

# BUILDING THE COMMUNITY SPIRIT PROGRAM

MLA Committee Report





**SPIRIT**

## EXECUTIVE SUMMARY

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### Background Overview

In all towns, cities, villages, First Nations and Métis Settlements, Alberta's communities are strengthened through the essential contributions made by the non-profit/voluntary sector. This sector comprises 19,000 organizations that provide a wide range of valuable services in such areas as social services, education, health, culture, arts, and recreation, to name just a few. Through its work, the sector directly contributes to building a strong Alberta and improving Albertans' quality of life.

In recognition of this valuable contribution, the Alberta government provides a number of funding programs that support the non-profit/voluntary sector. These programs include the Wild Rose Foundation Quarterly Grant Program, the Community Facilities Enhancement Program (CFEP), and the Community Initiatives Program (CIP). (See Appendix I for other examples.) The Alberta government wants to further support this important sector by building on Albertans' generosity in donating to these community-based organizations throughout the province.

In December 2006, the Minister of Tourism, Parks, Recreation and Culture, Honourable Hector Goudreau, was asked by Premier Ed Stelmach to lead the establishment of an MLA Committee to develop recommendations for a Community Spirit Program in the following areas:

- Support increases in private charitable donations through tax credits and
- Establish a Community Spirit Fund to provide grants for eligible philanthropic donations to Alberta-based registered charities.

The MLA Committee believed it was important to hear from Albertans, so they undertook a comprehensive research and consultation process with a focus on the potential development of a grant program. This process included:

- A public consultation in the form of a questionnaire asking Albertans for their views on how a Community Spirit Program should be designed (e.g., eligibility, use of grant funds, how the grant amount should be determined);
- Discussions with key voluntary sector stakeholders on program needs;
- Review of existing government grant programs to prevent duplication and ensure effective coordination; and
- A literature review of best practices related to charitable tax credits and philanthropic grant programs provincially, nationally, and internationally.

Through the research and consultation activities, they heard a number of key messages from Albertans and stakeholders:

- There is overall support for the intent of the tax credit and grant components of the program;

- The Community Spirit Program should not replace or weaken existing government funding programs to the charitable/non-profit sector;
- A long-term commitment needs to be made by government to this program in order for it to have value to the sector;
- Community Spirit grants should be given to a broad range of eligible non-profit organizations and not just Canada Revenue Agency (CRA) registered charities;
- Community Spirit grants should only be given for cash donations, and not on the basis of volunteer time or donated materials and supplies;
- There should be a cap on the amount of the grant to ensure the fund is not depleted by large applications;
- Organizations should be able to use the funds at their discretion for operations, programming, projects or capital purposes and
- There should be a simple application process.

To help build on Albertans' spirit of giving, spirit of sharing and spirit of doing, the MLA Committee is offering recommendations including program objectives, program funding and program parameters. The Committee very much hopes this program becomes a key component in how Albertans create *community spirit*.

## Program Objectives

The objective of the Community Spirit Program is to accomplish the following:

- To partner with Albertans to increase private charitable donations in Alberta.
- To assist charities and non-profits in addressing the changing needs for services in Alberta communities.
- To leverage the generosity of Albertans to support initiatives they believe are important to help to enhance the quality of life in Alberta.

The Committee believes the following guiding principles should be considered in the design of the Community Spirit Program:

- The Community Spirit Grant Fund should be financially viable and sustainable.
- The program should be easy to administer with low administration costs.

These objectives and guiding principles provide a foundation on which the Community Spirit Program can be built and against which the program can be measured over time.

## Program Funding

As an initial step, in April, 2007 the Government of Alberta instituted an enhanced charitable tax credit for donations to charities registered under the *Federal Income Tax Act* with the Canada Revenue Agency (CRA). This enhancement represents an \$80 million contribution by the

Government of Alberta. As a result, the province's tax credit for annual charitable donations over \$200 has increased from 12.75 per cent to 21 per cent. This enhanced charitable tax credit is effective retroactively for donations made as of January 1, 2007. The MLA Committee agreed that the enhanced tax credit will encourage increased donations.

Based on input received during the research and consultation process, the Committee recommends that sufficient funding be provided to establish a Community Spirit Grant Program that encourages and recognizes donations by Albertans to charities and non-profit organizations in the province. The Committee further recommends that this grant program be implemented using a "phased-in" piloted approach whereby the grant fund increases over a three year period in response to growing interest and the desire to match donations in the range of 40-50 cents on the dollar.

This "phased-in" funding approach will allow government the opportunity to analyze and assess the operation of the fund. The Committee recommends that the amount of the Community Spirit grant be a maximum of \$50,000 per organization with a cap of \$100,000 over three years. The amount of the grant received by eligible organizations will be dependent on the number of applications received.

Funding should be provided through the Government of Alberta budget process. Although the option of an endowment fund was explored, it was not deemed feasible at this time. This is outlined further on page 24 of the report.

## Recommended Program Parameters

### *Eligible Organizations for the Community Spirit Grant Program*

1. Non-profit organizations, including Canada Revenue Agency (CRA) registered charities that provide direct services to Albertans and Alberta communities, will be eligible for the program. This includes approximately 19,000 organizations. Organizations should be in good standing, incorporated for a minimum of one year, and registered under a provincial or federal statute (e.g., *Societies Act, Libraries Act, Agricultural Societies Act, Act of Parliament*).

### *Community Spirit Grant*

2. Eligible organizations must have raised a minimum of \$1,000 in donations before they can apply to the Community Spirit Grant Fund. Organizations unable to raise this amount in a 12-month period can raise funds over multiple years and apply once they have reached the \$1,000 threshold.
3. The grant will be calculated on a proportional basis by dividing the annual program budget by the amount of eligible donations.

4. Eligible organizations can receive a grant of up to \$50,000 per annum, to a maximum of \$100,000 over a three-year period.
5. Donations to an eligible organization must be in the form of “cash” (i.e., currency and coins on hand, negotiable money orders, cheques, debit or credit card payments). Donated labour and materials are not eligible.
6. Program guidelines should clearly define what is meant by a “donation”. For example, donations should not include income generated from fundraising efforts such as lotteries, casinos, bingos, raffle tickets, golf tournaments, BBQ events, as well as donations generated by corporate sponsorships or commission-based practices. A detailed list of ineligible funding will be developed as part of the program guidelines.
7. Eligible organizations in Alberta can use funds for the purpose of operations, programming, or small capital expenditures (capital projects up to a maximum of \$10,000), providing that the funds are used to support philanthropic, benevolent, educational, health, humane, cultural, artistic, sport or recreational purposes.
8. Some restrictions will be placed on the use of funds (e.g., religious purposes, activities and benefits outside Alberta). A detailed list of restricted activities will be developed as part of the program guidelines.

### ***Delivery Mechanism***

9. The Government of Alberta should collaborate with the voluntary sector to develop an educational program to communicate the scope of the Community Spirit Grant Fund, and the benefits of the enhanced charitable tax credit.
10. The application process should be simple so as not to place any undue burden on applicants and government in the program’s administration.
11. Applications to the program should be submitted on an annual basis with one deadline date.
12. Organizations will be required to provide a statutory declaration as part of the application process confirming their agreement to comply with terms and conditions of the program, including the appropriate use of funds.
13. Within a 12-month period following the receipt of the grant, the organization will provide a report outlining the use of the funds.
14. The grant program should be administered within Alberta Tourism, Parks, Recreation and Culture, with consideration given to using an existing program area such as the Wild Rose Foundation, to deliver the program.

### *Evaluation Process*

15. The Community Spirit Program will have a mechanism for evaluating the success achieved through the fund and the enhanced charitable tax credit in terms of attaining the program's objectives.

### Acknowledgements

The Chair of the MLA Committee, Mr. Gordon Graydon, in partnership with all of his colleagues, wishes to thank everyone who participated in the public consultation process and MLA Committee meetings. In particular, the Committee wishes to acknowledge the extra efforts of the Advisory Committee members, who provided valuable advice. The input received has been invaluable in assisting the MLA Committee in the development of recommendations for the Community Spirit Program. The Community Spirit Program is another important step demonstrating the government's commitment to improving Albertans' quality of life. The MLA Committee believes that the recommendations put forward for this program will serve to achieve that aim.



