October 26, 2015

TO: Park Board Chair and Commissioners

FROM: General Manager – Vancouver Board of Parks and Recreation

SUBJECT: Vancouver Parks Foundation – Implementation Plan

RECOMMENDATION

THAT the Vancouver Park Board approve the implementation plan as outlined in this report to establish a Vancouver Parks Foundation; and

FURTHER THAT the Board approve the allocation of up to $250,000 from the Donation Reserve to fund the implementation plan in 2016; and

FURTHER THAT staff report back to the Board with a completed implementation plan in late 2016 for final foundation approval.

POLICY

Contributions to the Vancouver Park Board are a means of supporting our mandate and assist the Park Board’s long-term financial stability.

The Park Board’s Strategic Plan supports increased community giving through entrepreneurial development.

BACKGROUND

Fundraising is a strategic priority of the Board and is identified in our Strategic Business Plan under 8.2 Entrepreneurial Development: Assess and pursue service-enhancing and revenue-generating opportunities.

At the Board Meeting of June 8, 2015, the Board directed staff to develop a plan to establish a Vancouver Parks Foundation and that staff report back to the Board within five (5) months with a plan for implementation in 2016.

Following this direction, staff performed considerable research into the required steps to implement a foundation. This document outlines much of this research.

DISCUSSION

A foundation’s primary focus is on building and preserving capital funds and granting a portion of annual income to support its mission. Foundations seek out partnerships and strive to attract support from philanthropic individuals, organizations, and community groups whose missions and values align with their own. Each foundation is a unique reflection of its history, culture, scope, and breadth (or narrowness) of its objectives along with many other characteristics. For additional information on foundations, refer to Appendix A.

Establishing a Vancouver park foundation would provide residents who are predisposed to accessing and supporting Park Board services and facilities with an opportunity to give back and support a particular park, activity, or recreational facility. Grants from a park foundation would help the Park Board meet the needs of residents by acting as an incremental funding source to help fund capital projects and support programs that are either underfunded, not addressed through the capital planning process, or not delivered by partners of the Park Board.

The Vancouver Parks Foundation would be intended to support the Vancouver Park Board's mandate as described in the Vancouver Charter. All land use decisions and policy will remain under the control of the Park Board.

The implementation plan outlined below addresses some of the key elements required to create a foundation, and highlights the many issues that must be considered when devising the governance structure and operations of a philanthropic endeavor in British Columbia.

Implementation Plan

To establish the Vancouver Parks Foundation and put it in the best possible position for long-term success, a detailed implementation plan which includes the following actions is required:

- *Obtain advice for tax, legal and financial management*
- *Obtain charitable status*
- *Recruit and develop a board of directors*
- *Develop board governance*
- *Determine the purpose of the foundation*
- *Develop a vision, mission and values statement*
- *Develop the case for support*
- *Develop a fundraising plan*
- *Determine the board's role in fundraising*
- *Develop a public awareness campaign*
- *Develop a gift acceptance and donor recognition policy*
- *Engage the public, partners and stakeholders*

Each element of this implementation plan is explored in further detail in this report. The funding requested to implement the foundation would be spent on project management and experts in the different areas required for foundation implementation.

Obtain Advice for Tax, Legal and Financial Management

A not-for-profit corporation must be established either provincially or federally. The implementation plan requires expertise and legal counsel in the following areas:

a. Obtaining financial advice for investments and management of annual disbursements;
b. Creating an investment policy statement; investment objectives & goals and investment philosophy;
c. Obtaining tax advice;
d. Obtaining and meeting necessary insurance requirements;
e. Meeting and abiding by CRA legislation.

In addition, the implementation plan must lay out a strategy for asset allocation and annual disbursements with a focus on:

a. Increasing the value of endowments that provide a source of sustainable funding;
b. Building a reserve fund for special projects through legacy gifts such as bequests;
c. Promoting gifts of personal property through estate giving;
d. Source matching gift funds to leverage private funding, e.g., COV, Provincial, and Federal funding

Obtain Charitable Status

Registration allows a charity to issue official donation receipts for gifts it receives. These receipts can be used to reduce the income tax payable of an individual donor or the taxable income of a corporate donor. Once registered, a charity is exempt from paying income tax under Part I of the *Income Tax Act*. Registered charities are eligible to receive gifts from other registered charities, such as foundations.

