2012 • SPECIAL EDITION

# Sector Snapshots

ALLIED HEALTH

COLLEGES AND UNIVERSITIES

ARTS  AND CULTURE

HOSPITAL FOUNDATIONS

INDEPENDENT SCHOOLS

SOCIAL SERVICES

# trends[4] SECTOR SNAPSHOTS

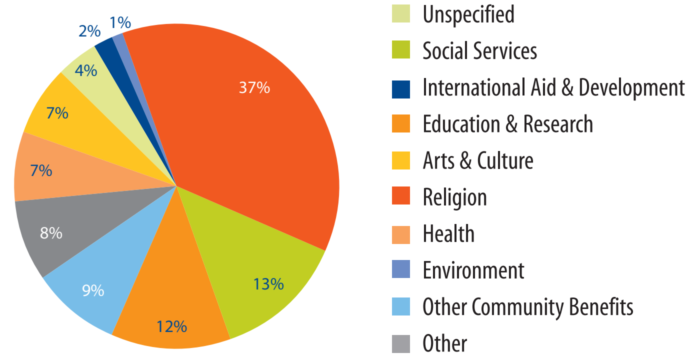
CANADA'S CHARITABLE SECTOR

## The Big Picture

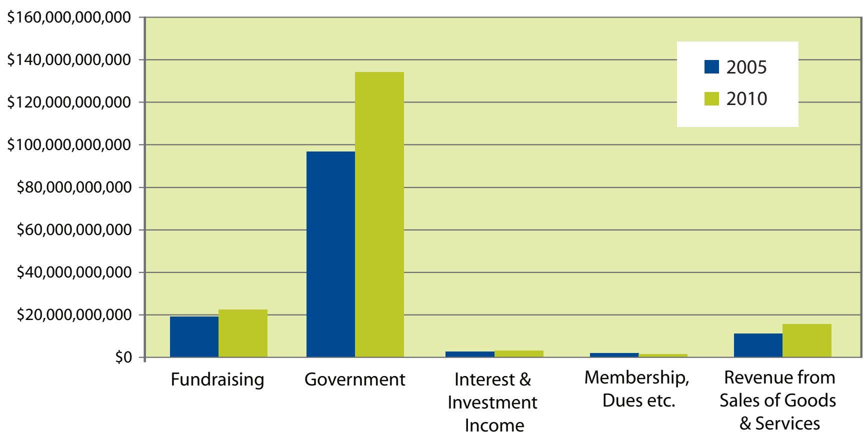
All figures in the Sector Snapshots are based on charities' 2010 T3010[1] filings (unless otherwise specified).

### COUNT OF CHARITIES BY SECTOR

In 2010, 82,712 charities filed a T3010. Of these, 5,058 (6.1%) reported no fundraising revenue and 11,239 (13.5%) reported no revenue at all. The charitable sector employed more than 1.8 million people on a full time basis.



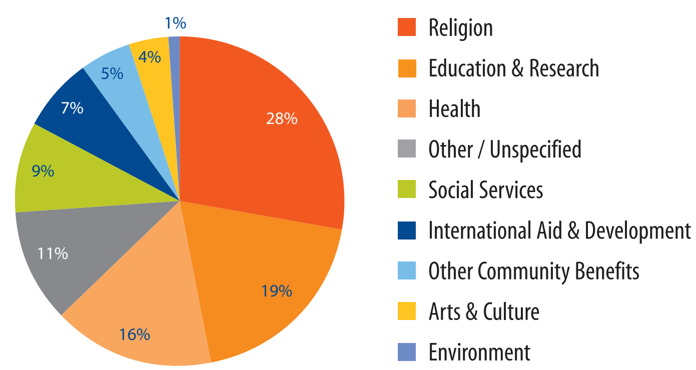

### COMPARISON OF CHARITY REVENUE SOURCES, 2005 TO 2010




Revenue from all sources (government, philanthropic and earned) totaled almost $200 billion in 2010, up from approximately $150 billion in 2005. All major sources of revenue increased over that time, with the exception of Memberships/Dues, which declined 19.6%. Fundraising revenue grew by 17.6%.

