

Public Works, Parks, & Human Services Committee Agenda

July 6, 2016

10:00 – 11:30 A.M. Norkirk Room

1. PSE Presentation (25 Minutes)
2. 6th Street Corridor Study (15 Minutes)
3. Community Foundation (15 Minutes)
4. Marina Park Moorage Park Regulations (15 Minutes)
5. Draft levy reports (Parks and Streets) (15 Minutes)
6. Set August Agenda

Informational Items:

Upcoming Items on Council Agenda:

July 19, 2016

August 16, 2016

Next Public Works, Parks, & Human Services Committee Meeting

- August 3, 2016



Sutherland~Edwards

CONSULTANTS TO PHILANTHROPY

Feasibility Report and Recommendations for the Bermuda Community Foundation April 8, 2011

In February 2011, the consulting firm of Sutherland~Edwards, LLC, *Consultants to Philanthropy*, was contracted by the Bermuda Community Foundation Taskforce (BCF or the “Taskforce”), through The Centre on Philanthropy (“The Centre”) as the fiduciary agent of a grant made to support this work) to help the Taskforce assess the feasibility of establishing a community foundation for Bermuda. This work comes after 19 months of research on establishing a community foundation, resulting in an Interim Report issued in June 2010, prepared by the Community Foundation Research Sub-Committee. Significant Centre board discussion since June 2010 resulted in the need to gather additional input from key stakeholders. The Taskforce also requested recommendations from the consulting firm on possible models related to governance, staffing, structure and resource requirements needed to make a community foundation viable and sustainable.

This report is divided into two parts:

- 1) A feasibility report; and,
- 2) Consultants’ observations, findings and recommendations

I. FEASIBILITY REPORT

In order to assist the Taskforce in further ascertaining the feasibility of a community foundation for Bermuda, the consulting team engaged in a series of one-on-one interviews with approximately 38 key external stakeholders. The stakeholders were identified by the Taskforce, which at the time was comprised of staff and board members of The Centre, a representative of The Atlantic Philanthropies and included a broad cross-section of business leaders, high net worth philanthropic individuals, trust officers and other professionals and nonprofit leaders. Interviews were conducted during the week of March 14-21 and all but one interview was conducted in person. Interviews lasted from approximately 15 minutes to more than one hour. An interview protocol consisting of 16 questions was developed by the consultants and approved by the board. In addition, all interviewees were given the opportunity to provide as much feedback as they wished about the feasibility of establishing a community foundation for Bermuda.

Summary of Individual Interviews

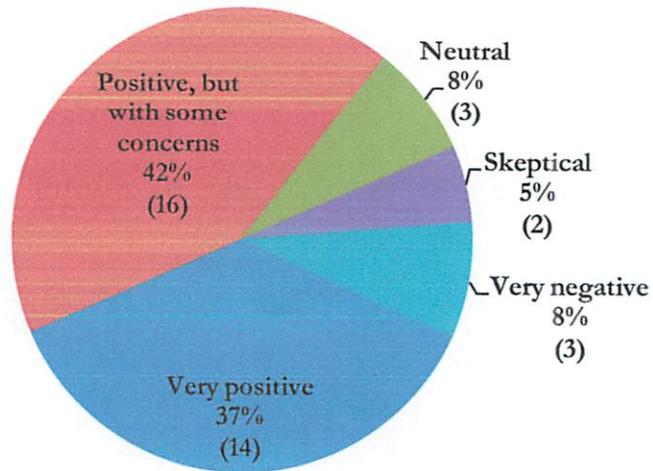
In general, there is broad support for the concept of establishing a community foundation for Bermuda. Of the 38 interviewees, 14 of the respondents (37%) were very positive about the concept and sustainability of a potential community foundation. These 14 people believe that a community foundation could provide a great service to the island by pooling resources and engaging donors who otherwise might not be engaged in philanthropy in Bermuda. They see the community foundation as a way to tap into new philanthropic markets that have never been tapped before. They also perceive a community foundation as a potential benefit to some international corporations and businesses that need, and would like, help with their charitable giving. Many hope that the community foundation would help build individual philanthropic giving to match the level of well-established corporate giving in Bermuda. A few see the community foundation as a way to attract donors from the black community in Bermuda, which is perceived as charitable, but only to a very defined and limited number of organisations. A few interviewees think that a rational, due diligence process for helping determine where philanthropic grant dollars should go would be an excellent role for a community foundation.

In addition to the 14 respondents discussed above, another 16 (42%) were also positive about the community foundation but expressed concerns or had questions or issues that they felt needed to be resolved before they would be completely comfortable supporting a community foundation. These issues and concerns will be highlighted in the following sections.

Of the remaining respondents, three (3) individuals were “neutral” on the concept, and two (2) would be categorised as “skeptical, requiring a great deal of work to be convinced.” The remaining three (3) interviewees were very negative and saw no benefit in establishing a community foundation for Bermuda. Combined, these individuals represent 21% of the total number of interviewees.

In summary, nearly 80% of respondents view the creation of a community foundation favorably and expressed appreciation for the many benefits a community foundation would bring to bear to support donors and nonprofit organisations in Bermuda. The following chart summarises the responses of the 38 individuals interviewed in the study.

Support for Establishing a Community Foundation in Bermuda



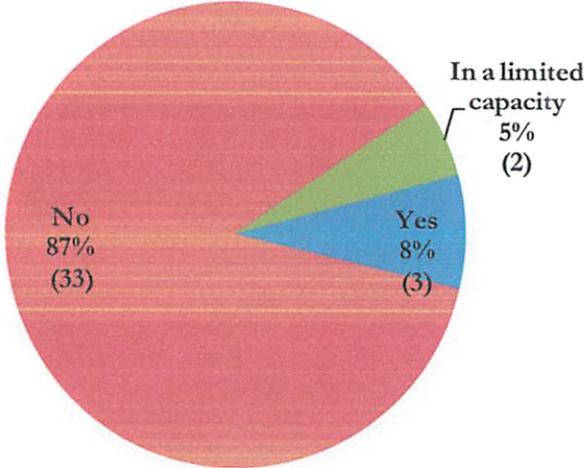
Detailed Findings

Within this general support for a community foundation, the consulting team was able to identify a series of detailed findings that add clarity and nuance to respondents' views.

