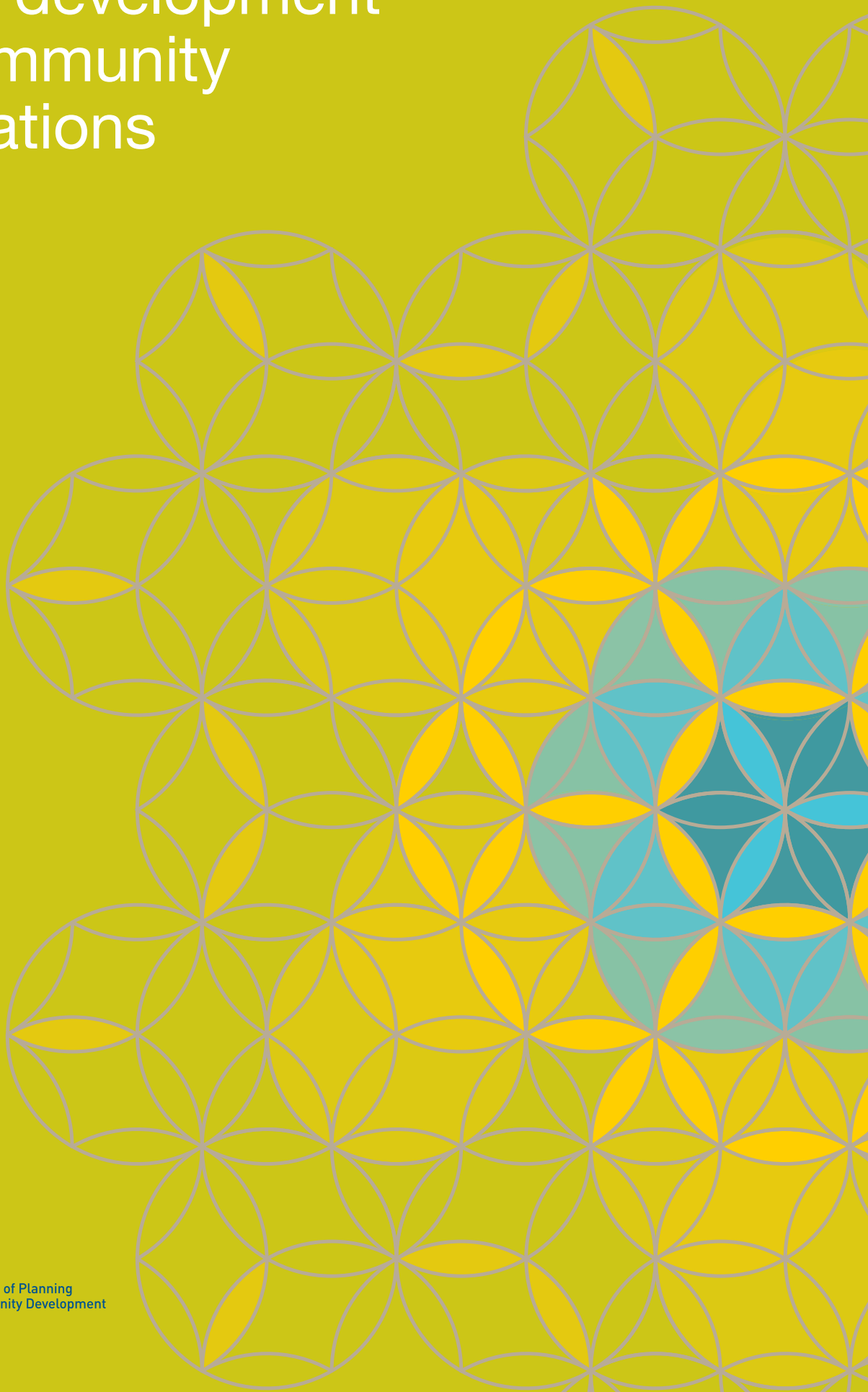


Funds development for community foundations



The Victorian Government recognises the significant contribution that not-for-profit (NFP) community organisations make to life in Victoria, through a diverse range of activities from community services and social welfare to education, arts, sport and recreational activities. To better support Victoria's vital community organisations, the Government has established the Office for the Community Sector (OCS), which sits within the Department of Planning and Community Development. The OCS is working to implement the *Victorian Government's Action Plan: Strengthening Community Organisations*, a \$13.87 million Victorian Government plan to ensure the long-term sustainability of the NFP community sector. Establishing community foundations and assisting with their funds development is a key component of the Action Plan.

