The guide *The Art of Investing in Culture* has been developed as part of the 2007-2017 Action Plan for Montréal, Cultural Metropolis.

The Board of Trade of Metropolitan Montreal is proud to support the cultural sector and to partner with the Conseil des arts de Montréal to promote ties between arts and business, particularly through the Table d’action arts-affaires. The Board of Trade would like to thank the following partners who help bring these two worlds together: the Jeune Chambre de commerce de Montréal, Business Volunteers, Culture pour tous, the Claudine and Stephen Bronfman Family Foundation, Business for the Arts (artsScène Montréal) and Montréal, Cultural Metropolis.

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- To contribute to Montréal’s international visibility and brand image
- And above all, because our creators need our support!

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The Art of Investing in Culture

Culture is a major contributor to our city’s development, whether by contributing to social unity, strengthening Montréal’s identity or generating economic activity.

Since cultural activity is central to Montréal’s vitality, it is important that the entire metropolitan community mobilize to contribute to its success, and the business world is no exception. The expertise, time and money that businesspeople contribute to culture can make a difference not only to the lives of the artists who are directly affected, but also to the economic growth of a sector that fuels Montréal’s brand image.

The main objective of this guide is to provide some of the answers as to why businesspeople must invest more in culture and how they can do so.

This guide is first and foremost meant to raise awareness among businesspeople and provide them with information, but it is also meant to arm cultural organizations with sound arguments for seeking financial support.

From this perspective, the guide first addresses the positive impact of cultural activity on Montréal by revisiting the major conclusions of a study conducted by the Board of Trade of Metropolitan Montreal in 2009. It then paints a picture of private sector involvement in Quebec culture today. The third section provides an exhaustive list of the tax measures for encouraging private donations to culture. Finally, the conclusion covers the most significant partnerships between the business and cultural communities and introduces organizations whose mission is to promote these ties.
1. WHY INVEST IN CULTURE?
For Montréal, culture is an incredible lever of economic development and wealth creation. Supporting cultural organizations contributes to the influence and expansion of this invaluable foundation of our economy.

- Culture employs close to 100,000 people in the Montréal area, the equivalent of one of every twenty workers.

- It generates direct benefits of close to $8 billion, or 6% of our city’s GDP.

- Montréal has 69% of the cultural sector jobs in Quebec, a much larger share than its weight in total employment in the province (which is 49%).

- Employment in the cultural sector has expanded almost three times as fast as all industries combined. Between 1998 and 2008, when the number of jobs in Montréal grew 1.7% annually, jobs in the city’s cultural sector saw an increase of 4.6% per year.

- Given the employment multiplication factor, the economic benefits of the cultural sector compare favourably to those of the city’s more dynamic industrial clusters and all sectors of economic activity.

![TOTAL EMPLOYMENT – ECONOMIC SECTORS](CMA of Montréal, 2008, in number of jobs)
EMPLOYMENT MULTIPLICATION FACTOR

- Retail 0.17
- Restaurant services 0.18
- Lodging services 0.20
- Legal and accounting services 0.31
- Software publishing 0.35
- Banking services 0.37
- Transport 0.42
- Computer system design 0.43
- Telecommunications 0.49
- Engineering work 0.61
- Semi-conductor manufacturing 0.64
- Aerospace manufacturing 0.71
- Pharmaceutical manufacturing 0.75
- 0.94
Culture is the soul of a society. It is what weaves our social fabric and a platform for defining our collective identity.

Cultural vitality and diversity are major contributors to a quality of life that is one of the city’s most precious assets. They are also a source of inspiration for those who value daring and creativity.

Living in a city with a distinctly rich quality of life, particularly for a city the size of Montréal, contributes to our appeal and competitiveness. This enviable situation results from a combination of many advantages: safety, the quality of the environment, the cost of living, but also cultural vitality.

