



LONDON COMMUNITY
FOUNDATION

Strategic Plan 2007 – 2011

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Introduction

London Community Foundation's planning process includes a strategic review every five years, with priorities/goals established for the forthcoming 5-year period. This plan covers the years 2007 – 2011.

Strategic plan 2002 – 2006 revised the Foundation's Mission and Vision, and set the following goals.

1. Accelerate the growth of the Foundation to double the endowment by Dec. 31, 2006
2. Make strategic and effective grants
3. Foster a donor-centred environment
4. Enhance the Foundation's leadership role in the Community
5. Review the Foundation's governance framework to ensure that it advances the mission, vision, and strategic plan

Goal #1 had its roots in the need to establish an endowment base that would provide investment earnings to both sustain operations and provide predictable annual granting consistent with Canada Revenue Agency disbursement requirements. Doubling the assets while controlling operating expenses was the challenge.

Our total endowed assets have increased by \$12 million to \$32 million, while deferred gifts have also increased substantially from \$4 million to \$13 million since 2002. Implementation of recommendations from the Sustainability Task Force and additional operating efficiencies introduced by staff has resulted in greater financial stability. This now positions the Foundation to place a stronger emphasis on granting and community leadership over the next five years.

Solid progress has been achieved on our remaining goals. Our strategic granting programs in Neighborhood Building and Environmental Health are now well established. Improvements in Donor services have been introduced with particular emphasis on our Donor-Advised funds. We have received positive responses from both the community and from our donors to our various community outreach initiatives and granting forums, and we have been able to share our expertise with a number of key community charities. In addition, our governance framework has been renewed and a comprehensive policy manual was developed.

In reviewing our progress, the Strategic Planning Task Force believes that we are moving in the right direction! As one member of the Task Force commented, "what we need now is evolution, not revolution. We must review our priorities and focus on them." This plan is intended to do just that.

EXECUTIVE SUMMARY

London Community Foundation's Strategic Plan 2007-2011 builds on the accomplishments of the last five years. Our goals for 2007-2011 are based on the three fundamental roles of a community foundation: broad and effective grant making, inclusive community leadership, and endowment building.

Our first goal is to build community through strategic and effective grants. We will do this by maintaining and strengthening our two primary granting streams, Environmental Health and Neighbourhood Building over the next five years, while continuing to make small grants in all of our funding areas.

Our second goal is to be a leader, resource and partner in our community. We will become the "go to" organization on major community issues, recognized as an organization that influences decision making among community leaders. We will accomplish this by convening, by becoming an invaluable source of community knowledge, and by acting as a catalyst for action on important issues.

Our third goal is to build the Foundation's granting capacity. Development plans will be congruent with our granting and leadership priorities. We will accomplish this goal by growing existing funds and expanding our sources of donations.

By accomplishing these three goals we will be considerably closer to our Vision of becoming "a leader in community development, innovative granting, and endowment building --- and the best choice for people who want to invest in our community".

MISSION:

The Strategic Planning Task Force believes that the mission statement as originally written in 2001 is an accurate and succinct representation of LCF's mandate.

London Community Foundation and its donors strengthen our community by making strategic and effective grants, building and managing a permanent endowment, and serving our community as a resource and partner.

VISION:

London Community Foundation will be a leader in community development, innovative granting, and endowment building — and the best choice for people who want to *invest in our community*.

(Approved by Board on September 28, 2006)

The new vision is consistent with the objectives of this strategic plan while recognizing our roots and mission as a philanthropic organization. By being the best choice for people who want to “*invest in our community*” rather than “*leave a permanent legacy to our community*”, we are more open to other forms of philanthropy. The revised vision:

- Provides opportunity for donor support other than endowed gifts, such as flow-through donations,
- Reflects our shift in emphasis to the granting programs that we support (Neighbourhood Building and Environmental Health).

Principles: Community Foundations of Canada

The task force accepts and endorses the principles adopted by community foundations through CFC.