Knowledge and Experience with Community Foundations and Awareness of the Bermuda Community Foundation Taskforce's Exploratory Plans

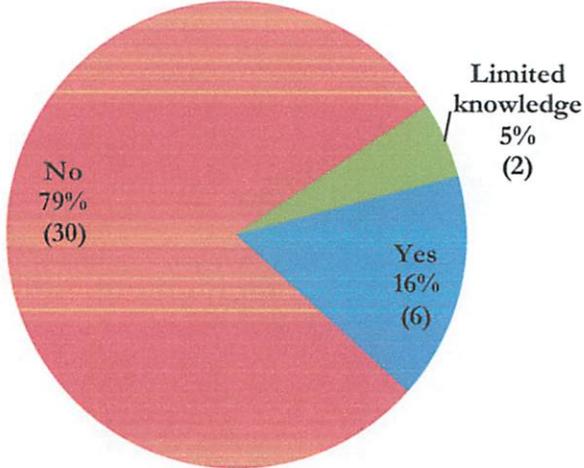
Interviewees were asked whether they had been previously involved with, or knew of a community foundation. Thirty-three (33) respondents responded "no"; two (2) had "limited" familiarity and three (3) indicated that they were aware of community foundations.

Knowledge & Experience with Community Foundations



Stakeholders were also asked whether they had been aware of or involved in the work of The Centre in exploring the establishment of a community foundation. Thirty (30) said “no”, two (2) said they had “limited knowledge”, and six (6) replied that they were aware of this project.

Awareness of Centre's Exploration of Establishing a Community Foundation



A clear majority of people had little experience with community foundations or awareness that the Taskforce was exploring this concept. From the consultants' perspective, this is not a surprising finding. From our work with clients in the States, most people are not aware of what a community foundation is or does. As a community foundation grows and becomes established, it becomes well-known, particularly by the donors who utilise its services, by the nonprofit community that receives funding from it, and by the professional advisors who may refer their clients to the community foundation.

Reactions to the Potential Establishment of a Community Foundation

As mentioned in the summary, a vast majority of respondents expressed approval for the idea of establishing a community foundation for the island of Bermuda. While a number of respondents expressed concerns or raised questions about how a foundation would grow and sustain itself, most stakeholders interviewed believed that the effort to establish a community foundation to benefit Bermuda should be undertaken. Individuals articulated a variety of opinions about what a community foundation could do, but overall a majority of stakeholders viewed the creation of a community foundation as a way to both increase philanthropic giving AND improve the process of philanthropic giving in Bermuda.

Representative comments included:

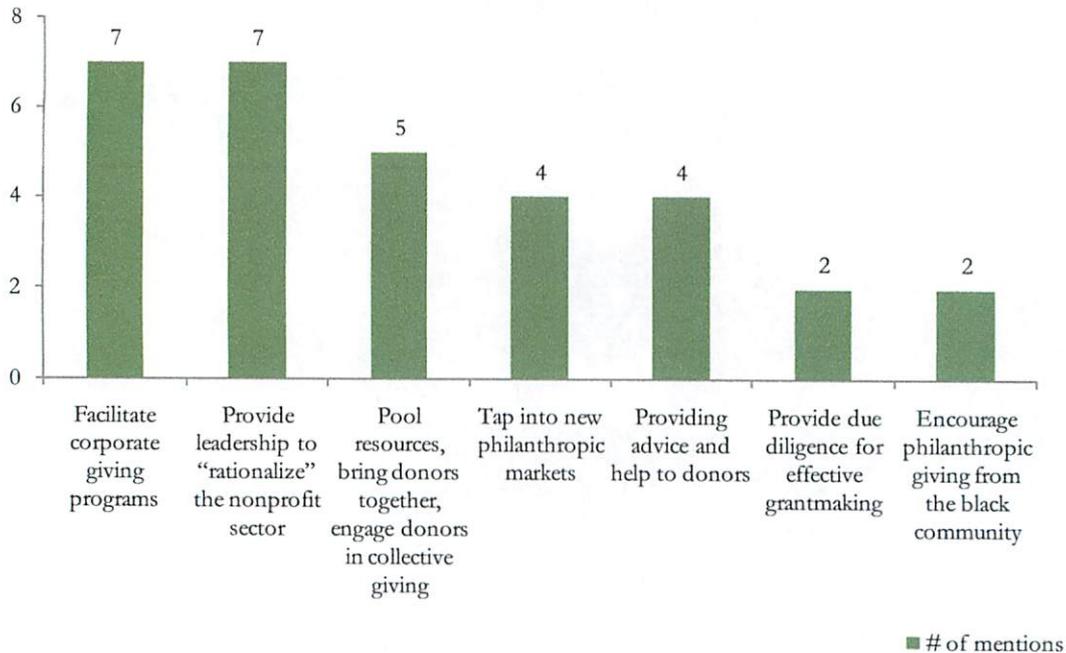
- “There would be a lot of advantages: creating a unifying voice, collecting philanthropic dollars in one place, and increasing philanthropy. I would think the corporations would love to work through a community foundation. This would be the way to have a better and more effective targeting of donors.”
- “I think this would be great for small to medium-size businesses as well as wealthy individuals who don't have the time, infrastructure or research capacity to evaluate various nonprofits and determine which are most effective.”
- “I think this idea has great merit, especially for big high net worth families. It might make philanthropic giving easier.”
- “A community foundation could tap certain segments of the community that have never been tapped. It could also be a great service for corporate giving programmes.”
- “If the community foundation could advise donors, it could help get nonprofit organisations to a better state.”

Positive Perceptions of What a Community Foundation Could Accomplish or Contribute

Listed below are the most frequently mentioned benefits that interviewees saw a community foundation being able to provide, with the number of mentions cited in each instance:

- Facilitate corporate giving programmes 7
- Provide leadership to “rationalise” the nonprofit sector 7
- Pool resources, bring donors together, engage donors in collective giving 5
- Tap into new philanthropic markets 4
- Providing advice and help to donors 4
- Provide due diligence for effective grantmaking 2
- Encourage philanthropic giving from the black community 2

Benefits of a Community Foundation



Concerns Regarding Creation of a Bermuda Community Foundation

While a vast majority of interviewees support the concept of a community foundation, nearly half of all supporters had questions or reservations, and another 21% were neutral to overtly negative. Of respondents who were skeptical or negative, some expressed concerns to the point that they could not see the necessity or viability of a community foundation. Many of the concerns focused on fees and the cost to operate the foundation. Of equal concern was the foundation diverting resources and negatively impacting the nonprofit community's ability to raise funds. Additionally, it appears that many donors and families have long-term, well established relationships with certain charities which may indicate that there is not a need for, or an interest in, a community foundation among donors.

