



Examination of Community Foundations in Atlantic Canada

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Introduction

The community foundation movement is not new to Canadian citizens, especially those residing in the Atlantic Region. The first Atlantic Canadian community foundation, Fredericton Community Foundation, was established in 1967. Since then, nine additional community foundations have been established in the Atlantic Provinces, with the most recent being Carleton North Community Foundation based in Florenceville, New Brunswick.

Community Foundations, as one type of registered charity, are defined as “an organization established to manage a community endowment fund, the income from which is distributed to registered charities within a community” (Canada Revenue Agency, 2013). Further information on community foundations can be located at Community Foundations of Canada’s website – www.cfc-fcc.ca.

Every community foundation unique; each with unique capacities. Each community foundation consists of a group of dedicated volunteers committed to collective action for their communities/region, endowment building initiatives, short-term and long-term goals, as well as challenges. During the spring of 2013, a survey was administered to community foundations in the Atlantic Region in an effort to determine the similarities and differences among the community foundations. This report provides an analysis of the community foundation survey and summarizes key findings that were made explicit through this process.

This report was prepared as part of a larger applied research initiative examining the role of philanthropy in regional development in Newfoundland and Labrador. Further information on this initiative can be located at <http://philanthropy.ruralresilience.ca>.



Method of Data Collection

This report is based on data collected directly from community foundations through an online survey. The survey was administered from May – September 2013. The survey consisted of approximately fifty questions related community foundations, their organizational practices, board members, funding priorities, and granting practices. Of the 10 surveys that were distributed within the Atlantic Region, all 10 community foundations responded. The 100% response rate allows for a comprehensive analysis of the community foundation movement in Atlantic Canada.

All tables in the report are presented as a percent based on the responses from all 10 community foundations unless otherwise stated.



Profile of Responding Community Foundations

An introduction to the online survey was distributed to each of the ten community foundation's publicly available contact information. This information was retrieved from their respective websites and annual reports. Although all ten community foundations responded, the individual and their position within their respective foundation varied. The majority of survey respondents (9 of 10) were staff members from their respective community foundations, with an exception in one case where the survey was answered by a board member. Eighty percent of survey respondents were female while the remaining 20% were male.

Map of Community Foundations in Atlantic Canada, based on Administrative Office Location

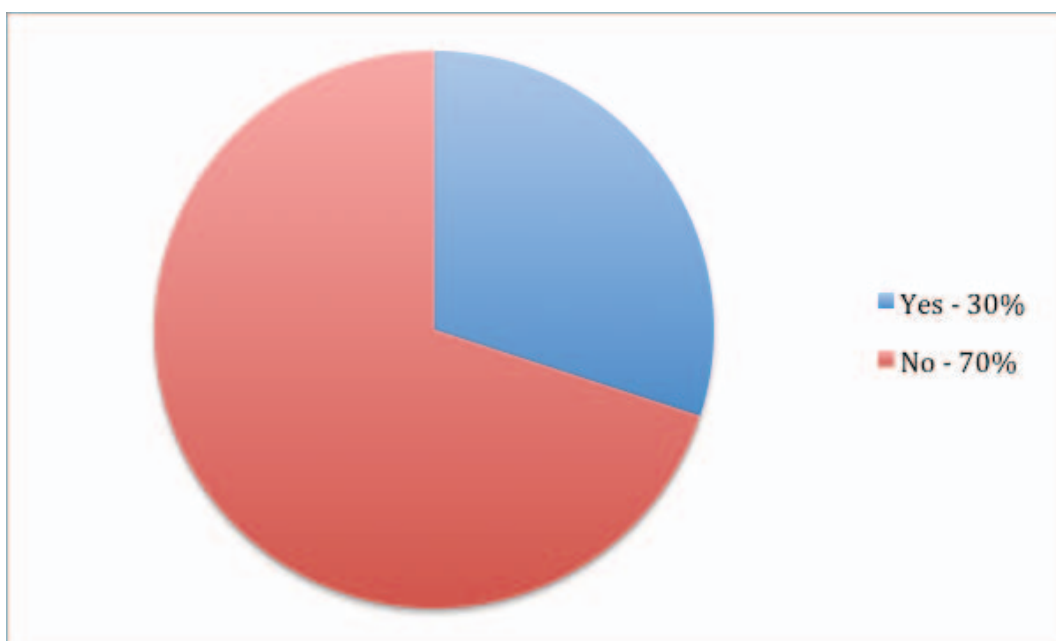


Survey Results

Composition of Board Directors

The number of board members varied between the community foundations. These numbers ranged from nine to fifteen members, with the average of 12. Thirty percent of community foundations, as noted in Figure 1, specified that they currently have a least one vacant positions on their board.

Figure 1. Percentage of community foundations with vacancies on their board.



The gender composition of board members also varied among the community foundations. In general, females sitting on community foundation boards in the Atlantic Region represented 38% (total of 45 female board member), compared to the 62% for males (total of 73 male board members). Seventy percent of community foundation boards had a majority of males while 20% of community foundations consisted of female dominated boards. One community foundation had 6 males and 6 females on its board.

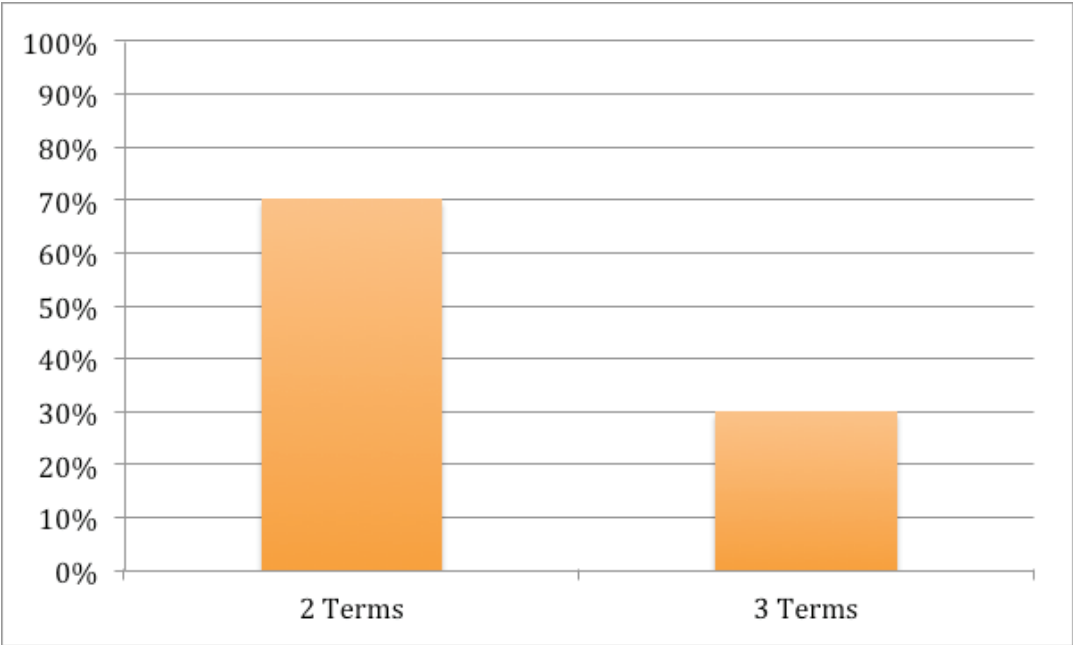
Individuals between the ages of 35-64 were the most common age composition of board members (73% of all board members). Only 8% of board members in Atlantic Canada are under the age of 35 and 19% of board members were aged 65 and over.

Board Member Selection and Mandate

Board members of Atlantic Canada’s community foundations are selected in two distinct ways: a nominating committee or a process of appointment. The nominating committee method is where a select group of current board members nominate individual(s) in the community that are believed to represent the community and the community foundation. Seventy percent of community foundations in Atlantic Canada utilize a nominating committee. The appointed method is where current board members simply decide amongst themselves which individuals are preferable to sit on the board during the next term, which is followed by reaching out to these people. The remaining community foundations utilize a series of appointments of a combination of nominating committee and appointments for selecting board members.

With the exception of the Greater Saint John Community Foundation, which provides four-year terms for their members, all other community foundation boards provide three-year terms. As shown through Figure 2, 70% of community foundations allow board members to sit for two consecutive terms, whereas 30% of foundations permit a three consecutive terms.

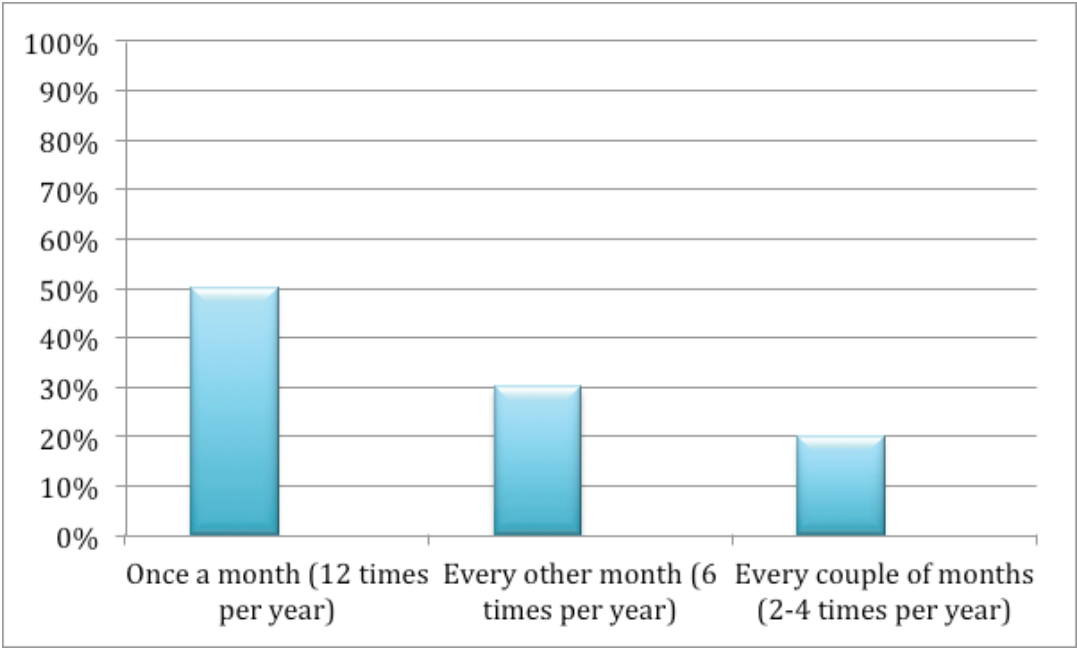
Figure 2. Number of terms allowed by sitting board members.



