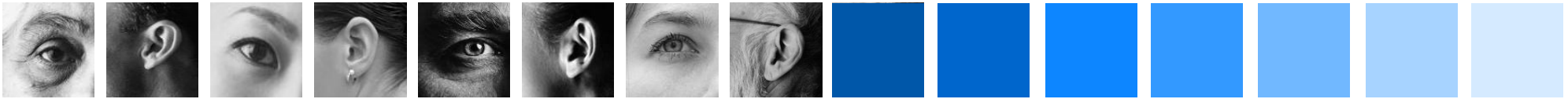


Opinion Research ▶▶

Trends in Canadian Fundraising



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August 2006

Agenda

Methodology and Sample Design

Fundraising Techniques

Donor-Directed Funding

Ethics and Governance

Capital Gain Tax

Raising Funds and the Effects of Tsunami

Methodology



Methodology

- The poll was conducted over the internet using an online survey interface.
- The online survey was conducted between May 24th and June 2nd, 2006 among fundraising professionals employed by registered charities across Canada.
- The analysis of this survey is based on 1072 responses. Responses were combined to protect the privacy of respondents. Information provided by respondents was used for statistical purposes only.
- Invitations to the online survey were deployed to 8563 fundraising professionals. This sample was obtained from email lists maintained by Canadian FundRaiser.
- The response rate was 14.7% (Canadian FundRaiser subscribers who attempted the survey) while the completion rate was 12.5% (participants who qualified to complete the survey).

Note:

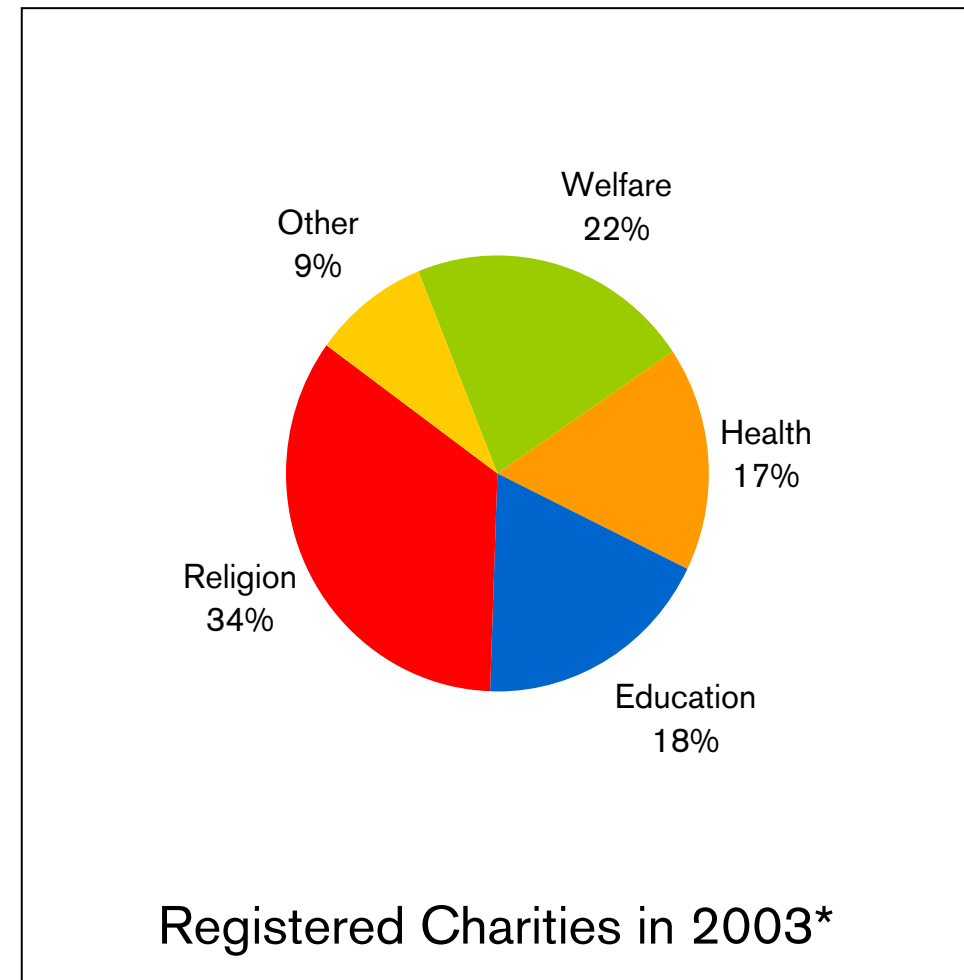
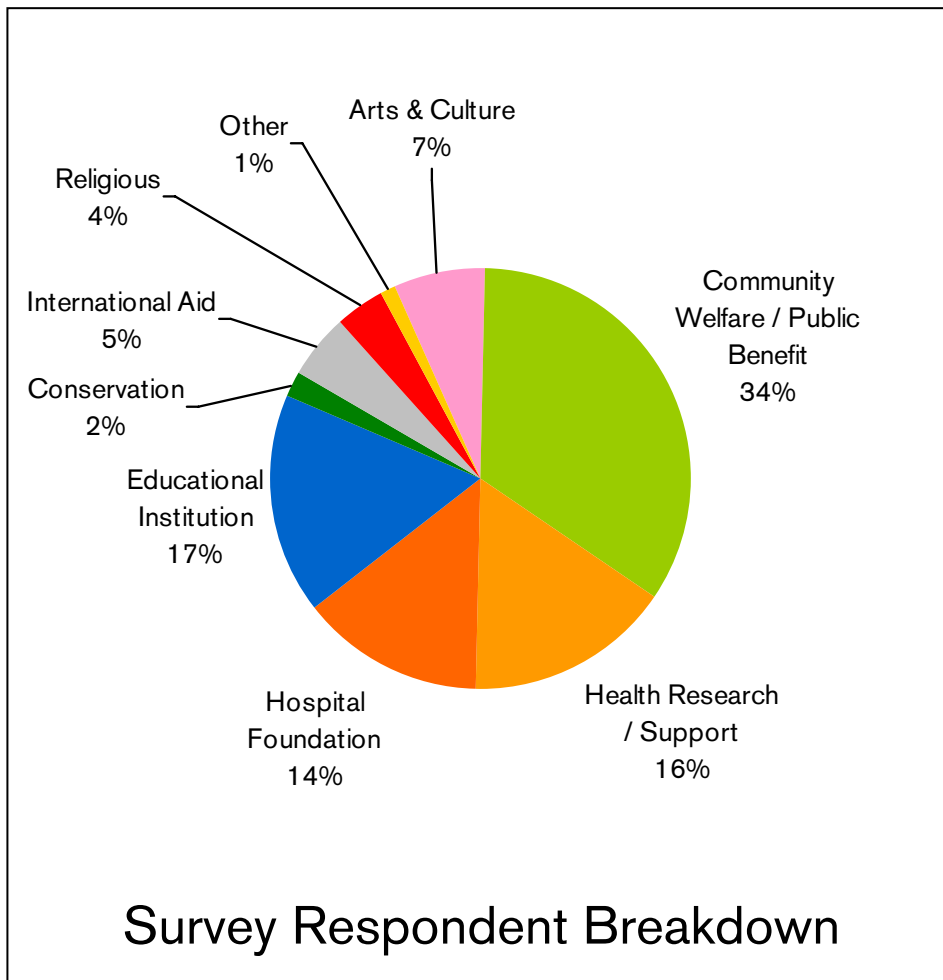
Graphs may not always total 100% due to rounding values rather than any error in data.

Sums are added before rounding numbers.



Respondent Demographics

Q What philanthropic category best describes your type of charity?



* Source: Canada Revenue Agency, Charities Directorate

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Respondent Demographics

Sectors	Sample	2003 Distribution *	Over Under	
Welfare	34%	22%	12%	Oversample
Health	30%	17%	13%	Oversample
Education	17%	18%	-1%	Undersample
Religious	4%	34%	-30%	Undersample
Other	15%	9%	6%	Oversample
Total	100%	100%	0%	

Note to users of this study:

- The results of this survey have not been weighted to reflect the distributions of registered charities in Canada. As a result the data presented in this survey contains an over-sample (or greater than average representation) of Welfare, Health and Other sectors within the fundraiser market. Conversely, this survey has a slight under-sample of respondents employed in the Education sector, but a major under-sample of respondents employed by religious bodies.
- Results of sector breakdowns should be interpreted as directional only.



* 2003 Distribution Source: Canada Revenue Agency, Charities Directorate

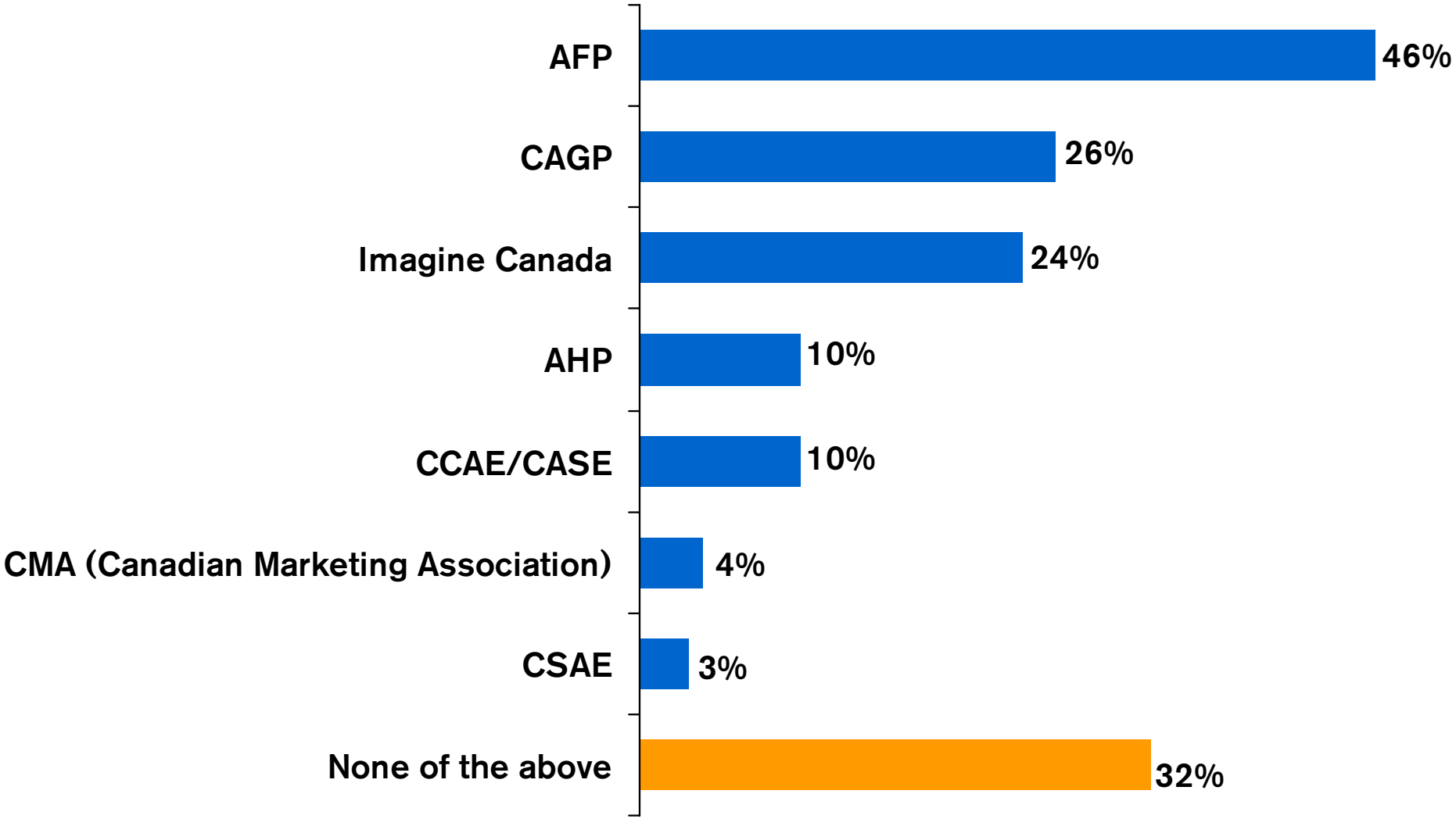
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Almost one third of respondents do not belong to any professional philanthropic associations



Are you a member of any of the following organizations?



Key Findings

Fundraising Techniques

- The most common fundraising techniques used by respondents are **corporate donations** (87%) and **direct mail** (81%). Cited as least commonly used by respondents were **door-to-door solicitation** (10%) and **collection boxes** (20%).
- When asked which fundraising techniques are in decline and which fundraising techniques are growing in usage, **planned giving** and **major gift campaigns** exhibit the highest perceived growth in use. **Door-to-door** and **telephone solicitation** top the list of techniques in decline.
- Less than 4-in-10 have an employee spending most or all of their time on **planned giving**.
 - However, at the high end of the spectrum, 57% of respondents employed by Hospital Foundations say they have an employee dedicated to planned giving, while at the low end, only 24% of respondents employed by Community Welfare / Public Benefit charities respond that they have an employee dedicated to planned giving.

Use of Technology

- Over 3-in-4 of respondents use online donation vehicles.
 - At the high end, 90% of respondents employed by Hospital Foundations, Environmental / Conservation and Humanitarian / International Aid charities report using online donation vehicles as part of their fundraising programs. At the low end, 66% of respondents employed by an Educational Institution said they used online donation vehicles.
 - The majority of respondents (82%) revealed that online donation vehicles account for less than 20% of their charitable revenues at this point. This is relatively consistent among respondents across all sectors.

Donor-Directed Funding

- A majority of respondents (85%) claim that their charity provides donors the options for directed giving. Ninety-seven percent of those employed by hospital foundation said their foundations had options for directing donor gifts, while only, 78% of those employed by Community Welfare / Public Benefit charities said they offer donor directed funding programs.



Key Findings [2]

- A majority of respondents (81%) feel **donor-directed funding** is important to their charity's bottom-line. However, nearly two-thirds of professional fundraisers (65%) are concerned that donor-directed funding will favour particular opportunities over other areas.

Ethics and Governance

- Overwhelming majority (91%) have **Codes of Ethics** to protect the privacy of donors. These findings are uniform among respondents across the various sectors. Again, the majority of respondents (87%) believe privacy policies are very important.
- In terms of **Donor Bills of Rights**, less than half (48%) of the respondents surveyed said they had this formal measure in place at their charity.
 - However, 73% of respondents employed by Hospital Foundations believed that their charity had a formal Donor Bill of Rights. At the low end, only 27% of respondents employed by Religious organizations had a formal Donor Bill of Rights.
 - A majority of respondents (83%) see a Donor Bill of Rights as important, with 53% saying it was very important.
- Almost three quarters of respondents (74%) revealed that their charity had a **formal audit committee**.
 - 86% of Hospital Foundations had audit committees, while only 68% of respondents employed by Arts and Cultural charities had them in place. Almost everyone surveyed (98%) think improving audit structures and processes was important.
- A majority of respondents (94%) believe their charities do not pay their fundraisers a **finder's fee**.
 - Furthermore, 76% of respondents feel **percentage-based fundraising** models encourage abuse, compromise the integrity of the voluntary sector, and undermine philanthropic values.
- However, in terms of **incentive-based compensation** – such as bonuses and fundraising milestone payments – there is a split among respondents with 49% supporting and 44% opposing such measures.
 - 60% of those employed by Hospital Foundations support *incentive-based compensation*, while only 34% of respondents employed by Humanitarian / International Aid support this type of model.