Illustrative quotes include:

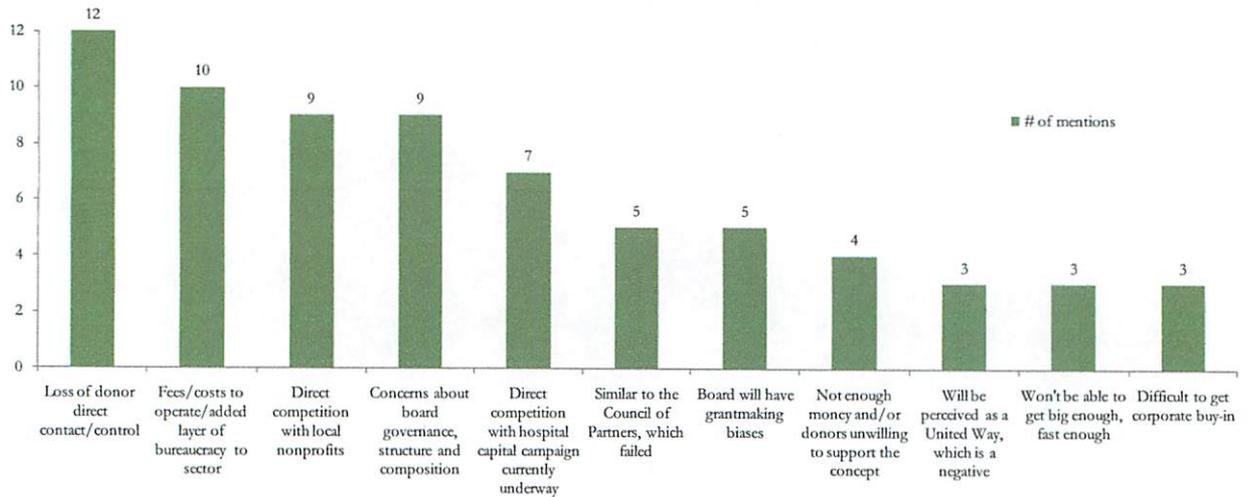
- "I can't imagine anyone in Bermuda saying something like a permanent charitable trust sounds bad. But, when you get past the nice words, what you're saying is 'give me your money and we will divide it up.' No way. There is only a limited amount of money. I don't need this."
- "I don't see it working here. This is such an American concept."
- "I am not sure how much interest there would be in Bermuda. It doesn't seem like something our foundation would want to do, but it might be a good vehicle for others."
- "From a personal standpoint, I would be surprised to see families give in that form. In Bermuda, because of how society is here, and how families are aligned with charities already, I don't see them wanting to work through or with a community foundation."

- “How do I know if I partook, that what I am paying for is doing the right thing, and they won't grow into a corrupt organisation? People are really concerned about corruption.”
- “My first reaction is to wonder whether Bermuda is big enough for it; whether there are sufficient donors to make it a worthwhile effort.”
- “I don't want someone else to manage my corporate contributions programme. That is not an appeal to us.”
- “I'm concerned about adding another layer of cost and of administrative activity that succeeds in doing relatively little.”
- “Attracting corporate donors will be, I think, challenging. Corporate giving is semi-self-interested and semi-marketing. This would mitigate them getting credit.”
- “In the current climate, there are a lot of people in Bermuda who feel they have to give the resources they have to give to **their** particular charities. The number of asks are just incredible. Both of the charities I give to have problems and I must continue to give to them. Not to a new one.”
- “I'm concerned about the structure of the board; it has to be very credible.”

The table below summarises the concerns expressed most frequently by stakeholders in order of the frequency with which they were mentioned:

➤ Loss of donor direct contact/control	12
➤ Fees/costs to operate/added layer of bureaucracy to sector	10
➤ Direct competition with local nonprofits	9
➤ Concerns about board governance, structure and composition	9
➤ Direct competition with hospital capital campaign currently underway	7
➤ Similar to the Council of Partners, which failed	5
➤ Board will have grantmaking biases	5
➤ Not enough money and/or donors unwilling to support the concept	4
➤ Will be perceived as a United Way, which is a negative	3
➤ Won't be able to get big enough, fast enough	3
➤ Difficult to get corporate buy-in	3

Concerns About a Community Foundation

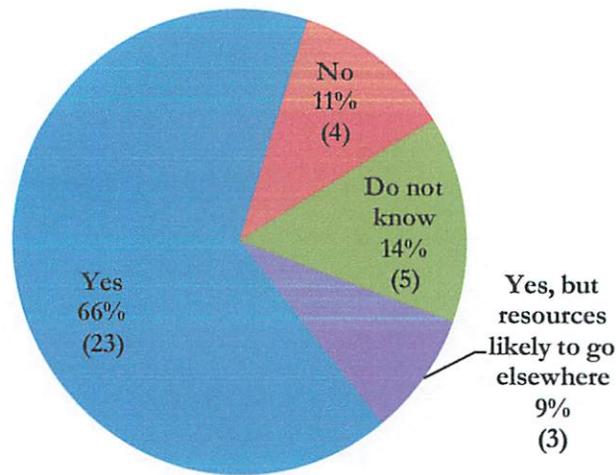


If the Taskforce chooses to move forward with establishing a community foundation, they will need to fully address all the concerns listed above. In many cases the issues raised were significant enough to cause interviewees to question whether they would support a community foundation if these issues were not directly addressed, or whether a community foundation could be viable in the presence of such concerns. In other cases, stakeholders simply raised a question that they would like addressed, even though they were supportive.