Registration provides increased credibility in the community, since registered charities must follow certain rules and guidelines in order to maintain their registration. Many goods and services provided by registered charities are exempt from goods and services tax/harmonized sales tax (GST/HST). Also, in many situations, registered charities can claim a partial rebate for the GST/HST they pay.

Registering with Canada Revenue Agency as a public foundation can take up to 18 months. Requirements include completing Form T2050 “Application to Register a Charity Under the Income Tax Act”, signed and dated by two of the organization's directors/trustees or like officials, as well as submitting a copy of the incorporating documents and documentation of the foundation’s purpose, financial status, annual budget forecasts, and list of directors. The implementation plan would initiate this process, which includes providing:

a. Activities of the organization -- a detailed description of activities for each stated purpose must be included;
b. Financial Information of the organization -- a proposed operating budget of revenue and expenditures covering a 12-month period must be completed along with a list of anticipated assets and liabilities;

c. Information about the organization's officials -- all the sections must be completed for each official, including the date of birth, or the application will be considered incomplete;

d. Governing documents of the organization -- the purposes for which the organization has been established;

e. By-laws (if applicable) -- by-laws that do not bear a stamp from the incorporating authority should be signed by two officials of the organization; effective dates and the date that the two officials signed the by-laws must be included;

f. Financial statements (if applicable) -- must consist of a statement of revenue and expenditures, a statement of assets and liabilities, and any prepared notes for the most recent fiscal period.

After a charity is registered, it will have many obligations to meet each year, such as filing information returns and meeting spending requirements. A charity has obligations to the recipients of its charitable activities, to its volunteers, to its donors, and to the general public. There are also a number of legislative and regulatory obligations a charity must fulfill for the various levels of government (federal, provincial, and territorial).

Recruit and Develop a Board of Directors

The board of directors, also known individually as trustees, is responsible for designing and overseeing the overarching principles that will hold the foundation together. The board establishes policies and guidelines for the operation of the foundation in keeping with the mission of the organization. It upholds the legal and fiscal duties and ensures that the fund disbursement is effective.

After assembling a group of founding members who believe in the cause and are willing to dedicate themselves to its initial undertaking, the founding members will begin to build and engage a board to steer the foundation.

Develop Board Governance

While there is no one definition for governance that applies to all types of organizations, in the non-profit sector it typically refers to how an organization makes its big picture and strategic decisions. Basically, the board is legally responsible for all of the organizations actions and specifically for ensuring that:

- It is complying with all laws at the municipal, provincial and federal levels;
- It is achieving and staying on track with this mission and setting strategic direction;
- It is financially healthy and spending its money wisely and carefully.

All boards, regardless of the size of the organization or the board, have governance responsibilities that fall within these three areas and when boards and organizations get into governance trouble it is usually because there is lack of clarity surrounding the board's specific responsibilities. The Management of Non-profit and Charitable Organizations in Canada outlines seven common areas of responsibility in which boards may become involved:

1. **Mission, values, goals and strategic priorities, and performance assessment**: setting the overall purpose for the organization – why it should exist, who it should serve, what services it should provide, and what values and ethical guidelines it should follow in providing them. This area also includes the setting of objectives and the development of broad strategy plans for achieving them. To do this properly requires assessing how well the organization has performed in achieving the goals set for it, as well as understanding the challenges and opportunities that lie ahead.
2. **Fiscal and legal oversight**: ensuring that the organization behaves in a fiscally and legally responsible manner. This includes such matters as overseeing operating and capital budgets, investments, property management, and compliance with various laws applying to the organization. It also includes risk assessment – attempting to identify areas in which the organization is subjected to high risk to its assets of reputation.
3. **CEO selection and evaluation**: ensuring that the best person holds the position of Chief Executive Officer and performs it at a satisfactory level of competence.
4. **Community relations**: representing the interests of the organization to its external publics; building alliances and partnerships with others that benefit the community; ensuring that the interests of key external stakeholders are made known inside the organization.
5. **Resource development**: ensuring that the organization obtains adequate funds to enable it to achieve its objectives. This ensures effective fund disbursement; determines funding priorities; determines who takes the lead on developing campaigns and appeals, and who takes the lead on raising funds; determines who is responsible for handling donations and disbursements; develops gift acceptance policy and what the process will consist of for donor recognition, stewardship and cultivation.
6. **Management systems**: ensuring that the organization is managed efficiently and effectively, and is accountable for the organization's performance. This includes determining the composition of administration, marketing, communication, and media, and establishing the best policies, administrative structure, information systems, human resources, etc.
7. **Board Self-Management**: activities aimed at ensuring the board itself is as effective as it can be, e.g., recruiting, selecting, and training its members, evaluating the effectiveness of its meetings and committees, etc.

