

Fundraising Tools

籌款工具

Chinese Family Clan and Benevolent Societies
華裔宗親或會館組織
July 23, 2016

Fundraising Tools 籌款工具

Part 1: The Capital Campaign 籌款活動

- Coalition Campaign and Charitable Status
- Preparation

Part 2: Fundraising Methods 籌款方式

- Special Events
- Modest Gifts
- Major Gifts

Part 3: Giving Pyramid 捐贈金字塔

- Who gives?
- Identify, inform, involve, invest
- Recognition and stewardship

Part 1: The Capital Campaign

籌款活動

What is a Capital Campaign?



- A Capital Campaign is short, intensive asks to a few for a one-time project
- 20% of donors give 80% of total raised
- ‘Bricks and Motar’ focus (Science World, “Bridging the Science Gap” \$35,000,000.00).
- Charitable status required for tax credit
 - donors need tax credit
 - most foundations and some corporations must give to charities

Benefits of Capital Campaign

籌款活動的好處

- Retain cultural heritage and buildings of historical importance
- Strengthen the Societies
- Generate support in the community for the longterm
 - concrete goal, exciting, generates publicity
- Gain credibility with prospective donors
- Create a legacy for the (new members)



Consider a Coalition Campaign

考慮聯合籌款

- Avoid competition and donor fatigue
 - UBC - All fundraising is coordinated by Foundation Office
- Maximize cost savings and increase staff and volunteer support
- Increase publicity and community support
- Increase size and number of gifts
 - 'Bridging the Science Gap' raised \$35 million!
- Improve level of success
- Establish charitable status for longterm



Case Study 案例分析: Science World

Bridging the Gap Capital Campaign

\$35 million campaign in 2012 for renovations completed in 2015

Diamond

BC Hydro
Infrastructure Canada
Province of British Columbia
Dr Ken Spencer
Western Economic Diversification Canada

Sapphire

BMO Financial Group
Encana Corporation
Goldcorp Inc.
Peter & Joanne Brown Foundation
Taseko Mines Ltd.
TD
Westport Innovations Inc.

Platinum

ACL Services Ltd.
Appia Developments (2001) Limited
Aurizon Mines
Ross Beaty
Jim & Samantha Bosa
Ryan & Tonya Bosa
CIBC
Embassy Bosa Inc.
Norm & Pat Francis
Paul & Nicole Geyer
Great Basin Gold Ltd.
Imperial Oil Foundation
V. Paul Lee & Family
The Louis Family—Robin, Linda, Aron & Owen
Dr Lindsay Machan
MDA Corporation
John & Dana Montalbano
John Murphy & Leslie Lee
Plutonic Power
Robert Quartermain

Gold

City of Vancouver
Haywood Securities Inc.
Lisa & Mike Hudson & Family
Lehigh Hanson Materials Limited
Silver Wheaton
David & Gaylean Sutcliffe
Anonymous

Silver

Val & Dick Bradshaw
Concord Pacific Developments Inc.
Concord Pacific Foundation
Fortis BC
Andrew Harries & Family
Caroline Jellinck & Gordon Exel
Cheryl & Randy Jespersen
Knight Piésold Ltd.
KPMG Foundation
Fasken Martineau
Bruce & Julia McLeod
Ron McNeil
Peter J. O'Callaghan
Donna O'Neill
Jim Pickles
Garry & Leonne Rasmussen
Sony Canada
Morgan & Lisa Sturdy
TELUS
Vancouver Foundation
Anonymous

Bronze

Bachechi Bros Realty Fund, administered by the Vancouver Foundation
Canadian Natural Resources Ltd.
CANTEST Ltd.
David & Debbi Cottrell
Casey & Jean Forrest
Hemmera Envirochem Inc.
KGHM International Ltd.
Levelton Consultants Ltd.
Noordin & Nancey Nanji
On Demand Production Network
Pinton Forest & Madden Group Inc.
Eric K. Pringle
Tetra Tech
TMH Capital Corp.
Melissa & Greg Weinrauch
Anonymous

Copper

Mazana Armstrong
Bruce & Brenda Beirsto
Dan & Ursula Bowditch
Lydia Burchell
Cynthia Burton, in honour of Tyler Shore Bedford
John Cairns
Jim Cameron
Stephanie Forsyth
Graham Fox, in honour of Ian Mitchell
Gage-Babcock
Jennifer Hughes
ING Direct
Doug Kinsey
Xiangxiang Kong
Stewart Ladyman
William Lang
Carol Ya Ting Lee
Stephen Lewis
Munro MacKenzie
Catherine McPherson

Mostly Individual donors
大部分為個人捐獻

Prepare for the Campaign

籌款活動準備

Key elements:

- Society mission & planning for future (Society Legacy)
- Architectural plan, costs, plan to finance
- Board leadership, membership base and staffing
- Prospective base for fundraising support; Board, members, donors, friends
- Campaign plan with costs, list of prospective volunteers, donor recognition
- Charitable status for tax credits
- Fundraising staff and/or fundraising counsel



