

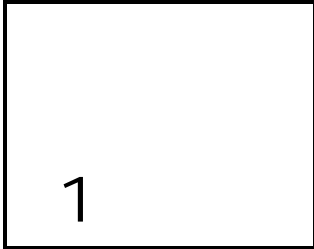


Volunteer Resource Guide

Contents

1. Introduction.....	3
2. Introducing the World of the Arts.....	5
▪ How Do We Define The Arts?.....	5
▪ Why Are The Arts Important?	6
▪ How Do The Arts Directly Benefit Business?	6
▪ About Artists.....	7
▪ Arts Managers.....	8
3. An Introduction to Nonprofit Arts Organizations.....	9
▪ Types Of Nonprofit Arts Organizations	10
▪ Management Issues In The Arts	11
Governance	12
Staff.....	13
Legal and Tax Issues.....	13
4. Challenges of Managing an Arts Organization.....	20
▪ Structure.....	20
Bylaws.....	20
Board of Directors.....	20
Advisory Committees and Boards	22
Staff.....	22
Volunteers	24
Consultants/Contract Employees	24
Membership	25
5. The Business of The Arts.....	26
▪ Fundraising	26
Types of Contributed Income	27
Government.....	27
Foundations.....	27
Business	28
Individuals.....	29
Other Sources Of Income.....	30
Earned Income	30
Unrelated Income.....	31
United Arts Funds.....	31
Workplace Giving.....	31

▪ Marketing/Audience Development.....	31
▪ Audience Development.....	33
▪ Public Relations	33
▪ Financial Management.....	35
▪ Planning	36
▪ Other Management Areas	37
Personnel.....	37
Office Systems	37
6. Trends and Issues Affecting the Arts.....	38
7. Volunteering in the Arts.....	41
▪ The Role Of The BVA Consultant.....	41
▪ Getting Involved In BVA.....	42
▪ BVA Resources.....	43
▪ On-Going Activities.....	44
▪ Tips That Can Help Lead To A Successful BVA Match.....	44
8. About BVA.....	46
9. Bibliography & Additional Resources	48
▪ Governance And Human Resources	48
▪ Planning	48
▪ Financial Management.....	49
▪ Marketing, Audience Development And Public Relations	49
▪ Fundraising	50
▪ Periodicals Resources	51
10. Internet Resources	53
11. Credits.....	55



Introduction

Welcome to the Arts

You have just volunteered your valuable time and talent to help the arts. Thank you.

Each of you has personal reasons and motivations for becoming involved. You have been or continue to be involved in your own form of personal expression or you regularly attend arts activities or you simply want to learn more about the arts. You know that involvement in the arts enriches your life and exposes you to new thoughts, cultures, and experiences.

You are now going behind the scenes to find out how the arts really work. You will see the dedication, hard work, sacrifices, and tremendous talent and intelligence possessed by those who create, produce, and administer our nonprofit arts organizations. You are about to meet an array of very special people.

And, your help is greatly needed. The arts face many serious problems today. The economic, community, and global challenges facing all of us also impact the arts. Financial support is more difficult to obtain; audience demographics are changing; new marketing techniques are needed; artists and administrators continue to work for low wages, and, frankly, many of the old management models are not working very well anymore. These are just some of the challenges.

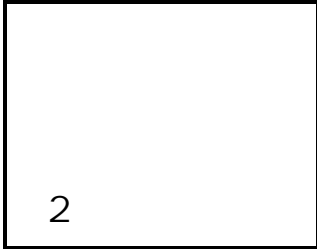
To help ensure that your limited time with your arts group is used effectively, this guide to management consulting for the arts and the orientation program are designed to introduce you to how arts groups operate. We want you to begin your work as a BVA with a heightened sensitivity to the priorities, organizational structure, management approaches, and typical problems of various types of arts organizations. It will help you determine how to best bring your business skills to this environment and how to work effectively with people whose vision, priorities, and talents may be very different from those you encounter in your daily business life.

In addition to this guide, a number of examples of marketing and strategic plans are on file at the BVA Office for your reference. BVA staffers are also available as resource for you.

BVA is a national movement that is comprised of volunteers from across the country. Your involvement with the program through your local BVA affiliate connects you to colleagues from all walks of life, with various professional backgrounds, and with like-minded individuals who have a passion to make a difference. Collectively, you have an immeasurable impact on the arts community in your own back yard. For more information on BVA, read Chapter 8 of this manual or visit

http://ww3.artsusa.org/information_services/arts_and_business_partnerships/abc/programs/business_volunteers_for_the_arts/default.asp. Thank you for what you are about to do!

Again, welcome and enjoy!



Introducing the World of the Arts

How Do We Define The Arts?

The debate has endured for centuries. "What is art?" "How do you judge good and bad art?" "How do you define art?" There is no simple answer. We believe that art is defined by the vision of its creator and the senses-whether seeing, hearing or touching-of its beholder. Art is a process that must be freely created by the artist and freely observed by the patron. Art is about freedom of creative expression.

Basically, the arts fall into six broad categories:

- **DANCE**-Ballet, folk or ethnic, modern, tap, jazz
- **VISUAL**-Painting, sculpture, crafts, design, architecture, photography
- **MUSIC**-Jazz, folk, symphony, choral, opera
- **THEATER**-Drama, musicals, mime, puppet
- **LITERATURE / POETRY**
- **MEDIA**-Film, video, digital
- **HISTORIC PRESERVATION**

Dance, music, theater, and media are performing arts. They are dynamic and are either presented to an audience or participated in by groups of people. The visual and literary arts are usually created by an artist for observation and study at some other time.

However, in today's complex and changing world, the arts are not so easily categorized. Performance art combines visual, music, theater, and video into totally new types of expression. Art created by computers and synthesizers adds new dimensions. The arts are no longer just about the classical forms imported from Europe that have dominated American culture.

Indigenous folk art, jazz, and the growing appreciation of the arts of various cultures have created an exciting climate of exploration and innovation.

Why Are The Arts Important?

The value and power of the arts are shown when we consider what endures from past civilizations. A society's literature, architecture, plays, music, paintings and sculpture, and myths and stories survive over the centuries. The arts have always been the mirrors of society and are the conduit by which people pass on their cultural heritage to those who come after them.

However, in modern times we have quantified the economic impact of the arts on our communities and have data that establishes the arts as a major and essential industry. Many communities have revitalized their dying downtown areas and decaying neighborhoods by building arts centers and bringing the arts into the marketplace. The arts attract tourists, employ hundreds of thousands, purchase goods and services, and generally make places where they exist alive, exciting, and magnets that attract people. The arts positively impact other areas of society as well. The current emphasis on innovation depends on strong creative skills in the workforce. Studies have shown that the arts – music, creative writing, drawing and dance – clearly provide skills sought by employers of the third millennium. Arts programs in schools can also teach discipline, help young people discover their own potential and talents leading to new self-esteem, provide opportunities to learn how to work together, and motivate people to excel. The arts can provide ways to help people communicate with each other from diverse social and cultural backgrounds. The arts can uplift in times of despair and hopelessness.

The arts in this country are to be celebrated for their diversity. They touch all our lives-young and old, rich and poor. They range from a rural community orchestra which draws people from more than 100 miles away to practice each week to programs in nursing homes to an epic moment at the Metropolitan Opera to a festival celebrating the dances of many nations.

How Do The Arts Directly Benefit Business?

Talent Pool

Creativity and innovation is essential to all business. Creative industries like publishing, design, advertising and communications all draw on human creative resources nurtured and trained by the arts. The new media and technology industries rely heavily on creative talent.

Role in Education

Arts education results in a quality workforce. Individuals exposed to the arts have been found to be more creative, better problem-solvers, and better decision-makers. Arts education encourages people to explore new ways of looking at the world and the development of healthy critical perspectives. The arts develop analytical skills. They offer alternative ways of communicating.

Recruiting Employees

The arts help businesses recruit and retain quality employees. Businesses recognize that the arts make a positive contribution to the livability and image of communities. Many include arts activities as benefits for their employees.

Meeting Business Goals

The arts can be a valuable tool to help business reach specific markets or geographic areas through joint advertising, marketing, and public relations ventures. The arts can help enhance the business image and broaden visibility.

About Artists

Artists are not only talented, but passionately dedicated and extraordinarily disciplined people who by and large have studied for years to master their craft. BVAs report that they personally benefit just from the association with such creative, energetic people who believe so strongly in what they are doing.

Types of Artists

First, there are creative artists, such as writers and choreographers, who create original work. Interpretive artists include actors, dancers and musicians who give their interpretation to the work of others. Some artists are both.

Then we have performing artists who are dancers and choreographers, musicians and composers, directors, conductors and actors. Painters, printmakers, sculptors, craftspeople, and photographers are considered visual artists. An additional category is the literary artist, such as poets and writers. And last, there are artists who are not so easily categorized—performance artists, filmmakers, and video artists.

There are also professional, commercial, and amateur artists:

- A **professional performing artist** is compensated with wages based on a standard or scale developed for other artists. He/she is directed by and accountable to other professional artists. In theater, the term "equity" is often used to describe professional actors who belong to Actors' Equity, the primary actors' union. Professional visual artists usually are closely associated with galleries and/or dealers. Many types of professional artists, including writers, actors, and concert musicians, have agents who represent them in their business dealings.
- A **commercial artist** is paid on a standard fee set by what the business market will bear and is accountable to the businesses that hire him or her.

- An **amateur artist** may be paid or unpaid, but is generally someone who is not pursuing a career in the arts and participates for the experience and pleasure of being involved in an artistic effort. They are sometimes directed by professionals, often by other amateurs. There is an increasing recognition of the value of amateur arts, also referred to as informal arts. Millions participate in these arts in their daily lives: by singing in the church choir, writing poetry in a journal, or quilting for relaxation. Many individuals value this personal arts connection just as much as experiencing the professional arts first hand.

Many artists do not fit any of these definitions. "Artist" generally can be defined as a person who makes the decision to commit his or her time to creative enterprise.