Supporting culture helps strengthen a growth sector for the city, one that residents and workers benefit from every day – even those who do not visit our cultural institutions.
Montrealers are proud of the cultural vitality of their city and the image it projects internationally. You only need to travel beyond the borders of Quebec to see the extent to which culture helps create an enviable brand image for the city. The contribution of culture is reflected in how positively Montréal is portrayed in foreign media.

A strong cultural sector is a great international calling card for our city. This is what makes the cultural sector an asset that goes well beyond artistic creativity: it helps build a strong reputation for Montréal and contributes to its international visibility.

This emblematic character of our city, while solidly entrenched, must not be taken for granted. Montréal has a pool of creators who feed this sector and who help build our identity and promote our influence on the international stage. These creators need everyone’s financial support to grow, reinvent themselves and make their mark around the world.

ASPECTS OF MONTRÉAL TYPICALLY COVERED BY THE WORLD MEDIA

Source: Influence Communication, Analyse des archétypes de la ville de Montréal dans les médias internationaux, nationaux, régionaux et montréalais, February 2011.
1.4 AND ABOVE ALL, BECAUSE OUR CREATORS NEED SUPPORT!

“… ‘creative heart’ is fragile …”

While our cultural sector is economically vibrant, its “creative heart” is fragile. Artists, authors and performers have the most precarious financial existence of all cultural sector workers, with an average annual income of $24,400, or half (50.3%) the average income of workers in Montréal and 55% of the average income of cultural workers generally.

“… these creators’ income is much lower than average …”

These creators’ income is much lower than average, and three quarters of them are self-employed. They are often forced to hold other jobs to make ends meet. As a result, it is not uncommon for them to gradually stop creating for financial reasons rather than by personal choice.

“… this situation is a threat to the diversity, balance and vitality of Montréal’s artistic sector …”

This situation is a threat to the diversity, balance and vitality of Montréal’s artistic sector and hurts the overall health of our city’s economy.
AVERAGE INCOME OF THE ACTIVE POPULATION WORKING FULL TIME YEAR-ROUND
(CMA of Montréal, 2008, in thousands of $)

- Satellite telecommunications: $74,100
- Architects: $65,000
- Publishing (except by Internet): $64,000
- Radio and television broadcasting: $62,900
- Interactive gaming: $60,000
- Pay and specialty TV: $54,400
- Cable television: $52,900
- Advertising and related services: $49,200
- Film and video: $48,700
- Other information services: $45,500
- Performance arts companies: $45,200
- Heritage establishments: $43,600
- Event promoters: $40,800
- Agents and artists’ representatives: $38,800
- Specialized design services: $37,400
- Sound recording: $36,100
- Book stores: $30,000
- Artists, authors and independent performers: $24,400
- Internet publishing, radio and TV broadcasting: N/A

Total average of industries: $48,547
Sector average: $40,000
2. PRIVATE SECTOR INVOLVEMENT IN CULTURE: A STATUS REPORT
Quebec’s cultural sector enjoys relatively substantial government support. This is because of the choices we have made as a society and Quebec’s distinctive cultural identity.

Quebec is the only majoritarily francophone territory in North America, so Quebec culture would not be able to flourish and spread without substantial government support.

“… Quebec devotes the most money to culture of any Canadian province.”

This is why Quebec devotes the most money to culture of any Canadian province. In 2008, according to Statistics Canada data, public funding of this sector amounted to close to $2.7 billion, more than $900 million of which came from the Government of Quebec.
PUBLIC EXPENDITURES ON CULTURE, BY PROVINCE OR TERRITORY AND LEVEL OF GOVERNMENT, 2007-2008