It is essential to understand the governance and fundraising context of the foundation board. Fundraising can be largely about relationship building and as such requires individual board members to be fully engaged to ensure fiscal health and appropriate resources, as well as fulfilling the community relations aspect of board responsibilities. A strong philanthropic culture must be developed for the board to enthusiastically support the foundation's objectives and strategies.

Exactly how any given board fulfills these responsibilities depends on many things, not least of which is where the organization is in its own evolutionary process. The implementation plan would recommend a process for board member selection, interaction with the Park Board, and expectations of board members.

Define the Purpose of the Foundation

A vision statement must be developed to clarify the needs that the foundation will address and what it is aiming to accomplish. The board determines the foundation vision by considering what matters most, and what will ultimately benefit users of Vancouver's parks and recreation system. To do so, the board must communicate who or what the foundation will serve, and what is the greatest concern that they wish to address. Though the vision statement might not be complete, determining the foundation's mission may help to solidify it further.

Develop Vision, Mission, and Values Statements

The framework of the foundation's goals should begin with developing a vision statement. Visions are broad and should last a decade or longer. Some philanthropic examples include:

- **Make-A-Wish**: Our vision is that people everywhere will share the power of a wish.
- **Habitat for Humanity**: A world where everyone has a decent place to live.
- **Oxfam**: A just world without poverty.

In one or two sentences, a mission statement clarifies what an organization does. The mission describes the essence of an organization and its purpose. A well-crafted mission statement is succinct, easily understood, and meaningful. The mission statement will serve as the first action step toward making the foundation vision a reality. The important task of writing a mission statement can be undertaken by the founding donors, or by the first members of the board of directors. It should be the basis for serious and intense discussion about how and why the foundation will operate and how funding will be used to accomplish the foundation's goals. The development of the initial vision and mission statements will be performed as part of the implementation plan execution.

Some foundations also put in place a values statement. A values statement outlines the beliefs that motivate the foundation's giving. They drive a foundation's business conduct, its view of humanity, its role in the non-profit community, and its sense of innovation. As with all other organizations, mission statements and vision statements are not written in stone. They must be regularly reviewed to keep them accurate, vibrant, and up-to-date. Values statements reflect the underlying philosophy of the foundation and usually change much less often.

Develop the Case for Support

In today's highly competitive environment, there is a strong need to capture not only the minds, but also the hearts of key stakeholders. A case for support is a basic and necessary component of fund raising and development. Once it has been developed, the case for support is used primarily to ensure alignment around the fundraising objectives. The case can be in the form of key messages and images that tell the story in a way that creates awareness, understanding, and interest in specific causes. The finished case can be used to directly support fundraising efforts, volunteer engagement, and recruitment of development staff.

There are six essential elements of a case for support:

1. The urgent need;
2. Your unique position;
3. Strength of the organization and mission;
4. Reinforcing urgency for action;
5. Stating what will be required financially to fund the dream;
6. Closure and final commitment to achieving results.

For the foundation board, a case for support encourages dialogue amongst stakeholders on priority, impact, and return on investment. For the donor, it must inspire, create a personal sense of urgency to invest, and be part of a solution. As the case unfolds, it becomes more about the journey of responding to the four "W's" (Who, What, When and Why) and "the How", as well as about the results, which can be viewed as the destination.