A Changing Environment

Canada's Changing Communities

A national community leadership conference was held in Calgary October 16-17, 2006 entitled: ***Looking Down the Road: Leadership for Canada's Changing Communities.***

The discussion paper, around which the conference centered, was authored by Judith Maxwell and began with the following observation by Frances Hesselbein:

“The old answers do not fit the new questions and challenges, so all of us who care about building and renewing community must begin with the premise that this is the biggest job in town and no one sector, no one government, no one industry, can mobilize citizens...to create the new community, the inclusive community that embraces all its people”

These questions and challenges are numerous and London faces many of them. According to Maxwell, there are at least five deep structural changes that have become increasingly evident in Canadian communities in recent decades: competition and inequality, new patterns of human settlement, a widening cultural gap, emerging resource constraints, and shifting political structures and policy trends.

This new reality forces us to look at a different kind of community leadership in order to respond to the challenges and opportunities we face. We must engage different sectors, organizations and perspectives. In the time frame of this strategic plan we will examine the role that London Community Foundation might play in offering and supporting the appropriate leadership for our city.

Charitable Sector

The elimination of the capital gains tax on donations of publicly traded securities represents an added incentive to give, and thus an excellent opportunity. Donations of securities in 2004 and 2005, before the complete elimination of the capital gains tax, represented less than 1% of the Foundation's receipted gifts, but 28% of the dollars donated.

A number of financial institutions have established charitable foundations to offer donor directed funds to clients. It is difficult to predict whether this will have a negative impact on community foundations, or perhaps lever more dollars for the charitable sector. If these institutionalized funds grow to a critical mass quickly, there may be an opportunity to partner with these institutions by offering knowledgeable and experienced granting services. Financial institutions cannot match LCF's donor advised endowment fund offering: local community knowledge, granting assistance and professional investment management at a cost comparable to and in some cases lower than these new offerings.

Investment Climate

We recognize that market conditions remain beyond our control, and a longer-term downturn would impact on our granting capacity, as it would for most foundations. However, **we have taken steps to minimize the impact of fluctuating market returns.** Our investment policy is designed with risk and return in mind. Our disbursement policy provides a reasonable level of protection in the event of a market downturn. We have accumulated a cushion to absorb a year with a poor investment return without impacting granting. We meet the “ prudent person “ standard with respect to managing our investments.

The longer-term investment return outlook suggests an annualized return in the area of 6.8%, just above our planning assumption of 6.5%. At this rate, and with our expense ratio in the 2% range, the Foundation can readily meet its disbursement and operating obligations.

GRANTING

Goal: To build community through strategic and effective grants

London Community Foundation grants in excess of \$1.0 million annually. This granting is accomplished through both a Strategic and a Small Grants program, in addition to a number of donor directed grants. All grants are categorized into five granting streams:

- arts, culture and heritage
- community initiatives
- environmental health
- neighbourhood building
- recreation

Strategic Granting

LCF's strategic granting has evolved significantly over the past four years. A focus has developed in two streams, Neighbourhood Building and Environmental Health. Both programs have resonated with the community and our donors. We believe that we are focusing on major needs identified in these two areas.

These programs will be a priority for the next five years.

The Grants Committee will establish subcommittees in the three remaining granting streams to build our knowledge base and be positioned to move to proactive granting as funding permits.

Neighbourhood Building

Our original Neighbourhood Building Program, begun four years ago, puts youth workers directly into a neighbourhood to provide the necessary support where children live. For example, an active youth council has been formed in Westminster Park; in Limberlost a tutoring program established. In both cases, youth have been engaged, but in different ways, tailored to the unique nature and needs of each neighbourhood.

Subsequently, the YES (Youth Engaged in Society) Initiative was established in 2006 as a result of a 5-year, \$500,000 grant from The Lawson Foundation as a tribute to Miggie Lawson's life and community philanthropy. This grant builds on our Neighbourhood Program by building youth leadership skills in both the Glen Cairn and Westminster Park neighbourhoods.