<table>
<thead>
<tr>
<th>Province/Territory</th>
<th>Federal</th>
<th>Provincial/territorial</th>
<th>Municipal</th>
<th>Total gross expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newfoundland and Labrador</td>
<td>44,414</td>
<td>62,980</td>
<td>13,994</td>
<td>121,388</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>21,780</td>
<td>16,090</td>
<td>4,115</td>
<td>41,985</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>101,698</td>
<td>82,652</td>
<td>41,083</td>
<td>225,433</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>55,187</td>
<td>64,561</td>
<td>27,462</td>
<td>147,210</td>
</tr>
<tr>
<td>Quebec</td>
<td>1,282,568</td>
<td>904,008</td>
<td>590,863</td>
<td>2,777,439</td>
</tr>
<tr>
<td>Ontario</td>
<td>1,355,538</td>
<td>701,749</td>
<td>1,103,537</td>
<td>3,160,824</td>
</tr>
<tr>
<td>Manitoba</td>
<td>80,906</td>
<td>172,169</td>
<td>63,962</td>
<td>317,037</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>49,794</td>
<td>139,101</td>
<td>91,799</td>
<td>280,694</td>
</tr>
<tr>
<td>Alberta</td>
<td>197,608</td>
<td>326,228</td>
<td>286,599</td>
<td>810,435</td>
</tr>
<tr>
<td>British Columbia</td>
<td>207,277</td>
<td>328,594</td>
<td>384,566</td>
<td>920,437</td>
</tr>
<tr>
<td>Yukon</td>
<td>19,552</td>
<td>17,078</td>
<td>418</td>
<td>37,048</td>
</tr>
<tr>
<td>Northwest Territories</td>
<td>33,468</td>
<td>10,202</td>
<td>2,476</td>
<td>46,146</td>
</tr>
<tr>
<td>Nunavut</td>
<td>12,238</td>
<td>5,386</td>
<td>395</td>
<td>18,019</td>
</tr>
<tr>
<td>Other</td>
<td>274,664</td>
<td>...</td>
<td>...</td>
<td>274,664</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>3,736,693</td>
<td>2,830,800</td>
<td>2,611,269</td>
<td>9,178,762</td>
</tr>
</tbody>
</table>

In relative terms, i.e., in expenditures per capita, Quebec is also the province that receives the most public funding for culture (taking into account funding from all levels of government).

If we look at expenditures per capita, spending on culture by all levels of government was on average $278 per Canadian in 2007-2008. This level was $361 for Quebec.

<table>
<thead>
<tr>
<th>Province</th>
<th>Expenditures/capita of all levels of government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newfoundland and Labrador</td>
<td>$240</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>$304</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>$241</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>$214</td>
</tr>
<tr>
<td>Quebec</td>
<td>$361</td>
</tr>
<tr>
<td>Ontario</td>
<td>$247</td>
</tr>
<tr>
<td>Manitoba</td>
<td>$266</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>$281</td>
</tr>
<tr>
<td>Alberta</td>
<td>$231</td>
</tr>
<tr>
<td>British Columbia</td>
<td>$197</td>
</tr>
</tbody>
</table>

In spite of the strong government support, the cultural sector suffers from a shortage of funding. This is mainly due to a lack of diversification of its sources of revenue. Indeed, Quebec lags behind the rest of North America when it comes to philanthropy.

According to a Fraser Institute study released in 2010\(^1\), Quebec is the Canadian province with the fewest charitable donations.

- Quebec residents devoted only 0.31% of total income earned in the province to donations to registered charities. This is the lowest proportion of all provinces.

- The province ranks tenth for the percentage of people who completed an income tax return who made a charitable donation (21.8%).

- The average donation of Quebeckers to charitable organizations was also less than the other provinces.

Arts and culture are no exception to the rule and receive less private funding in Quebec than in the rest of Canada. According to the most recent data available (2002), Quebec was second to last among provinces when it comes to private source revenue for arts companies.\(^2\)

This relative weakness in cultural patronage in Quebec may be explained by the fact that Quebeckers are more inclined to believe that funding culture is mainly a government concern.

