



Basic Management

the new arts project

The dream
Bright spectrum hues
Bursting to brilliant rainbows of you
Bring forth the dream, the reality
Bind its wings to the roots of earth
And make it real

P. J. Gibson

FROM THE DESK OF SARAH O. FAISON

The enclosed primers,

1 BASIC MANAGEMENT
The New Arts Project

2 BUILDING AN INSTITUTION
The Neighborhood Arts Center

3 IDEAS INTO PRACTICE

4 DEALING WITH SPACE


were conceived and executed as basic technical assistance tools for those Project Directors presently operating or intending to operate Neighborhood Arts Programs. These publications were produced by Media Associates, Inc. for the Expansion Arts Program of the National Endowment for the Arts.

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MEDIA ASSOCIATES INC.
WASHINGTON, D.C.

for

THE EXPANSION ARTS PROGRAM FOR THE NATIONAL ENDOWMENT FOR THE ARTS





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Introduction

This publication intends to provide some helpful guidelines for those interested in the development, management and programming of neighborhood arts programs. Those responsible for the production of this manual feel that neighborhood art programs are an important part of the nation's arts picture. For this reason, these sponsors seek to identify ways to aid such groups in their survival. This manual is one of four publications which are designed to assist neighborhood arts groups.

Over the years, certain problem areas in the operation of neighborhood projects have become obvious. These projects have been struggling to survive in a world that is becoming increasingly complex. Historically, the operators of these projects have been primarily, and understandably, concerned with artistic products and delivery. In many cases, however, other issues—e.g., resource development, management, reportage—have been ignored or have received low priority. Internal problems involving the personalities of the project leadership need improvement. The disposition of temperament and ego on the part of the leader have proven to be a standard pitfall of such programs. The leadership of these organizations must rise above this to be of true service to the community-at-large.

This manual emphasizes the need to understand the planning, development and operation of a successful neighborhood arts program. This publication includes four chapters which provide information on history, management, programming and some case studies of neighborhood program operations.

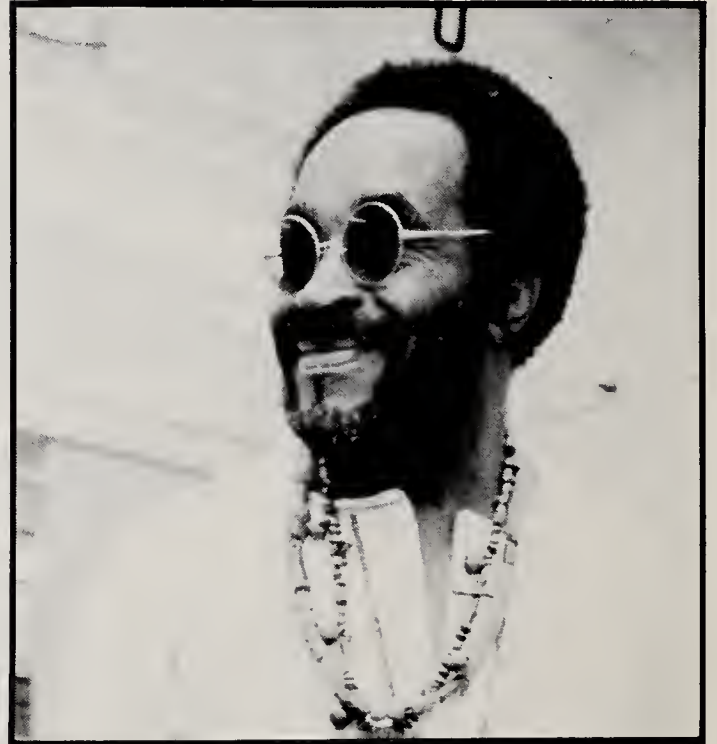
The manual provides the reader with a handy reference guide in planning, managing and programming for a neighborhood arts project. Its contents, if used effectively, will serve as a tool for the overall improvement of your project.

CHAPTER 1

History: the neighborhood arts center

The forerunner of these centers was the home studio, which began to appear throughout the United States in the early part of this century. These studios taught primarily classical music and ballet. They were designed on the conservatory concept and emphasized traditional and classical European art. These studios had as their primary clients the children of parents belonging to the upper and middle classes. This was due largely to the fact that tuition and receipts from annual recitals were the major sources of revenue.

A single-discipline art project is the basic unit of neighborhood arts programming in which there is primarily one well-developed program in operation. Such projects are either theatre groups, dance groups, music workshops, visual arts co-op galleries and the like. These programs have grown out of the needs of neighborhoods throughout the United States to provide meaningful and creative outlets for local people, and they serve to aid in the development of talent by promoting the developing artist. These centers are neighborhood-based and usually reflect the unique character of the communities they serve.



The teachers who operated these studios were often retired classical performers; some, in fact, were quite famous. These studios provided opportunities for many young artists to enter the ranks of professionals. However, because of their economic restrictions, few poor or minority people were able to participate in these programs.

In the late 1920's and 1930's various ethnic populations, such as Blacks, particularly those in urban areas, became aware of the need to further develop cultural opportunities for their own; so, they began to establish music and dance studios. The Harlem Renaissance was the high point of this movement. During this time, Black artists throughout the world flocked to Harlem, New York, to participate in the growth and development of Black music, art and literature.



