

***Pre-Budget Submission by the Association for Healthcare Philanthropy
to the House of Commons Standing Committee on Finance***

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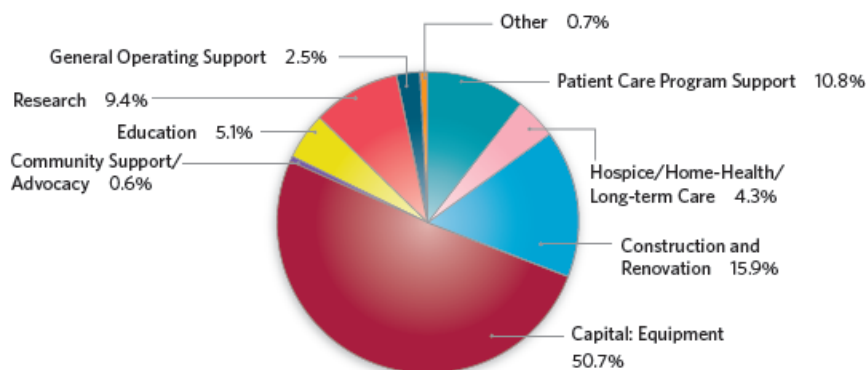
Who We Are

The Association for Healthcare Philanthropy (AHP) is an association of fundraising executives who are responsible for the management of foundations and fundraising departments that raise funds for hospitals and health care providers. Of its nearly 5,000 professional members, AHP represents 500+ nonprofit hospitals and health care organizations in Canada. Our members' mission is to support local health care facilities and programs, which provide for the well-being of society.

AHP's members represent fundraising professionals in all sectors of health care including: community hospitals, medical centers, children's hospitals, specialty hospitals, teaching hospitals and medical institutions, long-term care facilities and hospices.

Health care organizations such as these have come to rely on the generosity of grateful patients and the communities they serve to help underwrite the acquisition of new health care technologies, facility improvements, essential equipment upgrades, medical research and wellness programs.

USE AND DISTRIBUTION OF FUNDS IN FY 2012



Source: FY 2012 AHP Report on Giving

Most, if not all, of health care providers routinely factor in to their budgets an expected level of philanthropic support. In FY2012, philanthropic support of hospitals and health care organizations reached \$1.421 billion in Canada, according to AHP's most recent giving survey report, representing an increase over the prior year and steady growth since the recession in FY2008.ⁱ

Our Mission

The mission of AHP is to be the leading authority for standards, knowledge and leadership in health care philanthropy, in order to engage and educate the people who change lives by supporting the health of their communities.

Our Belief

AHP believes that philanthropy is an essential component in the nonprofit community, particularly in the health care sector, and encourages lawmakers to cultivate a culture of philanthropy by:

- Reminding all citizens of their stake in philanthropy and its integrality to the nation's well being.
- Accelerating and encouraging charitable giving by providing tax incentives for philanthropic behavior.
- Eliminating any legislative barriers or disincentives to charitable giving.

Introduction

Canada's charitable sector is vital to the economy and is instrumental in helping reduce the government's need to fund many vital services, particularly in relation to health care. Now, with the needs of so many Canadians growing as a result of economic uncertainty, the nonprofit and charitable sector requires additional government policies to help restore declining giving levels and to lay the foundation for a stronger philanthropic base in Canada.

According to the AHP FY2012 Report on Giving, the amount of philanthropic support extended to health care institutions in Canada is just now returning to pre-recession periods.ⁱⁱ It is important to appreciate that the philanthropic sector was experiencing difficulties prior to the recession. According to an Imagine Canada study in 2006, 63 percent of health care organizations in Canada reported that they struggled to secure individual donations, and 73 percent reported that they also experienced difficulty in obtaining funding from other organizations.ⁱⁱⁱ Perhaps most troubling is the decline in the number of donors. According to the government, 2012 saw a decline in the number of Canadians making donations and in the total value of donations.

