

Be Informed. Give Intelligently. Have Impact

September 27, 2010

Statement from Charity Intelligence: CBC Investigative Report on External Fundraisers

On September 22, 2010 CBC featured a report on external fundraisers hired by charities. Charity Intelligence (Ci) was among several charities interviewed for this report. The use of external fundraisers is not a common practice among charities but was the focus of this investigation. It is unfortunate that the practices used by so few charities reached so many Canadians.

Many donors were unaware of the clear distinction between an external fundraiser, a for-profit business hired from outside the sector, and professional fundraisers working within Canada's charitable sector. We regret that our comments featured in the CBC's coverage blurred this distinction.

Nevertheless, Ci believes the media's coverage has provided a national service in helping Canadians become more informed about a variety of practices used by external fundraisers. The media reports and ensuing debate have raised awareness in the public about external fundraising. They have helped Canadian donors to better understand different ways to support Canadian charities. With better information, we believe Canadians can be more informed and confident in their vital support for Canadian charities.

Ci compliments Imagine Canada and the Association of Fundraising Professionals for their diligence and good work in this area. Their expert contribution to the debate raises the bar for all of us. Their work, as is ours, is greatly assisted by the Canada Revenue Agency which regulates the sector and sets thresholds on fundraising costs. These fine organizations are stalwart in their work in this sector. We each represent different constituents, but speak together on emphasizing the importance for Canadians to ask questions and do their homework before deciding to give to a particular charity.

There has been a wide range of comments posted on-line following this media attention. Ci believes that diversity is one of Canada's inherent characteristics; it is one aspect that makes our country so great. Ci appreciates the differences in opinion.

The use of external fundraisers is lawful. It is an opportunity where for-profit businesses can provide valued support to Canadian charities. Ci believes the decision to use external fundraisers rests exclusively with each charity, its management and its board, and does not require further legislation. The current legislation already provides sufficient disclosure to donors without adding a further burden on the vast majority of charities that may need their resources to address community needs. To enhance donor trust, it would be helpful if accounting professionals would annually verify and disclose the amounts raised and the costs of external fundraising. This is currently not the practice.

For some donors, contacts from external fundraisers offer a convenient way to support a charity. For some donors, external fundraisers provide information and raise awareness of a charity's cause. Other donors would prefer different methods to become informed and support Canadian charities. As long as

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the external fundraising relationship is transparent, disclosed, and donors' requests for information or removal from a contact list are respected, we believe Canadian donors are best at deciding which causes matter to them, which charities to support, and which methods of giving best suit their diverse and individual preferences.

Fundraising costs are an issue that donors have asked about time and time again. The sector-wide escalation in the cost of raising funds for charities is a concern to donors. This is a cost borne by donors. Fundraising costs dilute our giving in that less of what we give goes to a charity's good work. We must find a better way.

The cost of fundraising is only one facet of a charity's cost efficiency in using donors' dollars. In fact it is not the issue that matters most. What matters most is impact – the social change our giving achieves.

Ci's research focuses beyond the headlines on the impact charities have in helping Canadians in need. Our research reports on charities and social issues strive to help donors become more knowledgeable on the dynamic, innovative and responsive role charities have in effectively helping Canadians in need. Ci does part of the donor's homework that is so critical in giving well.

Ci is a volunteer-based charity that seeks to help donors be informed, give intelligently, and have impact. Ci is a signatory of Imagine Canada's Ethical Fundraising and Financial Accountability Code. For more information, please contact Kate Bahen, Managing Director, or Teresa Pavlin, Media and Public Relations, at 416.363.1555.