### PHILANTHROPIC REVENUE BY SECTOR

Total fundraising revenue amounted to $22 billion. Religious organizations continue to attract the largest proportion of philanthropic revenue at 28%. Education/ Research and health related organizations continue to be top philanthropic priorities for Canadians, attracting 19% and 16% of philanthropic revenue respectively.




**1.** *The T3010 is the charitable tax return that every registered charity is required to file annually, even if they had no revenue to report.*

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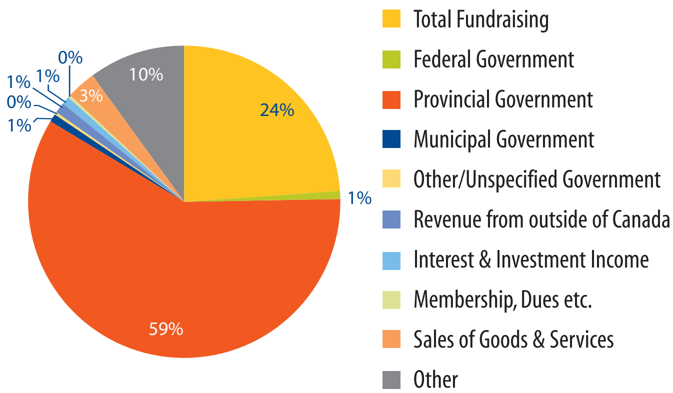
# trends[4] SECTOR SNAPSHOT

## ALLIED HEALTH

## The Numbers[1]

### REVENUE BY SOURCE




**966** – Total number of organizations in sector
**1.2%** – Percent of charities in Canada
**19,922** – Number of employees in sector
**$2.6 Billion** – Total revenues
**31%** – Percent of revenues from commercial activity
**$523 Million**[2] – Total fundraising revenues
**2.3%** – Percent of total philanthropic revenue donated to sector
**$541,906** – Average fundraising revenue of organizations in sector
**$26,800** – Median fundraising revenue of organizations in sector
**15%** – Percent of organizations reporting no fundraising revenue
**22.2%** – Average overhead ratio
**51%** – Percent of charities reporting no paid staff

**1.** *Source is 2010 T3010 filings* **2.** *Excludes gifts received from other charities*

## The Trends

**1.** It is a **costly time for allied health charities.** As traditional fundraising programs start to plateau, many organizations are finding it necessary to invest in new ways to raise funds while still trying to maximize existing programs. As a result, many organizations are planning for multi-year deficits or choosing to dip into reserves as they undergo this period of investment.

**2.** The historical tendency in allied health organizations has been to take an annual view to the planning of their fundraising programs and results. Many organizations are now getting out of this annual mode of thinking and are **creating multi-year fundraising plans** that set revenue targets that will be supported by multi-year strategies.

**3.** There is **significant emphasis on creating major gift fundraising** programs in the allied health sector. But organizations moving into major gifts are finding varying levels of success. One strategy employed successfully by organization is by creating mid-donor programs that focus on securing multi-year pledges from loyal donors in the range of $500 to $1,000 annually. Another effective strategy has been to borrow an approach from hospital and university sectors whereby fundraising priorities are packaged into a campaign.

**4.** Allied health charities that are able to successfully integrate philanthropy into all aspects of their organizations are most likely to succeed in major gifts. Often this requires **a significant mind shift** on the part of organizations in order to create a culture that values philanthropy and in which every member of the organization understands the role that they play in achieving fundraising goals.

**5. Peer-to-peer fundraising continues to be a strong and growing area of support** with new technologies serving as mechanisms for rallying an even broader level of community support. Participatory events are the most popular vehicles for peer-to-peer fundraising. More traditional vehicles like door-to-door canvassing, while still effective in some smaller, rural communities, is becoming increasingly less successful due in part to an aging volunteer corps.

**6.** Donors to allied health organizations have an appetite to **support priorities at both the local and national levels**. While donors do want to fund local needs and feel a real connection with the organization at the local level, they appreciate and are also willing to fund nation-wide priorities, particularly related to research.

**7.** The centralized-decentralized debate is ongoing in the sector and many organizations are preoccupied with how best to structure their fundraising operations for maximum effectiveness. Through this exercise, many are discovering that **there are pros and cons with every structure**.

