

Expediting the growth of community philanthropy.

2023 Winston Churchill Fellowship Report for the philanthropy and funding sectors and government in Aotearoa New Zealand.

Eleanor Cater, Community Foundations of Aotearoa NZ.
September 2023



Expediting the growth of community philanthropy to achieve social change will require nurturing the infrastructure for philanthropy to thrive, broad philanthropy advisor education and wider government and funding sector involvement.

Who is in?

Hei whakakaha, i ngā hāpori o Aotearoa.

Thank you to the Winston Churchill Memorial Trust and Community Foundations of Aotearoa NZ for supporting travel to the UK and Canada and time to research and write this report.

I am very grateful for the opportunities and the potential this experience has launched.

Ngā mihi nui.

Eleanor Cater,
eleanor@communityfoundations.org.nz
September 2023



Hei whakakaha i ngā
hāpori o Aotearoa



**Winston Churchill
Memorial Trust
New Zealand**

Foreword.

I'm not sure that we have ever fully grasped in Aotearoa New Zealand the full potential of community foundations, but a look overseas tells us what the future can hold for our young network across the country. Take a quick look at Toronto Foundation in Canada, or Quartet Community Foundation in the UK, or Nebraska Community Foundation in the US (*"we unleash abundant local assets, inspire charitable giving and connect ambitious people to build stronger communities"*) and you will see what I mean.

Community foundations are just as important in the landscape as local government structures, but they are far less well known. Their potential to unlock philanthropy and to steer resources to where they are needed in communities, to enable local self-determination, is immense.

At Nikau Foundation, Wellington and Wairarapa's community foundation (which I have the privilege of chairing), we have just secured one of the biggest legacies in the history of New Zealand. This legacy is going to be invested for the benefit of the wider Wellington region, forever. Working with donors and enabling effective philanthropy is highly skilled work and it has the potential to transform our communities. Yet Nikau Foundation, like all community foundations, has had to grow slowly over decades from the goodwill and generosity of local people, rather than by the strategic intent of governments or other stakeholders.

While we may have missed the opportunity to strategically shape the national infrastructure of community foundations at the outset, we can mindfully do so now. Eleanor Cater has produced a concise and focused handbook containing a wealth of information and ideas to assist us all. With intergenerational wealth transfer knocking at the door in Aotearoa, the time is now for government, philanthropists, funders and the business sector to understand the potential and invest in the community foundations' infrastructure and capability.



Dame Fran Wilde
Chair Nikau Foundation and
Community Foundations of
Aotearoa NZ Trustee
September 2023

Eleanor Cater's international research report into growing philanthropy in New Zealand through community foundations provides sage insight into the growth potential, strategies and possibilities for further expanding generosity, it is based on international good practice and an understanding of community need across Aotearoa New Zealand.

From improved awareness of the community foundation network across regional New Zealand, to better understanding community impact, building trust, transparency and giving options for donors, to collaborating with business, professional advisors and government, this report reflects some of the strategic strengths in working together to further incentivise philanthropy and enhance its growth, and to do so in a community centric, high value, high impactful way now and for all future generations to come.

A risk we face is the commercialisation of philanthropy which could have a detrimental effect on the spirit of generosity and the well-being of local communities. When philanthropic endeavours become profit-driven, the primary focus shifts from addressing genuine social issues to serving a commercial imperative – so ultimately more commercial centric than community centric. This shift may divert resources away from community-driven initiatives or foster inequitable distribution of funds that directly address the unique challenges faced in community.

To preserve the true essence of generosity, it is essential to refocus philanthropy on community across regional New Zealand, where individuals and organisations can build meaningful connections, understand real needs, and contribute directly to the betterment of their localities. This report reflects the value and strategic potential of community foundations to foster a more inclusive and impactful philanthropic ecosystem that empowers communities to drive positive change from within – forever!



Arron Perriam
Executive Director,
Community Foundations
of Aotearoa NZ
September 2023

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Executive summary

Aotearoa faces great challenges and it's becoming increasingly evident that the New Zealand government and the existing funding sector cannot address all the current issues of society. New philanthropy, from private individuals and the business sector, must form a part of the solution.

The good news is that we have a major opportunity sitting on our doorstep: the biggest intergenerational wealth transfer the world has ever seen: the baby boomer wealth - estimated to be around \$1.25T in Aotearoa New Zealand - and transferring to the next generation over the next 20 years. There is no doubt that, with skill and significant know-how, a percentage of this wealth can be unlocked and steered towards community-led solutions.

However, new philanthropy doesn't happen by chance, and transformative philanthropy, even less so. This report outlines some of the common threads that help effective philanthropy to flourish and the urgency around making that happen.

Touching on many of the initiatives and incentives which have helped to create more favourable conditions for philanthropy in both the UK and Canada¹, this report concludes that there are actions we can take here in New Zealand to create similar enabling conditions.

These are big ideas. New Zealand cannot continue to blunder along, while this one-time opportunity beckons, and remain passive while other nations are becoming strategic around how they actively steward community wealth.

The big ideas:

Government investment - in capacity building for community foundations, which are young and vastly under resourced in New Zealand, so they can provide well-resourced philanthropy advisory services and the charity infrastructure necessary for everyone to be a philanthropist.

Specialist education for philanthropy advisors (distinct from fundraisers), a research and knowledge base that is not yet available in New Zealand, unlocking individual philanthropic potential and skillfully growing lifetime giving.

Mandating philanthropy education for professional advisors in both tertiary and CPD education - lawyers, accountants, financial advisors - so that they see introductory philanthropy conversations as part of their roles, particularly during the will-making process.

Embedding in government policy that unclaimed funds/dormant assets/inactive trusts be resettled into local community endowment funds, getting these funds actively working for New Zealand.

Reviewing government fiscal incentives - does the current 33% tax back in fact encourage philanthropy? - and promote incentives through marketing and PR campaigns (potentially in partnership with 'Give and get your tax back' campaigns, already running through local community foundations).

Exploring the potential for fiscal incentives to grow estate gifts to communities - including, in the absence of inheritance taxes, a percentage of matched funding (matched funding has been shown by research² to be more influential than fiscal incentives).

Activating a sector-wide - government and philanthropy funded - generosity and bequest campaign which has been proven overseas to work to grow philanthropy, particularly estate gifts.

These are just some of the recommendations included in this report, along with a suggestion that we must remain curious to look at other ways to build philanthropy, outside of 20th century big, endowed institutions, towards more collaborative funding opportunities.

Community foundations have enormous potential to respond to both collaborative giving opportunities and community need, but only if they are well resourced and enabled through a supportive philanthropic ecosystem. Community foundations sure need sector partners, in this waka and on this journey, growing community philanthropy for the benefit of our communities, now and into the future.

¹ UK travel was funded by the Winston Churchill Fellowship, and Canada travel by CFANZ. Some qualitative information from Canada has been included in this report to give it more depth.
² Breeze and Lloyd (2013) *Why Rich People Give, The Directory of Social Change*

Introduction

Philanthropy can be purposefully grown.

It doesn't happen by accident. Across the world transformative societal gifts are being nudged, nurtured and mindfully grown.

Philanthropy Australia has even formulated an ambitious strategy to double philanthropic giving by 2030³. Ireland is currently undertaking a public consultation process, to do the same⁴.

In the UK, where I travelled to undertake qualitative research for this report, there has been a cross party initiative to explore the potential to grow philanthropy, which recently released 10 recommendations⁵. There is a maturing donor advisory ecosystem that supports philanthropists to give more and to give more effectively, also seeking to increase the amount of philanthropy in the UK⁶.

Over the past two decades the UK government has also undertaken several initiatives to purposefully grow philanthropy, some of which have led to the growth of community foundations and a growing understanding of their central role in building communities.

In Canada, the government sees the 205-strong community foundations network as providing the local architecture to fund into communities well, mobilizing both public and private resources together to address social issues.

Here in New Zealand, no cross-sector nor government-led agreed strategy to grow philanthropy exists, nor (as far as I can ascertain), has ever existed. Philanthropy New Zealand's work has been mostly focused on existing funding ecosystems and they have recently sought broad political party support to 'drive up structured and private giving'⁷.

Community foundations, which form a central role in the philanthropy ecosystem in other parts of the world, are underutilized and underfunded in New Zealand. Yet our communities face great immediate needs and entrenched systemic challenges and, while existing structures of funding and philanthropy are working fervently on solutions, new

philanthropy must also be a part of the driving force to address these challenges.

New Zealand can purposefully grow philanthropy. Growing philanthropy isn't just a concept, it's an action. We have to do things differently if we are to grow community wealth and community self-determination.

And the time is now, as we have never seen such an immense opportunity to activate and steer the intergenerational wealth transfer of the baby boomers - estimated at NZ\$1.25T⁸ - towards community-led solutions.

We have the infrastructure in New Zealand for everyone - givers big and small - to activate their personal philanthropy with ease, through the burgeoning and underestimated regional community foundations network, tapping into and enabling the deep-rooted human desire to give locally⁹.

Community Foundations Australia and Philanthropy Australia have recently released a submission to the Australian Government's Productivity Commission enquiry into philanthropy, recognising the potential of community foundations to grow philanthropy¹⁰. A glance internationally to see how mature community foundations networks are working - in USA, Canada and the UK - shows us that the concept is extremely underutilized in both Australia and New Zealand.

3 <https://www.philanthropy.org.au/about-us/publications/a-strategy-to-double-giving-by-2030/>

4 <https://www.gov.ie/en/consultation/7a227-national-philanthropy-policy-public-consultation/>

5 <https://www.beaconcollaborative.org.uk/all-party-parliamentary-group-appg/>

6 <https://www.beaconcollaborative.org.uk/>

7 <https://philanthropy.org.nz/election-2023>

8 CFANZ's research has found a number of credible sources estimating the upcoming intergenerational wealth transfer in NZ being between \$1.1-1.4T

9 Grimson et al (2020) *How close to home does charity begin?* Available at: <https://www.tandfonline.com/doi/abs/10.1080/00036846.2020.1720906?journalCode=raec20>

10 The opportunity to grow Australia's Community Foundation network - a strategic roadmap (2023) Community Foundations Australia and Philanthropy Australia

In New Zealand we now face a real fork in the road: do we continue allow our young community foundations network to organically evolve, a process which will take 20-30 years (perhaps longer) to reach maturity? Or do we strategically manage the process like other nations have done, boosting government investment, capacity and capability, donor advisory education, professional advisor networks - so we can harness the great wealth transfer, investing at least a percentage of it for the benefit of communities into the future?

A reset is required; there's a new upcoming era of philanthropy as the baby boomers pass on their wealth and, with increasing social consciousness, younger generations begin to express their vision for the future.

Community foundations are a key enabler of new philanthropy and growing new philanthropists. We can proactively prepare for the opportunities ahead. I'll share what I have learned, but first, let's take a look at what I mean by philanthropy, community foundations, the UK and the New Zealand context.

Eleanor Cater,
September 2023.



Estimated transfer of wealth

\$1.25T

Setting the scene

Defining philanthropy

“At micro level, it reflects fundamental truths about the values we hold and how we interact with each other... at macro level, philanthropy is a vital mechanism for redistributing resources within society alongside the state and the market”¹¹, Rhodri Davies.

Defining philanthropy is not as simple as it may appear. At what level does giving move from charity to philanthropy? With what impact? Who decides? Is general community funding ‘philanthropy’ (a curious evolution of the word in the funding ecosystem of NZ)?

Starting with the obvious, the word philanthropy comes from the Greek roots “philos” meaning love, and “anthropos” meaning humanity. So, at its simplest, philanthropy is ‘the love of humanity’. However, I’m going to steer clear of this overused and unfocused definition, which does not reflect how the word is applied today, mostly in reference to acts of giving and generosity.

For the purposes of this report, I will use the Payton¹² definition of philanthropy as **‘voluntary action for the public good’**, which is essentially the core mission of community foundations, inspiring and enabling private action for community benefit.

What are community foundations?

“With people keen to get involved locally, a particular opportunity is to grow the national community foundation network. This would have a powerful impact in expanding national giving ... unlock new opportunities for government-charity-philanthropy collaboration to drive impact. Over time, the national community foundations network will become powerful national architecture, allowing government and local communities to work together to address challenges suited to local solutions,” Philanthropy Australia’s Strategy to Double Philanthropic Giving, 2022.

It’s important to note from the outset that NZ’s network of community foundations are different from NZ’s network of community trusts¹³. Essentially, community foundations provide the philanthropic infrastructure for local people to play their part in building philanthropy, funding and investment into communities.

Community foundations are not-for-profit and run entirely by volunteer boards. They are, at their heart, all about building community and activating philanthropy as a tool to achieve this. They are actively building regional wealth.

Community foundations were originally a US concept. Internationally, the first community foundation was established in Cleveland, USA in 1914. Frederick Harris Goff, a civic leader in Cleveland conceived the idea of a more collaborative kind of philanthropic institution from those born by Rockefeller and Carnegie, one that would enable members of a community to pool and activate local resources, to address local problems.

Goff launched the world’s first community foundation in 1914, with a goal to build this one local foundation into a

¹¹ Davies, R. (2023) *What is philanthropy for?* Bristol University Press

¹² Payton, R. L. (1988). *Philanthropy: Voluntary action for the public good*. New York: Macmillan Publishing Company

¹³ NZ’s Community Trusts explained - <https://community.net.nz/resources/nz-navigator-trust/community-trusts/>

national movement. The movement rapidly spread across North America and to other parts of the world throughout the 20th century.

There are now around 2000 community foundations across the planet, with 17 of these located in Aotearoa NZ¹⁴.

Here in NZ, it's a very young movement, with Nikau Foundation in Wellington being by far the earliest established foundation (established in 1991), and all 16 others establishing from 2003 (including four in the past six years)¹⁵. The Tindall Foundation was behind the growth of the movement from 2003, initially providing support for the establishment of the Acorn Foundation in Tauranga, providing seed funding for several community foundations to establish and part funding the national organisation's growth from 2017. Craigs Investment Partners have also supported the national network, including seed funding the establishment of Community Foundations of Aotearoa NZ (CFANZ)¹⁶.

Community foundations provide the philanthropic infrastructure for community-led development; they offer donor advisory services, pool community funds, invest in local initiatives and run grant making programmes. Some run fundraising campaigns and, internationally, mature community foundations offer opportunities for impact investments and social finance. They are entrenched in community leadership, working as partners alongside local government and other funders, mobilizing both private and public resources for community good.

Far from competing with the charity sector, community foundations strengthen charity ecosystems by actively growing the philanthropic pie and providing sustainable income streams to local charities and causes.

Worldwide, the community foundation model has endured and thrived through a world pandemic, global financial crises, and in different cultural contexts. Their success is down to their perpetuity model and the benefit of time, leadership, implementation, government and local support, as well as a clear local understanding of their role in communities.

Community foundations enable local people to become philanthropists or funders without the need to set up

a separate philanthropic trust. When they are well established, they become a force for social change, however mature philanthropic leadership roles can take decades to build and self-sustainability in the early years is a significant challenge.

The potential of community foundations to grow philanthropy and funding in a region, and to tap into the formidable driving force of donor's desires to give locally¹⁷ or 'give where you live', is immense.

In NZ, the model is widely misunderstood. In part, this is because community foundations have been exported from the USA. They have been quietly inserted into the existing ecosystems of local government, professional advisory services, charity and grantmaking, growing slowly and independently, often as volunteer 'passion projects' in communities. In part, misunderstandings also come about from our muddy and rather unique funding landscape, where few people know the difference between community foundations, community trusts, energy trusts, gaming trusts, private family foundations, corporate foundations or even commercial operators such as Perpetual Guardian and Public Trust¹⁸.

Traditionally, community foundations have always been defined by geographical boundaries and this is what has driven their community-building strategies. Worldwide, there are new definitions emerging around "what is community?" For example, Annauma Community Foundation¹⁹ is the most recent member to the Community Foundations of Canada network; Inuit-led and based in Nunavut, in the Canadian Arctic the foundation focuses on self-determination for Inuit people. Similarly, the Eenou-Eeyou Community Foundation²⁰ provides philanthropic support for the Crees of Eeyou Istchee, in northern Quebec.

Some of the best descriptions of community foundations I've come across in my travels illustrate their immense opportunity:

"Communities can only be built by the people who live and work in them. We are in the community building business, and we use philanthropy as one of the tools to do this,"

Jeff Yost, Nebraska Community Foundation.

