

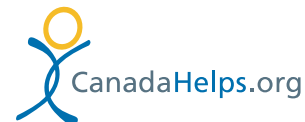


Charities' perspectives on fundraising from grant-makers

Insights for Funders:

New Canadian research reveals charities' pain-points and areas for improvement.

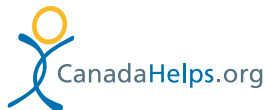
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Pain-points and areas of improvement on the grant- making process

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Introduction

SECTOR3 INSIGHTS conducted a quantitative survey in October 2019, among Canadian registered charities, in partnership with CanadaHelps and Phil.

The purpose of the study was to assess and identify the pain-points for charities in their fundraising efforts from governments, foundations and businesses.

We wish to offer insights and guidance to these grant-makers to help charities experience a more effective fundraising process.

Acknowledging our partners

Sector3Insights wishes to thank CanadaHelps for their support in data collection. And we wish to thank both Phil and CanadaHelps for their interest, encouragement, consultative input in the execution of this study. Teamwork!

About the study

Methodology

- In October 2019, CanadaHelps invited participants from its community of ~20,000+ registered Canadian charities to complete an online survey. Note, the opinions and attitudes of the group of charities surveyed through CanadaHelps may differ from the overall community of Canadian charities.
- A total of n=618 respondents participated in the study, yielding a measurement sample error of +/-3.9% points.
- The sample profile was weighted to reflect the proportions of small, medium, and large charities within each region of Canada, to match the universe of Canadian charities.
- The online survey averaged about 18 minutes and was accessible via any internet device.

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Key insights and learning

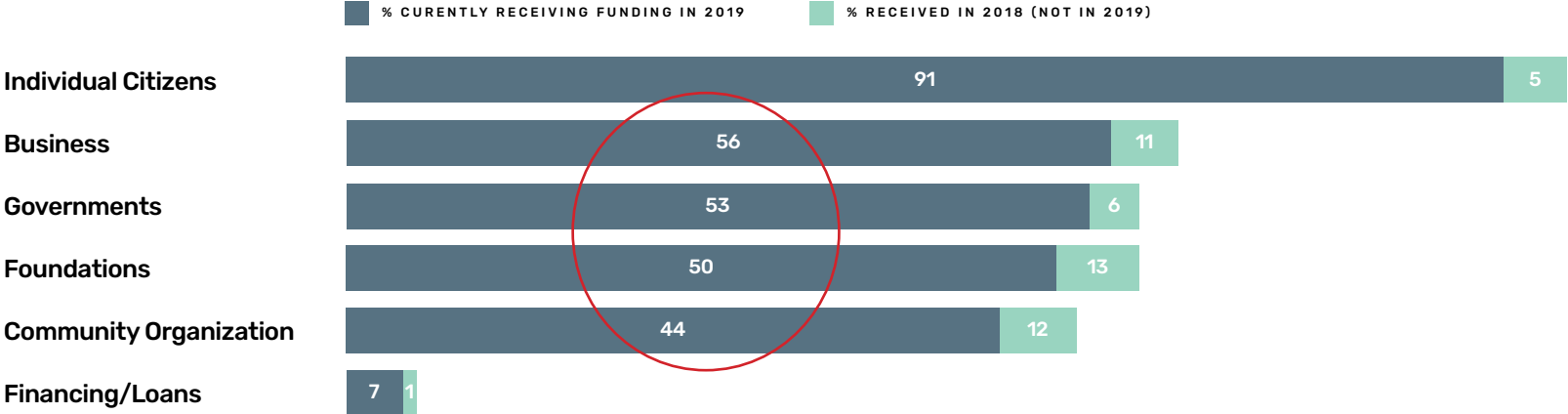


Charities have the opportunity to solicit more funding from governments, foundations, and businesses.

Individual donors are the most common source of funding: Over 90% of all charities count on giving from individuals; less so from other funding sources. More charities can be approaching businesses, governments, and foundations than currently doing so.