Key Findings [3]

- Almost six-in-ten (59%) have a formal Conflict of Interest policy.
 - 70% of Community Welfare | Public Benefit respondents reveal their charities have such policies in place, while only 37% of Arts and Culture respondents report having such policies. An overwhelming majority (92%) see Conflict of Interest policies as important.

Capital Gain Tax Exemption

- More than 8-in-10 (85%) have heard of the decision to eliminate the the capital gains tax on securities donations.
 - Among respondents who DO NOT belong to a professional philanthropy association, only 69% had heard of the decision to eliminate the capital gains tax on the donation of securities to registered charities.
 - 95% of respondents who DO belong to a professional philanthropy association had heard about the decision.
- A majority of respondents (55%) see the elimination of capital gains taxes on charitable gifts of securities as increasing the level of donations to their charity.
 - Of the 55% of fundraisers who expect the elimination of capital gains taxes to increase their level of donations next year, the average response was 23%. The most optimistic group surveyed were those employed by Arts & Culture charities who felt, on average, donation levels would increase by 35% next year as a result of the changes in legislation.

Raising Money & the Tsunami

- 79% of respondents said their respective charities raised more money in 2005 than in 2004.
- **Positive outlook for 2006:** 78% feel they will raise more money in 2006 than in 2005.
- Nearly two-thirds (64%) saw neither a positive nor negative effect on their fundraising as a result of the 2004 tsunami.
 - 32% of Humanitarian / International Aid and 22% of Religious organization employees felt the tsunami actually had a positive impact on their charity's ability to raise funds.



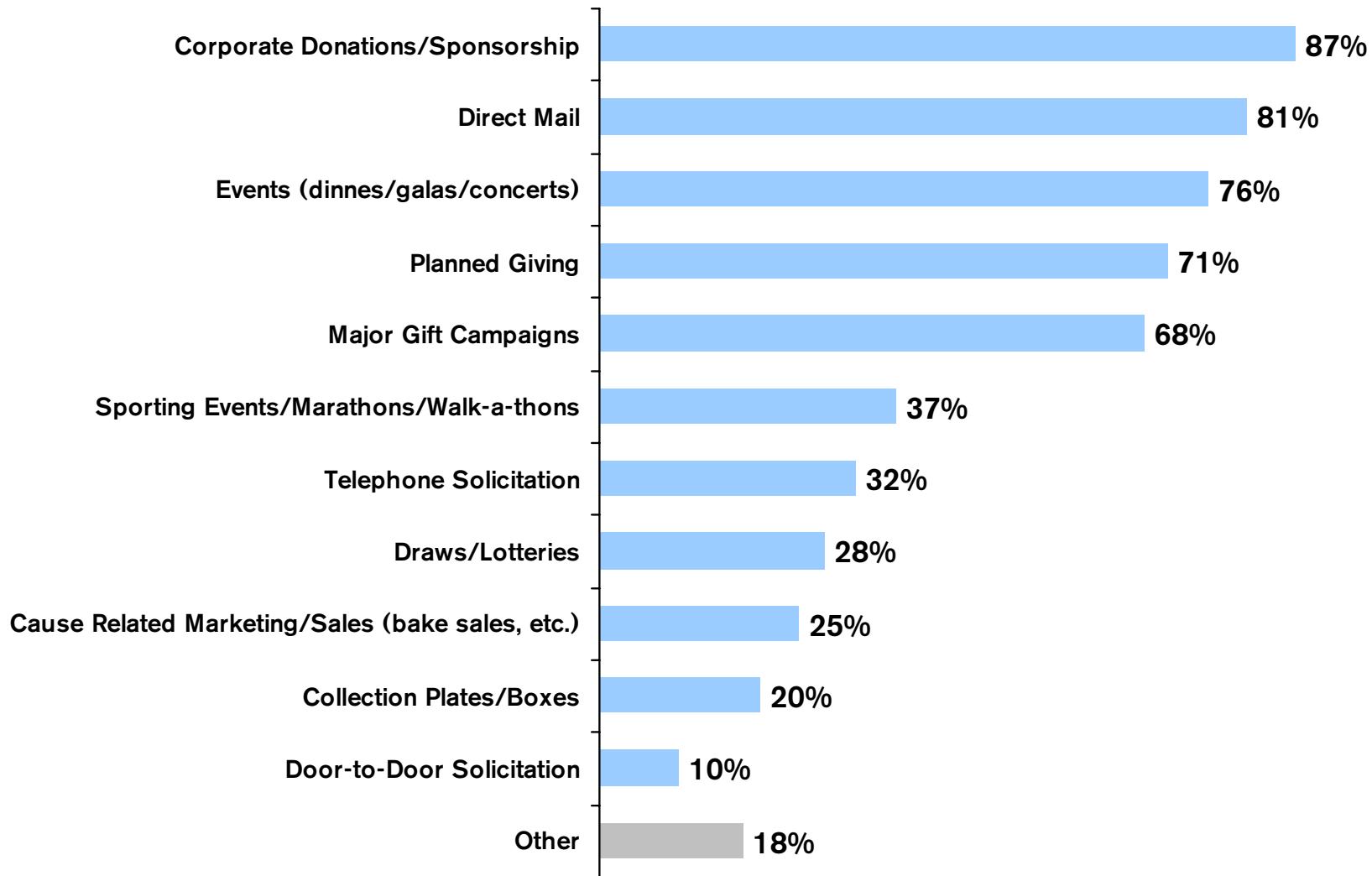
Fundraising Techniques and Technology



Corporate donations and direct mail fundraising most popular

Q

What fundraising techniques do you use at your charity?



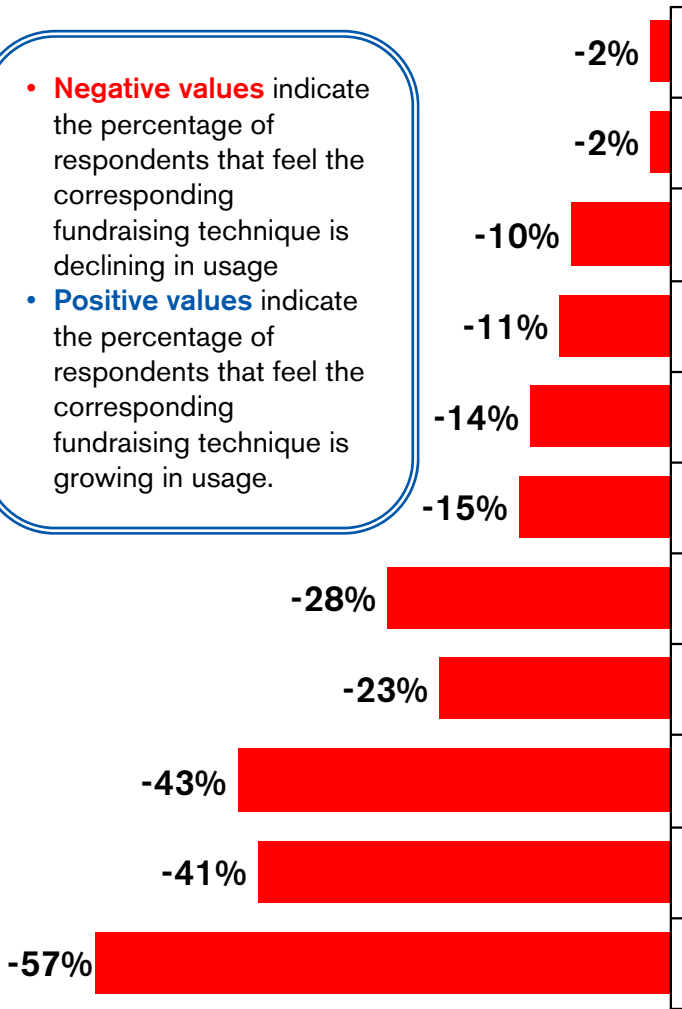
Planned giving and major gift campaigns exhibit highest perceived growth in use



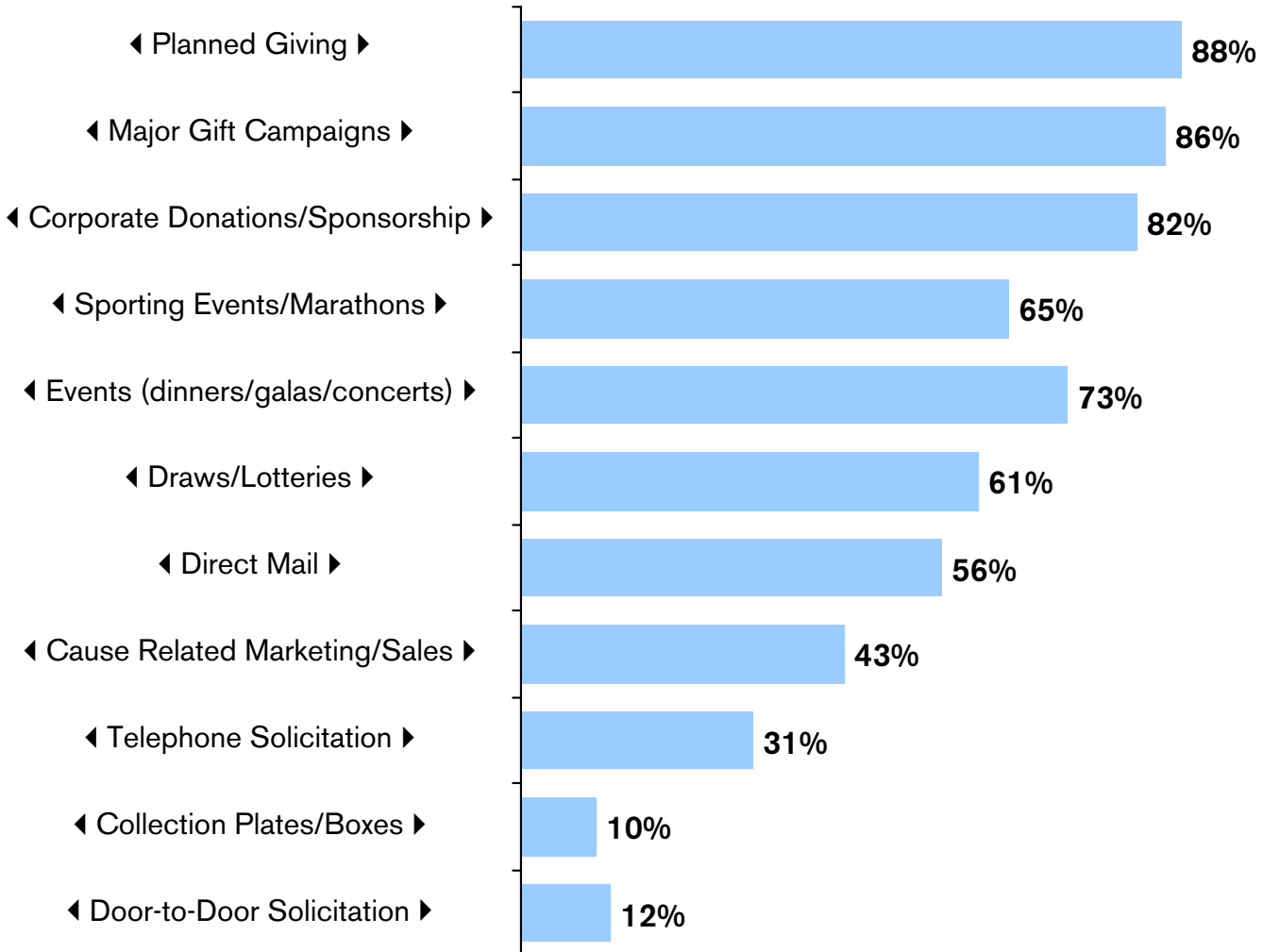
Would you say the following fundraising techniques are in decline or growing in usage?

Declining in Usage

- **Negative values** indicate the percentage of respondents that feel the corresponding fundraising technique is declining in usage
- **Positive values** indicate the percentage of respondents that feel the corresponding fundraising technique is growing in usage.



Growing in Usage

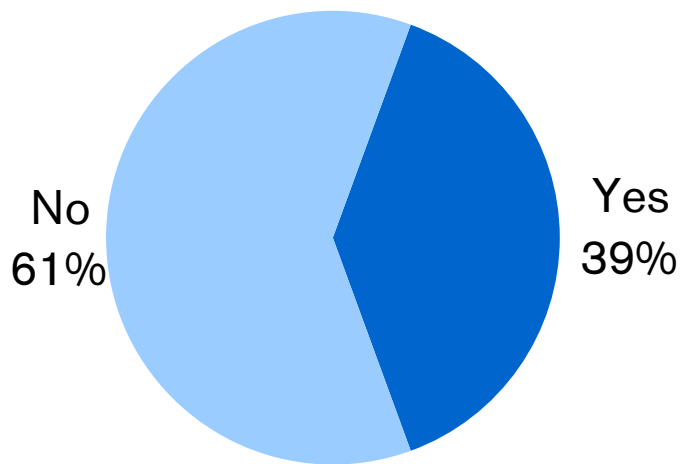


Note: 'Don't Know' not shown

Less than 4 in 10 have employee spending most or all of their time on planned giving

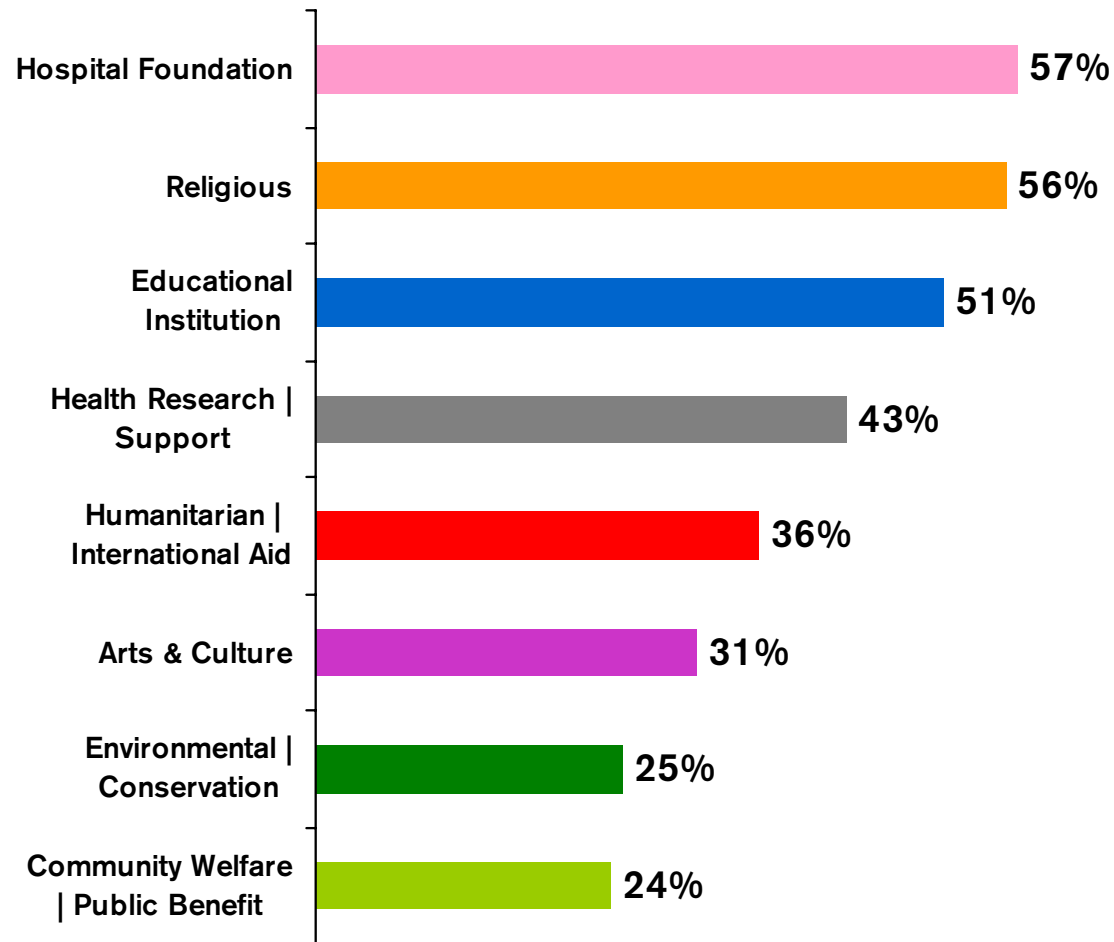
Q

Does your charity have an employee who spends most or all of their time on planned giving?