**8.** In those organizations that do have a decentralized and/or federated model, **the national office is playing a dual role** – one that takes the lead on some programs as well as one the provides service to the regions in support of their activities. These organizations are looking to the franchise model of the for-profit sector to applying learnings and best practices.

**9.** In the midst of this focus on structure, organizations are recognizing the need to settle these internal issues and **shift their lens externally** and spend more time focusing on building long term relationships with donors and partners that are of mutual benefit.

**10.** Most, if not all, allied health organizations place a high priority on research and it is a key piece of their case for support. Being able to demonstrate tangible impact from research tends to be a challenge because it is such a long term enterprise. Finding a **clear and impactful way to communicate the outcomes of research** should be a key priority for all allied health organizations.



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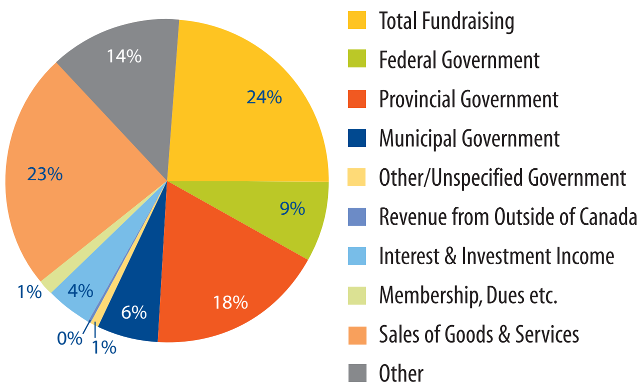
# trends[4] SECTOR SNAPSHOT

## ARTS AND CULTURE

## The Numbers[1]

### REVENUE BY SOURCE




**6,014** – Number of organizations in sector
**7%** – Percent of charities in Canada
**3.4%** – % of philanthropic revenue donated to sector
**$3.16 Billion** – Total revenues of sector
**32%** – Percent of revenue from Government
**23%** – Percent of revenue from Sale of Good and Services
**$764 Million** – Fundraising revenues of sector
**$127,157** – Average fundraising revenue of organizations in sector
**$10,200** – Median fundraising revenue of organizations in sector
**14.4%** – Percent of organizations reporting no fundraising revenue
**26.8%** – Average overhead ratio
**51%** – Percent of charities reporting no paid staff

**1.** *Source is 2010 T3010 filings*

## The Trends

**1.** Four key themes are guiding fundraising and philanthropy in arts and culture organizations – **integration, collaboration, relevance and diversification**.

**2.** There is increasing integration between functions in arts and culture organizations and more than ever before, development staff are working much more closely with the other parts of the institution. One area of integration is a move towards **working more closely with the artistic and curatorial staff**, which is creating tremendous opportunities to provide interesting and highly satisfying donor engagement experiences.

**3.** There is **more and more collaboration between the marketing and development teams** and fundraising staff are increasingly involving their marketing colleagues in their work. The institution's brand is key to raising funds, so brand expression must align with the work of development and vice versa. In addition, most corporate donors are looking for brand alignment, so philanthropic gift discussions almost always include the participation of the marketing team.

**4. Closer integration with the membership team** is also increasingly common. Recognizing that the front of the house tends to be highly transactional, organizations are looking at how every interaction can be thought of through the lens of a "potential donor" experience, with some going so far as integrating the membership function with development.

**5. New technologies are playing a key role** in enabling this integration of membership and development. For instance, an interactive system enables development staff to be aware when a significant donor is in attendance at a show or event, enabling a personal connection with the donor to be made.

**6.** While important for all organizations, the **case for support in arts organizations needs to demonstrate relevance.** While not a new trend, it is being acutely felt as a result of the volatile economic climate. Arts organizations need to be able to demonstrate how they strengthen the community, to articulate how they contribute to its vibrancy and illustrate that their mission and contributions go beyond "nice to have".

**7.** Another manifestation of the need to demonstrate relevance is the **push from donors to understand the business case.** As a result, arts organizations need to be prepared to demonstrate that there is an appetite for the work of the organization and, in the case of capital projects, that there is evidence of sustainable demand and ongoing revenue generation.