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## I. BACKGROUND OVERVIEW

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In all towns, cities, villages, First Nations and Métis Settlements, Alberta's communities are strengthened through the essential contributions made by the non-profit/voluntary sector. This sector comprises 19,000 organizations that provide a wide range of valuable services in such areas as social services, education, health, culture, arts, and recreation, to name just a few. Through its work, the sector directly contributes to building a strong Alberta and improving Albertans' quality of life.

In recognition of this valuable contribution, the Alberta government provides a number of funding programs that support the non-profit/voluntary sector. These programs include the Wild Rose Foundation Quarterly Grant Program, the Community Facilities Enhancement Program (CFEP), and the Community Initiatives Program (CIP). (See Appendix I for other examples.) The Alberta government wants to further support this important sector by building on Albertans' generosity in donating to these community-based organizations throughout the province.

In December 2006, the Minister of Tourism, Parks, Recreation and Culture was asked by Premier Ed Stelmach to lead the establishment of an MLA Committee to develop recommendations for a Community Spirit Program in the following areas:

- Support increases in private charitable donations through tax credits and
- Establish a Community Spirit Fund to provide grants for eligible philanthropic donations to Alberta-based registered charities.

Initial communication about the Community Spirit Program made reference to "matching" grants. Through the consultation process, it was determined that the use of this term will be confusing as it is subject to many interpretations. The Committee has therefore referenced its recommendations in the overall context of a "grant" based on proportional funding (not necessarily a dollar for dollar match), which is further described in the proposed program parameters.

The MLA Committee, established by the Minister of Tourism, Parks, Recreation and Culture is composed of the following members:

- Gord Graydon, MLA for Grande Prairie-Wapiti (Chair)
- Tony Abbott, MLA for Drayton Valley-Calmar
- Moe Amery, MLA for Calgary-East
- Pearl Calahasen, MLA for Lesser Slave Lake
- Doug Griffiths, MLA for Battle River-Wainwright
- LeRoy Johnson, MLA for Wetaskiwin-Camrose
- Dave Rodney, MLA for Calgary-Lougheed
- Shiraz Shariff, MLA for Calgary-McCall

The MLA Committee believed it was important to hear from Albertans, so they undertook a comprehensive research and consultation process with a focus on the potential development of a grant program. This process included:

- A public consultation in the form of a questionnaire asking Albertans for their views on how a Community Spirit Program should be designed (e.g. eligibility, use of grant funds, how the grant amount should be determined);
- Discussions with key voluntary sector stakeholders on program needs;
- Review of existing government grant programs to prevent duplication and ensure effective coordination; and
- A literature review of best practices related to charitable tax credits and philanthropic grant programs provincially, nationally, and internationally.

The public consultation process was held from June 12 until July 31, 2007. The workbook/questionnaire was made available online via the Community Spirit Program website ([www.communityspiritprogram.ca](http://www.communityspiritprogram.ca)) and in hard copy format through MLA constituency offices, public libraries, volunteer centres and Family and Community Support Services (FCSS) offices. In addition, the consultation was advertised in all major daily newspapers in the province. In total, 1,527 submissions were received and analyzed.

Through the research and consultation activities, the MLA Committee heard a number of key messages from Albertans and stakeholders:

- There is overall support for the intent of the tax credit and grant components of the program;
- The Community Spirit Program should not replace or weaken existing government funding programs to the charitable/non-profit sector;
- A long-term commitment needs to be made by government to this program in order for it to have value to the sector;
- Community Spirit grants should be given to a broad range of eligible non-profit organizations and not just Canada Revenue Agency (CRA) registered charities;
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- There should be a cap on the amount of the grant to ensure the fund is not depleted by large applications;
- Organizations should be able to use the funds at their discretion for operations, programming, projects or capital purposes; and
- There should be a simple application process.

To help build on Albertans' spirit of giving, spirit of sharing and spirit of doing, the MLA Committee is offering their recommendations in this report for the Community Spirit Program. The Committee very much hopes this program becomes a key component in how Albertans create *community spirit*.

## II. BUILDING THE COMMUNITY SPIRIT PROGRAM

### Literature Review and External Research Findings

The Ministry of Tourism, Parks, Recreation, and Culture commissioned a literature review on who donates to charity, what impact tax credit and matching fund programs had on donor behavior and to recommend implementation options based on the results of that research.

The literature review noted that available empirical data linking donor behaviour, contribution amounts and contribution trends with tax credits or matching programs was not clear-cut. Recommendations were formulated using case examples.

#### Donor Behaviour

The research data found that donors are making fewer donations than in the past, but giving larger amounts of money. Donors are looking to see an impact from their giving and are thus making “narrow and deep” donation choices. Further, the overall amount of giving in Alberta has increased significantly over time.

Most donors indicated that the charitable tax credit was not a major factor in their decision on whether or not to donate. The availability of tax credits ranks last on motivations to donate, although about half of all donors said that they would donate more if offered a better tax credit.

About half of all charitable dollars from individual gifts go to religious organizations, with sectors like education and the environment placing a distant second and third. Individual donations as a whole account for about 13 per cent of non-profit revenues with the remainder coming mostly from government grants and the sale of goods and services.

#### Tax Credits

The research report cited a lack of clarity around the causes for increased donations. Uncertainty about how much information was required to inform taxpayers of the new credits or deductions and whether increased giving would continue to grow by using the same mechanisms or if it would begin to trail off without additional incentives. The report did find that charitable donations in British Columbia increased 5 per cent over three years following the introduction of an increased charitable donation credit. In the state of Arizona, a combination of a tax credit and tax deduction in certain sub-sectors saw charitable contributions grow from \$1.1 million to \$3.2 million over three years.

The research report also found that tax credits occasionally came with unintended consequences. In Arizona, for example, the combination of a tax deduction and tax credits seems to have led to a bias in the system towards larger non-profit organizations with the capacity for strong marketing and diverse revenue sources, at the expense of smaller to medium-sized non-profit organizations. In Michigan, donor contributions come almost exclusively from high-income segments of the population, so against the overall Michigan population hardly any change has occurred by introducing the tax credit.

## Matching Funds

In the case of matching funds, the research report highlighted four major areas for discussion:

1. To what sub-sectors or type of donations should the matching funds be restricted?
2. How will oversubscriptions of the fund be dealt with? Would the payout ratio be reduced or the total amount capped?
3. Should the mechanism favour smaller organizations, since matching funds typically are skewed towards larger, well-organized charities?
4. Will matching funds cause donors to shift existing giving from sectors that are not matched to sectors that are matched, as opposed to creating net new giving?

Very few examples were found during the research of general matching funds for charitable contributions. Most funds tended to be restricted to specific sub-sectors like higher education or health, and others were even further restricted to certain kinds of funding, such as endowment funding (e.g., the Department of Canadian Heritage Endowment Incentives program) or capital funding.

A commonly identified problem with matching grants is oversubscription. The research report identified two main methods for mitigating this issue – capping the amount of money available (limiting the number of groups who receive full matching dollars) and reducing the funding ratio (matching all requests at a declining percentage). For example, in its first year of operation, the Alberta Access to the Future Fund received applications from post-secondary institutions in excess of the amount available for matching. In future years, the Fund hopes to be able to match eligible donations received since 2005 dollar-for-dollar. The Department of Canadian Heritage reduced the match ratio as its program became oversubscribed. What was designed as “up-to” a dollar-for-dollar match last year paid 67 cents on the dollar.

Another issue identified was that the matching funds were disproportionately awarded to larger donors and larger non-profit organizations. The largest behaviour change found was with the non-profits themselves – when a matching grant was introduced, they tended to use it to construct giving opportunities for large donors. Non-profit organizations have not found this to be an effective tool for increasing their numbers of smaller donors.

## Endowments

The report listed endowments as an option to consider for a matching fund. As a benefit, endowments are invested in perpetuity, and are therefore sustainable. The report also found that creating an endowment fund would encourage organizations and donors to consider the longer-term implications of giving, and align with the government’s goal of saving today for tomorrow’s challenges.

However, the report also noted that, due to inflation, an endowed amount would almost never provide as much benefit as dollars spent today at their current value. The report also noted that endowment funds provide a smaller immediate benefit for organizations.

