Innovative Research Group, Inc.

www.innovativeresearch.ca

Montreal :: Toronto :: Vancouver

INNOVATIVE
RESEARCH GROUP

ASSESSING NOT-FOR-PROFIT BOARDS

Governance Structures & Practices in Canada

Prepared for:

CANADIAN
FUNDRAISING
& PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

October 2009

ASSESSING NOT-FOR-PROFIT BoardS
Governance Structures & Practices in Canada

I.S.B.N. 1-895589-58-4

Overview of Research Findings

Introduction

The numbers tell an extraordinary and under-appreciated story. Two million people employed, 2 billion hours contributed on a voluntary basis (the equivalent of one million full-time jobs) and annual spending of about $120 billion.[1] Without even capturing the social capital created, it is clear that Canada's not-for-profit sector matters.

Over 160,000 organizations – half of which are charities – are in operation. About 85% of the population contributes financially to our charities; almost six million Canadians claim charitable tax credits for making approximately $9 billion in donations each year.[2]

These numbers begin to tell us of the enormous responsibility on the shoulders of not-for-profit directors – responsibility for the delivery of their organizations' services and for their employees, along with the usual fiduciary duties, in particular, stewarding revenue from government funding and personal donations (which all taxpayers subsidize). An astonishing 250,000 volunteers are needed each year for board service due to director turnover[3] in an environment of considerable financial uncertainty. Governance could not matter more!

Assessing Not-for-profit Boards: Governance Structures and Practices in Canada provides a rare and useful look into the governance structures and practices of this important sector in the Canadian economy and society. The results illustrate a complex and dynamic sector, working diligently to provide social capital. While significant differences exist between the not-for-profit and for-profit sectors, the findings suggest a convergence in perspectives as to what constitutes appropriate governance. The results remind us that some of the most powerful means of equipping directors for their important work are the most basic: clear mandates, director orientation and ongoing education. While inspiring, the results also remind us of the challenges directors of not-for-profit organizations face in providing oversight, strategic counsel and hands-on work as they serve communities across the country.

This study was conducted by Innovative Research Group for Canadian Fundraising & Philanthropy and Altruvest Charitable Services. Almost 700 directors, Executive Director/CEOs and staff of Canadian not-for-profit organizations responded to the online survey. A broad range of sectors were represented, including Arts & Culture, Education, Health Research and Support, Hospital Foundations, Religion and Social Services. The size of participating organizations, measured by fundraising revenue, varied from "micro" (less than $100,000; at 30%), "small" (less than $1 million; at 38%), "medium" (less than $5 million; at 19%), to "large" (more than $5 million; at 13%).

Dr. David Anderson
Chair
Altruvest Charitable Services

[1] http://thecharitiesfile.ca/en/fastfacts
[2] Ibid.
[3] Statistics Canada, Highlights of the National Survey of Nonprofit and Voluntary Organizations, Catalogue # 61-533XIE, available at www.statscan.gc.ca.

Key Findings

Meeting frequency

- Half (50%) of the charities surveyed meet approximately once a month or more; 70% meet at least every six weeks.
    - Boards in the social service sector (66%) and micro charities (63%) meet the most, meeting approximately once a month or more.
    - Boards from religious organizations (45%), large- (48%) and medium- (48%) sized organizations meet the least, meeting approximately once a quarter or less.

Director tenure

- 46% of boards set terms for directorship for three years or less; while 72% have terms of 4 years or less. Only 15% of boards have no defined term length for directorship, imposing no restriction on tenure.
- Of those boards with set terms for directorship, 96% allow at least one additional term. A third (34%) of boards permit unlimited term renewals while 52% of boards set a maximum of two term renewals.
    - Large organizations are least likely to permit unlimited term renewals (17%); while micro organizations are most likely to permit unlimited term renewals (44%).

Means to become an effective director

- A quarter of respondents (27%) reported that directors are able to become effective in their role in less than six months; 35% reported it takes at least nine months.
    - Nearly half (47%) of large organizations report that it takes 9 months or more for directors to become effective in their role; while under a third (29%) of micro organizations report it takes 9 months or more for their directors to become effective.
- 72% of organizations provide board manuals to assist directors with their role, though only 43% of respondents say the board manual was comprehensive.
- 2-in-3 (66%) organizations provide board member orientation programs.
    - Hospital boards are most likely to have an orientation program for directors (90%); while religious-based organizations are least likely (49%).
- 68% of boards formally document mandates for the board, board chair and committee chairs.
- A quarter (25%) of boards have on-going board training programs in place – this is highest among hospital boards at 45%.

Board-CEO/ED relationship

- 86% of respondents report good two-way communications between the board and CEO/ED; 60% strongly endorse this view.
- 58% of respondents say the board has developed a formal process and set of criteria for evaluating the CEO/ED; 35% strongly endorse this view.

Key Findings [2]

To what degree do practices and board structure influence key performance measures?

Respondents to the survey (696 not-for-profit decision-makers) were asked to give their opinion on a variety of organizational performance measures. Responses to performance measures were indexed to create a single score bound between 0% and 100% used to rank not-for-profits. These indexes included:

- **_high performance not-for-profit organization index_**

- **_effective board index_**

- **_effective director index_**

Performance measured used to create the "**high performance not-for-profit organization index**" consisted of the following statements:

- _My organization has a three-to-five year plan or set of clear long range goals and priorities._
- _My organization has a detailed one-year plan for operations._
- _My organization maximizes its revenue generation capacity through fundraising._
- _My organization ensures accountability and stewardship for all benefactors._
- _My organization's accomplishments and challenges are communicated to Members and stakeholders effectively._
- _My organization uses its financial and human resources prudently and effectively._
- _My organization is fiscally responsible._
- _My organization makes clear and conscious decisions._
- _My organization has a positive image within the community._
- _My organization has a detailed risk management plan._

A 0% index rating represents a scenario where respondents would have answered "strongly disagree" to every statement. On the other hand, a 100% index rating represents a scenario where all respondents would have answered "strongly agree" to every statement.

CANADIAN
**FUNDRAISING
&PHILANTHROPY**

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE
RESEARCH GROUP

Key Findings [3]

Performance measured used to create the "**effective board index**" consisted of the following statements:

- *Most Board Members seem to come to meetings prepared.*
- *My Board Members receive written operations reports to the Board in advance of our meetings.*
- *All Board Members participate in important Board discussions.*
- *My Board Members do a good job encouraging and dealing with different points of view.*
- *The Board has planned and led the orientation process for new Board Members.*
- *The Board has taken responsibility for recruiting new Board Members.*
- *All of our Board Members financially support my organization.*
- *The Board conforms to its by-laws in areas such as positions on the Board, quorum at meetings, or remuneration of directors.*

Performance measured used to create the "**effective director index**" were asked only of board member who responded to this survey AND consisted of the following statements:

- *I am aware of what is expected of me as a Board Member.*
- *I have a good record of meeting attendance.*
- *I read the minutes, reports and other materials in advance of our Board meetings.*
- *I am familiar with what is in the organization's by-laws and governing policies.*
- *I frequently encourage other Board Members to express their opinions at Board meetings.*
- *I follow through on things I have said I would do.*
- *I maintain the confidentiality of all Board decisions.*
- *I stay informed about issues relevant to our mission and bring information to the attention of the Board.*
- *I voluntarily make a personal annual donation commensurate with my ability to do so.*
- *I understand that fundraising is part of my role as a Board Member.*

Hospital foundations and large charities (fundraising revenues over $5 million in 2008) scored highest on these performance measures. Those qualities include a commitment to orientation and ongoing training, a complete board manual, a high retention rate and directors' and officers' liability insurance. Education and micro charities (fundraising revenues under $100,000 in 2008) ranked the lowest – but the difference between the scores was only marginal in most cases.

CANADIAN
FUNDRAISING
&PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE
RESEARCH GROUP

Key Findings [4]

Using multivariate analysis, this study also isolates the key drivers that help determine what makes high-performance not-for-profit organization, boards, and individual board members. In the analysis, orientation programs for new board members, ongoing director training and have documented board policies and clear mandates are described by the most powerful factor, *Formal Board Structure & Procedures*.

Characteristics of a high performance not-for-profit organization:

- **Formal Board Structure & Procedures** – respondents who say their organization has a formal structure are more likely to believe they work at a high performance organizations
- **Board Manual** – the more comprehensive a Board manual, the more likely respondents are to believe their not-for-profit is a high performance organization
- **Organizational Size** – respondents from larger organizations are more likely to believe their not-for-profit is a high performer than respondents from smaller organizations
- **Educational Not-for-profits** – respondents from educational-based organizations are <u>less</u> likely than other types of not-for-profits to consider their not-for-profit a higher performing organization
- **Insurance** – respondents from organizations that have directors and officers liability insurance are more likely to believe their not-for-profit is a high performance organization

Characteristics of an effective board:

- **Formal Board Structure & Procedures** – respondents who say their organization has a formal structure are more likely to believe they have effective Board
- **Board Manual** – the more comprehensive a Board manual, the more likely respondents are to believe their board is effective
- **Executive Directors** – CEOs/EDs of organizations are <u>less</u> likely than other staff to believe their Board effectively conducts itself
- **Length of time it takes Board Members to become fully engaged** – longer it takes Board Members to become fully engaged, <u>less</u> likely respondents are to believe their Board effectively conducts itself
- **Insurance** – respondents from organizations that have directors and officers liability insurance are more likely to believe their board is effective
- **Region** – Quebec-based respondents are more likely than respondents in other regions of the country to believe their Boards effectively conduct themselves
- **Length of time at organization** – the longer a Board Member serves an organization (in one capacity or another), the more likely respondents are to believe their Board effectively conducts itself
- **Organizational Size** – respondents from larger organizations are more likely to believe their board effectively conducts itself.

Key Findings [5]

Characteristics of an effective director:

- **Formal Board Structure & Procedures** – board members who say their organization has a formal structure are more likely to rank themselves as an effective director

- **Length of time it takes directors to become fully engaged** – longer it takes a director to become engaged with their not-for-profit, the <u>less</u> likely they are to score themselves as an effective director

- **Length of time at organization** – the longer a director serves an organization, the more likely they are to score themselves as an effective director

- **Executive Directors** – although this finding isn't as robust as other findings in this study, the data suggests that Executive Directors / CEOs who sit on their not-for-profit's board are <u>less</u> likely to score themselves as an effective director

All of these key performance measure have one thing in common: not-for-profit organizations with formal board structure and procedures are better organization, have better board and individual board members. Aside from regional and sectoral differences, key performance measures are largely influenced by basic investments in formal policies and procedures at the board level.

So what doesn't matter?

Some of the practices and board structures that do not influence key performance measures include:

- Number of directors on a board;
- Frequency of board meetings;
- Length of board terms;
- Number of board term renewals; and
- Maturity stage of an organization

Key Findings [6]

Recession still holds a grip on ability for sector to solicit funds

In addition to asking questions about governance, this study also asked respondents to provide an economic outlook for the sector.

▪ A third (34%) of not-for-profit organizations are expecting a decrease in financial contributions this year across all sources (e.g., individuals, corporations, foundations, government) while 37% expect contributions to remain constant and 29% expect to receive an increase in contributions.

▪ This is a slight improvement in the economic outlook from January 2009 where 40% of respondents to a similar not-for-profit sector survey conducted by INNOVATIVE expected financial contribution to decrease; 31% expected contribution to stay about the same; and 26% expected to increase contributions.

Although these findings reveal there has been a slight improvement in terms of the not-for-profit sector's ability to solicit funds, it is certainly a far cry from the near double digit growth rate that some not-for-profit sectors experienced in fundraising revenues between 2001 and 2007. With only 29% of not-for-profit organizations expecting an increase in total contributions this year, it is unlikely there will be a return to the growth rates we saw in fundraising revenues over the previous few years.

Between 2001 and 2007, the average Canadian charity reported an annual fundraising revenue growth rate of 6.6%. Social services experienced the largest growth over the same period with an annual growth rate of 9.9%.[4]

Methodology

Methodology

Survey of Fundraising Professionals ▶▶

- The poll was conducted by **Innovative Research Group** (INNOVATIVE) for **Canadian Fundraising & Philanthropy** (CFP) and **Altruvest Charitable Services** (Altruvest) over the internet using an online survey interface between July 10th and July 31st 2009.

- This survey is based on answers from 696 qualified respondents from the not-for-profit sector. Responses were combined to protect the privacy of respondents. Information provided by respondents was used for statistical purposes only.

- Invitations to the online survey were deployed to approximately 14,000 emails. This sample was obtained from email lists maintained by CFP and proprietary client lists maintain by Altruvest and INNOVATIVE.

    - Due to the limited number of newsletter subscribers to CFP and Altruvest Members in the province of Quebec, survey deployment to this jurisdiction was proportionately low. As such, results from Quebec should be interpreted as directional only.

- The completion rate was approximately 5% (respondents who qualified and completed the survey).

- An unweighted probability sample of this size (n=696) would have an estimated margin of error of ±3.7 percentage points, 19 times out of 20.

> **Note**: *Graphs and tables may not always total 100% due to rounding values rather than any error in data. Sums are added before rounding numbers.*

Respondent Categories

"MoE" = Margin of Error, 19 times out of 20

Category	Sub-group	n	% of sample	MoE
Board Members	*Board Members*	n=149	**39% of sample**	**MoE: ±6.0%**
	EDs who sit on the their organization's board	n=119		
	Total Board Member Sample	**n=268**		
Executive Directors	*EDs who do not sit on their organization's board*	n=145	**38% of sample**	**MoE: ±6.0%**
	EDs who sit on the their organization's board	n=119		
	Total Executive Director Sample	**n=264**		
C-Suite	**C-Suite Sample (excluding EDs)**	**n=96**	**14% of sample**	**MoE: ±10.0%**
Staff	**Staff (excluding board, EDs & C-Suite)**	**n=187**	**27% of sample**	**MoE: ±7.2%**
Full Sample	**Total Sample**	**n=696**	**100% of sample**	**MoE: ±3.7%**

Board Members who sit on more than one not-for-profit Board:

For the purpose of this survey, please refer to the charity or not-for-profit Board that requires your greatest time commitment.

If your Board Memberships require equal time commitments, please focus your responses on only one Board experience throughout this survey.

Executive Directors who sit on the Board of another not-for-profit organization:

In some cases, respondents may work or volunteer at one charity or not-for-profit organization, while serving as a Board Member at another charity or not-for-profit organization.

For the purpose of this survey, please answer the remaining survey questions from your perspective as a Board Member.

Size Categories

Micro Charities	**30% of sample (n=205)**	**MoE: ±6.8%**		Fundraising revenues of **less than $100,000** in 2008
Small Charities	**38% of sample (n=262)**	**MoE: ±6.0%**		Fundraising revenues of **$100,000 to less than $1M** in 2008
Medium Charities	**19% of sample (n=130)**	**MoE: ±8.6%**		Fundraising revenues of **$1M to less than $5M** in 2008
Large Charities	**13% of sample (n=88)**	**MoE: ±10.5%**		Fundraising revenues of **$5M or more** in 2008

*   n=11 charities were not categorized by size as the respondent did not disclose his or her charities' Fundraising Revenues in 2008.

CANADIAN
FUNDRAISING
&PHILANTHROPY

XXXXXX
ALTRUVEST
Performance Improvement for Charities

INNOVATIVE
RESEARCH GROUP

Sector Categories

Pie chart "Sector Categories":
- Social Services/ Community Welfare 43%
- Hospital Foundations 12%
- Health Research & Support 11%
- Religion 7%
- Other * 10%
- Arts & Culture 8%
- Education 9%
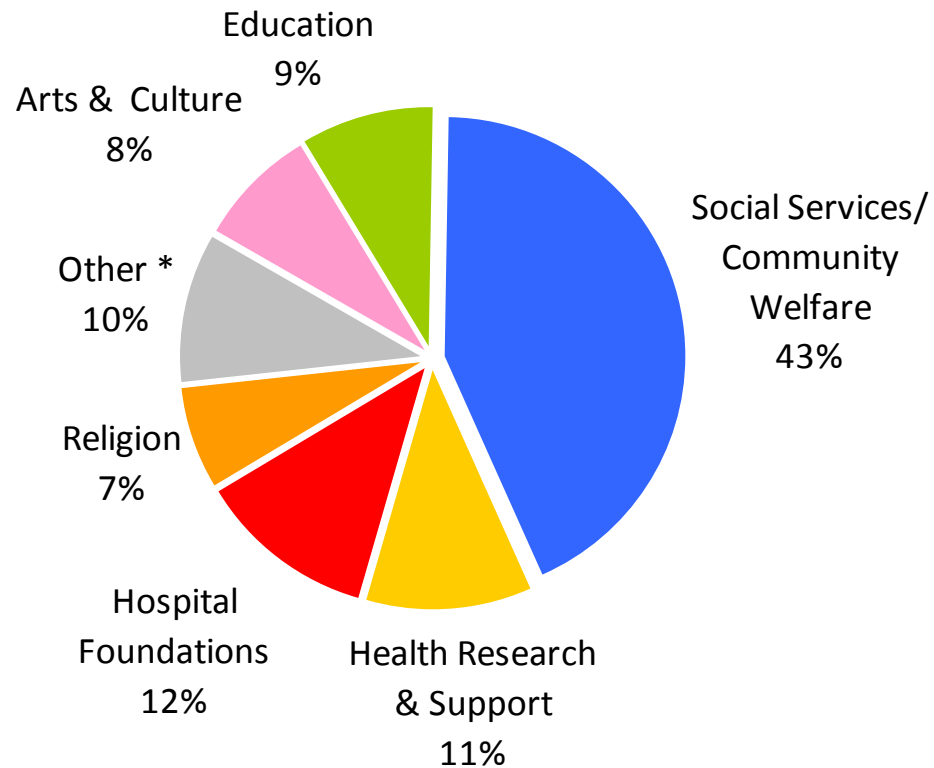
Margin of Error

Arts & Culture: ±13.1%

Education: ±12.7%

Social Services: ±5.7%

Health: ±11.1%

Hospitals: ±10.8%

Religion: ±14.0%

Other*: ±11.6%

* Due to low response rates, **environmental protection, international aid** and **recreation** charities were combined under the "other" category.

Organizational Life Cycle

Q In your opinion, what stage of the Organizational Life Cycle would you say your organization is at?

1%	6%	35%	23%	34%
Founding Stage	Development Stage	Growth Stage	Sustaining Stage	Transformation Stage
(initial building stage)	*(focus on the development of mission, vision)*	*(focus on strategic alliances and partnerships)*	*(mature, maintenance stage)*	*(renewed innovation and commitment stage)*

Note: 'Don't Know' (1%) not shown

CANADIAN
FUNDRAISING
&PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE
RESEARCH GROUP

Not-for-Profit Board Structure

2009 Survey of Fundraising Professionals

Average not-for-profit Board size

Q How many Members sit on your Board of Directors including the Chair?

