

## 6.2.4 Casey Cardinia Foundation

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### Recommendation(s)

That Council:

1. Notes the report with information about the Casey Cardinia Foundation and the strategic review that has been undertaken.
2. Notes the decision by City of Casey to withdraw from involvement with the Casey Cardinia Foundation
3. Supports the transition of the Casey Cardinia Foundation to a Cardinia Foundation and write to the chair encouraging the legal transition take effect as soon as possible.
4. Supports a medium to long term growth agenda for the newly formed Cardinia Foundation and agrees in principle to provide financial support for the first five years of the Cardinia Foundation.
5. Refers \$120,000 per year for the next five years to the 22/23 budget process for consideration.

### Attachments

1. CONFIDENTIAL - CONFIDENTIAL Cardinia Foundation Only Supplementary Paper [6.2.4.1 - 24 pages]

### Executive Summary

The Casey Cardinia Foundation (CCF) has been in operation for some 18 years, originating as the Cardinia Foundation in 2003 and with Casey joining the foundation in 2013. CCF is governed by an independent board of which Cardinia Shire has two representatives, a councillor and the CEO.

The CCF has been successful in providing an avenue for philanthropic contributions within the shire and subsequently redistributing funding via grants of \$650,000 over this time (average of \$38,000 per year). The predominant fundraising has been via events including the annual gala fundraising dinner. The onset of the pandemic, of course, made the running of fundraising events impossible and the board made a decision to pause fundraising events and use the time to conduct a strategic review of the CCF current state and options for future direction. The foundation has continued to distribute grant funding during this time in accordance with its constitution.

The strategic review has resulted in a recommendation to significantly expand the scope and fundraising activities of the foundation based on some local and international examples of what is possible when there is passion and will from the parties involved. This recommendation does, however, require some initial up-front investment from member councils of up to five years before seeing a return via substantially increased net revenue to the foundation and therefore the community. The idea would be that post this initial investment period, council could either significantly reduce its own spend on community grants and rely on the substantially increased grants coming from the foundation to meet the

community need, or effectively double the amount of grants going out into the community (providing an income source for local not for profits and volunteer groups).

Since considering the review recommendations, City of Casey has advised that is withdrawing from formal involvement in the Foundation.

This report presents options for Cardinia Shire Council to consider in light of the review findings and the City of Casey's notification of withdrawal.

The options provided are as follows:

1. Cardinia Shire Council also withdraw support for the Foundation and request that the Foundation be wound up.
2. Cardinia only foundation – no growth: Transition the foundation back to Cardinia only under the current model of operation with no additional cash support.
3. Cardinia only foundation – significant medium-long term growth (5-10 years) and reduced burden on rate payers over the medium to long term. Transition the foundation back to Cardinia only with increased investment from Council of \$120,000 per year for 5 years.

Option 3 is recommended as a long term strategy to leverage fundraising from the philanthropic sector, potentially reducing reliance on rate payers for community granting while substantially growing the return to community. This relatively aggressive approach is aligned with the strategic review recommendations and would see more immediate momentum with the foundation.

## Background

The Casey Cardinia Foundation is a philanthropic Community Foundation which raises funds for local community groups throughout the City of Casey and Cardinia Shire, with funds dispersed through an annual grants program. Since 2003, the Casey Cardinia Foundation has provided over \$650,000 in grants to local community groups, an average of \$38,000 per year.

Established in 2003, the Foundation expanded in 2013 to include both the communities of Cardinia Shire and the City of Casey.

The Foundation distributes grants to not-for-profit charities and organisations, directly benefiting the social impact areas of disability, older persons, disadvantage, crisis and youth within the region. In 2018, the Foundation received 67 applications and was able to provide funding to 20 projects and organisations.

### *Mission Statement*

The Casey Cardinia Foundation will raise funds and encourage philanthropy in order to provide grants to charities and not-for-profit community groups, addressing disadvantaged and a wide variety of emerging and changing needs in the community.

### *Aims*

The organisation's aims are:

- To build partnerships to increase the effectiveness of philanthropic outcomes for the Casey Cardinia communities
- To build the capacity of NFP community organisations and agencies that in turn provide enormous benefit to individuals, families and communities across the region
- To maintain the highest level of integrity and conduct
- To encourage community giving and philanthropy
- To make a positive and lasting difference within the Casey and Cardinia communities.

### *Financial position of Casey Cardinia Foundation*

The Casey Cardinia Foundation operates two accounts under its legal structure.

The Casey Cardinia Foundation Trust (corpus) is to be grown and contributed to over time with a view of the earnings (interest) to be drawn on for grant purposes within the rules of the trust. The net assets of the trust as of 31 October 2020 was \$460,030.

The Casey Cardinia Foundation P/L company account is an operating account that is used for incoming fundraising earnings and to distribute grants. The balance of assets as of 31 October 2020 was \$120,039. Money can be transferred between the two accounts within the limits of the rules of CCF and with board approval at various trigger points.