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\(^2\) Survey by the Council for Business and the Arts in Canada, 2002.
### CANADIAN RESULTS AND RANKING FOR THE FISCAL YEAR 2008

<table>
<thead>
<tr>
<th>Province/Territory</th>
<th>Percentage of taxpayers who made a charitable donation</th>
<th>Percentage of gross income donated to charity</th>
<th>Average value of charitable donations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percent</td>
<td>Ranking (out of 13)</td>
<td>Percent</td>
</tr>
<tr>
<td>British Columbia</td>
<td>22.4</td>
<td>8</td>
<td>0.85</td>
</tr>
<tr>
<td>Alberta</td>
<td>24.4</td>
<td>5</td>
<td>0.84</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>24.5</td>
<td>4</td>
<td>0.77</td>
</tr>
<tr>
<td>Manitoba</td>
<td>26.7</td>
<td>2</td>
<td>0.94</td>
</tr>
<tr>
<td>Ontario</td>
<td>25.2</td>
<td>3</td>
<td>0.88</td>
</tr>
<tr>
<td>Quebec</td>
<td>21.8</td>
<td>10</td>
<td>0.31</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>21.1</td>
<td>11</td>
<td>0.62</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>22.9</td>
<td>6</td>
<td>0.68</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>27.0</td>
<td>1</td>
<td>0.68</td>
</tr>
<tr>
<td>Newfoundland and Labrador</td>
<td>22.1</td>
<td>9</td>
<td>0.60</td>
</tr>
<tr>
<td>Yukon</td>
<td>22.8</td>
<td>7</td>
<td>0.46</td>
</tr>
<tr>
<td>Northwest Territories</td>
<td>18.2</td>
<td>12</td>
<td>0.36</td>
</tr>
<tr>
<td>Nunavut</td>
<td>12.1</td>
<td>13</td>
<td>0.14</td>
</tr>
<tr>
<td>Canada</td>
<td>23.6</td>
<td></td>
<td>0.73</td>
</tr>
</tbody>
</table>

Source: Canada Revenue Agency, 2010; Statistics Canada, 2010; authors’ calculations.
2.3 PRIVATE FUNDING OF MONTRÉAL’S CULTURAL SECTOR

CULTURE: THE FOURTH PRIORITY

While Quebeckers overall make fewer private donations than their Canadian neighbours, the cultural sector also has to deal with the fact that a large portion of donations go toward other priorities. When we asked businesspeople to name the three main sectors of organizations their company supports, health (58%), poverty and social exclusion (55%) as well as education (43%) came first. Culture, at 35%, came fourth. More precisely, culture is the priority for 14% of donor companies. It is the second choice for 9% of donor companies and the third choice for 12%.

FINANCIAL AID PRIORITIES OF DONOR COMPANIES SURVEYED

Source: Board of Trade of Metropolitan Montreal, Culture in Montréal: Economic Impacts and Private Funding, November 2009.
Overall, Montréal arts organizations\(^3\) are funded 21\% by private sources, in the form of donations (14\%) and sponsorships (7\%).

**PRIVATE FUNDING: VERY UNEVEN**

Finally, the breakdown of private dollars invested in culture is very uneven across cultural organizations. Two main factors explain the disparity in funding: the size of the cultural organization and the artistic field.

1- **The size of the organization**

A cultural organization’s budget directly influences its ability to attract private funding. Larger organizations are better able to obtain private sector revenue in the form of donations and sponsorships. Small organizations receive a significantly smaller share of private funding: the larger an arts organization’s budget, the better able it is to devote financial and human resources to soliciting donations and sponsorships.

The visibility of the organization is also a major factor. The richest organizations are more familiar to the general public — and to businesspeople. As a result, they have a better chance of receiving private donations.

2- **The artistic field**

The proportion of private funding an organization receives varies widely depending on its artistic field. Literature, dance and theatre suffer from weak funding support from the private sector. Music, the visual and media arts, film and festivals fare much better.