These Black studios modified and added a Black American content and perspective to their programs. However, for the most part, they still emphasized traditional and classical European art forms. Like their white, upper and middle-class counterparts, the studios were generally supported by private contributions and tuitions. In addition, churches also gave considerable financial support to these programs.

New developments in community arts programs began to develop during the late 1950's and 1960's. Here art was initiated as a vehicle for social development and treatment. Art programs were being utilized as teaching tools for preschoolers, as therapy for drug addicts and prisoners and as recreation for senior citizens. Many of these programs were sponsored by civic groups such as the YMCA and the Boy's Clubs of America. It was during this period that federal and local governments began to show interest in these programs as a potential method of social rehabilitation and development. Single-discipline centers, one form of the neighborhood arts programs, also began to grow in importance. Its focus changed from that of a conservatory for classical dance, music and drama to a workshop for human growth through the arts and creative expression. These centers not only brought art into the lives of the poor and "disadvantaged," but had become a social tool as well. Their end was no longer to produce artists, but to provide a better quality of life for isolated neighborhoods.



These programs have grown out of the needs of neighborhoods to provide meaningful and creative outlets for local people.



The neighborhood arts studios took on a still more diversified role in the 1960's. During the War-on-Poverty era, poor and minority people became involved, out of repressed needs, with questions of cultural heritage and ethnic identity. They began to explore drama, dance, music and related art forms peculiar to their own history. These students were experimenting with guerilla theatre, drama, store-front and sidewalk performances. Puerto Rican Americans established new arts studios in many of the major cities in the United States, especially New York, Boston, Chicago and Newark. These studios highlighted the unique culture and tradition of the Puerto Rican community. In San Francisco, Los Angeles, Houston and other western and southwestern cities, Chicano and Indian Americans were expanding programs in crafts, visual arts and other artistic disciplines. While American craftsmen in Iowa, Texas, Pennsylvania, Vermont and Maine were reviving and expanding craftsman colonies, teaching skills represented a

way of life. More professional artists began to make personal commitments to these community-sponsored programs. Big businesses and major foundations began to trickle less modest contributions into community programs.



At the same time, the federal government began to recognize the value of these arts programs in terms of quality of life for all Americans. Monies were now being appropriated by both local and federal governments. It was during this era, in 1964, that the National Council on the Arts was founded. The purpose of the Council was to provide recommendations on matters related to the cultural development of the nation.

In 1965 a further commitment was made to the arts by the establishment of the National Foundation on the Arts and the Humanities, an independent government agency in the Executive Branch of the federal government. This agency was divided into two sections: 1) the National Endowment for the Arts and 2) the National Endowment for the Humanities. An even stronger commitment to the arts was made in 1971 with the establishment of a program division, called the Expansion Arts Program, concerned with assisting arts programs at the neighborhood level. Many of the programs assisted by the Expansion Arts Program had been established in various communities throughout the United States, but historically had not received equitable or sufficient support from other sources. With the advent of the Expansion

Arts Program, community arts groups were beginning to find moderate support, allowing community artists to develop the kinds of programs they had always wanted and needed. As these groups were able to develop, recognition of their importance grew in the eyes of individual donors, businesses, federal and local governments, thereby expanding the funding bases for some groups.

In summary, single-discipline arts programs, like other neighborhood-based arts programs, have increased over the years due to the interest of individuals, businesses and government. Because of the concern of these people, arts training in the United States has spread from the halls of the rich into the streets and communities throughout the United States.





CHAPTER 2

Management: administering your art project

Poor management may curtail the future of your organization. Too often, the leadership of an organization is concerned solely with the creative product; consequently, they ignore the necessity of maintaining accurate methods of recordkeeping, filing, budgeting, tax compliance and other operational procedures. It is essential that careful management of your program be undertaken, or you may find the existence of your group in danger. Proper management of your group by responsible individuals with experience in management may heighten the success of your organization.

Some key elements in starting and successfully managing your project are described in this chapter.

GENERAL MANAGEMENT CONSIDERATIONS IN RUNNING YOUR ORGANIZATION

This section is directed to the general management concerns of a neighborhood arts project director. It highlights some of the key considerations a manager must deal with in order to be successful.

Operational Policies and Procedures

It is important that as a manager you develop rules and regulations governing the conduct of your staff, program participants, visitors and others, to ensure the smooth and efficient operation of your program. It may be necessary to post these rules and regulations in places where they may be easily viewed or to duplicate procedural manuals.

In addition to policies and procedures governing conduct, it is also necessary to develop informational management guidelines which relate to: days and hours

of program operation, staff pay days, fringe benefits, the maximum number of program participants, hiring policies and purchasing procedures, to name but a few important issues. Your Board of Directors may have to approve many of the aforementioned policies and procedures, depending on your individual constitution and bylaws.

Adequate Space for Your Program

Be sure that you have sufficient space to operate your program. Without adequate space, it becomes difficult to plan and develop.

When purchasing a building or renting space, take into consideration room for future program expansion if this is feasible. Try to find a location that is easily accessible to parking spaces, public transportation and participants' homes.

A more thorough exploration on the subject of space and community arts organizations may be found in *Dealing With Space*, volume 4 in this series.