Part 2: Fundraising Methods

籌款方式

- Host **special events**
 - Gala's, Runs, Walks, etc.
 - Examples: 'Night of a Thousand Stars', \$3,3 million for VGH Hospital Foundation, 2016 S.U.C.C.E.S.S. Walk with the Dragon, Tapestry Foundation Scotiabank Feast of Fortune
- Raise **modest gifts** through direct mail, telephone and email appeals (members and friends)
 - World Vision, Hospital Foundations, Arts Club
- Raise **major gifts** through personal asks of individuals with ability and interest
 - United Way Annual Appeal, 'Bridging the Science Gap'
 - BC Children's Hospital Foundation - Chinese-Canadian Planned Gift Committee
 - Grant proposals (government, foundations, corporations)

Special Events 特別活動

Raise friends, not funds 籌集朋友而非資金

ADVANTAGES

- publicity
- excitement
- new contacts
- participants 'feel good'
- identify new donors

DISADVANTAGES

- expensive
- time consuming
- exhaust volunteers
- new events usually lose money
- Sponsors are essential to cover costs

(‘Splash’, for Arts Umbrella, uses 100% of proceeds for arts education)

- Small scale events are best

Modest Gifts - many

一般捐獻 – 多種方式

Raise through direct mail, telephone and email appeals (members and friends)
通過直接郵件，電話，以及電郵的方式籌款 (會員和好友)

ADVANTAGES

- involves many gifts which provides opportunity for those of modest means (members, friends)
- Demonstrates broad community support for Societies which encourages support from government, foundations and corporations
- Annual appeals from Canadian Diabetes - staff driven

DISADVANTAGES

- relatively expensive
- Much competition; materials and methods must be first-rate
- Requires a database of prospective and past supporters
- Requires staff support
- Ongoing donor recognition

Major Gifts 大額捐獻

Capital Campaign Focus 籌款活動重點

Raise through personal asks of individuals with ability and interest
通過向有能力的熱心人士募集

ADVANTAGES

- Economical and effective
- Only way to raise large gifts from individuals
- Paves the way for more gifts from those on the sidelines
- Pledges provide opportunities for larger gifts



Major Gift 大額捐獻

CHALLENGES

Need committed volunteer leaders with connections

- Right person has to ask
- Fundraiser must support volunteers

Recognition

- Naming opportunities
- Donor recognitions (listings, thank you's, events)

Charitable Status for tax benefits

Staff to receive and collect pledged gifts

Who Invests? 捐贈人士

Major gifts: 80% of goal, few in number, raised through personal asks of few individuals, plus grant proposals

- Wealthy individuals
- Public funds- various levels of government and government agencies
- Corporate and foundation grants
- Wealthy individuals

Other gifts: 20%, many gifts, raised through mail, phone, email, events

- 'Family' donations - Society leaders, members, friends
- Community donations - local businesses, societies, individuals

Grant Proposals 捐款提議

ADVANTAGES

- Fundraiser will research foundations, corporations and government agencies with shared interests
- Fundraiser will write proposals
- Volunteers may assist fundraiser if they have 'links'

Grant Proposals 捐款提議

CHALLENGES

- Fundraiser will research foundations, corporations and government agencies with shared interests
- Society family and friends must have given
- Major gifts must be committed
- Grants may come later in the campaign, sometimes after the project is completed Many foundations will only give to registered charities

Part 3: Gift Pyramid

捐贈金字塔

How many gifts to reach goal?



Top Ten Major Gifts

十大大額捐贈來源

1. Identify a few wealthy individuals with strong ties
2. Campaign leaders
3. Society donors and volunteers
4. Philanthropic individuals (Family Foundations)
5. Corporations and Corporate Foundations
6. Vendors and local businesses with ties
7. Major employers
8. Foundations with stated interest
9. Various governments
10. Government agencies

Gift Level	# of Gifts	# of prospects	Amount
\$500,000	1	3	\$500,000
\$250,000	2	6	\$500,000
\$100,000	4	12	\$400,000
\$50,000	8	24	\$400,000
\$25,000	16	48	\$400,000
\$10,000	32	96	\$320,000
\$5,000	64	192	\$320,000
\$1,000	160	480	\$160,000
Total Raised			\$3,000,000

Sample Gift Chart for \$3,000,000

Make Prospects Donors

發掘有可能的捐贈人

- Identify your prospective donors
- Inform them of the need
- Involve them in your efforts
- Invite them to invest