The very nature of an organization shapes its ability to attract donations and sponsorships. Furthermore, organizations with bigger budgets are more concentrated in artistic fields that are more “profitable” for companies, in other words those that offer more visibility for sponsors and donors.

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\(^3\) According to a sample of 294 arts organizations that made a grant application to the Conseil des arts de Montréal in 2009.
This means that the smallest organizations often struggle to find patrons, and a lack of familiarity with the cultural milieu is a major check on funding for many businesspeople.

This guide is intended to inform businesspeople of the different ways they can help fund culture, by familiarizing them with the tax benefits of doing so.
MEASURES TO PROMOTE PRIVATE FUNDING OF CULTURE

This chapter was written in cooperation with Caroline Renaud, Senior Director, Taxation, Raymond Chabot Grant Thornton
3.1 THE DIFFERENT FORMS OF PRIVATE SUPPORT TO CULTURE

There are four ways companies and individuals can help fund culture: through consumption, sponsorships, special activities and donations. Each is an important form of support for cultural organizations because they are an essential complement to the grant revenue they receive from the public sector.

CONSUMPTION
The consumption of cultural products is the simplest way to participate in the private funding of culture. This contribution to the own-source revenue of Montréal’s cultural organizations is important because it accounts for 34% of their total funding.4

While compensation for the price paid is clear and direct (a show, an artwork, etc.), from a financial point of view there is a real advantage to selling season subscriptions to shows. To encourage these volume purchases, many cultural organizations offer substantial discounts for subscriptions when compared with purchasing single tickets. And this is the same logic that the Government of Quebec uses in offering a tax deduction to companies that want to buy a certain number of tickets to use in the course of their activities.

DEDUCTION OF THE COST OF A SUBSCRIPTION TO CULTURAL EVENTS
(Government of Quebec)
A company can deduct from its income – without limit – 100% of the cost of a subscription (or the purchase of blocks of tickets) to cultural events, which must include at least three performances in Quebec.

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4 Study by the Board of Trade of Metropolitan Montreal entitled *Culture in Montréal: Economic Impacts and Private Funding*, 2009. The data on Montréal cultural organizations was provided by the Conseil des arts de Montréal, from a study of the revenue of 294 arts organizations that submitted a grant application in 2009. This data corresponds to real income from the last fiscal year audited, in most cases 2007-2008, and 2006-2007 when 2007-2008 data was not available.
VISUAL ARTS: AMORTIZING CANADIAN ARTWORKS
Likewise, to support the acquisition of Canadian artworks, both governments have given individuals and companies that operate a business the opportunity to deduct a portion of the amortization of the cost of acquisition. The work must be exhibited in the individual or company’s place of business to benefit from the amortization.

(Government of Quebec)
Tax deduction of the amortization of 33.33% of the cost of acquisition of a work of art.

(Government of Canada)
Tax deduction of the amortization of 20% of the cost of acquisition of a work of art.

SPONSORSHIPS
Sponsorships are the second form of private sector support and account for 7% of the funding of Montréal cultural organizations.\(^5\) The Conseil des arts et des lettres du Québec (CALQ) defines sponsorship as “a contribution in exchange for publicity offered as a function of promotional benefits […] making it possible to reach a target audience.” The compensation for sponsorship is therefore basically the direct visibility the cultural event offers, but also the goodwill that an association with culture provides.

But since the primary objective of sponsorships is to attract the attention of potential consumers, they tend to be concentrated around a few very popular, high-profile events. This is why festivals garner the lion’s share of sponsorships, which represent 34%
of their revenue, well ahead of music (8%), theatre (4%), dance (2%), the visual arts (2%) and literature (1%). For the same reasons, sponsorships are also more important, in relative terms, to large cultural organizations. To better balance the distribution of sponsorships, smaller cultural organizations would do well to request sponsorships in the form of services rather than financial contributions and to target niche companies that are trying to reach a specific audience.

