

Church Property Trustees Fundraising Insight Report

JUNE 2017

35+ YEARS EXPERIENCE:

STRATEGIC COUNSEL
FUNDRAISING

RESEARCH
MARKETING

PHILANTHROPIC
COACHING



OKP
PHILANTHROPY | MARKETING

CONTENTS PAGE



1.	Executive Summary	Page 2
2.	Project Scope	Page 3
3.	Synopsis	Page 4
4.	Fundraising Reports Review	Page 8
5.	Specific Questions & Response	Page 12
6.	Drawing a Conclusion	Page 19
7.	Appendix	Page 23
8.	Attachments	Page 25



1. EXECUTIVE SUMMARY

Church Property Trustees (CPT) engaged O'Keefe & Partners (OKP) in June 2017 to provide a second opinion on the fundraising potential for a reinstated cathedral. In undertaking this task, OKP has reviewed the following key information:

- The 2013 independently produced fundraising report (to CPT),
- The 2016 independently produced fundraising report (to the Cathedral Working Group (CWG)),
- The CWG report,
- Research undertaken by OKP,
- Information provided by CPT, and
- Publically available information.

Following extensive and careful consideration of the available information (as indicated in this report), including consideration of the full level of fundraising of \$74m required (and not just the \$55m direct project costs considered by the 2016 fundraising report) it is the opinion of OKP that:

1. The 2013 fundraising report is conservative in its conclusion that fundraising for a reinstated cathedral is unlikely to be successful versus fundraising for a contemporary cathedral.
2. The 2016 fundraising report is very optimistic in its conclusion that a \$55m campaign could be successfully achieved in 3-5 years.
3. The 2016 Fundraising Report does not provide sufficient evidence to support the conclusion that \$55m campaign could be successfully achieved in 3-5 years (following a "pledging period") and therefore we are not confident that a \$55m fundraising campaign for the reinstatement of ChristChurch Cathedral would be successful.
4. Embarking on a \$74million campaign to raise the full funds for the reinstatement of ChristChurch Cathedral, without further investigation and information gathering, would involve a very high level of risk, and
5. A fundraising campaign is certainly possible - what is uncertain is how much could be raised and in what time period. There are a number of steps that could be undertaken to understand how much could be raised and to minimise fundraising risks, including undertaking a fundraising feasibility study and conducting intensive research to identify prospects.
6. Ensuring funds are in place before reinstatement begins (per CPT requirement, and in the absence of an underwrite) would mean that the reinstatement itself might not start until 8 years following the decision to reinstate – with completion up to 15 years away.

Without extensive stakeholder consultation (specifically about involvement and willingness to give), it is extremely difficult to determine if the fundraising goal is achievable given its size. OKP can provide advice on what it takes to create a successful campaign, how to minimise risks, model the finances and suggest sources of prospective donors, but cannot tell if potential donors would be willing to give. The only way to determine how prospective donors think and feel, is to ask them.

2. PROJECT SCOPE

Overview of Requirements

In engaging OKP Philanthropy & Fundraising, CPT is seeking:

- a) A second opinion on the fundraising potential, taking into consideration CPT's key requirements (see below).
(Recasting of Fundraising - \$ & timing [total project costs & CPT need for funds prior to construction])
- b) Review of the 2013 and 2016 Fundraising Reports.
- c) Review based on total funds required (see below) of \$127m.

OKP understands that CPT, when engaging with the government (including leading up and during the CWG period), has been consistent in communicating the key requirements that must be considered in any potential reinstatement.

These include:

- 1) CPT's risk being capped at the level of the cathedral insurance funds (currently approximately \$42.7m), leading to
- 2) All funds being secured for the reinstatement (via fundraising or an underwrite provided by a third party),
- 3) Certainty that the reinstatement project be completed in full and within an agreed timeframe, and
- 4) Endowments sufficient to fund the future insurance and maintenance needs of the cathedral are guaranteed.