The Economics of Being An Artist

While "superstars" in the arts command high salaries, it is a hard reality that most artists cannot earn a living as artists and must supplement their income in other professions, taking time away from their real work. It is also common that what money they do earn is spent frugally on their daily living needs and any extra is put right back into their art. It is true that the underpaid artists and others who work in the arts are the largest subsidizers of the arts in this country.

Arts Managers

The arts management field is relatively new in terms of being seen as a serious profession. But the reality is that running an arts organization is running a business and requires many management skills. Many artists become arts managers in order to handle bookings, contracts, hiring, publicity, and other activities associated with artistic endeavor and running a business. This takes time from their art and usually leads to hiring management expertise as the organization grows. For years, the major pool of arts managers was artists, many of whom gave up their art work to become full-time administrators. Today, people with arts backgrounds still make up the bulk of those entering the field; however, more and more people from other sectors and backgrounds are becoming arts administrators. The field is becoming so large and complex that colleges and universities now offer masters level degrees in arts administration.

While some major institutions pay competitive salaries, at least for higher level staff, by and large, salaries in arts management are lower than the private sector, often substantially so. Arts managers need a wide diversity of skills—fund raiser, personnel officer, planner, negotiator, accountant, diplomat—to name a few. Since the motivation to enter the field is not money, we must recognize that the major motivations are a commitment to and love of the arts.

3

An Introduction to Nonprofit Arts Organizations

Why nonprofit? If arts organizations were to operate as for-profit enterprises, the cost would be so high that most people could not afford to take advantage of their programs. Donations help subsidize the expense of producing, presenting, and creating the arts. Most governments in the world have determined that the arts generally operate for the public good and grant them special status.

In the United States, arts organizations must be granted tax-exempt status [501(c)(3)] by the Internal Revenue Service, which means they operate to benefit the public and not specific stockholders, investors, or employees. The status means they do not pay federal taxes and donors may deduct certain charitable contributions they make to these groups from their income tax.

Since nonprofit arts organizations operate for the public good, they try to keep prices accessible to a broad spectrum of the public. Maximum profit is not the motivation. The for-profit arts sector—such as Broadway plays, movies, and most television—is financed by private investments or advertisers; accordingly, profits or direct benefits from this sector are channeled to the investors in these productions.

The nonprofit arts community is essential to the commercial arts sector. It is the testing ground for new ideas—the place where actors, musicians, dancers, directors, choreographers, and designers receive their training and hone their craft. It is also where the belief is sustained that the arts in and of themselves have value and are an essential ingredient of a healthy, civilized society. It is where the programs that reach old and young, rural and urban, the disabled, and the economically disadvantaged occur.

BVA services are available only to nonprofit arts organizations.

Types of Nonprofit Arts Organizations

Producing organizations

These develop an arts vehicle or activity with their own resources and talent. Often starting from scratch, a producer or producing organization brings together creative and interpretative artists to be developed into a show.

Presenting organizations

They present art that is not originated within the organization, such as touring dance companies. The presenter is responsible for the financing, promotion, and management of the artistic effort.

Cooperatives/Coalitions

Groups of artists or organizations, usually within one discipline, that come together to share resources and collectively promote their art form. As a group, they may have nonprofit status, but their individual work may be for profit.

Service Organizations

These organizations work with one art form or serve a broad spectrum of arts groups, and provide various services such as management assistance, promotion, research, advocacy, help for individual artists, and packaged programs such as exhibitions and performances.

Government Agencies

Starting with the National Endowment for the Arts, the federal agency that administers a national grants program for the arts, government is an important partner. Each state also has an arts agency within government; most administer grants programs. There are also regional, county-wide or local arts agencies (LAAs) that provide services and sometimes funding for the arts groups in the area. Many LAAs run art centers with galleries, theaters and classroom space; sponsor arts festivals; and present performing arts events. Calendars of events and other publications are other common activities.

Other

In addition to those listed above, there are nonprofit arts organizations that do not fit into a particular “type.” These include, but are not limited to Historic Preservation Societies, Media and Broadcasting Outlets, Collecting/Exhibiting Institutions, and Publishers.

Three other ways to group arts organizations are:

Artist-Centered

These are organizations that come into being to support the work of one artist or a group of artists who have a shared vision of an art form. Dance companies, theaters, musical groups, and specialized museums and galleries are examples.

Community Institutions

These organizations are usually created by government, citizens' committees or other community groups, or individuals to meet a particular perceived lack in the community. Many community orchestras, museums, art centers, and festivals came about through this process. The goal is to present a variety of work, not centered on a specific artist. More importantly, the institution takes on a civic presence, regardless of the arts discipline(s) it offers. The board of directors in these institutions usually is broadly representative of community leadership.

Arts In Education

A growing number of arts organizations focus on bringing the arts and artists into elementary and secondary school systems throughout the country. In the face of budget problems, many schools have reduced or eliminated arts programs. The “arts in education” nonprofit organizations are the only arts programming that many children receive and even they cannot reach all young people. There is a strong emphasis on integrating the arts into overall curriculum to help in teaching such subjects as math and history. Many studies have shown that learning can improve and that children are more motivated and likely to stay in school if the arts are included in the curriculum.

Management Issues in the Arts

The management of a profit-making business and a nonprofit arts organization are remarkably parallel in some ways and very different in others. Both have products, both have consumers, and both are dependent on good management to achieve stability. However, it is the differences that are important to you as a consultant.

The Arts are Labor-Intensive

In the arts, productivity is limited. Unlike plant machinery, artists cannot work around the clock. You cannot take a role out of a play or decrease the number of players in a string quartet to save money. There are limits on how far you can go in scaling back orchestras and scrimping on sets and other production areas before quality and attendance suffer.

The reality is that to produce and present art requires many types of talented people. Without technicians, stagehands, directors, costume makers, ticket sellers, marketing people, curators,

exhibition hangers, and the players, the event will never happen. Therefore, a behind-the-scenes structure and many hidden resources are required for the arts to reach the public.

Measures of Success

- **Quality & Excellence** - Arts organizations do not measure their success by profits. Quality and excellence are key factors. Preserving the great work of the past, reaching new heights of excellence, and providing the opportunity for new talent and ideas are all paramount.
- **Growth** - Another common measure of success has been growth. However, as more and more groups within the nonprofit arts community are facing increasing deficits in a flat or declining support climate, the realities of limiting growth and even downsizing must be faced by many groups. The pressure to increase the number and size of activities, attract ever-larger audiences and expand facilities has led many groups into major fiscal problems.

Growth for the sake of growth can no longer be justified without careful planning and analysis that it is needed and can be sustained. This is an area where business expertise can be particularly valuable as groups assess their current and potential resources and how to remain financially solvent while meeting artistic goals.

Characteristics of Management

Nonprofit arts organizations may be very strong artistically, but comparatively weak in organization, administration, or finances. This often occurs when the artist is also running the administrative side and the organization grows beyond the capability of one person to handle both artistic and administrative responsibilities. Many artists also have little training in running what is essentially a small business. This combined with limited budgets often creates a day-to-day struggle for survival that allows little time for developing long-term solutions to needs. Getting past this point is often critical to the survival of many newer arts organizations.

One should quickly add that many arts organizations have excellent and professional management expertise. Increasing numbers of arts managers have business or arts administration degrees and significant experience. However, the erosion of the base of support for the arts that has occurred over the past few years has in many cases led to smaller staffs and greater workloads, creating struggles to survive in even well-managed groups. Even as the best businesses need outside consultation and assistance, many arts group must also turn beyond their professional staff to others for help.

Governance

The following gives a general overview of the basic model utilized by most arts organizations.

As required by law, the governing body of a nonprofit is the board of directors, which must have at least three people, a majority of whom receive no financial remuneration or benefit from their association. Basically, the board:

- Adopts the overall mission and policy for the organization as stated in the articles of incorporation.
- Adopts, oversees compliance, and amends as necessary the bylaws, which set the basic operating structure for the organization, the budget, and the operating plan for the organization.
- Hires (and fires) the executive staff member or members (may be artistic director, executive director, or both).
- Generally guides and oversees the organization with particular responsibility for fiscal and legal areas, while delegating day-to-day management to staff. It is generally understood that the board does not become involved in artistic decisions.

Service on a board of directors is a serious responsibility, but one that can be extremely rewarding. Board members must be fully committed to the common good of the organization and its responsibilities to the public. They must give time, energy, and expertise; attend meetings regularly; serve on committees; and assist with fundraising.

Staff

Most arts groups have at least one key staff person. This can be an artistic director, executive director, managing director, general manager, or more recently, following the corporate model, president and CEO. As organizations grow, sometimes the managerial and artistic roles are split into an artistic director, who is responsible for the creative side of the operation, and an executive or managing director, who handles the administrative and fundraising side. This structure is most prevalent in certain performing arts groups, like theater and dance.

The chief staff person or persons hire additional personnel.

In some cases, the organization is comprised entirely of volunteers who are dedicated to the success of the arts group. In many of these instances, usually one individual can be identified as the artistic leader/driving force of the organization with day-to-day operations being executed by various volunteers on their own time.

Legal and Tax Issues

This Section provides a brief summary of some of the significant legal and tax issues affecting arts organizations as of May 2003. Due to the variety of circumstances under which arts

organizations operate, as well as the summary nature of this Section, BVA consultants and their arts organizations should consult their own legal and tax advisors about how these issues may apply to their specific organizations.

I. *Introduction*

As a member of the arts community, you may hear people refer to arts organizations in a variety of ways, such as non-profit, tax-exempt, section 501(c)(3) organization, public charity or private foundation. You may find it helpful to understand the legal meaning of these terms.

A. Non-Profit or For-Profit Organizations. Most arts organizations are formed under state law as either "for-profit" or "non-profit". Despite the names, both organizations are entitled to earn a profit. The primary distinction lies in the ability to distribute those profits. A for-profit organization distributes profits to its owners. For example, a for-profit corporation distributes profits to its shareholders as dividends. In contrast, a non-profit organization generally is not permitted to distribute its profits to its officers, trustees and members.