Sector Breakdown ▶▶

have an employee that spends most or all of their time on planned giving



Note: 'Don't know/Other' not shown

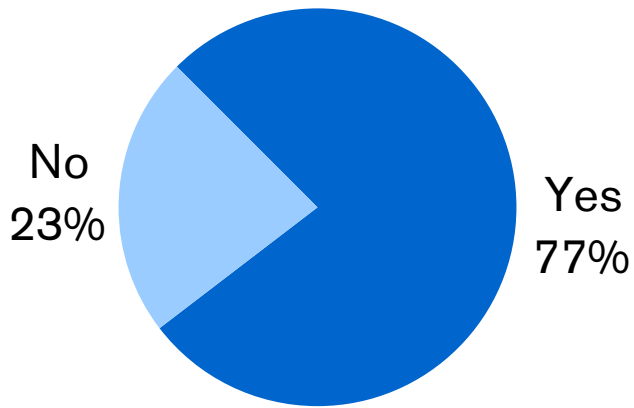
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Over 3-in-4 use online donation vehicles ...

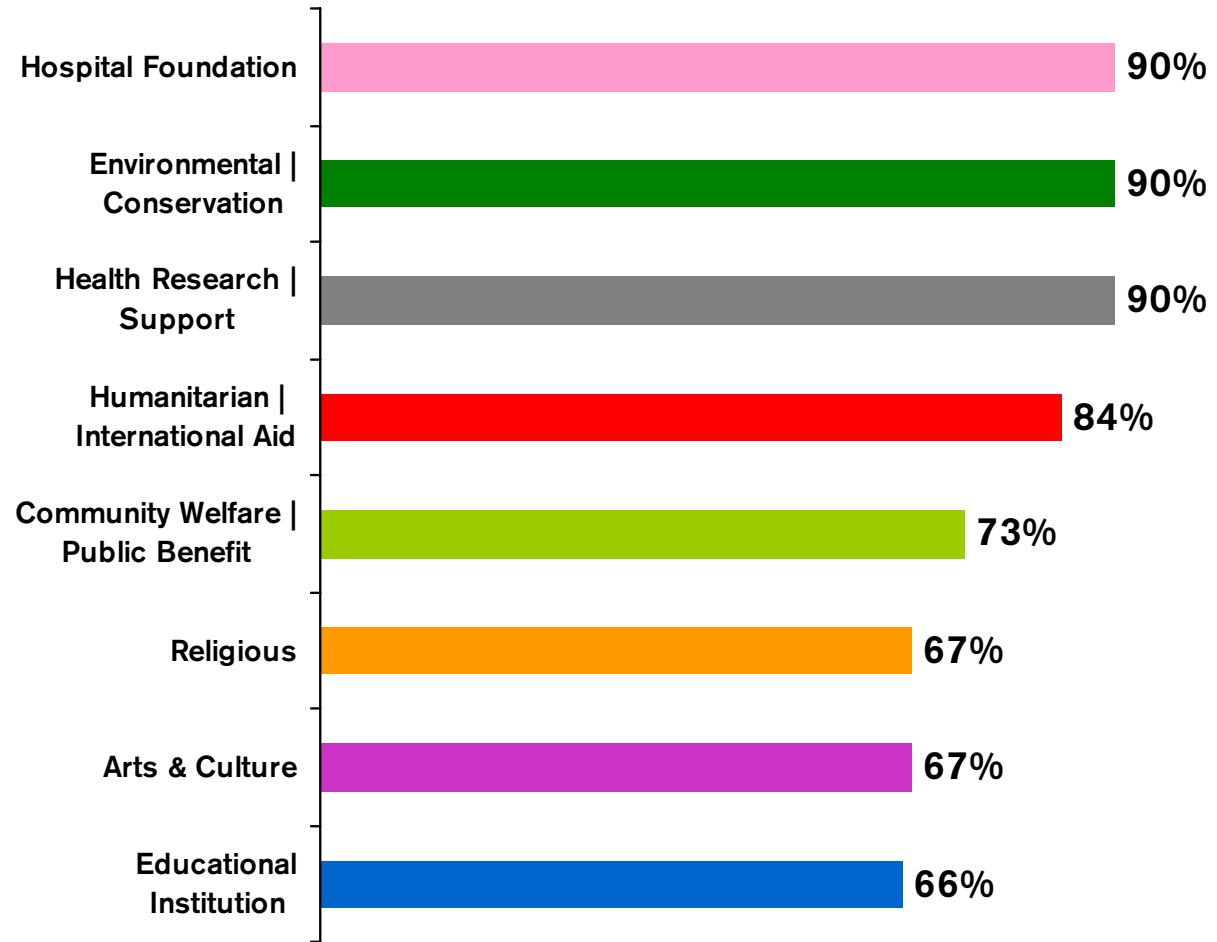


Does your charity use an online donation vehicle?



Sector Breakdown ▶▶

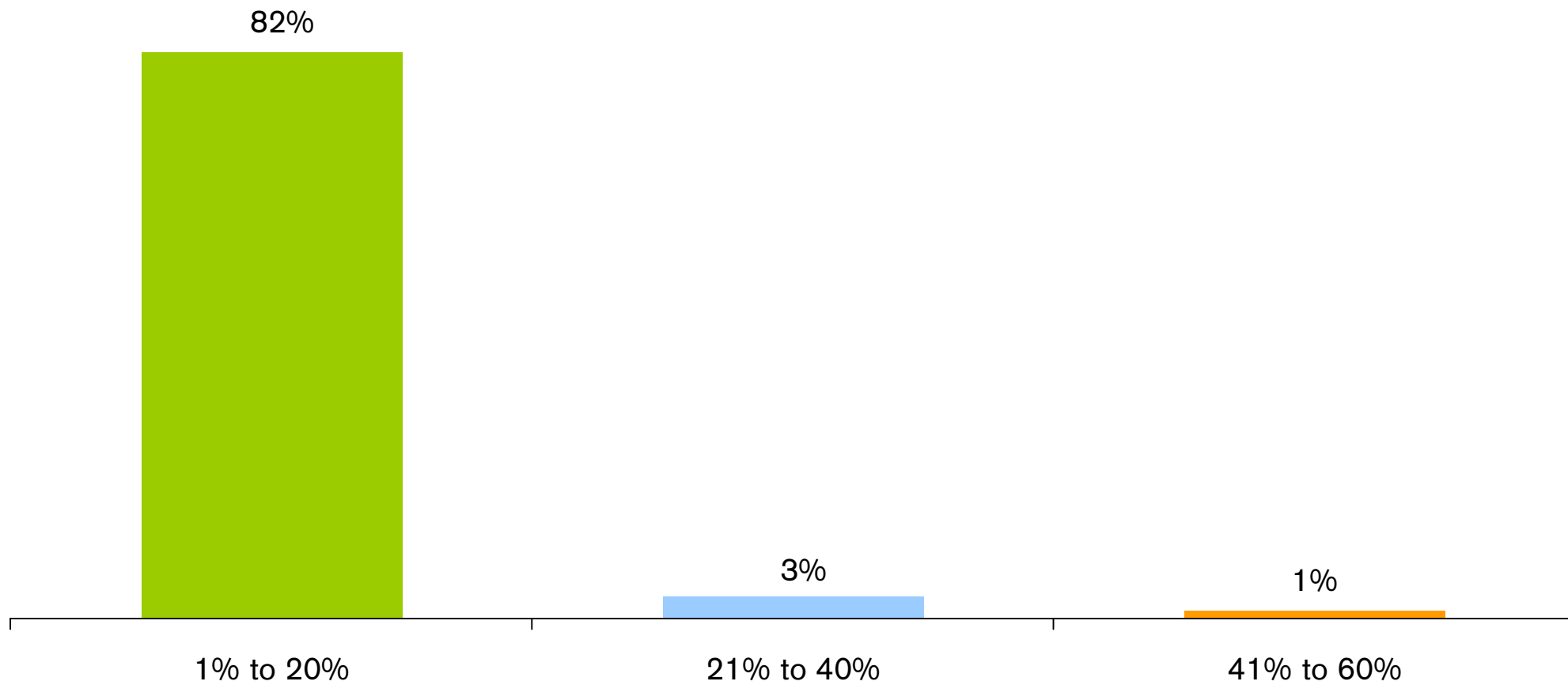
Charities with online donation vehicles



... but vast majority of online donation vehicles accounts¹⁶ for less than 20% of revenues from most charities

Q

Approximately, how much of your charity's annual total revenue comes through online donations?



Note: 'Don't know/Refused' (14%) not shown

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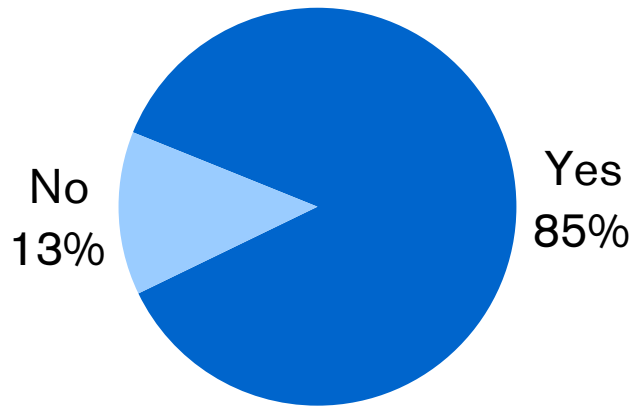
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Donor-Directed Funding



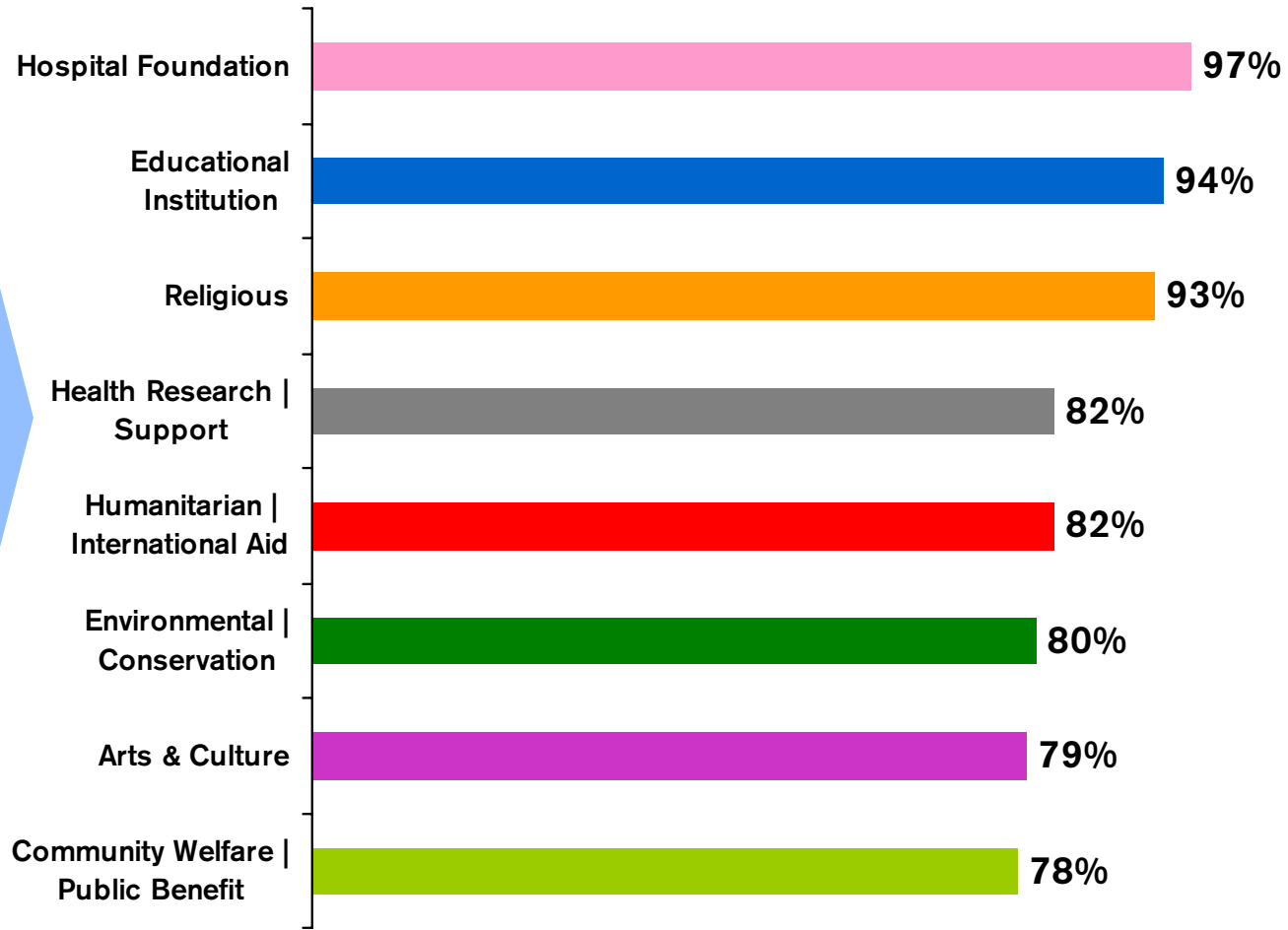
Most charities have options for directed giving

Q Does your charity offer options for directing gifts to specific programs?