We are advised that CPT's key requirements, as outlined above, result in the following funds requirements and fundraising objectives (based on independently reviewed information provided to the CWG and CPT and made publically available):

	Reinstatement (\$m)	Contemporary (\$m)
Project Costs (Construction and professional)	104.0	30.0
Fundraising (per CWG)	4.0	0.0
CPT Costs	3.2	3.2
Endowments	12.9	4.6
Governance, Comms & Legal	3.1	4.5
Total Costs	127.2	42.3

3. SYNOPSIS

Overview

The iconic Cathedral (a nationally important Category 1 listed heritage building) in the square at the centre of Christchurch was badly damaged when the earthquake hit the city in February 2011. Over the last 6 years there has been much discussion and debate around whether to reinstate or build new, but at this point in time the future of the Cathedral remains unclear. This decision now rests with the members of the Anglican Diocese of Christchurch Synod who are due to meet in September 2017. Significant independent advice has been sought to date to inform the views and decisions of CPT. We understand that this report will form part of a collection of further information to be provided to Synod in order to aid its decision in September.

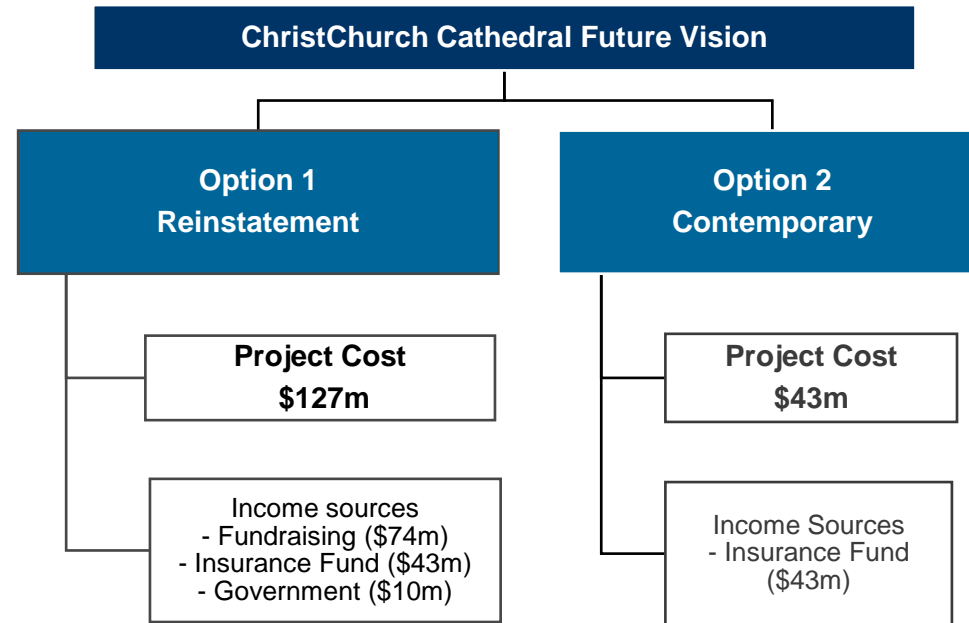
The two distinct options being considered by Synod are:

(1) Reinstall the existing Cathedral (a mix of restoration, repair & reconstruction) and (2) Build a new Cathedral (contemporary option)

Diagram 1: Cathedral Options

It is worth noting that:

- Discussions held have confirmed that fundraising would be required in order to pursue Option 1.
- A review of past documentation shows that other building options have also been considered, including building a replica and a combination of all options
- Community consultation took place in relation to 3 building options in April 2013 (maximum retention, traditional form or contemporary). CPT then commissioned an additional survey in April 2017 on two options (reinstatement v contemporary) which found that the public were split.
- The Church has to date favoured a contemporary cathedral. It would be a symbol of re-birth and allow the Church to focus efforts on mission and ministry.

