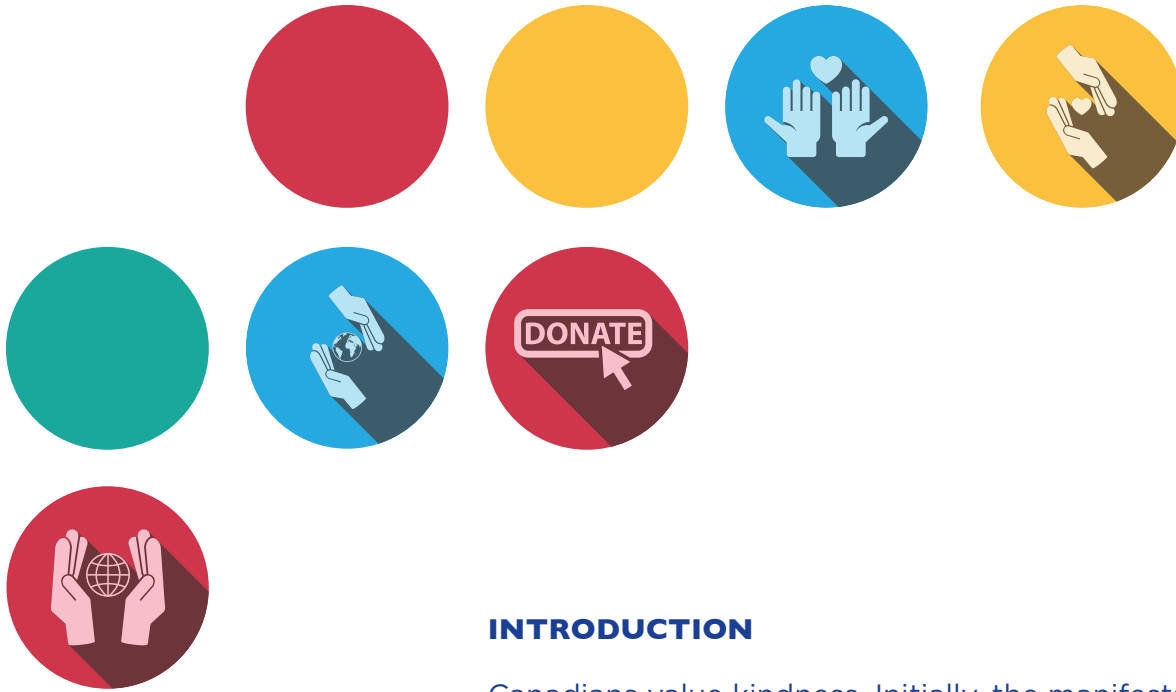




ASKING MATTERS: CHARITABLE FUNDRAISING IN CANADA





INTRODUCTION

Canadians value kindness. Initially, the manifestation of that kindness through charitable giving centered around self-help or mutual help organizations focusing on one's family, ethnic group or religion. However, as Canadians' sense of community developed, philanthropy started to reach beyond affinity groups to address broader community needs (Hardy, 2014). Philanthropy has continued to evolve and today encompasses everything from large gifts from high profile individuals to robust grassroots campaigns that strive to meet the needs of Canadians one loonie at a time.

At the heart of philanthropy is the willingness to ask. A professional fundraiser understands that the act of asking is essential to enabling the social good that the sector aims to deliver, regardless of whether that ask is to an individual donor, to a corporation, to a foundation or to government. Asking effectively, ethically and to achieve the greatest impact is at the heart of the mission of the Association of Fundraising Professionals.

This document is intended to provide a high-level overview of the fundraising environment in Canada, including the scope, impact and the role of AFP and its membership in enabling social good. Our aim is to foster a greater understanding of the value of charitable fundraising and the structures that are essential to enabling effective, ethical and professional practice in Canada.



8.1 PERCENT
of Gross
Domestic Product

(Imagine Canada, n.d.)

Employment for
2 MILLION
Canadians at
more than **160,000**
organizations

(Imagine Canada, n.d.)

An annual
contribution to
the Canadian
economy of over
\$160 billion

(Satellite Account, 2007)

QUICK FACTS

The sector is comprised of both registered charities as well as not-for-profit organizations, including hospitals and universities. Together, they are a key driver of Canada's economy.