With declining giving behaviour among individual Canadians (as measured by T1 tax returns over the past decade – see appendix), there is **an increasing importance for charities to seek funding from governments, foundations and businesses.**

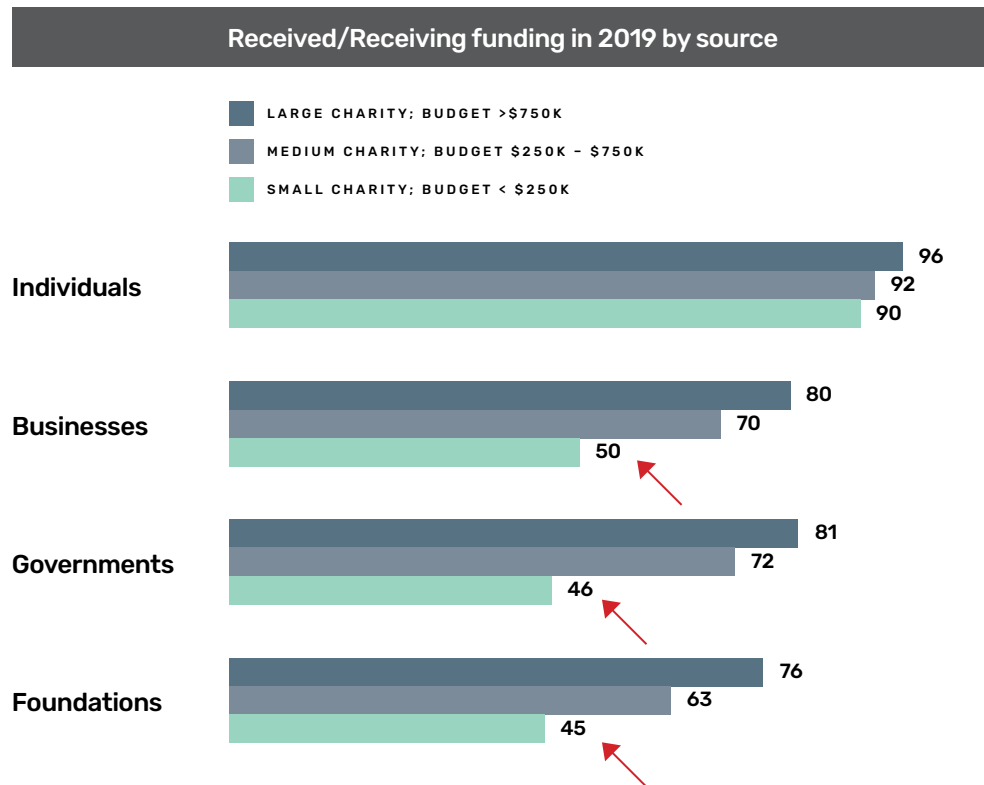
When last received funding by source



Smaller charities in particular are not benefitting from grants from governments, foundations, and businesses.

Small charities with annual operating budgets under \$250,000 represent the majority of charities in Canada; 57%.

These charities have **an even greater dependence on individual donors, and are less likely to be receiving funds from governments (47%), foundations (46%), and businesses (52%)** compared to medium and larger charities.