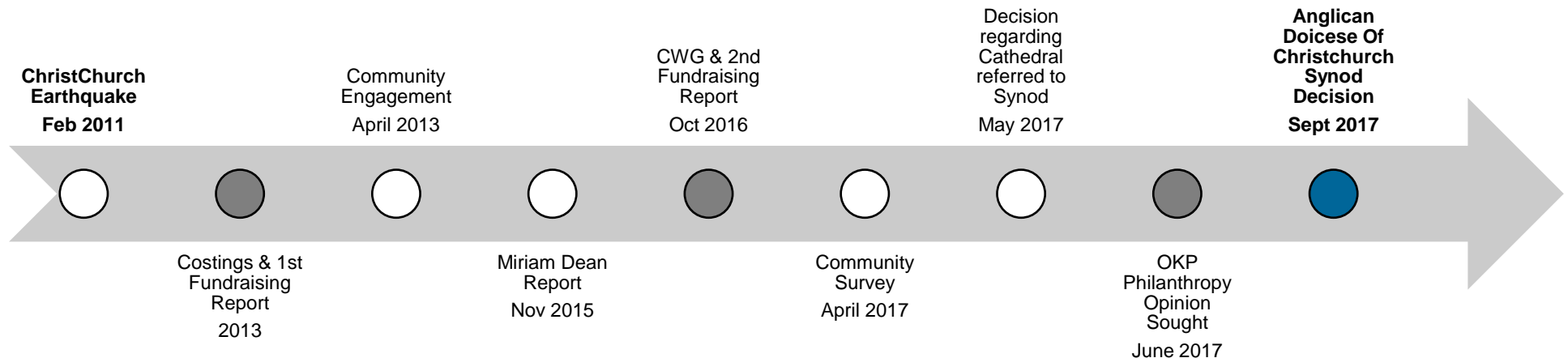


- In addition to the \$10m grant, the government has offered a \$15m loan and enabling legislation.
- The Great Christchurch Buildings Trust (GCBT) has been leading a campaign calling for the reinstatement of the Cathedral. The Trust is a well-resourced and organised campaign group with powerful Christchurch connections and reasonable public support.
- Christchurch Mayor, Lianne Dalziel, and the Christchurch City Council support reinstatement. Dalziel has suggested the Government should buy the Cathedral from the Church if they do not agree to reinstate it. To date the Council has not offered to contribute funding to the redevelopment of the Cathedral.
- There is a risk that the build costs for reinstatement (currently \$104 million of the total \$127 million project costs) could increase. The lead engineer and quantity surveyor advise that \$104 million may not be sufficient due to lack of detailed construction and earthquake damage information.
- Polls show that the people of Christchurch are divided in their opinion about the future of the Cathedral.

Issues influencing the future direction of the Cathedral include but are not limited to: opinions and preferences of key influencers and public opinion, heritage issues, cost, issues pertaining to the site, the City of Christchurch, tourism and so on.

As stated in a recent media release Bishop Mathews says people are still **very divided** over whether to reinstate the Cathedral or commit to building a new contemporary Cathedral. *"Members of Synod will make a decision on whether to accept an offer to assist with reinstatement from the New Zealand government or construct an inspirational contemporary cathedral to a design that is, as yet, undecided but the cost of which will be within the \$42 million insurance fund,"* she said. Interest in the type of build and willingness to donate shouldn't be viewed as hand in hand.

Diagram 2: Timeline of Events Influencing Fundraising Planning



Key Influencers

Reinstatement Option

REINSTATEMENT Cathedral Vision Perspective		
Primary <ul style="list-style-type: none"> Anglican Diocese of Christchurch Church Property Trustees Cathedral Chapter Heritage New Zealand Christchurch City Council Government 	Secondary <ul style="list-style-type: none"> Christchurch Community Great Christchurch Buildings Trust and Restore Christchurch Cathedral Regenerate Christchurch 	Other <ul style="list-style-type: none"> Lobbyists Media CBD Property Owners Canterbury Employers Chamber of Commerce

REINSTATEMENT Fundraising Perspective		
Primary <ul style="list-style-type: none"> Anglican Diocese of Christchurch Church Property Trustees Government Great Christchurch Buildings Trust Philanthropists 	Secondary <ul style="list-style-type: none"> Philanthropic grant makers Heritage New Zealand Restore Christchurch Cathedral Christchurch City Council 	Other <ul style="list-style-type: none"> Christchurch Community, at large Lobbyists Media Regenerate Christchurch

Contemporary Option

CONTEMPORARY Cathedral Vision Perspective Only		
Primary <ul style="list-style-type: none"> Anglican Diocese of Christchurch Church Property Trustees Cathedral Chapter 	Secondary <ul style="list-style-type: none"> Christchurch City Council Christchurch Community Regenerate Christchurch Heritage New Zealand Urban Design Panel (established by but independent of CCC) 	Other <ul style="list-style-type: none"> Lobbyists Media CBD Property Owners Canterbury Employers Chamber of Commerce

NOTE: There is no Contemporary Fundraising Perspective provided, as fundraising for the Contemporary build is not needed.