Initial contributions were made by both councils at their respective entry points. Although there was no initial cash contribution by Cardinia, there was a significant amount of officer time involved in the initial set up of the foundation in 2003, as well as providing ongoing resources with officers heavily involved in administration and fundraising activities.

The contribution by Casey was \$100,000 split payment over two financial years, first one paid in 2014/15.

### *Strategic review*

In early 2020, in response to the pandemic and its impacts on the foundation's operations, the board commissioned a piece of strategic review work which was jointly funded by the member councils.

The objective was to in effect undertake a funding feasibility review process for the Casey Cardinia Foundation with the goal to inform the Board regarding future opportunities, options, and implications. A Funding Feasibility includes an assessment, from a funding perspective, of an organisation's purpose, positioning and role; considers potential donor sources, gifting mechanisms and gift support; and in turn develops and recommends funding strategies together with people leadership, management and resourcing requirements

A summary of the findings are included below:

### *Overall learnings and possible directions*

1. Refresh brand and mission...the community's Foundation, be bold, about leadership and energy and people helping people, plus results driven
2. Cause focus and results must be evidence-based
3. To achieve buy-in, given the current donor culture needs to be some real projects/causes that meet current needs
4. Future donor management culture must be proactive, sensitive, tailored...about relationship building, acknowledgment, reporting...strive for donor management excellence.

### *Key guiding principles*

5. Community leadership and energy
6. Evidence-based granting
7. Importance of personal gift leadership by Trustees/inner group of volunteers
8. Donor management excellence
9. Partnering and matched giving
10. Fun and impactful and rewarding...create a culture where people want to be involved/aligned

11. Operations
12. Right person right role. Form Working Groups for donor areas of actions...involves some

#### *Trustees and some non-Trustees*

13. Grant management by Council, with CCF Trustee oversight only
14. Smart use of technology ...CRM, social media (for right audiences), innovative online giving and engaging website, etc

Council CEOs must remain closely connected (can't disengage), but say attendance at two key planning meetings each year. What's proposed is not a slight shift in business as usual, but a commitment to a completely changed, transformative, placed-based philanthropic leadership, underpinned by commitment, drive and energy.

Suggest to go halfway will fail.

#### *Funding strategy options*

- Endowments with causes, both gifts in wills and also Living Giving option for tax benefit
- Tap 'n' Donate at major Council facilities and Tap 'n' Donate technology available for partnering with others
- Innovative online giving campaigns which engages donors
- Payroll Giving ('Loaned Executive Program') linked with leadership program and encourage matched giving by employer
- Conduit for impact investment and corporate matched giving?
- Place for event fundraiser/s but completely refresh and keep refreshing...must be a must attend event and fun
- Look to effectively engage with and 'partner' with Service Clubs

#### *Operating funding*

Initial 5-year Council funding with (increasing) corporate and private funding. However, must go into accepting will take considerable time to get working properly, and is likely to require on-going Council operating funding for up to 15 years, but as a decreasing percentage of the Foundation's total operating costs.

In summary, the indicative level of resourcing for an impactful Community Foundation to drive transformative philanthropic outcomes was likely to require about \$120,000 of resourcing by Cardinia Shire per year for the first 5 years, together with effectively a similar level of resourcing by other community donors, which increases over time.

#### *Options*

The following options are provided to Council for consideration:

**Option 1** - Cardinia Shire Council withdraws support for the Foundation and request that the Foundation be wound up.

City of Casey has indicated that it has withdrawn from formal involvement in the Casey Cardinia Foundation. This option would involve Cardinia Shire Council taking a similar approach and request that the Foundation cease to operate.

Advantages – Option 1 is the least cost, requiring no transition and no additional cash or officer time.

Disadvantages – Option 1 does not recognise the current role that the Foundation provides in accessing the philanthropic sector to provide community benefit. By withdrawing, the Council would be assuming increased responsibility for community granting and missing the opportunity to engage a wider group of stakeholders and community in the support of those in need in our community.

**Option 2** - Cardinia only foundation – no growth: Transition the foundation back to Cardinia only under the current model of operation with no additional cash support.

Advantages – Returning to a Cardinia only foundation has the advantage of being administratively simpler with a more direct ability to correlate effort put in to fundraising with all the benefit flowing to Cardinia residents and groups, rather than being split across Casey as well. This option also has the advantage of not increasing the financial cost to Council.