**8. Collaboration and partnerships are increasingly being seen as key to demonstrating that relevance.** While staying within the boundaries of its own mission, finding opportunities to partner with other groups (i.e. schools) continues to be a popular and effective activity. Organizations are looking for ways to collaborate with "competitor" organizations on projects that leverage issues that cut across individual organizations' mandates.

**9.** Diversification of revenue and looking at new revenue generation models is top of mind. Arts organizations are **increasingly looking at their assets through a lens that identifies what has value and can be leveraged from a revenue generation point or view.** This necessitates going beyond identified fundraising priorities. Some organizations are looking to new initiatives like distance education to generate new lines of revenue.

**10.** While diversifying revenue is being thought about, **traditional lines of support continue to be strong in arts** organizations, particularly corporate support. One significant shift in the motivation of corporate donors is an increasing interest in content and decreasing interest in exhibition.

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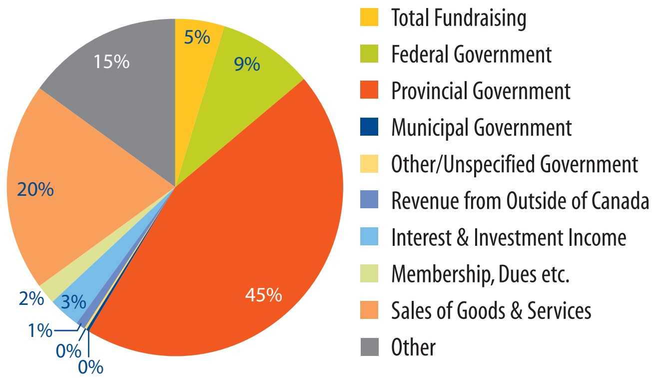
# trends[4] SECTOR SNAPSHOT

## COLLEGES & UNIVERSITIES

## The Numbers

### REVENUE BY SOURCE




**0.07%** – Percent of charities in Canada
**$31 billion** – Total revenues of sector
**5%** – Percent of revenues from fundraising
**$769 million** – Total fundraising revenues of Medical/Doctoral[1]
**$51.3 million** – Average fundraising revenues of Medical/Doctoral[1]
**$254 million** – Total fundraising revenues of Comprehensive universities[1]
**$16.9 million** – Average fundraising revenues in Comprehensive[1]
**$93.4 million** – Total fundraising revenues of Primarily Undergraduate[1]
**$4.9 million** – Average fundraising revenues in Primarily Undergraduate[1]
**$116 million** – Fundraising revenues of Colleges and CÉGEP's[2]
**$1.5 million** – Average fundraising revenue of Colleges and CÉGEP's
**$544,081** – Median fundraising revenues of Colleges and CÉGEP's

**1.** *Only includes Universities listed in the Maclean's 2011 University Rankings. There are 15 universities in the Medical/Doctoral category, 15 universities in the Comprehensive category and 19 in the Primarily Undergraduate category.*
**2.** *Source: Includes colleges and CÉGEP members of the Association of Canadian Community Colleges (ACCC).*

## The Trends

**1. Deans and the faculties are playing roles of increasing importance.** Deans have become more enlightened and attuned to fundraising and many major donors want their relationship with the institution to include the Dean. And so, faculties and Deans must be well integrated into all facets of Advancement.

**2. "One size does not fit all" when it comes to the Advancement department organizational structure.** It is highly dependent on the age and stage of the operation as well as the unique elements of each institution's advancement strategy. As a result, the trend is toward creating structures that are customized to each institution's unique stage and opportunities, while creating prompts for regular review and adjustment to ensure they are set up to capitalize on potential as it emerges.

**3.** While the debate between centralized and decentralized structures continues, **most large institutions with longer histories of raising funds are adopting a hybrid model**, having some staff centrally located and others residing in faculties. **Smaller universities and colleges with more nascent fundraising operations tend to keep staff centralized** while supporting faculties and Deans from the Central office.

**4. Integration continues to be an important theme** and priority for advancement operations in all post-secondary institutions with much focus on creating a cohesive "whole" for the function of Advancement. Alumni Relations is being recognized as central to the Development function and taking its place as an essential part of cultivation and stewardship.

**5. Campaigns are still very much in vogue** and many institutions are in a "perpetual campaign" – either planning one, in one or ending one – with not much time in between. Campaigns are becoming more comprehensive and ambitious with the average length being seven years. As they become bigger and more protracted, quiet phases are longer with the objective of raising a higher percentage of the goal.