Purchase or Lease of Equipment and Supplies

The following are key factors to consider when purchasing or leasing supplies and equipment:

1. Know exactly which supplies and equipment you will need to operate your program.
2. Research the most inexpensive sources of the needed supplies and equipment.
3. When your budget does not permit the purchase of new equipment, used equipment should be taken into consideration.

Scrounging: Hustling Things Up

One of the most important abilities of a community organization manager is the ability to scrounge: that is, a community manager must know the ways and means of getting supplies, equipment, services and

other vital necessities for the agency at little or no cost to the agency. This can be accomplished through friends, local contacts, referrals, salesmen and a host of other innovative ways. In short, an effective community organization manager must have the ability to hustle resources needed by the program, but not affordable within its budget.

FISCAL MANAGEMENT

Fiscal management is at the heart of your organization's operations. It is at this level that you have to maintain accountability for resources. This demands planning, efficient recordkeeping, fiscal responsibility and scheduled reporting.

Most centers are handicapped by poor management and inadequate funding. Management of resources is the key. If you do not handle this aspect of your operations properly, then you will be faced with the inability to raise money; this, in turn, will increase difficulties in accomplishing priorities and program objectives.

Many financial problems may arise. Sound financial management will assist you in dealing with some of the following items.

1. *Operating expenses keep going up.* During the past few years the nation has experienced economic crises which have been reflected in high interest rates, tight money, severe unemployment and higher consumer prices. Consequently, operating expenses, the cost of capital equipment and building-maintenance costs have increased. In their planning and expansion phases, organizations must take this reality into consideration, for they should not underestimate their funding requests or earned-income objectives.

One way of improving your cash-flow position is by controlling operating expenses through a proper building maintenance program and the efficient use of material resources. You should introduce

regulations for controlling the costs of heating, electricity, telephone services and office supplies. All equipment should be properly serviced and maintained. Only authorized persons should be allowed to use specialized equipment—e.g., dimmer boards, electric typewriters, Xerox machines. Young students who are not trained should not use the equipment. Therefore, it is important to employ a conscientious custodian who is well paid and who will take excellent care of the equipment, as well as the facilities.

2. *Accountability demands accurate recordkeeping and scheduled reporting.* One can never overemphasize the importance of maintaining up-to-date records of the organization's activities. There are final, program, personnel and inventory records, all of which must be kept separately, but in one central location. They should be securely maintained in case of fire or burglary with easy accessibility for working purposes.

Financial records must be accurate, since they help to make efficient payroll schedules, tax liabilities and outstanding liabilities in notes payable and accounts payable. The proper handling of all payroll accounts and tax deductible items must be emphasized. The temptation to use Social Security monies for operating-expense items has had a disastrous effect on many groups. Don't dip into the till, for you might not be able to make the tax payments when they become due.

Accurate financial records will also allow the organization's administration to analyze its status at any given time and to plan effectively. One aspect of the planning process is the preparation of a cash flow statement which will help you:

1) to forecast your future needs for a given period of time. It will minimize second guessing.

2) to become more accurate in your projections by comparing expected to actual outcome. This allows for a closer look at increased costs of operations as a result of inflationary pressures. If costs of supplies, heat, telephone bills, etc., keep going up, then you can project systematically for those increases.

3) to realize the true value of your resources. On a cash flow chart, you can see where your money is going and your ability to meet expenses.

4) to sharpen your ability to make managerial decisions.

(See sample income, expense statements and three-month cash-flow chart for examples of useful accounting procedures.) With tools such as these you should be able to tell, at almost any given time, exactly where your organization stands financially. Funding sources respect institutions whose financial recordkeeping and reporting have been efficient.

3. *Good accounting eliminates headaches.* It is important to have an appropriate recordkeeping system that will support all income and expenditures. Every organization needs a good bookkeeper or a staff member with accounting skills who will prepare weekly balance sheets for the Executive Director's use. In large centers, it is advantageous for the Executive Director to be familiar with accounting principles, as well as to have managerial skills and fundraising abilities. Furthermore, it is also useful to have an accountant on the Board of Directors or Board of Advisors. Although it may be desirable for the latter to be a certified accountant, this is not absolute, for there are many competent people trained in accounting who work in corporations, universities or government institutions. These professionals can serve the needs of the organization by assisting in the preparation and auditing of fiscal records.

4. *Good relations with your bank.* It is important to establish an ongoing, responsible relationship with your bank. Under certain conditions, your banker can be your best friend, but only if you have allowed time for the bank to develop confidence in your organization and its operations. Nonprofit organizations sometimes must turn to their banks for short-term loans—for example, when payments on a grant are delayed. You must recognize that a nonprofit group, by definition, presents a risk for a bank, because of the possibility of lack of return. The only way to overcome

this potential difficulty is by demonstrating the organization's responsibility.

FINANCIAL RECORDS AND REPORTING

It is important to have an appropriate and planned system of records which will keep track of your income and expenses. It is crucial to know to whom you owe money and how much, as well as who owes you. Important also is the need to keep track of your inventory. This will make it possible to know the whereabouts and condition of equipment purchased.