Meetings

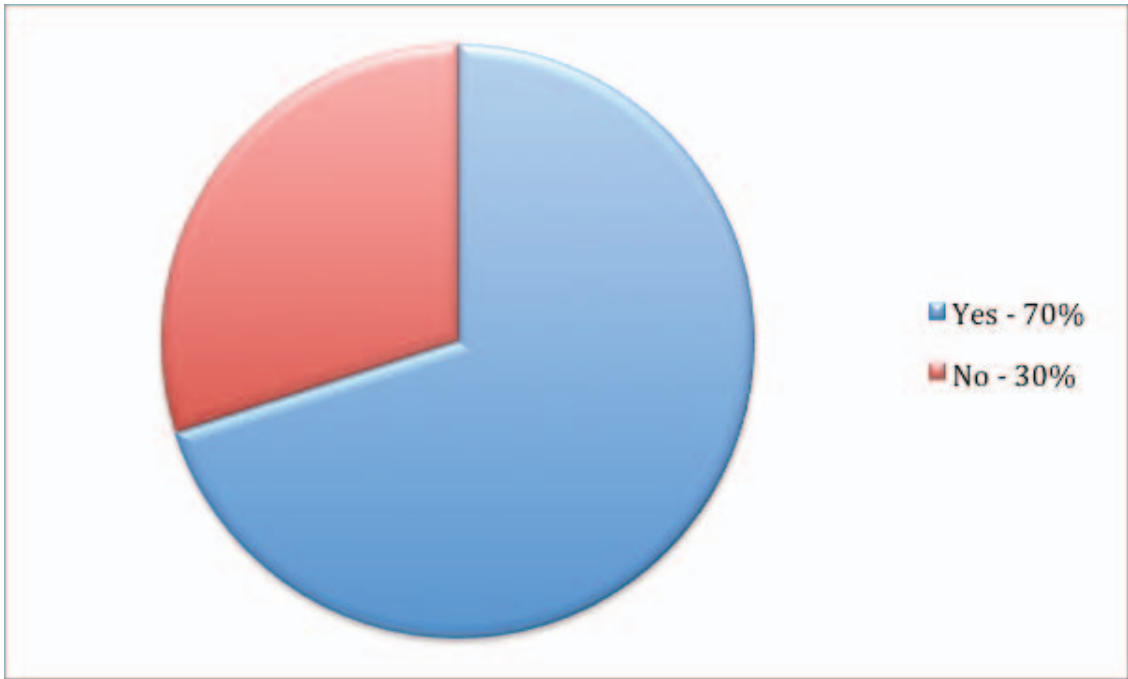
The frequency of board meetings differs between each community foundation. Figure 3 explains how 50% of community foundations meet once a month, whereas 30% of community foundations meet every second month, and 20% of community foundations meet between 2 to 4 times each year.

Figure 3. Frequency of board meetings.



Every community foundation in the Atlantic Region specified that they host an Annual General Meetings (AGM). However, as Figure 4 points out, only 70% of community foundations invite the public to their yearly review.

Figure 4. Percentage of community foundations that invite public residents to the AGM.

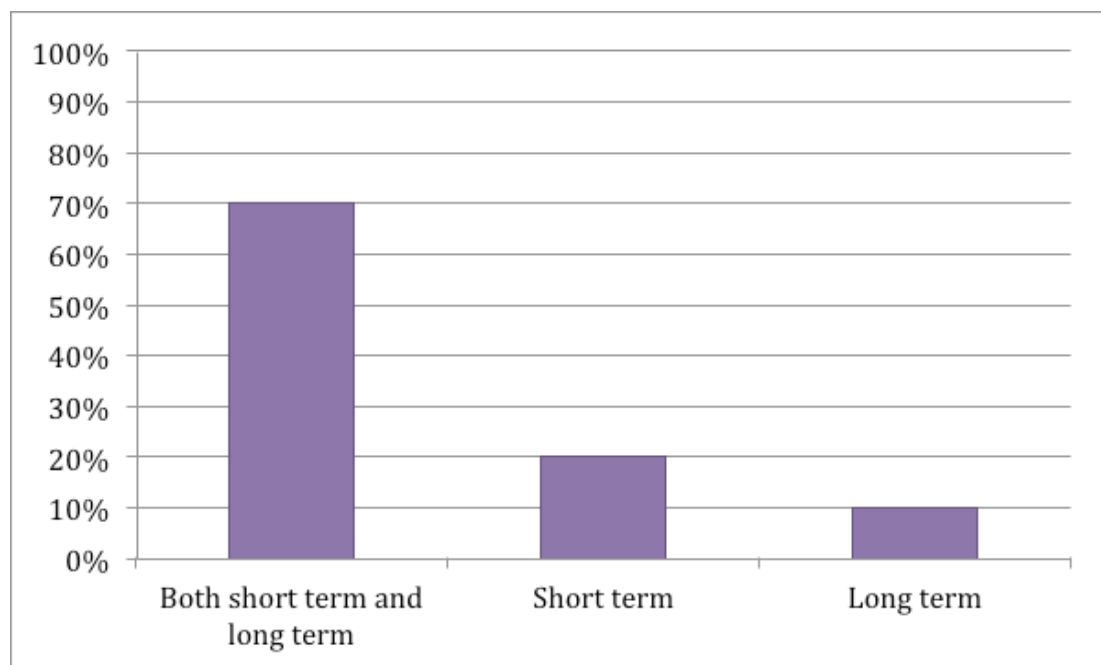


Board Capacities

The online survey asked community foundations to self-assess their capacity in 8 categories on a three-point scale, ranging from adequate to needs improvement. Based on this assessment there were several themes present. Eighty percent of community foundations noted that their board members contribute an adequate job in terms in 'grant making' and 'investment and asset management'. A 70% adequate rating was followed across the region in terms of 'board member roles and responsibilities'. Potential areas of growth include 'strategic planning' and 'by laws', where 30% and 40% of community foundations specified they needed improvement in those areas, respectively.

All community foundations acknowledged that they are engaged in some aspect of strategic planning. As Figure 5 displays, 70% of foundations claimed that they make both short term and long term goals, where 20% of community foundations only make short term goals and the remaining foundation engaged in long-term goals only.

Figure 5. Types of strategic planning community foundations are engaged in.



Although each community foundation creates specific strategic plans, Figure 6 notes only 40% of community foundations noted they follow their strategic plans closely and 60% follow them moderately close. The most popular types of plans noted by community foundations include strategic fund development and investment and asset management with a significantly lower focus on staffing and board member succession. The types of plans community foundations are engaged in can be seen through Figure 7.

Figure 6. How close the strategic plans are followed.

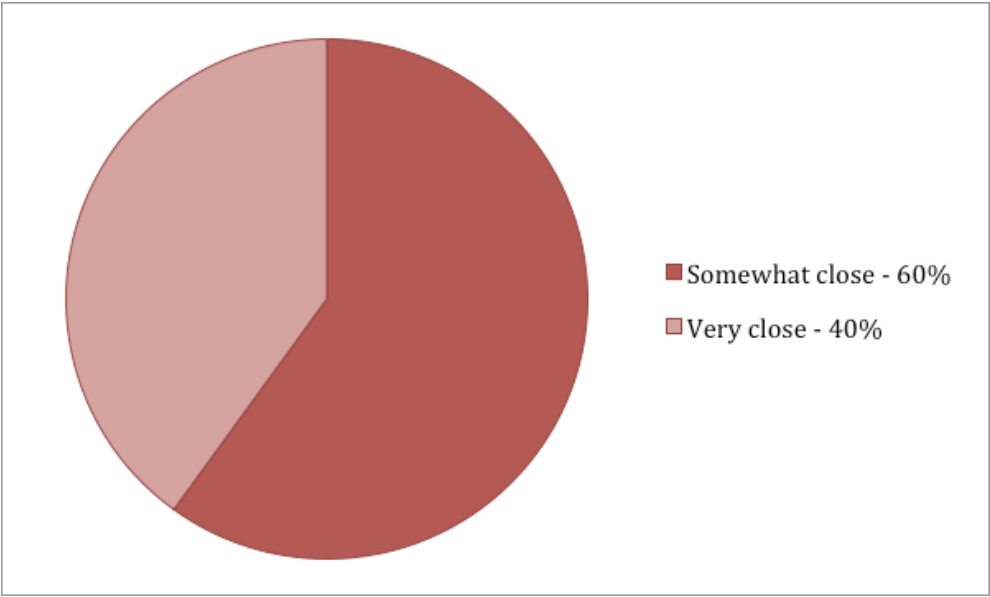
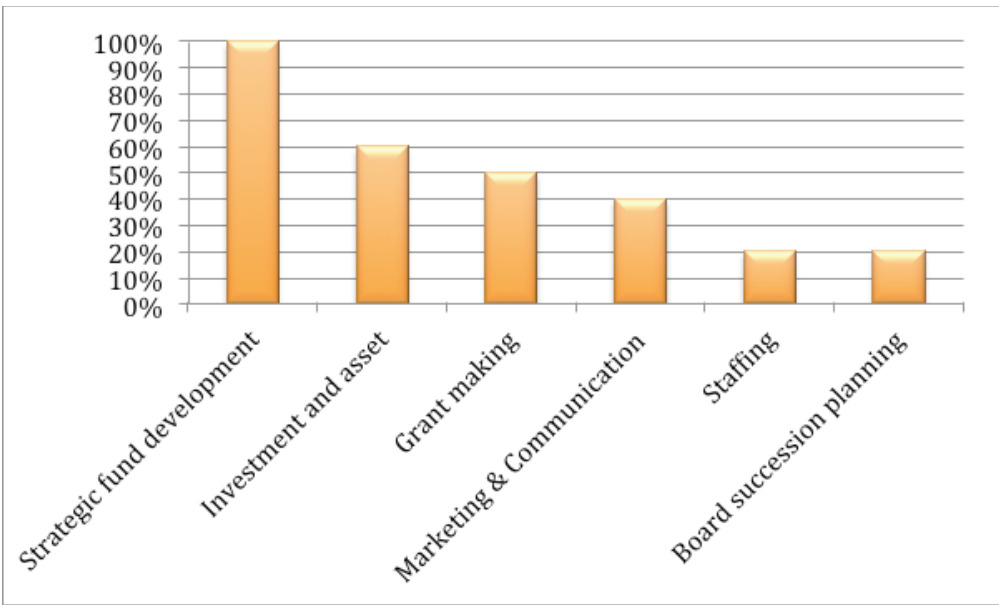


Figure 7. Purpose of strategic plans.