Philanthropic Capacity

Stakeholders were also asked whether they perceived sufficient resources on the island to support a community foundation. Of the 35 interviewees who responded, more than 60% (23) unequivocally responded affirmatively. A few (3) said yes, but they did not think those resources would be given to the community foundation. Five (5) respondents did not know, and four (4) said "no". A summary of responses are listed below:

Sufficient Resources to Support a Community Foundation



Many – if not most – of the interviewees were actively engaged in philanthropy in Bermuda and offered numerous observations about the philanthropic giving culture on the island. A majority perceived the vast amount of charitable giving to be conducted through the large international corporations and businesses that do business in Bermuda. However, many cited frustration in the inability to determine how much money is actually being given annually to which organisations and by whom. Respondents repeatedly observed that there are many high net worth individuals who are very generous. Additionally, there is a perception that there are a small number of individuals who are constantly being asked for more and more dollars to support local philanthropies, and that a large number of people on the island give little to charity. Respondents generally agreed that there is a large untapped market of philanthropic dollars especially among the black community and newer residents in Bermuda.

It is interesting to consider some of the representative providing stakeholders' perceptions of Bermuda's culture of giving:

- "My biggest concern is the absolutely low level, abysmally low level, of individual philanthropic giving in Bermuda. It's appalling. Giving that does happen appears to be primarily through corporations."
- "Everybody that has money on this island has been scoured over and over again by every charity. The same people have been hit up over and over again. We are tired and we can't do much more and we are not going to increase our giving."
- "There are certain segments of the community that have never been tapped."
- "Philanthropy on this island is silly with the number of walks, events, tag sales, etc. going on here. It just doesn't make sense."
- "That's the mindset here - giving is all about corporations. That's what people think of when they think of charitable giving. But we as individuals do not give. I would guess that the average well-to-do individual or family gives about \$1,000."

- “This will be really hard to sell to individuals because families are already aligned with the charities they give to. And many corporate giving programmes wouldn't want to outsource that to someone else, because they couldn't take credit or get publicity.”
- “There are a lot of people in Bermuda in the current climate who feel they *have* to give the resources they have to give to *their* particular charities.”
- “We all think Bermudians are generous, but I'm not sure how generous we really are. But the spirit is there – people to reach out and do things for others, financially as well as with their time. But no one really knows how much charitable giving there is annually in Bermuda.”
- “Donors are really interested in control. If the community foundation can do the dirty work, and still give the donors control, it might work. I have a friend who put \$1 million in trust at a bank for football. I assume he could switch something like that to the community foundation instead of having it administered by a bank.”
- “There is huge wealth and philanthropic intent but it is race-based, however. When you look at things that have been funded, organisations tend to be either black or white. There are not a lot of black names on these white organisations' boards. There are lots and lots of wealthy black people. The community foundation could really be important because of the racial issues and because we need to see support from the philanthropic black community.”
- “I don't think that blacks in Bermuda think about giving as much as whites. It is because we don't see ourselves as a part of the current foundations that are here. A community foundation would give us blacks a better opportunity to give.”
- “The biggest source of funding is the corporations. Individual giving is very particular and very sparse and is not forthcoming.”

Willingness to Participate with a Community Foundation

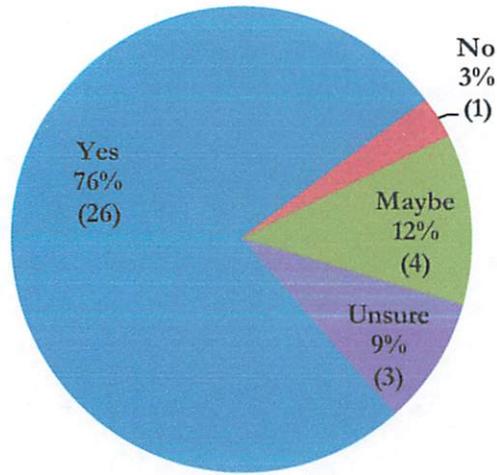
Stakeholders were then asked a series of questions about their perceptions of individuals', families', corporations' and foundations' specific interests in the services of a community foundation.

Questions included:

- 1) Do you think there are individuals, families, corporations or foundations in Bermuda that would be interested in conducting their philanthropy through and/or in partnership with a community foundation?
- 2) Would the respondent be willing to connect individuals, families, corporations or foundations to the community foundation at a later time?
- 3) Perhaps most importantly, would the stakeholder consider making the community foundation part of **their** philanthropy if the foundation was established?

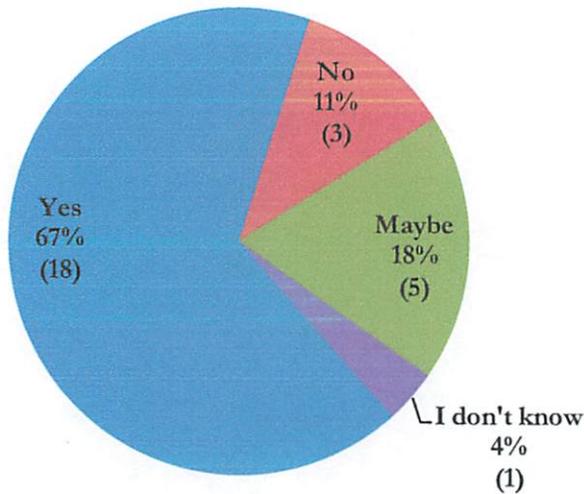
In response to the first question, an overwhelming majority (26) said “yes,” there would be a perceived interest in conducting philanthropy through or with a community foundation. Just three (3) respondents were unsure; four (4) answered “maybe,” and one (1) said “no.”

Perceived Interest in Conducting Philanthropy through or with a Community Foundation



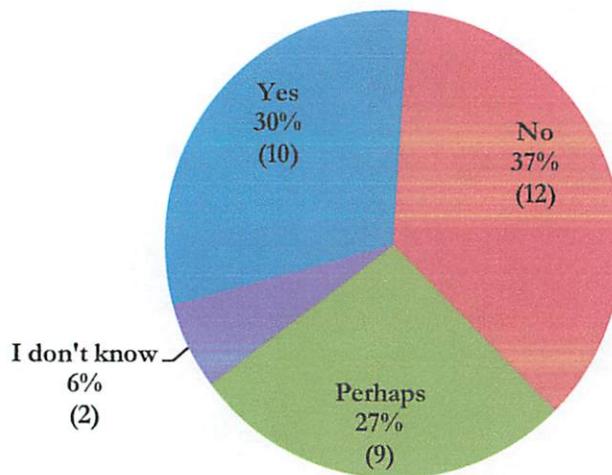
With respect to making introductions to individuals, families, corporations or foundations who might be interested in conducting their philanthropy in partnership with a community foundation, 18 respondents indicated they would be willing to make such connections, five said “maybe,” one (1) didn't know and three (3) were unwilling.

