

Community Foundations of Canada



A case study of a national association of community foundations

I *Organizational Profile*

The mission of Community Foundations of Canada (CFC) is to enhance the quality of life and vitality in Canadian communities by supporting and promoting the fund development, grantmaking and leadership of community foundations. Founded in 1992, CFC has grown from an organization of 33 member community foundations to one of 120, with several more in development.

The organization was built by a small group of established community foundations that had experienced firsthand the value of the supportive network that existed in the United States. They believed that the time was right for Canada to develop its own network. The original vision was to create opportunities for Canadian community foundations to connect with and learn from each other.

That vision remains valid today, as CFC's major strategic goal is to support and connect established and emerging community foundations. Other strategic goals are to:

- Promote the community foundation movement;
- Demonstrate philanthropic leadership nationally and internationally; and
- Build CFC's own effectiveness and efficiency as a membership association.

A Board of Directors, reflective of Canada's geography, the community foundation movement and the particular areas of focus within the membership, governs CFC. A small staff of 7.5 people works from Ottawa, CFC's home base. Two people work from home offices in locations distant from Ottawa and another five Regional Coordinators are in place, mostly part-time, across the country. CFC also engages the services of numerous consultants, located throughout the country and able to work in one or both of Canada's official languages.

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CFC has an operating budget of just over \$1 million Cdn (US\$647,175¹), and project budgets of \$300,000– \$500,000 Cdn (US\$194,150-323,600²) in any given year.

CFC offers a wide range of services and programs to its members, such as:

- Professional development opportunities;
- Advice, information and research;
- Conferences and consultations; and
- Technology support.

In addition, it leverages resources from other funders, offers a voice on public policy matters, and connects its members to the larger voluntary sector and its issues, in Canada and internationally. From time to time, CFC spearheads large national initiatives such as *Our Millennium*, which successfully encouraged more than four million Canadians to celebrate the passage to the new millennium by joining with others in making gifts to their communities. More than 6,000 projects were recorded on CFC's *Our Millennium* website which then became the National Archives of Canada's first-ever Internet acquisition.

Canada has long had a legal framework to support charitable and nonprofit activity. There are reasonable, though some would consider far from generous, tax incentives for donors, especially to charities and public foundations such as community foundations. Philanthropy in Canada seems to pale when compared to the United States, which is the most obvious comparison, given the proximity and relationship of the two countries. Less wealth and a history of greater reliance on government in part explain the differences. Recently though, there has been a slight increase in giving, and community foundations have been among the beneficiaries. In 1994, the combined assets of Canada's community foundations were just over \$555 million Cdn (US\$360 million³); in 2002, they are at about \$1.7 billion Cdn (US\$1.1 billion⁴).

¹X-rates.com exchange rate, \$1 Cdn = US\$0.647175, July 2002 monthly average.

²X-rates.com exchange rate, \$1 Cdn = US\$0.647175, July 2002 monthly average.

³X-rates.com exchange rate, \$1 Cdn = US\$0.647175, July 2002 monthly average.

⁴X-rates.com exchange rate, \$1 Cdn = US\$0.647175, July 2002 monthly average.

II *Issues and Challenges of an Association of Community Foundations*

This case study describes the successes, challenges and learnings of an association that has only one kind of grantmaking foundation as its members: community foundations. It focuses particularly on challenges faced by a young, rapidly expanding organization and its fast-growing membership.

Canada's community foundations combine the gifts of many donors for investment in income-earning funds, turn the income into grants to address community priorities, and act as a catalyst for community action. Each community foundation is independently incorporated and led by a local volunteer Board of Directors. Community foundations are autonomous from each other and from CFC—the only authority CFC has over its members is its influence!

CFC believes that its legitimacy arises from the fact that it has a member base, even though its members are fully autonomous. This autonomy of members is often a value-add to CFC's work; at times it is a limiting factor.

For instance, the members' autonomy means that a great deal of flexibility is possible when providing services and programs, in that there is no expectation that all members have to "sign on." On the other hand, on issues such as tax policy, it is sometimes difficult to be the voice that is "representative" of the membership. CFC's members contribute less than 20 percent of its operating revenue (the goal is to increase this to 30-40 percent over the next few years); yet CFC continues to believe that if it had no members, it would have no business.