Sector Breakdown ▶▶

Charities that offer options for direct gifts to specific programs



Note: 'Don't know (2%)' not shown



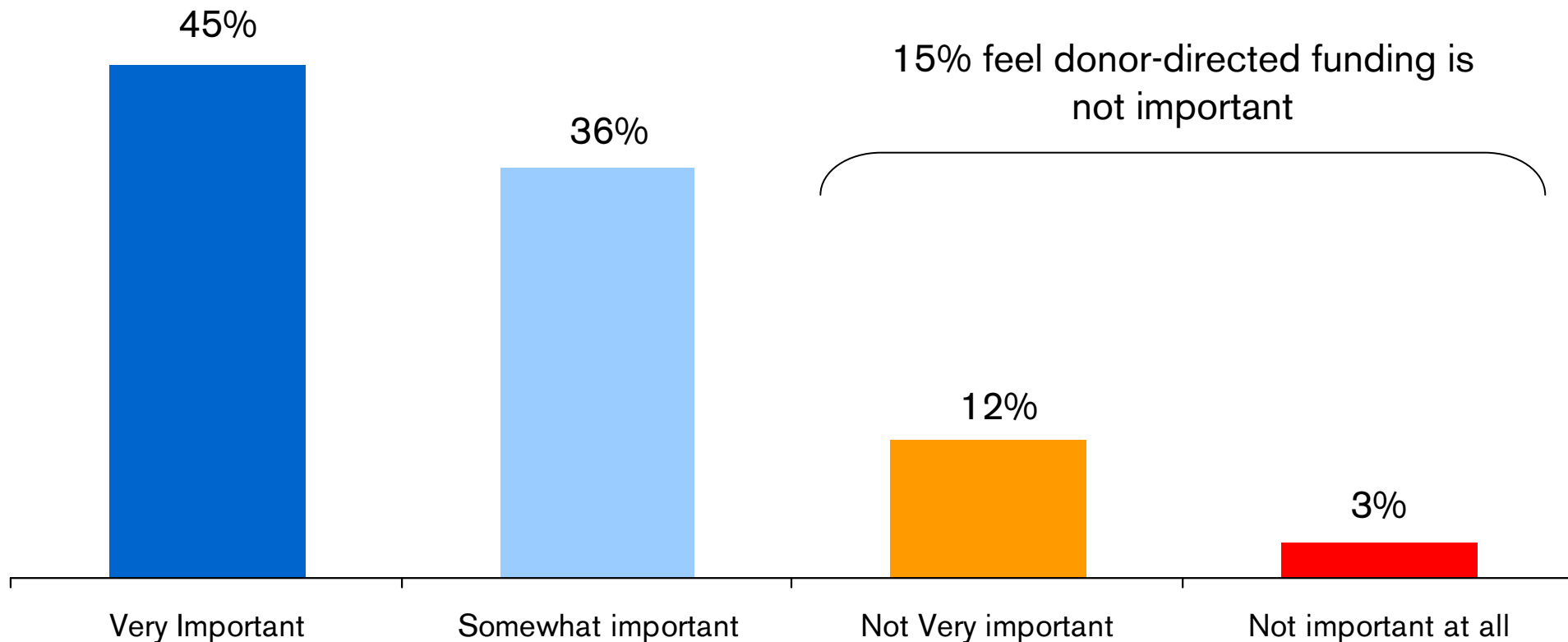
Majority of respondents feel donor-directed funding is important to their charity's bottom-line

Q

How important is donor-directed funding to your charity's bottom-line?

►► Uniform across sectors

81% feel donor-directed funding is important



Note: 'Don't know' (4%)
not shown

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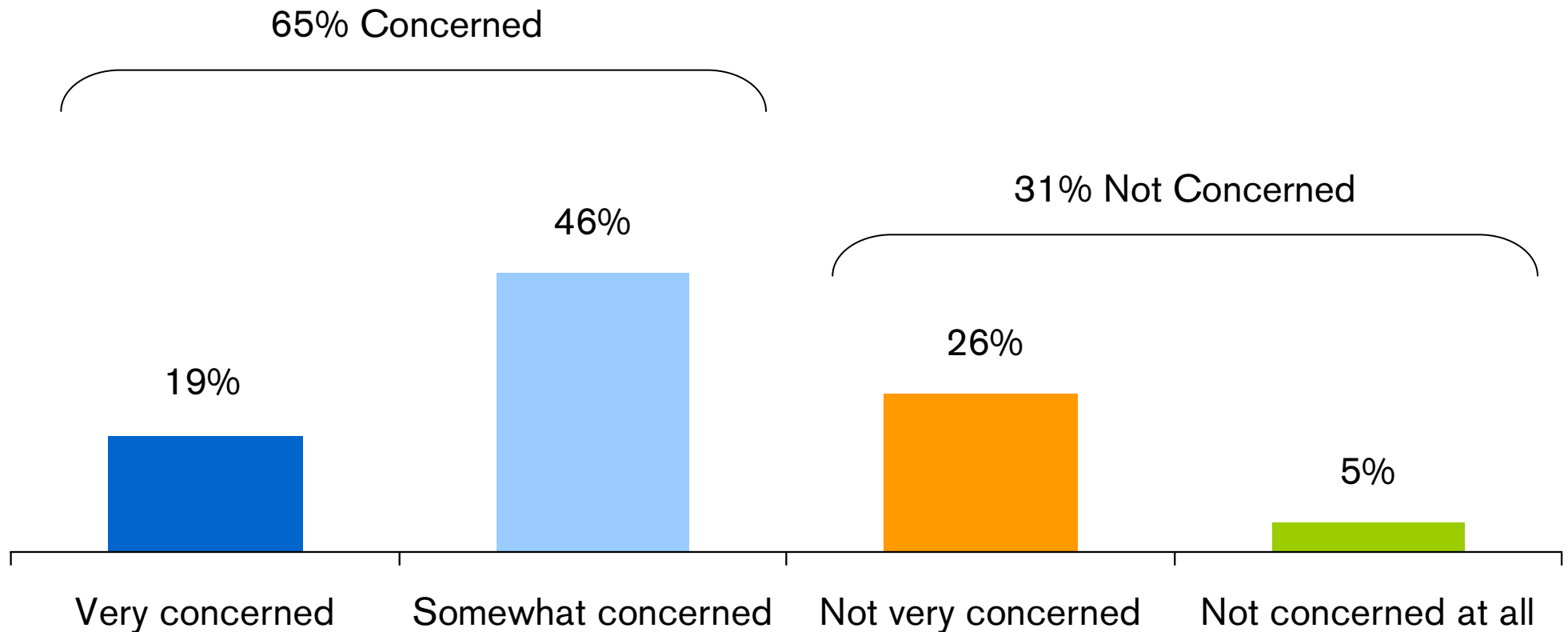
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Nearly two-thirds are concerned about donations favouring particular opportunities over other areas that require funding

Q

How concerned are you that donor-directed funding will favour particular donation opportunities over other areas that require funding?

▶▶ Uniform across sectors



Note: 'Don't know/Refused' (4%) not shown

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Ethics and Governance

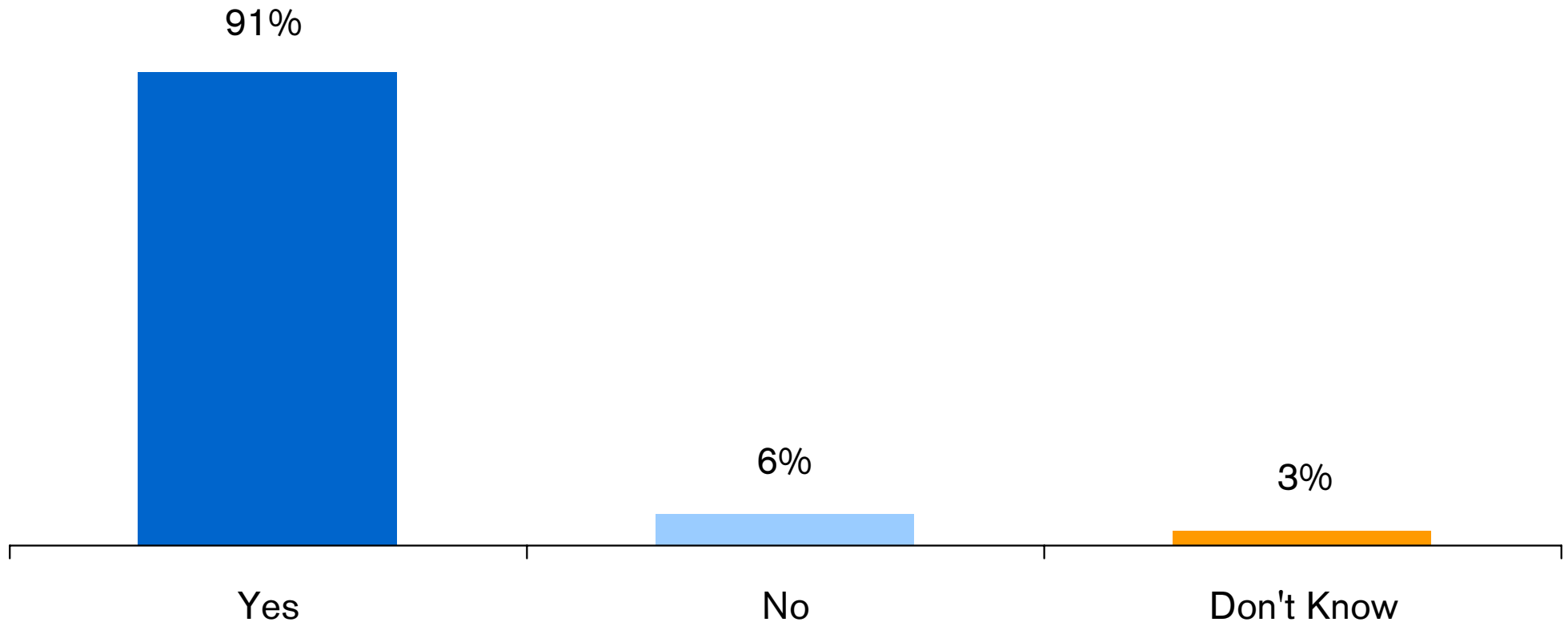


Overwhelming majority have codes of ethics to protect donors

Q

Does your charity have a formal policy or code of ethical principles designed to protect the privacy of its donors?

▶▶ Uniform across sectors



Note: 'Don't know/Refused' (3%) not shown

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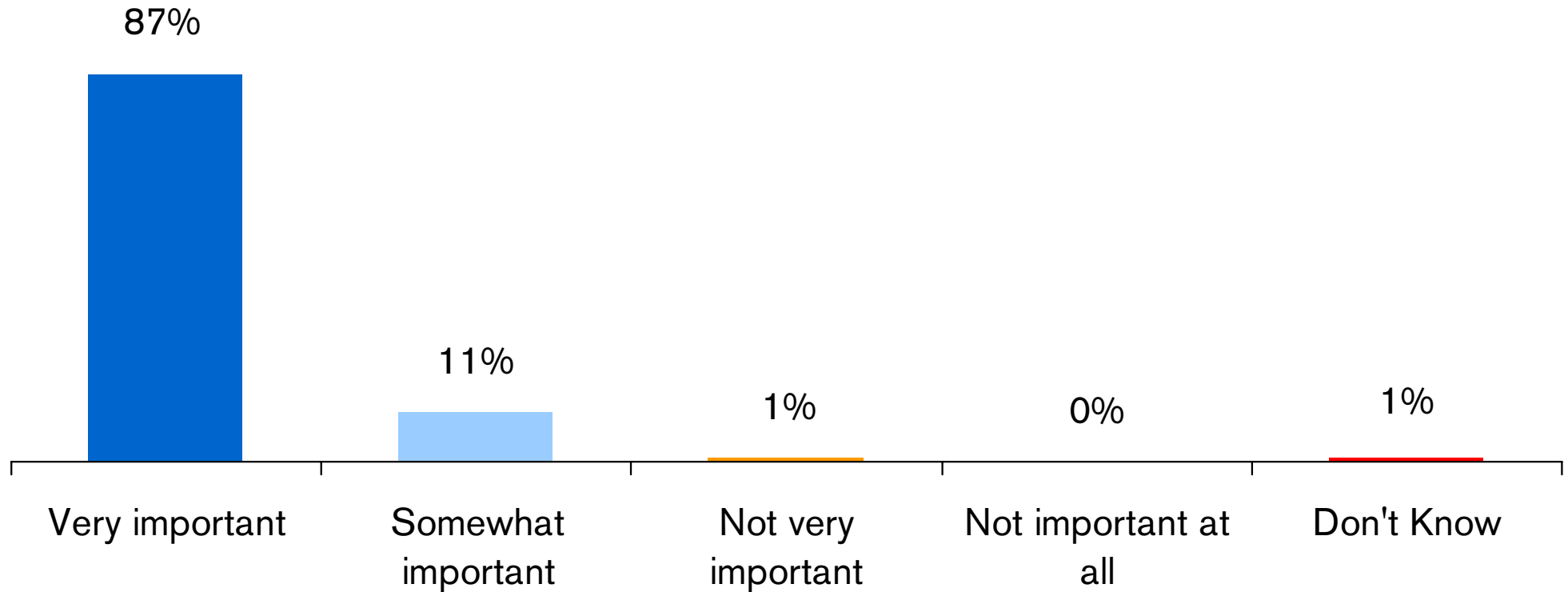
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Privacy policies seen as very important

Q

How important do you think it is to have a formal donor privacy policy?

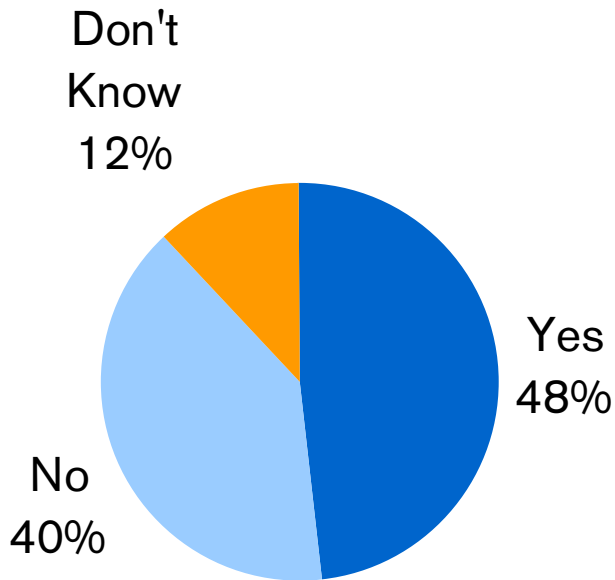
▶▶ Uniform across sectors



Less than half have a Donor Bill of Rights

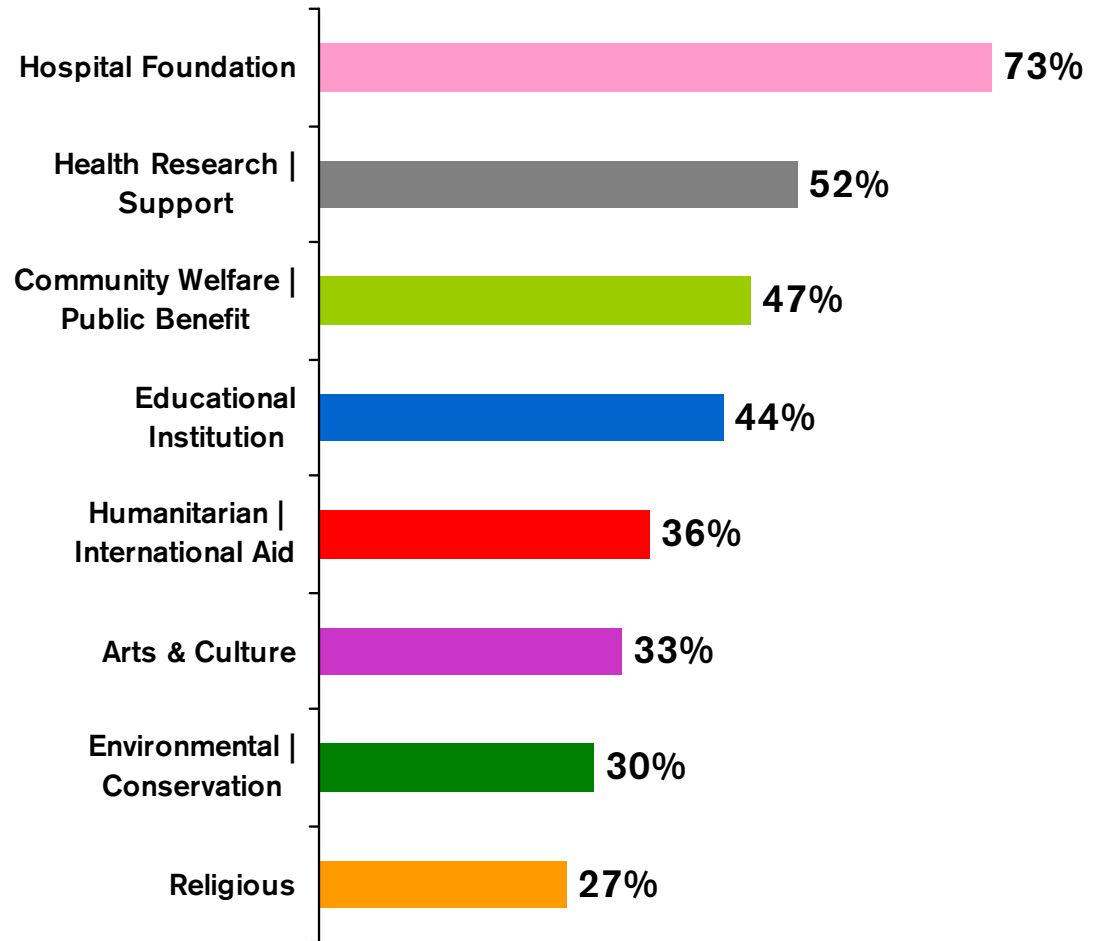


Does your charity have a formal Donor Bill of Rights?