¹⁴ See <https://communityfoundations.org.nz/regions>

¹⁵ See <https://communityfoundations.org.nz/about/>

¹⁶ Read about the early founders of NZ's community foundations network at <https://communityfoundations.org.nz/latest-news/a-new-way-of-giving>

¹⁷ Grimson et al (2020) *How close to home does charity begin?* Available at: <https://www.tandfonline.com/doi/abs/10.1080/00036846.2020.1720906?journalCode=raec20>

¹⁸ See CFANZ's recent blog post on the NZ funding landscape here <https://communityfoundations.org.nz/latest-news/community-foundations-and-the-nz-funding-landscape>

¹⁹ <https://www.annauma.ca/>

²⁰ <https://www.creefoundation.ca/>

“We are community wealth builders and should be a natural feature in the local landscape. Community foundations are as important as any Local Government structure”, Rachel McGrath, Northamptonshire Community Foundation.

“Our role is to find the balance between the funders and the needs of the community – we sit in the middle as the translator and advisor to both, which is a unique position to be in,” Rosemary Macdonald, UKCF.

“Solutions have to come from communities. Community foundations are perfectly placed to shift wealth and power to where it’s needed in communities,” Derek Bardowell, Ten Years’ Time.

Community foundations, whether here in NZ, or elsewhere, do not revitalize and reimagine their communities overnight. As Daniel Holland, CE of Community Foundation of Nova Scotia, sagely observed **“It takes decades for a community foundation to grow up”**. Their great opportunity is to grow philanthropy, build collaborations, motivate communities, link together resources and leadership - and build a community-driven future. However, to create and sustain a community foundation takes significant vision, strategy, community resources, leadership - and time.

I hope that some of the information and the stories contained in this report will help to illustrate the potential of community foundations in Aotearoa NZ and provide a roadmap for their growth and influence.

Te Ao Māori and community foundations

Community foundations in Aotearoa are very much at the beginning of their journey in partnering with Māori in local communities. It’s important to acknowledge that the network has largely grown from local passion which is primarily wealth and Pākehā -based. However, we are at the start of a 500-year plan with the long view in our sights.

CFANZ has a deep commitment to being a good Te Tiriti partner. We acknowledge the need for a more equitable society and the role that philanthropy can play in achieving that goal. This is a challenging journey which we are very much at the start of, guided in part by the excellent Ki Te Hoe framework.²¹ We would like to thank Haimona Waititi, Marcus Akuhata-Brown and Kate Frykberg for their guidance over the past 3 years.

We are also grateful to our kaumātua, Dr Taku Parai, and CFANZ Trustee, Ranei Wineera-Parai, for their commitment, guidance and patience with our network. We are honoured to hear your voice in our leadership, nō mātou te hōnore e rongo ai i tō reo i te ārahitanga.

The philosophy behind community foundations - manaakitanga, safeguarding community wellbeing and building community for generations to come - seems very aligned with Te Ao Māori and an intergenerational world view. Māori have a proud history of philanthropy; the late Mānuka Hēnare wrote of a strong reciprocal approach to philanthropy in Te Ao Māori²². As we develop and grow, our aim is to align more authentically with Māori in communities. Our goal is that, with vision, purpose, personal and organisational commitment, the potential of community foundations to partner with and support Māori aspirations, will be realised.

²¹ Ki te Hoe - supporting Māori aspirations - <https://philanthropy.org.nz/ki-te-hoe>

²² <https://www.alliancemagazine.org/opinion/not-simply-an-act-of-charity-maori-gift-exchange/>

The logic of community philanthropy

“For all the pain and devastating loss of the Covid-19 pandemic, it has brought one silver lining – a much deeper appreciation of the critical importance of our local connections, our local communities and our community foundations. Alongside the dramatic impacts of climate change which regularly impact our physical backyards far too often, Community foundations are uniquely placed to address some of our most pressing social challenges by providing a trusted source of connection and response. I truly believe that in future decades community foundations will come to be seen as ushering in a new era of societal cohesion, connection and wellbeing,” **Jack Heath, CEO Philanthropy Australia.**

Across the world communities are increasingly turning to local community philanthropy. There is something powerful about ‘local’ that really resonates with donor motivations. Outcomes are often very personal, and localism drives donors. If people are co-investors in their own future, or the future of their whānau, they tend to care more about the outcomes.

Community philanthropy has been shown to lead to more lasting and entrenched outcomes, providing a sense of local ownership and accountability.

Of course, there are different cultural contexts to giving and philanthropy, contexts which have been shaped by indigenous culture and history, colonial influences, social frameworks and politics, and this report cannot possibly touch on them all. They undoubtedly affect the environment in their country of origin and how well philanthropy thrives.

First, let’s take a look at the growth of community philanthropy through a more mature community

foundations network in the UK, 47 foundations encompassing England, Wales, Scotland and Northern Ireland, which has been the core focus of this Winston Churchill Fellowship.

The Worldwide Initiative for Grantmaker Support (WINGS) identifies three successful building blocks of local philanthropy:²³

Assets

Community philanthropy builds and deploys local assets—financial and otherwise. This is why individual and institutional donors consider it such an effective path to sustainability, growing a resource base for work on community issues. Use of local assets, engagement of local donors, and use of perpetual endowments all allow community philanthropy to strengthen civil society over the long run.

Capacity

Community philanthropy organizations develop long-term capacity in the form of the relationships, knowledge, infrastructure, and leaders essential to civil society— capacity that shorter-term approaches can’t duplicate. In particular, community philanthropy is an effective way to strengthen citizen voices and participation. And it is well-positioned to help organisations adapt to changing conditions, new local priorities, shifting donor interests, and leadership opportunities.

Trust

Through homegrown governance and transparent funding decisions, community philanthropy builds residents’ trust in their local institutions and each other. This social capital strengthens civil society. It sparks engagement. It creates a sense of local ownership of the development process. And it enables community philanthropy organizations to effectively convene, inform, and mobilise residents in ways other organizations often cannot.

²³ <https://wings.issuelab.org/resource/the-case-for-community-philanthropy-how-the-practice-builds-local-assets-capacity-and-trust-and-why-it-matters.html>

This section has been written with input from Gaynor Humphreys, establishment CE and Rosemary Macdonald, current CEO with UKCF.

Exploring the UK context

In the late 1980's there was a deliberate experimentation to insert community foundations into communities across the UK. "The reality back then was that that most endowed foundations were historic creations, often quite shadowy and un-transparent. The wealthy families, individuals and institutions that had created them through major gifts of land or investments seemed very distant from the voluntary and community sector they aimed to support," said Gaynor Humphreys.

The Charities Aid Foundation (CAF) started to promote the idea of US-style community foundations, with funding pooled from individuals and families within defined geographical boundaries. "The necessity of fundraising was a stumbling block in the early stages of UK development. It normally takes a long time to amass enough for stability and sustainability, or even for noticeable amounts of grantmaking. A community foundation can therefore look simply like yet another fundraising organisation in the initial stages. Some very tough lessons followed in how different the US and UK contexts were".

The network received impetus and an injection of investment to grow from a number of sources over the ensuing years, including:

- A three-year grant (1988-91) from central government (VSU, Home Office) supported the movement's development by assisting with administration and start-up costs for six pilot community foundations.
- In late 1990, the US-based Charles Stewart Mott Foundation offered CAF the challenge of raising £1 million to match a £1 million grant from Mott. The combined £2 million was to be used to develop three UK community foundations through an endowment challenge. Gaynor describes this as "a turning point for the network. Of the community foundations which competed for the challenge the three selected were Tyne & Wear, Cleveland (now Tees Valley) and Greater Bristol (now Quartet). The three selected for the challenge are still in the top 12 community foundations in the scale of their endowment".
- In 2002 a £1 million grant from Esmée Fairbairn Foundation enabled the national body, to run a second challenge programme, *Time for Growth*. This ran from 2002 to 2004, and was designed to revitalise ten

community foundations whose development had stalled but which demonstrated promise. Each was offered a grant of £100k towards resourcing over three years in order to enable them to add £2 million to their endowment. Nine of them achieved this. By the finishing date, £19.5 million had been raised and six months later, this had increased to nearly £25 million new endowment between them.

- In 2011 the Esmée Fairbairn Foundation again came on board, with funding for 35 community foundations, to offer enhanced donor education and engagement opportunities to help build networks of philanthropists. This project resulted in over 200 'Philanthropy Fellows', unlocking another £25 million in new donations.
- From 2011 to 2015 the Government's Office for Civil Society supported a national programme called Community First which added a 50% match to donations to community foundations' endowment, totalling more than £130 million over the period.

What also evolved in the UK was that companies started to use community foundations to do some or all of their giving as "flow-through" grants, with the community foundation charging a fee for this service. In the late 1990s, central government also saw potential in commissioning the network to run short-term funding programmes. "This type of funding unbalanced some of the fledgling foundations," said Gaynor. "They seized any opportunity to show their grantmaking expertise and welcomed a percentage of the flow-through funding to cover their costs, but allowed this work to distract them from finding resources to add to their endowment or other assets that would contribute to their sustainability".

What has evolved in the UK are different community foundation models and different approaches to addressing community need, along with much debate around acting as 'flow through' local agents for community funding.

Today, there are 47 community foundations across the UK, including a single entity for each of Northern Ireland, Scotland and Wales. The combined network is now the 4th largest funder in the UK, distributed £76m in National Emergencies Trust funding during Covid-19 and has distributed over £1b in grants over time. Together, they have a collective endowment which sits at over £778m.

The Aotearoa NZ context

Similar to the UK, the community foundations model has also been inserted into already existing societal structures in NZ, and they have been quietly growing as local passion projects across two decades (and even longer in the case of Nikau Foundation, which was established in 1991, more than a decade ahead of any other in NZ).

NZ's is a very young community foundation network by world standards, with 13 out of the existing 17 foundations launched independently, prior to the establishment of Community Foundations of Aotearoa NZ (CFANZ), which has been acting in a supporting and connecting role since 2014²⁴.

Despite limited strategic planning around the development of the network, NZ's geographical coverage over 20 years is remarkably good, with 90% of New Zealanders now

having access to give through a local community foundation (compared with just 60% in Australia²⁵). We see only three significant gaps in the NZ 'giving map', which are in Southland, Dunedin, and the West Coast of the South Island. Work is now well underway to launch a community foundation in Southland and our experience at CFANZ tells us that local passion must be what drives the establishment of any community foundation. We expect that NZ will likely end up with around 20 community foundations in total, to achieve 100% coverage of the country.

In 2023, the 17-strong CFANZ network has built \$240m in assets under management, and distributed over \$19m into NZ communities in the past financial year alone, and \$60m in the past 5 years.

Further, with a strong focus on legacies, the network has already over 650 committed bequests (with an estimated value of over \$1b) for future endowment funds, however this future growth is heavily localised to where foundations have a stronger staff resource supporting donors in their philanthropic journeys; most have very part time staff resources.

²⁴ Whilst CFANZ was established in 2014, it was run entirely by a volunteer board for its first 3 years and was limited in the support it could offer to the network over this time.
²⁵ The opportunity to grow Australia's Community Foundations network: a strategic roadmap, Community Foundations Australia and Philanthropy Australia (2023).

How far have we come?



17

Community foundations.

\$19m

Granted into NZ communities in the past year.

\$240m+

Under managed endowment funds.

1,510

Grants made into local communities in the past year

650+

Committed bequests so far



Persistent underfunding is a challenge that risks significant mission drift, missed opportunities and resource depletion as community foundations chase operational funding over vision and philanthropy building. As we have seen, in the UK this has been partly overcome through early government support, matched challenges, capacity building and the wider funding sector's active involvement in building this new infrastructure for philanthropy to thrive.

The Tindall Foundation recognized this challenge early in the life cycle of community foundations in NZ when Sir Stephen Tindall and Tim McMain became involved with the establishment of Acorn Foundation in Tauranga. Acorn was NZ's second established community foundation (after the Wellington-based Nikau Foundation, originally known as The Wellington Regional Community Foundation). Recognising wider potential for the nation, in 2003 The Tindall Foundation pledged \$2m to assist with seed funding for the establishment of community foundations across NZ, including Acorn Foundation itself.

Quite a number did establish over the following decade, including in Tauranga, Ashburton, Northland, Rotorua, Hawke's Bay, Nelson, Eastern Bay of Plenty, Timaru and Auckland, some of which received Tindall seed funding to get off the ground. From 2013-2019 seven others followed, including in Waikato, Gisborne, Taranaki, Christchurch, Wakatipu, the Clutha district and the Horizons region, again some of which have received Tindall Foundation seed funding to establish (but not all).

Across a 17-strong network, today there is only one foundation which is truly self-sustainable, drawing 1% from their funds under management: Acorn Foundation reached self-sustainability in 2021 after 18 years, at \$36m in assets. Two years later Acorn's endowment has almost doubled, today it sits at \$63m, following a healthy path of exponential growth. With the exception of Momentum Waikato Community Foundation²⁶, all other NZ community foundations have undertaken a combination of partnerships and fundraising for operations, which has made for a significant challenge and has led to some long and short-term funding alliances with local government, other local funders, corporates and individual donors.

Many of NZ's community foundations have struggled for more than a decade with inadequate operating costs, very lean staff resources and have been unable to realise their full philanthropic potential. With modest 1% fee structures, realistically around three quarters still have a long way to go to reach self-sustainability.

Beyond puzzle pieces.

Often quoted Jane Goodall wisdom envisions the world as a jigsaw puzzle:

"If you look at the whole picture, it is overwhelming and terrifying, but if you work on your little part of the jigsaw and know that people all over the world are working on their little bits, that's what will give you hope".

This quote, while profound, may be a little wanting when we look at the scale of challenges across Aotearoa NZ and across the planet.

Our world needs more than separate puzzle pieces to address growing inequality, community challenges and the climate emergency. Interlocking partnerships between iwi, government, philanthropists, professional advisors, funders, businesses - and New Zealanders who don't yet see themselves as philanthropists (but could be) - is required. Scale and commitment, and an authentic humility for collaboration and nationwide strategic thinking around actively growing philanthropy, is needed.

Institutional grantmaking and philanthropy in NZ - by community trusts and many private foundations - has shifted dramatically of late, with a focus on more participatory funding practices and community-led solutions, in particular in partnership with Māori. This has been capably led by Philanthropy NZ, sparked by the earlier work of Lani Evans²⁷ and, more recently, in partnership with Topūtanga Tuku Aroha o Aotearoa, and Tūmanako Consultants Haimona Waititi and Kate Frykberg²⁸. Over the past 25 years The Tindall Foundation have also paved the way for community-based solutions, through their high trust Local Donation Manager model.

Our challenge in philanthropy today is to consider how do we best bring in new donors and philanthropists on this journey? There is some skilled mahi ahead to welcome individuals, corporates and others into the picture, firstly getting them on the path as philanthropists and helping them to grow their giving so that it meets both personal and community goals.

In NZ, a couple of decades of local passion, and some injection of local support from The Tindall Foundation, has proven that the concept of community foundations is successful. Today, with a network managing \$240m in funds under management and over \$1b in promised funds through legacies, we have moved a number of community foundations beyond being local passion projects to being serious players in the current and future philanthropic landscape of NZ. Some of the bigger ones are now operating in community leadership positions and are becoming recognised as leaders and collaborators for community change, however the vast majority have a long way to go before they will reach self-sustainability and can 100% focus on growing community philanthropy.

²⁶ Momentum Waikato Community Foundation was established in 2013 with a \$10m 80-year interest-free loan from WEL Energy Trust, which has enabled them to hit the ground running in terms of having adequate resources to grow community philanthropy.

²⁷ Evans, L (2015) *Participatory Philanthropy*. Available at: <https://www.communitymatters.govt.nz/assets/WCMT-FRR-PDF/2015-Final-Lani-Evans.pdf>

²⁸ Ki te Hoe - supporting Māori aspirations - <https://philanthropy.org.nz/ki-te-hoe>



Challenges to growing a community foundation.

As can be seen from the UK and NZ stories, there are significant challenges to growing a community foundation. Misunderstandings are rife: perceptions of foundations (don't foundations already have assets?), uncertainty of their role in communities (why do they need to fundraise for operations?), confusion within NZ's funding sector (aren't they simply just another funder?) and the place of community foundations in growing philanthropy (don't they compete with charities?)

Internationally it has been shown that, typically, it takes a good two to three decades to grow a mature, self-sustaining community foundation. Across the board, general operational funding over the early years is a significant challenge and slows growth.