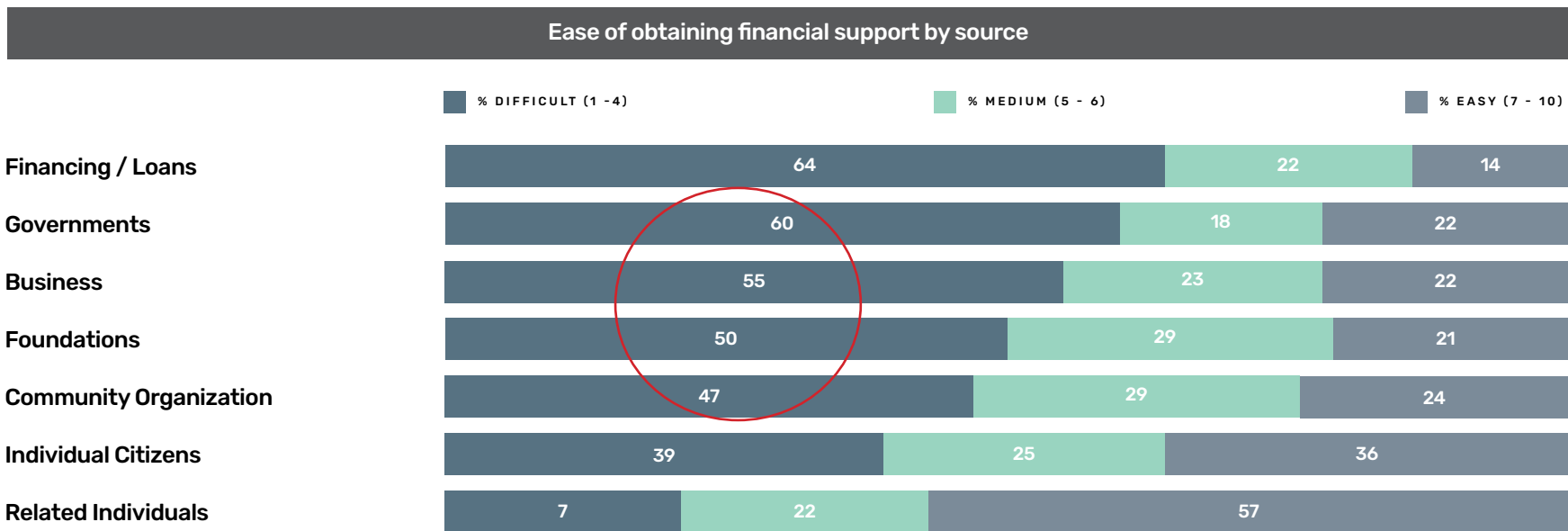


Fundraising from institutional funders is challenging and difficult.

Surveyed charities say that fundraising from governments, foundations, and businesses is challenging. On a scale from 1 = Difficult to 10 = Easy, the majority of charities scored grant-makers quite weakly (1 to 4; i.e. quite difficult).

This implies room for improvement from all donor sources, and particularly from government agencies.

And these challenges are felt even more so among the majority of smaller charities (~80% difficult rating 1 to 4). It seems that smaller charities require an extra bit of attention seeing that they represent the majority of charities in Canada.



Barriers blocking charities from approaching institutional funders fall into three main themes.

- 1. It is challenging for charities to find interested donors.**
It would likely be helpful to have a free, easy, web-based, open platform to allow charities to find/search Funders by their interests.
- 2. The main funders are not easy to deal with.**
Grant-makers need to consider their processes for grant-making.
- 3. The (smaller) charities are lacking resources and skills, internally, to easily succeed at fundraising:**
Charities appear to need training, better resources and would appreciate an easier grant-making process.