## **Implementation**

The Community Spirit Program has two major components: an enhanced tax credit program, which was announced and implemented in April 2007, and a matching fund program. The research outlined four design principles that must be addressed when crafting a matching fund program:

1. Purpose of the program
2. Eligibility of applicants
3. The application process
4. Indicators of success

### Purpose

The Community Spirit Program is meant to increase the number and amount of donations from Albertans. To this end, it was recommended in the report that the Community Spirit Program matching fund target existing donors who are most likely to give more or move their giving into new areas if encouraged to do so given the promise of a match.

### Eligibility

The research report found that the question of eligibility was a central one, as most unrestricted funds quickly become oversubscribed. Given this information, it was recommended the Community Spirit Program be open to all non-profit organizations registered in Alberta, as well as those with a significant Alberta presence. It further recommended that post-secondary institutions and hospitals be excluded, as well as membership-based organizations that exist primarily for the benefit of their own members, such as religious organizations not providing general social services. The research report found no evidence to restrict eligibility based on the kind of disbursement (capital, operating or endowment donations) and recommended that all should be eligible based on the scenario and framework chosen by the Government of Alberta.

### Application Process

The research report supported the notion of a simple application process for the fund with clear eligibility criteria. This would allow government to track the use of the fund and improve it in future years. Another question identified in the report is how the matching process should take place. For ease of administration, it was recommended that applications be accepted year-round with one annual decision conducted.

### Indicators of Success

Given that one of the objectives of the Community Spirit Program is to increase the number and amount of donations from Albertans, the simplest measure of success would be to examine the total increase in private donations overall. It was recommended that the Government of Alberta additionally examine both statistical and survey data on donor behaviour and giving patterns, the response of non-profit organizations and the efficacy of the program itself as it rolls out. The report also referenced the need to balance the information and reporting needs of the government

with the capacity of the non-profit sector to deliver this information. It was recommended that the Community Spirit Program partner with the Alberta Non-profit and Voluntary Sector Initiative (ANVSI) to create and deliver on these reporting requirements.

### **Program Parameters**

The research report outlined *four financial scenarios* for consideration by the MLA Committee. These scenarios provided an initial sense of the financial outcomes for recipient organizations. However, in reviewing the scenarios in more detail, it was evident that they would change significantly once the specific eligibility of recipient organizations and the use of grant funding was determined. Therefore, these initial scenarios did not receive further consideration.

With respect to outlining ways to increase private charitable donations through tax credits as well as the matching fund, the research report made a number of recommendations for the Government of Alberta to consider:

- It is important to have a comprehensive *communications plan* to ensure current and prospective donors understand the Community Spirit Program and how they benefit.
- Individualized strategies should be developed to maximize the program's impact on current donors, prospective donors, other Albertans and non-profit organizations throughout the province.
- The most important partners in the Community Spirit Program will be the non-profit organizations themselves – they will need to know about the program so that they can create appropriate initiatives and communicate with donors. Non-profits are well-suited to understanding their donors, and this kind of distributed communication could be more effective and efficient than a broad-based advertising campaign.
- The Community Spirit Program should partner with existing umbrella organizations, such as Volunteer Alberta, the Edmonton and Calgary Chambers of Voluntary Organizations and the Alberta Non-profit and Voluntary Sector Initiative.

## MLA Committee Meetings with Stakeholders

In May of 2007, the MLA Committee invited stakeholder groups representing a variety of organizations pertaining to the charitable and voluntary sector to participate in discussions on the Community Spirit Program. The purpose of these sessions was to garner information with respect to the needs of the non-profit and charitable sector in regard to the Community Spirit Program to inform the development of program parameters and included presentations by the following groups:

- Muttart Foundation
- Edmonton Chamber of Voluntary Organizations
- The Arthritis Society (Alberta) (representing the health and wellness sector)
- Edmonton Interfaith Centre for Education & Action (representing the religious sector)
- Edmonton Community Foundation (also represented The Calgary Foundation)
- Big Brothers/Big Sisters (representing the social welfare sector)
- Assembly of First Nations
- Alberta Assoc. of Colleges & Technical Institutions (representing the education sector)
- Métis Settlement General Council
- Volunteer Alberta
- Calgary Chamber of Voluntary Organizations
- Association of Fundraising Professionals (Edmonton and Area)
- Representatives from the arts and culture sector
- Alberta School Boards Association (ASBA) (representing the education sector)
- Bonnyville and District FCSS
- Association of Fundraising Professionals (Edmonton & Area - Wetaskiwin)
- Alberta Universities Association (representing the education sector)
- Medicine Hat Volunteer and Information Centre
- Alberta School Athletic Association (representing the sport and recreation sector)
- Battle River Community Foundation
- Alberta Association of Fundraising Executives
- Alberta Recreation & Parks Association (ARPA) (representing the sport and recreation sector)
- United Way - Capital Region
- Forty Mile Regional FCSS (Bow Island)
- FCSS provincial office
- Métis Nation of Alberta
- University of Alberta Hospital Foundation (representing the health and wellness sector)

An advisory group comprised of some representatives from these organizations provided advice and feedback as the detailed program parameters were developed. It is expected that this group will continue to provide advice as the program is further communicated and implemented.

The stakeholders provided their perspectives on the following topic areas:

- Mechanism to ensure sustainability
- Eligibility of donor and recipient
- Application process
- Performance indicators
- Tax credits
- Matching funds

### **Key Themes**

A number of key themes emerged during the discussions with the MLA Committee, including discussions on: definitions, sustainability, eligibility, the application process, performance indicators, accountability, communications and issues relative to specific sectors. More general discussions also occurred around the tax credit and matching grant aspects of the program. It should be noted that during these sessions the participants expressed a variety of perspectives, including a number of differing or diverging opinions. These divergent opinions are presented in the summary.

#### Definitions

Participants generally agreed that the program has to be fairly and clearly defined for both donor and recipient. Further, they felt that it was important to have a clear definition of the specific type of organizations that will be eligible for the Community Spirit Program. For example, the charitable sector can be defined with precision as to which organizations are considered to be “registered charities” and how many exist; however, the definition of “non-profit” is very wide. On this point, the presenters felt that it was important not to exclude Aboriginal groups from the consultation process. They also felt that there are a number of voluntary organizations that do good work and are engaged in activities similar to charities, but are not eligible for charitable status, and that efforts should be made to ensure these groups are included as well.

#### Sustainability

Some participants expressed concerns about the program’s funding source. Concerns were also expressed about introducing a program of this magnitude if the funding is not sustainable over the long-term for organizations, unless it pertains to one-time funding for capital programs.

Some participants expressed strong support for an endowment fund; others did not support setting the fund up using an endowment mechanism. One participant indicated that, should an endowment fund be established for this program, formal mechanisms would need to be put in place to maintain the capital to avoid a depletion of funds.

Participants also discussed the duration of the program, questioning whether it was intended to be long-term or temporary in nature. If the latter, participants said it would require an exit strategy.

Participants discussed the merits of creating an educational campaign (involving marketing and advertising) to increase public awareness and knowledge about donating and how to donate.

### Eligibility

Much of the participant's discussion around eligibility centered on which organizations should be excluded from the program, and included conditions like organization size, sub-sector, location or status. For example, some participants felt that organizations with large revenues should be excluded because they held a 'natural' fundraising advantage and might squeeze smaller organizations out. Others argued that certain sectors such as education, religion and health, should be excluded on the basis that they either already receive government funding or do not serve the whole population.

Location also played a factor, with some participants saying that if the primary intent of this program is to benefit Albertans, then international organizations should be excluded. Still others went farther, saying only Alberta-based registered charities should be eligible.

Participants in general expressed a desire to see a balance between universality and equity in the program. Most felt that it was important to ensure there is a level playing field for all charities and that individuals should be secure in the knowledge that their donations will be matched regardless of what organization they donate to. However, there was a significant portion (referenced above) who felt that larger charities have an unfair advantage, and that perhaps there should be different criteria for small and large organizations. Another equity alternative mentioned was that first priority should be given to organizations lacking operating funds.

There were also some lingering questions that the participants raised for further future consideration – what should be done with organizations whose definition is unclear (e.g., Catholic Social Services), and are the flow-through agencies (e.g., United Way) eligible?