17%	47%	27%	9%
Less than 8 members	8-12 members	13-20 members	Over 20 members
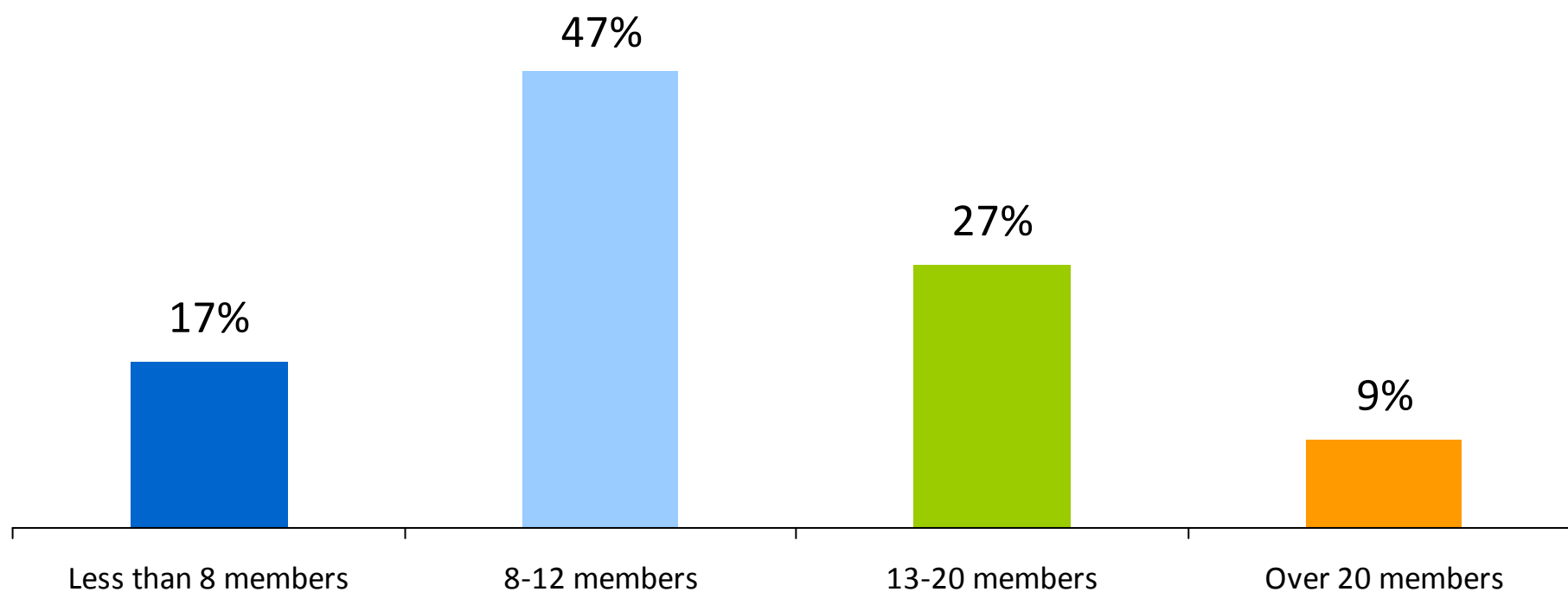
Note: 'Don't Know' (1%) not shown

Average not-for-profit Board size
by organizational sector and size

Q How many Members sit on your Board of Directors including the Chair?

	Total Sample	Arts & Culture	Education	Social Services	Health Services	Hospitals	Religion	Other
Less than 8 Members	17%	13%	12%	18%	18%	6%	45%	18%
8-12 Members	47%	36%	40%	56%	45%	32%	35%	51%
13-20 Members	27%	25%	32%	24%	28%	46%	10%	22%
Over 20 Members	9%	27%	15%	3%	6%	16%	8%	8%
Don't Know	1%	0%	2%	0%	3%	0%	2%	0%

	Total Sample	Micro	Small	Medium	Large
Less than 8 Members	17%	27%	18%	10%	2%
8-12 Members	47%	55%	52%	38%	24%
13-20 Members	27%	16%	27%	37%	39%
Over 20 Members	9%	2%	3%	13%	34%
Don't Know	1%	0%	0%	2%	1%

Frequency of Board meetings

Q On average, how often would you say your Board meets?

			48%	
	24%	20%		
6%				2%
Less than once a quarter	Approximately once a quarter	Approximately once every six weeks	Approximately once a month	More than once a month
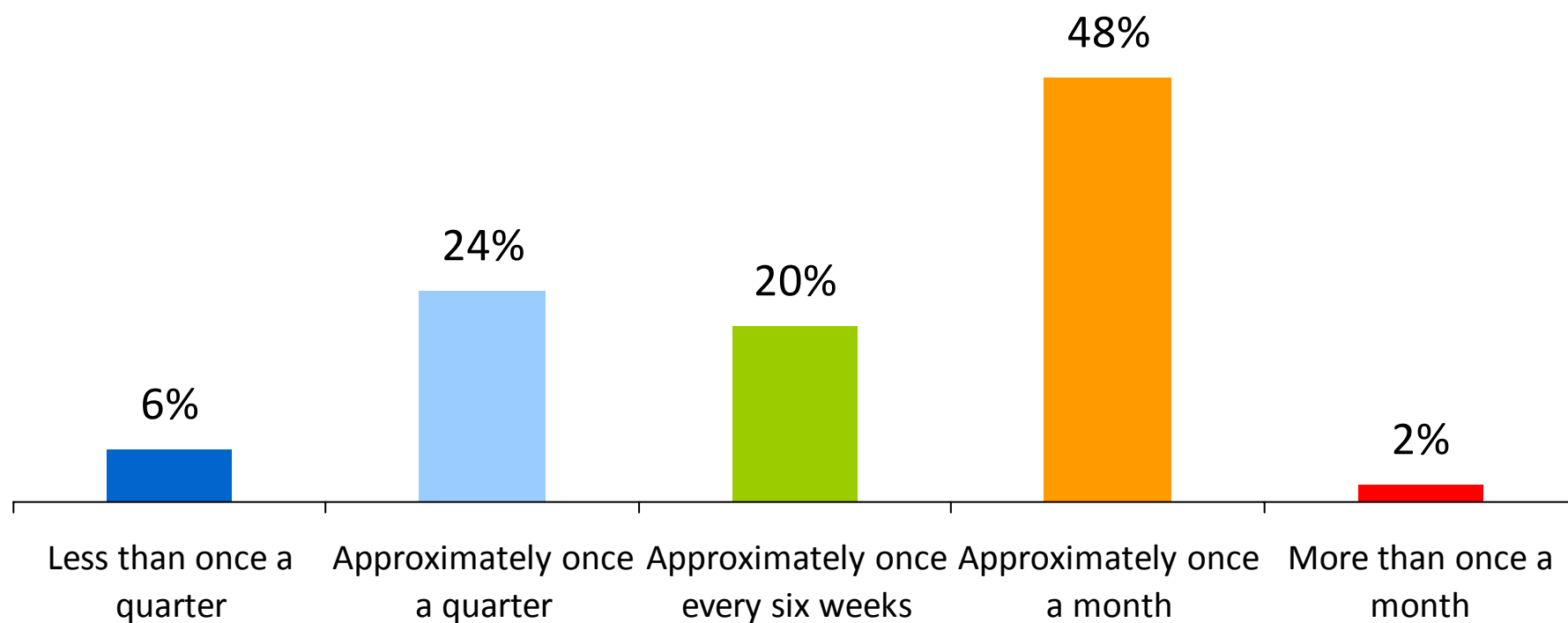
Note: 'Don't Know' (1%) not shown

Frequency of Board meetings
by organizational sector and size

Q On average, how often would you say your Board meets?

	Total Sample	Arts & Culture	Education	Social Services	Health Services	Hospitals	Religion	Other
Less than once a quarter	6%	5%	12%	3%	4%	1%	16%	14%
Approximately once a quarter	24%	25%	27%	15%	32%	23%	29%	44%
Approximately once every 6 weeks	20%	32%	27%	17%	15%	29%	14%	15%
Approximately once a month	48%	36%	32%	64%	44%	44%	39%	22%
More than once a month	2%	2%	0%	2%	1%	2%	2%	1%
Don't Know	1%	0%	3%	1%	4%	0%	0%	3%

	Total Sample	Micro	Small	Medium	Large
Less than once a quarter	6%	5%	5%	7%	9%
Approximately once a quarter	24%	16%	16%	41%	39%
Approximately once every 6 weeks	20%	16%	20%	25%	20%
Approximately once a month	48%	60%	57%	24%	31%
More than once a month	2%	3%	2%	0%	1%
Don't Know	1%	0%	1%	3%	0%

Average length of Board terms

Q What is the length of Board terms?

Under two years	7%
Two to under three years	39%
Three to under four years	26%
Four to under five years	3%
Five or more years	6%
There is not fixed term length	15%
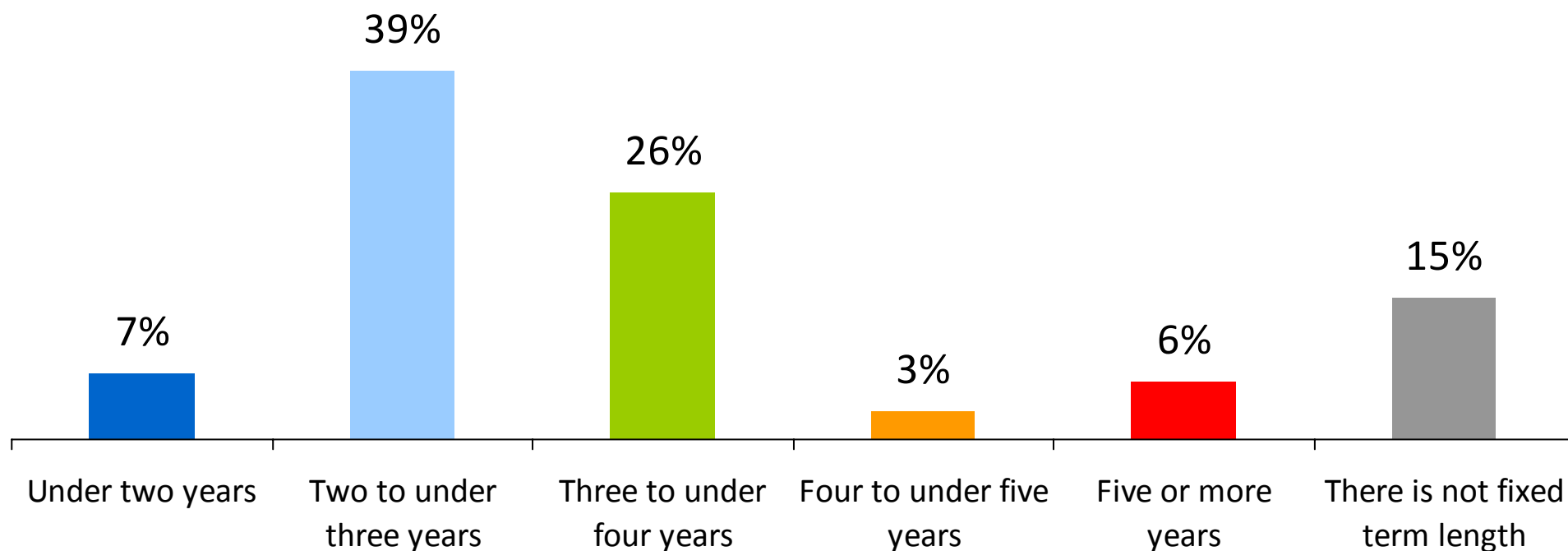
Note: 'Don't Know' (5%) not shown

Average length of Board terms
by organizational sector and size

Q What is the length of Board terms?

	Total Sample	Arts & Culture	Education	Social Services	Health Services	Hospitals	Religion	Other
Under 2 years	7%	5%	8%	8%	6%	4%	2%	6%
2 to under 3 years	39%	32%	35%	46%	40%	32%	27%	35%
3 to under 4 years	26%	29%	38%	21%	17%	34%	35%	25%
4 to under 5 years	3%	4%	2%	3%	0%	0%	4%	7%
5 or more years	6%	14%	2%	5%	5%	12%	2%	3%
There is no fixed term length	15%	11%	8%	13%	19%	15%	22%	21%
Don't Know	5%	5%	7%	3%	13%	4%	8%	4%

	Total Sample	Micro	Small	Medium	Large
Under 2 years	7%	12%	3%	5%	5%
2 to under 3 years	39%	40%	42%	35%	35%
3 to under 4 years	26%	19%	27%	31%	30%
4 to under 5 years	3%	3%	2%	2%	6%
5 or more years	6%	4%	6%	8%	7%
There is no fixed term length	15%	20%	14%	14%	8%
Don't Know	5%	1%	5%	6%	10%

CANADIAN FUNDRAISING & PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP

Vast majority of not-for-profit Board terms are renewable

Q Are Board terms renewable?

| No | Yes: ONE additional term | Yes: TWO additional terms | Yes: unlimited term renewal |
| 4% | 28% | 24% | 34% |
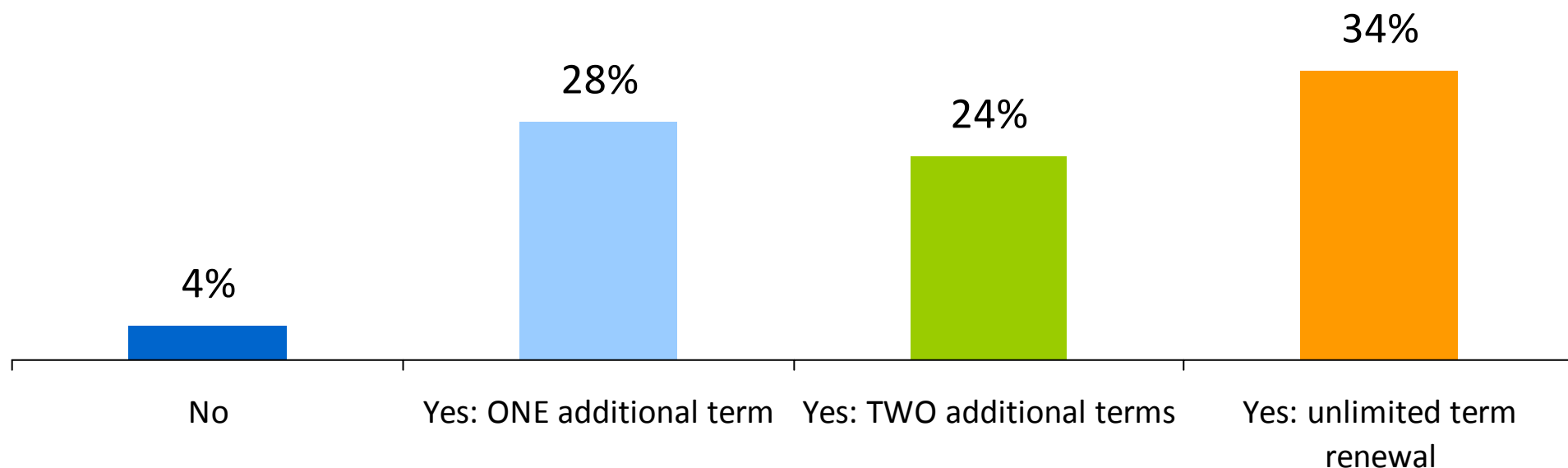
Note: 'Don't Know' (9%) not shown

Not-for-profit Board terms
by organizational sector and size

Q Are Board terms renewable?

	Total Sample	Arts & Culture	Education	Social Services	Health Services	Hospitals	Religion	Other
No	4%	7%	3%	5%	4%	1%	0%	3%
Yes: ONE additional terms	28%	29%	40%	27%	23%	27%	31%	29%
Yes: TWO additional terms	24%	27%	25%	23%	15%	39%	20%	21%
Yes: Unlimited term renewal	34%	32%	23%	36%	36%	28%	37%	36%
Don't Know	9%	5%	8%	9%	22%	5%	12%	11%

	Total Sample	Micro	Small	Medium	Large
No	4%	4%	4%	2%	3%
Yes: ONE additional term	28%	22%	29%	33%	35%
Yes: TWO additional terms	24%	22%	23%	29%	28%
Yes: Unlimited term renewal	34%	44%	34%	27%	17%
Don't Know	9%	7%	10%	8%	16%

Average length Board Members serve

Q What is the average amount of time Board Members serve your organization in total (*one capacity or another*)?

Under two years	1%
Two to under three years	9%
Three to under four years	17%
Four to under five years	20%
Five or more years	44%
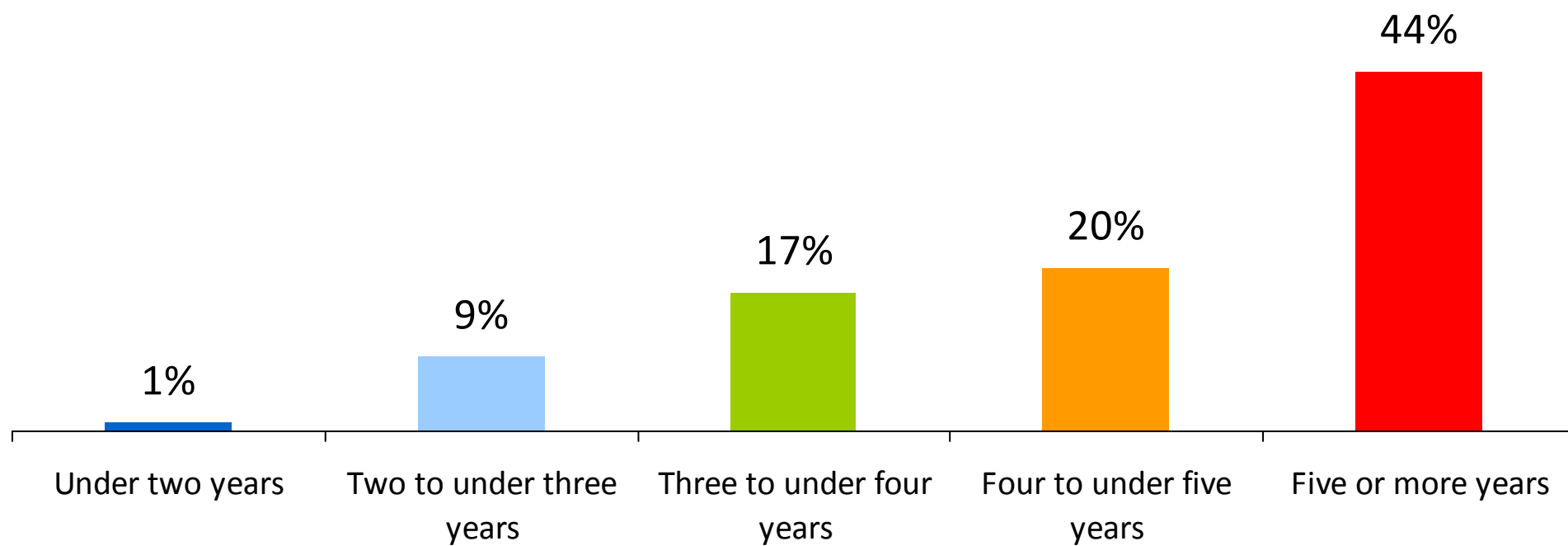
Note: 'Don't Know' (9%) not shown

Average length Board Members serve
by organizational sector and size

Q What is the average amount of time Board Members serve your organization in total (*one capacity or another*)?

	Total Sample	Arts & Culture	Education	Social Services	Health Services	Hospitals	Religion	Other
Under 2 years	1%	0%	0%	2%	1%	0%	0%	0%
2 to under 3 years	9%	9%	7%	11%	5%	6%	6%	10%
3 to under 4 years	17%	20%	20%	20%	18%	11%	10%	14%
4 to under 5 years	20%	21%	18%	23%	19%	16%	8%	18%
5 or more years	44%	41%	47%	36%	35%	60%	63%	50%
Don't Know	9%	9%	8%	7%	22%	7%	12%	8%

	Total Sample	Micro	Small	Medium	Large
Under 2 years	1%	2%	1%	0%	1%
2 to under 3 years	9%	16%	8%	5%	3%
3 to under 4 years	17%	22%	16%	16%	14%
4 to under 5 years	20%	20%	23%	15%	16%
5 or more years	44%	31%	46%	55%	50%
Don't Know	9%	9%	7%	9%	16%

Length of time to become an effective Board Member

Q Generally speaking, how long would you say it takes a Board Member to become fully engaged and effective as a Board Member?