Identify Prospective Donors

確定有可能的捐款人

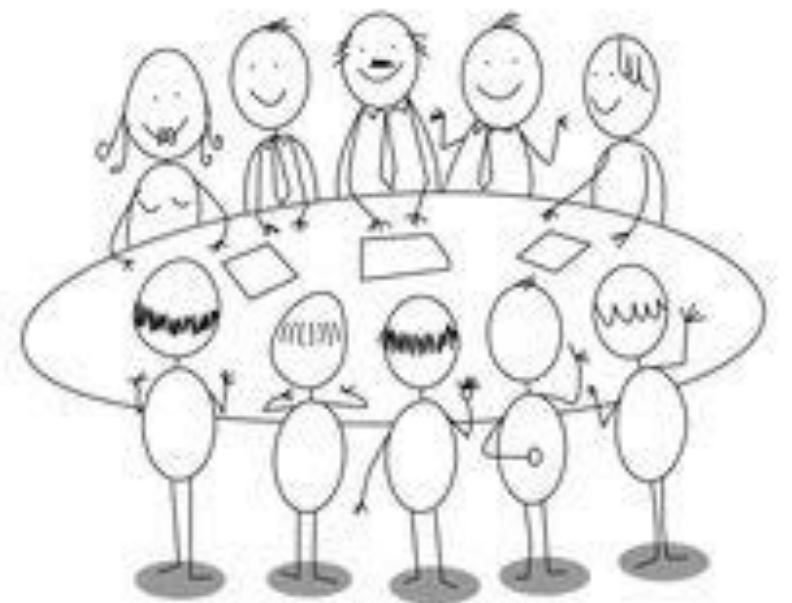
- Update database of members, donors and volunteers - past and present
- Conduct a membership campaign
 - renew support of lapsed members
 - recruit younger members - Society Legacy



Meet prospective donors

與有可能的捐贈人會面

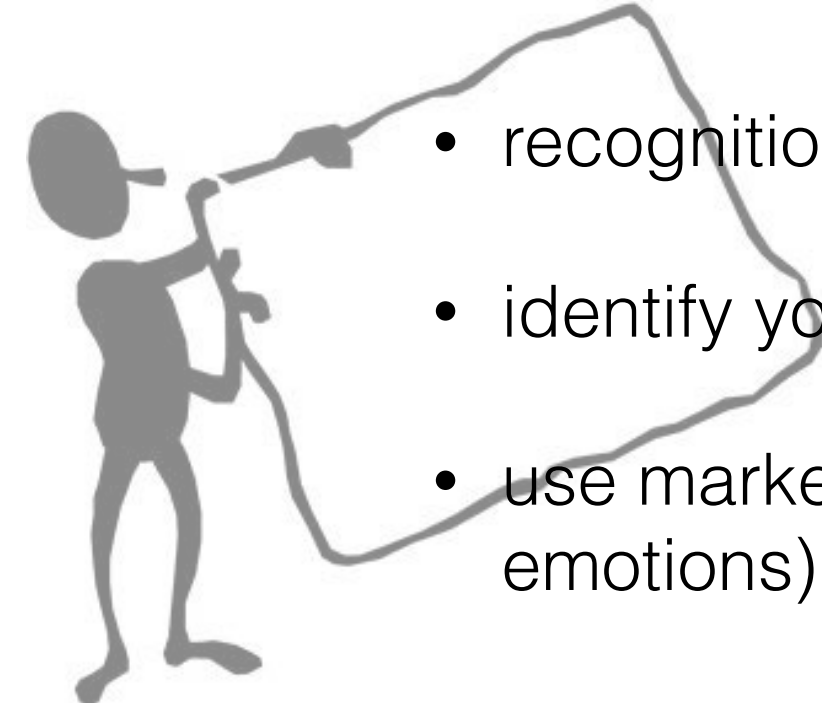
- Meet prospective leaders first and recruit
 - Persons with stature and links
- Mail (members, past members, Society links, friends)
- Events & media (open house, news releases/ contacts with media)
- Prepare campaign materials



Inform Prospective Donors

告知有可能的捐款人

- Develop the Case for Funding Support
 - based on business plan, plus architectural plans and costs, including fundraising campaign
 - how you will raise the funds, estimates how much you will raise from individuals, foundations and corporations, government, financing
 - benefits to the community and losses if you do not succeed
 - recognition of donors, especially naming opportunities
 - identify your campaign leaders
 - use marketing language (based on facts but appealing to the emotions)



Feasibility Study 可行性研究

‘Test the Case 試驗性測試’

- Meet with 20-30 key prospects (community and business leaders, former donors and volunteers, foundation contacts, government funders)
- Staff or fundraising counsel best because those interviewed more likely to say what they think
- Seek advice
- Determine level of support (volunteer and financial)
- Ask who might support the campaign