This guide explores innovative fund raising strategies employed by 10 community foundations. Its purpose is to assist community foundations to find practical approaches to funds development and to building relationships with stakeholders within the local community.

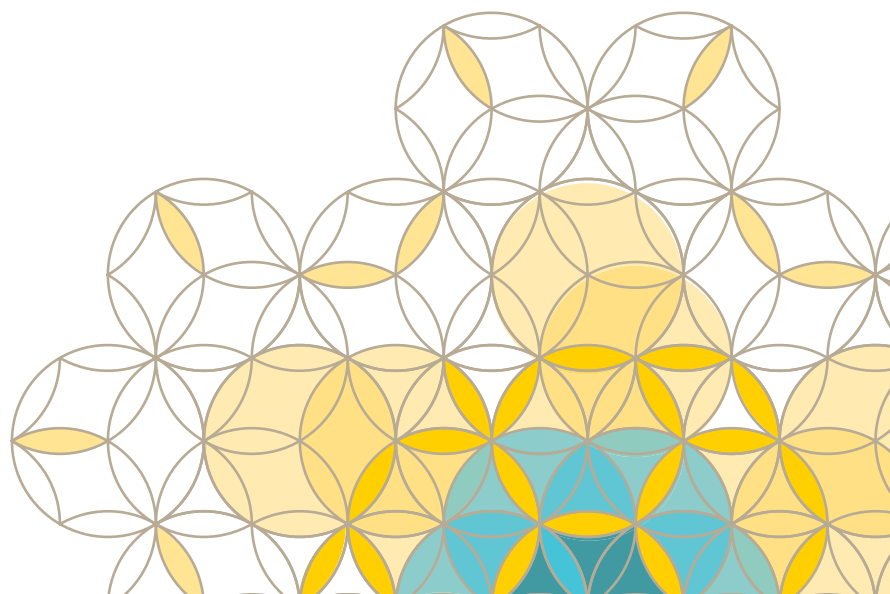


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Introduction

Community foundations are a form of local philanthropy. They draw their support from, and give their support back to, their local community. It is not necessary for a community foundation to be particularly large to be effective, but it is necessary for it to have a corpus or an endowment of invested capital, from which it can draw income for grants to community projects and organisations.

Some community foundations facilitate 'flow through' funds, in which some donations received are processed straight into grants within the community. This can only be accommodated if the foundation already has a status and a structure to process the funds and make effective grants (that is, it has a corpus already), and has the means to cover its administrative costs.

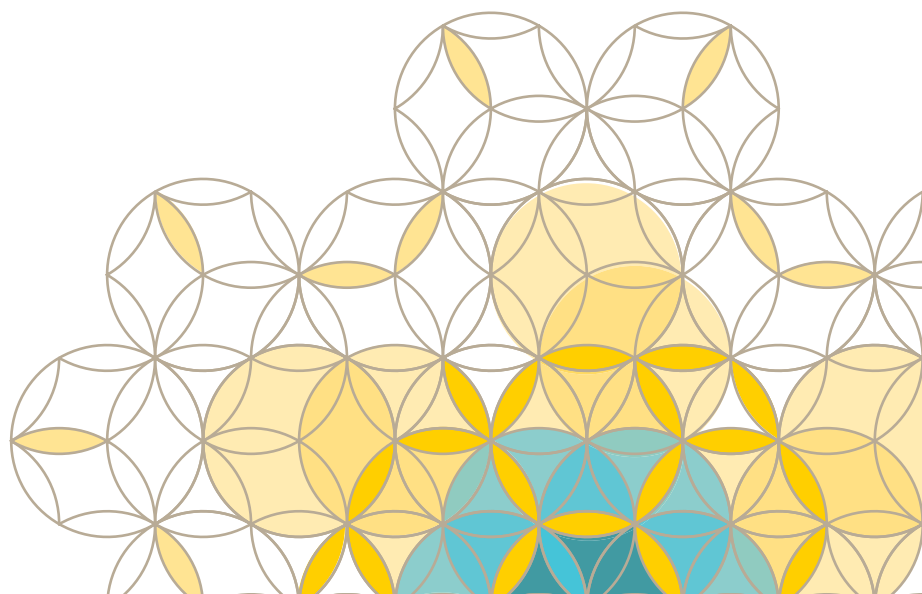
Developing a corpus – funds development – is therefore a crucial task for every community foundation. Funds development can be difficult, particularly in small communities. With many competing causes, asking for money can be difficult for some people. The request is primarily for donations to create a corpus, so the outcomes may not be immediate or obvious, since only the revenue from the corpus is used for grants within the community. Funds development is essentially about creating a community resource 'in perpetuity', so has its own particular challenges and joys.