Sector Breakdown ▶▶

Charities that have a formal Donor Bill of Rights



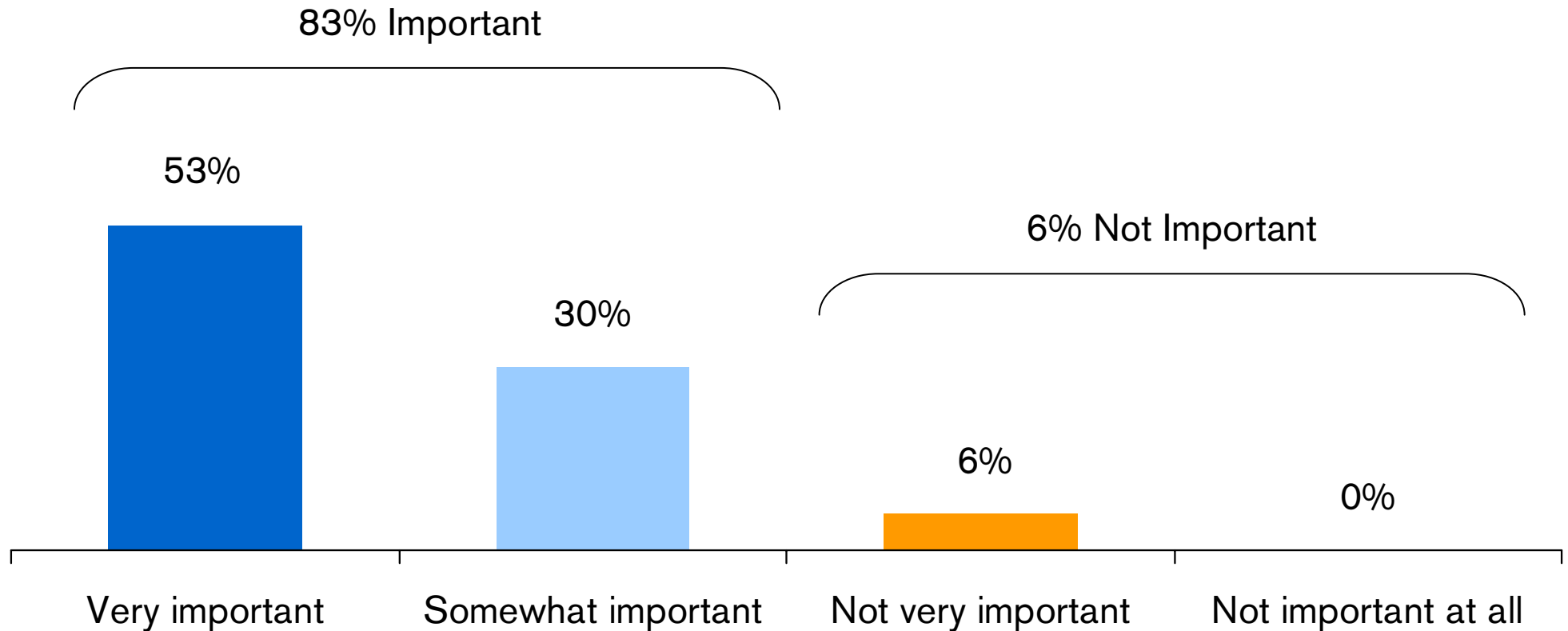
Note: 'Other' not shown

Majority see Donor Bill of Rights as important

Q

How important do you think it is to have a formal Donor Bill of Rights?

▶▶ Uniform across sectors



Note: 'Don't know/Refused' (11%) not shown

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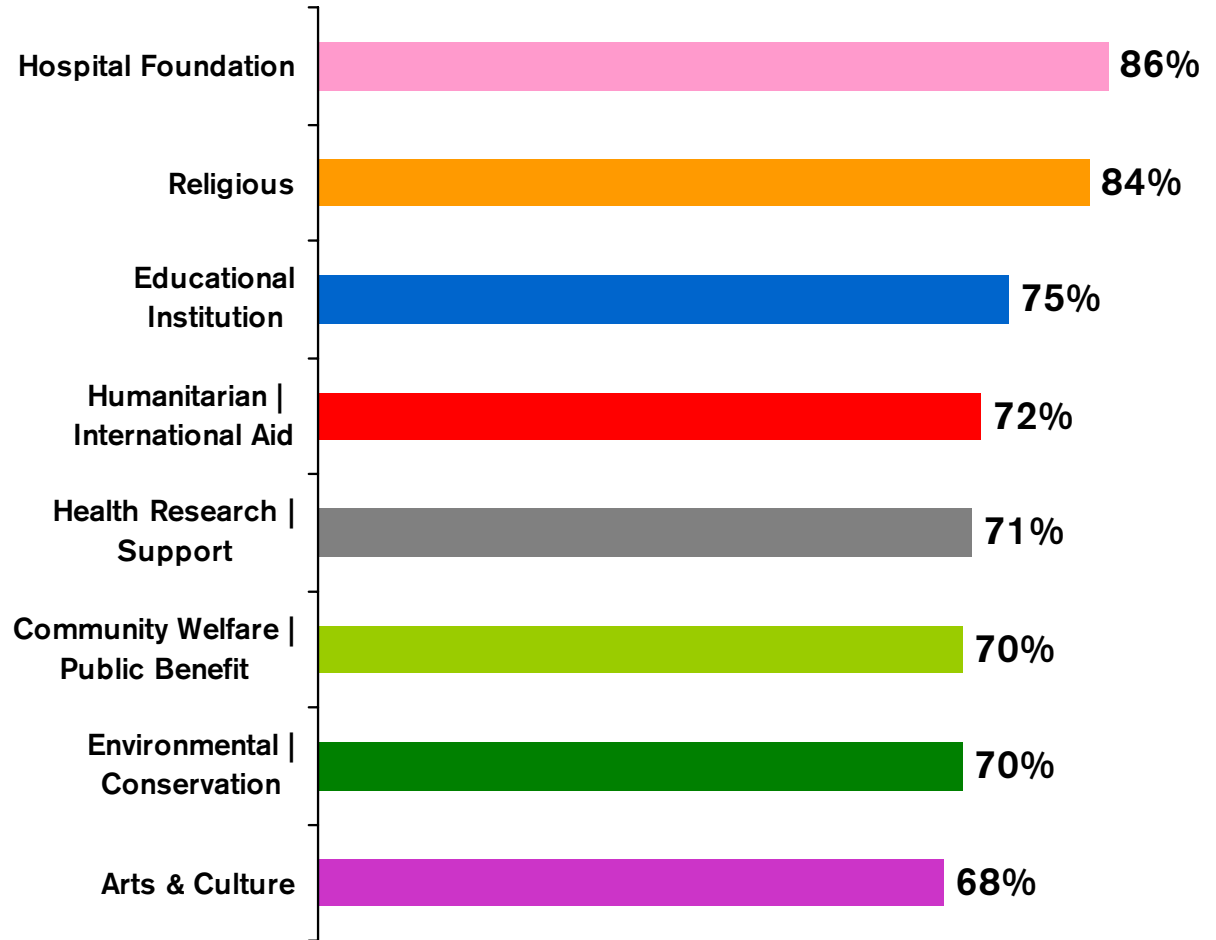
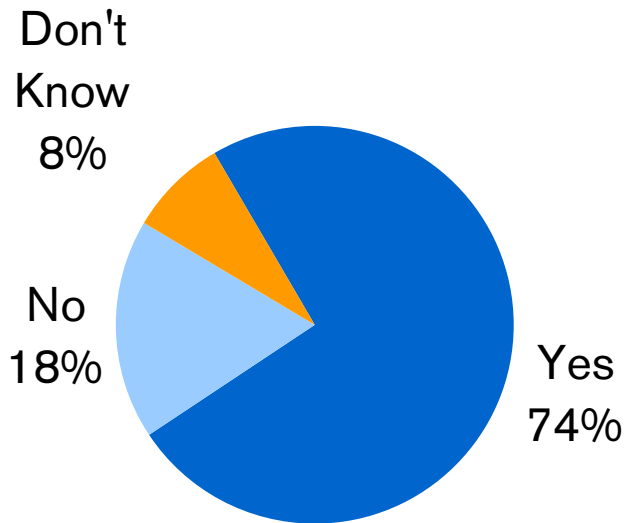
Three quarters have formal audit committee



Does your charity have a formal audit committee?

Sector Breakdown ▶▶

Charities that have a formal audit committee

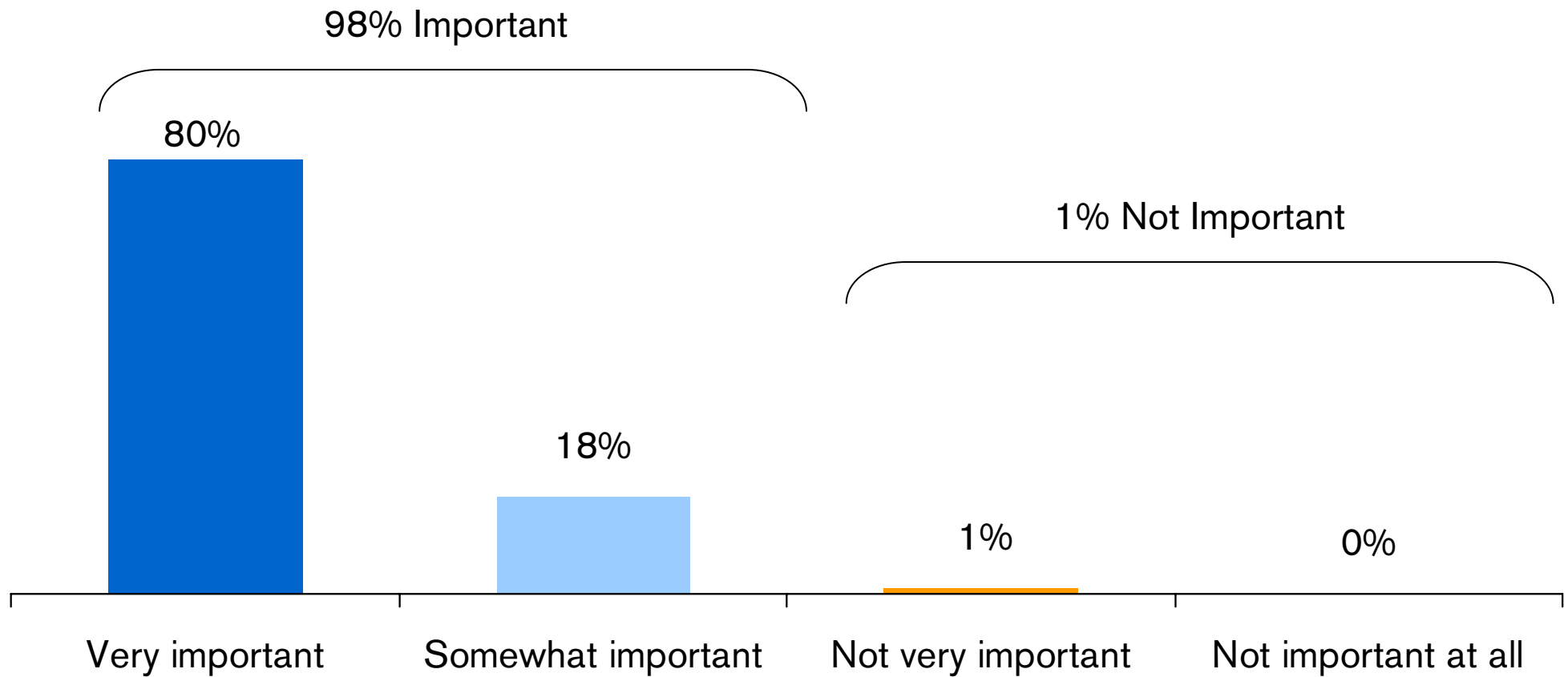


Vast majority of respondents think improving audit structures and processes is very important

Q

With the effects of more strict corporate governance rules beginning to 'trickle down' to non-profit organizations, how important to you think it is that registered charities move towards improving their audit structures and processes?

►► Uniform across sectors



Note: 'Don't know/Refused' (2%) not shown

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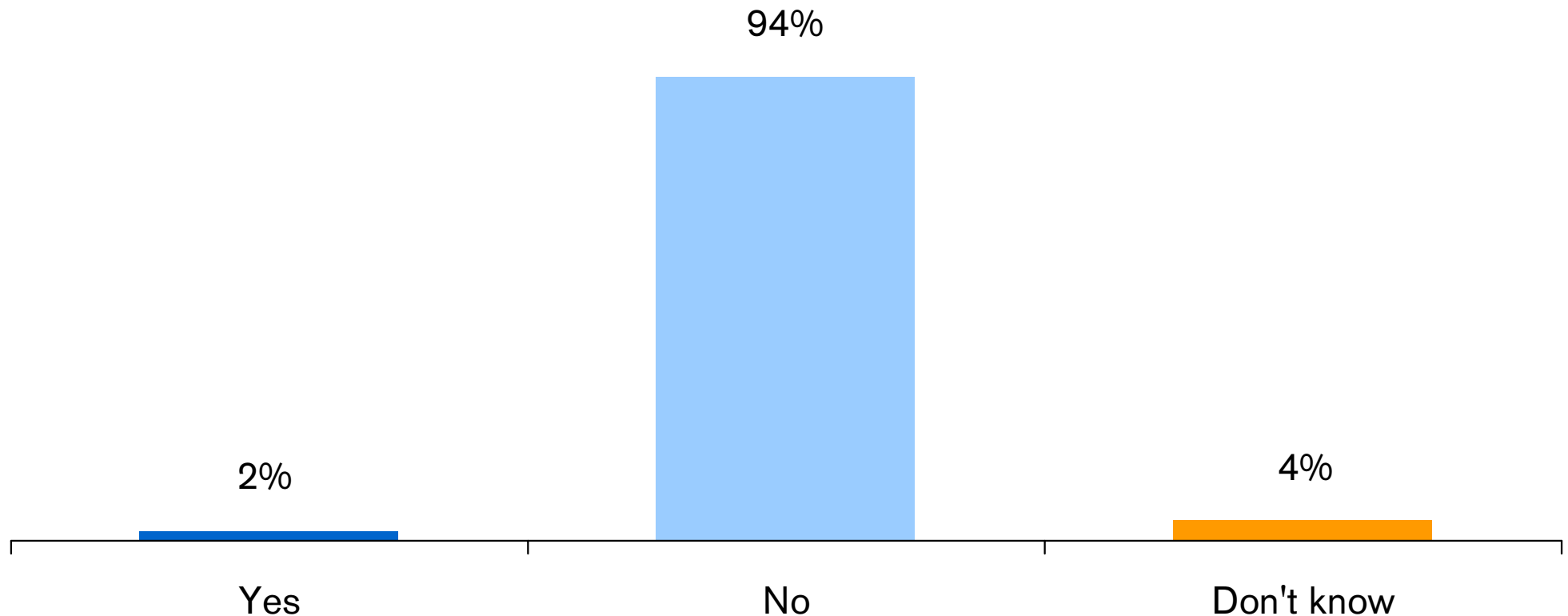
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Majority of charities do not pay fundraisers a finder's fee

Q

Does your charity pay its fundraisers a finder's fee, a commission or percentage compensation based on the financial contributions they secure for the charity?