**6.** The model of fundraising in post-secondary institutions continues to place significant emphasis on major gifts and many **large institutions are seeing an ever increasing percentage of money being raised by an ever smaller percentage of the donors**. As a result, there is continuing focus on building stronger relationships with a small number of individuals whose giving can have a significant impact on revenue.

**7.** Many institutions are **rethinking their approach to principal gifts**, realizing that their major gift pipelines are not robust enough to support a team of staff dedicated to this function.

**8.** While focus on major giving will continue, there is a growing sense that **diversification of revenue is a must with a concerted focus on mid-level gifts**. Analytics is playing a key role in helping to tease out potential in this mid-range of the donor pyramid and is being used by all institutions, regardless of how that level of giving is defined.

**9.** There is an **increasing level of scrutiny on private donations** from other parts of the institution, most notably students and faculty. Institutions are maintaining an awareness of this trend and ensuring adequate inclusion and consultations, particularly with faculty, when negotiating significant gifts.

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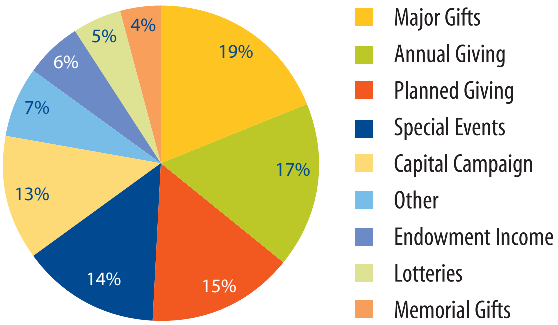
# trends[4] SECTOR SNAPSHOT

## HOSPITAL FOUNDATIONS

## The Numbers[1]

### REVENUE BY SOURCE[2]




**1.75%** – Percent of charities in Canada
**$56 billion** – Total revenues of sector
**$2.4 billion**[2] – Total fundraising revenues
**9.9%** – Percent of Canada's total philanthropic revenue donated to sector
**$1,545,041** – Average fundraising revenue of organizations in sector
**49.2%** – Percent of organizations reporting no staff
**$0.28** – Approximate cost to raise $1[3]

**1.** *Source is 2010 T3010 filings* **2.** *Excludes gifts received from other charities*
**3.** *Source is FY 2010 AHP Report on Giving Canada*

## The Trends

**1.** Philanthropy is increasingly becoming a **core source of funding for hospitals**. As a result, the case is changing, as is the messaging to donors. No longer is it a "value add/ excellence" case but rather one about providing patient care.

**2.** The shift to being a core source of funding is resulting in the **need for more rigorous planning**. More and more hospital foundations are being asked by their hospitals and by government to commit to providing a certain level of support. As a result, the development of multi-year revenue generation plans is becoming an absolute necessity.

**3.** The **role of the foundation is increasingly not just about fundraising**. More and more organizations, particularly those in provinces without hospital boards, are spending time on issues like government relations. Many are choosing to have government relations expertise on their boards, with some going as far as creating Government Relations Standing Committees of the Board.

**4. Board governance and role are being reviewed.** Many foundation boards are taking the time to consider how they can best contribute to advancing the objectives of their foundations. Many are moving towards having the members take a much more proactive role in raising funds.

**5.** Giving donors the level of engagement they are looking for can be difficult in hospitals because of issues related to health, safety and privacy. So **organizations are looking to engage donors in other ways.** One example is to create a Giving Circle, where a small group of major donors pools their money and selects a specific project to fund from a list of approved priorities. Another engagement strategy is to invite donors to participate in Grand Rounds or lectures by physicians and researchers.

**6.** Fundraising events, traditionally a staple of hospital fundraising, continue to do well. But there is concern about their sustainability. To sustain revenue levels, new events are being created that go beyond the traditional gala dinner and the trend is toward **events that enable people to participate**.

**7.** Major donors, particularly those to research hospitals, increasingly want to know about **knowledge transfer and collaboration**, looking to understand how the institution is working with other organizations.

**8. Funding for research infrastructure is a real concern** for foundations raising money for research intensive institutions and they have begun to present the need for infrastructure funding as a core part of the "case".

