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Potential Roles for Community Foundations in Regional Development

Rural communities and regions throughout Newfoundland and Labrador encounter a series of financial challenges, influenced by outmigration, decreasing tax bases, and austerity measures. Although these communities have a numerous local priorities and opportunities, financial constraints hinder their ability to find and implement solutions. One potential option for resolving this hindrance is the use of philanthropy, particularly the community foundation model.

Rural communities and regions throughout Canada are actively engaged in the community foundation movement. The application of this movement in rural communities varies across the country. Rural community foundations are diverse in ways that include their length of existence, size of endowment, and human resource capacities (Gibson & Shanghvi, 2009). The engagement of these communities varies; rural communities can be the sole geographic focus of a community foundation or part of a larger region.

Although rural communities encounter out-migration, due to factors related to the pursuit of post-secondary education and employment opportunities, departing residents often retain their connection to the community. Turcotte (2005) noted rural residents in Canada have a stronger sense of belonging or attachment to their community than urban residents. This strong attachment to place provides an expanded audience for endowment building opportunities in rural communities, which in turn can support local priorities for social, cultural, and environmental development.

As pressures of austerity measures, out-migration, and decreasing municipal tax bases continue the need for alternative funding mechanisms in rural regions will grow. The role of philanthropy in regional development will become a significant issue in Newfoundland and Labrador. Unlike the United States (Yost, 2009), limited philanthropy research has been undertaken in Canada. This research project will make substantial contributions to the limited research on philanthropy in regional development, provincial policy discussions regarding the future of rural communities and regions, and among non-profit organizations currently responding to and facilitating local priorities.

Philanthropy and Charitable Giving

8,800 charities
in Canada

With assets of
\$13.9 billion in
assets

Providing \$1.2
billion in grants

The philanthropic sector in Canada is robust. Over 8,800 charities and foundations are registered with the Canada Revenue Agency, of which 2,900 are classified as active (Plewes, 2006). The total assets of Canadian foundations, including both private and public foundations, is \$13.9 billion resulting in \$1.2 billion in grants (Plewes, 2006). The 2007 national study on giving and volunteering by Statistics Canada found 84% of the Canadian population over the age of 15 made a financial contribution to a charitable organization. Canadians donated over \$10 billion to charitable organizations in 2007, representing a 12% increase from 2004 (Statistics Canada, 2009).

In comparative terms, Canadians are highly engaged in philanthropic activities. The Charities Aid Foundation, in their 2006 international comparative report, noted 0.72% of Canada's gross domestic product is provided to charitable activities (Clegg & Pharoah, 2006). This rate of charitable giving ranks third highest in their study, behind the United Kingdom and the United States. The high rate of contributions by Canadians to charitable organizations and Canada's relatively high gross domestic product allocation to charities creates opportunities for community foundations.

Paralleling the strength of the philanthropic sector in the United States, the community foundation movement in Canada is diverse. Building on the momentum of the Cleveland Foundation's establishment in 1914, the first community foundation in Canada was established in 1921 – The Winnipeg Foundation. Over the past ninety years the movement has expanded to include 181 community foundations across Canada (Community Foundations of Canada, 2010). As Faber and McCarty (2005) illustrate, community foundations have played a central role in supporting numerous community initiatives and advocate for advancing social causes. Rural communities throughout Canada are actively engaged in the community foundation movement.

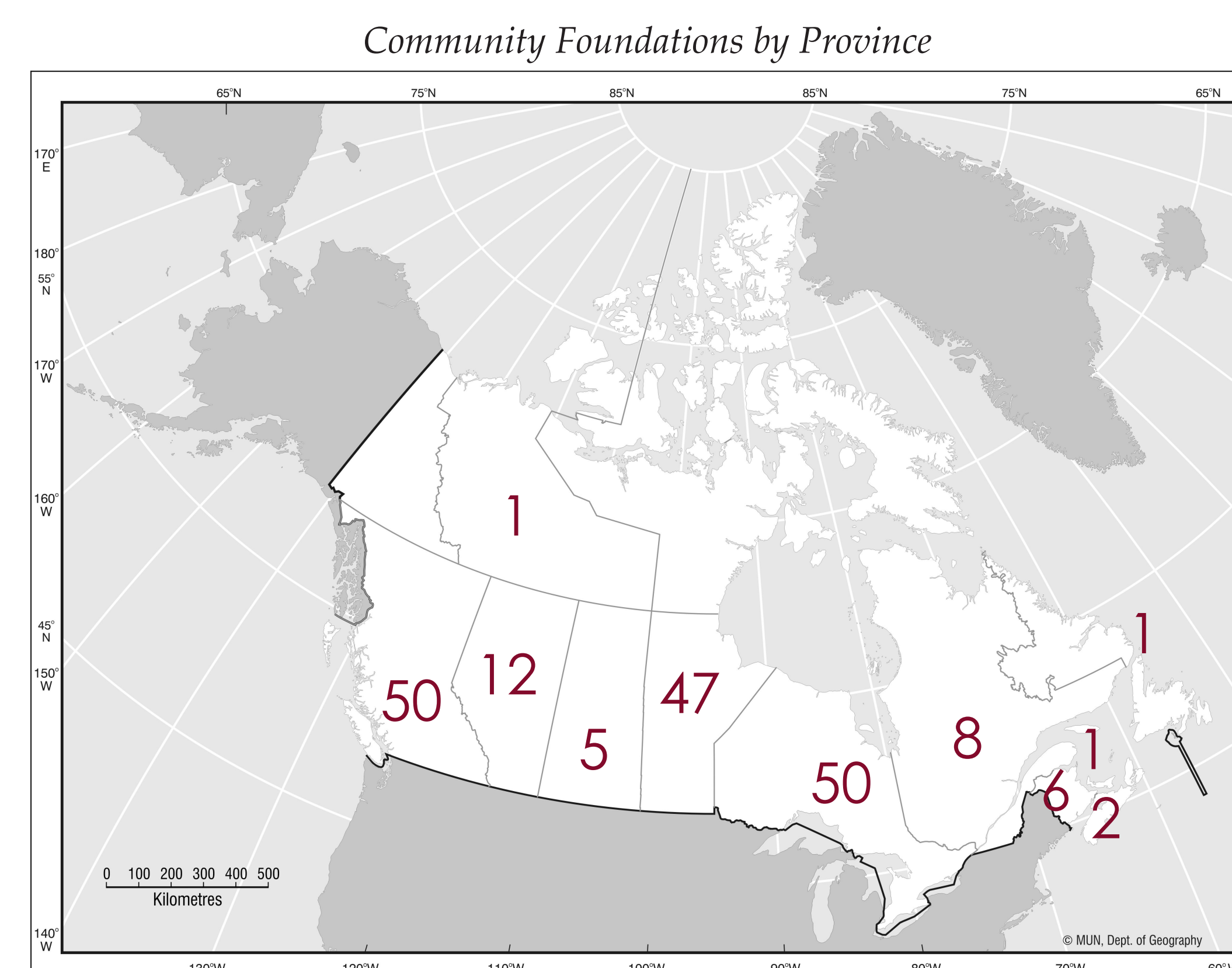
What are Community Foundations?