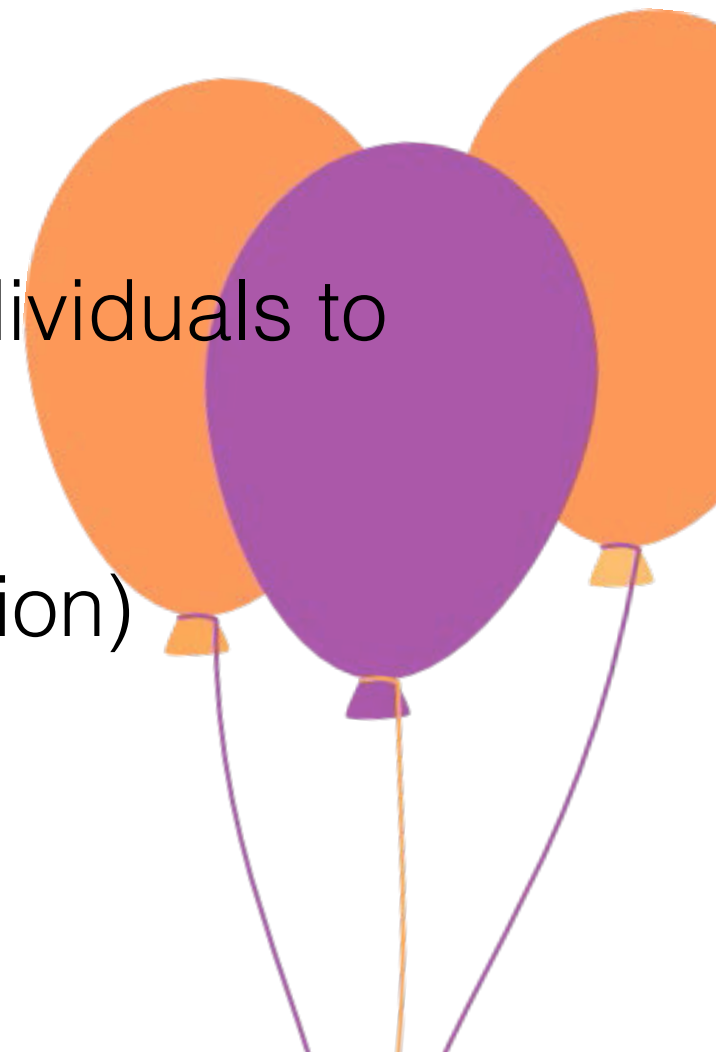


will this work?
可行嗎?

Involve prospective donors

使有可能的捐贈人參與其中

- Recruit high profile volunteer(s)
- Leader(s) to 'lend name' and help meet a few key prospects; 'open the door' to corporate prospects
- Orient all volunteers
- Meetings (key foundations, businesses and individuals to determine interest and ask for help)
- Membership drive (strengthen family participation)
- Celebrations to kick-off campaign



Invitations to Invest

發起捐贈

- Family gives first
 - members, friends, society board and past board, campaign leaders
 - demonstrates commitment and community support to foundations, corporations and government
- Top Ten donations requested in person
- Proposals to foundations and corporations by fundraiser
- Modest donations requested by mail, email, phone
 - fundraisers execute

Encourage Longterm Investment

鼓勵長期資助

- Thank you, thank you, thank you
- Personal contact from campaign leaders, board and staff
- Permanent recognition opportunities - naming, listing
- Ongoing involvement - good stewardship of gifts

Thank you

Chinese Family Clan and Benevolent Societies 華裔宗親或會館組織

Fundraising and Financing Workshop
籌款及融資研討會
July 23, 2016

Workshop Topics

研討會提要

- ▶ Capital Planning 資金規劃
- ▶ Sources & Uses of Funds 資金來源及用途
- ▶ Critical Loan Factors 貸款關鍵因素
- ▶ Loan Process and Key Terms 貸款過程及重要條款
- ▶ Construction Financing 建設融資
- ▶ Community Bonds 社區債券



Review of Business Plan Concepts

商業計劃概念回顧

- ▶ Organizational information (Strategy)
- ▶ Project information (Opportunity)
- ▶ Operational information (Feasibility)
- ▶ Financial information (Financing)

Business Plan Components

商業計劃的構成



Capital Planning

資本規劃



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Capital Planning 資本規劃

► Built off your Project Budget

(From the Business Plan Workshop)

- Be sure to include the costs of financing:
 - loan fees
 - interest costs during construction
 - appraisal costs
 - legal costs of doing security and loan documents



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Project
Budget
Template

項目預算
模板

Organization Name
Project Budget

Building Condition Report Fee	
Construction Costs	
Structural repairs	
Exterior repairs	
Interior building system upgrades	
Interior finishing	
Total Construction Costs	
Design & Engineering	
General Site Costs	
Construction contingency (10%)	
Financing Costs 融資	
Total Project Budget	

Capital Planning 資本規劃

- ▶ Considers the total amount of money needed to complete the project
- ▶ Needs to identify where the funding will come from
- ▶ What you will spend the money on and how you will pay it back
- ▶ Sources and Uses of Capital chart (template from Business Planning Workshop)



Sources & Uses of Capital

資金來源及用途

Organization Name

Sources & Uses of Capital

Sources of Funds	Uses of Funds
Society savings account	Building condition assesement
Building reserve account	Construction Costs
Project donations	Design, Engineering and Admin
Grant - City of Vancouver	General site costs
Grant - other	Contingency
Bank Mortgage	
Community Bond	
Total Sources of Funds	Total Uses of Funds



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Possible Sources of Capital

資金來源

- ▶ Organization savings or reserve account
 - ▶ Fundraising activities
 - ▶ Government grants
 - ▶ Private donations
- (refer to the first part of this Workshop)
- ▶ Mortgage or long term loan
 - ▶ Construction Financing
 - ▶ Community Bond