Major Fundraising Appeals

There are many principles that would drive the fundraising vision forward, if the Anglican Diocese of Christchurch Synod pursues the reinstatement option that relies on a fundraising drive to embrace community goodwill.

The primary one to focus on from start to completion is the *involvement of people*.

It is people that will determine the future success, together with the right campaign governance, structures and resources.

By its very nature, moving forward with a Capital Campaign provides definite advantages to the organisation that cannot be derived from any other fundraising technique.

Capital Campaigns:

1. Are an effective form of raising donations and a respectful platform to canvass major donation.
2. Are the primary instrument for developing new volunteer leadership and for identifying new prospects.
3. Provide public relations benefits of immeasurable value by uniting the organisation's constituents in a common cause, by creating new pride and strengthening the morale of the management body and staff members.

Unquestionably the most important single element of a successful Capital Campaign is leadership, but following close on its heels is the matter of the Case for Support – the fundraising case – the vision for the Cathedral in print! It is a 'given' that dedicated human resources are needed to plan and execute the campaign in keeping with the campaign strategy.

In our view, a campaign of this size and scale will fall short of its desired target if the campaign is based on a traditional Capital Campaign model.

An integrated model is needed to yield success.

Campaigns can be successful due to powerful, committed and persuasive leaders doing their jobs well and carrying forward a winning campaign in the face of a less-than-exciting Case for Support. The opposite is much more difficult an accomplishment - that is, to carry forward a winning campaign which has a compelling and convincing Case but which suffers from weak, uncommitted or unavailable leaders. However, when the two together are strong, then almost invariably a successful Capital Campaign is the outcome.

4. FUNDRAISING REPORTS REVIEW

A detailed review of the 2013 and 2016 reports has taken place to understand the issues and needs as they have transpired over time.

More importantly we have made attempts to draw out key points to gain a perspective.

2013 Fundraising Report	2016 Fundraising Report	2017 Fundraising Comment/Perspective
Successful campaigns raising over \$20m in New Zealand are rare.	Of 12 major campaigns investigated, 5 had raised over \$20m and 2 raised over \$100m.	Successful campaigns raising over \$20m may be rare, but are not unheard of. Universities raising in the vicinity of \$100-200m indicate that wealth and philanthropic inclination are present in New Zealand.
Fundraising feasibility cannot be tested with potential donors until a preference for rebuild is established.	No comment provided	Even without a preference for the type of rebuild, there is no good reason why conversations with high-level prospects cannot commence. Early discussions could help provide clarity on the rebuild issue and allow the right prospects to be approached for a firm commitment once a rebuild approach has been determined.
The fundraising campaign will be longer than 3-5 years. Cathedral campaigns can sustain longer durations.	Once a campaign committee is in place, 3 years will be sufficient to raise most of the funds.	<p>It is unrealistic to expect such significant funds to be raised in just 3 years. We appreciate that the comment references <i>“once the committee is established,”</i> however from our experience of planning and executing large scale campaigns a longer period will be required to reach in excess of \$70m. In our view, the only way a shorter period could be realised is if a pledge in the range of \$30m+ could be enlisted.</p> <p>It is also worth noting that CPT’s requirement to have the full funds committed before reinstatement commences could delay the start of building even further – perhaps up to 8 years.</p>