Would Offer Connection to Community Foundation



Finally, as to whether interviewed stakeholders themselves might consider partnering with the community foundation for their own philanthropic giving, ten (10) responded affirmatively and nine (9) answered “perhaps.” Just two (2) said they “did not know,” and twelve (12) said “no.”

Would Consider Making Community Foundation Part of Stakeholders' Philanthropy



Charitable Sector Concerns

The consultants asked a broad question as to stakeholders' major concerns specific to philanthropy and the nonprofit sector in Bermuda. This question brought a multitude of responses. Most surprising to the consultants was the fact that more than 90% of respondents talked about, or were aware of, the more than 400 registered nonprofit organisations in Bermuda. This was a chief concern for a majority of respondents. Only a handful of observers who are aware of what is described as a “proliferation” of organisations in the sector found the situation acceptable.

Of the 90% who commented on the charitable sector, most indicated that there are too many nonprofit organisations, that they are too fragmented, that community members are unclear on the many nonprofits' missions, and that they perceive charitable organisations to have poorly defined their missions, even internally. Many interviewees perceive a clear overlap or duplication of services and many believe the nonprofit sector is rife with poor management. They believe nonprofits are personality driven and fail to make an impact on the crucial issues facing the residents of the island. Interviewees were concerned about the sustainability of so many organisations, about their dependency on corporate and government funding and that, given current economic difficulties, many of these organisations would be unable to survive. Interviewees overwhelmingly raise an additional concern that the Taskforce must take seriously and fully address: that the community foundation, if created, must assume a leadership role in confronting the number of nonprofit organisations on the island. Multiple respondents said they had hoped that The Centre on Philanthropy could do this – or already was – but both groups emphasised that the community

foundation should lead the way to "rationalise" the nonprofit sector – a term that was heard repeatedly.

Concerns about the nonprofit sector are highlighted in the quotes below:

- “The problem is that the whole charitable sector is massively over diversified and over-served and there is wildly too much duplication in the sector. 400 nonprofits serving 65,000 people? That is absurd. It actually is a real disincentive for people to give.”
- “We've tried on occasions to act as a catalyst to force nonprofit organisations to coordinate, collaborate and work together - we didn't and can't seem to succeed.”
- “There are millions charities out of there, and the community foundation can make a more efficient.”
- “Please just stop the proliferation; stop the fragmentation. This MUST be fixed.”
- “Because of the number of charities in Bermuda it is hard for corporations to make good decisions.”
- “Nonprofit organisations feel a greater sense of self-esteem these days; they don't feel they have to be subservient to donors.”
- “I'm so frustrated because of the more than 400 nonprofits out there. There are too many; too many are personality driven, not mission driven.”
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- “Because of the number of charities in Bermuda it is hard for corporations to make good decisions.”
- “Nonprofit organisations feel a greater sense of self-esteem these days; they don't feel they have to be subservient to donors.”
- “Somebody's got to rationalise the nonprofit sector. How do you make organisations cooperate with one another? A community foundation could make that happen with financial leverage.”
- “I'm so frustrated because of the more than 400 nonprofits out there. There are too many; too many are personality driven, not mission driven.”

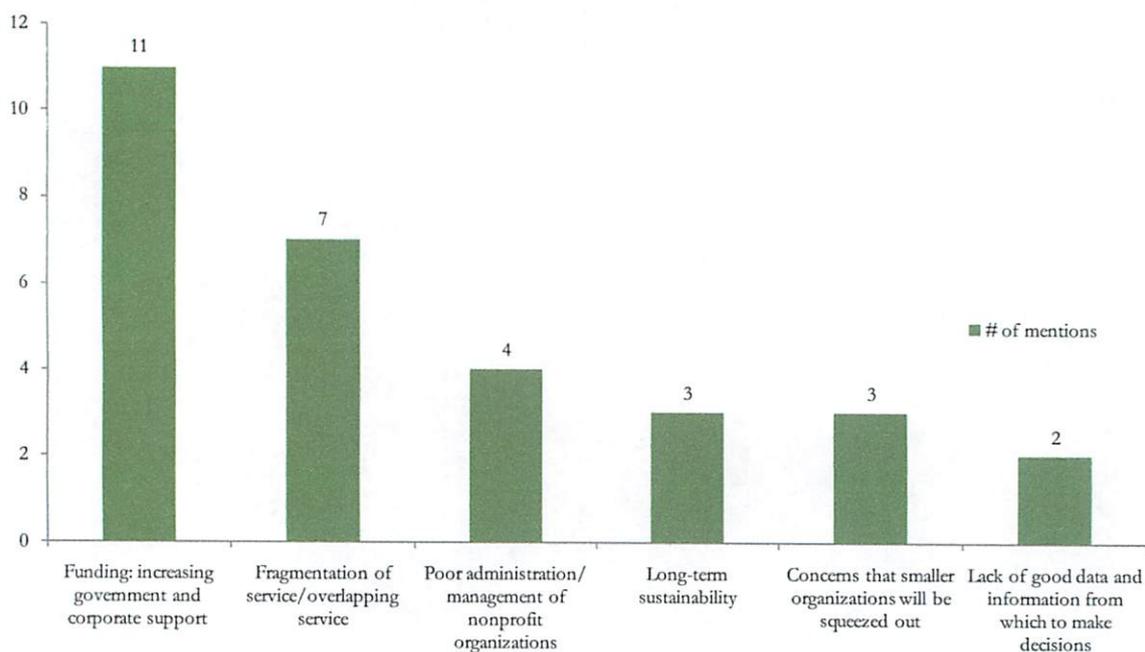
One quote from a highly respected individual was particularly intriguing to the consultants, given its relationship to a community foundation.

“Giving directly to nonprofits is the root cause of the problem. We give and give and have no idea what organisation is doing well, where the money goes and what outcomes the organisation achieved. We stay in our comfort zone and make the same gift year after year – and we really don't know what's happening.”

In addition to the overwhelming numbers who cited the proliferation of nonprofits, below is a list of some of the other most frequently mentioned concerns for the charitable sector in Bermuda.