However, despite its formidable size and scope, most Canadians are not aware of the sector's role in the Canadian economy (Hall, 2010). In fact, according to Imagine Canada, the Canadian charitable and not-for-profit sector is the 2nd largest in the world in relative terms, serving communities from coast to coast, often in partnership with or on behalf of government.

Charities and not-for-profits obtain the revenue they need to carry out their missions from a variety of sources, including donations, government grants and contributions, service delivery contracts, and the sale of goods and services to the public.

Government is constrained in its ability to fund organizations directly, and organizations face regulatory challenges in developing their own income streams, so charitable revenue from Canadian households and businesses makes an essential contribution to the sector's ability to facilitate social change both at home and abroad.

According to data from charitable tax filings, charities **reported \$21.49 billion in fundraising revenue** from all programs (major gifts, events, lotteries, annual giving) and from all sources (individuals, corporations and foundations) in 2014 (KCI, 2017).

Although tax-receipted giving by individuals grew 14% from 2010-2013, **the percentage of the population who reported giving to charity is on the decline: 82% in 2013 compared to 84% in 2010** (Turcotte, 2015). In addition, **the number of tax filers who claimed charitable donations has declined significantly from 30 per cent in 1990 to 21 per cent in 2015** (KCI, 2017). Demographic shifts are already impacting the channels and causes through which and to which Canadians choose to give (Rovner, 2013) and further change is anticipated as our population ages and becomes more diverse. The proliferation of 'crowdfunding' for emergency relief or individual causes is but one example of the shift we are seeing.



WHY DO PEOPLE GIVE?

People give every single day, sometimes blaring from the front pages of the newspaper, but more frequently in the background, blending into the fabric of our everyday life.

Philanthropy is all around us, including but not limited to:

- enhancing health and care through hospitals and health charities
- emergency relief and ongoing development in times of natural or human-created disasters
 - enriching society through art, religion, education and culture
 - creating opportunity and new horizons through education and environmental protection
 - fostering more inclusive and stable communities through social services and housing

Cataloguing every cause and every charity would require a very long list. Suffice it to say that for each need identified by the human heart, a charity exists to address it, and behind every gift to one of those charities, there is a personal story.

Philanthropy is a way for people to connect to their core values, and fundraising is a critical part of the philanthropic process.

Fundraisers are the link between Canadians and the causes they care about, and fundraising and philanthropy help Canadians to engage with their neighbors, their community and their society.

CANADIANS GIVE BECAUSE:

89% feel compassion for those in need

85% personally believe in a cause and want to help

79% want to contribute to the community

61% have been personally affected by a cause

29% due to religious obligations or beliefs

23% to receive an income tax credit

(Imagine Canada, n.d.)



THE ASSOCIATION OF FUNDRAISING PROFESSIONALS

The role of the fundraiser is not well understood: some perceive it to be a necessary evil rather than a profession that delivers value to Canadians. In fact, fundraisers are:

- enablers of social good in our communities
- trusted advisors to Canadian donors
- partners to elected officials and government stakeholders in addressing social issues that strengthen Canadian society

Asking for charitable contributions is about giving people opportunities to act on their values (Sprinkel Grace, 2005) and contribute to their communities in ways that are meaningful to them. There is a well-documented link between asking for and securing charitable contributions. In fact, the power of the ask in fundraising has been effectively demonstrated in experimental studies: it not only increases the probability of donating, but also the amount that people donate (Science in Philanthropy Initiative, n.d.).

Today, there are 33,000 AFP members in more than 244 chapters around the globe. In Canada, there are 20 chapters representing 3,800 fundraisers.

This powerful insight—that *asking matters*—was recognized in 1960 with the founding of the Association of Fundraising Professionals. Today, there are 33,000 AFP members in more than 244 chapters around the globe. In Canada, there are 20 chapters representing 3,800 fundraisers and with 1,200 members, the Greater Toronto Chapter is the largest in the world.

The first Certified Fundraising Executive (CFRE) designation, a badge of professional excellence for the profession, was awarded in 1981 (Hardy, 2014) and post-secondary education in the field of fundraising is offered at no fewer than 15 Canadian institutions.

The essence of professional fundraising is to celebrate thoughtful giving in response to thoughtful asking. Asking with respect. Asking with intent. Now, more than ever, professional fundraisers must ask for what they believe is important—for what their organizations and their communities believe is important.