Develop a Fundraising Plan

For all foundations and non-profit organizations there is a need to put in place an ongoing annual fundraising program to meet the needs of their constituents. The following are examples of fundraising campaigns that can form a foundation's portfolio of designations for donors to choose from:

a) **Planned Giving** – also referred to as legacy giving and made through bequest. Planned gifts are gifts of cash, life insurance, or property. Planned giving is a fundraising approach that takes time to develop since a strong relationship must be developed with the donor as results are not immediately apparent. Ageing baby boomers are creating tremendous potential for large investments to charitable organizations through planned gifts.

b) **Memorial Gifts** – donations made in memory of a loved one or friend.

c) **Direct Mail/Direct Marketing -** solicitation of funds using techniques such as mail or telephone to directly reach the customer/prospect. Strategy is usually divided into in-house appeals to previous contributors, and acquisition or prospect mail to potential donors, as opposed to broadly-based techniques such as advertising.

d) **Crowd-funding -** use of the internet to ask for small amounts of money from a large number of people to finance a particular project, venture, or organization.

e) **Donor Advised Funds** – private funds administered by an independent entity such as a community foundation or financial institution created for the purpose of managing charitable donations on behalf of an individual or family; donor advised funds offer the donor ease of administration while the donor maintains significant control over the placement and distribution of charitable gifts.

f) **Endowments** – principal maintained in a permanent fund where the interest accrued provides income for general or restricted use by an organization.

g) **Grants** – the process of developing grant proposals, conducting research, submitting applications, and engaging in lobbying to ensure that a grant proposal is approved.

h) **Gifts-In-Kind** – donation of property, goods, or services instead of cash. Charitable organizations can issue tax receipts for the fair market value of most gifts of goods, but not of services. Gifts of land can be made through a residual interest, which is made irrevocably or through charitable remainder trust that is set up for the purpose of providing an irrevocable gift of the remaining interest in property.

i) **Life Insurance Gifts** – a method of making a major, deferred gift to a charity by making it the beneficiary and/or owner of a life insurance policy. This may be done with either an existing or a new policy. If the charity is made the owner, the premiums paid by the donor are a charitable donation which is tax-creditable.

j) **Monthly Giving/Recurring Gifts** – a payment program where donors have their gift automatically deducted from their credit card or bank account, which encourages long-term donor loyalty.

k) **Online Giving/Fundraising** – the overall term for soliciting charitable donations using the internet and email. Tied to an organization’s activities and events where donations can be designated to.

l) **Payroll Deduction Plan** – a method of contributing to a charity by having a regular amount withdrawn from a pay cheque and automatically credited to the charity.

m) **Peer-to-Peer Fundraising** – fundraising events where individuals reach out to their peer network for donations when they are doing a walk, run, bike, or other participant-based fundraising activity. Also referred to as Friendraising.

n) **Special Event Fundraising** – any number of fundraising techniques in which the participants are contributing to a charity by virtue of taking part in the event. That is, they are receiving a tangible benefit themselves such as a concert or dinner. In these cases, only the amount of the admission fee that is over and above the value of the event is considered a charitable donation.

o) **Sponsorship** – providing financial support for an event or activity in return for public relations benefit; usually does not qualify for charitable donation status because of the value of the benefit received by the sponsor. Sponsorship for charitable organizations is secured with corporations or individuals who have a natural pre-disposition or affinity with the charity.

p) **Telethon/Radiothon** – a fundraising technique in which a variety show broadcast on television or radio asks viewers or listeners to phone in pledges in support of the charity putting on the show.

Determine the Board’s Role in Fundraising

Surveys of board members and executive directors assessing their satisfaction with the board reveal that most of them believe that boards should be “responsible” for fundraising, but few think the board does a good job of it. This is directly attributable to confusion over the meaning of “responsible” and is relevant to large institutional organizations. It is essential to understand the governance and fundraising context and be able to articulate it. If we accept that fundraising is really about relationship building, then the argument for individual board member engagement is pretty clear and directly related to ensuring both fiscal health and appropriate resources, as well as supporting the community relations aspect of board responsibilities.