Operational funding is achieved through a variety of means, including endowment fees (typically 1% in NZ), pass through funding fees (typically 10%), direct donor and corporate donations, as well as occasional local government and local funder support.

“At CFANZ, our experience tells us that a community foundation needs around \$150k per annum of local support for its first 10 years - this equates to finding around \$1.5m locally to get the concept off the ground, and using this funding strategically”

Arron Perriam, Executive Director, CFANZ.

When well governed and well resourced, community foundations present an immense opportunity to grow more and to grow better local community philanthropy.

Growing more and growing better community philanthropy

Why do we need to expedite the growth of community philanthropy?

Through our work at CFANZ we are yet to come across a community in Aotearoa NZ that says “*we have enough funding*”. In a post-Covid world facing a cost-of-living crisis, our communities certainly need more funding and investment; inequality is above the OECD average and child poverty is high²⁹, climate change solutions are underfunded and institutional funder/grantmaker support down, with charities increasingly relying on government and public donations³⁰.

It is an immensely challenging post-pandemic environment, and there are big global shifts apparent, which together are redefining the environment of philanthropy³¹

Paradoxically, while most New Zealanders are aware that societal issues are growing, it's also very hard to give money away well into communities. There is enormous untapped potential in New Zealanders who simply have not discovered a) how to give to meet their philanthropic aspirations and b) how to give well.

Donors get a lot of joy out of well executed philanthropy, it is a personally fulfilling undertaking. It leads to the forging of self-identity and immense meaning and purpose in life. There is something also addictive about giving and the ‘warm glow’ it brings³², and encouraging new philanthropists along on their philanthropic journey takes skilled work.

Effective donor advising actually grows philanthropy³³. However, there are few organisations actively working to grow new philanthropists and the philanthropic ecosystem in NZ³⁴.

And growth on its own is not enough, while more philanthropy is good, effective philanthropy is better. With skilled donor advisors, purposeful community partnerships, and incentives to grow giving we can strategically grow more and better philanthropy, expediting the growth of community philanthropy for the future of Aotearoa NZ.

29 OECD Economic Survey: NZ 2022

30 <https://philanthropy.org.nz/news/research-shows-more-comfort-advocating>

31 *What's next for philanthropy in the 2020's - seeing philanthropy in a new light*, Deloitte 2020

32 “Neuropsychological studies suggest that charitable donations result in activity in brain regions that are known to activate our reward systems” - Bekkers, R and Wiepking, P (2011) The eight mechanisms that drive charitable giving, Nonprofit and Voluntary Sector Quarterly, Sage Publications.

33 <https://boncerto.com/assets/files/Philanthropy-Advice.pdf>

34 As well as NZ's network of 17 community foundations, others actively growing the philanthropy ecosystem include The Gift Trust, a handful of specialist philanthropy advisors, some wealth managers, the new Centre for Strategic Philanthropy, and other commercial operators including Perpetual Guardian and Public Trust.

The great wealth transfer - the time is now

The community foundations network is creating the structure to enable the nationwide stewardship of the intergenerational wealth transfer of the baby boomers. If we don't enable this from within the charity sector, it is an opportunity which will increasingly be picked up by the commercial sector, which will likely not lead to the same community outcomes.

"I think community foundations have probably 15-20 years of exponential growth ahead of us - given the age of foundations and the age of donors. The intergenerational wealth transfer offers the potential for an enormous growth curve - a dramatic uptick on the horizon - however this is not forever," **Terry Cooke, Hamilton Community Foundation.**

In the UK, legacy giving is on the rise - up 43% over the past 10 years³⁵. In part, this has come about from active stewardship of charitable legacies, a wider understanding of professional advisor's crucial roles, alongside strong fiscal incentives for charitable bequests. Charity legacy income is actually growing, despite there being fewer deaths³⁶ and a cross sector approach, focused on the intergenerational wealth transfer, is seeing a real uplift in legacies across the charity sector.

Invested endowment building

85% of UK community foundations surveyed saw building an endowment as core to their work³⁷

"Having an endowment enables more strategic grant-making where we can support longer-term solutions. We can fund groups for longer periods and give them the stability they need to do their job. Groups will have a greater impact on people's lives if they are not constantly worrying where their next funding is going to come from. We need donors to think about investing over the longer-term³⁸," **Rosemary Macdonald, UKCF**

While internationally there is growing criticism of big, invested endowments (in the main, because communities need funding *now* and donor-advised perpetual endowments bow to 'the dead hand of the donor', highlighting the anti-democratic nature of philanthropy³⁹), there must be an element of endowment building in community foundations' work, as invested community endowments:

- Lead to self-sustainability of community foundations and enable them to focus resources on building community philanthropy (and not fundraising for operations)
- Open up the potential for much larger philanthropic gifts from donors
- Provide for future generations and secure funding within the charity sector
- Within a not-for-profit structure, give back more to communities over time than direct donations⁴⁰
- Get funding to where it is needed, utilizing local knowledge and insight
- Create sustainable income streams for local charities

Endowments are of particular interest in the community foundations network for donors who want to affect lasting change, and particularly for those who may not want to leave their entire estate to family or to charity. Donor-advised invested endowment funds can provide a sound

³⁵ <https://todayswillsandprobate.co.uk/changing-attitudes-to-charity-fuels-increase-in-legacies/>

³⁶ <https://www.civilsociety.co.uk/news/charities-legacy-income-increases-to-3-7bn-despite-fewer-deaths.html>

³⁷ WCF 2023 UK Survey, rated important or extremely important

³⁸ The Beacon Collaborative - <https://www.beaconcollaborative.org.uk/the-philanthropy-ecosystem-giving-vehicle-providers/>

³⁹ Davies, R. (2023), *What is Philanthropy For?* Bristol University Press, p. 89

⁴⁰ See CFANZ's Fund Calculator at <https://communityfoundations.org.nz/fund-calculator>

strategy for personal philanthropy, without the need to set up a separate trust. How well they give into communities is largely dependent on the donor advisory service received, including guiding more 'living giving' and the future-proofing of funds so that they remain relevant for the long term. Flexibility in donor-advised structure and focus is key when funds are being set up in perpetuity.

And, as the UK story shows, there has been a deliberate attempt by the UK government to actively grow community endowment funds.

Some perspectives:

"I think it's important for the future for any national government to have a policy directive around endowment building and matched funding", **Rachel McGrath, Northamptonshire Community Foundation**

"Endowment building is what makes our foundation unique and draws a lot of donors who want to leave a lasting legacy; endowment and perpetuity is an important option to provide to donors," **Niki Gray, Southeastern Alberta Community Foundation.**



Developing expert philanthropy advisory services

93% of UK community foundations surveyed saw donor advisory expertise extremely important in growing community philanthropy⁴¹

A helping hand on the escalator

“A philanthropist used a lovely analogy: he said there’s a reason why the first step on a moving escalator is flat, it’s to help you get on. And I think that that’s exactly the case in philanthropy advising; we help people get on. And then, once you are on the escalator, and you start to give, and you see how enjoyable it is, then you are up and away,”

Dr Beth Breeze.

There is real knowledge and skill to working with donors and potential donors, guiding them to think more deeply about the potential of their philanthropy.

However, specialist donor advisory education is not available in NZ. As well as NZ’s 17 community foundations, there are a scattering of advisors who offer philanthropy advice and one other charity structure doing the same, The Gift Trust. Wealth managers and commercial operators can also offer philanthropy services, however how much of this is focused on community outcomes, or has connections with local communities, is questionable. Specialist philanthropy advising is under educated, under resourced and underappreciated as a profession in Aotearoa NZ.

Fundraising education has been available through the Fundraising Institute of NZ, however philanthropy advice

differs from charity fundraising. Philanthropy advisors and community foundations are not “raising funds” as much as “guiding effective giving”; there is a subtle but very important difference in this work, and an art as well as a science.

“Sitting in conversation and listening to a point of passion is important, and moving to the right opportunity matching. All the larger community foundations in Canada have specialised people in fund development who are doing exactly this,” **Daniel Holland, Community Foundation of Nova Scotia.**

“The best bit is when you know you’ve connected a local need with a local philanthropist, and you see the potential and the relationship fly!” **Ronnie Brown, Quartet Community Foundation.**

Specialist philanthropy advisory education is available internationally through providers such as The Bayes Business School (UK), The University of Kent MA in Philanthropic Studies, the Indiana University Lilly Family School of Philanthropy and The American College’s Chartered Advisor in Philanthropy certification programme⁴². There is a vast body of research and knowledge around philanthropy advising that NZ is not yet tapping into⁴³.

“Being a philanthropist is always work in progress. It takes time to develop the knowledge and commitment ... nobody begins their giving as a fully informed and fully formed donor, certain of their ultimate philanthropic goals and how to achieve them⁴⁴” **Beeston and Breeze**

⁴¹ WCF 2023 UK survey

⁴² Beeston, E. and Breeze, B. (2023) *Advising Philanthropists: Principles and Practice, Directory of Social Change*. pp. 40-41

⁴³ CFANZ is launching an upcoming education project for their donor advisory network, which will promote best practice and an ethical framework to operate within.

⁴⁴ Beeston, E. and Breeze, B. (2023) *Advising Philanthropists: Principles and Practice, Directory of Social Change*.



The value of philanthropy advice at Vancouver Foundation

Vancouver Foundation, now in its 80th year, spent the first seven decades of its life very ‘cause agnostic’, says Craig Hikida, Vice President Philanthropy Services. “Like most community foundations, essentially, our primary role was to activate the philanthropic wishes of people in our region. Our work primarily revolved around asking donors “What is it you want to do? And we helped them to do that”.

Today Vancouver Foundation manages over 2000 funds, of which approximately 900 are donor-advised funds (DAFs). “Many of these fund advisors have passed away but they have left us specific instructions on how these funds should be managed. We do our utmost to carry out every donor’s intent. We continue to establish new DAFs, and of course many DAF advisors are still active, advising on which organizations they would like to support from their fund. The results of our Donor Survey, taken every 5 years, has shown that our DAF advisors are a very homogenous group – among other characteristics 76% of respondents identify as Caucasian, 65% of respondents identify as over the age of 65, 83% are university educated. Considering the vast amount of money being granted from DAFs at Vancouver Foundation, we asked ourselves if we have inadvertently put barriers in place that may be preventing diverse demographic groups from participating with us. As a community foundation we should be a place where every member of community can express their philanthropy”.

“We found lots of consistency in DAF granting, and that year over year similar large organizations were receiving a significant share of grants. At the same time as

acknowledging that these large community institutions continue to carry out vital work in our community, we do challenge ourselves to always be better.”

“As a leader in the local philanthropic landscape, the community also challenges us to be better. Being cause-agnostic is no longer enough. We know that many are left out of traditional philanthropy, like people of colour, indigenous communities, and people with disabilities, to name a few. How do we ensure, not with just our granting dollars, but in every facet of our work, we’re including these communities? If we’re truly living our values we need to have conversations with more influence. We know not all will join us in this work, and carrying out their philanthropic wishes is work we’ll always do. But we hope many do join us in greater pursuit of justice and equity”.

Craig says that this type of work requires engaging people at an emotional level. “Storytelling can trigger those emotions that lead to true engagement. We can share stories of donors who, 60 years ago, could never imagine a worldwide pandemic but they trusted us enough back then with their money so that we were able to structure and respond to charities that were struggling when the pandemic first took hold here. We were able to do that in a week by starting to distribute the first \$1m out to our community, and only able to do so by that trust placed in us by those visionary donors. By sharing these types of stories, donors begin to see themselves in the stories and the role they can play in the future”.

“We help our donors understand that they can trust a process that has been in place for decades and will still be in place long after they are gone – a process that allows community to decide what is best for community today, tomorrow, or 50 years from now. Knowing “my giving will always have relevance” is powerful. It changes people, and it can change community”.

Giving levels are higher for those who seek philanthropy advice

As well as supporting better giving, a 2016 research report from the UK⁴⁵ showed that giving levels are significantly higher for those who seek philanthropy advice:

“In fulfilling this need there are a myriad of benefits: more engaged donors, smarter and more effective projects, and opportunities for further collaboration,” **Joanna Walker, Boncerto White Paper.**

It was with deep conviction I heard many community foundation CEOs and philanthropy advisors talk about the importance of providing expert donor advisory services. Here are just a few:

“Donor advisory services play a really important role; this is not transactional work. Relationship building is so important and we invest in training and development in this area,” **Rachel McGrath, Northamptonshire Community Foundation.**

“Donor stewardship is extremely important, it takes some expertise to retain donors. We focus on relationship building and we offer professional development for this work,” **Niki Gray, Southeastern Alberta Community Foundation.**

“It’s a journey and a culture shift, the most challenging area is donors, we need to learn to take people with us, which is a challenge and an art,” **Kaveed Ali, UKCF.**

“You can’t shift donors until you take a stance, but you must do it with kindness and care, as well as challenge,” **Derek Bardowell, Ten Years’ Time.**

“There is absolutely no substitute for long-term relationship building, this is skilled work,” **Ronnie Brown, Quartet Community Foundation.**

“This work is way more about relationships and trust than it is about extracting gifts. A mistake that newer foundations make is chasing money rather than meaning or purpose,” **Terry Cooke, Hamilton Community Foundation.**

Trusted donor relationships lead to immense community benefit at Essex Community Foundation

Caroline Taylor, CEO at Essex Community Foundation, was developing a strategy to find a new building to operate from, when she received a call from one of her donors.

“He simply said, “I hear you are looking for a new building. I’ll buy it for you.””

The donor was in the property business, and Caroline says he had been watching the work of Essex Community Foundation for a while, and saw that this was the ideal way in which he could contribute.

It was, she says, an outcome that resulted from deep trust and relationships. “In a sense, all the things we have done in the past, the strong relationship we have built with this donor, have led to this”.

“When I asked the donor why he wanted to support us in this way, he simply said “I like what you do”. If my board had asked me to go out and find a donor to buy us a new building, in all likelihood, I would have failed.”

The building has become a community hub, and it all came about from finding the one thing that really resonated with the donor. “But that doesn’t come easily or quickly,” says Caroline. “It takes time to build reputation and trust. It takes skill to find that spark - the catalyst - that triggers a donor’s giving”.

The growth of donor-advised funds

Donor-advised funds (DAFs) are on the rise across the world, and they don't always enjoy a positive reputation. In the main, the criticisms they face come from the USA, where donor-advised funds are locking up community funds and can be used as tax avoidance vehicles - Vu Le recently referred to them as *'slimier than a banana slug and not nearly as cute'*.⁴⁶

It's important to note that NZ and the UK don't face the same tax environment as the USA, so we don't tend to see tax avoidance behaviour around donor-advised funds. How well they give into communities, however, largely depends on expert donor advice and guidance.

In the UK, donor-advised funds are on the rise:

*"We expect growth in DAFs, given that donors are searching for more structured approaches to manage their charitable giving and are increasingly using DAFs as an alternative to setting up their own charity, charitable trust, or foundation. We also expect growth as donor advised fund awareness increases amongst the wealth managers, lawyers, and accountants who advise philanthropists."*⁴⁷

Addressing the challenges of donor-advised funds

"We are clear that we exist "to strengthen communities", this is our bread and butter. But you have to start where they (the donors) are. Covid has given us the ability to talk about systemic inequalities without political loading,"
Ronnie Brown, Quartet Community Foundation.

Young community foundations do tend to start out as very donor-led⁴⁸ entities, and it's a well-known phenomenon internationally that most community foundations will "take on anything" in the early years to ensure growth and sustainability (and I heard many examples of this whilst at the UKCF CE retreat in Birmingham in May). For donors, 'donor-led' is often the starting point for the philanthropic journey, however there are increasing criticisms around this approach including:

- Donor-led is not necessarily what communities need (money does not necessarily create community value, address issues or understand where opportunities lie)
- Donor-led does not enable donors to reach their giving potential (all donors have a world view which is limited by their personal experiences and knowledge; part of a donor advisor's role can be to expand that world view)

- Donor-led can be very resource intensive (e.g. the administration of scholarships) and can add to self-sustainability challenges

Developing expert donor advisory services will help to address this problem, as skilled donor advisors feel confident to help clients think broader and wider about the potential of their philanthropy, inviting them on the wider mission and helping them to discover ways to give well, ways in which they may never have considered before.

