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## **2010 BUDGET BRIEFING NOTE**

### **Toronto Zoo Fundraising Strategy**

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#### **Issue/Background:**

- The Toronto Zoo opened to the public in August 1974. As a 35 year old facility, the Toronto Zoo's capital needs are increasing each year to keep pace with state of good repair and to maintain the standards expected of a major zoo with international stature. With over 1.3 million visitors annually, highly coveted educational programs and with an unblemished record, the Toronto Zoo wants to remain one of the top zoos in North America and a destination of choice.
- In anticipation of this capital funding gap, the Zoo undertook the necessary studies several years ago to determine the feasibility of securing more capital funding from external sources, including corporations, foundations, individuals and government. The results of these studies indicate that the Toronto Zoo has the potential to raise significant outside funding.
- In September 2008, the Board of Management of the Toronto Zoo decided to end its relationship with the Toronto Zoo Foundation. The Foundation continued to operate for an interim period for the orderly wind-up of its affairs. On May 29, 2009 this process was successfully completed.
- By agreement with the Board of Management, the Foundation's financial assets of approximately \$6.0 million were deposited with the Toronto Community Foundation. The Toronto Community Foundation performs a financial stewardship role, which includes managing the investments and ensuring that the funds are disbursed to the Zoo consistent with donor intent. The Zoo is permitted to draw down these funds, in accordance with the terms of the Trust Agreement with the Toronto Zoo Foundation, the Toronto Community Foundation and the Board of Management.
- Although an allocation for fundraising expenses and revenues was included in the Zoo's 2009 budget submission, it was removed during the administrative budget review process. As a result, the Zoo's approved 2009 Operating Budget included no provision for fundraising expenses or revenues. Consequently, at its meeting of February 10, 2009, the Budget Committee requested that the Toronto Zoo report back on the Fundraising Campaign strategy, including the timetable and impact on both the Operating and Capital budgets.

## **Key Points:**

The Toronto Zoo is committed to and has initiated the development of a renewed fundraising plan that will ensure that the Zoo will continue to be a dynamic and exciting action centre that inspires people to love, respect and protect wildlife and wild spaces.

Like any other charitable organization, the Toronto Zoo's fundraising programs are divided between two major areas: the Development Office which includes annual fundraising activities, and Capital Campaign fundraising.

## **Development (Annual Programs):**

- In May 2009, the Toronto Zoo assumed responsibility for the fundraising programs previously operated by the Toronto Zoo Foundation. Five full-time positions from the Foundation (two currently vacant) were transferred to the Toronto Zoo. This was advantageous since this provided program continuity and a seamless transition for donors.
- The Toronto Zoo has a loyal base of donors that have continued their support. Most of the annual fundraising programs are long running and well-established. These activities include: Direct Mail, Adopt an Animal, Major Gifts, Planned Giving, and Events.
- For the annual fundraising programs, the following strategies are proposed over the next three years:
  - Fill the two vacant Development Division positions, to bring the staffing levels up to full complement.
  - Bring back a gala event in 2010 (last ZooDo gala was held in 2005).
  - Continue awareness of and support for important Zoo conservation and education initiatives through the Direct Mail, Adopt an Animal etc. programs.
  - Enhance and expand stewardship activities to keep donors engaged with the Zoo and to prompt continued giving.
  - Conduct a planned giving campaign to attract new donors.
  - Upgrade the database software to keep pace with industry and service standards.

## **Capital Campaign:**

- Two studies were recently undertaken by professional fundraising consultants to assess the Toronto Zoo's capacity to undertake a major fundraising campaign. In January 2008, DVA Navion completed a campaign feasibility study for the Zoo. This was followed by a Campaign Readiness Plan prepared by KCI (Ketchum Canada) in February 2009.