B. Tax-Exempt or Section 501(c)(3) Organizations. Most arts organizations qualify for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). In order for an arts organization to so qualify, it must be formed as a non-profit organization, it must satisfy certain operational requirements described in Section II below, and it must file an application for exemption (Form 1023) with the Internal Revenue Service ("IRS"). Therefore, not all non-profit organizations are Section 501(c)(3) organizations, but all 501(c)(3) organizations are non-profit organizations.

C. Public Charities or Private Foundations. There are generally two types of Section 501(c)(3) organizations: public charities and private foundations. "Public charities" typically receive a substantial part of their support from governmental units or a broad cross section of the general public. In contrast, "private foundations" typically receive most of their support from a limited number of contributors, such as a single family or corporation. Public charities have the following advantages over private foundations: (i) public charities are subject to fewer restrictions under the Code, (ii) donors to public charities are entitled to more generous charitable contribution deduction rules and (iii) public charities attract grants from private foundations more easily.

D. Scope of Outline. This outline focuses on arts organizations that are organized as non-profit organizations, are exempt from federal income tax under Section 501(c)(3) of the Code, and are classified as public charities for federal tax purposes. Different rules may apply to other types of arts organizations.

II. *Requirements for Federal Tax-Exempt Status*

As a BVA consultant, you will want to know how your arts organization maintains its tax-exempt status as a Section 501(c)(3) organization. This status provides the following advantages: (i) the organization generally does not pay federal income tax on receipt of donations or on income generated from activities that are substantially related to its exempt purpose, and (ii) individuals and corporations are eligible to receive a charitable contribution deduction for donations to the organization. Following is a brief summary of the requirements applicable to Section 501(c)(3) organizations. If an arts organization fails to comply with these requirements, the IRS may impose excise taxes or, in extreme cases, may revoke the organization's tax-exempt status.

A. Operated Primarily for Exempt Purposes. The organization must operate primarily to advance one or more purposes listed in the Code, such as religious, charitable, scientific, literary, or educational purposes.

B. The net earnings of the organization may not inure to the benefit of any person in a position to influence the activities of the organization. This rule arises any time an arts organization enters into a transaction with its founders, trustees, officers, substantial contributors, or members of their families ("insiders"). The IRS will evaluate a transaction between an arts organization and an insider to ensure that it is fair and reasonable to the organization. Common examples include the payment of compensation or lending money to an executive, or the payment for goods and services provided by a trustee. In general, any transaction between an arts organization and an insider should be reviewed and approved by a board committee that: (i) is composed entirely of independent board members that do not have a conflict of interest with the transaction; (ii) obtained and relied upon appropriate comparability data to ensure that the transaction is reasonable and at fair market value; and (iii) adequately documented the basis for its determination. If the IRS deems a beneficial transaction to be excessive, it may impose excise taxes, or in extreme cases, may revoke the organization's tax-exempt status.

C. The organization must operate to provide a public benefit, not a private benefit. This rule applies whenever the arts organization provides a private benefit to any person, not just an insider. Any benefits provided by the arts organization to private individuals or entities must be incidental to the organization's charitable purpose. A benefit is incidental if: (i) the organization could not achieve its charitable purposes without necessarily benefiting certain private individuals and (ii) the benefit is insubstantial in relation to the public benefit derived from the activity.

D. The organization may not be operated primarily to conduct an unrelated trade or business. An arts organization may conduct a certain level of unrelated trade or business activity. An arts organization, however, will jeopardize its tax-exempt status if the activity becomes too substantial. The determination of how much is too much is based on the specific facts and circumstances.

E. The organization may not engage in substantial legislative lobbying. A public charity may not devote a "substantial part" of its activities to "lobbying" activities, which generally include: (i) contacting or urging the public to contact, members of a legislative body for the purpose of proposing, supporting or opposing legislation, or (ii) advocating the adoption or rejection of legislation. An arts organization may use one of two tests to determine whether lobbying activities are a substantial part its overall functions: the "substantial part" test or the "expenditure" test. The substantial part test is based on a number of facts and circumstances used to measure the permissible level of lobbying activities. The expenditure test, on the other hand, sets specific dollar limits on the amount a charity may spend to influence legislation. An arts organization wishing to be subject to the expenditure test must affirmatively make a "Section 501(h) Election" with the IRS.

F. The organization may not participate or intervene in any political campaign. Section 501(c)(3) organizations may not participate in or intervene in any political campaign on behalf of or in opposition to any candidate for public office. Nonetheless, the organization may engage in "educational" activities regarding politics, provided that certain guidelines are followed, and may provide a forum for debates by candidates, as long as the forum is fair and neutral and all qualified candidates are given equal time for debate.

III. *Selected Federal Filing Requirements*

As a BVA consultant, you should be aware that your arts organization needs to comply with its federal tax filing obligations. If an arts organization fails to comply with these requirements, then the IRS may impose penalties on the organization, or in certain cases, on the person in the organization responsible for the failure.

A. Form 990 – Annual Information Return. Arts organizations are required to file an annual information return (Form 990) with the IRS, unless the organization normally does not realize more than \$25,000 of gross receipts in each taxable year. An organization that has gross receipts of less than \$100,000 during its taxable year, and total assets of less than \$250,000 at the end of its taxable year, may file a Form 990-EZ. The annual information return is due by the 15th day of the 5th month after the organization's tax year ends. In the case of calendar year organizations, the due date is May 15.

B. Form 990-T – Unrelated Business Taxable Income. An arts organization must file a Form 990-T if it has \$1,000 or more of gross "unrelated business taxable income" for the year. The Form 990-T is due at the same time as the Form 990. In general, unrelated business taxable income includes income derived from a trade or business regularly carried on by the organization that is not substantially related to the performance of its tax-exempt purpose. There are some exceptions for passive income such as dividends, interest, royalties and certain rents unless this passive income is derived from debt-financed property or from certain controlled subsidiaries. Other exceptions include income generated from (i) activities in which substantially all the work is performed by volunteers and (ii) the sale of donated goods.

C. Documentation of Contributions. If an arts organization receives a contribution exceeding \$75 in exchange for goods or services, then the organization must (i) inform the contributor in writing of an estimate of the value of the goods or services furnished by the organization and (ii) state that only the portion exceeding the value of the goods or services is deductible as a charitable contribution. An arts organization has other reporting requirements if it receives a contribution of \$250 or more. If so, it should send the donor a written acknowledgment of: (i) the amount of any cash contribution, (ii) a description (but not the value) of any non-cash contribution, (iii) a statement that no goods or services were provided in return for the contribution, if that was the case, and (iv) a description and good faith estimate of the value of goods or services, if any, that an organization provided in return for the contribution (other than certain token benefits).

D. Form W-2, Form 1099, and Employment Taxes. If an arts organization pays workers to perform services, then it must comply with the federal and state employment tax rules. The rules differ depending on whether the worker is an employee or an independent contractor for federal tax purposes. As a general rule, a worker is considered an employee if the arts organization has the right to control where, when and how the worker's services are performed.

1. Employees. If the worker is an employee for federal tax purposes, then the arts organization must withhold federal (and possibly state and local) income tax from the employee's wages and must pay its share and withhold the employee's share of the social security and Medicare taxes. The arts organization must also report all wages paid to employees on a Form W-2. Although Section 501(c)(3) organizations are exempt from payment of federal unemployment taxes, such organizations may elect to participate in a state program. It is very important that an arts organization comply with the employment tax withholding rules. If an arts organization fails to either withhold the appropriate amounts or pay those amounts to the government, any corporate officer, director, or employee who is responsible for withholding taxes could be personally liable for 100% of the outstanding amount. The IRS generally will not impose this penalty on unpaid, volunteer members of the organization's board if they serve in an honorary capacity, do not participate in the day-to-day or financial operations, and do not have knowledge of the failure.

2. Independent Contractor. If the worker is an independent contractor, the arts organization generally is not required to withhold any taxes on payments made to the worker. Instead, it must report all payments to the worker over \$600 on a Form 1099-MISC. In the past, it has been common practice for some arts organizations to misclassify artists as Independent Contractors, which they are not. If the IRS discovers that an arts organization is using this practice, it can result in massive fiscal penalties.

E. Public Disclosure. An arts organization generally is required to make its application for exemption (Form 1023) and annual information return (Form 990) for the prior three years available for public inspection without charge at its principal, regional and district offices during regular business hours. It must also provide a copy of these documents, without charge (other

than a reasonable fee for reproduction and actual postage costs) to any person who requests such a copy in person or in writing. There are exceptions for certain "harassment" campaigns and for documents posted on the internet. An arts organization is not required to disclose the names and addresses of its contributors (other than private foundations) under these rules.

IV. Selected State Law Issues

Arts organizations are also subject to numerous state law rules and regulations. BVA consultants should be aware of the following state law rules.

A. Legal Duties of Board of Directors. The directors (sometimes referred to as the trustees) of an arts organization have specific legal duties and obligations. Failure to fulfill these legal duties could expose the director to personal liability. As a result, many arts organizations purchase directors' and officers' ("D&O") insurance and agree to indemnify their board members under certain circumstances. Following is a brief summary of some of the more important legal duties of directors of an arts organization.

1. Duty of Care. In general, a director must act in good faith, in a manner that he or she reasonably believes to be in or not opposed to the best interests of the arts organization, and with the care that an ordinarily prudent person in a like position would use under similar circumstances. To help fulfill this duty, a director should always be active in the organization's affairs by attending meetings, be informed, act diligently and exercise independent judgment.

2. Duty of Loyalty. A director must put the best interest of the arts organization ahead of his or her individual interest and not use his or her position on the board for individual personal advantage. To help fulfill this duty, a director should always properly disclose and address conflicts of interest and keep board and organizational matters confidential. In addition, arts organizations should consider adopting a conflict of interest policy for its directors and officers.

3. Corporate Governance Legislation. In the wake of recent corporate scandals, federal and state governments are increasing their scrutiny of corporate governance issues applicable to both for-profit and non-profit corporations. In 2002, the U.S. Congress adopted sweeping corporate governance reforms that apply to publicly-traded companies. Although these reforms do not directly apply to arts organizations, some states are considering adopting similar legislation for non-profit corporations. For example, in January 2003, the New York Attorney General proposed amendments to the New York non-profit corporation law to impose additional corporate accountability measures. In light of these developments, directors of arts organizations should take their legal duties seriously and monitor federal and state corporate governance legislation, which could affect those duties.