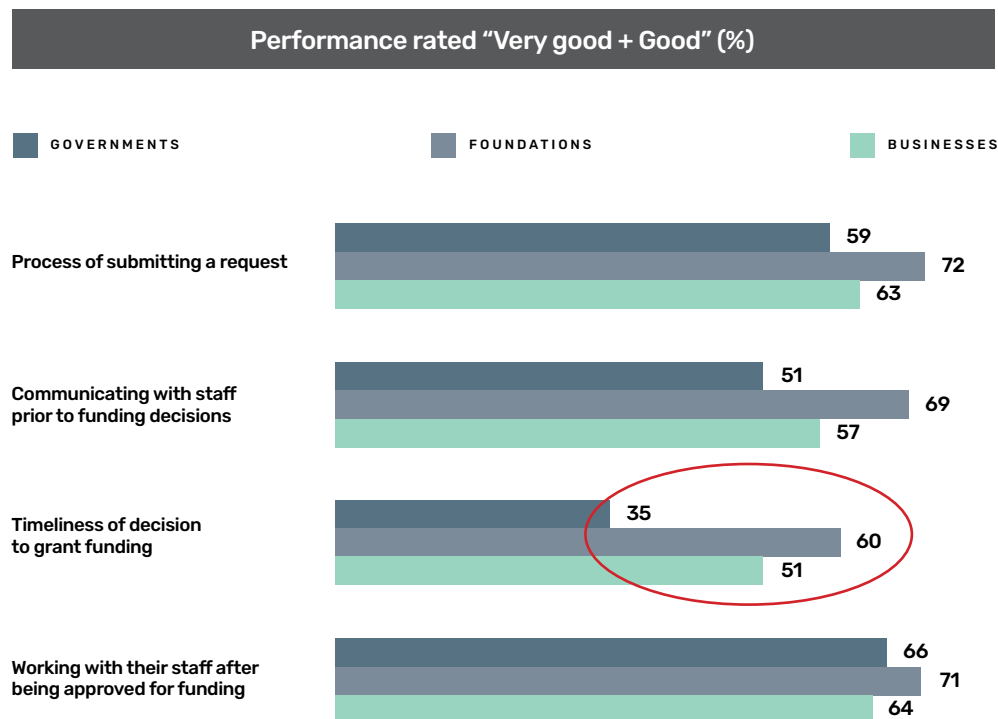
Reasons not recently approached each source; Open-ended question where respondents offered their views, and we have grouped them into common answers (%)		Government %	Foundations %	Business %
1.	Charity lacks fit: Low priority to donor / Low interest in us / Wrong type of charity / Not aligned with funder / Wrong mission	46	27	24
2.	Charity lacks profile: We are small / Not popular / Not known / No 'name recognition'	10	6	5
	Difficult process: Process is cumbersome/slow/hard / Takes a long time / Too difficult / Bureaucratic / Frustrating / Painful	7	5	2
3.	Low expectation of success: Low probability of winning / Not worth trying / Low chance of success / Too competitive	13	9	11
	Unfair process: Too political / Not merit based / Not transparent / Not open or fair process	6	1	1
	Charity lacks expertise: Lack of contacts or network / Lack of info / Not know how to apply / Not good at this / No expertise	7	26	24
	Charity lacks capacity: Not have the resources / Too overloaded/ Too busy / No staff time to apply	9	26	25
	Low need: Do not need to apply / Only when need to / Not a priority for charity (right now) / Chosen not to try	12	8	23

The fund-raising process was rated acceptably well, but not great.

'Timeliness' was a weakness.

In terms of performance ratings **among those who have recently received funding** from the respective sources, the funders score acceptably, but with still about one-third of those funded not feeling positive.

In particular, there is an observed **weakness for timeliness** (especially among government agencies).



Generally, **smaller charities** are less satisfied with the performance across the three main funding sources. **They find bigger frustrations.**

Charities say there is room to improve the fundraising process: Easier, faster, more transparent, better communications, etc.

Suggested improvements to the grant-makers include several characteristics. It appears there is a need for government agencies to improve the most. **(Only 7-13% had no suggestions for the various grant-makers).**

