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SECTOR SERIES 2022

Where do we
go from here?

CANADA'S NON-PROFIT SECTOR IS DIVERSE. AND YET, IT IS COMMONLY TALKED ABOUT AS A HOMOGENEOUS WHOLE.

This blunt approach to our sector is not only limiting, it also fails to adequately consider the unique characteristics and nuanced realities of the distinct sub-sectors that make it up.

In recognition of this diversity, KCI has developed a set of reports focused on each major sub-sector in Canada to explore where they go from here.

It's a timely undertaking.

Between the COVID-19 pandemic, the ever-evolving definition of who and what is charity, and the re-examination of Canadians' beliefs around issues like equity and reconciliation, it's hard to think of a time when a greater number of transformative factors have affected fundraising and philanthropy in Canada. Through this series, we examine how this convergence of factors is impacting organizations in each major sub-sector, as well as how they and their fundraising models are adapting to remain relevant in 2022 and beyond.

We would like to thank the many sector leaders from across the country who contributed through their insights to the KCI Sector Series.

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Fundraising has not typically been a major strategic focus for college boards, faculty and executives, as philanthropy generally accounts for less than two per cent of institutional funding. Historically, a focus on advancement has tended to be intermittent and tied to major campaigns, which themselves have tended to be episodic.

However, institutions are now beginning to understand the untapped potential they have to partner with donors for transformational impact, with the pandemic having helped bring into focus in practical, up-to-the-minute ways the case for philanthropy in colleges.

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1 / COLLEGE FUNDRAISING: AT AN INFLECTION POINT /

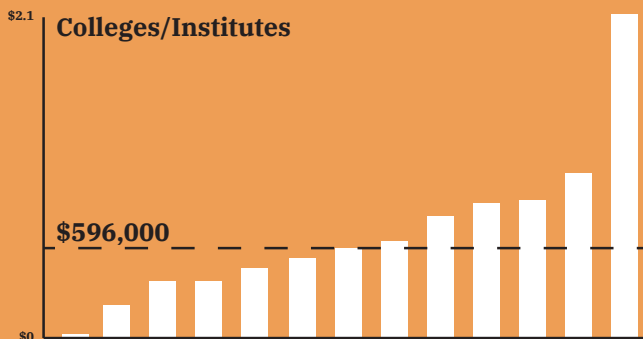
“We’ve been trying to encourage and recognize a strong culture of philanthropy for years in the College, and the pandemic actually helped us leapfrog on that front. We found ourselves partners at tables we weren’t usually at and were brought in earlier in the priority development stage.”

Michelle Bussey, Executive Director,
Nova Scotia Community College Foundation & Alumni Relations

FY2020 FUNDRAISING REVENUE - COLLEGES

While funds secured per Fundraising FTE vary and tend to correlate with team size, median funds secured per Fundraising Staff FTE was \$596,000 for Colleges/Institutes in a recent study by CASE – CCAE.

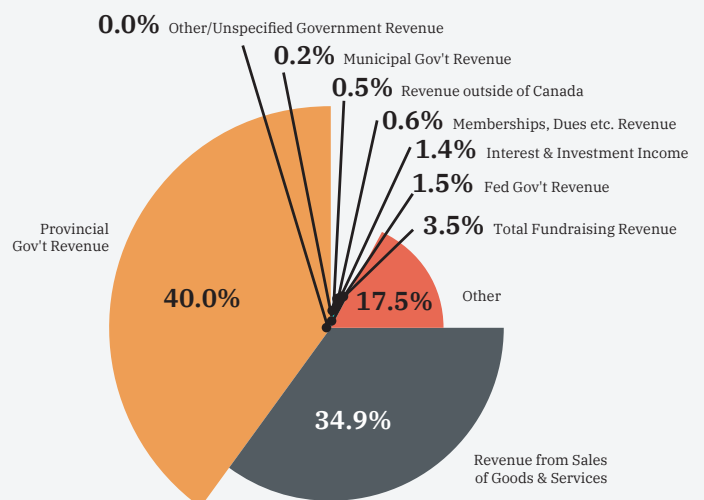
2019 New Funds Secure per Fundraising Staff FTE (Dollars in Millions)



Source: CASE-CCAЕ Support of Education Survey, 2020

Total fundraising revenue reported by colleges was \$279,307,634 or 3.5% of total revenues.