35%

29%

20%

7%

Less than three months   Three to under six months   Six to under nine months   Nine months or more
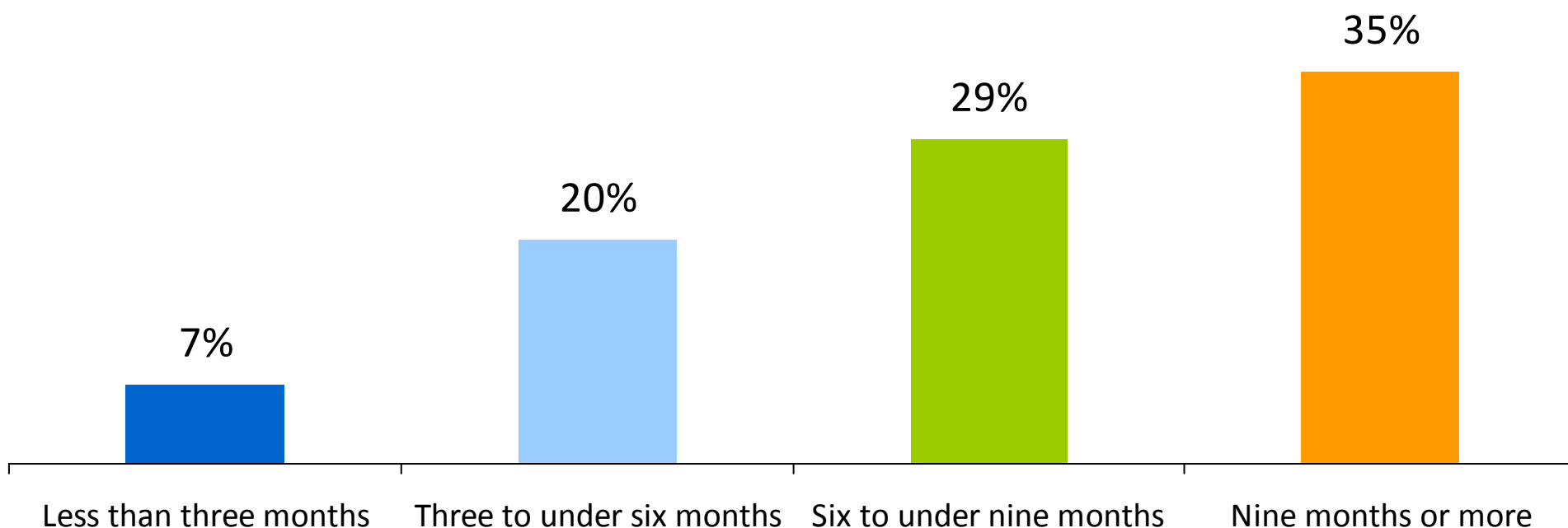
Note: 'Don't Know' (8%) not shown

Length of time to become an effective Board Member
by organizational sector and size

Q Generally speaking, how long would you say it takes a Board Member to become fully engaged and effective as a Board Member?

	Total Sample	Arts & Culture	Education	Social Services	Health Services	Hospitals	Religion	Other
Less than 3 months	7%	11%	12%	9%	6%	1%	8%	3%
3 to under 6 months	20%	9%	18%	25%	19%	16%	27%	15%
6 to under 9 months	29%	25%	27%	28%	22%	38%	24%	33%
9 months or more	35%	45%	32%	32%	38%	41%	27%	40%
Don't Know	8%	11%	12%	6%	14%	4%	14%	8%

	Total Sample	Micro	Small	Medium	Large
Less than 3 months	7%	12%	6%	4%	3%
3 to under 6 months	20%	24%	23%	12%	17%
6 to under 9 months	29%	30%	31%	31%	19%
9 months or more	35%	29%	33%	43%	47%
Don't Know	8%	4%	8%	11%	14%

CANADIAN FUNDRAISING & PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP

Board Manuals

Q Does your organization have a Board Manual available for all of its Board Members?
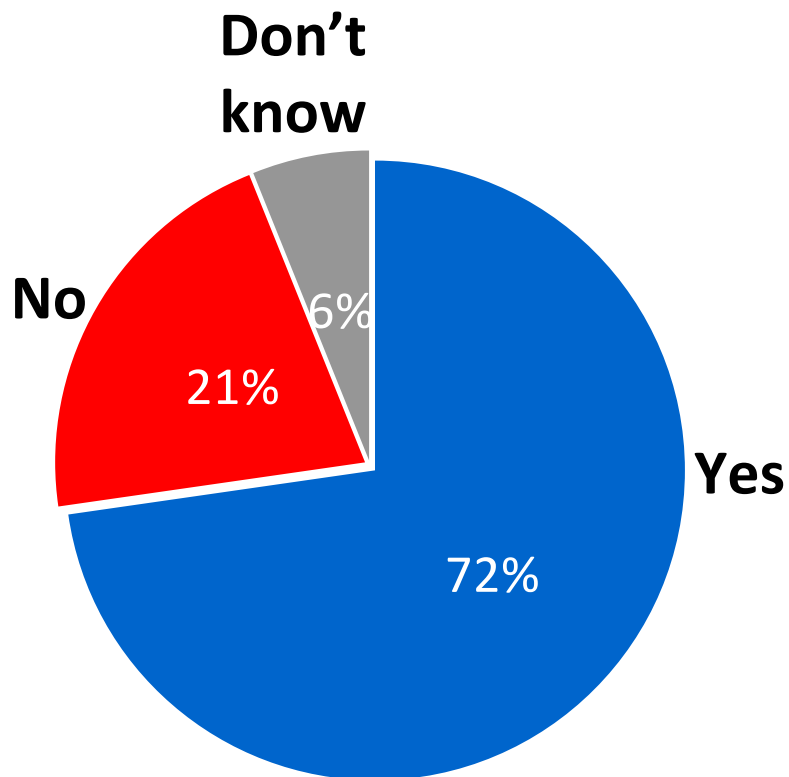
Sample Segmentation ▶▶ *Those who have Board Manuals*

Size Breakdown ('Don't Know' removed)

Micro	76%
Small	73%
Medium	82%
Large	86%

Pie chart:
- Yes: 72%
- No: 21%
- Don't know: 6%

Sector Breakdown ('Don't Know' removed)

Arts & Culture	87%
Education	81%
Social Services	79%
Health	82%
Hospitals	87%
Religion	55%
Other	57%
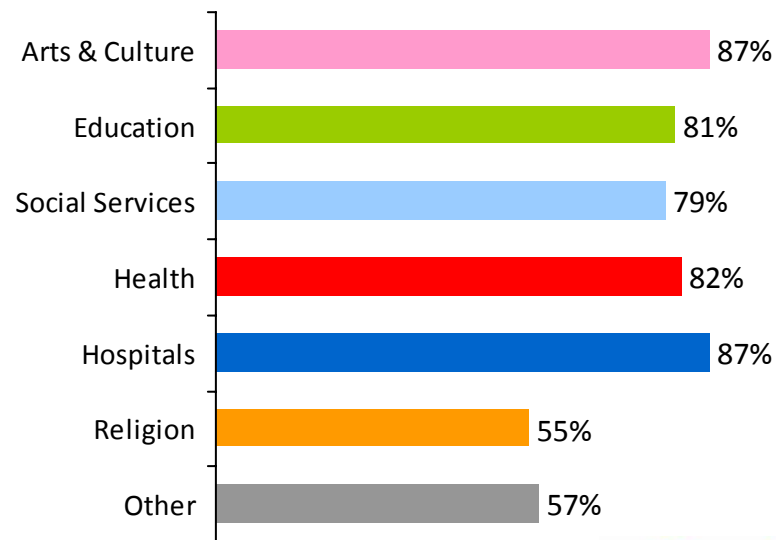
Board Manuals

Q How complete is your Board Manual?

Sample Segmentation ▶▶ *Those who say "very complete"*

Very complete: 43%
Somewhat complete: 49%
Not very complete: 6%
Not complete at all: 0%
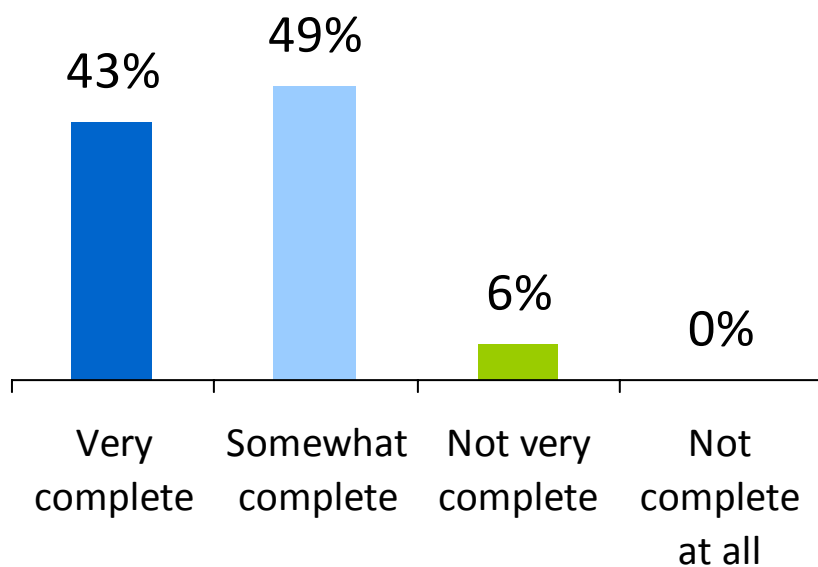
Note: 'Don't Know' (2%) not shown

Size Breakdown

Micro	43%
Small	41%
Medium	42%
Large	48%

Sector Breakdown

Arts & Culture	44%
Education	38%
Social Services	41%
Health	43%
Hospitals	45%
Religion	48%
Other	47%

CANADIAN FUNDRAISING & PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP
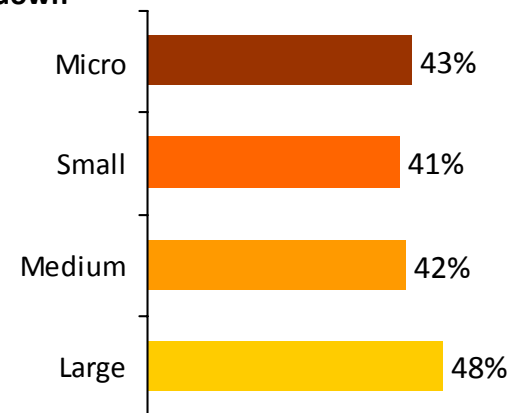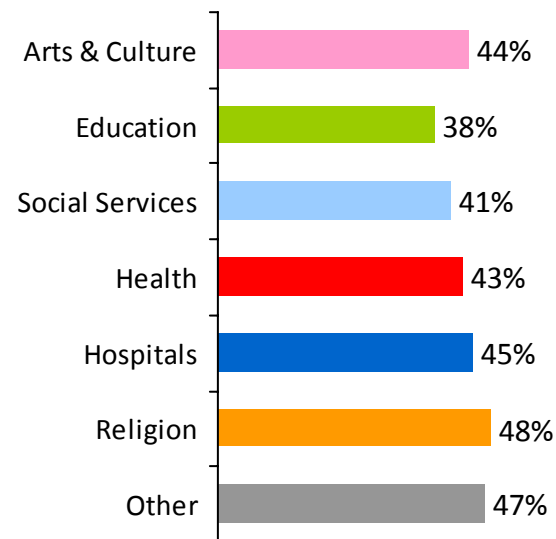
Board Member orientation

Q Does your organization provide your Board Members with an orientation program?
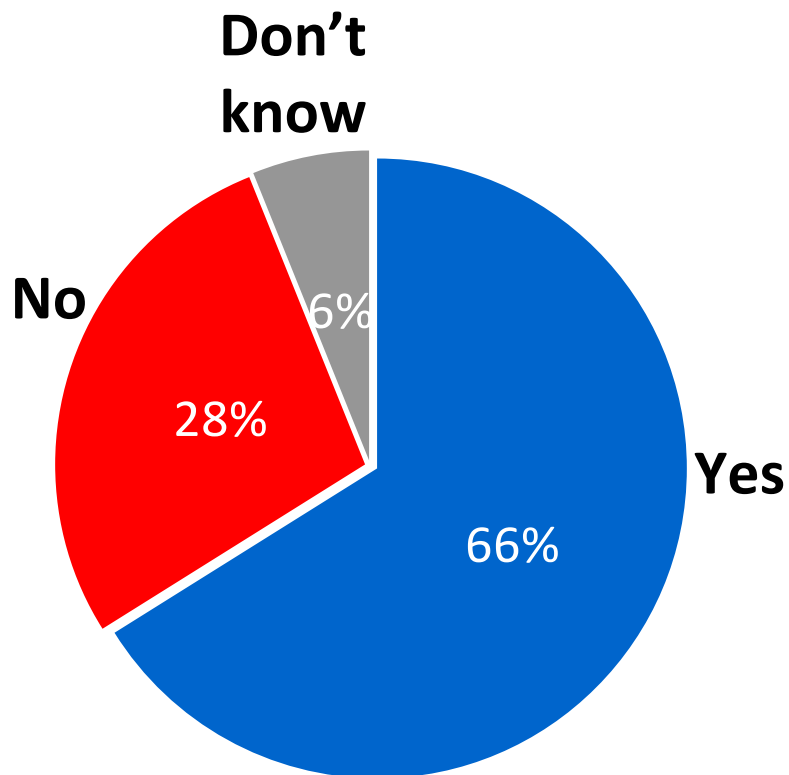
Sample Segmentation ▶▶ *Those who have a Board Orientation program*

Size Breakdown

Micro	63%
Small	64%
Medium	72%
Large	75%

Sector Breakdown

Arts & Culture	64%
Education	53%
Social Services	67%
Health	71%
Hospitals	90%
Religion	49%
Other	52%

Don't know 6%

No 28%

Yes 66%

CANADIAN FUNDRAISING & PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP
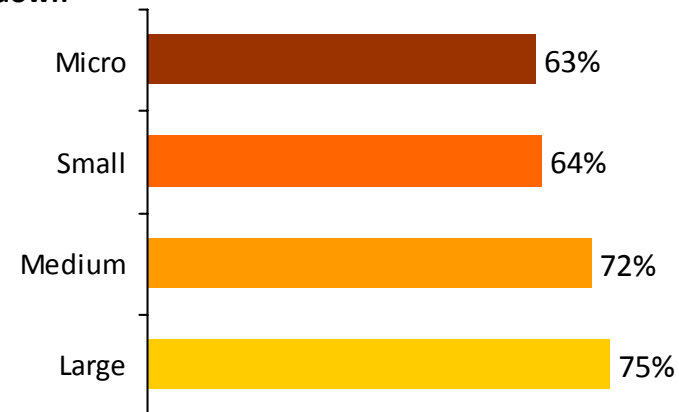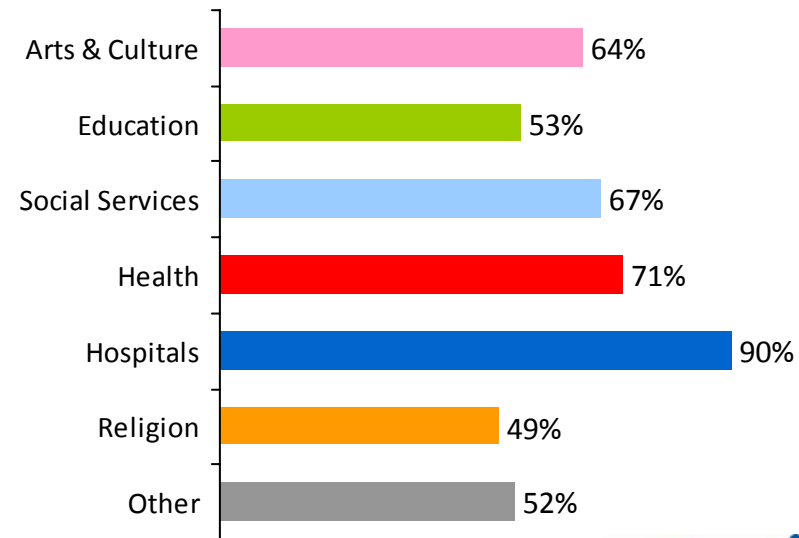
Formal job descriptions

Q Does your organization have job descriptions for the Board Chair, Committee Chairs and Board Directors?
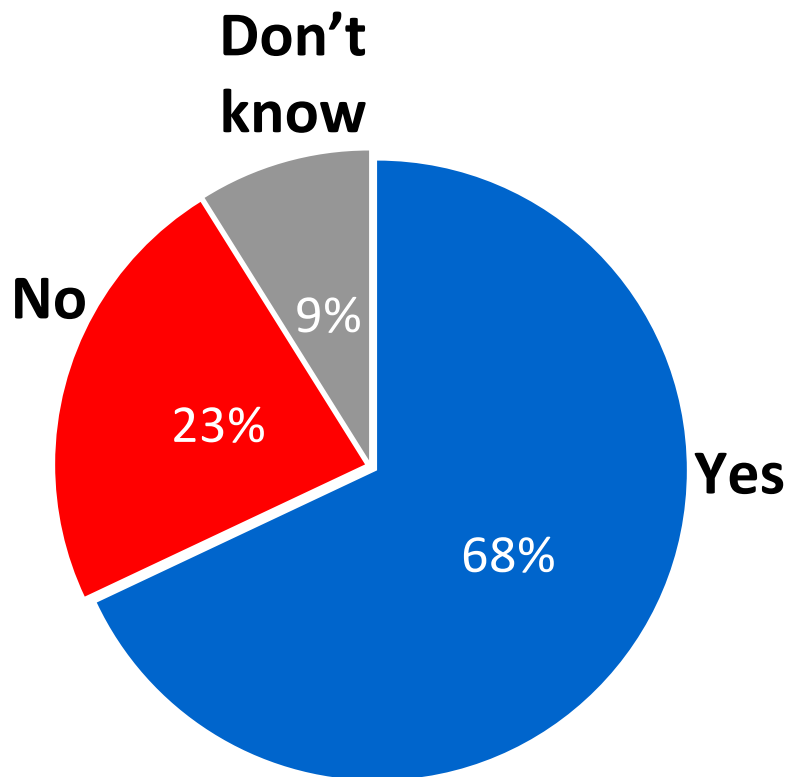
Sample Segmentation ▶▶ *Those who have formal job descriptions*

Size Breakdown ('Don't know' removed)

Micro	77%
Small	70%
Medium	78%
Large	77%

Sector Breakdown ('Don't know' removed)

Arts & Culture	84%
Education	76%
Social Services	74%
Health	76%
Hospitals	77%
Religion	69%
Other	66%