### Application Process

Participant discussion of the application process was focused largely on making the process as user-friendly as possible, while minimizing administrative costs. To this end, it was suggested that a group that already administers funds, the Wild Rose Foundation for example, be used to deliver the program. If the government chose to administer the program, it should employ a once-a-year, user-friendly online application process.

Participants also stressed that the program needs to be as simple and cost effective as possible. It needs to be structured and delivered in a way that doesn't create a significant amount of administrative work for charities. It was suggested that a set percentage of dollars be used for staffing this program, with a ceiling or cap placed on the administration costs.

### Performance Indicators

The participants said that the easiest way to measure success would be to monitor the increase in donations through income tax returns. Alternatives suggested were to conduct focus groups with donors to identify whether the program has made a difference, measure the uptake of the program or ask organizations what difference the program made to them.

### Accountability

Accountability was a major focus during the stakeholder discussions with participants agreeing on the importance of being transparent with Albertans regarding this program. Stakeholders felt that the program should have expectations that are reasonable and standards to which everyone must adhere. Further, they felt that there should be a reporting process that is clear and simple with existing criteria and data against which to measure.

The participants also said that accountability must run in two ways—both the government as well as the non-profit sector must be accountable to this program. The government, they said, must examine the contract rules it uses with the non-profit sector and that this program cannot be considered as a means to replace current funding. There was concern expressed about the degree to which the government has come to rely on the non-profit sector to deliver social services, and that this program may be used to further increase that burden.

For the non-profit organizations, the participants felt that it was important not to set up a program whereby organizations are tempted to circumvent the system and clear penalties should be outlined for charities not following the rules of this program. To achieve this, participants suggested that charitable organizations participating in this program should be subject to random audits. However, they also cautioned against burdening organizations with another layer of accountability on top of those that already exist.

### Communications

Success for the Community Spirit Program will be dependant on continuing the dialogue that has begun with the non-profit sector. Non-profit support is needed to retain advocates for the program. The stakeholder presenters said that information on the program should be provided in a resource book or pamphlet to assist these groups in soliciting for funds.

### Sector Specific Issues

Stakeholders pointed to two key issues that should be addressed by the Community Spirit Program: funding and human resources, which are closely tied together. It is difficult for the sector to attract and retain qualified staff, in part, due to the low wages offered. As a result small charities do not have the technology, expertise or human resources to fundraise on their own, and need operations support. In part, the stakeholders said, this stems from the fact that organizations within the non-profit/voluntary sector were not established to provide services for government, but government has found them to be another way for them to deliver services.

## **Tax Credits**

A number of participants expressed support for what the government has already done in this regard, but do not see it as a replacement for funds currently committed to support non-profit organizations.

## **Matching Funds**

Three main issues were discussed relative to the Community Spirit Fund: how should the matching take place, what type of projects should be funded and what kind of donation should be matched.

A number of diverse views were expressed during the discussions around how the matching should take place, with some suggesting a sliding scale and others suggesting a dollar-for-dollar approach. There was support expressed for having a minimum and maximum amount, a sliding scale and having a universal approach rather than being targeted to a particular sector. Others advocated there be no maximum limit, nor a sliding scale. Some saw the imposition of maximums and minimums as a barrier.

The discussion was lively and varied on the subject of what types of funding should be matched: program, operating or capital. Some presenters said capital programs are easy to measure and define, while operating costs pose a challenge. Others said that capital should not be part of this program, as there are many funding opportunities for organizations to obtain monies for capital spending and that large donors find it easier to give money to capital programs than to operating funds. Still others felt that if the intent of the program was to match donations, it should not make any difference where the funding goes. Another opinion was that so long as the government was matching donations, it would encourage Albertans to give more generously.

A number of different opinions were expressed regarding what kind of donation should be eligible for matched funding – some presenters said not to consider gifts in-kind, as this brings challenges in terms of its administration and management, and it is difficult to ascertain a value on in-kind gifts, whereas others commented that the only important element is that it is in fact a gift out right, as smaller organizations must look at sources other than cash (e.g., in-kind donations, volunteer hours). Some participants expressed reservations about matching deferred gifts, volunteer hours and corporate dollars. In terms of corporate donations, some participants expressed less concern so long as it was made clear that the funds to be matched would not stem from sponsorships.

## Cross-Government Funding Programs Consultation

Nine invited presenters representing a variety of organizations pertaining to the charitable and voluntary sector gave presentations. They gave their perspective on the Community Spirit Program and its potential impact on their organizations. Suggestions were given for ensuring the Community Spirit Program is sustainable and effective (e.g. considerations regarding eligibility, funding, application), as well as the needs not currently being met by existing government programs.

Specifically, these organizations presented to the MLA Committee regarding the following areas:

- Purpose/scope
- Eligibility criteria
- Magnitude of financial aide and recipients (annual volume and resources)
- Funding model
- Application and approval process
- Strengths/weaknesses

The presenters were as follows:

- Rural Alberta's Development Fund
- Alberta's Promise
- Access to the Future Fund
- Lottery Funding Programs
- Wild Rose Foundation
- Alberta Sport, Recreation, Parks and Wildlife Foundation
- Alberta Foundation for the Arts
- Alberta Historical Resources Foundation
- Human Rights, Citizenship and Multiculturalism Education Fund

The presenters spoke on both the tax credit and grant matching aspects of the Community Spirit Program, though most of their discussion centered on the latter.

### **Tax Credits**

In general, there was support for the tax credit enhancement that was announced by the Government of Alberta in the April 2007 Budget. Most of the groups present thought that tax credits were a good incentive to encourage people to donate, though some cautioned that an analysis of this would need to be conducted by Alberta Finance before any conclusions were made. As shown by the findings of the research report summarized above, tax credits can be effective in altering donor behaviour, but they are not the first consideration of potential donors and therefore not necessarily the most efficient means of securing improved donations from Albertans.

## **Matching Grants**

As the presentations progressed, a number of key themes and considerations for implementing a matching program became apparent, including: sustainability, administration, communication, access/eligibility, accountability and equity.

### Sustainability

The presenters generally stressed the importance of ensuring the sustainability of the program. They cited benefits for non-profit groups in terms of stabilizing funding and allowing revenue predictability, as being key facets of an improved non-profit sector in Alberta.

### Administration

A number of presenters offered to assist in the administration of the Community Spirit Program:

- *Alberta's Promise* offered to support the program by: disseminating information; collaborating with the Government of Alberta in building program parameters; communicating opportunities to potential funders to maximize their investment through this program; connect with credible non-profit organizations who have been already screened by the organization; and otherwise helping to ensure that the Community Spirit Program is implemented in the way it is intended—directing more resources to the charitable sector.
- The *Wild Rose Foundation* offered its experience and expertise as a successful government granting organization in helping to establish the Community Spirit Fund.

Additionally, the presenters suggested that organizations be required to complete an eligibility questionnaire, as part of the application process, in order to determine how the funds they receive will be used. They further requested that there be a strong, clear mechanism for non-profit organizations to benefit from the Community Spirit Fund.

### Communication

Communication was emphasized as an important consideration for a grant matching program. A number of presenters said that it was important to inform non-profit organizations of how they could benefit from this program—especially around building awareness—as a critical factor in the effectiveness of this program.

### Access/Eligibility

Issues of access and eligibility were a primary concern for all presenters. The presenters told the MLA Committee that organizations in the non-profit sector were experiencing diminishing organizational capacity and were currently unable to meet community demands. Given the current need, most presenters expressed a desire to see as broad-based a fund as possible. Access should not be limited; organizations of all sizes should have the opportunity to access the fund as there are limited sources of funding for both charitable and non-charitable organizations.

There was a concern that the majority of organizations would not be able to access the Community Spirit Fund (e.g., as much as 60 per cent of organizations may not be able to access the program) if it were restricted to charities only, including most sports and arts-based non-profit groups. Other presenters said that if organizations related to education or health care were eligible, there would be minimal support remaining for other types of organizations.