Board members have an opportunity to bring their networks, contacts and influence to the organization to maximize philanthropic support, which directly advances the organization's mission. This can be done alone as staff, but definitely not as well. Simply by being a member of the board and advocating on the organization's behalf, the right board can bring credibility to the mission and demonstrate that the work being done is important to our stakeholders and our community. When board members speak on behalf of the organization and make connections with donors, they are inviting those donors to share in their passion. This is much stronger and more persuasive coming from a volunteer peer than from a staff member. The ultimate role of the board in fundraising will be further explored during the execution of the implementation plan.

Develop a Public Awareness Campaign

In order to begin fundraising for the foundation, significant amount of public awareness is required to promote the foundation and its purpose. The concept of fundraising for city parks is low, and residents can have difficulty identifying what constitutes city parks vs. regional and federal parks (e.g., Stanley Park).

Those closely affiliated with the Vancouver Park Board are aware of the long-term need to preserve and improve the quality of city parks. Existing supporters have nonetheless shown that preservation and improvements to the quality of parks generally is very important to them, and they understand the benefit of a foundation as a vehicle through which additional funds can be obtained. Pivotal to the successful introduction and launch of a new foundation will be an ongoing and strong communications and awareness program. This awareness plan, another component of the implementation plan, must be created along with the development of brand identity. Ongoing and open communication with the public, stakeholders, and partners is essential to building new relationships with donors.

Develop a Gift Acceptance and Donor Recognition Policy

The foundation implementation will include a gift acceptance policy to guide donor interest and provide the foundation with the necessary framework for accepting or rejecting donation requests. Additionally, a donor recognition policy will lay out the terms by which donors are recognized for their contributions. Both would be developed as part of the implementation plan and would guide the foundation in making decisions about designated and undesignated gifts, and how each would provide for immediate funding needs, as well as the need for long-term sustainable funding.

Engage the public, partners and stakeholders

The foundation's implementation would involve opportunities to engage the pubic, partners, and stakeholders in the design and structure of the foundation through open houses, focus groups, and community events. Engaging with the public seeks involvement, input, and support to ensure fundraising strategies are aligned with funding needs. Engaging the public also helps to identify lead donors who are predisposed supporters and who will advocate along with the foundation board to build identity and cultivate other major contributors and board prospects. Lead donors can be assessed and ranked based on degree of shared interests, values, priorities, and financial capacity.

NEXT STEPS

As outlined in the above implementation plan details, creating a foundation requires thoughtful design, planning, foresight, careful construction, and attention to detail – all guided by an underlying vision. It will be necessary for the Park Board to dedicate the funds and resources required for its success. This includes initial seed funding to staff the foundation, and to provide leadership, direction and fundraising expertise.

Staff recommend executing this implementation plan and to begin foundation board recruitment. Even before the foundation's incorporation is completed, board recruitment should be undertaken. Staff recommend a board constitution that includes two Park Board Commissioners, two senior Park Board staff members, and a minimum of six (6) community leaders. This will create a direct linkage between the priorities of the Park Board, the capacity of the organization, and the community. Staff also recommend that the inaugural board be nominated by a motion of the Park Board.

While many critical details will be developed as part of this implementation plan, staff will bring the final plan to the Board for approval prior to execution.

SUMMARY

The Vancouver Park Board is committed to its Strategic Plan objectives of providing the citizens of Vancouver with parks and recreation for all, of being a leader in greening, of engaging people, and of providing excellence in resource management.

Vancouver parks impact residents and visitors in many ways, including decisions about their philanthropic goals. The Park Board has experienced an increase in donations designated to park amenities, commemorative trees, and capital projects, and is receiving legacy gifts made through bequest or as endowments that over time will provide a source of sustainable funding for the Park Board. This increased interest provides an opportunity to further enhance the park and recreation system in Vancouver by establishing a Vancouver Parks Foundation.

Staff recommend that the Vancouver Park Board approve the implementation plan as outlined in this report, and approve the expenditure of up to $250,000 from the Donation Reserve to execute the implementation plan in 2016.

General Manager's Office
Vancouver Board of Parks and Recreation
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APPENDIX A

History of Foundations in Canada

The past 30 years have seen the greatest creation of wealth in North American economic history. This astonishing cycle of prosperity has provided an equally remarkable opportunity for those with wealth to give back to their communities through a foundation.