This document briefly summarises 10 case studies of different mechanisms for funds development that have each worked for a particular community foundation.

Lessons which can be drawn from these case studies include:

1. Funds development requires considerable patience, as the foundation steadily builds its profile, its connections and networks, and its invested funds.
2. Having Board members, and particularly a Chair, with good connections in the local community can be a major advantage.
3. A crucial stage of development is when the foundation has the resources to employ an Executive Officer, which enables the approaches for donations to be more efficient and effective.
4. Offering different ways and levels for people to donate supports people's different circumstances and helps them to get involved.
5. A balance is required between funds development and grant-making, and both are necessary as supportive elements of the profile of the foundation within the community.
6. The most powerful gifts are those that are in perpetuity, such as bequests and named gift funds, because they enable donors to create their own legacy within their own community.
7. The organisations that are already engaged in the community – such as service clubs, local businesses and councils – can be very helpful partners for the foundation and as funds contributors.

8. The most powerful fundraising events are those that also help to raise the awareness of the foundation in the community.
9. Incentives for funds development, such as the provision of matching grants for funds raised (for example, by governments), can provide strong impetus for private donations, since each dollar contributed can have two, three or four times the impact.
10. One of the most effective ways to build the profile of the foundation amongst potential donors is to make effective grants.
11. The long term viability and impact of the foundation depends on its capacity to be part of, and accountable to, the community it serves.



Case Study # 1:

Multilayered Fundraising Event

The Colac Sub-Fund of the South West Community Foundation

concentrates on the town of Colac and its surrounding area, within the Colac Otway Shire in south west Victoria. As a Sub-Fund, it has its own Committee and activities, under the administrative auspice of the South West Community Foundation.

The Committee of the Colac Sub-Fund is composed of Colac community leaders with a social conscience – including members from local organisations and companies, Council's Chief Executive Officer, a state government manager and longstanding local identities. The Committee is committed to tapping into the 'spirit' of Colac, and building support from the ground up. They want to engage all levels of the community in both their fundraising activities and their grant-making activities.

The Sub-Fund has been very successful in funds development in a relatively short period of time. It has attracted a significant bequest, donations from local businesses and individuals, and a large commitment from the local TAFE Institute in honour of a highly respected community leader. It has also run fundraising events, one of which was multilayered and very successful.

The Program

Li Cunxin, author of the popular book *Mao's Last Dancer*, was invited to officially launch the Colac Sub-Fund at a gala dinner, where his inspirational address was warmly received. Tickets were \$100 each and the dinner was attended by more than 160 people. Li also helped to attract NAB and Telstra as sponsors of the dinner.

Before the dinner, people were invited to a screening of the film based on Li's book, and/or a question and answer session with Li himself. Tickets to each of these two events were \$10 and participants could attend one, two or all three of the sequential fundraising events. More than 250 people attended the film and question and answer session, many of them young people who did not stay on to attend the dinner.

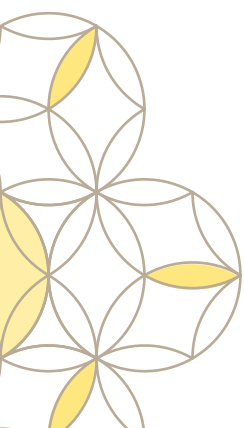
This combination of three linked events enabled a wide cross section of the Colac community to participate in the launch of the Sub-Fund at a level appropriate to their interests and which they could each afford.