Pie chart:
- **Yes** 68%
- **No** 23%
- **Don't know** 9%
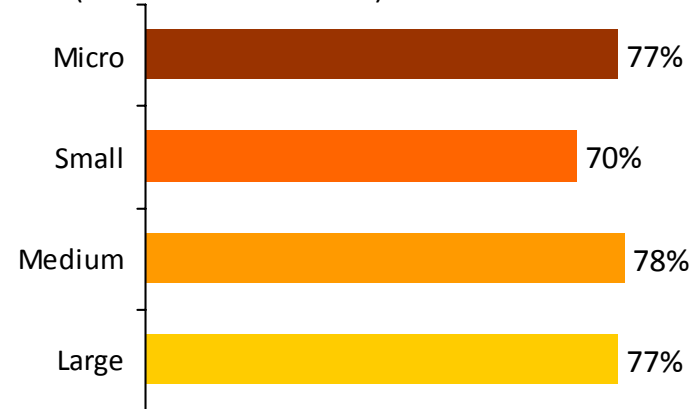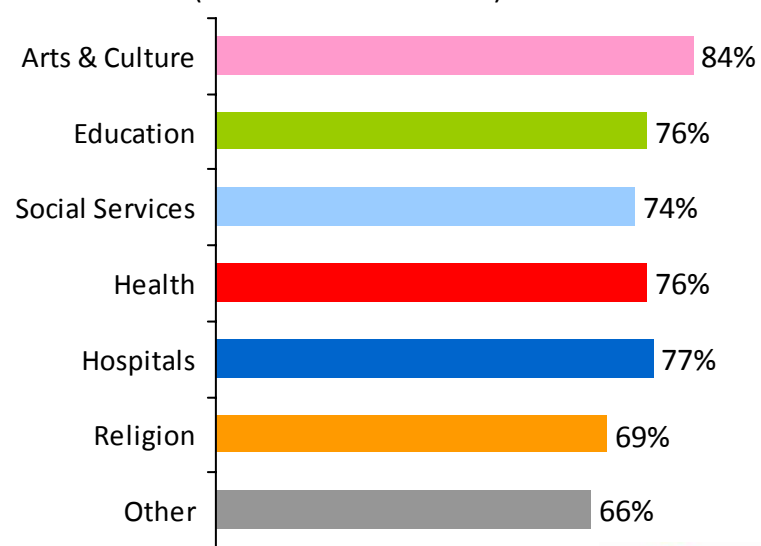
Ongoing Board Training Programs

Q Does your organization have an ongoing Board Training Program in place?
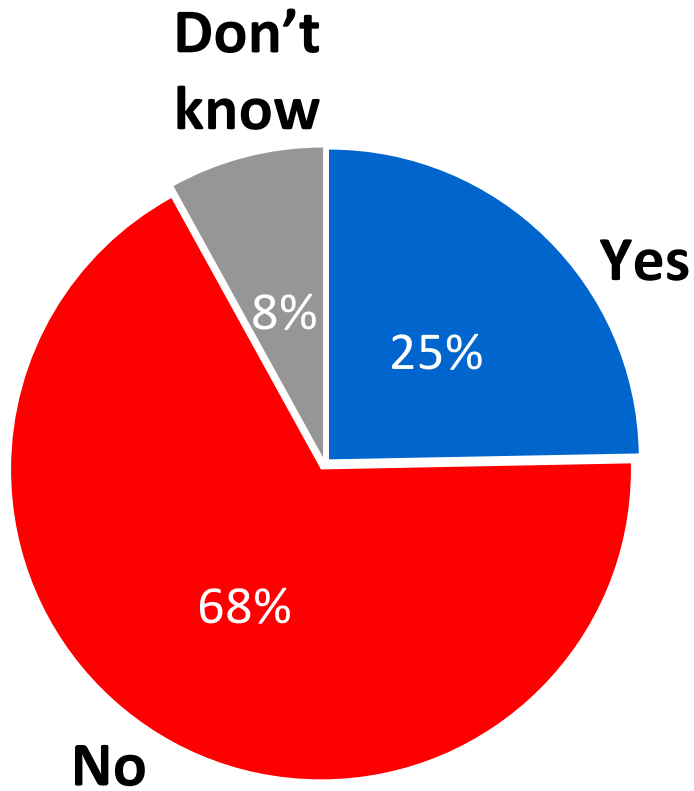
Sample Segmentation ▶▶ *Those who have ongoing Board training programs in place*

Yes 25%

Don't know 8%

No 68%

Size Breakdown ('Don't know' removed)

Micro	26%
Small	24%
Medium	27%
Large	35%

Sector Breakdown ('Don't know' removed)

Arts & Culture	14%
Education	30%
Social Services	36%
Health	32%
Hospitals	45%
Religion	17%
Other	16%
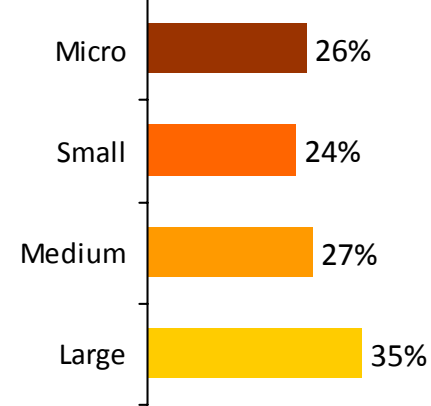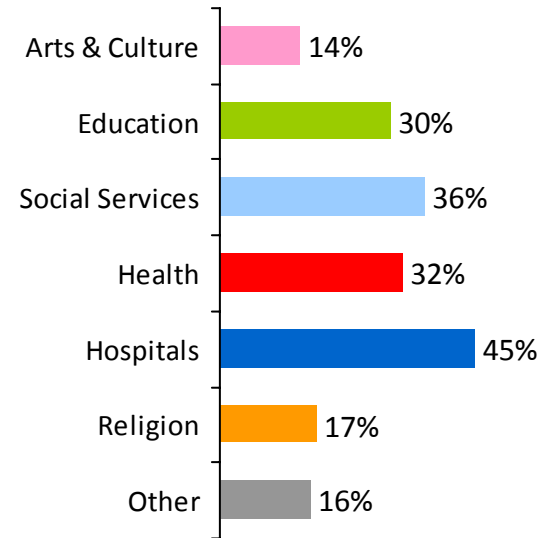
Awareness of Board Training Programs [*all respondents*]

Q For each of the Not-for-Profit Governance Education Programs listed below, please indicate if you have ever heard of it. If you have heard of the program, please indicate what impression you have of the program.

Have not heard of the program before this survey

Program	Excellent	Good	Average	Poor	Have not heard
United Way Board Training Program	7%	17%	12%	1%	**51%**
ICD/Rotman Not-For-Profit Governance Program presented by Telus	7%	12%	4%		**67%**
Charity Village's "Boards that Work" Program	3%	17%	10%		**57%**
Altruvest/Schulich BoardMatch™ Leaders Program	9%	17%	7%		**55%**

■ Excellent ■ Good ■ Average ■ Poor ■ Very Poor

Note: 'Don't Know' not shown

CANADIAN
FUNDRAISING & PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE
RESEARCH GROUP
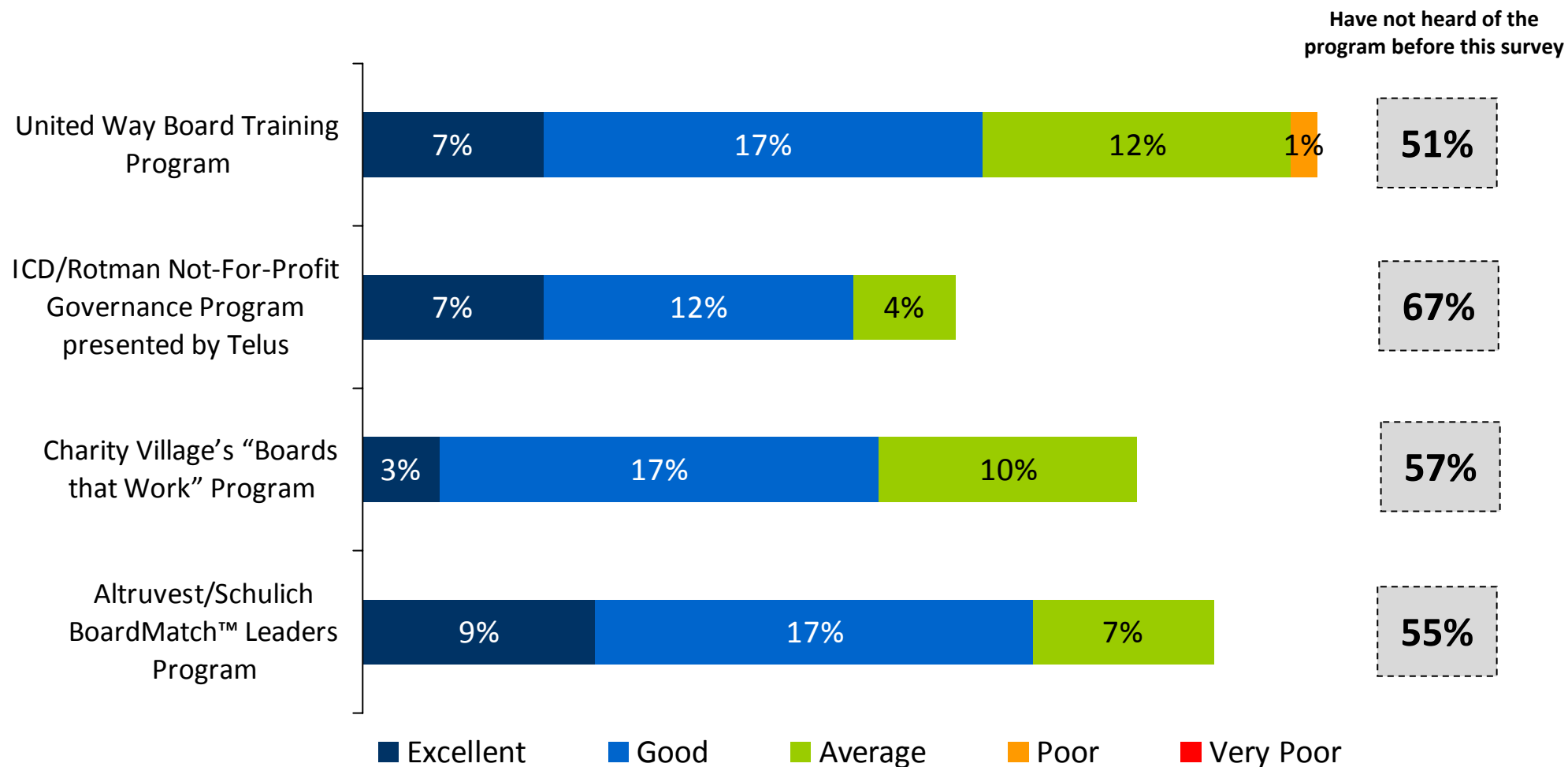
Awareness of Board Training Programs [*Board Members only*]

Q For each of the Not-for-Profit Governance Education Programs listed below, please indicate if you have ever heard of it. If you have heard of the program, please indicate what impression you have of the program.

Have not heard of the program before this survey

Program	Excellent	Good	Average	Poor	Have not heard
United Way Board Training Program	9%	16%	14%	1%	53%
ICD/Rotman Not-For-Profit Governance Program presented by Telus	10%	14%	4%		61%
Charity Village's "Boards that Work" Program	2%	14%	8%		65%
Altruvest/Schulich BoardMatch™ Leaders Program	13%	22%	6%		48%

■ Excellent   ■ Good   ■ Average   ■ Poor   ■ Very Poor

Note: 'Don't Know' not shown

CANADIAN **FUNDRAISING & PHILANTHROPY**

ALTRUVEST Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP
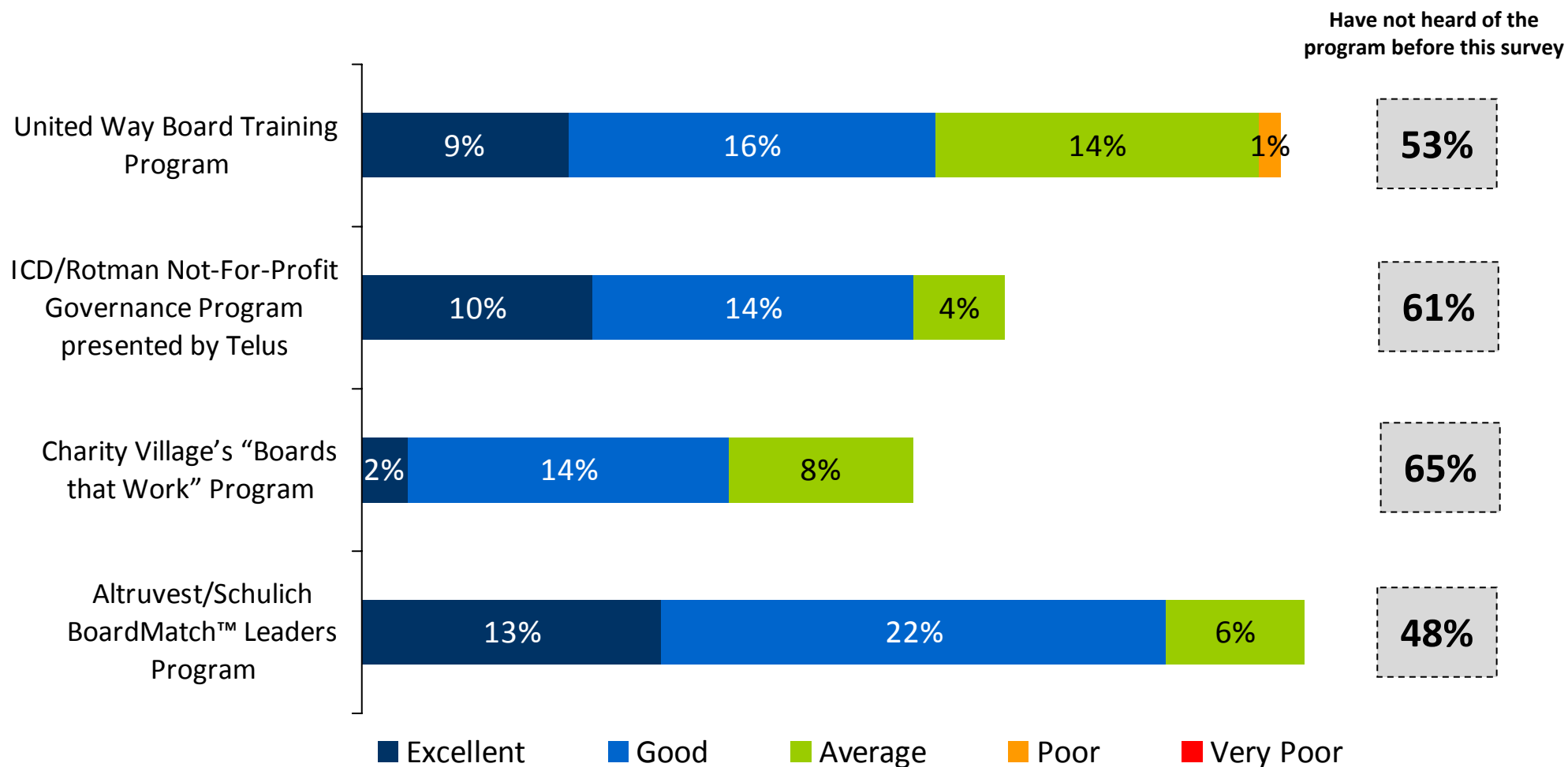
Directors & Officers Liability Insurance

Q Does your organization have Directors and Officers Liability Insurance?
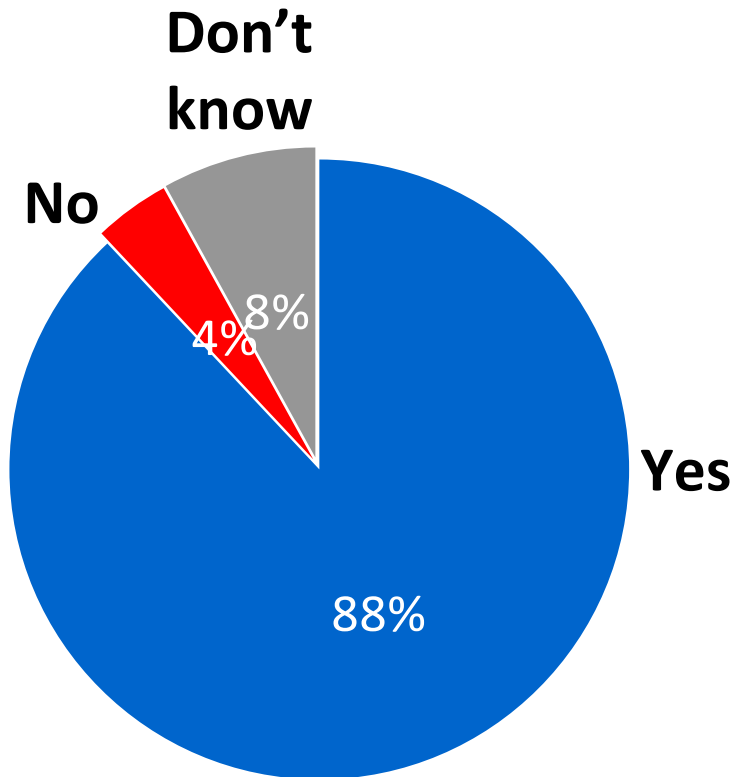
Sample Segmentation ▶▶ *Those who have Directors & Officers Liability Insurance*

Size Breakdown ('Don't know' removed)

Micro	92%
Small	97%
Medium	99%
Large	97%

Sector Breakdown ('Don't know' removed)

Arts & Culture	88%
Education	96%
Social Services	99%
Health	96%
Hospitals	99%
Religion	89%
Other	92%

Yes 88%
No 4%
Don't know 8%

CANADIAN FUNDRAISING & PHILANTHROPY

ALTRUVEST Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP
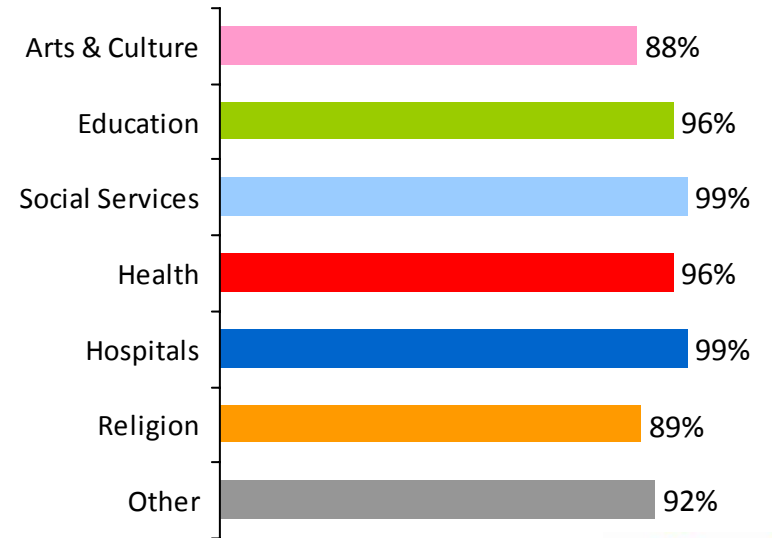
Detailed Analysis

Indexes, Regression and Factor Analysis

Analysis

Questionnaire Design ▶▶

The *Assessing Not-for-Profits Board* study was designed to benchmark governance structures and practices in Canada, but also explain what particular characteristics influence:

1. A "good" not-for-profit organization;

2. Organizations that support their Boards effectively;

3. Effective Board conduct and procedure;

4. Strong relationships between CEO/EDs and their Board; and

5. A "good" Board Member.

Working in collaboration with Altruvest, CFP and special advisor to this project, Rob Peacock, INNOVATIVE developed a questionnaire to assess each of the above factors. Each of the key factors identified above were covered by a series of related questions within the survey and then compiled to create a single index score.