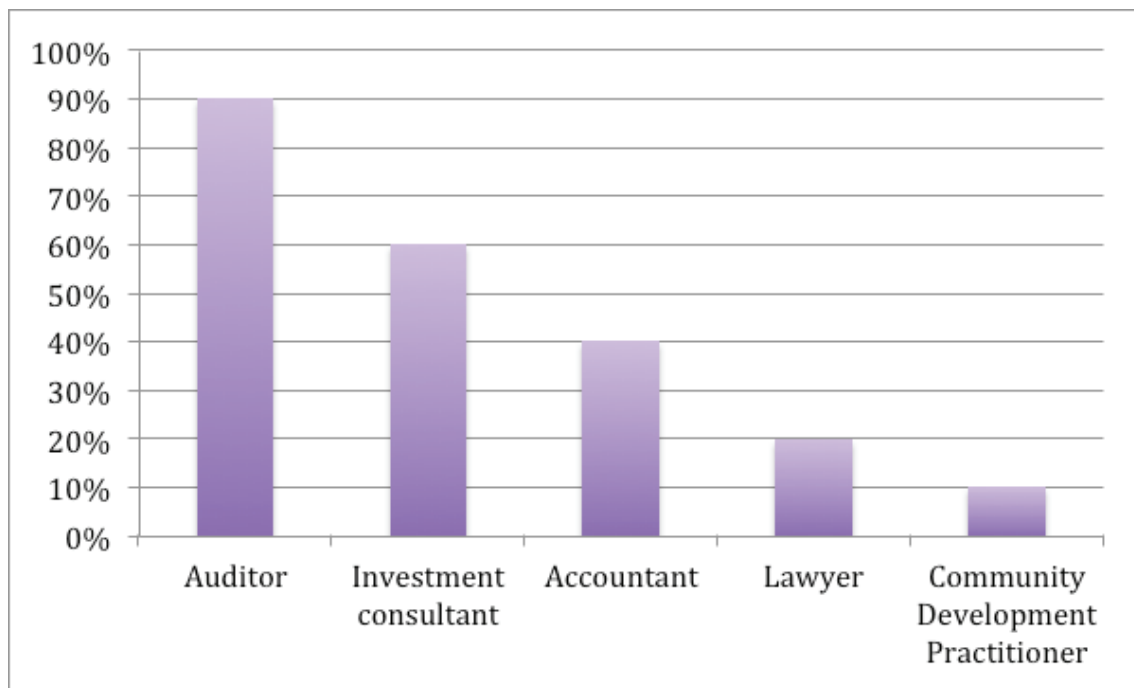




Human Resources

Community foundations within the Atlantic Region contracted a variety of professional services in 2012. With the exception of one, all community foundations hired an auditor to do work for the community foundation. Only 10% of community foundations hired a community development practitioner to aid in the direction of grant making and how they should be distributed. Other services community foundations hired can be seen through Figure 8.

Figure 8. Professional contract services hired by Atlantic Canadian community foundations.

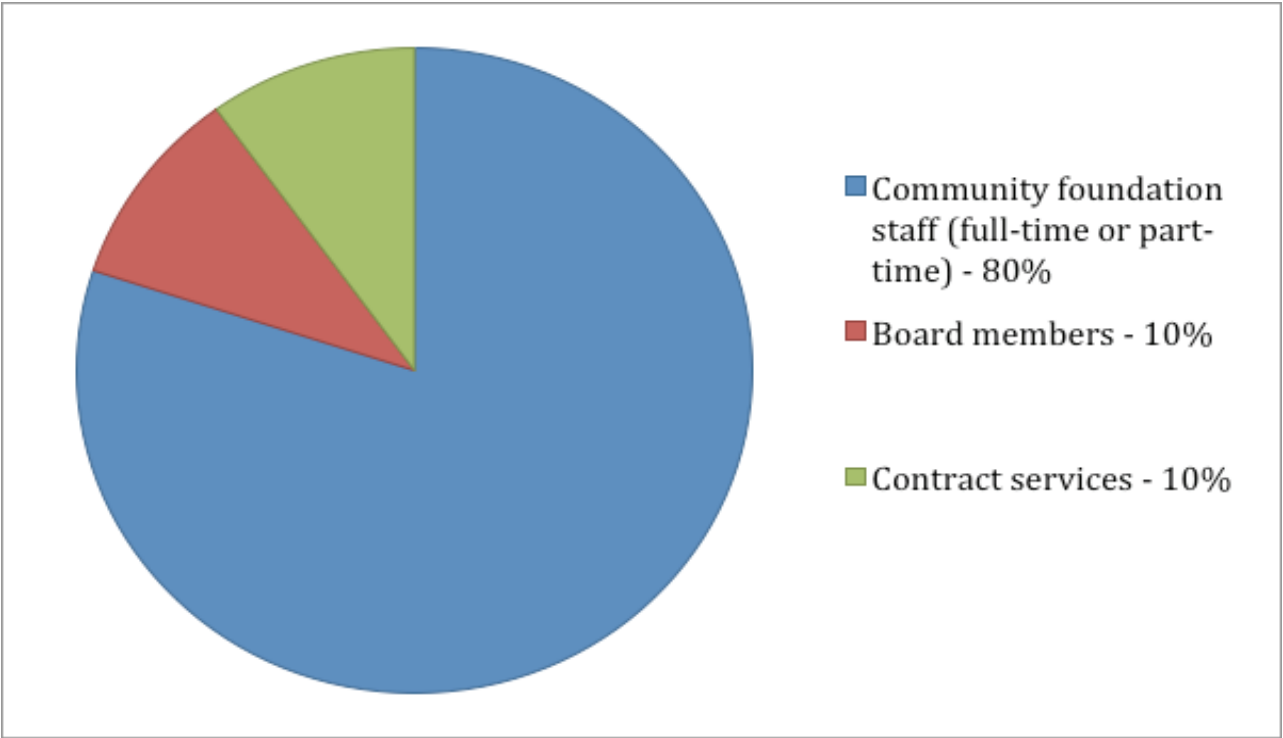


There is a number of different staff positions Atlantic Canadian community foundations employ in their offices. In total, there were 17 people employed by these community foundations last year. This includes 5 full-time staff members, 7 part-time staff members, and 5 casual staff members. It should be noted that 20% of community foundations do not employ any full-time staff members year round.

There were differences among the number of volunteers engaged with community foundations as well. Forty percent of community foundations did not report engaging volunteers on their survey response. One community foundation benefitted from the help of less than 10 volunteers, 40% of community foundations received help from 10-20 volunteers, and 10% of community foundations received support from 60 volunteers in 2012.

There is a great deal of administrative responsibilities involved with maintaining a community foundation. As Figure 9 explains, individuals that complete these tasks have different roles within the community foundation. Eighty percent of community foundations rely on the staff they have employed to perform the necessary administrative responsibilities. One community foundation receives help from it's board members to fulfill these tasks, and another community foundation enlists the help of contract services to perform these duties.

Figure 9. Individuals who perform administrative activities for community foundations.