Outcomes

The multilayered fundraising evening raised over \$15,000 for the Sub-Fund. It also helped to raise awareness of the Sub-Fund in the Colac community, and attracted the involvement of many people who will become long-term supporters.

Further Information

For further information on this program or the Sub-Fund, please contact Helen Paatsch, Chair, Colac Sub-Fund Committee of the South West Community Foundation, at fhpaatsch@bigpond.com or 0407 881 808.



Case Study # 2:

Workplace Giving

The **Hobsons Bay Community Fund (HBCF)** is a perpetual philanthropic fund established in 2006 as a Sub-Fund of Melbourne Community Foundation. The Sub-Fund provides financial grants to community groups and organisations operating in the Melbourne bayside municipality of Hobsons Bay.

Governed by a small group of local citizens it has strong support from the Hobsons Bay City Council, while still being independent. Since inception the Sub-Fund has received the proceeds from the annual municipal charitable dinner as a donation.

The Program

Although independent of Council, in 2009 the HBCF Advisory Committee worked with the Mayor (who is also on the Advisory Committee) to meet with local industry, gaming venues, high profile individuals and others in the local area to gain support for the Sub-Fund through a workplace giving program.

Council has introduced its own workplace giving program for the Sub-Fund. Staff can make pre-tax donations of any size to the HBCF Sub-Fund and they know that all grants will benefit and strengthen the Hobsons Bay community for present and future generations. They also know that every dollar donated goes to the Sub-Fund as there are no administrative or overhead costs deducted.

HBCF has used the Council's workplace giving model in their approaches to local industry. The Mayor, when visiting local businesses, cites the Council program and promotes the Sub-Fund, and then members of the Advisory Committee follow up.

Outcomes

The Fund has had some success, with a number of local businesses adding it to their workplace giving preferred charity list. Payroll giving contributed just over \$2000 in the first year, with senior executives showing the way by making fortnightly contributions ranging from \$5 to \$20.

Further Information

For further information on this program or on the Sub-Fund, please contact Hayden Raysmith, Chair, Hobsons Bay Community Fund at haydenr@bigpond.com or visit their website www.hbcommunityfund.org.au.

Case Study # 3:

Charity House

The **Ballarat Community Foundation** covers Ballarat City Council, Ararat Rural City, and the shires of Pyrenees, Hepburn, Moorabool as well as the western half of Golden Plains in mid-west Victoria. It was established with a modest donation from a multinational company which was closing its Ballarat operation. The fund has grown steadily to have a corpus exceeding \$1.5 million, primarily through donations to the Sub-Funds from Ballarat individuals and businesses (for example, the local newspaper). There are now 18 Sub-Funds, ranging from \$10,000 to \$450,000 in value.

The Foundation operates four separate grant programs annually, to consider applications received. All grants are to projects, not to organisations, and not for administration. The grants are made from the income earned from the corpus, and the major focus of funds development has been primarily on the attraction of new Sub-Fund donations – until recently.

Four new members are being added to the Foundation Board, as a result of a call for expressions of interest. Two of the four have fundraising experience, and are keen on setting and reaching fundraising targets.

The Program

It is not uncommon in Ballarat (and some other growth areas) for a major housing development to include a piece of land, or house and land, that is donated to a charity by the developer. There have been four such charity homes built in Ballarat in the last year. There are many models for how these projects are funded. Typically the land could be donated or the land is provided at cost, the house is built with as much donated labour and materials as possible, then the house is sold with the profits going to the charity.

In the Ballarat Foundation's case, land in a new development was provided at cost and the house built by the developer. The point of difference was that in this case the Foundation used the house to raise awareness of energy efficiency, environmental and energy conservation issues, and to raise awareness of the Foundation, and to raise funds, all at the same time.

Design and orientation were key energy efficiency features. Suppliers of 'green' household installations and appliances were approached to provide demonstration installations. The University of Ballarat provided analysis on the energy efficient installations, and a booklet was produced on all these available green product innovations. The demonstration 7 Star Low Energy Home was kept open for display for six months so that people could experience and appreciate the potential for environmentally sustainable and low energy living. More than 4,000 people visited the house, which was then sold, with the proceeds going to the Foundation.