### Equity

Most presenters felt that it was important to recognize that some larger organizations may be able to access the fund better than other organizations because of their superior fundraising and marketing capacities. To mitigate this, they suggested that the program must be equitable to all organizations in Alberta, and create a level playing field for those organizations that are not registered charities. Another idea put forward was to distribute the funding equally between Edmonton, Calgary and smaller regional communities to prevent organizations with more sophisticated fundraising mechanisms to have an unfair advantage.

### Accountable

Presenters said that the fund needs to be simple, understandable and clearly demonstrate the benefits of giving—that it is important to be clear about where people’s dollars will be allocated to ensure accountability with respect to matching.

## Public Consultation Process and Results

### Public Consultation Process

The public consultation process spanned from June 12, 2007 until July 31, 2007. Albertans were invited to provide their input via a workbook/questionnaire that was made available online via the Community Spirit Program website ([www.communityspiritprogram.ca](http://www.communityspiritprogram.ca)) and in hard copy format at MLA constituency offices, public libraries, volunteer centres as well as Family and Community Support Services (FCSS) offices. In conjunction, approximately 1,400 postcards were distributed at the Vitalize Annual Provincial Voluntary Sector Conference held June 7 to June 9, 2007 in Calgary, Alberta. The postcards were designed to encourage people to participate in the consultation process by completing the workbook/questionnaire online. Emails were also distributed to approximately 2,000 provincial organizations providing them with information about the launch of the public consultation and inviting their participation as well as asking them to share this information with their own network. Print advertisements announcing the consultation were also included in all major daily newspapers across the province.

The workbook/questionnaire was, in part, developed based on findings reported in the external research report and the MLA Committee meetings held with representatives from stakeholder organizations as well as representatives from cross-government funding programs.

### Public Consultation Findings

In total, the department received 1,527 completed workbook/questionnaires by the July 31, 2007 deadline. The distribution of respondents was ample across the province as outlined in the table below.

**Regional Distribution of Respondents**

<b>Region</b>	<b>%</b>
North	10
Edmonton, St. Albert, Sherwood Park	35
Central	14
Calgary, Airdrie, Cochrane	28
South	13
<b>TOTAL</b>	<b>100</b>

Approximately 40 per cent of respondents (n=608) indirectly identified themselves as Canada Revenue Agency (CRA) registered charities by responding to Questions 14 and 15 of the workbook/questionnaire. (Those particular questions were specifically identified for those types of organizations to respond.)

Respondents provided their input regarding proposed program parameters for the Community Spirit Program during the public consultation process. It is important to note that there are instances whereby the statistics reported do not add up to 100 per cent. This is due to there being

a number of questions posed in the workbook/questionnaire that enabled respondents to choose more than one response on a given question.

*“Very progressive idea.”*

*“Kudos for this initiative.”*

Potential recipient organizations and potential donors indicated overall support for the Community Spirit Program. A number of respondents indicated that the program would provide a valuable opportunity for stimulating charitable giving and increasing the quality of programs offered by the non-profit sector, which they viewed as essential to maintaining quality of life. At the same time, they emphasized that the government must be very clear about the purpose of the program as well as its goals, objectives and expected outcomes. As such, respondents during the public consultation indicated that it is important that clear definitions and guidelines be established from the program’s outset as a means of providing a framework from which to build the program effectively as well as implement and evaluate the program once it is created.

#### Mechanism to Ensure Sustainability

The issue of sustainability was addressed through a number of questions posed in the workbook/questionnaire. A small portion of respondents provided their suggestions or asked questions regarding this topic (less than 20). A number of those who commented on sustainability expressed some concern as to whether the fund would potentially replace or weaken existing government funding for programs and services delivered on behalf of the government. Others also raised concerns that the Community Spirit Program would replace or weaken existing government funding agencies, such as the Wild Rose Foundation. They emphasized that it is important to maintain a combination of funding instruments that can meet a broad range of funding needs.

*“The government should take the lead in educating donors as many organizations do not have the financial resources or staff to be able to do this. Eligible organizations should do their part to the best of their abilities.”*

Respondents also indicated a desire for long-term commitment from the government to the program so that it may have a genuine impact on Albertans’ charitable giving. It was suggested that consideration be given to the creation of legislation to ensure ongoing government funding to the program. In addition, a majority of respondents (83 per cent) identified that both the Alberta government and eligible organizations (78 per cent) should be responsible for educating potential donors about the Community Spirit Program.

When asked what more the provincial government could do to encourage donors to increase their charitable giving, half of respondents to that question (n=782) indicated that the Alberta government should continue to increase the tax credit on charitable donations. The matching component of the Community Spirit Program was also viewed as an important strategy for encouraging donations. Furthermore, one in five of these respondents said that the government should develop an advertising campaign to stimulate charitable giving.

## Eligibility of Donor and Recipient

### **ELIGIBLE RECIPIENTS**

Eligibility for the Community Spirit Program encompasses a number of considerations such as sector, type of organization, size of organization and eligibility for other matching programs.

**Sector** - Within the workbook/questionnaire, respondents were asked to rate the importance of various sectors/areas in which eligible donations could be made. Respondents indicated the strongest support for social services, health, environment as well as arts and culture. Faith-based organizations received the least support; however, this low importance rating was qualified by respondents who indicated that faith-based organizations providing non-sectarian services should be eligible while those that only serve their membership, and not the entire community, should be excluded from eligibility. Other sectors or areas respondents identified in which eligible donations could be made included First Nations, community service organizations and ethno-cultural groups.

**Organizational Size** - Although organizational size was not specifically measured in the workbook/questionnaire, a number of respondents expressed concerns regarding larger organizations, particularly those with large fundraising programs and infrastructure. Some indicated that large-scale organizations that are government-funded, such as hospitals and post-secondary institutions, should be excluded from eligibility. Others emphasized that only “smaller” non-profit organizations should be included in the Community Spirit Program. However, it should be noted that the definition of smaller organization ranged from those with “annual revenues of less than \$500,000” to organizations with “a maximum operating budget of \$15 million”.

**Eligibility for Other Matching Programs** - The majority of respondents identified that organizations eligible for other Alberta government grant funds should be eligible for matched funding through the Community Spirit Program. Those who provided comments with their responses remarked that eligibility for other programs should not preclude Community Spirit Program funding eligibility. However, other comments indicated that some proponents of the program may be confusing a matching-donation program with a granting program. There were also concerns expressed by a small number of respondents that other matching-donation programs should not be eligible as this would create a situation of “double dipping”.

**Support for Smaller Organizations** - Many of those who responded expressed a sense of hope that this program would provide an opportunity for small organizations to access a larger portion of the ‘charitable pie’. They indicated that incentives provided by both the enhanced tax credit and matching funds would offer another “tool” for attracting new donors and larger donations. Some, however, also expressed concern that the program might mostly benefit organizations that raise large sums of money and that a few organizations might “clean out” the matching fund. Suggestions were received regarding designating separate funds for rural and urban areas and for small and large organizations.

There were also a number of individual respondents and organizations related to sports and recreation who advocated for the inclusion of sport and recreation among the sectors and organizations eligible for the Community Spirit Program's matching fund. Although there are very few community sport organizations that have registered charity status, those advocating for their inclusion noted that special consideration should be given to non-profit organizations and associations that, by their nature, promote health, wellness and quality of life—regardless of charitable status.

## **ELIGIBLE DONATIONS**

In terms of the types of donations that should be eligible for the Community Spirit Fund, a large portion of respondents (95 per cent) identified cash while 64 per cent noted non-cash items such as donated time and materials. In addition, 63 per cent said planned giving (e.g., bequests, life insurance policies) and 11 per cent noted other types of donations, including volunteer time, securities, stocks, real estate and endowments. Those who favored cash and cash-equivalent donations highlighted that cash donations would be easiest to verify and track, which would simplify the program's administration. It was also noted by those respondents who provided comments on this question that non-cash items, such as volunteer time and donated materials, would be hard to measure and could be open to abuse.

### Matching Funds

Respondents to the workbook/questionnaire were informed that the Community Spirit Fund would provide matching dollars for donations made to eligible organizations and were given three possible approaches for funds distribution:

- Proportional grants for any eligible donation.
- Sliding scale—whereby the fund would match any donation dollar-for-dollar to a maximum amount and then at a reduced rate for any amount over that maximum amount.
- Matching grants targeted to a particular sector(s).