Good financial recordkeeping becomes even more important when it comes to payroll records, tax reports and payments. Without accurate records it may become difficult and, in some cases, impossible to give an accurate accounting of taxes owed.

Accurate financial records also allow you the opportunity to analyze the status of your organization and to make forecasts. This is impressive for persons interested in your financial status, be they Board members, community persons, funders or others. In short, keeping accurate records allows one the ability to develop financial reports to be used for a variety of managerial purposes.

Last point: It is important to have at some point the advice and assistance of a qualified accountant in the planning process of your organization. This individual will help ensure that your records and financial reports are in order. An accounting system which addresses the unique needs of your group will prove to be advantageous. An accountant's consultation should be sought when you institute major changes in your structure. The accountant should again be consulted for interim or annual reporting. *Do not try to presume that you know it all!*

INCOME STATEMENT



	1975	1974	1973
A. Government Contracts	\$160,000	\$170,000	\$145,000
Federal	75,000	75,000	75,000
City	60,000	70,000	70,000
State	25,000	25,000	
B. Foundation Grants	50,000	45,500	35,000
C. Individual Contributions	12,000	11,200	10,900
D. Organization Contributions	14,000	13,100	6,000
E. Special Fund-Raising Events	24,100	27,100	25,450
Celebration	3,800	15,500	12,800
Raffle	1,000	800	1,200
Bake Sales	300	300	225
Art and Book Fair	9,000	6,000	7,500
Benefit Concert	10,000	4,500	3,725
	\$260,000	\$266,900	\$222,350

NOTES on the income statement that would pose some problems for the future:

1. The city contract runs out this year and there is a real possibility that the Center will not be refunded because of the severe economic crisis facing the city. The Center will have to launch a heavy media campaign to insist on the viability of its summer program and it will have to mobilize the community behind its lobbying efforts. This will demand serious planning and organizing, using the leverage and abilities of the Boards of Directors and Advisors, the volunteers, media people and those politicians who applauded the progress of the program.
2. Efforts will have to be made to raise money from other sources and to explore the earned income potential of the center.
3. The celebration function collapsed in 1975 because of bad weather and social disturbances in the city. However, the benefit concert was a tremendous success because a popular big-name artist was attracted. This drew an exceptionally large crowd.
4. The contributions drive might be expanded and refunded with greater energy.
5. The Art and Book Fair can also be expanded, for it has not reached its fullest potential as a cultural event.

EXPENSES

	1973	1974	1975
PERSONNEL			
Administrative	50,000	60,000	60,000
Program	65,000	95,000	101,750
Consultants	35,000	30,000	28,250
Fringe Benefits (11%)	16,500	20,350	20,900
PHYSICAL FACILITIES			
Office & Supplies	24,500	32,650	38,500
Equipment	11,300	8,000	6,500
Renovations	12,200	18,000	9,000
Miscellaneous			
a) Insurance	1,200	1,500	2,000
b) Contingency Fund	2,100	3,000	2,800
	\$218,000	\$268,500	\$259,700

NOTE: In 1974 there was a small deficit which was offset by the surplus of 1973. The cost of renovations had increased sharply due to program expansion.

SAMPLE THREE MONTH CASH FLOW CHART

	January		February		March	
	Expected	Actual	Expected	Actual	Expected	Actual
Income						
Cash on hand at beginning of month	1,500	1,500	18,500	16,000	14,700	9,500
Grants	30,000	28,000	15,000	12,000	10,000	10,000
Contributions	8,000	10,500	12,000	8,500	10,000	5,000
Fund raising	3,500	1,700	2,000	1,800	1,200	1,500
Total Cash Income	43,000	41,700	47,500	37,500	35,900	26,000
Monthly Expenses	24,500	25,700	32,800	28,000	23,400	27,500
Cash on hand at the end of the month	18,500	16,000	14,700	9,500	12,500	1,500

PROGRAM RECORDS AND REPORTING

Program records are information gathered about the quantitative and qualitative nature of your program. These records include vital statistics, such as the number of participants on a weekly, monthly and yearly basis. These records should include age, sex and other meaningful statistics on program participants, the Board, staff and volunteers. The purpose of program records is to document the activities of your program. In some cases, these types of records are vital for the funding life of your program. You can be running the best neighborhood arts project in the world; but if you can't prove it, you have a serious credibility problem!

Important also is inclusion in your program records of all newspaper clippings, letters of support, program awards received, tape recordings, pictures, profiles of outstanding program participants and other documentation which will highlight the value of your program.

Program records are vital for the funding life of your program.

To secure the safety of your records, burglar and fireproof storage of your records and file cabinets should be considered. You cannot overprotect the vital information of your organization—your records.

PUBLIC RELATIONS

It is important to let people know who you are and what you are doing. An essential tool in any public relations effort is good records of program activities. Be sure to use free publicity spots given to nonprofit community organizations by local radio stations, television stations and newspapers. These free community services can help you to gain community acceptance and support for your program.



Another effective public relations medium is the circulation of a newsletter to various community people, businesses and sponsors, as well as the general public. This newsletter should include information on the program—how to join, schedule of classes, hours of operation and other information for interested persons—and articles highlighting the nature and scope of the program.