Over time, CFC has expanded the range of services and programs it provides. It has also increased its own capacity and skill in providing these programs and services and its ability to engage the members in their design and evaluation. Members are engaged in various ways. Some serve as participants on Reference (i.e., advisory) Groups that CFC establishes to guide its key work; others serve as members of the Board, contributors to the monthly Bulletin and various newsletters, presenters at workshops and conferences, and advisors to the CEO and staff on a one-off basis. Members report that these kinds of involvement in CFC have been important for their own learning, for their understanding of the bigger picture, and for their sense of being connected to CFC.

CFC has developed, with its members, a set of principles to guide the work of community foundations and common language to describe the special role and characteristics of community foundations and the difference they make in their communities. A new Internet strategy is helping CFC to be more effective in its work. At the same time, it is encouraging and supporting members to use the Internet and web-based tools in their own work. CFC and its members are tackling such issues as social justice granting, ways to measure effectiveness of grants, efforts to build social capital, and issues related to legislation and regulation.

Perhaps CFC's most successful contribution to the development of its members has been its professional development program: Community Foundation—Leadership, Innovation, Networking, Knowledge, Support—or CF-LINKS. CF-LINKS has been designed to build on strengths and assets rather than on needs and deficiencies and offers a range of learning opportunities for staff and volunteers at all stages of development. It is estimated that in 2001, 90 percent of CFC's members participated in at least one CF-LINKS component, and many took part in more than one.

Another significant area of growth since the late 1990s has been CFC's involvement in public policy formation and as a major actor in Canada's voluntary and charitable sector. This participation, fully endorsed by the membership, which helps to identify critical issues at regional and other meetings, has raised the profile and visibility of the community foundation role in building strong communities, and has propelled CFC into a leadership role within the broad charitable sector.

Ten years ago, few Canadians had heard about community foundations. Today, while still not a household name, this has changed.

This newfound visibility and growth (the visibility has clearly been a factor in the rapid growth of the number of community foundations) has been both helpful and challenging. Both CFC and its members have been heard to say that there is a possibility of "death by opportunity"! The possibilities are endless and vast, and the risk of mission-drift for both CFC and its members is always before them. Hence it has been important to develop a set of guidelines for taking on new initiatives and to establish a set of values to guide CFC's work. CFC's new profile means that the bar is high—expectations of performance and participation on the part of the members and of its partners are among CFC's major challenges.

CFC faces several other challenges as well. Canada is a large country with a small population, found largely along the U.S.-Canada border. Distances are great and regional differences significant. It is costly to travel, and language barriers (French and English) are a reality. While not unique in any way to CFC, this organization, with its deep commitment to serving its members, has found that it constantly has to rethink its priorities. For example, the growing number of emerging community foundations in small communities expect CFC to be readily available to them. But this may not be the wisest investment of CFC's slender resources, given the cost of doing business in this country.

The regional differences noted above play themselves out for CFC in various ways. There is deep antipathy to “central Canada,” which includes Ottawa, and to national institutions, including the large players in the voluntary sector. Understanding and sensitivity to these regional preoccupations is necessary, so that CFC is not seen to be aloof from the ground, favoring one region or the other, or too closely allied with the power of central Canada.

Along the same lines is the diversity within the membership. Urban and rural, established and emerging, large and small, French and English, staffed and volunteer run—these are just a few of the differences within the movement. Serving the diverse needs and priorities of this membership is very challenging. CFC must be excellent in communications. It must demonstrate a sensitivity to equity issues, an ability to design programs in which everyone can participate at some time in some way, and an ability to motivate the movement as a whole to support each other and see that the parts add up to an impressive whole. Not always easy!

Another challenge has to do with the rapid growth itself. By definition, community foundations are locally based, encouraging donors who have an interest in the community and making grants within the geographic area. In Canada, where most communities of any size now have or are developing a community foundation, the new ones are growing in very small communities. There is a significant question about the viability and sustainability of these foundations. CFC encourages start-up foundations to consider how they can be affiliated with an existing foundation; but in many instances, the sense of community pride and occasionally competition with the neighboring municipality precludes this orientation. To date, CFC has continued to assist those foundations developing independently on the basis that it is in everyone’s interest to help them get a good start, even if they are not really viable in the long run.

The membership, as it grows in size and profile, is concerned that poor practices in some foundations may harm the whole membership. While it may be an exaggeration to say we are only as strong as our weakest link, there is a new urgency to find ways to protect the good name of the vast majority of community foundations. Having said that, there is no consensus yet that standards or accreditation are desirable as ways to protect the membership. Making

sure that everyone has access to training and development, adheres to the membership criteria, and is proactively supported by CFC Regional Coordinators and staff seem, for now, the preferred route. In addition, CFC has developed a set of principles, goals and activities to practice for community foundations in the publication *The Community Foundation Difference: What Makes Us Special*.