AHP's benchmarking studies have consistently demonstrated that the most successful health care foundations and charitable organizations are those that have a diverse "portfolio" of donors. At the core of that portfolio is a large group of smaller donors, for it is from this group that relationships develop that spark individuals to make larger gifts. This concept of the philanthropic "pyramid" is critical to sustainability, and it is why re-building the Canadian donor base is so important during a time when economic difficulties have increased the need for philanthropic support of community services.

Recommendations

AHP fully supports **Imagine Canada's** recommendations:

1. Building on the First-Time Donor's Super Credit announced in 2013, implement the Stretch Credit for Charitable Giving to promote a culture of long-term and incremental giving.
2. Take action to reduce merchant fees paid when credit cards are used to make donations to, or purchase goods or services from, registered charities, to ensure donors' dollars go to charitable causes rather than to credit card companies.

3. Continue to expand charities' and nonprofits' access to federal business development services to enhance their capacity to generate income and serve their communities in a financially sustainable way.

These recommendations strengthen charities, reduce administrative costs and contribute directly to the government's jobs and growth agenda.

- 1. Building on the First-Time Donor's Super Credit announced in 2013, implement the Stretch Credit for Charitable Giving to promote a culture of long-term and incremental giving.**

While tax credits are certainly not the only reason that donors give, research has demonstrated that tax incentives play an important role in encouraging and increasing philanthropic giving. AHP therefore endorses and strongly supports the "stretch tax credit for charitable giving" proposed by Imagine Canada and supported by a coalition of organizations. This mechanism would augment the existing tax credit for individuals who give more than their previous highest giving level. This builds on the temporary First Time Donor's Super Credit and helps donors "stretch" their giving year over year.

This proposal will impact a broad number of taxpayers. If implemented, this measure could contribute greatly to creating a lasting, stronger base of financial support to meet the increased demand for services provided by charities and nonprofits.

- 2. Take action to reduce merchant fees paid when credit cards are used to make donations to, or purchase goods or services from, registered charities, to ensure donors' dollars go to charitable causes rather than to credit card companies.**

There has been an increasing number of Canadians using credit cards to make donations. Unfortunately, registered charities incur a fee every time they accept a donation via a credit card. Unlike other merchants, they cannot pass on the fee to the donor. This creates many issues including:

- The donor may not even be aware that their entire donation did not go to the charity.
- Charities must report these fees as administrative costs.
- The tax credit is based on the entire amount, even though a portion of the donation was used as a fee.

These fees contribute to a significant amount of money that is not going to Canadian charities and the communities they serve. The federal government can help with regulation.

- 3. Continue to expand charities' and nonprofits' access to federal business development services to enhance their capacity to generate income and serve their communities in a financially sustainable way.**

The federal government has many business development programs that are not accessible to charities and nonprofits, which could be helpful as organizations look for revenue streams that support their missions. AHP encourages the federal government to open all of these services and supports to charities and nonprofits.

Conclusion

Health care foundations and fundraising organizations play a critical role in the health of Canadian communities—providing essential financial support for hospital and health care provider equipment and infrastructure, research and teaching, and community benefit programs not supported by government funding. The recent and current economic hardships have left charitable organizations faced with increased demands and reduced donations. In addition, the diminishing donor base in Canada foretells greater challenges in the future if the trend is not reversed.

The implementation of these recommendations will help broaden the donor base by providing a powerful incentive to encourage Canadians to give, and to give more, in support of critical community services and programs, at a relatively low cost.

Endnotes

ⁱ AHP FY2012 Report on Giving- Canada. Falls Church, VA. Association for Healthcare Philanthropy. 2013.

ⁱⁱ Ibid.

ⁱⁱⁱ http://www.imaginecanada.ca/files/www/en/nsnvo/n_financial_challenges_factsheet.pdf

Respectfully submitted,



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