Community Foundations in Canada ...

- Are autonomous, non-profit, publicly supported philanthropic organizations with a long-term goal of strengthening and enhancing the communities or regions they operate in (adapted from the Council on Foundations, 2012).
- Facilitate philanthropic giving by pooling funds, which are then invested. The interest earned from Community Foundation investments are distributed to support priorities.
- Work with donors to build endowment funds that ensure vital futures for communities
- Are registered charities with the Canadian Revenue Agency.
- Consist of an independent governing body broadly representative of the public interest and that is not appointed by a single outside entity.
- Support a wide range of community and regional priorities, such as support for health services, scholarships, education/literacy, cultural program, and youth activities.
- Are created by and for the people.
- Are diverse and dedicated to the communities they represent.

Community Foundations in Canada

The Community Foundation movement in Canada is well-established and growing. Throughout Canada there are 183 registered Community Foundations. Community Foundations are located throughout all regions of Canada. It is estimated these 183 Community Foundations combine to have an endowment exceeding \$3 billion and provide \$115 million in annual grants to support their respective communities.



In Atlantic Canada there are 10 Community Foundations: 6 in New Brunswick, 1 in Newfoundland and Labrador, 2 in Nova Scotia, and 1 in Prince Edward Island. In 1967, the Fredericton Community Foundation was established - the first in the Atlantic region. Most Community Foundations in the Atlantic provinces were created in the 1990s and 2000s. The Atlantic Canada Community Foundations have assets exceeding \$31 million and provide over \$1.125 million in grants to their communities and regions. Community Foundations support children/youth programming, social services, education/scholarships, and food banks.

Research Objectives

The goal of this project, running from September 2012 - May 2013, is to examine how community foundations can influence and participate in regional development in Newfoundland and Labrador. Regional development is conceived in a holistic manner encompassing social, cultural, humanitarian, community development, and capacity building. In addressing this goal, the project will achieve the following five objectives:

1. to create an overview portrait of charitable giving in Newfoundland and Labrador,
2. to situate the challenges and opportunities of the Community Foundation of Newfoundland and Labrador in relation to other Atlantic Canada community foundations,
3. to collect perspectives on the community foundation model in Newfoundland and Labrador from community residents and estate planners,
4. to identify potential roles, actions, and activities of the community foundation model can facilitate regional development, and
5. to initiate dialogue and share knowledge across actors from academia, government, private sector, and community/regional development practitioners.

Questions for Moving Forward

Given the current fiscal climate driven by austerity measures at both the federal and provincial government levels many regions are seeking alternative measures for facilitating local priorities. The community foundation model of philanthropy emerges as a sustainable funding mechanism with local control to assist regions in addressing local priorities. The sense of place and sense of belonging among the Newfoundland diaspora could enhance the position community foundations as a potential vehicle for regional development.

Questions continue to be explored through the project include:

- How can the strong sense of place/connection to place experienced by rural residents be "harnessed" by Community Foundations to increase endowments?
- How can provincial and federal governments support and facilitate the work of Community Foundations?
- How can communities and regions work with existing Community Foundations to explore how philanthropy could contribute to their priorities and opportunities?
- How can Community Foundations become more active in community and regional development?
- What 'best' practices and/or lessons learned can be collected from established Community Foundations in Canada and the United States regarding their engagement in regional development?
- What is the awareness of Community Foundations in rural communities in Newfoundland and Labrador?
- How can the awareness of Community Foundations be raised among rural communities?

Acknowledgements

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* Note: References cited in this poster can be found on the project website listed below.