B. State Registration. Most states require arts organizations to register as charitable organizations and file periodic information returns. In some cases, an arts organization will not be entitled to favorable state tax treatment unless it follows the appropriate registration

requirements. Every arts organization should consult the attorney general of each state in which it conducts activities to determine the applicable state registration rules.

C. State taxes. As a general rule, most states do not tax the income generated by arts organizations unless it is "unrelated business taxable income." In addition, in many cases, arts organizations are not required to pay state sales taxes on certain purchases of tangible personal property (note that this exemption typically does not apply to the sale of tangible personal property by the arts organization). Finally, some states do not require arts organizations to pay property tax on property used for exempt purposes. Arts organizations may be required to file special registration forms in order to receive this favorable state tax treatment, and should consult the appropriate tax authorities of each state in which they conduct activities to determine the applicable state tax rules and requirements.

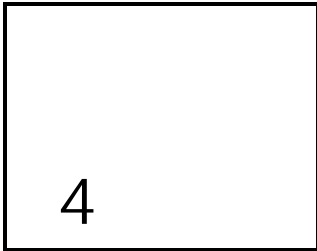
D. Charitable Solicitation License. Most states require arts organizations to register with the attorney general if they intend to solicit contributions in the state (in some cases, whether physically conducting fundraising activities in the state or "virtually" over the internet). Arts organizations should consult the attorney general of each state in which they conduct activities to determine the applicable state solicitation licensing rules.

V. Lawsuits and Claims

Arts organizations are often exposed to various lawsuits and claims. Some of the most common types of claims relate to contract disputes, personal injuries incurred on the organization's premises, trade mark infringement, wrongful acts of employees or volunteers, or claims of discrimination. Arts organizations should consider whether to (i) purchase insurance to cover these and other types of potential liabilities and (ii) indemnify its directors, officers, employees or volunteers from such liability under certain circumstances. Note that some state and federal laws impose limits on the liability of volunteers.

VI. More Information

For more information on these and other legal and tax issues applicable to arts organizations, please refer to the *Tax Exempt Tool Kit* published by the American Bar Association Tax Section Diversity Committee, located at <http://www.abanet.org/tax/pubs/tetk.html>.



Challenges of Managing an Arts Organization

Structure

This section will review typical structures of nonprofit arts organizations to help you better understand how arts groups function. There is no one model. In fact, there is currently considerable research, development, and testing underway to evaluate the effectiveness of current models and find new processes for managing nonprofit arts organizations to help meet the current challenges.

Bylaws

The basic structure of an arts organization is outlined in the bylaws, which provide the legal and functional guidelines for the operation of the organization.

Board of Directors

This discussion is only a basic overview as many entire books have been written on boards of directors. Board issues are also among the areas often cited by arts groups as problems. Several organizations and consultants are researching and testing new models on how to make boards more effective.

As previously discussed, the board of directors or trustees is the governing body of the nonprofit arts organization. Boards vary greatly in size, make-up, structure, and operation; however, there are some basics that related to a typical board profile.

- **Size**

If the organization has 501(c)(3) status, the board must have a minimum of three members. At least two must not be employees in order to meet the requirements set forth in the IRS guidelines. The typical board size for most small organizations is less than 15, while major institutions can have very large boards of directors. Each organization must determine for itself the size of board that will ensure representation of the various constituencies it serves.

- **Make-up**

Typically, arts boards include community leaders and patrons of the organization. Other considerations are cultural diversity, age diversity, inclusion of both men and women, and the variety of skills and resources needed by the organization. Common skills desired are financial and legal expertise. Many groups include leading artists or other professionals from within the arts field. The chief staff person may also hold a board seat.

- **Selection**

Board members are selected in a number of ways. The board itself, through a nominating or leadership development committee, may identify candidates and recommend them for vote to the membership base. A committee of members of the board may select a slate of candidates for vote by the full membership either at a meeting or by mail. Some boards delegate authority to the president or executive committee to fill vacancies. It is highly recommended that people considered candidates for the board become involved as volunteers or committee members first to determine their strengths and weaknesses and how they function in a group decision-making process.

- **Basic Structure**

Most boards have the following officers: chairman, vice-chairman (these are often honorary), president, vice president (one or more), secretary and treasurer (may be combined as secretary/treasurer). President and treasurer positions should not be held by the same person. Officers are typically elected by the board members and serve terms as specified in the bylaws.

- **Meetings**

The frequency varies, but boards must meet at least once a year. Most nonprofit arts organizations have boards that meet at least quarterly, and many meet monthly. The executive committee usually meets monthly.

- **Service**

The terms of office of board members should be provided for in the bylaws. Typical are two-year terms with the opportunity to be re-elected for two additional terms before rotating off the board. Some boards have no term limits at all and have long-serving members. This, however, is of concern to funding agencies who favor rotating boards and the infusion of new talent and leadership on a periodic basis.

Many boards have standing committees as well:

- A **Finance Committee** oversees such areas as budgets, audits, cash flow, tax compliance and financial statements.
- A **Development Committee** takes responsibility for overseeing fundraising activities.
- One or more **Program Committees** can oversee specific program areas.
- A **Nominating Committee** (or leadership development committee) is usually provided for in the bylaws to handle the logistics of recruiting and proposing new board members for the vote of the full board or membership. Sometimes the nominating committee takes on additional leadership development activities for the board, including training new members and planning board retreats.
- Most groups also have an **Executive Committee** that can be made up of the officers and standing committee chairs and meets more often than the full board to consider and recommend policy. The executive committee may have certain powers to take direct action, which are spelled out in the bylaws or delegated by vote of the board of directors. The Executive Committee also sometimes functions as the Finance Committee.

Advisory Committees and Boards

Many organizations also have an advisory committee that can serve many functions. This can be an honorary committee of various types of leaders from the community and the field who do not have the time to serve on the board, but whose names lend credibility and/or recognition to the organization. This can also be people who bring specialized expertise that they are willing to share when needed. Often board members who have given long and outstanding service are placed on advisory committees when they are no longer able to make the commitment to full-time board activity. Advisory committees can be any size and sometimes there can be more than one.

Staff

As discussed in the previous section, the founding artistic director is usually the first staff person in a nonprofit arts organization. As the organization grows, the following typical staff positions are created:

- **Artistic Director** Once a group is past the start-up phase, this position usually concerns itself with the artistic side of the operation: the selection and development of programs. For a dance group, this can involve choreographing the work, selecting and training the dancers and directing the show. In the visual arts this person (often referred to simply as the Director or Chief Curator rather than Artistic Director) selects the exhibitions and supervises all aspects related to presenting it to the public. Most organizations give maximum freedom to the artistic director to develop the creative side of the operation within established budgets.

- **Executive Director** As stated earlier, this position may have various titles. In theater companies, for example, this chief professional is often referred to as the Managing Director. Generally, the person in this position handles the administrative side of daily operations. In the case of a service organization, this person is responsible for all aspects of the organization. Typical areas of supervision include office and financial systems; facilities; public relations; communications and marketing; fundraising; board/committee liaison and coordination; budget development and strategic planning (the latter two areas are usually in conjunction with the board, artistic director, and key staff).

In some organizations, the artistic director and executive director are the same.

The following are positions that are not found in every arts group. Many of the functions are carried out by either the artistic director or the administrative director.

- **Director of Development** This person is responsible for organizing the fundraising work, which includes researching and writing grant proposals; solicitation of memberships (if applicable); developing a fundraising calendar and budget; keeping applicable records; coordination of funder acknowledgments and information requests; and special fundraising events.
- **Controller/Director of Finance/Office Manager** Responsibilities include payroll, purchasing and maintenance of equipment, personnel records, accounts receivable and payable, coordination of employee benefits, tax compliance, and space management.
- **Public Relations/Communications Director** This position coordinates media relations and publications that are publicly distributed.
- **Marketing Director** Sometimes combined with the above position, this staff person handles marketing tickets, memberships, or other products of services the organization is offering to the public.
- **Director of External Affairs** This term is often used to describe a position that combines Development duties with those of Marketing and Public Relations.
- **Program Managers** Many groups have a variety of positions related to managing one or more specific program areas.
- **Other** common positions are a Box Office Manager and personnel to handle actual ticket sales; accountants, usually part-time, who handle the books and monthly financial and cash flow statements; directors of volunteer programs, and support staff for all of the functions listed above. The artistic side adds directors, choreographers, curators, costume and set designers, lighting and sound technicians, carpenters, stage managers and stage hands, and a host of additional support positions. Groups with facilities must also have maintenance

people, receptionists, and security staff.

Volunteers

Without volunteers, the arts world could not possibly do what it does. Starting with board members and ending with ushers, volunteers perform an array of tasks that assist the organization and save it money. Many organizations have volunteer coordinators on their staffs to supervise volunteers who function within relatively structured programs. Others have a loose coalition of friends and supporters who are there to assist when needed. Typical volunteer activities follow (it should be noted that volunteers can and do perform almost every function within arts organizations):

- **Docents**

Museums and other programs that are open to a drop-in public are enhanced by volunteer docents who lead tours, give lectures, and generally impart knowledge to the public about the particular exhibition or program they are seeing. A high degree of knowledge about the field is often required and many museums have intensive training programs for their docents.

- **Auxiliary or "Friends" Groups**

These are somewhat formalized subsidiary organizations or committees of people who want to work together for the mutual good of the arts group. They can provide staffing for a gift shop, put on benefits, and provide hospitality services. There is usually a financial commitment as well.

- **Box Office/Usher**

Volunteers handle the sale and distribution of tickets, and direct patrons to seats, particular exhibition areas, or other activities. Specialized training is required for working with ticket sales.

- **Fundraising**

Many arts groups operate major fundraising drives and special activities with volunteers. From the proverbial envelope stuffing to identifying prospects to making the fundraising call, volunteers are essential in this area.

- **Management**

Volunteers can help balance the books, photocopy and collate materials, answer phones and organize the files.