Outcomes

The Charity House raised a significant amount of funds for the Foundation. It filled a gap in public awareness of 'green' products and low energy living for people in the Ballarat region. It also raised the profile of the Foundation in a way that reinforced its values and created a base from which to conduct further fundraising.

Further information

For further information on this program or on the Foundation go to **www.ballaratfoundation.org.au**, or please contact Noel Trengove, Chief Executive Officer, The Ballarat Community Foundation at **info@ballaratfoundation.org.au** or 03 5329 4613.

Case Study # 4:

Building an individual supporter base

The **Bass Coast Community Foundation** covers a significant area in south east Victoria, and is centred in the town of Wonthaggi. The Foundation has operated effectively for more than eight years on a small scale, drawing its support from, and making small grants within, the local community.

The Foundation has developed a set of different levels for annual donation to support its work, in order to both raise funds and link individuals to Foundation activities. Having different levels of support enables individuals to become involved at the level which most suits them.

The Program

Individuals within the community can contribute:

- \$25 (described as “less than a coffee a week”),
- \$50 (described as “only a dollar a week”),
- \$100 and \$250 (mostly businesses), or
- \$2000 per year (\$10,000 over 5 years).

The first three categories constitute the Friends Group, and the fourth category is the Community Leaders Group.

All individual supporters receive a regular newsletter and invitations to the functions of the Foundation, and recognition in the annual report.

Potential individual supporters are approached personally, mostly by the Chair of the Foundation, who is a long standing local community leader, and sometimes by other Board members. This individual supporter base currently provides over \$30,000 per year, and is intended to grow via further personal approaches from the Chair and other Board members.

Outcomes

The Foundation receives a basic increasing level of unrestricted financial support, which enables it to operate and be a presence in the community. The program has also enabled the development of a small (and growing) group of individual supporters of the Foundation, which can be expanded into a broad community of support as the program grows.

Further information

For further information on this program or on the Foundation please contact Alan Brown, Chairman, Bass Coast Community Foundation at info@bccf.org.au or 03 5672 3356.

Case Study # 5:

Gumnut Accounts

One of the benefits of a community foundation is that it can be a vehicle for charitable giving for donors who want to be philanthropic, but do not have large amounts of money to donate.

The **Melbourne Community Foundation** has been well-established for many years, with many Sub-Funds and significant funds under management. The entry level for named Sub-Funds with the Melbourne Community Foundation (MCF) is \$20,000. In July 2008 the Foundation introduced a new giving product called a Gumnut Account which is designed to support potential donors when the cost of establishing a named Sub-Fund (see case study #7) is a barrier to entry, but the motivation level is high.

The Program

A Gumnut Account is a savings account that smaller donors can access, which allows them to become involved in community philanthropy. A donor starts an account by agreeing to donate a minimum of \$2,000 per year either annually or by regular payments.

The account is invested and it continues to grow. When it reaches \$20,000 a Gumnut Account matures and can then be transferred into a named Sub-Fund. No grant-making is allowed until the \$20,000 threshold has been achieved.

Establishing a Gumnut Account allows donors to become instantly involved.

All Gumnut Account holders:

- are invited to functions and forums,
- receive newsletters, annual reports and an annual statement, and
- are acknowledged in the MCF annual report.

Gumnut Accounts do not yield high returns but they are an investment in philanthropy.

They allow MCF to increase the funds under management by broadening its reach to potential donors such as:

- young professionals with high disposable incomes
- individuals who want to leave a bequest as well as being involved with MCF while they are alive
- families that want to set up a philanthropic fund but cannot afford the named Sub-Fund entry level
 - donors see this as an opportunity to involve their children who, as the account grows, can be actively involved in looking for grant opportunities and may also want to contribute themselves.

Gumnut Accounts are promoted via a brochure with a simple tear-off establishment form for donors to complete with bank account details for direct debit of funds.

Outcomes

In the first 12 months of the product's existence, 10 Gumnut Accounts were opened and eight more have been opened in the first half of its second year. MCF has found the accounts easy to market as they are a unique product, accessible and provide a genuine option for a wider range of potential donors.

In the first 18 months of the program Gumnut Accounts have raised over \$60,000.

Other potential users of Gumnut Accounts have emerged, such as small businesses starting workplace giving programs through their own charitable fund.