FY2020 Revenue by Source - Colleges



Source: CRA T3010 Charitable Tax Filings, FY2020

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Recalibrating, rethinking, and re-tooling are themes on the minds of fundraising leaders as Canada's community college fundraisers emerge from the pandemic and plan for the future, finding themselves at a place of further professionalizing and embedding advancement as a fundamental artery feeding the growth of their institutions.

Pre-pandemic, many colleges were staffing up in major gifts, and some were launching their first large campaigns. Most anticipated sharp declines once the pandemic set in, but as we make our way through 2022, colleges report just the opposite. Revenues are remaining steady thanks to increases in student support and through special 'flash' campaigns in support of urgent pandemic related priorities.

In many colleges, advancement departments proved to be effective, nimble, strategic partners at the table in times requiring real creativity and innovation. At one institution, for example, the sudden migration to online formats meant massive shortages of computers. Advancement stepped in, approaching private and corporate partners and sidestepping cumbersome procurement backlogs to secure 500 computers within mere days.

2 / THE PHILANTHROPIC CASE FOR COLLEGES: GROWING EVER STRONGER /

As the pandemic set in, many college advancement teams, which tend to focus on smaller episodic campaigns, student support, and annual giving for the bulk of their revenues, put those plans on hold, expecting a dramatic decline in revenues from donors waiting to see the outcome of the worldwide epidemic. It's true: many did see a dip in annual giving, but colleges have long been aware that these funding streams would be unlikely to grow, as donation-based crowdfunding and digital outreach and flash campaigns crowded into the spaces previously occupied by traditional direct mail and alumni campaigning.

What many did not expect over these two years of unprecedented change was that, rather than eroding their case, the pandemic rather fueled a renewed appreciation of the vital role colleges play in communities, economies, and the health of local businesses. Increasingly, institutional leaders, corporations, and employers alike recognized the vital importance of supporting students as next-generation employees, and of providing additional student support through the pandemic to ensure minimal disruption to the labour pipeline and hence the economy.

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Demand for healthcare workers soared through two COVID years, and ‘the great resignation’ has left gaping staff shortages in food service, leisure, hospitality, trade, transportation and retail industries. In this environment, the vital role of colleges has come into sharp focus for communities large and small across the country, something that bodes very well for future fundraising.

Emphasis on job-ready skills, applied research, practical problem solving, and close training partnerships with employers are aligned with many key issues in the public consciousness, including climate change, worker shortages, aging populations, reconciliation, youth engagement, and the move to a more equitable and inclusive workforce.

Diversity and access to education are two other genuine strengths of colleges, given that they tend to have incredibly diverse student and alumni populations. Colleges are often an important entry way into post-secondary for students of all academic abilities.

“*We are working to position around the province’s economic challenges and how the College fits into that, including addressing labour shortages and how we can help businesses recover from the pandemic. Our approach is less about our needs and more about how we can be a great partner in helping to solve some of these issues.*”

Tom Meadus, Director of Advancement,
New Brunswick Community College

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3 / A TIME TO RECALIBRATE THINKING /

Harnessing the enormous potential of college fundraising to emerge stronger than ever will require new ways of working for advancement leaders and staff. Essential to success will be close working partnerships with Presidents, and the engagement of influential and passionate volunteers who can open doors and help launch college fundraising onto a whole new playing field.

At the same time, college fundraisers must begin to work very differently: Not as a 'nice to have' off to the side, but as agents of change at the table with faculty and executive leaders. They must be educators and catalysts who combine deep understanding of how deans, faculties, and institutional leaders work, together with an understanding of the needs of major funders who wish to receive a coherent, co-ordinated, often multidisciplinary message and approach.

Given this reality, colleges that have adopted a foundation model are actively working to avoid potential 'siloiing' of development staff. In fact, recognizing the need for even greater integration of fundraising with other departments, many colleges with foundations are now currently exploring the ongoing wisdom and merit of this model.