AFP RESEARCH: WHAT DO DONORS WANT?

What Canadian Donors Want, a bi-annual survey conducted by the AFP Foundation for Philanthropy, is a key piece of research that serves to sharpen fundraisers' understanding of donor interests and concerns.

Highlights from the 2015 survey include:

WHAT DOES AFP DO?

AFP promotes the importance and value of philanthropy, and empowers individuals and organizations to practice ethical and effective fundraising. Our vision is to stimulate a world of generosity and positive social good through fundraising best practice.

The core activities through which we fulfill our mission include:

- education and training
- mentorship
- research
- advocacy

AFP maintains a code of ethics which is central to the ethos of the organization; the Donor Bill of Rights is used both nationally and internationally to outline the principles that donors should expect from charitable organizations.

- Public trust in charities has increased compared to the previous two years: more Canadians believe charities act responsibly with the donations they receive and believe that charities are well-managed
- Three-quarters of Canadians feel that charities play an important role in addressing needs not being met by the government or the private sector
- Two-thirds of Canadians report having made a financial donation in 2015 and over half (54%) report donating to support their local community
- While a large minority of Canadians proactively donate on their own, more say they are approached by the charity. Not surprisingly, asking for a donation significantly increases the chance of getting a donation. Three-quarters of those contacted for a donation donate compared to only 53% of those who were not approached.
- The number of Canadians who say they have been contacted for a charitable donation in the past 12 months has declined for the second year in a row. This coincides with a decline in the number of Canadians who report making a financial donation in the past 12 months—the lowest reported since tracking began.
- Donors want to support charities that are efficient with their dollars and effective in their work. They support organizations set up to achieve their goals and have the intended impact.



CHARITABLE REGULATION

In Canada, charities and not-for-profit organizations are governed by a patchwork of regulations at all levels, with no one body wholly responsible for sector oversight.

Charities may be incorporated either federally, under the Canada Not-for-profit Corporations Act or provincially, under appropriate provincial legislation depending on the scope of their activities.

The Department of Finance oversees the Income Tax Act, which is administered by the Canada Revenue Agency; as such, CRA is the sector's de facto regulator. Regulation is intended to ensure charitable donations are spent on charitable activities and to prevent fraud, maintain public confidence and promote good practice.

The sector's growth in recent years has been in response to growing demand, made possible because revenue was available to fund its expansion. But with demographic shifts already well underway, donor preferences and giving patterns have begun to change, and future growth for the sector is not assured – in fact there is evidence that it is in decline. According to Imagine Canada's Brian Emmett, a significant social deficit may be looming (2016). In addition, the sector does not operate in an enabling environment (Lalande & Cave, 2017), jeopardizing its ability to serve the growing needs of Canadians where government or the private sector cannot (or should not) do so.

The charitable sector—and the profession of fundraising—are directly and indirectly impacted by the policy and regulatory environment. As such, AFP is an active participant in the dialogue around issues that impact professional fundraisers and their ability to facilitate social good through philanthropic giving.



AFP has been involved in almost every major policy initiative impacting Canadians including Canadian Anti-Spam Legislation (CASL), Canada Revenue Agency cost of fundraising guidelines, political activity audit discussions, various tax initiatives intended to spur philanthropic giving and the initiative that showcased Canada as the first country in the world to permanently recognize November 15 as National Philanthropy Day.

WORKING TOGETHER, MOVING FORWARD

As demographics shift, giving patterns change and the charitable sector evolves, AFP calls on government to partner with the charitable sector in implementing the following:

- Name a Minister responsible for the charitable and nonprofit sector.
- Designate a federal department to have economic policy responsibility for charities and nonprofits.
- Permanently eliminate the capital gains tax on charitable gifts of private company shares and real estate.

WHAT IS OUR ASK TO MPs?

- 1.** Continue to support the many charities in your riding by attending their events, visiting their places of business and supporting their fundraising activities.
- 2.** Access AFP expertise for any matter related to fundraising and philanthropic giving.
- 3.** Support initiatives to spur philanthropic giving so we can reverse the trend of lower tax-receipted giving by Canadians.
- 4.** Per the mandate letter to the Minister of National Revenue, involve AFP in any conversation about a new legislative framework to strengthen the sector.

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