Mortgage Financing

按揭融資

Loan Application Process

貸款申請流程



Critical Loan Application Factors

貸款申請的關鍵因素

- ▶ Operating Budget worksheet
 - important for debt financing request
 - shows the ability to pay back the loan over time
 - proves to you and the lender that you will be able to make loan payments
- ▶ Debt Service Ratio – ability to make annual loan payments

Debt Service Ratio Calculated as:

償債比率的計算：

Annual Surplus 年度盈餘

Total Annual Financial Payments

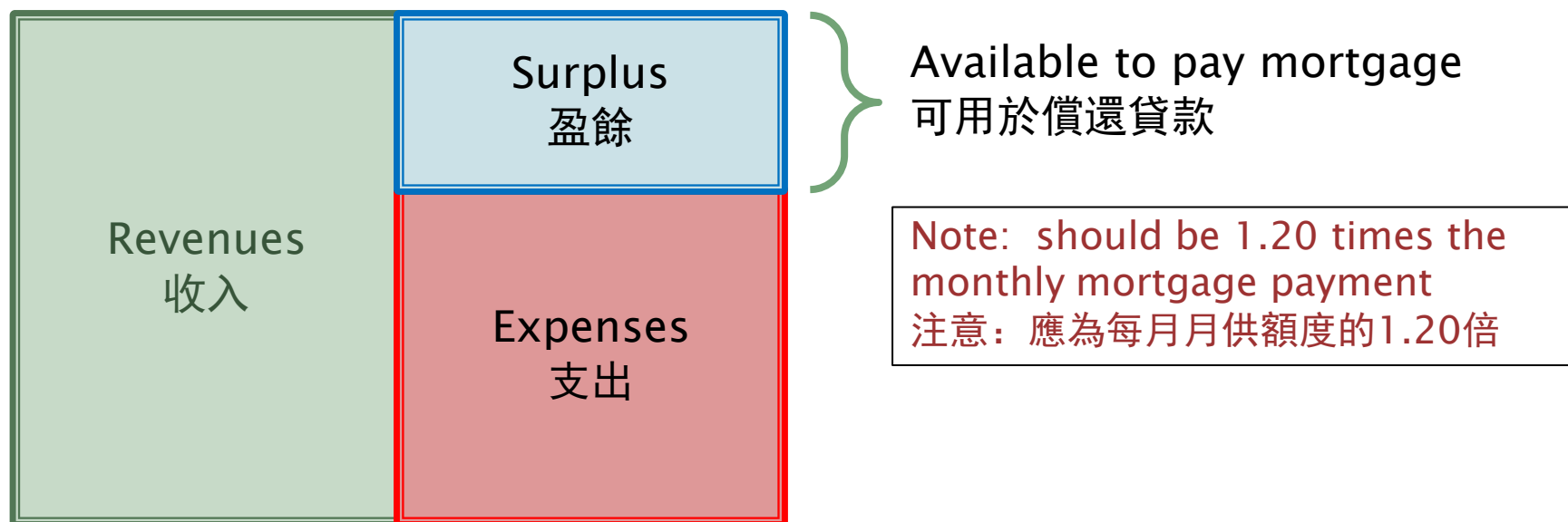
總年度財務支出



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Operating Budget 運營預算

- ▶ Establish the sources of revenue
- ▶ Determine the costs of operating the building
- ▶ Set out any staffing or management costs to operate the building
- ▶ Demonstrate that there will be sufficient cash flow to make required loan payments
- ▶ Clearly state your assumptions



Operating Budget 運營預算

Debt Service Ratio Calculated as:
償債比率的計算：

Annual Surplus 年度盈餘

Total Annual Financial
Payments 總年度財務支出

Organization Name Cash Flow Worksheet						
	Opening	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Budget						
Revenue						
Residential rent						
Commercial rent						
deduct Vacancy Allowance		0	0	0	0	0
Operating cost recovery (commercial)						
Grants						
Other revenues						
Total Revenue	0	0	0	0	0	0
Expenses						
Salaries & Wages						
General & Administration						
Marketing costs						
Building Expenses						
Property Management expense						
Utilities						
Insurance						
Property Taxes						
Maintenance & Repairs						
Cleaning/Janitorial						
Security						
Garbage/Recycling						
Fire Safety system/inspections						
Other building expenses						
Replacement Reserve						
Total Expenses	0	0	0	0	0	0
Excess of Revenue over Expenses	0	0	0	0	0	0
Financing costs						
Mortgage Payments	5.00%	0	0	0	0	0
Community Bond Interest						
Community Bond Principal						
Total Financing costs	0	0	0	0	0	0
Increase (decrease) in net cash flow	-0	0	0	0	0	0
Opening cash position	0	-0	-0	-0	-0	-0
Closing cash position	-0	-0	-0	-0	-0	-0
Debt Service Coverage Ratio:		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Cash Flow Worksheet (example)						
	Opening	Year 1	Year 2	Year 3	Year 4	Year 5
Excess of Revenue over Expenses	0	23,000	35,000	18,000	28,000	21,000
Capital Budget						
Financing Proceeds						
Bank Mortgage	280,000					
Community Bond	150,000					
Total Financing Proceeds	430,000	0	0	0	0	0
Financing costs						
Mortgage Payments	5.00%	19,642	19,642	19,642	19,642	19,642
Community Bond Interest	3.00%	4,500	4,500	4,500	4,500	4,500
Community Bond Principal		0	0	0	0	0
Total Financing costs	0	24,142	24,142	24,142	24,142	24,142
Increase (decrease) in net cash flow	5,000	-1,142	858	-6,142	3,858	-3,142
Opening cash position	0	5,000	5,858	14,715	8,573	12,431
Closing cash position	5,000	3,858	1,142	8,573	12,431	9,288
Debt Service Coverage Ratio:		0.95	1.45	0.75	1.16	0.87