**9.** In **community hospitals, donors are continuing to look for patient centred case projects.** In addition, the concept of leveraging their gifts through matching funds continues to be very appealing.

**10.** Maintaining an appropriate cost of fundraising continues to be top of mind. Some organizations are choosing to address the issue head on by **publicly sharing their cost of fundraising and demonstrating that it is within the ballpark of accepted costs**. To minimize the impact of annual fluctuations, many are choosing to measure costs using 5 year rolling averages.

**11. Diversification of revenue** is increasingly becoming common practice, beyond even the realm of philanthropy to include commercial activity and co-branded partnerships.

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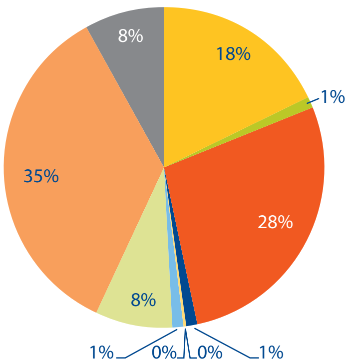
## trends[4] SECTOR SNAPSHOT

## INDEPENDENT SCHOOLS

# The Numbers[1]

### REVENUE BY SOURCE




**927**[2] – Total number of organizations
**1%** – Percent of charities in Canada
**2.6%** – Percent of philanthropic revenue donated to sector
**49,968** – Number of employees
**$3.3 Billion** – Total revenues of sector
**$591 Million** – Total fundraising revenues
**$637,500** – Average fundraising revenue of organizations in sector
**$160,000** – Median revenue of organizations in sector
**8.3%** – Percent of organizations reporting no fundraising revenue
**19%** – Average overhead ratio

**1.** *Source is 2010 T3010 filings* **2.** *Includes schools and foundations associated with schools*

# The Trends

**1.** The **role of the Principal/Head of School is key** to successful fundraising for independent schools. A strong Principal/Head who has crafted a compelling vision and purpose that he/she is able to articulate to prospective donors is crucial to being able to attract philanthropic support.

**2.** While they show continued relevance in all sectors, **campaigns are particularly important** to independent schools as a means to generate interest in charitable giving and galvanize donor support.

**3. Integration of the Development function** into the rest of the school is a focus. There is increasing understanding that Development needs to be seen as of a core function and that the school, in fact, cannot operate without it. No longer a just a "nice to have", Development is taking its place as a "need to have" function within the school. **A close relationship with the Admissions Office is particularly important.**

**4.** Building a **culture of philanthropy among students is top of mind**. Philanthropy and Community Service are core values at many schools, which provide an opportunity to open the door to discussing the school as a charitable entity. Those schools which create philanthropic graduating class gift programs (e.g. raising money for the school, for their younger classmates) are teaching students to support the school while they are young, with the hope that this early habit will persist throughout life.

**5. Building a culture of philanthropy with parents** is also a top priority for independent schools - day schools in particular and increasingly for boarding schools as well. As most parents think of the school through a "business" lens, seeing themselves as clients who pay for a service, a key to building that culture is to help parents also think of the school as a charitable priority.

**6.** To help build that culture, many schools are now **introducing the need for philanthropic support right at recruitment**. This activity is helping not only to create a culture of philanthropy, but also a culture of expectation that encourages parents to consider the school as one of their philanthropic priorities.

**7.** Schools are also increasingly looking to **grandparents and encouraging their support as well.** This used to be true mostly of K-8 day schools, but we are now seeing grandparents programs at more established K-12 day and boarding schools.

**8.** The **case for support that attracts philanthropy is evolving** and schools are finding that the traditional "fill the gap between tuition and cost" is no longer sufficient. One message that does seem to resonate is one of "ownership and community", which encourages parents to participate in the vision to "build" the kind of school that will be of benefit to their children as well as to future generations.

**9.** In terms of fundraising priorities, independent schools are finding they **need a multi-faceted case** that goes beyond new capital projects in order to attract philanthropic support. Donors are responding well to case elements that develop the student as a whole person - things like developing leadership skills and acquiring a global perspective. As a result, case elements that are seen as essential to doing this, like teacher professional development and student exchanges, are becoming common.