Foundations in Canada are vital funders and partners in the burgeoning philanthropic sector. They number over 10,000 with a total asset base exceeding $34 billion, about evenly split between public and private foundations. Tax and regulatory changes in more recent years have provided attractive incentives for making more and larger gifts and greater flexibility in regulations governing foundations.

Throughout North America, a shifting landscape is sparking growth in philanthropy and foundations. While the first community foundation was founded in Winnipeg in 1921, it was drastic reductions in government funding in the 1980s and 1990s that prompted community benefit organizations to seek greater investments from philanthropic individuals, families and corporations. There was an acknowledgement that it would require a $6 increase in philanthropic gifts for every $1 reduction in public funding to “fill the gap”. As a result, charities were able to make stronger cases for support on the basis of preserving services valued by donors or the community. At the same time, many Canadians were accumulating more wealth than their parents and grandparents. As the millennium drew to a close the multi-trillion dollar wealth transfer was trumpeted as a boon for the philanthropic sector. The theory, developed by Dr. Paul Schervish of Boston College, anticipated that as the Depression and World War II generations passed away, their estates would transfer to individual beneficiaries, to governments in the form of taxes (especially capital gains taxes) or to charities (which would generate tax credits).

Recently, a psychology professor who studies human happiness explains that charitable giving not only makes people feel better but can lower their blood pressure. Elizabeth Dunn of the University of British Columbia has conducted research on "nudging," a theory that psychological insights into human behavior can be used to steer people, without coercion, into making better decisions. Her research involves experiments in which subjects were given money and either told to spend it on themselves or to spend it on others. Those who gave the money away were happier afterward — a result reached in both Canada and Uganda, suggesting the emotional reward may be intrinsic rather than a function of culture or financial status. The studies also found that the donors' blood pressure was lower after giving, while that of those who spent the money on themselves did not change.

Canada, with its more pronounced baby boom cohort, the first of whom turned 65 in 2011, would have a similar opportunity to encourage and promote the idea of creating or leaving a legacy that would benefit future generations. In the early 1990s many charities developed planned giving programs to promote and encourage supporters to consider deferred gifts, like bequests. Planned giving takes place when one or more advisors help people develop a tax-efficient plan to take care of their family and loved ones and fulfill their philanthropic intentions and goals in the context of their personal and financial circumstances. By 1996 a consortium of proponents advocated for changes to Canada’s Income Tax Act that would enhance and broaden tax incentives for gifts to registered charities and public foundations, especially bequests, other estate gifts and gifts-in-kind of appreciated securities. A series of regulatory changes did just that.

Incorporating philanthropic provision has become a means of preserving the value of inheritances for loved ones or optimizing the value of philanthropic provisions. While in the early years there was a tendency to focus exclusively on deferred gift options rather than immediate outright gifts, the elimination of capital gains tax in 2007 on gifts of appreciated listed securities, also helped to encourage more and larger gifts during a donor's lifetime. As a result the number of public and private foundations multiplied and donor-advised funds became a popular option. As well, two new types of foundations emerged, each signifying the blurring of lines and roles between private, public and philanthropic sectors: corporate foundations and foundations affiliated with banking or other financial institutions.

Current Trends of Foundations in Canada

There are over 170,000 charitable and non-profit organizations in Canada of which 85,000 are registered charities (recognized by the Canada Revenue Agency). In Canada, $80 billion was donated to charitable organizations in 2013 which represents 7.8% of total Canadian GDP, making the charitable sector larger than the retail trade, automotive and manufacturing industries. Almost 10,000 of Canada's registered charities are categorized as foundations. About half are public foundations that seek public support for their missions and depend on diverse revenue sources to sustain their activities. Income generated by permanently invested capital held in endowment funds provides one stream of annual revenue for these foundations. The other 50% of foundations in Canada are private foundations controlled by a single donor or family.

Canada's charitable and non-profit organizations employ 2 million people and rely on 13 million volunteers. In Canada, 1% of charities command 60% of all revenues (hospitals, universities, health care). In the US, $350 billion was donated to 1.6 million charitable organizations in 2013. Foundations tend to be clustered in central Canada with 61% in Ontario and Quebec, 33% in the Western and Northern provinces and 6% in Eastern Canada or the Maritimes. In 2008, the asset base of public foundations was $16.6 billion and that of private foundations was $17.3 billion.