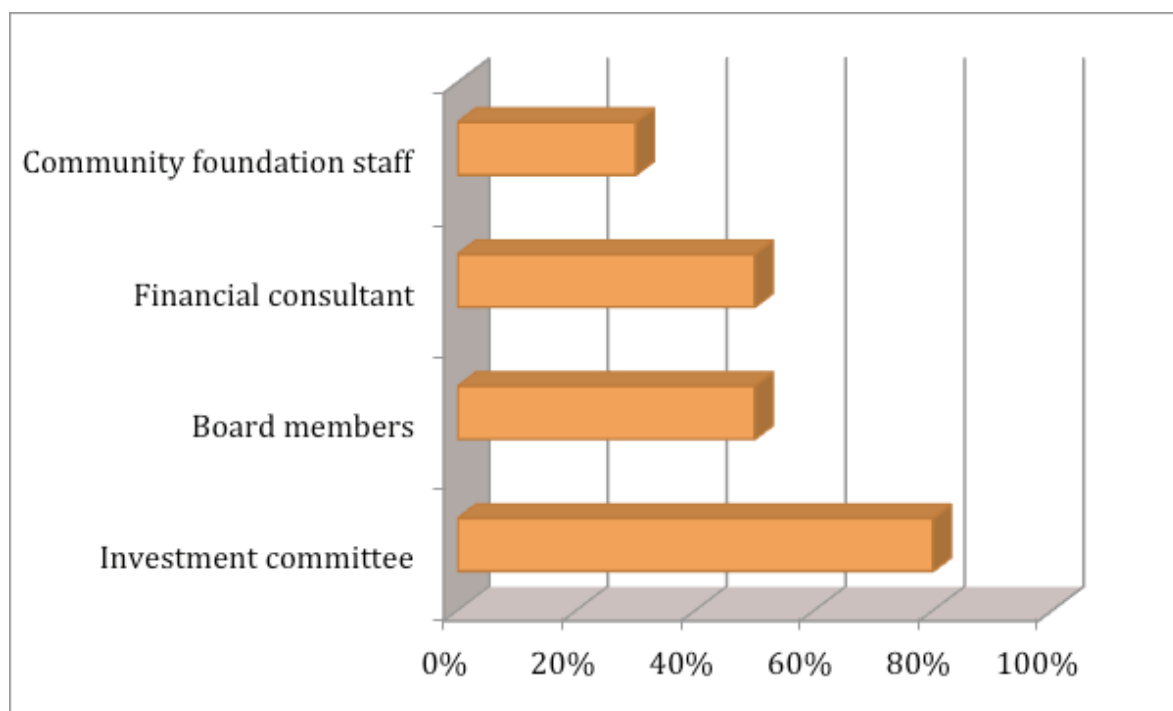




Financial Resources

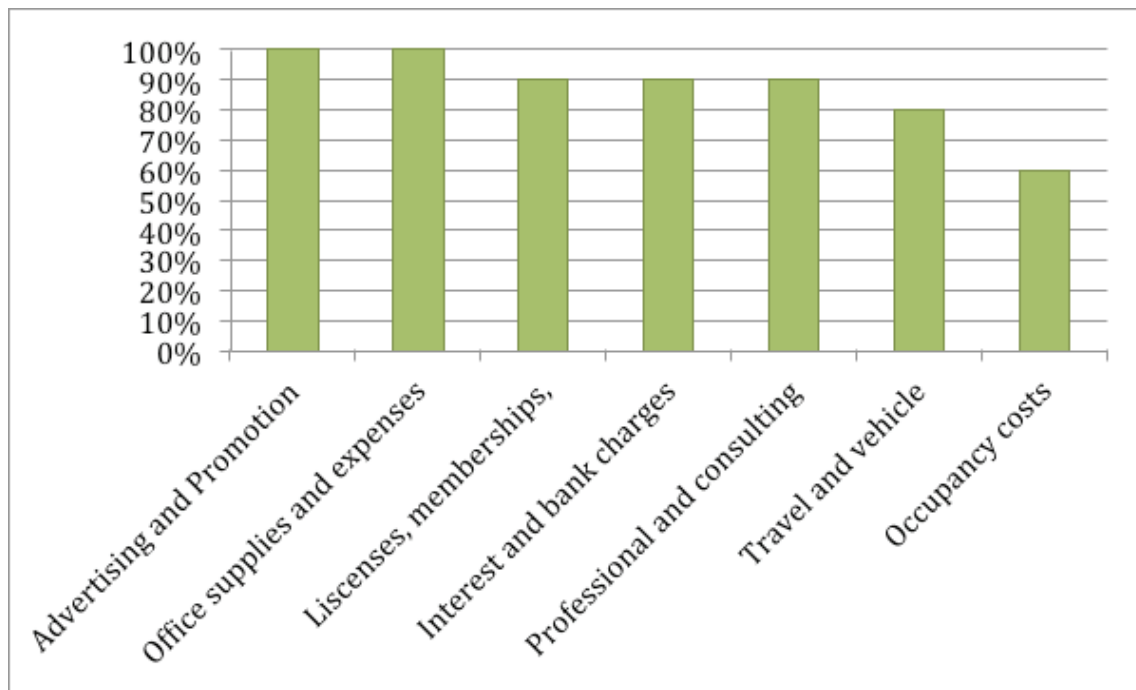
To ensure grants are distributed effectively across their respective regions, community foundations have developed different processes on how funds should be administered. While community foundations distribute grants in many different capacities, 80% of these foundations have an investment committee that makes these decisions. Fifty percent of community foundations also allow board members to have an active role in this process and 50% also hired a financial consultant for advice. In some cases, community foundation staff are also engaged in the decision making process as identified in Figure 10.

Figure 10. Individuals that make decisions on community foundation grant making process.



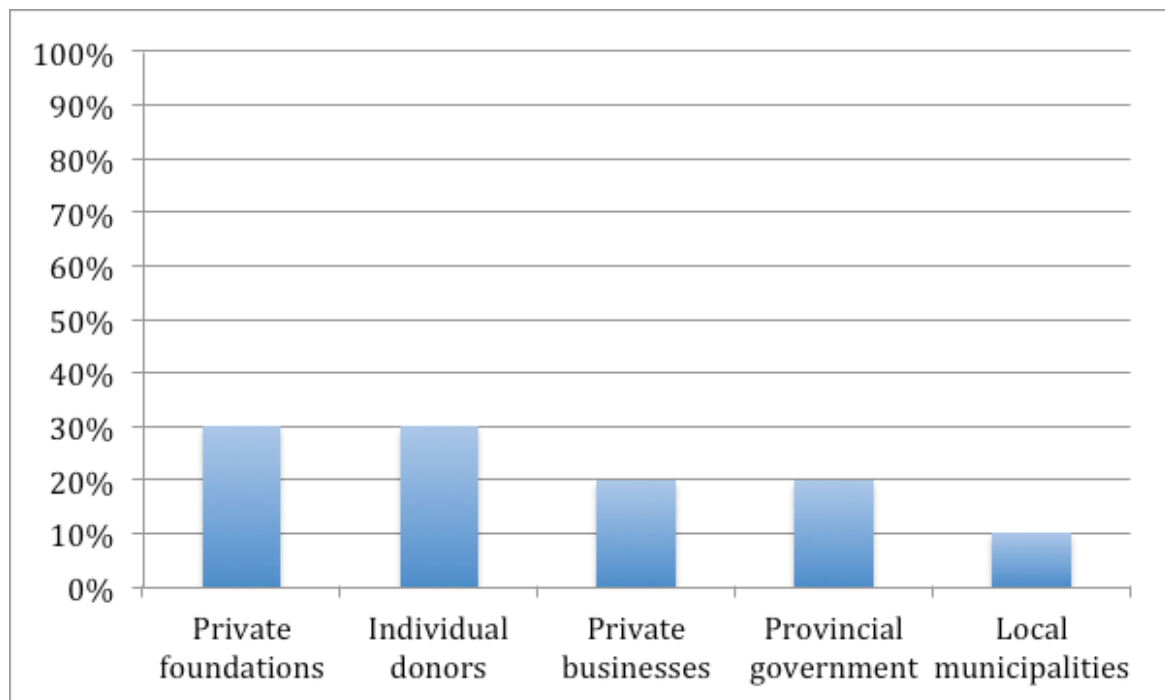
There are considerable costs associated with the operation of a community foundation. While a few of these costs are listed under Figure 11, every community foundation commits to spend money on advertising and promotion as well as office supplies and expenses. Other relevant costs associated with community foundations include licenses, bank charges, professional consulting fees, travel allowances, and occupancy costs.

Figure 11. Costs associated with operating community foundations.



Community foundations reported a variety of sources of support that provide in-kind contributions to community foundations. Sixty percent of community foundations have received in kind support in 2012. Some sources of support include private foundations, private businesses, and provincial and municipal governments. Figure 12 lists the percentage of Atlantic Canadian community foundation each entity supports.

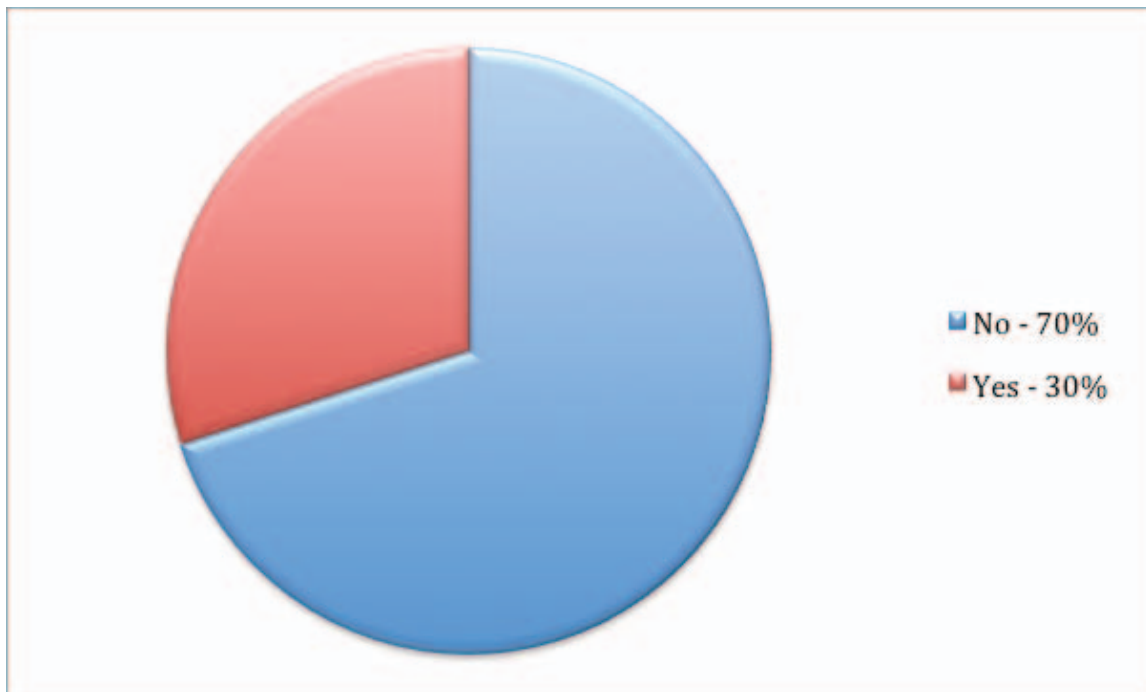
Figure 12. Entities that provide in-kind support to Atlantic Canadian community foundations.