SPECIAL ACTIVITIES AND BENEFITS
Midway between consumption and donations, special activities and benefits are an effective and appealing way to raise funds. While formulas vary widely, the best practice normally involves a combination of a dinner and show for which tickets are sold. Benefits do not fall under the category of pure consumption, because contributors buy tickets knowing that this is a fundraiser, but benefits nevertheless make it possible to win over donors, particularly those who want to "get something in return" for their donation. And because benefits offer an opportunity for networking and visibility, they combine well with sponsorships.

DONATIONS
The fourth and final private form of funding, donations are defined by CALQ as "a voluntary transfer of money for which the donor or patron receives no benefit in return." They come from individuals, companies or foundations and account for 14% of the funding of Montréal’s cultural organizations.

Since donations are essential to the funding of culture, but they do not offer the donor any direct compensation, the governments of Canada and Quebec have implemented a range of tax advantages to encourage companies and individuals to make this type of contribution.

Ibid.
3.2 TAX MEASURES TO ENCOURAGE CULTURAL DONATIONS

A GENERAL MEASURE: CHARITABLE DONATIONS

The main tax measures that help stimulate private donations to culture are tax credits granted by the two levels of government for charitable donations. General in nature and applying to a whole spectrum of non-profit socio-community organizations, these measures affect a large number of accredited cultural organizations. The receipt issued by the beneficiary organization for tax purposes accordingly reduces the net amount that the donor has to pay out, or, even better, makes it possible to ask for a higher gross amount, thereby increasing the amount the organization raises.

These measures are progressive to encourage donors to give more. This is why cultural organizations are well advised to show the calculation (net vs. gross donation) and ask for an amount equivalent to the net disbursement after taxes when they solicit donations from businesspeople.

These two measures (federal and provincial) are cumulative, which results in a substantial tax credit that can reduce the net cost of a donation by almost half.

(Government of Quebec)

Individuals: A non-refundable tax credit of 20% for the first $200 and 24% for the balance.
Companies: Deduction from their taxable income.

(Government of Canada)

Individuals: A non-refundable tax credit of 12.53% for the first $200 and 24.2% for the balance.
Companies: Deduction from their taxable income.

It is important to note that generally speaking, the amount of the donation cannot exceed 75% of the donor’s net income. However, individuals can transfer the excess to the five following years, and companies can do so over the 20 following years provincially and the seven following years federally.
FOR NON-REGISTERED ORGANIZATIONS: THE CONSEIL DES ARTS DE MONTRÉAL’S FISCAL SPONSORSHIP

Fiscal sponsorship is part of the Conseil des arts de Montréal’s (CAM) general grant program intended for arts organizations that do not have charitable organization status and that have a head office on the Island of Montréal.

CONSEIL DES ARTS DE MONTRÉAL

This sponsorship allows arts organizations to solicit donations from foundations, companies and individuals, who in return receive receipts for income tax purposes. The CAM acts as an intermediary, which, having supported the artistic, administrative and structural aspects of organizations, offers them grants from the donations of foundations, companies or individuals.

DONATIONS OF LISTED SECURITIES

Another measure that can benefit a whole host of cultural organizations that are registered charities or recognized as such is the tax incentive for the donation of listed securities. Companies or individuals who donate listed securities to a registered charitable organization are exempt from the capital gains resulting from the disposal of these securities. This benefit is in addition to those already provided for cash donations, i.e., tax credits for individuals and tax deductions for companies.

(Government of Quebec)

Individuals: Same regime as for cash donations + non-taxation of capital gains.
Companies: Same regime as for cash donations + non-taxation of capital gains.

(Government of Canada)

Individuals: Same regime as for cash donations + non-taxation of capital gains.
Companies: Same regime as for cash donations + non-taxation of capital gains.