The final challenge to note is that of CFC’s sustainability. To date, the organization has been well supported by private foundations. To a much lesser extent, the members’ fees have been important, as has the growing revenue from fees charged for CF-LINKS activities. Revenue as overhead contributions from projects has also been important. CFC is presently developing its revenue generation plan for the next few years, and for the first time, is seeking corporate support. In addition, CFC is talking with its members about an increase in fees, and knows that it will have to move cautiously in this area.

The challenges posed above have no easy solutions. CFC’s Board, during its regular meetings, hears from the CEO about progress in these areas, occasionally sets up Task Forces to address them, and has identified one of its key roles as staying close to the membership in order to hear and respond to ideas and concerns as they arise. CFC—its Board and staff—understands well that its success is tied to its ability to manage relationships with its members, and it can safely be said that they enjoy considerable success because of their understanding of this dynamic.

III ***Guidelines and Lessons Learned***

CFC has learned much during its short history. Some of the practices were put in place as the organization was being set up; others have emerged in response to opportunity and need, while others have been learned from similar organizations in Canada and elsewhere.

Institutional Development

- Remain open to adapting and changing. All CFC staff are expected to remain familiar with trends and issues, current professional literature, and with the activities of



their staff colleagues. Processes are in place to support this orientation, and staff are reminded of the importance of learning as part of their regular work, though the pressures of everyday priorities don't always support this intent.

➤ *Remember that your business is serving members and remind staff of this regularly in various ways. At CFC, some protocols and systems are in place to emphasize this priority. For example, phone calls and e-mails must be acknowledged and/or answered within 24 hours; and bulletins and newsletters always include member stories.*

- Be nimble. The absence of overly bureaucratic procedures, the frequent exchange among staff and Regional Coordinators, and the sheer size (the intent to stay small) have helped CFC earn its reputation as nimble and responsive.
- Clarify the Board's role, especially in relationship to the CEO. At CFC, the Board's leadership and oversight role is clearly spelled out in a set of governance documents that the Board reviews and updates regularly. The Board has delegated a strong leadership role to the CEO, being clear about its expectations of accountability, and both the CEO and the whole Board work in an intentional and deliberative way to ensure the integrity and strength of their relationship.
- Placing Regional Coordinators across the country can be very useful. This is a relatively recent step for CFC that built on a previous model where certain community foundations volunteered to be regional centers. Such an approach has brought CFC closer to its membership and vice versa. This decentralized model, though, has its own challenges. CFC is working to strengthen communications between the Ottawa-based staff and the Regional Coordinators, accountability of Regional Coordinators to CEO, and overall consistency and standard of service that does not compromise regional differences and features.

- Hiring staff that have been community foundation practitioners can add credibility to the organization. This has been the experience of CFC. Additionally, co-locating CFC's home office with a member community foundation has kept CFC grounded in the reality that its members face regularly.
- Learn to measure your organization's responses to the many opportunities that come its way. A set of guidelines was established for CFC's CEO to use when considering new initiatives. One guideline speaks to the importance of working collaboratively whenever possible, and though collaborations are often time consuming at the outset, they are clearly the way more can be achieved in the long run.

Financial Sustainability

- Financial sustainability can be a continuous challenge. CFC's Board has moved back and forth on determining its role in this area. Even though it has established a Task Force on Funding, it has become clear (and more comfortably stated by the Board) that it will not have an active role in raising funds, but will advise and support the CEO as well as it can. Individual Directors are committed to being helpful, but as a whole, the Board has not taken on this role successfully. The matter of the Board's involvement in fundraising is one with which many charitable organizations struggle, as there is often an expectation that the Board will make sure the funds are in place to carry out the organization's work. This is seldom the case, and CFC is no exception.

Public Policy and Government Relations

- Choose carefully the areas (tax benefits for donors, for example) in which your organization will become highly engaged in policy work. CFC has played a less prominent role in some areas (such as advocacy issues for the voluntary sector), but has participated in ways that allow it to have some presence. In other areas it has chosen to be very active (e.g., in an initiative designed to build the relationships between the federal government and the voluntary sector), believing improved public-private sector relationships will contribute to stronger organizations funded by community foundations and to communities themselves.