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Submission to the Senate Special Committee on the Charitable Sector

April 2019
ABOUT IAC

Indefinite Arts Centre (IAC) is Canada’s oldest and largest disability arts organization, providing artistic training, creation, and exhibition opportunities for people with developmental, physical, and acquired disabilities.

Every week, 300+ artists come through our 12,000 square foot multimedia studio and gallery space in Calgary. Working alongside talented instructors, our artists are supported and empowered to experience the entire artistic creation process – from conceptualization to exhibition.

Our goal is to not only provide a platform for our artists to learn, grow and be celebrated – but to also challenge and advance the community’s perceptions of individuals living with disabilities.

Our Vision
Every individual – no matter their disability – who wants to find and express their creativity can do so at the Indefinite Arts Centre.

Our Mission
The Indefinite Arts Centre provides artistic training, creation, and exhibition opportunities for people – of all ages – with developmental disabilities, and shares the power of their creativity by advocating for their inclusion in the contemporary arts locally and abroad.
CONTEXT:

Non-profit, charitable organizations like Indefinite Arts Centre play a key role in providing a public benefit to underserved, marginalized communities – in our case, we provide a creative outlet for adults living with developmental, physical, and acquired disabilities in Calgary and surrounding areas. It has been widely acknowledged, particularly at the provincial and federal levels of government, that the work we do helps offset some of the exponential costs we see with other types of, though equally critical, services to this particular community.

In the ideal world, organizations like ours would not have to operate within a charitable model – but it is in fact this model that forces us to use our dollars wisely, and to ensure that as much of our raised funds go towards the people we serve. As demands on our programming grow, however, so do funding pressures – and as stated by our CEO Jung-Suk Ryu on February 25, 2019 to the Senate Special Committee on the Charitable Sector, there is a certain reality that we face as a much smaller organization competing against others for private philanthropic and corporate support.

With positive encouragement and support from Senator Ratna Omidvar and her office, Indefinite Arts Centre is pleased to provide the following recommendations to the Senate Special Committee on the Charitable Sector for your review and consideration.
OUR UNIQUE CHALLENGES:
Indefinite Arts Centre (IAC) took advantage of the invitation to speak as a witness at the meeting of the Senate Special Committee on the Charitable Sector on February 25, 2019, because it felt it had a unique perspective to share given its financial/HR capacity and its comparatively larger mandate. With an annual operating budget now averaging approximately $1 million, there is a particular perspective we experience as an organization that hovers in a difficult “grey” zone where:

- Some see us as too “big” for their support.
- Others see us as too “small” to make a resounding impact.
- We lack brand recognition or our case for support is not strong enough to generate philanthropic support without an investment in fundraising and marketing.
- The same can be said for corporate sponsorships.
- Many expect us to have recent, quantifiable outcomes aligned with our work.
- Expectations of boards also transition from a loose arrangement of volunteers to the potential for a strategic governance board if required.
- Human resources (HR) capacity is misaligned with the current or future direction of the organization.

In our case, these are very real challenges that hamper our ability to grow and have exponential impact on our community – and communities across the country. This is not about avoiding the work to tackle the challenges listed above, but – as stated by our CEO during his testimony – understanding that responsive tactics often come with an increased level of risk for an organization our size.

OUR FUNDAMENTAL CHALLENGE:
We respectfully ask the Committee as they deliberate over potential policy proposals, that a fundamental challenge exists for charities our size – either a lack of capacity (i.e., time) or a lack of resources (i.e., funds). Policy proposals – for example, the introduction of a “stretch” tax credit or the development of an online database of grant opportunities (as proposed during the February 25, 2019 Senate Committee meeting) – can often put pressure on one or both fundamental pressures charities face, thereby potentially eliminating any “net benefit” that we know the Committee would like to see.