The impact of a senior group of well-connected volunteers (whether a Foundation Board, Leadership Council, Campaign Cabinet or other body) cannot be overstated. Not only does their involvement play a critical role in raising funds for the college, they also help to increase the level of interest and emphasis on fundraising internally at the college. Their association with the college also boosts its credibility and cache in the community more generally.

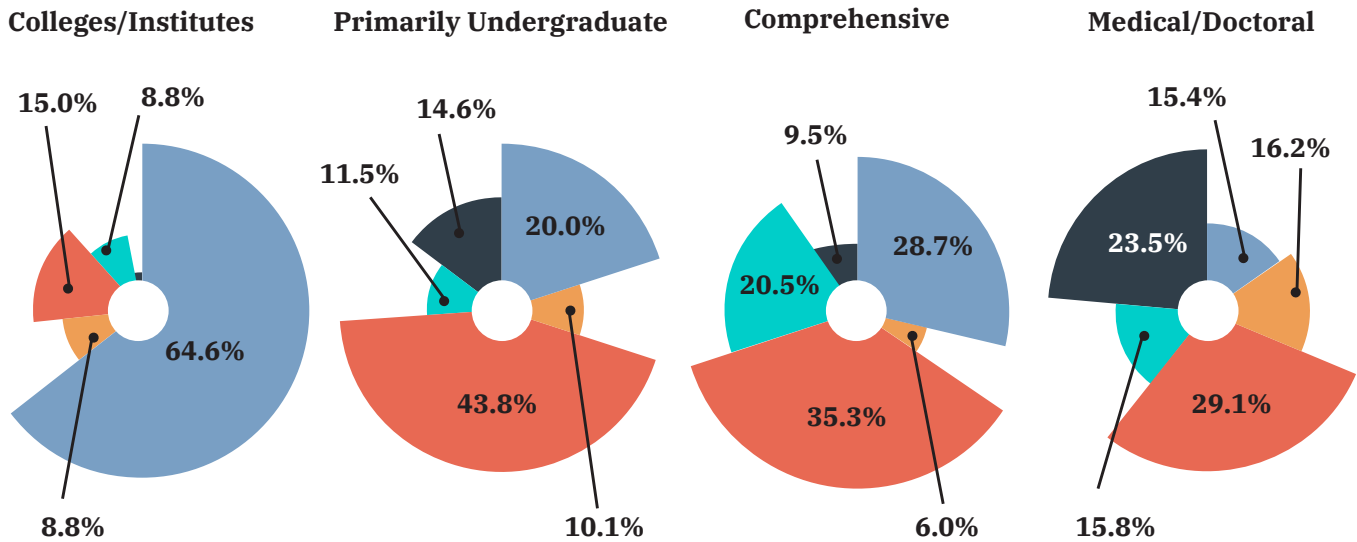
4 / NEW DONORS AND A DIVERSIFYING DONOR BASE /

Corporations have a natural alignment with colleges, as partners, employers and donors of both funds and in-kind support. Deep corporate partnerships with mutual benefit continue to be vitally important to colleges, and their support can range from applied research funds, student internships and practicum opportunities, employee training or mentorship, as well as philanthropic support as part of an overall package. Given the breadth of their interest in the college, these corporate relationships require an integrated, multi-faceted approach that extends far beyond advancement to include any number of college departments.

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2019 PROPORTION OF FUNDS BY DONOR

Corporations continue to be a critically important source of donations for colleges in Canada.



What was the total value of new funds secured from each source within each of the following ranges in the survey year? n between 26 and 30



Sources: CASE-CCAE Support of Education Survey, 2020

While corporate partners will continue to be key donors, colleges are also realizing that their historic reliance on corporate support speaks to the need for diversification, and increased focus on ‘making the case’ to individuals. Many colleges are working to develop major gift opportunities and marquee naming opportunities for individual donors (some of whom may be alumni, many of whom are ‘friends’). In this case, proactive prospect research and management is key to identifying and cultivating major prospects.

Colleges across the country are now working to reach out to transformational donors, new levels of government, successful alumni, corporations and foundations. The focus today is to take a long view – building brand new pipelines and partnerships encompassing potential major and transformational donors who, with the right case for support messaging, can be inspired to recognize colleges as a vital means to realizing some of the most important aspirations of our era.