Respondents also offered their comments and suggestions as to how monies should be matched, donation amount (e.g., maximums and minimums) and the placement of any restrictions on usage. In terms of approach, 49 per cent of respondents indicated that a sliding scale approach should be implemented, 30 per cent said proportional matching grants for any eligible donations, 16 per cent advocated for targeting specific sectors for funding and six per cent indicated “other” (e.g., the distribution approach should be based on the Community Spirit Program's goals and priority should be given to those organizations and programs that best meet those goals). Of those respondents who offered additional comments on this question (n=205), one in five (22 per cent) specifically recommended the program identify priority areas (e.g., on an annual basis) and target support at the most critical issues. Others, however, disagreed noting that targeting specific sectors or issues could potentially be unfair and “defeats the purpose of letting Albertans decide where to target their support”. These respondents recommended that funds be equitably distributed across sectors, possibly by providing a separate fund for each sector. Those respondents who were concerned about issues related to fairness identified proportional matching as being the fairest way to distribute the Community Spirit funds.

When respondents were asked where eligible donations (and the associated matching funds) could be used by recipient organizations, the majority (67 per cent) indicated they should only be used in Alberta. Thirty-five per cent said Alberta and Canada, 17 per cent said internationally by charities based or incorporated in Alberta and seven per cent identified “other”. Of those respondents who said “other” (n=105), 26 per cent said funds could be used for any international program for poverty relief, disaster aid or related needs, while another 17 per cent said the funds could be used internationally by charities that are based/incorporated in Alberta. One in four respondents (25 per cent) said funds could be used anywhere as long as they benefit Albertans in some way. Of those who indicated funds should remain in Alberta, some respondents said this narrow scope would help serve to keep the program manageable, as tracking fund use outside the province could potentially increase its complexity.

As for restrictions on the use of funds, 55 per cent of respondents said there should be no restrictions—it should be left to the discretion of an organization as to whether funds received would be allocated to program, operating or capital expenditure costs. However, 34 per cent said it should be restricted to program costs, 30 per cent identified operating costs and 23 per cent indicated capital expenditures.

With respect to donation amount, a slight majority (51 per cent) of respondents said there should be a minimum donation amount imposed. Of those respondents who provided additional comments (n=244), 56 per cent said a minimum donation amount is necessary to contain administrative and other costs. They did, however, note that the minimum amount should not be so high as to exclude small organizations and donors. As for a maximum donation amount, 70 per cent of respondents said that there should be while the remainder said there should not. Most of those who provided comments on this question (n=331) said a maximum donation amount is needed to ensure money is available to many organizations and that one large donation does not “max out” the program’s funds. Those respondents who said there should not be a maximum donation amount raised concerns that a maximum amount could potentially discourage large donors or large donation amounts.

### Application Process

Feedback was received from respondents with respect to the process within which the Community Spirit Program would be administered. Overwhelmingly, respondents emphasized to “keep it simple”—the process should be designed to be as simple as possible for both the recipient organization and the administering body (the Alberta government). Suggestions as to how to keep the program’s administration simple included having simple criteria, a simplified application process and minimal reporting requirements.

A small number of respondents suggested that the Community Spirit Program enable community involvement, such as at the regional or local level with respect to setting priorities for funding and/or eligibility.

## Tax Credits

Section 2 of the workbook/questionnaire was designated to stakeholders, and Questions 14 and 15 were specifically directed towards Canada Revenue Agency (CRA) registered charities. These questions pertained to the enhanced charitable tax credit and how it would benefit organizations. Fifty-four per cent of those who responded indicated the enhanced charitable tax credit would increase the number of donations and/or new donors for their organizations, 28 per cent said it would encourage larger donations and 12 per cent responded that it would provide more incentives for charitable giving.

## Performance Indicators

When respondents were asked in an open-ended question how to assess whether the Community Spirit Program had been successful, the responses received fell into broad categories: process for measuring success and performance indicators. In regard to a process for measuring success, a number of respondents commented that the success of the program should be assessed against the goals and objectives of the matching component of the program. As for process measures, a number of respondents suggested the program should require reporting (including outcome reporting), quantifiable data, evaluations and audits. Some respondents also recommended having an external evaluation conducted of the Community Spirit Program. There were some respondents, however, who indicated that reporting should be kept to a minimum to avoid burdening organizations, particularly those that are small.

In terms of performance indicators, respondents identified process measures as well as outcome measures.

Some suggestions for process measures included:

- Number of donations and donors
- Dollars raised
- Number of organizations accessing the program
- Recipient satisfaction
- Administration costs

Some suggestions for outcomes measures included:

- Measurable benefit to communities and individuals
- Increased charitable giving by Albertans (e.g., establish a baseline and measure against it)
- Strength and vitality of the non-profit sector, including increased productivity and improved sustainability
- Organizational success in achieving their own goals
- Decreased demand by the non-profit sector for government funding

## Written Submissions

*“We are very appreciative of the government’s commitment to proper process around the development of this program.”*

In addition to the written submissions provided by respondents during the public consultation process, the department received correspondence from stakeholder organizations including cross-government funding programs such as community foundations. The sentiment expressed overall in these written submissions was support for the concept of the Community Spirit Program. Appreciation was noted for the government’s approach in developing this program.

Comments and suggestions provided in stakeholders’ written submissions are summarized as follows:

*“Having local community leaders involved in how charitable dollars are spent in their community allows both private donations and the matching provincial contributions to react to changing needs and priorities over the very long-term.”*

- **Opportunities for community involvement** - Consider enabling the involvement of local community leaders in the distribution of dollars, including the use of Community Foundations in working collaboratively with each other to assist in the distribution of matching funds across Alberta.
- **Cost-effective administration** - It would be important to ensure that the program is administered in the most cost-effective and efficient manner.
- **Make a long-term commitment** - It was emphasized that it would be important for government to make a commitment over the long-term to this program.
- **Broad-based eligibility** - The government should consider including as many non-profit organizations as possible in the program and strive to ensure equity. As such, consider not including organizations that are eligible for other matching grant funds. Additionally, it was suggested that the government “expand the definition of ‘charitable’ to include sport” and not use the definition of charity outlined by the Canada Revenue Agency (CRA) as this is viewed as too narrow and would exclude community and school sports organizations. (It was heard, however, from one organization that the matching funds be made available for “any donation for which a charitable tax credit receipt may be legally given”; thus, this would limit the program to CRA registered charities.)
- **Ensure fund sustainability** - The Community Spirit Program should not replace or weaken existing government funding mechanisms. The government should consider establishing the Community Spirit Fund as an endowment. In addition, it was suggested that the government consider administering this program through an existing program, such as the Wild Rose Foundation, or have community foundations hold the matching funds in endowment funds—“Alberta Legacy Funds”.

- **Additional sustainability measures** - The inclusion of support in professional development within the non-profit and charitable sector should also be considered. This would entail support for organizations in strategic planning, governance, fund development and Executive Director succession/transition planning.

*“We agree that offering tax credits increases the amounts of gifts to charitable organizations...”*

- **Support for enhanced tax credits and matching funds** - Written submissions contained positive comments regarding the government’s steps to increase charitable tax credits as well as embarking on providing a matching program through the Community Spirit Program. Some organizations indicated agreement that tax credits can increase the number and size of donations to charitable organizations from both private and corporate donors.

However, one organization noted that “tax measures have a disproportionate benefit for the large charities that are the best equipped to raise funds already.” Another organization commented that consideration should be given to “improv[ing] the tax and regulatory climate to further support the generous contributions of small business” and that in order to stimulate greater charitable giving, more should be done to “ensure business owners and individuals have more disposable income by delivering general corporate and personal tax relief and reducing the overall burden of red tape and paperwork.”

### III. MLA COMMITTEE RECOMMENDATIONS

#### Program Objectives

The objective of the Community Spirit Program is to accomplish the following:

- To partner with Albertans to increase private charitable donations in Alberta.
- To assist charities and non-profits in addressing the changing needs for services in Alberta communities.
- To leverage the generosity of Albertans to support initiatives they believe are important to help to enhance the quality of life in Alberta.

The Committee believes the following guiding principles should be considered in the design of the Community Spirit Program:

- The Community Spirit Grant Fund should be financially viable and sustainable.
- The program should be easy to administer with low administration costs.