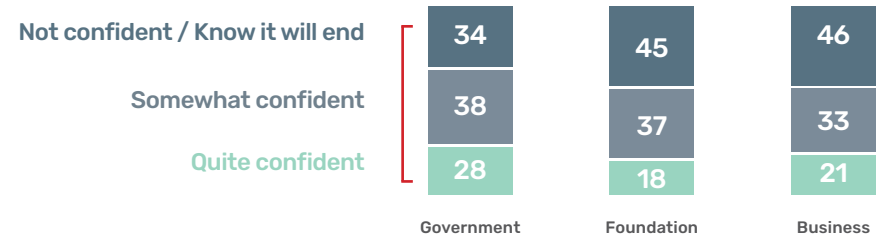
Volunteered elements for improvement Open-ended question where respondents offered suggestions, and we have grouped them into common answers (%)	Government %	Foundations %	Business %
Easier: Less details / Not audited statements / Less paper-work / Too many layers / Streamline the process / Make less challenging	32	12	7
More open (Less restrictive): Open to smaller charities / Willing to support less popular or unfamiliar charities / Open to expand list of NPs	22	21	14
More transparent / better communications: Be clearer + honest about decisions / Better communication / Better info on website / Less of a black hole / Be realistic about chances / Give feedback on rejection	13	17	16
Better understand the charities: Better understand what charity does / Come see us / Learn about unfamiliar charities / Try to better listen and learn	10	6	8
Faster/Shorter: Speed up process / Work faster / Shorten time-lines	10	2	2
Fund ongoing work and overhead: Fund operating costs + staff / Be realistic about costs requiring admin / Give funds for S-T needs	8	14	2
More approachable: More personal / Less online process / Like to know a contact name	8	8	14
More merit based: Look at impact / Not focussed on funder looking-good / Be less self-serving / Be more altruistic	7	3	3
Improve/standardize application: Standardize approach / Focus on only the relevant necessary data / Fewer long essay questions	3	2	1
Other suggestion	16	24	30

Many charities are not confident with their on-going financial support.

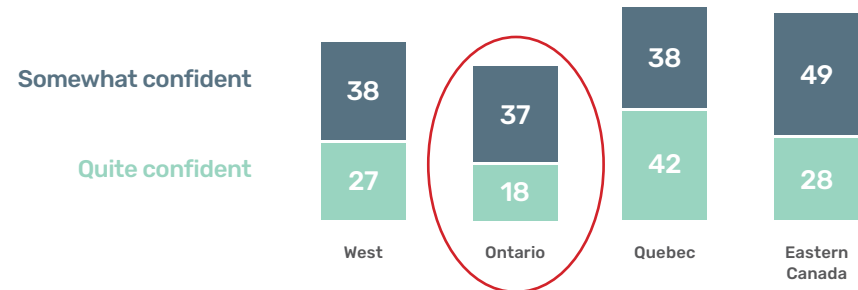
It is difficult to plan ahead when one is unsure of future financial support. This is a particular challenge for charities receiving funding from foundations and governments. The reliability of provincial government funding sources is particularly weak in Ontario according to survey respondents.

- Multi-year funding commitments would likely be very helpful for charities, which would also help to improve the efficiency of their fund-raising efforts.

Confidence in continued funding from sources (%)



Confidence in continued funding from sources (%)