There is a real tension between donor-led and community-led work and community foundations sit firmly in the middle of this space, straddling the fence between a donor's world view and the needs and aspirations of communities.

"Community foundations have the classic tension as a local based grant maker and a donor advisory service. Some have managed to balance the two well," **Rhodri Davies, Why Philanthropy Matters.**

"This is challenging work; we are trying to engage with people in real time," **Kaveed Ali, UKCF.**

It takes real skill to move from transactional to transformative philanthropy that will really shift the dial on community wellbeing, and this is the space where mature community foundations can be operating for the long term:

"It can be a tension, we have got better at signposting people and training the development team, giving them confidence when discussing those funds with the intention of 'ballet lessons for boys'. We encourage close relationships between the development and programme teams so that they understand each other's work," **Kate Hainsworth, Leeds Community Foundation.**

"It is difficult, we gently mandate what donors support however are getting better at talking EDI and unrestricted funding," **Kate Markey, London Community Foundation.**

"We do it gently. Not preachy. It's purely factual. We had one donor whose point of view was that homelessness is a lifestyle choice, we can present the facts and help them to see a different point of view," **Josephine McCartney, Kent Community Foundation.**

⁴⁶ <https://nonprofitaf.com/2023/06/slimier-than-a-banana-slug-and-not-nearly-as-cute-how-donor-advised-funds-threaten-our-democracy/>

⁴⁷ <https://www.nptuk.org/reports/the-2022-daf-report/>

⁴⁸ Donor-led = donor-advised - i.e. the donor, not the foundation, decides the funding focus

“We focus on unrestricted funds. We start with introducing new donors to larger donors and ask them to commit 20% to the larger picture. Most come along,” **Terry Cooke, Hamilton Community Foundation.**

“While we are always supportive of what the donor wants to do fund, our conversations are starting to become more influential, and helping donors to understand the work we are undertaking,” **Craig Hikida, Vancouver Foundation.**

“It can take decades to get out of the ‘donor advised fund’ story and into an unrestricted model,” **Daniel Holland, Community Foundation of Nova Scotia.**

“A donor who gave to 4-5 areas of interest across community sector, called us 6 months after George Floyd was murdered. They asked us to research the most impactful social justice charities in the area. Once research results were shared, they expanded their giving to include the newly suggested charities. They didn’t have a clue how to do social justice well,” **Daniel Holland, Community Foundation of Nova Scotia**

“Philanthropists come to us because of expertise and our knowledge of local communities. We have a product that is attractive to philanthropists,” **Ronnie Brown, Quartet Community Foundation.**

However, in this work it is important to respect that many donor motivations are intrinsically very personal:

“We’ll never look badly upon those who select any charity they wish – it’s work we’ll always be happy to carry out. One of the roles we have is helping you to express your philanthropy in the community, that’s a responsibility we hold,” **Craig Hikida, Vancouver Foundation.**

Community foundations are working with live donors, and this presents different challenges than those of most funders. First and foremost, we have to meet donors ‘where they are’ in order to build trusted relationships, and expertly know when and how much to challenge assumptions and, potentially, positions of privilege. It’s live and complicated work, it takes great skill and it can open community foundations and their work up to much criticism:

“Community foundations in the UK are not seen as a significant driver around reparations. We spend a lot of time making things safe for wealthy people, the community foundation has a responsibility to be leading the conversation, they can hear minority communities. This is crucial in terms of how wealth has been accumulated,” **Derek Bardowell, Ten Years’ Time.**

Mature community foundations shift conversations away from ‘fees’ and towards the value add of their donor advisory work. There is real value in providing an expert donor advisory service, helping people give well into communities and offering local knowledge and insight. Many donors simply do not know where to start:

The immense legacy potential

“A single legacy gift can be truly transformational – on average the single biggest gift a donor will give, and more than their entire lifetime giving combined. Yet so many organisations lack the knowledge, tools and confidence to promote gifts in wills successfully,⁴⁹” Ashley Rowthorn, CEO Legacy Futures.

The value of the legacy market is anticipated to grow significantly as the baby boomer generation passes on their wealth. In the UK, Legacy Foresight have estimated that the legacy market will more than double by 2030⁵⁰.

And the recent Smee and Ford Legacy Trends Report⁵¹ suggest that more people than ever are leaving legacy gifts. No other source of income is currently showing such potential in terms of growth.

This moment in time, is a one-off opportunity for the world.

Legacies - or bequests/gifts in Wills⁵² - are the big transformative gifts. Together with trust resettlements they are, in the main, what is driving the growth of community endowment funds in NZ.

Good legacy stewardship is also a philanthropy multiplier, an opportunity to deepen engagement in philanthropy and to optimise the lifetime value of donors. Rather than be a distraction from lifetime giving - a legacy commitment increases subsequent lifetime gifts⁵³.

Inheritance as a key driver of inequality

Economist Thomas Piketty⁵⁴ describes intergenerational wealth transfers as the key mechanism behind inequality, with the passing down of inheritance through generations. This enables conditions for a family “cascade of wealth”⁵⁵, which is only set to increase over generations, unless something disrupts the process. Expert philanthropy advice and stewardship could be one such disruptor.

This is particularly pertinent for Aotearoa, as a) legacy stewardship in the charity sector is very underdeveloped b) NZ has no inheritance tax and c) many New Zealanders have a high percentage of gross assets in residential property⁵⁶ and approach the end of their lives ‘asset rich and cash poor’, so their biggest opportunity for philanthropy often emerges upon death.

Community foundations and legacies

Our young sector of community foundations in New Zealand have become very focused on the legacy opportunity and have already stewarded over 650 legacies, estimated at over NZ\$1b in income from an upcoming ‘bequest pipeline’. These include legacy gifts ranging from a few thousand dollars up to one hundred million dollars plus.

However, with only around 17 donor advisors (many of them part time) in the community foundations network across the country, this is only scratching the surface. *Imagine what well-resourced foundations could achieve!*

The opportunities to actively steward new community wealth, impact investments and charity income through legacies are vast. They are the big community gifts and, with skilled philanthropy advisors and authentic trusted relationships legacies can become even more community focused:

“There is a great advantage that perhaps we have over other charities, and that is the luxury of time. We want to build relationships and build trust so that donors will leave their estate gift in whole or part to Vancouver Foundation, so we can apply it to community priorities,” Craig Hikida, Vancouver Foundation.

Growing legacy potential

Across the world, legacy campaigns have been shown to be successful in growing the legacy market and one glance at the UK shows how powerful this can be.

In the UK, 24% of professionally written wills now include a charitable gift⁵⁷. In contrast, in NZ only 6% of New Zealanders have made a provision for a gift in their will to charity (with a further 21% likely to, or seriously considering, doing so⁵⁸).

49 Legacy Voice - What we know about legacy giving, Institute for Sustainable Philanthropy UK, July 2022

50 Legacy Voice - What we know about legacy giving, Institute for Sustainable Philanthropy UK, July 2022

51 <https://smeeandford.com/reports-whitepapers/2023-smee-ford-legacy-trends-report/>

52 These terms can be used interchangeably, I will in the main use the word legacies to mean bequests or gifts in Wills

53 https://lawreview.law.ucdavis.edu/issues/53/5/symposium/files/53-5_James.pdf

54 Piketty, T. (2014), *Capital in the Twenty-First Century*, Cambridge, MA: Harvard University Press.

55 Breeze, B. (2021) *In Defence of Philanthropy*, Agenda Publishing.

56 <https://businessdesk.co.nz/article/opinion/the-greatest-wealth-transfer-in-history>

57 <https://www.remembercharity.org.uk/about-us/latest-news/one-in-four-professionally-written-wills-now-include-a-charitable-gift/>

58 NZ's Willpower: benchmarking study 2022, FINZ and Perpetual Guardian

Further, in the UK 73% of lawyers and will-writers say that they raise the option with their clients. Whilst we have no comparable research in NZ, CFANZ's work across the country suggests we have a long way to go before we reach this threshold.

Of significant relevance, the UK has an inheritance tax structure which encourages charitable legacies, which, partnering with legacy campaigns and growing support from professional advisors, has created an enabling environment for legacy gifts to grow.

There is vast potential to promote gifts in wills for the benefit of community and charity sector in NZ. Internationally, public awareness campaigns have been proven to work, one of which is *Remember a Charity* in the UK.

The UK's Remember A Charity

Remember A Charity, is a UK initiative which has united a sector around one core idea: growing gifts in wills to charity. It is a campaign which has seen remarkable success over the past decade.

In the UK, legacy giving has risen by 43% over 10 years, with 20% of UK charity supporters aged 40+ now saying they have left a charitable gift in their will (compared with 14% in 2013)⁵⁹.

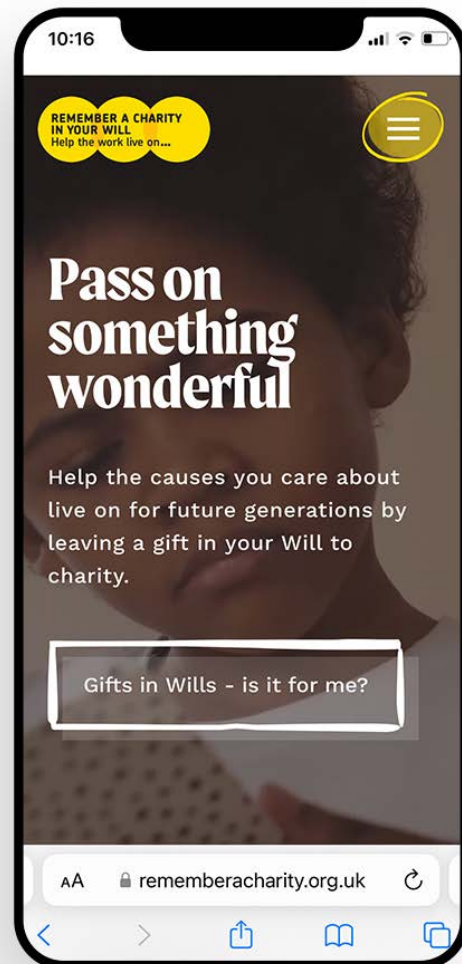
The latest survey of the will-writing sector shows that solicitors and professional will-writers are playing an increasingly important role in legacy giving. Now almost a quarter (24%) of wills handled by UK legal advisers include a donation to charity; showing steady growth and long-term change over the past decade, up from 16% in 2014⁶⁰.

Prior to the establishment of *Remember A Charity*, former Executive Director Rob Cope says that the sector was very disjointed.

"The sector lacked awareness, lacked action, lacked confidence. Our challenge was to be disruptive and to create consistency in approach for gifts in wills," **Rob Cope, Remember A Charity**

A key part of this work has been reaching a critical audience of influencers: professional advisors.

"Work in the professional advisor's space has really started to see success, with solicitors and will writers more and more using conversation prompts, and encouraging wealth managers to take a broader view of wealth," **Lucinda Frostick, Remember A Charity.**



"Of importance has been finding those levers to drive change, which include the behavioral insight study⁶¹, demonstrating impact (inheritance tax makes that easy) and having that focus group of professional advisors to work with," **Rob Cope, Remember A Charity**

The legacy space offers a unique opportunity for community foundations:

"In the legacy space I think that community foundations have an amazing opportunity because they are so connected to the community," **Lucinda Frostick, Remember A Charity.**

In Canada, Will Power⁶² now claims that 1.2m more Canadians are leaving charitable gifts in wills, partly due to their promotional work.

⁵⁹ <https://www.rememberacharity.org.uk/about-us/latest-news/legacy-giving-up-43-in-the-past-decade/>

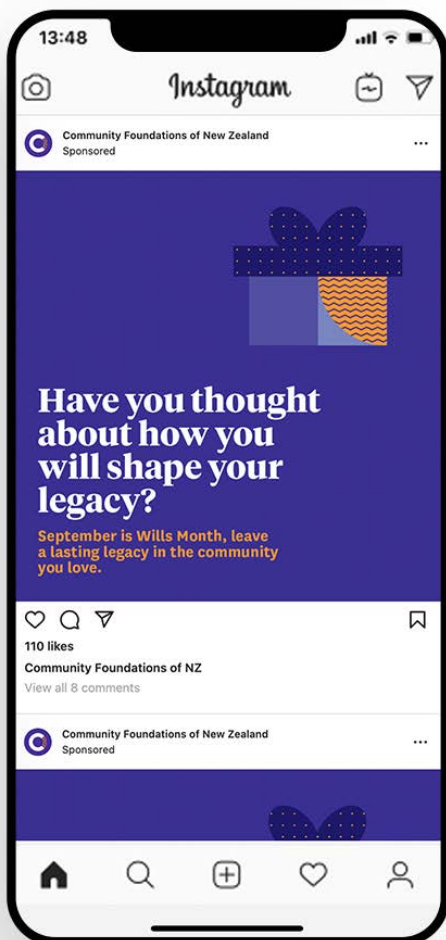
⁶⁰ <https://www.rememberacharity.org.uk/about-us/latest-news/one-in-four-professionally-written-wills-now-include-a-charitable-gift/>

⁶¹ <https://www.bi.team/publications/legacy-giving-and-behavioural-insights/>

⁶² <https://www.willpower.ca/>

Of relevance to this topic is the fact that NZ attempted its own version of *Remember A Charity* from 2013-2017. Called **Include A Charity**⁶³ (utilizing the Australian brand) this initiative was run by the Fundraising Institute of NZ and folded after failing to secure wide sector support, relying on an overstretched charity sector to fund it.

Due to a lack of wider sector action, CFANZ have been, for the past several years, growing a nationwide campaign called **September is Wills Month**⁶⁴, encouraging charitable gifts in wills and the growth of community endowment funds.



CFANZ's work also encourages the wider charitable sector to understand the transformational nature of gifts in wills and focuses on actively educating charity fundraisers around running their own bequest programmes.

The groundbreaking UK Legacy Giving and Behavioural Insights Study⁶⁵



This 2016 study showed how a simple question included in the will-making process can double or triple charitable gifts in wills.

In summary: when people, as part of the will-writing process, were asked the question whether they would like to leave a charitable gift in their will, twice as many people did so.

When the question was framed around social norms - i.e. 'it's something other people do', three times as many people included a gift in their Will. Further, the monetary value of charitable gifts, was shown to double.

In a nutshell, the golden question for professional advisors which can triple the incidence of charitable gifts in wills is:

'Many of our clients like to leave money to a charity in their will; are there causes you are passionate about?'

As you can see, the role of professional advisors in the will-making process, is key.

63 www.includeacharity.org.nz

64 <https://communityfoundations.org.nz/september-is-wills-month>

65 <https://www.bi.team/publications/legacy-giving-and-behavioural-insights/>

The crucial role of professional advisors

64% of UK community foundations surveyed see professional advisors as supportive of their work⁶⁶

“Will making is not one of those things that people think about on a day-to-day basis, people have a defensive barrier and their initial reaction is to push the conversation away. When people are talking with lawyers or financial advisors around their estate, this is the one time we can guarantee they will engage; it’s a really crucial point to raise the possibility and to educate people along the way,”

Dr Claire Routley, Centre for Strategic Philanthropy UK.

In the UK 24% of professionally written wills now include a charitable gift, and 73% of lawyers and will-writers say that they raise the option with their clients. Of significant relevance to the UK professional advisor conversation is the enabling influence of inheritance taxes, which are not present in NZ.

“The UK’s financial services sector has the potential to help drive positive change on a scale few other industries can,”⁶⁸

Nicole Sykes, Pro Bono Economics.

“We focus on champions, and I see it as critical that all professional advisors who work with high net worth individuals know we exist and know we are credible,”

Giles Ruck, Foundation Scotland.

In NZ, we have a long way to go before we reach this threshold, with a 2022 study⁶⁹ suggesting that only 6% of New Zealanders have made provision to leave a gift in their will to charity, and no research yet undertaken on how many will-writers actually raise this topic with their clients.

As can be seen from the Legacy Giving and Behavioural Insights study, simply raising the topic has been shown to have a doubling and even tripling effect on charitable gifts in wills.

In short, professional advisors have a crucial role to play in encouraging and promoting philanthropic giving. Wealth advisors can help to position philanthropy as a core activity, explore options for giving and can encourage personally fulfilling intergenerational conversations.

Philanthropy Australia have recently produced a guide for professional advisors⁷⁰, with key considerations being a) including philanthropy conversations in client advisory services and b) presenting structures for planned giving, so that clients are aware of their options.