Consultants/Contract Employees

It is becoming more common for arts organizations to hire consultants or contract personnel to perform specific functions. This can include developing a marketing plan, coordinating a long-range planning effort, or assisting with fundraising. A major growth area is in services provided by special events planners and people who match arts groups to potential sponsors for their programs.

Membership

Many arts organizations have a membership structure. Some limit membership to arts professionals within a specific discipline. Others provide opportunities for their friends and supporters to become members. Or the membership can be a combination of both. Some have a membership base from diverse sectors to create opportunities for communication and cooperation on behalf of the arts. All members pay annual dues and generally receive specific benefits for the membership, including discounts on tickets, invitations to events, and access to services. Membership benefits generally vary depending on the level of financial support.

The legal status of members is outlined in the bylaws and varies from organization to organization. In some organizations, members elect the board of directors. In others, the bylaws specify that all or a specific number of the board be from the membership.

Members can be both a resource and a challenge. Demands for membership services can divert a group from its broader mission. Too much membership involvement in management and program areas can lead to conflicts related to priorities and responsibility. Yet failure to remain sensitive and responsive to the membership can lead to dissatisfaction and loss of support. Maintaining a balance takes excellent management skills.

On the positive side, the membership often provides an excellent pool from which volunteers and leadership can be drawn. These are people who already have a strong interest in and commitment to the organization. It is also a way to turn casual patrons and ticket buyers into people with direct involvement in the organization.



The Business of the Arts

Fundraising

The major difference between the for-profit and non-profit sectors is the need to raise contributed or donated income beyond what is earned through services and products offered by the organization.

Fundraising is essential to the nonprofit arts sector. Throughout history, artists and arts activities have been subsidized by the church, state, and wealthy patrons. In modern times, the new Medicis also include the business community and millions of individual donors. This patronage recognizes that artistic talent needs special nurturing, especially since the work of many individual artists is not recognized and rewarded within their lifetimes.

The presentation of labor-intensive, quality art is costly. That is why commercial arts, like Broadway theatre and commercial music that produce profit for investors, are relatively expensive and exclusive. In contrast, the non-profit arts are in the business of maximizing artistic profits for the community by keeping them as affordable as possible and accessible to everyone.

Nonprofit arts groups accomplish this in part by keeping costs down through recycling sets and costumes, sharing resources with other organizations, operating in low-rent districts, using volunteers, and paying low salaries to most arts professionals. However, to accomplish their mission, non-profit arts organizations must also generate a significant portion of their revenue from contributions.

Types of Contributed Income

The United States is unique in its support in that funds are received from what is essentially a public/private partnership. In most countries, the government is by far the largest supporter of the arts; in the United States, it contributes only a small percentage. A breakdown of the various sources of support follows:

Government

- **Federal:** Funds for the arts come primarily from the National Endowment for the Arts (NEA), which has an annual budget of over \$155 million. (This equates to less than 40 cents in taxes per year per taxpayer.) The NEA has existed since 1965 and has been a major catalyst in the growth and quality of the arts in the United States. While the dollars it gives are often small, support from the NEA can constitute a "stamp of approval" as grants are recommended through a peer-review process. This serves to enhance the prestige of the organization receiving support and often leads to other support. Other federal funds available to the arts primarily come from the National Endowment for the Humanities (NEH), the Corporation for Public Broadcasting, and the Institute of Museum Services (IMS). Federal funds also support such institutions as the Kennedy Center for the Performing Arts and the Smithsonian Institution. As a result of dramatic cutbacks, federal support represents only a tiny share of most organizations' budgets.
- **State:** Every state has a government agency that deals with the arts. Most give grants and provide various services to the broad arts community. Statistically, state funding represents the largest share of government support in an arts organization's budget.
- **City and County:** Local jurisdictions within government give grants, present arts programs, and assist the arts. These can be regional, county-wide, or confined to a specific city and are known as "local arts agencies." The local arts movement is a fast-growing sector as communities realize the value of the arts in enhancing their quality of life and economic stability.

Foundations

There are thousands of foundations in the United States, many of which fund the arts. Grants range from a few hundred dollars to multi-million dollar donations. Gaining foundation support requires careful research to determine interests and types of programs funded, written proposals, and patience. Personal contact, if possible, is also of value. Unfortunately, actual support for the arts as a share of total funding by foundations has been decreasing steadily since the 1980s. Foundation giving is projected to remain flat or fall over the next several years due to recent declines in the value of foundations' assets.

Foundations come in several categories:

- **General Purpose:** These are usually large, well-known, and often national or international in character. Examples are the Ford and Rockefeller Foundations. These foundations tend to support discrete, innovative projects that move the field forward in new directions.
- **Special Purpose:** These are smaller foundations, often initiated by families for tax purposes, which usually operate on a limited geographic basis and tend to focus on a few areas of philanthropy. Many support the arts and are a more likely source for general operating dollars.
- **Community:** These foundations manage and disperse funds entrusted to them by a variety of sources such as individuals, businesses, and families. They must follow the wishes of the donor in what causes are supported from their funds, which can vary from very specific areas to something as broad as "general community betterment." Many of the foundations initiate projects that they see as needed in the community-at-large and provide a leadership focus that often brings in other sectors such as government, business and other funders.
- **Corporate:** These are created by companies as tax-exempt, separately managed entities that receive contributions of principal from the parent company. Either the principal or the interest is distributed as grants. Generally, funding supplied from a corporate foundation is considered corporate support rather than foundation support. Only when a foundation has a distinct separation from its original corporation, like the Ford Foundation, is the funding considered to be foundation support.

Business

Business philanthropic support for the arts grew steadily for many years, reaching a high in 2006. It has since fallen due to a decline in corporate earnings in the economic downturn of the late 2000s. Small and mid-sized companies account for 65% of those contributed dollars. A lack of continued major growth is primarily due to corporate mergers, a difficult economy, and a changing of priorities leading to increased funding for education, health, and social services areas.

There is also an increased emphasis on mutual benefit. Business increasingly is measuring the return on investment it receives from its philanthropy. Employee involvement, image enhancement, and marketing and advertising tie-ins are all considerations. Business support has grown appreciably in marketing and advertising partnerships which help the company reach new markets or specific niche markets. The arts do attract a market niche in terms of income and education.

There are several types of business support:

- **General:** These are grants given for general operating purposes to support the overall work of the organization. These grants are becoming more and more difficult to obtain as

corporations ask for special projects whose effectiveness can be measured. They are also known as "unrestricted" gifts.

- **Special Projects:** Special projects that help the organization achieve its mission while giving visibility to donors are more likely to be funded than general operating requests. There is particular interest in programs that impact young people, education, neighborhoods, and disadvantaged people. Projects that are related to events, exhibitions, the creation of new work, and helping groups to increase earned income are also of strong interest. These gifts generally have restrictions from the donor to the grantee on how each can be used.
- **In-kind:** Businesses can also offer non-cash contributions, many of which are tax- deductible. This can include printing, graphic design, new or used equipment, special expertise, free meeting space, and hospitality services, and is a way to gain support from businesses that are unable to provide direct funding. Laws vary about the deductibility of in-kind gifts. Volunteer time is not deductible, but is an extremely effective way of developing relationships.
- **Matching Gifts:** Many companies have programs to provide varying amounts of matching dollars for employee cash or non-cash donations to organizations in which employees are involved. These are usually handled by the public affairs or contributions officers of the companies.
- **Sponsorship funding:** Many corporations ask that their gift be recognized as sponsoring a particular production, exhibition or program to provide greater recognition for their company. This can be a bit confusing because some sponsorships qualify as contributions, while others constitute earned income.

For a corporation's sponsorship to be considered a charitable contribution, the benefits a corporation may receive are strictly limited by the IRS. If a corporation receives too many benefits for their sponsorship or benefits that are commercial in nature, such as advertising, a sponsorship may be considered earned income for the arts organization and a marketing expense for the corporation.

Individuals

Individuals give by far the largest share (75.6%) of U.S. charitable donations, set at \$222.89 billion in 2006 (arts receive 4.2% of total). Giving from individuals has been the most rapidly growing area of contributions for several years, outpacing government, foundation and corporate funding. Individuals give in many different ways:

- **Direct Solicitation:** Subscribers are asked to add a donation to their ticket orders; members are asked to give an extra amount beyond the basic dues; audiences are solicited through program inserts; direct mail campaigns target specific demographic groups and past attendees at the group's activities; and telemarketing has become a standard method of requesting support.

Charitable gifts of \$1 million or more from individual donors fell by 33% in the last half of 2008, compared to the same period in 2007. These donors are more often asked for their gift in a more personal manner, such as a highly personalized letter, call or visit from a board member or organization leader.

- **Wills:** Traditional lump sums of cash, stocks, securities, and bonds are bequeathed through a will. Gifts of real estate or appreciated property may also be made. In addition, gifts can be made through life insurance benefits. Legal advice is suggested for groups seeking or accepting such gifts.
- **Planned Gifts:** Individuals may choose to support the arts not only through an annual gift or a bequest in their will, but by distributing some of their assets – such as stocks, bonds, property, etc. - to them through what is commonly called a Planned Gift. Many planned gifts, such as Charitable Remainder Trusts, can provide donors with special income and tax benefits. Donor Advised Funds (DAF) are becoming increasingly popular due to flexibility in giving and tax benefits. These gifts should be handled through professional channels as the laws are complex and change frequently.
- **Employee Volunteerism Awards:** Many companies have special giving programs tied to their employee volunteerism efforts. For example, if an employee has donated over 100 hours to a particular organization, that organization is entitled to request a grant from the employer as a matching gift. Contact your human resources department to determine if your company offers such opportunities.

Other Sources of Income

Earned Income

This includes traditional income-producing activities that are consistent with an organization's mission. For performing arts groups, ticket sales and subscriptions are the mainstays. For museums, general admissions; the sale of publications; loaning works to other institutions for exhibition; fees for tours, lectures and other educational programs; and space rental are options. Investment and interest income; book and gift shops that sell items directly related to the organizational mission, primarily of an educational value; memberships and dues; and services important for the convenience of those utilizing the facilities, such as restaurants, coffee bars, and parking, are also sources of earned income. Some of these sources could be considered unrelated (see next section), depending on the circumstances, and tax counsel should be sought.