Critical Loan Application Factors

貸款申請的關鍵因素

► Key Financial Ratios 主要財務指標

- Debt Service Ratio – ability to make annual loan payments
- Loan to Value Ratio – strength of the loan security to collect on default

Loan to Value Ratio Calculated as:

貸款對價值比率計算：

Total Loan Approved 總貸款額

Appraised Value of the Building

建築的評估價值

- Maximum is in the range of 60% – 65%
- ### ► All lenders are not the same



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Terms of Financing 融資條款

- ▶ Total loan authorization
- ▶ How it will be advanced
- ▶ Interest rate
- ▶ Regular repayment terms
- ▶ Amortization
- ▶ Security
- ▶ Outside guarantees
- ▶ Annual reporting



Construction Financing

建設融資

Construction Financing 建設融資

- ▶ Total authorization
- ▶ As money is spent on construction more of the loan is available (progress draw)
- ▶ Cash flow needed to move through construction
- ▶ Reporting as construction progresses
- ▶ Holdbacks
- ▶ Final advance of the loan



Community Bonds

社區債券

Community Bond – Definition

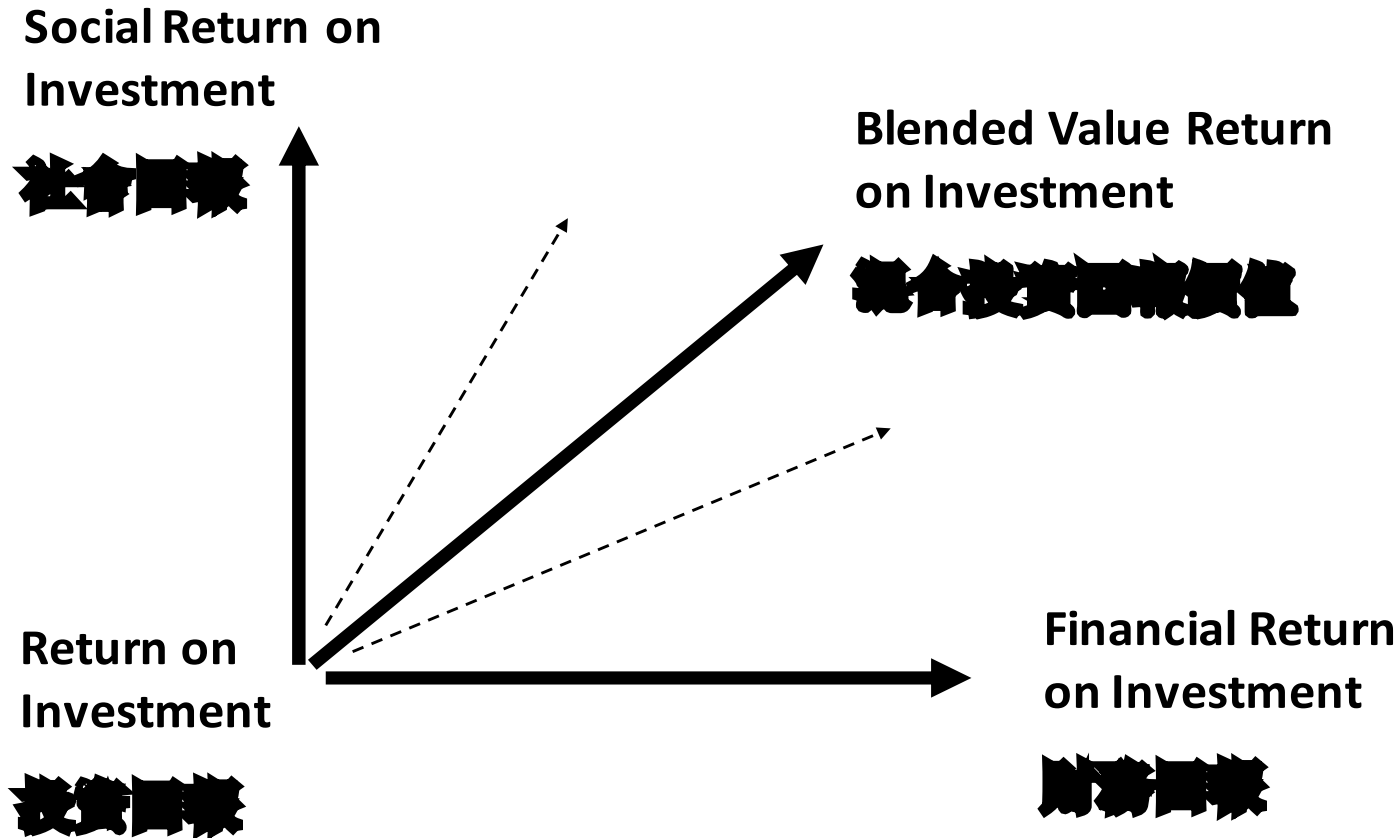
社區債券 – 定義

- ▶ Community Bond provides **aligned supporters** another way to provide financial support to the work of the organization
- ▶ Money is **paid back** to the investor in the future
- ▶ Modest **financial return** can be provided
- ▶ Capital is available to the non-profit to expand their **work in community**
- ▶ Connected to a defined community project – the ultimate “**buy-local**” investment strategy
- ▶ Similar to the way money was raised to buy your building in the beginning



Community Bond Seeks a Blended Return on Investment

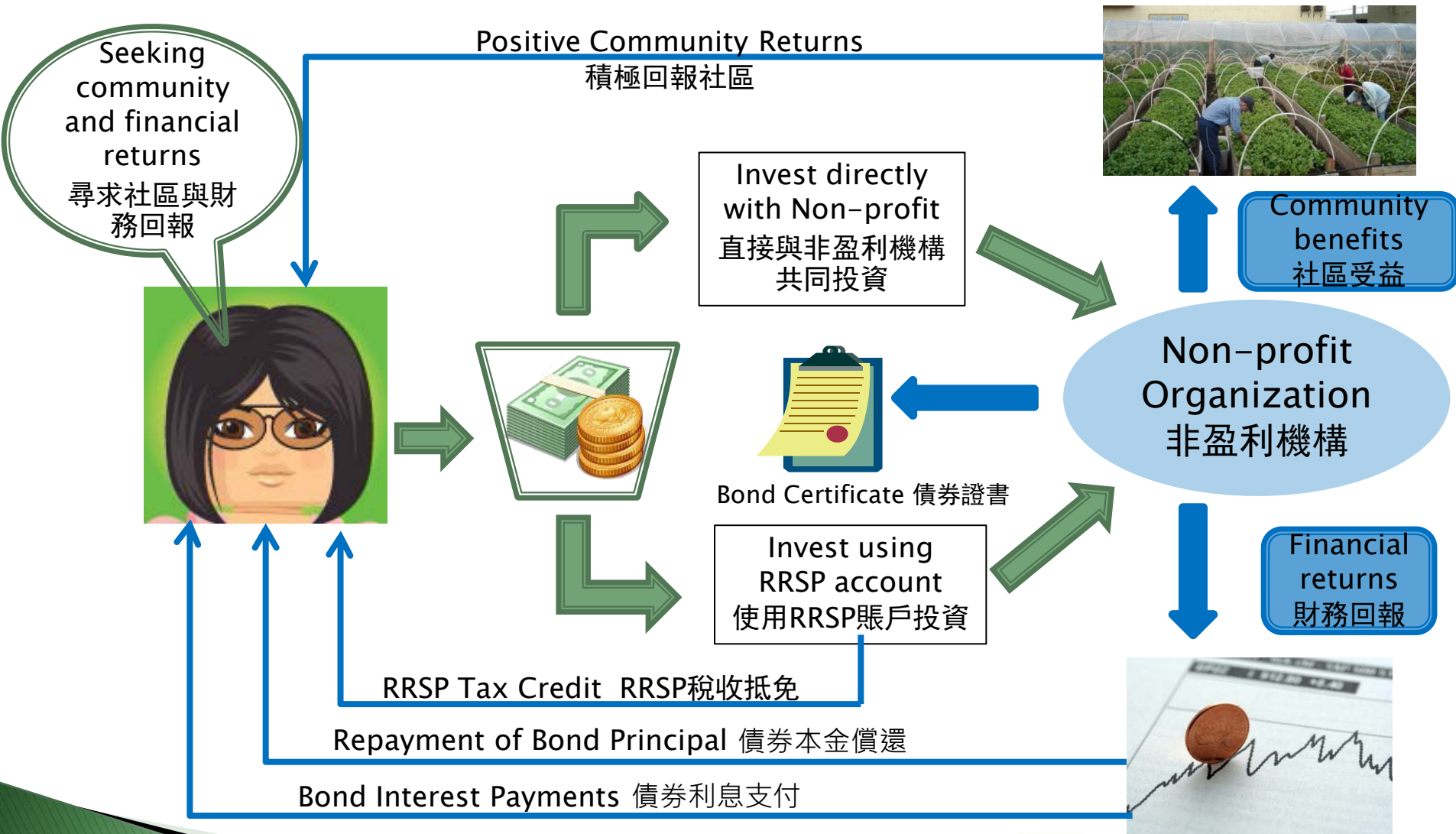
社區債券尋求混合的投資回報



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Investor Perspective on Community Bonds