**10.** For many schools, a key case component is **creating endowments to support student aid**. While bursary support (for socioeconomic accessibility) remains a core need identified at most schools, it tends to resonate better with alumni than with parents and thus can be more challenging for younger schools. It's also been a little more challenging of late due to lower endowment returns.

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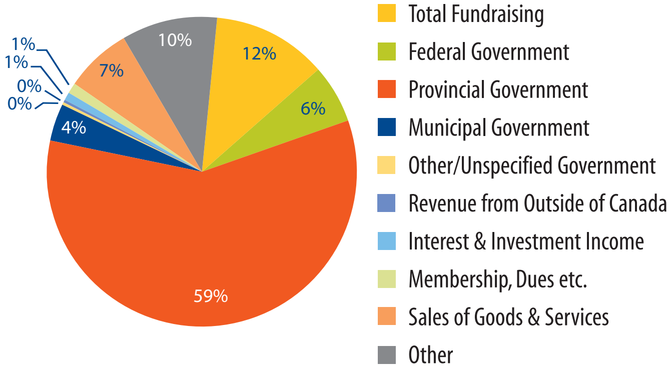
# trends[4] SECTOR SNAPSHOT

## SOCIAL SERVICES

## The Numbers[1]

### REVENUE BY SOURCE




**10,638** – Total number of charities
**13%** – Percent of the charities in Canada represented by sector
**9%** – Percent of total philanthropic revenue donated to sector
**327,943** – Number of employees
**$16 Billion** – Total revenues of sector
**$1.9 Billion** – Total fundraising revenues of sector
**$179,926** – Average fundraising revenue of organizations
**$19,300** – Median fundraising revenue of organizations
**16.8%** – Percent of organizations reporting no fundraising revenue
**17.9%** – Average overhead ratio
**36.9%** – Percent of charities reporting no paid staff

**1.** *Source is 2010 T3010 filings*

## The Trends

**1.** Social Services is a big sector with a large number of organizations that range in size from big, national organizations to very small, primarily grassroots charities. Because of this number and variety, it can be a challenge **for organizations in the sector to define their position** in the philanthropic marketplace.

**2.** Social service organizations tend to **deal with issues of significant complexity, some of which have substantial stigma** attached to them as well. These are also issues to which solutions are neither quick nor easy and which often require "the village" to achieve results. As a result, there is a strong element of education and de-stigmatization associated with the communications and fundraising activities of organizations in the sector. Also because of the "village" component, being open to new ideas and collaboration is important.

**3.** Attracting strong and influential volunteer leadership is crucial for organizations in this sector. Important not only to be able to open doors, high profile volunteers can help to bring stature and credibility to the organizations. Admittedly, attracting board members with these connections can be a challenge due to competition with higher profile organizations in other sectors.

**4.** Many of the smaller, more grassroots organizations tend to have limited resources to devote to fundraising and philanthropy and in some cases are guided by a philosophy that believes fundraising should happen with little to no expense. As a result, when taken as a whole, fundraising in the sector tends toward being **more volunteer driven** than compared to others.

**5.** To demonstrate the outcomes of their work, organizations tend to **use metrics that focus on outputs** like number of clients served. Coupled with outputs, being able to demonstrate that they are having a meaningful impact on the lives people is crucial. As a result, storytelling and celebrating individual successes tend to be crucial communications tools.

**6.** Because social service organizations deal with such complex issues, this sector lends itself well to public-private partnerships. Being able to demonstrate the **ability to work with government as well as the corporate community and private citizens** is a powerful message to attract philanthropic support.

**7.** Many organizations reported **maintaining or even increasing their fundraising revenues** during the economic downturn, attributing this experience to a heightened sense of need of those less fortunate on the part of the donor public. However, good brand awareness seems to have been a key attribute of those organizations that reported this experience and was not the case for many small, lesser known charities.

**8.** An important strength when it comes to fundraising is the **local aspect of the case for support** of social service organizations. Donors have a strong attraction to supporting projects and programs that will stay locally and benefit their own communities.

**9.** Because they often serve individuals from a wide variety of cultural and ethnic groups, social service organizations lend themselves to being able to **fundraise in multi-cultural communities**. Having representation on the board from the different communities served also tends to be top of mind for social service organizations.



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