The following are recommendations Indefinite Arts Centre, through our “lived experience” as being a small- to mid-sized charitable organization, would make that would help address those pressures in meaningful, impactful ways.
OUR RECOMMENDATIONS:

Assist small- to mid-sized charitable organizations – defined by an average of annual operating revenues – to be able to share their story. Very rarely are funds available through conventional granting agencies to support branding efforts. They see this work as supplemental to the core mandate of an organization – whereas in our case, we see this as being critical to an organization’s potential growth and success.

Possible support mechanisms include:

- **Create and invest in a “marketing board/fund”** specifically for small- to mid-sized charitable organizations who could take advantage of funds to execute a marketing strategy aligned with a business plan.
- **Provide tax incentives to creative agencies or consultancies** who provide in-kind or discounted services for small- to mid-sized charitable organizations.
- **Provide tax incentives to advertising platforms** (e.g., newspaper outlets, television, radio, or social media) to encourage discounted advertising rates or complimentary spaces for qualifying charitable organizations.

Create an equitable environment for small- to mid-sized charitable organizations to increase revenues through fundraising.

Possible support mechanisms include:

- **A tax credit to spur giving to small- to mid-sized charitable organizations**, on top of what is currently provided as part of the charitable tax credit.
- **A tax credit to spur sponsorship** (currently unavailable, to our knowledge) for initiatives supporting small- to mid-sized charitable organizations. Sponsors would see not only marketing return on their investment, but a tax benefit as well.
- A rebate program for small- to mid-sized charitable organizations where they can **recoup some or all of their donation processing costs** (ranging from 1-5% of donations) through platforms such as CanadaHelps, most commonly used by smaller charities due to ease of use.
- **A rebate or other incentive to help offset the cost of fundraising expenses** (including the hiring of fundraising staff) to develop a pipeline of donors and establish a donation program – i.e., think “start-up funding” for charities.
- **Conduct a thorough review of federal funding programs** to ensure equitable distribution of support across organizations of varying sizes (e.g., Canadian Heritage’s Endowment Incentives Program), or whether such programs are actually contributing to the outcomes that are desired by small- to mid-sized charitable organizations (e.g., would a $100,000 endowment matched by the Endowment Incentives
program - leading to an annual return of $10,000 - be the best deployment of potentially $200,000 in that stage of an organization's growth?).

Support small- to mid-sized charitable organizations to develop and implement their own outcome measurement tools.

Possible support mechanisms include:

- **Innovation grants encouraging postsecondary institutions** to partner with non-profit charitable organizations on the development of effective outcome measurement tools.
- **A job subsidy initiative** that encourages small- to mid-sized charitable organizations to hire researchers either in a current academic program or recent graduates.

Allow small- to mid-sized charitable organizations to “pivot” to new directions rather than be confined to move forward with status quo.

Possible support mechanisms include:

- Allowing ESDC or other relevant departments to **provide an innovation/”pilot” fund**, allowing organizations to test on varying scales a pivot in their business model, which may include the costs of restructuring, developing a strategic plan, and also developing a board.
- The Committee assessing whether or not the non-profit governance “one size fits all” approach is indeed appropriate for organizations at different levels of evolution and growth. A mechanism, for example, could expel boards for being unable to accept or acknowledge modern day best practices in governance that are hampering an organization's growth.
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It’s important to publicly clarify that this submission – and our CEO’s recent testimony on February 25, 2019 – is not a “cop out” of the reality that charities need to diversify revenue sources and work hard at seeking new donors in support of their mandates. Nor are we asking for a “hand out.” The recommendations made above and the comments made during our CEO’s testimony are also not meant to exacerbate any sort of divide between small and large organizations (particularly in the arts).

However, as stated by our CEO, “a healthy charitable sector is directly linked to a vibrant ecosystem of successful players both large and small.” If the Committee believes in this general principle, then Indefinite Arts Centre respectfully asks members to consider the various ideas in which we can strengthen and expand the invaluable contributions being made by smaller players in our non-profit, charitable environment.
FOR MORE INFORMATION, PLEASE CONTACT:

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