

update



vancouver
foundation

December 2008

Since our last update at the end of October, we have watched stock markets around the world continue their bumpy downward slide. Rather than improve, the economic problems have deepened, and for the first time people are speaking in terms of a “global recession.”

This is a very different world for most of us – unlike anything else we’ve experienced – and certainly unlike anything we have faced in the 65-year history of Vancouver Foundation.

When things are different, you have to think different. At Vancouver Foundation, that is what we’ve been trying to do. We’ve been working with our Board over the last month, looking for new ways to continue to offer grants and provide support to fundholders.

Because we know that although things are remarkably different today, the needs of the community are the same. If anything, demand for the many services the charitable sector provides will increase as the effects of the deepening economic crisis are felt by the community.

This is why Vancouver Foundation felt it was critical to continue our support for the community. Our task in the last few weeks has been to determine how best to do this – balancing the needs of the community, with the fewer resources now available.

The changes we made

Our options for responding to these challenges were limited by the very Act that created our Foundation 65 years ago. The *Vancouver Foundation Act* was designed to protect the original capital invested in

the endowments we hold and did not allow for any drawing down of the original capital.

Ordinarily, we believe this is a good thing. But in extraordinary circumstances (like the situation we find ourselves in today), this rule severely restricts the options for our Board of Directors and our ability to provide any support to the community. It meant that, given the rapid depletion of our accumulated investment income during the second half of 2008, and with the prospect of an uncertain 2009, the Foundation would not be able to provide any funding to the more than 600 charities we support.

Although things are remarkably different today, the needs of the community are the same.

For this reason, in October the Board decided to ask the Provincial Government to amend the *Vancouver Foundation Act*. The revised legislation, which passed on November 27, gave our Board the option to use a small portion of the capital from the 1,200 endowments we hold.

Specifically, the amendment allows the Foundation to use up to seven per cent of the capital (calculated as of December 31, 2008). Although the funds do not have to be drawn down at one time, once the seven per cent is used up, it cannot be accessed again. This limitation helps protect the vast majority of the original endowment, while giving us some flexibility to deal with what could become a protracted economic downturn.

We wish to express our gratitude to the Province for working with us and expediting this change to the Act. This change was made within a few weeks and could not have been done without the extensive cooperation of all members of the Legislature.



The decision for 2009

Given that markets have continued to deteriorate, our Board has decided to draw down a small amount of this capital reserve to do the following for 2009:

- all fundholders will receive a distribution of three per cent (given the volatility in the economy, the Board will continue to monitor this throughout the year); and
- we will also give grants in 2009. However, there will be only one granting cycle (instead of two), in the fall.

We realize that, for many of our agency fundholders, this is a reduction in what is often core funding compared to previous years. And this will create challenges for you.

We are committed to doing what we can to help out in other ways. Vancouver Foundation will continue to educate and advocate on behalf of all charities. We will encourage donors (as well as visitors to our website) to donate both to agency endowment funds and to agency income streams. Donating directly to an agency's income stream is not something we normally do, but we are committed to trying to assist agencies in making up for lost income. We also will continue to highlight the good work of charities and the generosity of donors, by featuring positive stories of philanthropy on our website, in our magazine and in media interviews.

Like many of you, we will reduce our own operating budget, and have already identified a number of cost saving measures.

More info coming

Fundholders will have a few options regarding the three per cent per annum distribution in 2009. Representatives from Development and Donor Services will be contacting fundholders in the new year to discuss these options in more detail. Further updates will also be circulated throughout 2009.

For potential grantees, more information on deadlines and dates will be posted by June 2009 on the Foundation's website and will be included in future updates.

The last word

It has turned out to be a difficult year. We know our colleagues in community foundations across Canada face similar challenges. We also know we are not alone in suffering losses to our endowments – organizations as large as Harvard University have sustained significant losses to their funds.

We appreciate the support and encouragement we have received from friends and colleagues about this situation. Equally heartening is the recognition from you, our fundholders, that Vancouver Foundation is doing everything we can to mitigate the losses and minimize the impact of these changes. We remain committed to working with you, to do the best we can together, for our communities.

**Striving for the common good,
in uncommon times.**