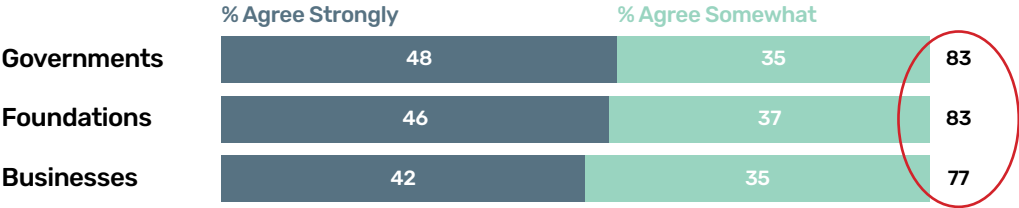


Funders are not seen to be interested in funding charities' greatest needs

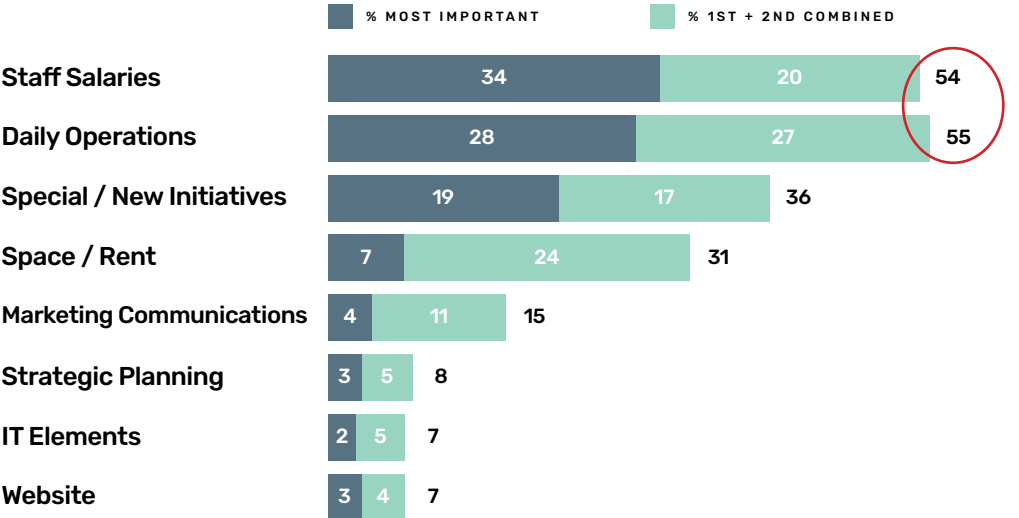
This *highest priority* need for charities of all sizes is staff salary expenses and operational costs.
 - However, it appears grant-makers are not interested enough in funding these most critical needs. This discrepancy puts missions in peril.

Agreement by Charities

Sources are not interested in funding overhead, admin, IT, and operational costs (and instead prefer to fund specific initiatives) answers (%)



Importance for financial needs: Ranked as most or second most important



Hosting corporate charity events can be useful, ...but not always. Certain concerns can likely be avoided.

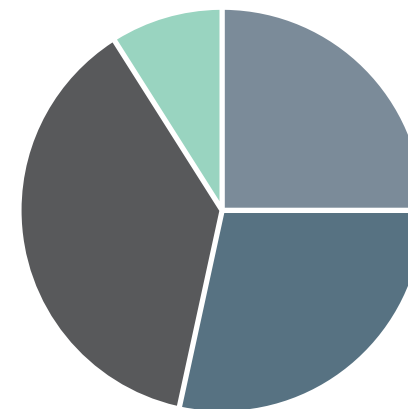
Twenty percent (20%) of charities have hosted a corporate charity event in the past 12 months.

- This is more popular among the larger charities (35%) versus the smaller charities (17%)

And among those who have hosted a recent charity event, feelings are mostly positive about the usefulness and impact. But not everyone agrees; **One-third disagreed their event was so useful.**

- The challenge is the extra amount of work demanded of charity staff: 35% agreed that the extra work out-weighed the benefit of the event.
- As well, 29% felt that their business partner was more interested in the business' own image, more so than the needs of the charity.
- 19% felt that the business was demanding and inflexible.

Usefulness of corporate charity event (%)



Quite Useful - 42%
 Very Useful - 27%
 A Little Useful - 25%
 Not Very Useful - 7%

Since many charity events have gone well, with positive impact, and agreeable attitudes, such corporate events should not be shunned.

However, businesses need to be sensitive to these above shortcomings and help to avoid such issues.

Conclusions

2019 Survey of charities in Canada

- 1** Charities, and particularly the majority of smaller ones, will likely need to increase their reliance on institutional funders (due to the decline in individual giving behaviour), and would benefit from a better process.
- 2** Charities need to gain skills and capacity to secure funding from grant-makers. Funders can help with training and simplification of the grant process.
- 3** Funders can help by improving their funding process: more transparent, fair, open, easier, faster, etc
- 4** Funders could increase their openness to support the areas of greatest importance for charities: daily operating costs, overheads, and salaries.
- 5** Funders could help by being more communicative, and be willing to commit to longer term, multi-year grants.
- 6** Corporate events can be useful, but businesses should be sensitive to the extra work it imposes on the charities, and should put the charity needs first.