Granting

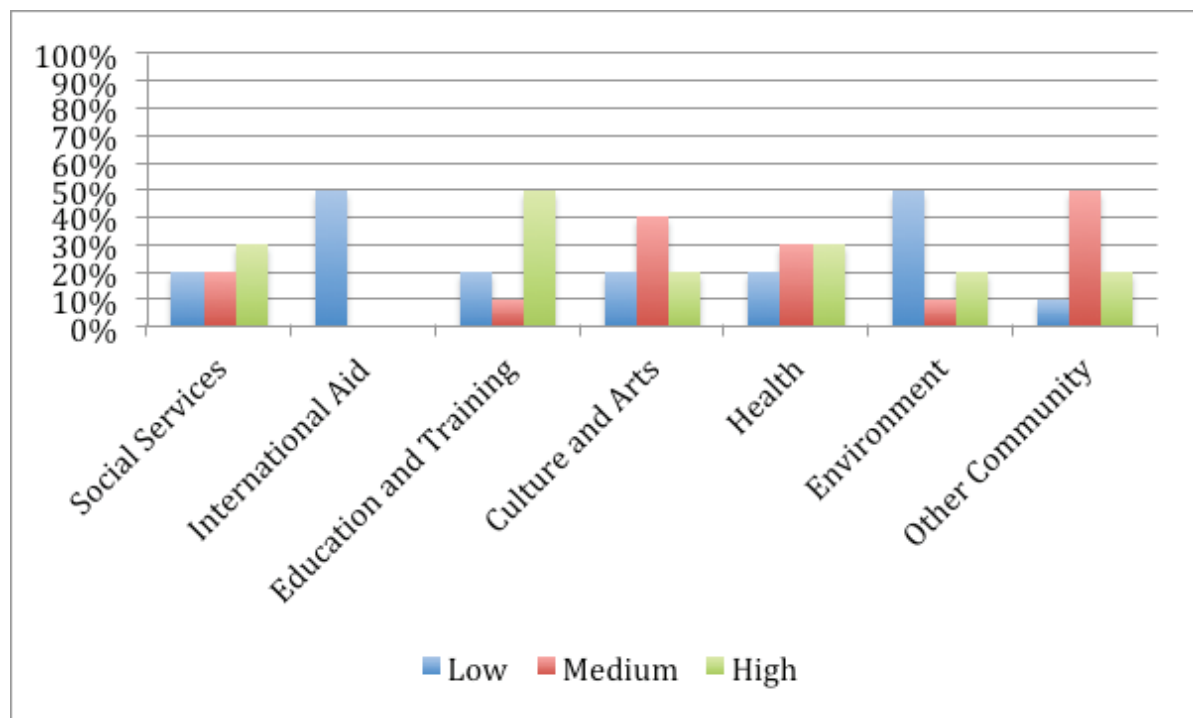
Defined granting priorities were not common among the Atlantic community foundations. As Figure 13 explains, only 30% of Atlantic Canada's community foundations have specific granting priorities towards certain areas, such as community reports (Vital Signs), leadership programs, and youth development. The majority, 70%, does not have specific criteria towards granting.

Figure 13. Percentage of community foundations with granting priorities.



There are a variety of different categories that community foundations actively support. The categories parallel those of the Canada Revenue Agency's annual submission forms (T3010). The most common area of high support in the Atlantic Region is education and training, (40% of community foundations) followed by health and social services (30% of community foundations respectively). The areas that receive the least amount of support are international aid and environmental services, as 50% of community foundations specified they have low granting priorities in these areas. Figure 14 displays all areas community foundations are currently supporting.

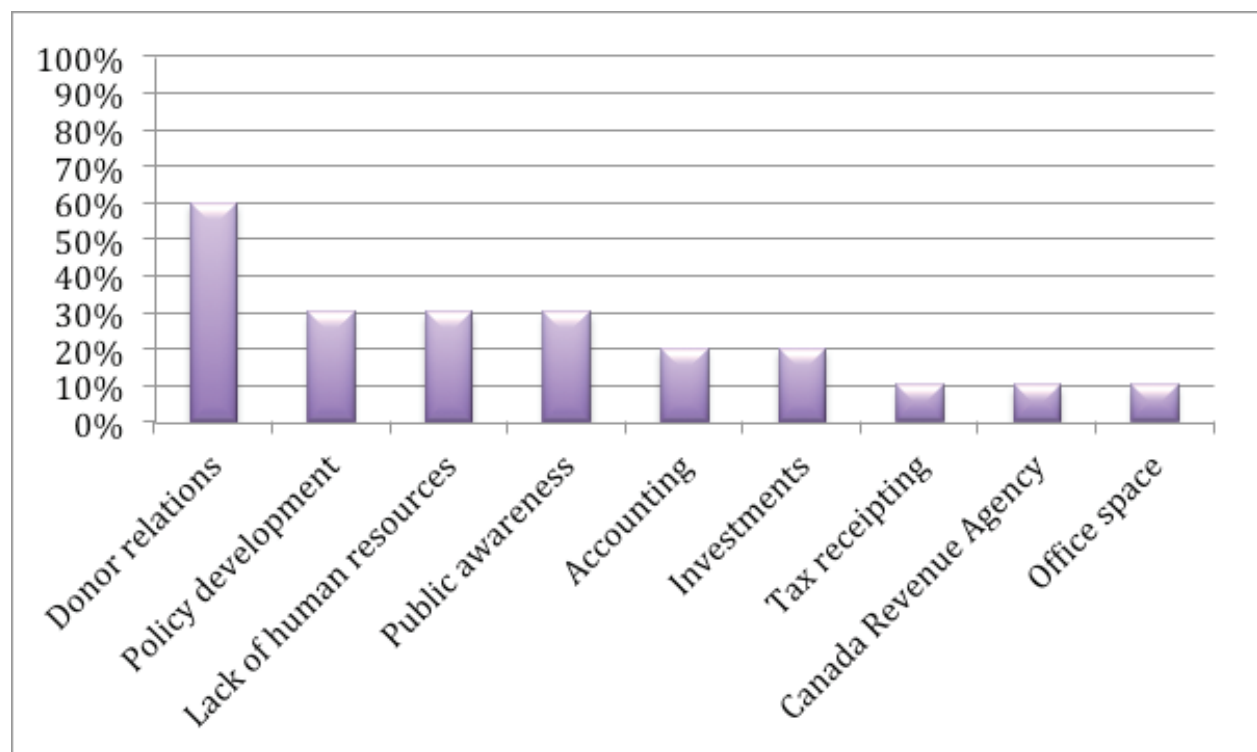
Figure 14. Areas Atlantic Canadian community foundations are currently supporting.



Challenges Confronted by Community Foundations

Community foundations encounter a number of challenges in delivering their mandates. Some of the predominant challenges include donor relations, policy development, lack of human resources, and public awareness. Other challenges community foundations faced are alluded too in Figure 15.

Figure 15. Most challenging issues faced by community foundations.



Transfer of Wealth: Optimism or Doubt?

Transfer of wealth has become a critical concept for community foundations throughout Canada. The concept encourages philanthropic organizations to examine the amount of financial assets that will exit their communities/regions upon the transferring of assets between generations. With a proper understanding of the anticipated inter-generational transfer community foundations can make appropriate plans to capture a portion of this wealth before exits their community/region.

The trend of aging populations across many rural communities in Atlantic Canada places a priority on understanding and capturing the transfer of wealth. When asked if they are optimistic about the transfer of wealth in their regions, 50% of community foundations responded that they were optimistic about the upcoming transfer. The other community foundations indicated they were unsure if they could capitalize on this process.



Gifts

The number of gifts Atlantic Canadian community foundations received varied over the past three years. They ranged from zero gifts to 182 (see Figure 16). Most community foundations received gifts in two different extremes: either very low, or very high. The number of gifts a community foundation received is correlated with the value of the gifts they have received. The higher number of gifts a community foundation received, the higher value of these donations (\$100,000 and over at times). Similarly, community foundations that have only received minimal gifts had a lower total value of gifts. It should be noted that only 60% of community foundations specified the number of gifts they received during this timeframe.

Figure 16. The number of gifts Atlantic Canadian community foundations received from 2010-2012.

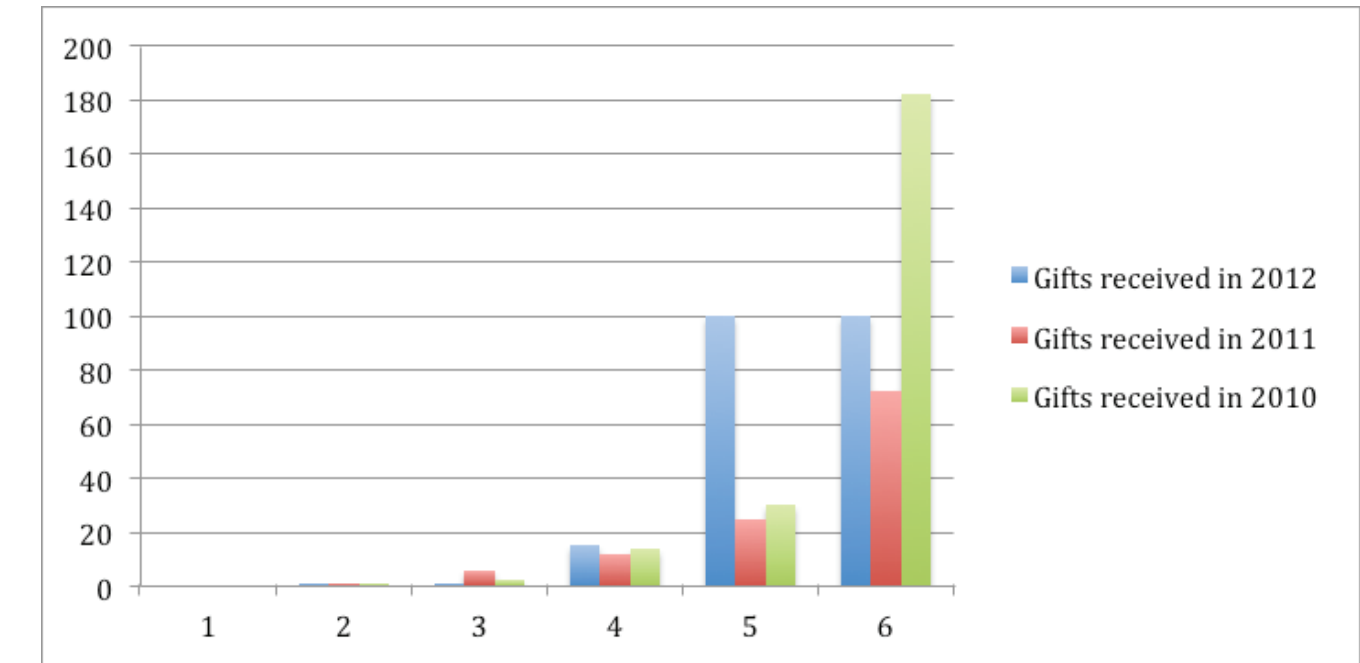
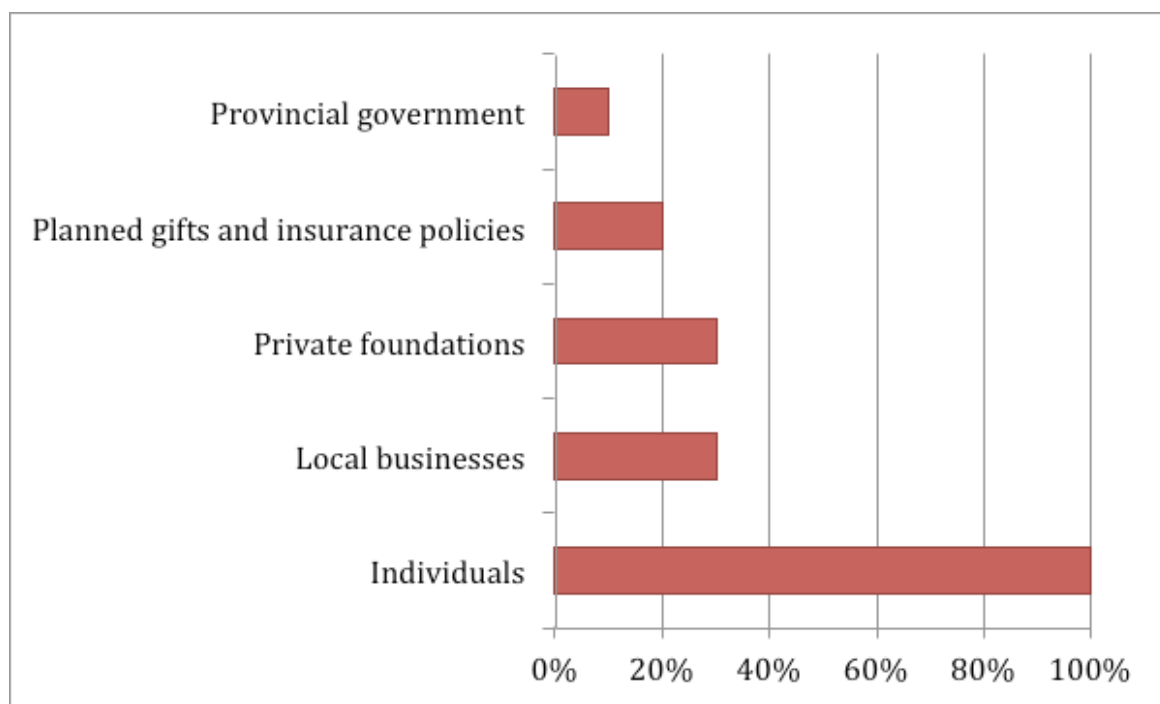