▶▶ Uniform across sectors

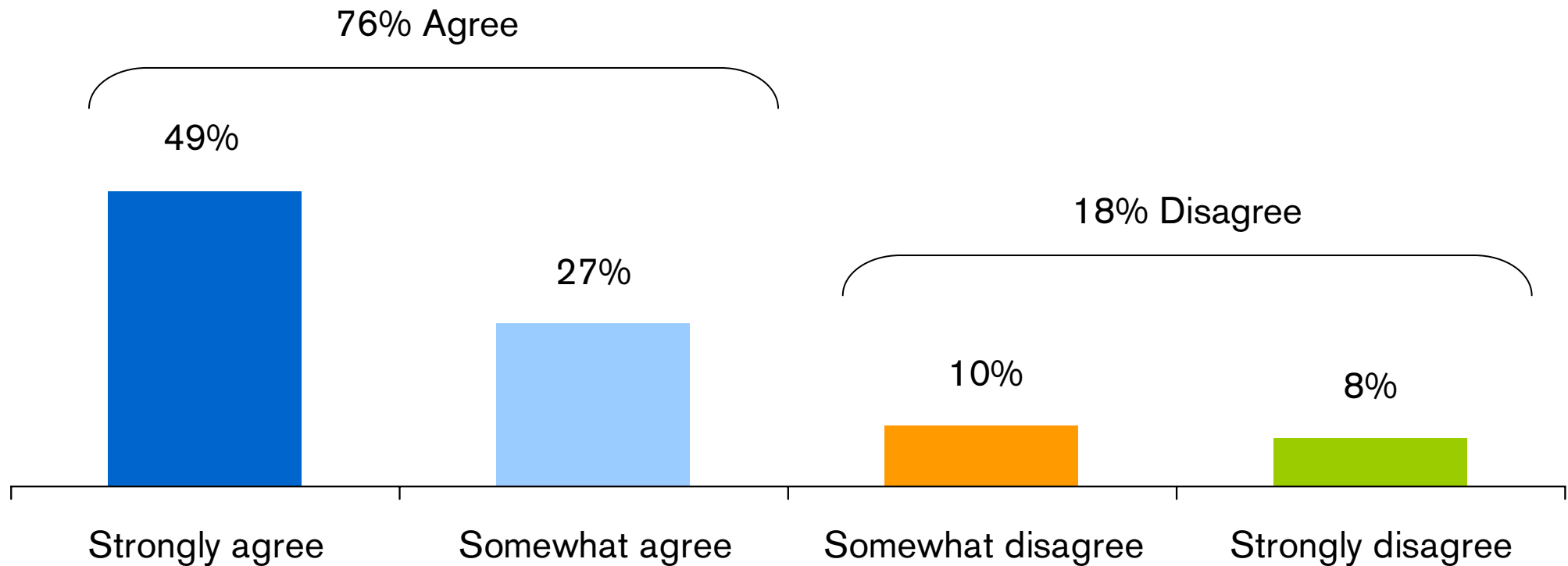


Three-quarters think percentage-based fundraising models encourage abuse *and* compromise integrity of profession

Q

Do you agree or disagree that *percentage-based fundraising* models – where fundraisers earn a percentage of the contributions – encourage abuse, compromise the integrity of the voluntary sector, and undermine the philanthropic values upon which it is based?

▶▶ Uniform across sectors



Note: 'Don't know/Refused' (6%) not shown

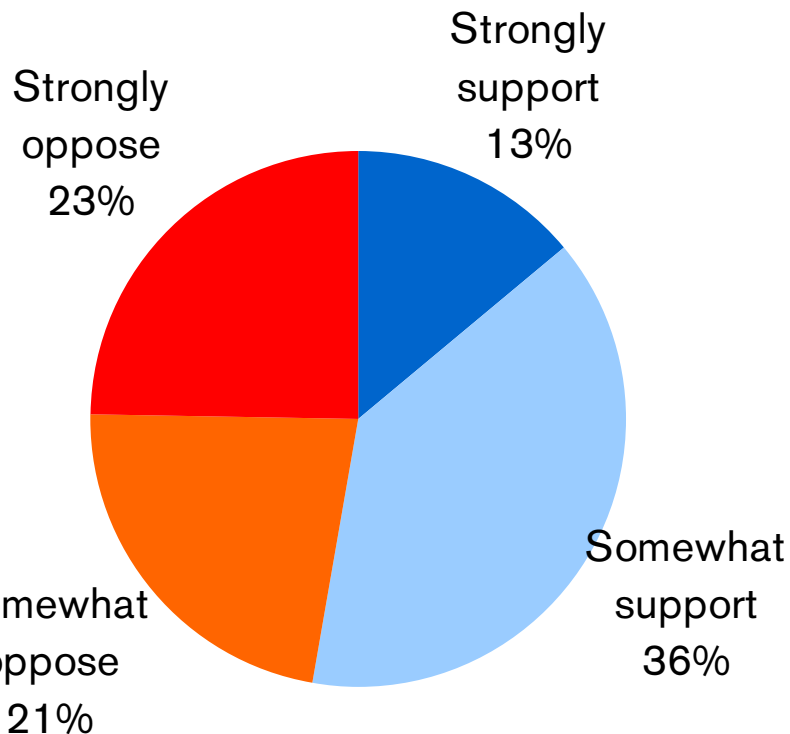
Split on incentive-based compensation

Q

Do you support or oppose other forms of incentive-based compensation – such as bonuses and milestone payments?

44% Oppose

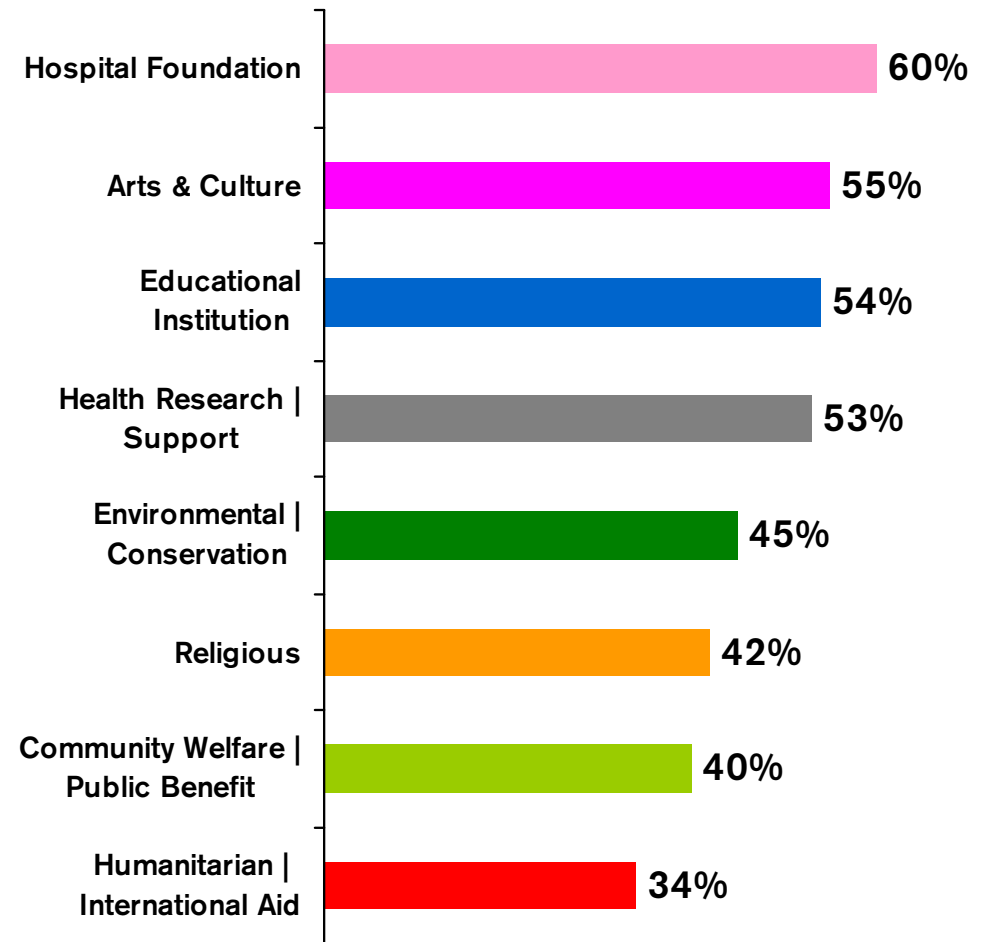
49% Support



Note: 'Don't know' (8%) not shown

Sector Breakdown ▶▶

Charities that support incentive-based compensation – such as bonuses and milestone payments

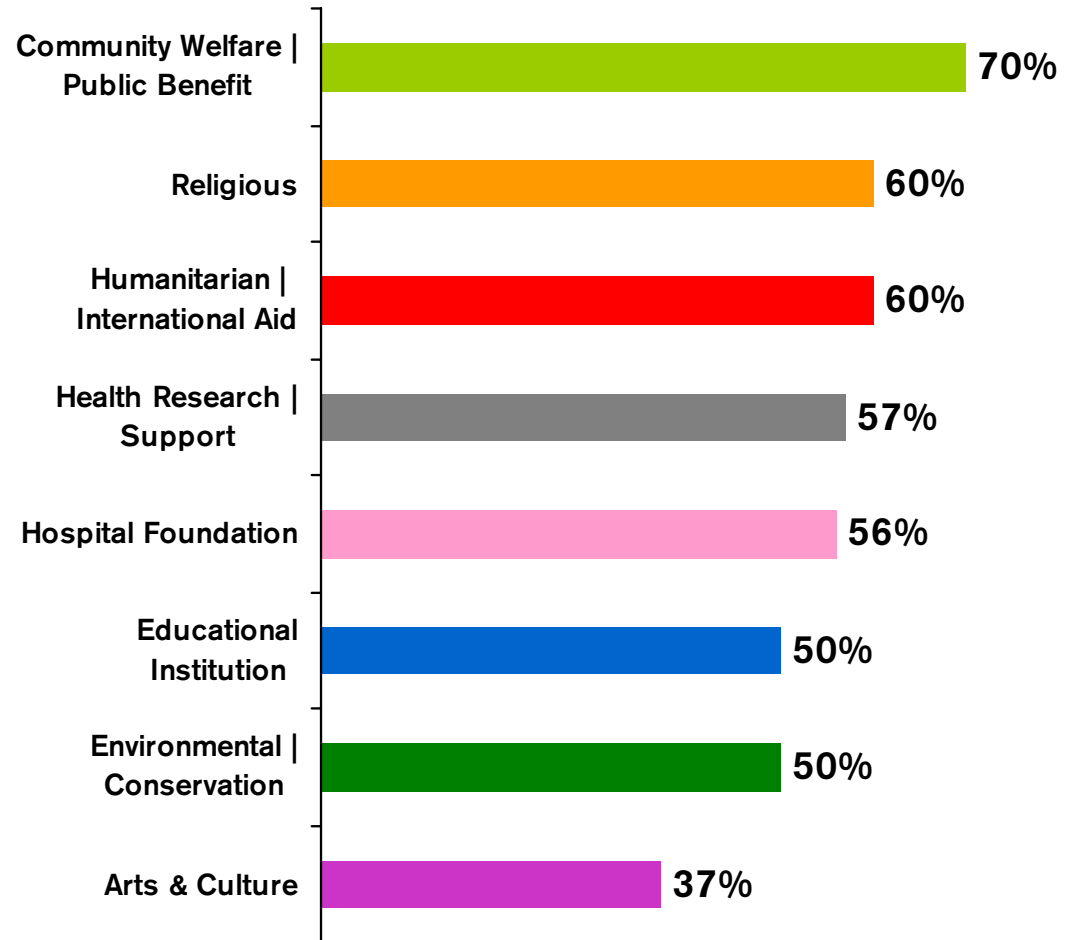
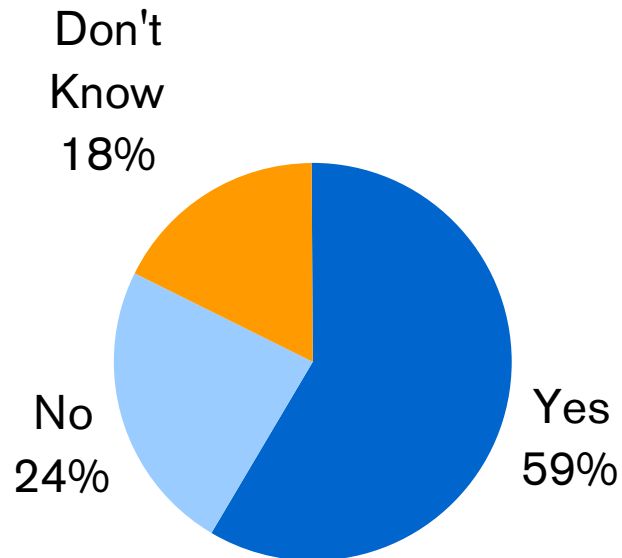


Six-in-ten have a formal Conflict of Interest policy

Q Does your charity have a formal Conflict of Interest policy?

Sector Breakdown ▶▶

Charities that have a formal Conflict of Interest policy

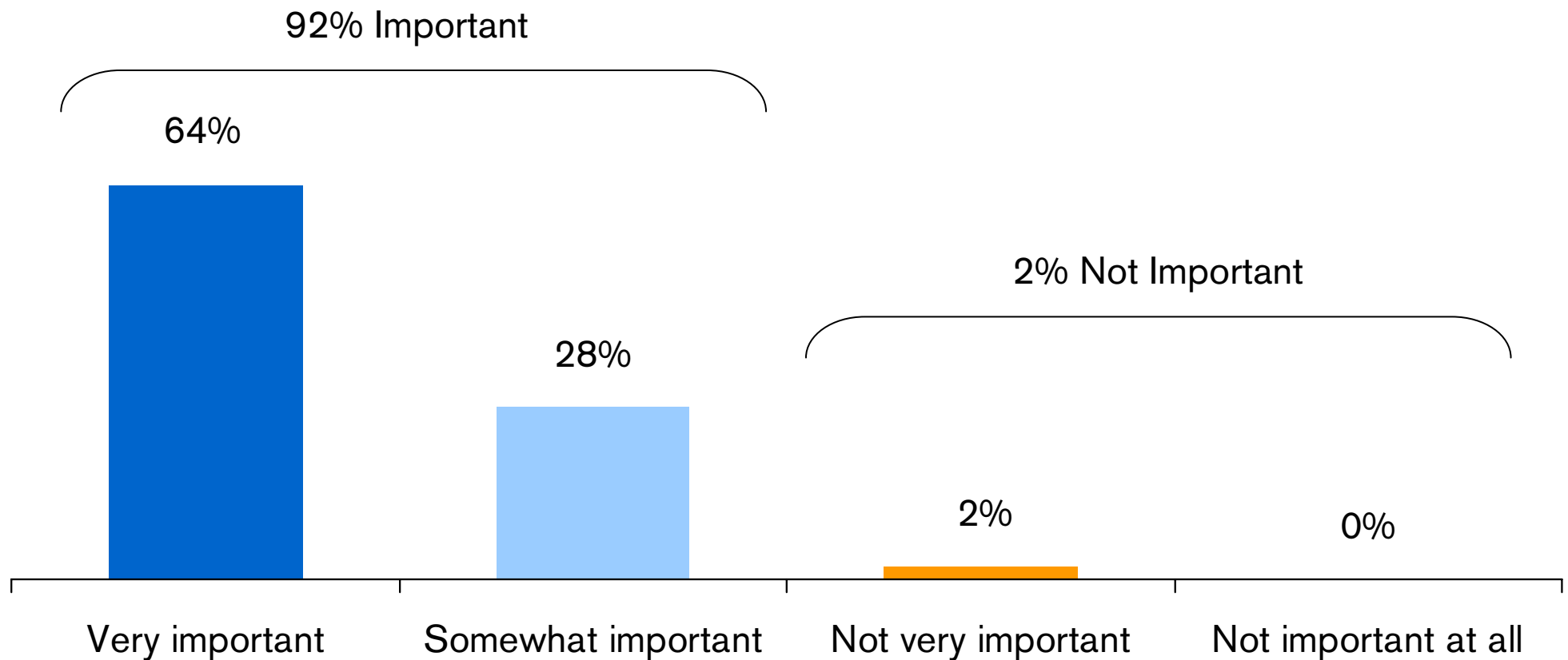


Overwhelming majority see Conflict of Interest policy as important

Q

How important do you think it is to have a formal Conflict of Interest policy?