Creating Indexes ▶▶

Indexes (or indices) are statistical devices that allow us to summarize a collection of data (in this case of a 'basket' of evaluated statements) in a single base figure. This composite figure serves as a benchmark for measuring changes in perception over time or comparing various segments or sub-groups (such as large vs. small not-for-profit organizations).

Indexes for key factors were created based on a series of agree/disagree statements. Survey respondents who *strongly agreed* or *somewhat agreed* with a particular statement were allocated positive scores toward the creation of each index, while those who *strongly disagreed* or *somewhat disagreed* were allocated negative scores. Respondents who answered *don't know* OR *neutral* to a statement were not allocated scores. After the scores were accumulated for each survey respondent, indexes for each of the above key factors were created by standardizing their scores between 0 and 100 percent. For example, if a respondent *strongly agreed* with every statement in a factor question battery, their index score would be 100%. Likewise, if a respondent *strongly disagreed* with every statement in a factor question battery, their index score would be 0%

Indexes

Indexes were created based on survey respondents' agreement or disagreement with the following statements:

High Performance Not-for-profit Organizations Index ▶▶

- My organization has a three-to-five year plan or set of clear long range goals and priorities.
- My organization has a detailed one-year plan for operations.
- My organization maximizes its revenue generation capacity through fundraising.
- My organization ensures accountability and stewardship for all benefactors.
- My organization's accomplishments and challenges are communicated to Members and stakeholders effectively.
- My organization uses its financial and human resources prudently and effectively.
- My organization is fiscally responsible.
- My organization makes clear and conscious decisions.
- My organization has a positive image within the community.
- My organization has a detailed risk management plan.

Board Support Index ▶▶

- My Board receives sufficient information to make informed decisions.
- My Board meetings are well-structured and run efficiently.
- The Board Members routinely receive information with enough advance time to digest the material before they meet.
- My Board is fully engaged in fundraising for my organization.
- I consider recruitment of effective Board Members a serious challenge for my organization. (*inversed score allocation*)
- My Board Members clearly understand their roles and responsibilities.
- My organization has a Board recruitment/succession plan in place.
- I am aware of what should be contained in a comprehensive Board Manual.
- My Board Members are apprised of their fiduciary responsibilities.

Effective Board Index ▶▶

- Most Board Members seem to come to meetings prepared.
- My Board Members receive written operations reports to the Board in advance of our meetings.
- All Board Members participate in important Board discussions.
- My Board Members do a good job encouraging and dealing with different points of view.
- The Board has planned and led the orientation process for new Board Members.
- The Board has taken responsibility for recruiting new Board Members.
- All of our Board Members financially support my organization.
- The Board conforms to its by-laws in areas such as positions on the Board, quorum at meetings, or remuneration of directors.

CEO/EDs – Board Relationship Index ▶▶

- The role between the Board and CEO/Executive Director is clearly defined.
- There is good two - way communication between the Board and the CEO/Executive Director in my organization.
- The Board provides direction to the CEO/Executive Director by setting new policies or clarifying existing ones.
- The Board has discussed and communicated the kinds of information and level of detail it requires from the CEO/Executive Director on what is happening in the organization.
- The Board has developed formal criteria and a process for evaluating the CEO/Executive Director.
- The Board believes that a CEO/Executive Director should take advantage of professional development opportunities.

Indexes [2]

The following statements were used to create the *Effective Board Member Index.* These statements were evaluated only by Board Members and CEO/EDs who sit on their Board.

Effective Director Index ▶▶

- I am aware of what is expected of me as a Board Member.
- I have a good record of meeting attendance.
- I read the minutes, reports and other materials in advance of our Board meetings.
- I am familiar with what is in the organization's by-laws and governing policies.
- I frequently encourage other Board Members to express their opinions at Board meetings.
- I follow through on things I have said I would do.
- I maintain the confidentiality of all Board decisions.
- I stay informed about issues relevant to our mission and bring information to the attention of the Board.
- I voluntarily make a personal annual donation commensurate with my ability to do so.
- I understand that fundraising is part of my role as a Board Member.

Factor and Regression Analysis

What is Factor Analysis?

- Factor analysis allows us to find which items appear similar to fundraising professionals. The use of factor analysis allows us to determine which measures should be grouped together in order to conduct meaningful analysis.

Using Factor Analysis ▶▶

- We tested 4 attributes or performance measures related to organizational structure and procedure. While each of those measures seems distinct in important ways to people within a not-for-profit organization, many of these items seem similar to people who are more distance from not-for-profit organizations.

- We ended up with one factor which largely explains the difference in opinions on the original 4 attributes. In layman terms, the 4 attributes tested throughout the survey are largely defined by the single variable, "Formal Organizational Structure and Procedure".

Formal Organizational Structure and Procedure

My organization has a board manual.

My organization provides a board orientation program to new directors.

My board has formal job descriptions and mandates for board members, the chair and committee members.

My organization provide on-going board training for directors throughout their tenure.
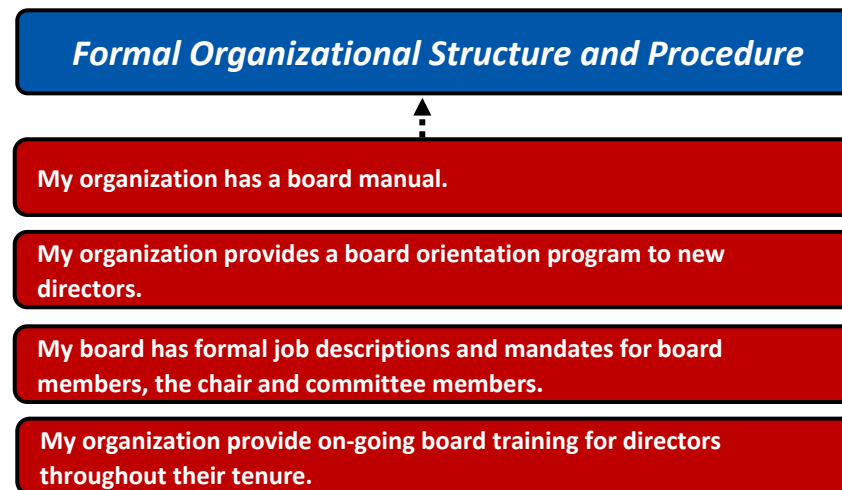
Regression Analysis ▶▶

Regressions are another way of determining importance. A regression allows us to take all the questions that may explain a key factor we are interested in and see which of these is the most important. Regressions do this by holding all the likely suspects constant and varying one question at a time to see which questions (explanatory variables) have the greatest impact on key factors (dependent variables).

We use regression in this study to explain what particular characteristics influence the key factors (in this case the indexes discussed on the previous pages).

High performance organizations

Performance Measures

Assessment of Not-for-profit Organizations

Q Please indicate if you agree or disagree with the following statements …

Statement	Strongly Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Strongly Disagree
My organization is fiscally responsible	84%	12%	1%	1%	
My organization has a positive image within the community	67%	27%	4%	1%	2%
My organization ensures accountability and stewardship for all benefactors	63%	27%	4%	4%	1%
My organization uses its financial and human resources prudently and effectively	59%	31%	2%	6%	2%
My organization makes clear and conscious decisions	57%	34%	3%	5%	1%

■ Strongly Agree ■ Somewhat Agree ■ Neither Agree nor Disagree ■ Somewhat Disagree ■ Strongly Disagree

Note: 'Don't Know' not shown

CANADIAN **FUNDRAISING & PHILANTHROPY**

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP

Assessment of Not-for-profit Organizations [2]

Q Please indicate if you agree or disagree with the following statements ...

Statement	Strongly Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Strongly Disagree
My organization has a three-to-five year plan or set of clear long range goals and priorities	41%	34%	7%	9%	9%
My organization's accomplishments and challenges are communicated to members and stakeholders effectively	31%	51%	6%	9%	3%
My organization maximizes its revenue generation capacity through fundraising	20%	35%	12%	20%	12%
My organization has a detailed risk management plan	16%	31%	17%	18%	14%
All of our volunteers are engaged in fundraising related activity	7%	19%	10%	29%	34%

■ Strongly Agree ■ Somewhat Agree ■ Neither Agree nor Disagree ■ Somewhat Disagree ■ Strongly Disagree

Note: 'Don't Know' not shown

CANADIAN
FUNDRAISING
& PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE
RESEARCH GROUP

"Good Not-for-profit Organization" Index

	Average	Arts & Culture	Education	Social Services	Health Services	Hospital Foundations	Religion	Other
	74.0%	72.7%	70.7%	73.4%	74.0%	78.4%	73.6%	75.8%

	Average	Micro	Small	Medium	Large
	74.0%	71.2%	73.7%	76.5%	77.5%

Note: A 0% index rating represents a scenario where respondents would have answered "strongly disagree" to every statement. On the other hand, a 100% index rating represents a scenario where all respondents would have answered "strongly agree" to every statement.

Characteristics of a "good" not-for-profit organization

Top drivers that influence high *"good" not-for-profit organization* index scores

95% confidence interval [accurate 19 times out of 20]   *Explanatory Power of Variable [#.##]*

Dependent Variable

#1 **Formal Organizational Structure & Procedures** – respondents who say their organization has a formal structure are more likely to believe they work at a high performance organizations [7.31]

#2 **Board Manual** – the more comprehensive a Board manual, the more likely respondents are to believe their not-for-profit is a high performance organization [3.57]

#3 **Organizational Size** – respondents from larger organizations are more likely to believe their not-for-profit is a high performer than respondents from smaller organizations [2.62]

#4 **Educational Not-for-profits** – respondents from educational-based organizations are <u>less</u> likely than other types of not-for-profits to consider their not-for-profit a higher performing organization [-2.40]

#5 **Insurance** – respondents from organizations that have directors and officers liability insurance are more likely to believe their not-for-profit is a high performance organization [2.26]

Good Not-for-profit Organizations

90% confidence interval [accurate 9 times out of 10]

#6 **Social Service Not-for-profits** – respondents from the social services sector are <u>less</u> likely than other types of not-for-profits to consider their not-for-profit a higher performing organization [-1.85]

Adj. R² = 0.201

Note: ranked in order of explanatory power

CANADIAN FUNDRAISING & PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP

Board Support

Performance Measures

Assessment of Not-for-profit Boards

Q Please indicate if you agree or disagree with the following statements …

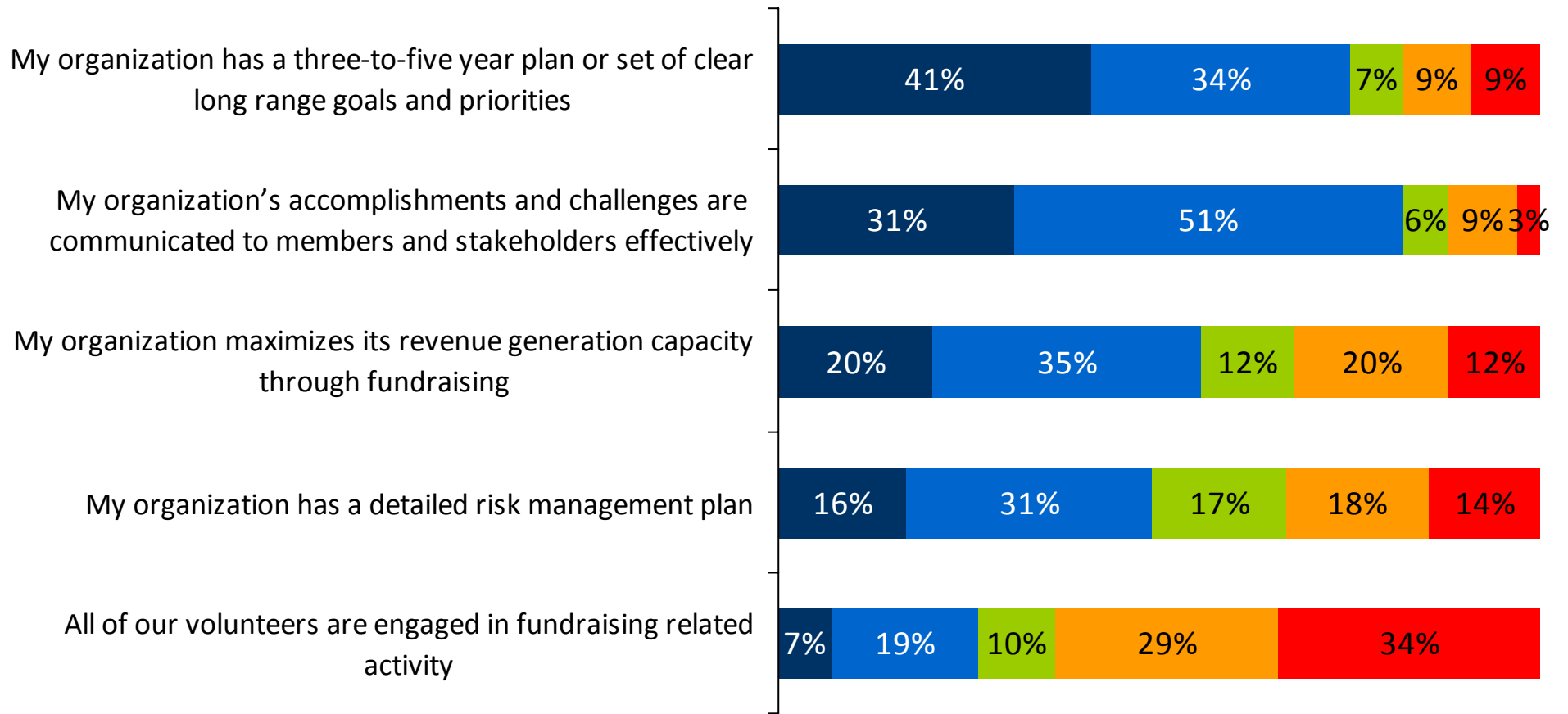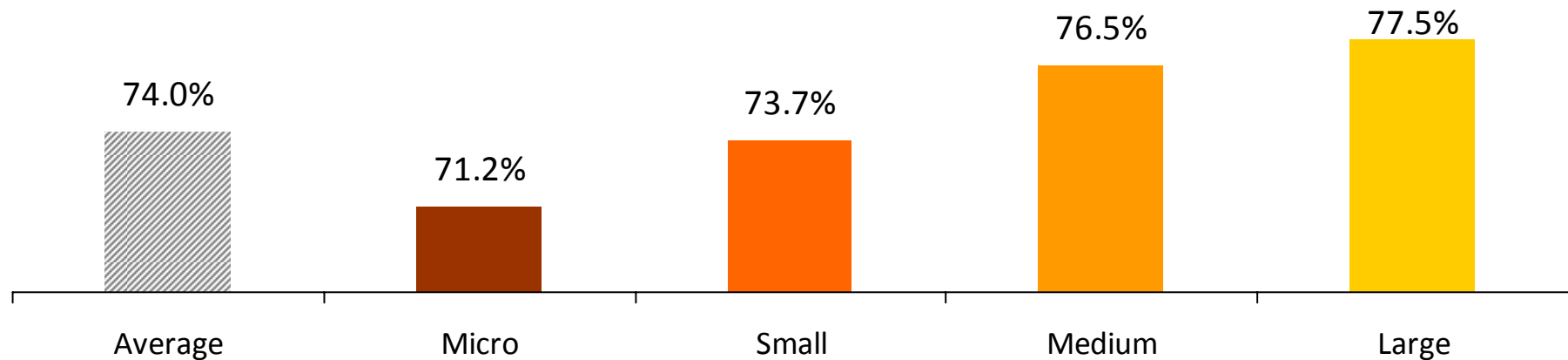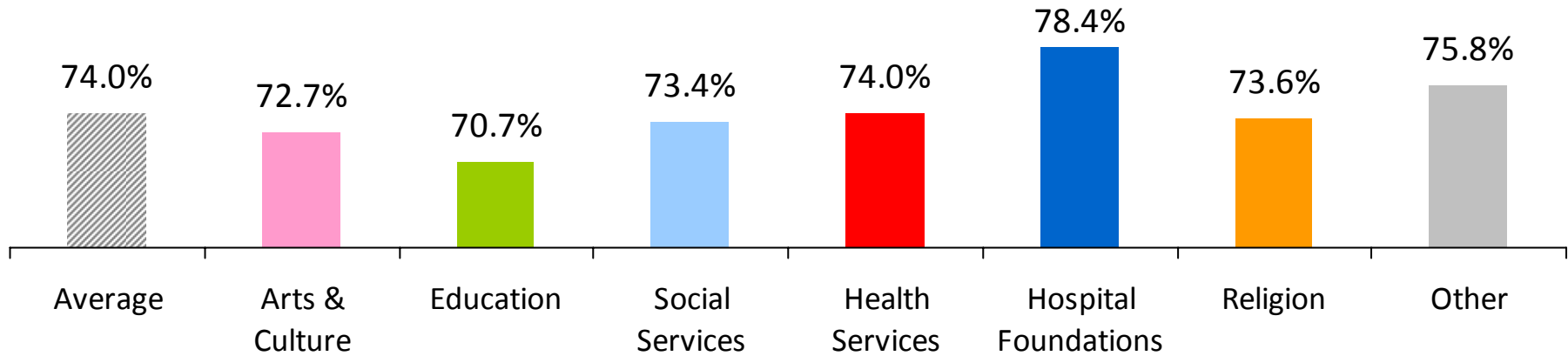| Statement	Strongly Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Strongly Disagree
My board receives sufficient information to make informed decisions	55%	32%	4%	4%	1%
My Board Members are apprised of their fiduciary responsibilities	46%	33%	6%	7%	2%
My board meetings are well-structured and run efficiently	44%	40%	4%	6%	2%
The Board Members routinely receive information with enough advance time to digest the material before they meet	44%	38%	4%	9%	2%
I am aware of what should be contained in a comprehensive Board Manual	42%	34%	8%	9%	3%

■ Strongly Agree ■ Somewhat Agree ■ Neither Agree nor Disagree ■ Somewhat Disagree ■ Strongly Disagree

Note: 'Don't Know' not shown

CANADIAN FUNDRAISING & PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE
RESEARCH GROUP

Assessment of Not-for-profit Boards

Q Please indicate if you agree or disagree with the following statements ...