Unrelated Income

This term relates to income-producing activities that are not directly related to the primary mission of the organization. Selling air rights to real estate is one example. As noted in the previous chapter, nonprofit activities that appear to compete with for-profit businesses are increasingly under fire by that sector. Earned income that departs from an organization's traditional activities is closely scrutinized by the IRS and may be taxable. Many nonprofit groups have formed for-profit subsidiaries to ensure compliance with tax laws.

United Arts Funds

These are similar to United Way in that a major drive, usually targeted at business, creates a pool of money for disbursement to arts groups. There are nearly 56 such funds in the United States, annually raising about \$111.5 million collectively. These organizations give funds to a number of arts organizations. Groups accepting funds from united arts funds are sometimes prohibited from going directly to any of the donors for additional support, at least during special campaign times.

Workplace Giving

A rapidly growing offshoot of the united arts fund movement is workplace giving, whereby individual employees can designate payroll deductions for general support of the arts or, in some instances, for specific organizations or funds.

Importance Of Diverse Base Of Support

Most arts groups strive for support from all of the various categories listed. Groups that depend on major donors or a few major supporters have found themselves in deep financial trouble when they lose that support. A broad base that is not overly dependent on any one category is more work, but much healthier. It also helps the organization meet its "public support test" with the IRS, which requires a variety of funding sources to maintain the 501(c)(3) status.

Marketing/Audience Development

Another major area of arts management is marketing, which usually means getting people to come to see or participate in what the organization does. Comprehensive information on marketing is available by visiting the National Arts Marketing Project site at www.artsmarketing.org.

Market Research

One of the first steps in marketing for arts groups is to determine the make-up of their current audience and supporters. This is accomplished through questionnaires, telephone interviews,

focus groups, and demographic studies. Some groups have become very sophisticated in determining their audience or supporter profiles. This data is then used to determine new potential markets.

Another important component of market research is determining pricing for the artistic product. Analysis of the pricing of competitors, both in the nonprofit and for-profit sectors, the development of special packages and promotional offers, and direct communication with consumers to find out what they want are all important components. This research and preliminary work should lead to development of a marketing plan.

Marketing Plan

Prior to actually producing a Marketing Plan, it is necessary to create a “road map” by defining specific facts about the arts organization. This will help in creating a more focused Plan.

- **Product Position:** current position (“enjoys 80% subscription renewal”), current market perception (“performances are for ‘older’ generation), desired position (“more recognition from younger audience”).
- **Target Audience:** who is the current audience, who is responsible for ticket purchases, who is the influencer for ticket purchases, who is the desired audience?
- **Customer/Prospect Problem(s):** what are the main problems facing the customer that can be solved by the organization (“target audience wants to support the arts but doesn’t want stuffy atmosphere, perceived pricey tickets, family prospects want wholesome, fun entertainment”).
- **Competition:** who/what are the major competitors of the particular arts organization (family activities, sports, similar arts groups/activities).
- **Communication Objectives:** what is the desired reaction desired from the target audience in response to an ad or printed literature (strengthen brand awareness, convince target audiences to buy tickets, turn single ticket buyers into subscribers).
- **Primary Message:** what is the message the arts organization wants to convey in a single, focused sentence (“ABC Theater should be one of your family’s entertainment options for a unique, affordable experience in a friendly, relaxed setting.”)
- **Reason(s) Supporting the Message:** what is/are the factual statement(s) supporting and verifying the target benefit promise (“ABC Theater’s season provides variety and quality in performance selections while offering a non-traditional experience; the theater is intimate and friendly allowing for a more personal experience”).
- **Benefits Offered to the Target Audience:** what points support your message and give the audience “something in return” (“ABC Theater provides high-quality performances in a “non-

stuffy” atmosphere, is reasonably priced, and provides free, safe parking.”).

- **Call to Action:** what is the next step for the target audience (“Buy tickets and come to ABC Theater’s performances.”).
- **Quantities Needed/Budget Parameters:** what will be used to promote the arts organization: advertising, direct mail, brochures, posters, etc.
- **Project Due Date:** when is the desired promotion time period.
- **Additional Information:** what other information is needed to develop the marketing plan for the arts organization (season dates, ticket prices, theater rental contract, etc.)

Audience Development

While publicity and word-of-mouth are strong tools for reaching new audiences, particular marketing approaches are also utilized. This includes techniques utilized in fundraising, such as direct mail and telephone campaigns; however, the goal is ticket sales or attracting people to participate in the activities of the arts organization. Special offers (such as one free performance or reduced prices for season-ticket buyers); outreach programs to take the art form to potential new audiences; educational activities for the public about the art form; and promotional events are additional tools. Direct mail is the most used approach, but one that many feel has become less effective as direct mail pieces proliferate. Based on market research, many groups buy lists of targeted groups and zip codes from companies specializing in lists. Perhaps the best way to reach new audiences is a hit show; somehow the word gets out.

Maintaining Audience

One of the major concerns of many arts groups is the aging of America. The audience for many of the more traditional art forms (symphonies, opera, ballet) is growing older and groups are making special efforts to reach out to younger people. Special series for singles and families, earlier curtain times, and shorter programs are all becoming more common.

Another problem is the impact of leisure time usage and work habits on the willingness of people to commit to season tickets. Once someone is attracted to the organization’s activities, it is a continual process to keep them coming.

Public Relations

While closely related to marketing and audience development, public relations has a larger purpose, which is to position and establish the organization and its image within the community. This particularly involves interaction with the media and press and general promotional activities. With the tremendous growth in the number of arts groups over the past 20 years, this becomes a

more and more difficult task. In a community with multiple mid-size and smaller theaters, each has to find a special niche that can generate publicity and make it stand out from the rest. Following are some of the techniques:

Criticism

The arts can't live with them and can't live without them. A favorable review by a professional critic can make a show; a negative review can kill it. And, it does happen that the public loves an event that the critics panned. However, there is no doubt that it is in the best interest of the arts organization to have cordial relationships with the critics and a good review is better than a bad one.

Press

The most common press for the arts does relate to criticism; however, many groups are successful in obtaining publicity through human interest stories. Of course, controversy is another way of gaining attention. There are those who feel that controversy can be positive and bring people to see what they are about. It can certainly help them to become known and stand out from the rest of the groups. Going public with bad news or controversial viewpoints is extremely sensitive and should be very carefully considered.

Social Media

Nonprofits are using social media tools like blogs, Facebook and Twitter to reach constituents, raise awareness, and raise money. These tools are becoming increasingly important for developing new, younger audiences.

Public Service Announcements

These are free announcements broadcast in the media on behalf of nonprofit organizations. In major markets, they are difficult to obtain and even harder to get on prime time; however, they can be extremely effective tools to develop community awareness. Radio PSAs are easier to obtain than television. Most groups prepare their own PSAs, although sometimes stations are willing to lend equipment, facilities, and expertise.

Mailings

The organization's mailing list can be one of its most important public relations tools. Make sure that community leaders, the press, and others you want to know about the group's activities are included. Certainly, there should be methods in place to track names and addresses of everyone who comes to an event or even who calls for information. These should also go on the mailing list. The more detailed this list can be about attendance patterns, the more valuable it will be as a marketing tool.

Advertising

Most arts groups have very limited advertising budgets. Posters, newspaper ads, brochures, internet and flyers are common tools. This is an area where business people can give important advice to help ensure that advertising dollars are well used.

Financial Management

The funders, board members, and the continual tight money situation of most arts groups requires careful financial management that gives timely and accurate information. More and more groups have automated their financial systems and there are excellent financial management software packages available.

Fund Accounting

In order to keep the records of funders and track expenditures by programs, most arts organizations traditionally utilized what is known as "fund accounting." This methodology divided the traditional income and expense categories by program or fund areas. This meant that such areas as personnel expenses could be spread over several funds. It also allowed for funds given for specific programs or areas (restricted funds) to be tracked separately. Some arts groups continue to use these methods for internal purposes. However, due to IRS reporting regulations and recently passed general accounting principles an organization may not use the "Special Project" qualifier and must now report its net assets as either unrestricted, temporarily restricted, or permanently restricted funds or a combination thereof.

Budgets

It should be noted that budgets are guides. They should be prepared in advance of the beginning of the fiscal year as a part of the overall plan for the year, approved by the board of directors, and utilized throughout the year to track cash flow. The cash flow should be compared with the approved annual budget on a monthly basis with the board authorizing adjustments to the budget if necessary. On-going evaluation of budgets versus reality helps the organization respond to weaknesses in the annual financial plan and adapt to changes in the environment for support before a crisis situation exists. Therefore, the budget becomes not only a guide, but a management tool. The board of directors should approve any changes in the budget.

Financial Management Systems

A basic financial management system should be in place to handle checking and savings accounts; general ledgers and journals; payroll and benefit records; contracts and leases; a checks-and-balances systems for handling receipts and disbursements (where one person is not handling all transactions); and processes for managing purchasing, investments, grants and, if applicable, the box office. Insurance and taxes are also other areas of responsibility under financial management and are discussed in more depth in the legal section.

Financial Statements

Monthly financial statements are important to help groups maintain control over the fiscal situation. They should also be required by and distributed to at least the treasurer and executive committee. Many groups distribute to the full board monthly. These statements should reflect year-to-date figures for income and expense, a comparison of these against the budget and projections through the year-end. Comparisons to the previous year are also helpful.

Cash Flow

The financial statement should ideally include a projection for at least six months of expected income and expense on a monthly basis. This should be updated monthly to ensure that the resources will be present to meet the financial needs of the organization. Longer term cash flows should also be developed for at least one-year periods and reviewed and adjusted periodically. If income falls below or goes above projections, adjustments should be made as appropriate. In some cases, a bridge loan can be secured to provide cash to cover pledges and commitments until they arrive. In other cases, spending will have to be delayed or cease. Not tracking and projecting cash flow can cause problems especially when the organization's management fails to recognize problems early enough to make adjustments.