▶▶ Uniform across sectors



Note: 'Don't know/Refused' (6%) not shown

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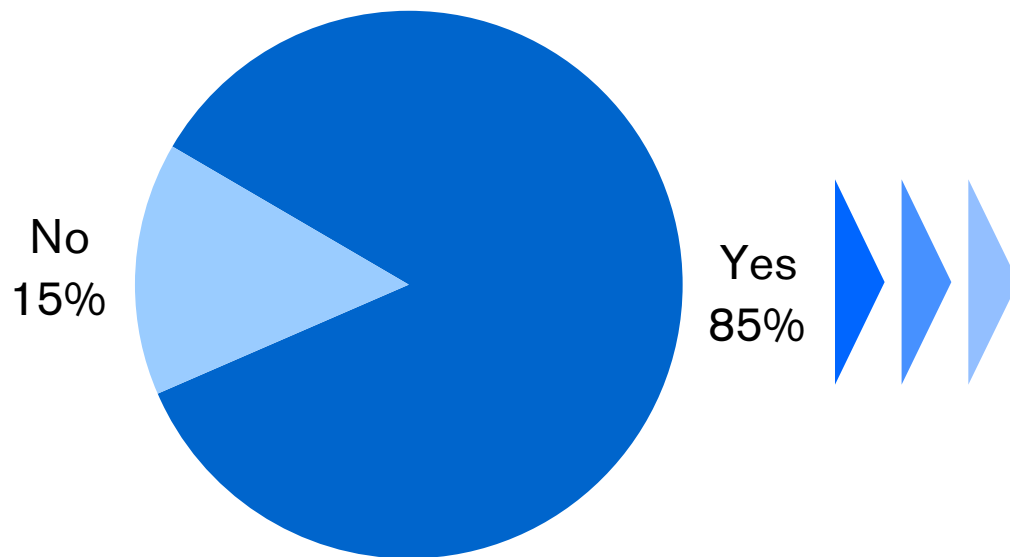
Capital Gain Tax Exemption



More than 8 in 10 have heard of the decision to eliminate capital gains tax on securities donations

Q

Have you read, seen or heard anything about the Federal Finance Minister's recent decision to eliminate the capital gains tax on the donation of securities – such as stocks and bonds – to registered charities?



- Among respondents who DO NOT belong to a professional philanthropy association, **only 69% had heard of the decision** to eliminate the capital gain tax on the donation of securities to registered charities
- **95% of respondents** who DO belong to a professional philanthropy association had heard about the decision

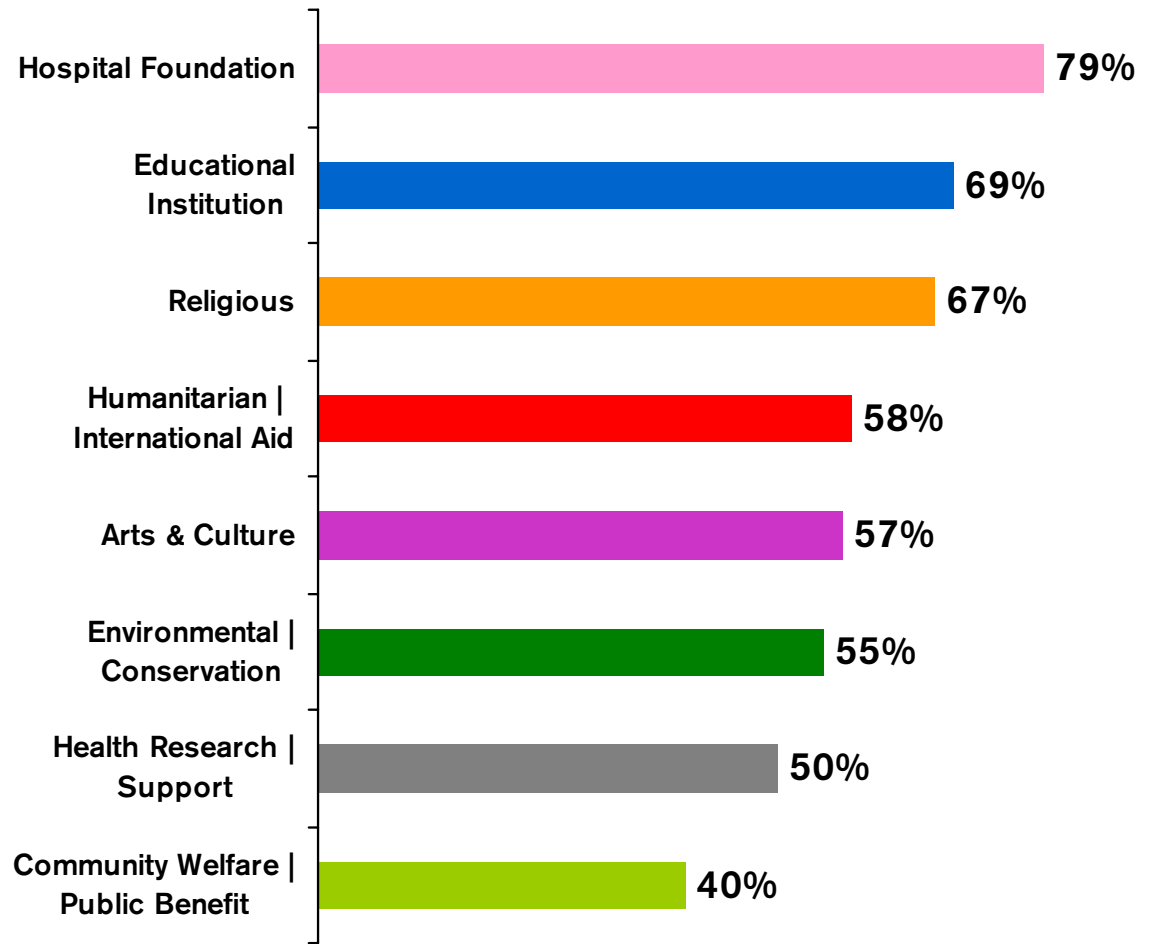
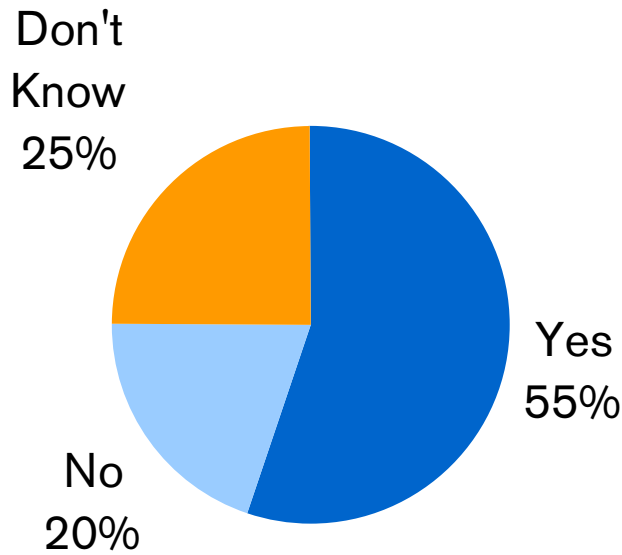
Majority see elimination of capital gains taxes as potentially increasing levels of donation



Do you think the elimination of capital gains taxes on the donation of securities to registered charities will increase the level of donations to your organization over the next year?

Sector Breakdown ▶▶

Charities that believe that the elimination of capital gains taxes on donations of securities will increase the level of donations



Average increase in donations respondents expect to gain from the elimination of capital gains tax: 23.3%

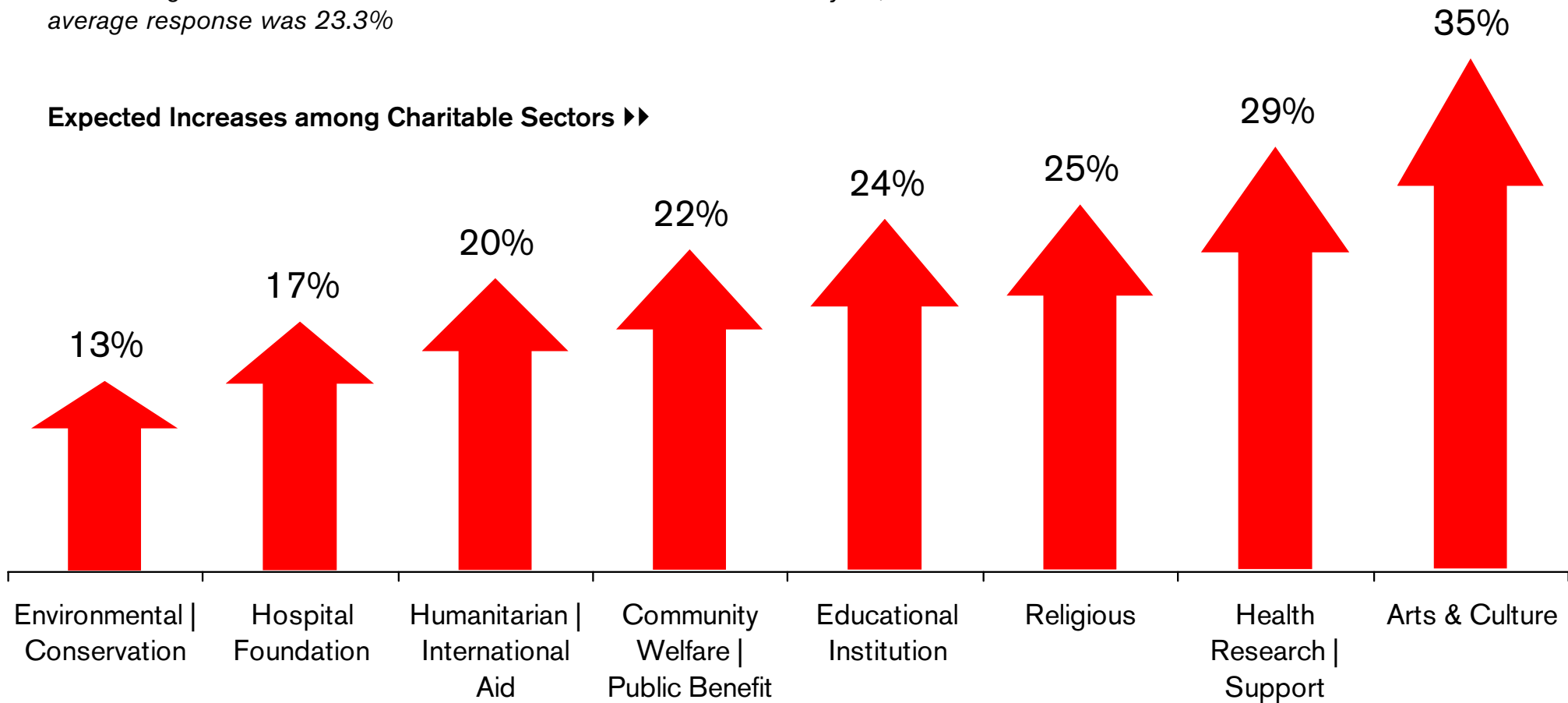


What percentage increase do you expect the elimination of capital gains taxes on charitable gifts of securities will have on your organization's total fundraising over the next year?

Expected increase in donations by 23% ▶▶

Of the 55% of fundraisers that expect the elimination of capital gains taxes on charitable gifts of securities to increase their level of donations next year, the average response was 23.3%

Expected Increases among Charitable Sectors ▶▶



Raising Money & Tsunami

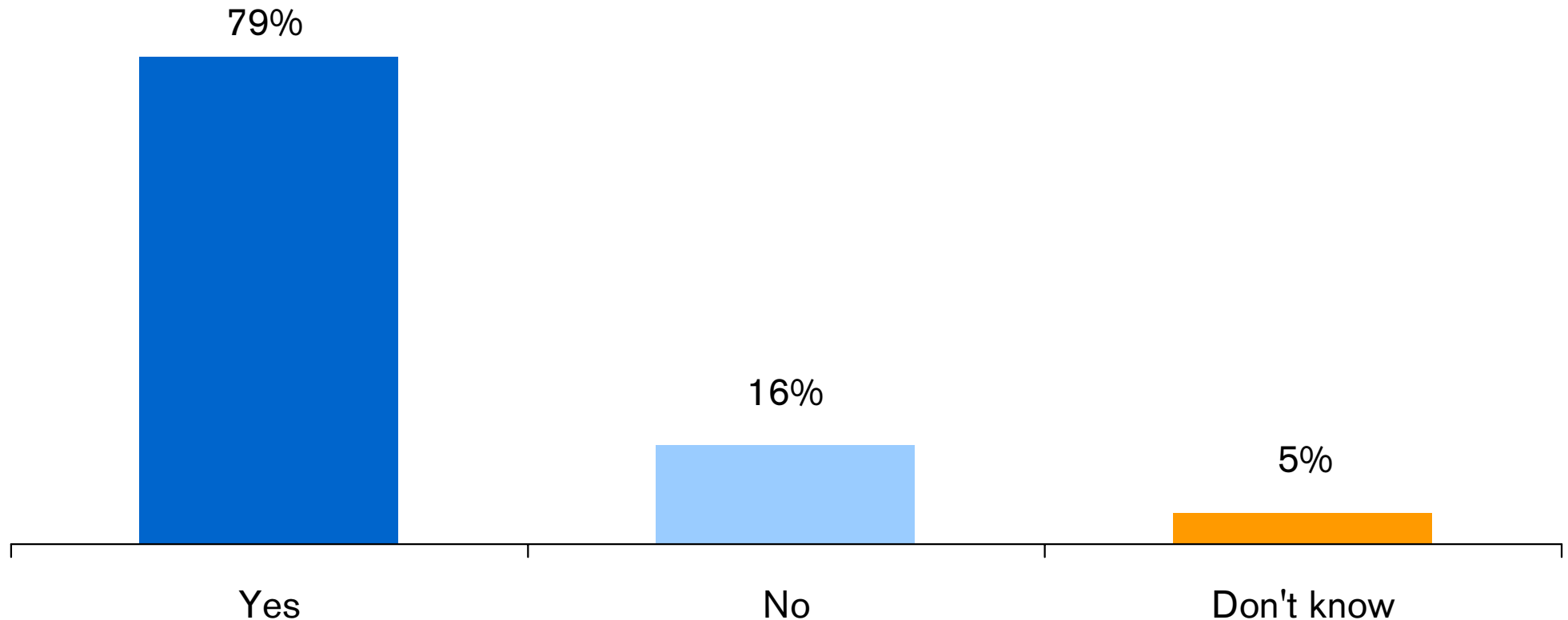


Fundraising levels in 2005 increased over 2004

Q

Did the money your charity raised in 2005 increase over 2004?