從投資者的角度



Community Bond Is Different than a Grant

社區債券與補助的區別

- ▶ It is Debt – a loan (from members of the community)
- ▶ Requirement to repay principal
- ▶ Usually a modest financial return (may come later)
- ▶ Issuer of the Community Bond can decide how the funds will be used
- ▶ Expectation funds will create a source of cash flow
- ▶ Usually used to build financially self-supporting projects



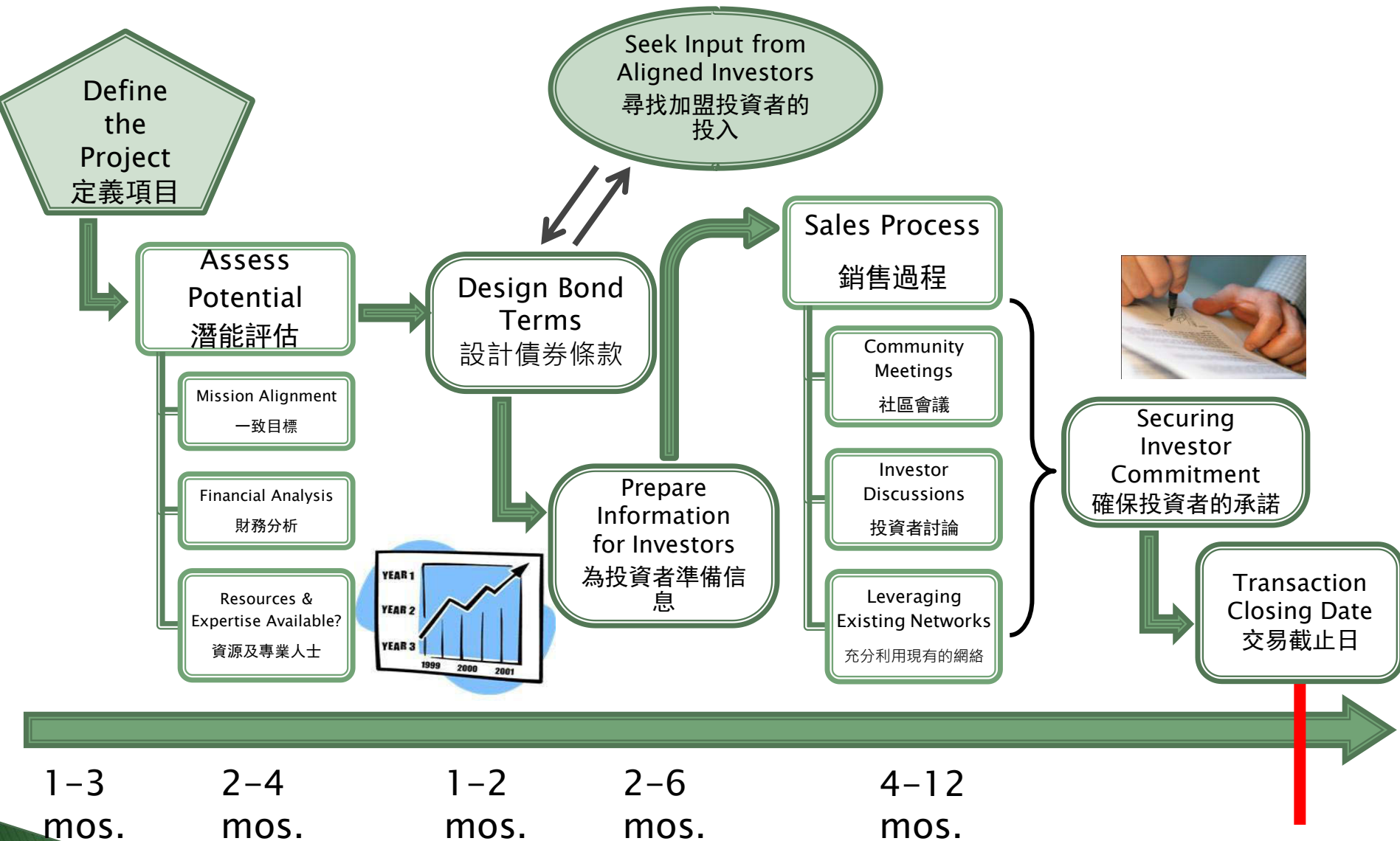
Community Bond Process

社區債券過程

- ▶ Evaluate the need for financing
- ▶ Assess finances and cash flow scenarios
- ▶ Design Bond terms
- ▶ Create package of information for investment opportunity
- ▶ Develop specific documentation and partners
- ▶ Market the Bond to investors
- ▶ Receive proceeds and put them to use
- ▶ Follow up with interest and/or principal payments



Community Bond Development Process 社區債券發展流程



Benefits of a Community Bond

社區債券的好處

- ▶ Larger pool of capital available than donations
- ▶ More flexible terms than a conventional mortgage
- ▶ A different way to engage with financial supporters
 - they don't give up their capital permanently
- ▶ Leverages your existing network of supporters
- ▶ Puts the value of the asset in the hands of community members



Questions? 提問時間

For more information on Community Bonds see the white paper at

更多關於社區債券的信息請瀏覽白皮書

www.capacitybuild.ca



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