2013 Fundraising Report	2016 Fundraising Report	2017 Fundraising Comment/Perspective
Fundraising for the complete reinstatement of the Cathedral has a very low chance of success.	A target of \$55m (for the repair and restoration of the cathedral) is formidable but if guidance is followed the entity responsible for raising the funds can proceed with a high degree of confidence of success.	<p>The two reports used different assumptions to come to their conclusions and were asked different questions (viability of various options v providing a fundraising strategy for a particular option).</p> <p>While the target is large, reinstatement may be the most motivating option from a fundraising perspective. Since 2012, several lobbying groups have been set up to call for full reinstatement. These groups have also offered funds or suggested that they would fundraise. The 2016 report states that the Great Christchurch Buildings Trust has an unconfirmed pledge list of \$13.7m.</p> <p>In essence, the 2013 Fundraising report is conservative, whilst the 2016 Fundraising report is very optimistic and quite confident.</p>
	New Zealand needs to build the Cathedral it wants people to visit, not the one it wants to pay for.	<p>Another way of looking at this is that people will be willing to pay for the Cathedral they want to visit.</p> <p>The Cathedral built in the future has the potential to further embrace the community, set a new benchmark in design in Christchurch and around the world and from a fundraising perspective embrace new audiences to give to the campaign and inspire higher giving.</p>
Recommendations (on whether to proceed with various options) seem to be primarily based on likelihood of obtaining a lead gift of 10-20% of target.	The report considers a wider range of information in determining whether the Campaign would be successful.	Obtaining lead donations is critical to the campaign's success and this is dependent on a range of factors: a clear vision; a compelling Case for Support; strong leadership and appropriate resourcing. Experience and expertise is a mandatory needed. It is ideal that the value of key major gift exceeds 60% of the campaign target. The higher the proportion of the target achieved by these donations, the less reliant the campaign is on smaller gifts (under \$10,000) topping up the campaign goal.

2013 Fundraising Report	2016 Fundraising Report	2017 Fundraising Comment/Perspective
Focus appears to be 'which option is more viable from a fundraising perspective'?	Engagement was for provision of a fundraising strategy for the reinstatement option (not whether it was the best option).	It appears that the two reports were asked different questions (and then used different information to draw conclusions).
A lead gift of 10-20% must be achieved	Percentage ratio not considered / mentioned. In Table 4 'leadership donors', two major gifts of \$4m and \$5m are mentioned (both shy of 10% of the \$55m but this is not flagged).	<p>OKP recommends looking for donor or a consortium of donors prepared to make a pacesetting gift of more than \$10 million.</p> <p>OKP understands there are current pledges/donations at the \$4m and \$1m level. This shows potential for enlisting 6 figure contributions.</p>
N/A	The list of donors was not verified as part of the development of the report.	<p>There are several risks in relying on the prospects identified by the GCBT, including that without names CPT cannot know if they are genuine prospects.</p> <p>Other risks are:</p> <ul style="list-style-type: none"> • That GCBT control the prospects and may not be willing to hand over the management of those relationships to the campaign committee. • That the prospects prefer to give to the GCBT and may not be willing to give directly to the campaign. • That there is significant cross-over between key prospects identified by the CPT and GCBT. • Even if these potential donors are still prepared to donate, we do not know if their offers are conditional (for example on all elements of the build being exact replicas). • Only clarification of Deed of Donations and/or written commitments can validate GCBT's assertion of \$13.75m in "key donors"

2013 Fundraising Report	2016 Fundraising Report	2017 Fundraising Comment/Perspective
		<p>However, this list of supporters does highlight a valuable opportunity to leverage the networks of GCBT. If a campaign is established, it is recommend that the head of the GCBT, Philip Burdon be invited to join the committee, so that his relationships can be managed within the structure of the campaign and direct relationships with those people can be nurtured. We understand that Burdon is prepared to be a donor himself (and donate \$1 million according to media reports) and he has a strong interest in the success of the campaign.</p> <p>OKP understands that due to the events leading up to this point, relationships between the various stakeholders (CPT, GCBT, RCCG heritage advocates) may be strained however a successful fundraising campaign for reinstatement would be more likely if all stakeholders were able to unite behind a common goal.</p>
<p>The report stated that should some other major event occur such as another major earthquake, then this would create further risk for a fundraising campaign.</p>	<p>Report highlights other fundraising campaigns which may be live at the same time due to earthquake damage, for example the Cathedral of the Blessed Sacrament.</p>	<p>There will always be competition for fundraising dollars and this is why a strong Case for Support is essential. On 14 November 2017 the upper South Island and lower North Island was struck by the Kaikoura earthquake. This resulted in damage to both public and private properties in the upper South Island and Wellington City and has created additional funding pressures for the Church.</p> <p>See further points regarding competition for fundraising dollars in section 5.</p>

