals, state or co-operative enterprises and only a few charitable bodies exist. Examples of the latter are the Chernobyl Disaster Fund, the Heart Clinic Research Fund and the Soviet Peace Fund.

Great Britain has recently introduced a payroll giving allowance for employees. Each year they may direct up to £120 of their wages, free of tax, to charities of their choice.

This study will be a help to fund raisers, lawyers and government policy makers. It will show them where further research can fruitfully be done and allow them to ask the right questions when they do it. INTERPHIL has performed a useful service in making this basic information readily available in a clear and readable format.

The Cultural Imperative: Creating a New Management for the Arts

Compiled and Edited By Shirley Mann Gibson

Published by the Association of Cultural Executives, 506 Jarvis Street, Toronto, Ontario, M4Y 2H6, 1986, \$10 (members), \$12 (non-members), plus \$3 postage and handling.

REVIEWED BY JOHN D. GREGORY, Book Editor
Member, the Ontario Bar

People who run arts organizations often feel like Sisyphus in the Greek myth, condemned to roll a huge rock up a steep hill, only to have it roll back down to the bottom just as the summit is reached. At least that was the theme of the tenth anniversary conference of the Association of Cultural Executives, held at Waterloo in 1985. *The Cultural Imperative* is the record of that conference.

For three days the cultural executives—full-time senior employees of organizations dedicated to performing or visual arts—listened to, spoke with, and complained about, members of boards of directors, artists, funders and fund raisers, all on the theme of how better to do their jobs. The delegates represented boards and executives from across the country and were from all sizes of organization. The interests of all groups seemed by and large to be held in common, though the details naturally varied.

The book follows the format of the conference, in which each panel of three or four knowledgeable people was faced with two contradictory statements about the topic of the discussion. Each of the panelists spoke for 10 to 15 minutes, after which they fielded questions from the audience. The book reprints some of the questions and the answers. In addition, delegates broke into workshops to discuss more specific aspects of topics under consideration. The book reproduces a selection of quotations from the workshops. Two luncheon speeches and a dinner speech also appear. Shirley Mann Gibson, a past president of the Association of Cultural Executives, compiled the text. In addition, five stimulating and often controversial background papers were prepared and circulated to the delegates before the conference. (These papers are also available from the Association at \$12 per set.)

The early sessions of the conference focused on relations between the cultural executive and the board of directors or trustees. Directors came under intense fire: for ignorance, for interference, for social climbing. John Neville, artistic director of the Stratford Festival, said that the directors should appoint the artistic director then disappear, except for bringing in money from time to time. Richard Ouzounian, who is now the artistic director of the Neptune Theatre, stressed that the board should clear up misunderstandings at the outset of the contract with the executive (and he stressed the importance of getting a contract), in order to promote harmony later. Both men agreed, as did all

board members who spoke at the conference, that the board should not intervene in the actual day-to-day artistic decisions.

The panel addressing the question of the cultural manager's role frequently returned to the question of the role of the board. Many speakers resented the preoccupation of boards with "financial responsibility", a phrase that almost became a term of abuse at the conference. Few artistic enterprises can survive if they cease to take risks, and if "responsibility" means avoiding all risk, then the abuse is deserved. Frequently, however, both artists and managers talked as though a desire to balance the budget was wrong in principle. Since no organization, cultural or otherwise, can run a deficit for long and survive, this position showed, at best, shortsightedness and, at worst, a cynical willingness to shift the burden of artistic vision to the taxpayer (by "blackmailing" governments for a bailout), or the creditors of the organization, should they remain unpaid. It is true that the success or failure of an artistic organization cannot be measured by the bottom line but if the body goes bankrupt its string of "successes" will be short.

Financial responsibility, like so much else in arts administration, will come from education and communication. Ken Kramer, artistic director of the Globe Theatre in Regina, pointed out that artists were serious adults capable of living in the real world. Most board members support the art form and the artists, or they would not be spending so much of their time in unpaid labour for the organization. Arts administrators are also, generally, people of good faith and honesty. But each group may need education about the role of the other as well as in its own tasks. A budget has been called "a dream expressed in numbers" but the numbers must be as accurate as possible or the dream becomes a nightmare. Before it approves the budget, the board must ensure that expenses and revenue projections are realistic. After approval, the board should remember that approval commits it to realizing the necessary revenue as well as controlling the expenses.