Further Information

For further information on this program or on the Foundation please contact Sarah Davies, CEO, Melbourne Community Foundation at sarah@melbournecf.org.au or 03 9412 0412.

Case Study # 6:

Bequests

The **Northern Rivers Community Foundation** (NRCF) was established in 2004 and is located in the Northern Rivers region of NSW. The area has a very diverse population, from the celebrities of Byron Bay, to struggling families out west, and much variety in between.

With the 2007 death of much-loved and highly respected local, Tony Narracott, NRCF received its first bequest. As well as making a bequest to support local youth, prior to his death he spoke publicly and passionately about his bequest to NRCF.

The Program

With the Narracott bequest, the Board of NRCF made a commitment to actively promote bequests. They believe that bequests have the potential to overtake gifts from living donors as the major source of donations, due to the alignment of bequests with the 'giving in perpetuity' concept that underpins community-level philanthropy. So the NRCF 'Give it for Tomorrow' (GIFT) program was developed and launched in 2007 at a private home.

All Board members and ambassadors were briefed and instructed to refer any potential donors to the Bequest Manager. NRCF produced a bequest brochure, which included a tribute to Tony Narracott and all NRCF communications (including speeches, reports and advertisements) mention bequests.

To join the program, donors need to inform NRCF that they have left a bequest and NRCF provide their lawyers with the suggested wording.

The program seeks:

- to honour the bequestors during their lifetime, for the gift they will give after their death,
- to help ensure that the donor and their family remain committed to their bequest decision, and
- to include the person making the bequest in the NRCF community of donors, so that they may also decide to start a fund while they are alive.

On joining the GIFT program the person making the bequest receives a personally signed letter from the Chairperson, a certificate acknowledging their membership of the program, the inclusion of their name on a plaque in the foyer of the NRCF office and inclusion of their name (with their permission) on the NRCF website.

Throughout the year they receive:

- the NRCF quarterly newsletter,
- invitations to all information nights and other functions,
- invitations to two exclusive events for people making bequests, which could be cocktail parties, dinners, special performances or similar, and
- a Christmas card.

NRCF also provides some suggested wording for press releases, and information for family and friends who wish to donate to the bequest Sub-Fund following the donor's death.

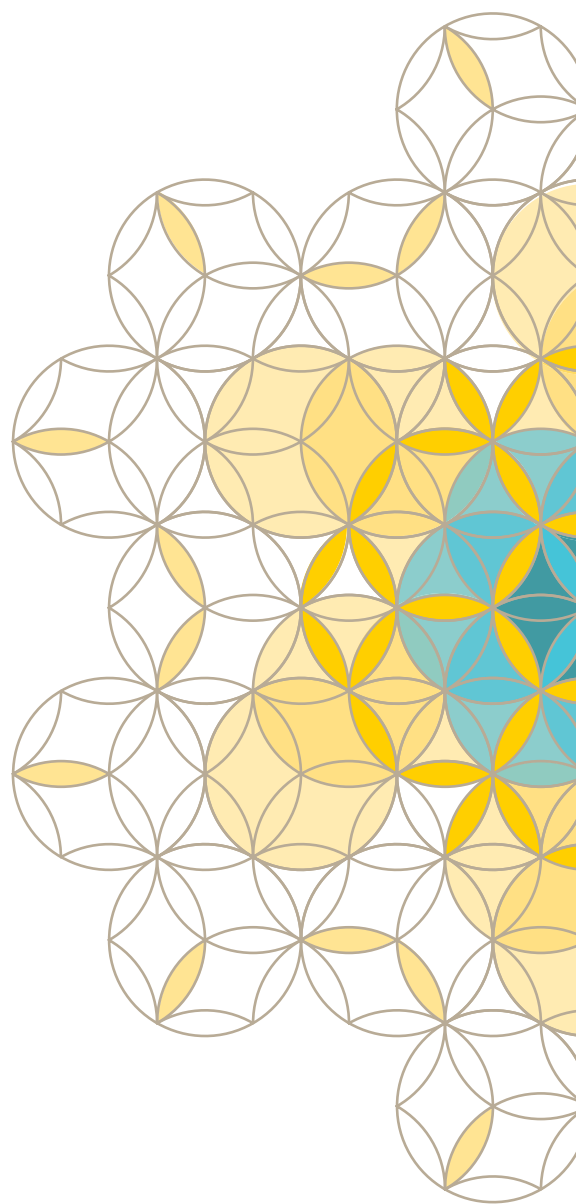
Outcomes

NRCF now has 12 confirmed bequests, and intends to market this program to local professional advisers, accountants and lawyers.