I consider recruitment of effective Board Members a serious challenge for my organization
- Strongly Agree: 33%
- Somewhat Agree: 33%
- Neither Agree nor Disagree: 11%
- Somewhat Disagree: 14%
- Strongly Disagree: 8%

My Board members clearly understand their roles and responsibilities
- Strongly Agree: 22%
- Somewhat Agree: 52%
- Neither Agree nor Disagree: 7%
- Somewhat Disagree: 13%
- Strongly Disagree: 4%

My organization has a Board recruitment/succession plan in place
- Strongly Agree: 20%
- Somewhat Agree: 39%
- Neither Agree nor Disagree: 9%
- Somewhat Disagree: 17%
- Strongly Disagree: 11%

My Board is fully engaged in fundraising for my organization
- Strongly Agree: 8%
- Somewhat Agree: 28%
- Neither Agree nor Disagree: 13%
- Somewhat Disagree: 27%
- Strongly Disagree: 23%

Legend: ■ Strongly Agree ■ Somewhat Agree ■ Neither Agree nor Disagree ■ Somewhat Disagree ■ Strongly Disagree

Note: 'Don't Know' not shown

CANADIAN FUNDRAISING & PHILANTHROPY

ALTRUVEST — Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP

Board Support Index:
How well is the Board being supported by its organization?
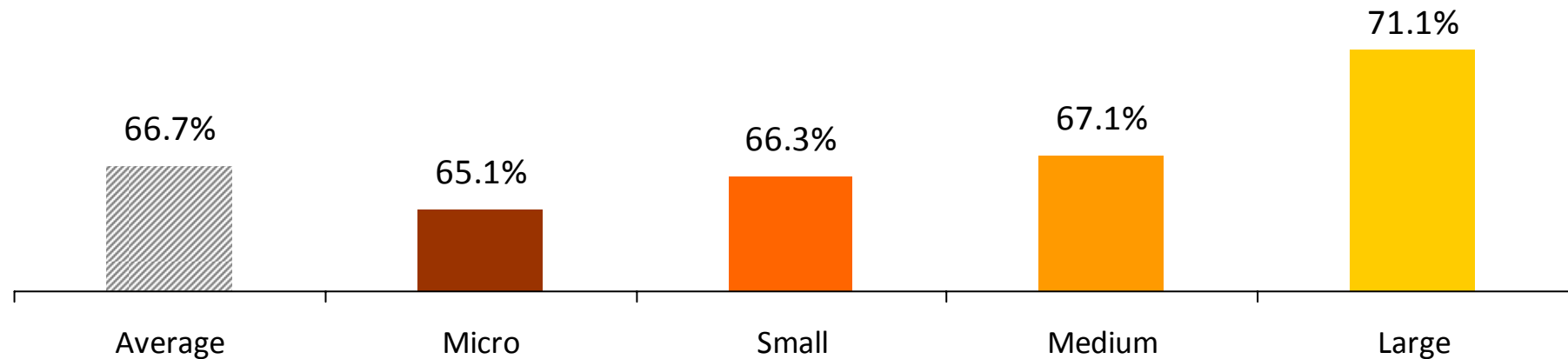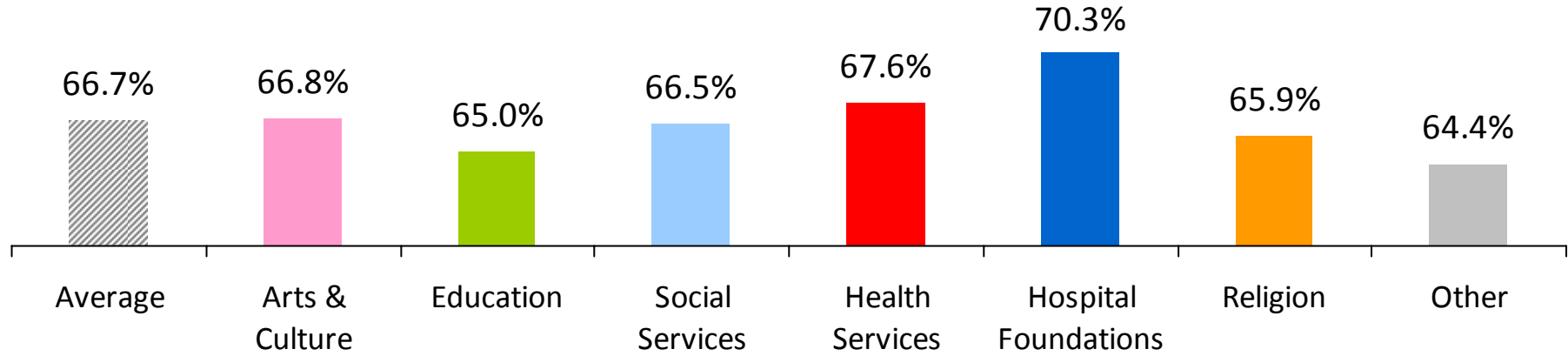
Bar chart (top) showing Board Support Index by sector:
- Average: 66.7%
- Arts & Culture: 66.8%
- Education: 65.0%
- Social Services: 66.5%
- Health Services: 67.6%
- Hospital Foundations: 70.3%
- Religion: 65.9%
- Other: 64.4%

Bar chart (bottom) showing Board Support Index by size:
- Average: 66.7%
- Micro: 65.1%
- Small: 66.3%
- Medium: 67.1%
- Large: 71.1%

Note: A 0% index rating represents a scenario where respondents would have answered "strongly disagree" to every statement. On the other hand, a 100% index rating represents a scenario where all respondents would have answered "strongly agree" to every statement.

Characteristics of organizations that effectively support their Boards

Top drivers that define organizations that effectively support their Boards

Dependent Variable

95% confidence interval [accurate 19 times out of 20]   *Explanatory Power of Variable [#.##]*

#1 **Formal Organizational Structure & Procedures** – respondents who say their organization has a formal structure are more likely to say their boards are adequately supported [9.27]

#2 **Board Manual –** the more comprehensive a Board manual, the more likely respondents are to say their board is adequately supported [7.10]

#3 **Length of time it takes Board Members to become fully engaged** – longer it takes a Board Member to become fully engaged, the <u>less</u> likely respondents will say their board is adequately supported [-3.85]

#4 **Insurance** – respondents from organizations that have directors and officers liability insurance are more likely to say their board is adequately supported [3.03]

#5 **Length of time at organization** – the longer a Board Member serves an organization (in one capacity or another), the more likely respondents are to say their Board is adequately supported [2.89]

#6 **Organizational Size** – respondents from larger organizations are more likely to say their Boards are adequately supported than respondents from smaller organizations [2.31]

Organizations that Effectively Support their Board

Adj. R² = 0.354

Note: ranked in order of explanatory power

CANADIAN
FUNDRAISING
& PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE
RESEARCH GROUP

Effective Boards

Performance Measures

Board Behaviour

Q Please indicate if you agree or disagree with the following statements ...

Statement	Strongly Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Strongly Disagree
The board conforms to its by-laws in areas such as positions on the board, quorum at meetings, or remuneration of directors	79%	13%		2%	1%
My Board Members receive written operations reports in advance of our meetings	58%	22%	4%	7% 2%	4%
All board members participate in important board discussions	42%	40%	4%	8%	3%
My Board Members do a good job encouraging and dealing with different points of view	42%	38%	6%	6%	2%
The board has taken responsibility for recruiting new board members	30%	40%	6%	11%	8%
Most board members seem to come to meetings prepared	28%	47%	6%	10%	2%
All of our Board Members financially support my organization	24%	29%	6%	14%	18%
The board has planned and led the orientation process for new board members	16%	25%	12%	20%	20%

■ Strongly Agree ■ Somewhat Agree ■ Neither Agree nor Disagree ■ Somewhat Disagree ■ Strongly Disagree

Note: 'Don't Know' not shown

CANADIAN
FUNDRAISING
&PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE
RESEARCH GROUP

Board Behaviour Index:
How well has the Board conducted itself?

Average: 71.9%
Arts & Culture: 70.4%
Education: 72.3%
Social Services: 71.5%
Health Services: 70.5%
Hospital Foundations: 73.6%
Religion: 75.6%
Other: 71.4%

Average: 71.9%
Micro: 70.8%
Small: 71.6%
Medium: 72.7%
Large: 74.0%

Note: A 0% index rating represents a scenario where respondents would have answered "strongly disagree" to every statement. On the other hand, a 100% index rating represents a scenario where all respondents would have answered "strongly agree" to every statement.

Characteristics of Boards that effectively conduct meetings and follow proper procedures

Top drivers that define organizations that have effective Board conduct and procedure

95% confidence interval [accurate 19 times out of 20]   *Explanatory Power of Variable [#.##]*

Dependent Variable

#1 **Formal Organizational Structure & Procedures** – respondents who say their organization has a formal structure are more likely to believe they have effective Board[7.92]

#2 **Board Manual** – the more comprehensive a Board manual, the more likely respondents are to believe their board is effective [3.72]

#3 **Executive Directors** – CEOs/EDs of organizations are <u>less</u> likely than other staff to believe their Board effectively conducts itself [-3.87]

#4 **Length of time it takes Board Members to become fully engaged** – longer it takes Board Members to become fully engaged, <u>less</u> likely respondents are to believe their Board effectively conducts itself [-3.16]

#5 **Insurance** – respondents from organizations that have directors and officers liability insurance are more likely to believe their board is effective [3.15]

#6 **Region** – Quebec-based respondents are more likely than respondents in other regions of the country to believe their Boards effectively conduct themselves [2.37]

#7 **Length of time at organization** – the longer a Board Member serves an organization (in one capacity or another), the more likely respondents are to believe their Board effectively conducts itself[1.84]

#8 **Organizational Size** – respondents from larger organizations are more likely to believe their board effectively conducts itself [1.64]

Effective Board Conduct and Procedure

Adj. R² = 0.242

Note: ranked in order of explanatory power

Effective Executive Director-Board Relationships

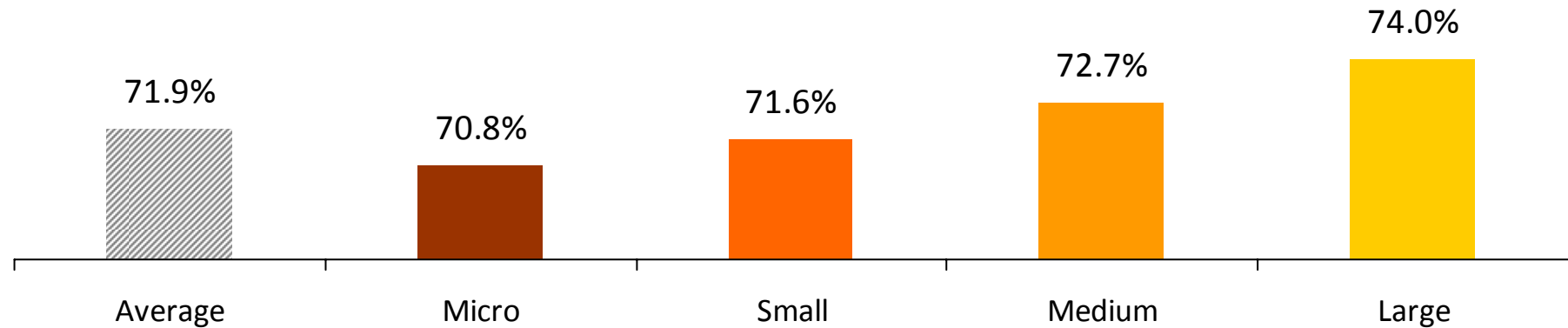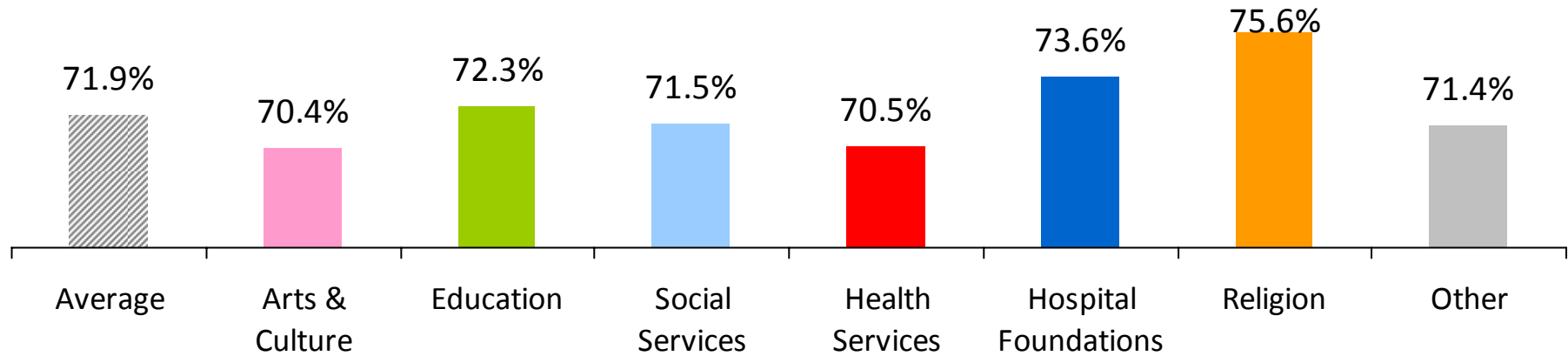*Performance Measure*

Board | CEO-ED relationship

Q Please indicate if you agree or disagree with the following statements …

Statement	Strongly Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Strongly Disagree
There is good two - way communication between the board and the CEO/Executive Director in my organization	60%	26%	3%	5%	3%
The board believes that a CEO/Executive Director should take advantage of professional development opportunities	53%	23%	10%	2%	1%
The role between the Board and CEO/Executive Director is clearly defined	46%	32%	5%	10%	3%
The board has discussed and communicated the kinds of information and level of detail it requires from the CEO/Executive Director on what is happening in the organization	37%	34%	9%	9%	5%
The board has developed formal criteria and a process for evaluating the CEO/Executive Director	35%	23%	9%	9%	13%
The board provides direction to the CEO/Executive Director by setting new policies or clarifying existing ones	32%	36%	10%	11%	6%

■ Strongly Agree ■ Somewhat Agree ■ Neither Agree nor Disagree ■ Somewhat Disagree ■ Strongly Disagree

Note: 'Don't Know' not shown

CANADIAN FUNDRAISING & PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP

Almost all (97%) CEO/EDs agree that their Boards listen closely to what they have to say

Q Please indicate if you agree or disagree with the following statements:

My Board Members listen closely to what I have to say.

[Asked only of CEOs | EDs; n=264]

Sample Segmentation ▶▶ *EDs who 'strongly agree' that their Board listens closely to what they have to say.*
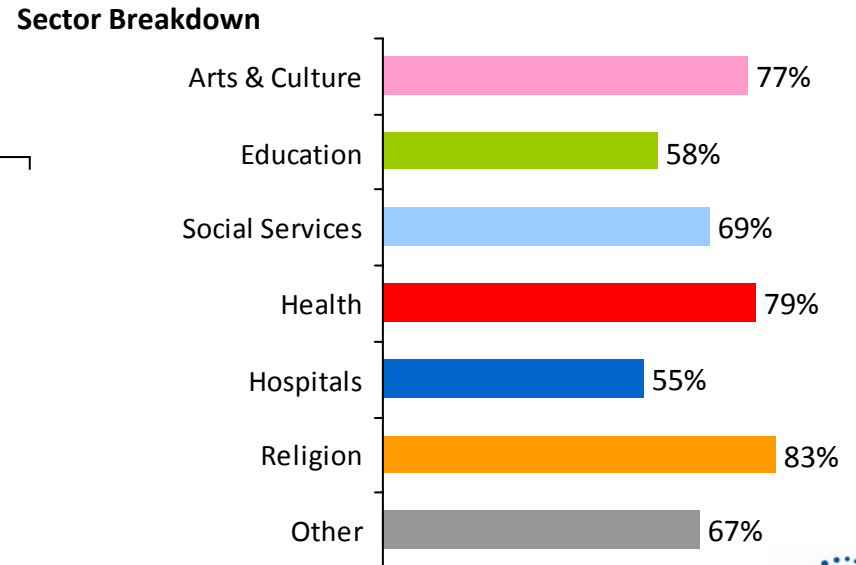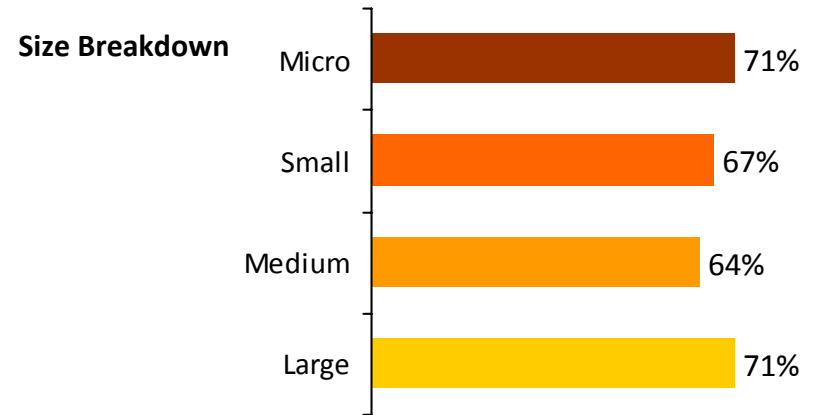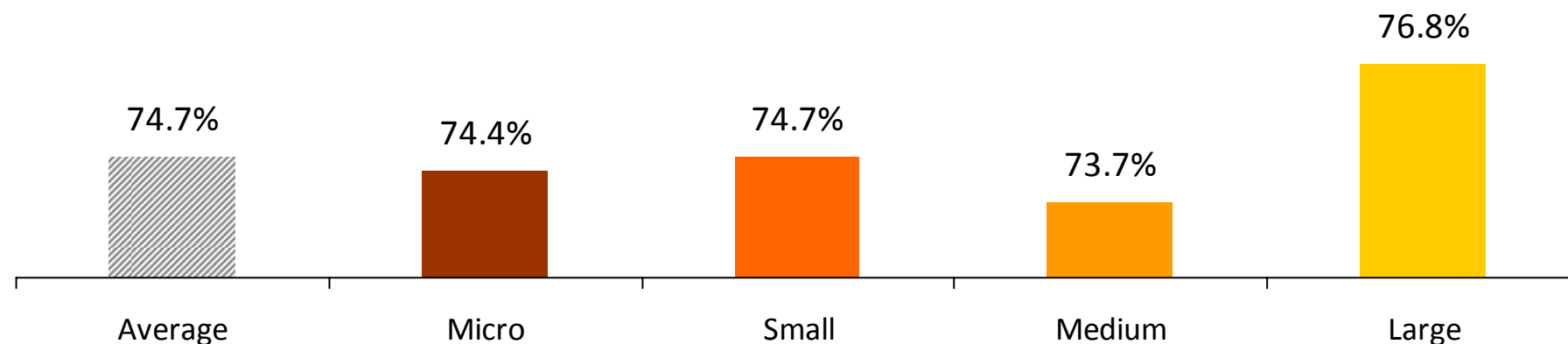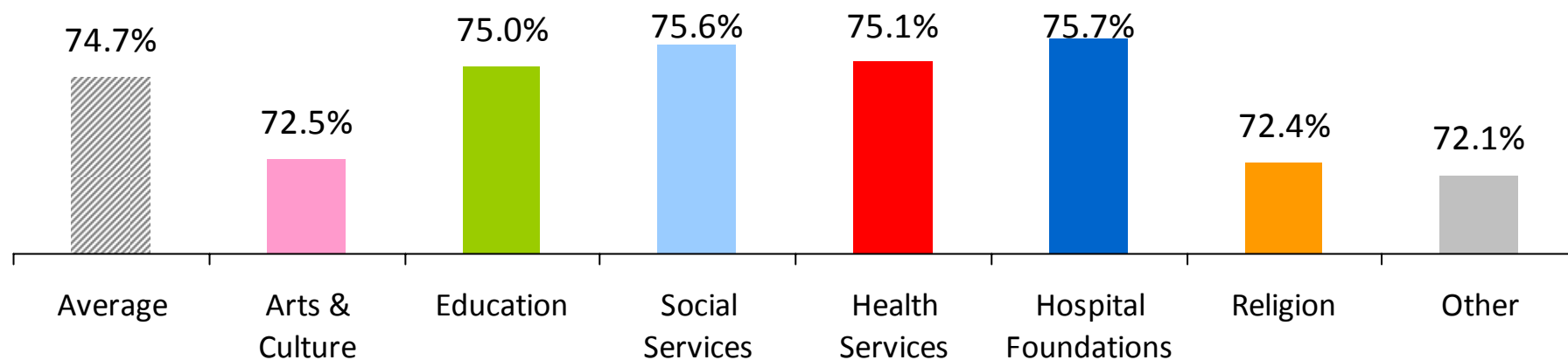
68% Strongly agree
29% Somewhat agree
1% Neither agree nor disagree
2% Somewhat disagree
0% Strongly disagree

Note: 'Don't Know' (0%) not shown

Size Breakdown

Size	%
Micro	71%
Small	67%
Medium	64%
Large	71%

Sector Breakdown

Sector	%
Arts & Culture	77%
Education	58%
Social Services	69%
Health	79%
Hospitals	55%
Religion	83%
Other	67%

Board | CEO-ED relationship Index

Top chart (by sector):
- Average: 74.7%
- Arts & Culture: 72.5%
- Education: 75.0%
- Social Services: 75.6%
- Health Services: 75.1%
- Hospital Foundations: 75.7%
- Religion: 72.4%
- Other: 72.1%

Bottom chart (by size):
- Average: 74.7%
- Micro: 74.4%
- Small: 74.7%
- Medium: 73.7%
- Large: 76.8%

Note: A 0% index rating represents a scenario where respondents would have answered "strongly disagree" to every statement. On the other hand, a 100% index rating represents a scenario where all respondents would have answered "strongly agree" to every statement.