- Funding: increasing government and corporate support 11
- Fragmentation of service/overlapping service 7
- Poor administration/management of nonprofit organisations 4
- Long-term sustainability 3
- Concerns that smaller organisations will be squeezed out 3
- Lack of good data and information from which to make decisions 2

Concerns About the Bermuda Charitable Sector



Community Foundation Leadership

Interviewees were asked if they had suggestions for individuals who might be helpful in providing leadership to a new community foundation or who would be critical to its success. Many people were hesitant to provide individual names, but spoke in general terms about the kinds of people who should be on the board, including:

- Corporate CEOs
- Representatives from the corporate and business communities
- Trust officers
- Accountants
- Members of the Donors Forum
- Young professionals

Many felt the board should have a good balance of diversity along racial, gender and socioeconomic lines. A number of respondents expressed the view that there should be no members of the government at the board level.

Suggestions on Making a Community Foundation Successful

Finally, the consultants asked an open-ended question inviting any other thoughts or concerns interviewees wished to share with respect to steps the Taskforce should take to make the community foundation successful. We have grouped these responses into two categories: those mentioned most often, in one form or another, and comments interpreted by the consultants as among the most important for the Taskforce to consider.

Board quality

More than 40% of the respondents cited the importance of the community foundation having a board of the highest possible quality. While many said the board needs to be diverse, most indicated that it is critically important to get the right people on the board. The right people were described as those who have the integrity and stature to attract resources to the foundation, insure donors that their investments will be managed properly, and insure that grants from the community foundation will be made in an open and transparent process. The consultants believe the quality of the board is critical to the ongoing success of the foundation. The board must be perceived as individuals who put the interests of Bermuda ahead of their own personal, corporate or financial interests. While this may seem obvious, there is a concern on the island about the real or perceived nature of the possibility of corruption or that board members would benefit personally from the activities of the community foundation. This issue must be addressed and dispelled as quickly as possible in order for a community foundation to grow and thrive in Bermuda. A number of respondents also expressed concerns that should the community foundation be established, and if donors contributed to it, that grants would then be awarded to those organisations that had a personal connection to members of the community foundation's board. As is addressed in more detail in the recommendations at the conclusion of this feasibility report, the consultants would strongly urge the adoption of a grantmaking process and practices that are fair, accessible and transparent in order to communicate to the nonprofit and donor communities alike the integrity of the community foundation.

Below is a selection of illustrative comments which reflect concerns about the quality, composition and integrity of the community foundation board:

- “I think the main one is around grantmaking. If it is not done well, people will perceive the community foundation as a bunch of old, rich guys giving dollars to their favorite charities. There needs to be a strong conflict of interest policy put in place and enforced.”
- “Bermuda has a big issue around conflicts of interest. You do not need a typical white male international business board making decisions about grants. The framework for decision-making is critical: fund management, gift acceptance policies, and investment policies; these are all critical. These need to be thought through carefully before you begin.”
- “My biggest issue is governance, to ensure this is not a repeat of the Council of Partners.”
- “The critical factor is leadership and the board of the new organisation. They must be the most trusted, well-respected people of the highest integrity - without that, this will fail.”

- “What you need to sell me on is the efficiency. Convince me that this will make giving better and more efficient at a small dollar amount.”
- “There is a dearth of good leadership available here. You'll need a really good CEO to make this happen.”
- “It all gets down to commitment. The board needs to be passionate about this; if they are, it will do very well.”
- “I get it as you describe a community foundation. I am effectively buying investment management services. That I can understand.”
- “Who will sit on the board? What kind of pool of people will the board be chosen from? Who will be the executive? What kinds of backgrounds will they bring together? The board has to be broad-based, not just the wealthiest and most influential, there has to be some sort of balance.”
- “I am concerned about the structure of the board. It has to be very credible. People would have to have the assurance that in the community foundation, the principal can never be invaded, and that donors' gifts and legacies would be secure forever.”
- “The board would have to be demographically representative. The board has to have complete integrity.”
- “The board has to have an impeccable reputation and communicate what it's doing in terms of benefiting the community. It must have extremely good visibility that gives the appearance of transparency.”

Clear message and marketing plan

Almost 25% of respondents suggested that in order for the community foundation to be successful, there must be a set of clear messages and a very clear marketing plan. Stakeholders suggested that the board prioritise determining what it is exactly that it wants Bermudians to understand that a community foundation does and how it will do that. Perhaps this is best exemplified by this quote, from a trust officer – one who, ironically, is very skeptical about the viability and success of a community foundation:

“If you educate people as to the benefits of the community foundation and they get a full understanding of what it does and why it is here, they would approve of it. Please understand that Bermuda is not ‘anti-charity’, it is simply ‘anti-new’.”

Since most of the respondents were not familiar with the concept of a community foundation, many assigned their own interpretation of what a community foundation is and does, and in turn, what they thought it could best do for the philanthropic sector, nonprofit organisations and the long-term benefit of Bermuda. Therefore, the board must clearly articulate why a community foundation is needed, what it will do and how it will do it.

Illustrative quotes support this concept:

- “A community foundation is not an easily digestible concept. It needs to be clear to people what it is trying to do.”
- “A community foundation could be perceived as a big bubble in a big room filled with a lot of stuff. It needs to be very tightly defined and focused in what it wants to do.”
- “I am somewhat confused, so they will need a clear presentation and marketing plan.”

- “While I have some reservations about yet another organisation - if it is properly defined, communicated and identified, it could be a powerful and useful tool.”
- “It will need an impeccable reputation and to communicate what it’s doing in terms of benefiting the community. Good visibility and complete transparency.”
- “Get the marketing and messaging right and the vision must be compelling.”
- “Communicate and keep it simple. It can’t be a lot of big words (like the definition of a community foundation that you just read to me). I am reminded of what President Kennedy said: ‘We will put a man on the moon and bring him home safely in ten years.’ He didn’t use big words like research or exploration. The community foundation has to be understood succinctly and simply – and you must define the community foundation before others do it for you.”

Justifying fees, costs and understanding the business model

Since the concept of a community foundation was new to most stakeholders, most were unclear on a community foundation’s business model – how it operates and derives its operating revenue. For the foundation to be successful, the community will have to understand, and to some degree embrace, the business model of a typical community foundation. People were unclear how a new foundation would attract resources, invest those resources, make grants – *and* generate the revenue to do all of that.