We have experienced early success with these initiatives. We are also learning as we go. We now know that dollars and cents in the form of salaries are only part of the solution. Other ad hoc support is often needed, such as office furniture, transportation for youth outings, or watermelon and ice cream for a gathering. Our support is evolving to meet these important, and at times overlooked, needs.

Our challenge for the next 5 years will be to continue to support the neighbourhoods we've adopted, and to find the funds to expand into additional neighbourhoods.

Objective	Strategy
1. Sustain funding for 5 years in the neighbourhoods we currently support.	<ul style="list-style-type: none">• Encourage multi-year funding commitments from Donor Advised funds to augment Community Fund and Field of Interest Fund, and Lawson flow-through funding.
2. Improve our understanding of neighbourhood building to better focus our granting, and to bring to bear other needed support mechanisms.	<ul style="list-style-type: none">• Convene stakeholders to assess service delivery and improvement opportunities.• Attract other support mechanisms and volunteers to neighbourhood programs.• Evaluate results.
3. Be active in a total of five neighbourhoods with total annual support to neighbourhoods of \$500,000 by 2011.	<ul style="list-style-type: none">• Identify and prioritize additional neighbourhoods to be serviced.• Align additional donor advised funds with the Neighbourhood Building program.• Attract additional funding partners to the program.

Environmental Health

Total grants to environment related projects represented less than 4% of total grants between 1980 and 2002, or \$300,000 of \$7.6 million. While there was a desire that this proportion be higher, the quantity and quality of applications was not forthcoming. This experience was not unique to LCF within our community, or for that matter among our peers across Canada.

LCF embarked on a process of education and outreach in 2002 to learn, to connect, and to signal to the community our interest in expanding our environmental grant making. Our granting focus was narrowed to “Environmental Health”, meaning the health of the environment, but also with an important “human health” element.

LCF engaged the broader community by holding Environmental Health forums in 2003 and 2004. Granting priorities were determined, and LCF continued to signal our granting commitment in this area.

Over \$400,000 was granted in environmental initiatives from 2003 to 2006, approximately 11% of total grants. Primary recipients were the Upper Thames Regional Conservation Authority (UTRCA), the Urban League/ReForest London, and Friends of the Coves for tree planting and other rehabilitation initiatives.

It was through LCF leadership that a number of excellent projects were taken on by a number of community groups. Our work and our early successes were well received. Three new endowment funds with an environmental focus were established with total donations in excess of \$200,000. Donor advised funds significantly augmented project funding as determined by our grants committee process. The community gave us a vote of confidence.

Again, we are learning as we go. The capacity within the community to carry out significant projects appears to be limited, and/or we have yet to make enough connections. Addressing air quality concerns is proving to be a difficult long-term challenge, perhaps due to the complexity and enormity of the issue, and perhaps also because of organizational capacity limitations.

Despite these challenges, and perhaps more importantly, because of these challenges, LCF needs to continue to play a leadership role in pushing the community to improved environmental health.

Environmental Health

Objective	Strategy
1. Launch a meaningful air quality initiative for London and Middlesex	<ul style="list-style-type: none">• Develop an outreach strategy to expand our partnerships• Provide incentive to the community to advance worthwhile air quality projects
2. Seek out and fund high quality initiatives in support of naturalization of our watershed and urban landscape, and other environmental health projects	<ul style="list-style-type: none">• Optimise existing working partnerships and programs• Investigate a regional partnership with other “Thames Watershed” communities with and through other community foundations
3. Expand the capacity within the community to advance environmental health initiatives	<ul style="list-style-type: none">• Utilize existing partnerships with UTRCA, Thames Talbot Land Trust, Urban League, and Friends of the Coves.• Engage new partnership possibilities such as Clean Air Foundation, London Hydro, UWO, Fanshawe College, and other organizations with common interests

Small Grants

LCF's responsive granting will continue through the annual Small Grant cycle, disbursing funds from both the Community and Field of Interest Funds. Grants will be made for requests between \$1,000 and \$5,000 as well as for grants between \$5,000 and \$10,000.

The application for smaller requests will be adjusted to suit the size of the potential grant. Applications for grants between \$5,000 and \$10,000 will be more extensive.