Learn more at www.Sector3Insights.com. If you have questions, comments or suggestions, please do not hesitate to contact us.

We would love to hear from you: john@sector3insights.com

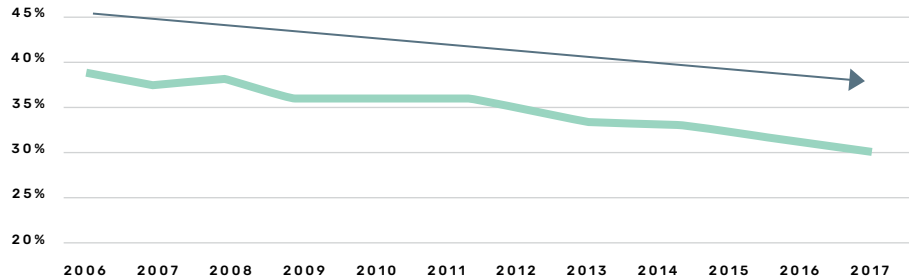
The non-profit sector is losing its individual donors:

The incidence of tax-filers claiming a charity tax credit is declining, the donation as a percent of income is dropping, and the avg \$ donation per tax filer is not keeping up with inflation.

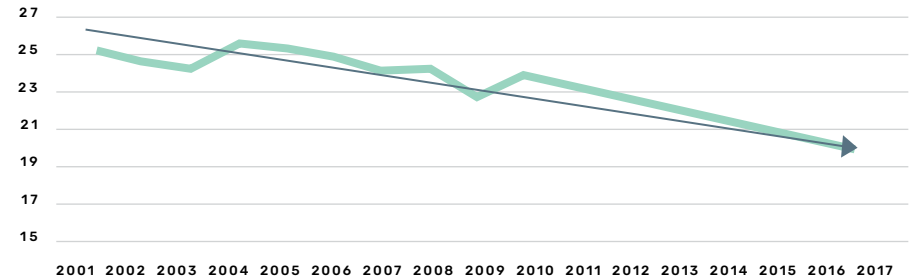
Canadian Giving Statistics

Source: Statistics Canada; T1 Tax Returns - Latest data currently available at this time (2017)

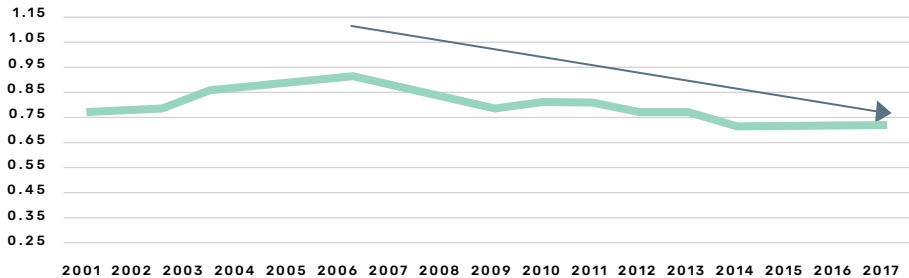
% Families that Claimed Donations T1 Family Files 2006 to 2017, Reference 19034



% Incidence of Tax Filers Claiming Charitable Tax Credit in T1s



\$ Donations as % of Income



Avg \$ Donation per all Tax Filers (T1 returns)



About our Partners:

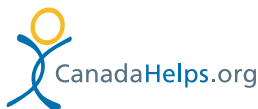
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We leverage state-of-the-art research tools from the corporate world to help guide non-profits in their strategies and actions. Our profits are directed to registered charities.

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CanadaHelps builds effective and affordable fundraising technology, and provides free training and education so that all charities, regardless of size, have the capacity to increase their impact and succeed in the digital age. For Canadians, CanadaHelps, provides a convenient, safe and trusted one stop destination for donating to, fundraising for, or learning about any charity in Canada. Founded in 2000 and itself a charity, CanadaHelps has raised over \$1B for charities from more than 2 million donors.

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- **By working to create and improve government and institutional policy at a national level.**

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