▶▶ Uniform across sectors

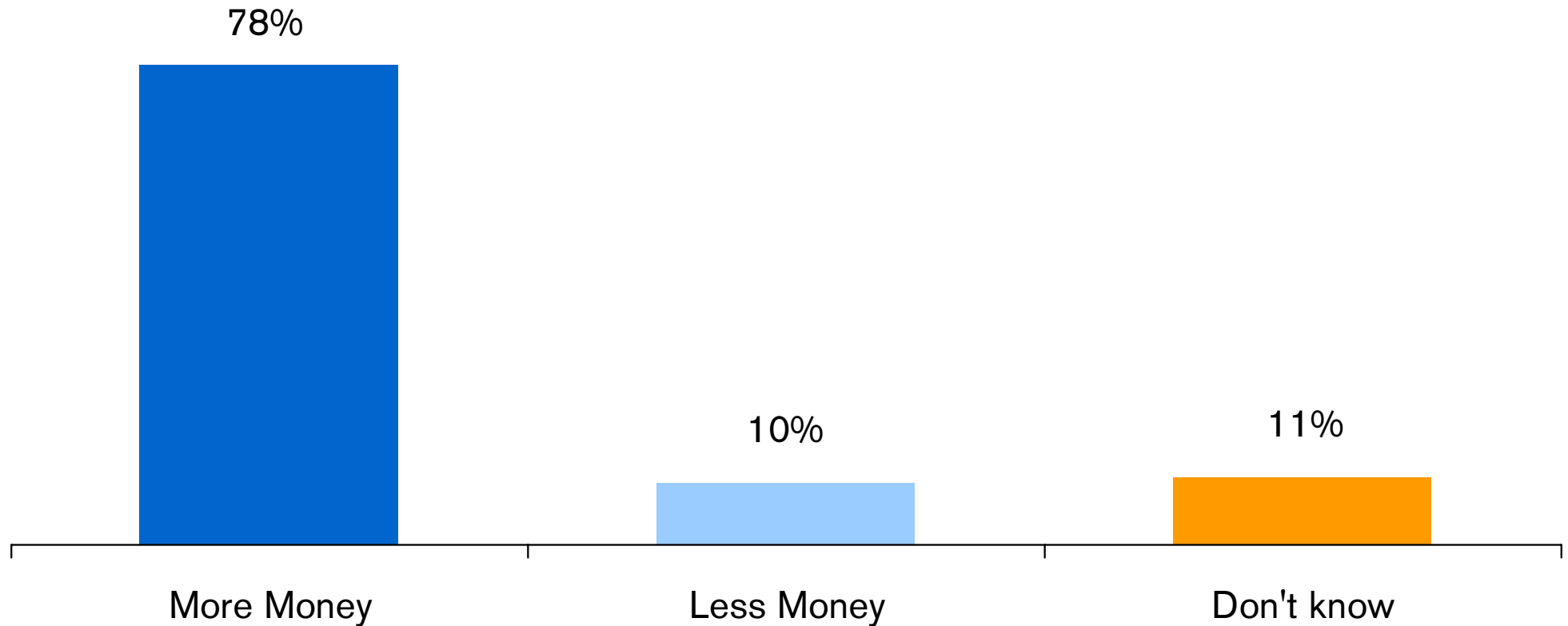


Positive outlook for fundraising in 2006

Q

Do you think that in 2006 your charity will raise more money or less money than in 2005?

▶▶ Uniform across sectors



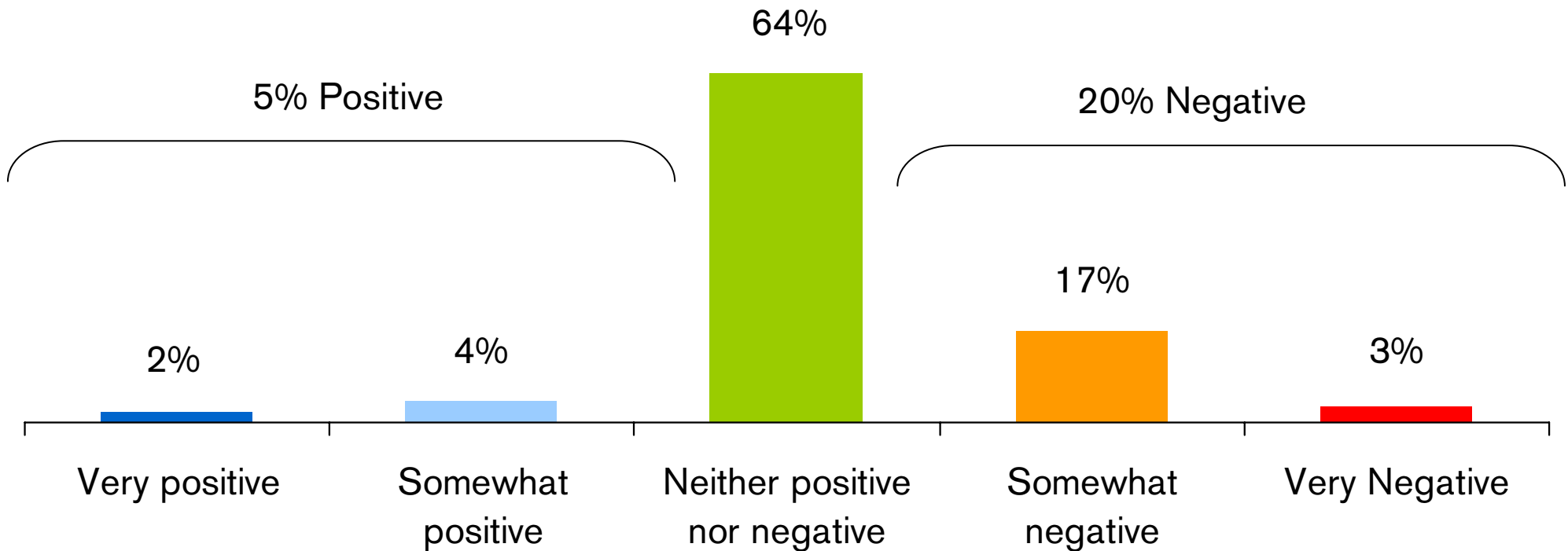
Nearly two-thirds see neither positive nor negative effect of tsunami



Did the effect of the Tsunami have a negative or positive effect on your charity's ability to raise funds in 2005?

▶▶ 32% Positive for Humanitarian | International Aid organizations

▶▶ 22% Positive for Religious organizations



Note: 'Don't know/Refused' (11%) not shown

Contact Information



About Canadian FundRaiser™



Since 1991, the **Canadian FundRaiser™** newsletter has been updating nonprofit managers twice-monthly on news, trends, tips and analysis of developments in the fields of fundraising and nonprofit management.

Our service, originally simply a twice-monthly newsletter, has expanded over the years to include workshops, books, back-issue search and Special Advisories for our member/subscribers. And the complete package is now the **Canadian FundRaiser™ Nonprofit Sector Management Information Service.**

www.canadianfundraiser.com

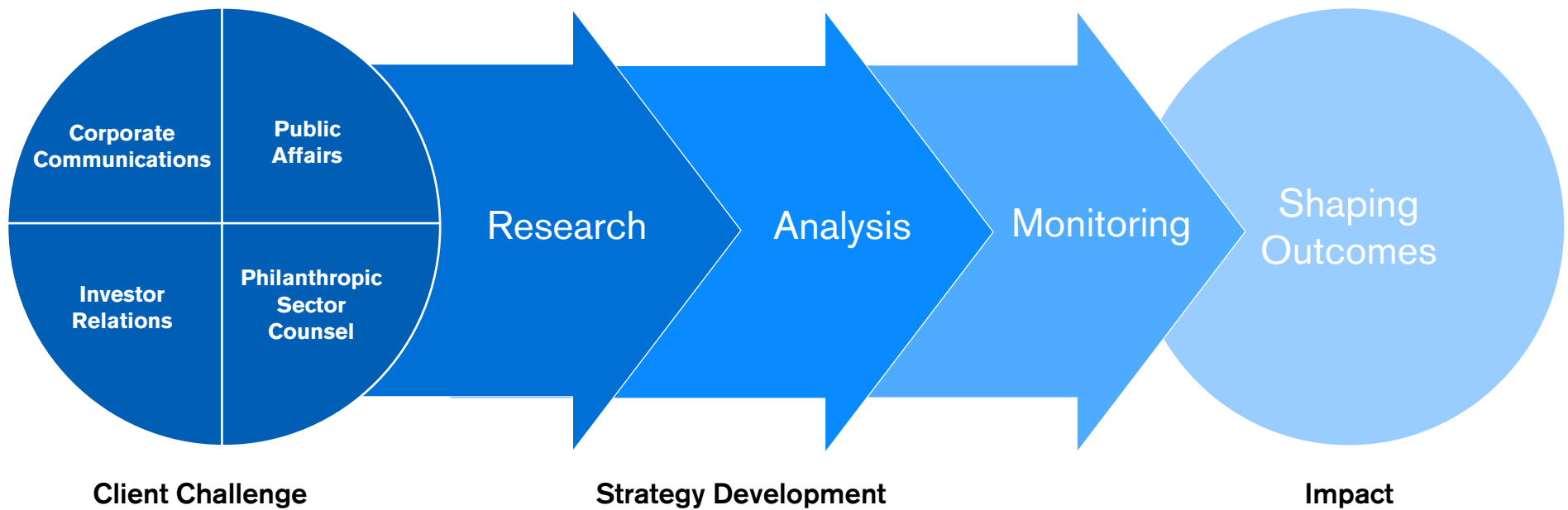
About INNOVATIVE

Innovative Research Group Inc. (INNOVATIVE) is a national public opinion research and strategic communications firm with offices in Toronto and Vancouver.

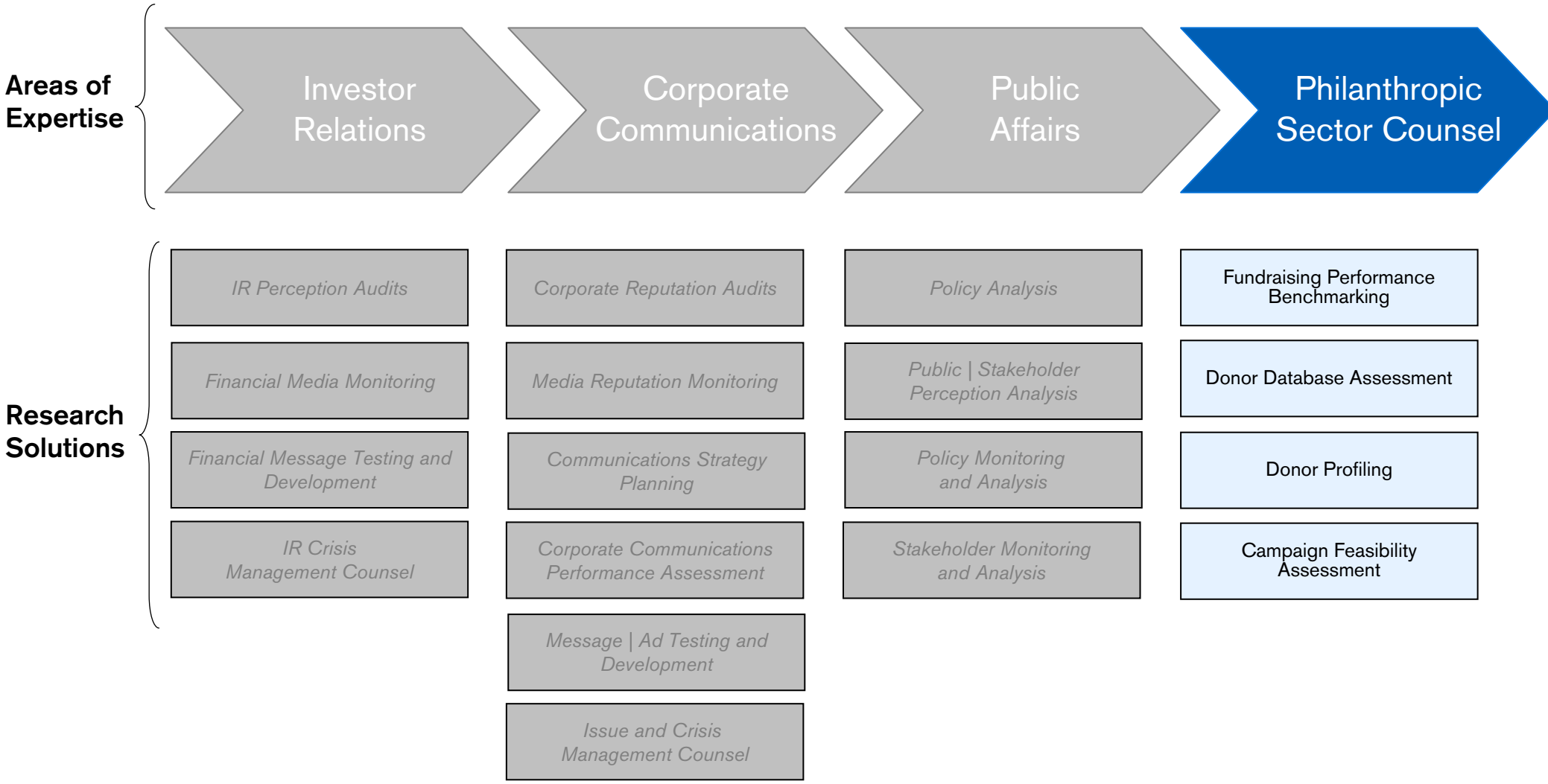
INNOVATIVE provides critical information needed to assess and overcome public affairs and corporate communications challenges, identify and evaluate potential solutions, and monitor success.

Servicing public and private companies, governments, non-governmental and non-profit organizations, we offer high-level strategic counsel, communications strategy research, reputation management, issue and crisis management, program evaluation and public affairs advice.

INNOVATIVE's Approach to Research



INNOVATIVE's Philanthropic Research Services



INNOVATIVE's Philanthropic Research Services [2]

Making a connection with the right donors and designing effective fundraising campaigns that maximize donor giving can be a daunting task for even the most experienced professional fundraiser. Contacting the wrong donors or designing a fundraising campaign that fails to take into consideration the needs of a donor base can use up valuable fundraising resources and leave campaigns coming up short.

With limited financial and volunteer resources it's important that charitable organizations understand what motivates their donor base and that resources are effectively allocated towards the right donors in order to successfully achieve campaign milestones and goals.

INNOVATIVE's Philanthropic Sector Counsel offers voluntary organizations and charities a suite of services designed to overcome the challenges of understanding donor motivations, retaining donors and maximizing donor gifts.

Service Offerings

- **Fundraising Performance Benchmarking** identifies the performance strengths and weaknesses of registered Canadian charities by benchmarking a variety of performance indicators against peer charities at the individual, local, provincial and national levels.
- **Donor Database Assessment** uses proprietary measures and algorithms to identify and rank your donors by their capacity and likelihood to give to your organization.
- **Donor Profiling** gives professional fundraisers detailed and hard-to-find background research on individual donors and aids formulating the "ask" and identifies whether they will make appropriate board members.
- **Campaign Feasibility Assessment** helps charitable organizations design optimal fundraising campaign strategies by aligning campaign objectives with donor preferences. Using a combination of qualitative and quantitative research techniques, we determine the concerns and motivations of your current and potential donors and design campaign strategies that motivates maximum donations.

Contacts

For more information on this study or inquires about services offerings, please contact the following individuals.



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