Foundations usually invest their capital in endowed funds that last forever and use the annual income generated from the investments to fulfill their mission. Foundations may also handle "flow-through" gifts to a great or lesser extent. This occurs when foundations accept certain donations or revenue for disbursement in the year of the gift or in accordance with an agreement between the foundation and the donor. Foundations differ from registered charities in that they seldom provide direct services. The designation a charity receives depends on its structure, its source of funding, and its mode of operation.

Types of Foundations

1) **Public Foundations**
   There are over 5,000 public foundations in Canada. Though they are separately incorporated and governed by an independent board of trustees, most are intended to support the activities of a related charity or institution, such as a hospital, university, school, or community service organization.

In addition to annual income generated by permanent endowment funds, most tend to have multiple sources of revenue, generated by an array of fundraising programs, i.e., direct mail, tele-fundraising, capital campaigns, major and planned giving and grants from other foundations and activities that generate donations such as special events, lotteries and cause marketing. The endowed funds in public foundations are pooled and invested to provide a relatively stable stream of income every year, which may be for discretionary or specified purposes determined by the Board.

The amount available to spend depends on the policies, current conditions and investment results of each foundation. Growth is proportional to the amount of new capital invested within this framework. Grants generally benefit the related beneficiary organization. Such public foundations would rarely entertain grant proposals from unrelated charities and then only in the case of a partnership or other mutually beneficial opportunity.

2) Community Foundations

Community foundations are a subset of the public foundation category. They make grants to many and diverse charitable organizations within their geographic focus. Community foundations have a long history in Canada, beginning with the establishment of the Winnipeg Foundation in 1921. The Victoria Foundation was the next to be established in 1936, followed by the Vancouver Foundation in 1955. By 1990 there were 30 community foundations. They were largely a phenomenon of Western Canada until more recent years.

With the establishment of Community Foundation of Canada (CFC) in 1992, foundations began to work together to build stronger communities by enhancing the philanthropic leadership of foundations. CFC (the national membership organization by Canadian community foundations) was there to provide organization, coordination and support at a time when government funding was diminishing, philanthropy was becoming more important to communities and tax regulations were beginning to change, providing philanthropic individuals with new incentives to give more and larger gifts. Today there are 176 CFC member foundations in Canada that serve 89% of Canadians from coast to coast.

3) Private Foundations

Most of the 4,500 private foundations in Canada are family foundations; independent philanthropic holding companies governed by board of trustees that are not at arm's length from the founding donor. The founding donor and family members are usually involved during the donor's lifetime. This may carry forward to future generations. Some may have a sunset clause that triggers the wind-up of the foundation and a process for spending down of the capital. Other foundations may carry on in perpetuity by appointing a corporate trustee, transferring the assets to a community foundation or other service provider entrusted with carrying out the founder's intent without the involvement of family members or other representatives.

The type of approach and proposal will differ depending on whether a foundation employs a staff of professional officers or not. If so, staff likely oversees the grants process and makes recommendations to the governing board. If the foundation is governed and administered primarily by family members, they likely determine the openness to proposals and make grant decisions.

4. Corporate Foundations

A few corporate foundations have existed for many years, often associated with the philanthropic endeavors of a family enterprise. The have become more common and function as a repository for funds designated from corporate revenue, raised through employee donations or events and contributed to by customers or the public. Granting patterns usually align with the interests of their employees or target markets. Its corporate foundation is integral to a company's brand and image.

5) Foundations Affiliated with Banking and Financial Institutions

A commercial option emerged in 2004 when the Toronto Dominion Bank created the TD Private Giving Foundation, providing clients with philanthropic planning and granting services through donor-advised funds. Pioneered in the 1990s by Fidelity Trust in the United States, the model had proved popular and highly successful in attracting philanthropic capital. Most Canadian banks, financial and insurance institutions have followed TD Bank's lead; creating foundations that enable clients to have their philanthropic interests remain under the stewardship of their financial advisor and institution. It is not as expensive as setting up and administering a private foundation, though the fees are higher than those offered through community foundations. They tend not to be open to proposals, though the donor-advisors may choose to make a grant in response to a specific appeal for support.