Source: Conseil des arts de Montréal
SPECIFIC TAX MEASURES FOR CERTAIN TYPES OF ORGANIZATIONS

In addition to the two above-mentioned measures that are universally available, the Government of Quebec and the Government of Canada have put in place a series of measures that offer an additional advantage to certain sectors of the arts and culture. These are:

- **DONATION OF CULTURAL PROPERTY:** the amount of the donation is not limited to a percentage of the donor’s income, and if the donation generates a capital gain for the donor, it is not taxable. To qualify as cultural property, the object of the donation must be recognized by the Commission des biens culturels du Québec and the Canadian Cultural Property Export Review Board.

- **DONATION OF A WORK OF ART:** the amount of the donation is increased by 25% in Quebec if the donation is made to a Quebec museum; if creators donate their work to certain recognized organizations, they receive tax relief.

- **DONATION OF A MUSICAL INSTRUMENT TO A RECOGNIZED TEACHING INSTITUTION:** the amount of the donation is not limited to a percentage of the donor’s revenue, and if the donation generates a capital gain for the donor, it is not taxable. This measure applies in Quebec only.

A PROGRAM THAT INCREASES THE VALUE OF THE DONATION: PLACEMENTS CULTURE

The purpose of the Conseil des arts et des lettres du Québec’s (CALQ) Placements Culture program is to encourage individuals, private companies and foundations to give more generously to non-profit cultural organizations by offering matching grants on top of the donations and contributions they receive. The program is intended to allow organizations to stabilize their long-term revenues and thereby gain independence, because these grants are offered with a view to forming endowment funds and reserve funds.
Calculation of the matching grant

The grant is calculated by applying a percentage increase to the net result of the fundraising based on the size of the organization.

<table>
<thead>
<tr>
<th>Size of the organization</th>
<th>Matching grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $250,000</td>
<td>300% of the net result of the fundraising</td>
</tr>
<tr>
<td>$250,000 to $499,999</td>
<td>200% of the net result of the fundraising</td>
</tr>
<tr>
<td>$500,000 to $999,999</td>
<td>150% of the net result of the fundraising</td>
</tr>
<tr>
<td>$1 million plus</td>
<td>100% of the net result of the fundraising</td>
</tr>
</tbody>
</table>

Source: Conseil des arts et des lettres du Québec

http://www.calq.gouv.qc.ca/placementsculture/index/php
3.3 COMBINING DIFFERENT MEASURES AND THEIR LEVERAGE EFFECT

For businesspeople to derive maximum benefit from existing programs and for cultural organizations to be able to promote all the advantages of their fundraising campaign, it is essential that both parties be aware of the cumulative impact of some of these measures and the leverage effect they can have on one another. For example, the addition of federal and provincial measures combined with the Placements Culture grant can make a relatively modest net donation generate substantial funding for the organization of one’s choice.

For an individual who donates $1,000 to a cultural organization with annual revenues of under $250,000, the calculation would be as follows:

<table>
<thead>
<tr>
<th></th>
<th>Individual</th>
<th>Cultural organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donation</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Tax credits</td>
<td>$482</td>
<td></td>
</tr>
<tr>
<td>(48.2%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net contribution</td>
<td>$518</td>
<td></td>
</tr>
<tr>
<td>Placements Culture</td>
<td></td>
<td>$3,000</td>
</tr>
<tr>
<td>Total amount</td>
<td></td>
<td>$4,000</td>
</tr>
</tbody>
</table>

An individual net contribution of $518 would give the beneficiary cultural organization $4,000. This leverage effect is another major argument that cultural organizations should use when soliciting donations.
### 3.4 Tax Measures Recap