5. SPECIFIC QUESTIONS & RESPONSES

Specific Questions Provided for Comment


The list of questions provided by CTP for OKP comment is as following:

1. What is the risk that the necessary funds would not be fundraised?
2. What is the risk that the necessary funds would not be received as forecast time-wise?
3. Should the fundraising tables be remodelled (sources, timing and fundraising cost) given a \$74m target after the government grant of \$10m?
4. What is the risk posed from competition for fundraising dollars?
5. What is the risk of pledges not being fulfilled – both in terms of timing and collectability?
6. Do the survey results (i.e. divided views on reinstatement/contemporary; 31% approve of Council funding; 49% approve of government funding) have an impact on the strategy for or potential sources of fundraising?
7. What is the potential risk around misunderstanding key elements of reinstatement e.g. heritage proposal that the rose window & tower *not* be replicas but modern?
8. Why do the 2013 and 2016 fundraising reports appear to come to different conclusions?

Individual Questions and Responses


Question #1

What is the risk that the necessary funds would not be fundraised?

Risk Rating	Response
	<p>There is always a risk that the necessary funds won't be raised.</p> <p>What is important is identifying the risks and challenges and considering how they can best be mitigated. In this case given the time that has passed, the voice of key influencers and the community opinion stakeholders need to be considered.</p> <p>There is no doubt that achieving the required target would require significant time and effort. The financial target carries risk given (a) the target size; (b) the timeframe proposed for the fundraising campaign; and (c) the historic public acrimony over the future of the cathedral.</p> <p>There is also the additional risk that if the costs for reinstatement were to increase (as per the advice of the lead engineer and quantity surveyor) this would increase what is already a significant fundraising target.</p> <p>Funds or pledges yielded to date, show promise. It is understood that these are at the 6 figure level (e.g. \$4m, \$1m and another \$1m); this shows potential to raise funds in the millions and millions.</p> <p>Capital campaigns are the flagship of the fundraising fleet. Each campaign is unique and built upon the needs, values, strengths of the organisation and the opportunities unravelled throughout the process. All campaigns come with risks and challenges.</p> <p>The key to a successful campaign is assigning dedicated resources and expertise, qualified prospects, embracing the peer to peer fundraising techniques and conducting intense purposeful activity over the life of the campaign. For a campaign of this size and scale, the first 2-3 years are critical. The work done in the early period lays the foundation for future success.</p>

Question #2

What is the risk that the necessary funds would not be received as forecast time-wise?

Risk Rating	Response / Comment By OKP
	<p>As stated above, for any major campaign, there is always a risk that the necessary funds will not be raised.</p> <p>Sound planning, validation of key campaign components and adopting best practice is required for all campaigns to reach or exceed their target. For a \$70m+ fundraising target a qualified prospect list valued at more than \$150m is required.</p> <p>Processes and sets could be put in place to mitigate funds not being received as forecast and manage and formalise the process of accepting and receiving pledges. However, given the financial target set and campaign timeframe proposed (3-5 year fundraising campaign), the risk of funds not being available to acquit when required is high.</p> <p>Based on projections made to date and information detailed in the 2016 Fundraising Report, it is our professional opinion that a greater period of time is required to realise \$74m. 5 year pledge arrangement period alone requires a period following the actual fundraising campaign to fulfil pledges payments. For example, a 5 year pledge entered into in year 5 of the campaign would not typically be paid in full until year 10.</p> <p>A successful campaign can sometimes take longer than expected due to circumstances beyond the control of the campaign committee. Changes in government, economic downturn and emergency fundraising appeals are just some of the things that can impact a campaign's duration. If a campaign is still progressing towards the goal and being favourably received by prospective donors, then there is good reason to take more time. That being said it does get harder to fundraise as time goes on and the potential donor pool gets smaller. More creativity is required in the later stages of a campaign to identify and connect with new prospect sources. More effort is also required to keep the campaign team engaged and motivated as fatigue sets in.</p> <p>OKP views the current timeframe proposed as unrealistic and would almost certainly not be met. We would recommend that if CPT proceeded with a fundraising campaign that a more realistic timeframe is planned for and a <i>'buffer period'</i> is included in this planning.</p>