Some perspectives from the UK and Canada:

“If the financial services sector is truly to change to deliver greater public benefit, encouraging greater philanthropy at scale is not just optional, it is essential – and regulation is needed to secure that,”⁷¹ **Nicole Sykes, Pro Bono Economics.**

“Legacies are really important. We have had one particular professional advisor champion this and they have brought in £12m. We position the foundation as a solution to client’s problems, particularly relevant for legacies, business owners and tax and wealth planning conversations,” **Perry Norton, Essex Community Foundation.**

“There is immense value in professional advisors, conversations sometimes have more value to a potential donor if the community foundation idea comes from a lawyer or trusted advisor,” **Niki Gray, Southeastern Alberta Community Foundation.**

In the UK, as well as the work of *Remember A Charity* promoting professional advisor best practice around gifts in wills, *The Good Ancestor Movement* supports professional advisors, encouraging responsible wealth stewardship.

“The Good Ancestor Movement⁷² aims to influence advisor’s behaviours, as well as encourage wealth holders to be more progressive than previous generations. The great wealth transfer is a real opportunity to do things differently,” **Derek Bardowell, Ten Years’ Time.**

66 WCF 2023 UK Survey, rated supportive or very supportive

67 <https://www.rememberacharity.org.uk/about-us/latest-news/one-in-four-professionally-written-wills-now-include-a-charitable-gift/>

68 Sykes, N (2022) *Giving advice: the case for the FCA to act on philanthropy* https://civilsocietycommission.org/wp-content/uploads/2022/11/Final-Giving-Advice_final.pdf

69 NZ’s Willpower: benchmarking study 2022, FINZ and Perpetual Guardian

70 <https://www.philanthropy.org.au/guidance-and-tools-for-professional-advisors/>

71 Sykes, N (2022) *Giving advice: the case for the FCA to act on philanthropy* https://civilsocietycommission.org/wp-content/uploads/2022/11/Final-Giving-Advice_final.pdf

72 <https://www.goodancestormovement.com/>

The potential of dormant assets

Community foundations around Aotearoa NZ are resettling dormant trusts across the country, to date around \$50m of local assets have been resettled with local foundations⁷³. This work is growing, as local trusts are finding it harder to operate in an environment that makes sustainability challenging and they are finding an easy solution to enable their charitable purpose to continue, through their local community foundation. Due to their structure and independence, and ability to shift funding to the greatest needs in communities - utilizing data and insight to inform decisions - community foundations are uniquely positioned to resettle dormant community funds.

At UKCF there has been an ongoing project to unlock dormant funds through the 'Revitalising Trusts Programme'⁷⁴. Working in partnership with the Charity Commission for England and Wales, UKCF are actively encouraging the resettlement of dormant trusts. In the UK this is a significant issue, sometimes dating back centuries (one example quoted to me was a trust in South Yorkshire, which was set up in the 17th century to provide clogs to the local windmill - yes, clogs! The Trust holds £80k in assets and, unsurprisingly, hasn't been able to distribute any funds for quite a number of years):

"All dormant and unclaimed assets should be made available to the local community foundation. There is a massive scandal of assets that are asleep and should be released now," **Rachel McGrath, Northamptonshire Community Foundation.**

In Jersey, a British Crown Dependency, there has been a similar project underway to channel dormant bank account funds through the Jersey Community Foundation. This was, in fact the original reason that the community foundation was established in 2020, to activate dormant funds and get them working for communities.⁷⁵

In British Columbia, Canada, resettling of assets has been extended to unlocking dormant bank accounts, unclaimed estates, unclaimed wages and unclaimed court funds. This work has been supported by the provincial government and

has resulted in the establishment of the British Columbia Unclaimed Property Society⁷⁶, which today partners with the Vancouver Foundation. Each year the society's board of directors decides how much can be donated to the Vancouver Foundation, supporting causes and charities across British Columbia.

Moves are afoot to establish a similar scheme in Ontario, led by Toronto Foundation and with a groundswell of other foundations, with the aim of having the structure embedded into legislation and made into a permanent arrangement.

As well as local trusts, resettling dormant assets in bank accounts, estates and even unclaimed lottery payments could be made to work for communities through the NZ community foundations network. This presents an immense opportunity for government policy to purposefully grow community funds and community self-determination.

⁷³ <https://communityfoundations.org.nz/resettling-local-charitable-trusts>

⁷⁴ <https://www.ukcommunityfoundations.org/partner-with-us/transfer-your-trust>

⁷⁵ <https://www.jerseycommunityfoundation.org/news/the-jersey-community-foundation-has-granted-over-800-000-to-charities-from-dormant-bank-accounts/>

⁷⁶ <https://www.bcunclaimed.ca/>

Fiscal and tax incentives to grow giving

77% of UK community foundations surveyed saw tax incentives as helpful in growing community philanthropy⁷⁷

“Crucially, some tax incentives create strategic benefits from charitable giving. Two of the most common tax incentives for philanthropy are matching grants and tax rebates (tax deductions or credits). A key distinction between these is whether the money contributed through the tax incentive goes to the charity or to the donor, respectively. This distinction in the way tax incentives are implemented aligns with the distinction between altruistic and strategic motivations for philanthropy,” **Cutler, J (2021)⁷⁸**

Fiscal incentives for philanthropy create an opportunity for donor advisors to help philanthropists structure gifts to optimize their giving. One UK study⁷⁹ showed that 32% of donors cited tax relief as a reason behind their giving decisions, so the influence of incentives can be significant. If we want to grow philanthropy, fiscal and tax incentives in NZ may need some rethinking. Two fundamental questions:

- Do NZ's tax credits (33% tax back on charitable donations) actually work as an incentive to give?
- Should we also be incentivizing other types of donations, the gifting of shares and charitable bequests, encouraging them as gifts to communities?

In the UK, the psychology around charitable giving is essentially flipped, with the government adding 25% of tax paid to charitable donations⁸⁰. Called ‘Gift Aid’ tax rebates are used as a “match” idea for giving, as the example in a charity shop window, in Henley-on-Thames, shows.



Rhodri Davies, director of Why Philanthropy Matters, describes the UK tax credit: *“It goes to charity not to the individual, so in a sense it feels like matched funding. Then there is a higher rate, where those in a higher tax bracket can also claim some back”*.

He says that the charities sector in the UK is very invested in making Gift Aid work. *“They might not be as invested if the donor gets the benefit. So, charities are driving its success”*.

Other perspectives:

“Gift Aid is massively important, it increases and incentivizes giving. It is however a well-known secret, the national government needs to do more to promote it”, **Rachel McGrath, Northamptonshire Community Foundation.**

“Gift Aid is complex, but it is fundamentally more generous here in that donors in the UK can claim 100%, as opposed to the total being capped in US. It’s also very tax efficient to gift shares, and tax acts as a huge incentive,” **Rhodri Davies.**

In Canada, the system is based on a tax credit, with a 15% credit on the first \$200 donated and 29% credit on amounts above \$200. Gifting securities and shares have been made particularly attractive, with the taxable capital gain eliminated.

“Fiscal incentives are certainly helpful, in particular the Canadian government has made it fiscally attractive to give securities to the local community foundation. There are also advantages of giving through your estate or gifting life insurance policies,” **Daniel Holland, Community Foundation of Nova Scotia.**

In NZ, the number of tax credit claims are decreasing, whilst the amount claimed (for those that do claim the tax credit), is increasing⁸¹. Philanthropy New Zealand’s recent work is advocating for government support for both tax credit claims, as well as refunds for unusable imputation tax credits⁸².

CFANZ already runs an annual marketing campaign to encourage awareness around tax incentives, called ‘Give and get your tax back’, and we see a significant uplift in donations over February/March each year, in response to this campaign. Opportunities are vast to work in partnership with the government on a joint campaign initiative.

77 WCF 2023 UK Survey - rated helpful or extremely helpful

78 Cutler, J. (2021) *Aligning tax incentives with motivations for philanthropy: insights from psychology and neuroscience*. In H. Porter and G. L. Huber (Eds.) *The Routledge handbook of Taxation and Philanthropy*. Abingdon, Ox: Routledge

79 Breeze and Llyod (2013) *Why Rich People Give, The Directory of Social Change*

80 It is somewhat more complicated than this! See <https://www.gov.uk/donating-to-charity>

81 <https://www.ird.govt.nz/about-us/tax-statistics/revenue-refunds/dtc>

82 <https://philanthropy.org.nz/election-2023>



The biggest opportunity to grow philanthropy lies in stewarding the upcoming intergenerational wealth transfer and the potential for fiscal incentives to grow estate gifts to communities must be explored including, in the absence of inheritance taxes, a percentage of matched funding (matched funding has been shown by research⁸³ to be even more influential than fiscal incentives).

CFANZ is currently involved with an IRD review around how taxes are encouraging private giving, a positive sign of proactive work going on within government, with the aim of creating a more enabling tax environment.

This brief exploration of fiscal incentives and how they can differ, suggests that NZ would certainly benefit from a review of fiscal and tax incentives to grow giving and that a joint marketing campaign presents an immense opportunity to grow awareness.

The untapped potential of matched gifts

100% of UK community foundations surveyed saw matched funding initiatives as helpful in growing community philanthropy⁸⁴.

The idea of matched funding as a concept, increasing the value or benefit of the gift, has also been shown to be a driver of giving⁸⁵, even more influential than tax incentives. One UK study⁸⁶ showed that 41% of donors were nudged to give because of an offer to match their gift.

This type of giving where a donor provides a sum of money as a 'match' (usually 1:1 or 1:2), usually for a limited timeframe, is not a very familiar concept in the NZ philanthropy landscape.

83 Breeze and Lloyd (2013) *Why Rich People Give, The Directory of Social Change*

84 WCF 2023 UK Survey

85 Bekkers, R and Wiepking, P (2011) *The eight mechanisms that drive charitable giving, Nonprofit and Voluntary Sector Quarterly, Sage Publications.*

86 Breeze and Lloyd (2013) *Why Rich People Give, The Directory of Social Change, p. 85*

Matched giving campaigns are, however, becoming big charity business internationally, with an entire funding infrastructure, The Big Give⁸⁷, dedicated to enabling matched funding for charities in the UK, framed around *‘Matching Donations. Multiplying Impact’*.

The UK Government has recognized the potential for matched funding to unlock philanthropy and has thrown its support behind a number of matched challenges, including a £200m scheme for donations to Higher Education Institutions and a £55m scheme to encourage the creation of endowments for arts and heritage organisations⁸⁸.

There have been several national endowment matched challenges which have helped to grow community philanthropy in the UK:

1. The Charles Stewart Mott Foundation endowment challenge (1991-94)
2. Government Grassroots Grants matched challenge (2008 – 2010)
3. Government Community First endowment challenge (2012-2015)

There have also been many examples of successful local match challenges, which Philanthropy Director Ronnie Brown says, *“Certainly acted as a boost for endowment building”*. However, he cautions against what he calls ‘challenge addiction’. *“Why donors stay with you - and why you receive legacies - is the service the community foundation provides, and not because of any matched fund”*.

Further perspectives:

“Matched gifts are a big incentive for donors sitting on the edge. Our matches have tended to come from government or the National Lottery, who can do it at the scale required. It’s important to make them time-limited and to remember to ask donors to leverage other donors. We also have local examples, like in Northamptonshire, where they used £2m of their own endowment fund to grow it to £5m. It’s a good tool for donor conversations,” **Rosemary Macdonald, UKCF.**

“Matched funding is a really generous key to opening up funding for donors. We need to incentivise governments to give matched funding; we have seen great results from the grassroots and community first examples, which boosted endowment building rapidly,” **Rachel McGrath, Northamptonshire Community Foundation.**

“The government matched challenges were all a catalyst for growth, it’s been massively beneficial to us in growing our foundation,” **Steve Adams, Community Foundation for Staffordshire.**

“Matched programmes work, we find that they enable us to open up a conversation, that leverage is very important,” **Kate Markey, London Community Foundation.**

“Manitobans love it! We had a donor who pledged if we raised \$250k he would match it. The provincial government has provided matched funding for scholarships and heritage development and Endow Manitoba has a ‘giving week’⁸⁹ where it provides \$1 for every \$5 as a match,” **Beverley Clegg, Selkirk and District Community Foundation.**



87 <https://donate.thebiggive.org.uk/>

88 Breeze and Lloyd (2013) *Why Rich People Give, The Directory of Social Change*, p. 85

89 <https://www.endowmb.org/giving-challenge/>

Utilising community insight and data

71% of UK community foundations surveyed saw community insights (e.g. Vital Signs or other data) important in their donor work⁹⁰

Community foundations across the world utilize data and research to help guide giving. The most extensively applied is the Community Foundations of Canada *Vital Signs* community-driven data programme,⁹¹ which has been implemented by more than 65 national community foundations and 41 international foundations.

“Vital Signs uses local knowledge to measure the vitality of a community and support action towards improving collective quality of life. Local data gathered through the program is used to support evidence-based, locally-relevant solutions to improve the quality of life at the community level.” **Community Foundations of Canada website.**

Five NZ community foundations - Acorn, Momentum Waikato, Eastern Bay, Geysler and Christchurch - have all undertaken *Vital Signs* research in their communities to help inform their work and to help guide donors with their giving. Other foundations utilize other sources of local data and insight, to varying degrees.

Foundations across the world find data and insight immensely useful tools in working with donors and growing community philanthropy. Some observations include:

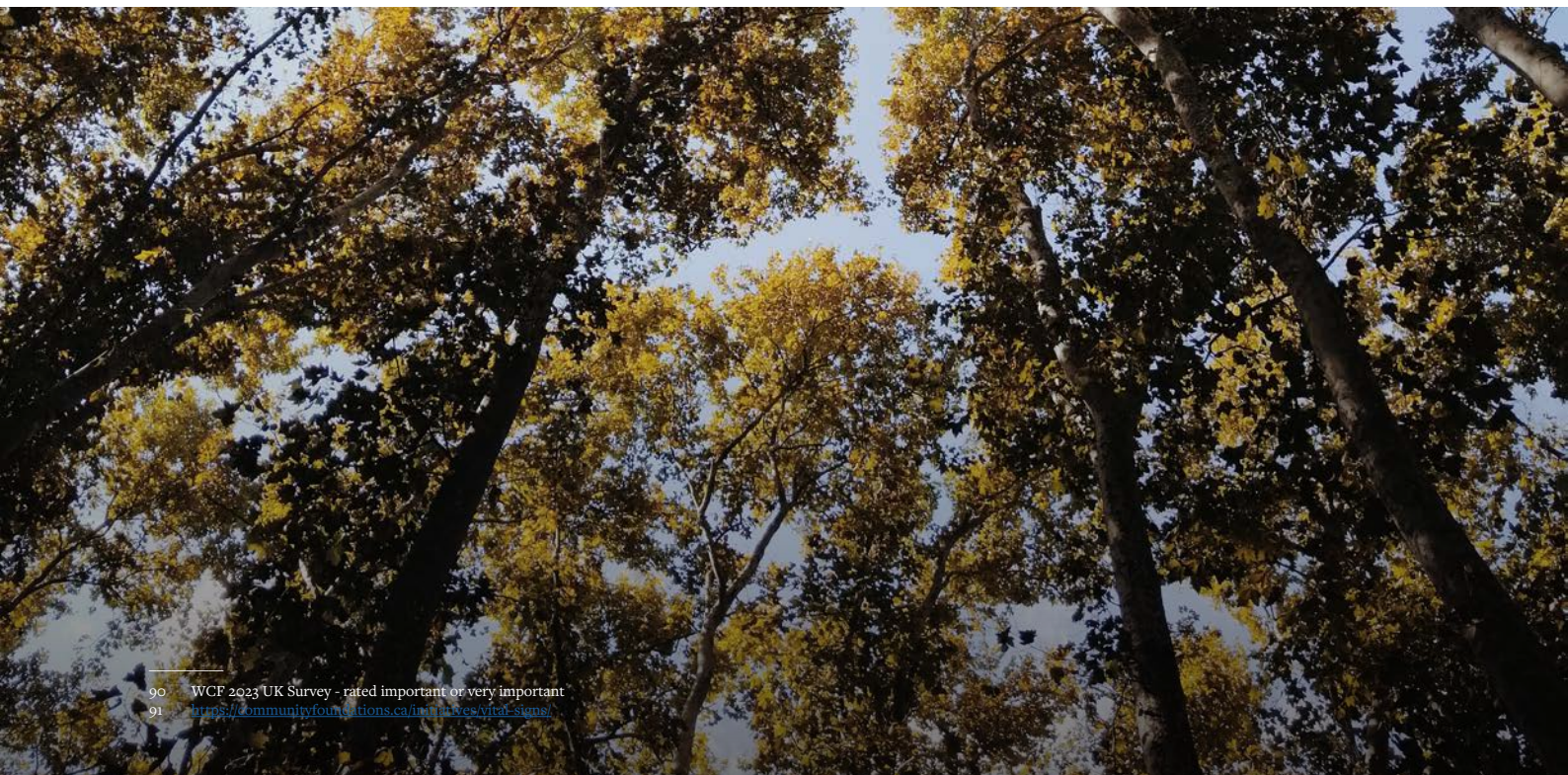
“Our Vital Signs data really grounds us in the work that we do and has helped with relationship building across the region, helping us to identify unique needs. It’s a great way for us to talk with donors who are relying on us to help align their passion with causes,” **Niki Gray, Southeastern Alberta Community Foundation.**

“Community insight is very useful when talking with donors. It gives our donor managers confidence that they know our community,” **Josephine McCartney, Kent Community Foundation.**

“Yes, for some donors, data is of real interest and relevant - those that really want to shift the dial. We have DAFs (donor advised funds) and FAFs (foundation advised funds) and charge more for the value-add of knowledge and insight,” **Giles Ruck, Foundation Scotland.**

“Vital Signs - funders love it and donors love it; it helps with credibility, it leads the conversation and helps us to align donor-led work with community priorities,” **Beverley Clegg, Selkirk and District Community Foundation.**

⁹⁰ WCF 2023 UK Survey - rated important or very important
⁹¹ <https://communityfoundations.ca/initiatives/vital-signs/>



Other key roles of Community Foundations

Alignment with the UN Sustainable Development Goals

64% of UK community foundations surveyed saw UN SDG's useful in conversations with donors or potential donors⁹³

“Philanthropy and giving are critical to the mission of how we build more resilient, sustainable and democratic societies while helping to achieve the ambitions laid out in the Sustainable Development Goals (SDGs)” WINGS⁹³

In September 2015, the United Nations signed up to Sustainable Development Goals⁹⁴. The 17 goals and 169 targets set out a universal agenda to achieve sustainable development globally, known as Agenda 2030. They apply to all countries and, although the goals are not legally binding, countries are expected to report voluntarily on implementation.