Audits

Most government funders and many private funders require year-end audits by an independent auditor. This is an expense that most groups cannot avoid. However, it determines the fiscal responsibility of the organization and gives funders needed information. It also develops the information needed for the IRS 990 and required state reports.

Staffing

Depending on the size of the organization, responsibilities for financial areas can vary greatly. In smaller groups, the person responsible for overall administrative areas may handle all of these responsibilities. Many groups employ outside bookkeepers and other financial consultants who work on an hourly basis as needed. These people most often handle the monthly and year-end financial statements and accounting needs. As groups become larger, you may see a controller with additional staff responsible for specific areas.

Planning

Many arts groups, particularly those founded by an individual artist, do not take the time to define and reach consensus on the programmatic mission of the organization. As a result, the various individuals involved with a particular group may have a very different idea about what that mission is. Developing a clear mission is an essential step for every organization.

Many funders now require multi-year business plans that clearly spell out the mission, goals, objectives, and strategies of the organization. This should be achieved through a decision-making process that involves key staff, the board of directors, and possibly funders. An outside facilitator (like a BVA volunteer) can be valuable in helping the group go beyond personal concerns and interests to address the overall needs of the organization. BVA has supplementary materials on successful planning models and processes. We cannot stress too highly the value of planning on an on-going basis.

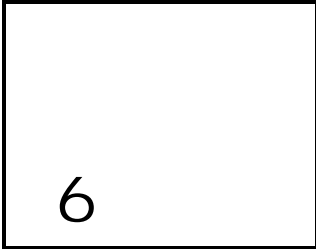
Other Management Areas

Personnel

This includes hiring and dismissal practices, union relationships, personnel policies and procedures, benefits, and relationships with boards of directors and volunteers.

Office Systems

Arts organizations are using information systems in many ways to manage financial, box office, membership, fundraising, mailing lists, inventory, touring, and other areas of their operation.



Trends and Issues Affecting the Arts

The following section reviews some of the major trends and issues that influence how the arts operate and present challenges that must be met if the arts are to go forward.

Climate For Support

The largest percentage of arts funding comes from the box office or other income generated by the arts product—usually from 40-50%. Individual donors give the second largest percentage – around 36%. Business, foundations bring in around 8%, and government generally provides about 8% of the total income. This division of support for the arts in the U.S. has been a major strength, enabling the arts to thrive in a democratic environment without one sector dictating the artistic climate. Most other countries primarily support the arts through government, which therefore has a major impact on the shape of the artistic environment.

Individuals

As indicated, individual support is the largest area of donation. However, tax reform laws and other changes in the laws, such as the elimination of charitable donation tax deductions for non-itemizers, provide less incentive for these donations. Some would argue that tax incentives are not why people give, but their commitment to the organization and cause.

Business

Business support for the arts largely follows the performance of the nation's economy. There were significant decreases between 2000 and 2005, followed by modest increases between 2006 and 2008. Significant decreases are projected for 2009-10 as a result of the economic downturn.

Business support for the arts has shifted from general charitable giving to a more marketing-based and sponsorship-oriented strategy. One of the reasons for this trend is the need for businesses to be accountable to shareholders to ensure that expenditures have some relationship to the bottom line. Therefore, the arts organization must find ways to gain support for its own programs and activities that also provide a mutual benefit to the business. A danger is that an organization will become so involved in special projects that it neglects its core programs. Where it may be possible to get money for major public events, such essential areas as the development of new work and training for artists may be more difficult to fund in this climate.

Because of the growing number of requests for support from all sectors (health, education, social services, environmental), there is increased emphasis on supporting those organizations where employees have direct involvement, particularly as volunteers. Businesses are encouraging employee volunteer participation and many businesses have a designated staff person to help employees find suitable volunteer or board placements.

Government Support

The move to substantially cut back the major Federal government arts funding agencies has been major news for the past several years. State, regional, and local government support are also facing difficulties as other needs compete for government dollars. This is having a substantial impact on the arts, particularly smaller, mid-size, and community-based arts groups that have a harder time attracting contributions.

Changing Demographics

The rapidly changing demographics of many large cities are also impacting the arts climate. Aging audiences for many of the more traditional art forms with little comparable growth in younger audience members, growing interest in art that reflects specific ethnic groups, and a growing disparity between rich and poor are all major factors the arts must address. Creative new programs that involve these changing constituencies must be developed.

Competition for Leisure Time

DVDs, Digital Cable, I-pods, the Internet, commercial arts activities, sports, and other programs compete for leisure time and dollars. The once predicted four-day work week has not materialized. In fact, people appear to be working harder than ever. Audience members are becoming more demanding, and the number of people willing to commit to season tickets has declined. These all present new marketing and audience development challenges for the arts.

Growth of International Markets and Alliances

The trend towards globalization presents many positive opportunities for the arts. The arts have much to offer to help countries appreciate and understand each other through an exchange of arts programs that reflect cultural diversity and heritage. This will be a major challenge, especially when government support for these types of initiatives is declining, but

represents a potential area of growth for the arts.

Governance

There is considerable debate about the effectiveness of the traditional model for structuring nonprofit arts organizations that was adopted many years ago from the private sector. This debate particularly centers on the board/staff governance relationship. We have seen major change in the for-profit structure by which businesses are managed. The arts have by and large *not* adopted these newer approaches. Just as the private sector has changed from what was basically a hierarchical structure to more diversified decision-making processes, the nonprofit arts community needs to examine new methods of operation. Most organizations started by individual artists are very much like entrepreneurial businesses. Yet, most have adopted a model of operation that basically creates an institution. This can mean that complex management and governance functions divert resources, both human and financial, from the artistic purpose. It should be added, however, that this is also the model required by many funders, so if indeed there is the need for new approaches, the funding community must be part of the process.

7

Volunteering in the Arts

Introduction

By now, we hope we have established that the arts, with all the magic and illusion they bring, are also serious and complex businesses. Basically, nonprofit arts organizations are small or medium-sized businesses and they are usually run in a business-like way. However, most operate within limited financial and personnel resources and your business skills can be just what they need to help maximize their resources and leverage all their opportunities.

The Role of the BVA Consultant

The role of a BVA consultant is different from that of a board member and other volunteers in the organization. The BVA is placed to solve a specific management problem or issue utilizing his or her business skills. A good BVA should leave behind new skills and systems that will advance the arts organization over time.

The BVA must be an objective advisor, someone who can step away from the fiduciary and oversight responsibility of the organization and give advice from a neutral vantage point. This is why we usually do not recommend that volunteers join the board of directors of the arts groups they serve until they complete their BVA project. This is particularly important if the project involves planning, financial areas, board/staff issues, or general management that need sensitive neutrality. Once you join the board, you become an integral part of the organization with different responsibilities and cannot retain your outside neutrality. However, we encourage board involvement at the appropriate time (usually after at least a year of activity with the group).

Participants in BVA continually tell us they gain far more than they give. Volunteers have the opportunity to be leaders, helping groups that look to them for expertise move forward to meet their goals. As a volunteer, you have the opportunity to use your business skills in new and challenging ways, often in more depth than possible in your professional work. And, you have the opportunity to work closely with those unique people who make the arts happen,

gaining an inside perspective of how the arts work—a perspective available to very few people.

Getting Involved In BVA

One of the most important components of the BVA process is placing the right volunteer with the right project. Our professional staff carefully evaluate each arts group requesting BVA assistance, performing a management audit to determine strengths and weaknesses of the organization and how BVA can be of the greatest value. The staff then sets priorities with the arts groups for projects that will move them forward and solve specific problems. We only take on projects that are possible within the limited time available from our volunteers. If the need cannot be met by BVA or we feel for any reason that our services are inappropriate (the group may not be ready for consulting, for instance), we refer the group to other resources or assist within a workshop environment.

The Arts Client

The largest number of groups helped by BVA are small and mid-size arts organizations. These groups are ready to address such issues as planning, more sophisticated financial systems, and marketing initiatives. In many cases, the BVA becomes part of the arts organization “family,” working closely with key staff and board members.

BVA has also completed very successful projects with some of the largest and most prestigious arts institutions. These projects are usually more sophisticated and contacts are primarily the professional staff of that particular department. With small groups, volunteer consultants tend to work with the entire organization.

Arts groups are also prepared to work with you as a volunteer consultant. They receive a briefing on how BVA works, what they can and cannot expect from a BVA, and their responsibilities in the relationship. This can be at the time of the assessment, at an orientation program, or through a handbook on the BVA process. Areas emphasized are regular meetings with their BVA volunteer, prompt responses to requests for information, the need to keep BVA staff informed, and recognizing the contributions of their volunteers in appropriate ways. We also encourage arts groups to attend arts management workshops that can further their knowledge of specific management areas.

The Volunteer-Client Match

After attending the orientation, the next step is to match you to a project that will meet your interests and utilize your skills. We not only consider your business skills, but whether we feel you will enjoy and be comfortable with the people at the organization.

Once the project is identified that we believe is good for you, we will contact you to go over the project to ascertain if you are interested. If so, additional information will be sent about the organization and the project.

A meeting is then set with the key people at the arts organization, also attended by BVA staff. This meeting is the opportunity for you to meet, ask questions, and, if all is well, talk

about how you will work together. Our staff is trained to watch for signals and to move the match forward or hold things up if there is hesitation from either party. If you have any doubts about working with the organization or the project, please express them to the BVA staff after the meeting and certainly prior to finalizing the arrangement.

When consensus is reached on working together, a brief written agreement is drawn up that outlines the project, sets timelines, names the people you will work with (we strongly urge one primary contact), and sets other parameters that should be understood up front. This ensures clear goals and expectations of both parties. We ask that the board of directors of the organization authorize working with BVA and in what areas, so that all leaders in the group can be aware of the project and part of the solution.

The Consulting Project

Once you are placed, you set your own schedule to work with the group. A regular meeting time is best, as it is too easy to put off making the time in the face of other demands. Many volunteers make their first priority the development of a more in-depth work plan with specific goals and objectives, although it may take several meetings before you feel you know the group and project parameters well enough to take this step. It is important that you try to keep the relationship on a project basis, as it is not uncommon for the group to overwhelm you with multiple needs and for you to get sidetracked on a variety of issues.