Following a strategy planning day, the Board has also agreed to an expansion of the GIFT program, including creation of a kit to hand out at meetings, developing display stands for foyers, creating advertisements for local papers, and the designation of two directors to personally generate bequests.

Further information

For further information on this program or on the Foundation please contact Lucy Ashley, Vice Chair, Northern Rivers Community Foundation at **lucy@nrcf.org.au** or 02 6621 9996.



Case Study # 7:

Individual Gift Funds

The **Geelong Community Foundation** was founded in 2000, and already has a corpus over \$10 million. Its strategic goals for the next three years are to increase community recognition of the Foundation, to increase total funds and grant-making, and to assess the needs of the community and focus on areas where the Foundation can make most difference.

The primary means by which the Foundation has achieved its growth in funds is by developing an Individual Gifts program, through which a substantial gift carries the name of the donor or the donor's family.

The Program

The Individual Gifts program is based on the concept of a working Sub-Fund given in perpetuity which can be added to over the years by the original donor and/or members of the family. Geelong Community Foundation requires a minimum donation of \$10,000 to create a name fund, which can be established over three years.

The Foundation has concentrated on developing named funds over the last few years, and now has 36 in total. The donors are all imbedded in the Geelong community and committed to Geelong's future.

Prospective donors are identified by the Donors Committee of the Board with the Executive Officer, and individual approaches are usually made by the Executive Officer and the Board member best known to the potential donor. Records are kept of approaches and responses, in some cases requiring planned re-approaches after some years, when the prospective donor is more able to donate. Some of the named fund donors are on the Foundation Board, thereby making it easier for them to approach others.

The Foundation also makes sure that Geelong-based solicitors and financial planners are aware of the Foundation and of the opportunities available to create named funds.

All named fund donors are invited to events, such as grant announcement receptions and the annual (sponsored) Foundation dinner, and the donors are featured in the Foundation's annual report.

Outcomes

The 36 named gift funds constitute the bulk of the corpus of the Foundation, and therefore also contribute the bulk of its revenue for grants.

The Foundation does not run fundraising events, so is able to focus its attention on the development of new individual gift funds. The servicing of their supporter base is highly focused and intimate, and long-term relationships are formed with local families.

Further Information

For further information on this program or on the Foundation please contact Andrew Lawson, Executive Officer, Geelong Community Foundation at ajlawson@bigpond.com or 03 5224 7700.

Case Study # 8:

Service Club Partnership

The **Inner North Community Foundation** (INCF) was created with a \$5 million donation pledge over 10 years from Inner North Group Training (INGT), a not-for-profit company engaged in the workforce participation sector. The company has its origins in the three municipalities of Darebin, Moreland and Yarra, and seeks to maintain strong links to these communities through its support for the INCF. The Foundation's operations are subsidised by INGT, its Board includes INGT directors, and donations are received from philanthropy, fundraising and a Friends program.

The inner north region has some strong service clubs – Rotary, Apex, Lions and others. Many local community leaders belong to service clubs to raise funds for projects in their community along with other activities. INCF has approached all the relevant service clubs in its area for support.

The Project

One of the strongest service clubs in the inner north area is Rotary, and one of the strongest Rotary branches is the Preston branch.

A supporter of the Foundation who is also a member of Preston Rotary arranged for the Executive Officer of INCF to give a talk at one of their regular meetings. The talk covered the role and activities of the Foundation, the types of projects it supported, and the need to build the corpus. The audience included more than 40 Rotarians, or about half the membership of the local club.

Shortly thereafter, Preston Rotary donated \$5,000 to INCF and it is hoped that further donations could follow. The Foundation has raised the possibility of joint INCF/Rotary funding of projects in the Preston community as the partnership develops.

Outcomes

The donation to INCF from Preston Rotary was significant for both the money and what it signified. The two organisations have similar goals and will work together to achieve them. The partnership will have more impact than the sum of the two organisations working separately.