Across the world, community foundations are emerging as natural champions for Agenda 2030, uniquely positioned to provide an opportunity to localize the agenda. The UN SDGs are a useful framework for community development and they enable systems thinking for the bigger picture.

“Localisation is a trend that is important to achieve development impact for the realization of the Sustainable Development Goals. Philanthropy is in fact an agent of localization, ready to play a central role”⁹⁵.

Since 2017, community foundations across Canada have been aligning local data sets with Agenda 2030, the UN SDGs. Currently, 22% of Canadian community foundations and 60% of European community foundations are engaging with the UN SDGs⁹⁶. There is a real opportunity for SDG integration from umbrella bodies, such as CFANZ (which is embarking on a project, funded by the US-based Charles Stewart Mott Foundation, to implement the framework across our membership).

In the NZ community foundations context, Nikau Foundation in Wellington already aligns its grant making



93 WINGS (2019) *Promoting and enabling environment for philanthropy and civil society*

94 <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

95 WINGS (2022) *Unlocking philanthropy's potential: enhancing the enabling environment*

96 Data from Community Foundations of Canada conference, Reconnect 2023.

work with the UN SDGs and Momentum Waikato Community Foundation have also aligned their *Vital Signs* Data with the SDG framework.

During my travels, I heard mixed support for SDG alignment, some perspectives include:

“The UN SDG’s brings a lot of different strands together and help to demonstrate impact. The data is particularly useful for the work we do with corporates,” **Rosemary Macdonald, UKCF.**

“The UN SDGs are a bit like Marmite: donors either love them or hate them and we give donors the flexibility to talk about that. They give us the ability to think global and act local. There’s so much more community foundations can do to help people feel empowered and not rely on governments so much,” **Rachel McGrath, Northamptonshire Community Foundation.**

“The UN SDGs have helped with internal conversations with trustees and teams. Some businesses also get it - there are an awful lot of ESG requirements for businesses and this is a useful framework,” **Kate Hainsworth, Leeds Community Foundation.**

“We use the SDGs in a light touch way, it’s probably more language for business. In Wales there is a different policy lens around 7 Wellbeing Goals, and we focus on those. It can be really good common-sense stuff and puts a badge to it,” **Richard Williams, Community Foundation Wales.**

“We include the UN SDGs in our impact reports for donors, as part of our stewardship programme. It helps them to see their impact,” **Josephine McCartney, Kent Community Foundation.**



One page from Kent Community Foundation's customised donor Impact Report, designed for one local donor (reproduced with permission from Kent Community Foundation).

In the UK, Northamptonshire Community Foundation is exemplary in its application of the SDG framework across their work, which you can see from their recent Impact Report⁹⁷. At Foundation Scotland, CEO Giles Ruck is leading an SDG-aligned impact framework for grantmaking⁹⁸.

“There is an urgent need to join up the dots across civil society and to ensure that the impact of local people is duly recognised. The United Nations Sustainable Development Goals provide the perfect framework for us to do just that. Without losing the nuance of place, they allow us to position our local work in a global context. The 17 interconnected goals are broad enough to encompass the huge variety of causes, services, and people that our sector helps,” **Rosemary Macdonald, UKCF.**

97 https://www.ncf.uk.com/_site/data/files/users/template/files/6A36E4D0AAE02C6D206EAF8F1CABA1D1.pdf

98 <https://www.foundationscotland.org.uk/our-impact/our-commitment-to-sdgs>

Participatory funding into communities

“Participatory grantmaking is a lever for disrupting and democratizing philanthropy. It emphasizes “nothing about us without us” and shifts power in grantmaking decisions from foundation staff to the people most affected by the issues⁹⁹”

There’s much pressure in NZ from within the philanthropy and funding sector to lead participatory funding practices. This form of funding into communities shifts the power dynamics from philanthropists and funders into communities, involving communities of lived experience in making funding decisions, leading their own self-determination and improved community outcomes¹⁰⁰.

This presents real challenges in the community foundations context, straddling the space where donors want to express personal values and connecting these with the needs of communities. It’s our great value add when we can bring the two of these things together (and it’s certainly a challenge managing the tensions inherent when occupying a space that has pushes and pulls of donor-led alongside community aspirations).

As previously discussed, mature community foundations, with resources and expertise, generally manage to negotiate this space most effectively, working expertly with donors, helping to lead donors into finding their ‘sweet spot’ which addresses community challenges alongside personal goals, or to gift ‘untagged’ funding that can address shifting community priorities. This is skilled, time-consuming work and is assisted with good data and community insight.

When I met with Derek Bardowell, CEO of Ten Years’ Time¹⁰¹, in London he has this to say about community foundations:

“Community foundations in the UK are not seen as a significant driver around reparations. We spend a lot of time making things safe for wealthy people, the community foundation has a responsibility to be leading the conversation, they can hear minority communities. This is crucial in terms of how wealth has been accumulated,”
Derek Bardowell.

Decolonization as a concept in philanthropy is a powerful one, brought into the spotlight by Edgar Villanueva’s influential *Decolonizing Wealth*¹⁰². As a term, however, decolonization can be incredibly polarizing, as Kaveed Ali from UKCF acknowledges:

“Decolonization is a really live conversation. I think it’s less about the terminologies and more about behaviours and conversations. The “loop guilt cycle” doesn’t lead to system shifts,” **Kaveed Ali, UKCF**

In Canada, the decolonization of wealth conversation is indeed very live, and has led to the Foundation for Black Communities, which has been established to enable Black self-determination. Co-founder, Rebecca Derwent, says:

“There are 2 practical shifts which need to happen: who is making funding decisions and how those decisions are made. The future of philanthropy is happening right now in community-led collaboratives that are the bridge between people who want to do good with their money and the people on the ground with the experience to do it. This is Ubuntu: we are all interconnected and each of us has a role to play,¹⁰³” **Rebecca Derwent, Foundation for Black Communities.**

At Toronto Foundation there has been a shift towards more trust-based philanthropy.

“At Toronto Foundation we dreamed about a new direction for philanthropy, one that relies on trust - 20 of the biggest donors giving to a Black and Indigenous Futures Fund¹⁰⁴. The goal is to create a caring community of fundholders who are willing to give up power”.

And in Vancouver they are taking an intergenerational view, having seen the reality of donor-advised funds typically only see one or two generations of family involvement:

“Community foundations are perpetual organisations. We are working for just a moment in time with donors and our bigger role is to shift power to community,” **Craig Hikida, Vancouver Foundation.**

This short section hardly does justice to the participatory grantmaking work going on internationally, however I

99 Gibson and Bokoff (2018) - *Deciding Together - Shifting Power through Participatory Grant Making* <https://www.issuelab.org/resources/22088/22088.pdf>, p.7

100 Read more about participatory grant making at <https://www.participatorygrantmaking.org/>, and in this report: Evans, L (2015) *Participatory Philanthropy*. Available at: <https://www.communitymatters.govt.nz/assets/WGMIT-FRR-PDF/2015-Final-Lani-Evans.pdf>

101 <https://tenyearstime.com/home-2/>

102 Villanueva, E. (2018), *Decolonizing Wealth: Indigenous Wisdom to Heal Divides and Restore Balance*, Berrett-Koehler Publishers.

103 Rebecca Darwent TEDtalk: https://www.ted.com/talks/rebecca_darwent_how_to_fund_real_change_in_your_community/c

104 <https://torontofoundation.ca/black-and-indigenous-futures-fund/>

hope that it helps to illustrate that this is a very live topic internationally in the community foundations' landscape, as Ronnie Brown noted:

“We are seeing shifting of power, particularly in grant making. It's given us the ability to shine light on systemic inequalities,” **Ronnie Brown, Quartet Community Foundation.**

Community foundations in NZ are beginning to exhibit more participatory practices, with increasingly diverse funding committees advising on local distributions, easier application processes (for example, at Nikau Foundation) and 'round table' reporting sessions for grantees (e.g. Hawke's Bay and Acorn). Those that are Local Donation Managers for The Tindall Foundation are working in partnership towards shifting to more participatory practices in communities.

While we have a long way to go, and realistically it is a journey linked to growing maturity and growing general or untagged funds, community foundations possess great potential to show participatory leadership in communities in the future, becoming advocates/educating donors around power shifting practices.

Facilitating emergency funding into communities

*“Community foundations, in their capacity as place-based, long-term philanthropic actors, are evolving into on-the-ground leaders in preparedness, response coordination, and laying the groundwork for resilience and rebuilding”*¹⁰⁵

Community foundations, in NZ and across the world, are increasingly becoming funding connectors in times of crisis, responding to the rising incidence of natural disasters. They hold a unique role, harnessing the generosity of people who want to help, and knowing their communities so that they can get funding to where it's needed - and fast. Community foundations can also enable a 'multiplier' effect, bringing other funders and philanthropists on board in times of crisis.

In the UK, during the Covid-19 pandemic, the network of 47 community foundations were chosen to be the main distribution partner for the National Emergency Trust Coronavirus Appeal, launched in March 2020¹⁰⁶. A wide range of corporates, trusts and foundations and private donors donated to the appeal, which raised £99m.

“Community foundations used their relationships, grant-making expertise and understanding of local need to swiftly distribute funding to the charitable organisations best placed to make the biggest difference,” **UKCF website.**

In Canada, at the start of the Covid-19 pandemic the federal government partnered with three sector organisations - the network of 205 community foundations, the Red Cross and United Way - to channel CAD\$350m in emergency funding into areas of need in communities across the nation¹⁰⁷. Building on this work, at the start of 2022, the Canadian government announced further funding to help communities respond to ongoing needs, with an additional CAD\$400m to be distributed.

*“These projects show the creativity and resilience of communities and demonstrate how enabling local community leadership can transform social infrastructure”*¹⁰⁸, **Andrea Dicks, President, Community Foundations of Canada.**

¹⁰⁵ 11 Trends in Philanthropy for 2023 - Dorothy A Johnson Centre for Philanthropy - <https://johnsoncenter.org/wp-content/uploads/2023/01/11-Trends-for-2023-Report.pdf>

¹⁰⁶ <https://www.ukcommunityfoundations.org/our-impact/case-studies/the-national-emergencies-trust-coronavirus-appeal>

¹⁰⁷ <https://www.canada.ca/en/employment-social-development/news/2022/11/government-of-canada-announces-national-funders-selected-to-support-charities-and-non-profits.html>

¹⁰⁸ <https://communityfoundations.ca/press-release-government-of-canada-announces-over-400-projects-to-help-canadian-communities-in-response-to-the-covid-19-pandemic/>

NZ's community foundations network is not yet partnering with government as funding distributors (and some analysis is needed to understand whether being funding distributors is a good thing at the current network's age and stage). However, as NZ's nascent community foundations mature they are beginning to operate as funding collectors in emergency situations, including in response to the Covid-19 pandemic (e.g. Wakatipu Community Foundation's Greatest Needs Fund¹⁰⁹), cyclone Gabrielle (e.g. Hawke's Bay Foundation's Cyclone Relief Fund¹¹⁰, Auckland Foundation's Auckland Together Fund¹¹¹ and Northland Community Foundation's Emergency Response Fund¹¹²). In 2019, in response to the Christchurch Mosque attacks, The Christchurch Foundation launched Our City, Our People Fund¹¹³, which led to one of the most complex funding distribution situations in our nation's history.

As recent weather events have shown us, in an emergency situation the local community foundation can be uniquely placed to harness generosity and guide giving to where it is needed most (as an example Hawke's Bay Foundation in particular have proven their central convening role in the months that have followed on from cyclone Gabrielle¹¹⁴).

There is certainly preparatory work that many NZ community foundations need to undertake to be the leaders that our communities need in emergency situations - and a number are already doing so (notably Te Awa Community Foundation, working on emergency resilience planning together with local authorities across the central North Island Horizons region). As the NZ network matures, many will provide the means to undertake emergency funding in an effective and timely manner into communities, yet another example of the future potential of the community foundations network in NZ.

The potential of impact investing

Impact investing enables endowments to work on the same issues as grant making programmes and allows investment portfolios to be more ESG and ethically aligned. In Canada it is becoming gradually more common for endowed community foundations to invest at least part of their endowments in ways that align with their philanthropic mission, focusing on doing more good with every resource they have.

"Making money for shareholders is a myopic, narrow way of looking at things. Boards have to be risk managers but that can't be the only thing part of a matrix of responsibilities," **Aaron McRann, Community Foundation South Okanagan Similkameen.**

"My bias is aligning all of your assets with your mission - it just makes sense. If you are focusing on 3-5% you are underperforming. We use what we've got to support our mission," **Terry Cooke, Hamilton Community Foundation.**

Impact investing is a big opportunity for endowed foundations as there is simply not enough grant funding for the scale of the problems we are facing. Community foundations at a certain level of maturity are well matched to undertake impact investing.

Sometimes stepping into this space can be sparked by a particular opportunity:

"We received a significant gift and decided to look at real systems change and away from straight grant making," **Terry Cooke, Hamilton Community Foundation.**

Toronto Foundation donors are invited to fund social impact through the Vital Social Impact Fund¹¹⁵, where investments generate financial returns while also intentionally creating positive social impact. Each investment aligns with the issue areas in Toronto's *Vital Signs* report and, since 2017, Toronto Foundation has grown the funding pool to almost CAD\$12 million and made 17 sizable impact investments¹¹⁶.

While impact investing is not yet a significant focus for the UKCF network, it is a growing opportunity for community foundations worldwide. In NZ, Momentum Waikato Community Foundation is actively working in this space, with Acorn Foundation looking into impact investing opportunities for the Bay of Plenty region.