- In order to develop and launch a successful fundraising campaign, both DVA Navion and KCI have recommended a series of steps that need to occur as follows:
  - Build internal capacity/resources dedicated to the Capital Campaign.
  - Create a new vision for the Toronto Zoo and use the new vision to develop an inspiring case for support.
  - Finalize the campaign priorities.
  - Develop case materials for each project in phases by priority.
  - Enlist senior volunteers to support the campaign.
  - Develop a prospect list.
  - Cultivate prospects and build relationships.
- The Zoo Board of Management and staff are proceeding with these steps to ensure a successful campaign. In July 2009, the Board approved a five year Strategic Plan for the Zoo which includes a new vision and strategic directions. In early October, the Board approved the project priorities for the Capital Campaign, which align with the new vision and strategy.
- Recognizing that major gift solicitation and capital fundraising requires specialized skills, KCI has been hired to assist the Zoo with the development and planning for a Capital Campaign. This is a common approach as most organizations embarking on a capital campaign engage fundraising counsel to lead the campaign or to support their in-house staff. As well, to provide oversight to the Zoo's fundraising activities, the Board is in the process of recruiting an Executive Director of Development. This is a position transferred from the Toronto Zoo Foundation that is currently vacant. Reporting to the Chief Executive Officer, this position will provide direction and have responsibility for all fundraising programs, including the implementation of the Capital Campaign.
- The project priorities approved by the Board of Management have established a total campaign goal of \$250 million (including fundraising costs) to be raised over the next 10 years. These funds will come from private sources (corporations, foundations and individuals) as well as government support.
- It should be noted that Federal and Provincial government support will be important in leveraging funding from private sources. It is common for a campaign to gain momentum with the announcement of a significant contribution from one or more government agencies. The ability of the Zoo, as a City board, to approach the Federal and Provincial governments for a large contribution is paramount to the success of the campaign.
- Some projects, for example replacement of basic infrastructure, will not attract outside funding. The City, as the owner, will need to demonstrate a commitment to the Zoo and provide sufficient base funding to satisfy our state of good repair needs and matching funds for growth, so that the Zoo is able to secure external funding on other projects. This will potentially require an increase to the current annual capital target of \$4.0 million.
- Over the coming months we will engage our key stakeholders and those passionate about supporting the Toronto Zoo.

The following forecasts the expenditure and revenue flow for the Development Office (annual programs) and the Capital Campaign.

**Toronto Zoo  
Fundraising Operations**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Revenue</b>					
Development Office	800.0	1,246.0	1,264.7	1,283.7	1,302.9
Capital Campaign	0.0	731.0	1,711.0	3,353.0	10,431.0
	<u>800.0</u>	<u>1,977.0</u>	<u>2,975.7</u>	<u>4,636.7</u>	<u>11,733.9</u>
<b>Expenditures</b>					
Development Office	(780.0)	(787.8)	(795.7)	(803.6)	(811.7)
Capital Campaign	(225.0)	(631.0)	(800.0)	(825.0)	(850.0)
	<u>(1,005.0)</u>	<u>(1,418.8)</u>	<u>(1,595.7)</u>	<u>(1,628.6)</u>	<u>(1,661.7)</u>
Distribution to Restricted & Unrestricted Program Funds	(320.0)	(1,131.0)	(2,211.0)	(3,853.0)	(10,931.0)
Conservation, Education & Research Program Contribution	525.0	572.8	831.0	845.0	858.8
<b>Net Expenditures</b>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

- In 2010 and 2011, the Capital Campaign will have modest net revenues in each year. Large gifts take time to secure, typically 12-24 months for each gift, and therefore it is typical in a campaign for revenues to be less in the first few years and then build in years four and five. Often the gifts are spread over several years. By year five (2013), the campaign should generate over \$10.0 million.
- The financial assets transferred from the Toronto Zoo Foundation are managed by the Toronto Community Foundation in a separate Trust Fund. A portion of these funds are designated for conservation, education and research programs at the Toronto Zoo and will be withdrawn by the Zoo each year for these purposes, as set out in the agreement between the parties.

## Questions & Answers:

- **What will be done with the funds raised through the Capital Campaign?**

All funds raised through the Capital Campaign and the annual programs managed by the Development Office will be deposited with the Toronto Community Foundation. The Toronto Community Foundation performs a financial stewardship role, which includes managing the investments and ensuring that the funds are disbursed to the Zoo consistent with donor intent. As the funds deposited and invested with the Toronto Community Foundation accumulate and grow to a sufficient level, they will be requested from the Toronto Community Foundation and disbursed accordingly to fund approved capital projects and initiatives.

- **What is the scheduled timeline for the launch of the fundraising campaign?**

The following outlines the timelines for key milestones of the Capital Campaign in the 2009-2011 timeframe:

Create Zoo Vision	2009 (completed)
Finalize Campaign Priorities	2009 (completed)
Case Development	2009-mid 2010
Assemble internal resources	2009-2010
Form Campaign Cabinet	2009-2010
Secure Lead Gift	2011
Secure other Major Gifts	2011-2013
Develop Prospect List	Ongoing throughout campaign
Cultivate Prospects	Ongoing throughout campaign
Begin the Zoo Family Campaign	2012

## **Prepared by and for further information:**

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