Characteristics of positive Board-CEO/ED relationships

Top drivers that define positive Board-CEO/ED relationships

95% confidence interval [accurate 19 times out of 20]   *Explanatory Power of Variable [#.##]*

#1 Formal Organizational Structure & Procedures – respondents who say their organization has a formal structure are more likely to believe their exists a positive relationship between Boards and CEO/EDs [7.79]

#2 Board Manual – the more complete a Board manual, the more likely respondents are to believe the relationship between the board and CEO/ED is positive [5.66]

#3 Insurance – respondents from organizations that have directors and officers liability insurance are more likely to believe the relationship between Board-CEO/ED is positive [3.29]

#4 C-Suite– C-Suite staff (VPs, CFOs, COOs, etc.) are <u>less</u> likely to believe the relationship between the Board and CEO/ED is positive [-2.62]

#5 Non-Board or C-Suite Staff – Non-Board/C-Suite staff are also <u>less</u> likely to believe the relationship between the Board and CEO/ED is positive [-2.45]

#6 Executive Directors – CEOs/EDs of organizations are <u>less</u> likely to believe the relationships they have with their Board is positive [-2.39]

#7 Length of time it takes directors to become fully engaged – longer it takes directors to become engaged, <u>less</u> likely respondents believe the Board has a positive relationship the CEO/ED [-2.15]

Dependent Variable

Board Relationship with CEO/EDs

Adj. R² = 0.250

Note: ranked in order of explanatory power

CANADIAN **FUNDRAISING & PHILANTHROPY**

ALTRUVEST Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP

Effective Directors

Performance Measures
{asked only of Board Members}

Individual Board Members

Q Please indicate if you agree or disagree with the following statements

Statement	Strongly Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Strongly Disagree
I maintain the confidentially of all board decisions	87%	7%	4%		1%
I have a good record of meeting attendance	84%	11%	3%		2%
I read the minutes, reports and other materials in advance of our board meetings	82%	12%	3%	1%	1%
I follow through on things I have said I would do	73%	23%	1%		2%
I am aware of what is expected of me as a board member	68%	20%	8%	1%	1%
I stay informed about issues relevant to our mission and bring information to the attention of the board	66%	28%	3%	1%	

■ Strongly Agree ■ Somewhat Agree ■ Neither Agree nor Disagree ■ Somewhat Disagree ■ Strongly Disagree

Note: 'Don't Know' not shown

CANADIAN FUNDRAISING & PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP

Individual Board Members

Q Please indicate if you agree or disagree with the following statements

Statement	Strongly Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Strongly Disagree
I voluntarily make a personal annual donation commensurate with my ability to do so	66%	13%	8%	2%	8%
I am familiar with what is in the organization's by-laws and governing policies	64%	26%	3%	4%	1%
I am encouraged by other board members to express my opinions at board meetings	57%	28%	9%	2%	2%
I understand that fundraising is part of my role as a board member	53%	21%	11%	6%	6%
I frequently encourage other board members to express their opinions at board meetings	52%	33%	10%	2%	2%

■ Strongly Agree ■ Somewhat Agree ■ Neither Agree nor Disagree ■ Somewhat Disagree ■ Strongly Disagree

Note: 'Don't Know' not shown

CANADIAN **FUNDRAISING & PHILANTHROPY**

ALTRUVEST Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP

Board Member Performance Index
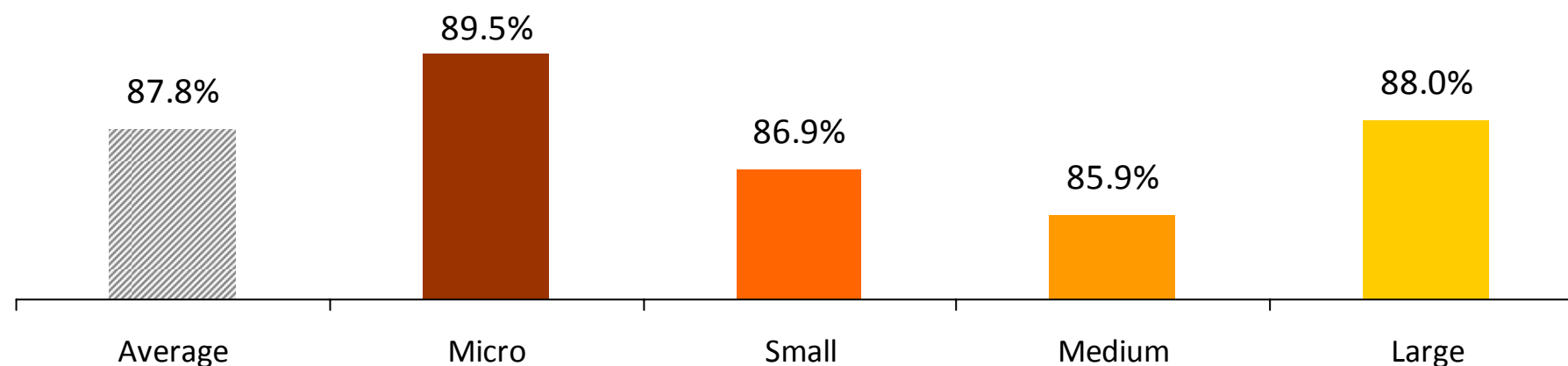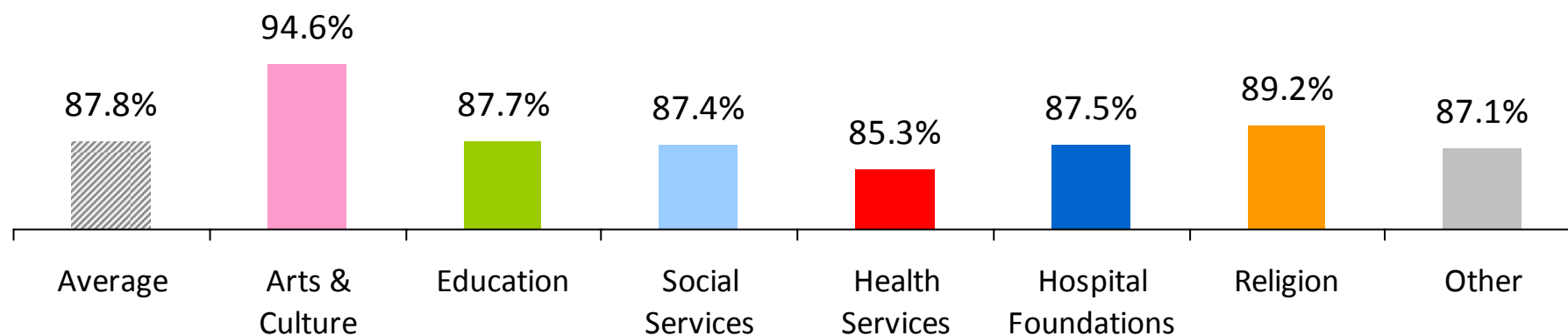
	Average	Arts & Culture	Education	Social Services	Health Services	Hospital Foundations	Religion	Other
	87.8%	94.6%	87.7%	87.4%	85.3%	87.5%	89.2%	87.1%

	Average	Micro	Small	Medium	Large
	87.8%	89.5%	86.9%	85.9%	88.0%

Note: A 0% index rating represents a scenario where respondents would have answered "strongly disagree" to every statement. On the other hand, a 100% index rating represents a scenario where all respondents would have answered "strongly agree" to every statement.

Characteristics of an effective director

Top drivers that help define an effective Board Member

95% confidence interval [accurate 19 times out of 20]   *Explanatory Power of Variable [#.##]*

Dependent Variable

#1 Formal Organizational Structure & Procedures – board members who say their organization has a formal structure are more likely to rank themselves as an effective director[2.91]

#2 Length of time it takes directors to become fully engaged – longer it takes a director to become engaged with their not-for-profit, the <u>less</u> likely they are to score themselves as an effective director [-2.59]

#3 Length of time at organization – the longer a director serves an organization, the more likely they are to score themselves as an effective director [2.45]

#4 Executive Directors – Board Members who also serve as CEOs/EDs at their not-for-profit are <u>less</u> likely to be effective Board Members [-2.39]

Personal Performance as a Board Member

Adj. R² = 0.085

Note: ranked in order of explanatory power

CANADIAN FUNDRAISING & PHILANTHROPY

ALTRUVEST Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP

Economic Update ▶▶

Economic Update (January vs. July 2009)

The economic outlook for not-for-profit organizations improves slightly over the 6 months between January and July 2009.

In January 2009, we asked fundraising professionals from across Canada (n=802) how they thought total contribution* to their organization in 2009 would compare to contributions in 2008?

- Over a quarter (26%) thought contributions would increase;

- Almost a third (31%) thought contributions would stay about the same as compared to the previous year; and

- 4-in-10 (40%) expected contributions to decrease in 2009.

We asked the same question in this study (July 2009) and it would appear as though the economic climate for contributions has improved slightly

- In July, 29% of fundraising professionals said they expect total contributions will increase this year as compared to last;

- 37% said they think contributions will remain the same as last year; and

- Only a third (34%) expect contributions to decrease in 2009.

    - However, it should be noted that more fundraising professionals believe their contributions will "decrease greatly" in July than in January of this year (8% vs. 3% respectively).

Although these economic findings suggest a slight improvement in the not-for-profit sector's ability to solicit funds, it certainly is far off from the near double digit growth rate that some segments of the not-for-profit sector had experienced in fundraising revenues between 2001 and 2007.
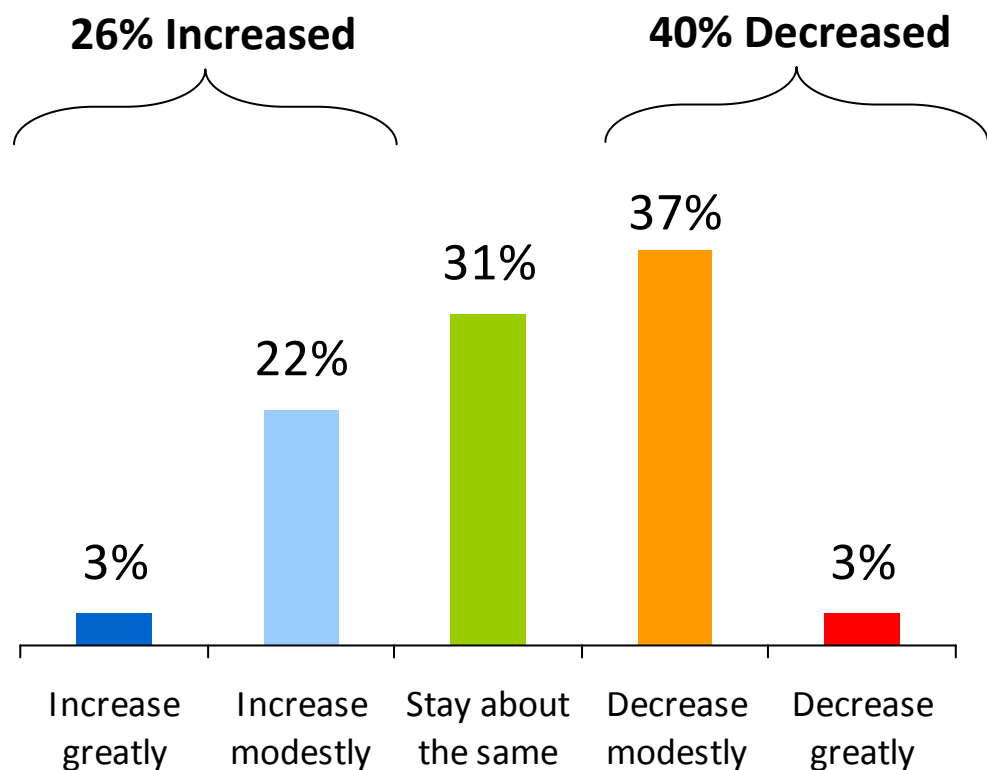
* Contributions include gifts and funding from individuals, corporations, foundations and government bodies.

FUNDRAISING &PHILANTHROPY   ALTRUVEST *Performance Improvement for Charities*   INNOVATIVE RESEARCH GROUP

Expectation for 2009 Contributions [January 2009]

Q How do you think total contributions to your organization in 2009 will compare to contributions in 2008? [**n=802**]

*Note: Here we define **contributions** as gifts and funding from individuals, corporations, foundations and government bodies.*

Sample Segmentation ▶▶   *Expectation of contributions DECREASE*

26% Increased   **40% Decreased**

- Increase greatly — 3%
- Increase modestly — 22%
- Stay about the same — 31%
- Decrease modestly — 37%
- Decrease greatly — 3%

Size Breakdown

Micro	36%
Small	40%
Medium	39%
Large	45%

Sector Breakdown

Arts & Culture	44%
Education	38%
Social Services	37%
Health	38%
Hospitals	45%
Other	42%

Note: 'Don't Know' (3%) not shown

CANADIAN FUNDRAISING & PHILANTHROPY

ALTRUVEST — Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP

Expectation for 2009 Contributions [July 2009]

Q How do you think total contributions to your organization in 2009 will compare to contributions in 2008?

*Note: Here we define **contributions** as gifts and funding from individuals, corporations, foundations and government bodies.*
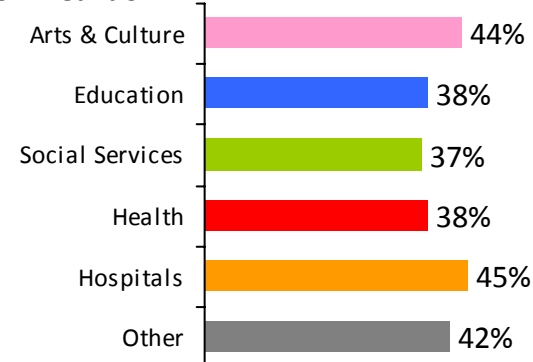
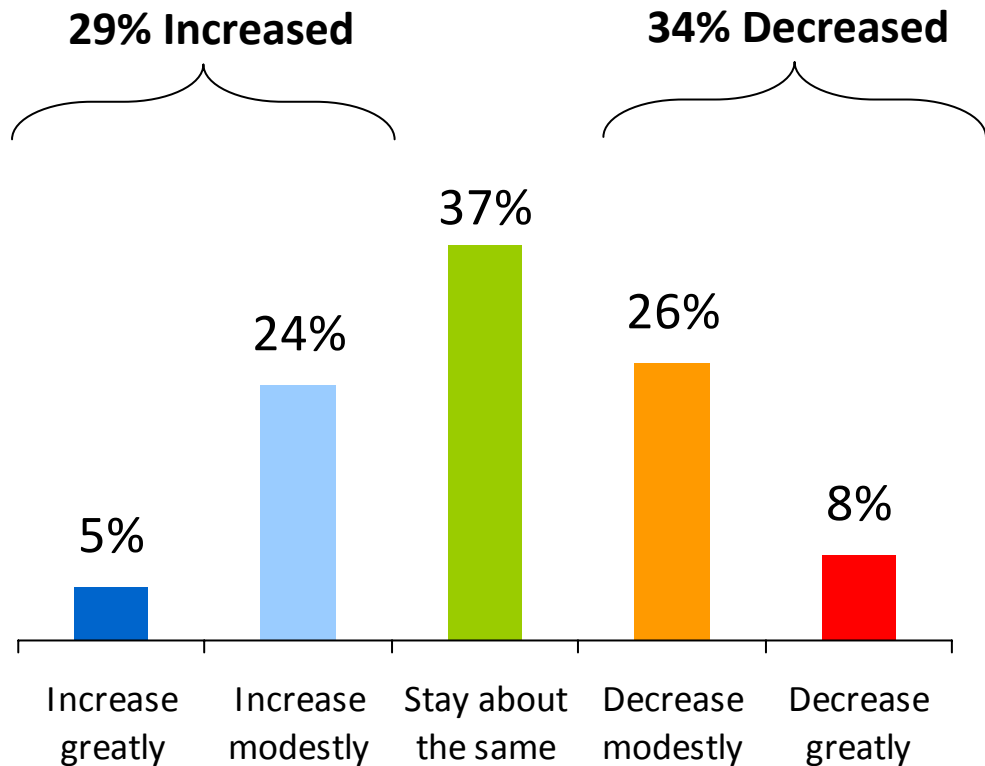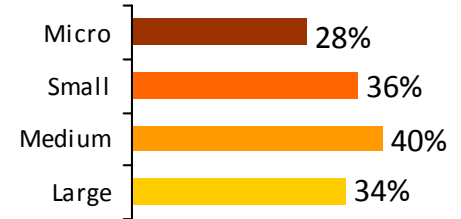**Sample Segmentation ▶▶** *Expectation of contributions DECREASE*

29% Increased   **34% Decreased**

- Increase greatly: 5%
- Increase modestly: 24%
- Stay about the same: 37%
- Decrease modestly: 26%
- Decrease greatly: 8%

Size Breakdown

- Micro: 28%
- Small: 36%
- Medium: 40%
- Large: 34%

Sector Breakdown

- Arts & Culture: 34%
- Education: 33%
- Social Services: 33%
- Health: 33%
- Hospitals: 38%
- Religion: 27%
- Other: 38%

Note: 'Don't Know' (1%) not shown

FUNDRAISING & PHILANTHROPY

ALTRUVEST Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP

Total Contribution Tracking [Jan '09 vs. July '09]

Q How do you think total contributions to your organization in 2009 will compare to contributions in 2008?