These objectives and guiding principles provide a foundation on which the Community Spirit Program can be built and against which the program can be measured over time.

#### Program Funding

As an initial step, in April, 2007 the Government of Alberta instituted an enhanced charitable tax credit for donations to charities registered under the *Federal Income Tax Act* with the Canada Revenue Agency (CRA). This enhancement represents an \$80 million contribution by the Government of Alberta. As a result, the province's tax credit for annual charitable donations over \$200 has increased from 12.75 per cent to 21 per cent. This enhanced charitable tax credit is effective retroactively for donations made as of January 1, 2007. The MLA Committee agreed that the enhanced tax credit will encourage increased donations.

Based on input received during the research and consultation process, the Committee recommends that sufficient funding be provided to establish a Community Spirit Grant Program that encourages and recognizes donations by Albertans to charities and non-profit organizations in the province. The Committee further recommends that this grant program be implemented using a "phased-in" piloted approach whereby the grant fund increases over a three year period in response to growing interest and the desire to match donations in the range of 40-50 cents on the dollar.

This "phased-in" funding approach will allow government the opportunity to analyze and assess the operation of the fund. The Committee recommends that the amount of the Community Spirit grant be a maximum of \$50,000 per organization with a cap of \$100,000 over three years. The amount of the grant received by eligible organizations will be dependent on the number of applications received.

Funding should be provided through the Government of Alberta budget process. Although the option of an endowment fund was explored, it was not deemed feasible at this time. The Government of Alberta is currently reviewing the existing endowment funds. The Financial Investment and Planning Advisory Commission is currently reviewing the province's savings and investment funds. The Commission Report is expected by November 30, 2007, and will include recommendations regarding endowment and other special purpose funds.

## Program Parameters

### *Eligible Organizations for the Community Spirit Grant Program*

1. Non-profit organizations, including Canada Revenue Agency (CRA) registered charities that provide direct services to Albertans and Alberta communities, will be eligible for the program. This includes approximately 19,000 organizations. Organizations should be in good standing, incorporated for a minimum of one year, and registered under a provincial or federal statute (e.g. Societies Act, Libraries Act, Agricultural Societies Act, Act of Parliament).

### *Community Spirit Grant*

2. Eligible organizations must have raised a minimum of \$1,000 in donations before they can apply to the Community Spirit Grant Fund. Organizations unable to raise this amount in a 12-month period can raise funds over multiple years and apply once they have reached the \$1,000 threshold.
3. The grant will be calculated on a proportional basis by dividing the annual program budget by the amount of eligible donations.
4. Eligible organizations can receive a grant of up to \$50,000 per annum, to a maximum of \$100,000 over a three-year period.
5. Donations to an eligible organization must be in the form of "cash" (i.e., currency and coins on hand, negotiable money orders, cheques, debit or credit card payments). Donated labour and materials are not eligible.
6. Program guidelines should clearly define what is meant by a "donation". For example, donations should not include income generated from fundraising efforts such as lotteries, casinos, bingos, raffle tickets, golf tournaments, BBQ events, as well as donations generated by corporate sponsorships or commission-based practices. A detailed list of ineligible funding will be developed as part of the program guidelines.

7. Eligible organizations in Alberta can use funds for the purpose of operations, programming, or small capital expenditures (capital projects up to a maximum of \$10,000), providing that the funds are used to support philanthropic, benevolent, educational, health, humane, cultural, artistic, sport or recreational purposes.
8. Some restrictions will be placed on the use of funds (e.g., religious purposes, activities and benefits outside Alberta). A detailed list of restricted activities will be developed as part of the program guidelines.

### ***Delivery Mechanism***

9. The Government of Alberta should collaborate with the voluntary sector to develop an educational program to communicate the scope of the Community Spirit Grant Fund, and the benefits of the enhanced charitable tax credit.
10. The application process should be simple so as not to place any undue burden on applicants and government in the program's administration.
11. Applications to the program should be submitted on an annual basis with one deadline date.
12. Organizations will be required to provide a statutory declaration as part of the application process confirming their agreement to comply with terms and conditions of the program, including the appropriate use of funds.
13. Within a 12-month period following the receipt of the grant, the organization will provide a report outlining the use of the funds.
14. The grant program should be administered within Alberta Tourism, Parks, Recreation and Culture, with consideration given to using an existing program area such as the Wild Rose Foundation, to deliver the program.

### ***Evaluation Process***

15. The Community Spirit Program will have a mechanism for evaluating the success achieved through the fund and the enhanced charitable tax credit in terms of attaining the program's objectives.

## **IV. CONCLUDING REMARKS**

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The Community Spirit Program is another important step demonstrating the government's commitment to improving Albertans' quality of life. The MLA Committee believes that the recommendations put forward for this program will serve to achieve that aim.

## APPENDIX I: INVENTORY OF TOURISM, PARKS, RECREATION AND CULTURE (TPRC) GRANT PROGRAMS

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### **Alberta Sport, Recreation, Parks and Wildlife Foundation (ASRPWF)**

([www.cd.gov.ab.ca/asrpwf/](http://www.cd.gov.ab.ca/asrpwf/))

- **Alberta 55 Plus Games Grants** – provides financial assistance to communities hosting the Alberta 55+ Games, including operating, services, culture and legacy grants.
- **Alberta Summer and Winter Games Grant** - held every two years. Provides financial assistance to communities hosting the Alberta Games, including operating, services, culture and legacy grants.
- **Development Initiatives Program** - provides support in the areas of sport, recreation, parks and wildlife to community not-for-profit groups, municipalities, First Nations and Métis Settlements, educational institutions, and individuals.
- **Event Hosting Program** - encourages the development of youth in sport, recreation, parks and wildlife and promotes economic growth in Alberta, including international, national, or western Canadian events.

### **Lottery Funding Programs**

([www.albertalotteryfund.ca](http://www.albertalotteryfund.ca))

- **Community Facility Enhancement Program (CFEP)** – build, purchase, repair, renovate, upgrade or otherwise improve community public-use facilities. Includes sports, recreational, cultural, and community wellness facilities.
- **Community Initiatives Program (CIP)** – assists with a broad range of smaller community based projects. Includes program and capital initiatives in community services, children’s services, recreation and sport, arts and culture, libraries, parks, health, education, social services, seniors services and the environment.
- **First Nations Development Fund (FNDF) Grant Program** – assist First Nations with economic and community development, addictions programs, education, health and infrastructure projects.
- **Major Community Facilities Program (MCFP)** – build, purchase, repair, renovate, upgrade or otherwise improve major community public-use facilities. Includes sports, recreational, cultural, and community wellness facilities.

### **Alberta Foundation for the Arts (AFA)**

([www.affta.tprc.alberta.ca](http://www.affta.tprc.alberta.ca))

Arts Grants Categories include:

- **Arts Creation and Production** – supports arts organizations and the cultural industries in the creation and production of the arts.
- **Arts Promotion** – supports individual artists and arts organizations that ensure the arts are promoted throughout the province.
- **Arts Participation** – supports organizations that provide broad access to the arts in various settings.
- **Art Collection & Display** – supports the collection, preservation and exhibition of works of art by Alberta artists throughout the province.

### **Alberta Historical Resources Foundation (AHRF)**

([www.cd.gov.ab.ca/preserving/heritage/ahrf](http://www.cd.gov.ab.ca/preserving/heritage/ahrf))

- **Heritage Preservation Partnership Program** – provides matching grants and technical assistance for the conservation of historic places and industrial artifacts, and the promotion and presentation of Alberta history (research, publication, educational projects, plaques).
- **Alberta Main Street Program** – provides matching grants for preservation of historic traditional Main Streets.

### **Wild Rose Foundation (WRF)**

([www.wildrosefoundation.ca](http://www.wildrosefoundation.ca))

- **Quarterly Grants Program** – recognizes the important role played by non-profit community service organizations that deliver valuable programs and services throughout Alberta. The program provides grants toward health, social services and community service non-profit organizations.