Figure 17 points out these gifts came from a number of different areas. Each community foundation received donations from individuals last year, whereas only 30% of them received gifts from local businesses and private foundations. Twenty percent of community foundations received donation from bequests and one foundation received a gift from the provincial government due to a court case.

Figure 17. Sources of gifts to community foundations.

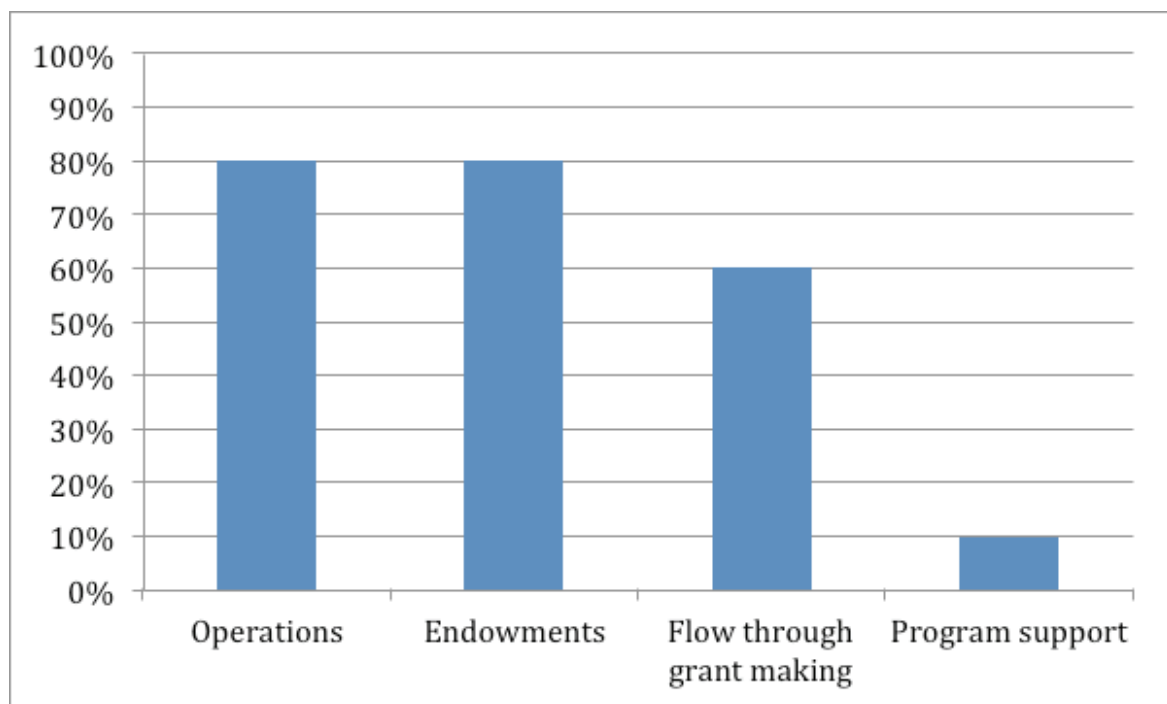




Fundraising

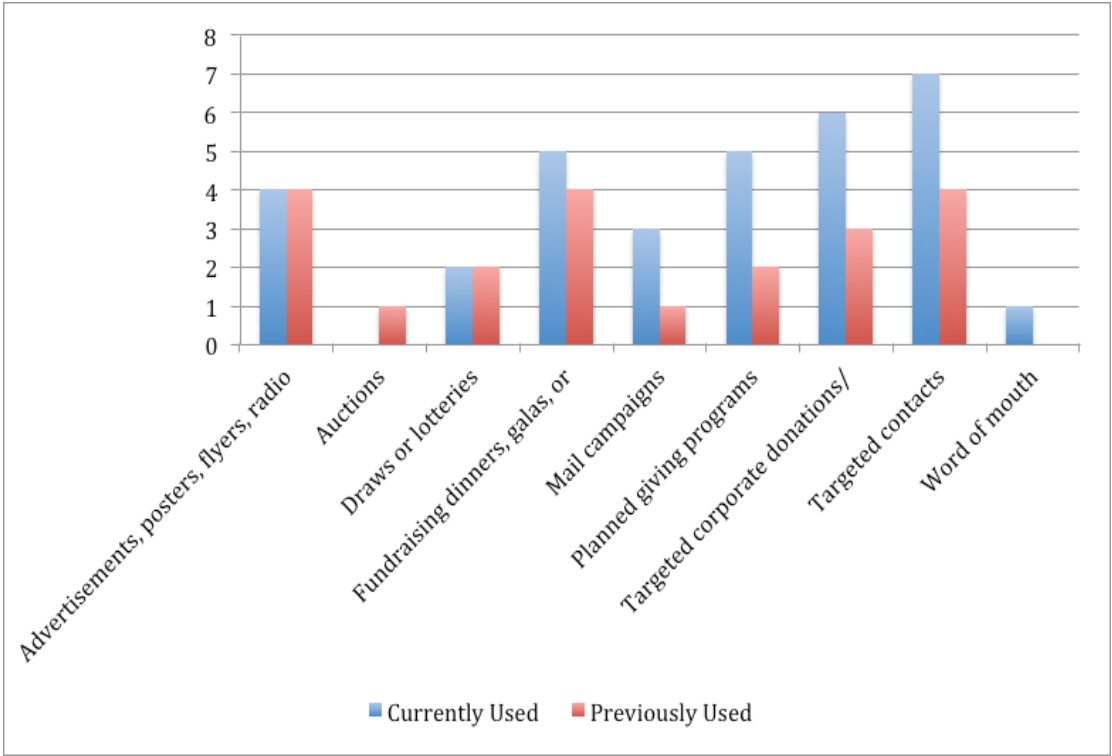
Figure 18 illustrates the different reasons community foundations engage in fundraising. It should be noted, community foundation's could identify more than one purpose for fundraising in the online survey. Eighty percent of community foundations use fundraising as a way to support their day-to-day operations and increase their endowments. Sixty percent of community foundations also use fundraising as flow through grant making. It is interesting to note that only one community foundation uses fundraising to support the programs they offer.

Figure 18. Purpose of fundraising.



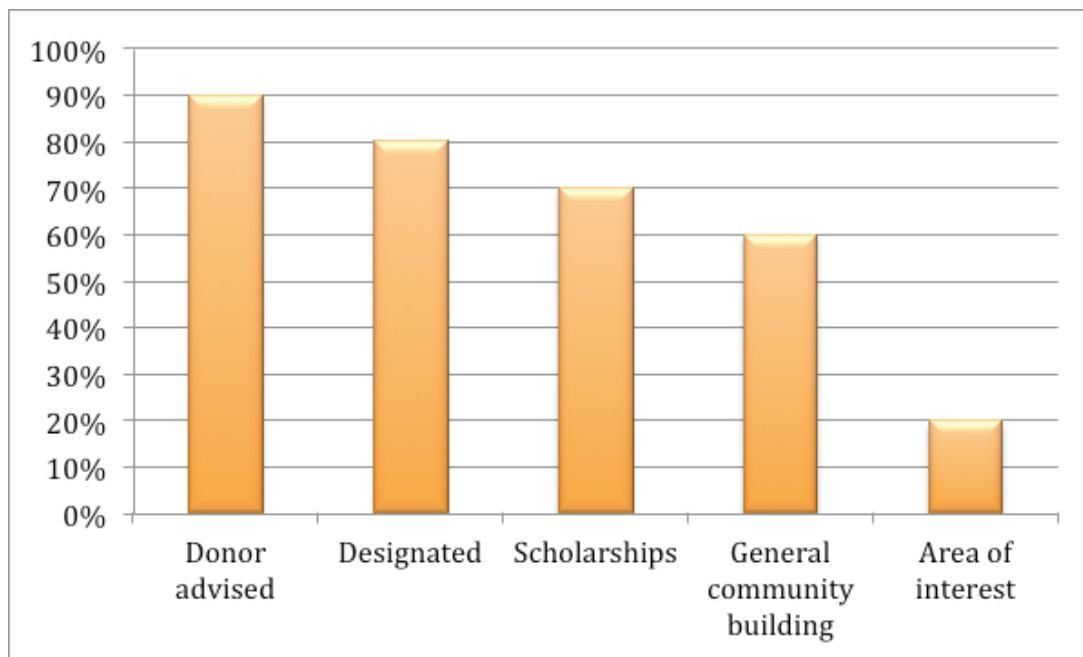
There are several ways community foundations increase their endowments. Some of these methods are presently used, while others have been used in the past. One of the most common ways community foundations increase their endowments is through targeted contacts (70%). Other primary methods community foundations engage in to raise endowments is through planned giving programs, fundraising dinners and galas, and targeting corporate sponsors. Other methods of increasing endowments can be seen through Figure 19.