Both levels of grants will respond to a range of community needs, serving LCF by introducing us to new partners and emerging issues.

Objective	Strategy
1. Build capacity in community organizations.	<ul style="list-style-type: none">• Small grants in all funding streams will serve as an "incubator" as we seek projects run by champions who would benefit from a strategic grant in the future
2. Refine our responsive grant making process	<ul style="list-style-type: none">• Examine the benefit of "targeting" of small grants to specific capacity building, such as professional development or equipment
3. Establish subcommittees by stream to increase depth of knowledge	<ul style="list-style-type: none">• Adjust the structure and functioning of the Grants Committee

COMMUNITY LEADERSHIP

Goal: To be a leader, resource and partner in our community

London Community Foundation acts as a resource and partner to the community. We are recognized for being a well-governed and responsibly managed organization. Our community involvement is quite extensive from delivering educational workshops, assisting charities directly, and connecting people to non-monetary support.

The Foundation has taken a leadership role in Environmental Health and Neighbourhood Building in the last three years. We are tackling some of the more difficult issues confronting our community, bringing “human capital” to bear in addition to being a source of funding.

While we are viewed favourably by the community, recognized as a resource, partner, and a facilitator, the Foundation intends to step up to an acknowledged leadership role in this community. We will become the “go to” organization on major community issues, recognized as an organization that influences decision-making among community leaders, donors and other stakeholders. In doing so the profile of LCF in this community will be raised attracting further investment in our activities.

Objective	Strategy
1. Establish LCF as a proactive community leader and catalyst identifying and tackling major community challenges	<ul style="list-style-type: none">• Unite the community around solving complex community issues, initially in our strategic granting areas• Measure, report and promote our achievement on longer-term and complex community challenges• Partner with UWO, Fanshawe College, the City and business to achieve community development goals
2. Become a community knowledge resource , acquiring and disseminating our understanding and awareness of the overall community	<ul style="list-style-type: none">• Consult community organizations on what information and measures are in place, and what is required• Make a final decision in 2007 re: taking on the Vital Signs project• Implement ENGAGE! London and assess the participant feedback to the initial ENGAGE! London program offering

DEVELOPMENT AND DONOR SERVICES:

Goal: Build the Foundation's granting capacity

Development 2002 - 2006:

The development goals established for 2002- 2006 were intended to adjust the growth path experienced from 1994 – 2000, a path that was a contributor to our sustainability challenge. The bulk of the growth from \$5 million to \$20 million in assets in the late 1990's were in restricted fund types, at a fee below cost, and through the creation of many smaller rather than fewer but larger funds. (See following chart for current fund composition)

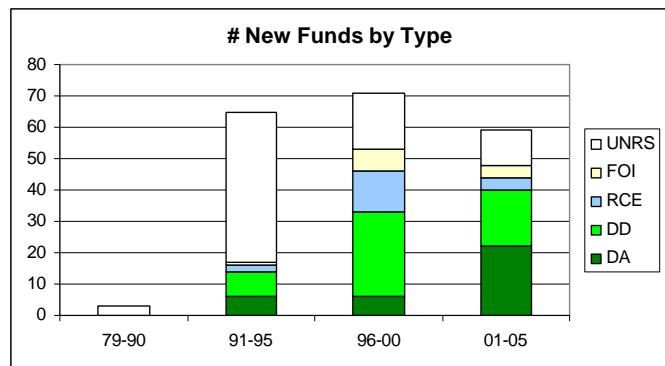
Fund Composition (Endowed Capital)

