

# COMMUNITY GIVING

## A FIRM FOUNDATION FOR CLUB CHARITABLE DONATIONS

BY GEORGE PINCHES, FPCM

AT THE 2013 CSCM NATIONAL CONFERENCE, THE Hamilton Golf & County Club received the Club of the Year Award for Large Clubs in recognition of the Club's considerable contributions to the community. The conference theme of *Limitless, unlock your potential* could accurately describe the rationale behind the Club's decision to establish its own charitable foundation for the purpose of raising funds for those less fortunate in the Greater Hamilton area. This article is in response to requests to find out more information about setting up a charitable foundation at a private club in Canada.

### Some history

The Board, management and staff of Hamilton Golf & Country Club (HGCC) have a long history of supporting the Club's charitable work. The Club's founders determined early on that the Club must serve and contribute to the local community and the provincial and national golf associations. A key decision was made almost 50 years ago to take the "do it yourself" approach as opposed to donating the course to a third party charitable organization for their fundraising events. Since 1970, Club members have raised over \$1,500,000 for local Hamilton charities primarily through two annual fundraising events, the Dick Borthwick Memorial Tournament and the Ladies Golf for a Cause. The fact that these fundraising efforts have been member driven has made the work even more meaningful. Such efforts are a legacy that has been passed on by former Club leaders and a tradition that current and future Board members will be pleased to continue.

The vast majority of members and staff reside in Hamilton and its surrounding communities. They are keenly aware that sections of the city represent some of the most economically disadvantaged areas in Canada. Given the challenges that many in our community face, HGCC is especially proud of the recent establishment of the Hamilton Golf



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& Country Club Foundation. Through the Foundation, the Club looks forward to continuing its history of charitable giving that has become a fabric of the Club's culture. The Foundation became a reality in January 2013 after years of hard work, planning and working with regulatory bodies. The Foundation meets the requirements for a charitable registration under the *Income Tax Act*.

### The rationale

After decades of fundraising for local charities, the annual amount had grown to an average of \$180,000 to \$200,000. However, there was confusion in the minds of some tournament participants as to whether it was a Club initiative, or, it was simply that a number of local charities had been given access to the Club's facilities with no effort from members. Ironically, Club members would do all the heavy lifting and then turn to one of the participating charities to issue the tax receipts. As a result, some involved members began to discuss whether the Club should form its own foundation. Members were interested in directing the entire process from start to finish, including the issuance of tax receipts.

The group met with the COO to discuss the rationale and process for setting up the Club's own foundation. They observed that having the Club's own foundation would mean no significant change to the Club's charitable and community activities. The Club would continue to fund selected charities over a two-year period then change recipients to provide an opportunity to touch more community agencies and keep the two tournaments from getting stale. Charities selected were local rather than large national or institutional organizations. The Club's community building activities would remain a joint member/staff initiative, the Club would not increase public access and there would be no direct solicitation, just an invitation to play and/or be a sponsor.

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### The process

A lawyer (a Past President of the Club) agreed to assist with the legal work and be the main contact person for the CRA. The COO contacted the Club's audit firm and legal counsel to determine if it was possible for the Club to have a foundation and the ramifications for the Club. He obtained opinions from both before allowing the process to continue. He then attempted to find an existing private club foundation in Canada to no avail. However, a quick search led him to the East Lake Foundation in Atlanta ( [www.eastlakefoundation.org](http://www.eastlakefoundation.org) ). The story of East Lake is a compelling one that can be summed up in a quote from a late East Lake resident, “*We tore down hell and built heaven.*”

Based on the above research and other considerations, the small group presented the

concept of a foundation to the Club's Board. The group recognized that it would be best to get Board approval in principle before continuing the process and investing all the time and effort required to start a foundation. Fortunately, the Board saw the advantages and gave the group the green light. At the same time, the private club industry had recognized the need to be more proactive in community relations and most clubs had some form of staff- and member-driven community involvement.

Rest assured, the rest of the process involved the development and submission of documents to the CRA. It does not happen quickly. I am unqualified to provide advice on this part of the process. You will need legal assistance. Interested readers can obtain all the necessary information through the CRA website.

## One small disappointment

From the beginning, one of the Foundation's objectives was to offer scholarships to caddies. The Club has over 100 children participating each season. Caddies are drawn from the surrounding community with the proviso that they cannot be members' children. The Club had hoped to offer caddie scholarships for post-secondary education based on the premise that they were not members, members' children nor staff. Regrettably, the CRA disagreed. However, the Club continues to offer bursaries to staff with direct funding from members. The Mickle Bursary Awards are named after retired General Manager John Mickle who served as CSCM President in 1986/87.

## Things to consider in setting up a foundation

- What is the foundation's intended purpose or mission?
- What benefit will this provide to the public?
- Why do we need a separate foundation for this?
- Who should serve on the board of the foundation?
- Who is likely to provide funding?
- How will funds be raised?
- How will funds be distributed and to which charities?
- Will this benefit the Club?

## The benefits

- A foundation provides a structure to grow support for the Club's charitable and community activities without changing how the Club (members and staff) provides that support



- A Club Foundation controls and enhances the Club's brand in the growing area of community involvement and things done for the greater good
- A Club Foundation maximizes asset utilization while controlling non-member access in the Club's fundraising activities
- It operates at arm's length with no direct benefit to the Club
- A Foundation allows members and corporations to donate money to further the Club's charitable works and receive a tax receipt.

## Writer's perspective

Hamilton was not my first private golf club. However, the thing that I will always remember about the Club has nothing to do with bricks and mortar, greens and bunkers or Canadian Open Tournaments. It has everything to do with a recognition that the members sought opportunities to make a difference for staff, caddies and the community. 🍁

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*He has been studying governance in private clubs for the past 10 years and considers the ability to work with boards and committees a key success factor in club management. He sees governance in private clubs as a collaborative process that can be productive for all concerned. He currently instructs Golf Club Governance for the Golf Management Institute of Canada.*