Sometimes, even with our in-depth analysis, the underlying problems are not apparent. You may feel your time would be better spent helping the group in another way. If this occurs, please contact BVA staff and go over the problems. Adjustments can be made or volunteers with other expertise can be added. It is important to keep BVA staff involved and aware of any major changes or needs in the project consultation.

Help From BVA Staff

Staff will be in touch with you regularly to see how things are progressing. If you are having problems with the group moving forward, contact the BVA staff immediately. Do not let it go. Our experience has shown that a friendly call from BVA staff often gets things back on track. If you feel you are not in the right project after giving it a trial or they need other types of help, again call BVA. Call if you have doubts or problems or if you want to share an exciting success.

BVA Resources

Beyond staff, BVA has other resource to help you with your work. The orientation program prepares you for the realities of a working scenario between a business professional and a nonprofit arts group. This manual is another resource as an on-going reference.

Your BVA affiliate office may produce a newsletter that describes successful partnerships and announces volunteer activities. Many offices maintain libraries of arts management publications and files of work done by previous participants for your use. You may find an excellent audience survey or financial systems manual or planning model. We urge all

volunteer consultants to send copies of all non-confidential materials they produce in the course of their projects to their local BVA office for sharing with other volunteers.

On-Going Activities

You will be asked to provide periodic written reports on your project at least once a year. These reports ask for a description of the progress and activities of your consultation project to-date; plans for future activity; adjustments in goals or timelines; problems encountered; total hours contributed; description of any additional resources generated as a result of your involvement (printing, graphic design, assistance from colleagues, or direct financial support are examples); and other questions regarding status. These reports are very important to keep BVA staff up-to-date on your activities, to ascertain potential areas of concern, and to quantify program results.

As mentioned, it is not uncommon for volunteers to enlist colleagues and obtain additional services or resources to help the arts group with which they are working. While the arts organizations are told not to expect this, it is a wonderful additional benefit of the program when it does occur.

Your local BVA program may hold special activities for the volunteers to meet socially, attend special arts events, and continue in-service training. We find that our volunteers gain a great deal from comparing experiences and sharing similar problems and successes. Several affiliates have membership programs that plan activities for BVA and others from the business community interested in the arts. They also help raise money for the BVA program. Moreover, many have annual recognition programs to honor outstanding service as a BVA consultant.

Tips That Can Help Lead To A Successful BVA Match

The following additional pointers are adapted from Working With the Arts-A Prudential Guide for Management Advisors published by our United Kingdom counterpart, Arts & Business (A&B) as part of their Business in the Arts Program, which is modeled on BVA.

- Do not underestimate the qualities of the arts managers you will meet. These are talented people with a wide variety of skills that would be very welcome in the for-profit sector.

- Arts people come to work late (usually around 10:00 A.M.) and stay late; 40-hour, five-day work weeks are rare. Your help may be sought in the evening or even on weekends, especially with those groups that are primarily volunteer-based, since many of them also have “day jobs” too.
- The external glamour of the arts does not transfer to backstage reality. The arts often happen through extremely hard work under difficult circumstances. Being an arts manager can be lonely and stressful. And, the behind-the-scenes people rarely receive any public acknowledgment.
- Arts clients are seeking sound basic knowledge and techniques from you. They may need to learn or be reassured about some of the simple things you take for granted.
- Your work will involve the provision of practical advice, knowledge, and frameworks that your art client can build upon once you are gone. You may encounter suspicion and misunderstandings of the business world. Your help can lead them to gain confidence in their handling of their business activities and an increased respect for business.
- Do not expect decisions and action to occur as rapidly as you are used to. As we have discussed, priorities center on the artistic product. However, your involvement may help them to make business issues, particularly those that are more long-term, a higher priority.
- Do not expect to always be appreciated. While many groups are aware of their shortcomings and have even recognized them in requesting the help, it is difficult to have them assessed and discussed with an outsider.
- Clothing is sometimes an issue. A business suit does stand out in most arts environments, just as paint-covered t-shirts and jeans with work boots stand out in an office setting. Depending on where you are meeting, keep this point in mind. Generally speaking, business casual attire is appropriate for both parties in most situations.
- The placement is meant to be enjoyable and productive for both sides. Do not feel you are a failure if things are not going well. There may be many reasons that have nothing to do with you. Don't struggle on, but contact your local BVA staff as soon as issues arise.
- Finally, the artistic product is not your business. Arts managers know that *My Fair Lady* will likely sell out the house; but this is not what they are in business to do. You are there to help them maximize the business potential of the product they choose to present. To quote A&B, "They wish to sell what they make, not simply make what will sell." Understanding this point is crucial to the success of your placement.

8

About Business Volunteers for the Arts®

Business Volunteers for the Arts (BVA) is a program of the Arts & Business Council of Americans for the Arts, a national organization headquartered in Washington, DC. Americans for the Arts staff coordinate the affiliate network; provide help in starting new sites; train BVA program directors; and provide an annual conference, on-going communication, advice and assistance. Americans for the Arts produces basic printed materials utilized by BVA affiliates, such as this guide. Affiliate directors also participate actively in recommending policy and program improvements and in setting minimum standards.

The Arts & Business Inc. founded the BVA program in 1975. It was so successful that in 1979 the National Endowment for the Arts provided initial support to enable the Council to develop the model, and The Rockefeller Foundation provided substantial support over the next several years to establish a national network of local BVA programs in other cities. Active programs now exist in: Phoenix, AZ.; Sacramento, CA.; Chicago, IL.; Cincinnati, OH.; Houston, TX.; Trenton, NJ; Miami, FL.; Washington, D.C.; Boston, MA.; New York City, NY.; Philadelphia and Pittsburgh, PA.; Providence, R.I; and Portland, OR. Many of these local programs serve a broad – in some cases even statewide service area. The BVA program has also been adapted and replicated by a similar organization in the United Kingdom, Arts & Business (formerly known as the Association of Business Sponsorship in the Arts – ABSA).

The network of organizations that run the BVA program around the country is extremely diverse. Some are called “Arts & Business Council of [name of city]” and run a wide array of programs designed to promote arts and business partnership. Some are Business Committees for the Arts, local arts councils, united arts funds, or other arts service organizations. Some BVA programs are housed within a chamber of commerce. Regardless of the structure of YOUR local affiliate, it is important to understand that it is part of a national network, as are you. This network gains strength from colleagues and peers. Individual business volunteers like you benefit not only from the continued refinement and strengthening of the program, but the geographic reach of the program may even allow you

to continue your participation if you ever relocate, as well as recommend the program to friends in other communities.

The Arts & Business Council of Americans for the Arts., in collaboration with its affiliates, seeks to continually improve services and to keep BVA relevant in a climate of changing challenges and issues facing nonprofit arts groups. Additional programs that expand, enhance or complement basic BVA services have been created by many affiliates and by the national office, which shares these program models within the network where possible. The American Express National Arts Marketing Project is a good example of another such program.

Since its inception the BVA program has served countless thousands of volunteers, businesses and arts organizations. The total value of donated volunteer time since 1980 long ago exceeded \$100 million.

Again, thank you for volunteering for this important work. We hope you will find it a rich and rewarding experience.

For more information on the national program, visit

http://ww3.artsusa.org/information_services/arts_and_business_partnerships/abc/programs/business_volunteers_for_the_arts/default.asp

9

Bibliography & Additional Resources

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www.boardsource.org

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Marketing, Audience Development And Public Relations

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The Nonprofit Times, 240 Cedar Knolls Road, Suite 318, Cedar Knolls, NJ 07927.

10

Internet Resources

Americans for the Arts www.artsusa.org

Americans for the Arts is the nation's leading nonprofit organization for advancing the arts in America. They are dedicated to representing and serving local communities and creating opportunities for every American to participate in and appreciate all forms of the arts. Very extensive listing of resources.

Arts and Business Council Inc. www.artsandbusiness.org

The national office for Business Volunteers for the Arts (BVA), the A&BC's website has links to many resources, including programs, workshops, grant opportunities, and local BVA affiliates across the country.

The Foundation Center www.fdncenter.org

The Foundation Center is the nation's leading authority on philanthropy and is dedicated to serving grantseekers, grantmakers, researchers, policy makers, the media and the general public. Their website provides access to associated information services and organizations.

IEG www.sponsorship.com

In addition to breaking new ground in the creation of benchmarks and yardsticks for the industry, IEG also serves the industry by identifying and showcasing the breakthrough marketers whose approach raises the bar for the industry.

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NPT's mission is to promote and facilitate giving by individuals and organizations while expanding their knowledge in the field of philanthropy in general. Their website provides links to other philanthropic organizations.

National Endowment for the Arts <http://arts.endow.gov>

The National Endowment for the Arts provides national recognition and support to significant projects of artistic excellence, thus preserving and enhancing our nation's diverse cultural heritage. The Endowment was created by Congress and established in 1965 as an independent agency of the federal government. Click on the "Art Forms" link on their home page for resources organized by art category.

Stanford Social Initiative Review www.ssireview.com/

The Stanford Social Innovation Review presents the best ideas in nonprofit management, philanthropy and corporate citizenship. The quarterly review is published by the Center for Social Innovation at the Stanford Graduate School of Business. Sign up for free newsletter.

OnPhilanthropy.com www.onphilanthropy.com

OnPhilanthropy.com is a global resource for non-profit and philanthropy professionals. It is free of charge and features several industry-leading e-mail newsletters. The site is an excellent source for articles on various non-profit management topics.

Indiana University, Center on Philanthropy www.philanthropy.iupui.edu

The Center on Philanthropy at Indiana University increases the understanding of philanthropy and improves its practice through programs in research, teaching, public service, and public affairs. For their extensive list of internet resources, visit http://www.philanthropy.iupui.edu/n_links.htm.

11

Credits

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Major Funder of Materials

The AT&T Foundation

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Updated July, 2009 by Valerie Beaman
Revised May, 2003 by BVA/Cincinnati:
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J. Shane Starkey, Mary Ann Terlinden, and
Kimberly Wilcoxon.
Special layout assistance provided
by Mercer, Inc.

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