Figure 19. Past and present methods used by community foundations to raise endowments.



There are numerous types of funds that are associated with community foundations. These funds are areas where donors can designate their gifts towards or create their own to gain further endowments for the future. Ninety percent of Atlantic Canada's community foundations consist of donor advised funds, where donors can simply specify which area they would like their gifts to be attributed to. Designated funds and scholarships are also large areas consisting of 80% and 70%, respectively. These funds and others can be seen through Figure 20.

Figure 20. Types of funds associated with Atlantic Canadian community foundations.



Many challenges are involved throughout the management of community foundations. Sixty percent of community foundations specified one of their biggest challenges in endowment building is the lack of awareness in their community or regions. Sixty percent of community foundations also stated that motivating individuals is often difficult because of the misconception of what an endowment or philanthropy is. One community foundation specified that people in their region believe philanthropy is for the upper class that can afford to spare donations.

There is also internal challenges community foundations face when participating in endowment building. Thirty percent of community foundations stated that paying administration fees and the current economy provides difficulty when advancing their endowment goals. Lack of human resources was also an issue for 20% of community foundations as they wish to receive help from other individuals. One community foundation noted that they have unclear goals towards endowment building.

Youth in Philanthropy

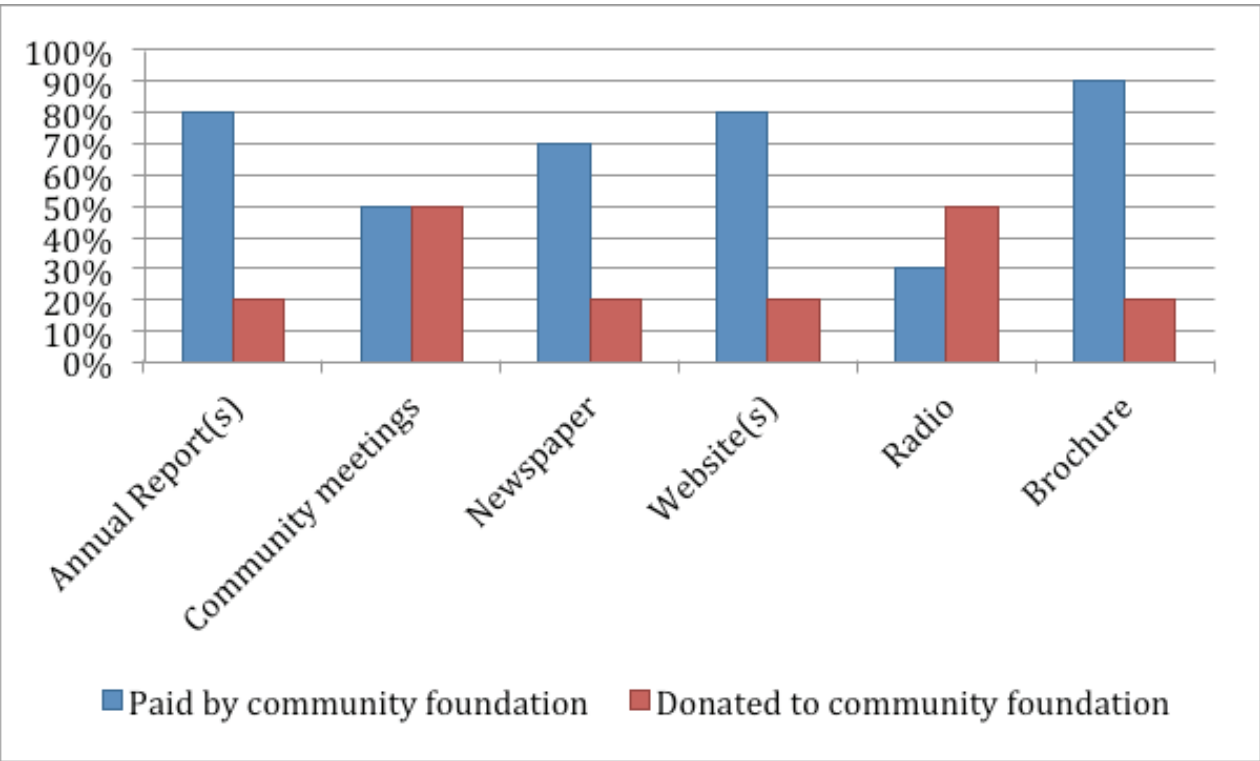
In 2012, there were two Youth in Philanthropy groups in Atlantic Canada's community foundations. Of these, only one group is currently active. The inactive group did not specify the number of members that were involved in the past, but was incorporated in 2012 and distributed one grant that year worth a total of \$500. The active Youth in Philanthropy group was created in 2001. The group consists of 8 members and they distributed 37 grants last year worth a total of \$51,000. It is also important to know the community foundation partnered with the youth in philanthropy group has a youth endowment fund consisting of approximately \$20,000.



Engagement with Communities

All of Atlantic Canada’s community foundations noted struggles to raise awareness of their work in their region. When surveyed, no community foundation indicated there was a high awareness of their organization in their community/region. Fifty percent of community foundations specified they had a moderate awareness in their communities, where the other half claimed they had a low awareness. There are various tools these community foundations use to engage in their regions to raise awareness to their community members. Many of these mechanisms are paid for by community foundations, but occasionally services are donated by radio stations, office buildings and media centres. Figure 21 outlines the ways community foundations engage with their community(ies) and which ones are most used by community foundations. The most predominant services community foundations are engaged in are brochures, annual reports, websites, newspaper advertisements, community meetings and radio advertisements.

Figure 21. Services that are either paid by or donated to community foundations.

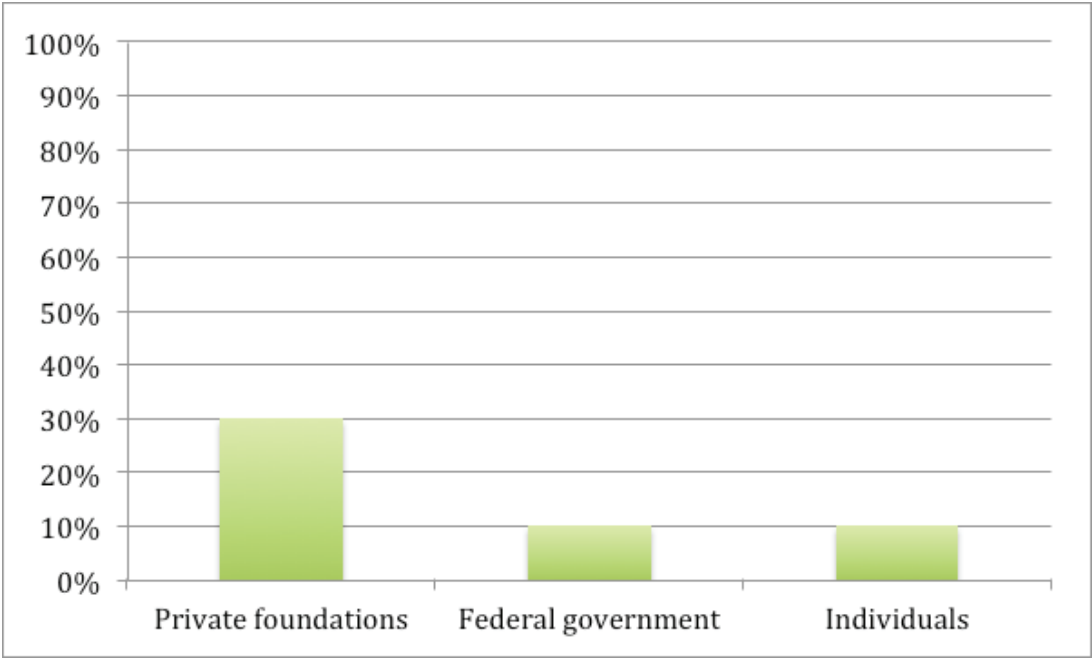


Joint Initiatives and Matching Grants

In 2012, three community foundations in the Atlantic region initiated or participated in joint projects for their communities and regions. These projects include aspects of transportation, rural revitalization, and poverty reduction. These partnerships were established with other charities, community foundations, and government entities.

Nearly half (40%) of Atlantic Canada’s community foundations received matching grants in 2012. The primary source of these matching grants was from private foundations as they provided funds to 3 community foundations. Other groups that provided matching grants were the federal government and individuals. Figure 22 shows these percentages in a table below.

Figure 22. Sources of matching grants.