### **Human Rights, Citizenship and Multiculturalism Education Fund**

([www.tprc.alberta.ca/educationfund/](http://www.tprc.alberta.ca/educationfund/))

- Human Rights and Multiculturalism Education Grant Program (program under revision) – a tool to help organizations make changes that will foster equality and reduce discrimination and racism; remove organizational barriers that exclude some Albertans; or increase community capacity to develop and sustain work in building inclusive organizations and communities.

**\*\* This is not a complete listing of grant programs available in the Department of Tourism, Parks, Recreation and Culture. For further information on other program grants available, please visit the website links listed above or [www.tprc.gov.ab.ca](http://www.tprc.gov.ab.ca) \*\***

## APPENDIX II: PUBLIC CONSULTATION QUESTIONNAIRE

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### Part B: Discussion Questions

All Albertans are encouraged to complete the questionnaire included in this workbook. Your response to the questionnaire will remain anonymous. Only aggregate data will be reported. Responses will be analyzed and summarized for the MLA Committee's consideration and will not identify any personal information that may have been included in a workbook/questionnaire question. If you do include information that specifically identifies you, it will be removed when summarized for the MLA Committee's consideration.

### We Want To Hear From You

Building a strong, sustainable Community Spirit Program depends on hearing from Albertans, including those in the non-profit/voluntary sector. Most importantly, we want to know your perspective on how to create an effective and sustainable Community Spirit Program.

This questionnaire is divided into two sections - Section 1 is intended for the general public and members of stakeholder organizations to complete. Section 2 has questions that pertain more directly to members of stakeholder organizations. As a respondent, you are welcome to provide input to all questions if you prefer.

### Section 1: General Questions

#### Eligibility of Donor and Recipient

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According to Statistics Canada's National Workbook/questionnaire of Non-profit and Voluntary Organizations (NSNVO) conducted in 2003, there are approximately 19,000 non-profit and voluntary organizations in Alberta. Of these 19,000 non-profit/voluntary organizations, approximately 8,800 are charities registered with the Canada Revenue Agency (CRA).

For the purpose of this workbook/questionnaire, the following definitions will apply to "Societies" within the non-profit/voluntary sector and "Charities" registered under the Federal Income Tax Act with the Canada Revenue Agency (CRA).

Category	Definition
<i>Societies</i>	The group of approximately 19,000 non-profit and voluntary sector organizations are (typically) "Incorporated Societies" under the Societies Act of Alberta. They are incorporated for any benevolent, philanthropic, charitable, provident, scientific, artistic, literary, social, educational, agricultural, sporting or other useful purpose, but not for the purpose of carrying on a trade or business. They are not able to issue official income tax receipts to donors for charitable donations.
<i>Charities</i>	Some of the approximate 19,000 non-profit/voluntary sector organizations (Societies) decide to apply for charitable status and register under the Federal Income Tax Act with the Canada Revenue Agency (CRA). Once approved by the Canada Revenue Agency, these charities are referred to as "Registered Charities". They are eligible to issue official income tax receipts annually to donors for charitable donations. Under the Federal Income Tax Act, the purpose of a registered charity must fall within one or more of the following categories: <ul style="list-style-type: none"><li>· The relief of poverty,</li><li>· The advancement of education,</li><li>· The advancement of religion or</li><li>· Other purposes beneficial to the community in a way the law regards as charitable.</li></ul>

In Alberta, there are approximately 8,800 registered charities under the Federal Income Tax Act with the Canada Revenue Agency (CRA).

**Question 1: Which type of organization should have access to matching grants under the Community Spirit program?**

Choose one:

Societies incorporated under the Societies Act of Alberta ( Approximately 19,000 non-profit/voluntary organizations.)

Charities registered with Canada Revenue Agency (CRA) (Approximately 8,800 registered charities.)

Do not know

Comments:

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**Question 2: Should donations made in the following areas qualify for a matching grant under the Community Spirit program? Choose all that apply:**

Donations used only in Alberta

Donations used in Alberta and Canada

Other (please tell us your idea)

Comments:

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**Question 3: Should donations made in the following areas qualify for a matching grant under the Community Spirit Program? Choose all that apply and indicate their level of importance:**

	Least Important		Neutral		Most Important
	1	2	3	4	5
Arts and culture (includes performing and visual arts, media and communications, museums, zoos, etc.)					
Education and research (includes post-secondary learning including technical and vocational training, medical/science/social science research, etc.)					
Environment (includes environmental beautification, wildlife preservation, veterinary services, etc.)					
Faith-based organizations providing support to the community-at-large					
Health (includes public health and wellness, crisis intervention, mental health, nursing homes, etc.)					
Law and advocacy (includes law advocacy organizations, civil rights associations, victim support, consumer protection associations, etc.)					
Social Services (includes children, youth and family services, day cares, services for handicapped and elderly, food banks, etc.)					
Sports and recreation (includes amateur sports, fitness and wellness centres, recreation and service clubs, etc.)					
Voluntarism promotion and support (includes recruiting, training and placing volunteers, etc.)					
Other (please describe)					

(Rate from 1 to 5 indicating level of importance—1 being the least important, 3 being neutral and 5 being the most important)

**Question 4: What types of donations should be eligible for matching grants from the proposed Community Spirit Program? Choose all that apply:**

- Cash
- Non-cash items, such as donated time and materials (in-kind contributions)
- Planned giving (including bequests, annuities, life insurance policies, etc)
- Other types of donation (please specify)

Comments:

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## Matching Funds

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The proposed Community Spirit Fund would provide matching dollars for donations made to eligible organizations. However, there are a number of approaches the MLA Committee could consider. These approaches range from proportional grants for any eligible donation to a sliding scale model where the fund would match any donation dollar-for-dollar to a maximum amount and then at a reduced rate for any amount over that maximum amount (e.g., 75 cents on the dollar for the next \$X amount and 50 cents on the dollar for any amount over \$Y). Additionally, the matching grant could be targeted to a particular sector or be universal in nature in terms of its application. The MLA Committee is seeking your thoughts on how the program’s funds should be distributed. What do you think?

**Question 5: Since demand for matching grants may exceed the funds available in the Community Spirit Program, how should the program distribute the dollars? Choose one:**

- Proportional matching grant for any eligible donation (e.g., 50%)
- Sliding scale where eligible donations are matched dollar-for-dollar to a set amount and then matched at a reduced rate for any amount above the set amount
- Target specific sectors (i.e., one or more sectors listed in question #3)
- Other (please tell us your idea)

Comments:

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## Measuring Success

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Evaluation of the Community Spirit Program’s effectiveness and success is an important part of accountability. How we measure the effectiveness of a program is an important part of this review.

**Question 6: How would you assess whether the Community Spirit Program has been successful?**

Comments:

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**Question 7: Is there anything else you would like to tell the MLA Committee about the proposed Community Spirit Program?**

Comments:

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General Input Question

**Question 8: What more, if anything, could the provincial government do to encourage you as a donor to increase your charitable giving?**

Comments:

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## Section 2: Questions for Stakeholders

**Question 9: Should non-profit/voluntary organizations eligible for other Government of Alberta grant funds be eligible to receive additional funding through the Community Spirit Program?**

Yes

No

Comments:

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Please refer back to the Section on Eligibility of Donor and Recipient (p. 9)

**Question 10: Who should be responsible for educating potential donors about the proposed Community Spirit Program (charitable tax credits and matching funds)? Choose all that apply**

Eligible organizations

Provincial government

Other (please specify)

Comments:

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Please refer back to the Section on Matching Funds (p. 12)

**Question 11: Should there be a minimum donation amount for which organizations may apply for matching funds?**

Yes

No

Comments:

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**Question 12: Should there be a maximum donation amount for which organizations may apply for matching funds?**

Yes

No

Comments:

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**Question 13: What, if any, restrictions should be put on how matching funds can be used? Choose all that apply**

No restrictions – the organization should decide how funds will be used

Program costs

Operating costs

Capital expenditures

Other (please tell us your idea)

Comments:

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**Please refer back to the reference about charitable tax credits (p.8)**

**Question 14: For Canada Revenue Agency (CRA) Registered Charities:  
In what ways will the enhanced charitable tax credit benefit your organization?**

Comments:

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**Question 15: For Canada Revenue (CRA) Registered Charities:**

**How will you communicate information about the charitable tax credit enhancement to your donors and potential donors?**

Comments:

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