Illustrative quotes:

- “They will have to think very critically about how they manage funds, what gifts they will and will not accept and how they charge for their services. People want to know this before they invest.”
- “What the hell is this going to cost? I would need to know this. Are they going to hire 10 people to run this organisation?”
- “What about administrative overhead? It would be terrible to rebuild the infrastructure and overhead that [the sector] already has.”
- “I question adding another layer of cost and of administrative activity that succeeds in doing relatively little, or fails in its objectives.”
- “I would struggle with the flat fee concept. I would rather pay specifically for the expertise and charge me for that.”

Other issues that need to be addressed

In the course of data collection, the consultants identified a set of issues that impact the decision to establish a community foundation for Bermuda. None of these issues, taken individually or collectively, should be seen as a deterrent to move forward. However, they are issues that need to be carefully considered before a final decision is made. They include:

- **The absence of a culture of legacy or endowed giving in Bermuda.** Interviewees commonly mentioned that most nonprofits do not have organisational endowments to support themselves and that most donors do not think in terms of endowed giving. In addition, few people thought that most Bermudians made charitable legacy giving a part of their estate planning. This represents a challenge to the creation and growth of a community foundation: donors will have to adopt a perception that they are investing in the long term viability of Bermuda.

- **Is this the right time?** Some people questioned that given the current economic difficulties, whether now is the right time to start a community foundation. On the other hand, a few people argued that now was precisely the time to create a long-term set of permanent funds to help local nonprofits now, *and in the future*, as the sector navigates both easier and more challenging economic climates.
- **Competition with the hospital campaign.** More than a quarter of respondents raised the issue of the \$40 million dollar hospital campaign currently underway. A few were actively involved in raising dollars for this project and indicated that while they support the community foundation concept – and even wish to help lead the effort – they would have to wait until after the hospital campaign was complete to begin. In fact, most people suggested waiting until the hospital campaign was over before launching the community foundation.
- **Associations with the Council of Partners.** The failure of the Council of Partners, and a remaining “bitter taste” about that effort, makes some Bermudians skeptical of a community foundation concept. Many perceive similarities between the two, and to the extent this impression is not dispelled, community foundation support would suffer because of the Council’s earlier failure.
- **Bermuda College Foundation.** Some respondents cited potential competition with a nascent Bermuda College Foundation. It remains unclear whether the College Foundation would be an operating foundation (raising current dollars to support operations) or whether it would adopt an endowment focus. In any event, there is a definite indication that the College Foundation would retreat from activities that might be seen as competitive and instead create a designated fund or funds with the community foundation if it were established.
- **Bank of Bermuda Foundation and Atlantic Philanthropies.** These two foundations are widely perceived as the key philanthropic entities on the island, given their grantmaking capacity and leadership in philanthropic giving. Many stakeholders suggested that “buy-in” from these two Foundations would significantly increase the potential success of a community foundation, and may be a necessary early step.
- **Ross “Blackie” Talbot, End-to-End, and Other Signature Events.** Many interviewees brought up these well-known collective fundraising events and raised concerns about the impact the creation of a community foundation might have on them. Some thought that a community foundation would effectively put an end to these large, community-wide events’ ability to raise significant dollars and in turn, hurt the local nonprofits that rely on the annual contributions from them. Most respondents did not understand how a community foundation would differ from such annual fundraising events. This confusion - and differentiating a community foundation from event-based fundraising - would have to be rectified at the earliest opportunity so that inaccurate perceptions did not adversely color the understanding of a community foundation from its inception. Perhaps more importantly, there is a significant opportunity for these large community events to partner with the community foundation, including creating endowed funds that could eventually replace the need to continue the events on an annual basis indefinitely.

- **High net worth versus corporate giving.** It was interesting that during the interview process, many high net worth donors thought a community foundation would be ideal for corporate giving and that corporate donors thought it would be ideal for high net worth individuals. In reality, it will require both sets of donors to be successful.

II. CONSULTANTS' OBSERVATIONS, FINDINGS AND RECOMMENDATIONS

Based on the data presented, the consultants would recommend that the Taskforce proceed, in a very deliberate and strategic manner, in establishing a community foundation for Bermuda. However, the consultants recommend this if, and only if, the board is prepared to address the very important issues articulated above. While there is significant support for the concept of a community foundation, it is clear that very few people understand exactly what a community foundation does or can do. If the board can come to consensus on what it clearly defines as a community foundation, and is willing over the course of the planning process to address the issues raised by stakeholders (see above, *Concerns Regarding Creation of a Bermuda Community Foundation* on page 6), then the consultants believe the foundation could and should move forward with plans to create the Bermuda Community Foundation.

If the board chooses to proceed, there are four critical factors that need to be in place for the effort to succeed. These may be considered prerequisites that the board must accept and act on in order to arrive at the decision to establish a community foundation.

1. Board commitment and passion

First and foremost, the community foundation must be led by a board of directors who uniformly believe in the value of a community foundation, are committed to its success, and are willing to be passionate ambassadors for it. Research has shown that for an emerging community foundation to achieve success, it must have an actively engaged board that is willing to do the heavy lifting, especially in the early stages of development. The board must be of the highest quality and integrity; have connections to those individuals, corporations and foundations that must make the initial investments in the foundation; and share the vision of a community foundation as a set of permanent charitable trusts created to support the ever-changing needs of Bermuda - forever.

2. Quality of the CEO

The community foundation will not succeed unless the board is able to attract a CEO of the highest caliber. A number of respondents stressed this in our interviews. The CEO must possess the skills and abilities to work with multiple constituent groups to garner the venture capital to make the community foundation viable. This is not a "9-to5" job. The CEO must demonstrate the passion and the "fire in the belly" to work hand-in-hand with the board to achieve success. Given the number of perceived and real barriers to raising long-term charitable assets, it will be incumbent on the board to make the recruitment of a CEO of the highest quality a priority. (Please see separate document *What Does It Take? Attributes of Effective*

Community Foundation Chief Executives, a publication of The James Irvine Foundation based on lessons from its Community Foundations Initiative.)