(\$ 000's)	Unrestricted Funds		Restricted Funds				Total
	Operating Endowment	Community Funds	Field of Interest	Registered Charity	Donor Advised	Donor Designated	
Capital at June 30, 2006	\$ 4,287	\$ 4,922	\$ 1,849	\$ 4,430	\$ 7,819	\$ 3,191	\$ 26,498
	16%	19%	7%	17%	30%	12%	100%
Number of funds	1	75	12	20	34	54	196
Breakdown by size:							
> \$1,000,000	1	1	0	0	1	0	3
> \$500,000 to \$1,000,000		1	1	3	1	1	7
> \$250,000 to \$500,000		2	2	2	5	3	14
> \$100,000 to \$250,000		4	1	3	6	2	16
>\$50,000 to \$100,000		6	2	6	9	7	30
>=\$25,000 to \$50,000		7	1	3	8	15	34
< \$25,000		54	5	3	4	27	93
% of \$'s represented by funds >\$250,000	100%	63%	82%	75%	78%	50%	73%
% of funds by number	100%	5%	25%	25%	21%	5%	12%

The Foundation implemented changes to fund minimums and fees, established an operating endowment fund, and controlled operating expense growth. Fundamentals are improving. For example, unrestricted funds covered 80% of operating costs in 2000, 65% in 2005. Ongoing effort in the 2007-2011 plan is required to complete these objectives. With the progress made, our development and donor service emphasis can shift to our granting priorities.

Development 2007 - 2011:

The current growth trend facing all community foundations is impacted by the desire on the part of donors to maintain an active involvement in grant decisions. Donor advised funds are the fastest growing fund type, and the most labour intensive. This growth dynamic is pushing against our sustainability objective by requiring more stewardship time per fund.



Endowment funds unrestricted by donor direction provides the Board the ability to direct grants to the most pressing needs in the community. It is also the most desirable fund type from an administrative cost point of view.

Our challenge for 2007 –2011 is to find ways to complete our sustainability objectives, to increase unrestricted funds “against the trend”, and manage fund holder service expectations with our limited resources.

Incorporated into the plan will be a range of approaches to address these challenges, including, but not limited to:

- Aligning donor advisers to our strategic granting areas
- Growing existing unrestricted funds
- Rolling existing restricted funds over to unrestricted (See following chart)

(\$ 000's)	Unrestricted Funds		Restricted Funds				Total
	Operating Endowment	Community Funds	Field of Interest	Registered Charity	Donor Advised	Donor Designated	
Capital at June 30, 2006	\$ 4,287	\$ 4,922	\$ 1,849	\$ 4,430	\$ 7,819	\$ 3,191	\$ 26,498
	16%	19%	7%	17%	30%	12%	100%
Capital with potential rollover	\$ 4,287	\$ 8,172	\$ 1,849	\$ 4,430	\$ 4,569	\$ 3,191	\$ 26,498
	16%	31%	7%	17%	17%	12%	100%

Development plans will be congruent with our granting and leadership priorities, not only in terms of raising unrestricted funds, but also aligning donor advisers with our priorities.

We will focus on growth of existing funds and on our higher value funds.

Development and Donor Services

Objective	Strategy
1. Grow the Community Fund	<ul style="list-style-type: none"> • Identify and approach key prospects from our existing Community Fund donors with the new strategic granting focus message
2. Focus growth on existing funds	<ul style="list-style-type: none"> • Identify key prospects from existing restricted fund types, steward donors • Engage key registered charity fund holders to grow their endowments • Increase the value of existing restricted funds
3. Grow the Operating Endowment Fund to \$6.0 million (from \$4.3M)	<ul style="list-style-type: none"> • Board will consider placing unrestricted bequests in this Fund
4. Expand sources of donations and giving options for donors to support our granting priorities.	<ul style="list-style-type: none"> • Investigate flow-through donation and term endowment product offerings • Promote Neighbourhood Building and Environmental Health grants and the value added by London Community Foundation's granting process • Provide a forum as well as additional opportunities to link strategic grant recipients and donor advisors • Align donor advised grants to the Foundation's existing granting priorities

<p>5. Seed an affinity with London Community Foundation for the next generation of donors</p>	<ul style="list-style-type: none">• Implement ENGAGE! London and assess the participant feedback to the initial Engage! London program offering• Monitor ENGAGE! London participants for volunteer and philanthropic contributions in the community-undertaken post-program• Continue to cultivate professional advisors in the community who have a client base of high net worth individuals• Investigate a family philanthropy program to promote intergenerational giving