It is essential to remember that the key purpose of publicity and public relations is to build goodwill and support for your program. Letting the public know who, where and what you are is the key to successful publicity and public relations. Other factors which might be included are appeals for donations, editorials and requests for volunteers.

Advertising and Promotion

Well-organized methods of advertisement must be implemented to ensure public support of your planned events. Here the effectiveness of good records and public relations pay off. Promotion literature which explains the event(s), program specifics, artists, dates, place, time and costs should be prepared. This literature may be forwarded to radio and television stations for their free, nonprofit organization spot slots. Newspapers, community newsletters, fliers, church and community organizations can assist in the promotion of your events when supplied with well-planned, informative promotion data.

When personal interviews with newspapers, radio and television stations occur, it is advantageous to select a representative who not only knows the purpose and function of your group, but who also articulates well. You want to instill interest in your organization and events. Again, carefully kept records and experienced individuals to implement advertising and promotion are essential.

zation manager will be to identify sources of funding for your agency. It is imperative that you spend a considerable amount of time carefully developing a fundraising plan. To do this, you should weigh all of your project's financial needs as reflected in past records and current projections of your organization's future income. A careful analysis of need and projected income should enable you to predict how much money you need to raise for your program.

There are various basic ways that your organization can solicit funds. Your fundraising plan should use some, all or a combination of these techniques. The fundamental ways that a nonprofit neighborhood-based arts organization raises money are as follows:

Membership Dues — collected from participants and interested persons to support your program. Generally, there are several classes and/or modifications of membership, each with different annual dues.

Service Fees — usually charged to make ends meet. These are fees incurred by the program participants.

Grants — given by local, national, private or governmental agencies. This has historically been an area of support for community-based arts projects. It is important that you develop good writing skills, good contacts and a lot of information in order to be successful in this area.

Short-term, low-risk savings plans can add a considerable amount to your budget.

FUNDRAISING

Perhaps the most important aspect of your role as a neighborhood arts organi-



Business and Individual Contributions

— your organization, as part of its fundraising plan, may want to develop a list of individuals and businesses who you feel will be willing to give donations to your organization. It helps if you have friends who presently know of such businesses or individuals. They may make the initial contact for you. Many neighborhood project managers and developers are too timid to approach the business and corporate sector. Your friends may be of assistance to your organization.

Board Dues — some nonprofit corporations charge dues to Board members as another method of raising funds.

Bequests — there are nonprofit corporations which receive large sums of money from the estates of supporters. It may be to your advantage to identify elderly people, interest them and get them involved in your program. They may, if they feel your project is worthwhile, name your center as a recipient in their wills.

Special Projects — bake sales, fundraising dinners and raffles are used to raise money. In choosing a special project, be sure to select one that will not cost too much to organize and one in which the community will actively participate.

Annual Concerts and Recitals —

your program may have as a part of its format an annual concert recital or other program display to which you may want to charge admission. If attendance is good, you can make a considerable amount of money this way.

Investment Income — very few community organizations have money to invest. However, for those that receive large sums of money, short-term, low-risk savings plans can add a considerable amount to your budget. By utilizing temporary excess monies, you can get a handsome return on savings accounts without risking or tying up your monies.

THE LAW AND YOUR ORGANIZATION

In any discussion of management it is important to understand the relationship of your organization to the laws—local, state and federal. This section outlines some of the key issues to be considered.

Incorporation

1. If you have not already done so, your organization will probably want to consider becoming a nonprofit corporation. The advantage of becoming a nonprofit corporation is two-fold: 1) you establish a corporate identity which is useful for legal and public relations purposes; and 2) you are exempted from federal income and local sales taxes.

2. If you are interested in becoming a nonprofit corporation, you should consider retaining a competent attorney. He will request information from your state (or district) secretary of state's office or, where applicable, the office of the state (or district) recorder of deeds.

3. Annual reports must be filed to maintain your nonprofit corporate status. This filing is usually made between January 1 and April 30 of each year. This is the responsibility of your organization's registered agent as named in your articles of incorporation.

4. The Constitution and Bylaws. In most states and in the District of Columbia a nonprofit corporation, as other forms of corporations, must make some provision outlining how the internal affairs of the corporation will be handled. In most cases, a constitution and bylaws serve this purpose.

In the constitution and bylaws, detailed policies and procedures are spelled out. Usually these include a statement of purpose; who the Board members will be and how they are elected; provision and classes of membership; methods for disposal of corporate properties; and descriptions and definitions of corporate officers and staff.

In conclusion, the constitution and bylaws are a very necessary and valuable tool in the management of a nonprofit corporation. In addition to the fact that they are usually required by law, they are necessary because they provide a written and relatively comprehensive statement on

how your organization is to do business. You should always be aware of the fact that it is incumbent upon your organization, as a public charity, to observe legal requirements scrupulously. Because the constitution and bylaws are of such great value, it behooves the Board and managers of a nonprofit corporation to review and revise them periodically to keep them up to date and useful.

5. The Board of Directors. The governing body of a nonprofit corporation is usually called a Board of Directors. These individuals are responsible for setting policy for the organization. They also have the legal responsibility to ensure that the corporation's activities are consistent with state and federal laws and with the organization's constitution and bylaws. In short, the Board of Directors of a nonprofit corporation is responsible under the law for being the custodian of corporate resources. It is important that these individuals be aware of their obligations and responsibilities if the organization is to survive and grow.