3. Clearly defined community foundation mission and role

Throughout the interviews, it was clear that people perceive and define a community foundation *in their terms*. A community foundation can be anything to anybody and it is important for the board to clearly define what it sees as the foundation's mission and role. Does it seek to be a service provider for corporate giving programmes? Does it want to offer all of the fund types or products a community foundation can? Is the focus on endowed giving, attracting pass through dollars or both? Does it want to embrace a community leadership agenda, such as addressing the proliferation of nonprofit organisations, or focus on asset development? What are the long-term goals of the foundation? How will you deal with "expectation management"? Based on the consultants' interviews, the description of the community foundation crafted for exploratory purposes with stakeholders was vague and confusing. The effort to avoid reducing a community foundation to merely a collection of funds exacerbated this confusion. The board needs to clearly define what the community foundation is, what it intends to achieve and what services it will offer and to whom - in the simplest manner possible.

4. Early support and buy-in

Some of the more philanthropic savvy stakeholders suggested that in order for the community foundation to be successful, there needs to be early support from both the Atlantic Philanthropies and Bank of Bermuda Foundation. Ideally this would be in the form of financial support, but more important would be the signal to the community that these influential and leading philanthropies believe that a community foundation would be a valuable long-term asset for Bermuda. How to engage key leaders from both of these organisations would be an issue to resolve in the early stages. Lack of support from either or both of these organisations could be an indication that the community foundation may or may not be successful.

Decision Tree

If the board can agree upon meeting these four threshold criteria, it can then address a series of decisions that will dictate the organisational, governance and operating structures for a newly-created community foundation.

Decision #1: Organisational Structure

Based upon our interviews with informed stakeholders of the Taskforce and the charitable sector in Bermuda, and the consultants' extensive experience with community foundations, we are acutely aware that the organisational structure of The Bermuda Community Foundation will heavily impact its prospects for success from the outset. And herein lies a paradox.

On the one hand, many constituents are firm that a community foundation must be represented by the highest caliber board possible, and one that is separate and independent from The Centre on Philanthropy. On the other hand, equally as many observers are resolute that the creation of a community foundation should not generate additional administrative expense to the charitable sector, and could share its back office functions with The Centre, for purposes of cost effectiveness. These two mandates are mutually exclusive. Separate boards by definition mean separate organisations, independent in both appearance and fact. This is incompatible with shared back office operations, because even an independent community foundation contracting back office

functions to a separate entity (i.e., The Centre on Philanthropy) would have the appearance of merged operations, sponsorship or another such other close relationship.

The Taskforce must choose between satisfying respondents who demand operational efficiencies in the creation of a community foundation (i.e., a shared back office), and those who insist that the community foundation be launched as an independent organisation with a distinct board.

Recommendation: The consultants recommend that the community foundation be launched as a new and distinct organisation.

Decision #2: Strategically assess all of The Centre on Philanthropy's current programme components and the components in the proposed community foundation

If the Taskforce agreed to the creation of a community foundation as a distinct corporate entity, then The Centre's board, should next engage in an unvarnished assessment of The Centre's current programming. This candid review should assess the extent to which current programmes were launched or adopted strategically, allowed to develop because of external (i.e., funder) interest, or were championed primarily by staff. With such a candid assessment complete, The Centre should then engage in a thoughtful consideration about which of The Centre's programmes should migrate to the new community foundation, which should properly reside under The Centre's (yet to be named) umbrella for nonprofit support, and which, for reasons of focus, priority or resource constraints, should perhaps be discontinued in the creation of a community foundation and the reorganisation of The Centre's work under its auspices. We recommend that all activities related to enhancing philanthropy, allocating grant dollars or supporting the interests of donors become housed by the community foundation. All other activities typically viewed as supporting the charitable sector as a distinct constituency should remain with The Centre.

Recommendation: We recommend that the existing programming of The Centre that specifically supports nonprofit effectiveness, and is highly strategic and highly effective, continue to be supported by the to-be-renamed Centre. Any services or programmes that respond to the interests of donors or funders should be relocated to the community foundation's core programmes.

Decision #3: Adopt staffing model adequate to support an emerging community foundation and the continued portfolio of Centre on Philanthropy services

Currently The Centre has a staff of seven. With an assessment of go-forward programming (see *Decision #2* above) complete, The Centre's board will need to determine the number of staff fundamental to carrying out ongoing Centre functions targeted at the charitable sector's effectiveness.

If the first determining factor for a successful community foundation is a fully engaged and committed board passionate about community philanthropy, the second is adequate and properly arrayed staffing. A community foundation has five major functions: asset development; donor services; stewardship and investment of funds; grantmaking; and community leadership.

We would argue that for the first few years of life for an emerging community foundation, organisational focus needs to be placed on the first three functions (growing assets, serving donors, investing dollars), roughly in that order:

As grant dollars become available – either through returns on endowment, regranting dollars from other philanthropic partners or current donor funds – a grantmaking programme will need to be designed and implemented. As the foundation continues to grow its assets, the BCF board will need to determine what types of community leadership activities the foundation wishes to engage in, and to what extent.

A CEO will need to be hired whose almost exclusive job in the first year will be to focus on growing the assets of the foundation. Since most of the policy and infrastructure development will occur during the planning year, the CEO should be free to begin guiding and working with the board on implementing an aggressive asset development plan. As mentioned above, the qualities of the CEO are paramount. The role of the board will be to act as ambassadors for the new foundation – opening doors to key constituencies and prospective donors and partners for the CEO. The CEO needs to further identify, cultivate and solicit additional donors. Since most gifts to the community foundation will be larger, endowed gifts, the cultivation timeframe will be longer and many gifts may not be realised for many years. The CEO must embrace this model and be patient in realizing returns on the asset development effort.

We envision the CEO spending most of the time out of the office and therefore recommend having a high-quality, semi-professional support staff person whose primary role would be to support the administrative functions specific to the community foundation launch (versus general personnel, finance and other back office operations supported by current Centre staff in their new roles under the community foundation). These would include but not be limited to:

- Providing donor services;
- Gift processing and gift acknowledgement;
- Management system input;
- Administrative support to the CEO

Staff salary and support costs are outlined in Appendix B., Sample Year One Start-Up Operating Budget Adequate to Support Creation of The Bermuda Community Foundation

Recommendation: We recommend that the BCF board allocate 2-3 to community foundation development, including a full-time President.

Appendix A. *What Does It Take? Attributes of Effective Community Foundation Chief Executives*, published by The James Irvine Foundation, based on lessons from its Community Foundations Initiative, January 2003

Please see PDF of this publication, provided in a separate document.