Once that commitment is made, the executive should work to ensure that the board faces no surprises; the fewer surprises both sides encounter, the more they will trust each other. The many board members present at the conference, and some of the executives who did testify to harmonious relations between board and staff, had developed that trust through frequent informal communication, especially between the chair of the board and the top staff person. Trust will develop more easily, however, if board members are also reliable.

A number of suggestions were made about how to encourage harmonious relations. Greg Curnoe, the London artist, said that no one should become a trustee of an art gallery without a letter of recommendation from a practising artist and without being a collector as well. Gordon Duncan, of the York Central Hospital Foundation, recommended that managers should educate their board members so that the board knows as much as the managers. Prospective directors of his hospital are put through a tough interview before they join the board. His group also has a program for evaluating the performance of board members each year; accountability works both ways.

Accountability was a term also used frequently by funders. One panel at the conference examined the role of the granting agency, private or, more often, public, and the relationship between the grantor and the recipient. Most panelists agreed that the funding organizations were right to insist on holding the arts organizations accountable for their use of the grants, just as the grantor organizations themselves would be held responsible by those who created them. The “arm’s-length principle” after all refers to the distance between the politicians controlling public money and the artists spending it. To avoid political interference in artistic direction, the “neutral” arts councils are interposed. The councils themselves are not then obliged to keep their distance. Mr. Curnoe thought that the arm’s-length principle should apply to private donors as well so that art did not become closely tied to promoting corporate purposes.

The arts councils did come in for their share of criticism, with suggestions that their staffs should change positions from time to time, to provide a fresh viewpoint. Accountability, in any event, was generally agreed not to be merely a financial matter, any more than was success or failure.

One theme not addressed at the conference was accountability of the cultural executives to the artists themselves. Members of the Association are generally administrators, not artists. The topics for discussion never suggested that conflict could arise “in house”, as it were, or that cultural executives were ever other than totally sensitive to, and supportive of, the artists’ aspirations. Since the Association organized the conference, that assumption is not surprising. It may or may not be realistic.

Artists were present at the conference, however, and panels included artistic directors, a painter and a composer. Brian Macdonald spoke after lunch on the first day and John Gray rallied spirits at the closing banquet.

Two panels addressed the future: one concentrated on the specifics—how to train better board members—and one concentrated on the general problem of creating a new shared vision for arts management. In the training session, both Rory Ralston of Alberta Culture and Doug Lauchlan, former director of the Banff Centre, pointed out that organizations of different sizes, at different levels of maturity, or even in different regions, required different skills among their directors. Mr. Ralston spoke of the development of Community College courses to train people in the range of skills that would probably be required. Sarah Iley of the Council For Business And The Arts in Canada described its Young in Art program, conceived by Lyman Henderson, to encourage and educate middle management business people to contribute their energies to smaller arts bodies, an experiment that has proved very successful in its first stage in Toronto.

The visions of the future were provided by a cultural executive, Terrence Heath, former director of the Winnipeg Art Gallery; a critic, Gina Mallett; and two artists, Ken Kramer and R. Murray Schafer. They agreed that the prime

function of any organization was to promote the artist and the passion for art. Whether that could be done by ensuring that the main power resided in the artist, or by returning the artist to personal relationships with patrons, or by focusing on people rather than on structure, was a matter for discussion. More bureaucracy was clearly not the answer.

The final contribution came from Susan Crean, who summed up the whole conference in a lucid and challenging presentation, highlighting the need for diversity, measurement of artistic success and avoidance of conflict between board and management. Yet, she pointed out, all conflict could not be avoided, and she underlined differences in philosophy and in recommendations for public policy that had arisen during the sessions. If a united purpose had emerged, she saw it as the creation of a community and the communication of a passion for the arts to the public. At the end of the day, perhaps, structures would not have changed so much as attitudes, but changed attitudes would make a world of difference to the arts. Board and management both function not just as supporters of, but as advocates for, the arts.

The Cultural Imperative provides a good cross-section of the current debate in the arts community on how best to organize structure and promote advocacy, in an attractive and readable format. The Association for Cultural Executives, and the funding bodies that underwrote publication, are to be congratulated for making it available.