Tax-Exemptions

After successful completion of incorporation, your next step is to file for local or state sales tax-exemptions and federal income tax-exemption.

1. Sales tax-exemption allows you to make purchases without having to pay taxes on them. Local or state sales tax-exempt numbers are issued to nonprofit corporations that meet certain guidelines. You can get detailed information on sales tax-exemption from your local government's office of taxation. This filing needs to be done only once.

2. Federal income tax-exemption allows religious, charitable, educational social service, and other nonprofit groups to pay no tax on their income. After incorporation you should go to your nearest federal Internal Revenue Service (IRS) Office to get instructions and forms for filing for income tax-exemption. More than likely, you will be applying for the status of 501(c)(3). If you qualify for this tax status, in addition to being exempt from

federal income tax, contributions made to your organization are also tax deductible. Federal income tax filing is done once a year between January 1 and April 15.

Like incorporation, this process may become somewhat complicated; it may therefore be to your advantage to consult with an accountant or an attorney who is familiar with federal tax laws.

INSURANCE

One legal question you might have about your organization may concern insurance coverage. What type of insurance? How much? Can I do without it? This section on insurance outlines some of the important facts you will need to know concerning insurance coverage for your organization. Insurance is important to your agency, particularly if your project is being operated in a high crime area or if your project has a high degree of public exposure.

The points covered are grouped under three headings: coverages that are essential for most nonprofit organizations; coverages that are desirable for many organizations, but not absolutely necessary; and coverage for employee benefits.

Used correctly, insurance can contribute a great deal to your success by reducing the uncertainties under which you operate. It can reduce employee turnover, encourage community participation in your program and help keep your program going in case an insured peril interrupts operations. The potential benefits of good insurance management make it well worth your study and attention. Planning an insurance program for your organization will most likely involve a delicate balancing act: through careful study and periodic review, you must determine what are the risks against which you feel you must be insured and what is the amount of funds available for insurance premiums, given the expenses of running your programs. It will also be to your benefit to discuss your insurance needs with a qualified agent, broker or other insurance counselor.

How It Works

Insurance has been defined as a system in which “winners pay losers.” Those who are lucky enough to avoid loss contribute through premium payments to the unlucky ones who do suffer loss. If you never collect from your insurance, consider yourself ahead, because you are one of the winners. If you suffer a loss for which you are insured, you have the security of knowing that the other members of the insurance system will relieve most of your burden.

In this sense, you come out ahead either way. Your premiums are the price you pay for freedom from worry about economic loss from conditions beyond your control.

Essential Coverages

Four kinds of insurance are essential: fire insurance, liability insurance, automobile insurance and workmen’s compensation insurance. In some cases and for some types of nonprofit organizations, crime insurance—which is discussed under “Desirable Coverages”—is also essential. You should know the following key facts about these various types of insurance.

Fire Insurance

1. You can add other perils—such as windstorm, hail, smoke, explosion, vandalism and malicious mischief—to your basic fire insurance at a relatively small additional cost.

2. If you want comprehensive coverage, your best buy may be one of the all-risk contracts which offers the broadest available protection for the money and can be written to cover almost any peril you deem necessary to include.

3. The insurance company may indemnify you—that is, compensate you for your losses—in any one of several ways: (a) it may pay actual cash value of the property at the time of loss; (b) it may repair or replace the property with material of like kind and quality; or (c) it may take

all the property at the agreed or appraised value and reimburse you for only the face value of the policy at the time of the purchase of the insurance.

Liability Insurance protects your organization in cases where it is sued by an individual claiming injury on your property.

1. Legal liability limits of \$1 million are no longer considered high or unreasonable for even a small business.

2. Most liability policies require you to notify the insurer immediately after an incident has occurred on your property that might cause a future claim. This holds true no matter how unimportant the incident may seem at the time it happens.

3. Most liability policies, in addition to *bodily* injuries, may now cover *personal* injuries—libel, slander and so on—if these are specifically insured.

4. Under certain conditions, your business may be subject to damage claims even from trespassers.

5. You may be legally liable for damages even in cases where you used "reasonable care."

6. Even if the suit against you is false or fraudulent, the liability insurer pays court costs, legal fees and interest in judgements *in addition* to the liability judgements themselves.

Discuss your insurance needs with a qualified insurance counselor



7. You can be liable for the acts of others under contracts you have signed with them—for example, the actions of a security guard on contract with your organization. This liability is insurable.

Automobile Insurance

1. When an employee or a sub-contractor uses his own car on your organization's behalf—for example, running an errand or transporting program participants to an outside event which is part of the organization's program—the organization can be legally liable, even if it doesn't own the car or truck.

2. You can often get deductibles of almost any amount—say \$250 or \$500—and thereby reduce your premiums.

3. Automobile medical-payments insurance pays for medical claims, including your own, arising from automobile accidents regardless of the question of negligence.

4. If your organization owns an automobile or has activities which require extensive use of an auto, in most states, you must carry liability insurance or be prepared to provide other proof—surety bond—of financial responsibility when the automobile is involved in an accident.

