Hard questions from the CEO/Board

- How are we doing?
- How do I know things are improving?
- What are the key performance metrics?
  - Inputs
  - Outputs
- Why do we not have transparency and consistency of reporting?
- What is the Risk/Reward framework for investment decisions?
Understanding how one’s charitable organization performs – whether its delivering on programmatic imperatives or determining the efficacy of fundraising operations – is critical for every organization’s long-term strategic planning.

Benchmarking can:

• Establish meaningful benchmarks for major charities by sector;
• Identify market share;
• Demonstrate multi year trends
• Help justify new investments;
• Compare an organization to national, provincial and regional benchmarks;
• Show the return on investment in fundraising compared to other organizations;
• Demonstrate relative performance
• For the institutional sector, can provide benchmarks that are weighted for size.
Objections to Benchmarks

- “We are special”
- “The data is unreliable”
- “Reporting is too complicated”
- “I don’t want to look bad”
- “My Board/CEO doesn’t care”
- “I already give the Board the numbers they should see”
Welfare is the fastest growing charitable sectors in Canada. Growth in Religious sector has remained relatively stagnant between 2001 and 2006 AND as a result have seen its marketshare shrink considerably.

In 2001, approximately $13.4 billion was raised. By 2006, approximately $19.5 billion was raised.
The growth rate in fundraising revenues has been largest in the Welfare sector (82% growth) between 2001 and 2006. The lowest growth rate has been in the Religious / Faith Based sector (20% growth) over the same period.

*Among registered Public Foundations and Charitable Organizations*
• The growth rate in expenditures has been largest in the **Education** sector (132% growth) over the past 6 years.
• The lowest growth rate has been in the **Religious / Faith Based** sector (19% growth) over the same period.

* Among registered Public Foundations and Charitable Organizations
In 2006, the average Canadian charity* had a return on fundraising of $9.69 for every dollar invested in fundraising activities. Religion, with its very low cost structure, had the highest ROF at $53.30 in 2006.

* Among registered Public Foundations and Charitable Organizations
University Sector Analysis

Macro Fundraising Trends (2001-2007)
About this study

• This report has been prepared for the purposes of benchmarking Canadian University fundraising performance from 2001 to 2007.

• Benchmarks calculations for the University sector where calculated for Institutional Groupings based on the Maclean’s Magazine categories used in their annual university rankings: Medical Doctoral, Comprehensive and Primary Undergrad.

• Although this study analyzes the performance of 49 Canadian universities, public foundations which support these institutions were included in the benchmarking exercise.

• Benchmarks were calculated using data from the Canada Revenue Agency (the T3010 form: Registered Charity Information Return) for registered universities and their associated foundations between 2001 and 2007.

• When data was conflicting or suspected of having low integrity, said data was removed from the data set, usually resulting in higher averages.
Tax Receipted Gifts

Total Other Gifts

Total Revenue from Fundraising

Fundraising Revenues

Fundraising Expenditures

Fundraising Expenditures

University Sector Methodology
The following three university categories reflect the groupings used in the annual Maclean’s University Rankings study.

<table>
<thead>
<tr>
<th>Medical Doctoral</th>
<th>Comprehensive</th>
<th>Primary Undergrad</th>
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<tbody>
<tr>
<td>DALHOUSIE UNIVERSITY</td>
<td>CARLETON UNIVERSITY</td>
<td>ACADIA UNIVERSITY</td>
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<td>ROYAL RHODES UNIVERSITY</td>
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**Medical Doctoral** consists of universities with a broad range of Ph.D. programs and research, as well as medical schools.

**Comprehensive** consists of universities with a wide range of programs at the graduate and undergraduate level, including professional degrees.

**Primary Undergrad** consists of universities that are undergraduate-focused, and have relatively few graduate programs.
In 2007, the average Canadian university reported $24.7 million in fundraising revenues.
In 2007, the average Canadian university reported $3.7 million in fundraising expenditures.
Annual net revenues for the Medical Doctoral University Sector increased by $39.3 million between 2001 and 2007.
... however, when we include revenue for endowment income to FR revenues, annual net revenues for the Medical Doctoral University Sector increased by $452.0 million between 2001 and 2007.
Annual net revenues for the Comprehensive University Sector increased by $89.5.6 million between 2001 and 2007.
... however, when we include revenue for endowment income to FR revenues, annual net revenues for the Comprehensive University Sector increased by $128.5 million between 2001 and 2007.
Annual net revenues for the Primary Undergrad University Sector increased by $34.3 million between 2001 and 2007.
… but when we include revenue for investment income to FR revenues, annual net revenues for the Primary Undergrad Sector increased by $66.5 million between 2001 and 2007.
University Sector FR Revenue Trend

FR Revenue for the entire university sector increased by only 25% between 2001 and 2007. The comprehensive sector reported an increase in revenues of 76% over the same period.
Sector wide FR expenditures increased by 94% between 2001 and 2007. The comprehensive sector increased expenditures by 97% over the same period.
Sector wide net revenues increased by 18% between 2001 and 2007.
Medical doctoral sector experienced an increase of only 6% over the same period.
Revenue from investment income has been rather volatile over the 7 year period between 2001 and 2007.
Although sector wide return on fundraising is down 36% as a whole – for every dollar invested in fundraising activities, the average Canadian university had a return of $7.35 in 2007.
The Medical Doctoral sector experienced the greatest percentage decline (43% decrease) in Return on Fundraising between 2001 and 2007.
The general direction in trends does not change when Investment Income is included in the calculation for Return on Fundraising.
Average government funding to the Medical Doctoral Sector is twice as much as funding for Comprehensive and Primarily Undergrad combined.
Government funding for the University Sector as a whole has increased 70% between 2001 and 2007.
Average FR Revenue as a percentage of Total Government Funding was 11.0% for the total University Sector in 2007.
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The Offord Group is a fund development consulting organization located in Toronto, with expertise in large-scale fundraising enterprises. The Offord Group specializes in transformational philanthropy, bringing expertise in resource building and development management to help clients reach new levels of performance.

Innovative Research Group Inc. is a national public opinion research and strategy firm with offices in Montreal, Toronto and Vancouver.

INNOVATIVE provides public and private companies, governments and non-governmental organizations with high-level strategic counsel, communications strategy, reputation management, performance assessment and public affairs advice.
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