A Handbook for Cultural Trustees

By Marion Paquet with Rory Ralston and Donna Cardinal

Published by Waterloo Press, Waterloo, Ontario, 1987, \$22.95

REVIEWED BY JOHN GREGORY

Member, the Ontario Bar

At the Cultural Imperative Conference in Waterloo in 1985 (proceedings reviewed above), much was heard, from trustees as well as from artists and managers, of the need to educate members of cultural boards, and to evaluate their performance as well. The *Handbook for Cultural Trustees* attempts to allow cultural organizations to fill that need. The book grew in part out of materials prepared for the Boards Development program of Alberta Culture and was published with assistance from the Samuel and Saidye Bronfman Family Foundation. The collaboration has borne valuable fruit.

The *Handbook* is organized according to theory and written solidly for practice. It catches the attention with anecdotes about fictitious, but recognizable, trustees struggling with a selection of problems in their organizations. After some well-chosen words about the nature of the not-for-profit sector and

the legal and moral duties of trustees (“At the very east, a cultural trustee has a moral responsibility to *want* to serve a not-for-profit cultural organization . . .”), it passes to the organizational message.

The discussion leads off with the role, responsibilities and functions of a board. The board has the clear responsibility for the overall management and health of the organization, here characterized as a combination of purpose, program, continuity and identity. What does a board have to do to achieve this? The *Handbook* spells out five functions that serve this end. It is particularly strong, and probably avoids most of the controversy, in its treatment of the “program governance” function. How can the trustees be responsible for the work of the organization while leaving cultural decisions in the hands of the artists who are the experts? The board does four things:

- it establishes and implements a program planning cycle;
- it prepares short- and long-term program planning statements;
- it establishes the percentage of the organization’s resources that will be used for programs and services; and
- it monitors and evaluates programs and services.

In short, the board is involved at a policy level, even when dealing with programs. It must maintain its “respect for the professionalism of cultural workers” without letting them run wild.

After reviewing the role of the trustees in policy, programs, financial and personnel management and advocacy, the chapter poses review questions, as do the other chapters. The brief quiz ensures that the reader is paying attention and starts the process of applying the material to his or her own circumstances.

The next section explains how to develop an organization. Cultural bodies usually start small, and the *Handbook* assumes that some trustees will be managing and administering their shoestring-budget organizations as volunteers. Growth from that stage requires development in structures too, and keeping the development orderly involves many activities spelled out, more or less in detail, here.

The *Handbook* demonstrates a great belief in policies and systems. “Systems are like policies. They aren’t considered important until you run into a problem because you haven’t got them.” Sound advice, which does not preach rigidity but does demand forethought and seriousness of purpose.

Processes come last: what kinds of planning are needed and how do trustees approach each kind? Step-by-step guides are provided for the quite different processes involved in setting policy, developing board membership and conducting profitable meetings. The last topic involves some helpful lists outlining the duties of the chair and of the trustees at a meeting and of what should be included in the minutes.

The amount of time all this takes will impress—or depress—the reader. The writers anticipate this reaction and add a note of encouragement here to remind us that none of this can be achieved overnight.

After the discussion comes the deed. The *Handbook* closes with a series of questionnaires, checklists and action plans for each of the four parts. These forms are designed to be photocopied for frequent use. Trustees are advised to consider these “tools” chapter by chapter, possibly as a group project during regular or special meetings of the board. As always, the materials outline small, unintimidating steps towards the larger goal.

The *Handbook for Cultural Trustees* could serve as a practical companion for *Developing Effective Arts Boards*, published by the Council for Business and the Arts in Canada (“Bookshelf”, *The Philanthropist*, Volume V, No.1). Arts organizations could do worse than to follow its suggestion of providing a copy for each trustee to use as inspiration, course correction and a manual for his or her own organization. The looseleaf binder offers tabs to help organize material specific to the particular company, though the text sensibly recommends that these other documents not be handed out with the binder at first, lest the bulk of the material overwhelm the trustee it is supposed to help.

The last suggestion, like many others in the *Handbook*, reflects the vetting of the draft version by many experienced trustees with a view to making it as “user friendly” as possible. The authors, with this valuable assistance, have succeeded admirably.

A Handbook for Cultural Trustees is available from the publisher, the Association of Cultural Executives, the Canadian Conference for the Arts or:

The Council for Business and the Arts in Canada,
401 Bay Street, Suite 1507, P.O. Box 7,
Toronto, Ontario. M5H 2Y4.

Single copies are \$22.95, 10 or more are \$16.95 each.