5. You can purchase uninsured-motorist protection to cover your own bodily-injury claims caused by someone who has no insurance. This coverage is particularly important if your organization is located in a state which does not require liability insurance.

Workmen's Compensation protects employees in the case of work related injuries.

1. Common law requires that an employer provide his employees with a safe place to work and safe tools, as well as warn them of any existing danger.

2. If an employer fails to provide the above, under both common law and workmen's compensation laws he is liable for damage suits brought by an employee.

3. State law determines the level or type of benefits payable under workmen's compensation policies. For information contact your state workmen's compensation board. They will inform you of requirements and refer you to insurance companies which offer policies.

4. Not all employees are covered by workmen's compensation laws. The exceptions are determined by state law and, therefore, vary from state to state.

5. In about half the states, you are not legally *required* to cover your workers under workmen's compensation. If you do not, however, you may lose some of your legal defenses in employee suits.

6. You can save money on workmen's compensation insurance by seeing that your employees are properly classified.

7. Rates for workmen's compensation insurance vary from 0.1 percent of the payroll for safe occupations to about 25 percent of the payroll for very hazardous occupations.

8. Most employers in the majority of states can reduce their workmen's compensation premium cost by reducing their accident rates below the average. They do this by using safety and loss-prevention measures.

Desirable Coverages

Some types of insurance coverage, while not absolutely essential, will add greatly to the security of your organization. These coverages include crime insurance and participant health insurance.

Crime Insurance provides coverage in cases of criminal acts against persons and property.

1. Burglary insurance excludes such property as accounts, display articles in a window and manuscripts.

2. Coverage is granted under burglary insurance only if there are visible marks of the burglar's forced entry.

3. Burglary insurance can be written to cover, in addition to money in a safe, inventoried merchandise and damage incurred in the course of a burglary.

4. Robbery insurance protects you from loss of property, money and securities by force, trickery or threat of violence *on or off* your premises.

5. A comprehensive crime policy written just for small businessmen is available. In addition to burglary and robbery, it covers other types of loss by theft, destruction and disappearance of money and securities. It also covers thefts by your employees.

6. If you are in a high-risk area and cannot get insurance through normal channels without paying excessive rates, you may be able to get help through the FAIR plan or through the U.S. Department of Housing and Urban Development. Your State Insurance Commissioner can tell you where to get information about these plans.

Participant Accident Health Insurance

1. You may want to provide health insurance benefits to participants in your program who might become injured during a program activity.

2. This coverage is not required, but you might want to provide it if you feel your program—for example, dancing—may expose the participant to some degree of physical injury.

3. Such coverage is usually fairly inexpensive if purchased for a relatively large group. You may want to add this amount in the form of a program service fee.

Employee Benefit Coverages

Insurance coverages which can be used to provide employee benefits include unemployment insurance, social security, group life insurance, group health insurance, disability insurance and retirement income. Although not explained here, these

coverages should be thoroughly investigated before you complete your organization's insurance plans.

Organize Your Insurance Program

A sound insurance protection plan is just as important to the success of your business as good financing, public relations, personnel management or any other business function. And, like the other functions, good risk and insurance management is not achieved by accident, but rather by organization and planning.

Insurance coverage can be used to provide employee benefits.

Programming: where rhetoric meets reality

CHAPTER 3



PROGRAM QUALITY: A MUST!

Develop a program planning document that explains your objectives.

An art project should be about art. All of the rhetoric in the world will not produce a good program. It is vital that the program be of the highest quality. The program is where rhetoric meets reality; it is at this point that potential energy must become kinetic force!

First and foremost in your consideration should be program quality. Although there may be a host of social, recreational and other related needs, your first concern as a programmer should be the development of good arts techniques and skills to deliver excellent arts products.

A major pitfall is that many projects attempt to expand too quickly. Many studios, in an attempt to provide a larger number of participants with services, grossly weaken the quality of their program. In short, be sure to place quality before quantity. The value of your program lies in its quality.

It is good to have an annual or seasonal display for the public. This should be planned as part of your basic program. This allows the participants a chance to display their talents and gives them a showcase to work toward. In addition, it gives your program the public visibility it will desperately need for its success.

SETTING REALISTIC GOALS AND PLANNING AHEAD

Be sure that your program design is suitable for the space, staff and budget that you have available. It is also important that you develop a program planning document that explains to all concerned where you are going and what your objectives are.

DON'T PROGRAM IN A VACUUM

One of the most frequent problems in community arts projects is the fact that all too often they exist in isolation from other artists and other arts projects. This is, indeed, a shame. Despite the fact that many arts projects are physically situated within reach of each other, there is no meaningful contact between them.

A major reason for this isolation is an ignorance of other program resources. This, like egomania, must be avoided. Your agency should make a conscious effort to expand and develop relationships with others in the arts community. In short, you should have an open house in which you invite others in the arts community to come and share experiences. Whatever you do, do not program in a vacuum!

A major contributor to this problem is the "egomania" of the artists and founders of these various arts projects.

Some feel that they know it all; others feel that other neighborhood artists are not doing the right things or don't know what they are doing. Egomania builds walls separating community talent, and these walls should not be there. It is your responsibility as a programmer, manager or participant to build bridges and establish lines of communication connecting yourself with other artists and arts projects. Only through this kind of cooperation can the true end of neighborhood arts be reached—providing the immediate community with a range of exposure to the arts and the developing of its artistic talents.