¹⁰⁹ <https://www.wakatipucommunityfoundation.co.nz/greatestneeds>

¹¹⁰ <https://www.hawkesbayfoundation.org.nz/cyclone-relief-fund/>

¹¹¹ <https://www.aucklandfoundation.org.nz/aucklandtogetherfund>

¹¹² <https://northlandcommunityfoundation.org.nz/giving/funds/northland-community-fund/northland-emergency-response-fund/>

¹¹³ <https://christchurchfoundation.org.nz/news/our-people-our-city-fund-distribution>

¹¹⁴ <https://www.hawkesbayfoundation.org.nz/cyclone-relief-fund/>

¹¹⁵ <https://torontofoundation.ca/social-impact-investing/>

¹¹⁶ <https://torontofoundation.ca/social-impact-investing/>

Impact Investing in South Okanagan

The Community Foundation for South Okanagan Similkameen, has recognized that community building goes much further than accepting donations and providing grants and their innovation makes an interesting case study (particularly since they do not have a particularly large endowment (at CAD\$15m)).

An opportunity presented itself in the form of the creation of a youth hub, the need for which had been highlighted by their recent *Vital Signs* research and growing mental health challenges for youth. From one donor's bequest, the foundation had already started youth mental health programmes, and this process identified the need for a hub for local youth.

"It took 3 years to make a decision to buy the building for the youth hub - a painful and stressful process - which involved making the decision to take out a mortgage and may have cost us some board members. The question we kept going back to was "If we don't buy it, who will?", says Aaron McRann, Executive Director of Community Foundation South Okanagan Similkameen.

"Our role as a community convenor and collaborator made us the perfect candidate to be the landlord. We raised \$1m from the community - a mix of big and small donors and a municipality donation of \$400k - and bought the building for \$3m. It was a very collaborative process, which included changing our charitable purpose, to having capital working for charitable purpose and not sitting dormant in passive investments. The building has now appreciated in value by \$1m and contributes \$100k per year to operations".

"In contrast, the decision on the second building - for an addiction and recovery house - was a 2-week

process and was passed by a unanimous vote. It was a very different process because we already had this tool in the toolkit and it was an opportunity which we had to move quickly on. This second building forms part of regular investment portfolio, we cashed in money market investments to use as a down payment on the property. So, one building is part of charitable activity the other part of investments".

"I think that financial risk is part of why other community foundations don't do this but, when you are focusing on impact, I see this as an excuse - the riskiest investment is actually a grant because you get zero financial return".

"When you shift your thinking from 'we make grants' towards 'we make impact', the pathway for impact investments becomes clear. It needs to be thought of as a duty in a way as there is no community benefit in traditional investments. It's not easy to invest locally - it can be hard to find things to invest in - but when an opportunity presents itself, you have to be ready for it".

The Community Foundation of South Okanagan Similkameen now has a pool of donors ready to partner with impact investing opportunities. "We have a small group of donors who are more interested in making a community investment than making a donation, some donors are far more interested in giving in this way. If you think differently you can invest, not grant and the community foundation is the perfect place where these connections can be made".

The role of partnerships in growing community philanthropy

The role of government

“Our examination of global practice shows growth has been achieved where governments and philanthropy have each intentionally supported the establishment, growth and sustainability of community foundations, both independently and in collaboration, and where there has been a strong peak body enabling that growth,” **Community Foundations Australia and Philanthropy Australia’s Strategic Roadmap, July 2023**

As recognized in the recently launched Australian Strategic Roadmap¹¹⁷, the government must be central to developing a strategy to drive philanthropic giving, which includes positioning community foundations as an integral part of local community infrastructures.

Worldwide Initiative for Grantmaker Support (WINGS) key recommendations from their 2022 report¹¹⁸ include several which are focused on community philanthropy mechanisms:

- Encourage and accompany community philanthropy mechanisms - local funds, community foundations, women’s funds, indigenous funds, giving circles - to tap into local and diaspora resources
- Support campaigns and initiatives that promote a culture of giving, including recognising and building on traditional forms of giving that draw upon the strengths of the local context
- Undertake a mapping of existing philanthropy support organizations, with the aim of strengthening their performance; understanding their added value to philanthropy and giving and identifying areas of strategic investment in the future.

In the UK, over several decades the UK Government has undertaken a number of initiatives to grow community philanthropy, recognising early the potential of government to partner with community foundations. These include endowment building and matched funding challenges,

actively working to grow the philanthropy ecosystem. Of note was the UK government’s Grassroots and Endowment Programme¹¹⁹ (2008-2011), which saw £80M in grants and £50M for 1:1 matched endowments to build the sustainability of community foundations.

Government support has been shown to also provide the spark for others to give:

“Government support for communities generates additionality - their support encourages others to contribute. They know we can encourage people to join a campaign, for example our Nation of Sanctuary Croeso Fund (for asylum seekers and refugees) - the government could see the fund was aligned with their aim of making Wales a more welcoming place,” **Richard Williams, Community Foundation Wales.**

“This is long-term work and community wealth building is something that the government should invest in on a long-term basis,” **Rachel McGrath, Northamptonshire Community Foundation.**

Rhodri Davies, Director of Why Philanthropy Matters, observes that government financial investment in UK Community Foundations dates back some decades:

“Place-based philanthropy as an approach has been an interesting concept for UK governments and seen as something we need, so there has been some deliberate policy around this. There have been efforts at times to help them build endowments - including government matched challenges and other things like the grassroots challenge, so various government efforts to grow place-based philanthropy,” **Rhodri Davies, Why Philanthropy Matters.**

However, this is distinct from community foundations acting as pass through agents for government funding and programmes, which several UK community foundations suggested have become problematic for the network:

“A previous Chair of our network suggested that third party programmes are the methadone of community foundations and we need to wean ourselves off them.

¹¹⁷ *The opportunity to grow Australia’s Community Foundations network: a strategic roadmap.* Community Foundations Australia and Philanthropy Australia (2023).

¹¹⁸ WINGS (2022) *Unlocking philanthropy’s potential: enhancing the enabling environment* - <https://wings.issuelab.org/resource/philanthropy-can-be-a-solution-to-making-localisation-a-reality.html>

¹¹⁹ <https://www.bl.uk/collection-items/grassroots-grants-final-evaluation-report>

I completely agree; we add value to local philanthropic giving using our expertise and local knowledge, and we are so much more than administrators of third-party funding programmes. We are in danger of mission drift if we do not focus all our efforts to developing local philanthropy,”

Caroline Taylor, Essex Community Foundation.

There has been some push back from the UKCF network against being used as a ‘pass through’ agent for other funders, including government:

“Some of our foundations are absolutely dependent for their survival on the management contribution from flow-through programmes and, consequently, that is where their resource lies: Catch22 they have to have the grant function, but the grant function sucks all capacity into it leaving little or nothing available to put towards developing the philanthropic services,” **UK Philanthropy Corporate Knowledge Working Group report to UKCF, May 2021.**

The role of funders and philanthropists

In NZ, and in the UK and Canada, we have seen some philanthropist and funder support for community foundations and growing community philanthropy. This has undoubtedly accelerated the growth of community foundations across the world and I’ll include just a few NZ examples of this in this section.

Seed funding from The Tindall Foundation, through a Milestone Programme in partnership with CFANZ, has helped several new community foundations establish, providing the catalyst to getting them off the ground, with crucial establishment funding over the first few years. Sir Stephen Tindall and The Tindall Foundation have been an important driver of the movement over 20 years

“I support the community foundation model, primarily because it has a really proud local focus and enables everyone to be a philanthropist, affecting lasting change in their community,” **Sir Stephen Tindall.**

CFANZ has a growing relationship with the combined community trusts sector. Many local community trusts already have very collaborative relationships with their local community foundation, and these future relationships will be crucial in proactively growing community philanthropy and funding for communities.

Internationally, funders across the world have supported the growth of community foundations, including the Ford Foundation, W.K. Kellogg Foundation, the Rockefeller Foundation, and the Charities Aid Foundation²⁰. In particular, the Charles Stewart Mott Foundation (Mott) has, over several decades, supported the growth and development of community foundations across the world, including seed funding for the UKCF network and several injections of funding in Canada. In 2023, Mott are supporting their first NZ-based project in partnership with CFANZ, which will align our work with the UN SDGs.

“The Mott Foundation has supported the development and strengthening of community foundations in many places around the globe for over half a century. For the past 30 years, the Mott Foundation’s support for community

foundations has been part of our effort to build and maintain a strong and vibrant civil society,” **Nick Deychakiwsky, Mott Foundation.**

In the UK, the Esmée Fairburn Foundation funded a programme which was a deliberate attempt to boost the

capacity and capability of the UKCF network, this was a catalyst to further growth and government investment in the network (and was the original idea which sparked this entire research project).

Time For Growth - what happened when philanthropy advisory services were better resourced at 10 UK community foundations

Time for Growth was a UK programme from 2002-2004 which saw a £1m injection of investment into resourcing fund development/donor advisory services across ten UK community foundations.

The funding came from the Esmée Fairburn Foundation and the programme saw a ROI of 19:1 within 3 years and 25:1 within 5 years; over the short term £25m of endowments had been unlocked from local philanthropists.

Crucially, the investment of £100k per foundation led to a step change in their development, a core focus on donor development and endowment building which has continued to build over subsequent years.

Time for Growth was intended to be a time during which the pressures of seeking core costs to support investment for fund development would be lifted from these foundations, enabling them to concentrate on building their endowments and securing long-term sustainability.

Overall, there was a key shift in most of the foundations to review and reposition themselves as providers of high-quality services to donors. Developing a real connection with the donor is now seen as part of the ethos of all of the foundations. They became more flexible and responsive and increased the range of products on offer to potential and current donors. The top four ‘drivers’ of change and growth for community foundations involved in *Time For Growth* were:

- Changing the organisational focus towards fund development and donor orientation
- A change in engagement and commitment of the Board



- A change in the culture of the organisation
- A change in role, skill and confidence of staff in fund development.

Time for Growth's support for core costs, for developing philanthropy advisory expertise and for ensuring that learning was shared, has provided an example where investment in the development of community foundations has been shown to lead to exponential growth (growth which is likely to extend well beyond a decade, when legacies and improved capability are taken into account).

Further, *Time For Growth* was the catalyst for the UK government's Grassroots and Endowment Programme¹²¹ (2008-2011), which saw £80m in grants and £50m for 1:1 matched endowments to build the sustainability of community foundations.

In Aotearoa NZ, further philanthropist and funder investment must be considered as a key ingredient if we are to expedite the growth of community philanthropy.

A shifting landscape - philanthropy is evolving

“Community foundations are uniquely placed to address some of our most pressing social challenges by providing a trusted source of connection and response. I truly believe that in future decades community foundations will come to be seen as ushering in a new era of societal cohesion, connection and wellbeing.” **Jack Heath, CEO Philanthropy Australia.**

“In recent years the community foundation movement has significantly increased its impact and we know that this growth in influence will accelerate in coming years, which will benefit our communities and add to the strength and contribution of the philanthropic and grant making sector,” **Sue McCabe, CEO Philanthropy NZ.**

In Dan Palotta’s new book¹²² he writes of enabling everyday people to identify as philanthropists, not just the ultra-wealthy. This is something we certainly advocate for, and we see unfolding across NZ, as we witness New Zealanders from all walks of life discovering that they can have a role to play as a philanthropist, affecting change in their local communities.

“I think philanthropy is evolving and it is our role to modernize and democratise philanthropy. Everyone can be a philanthropist and we need to empower people to apply their wealth to build a better society. We need a stronger narrative around this; no one community foundation is going to build that. It has to be a national narrative,” **Rachel McGrath, Northamptonshire Community Foundation.**

There is immense opportunity to develop philanthropy advisory services to help potential donors discover philanthropy, purpose and discover more trust-based funding practices. This also applies to corporates who are increasingly showing more interest in deeper relationships with communities and contributing to meaningful solutions. Community insight and diversity in donor advice will be key and community foundations can be at the forefront of this opportunity, helping to steer community resources into high priority areas, addressing inequality, hard to fund issues such as climate change and supporting advocacy.

“There is a clear need for rapid and significant growth in the number of philanthropy advisors. The coming intergenerational wealth transfer, the rise in the complexity of

the tools available to philanthropists and the scale of the needs faced across monumental global challenges all underline the growth in this profession,¹²³” **Beeston and Breeze.**

Increasingly, we work with donors who are interested in shifting away from traditional charity towards more long-term philanthropy. There is some indication that next gen donors could be more interested in funding solutions or impact rather than following their passions in philanthropy (and give more throughout their lives rather than big sums later in life)¹²⁴. Further, technology and the emerging opportunities of AI, and demands to make capital work harder, are shifting the philanthropy landscape fast. We may see funding into communities shifting in ways we cannot yet imagine.

Some perspectives:

“Some donors are moving away from endowments with a more balanced view on the timelines of when funds should benefit charities - for example, term funds which will have impact over 10 years,” **Daniel Holland, Community Foundation of Nova Scotia.**

“More and more people don’t want to leave money to their children - they want their children to have enough, but not too much,” **Emma Beeston, Philanthropy Advisor.**

I have heard strong themes around philanthropy not being an accepted norm in the UK:

“Money and generosity are widely considered to be private matters, especially in the UK, so it can be quite taboo raising either of these topics in polite company. Yet, donors often talk about the joy of giving, how it enhances their lives, brings satisfaction, turns money into meaning,” **Dr Beth Breeze.**

“We are really just scratching the surface in Scotland, in an echo chamber with donors who will ask their friends. There is so much potential,” **Giles Ruck, Foundation Scotland.**

“Culturally in the UK we don’t talk about money, let alone giving it away, it’s much harder to get people to self-identify as philanthropists. However, I think people are more willing to talk about philanthropy than they were,” **Rhodri Davies.**

122 Palotta, D. (2023) *The Everyday Philanthropist: A Better Way to Make A Better World*, John Wiley & Sons

123 Beeston, E. and Breeze, B. (2023) *Advising Philanthropists: principles and practice*, Directory of Social Change, p. 212

124 https://ssir.org/books/excerpts/entry/show_me_the_impact

And in Canada:

“Canadian donors understand philanthropy to some extent. They still view many areas of charitable activity as the domain of the state,” **Daniel Holland, Community Foundation of Nova Scotia.**

Shifts in the way community foundations are working with new donors:

“A positive change is that donors are much more willing to think about unrestricted gifts and trust the groups they are funding to know how best to use this money,” **Rosemary Macdonald, UKCF.**

“We have a new focus on next generation giving, with a product fund builder. Donors can have their own named fund at £25k, which they can build over 20 years for as little as £100 a month, in their family name. It’s a great way to talk about giving back, forever and engaging family in giving,” **Perry Norton, Essex Community Foundation.**

“Younger generations are much more thoughtful and aware of the role of wealth and the accumulation of wealth,” **Emma Beeston.**

“Social enterprise is becoming an area of increasing interest to philanthropists,” **Daniel Holland, Community Foundation of Nova Scotia.**

Shifts in philanthropy advice:

“There is a greater awareness of philanthropy and its role and a lot more critique. This has a dual affect: some donors are really well informed, and we can have more nuanced conversations; others are afraid to dip their toes into any of this work and a big part of our role is to absorb this anxiety”¹²⁵, **Derek Bardowell, Ten Years’ Time.**

“The modern philanthropy advisory industry is responding to an enduring problem that is not showing any signs of abating: how to give well,”¹²⁶ **Beeston and Breeze.**

Shifts in localism of philanthropy;

“Covid has certainly led to more hyper-localism in philanthropy,” **Kate Markey, London Community Foundation.**

“The experience of COVID is driving seismic shifts in society beyond the pandemic. In particular, people are now spending much more of their lives in local communities”¹²⁷

Philanthropy Australia strategy to double philanthropic giving.

A rise in commercialization of philanthropy:

“If community foundations don’t steward the intergenerational wealth transfer well, make no mistake, the commercial sector will,” **Louise Parkin, Philanthropy Advisor.**

Institutional forms of philanthropy are also changing, endowed institutions and different forms of DAFs including spend down funds and more collaborative forms of giving such as giving circles are on the rise.¹²⁸ Maintaining the work that community foundations have traditionally done and creating space for new ideas to emerge will be our challenge as we grow.

“The future of donor advising in a community foundations context could involve a donor-led approach to cause areas - tapping into a donor’s deep motivations for giving - and supporting them to reach their philanthropic potential within that area of interest, which will open the door to the biggest opportunities for philanthropy. For example, it’s very difficult to engage a donor in the conversation of climate change solutions when their key area of interest is health or medical research. We’ll work to find that space where our work overlaps with their interests. And keeping in mind the time factor involved, as we strategically think of the long-term future of community funds”, **Craig Hikida, Vancouver Foundation.**

There is also an obvious potential for a rise in corporate philanthropy as younger generations exert their influence of prioritizing purpose alongside profit. CAF’s recently released Corporate Giving by the FTSE 100 report shows that the total amount donated hasn’t changed since 2016, despite profits trebling in the same period¹²⁹. It’s hard for companies to give away money well, and increasing numbers of philanthropy advisors can help corporates, as well as individuals, to get on the path towards more effective philanthropy.