*Note: Here we define **contributions** as gifts and funding from individuals, corporations, foundations and government bodies.*
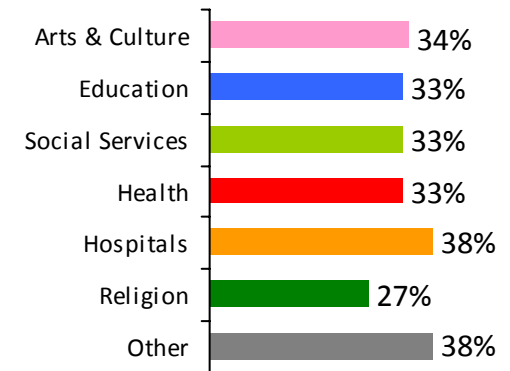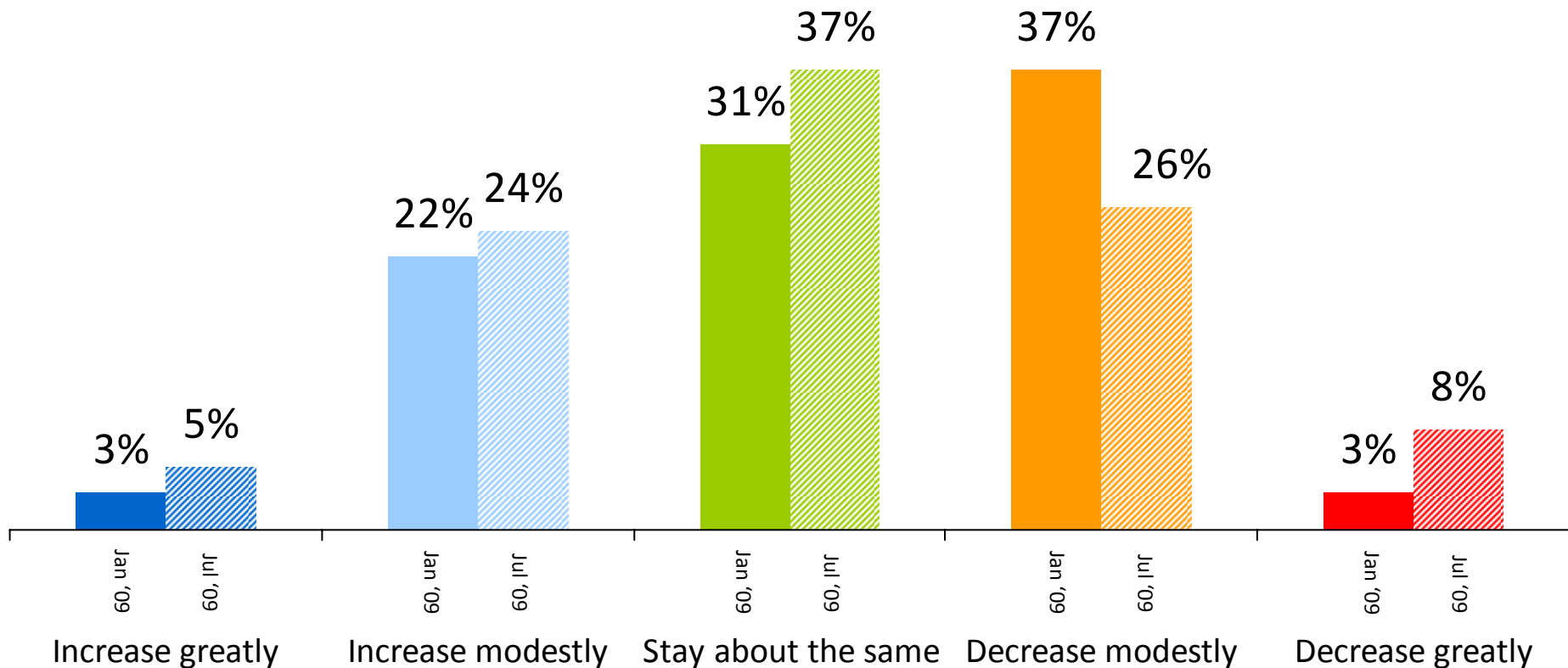

	Increase greatly	Increase modestly	Stay about the same	Decrease modestly	Decrease greatly
Jan '09	3%	22%	31%	37%	3%
Jul '09	5%	24%	37%	26%	8%

Note: 'Don't Know' not shown

CANADIAN FUNDRAISING & PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities
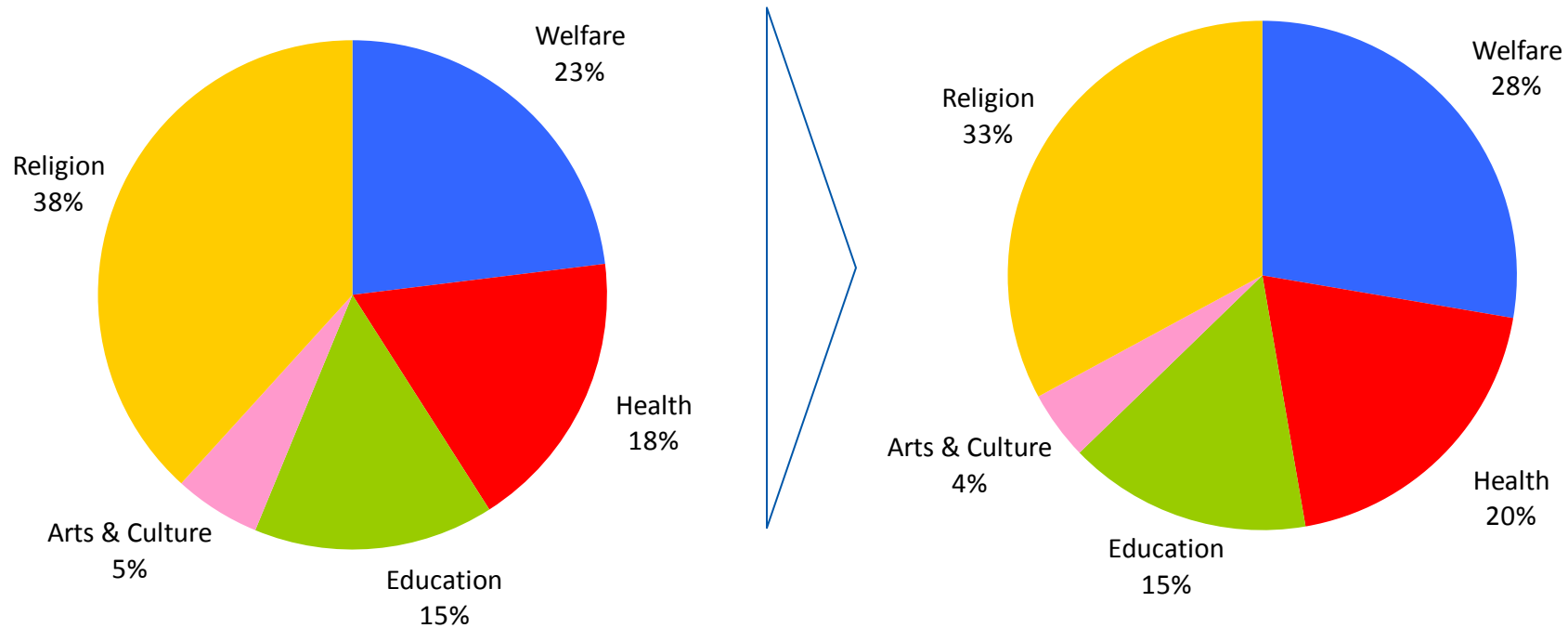
INNOVATIVE RESEARCH GROUP

Historic Fundraising Revenue Growth [2001 – 2007]

Welfare has been the fastest growing charitable sector in Canada over the past 7 years (76%). Growth in Arts & Culture remained relatively stagnant (16%). **Religion** has grown at 26% over the same period which has resulted in a shrinking of its total market share.

In 2001, approximately $14.0 billion was raised	47%↑	By 2007, approximately $20.6 billion was raised

2001 Pie Chart:
- Welfare 23%
- Health 18%
- Education 15%
- Arts & Culture 5%
- Religion 38%

2007 Pie Chart:
- Welfare 28%
- Health 20%
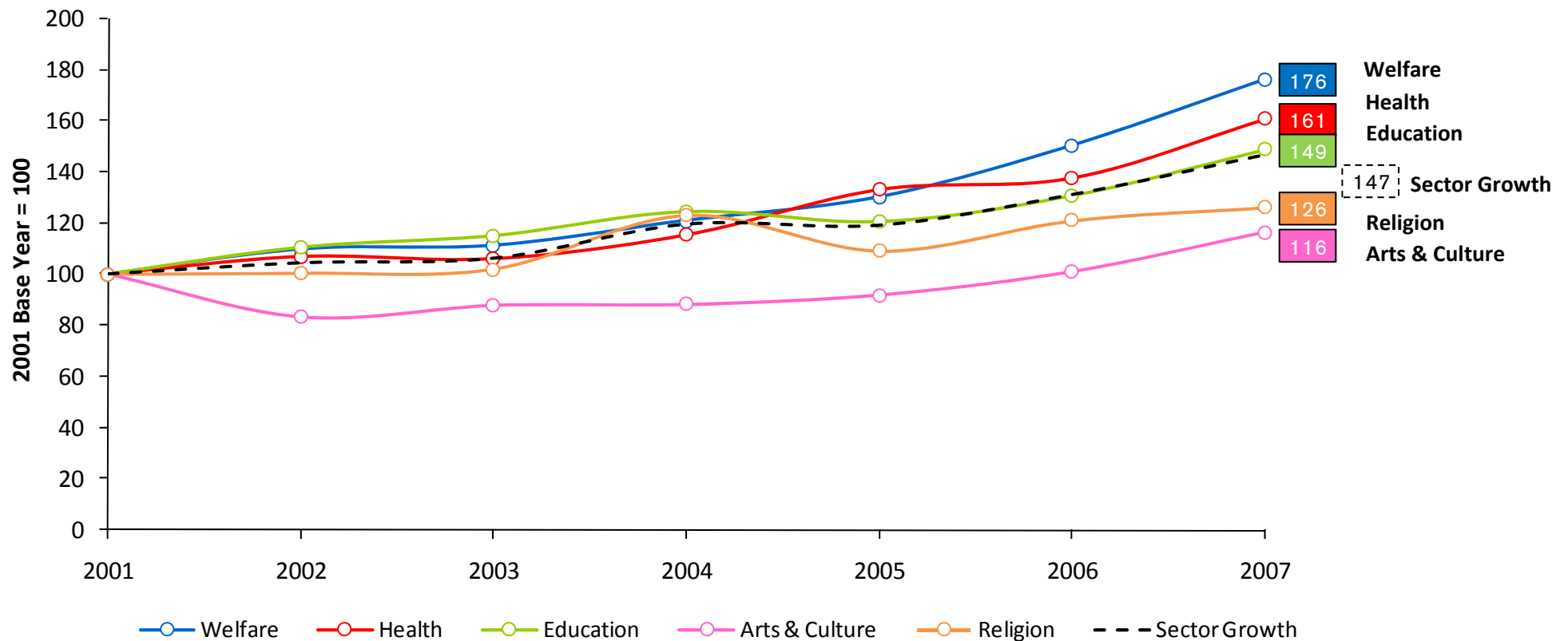- Education 15%
- Arts & Culture 4%
- Religion 33%

Source: Canada Revenue Agency's T3010 tax filings (Registered Charity Information Returns)

* **Among registered Public Foundations and Charitable Organizations**

CANADIAN FUNDRAISING & PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE RESEARCH GROUP

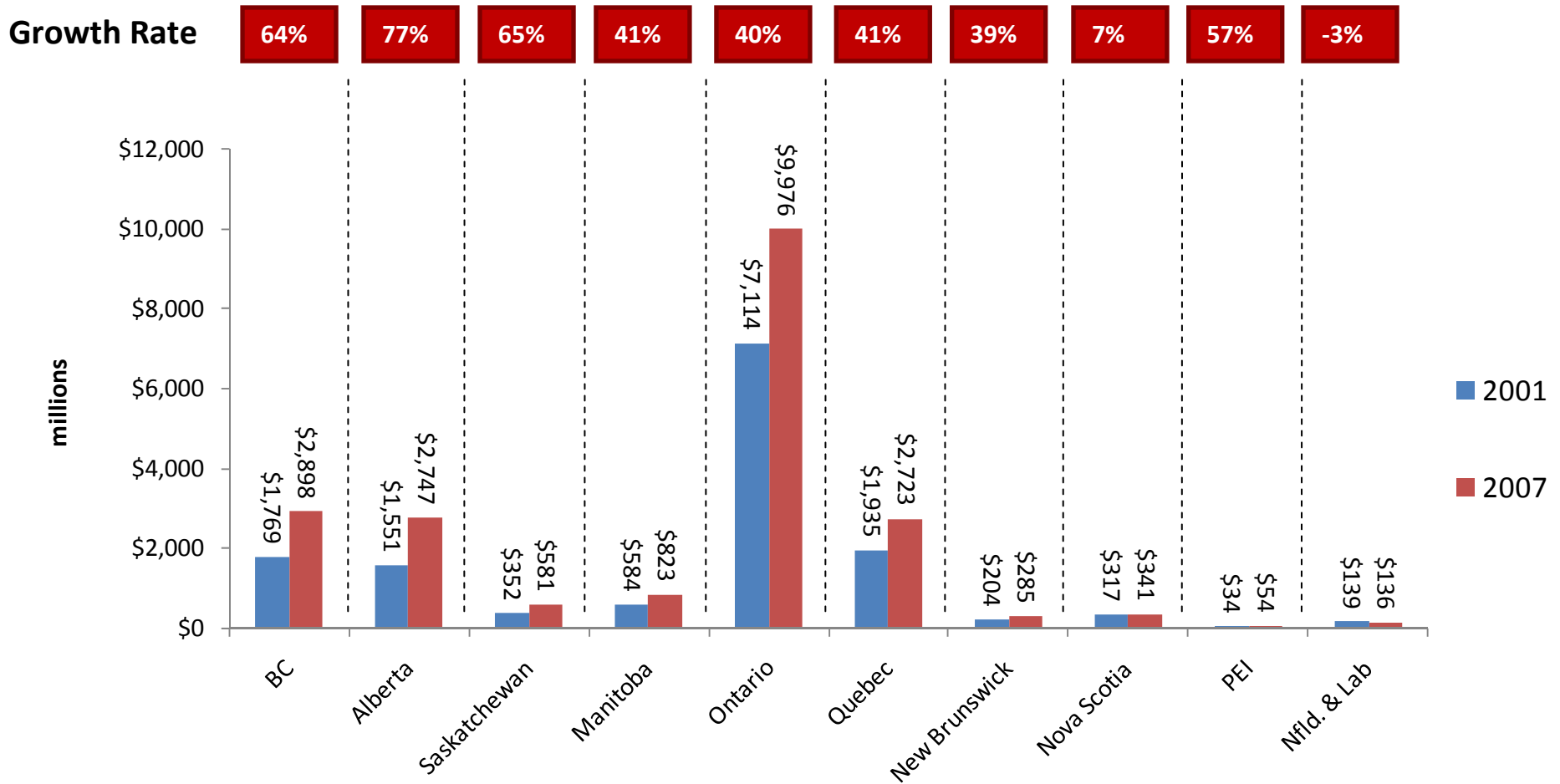# Historic Sector Growth Rate: *Fundraising Revenues*

- The growth rate in fundraising revenues has been largest in the **Welfare** sector (76% growth) between 2001 and 2007.

- The lowest growth rate has been in the **Arts & Culture** sector (16% growth) over the same period.

	Welfare	Health	Education	Arts & Culture	Religion	Sector Growth

Welfare: 176
Health: 161
Education: 149
Sector Growth: 147
Religion: 126
Arts & Culture: 116

Y-axis: 2001 Base Year = 100

X-axis: 2001, 2002, 2003, 2004, 2005, 2006, 2007

Source: Canada Revenue Agency's T3010 tax filings (Registered Charity Information Returns)

* Among registered Public Foundations and Charitable Organizations

CANADIAN
FUNDRAISING
&PHILANTHROPY

ALTRUVEST
Performance Improvement for Charities

INNOVATIVE
RESEARCH GROUP

Historic Provincial Growth Rates: *Fundraising Revenues*

Growth Rate

| 64% | 77% | 65% | 41% | 40% | 41% | 39% | 7% | 57% | -3% |

millions

Legend:
- 2001
- 2007

Data by province:
- **BC**: 2001 = $1,769; 2007 = $2,898
- **Alberta**: 2001 = $1,551; 2007 = $2,747
- **Saskatchewan**: 2001 = $352; 2007 = $581
- **Manitoba**: 2001 = $584; 2007 = $823
- **Ontario**: 2001 = $7,114; 2007 = $9,976
- **Quebec**: 2001 = $1,935; 2007 = $2,723
- **New Brunswick**: 2001 = $204; 2007 = $285
- **Nova Scotia**: 2001 = $317; 2007 = $341
- **PEI**: 2001 = $34; 2007 = $54
- **Nfld. & Lab**: 2001 = $139; 2007 = $136

Source: Canada Revenue Agency's T3010 tax filings (Registered Charity Information Returns)

* Among registered Public Foundations and Charitable Organizations

About the Study's Sponsors ▶▶

About Canadian Fundraising & Philanthropy

Since 1991, Canadian Fundraising & Philanthropy™ (formerly Canadian FundRaiser) has been updating nonprofit leaders on news, trends, tips and analysis of developments in the fields of fundraising and nonprofit management.

Our service, originally simply a twice-monthly newsletter, has expanded over the years to include workshops, books, back-issue search and Special Advisories for our Members/subscribers. And the complete package is now the *Canadian Fundraising & Philanthropy™ Premium Leadership Service*.

Please take a look at the current issue of Canadian Fundraising & Philanthropy™ eNews, and if you haven't done so already, sign up to receive future issues. Visit our *Bookroom*, and our *Key-To-The-Sector* Workshop Centre. Ask about Advertising & Sponsorship opportunities. Or send us an article suggestion. We're waiting to hear from you!

For more information about Canadian Fundraising & Philanthropy please to go **www.CanadianFundRaiser.com** or contact:

JIM HILBORN	*Publisher* **Canadian Fundraising & Philanthropy** Direct: 416.345.9403 Email: james@hilborn.com

Box 86, Station C
Toronto ON | M6J 3M7

About Altruvest Charitable Services

A catalyst dedicated to nurturing stronger leaders, stronger charities and stronger communities, Altruvest is the only charitable group in Canada dedicated to providing charities with the governance skills and volunteer leadership that will help them become more efficient, effective and accountable.

They are committed to enhancing the governance skills of charitable sector Boards and senior leaders by:

- Enhancing the skill sets of senior staff and Board Members in the charitable sector with respect to Board governance and leadership;

- Building capacity in the sector by introducing new volunteers to Board service through training and matching services; and

- Being a public advocate and thought leader for good governance.

For more information about Altruvest Charitable Services please go to **www.altruvest.org** or contact:

HOLLY HENDERSON	*Chief Executive Officer* **Altruvest Charitable Services** Direct: 416.597.2293 Email: holly.henderson@altruvest.org

2 Carlton Street
Suite 600
Toronto ON | M5B 1J3

ALTRUVEST
Performance Improvement for Charities

About INNOVATIVE

Innovative Research Group (INNOVATIVE) is a national public opinion research and strategy firm with offices in Vancouver, Toronto and Montreal. We use research to develop and evaluate communications strategies and strategic action.

INNOVATIVE has an extensive track record in designing and evaluating communications strategies, brands and reputation for some of the largest charitable organizations across Canada. Furthermore, we offer not-for-profit organizations and charities a suite of services designed to overcome the challenges of understanding donor motivations, retaining donors and maximizing donor gifts.

We believe we stand apart from our peers in our commitment to build proprietary tools and knowledge that provide our clients with insights that give them an advantage in whatever challenges they face. We pair our proprietary research tools with a commitment to developing actionable findings.

For more information on this study or inquires about Innovative Research Group service offerings please go to *www.InnovativeResearch.ca* or contact:

JASON LOCKHART	*Senior Consultant* **Innovative Research Group, Inc.** Direct: 416.642.7177 Email: jlockhart@innovativeresearch.ca

Montreal Office
1010 Sherbrooke St. West
Suite 1800
Montreal QC | H3A 2R7

Toronto Office
350 Bay Street
3rd Floor
Toronto ON | M5H 2S6

Vancouver Office
1055 West Hastings
3rd Floor
Vancouver BC | V6E 2E9

INNOVATIVE
RESEARCH GROUP