



THE COMMUNITY FOUNDATION CONCEPT

The Bermuda Civic Sector Context

Bermuda's Civic Sector comprises approximately 200 grassroots and 400 registered nonprofit organisations, 6,500 corporate donors, 22,000 individual donors, and nearly 18,000 individual volunteers. Collectively, these tens of thousands of stakeholders in their various roles touch the lives of nearly every resident and visitor of Bermuda. As in other jurisdictions around the world, Bermuda's Civic Sector drives the innovation and delivery of social mission-driven solutions to address Bermuda's most pressing social and economic challenges by filling the gap between the government and private sectors, thereby building a stronger overall community.

The Need

Bermuda's Civic Sector faces a number of challenges that prevent it from achieving its full potential. A particular challenge that constrains the efficient flow of resources to effective organisations is the fragmentation of the nonprofit and donor landscapes: e.g., half of nonprofits have an annual budget of less than \$25,000, 56% of household donors contribute less than \$500, and 57% of business donors contribute less than \$50,000 annually, with large donors exhibiting large variation in giving practices¹. As a result, small and large nonprofit organisations are challenged in securing financial and human resources to reach the next level and to sustain their critical activities.

A Proven Solution—Community Foundations

Community Foundations serve as a central platform to build a community by tapping into resources and channelling them towards areas to achieve maximum impact, effectively bringing multiple stakeholder groups together to address common priority issues. Nearly 1400 (and growing) community foundations exist in the United States, and numerous Caribbean island communities have followed suit².

A Community Foundation for Bermuda

Bermuda as a community meets many of the required criteria to be an environment conducive to developing a community foundation. Based on successful examples in other communities, a Bermuda-based community foundation has the potential to:

- Tap into significant, but currently latent, sources of philanthropic funding
- Pool diverse funds for greater impact
- Significantly reduce costs of philanthropic administration across the sector

Resources

The Bermuda Community Foundation will provide a tangible means to tap many significant sources of philanthropic funding—including residents, businesses, foundations, religious organisations, government, and even visitors—via a range of vehicles including employee voluntary paycheck deductions, bequests, planned giving, voluntary utility bill add-ons, etc. The island of St. Lucia successfully implemented an innovative vehicle that adds a voluntary \$1 contribution to each night's stay for visitors staying at participating hotel partners. Including a range of giving levels would allow all individuals to be a part of the foundation. A potential partnership with the current International Charitable Fund of Bermuda would provide additional tax benefits for the growing population of Bermuda residents who are U.S. nationals.

¹ Donor Forum Giving Survey 2008

² Based on work developed by Dr. Edmina Bradshaw and Root Cause

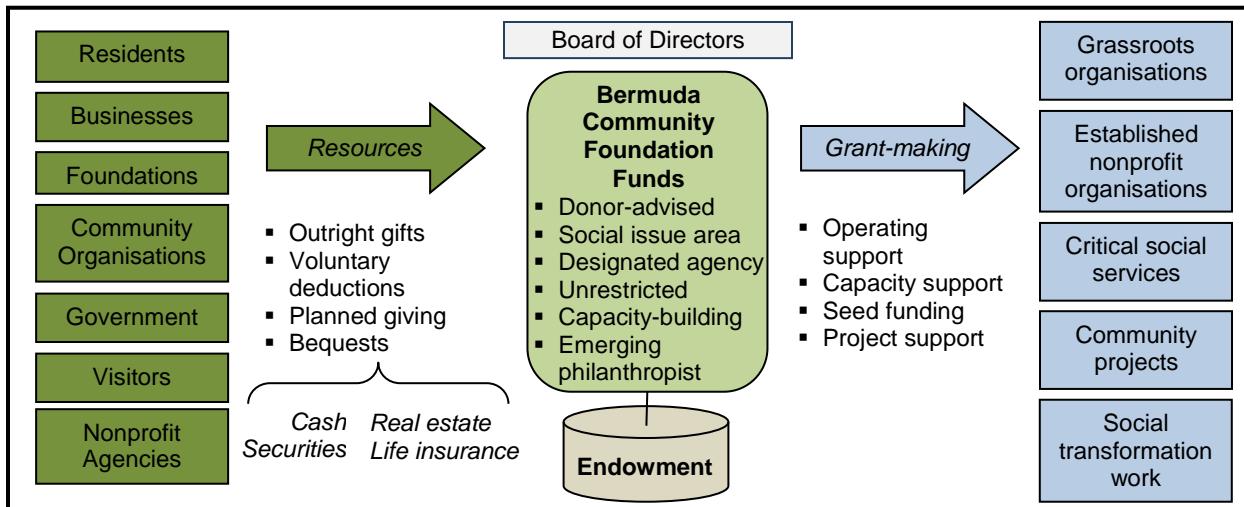


Figure A-2. Model for the Bermuda Fund (courtesy of work developed by E. Bradshaw and Root Cause).

Funds and Grant-Making

A critical factor supporting the Bermuda Community Foundation's potential to acquire significant resources is a clear grant-making focus on common, high priority community issues. Based on clearly established funding criteria, funding can support any number of organisations, community projects, and collaborations via consistent operating support, capacity-building support, seed funding for innovative solutions, scholarships, etc. The grant-making process would be supported via any variety of fund structures including funds that are advised by donors, funds that are focused on specific social issues, etc.

Organisational Structure

The Bermuda Community Foundation would be structured around a diverse, representative, and collaborative board of directors and core team. The board of directors would provide high-level oversight to grant-making and support the acquisition of resources. The core team would primarily comprise at least one contract or staff investment manager and staff resources to handle functions including day-to-day management, marketing, and administration.

Process to Develop the Bermuda Community Foundation

Forming Bermuda's first community foundation would involve an approximately 9 to 12 month process that involves several major steps:

- Research regulatory guidelines
- Develop a mission statement, long-term goals, and strategy
- Define grant-making guidelines and process
- Develop governance, administration, grant/programme management systems, by-laws
- Recruit board of directors
- Conduct initial marketing
- Secure lead contributions
- Set longer-term fund-raising strategies
- Launch

In order to be successful, the process would require the participation of community leaders and would need to secure buy-in from all major stakeholder groups. Major external resources to support the process include the Council on Foundations, an emerging Caribbean Community Foundation Network, and other communities with experience forming a community foundation.