<table>
<thead>
<tr>
<th></th>
<th>Government of Quebec</th>
<th>Government of Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Companies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash donation</td>
<td>Deduction from taxable income</td>
<td>Deduction from taxable income</td>
</tr>
<tr>
<td>Securities donation</td>
<td>Same as a cash donation + capital gains not taxed</td>
<td>Same as a cash donation + capital gains not taxed</td>
</tr>
<tr>
<td>Deduction for a subscription</td>
<td>Unlimited deduction in the calculation of income</td>
<td>Normal deduction rules</td>
</tr>
<tr>
<td>Purchase of a Canadian artwork in a commercial context</td>
<td>Amortization (33.3%)</td>
<td>Amortization (20%)</td>
</tr>
<tr>
<td>Donation of cultural property</td>
<td>Same as a cash donation + capital gains not taxed</td>
<td>Same as a cash donation + capital gains not taxed</td>
</tr>
<tr>
<td>Donation of a musical instrument</td>
<td>Same as a cash donation + capital gains not taxed</td>
<td>Normal donation rules</td>
</tr>
<tr>
<td>Donation of a work of art to a recognized museum</td>
<td>Donation increased by 25%</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Individually</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash donation</td>
<td>Tax credit (20% - 24%)</td>
<td>Yes (12.53% - 24.2%)</td>
</tr>
<tr>
<td>Securities donation</td>
<td>Same as a cash donation + capital gains not taxed</td>
<td>Same as a cash donation + capital gains not taxed</td>
</tr>
<tr>
<td>Donation of cultural property</td>
<td>Same as a cash donation + capital gains not taxed</td>
<td>Same as a cash donation + capital gains not taxed</td>
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</tr>
</tbody>
</table>
TIME AND EXPERTISE: BUSINESS VOLUNTEERS
SERVING CULTURE
Beyond funding, which is obviously of primary importance, businesspeople volunteering in cultural organizations can also be very helpful. Expertise in accounting, marketing or business development made available to an organization’s artistic management can make a world of difference. The key to success lies in matching the business volunteer’s intentions with the mission and needs of the organization.

The Board of Trade of Metropolitan Montreal wants to do its part to encourage ties between arts and business, so it works to mobilize businesspeople to get personally involved in promoting culture.

The Board of Trade’s involvement takes many forms, but is concentrated in two areas.

First, through the annual organization of the Prix Arts-Affaires de Montréal, in partnership with the Conseil des arts de Montréal. This initiative offers recognition through four prizes (Large Enterprise, SME, Arts/Business Personality and Business Volunteer) awarded to companies and individuals who have supported Montréal arts organizations or who get actively involved in culture. The awards are also intended to raise awareness in the business community about the critical role cultural organizations play in the city’s development as well as to promote partnerships between the business and arts communities. To find out more about the Prix Arts-Affaires de Montréal, visit: www.btmm.qc.ca/prix-arts-affaires.

Second, over the years the Board of Trade has formed close ties with Business Volunteers, an organization that it has housed at its offices since its foundation in May 2006.

BUSINESS VOLUNTEERS

The mission of Business Volunteers is to help businesspeople who want to share their expertise with non-profit organizations in the greater Montréal area get involved as
volunteers. Business Volunteers is the only organization in Quebec to offer a free networking and placement service for building ties between professionals from the business world and non-profits.

The mandates that Business Volunteers receives fall into three categories:

1. Filling seats on boards of directors
2. Coaching and consulting
3. Forming committees with a variety of skills profiles

Among its many areas of involvement, Business Volunteers works with the Conseil des arts de Montréal to promote the contribution of businesspeople to culture and the arts. Over 40% of Business Volunteers’ mandates come from cultural organizations.

There is another organization in Montréal that works to get a new generation of patrons of the arts involved as volunteers and donors: artsScène Montréal.

artsScène Montréal is a national initiative with a mission to promote the commitment of young professionals to the arts. It creates a platform between the business and arts communities to promote philanthropy along with the artistic and economic vitality of Montréal.

artsScène was created by Business for the Arts, a non-profit organization that has been dedicated to supporting and promoting business leadership in the arts since 1974. This organization creates opportunities for financing and puts professionals who want to get involved in the arts in touch with cultural organizations.

www.artsscenemontreal.com