THINGS TO REMEMBER

A few tips to keep in mind when operating or developing your program:

- Always remember, do not try too much too soon. Take your time and plan your program well. Keep in mind that quality should not be compromised. In the long run, your program will be better if you do not attempt premature expansion.
- Although you should not attempt too much too soon, you should, nevertheless, not be afraid to experiment. Try new methods, but keep them within the scope of your resources. Don't be afraid to be creative, but don't go out on a limb to do it. Flexibility is important. A flexible program allows for a latitude of creative expression. Let the participants do their thing within a controlled scope. A flexible program is vital for participant growth and development.
- Above all, make sure that your program is relevant. Ask questions of the neighborhood. Get involved and find out what you can do to ensure that your program has value! A program that is meeting the creative and artistic needs of the neighborhood, if managed properly, will grow and flourish.

A more detailed exploration for the process of planning and implementing programs may be found in *Ideas Into Practice* (volume 3) of this series.

CHAPTER 4

Case Studies:
community
program
operations
pro and con

This chapter presents examples of a good and a bad single-discipline arts project. Facts in these cases are true; names and other identifying elements have been changed so as not to discredit anyone. These cases are used as examples and are designed to be instructive, not critical.

CASE STUDY ONE: A Good Single-Discipline Art Project

Single-discipline Project A was established in 1970 in a large northeastern city. This single-discipline center was established to teach dance to minority inner-city youths. Started by Mary J., a Black professional dancer, the center grew and developed over the years.

The art studio has 11 classes of dance, with an average class size of 16. The school has 6 full-time instructors and 10 part-time and student instructors. There are 4 large dance studios and 2 smaller ones. The studio itself is located on the basement level of a large community church. The space at one time was used for storage. Mary J. had it renovated with funds supplied through one of the grants she received from a large government agency. The space was given to her at no cost, because her uncle was a good friend of the minister, who was interested in the development of neighborhood art.

Due to her professional contacts, Mary J. was able to get her organization funded. In 1971 Mary J. contacted a lawyer friend who set her studio up as a nonprofit membership corporation. Mary then developed two categories of membership: participating and sponsoring. Participant membership is \$5 per year; sponsoring



membership, \$25. Through this method she was able to raise \$16,000 in revenue. In addition to this, Mary J. had semi-annual recitals each year and was able to raise \$3,000. Mary J. made it a point to always ask her equipment and materials suppliers for discounts and contributions. The major advantage Mary J. had, in addition to her own dance talent, was her ability to get things done at little or no cost. In fact, all her bookkeeping and accounting was done free by a local Black CPA firm.

In short, Mary J. was a very resourceful manager and programmer. For these reasons she continued to watch her dance program grow and develop. Mary made every effort to share and work with other dance projects and went so far as to have intercity exchange visits with a dance group from a neighboring city.

Mary J. provides us with a very good example of the successful single-discipline art project manager and programmer. She utilizes effectively all resources available to her and attempts to expand and improve her program.

CASE STUDY TWO: A Poor Single-Discipline Art Project

Single-discipline Project B started, as did Project A, in 1970. Single-discipline Project B is located in a large midwestern city. The program of this project is theatre training for minority youths in the inner-city area. Started by Oscar B., the center did quite well in its first year. However, over time, the project deteriorated. Oscar B. is a well-known actor and playwright. Because he is so active in his personal career, he has little time to pay close attention to project details. To add to the problem, Oscar B. does not like to delegate responsibility to others. Oscar is quoted as once saying, "There ain't nobody but me that can run this program the way it should be run."

At one time the studio had 9 classes of 10 students. The studio employed 5 full-time and 6 part-time drama instructors. The project started in a small storefront building; then, after receiving a large grant from a foundation, it was moved to a larger space. The project lost a portion of its funding because reports were not filed on time. When this happened, the project was forced to move to smaller and less desirable spaces.

Although incorporated in 1971, the organization lost its charter of incorporation due to its failure to file an annual report. The reason, said Oscar B., was that he did not know that he had to file such a report every year. Other problems included improper amounts of payroll taxes being withheld and the organization's yearly income tax statements being filed on the wrong forms. The reason for this was obvious. Oscar B. had hired his nephew, a first-year accounting student at the local community college, to keep his books. Being unfamiliar with the intricate corporate and income tax reporting systems, the young man made several serious errors.

Single-discipline Project B depends entirely on a single grant from one foundation. Oscar B. feels that: "They gotta fund us 'cause we're Black and poor. They can't take all our money away without catching hell!" Therefore, no real attempt has been made to raise funds from other sources.

In short, Oscar B. feels that because he is Oscar B., his program will always exist. Oscar B. also feels that he does not need "to deal with any other projects. I know what I'm doing, but I'm not sure if they do!"

CONCLUSION

The success of your organization relies heavily on good management and structure. Careful planning and implementation of your group will guarantee its survival and assist in making your dream become a reality.

PHOTO CREDITS

Page Number	Photographer
Inside Front Cover	Edward Klamm
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**Graphic design by Portfolio Associates, Inc., Philadelphia, Pa.
Lisa Werchow, Art Director**