As the great wealth transfer moves wealth into the hands of increasingly socially conscious generations, the opportunities for community foundations to support donors with effective and fulfilling philanthropic giving, have never been so great.

As the world takes stock in the wreckage of a global pandemic, and amidst crises of climate and inequality, is now the time to reimagine what philanthropy can be?

125 The Beacon Collective - <https://www.beaconcollaborative.org.uk/the-philanthropy-ecosystem-donor-educators/>

126 Beeston, E. and Breeze, B. (2023) *Advising Philanthropists: principles and practice*, Directory of Social Change, p. 205

127 <https://www.philanthropy.org.au/about-us/publications/a-strategy-to-double-giving-by-2020/>, iii

128 *What’s next for philanthropy in the 2020’s - seeing philanthropy in a new light*, Deloitte 2020

129 <https://www.cafonline.org/giving-as-a-company/corporate-giving/giving-by-the-ftse-100>

In conclusion

What this Winston Churchill Fellowship has given me the space and time to do, is to look at other nation's philanthropic ecosystems, what is working growing community philanthropy and (crucially) what has not, what is evolving and where new opportunities for growth and community impact lie.

This project has, if I am honest, become much bigger than I intended. 18 months ago, the story of the UK's *Time For Growth*, and its investment in donor advisory services, sparked my interest. I have subsequently discovered that the UK government and other funders have intentionally helped to grow UK community foundations through a range of initiatives, and from there the possibilities have started to grow.

In NZ we have been attempting to grow community foundations as local passion projects, boosted with some insightful seed funding from The Tindall Foundation and a scattered range of interested local stakeholders offering short-term funding boosts. However, unless we want to wait 20 or 30 years, the scale of what we are trying to achieve is too great to be achieved through this scattergun approach.

To achieve growth and capability at the scale required to harness the intergenerational wealth transfer, will take bigger picture thinking.

Do we really have another 20-30 years to grow community foundations and their capacity and capability organically?

Recommendations

This is our fork in the road, and this fellowship journey has led me to the following recommendations¹³⁰ if we are to expedite the growth of community philanthropy for the benefit of Aotearoa NZ:

1. Wider investment - from government, funders, philanthropists - in the early years of community foundations so the network can spend their resources growing specialist philanthropy advisory services, which has been proven to unlock new community philanthropy.
2. Designing specialist philanthropy advisory education for NZ (distinct from fundraising) and investing in a wider support network of specialist philanthropy advisors, a clear skill deficit in the NZ philanthropic ecosystem.
3. Educating professional advisors - lawyers, accountants, financial advisors - around their influential roles - small shifts in practice leading to big community outcomes - through tertiary and continuing professional development (CPD) education (a crucial lever in systems change as there are far more professional advisors than philanthropy advisors working with potential philanthropists).
4. Exploring the untapped potential of matched funding by government, corporates and philanthropists in unlocking new philanthropy.
5. Reviewing NZ's fiscal incentives - does 33% tax back work as an incentive to give, is now the time to activate incentives for the gifting of shares and bequests?
6. Enabling the community foundations sector to provide a responsive philanthropic infrastructure in times of crisis.
7. Embedding in government policy that unclaimed funds/dormant assets be resettled in local community endowment funds.
8. Enabling a generosity and bequest campaign, along the lines of the UK's *Remember A Charity* - without relying on an overstretched charity sector to fund it.
9. Nurturing a shift towards normalizing philanthropy for everyone (distinct from, and complementary to, smaller acts of charitable giving), and resisting the curious NZ tendency to use the word philanthropy to mean 'funding' or 'grant making'.

10. Building effective community options to counter the rise in commercialization of philanthropy, so that it can be authentically community-focused for the long term.
11. Normalising cross sector language of the UN SDGs, inspiring local action for global goals.
12. Supporting research projects and the building of data and knowledge such as *Vital Signs* to help to inform philanthropic strategies in communities.
13. Exploring opportunities for impact investments so whole endowments can work for local communities (not just grants).
14. Remaining curious to look at other ways to build philanthropy, outside of 20th century endowed institutions, towards more collaborative funding opportunities.

It is our generation's immense responsibility to steward the unprecedented great wealth transfer and to activate new philanthropy, to create networks of connectivity that are key to bridging the gaps between the voices of communities, generous kiwis, philanthropists, the work of professional advisors, funders, government and business.

Very few organizations could do this, to reimagine philanthropy for thriving communities, but a strengthened community foundations sector can.

Growing community philanthropy is both an action and a challenge. Who is in?

Eleanor Cater
September 2023



Finally, thank you.

Thank you to the Winston Churchill Memorial Trust and to Community Foundations of Aotearoa NZ for supporting my ever-evolving ideas and my travel overseas, and for supporting the time spent conducting interviews and writing this report.

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Thanks to Rosemary Macdonald and Tracey Vavrek who gave me access to their member networks and trusted that I would forge respectful and mutually beneficial relationships with members at UK Community Foundations and Community Foundations of Canada. I think I did ok by your members (one or two even want me back).

Thanks to Dr Beth Breeze and Emma Beeston, whose expert work in the donor advisory space have helped me to put everything in context. Your research and knowledge base is, I think, going to be enormously influential for community foundations, both in NZ and internationally, in coming years.

Thank you to Lori Luke and Dan O'Hagan for being my travel buddies (in Canada and the UK respectively) and listening with patience as to all the reasons why we need to do this differently. Lori works in this sector, Dan does not, and he now knows (more than he ever needed to know) why we should take recent world events as the reset our communities need, and rethink philanthropy as something we can mindfully nurture and grow. He's also a great chauffeur, and architecture and history buff.

Thank you to those who so patiently reviewed this "report/paper/book"³¹ - Dame Fran Wilde, Arron Perriam, Raymond Key, Lori Luke, John McCarthy, Alice Montague, Rosemary Macdonald (UK) and Rosie Funder (Australia) and gave such valuable feedback.

Finally, thanks everyone who met with me whilst overseas or online, I am so appreciative for the time, advice and deep thought you have given to this project; it is so encouraging to know that there are so many philanthropy enthusiasts - some would say nerds - across the world, supporting each other in this changemaking work. This is such a collaborative international community, thank you all.

My hope is that this report will help us focus on how we - the NZ funding, charity, government and business sectors - think more widely and more strategically how we steward the upcoming intergenerational wealth transfer for the benefit of Aotearoa NZ - and create a budding, new generation of philanthropists along the way.

This is action not theory, let's do this.
Ngā mihi nui.

And a note about the author

Eleanor Cater was the establishment EO with Community Foundations of Aotearoa NZ, their first staff employ in 2017. She comes from a background in comms and fundraising and discovered the joys of philanthropy and the power of legacies while working for the Fundraising Institute of NZ.

Since then, she has become a self-confessed 'philanthropy nerd' and is currently undertaking an MA in Philanthropic Studies through the University of Kent's Centre for Philanthropy. She is due to complete her dissertation in 2024 (on a topic still to be decided).

Eleanor grew up in Porirua and says that she witnessed many disparities of opportunities in her formative years, which, along with childhood memories of the protests of the 1981 Springboks rugby tour, have helped to shape her world views around social justice. Formerly an elected trustee with the Porirua Community Trust, she is still an advisor on two local grantmaking boards and cares deeply about effective funding and investment into local communities.

Having studied business - and later creative writing - at Victoria University, Eleanor travelled the world and lived in the UK for several years before settling back in Plimmerton, Porirua with her husband Dan O'Hagan. Together, they have three adult daughters (one in her final year of college, two at university), all of whom she says have inherited her desire to do what they can to create a better, more inclusive world.

As well as the subject of philanthropy, Eleanor gets a lot of joy from her whānau, nature - "*the Porirua region is NZ's best kept secret*" - and her two rescued and ridiculously large fluffy cats.

Final note: this is an external report, intended for community foundations, government, philanthropists, the wider funding sector and professional advisor networks. There is also an internal supplementary report for the CFANZ network, which explores operating models of community foundations and best practice. Email admin@communityfoundations.org.nz for a copy of the report.

Appendices

Appendix A

Research methods used in this report

Firstly, I am certainly no expert researcher. Secondary data has been the starting point for this research project, in order to explore research objectives: exploring the conditions and initiatives which have been shown to grow community philanthropy.

Research interviews and surveys have helped to boost the data collected to enable further observations and conclusions. The questionnaire in Appendix C was pilot tested with three UK community foundations and two Canadian community foundations, prior to leaving NZ.

Over the course of this project I have utilised four different survey methods:

- Online, qualitative interviews from NZ
- In person, qualitative interviews in the UK and Canada (semi structured and flexible).

- Secondary data analysis
- Online surveys

As well as travelling through parts of the UK - including Birmingham, Bristol, Cardiff, London, Surrey, Kent and Essex - I also used my time in Toronto (while at the Community Foundations of Canada conference in June) to further inform this report. While Canada was not a part of the original project proposal, I think the inclusion of qualitative interviews from Canada gives more depth and context from another international perspective.

I hope you find some useful insights, which may help to inform strategies and spark progressive conversations.

Eleanor Cater

September 2023



Appendix B

Interviewees

Interviewees for Winston Churchill Fellowship project May-June 2023 (UK and Canada)

Kate Hainsworth, CEO, Leeds Community Foundation

Rachel McGrath, CE, Northamptonshire Community Foundation

Steve Adams, CEO, The Community Foundation for Staffordshire

Rosemary Macdonald, CEO, UK Community Foundations

Giles Ruck, CEO, Foundation Scotland

Ronnie Brown, Philanthropy Director, Quartet Community Foundation

Richard Williams, CEO, Community Foundation Wales

Katy Hales, Director of Philanthropy, Community Foundation Wales

Kate Markey, CEO, London Community Foundation

Gaynor Humphreys, Trustee, London Community Foundation/
formerly CE with UK's Community Foundation Network

Kaveed Ali, Chief Operating Officer and Director of EDI, UK Community Foundations

Ben Robinson, Deputy CEO and Director of Strategy, UK Community Foundations

Jo Williams, Head of Learning and Development, UK Community Foundations

Derek Bardowell, CEO at Ten Years' Time - <https://tenyearstime.com/>

Lucinda Frostick, Executive Director, Remember a Charity - <https://www.rememberacharity.org.uk/>

Rob Cope, Executive Director Membership and Charitable Giving, Chartered Institute of Fundraising UK

Rebecca Bowden, CEO, Community Foundation of Surrey

Josephine McCartney, CEO, Kent Community Foundation

Caroline Taylor, CEO, Essex Community Foundation

Perry Norton, Head of Development, Essex Community Foundation

Fran Wright, Programmes Officer, Essex Community Foundation

Professor Beth Breeze, Director of Philanthropy, University of Kent

Dr Emily Lau, Lecturer in Philanthropic Studies, University of Kent

Karl Wilding, Lecturer in Philanthropic Studies, University of Kent

Dr Claire Routley, Lecturer in Philanthropic Studies, University of Kent

Emma Beeston, Philanthropy Advisor, Bristol UK

Louise Parkin, Philanthropy Advisor, London UK

Rhodri Davies, Director of Why Philanthropy Matters

Dr Sharilyn Hale, Philanthropy Counsel, Toronto Canada

Niki Gray, Executive Director, Community Foundation of Southeastern Alberta

Daniel Holland, CE Community Foundation of Nova Scotia

Terry Cooke, CE and President of Hamilton Community Foundation

Andrea Dicks, President, Community Foundations of Canada

Tracey Vavrek, Director Learning and Network Engagement, Community Foundations of Canada

Beverley Clegg, Executive Director, Selkirk and District Community Foundation

Aaron McRann, Executive Director, Community Foundation of South Okanagan Similkameen

Jeff Yost, CE, Nebraska Community Foundation

Mary Beth Taylor, Vice President Donor Engagement, Winnipeg Community Foundation

Craig Hikida, Vice President Donor Services, Vancouver Foundation

Supplementary online surveys completed:

Karen Perkins, Bedfordshire and Luton Community Foundation

Tamas Haydu, Cornwall Community Foundation

County Durham Community Foundation

Ruth Willis, South Yorkshire Community Foundation

Nina Dauban, Nottinghamshire Community Foundation



Eleanor Cater (left) with CEO of UK Community Foundations, Rosemary Macdonald, Birmingham, May 2023.

Appendix C

Standard Interview Questions

WCF 2023 UK Survey - Expediting the growth of community philanthropy

- *Winston Churchill Fellowship Research Questions*

Name:

Community foundation:

1. How old is your community foundation?
2. How much do you distribute into your community each year?
3. Do you think building an endowment is core to your work?

| | | | |
|-------------------------|--|--|----------------------|
| Yes extremely important | | | Not at all important |
|-------------------------|--|--|----------------------|

4. What is the size of your endowment?

5. Do you think government tax incentives (e.g. Gift Aid, tax rebates, estate incentives) are helpful in growing community philanthropy?

| | | | |
|---------------|--|--|------------|
| Yes Extremely | | | Not at all |
|---------------|--|--|------------|

- *Are they useful in your conversations with donors?*

- *Are there any changes you'd like to see to the tax incentives of your country?*

6. Do you see fundraising/donor advisory expertise important in growing community philanthropy?

| | | | |
|---------------|--|--|------------|
| Yes Extremely | | | Not at all |
|---------------|--|--|------------|

- *Do you employ skilled donor advisors/fundraisers?*

- *Do you offer professional development in fundraising or donor advice (through the UK Institute of Fundraising or another provider)?*

7. Do you think matched funding initiatives are helpful in growing community philanthropy?

| | | | |
|---------------|--|--|------------|
| Yes Extremely | | | Not at all |
|---------------|--|--|------------|

- *What do you think are the key success factors in using matched funding to grow giving locally?*

- *Can you give me some examples where they have worked? Where they haven't worked?*

8. Have you run a community insight research project such as *Vital Signs* and /or do you use community data in your work?

| | | |
|-----------------|--------------------------------|----|
| Yes Vital Signs | Yes utilize other data (what?) | No |
|-----------------|--------------------------------|----|

9. Do you think community insights (e.g. Vital signs or other data) is useful for donor work?

| | | | |
|----------------|--|--|----------------------|
| Very important | | | Not at all important |
|----------------|--|--|----------------------|

- Can you describe if you use data to inform donor giving strategies?

10. Do you think the UN SDG's are useful in your conversations with donors?

| | | | |
|---------------|--|--|------------|
| Yes Extremely | | | Not at all |
|---------------|--|--|------------|

- Can you give me some examples of how you use them in donor conversations?

- What works well/doesn't work well in focusing on global goals?

11. How do you align donor-led work with community priorities?

Can you give any examples of how you have helped a donor refine their giving towards meeting community priorities?

12. Do you think local marketing helps you grow philanthropy?

| | | | |
|---------------|--|--|------------|
| Yes Extremely | | | Not at all |
|---------------|--|--|------------|

- What marketing channels do you think work best?

13. How important do you think the role of the board is in supporting your donor work and a culture of philanthropy?

| | | | |
|----------------|--|--|----------------------|
| Very important | | | Not at all important |
|----------------|--|--|----------------------|

- In what ways can board members support donor work?

14. Overall, do you think UK donors understand and support philanthropy as a cultural norm?

| | | | |
|---------------|--|--|----------------------------|
| Accepted norm | | | Not at all a cultural norm |
|---------------|--|--|----------------------------|

- Do you think philanthropy norms are shifting in the UK?

15. How supportive are local professional advisors in referring clients to the CF?

| | | | |
|-----------------|--|--|-----------------------|
| Very supportive | | | Not at all supportive |
|-----------------|--|--|-----------------------|

Is their support important?

| | | | |
|----------------|--|--|----------------------|
| Very important | | | Not at all important |
|----------------|--|--|----------------------|

16. Do you have any further thoughts on what you think are the most important strategic focuses for a community foundation in growing community philanthropy?

Thank you to the Winston Churchill Memorial Trust and Community Foundations of Aotearoa NZ for supporting travel to the UK and Canada and time to research and write this report.

For further information email admin@communityfoundations.org.nz
www.communityfoundations.org.nz



Hei whakakaha i ngā
hāpori o Aotearoa



Winston Churchill
Memorial Trust
New Zealand