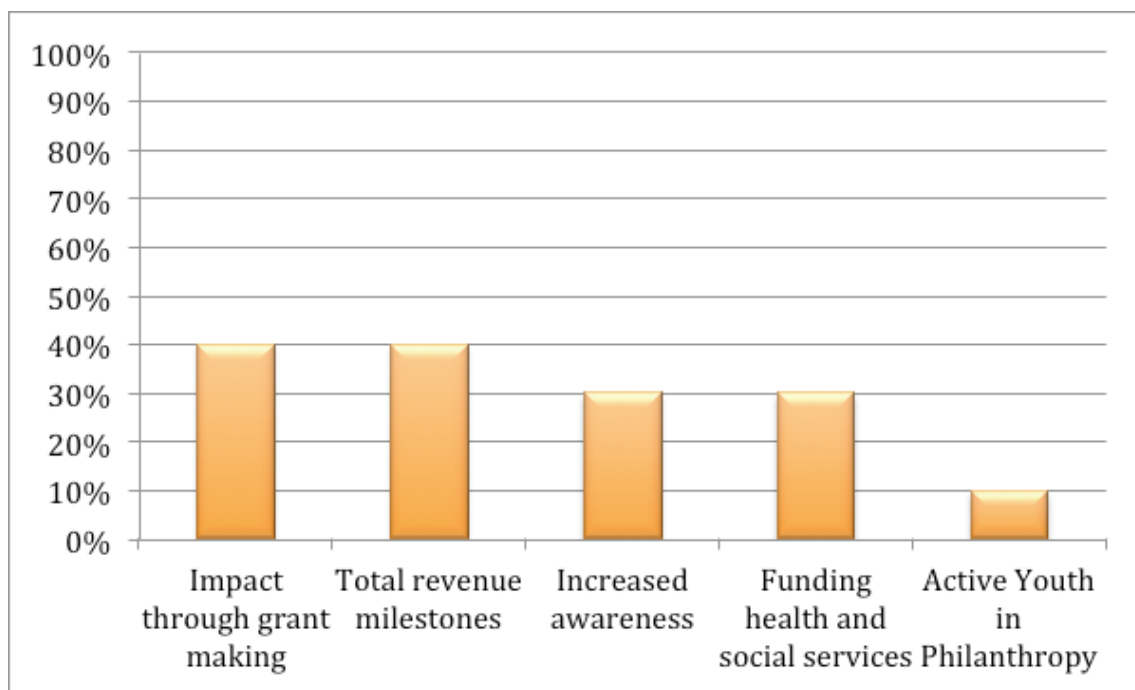




Major Accomplishments

Community foundations identified some of their recent major accomplishments throughout the survey. The most prominent accomplishments stated were having a positive impact in the community through grant making, and reaching milestones in total revenue (40% of community foundations). Thirty percent of community foundations also noted that increased awareness was occurring in their respective regions. Figure 23 provides a snapshot of some of the major accomplishments experienced by these community foundations.

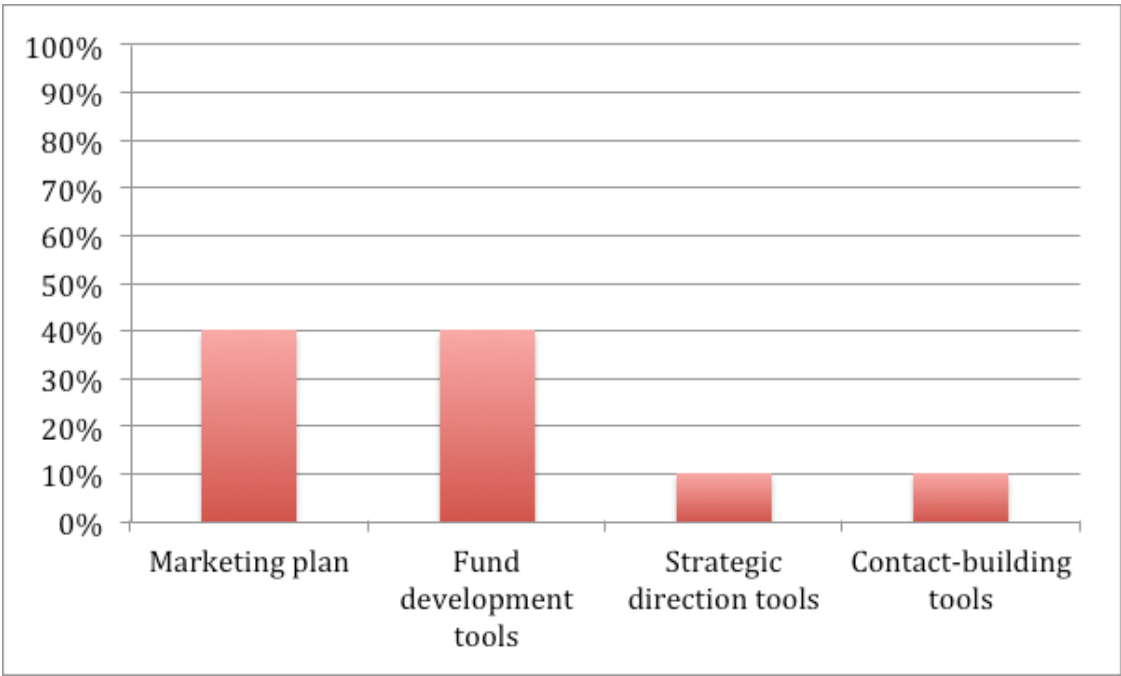
Figure 23. Major accomplishments of Atlantic Canadian community foundations.



Looking Forward

There were several tools community foundations specified that would help them in the management of their foundation. The most common tools were having a marketing plan and fund development tools, where 40% of community foundations claimed that these resources would be considered an asset under their day-to-day operations. One community foundation noted that having direction in future planning would be helpful for the foundation. Another foundation considered having partnership-building resources would be useful for their donor relationships. Figure 24 displays the desired tools below.

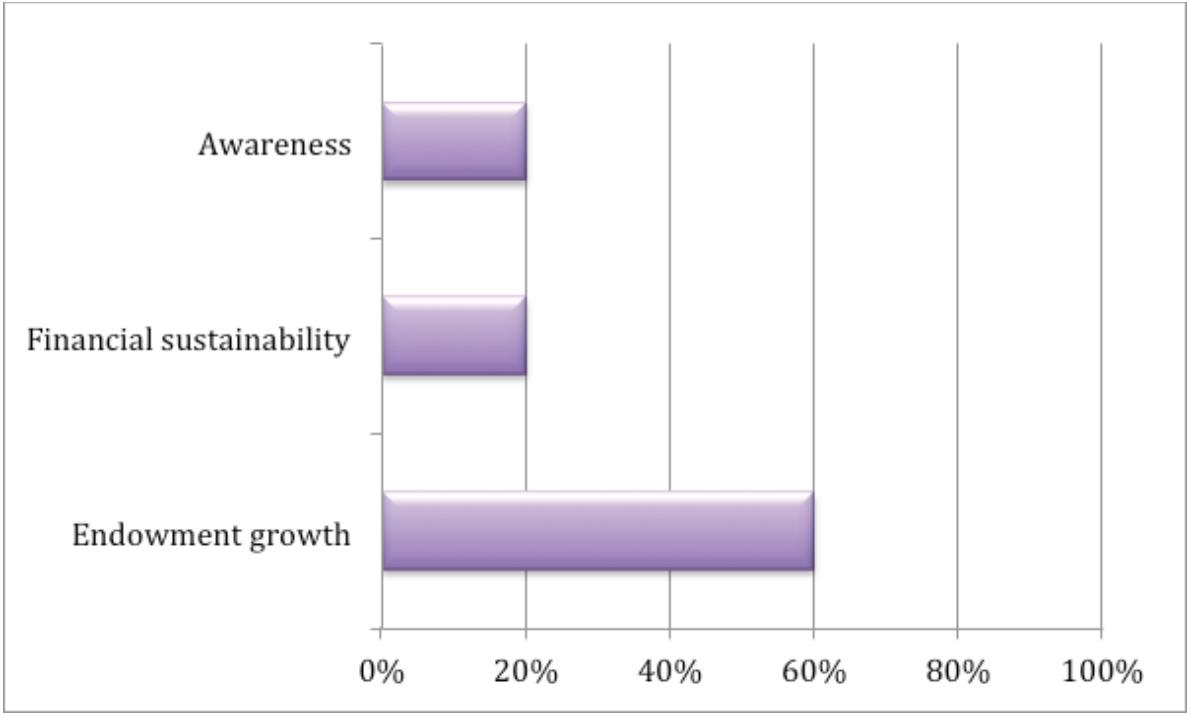
Figure 24. Desired tools to assist Atlantic Canadian community foundations.



When asked if optimistic about their future, 50% of community foundations responded with yes, whereas 50% of community foundations responded with unsure. Half of Atlantic community foundations specified that a hope they have for the future be for the population in their region to recognized the effectiveness a prosperous community foundation can have on the quality of life within a community. Rural resiliency and having defined priorities were also hopes that 20% and 10% community foundations held, respectively.

Community foundations also identified their goals for the next 3 to 5 years. Over half (60%) of community foundations stated for increased endowment growth in the coming years. 20% of community foundations also responded that increased awareness and financial stability were goals for the future. These goals can be seen in Figure 25.

Figure 25. Goals for the next 3-5 years.



Highlights

- Community foundation board composition is almost two thirds male and rarely include individuals under the age of 35.
- 17 people employed by community foundations in 2012: 5 full-time staff members, 7 part-time staff members, and 5 casual staff members.
- 20% of community foundations do not employ any staff members year round.
- Although all community foundations hold strategic plans only 40% follow their plans closely.
- Less than 50% of community foundation's have plans for marketing/communications, staffing, or board succession planning.
- All community foundations hold annual general meetings, however, only 70% of meetings are open to the public.
- 30% of Atlantic Canada's community foundations have specific granting priorities; 70%, does not have specific criteria towards granting.
- The top three granting areas are education/training, social services, and health.
- The three most frequent methods to raise endowments are targeted contacts, planned giving programs, and fundraising dinners/galas.
- The greatest challenge described by community foundations was donor relations, followed by policy development and lack of human resources.
- 50% of community foundations responded that they were optimistic about the transfer of wealth, where half were unsure if they could capitalize on this process.
- 100% of community foundation received donations from individuals in 2012, however, only 30% of them received gifts from local businesses and private foundations.
- No community foundation expressed their community/region had a high awareness of their organization. Half of the community foundations indicated they had a moderate awareness in their communities, the remainder claimed they had a low awareness.
- 40% of community foundations claimed that a marketing plan and fund development tools would be considered an asset under their day-to-day operations.

Acknowledgements

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Ryan Gibson

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