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5 / DEVELOPING THE MAJOR GIFTS MUSCLE /

“My assumption is that, like universities 20 years ago, people look at colleges as publicly funded rather than publicly supported. I believe we may be on the inflection point of modifying that perspective.”

Wade Hall, Associate Vice President Advancement, Sheridan College Institute of Technology and Advanced Learning

Colleges have only recently become a destination for transformational donors, and there have been only a handful of donations exceeding \$5 Million to date. But, growing the number and degree of major and transformational investment in colleges is a key area of focus, building on the deepening understanding of their

importance and relevance to Canada’s communities and economies. Even prior to the pandemic, college advancement teams were working to build a better case for major gifts, and almost all were already looking to build the machinery, staffing, case, and relationships needed to harness that potential.

Distribution of \$500,000+ Gifts by Size Across Sectors

Colleges attracted 81 gifts of \$500,000 or more over the past five years.

Distribution of \$500K+ Gifts by Size Across Sectors of Interest (Last 5 Years only, 2017-2021)								
	Arts & Culture	College	Hospital Foundation	National Health	Social Services	University	Other	Grand Total
\$10,000,000+	12	5	53	1	16	51	23	161
\$5,000,000 - \$9,999,999	12	7	36	2	17	55	27	156
\$500,000 - \$4,999,999	80	67	314	18	284	300	152	1,215
Grand Total	107	81	407	21	317	408	204	1,545

Source: KCI

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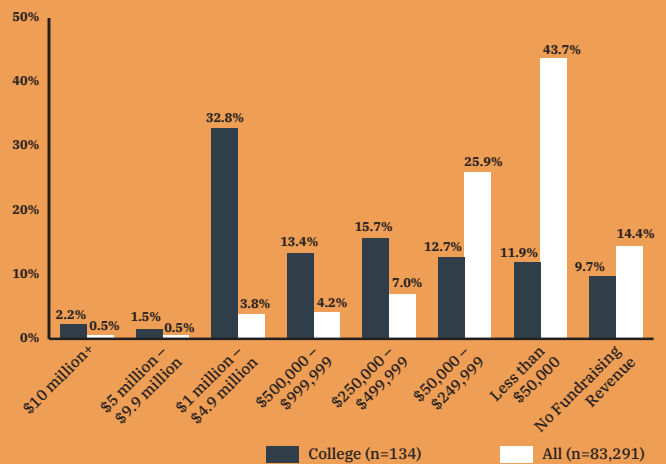
A whole new range of opportunities are available when colleges enter the field of major and transformational giving – from institutional namings, professorships, chairs, and new research centres. At the same time, there is an opportunity to further engage alumni and educate them about their potential to meaningfully give back over the cycle of their own careers and become the next generation of philanthropic leaders fueling change.

With their unique ability to respond with nimbleness and flexibility, to harness the potential of next generation and second career learners with a range of life and personal circumstances, and to design learning environments which embrace the goals of diversity, equity and inclusion, Canada's colleges are places where philanthropy is just beginning to rise to the level of its potential.

FY2020 DISTRIBUTION OF CHARITIES BY FUNDRAISING REVENUE – COLLEGES VS. ALL CHARITIES

The largest portion of colleges reported between \$1M and \$4.9M in fundraising revenue at 32.8%.

FY2020 Distribution of Charities by Fundraising Revenue
Colleges vs. All Charities



Source: CRA, T3010 Charitable Tax Filings, FY2020

About KCI

We are Canada's leading consultants to the non-profit sector with professionals across the country in fundraising, strategy, research & analytics, and executive search.

Our core purpose is to inspire and enable organizations to raise money, to make the dream of better communities and improved lives a reality. And through our nearly 40 years of experience, we've helped thousands of organizations craft their strategies, build their teams, and raise billions of dollars in the education, health, social service, arts & culture and religious sectors.

In doing that work, we firmly place our focus on values and people... both ours and yours. We are proudly and resolutely guided by our core values: the highest integrity in all our actions; commitment to excellence and innovation in everything we undertake; openness to new ideas; and collaborative and respectful relationships with our colleagues and our clients. We hire to these values and live them every day. And because we know the future won't look like the past, we hold capacity building, knowledge sharing and insight creation at our core.

We have made it our business to know What's Next.



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