Preston Rotary have used their profile and relationships with other service clubs to build support for the Community Foundation. The Inner North Community Foundation had received donations from three other service clubs. The relationship therefore had a positive knock-on effect.

Further information

For further information on this program or on the Foundation please contact Trudy Hairs, Executive Officer, Inner North Community Foundation at **thairs@innernorthfoundation.org.au** or 03 86891967.

Case Study # 9:

Corporate Partnerships

The **Bendigo Community Foundation** was founded with an original grant from Sandhurst Trustees, via the Bendigo Bank, and it covers the municipalities of Greater Bendigo, Loddon (based in Echuca), Campaspe (north eastern Victoria), Goldfields (based in Maryborough) and Mt Alexander (based in Castlemaine). Its small Board includes the chief executives of a local law firm, an insurance firm, a community health centre and a regional housing association. The Board meets monthly, as does the fundraising Committee, and the Foundation is a company limited by guarantee.

The Foundation has benefited from a regular flow of funds (about \$30,000 per annum) from poker machine revenue, as a result of a deed between the City of Greater Bendigo Council and the Bendigo Stadium, and this flow has enabled the Foundation to make annual small grants to local organisations and causes. More recently, the Foundation has pursued a policy of seeking corporate partnerships to build the corpus and to engage local businesses in the work of the Foundation. It now has three such partnerships, each worth over \$20,000 per annum to the Foundation.

The Program

One of the partnerships the Foundation is developing is with Bendigo Market Place, a significant local shopping centre owned by Colonial First State. The shopping centre is creating a \$21,000 Sub-Fund within the Foundation, of which \$14,000 will remain as corpus and the other \$7,000 will be granted each year, then topped up with a further \$7,000 annual donation.

The shopping centre is also creating a renewable sponsorship fund of \$1,000 for minor grants (for example, for equipment) through the Foundation to small local associations, and is establishing a workplace giving program with its staff to benefit the Foundation.

The Foundation is encouraged to promote its activities and raise money at special events in the shopping centre, and the shopping centre newsletter will have a regular column on the Foundation.

The model for this multilayered partnership was developed from an existing partnership with Adroit Insurance, which has also developed its own combination of ways to support the Foundation. The insurance group donates a percentage of net profit annually into their named Sub-Fund within the Foundation, and staff conduct a number of fundraising activities throughout the year to support other activities of the Foundation.

Outcomes

These multilayered corporate partnerships provide a valuable combination of corpus funds, grant funds, and local employee engagement. They establish long lasting relationships between local businesses and the Foundation, and enhance the sense of shared responsibility for the future of the community.

Further information

For further information on this program or the Foundation please contact Cheryl Hardie Executive Director, Community Foundation for Bendigo and Central Victoria at **info@communityfoundationbcv.com.au** or 0428 272 417.

Case Study # 10:

Personal Philanthropic Advisers

Marin Community Foundation in USA was established in 1986, with the assets of a trust from a long time Marin County resident who wanted to only support charitable projects in the local region. It has attracted considerable support over the years, and more than 350 individuals, families, businesses and community groups have established funds within the Foundation. Marin CF is one of the largest community foundations in the USA.

In the USA, statistics suggest that two-thirds of all donations received each year come from existing donors, and Marin CF has established a program to encourage and facilitate the expansion of contributions from its existing donors.

The Program

With a growing number of donors, the Foundation decided to introduce an investment wealth management model to service their 'clients' (donors). In 2009 Personal Philanthropic Advisers were appointed, each with their own portfolio of donors.

Giving is a personal thing, and the advisors personally serve donors and help them to meet their philanthropic goals. Their role is to inspire philanthropic giving and to offer opportunities for greater involvement in charitable giving. They work with donors to craft a personal giving strategy based on the organisations and issues they want to support and the funds to be contributed.

Advisors are in regular contact with donors and meet with them at least once each year to undertake a review. At the review a history of the fund's transactions are discussed and donors are encouraged to 'top up' their fund so they can continue with their grant-making strategy. Other agenda items include mission statements, bequests and succession planning.

Outcomes

Since the establishment of this program some existing funds have grown, and donors have referred 16 new funds to the Foundation.

More Information

For further information on this program or on the Foundation please visit their website **www.marincf.org**.

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