Disadvantages – This option provides a no-growth scenario for the foundation and would likely continue to distribute the average of around \$38,000 to the community per year. For a growth area council due to hit a population of 200,000 over the next 20 years, Option 2 doesn't set the foundation up for the future, seems to miss the opportunity to leverage off the private and philanthropic sector over the coming years and will therefore see an increasing burden on rate dollars for community granting as the population grows. The strategic review advised that the current method of fundraising is the least efficient and yields the least return compared to comparable approaches of other foundations around the world. Cardinia council officers currently spend a lot of discretionary time in the lead up to events. This time is not costed into the foundations expenses and if it was, the foundation would be unlikely to yield a net positive result at all. This is likely an unsustainable fundraising model and therefore the success of the foundation at all going forward may be in question.

**Option 3** - Cardinia only foundation – significant medium-long term growth (5-10 years) and reduced burden on rate payers over the medium to long term. Transition the foundation back to Cardinia only with increased investment from Council of \$120,000 per year for 5 years combined with gradual reduction of Council (rate payer funded) community grants. It is suggested that Council consider funding all or part of the \$120,000 per year from the Cardinia Shire community grants which total \$750,000 per year. The contribution by Council is proposed to be partly matched by the private sector, philanthropic and the foundation itself to support a much more robust operating model than currently exists.

Advantages - Option 3 takes a long term view and leverages the opportunity while Cardinia Shire still has significant population growth ahead. The return on investment is expected to be 5.8 - \$5.80 for every \$1 invested by Council over the medium to long term. This is an equivalent of \$575,000 per year going back into the Cardinia community from philanthropic and private sectors in addition to Council's \$120,000. At the moment with our own community grants, this is a 1 for 1 return because we are unable to leverage the philanthropic and private sector ourselves. This option also is consistent with Cardinia Shire's philosophy of thinking differently and continuously challenging the best way to achieve outcomes for our community, rather than doing everything ourselves. This option aims to leverage fundraising from the philanthropic sector and to reduce reliance on rate payers for community granting while substantially growing the return to community. This model could significantly bolster the not for profit and volunteer effort in Cardinia Shire over the coming years. It could allow Council to progressively reduce its own spending on community grants over time.

Disadvantages – The main disadvantage is the initial cost to Council which will need to either be funded by reducing community grants or by funding out of operational budget for the first

five years and potentially longer. The success of the proposed new Cardinia Foundation model relies on passion, dedication, a refreshed board of directors along with the increased funding. There is unlikely to be a large return in the first few years, so Council and community may become impatient and give up on the new model before it has had a chance to hit its straps. There is, of course, the risk that the foundation will never reach the modelled levels of growth in which case the projected return on investment will not be realised.

### **Policy Implications**

This report is consistent with relevant policies from community granting and financial perspectives. The proposal aligns with the Community Capital Works Grants Policy in that it respects Council's commitments and responsibilities in providing grants to the community through the consistent management of the grant programs across Council based on the principles of community involvement and good governance.

### **Relevance to Council Plan**

#### **1.1 We empower our communities to be healthy, connected and resilient**

1.1.1 Plan for, and support the delivery of, accessible health and social services that address critical gaps in provision.

1.1.2 Enrich local identity and opportunities for the community to connect through art, history and cultural expression.

1.1.3 Lead by example in creating an inclusive and welcoming community for all by facilitating community education, capacity building, connection and celebration of our diversity.

1.1.4 Facilitate a partnership approach to create safer communities.

1.1.5 Work closely with the community to deliver programs that build community resilience, relating to a pandemic or other disasters.

The Casey Cardinia Foundation does, and has increased potential to, attract private and philanthropic sources of funding to be spent in the Cardinia community. The distribution of grants from the CCF have traditionally been in the area best captured by the Strong Communities section of the Council Plan. Should Council choose to proceed with an option of Cardinia only foundation, the Council could have some input into the highest needs for our community.

In addition, this paper presents options that will assist Council to consider financial and value for our community, best captured under the Responsible Leaders section of the Council Plan.

- Manage our finances responsibly and leave a positive legacy for future generations.
- Maximise value for our community through efficient service delivery, innovation, strategic partnerships and advocacy.

### **Climate Emergency Consideration**

Although no direct correlation of climate emergency with CCF, thinking strategically about how to augment council's spending, Council's decision regarding this matter could have somewhat of an impact on our community resilience and ability to manage natural disasters.

### **Consultation/Communication**

There has been no public communication or engagement at this point. There has been substantial discussion at the CCF board.

### **Financial and Resource Implications**

The options presented in this paper may have a financial impact of up to \$120,000 per year for 5 years with the source of that funding to be discussed. It is an option for the Council to consider funding this fully or partially from Council's own community grants (total of \$750,000

per year). It is proposed that this be considered during discussions regarding the 22/23 budget.

**Conclusion**

The Casey Cardinia Foundation has undertaken a strategic review and has reached a point in that process where direction from Cardinia Shire Council is sought. The City of Casey has subsequently notified the CCF board that it is withdrawing from the Foundation. It is recommended that Cardinia Shire Council support the return to a Cardinia only Foundation and consider a financial contribution for the next five years in the 22/23 budget process.