Question #3

Should the fundraising tables be remodelled (sources, timing and fundraising cost) given a \$74m target after the government grant of \$10m?

Risk Rating	Response / Comment By OKP
N/A	The table has been re worked taking into consideration: the Gifts Chart (breakdown of donations – refer to Attachment 1) and our opinion that a longer period of time will be required to realise the fundraising target. The campaign will enlist one off donations and pledge donations (eg \$500,000 payable over 5 years). Pledges will be secured over the life of the campaign resulting in pledge payments being outside the ‘active’ fundraising campaign period. Refer to Attachment 2 for the original workings and the revised working based on opinions held and assumptions made by OKP.


Question #4

What is the risk posed from competition for fundraising dollars?

Risk Rating	Response / Comment By OKP
	<p>Sourcing philanthropic and corporate support is competitive, at any time for any organisation. There will not only be competition from similar campaigns, but also competition from other causes and demands on a donor's discretionary income. It can be easy to become overwhelmed by the competition, so it is important to focus on the strength of the case for support and be confident in the merits of people supporting the campaign. People support causes they respect, are connected to and aligned to their values and beliefs.</p> <p>If the fundraising campaign for the Catholic Cathedral goes ahead, both fundraising campaigns are likely to be live in the marketplace at the same time. While this is unlikely to significantly affect donations based on faith or from the Anglican community, it could impact or split donations from the wider community or donors investing to rebuild the community or retain the city's historical buildings.</p> <p>The statutory requirement to strengthen earthquake prone buildings in the next 10 to 15 years also may create more competition for fundraising dollars (if this increases the number of fundraising campaigns for heritage buildings).</p> <p>A fundraising feasibility study would give you greater understanding of how competition would impact a potential campaign. A study would reveal how strongly stakeholders are connected to the project and any objections standing in the way of their support. It can't take away the risk, but it can give you the information you need to determine the level of risk and develop strategies for minimising it.</p>

Question #5

What is the risk of pledges not being fulfilled – both in terms of timing and collectability?

Risk Rating	Response / Comment By OKP
	<p>This risk can be managed and controlled. However, it is worth noting that donors reserve the right to retract donations unless legally binding agreements are entered into.</p> <p>Good practice and policies can be put in place to show diligence and intent. Preparing a Deed of Donation for each major gift is encouraged and highly recommended. Pledge management comes down to good management, ongoing communication and effective donor relations (stewardship). It is essential that each donor relationship is strategically managed and any recognition/acknowledgement agreed is fulfilled or exceeded.</p>

Question #6


Do the survey results (i.e. divided views on reinstatement/contemporary; 31% approve of Council funding; 49% approve of government funding) have an impact on the strategy for or potential sources of fundraising?

Risk Rating	Response / Comment By OKP
N/A	<p>The survey results provide a measure of the level of support for either option. However, when it comes to fundraising, it is the strength of their conviction which is more important. Someone who feels very strongly about their position will be more likely to donate.</p> <p>Something else to consider is that those surveyed would have a reasonably clear picture of what a reinstated cathedral will look like (subject to not being aware that the tower, rose window and west porch may not be reinstated to their original design), but when it comes to a contemporary cathedral there is no current design (other than the 'placeholder' used in the 2013 public engagement). Without plans for a new build in place it is not possible to get a true picture of public opinion.</p> <p>While the survey results show the general public is divided on the issue, it appears that the most vocal stakeholders are those who oppose the demolition and would prefer reinstatement. These stakeholders are passionate – they have set up lobbying groups, made legal challenges, made funding pledges and sought to fundraise themselves.</p>

Risk Rating	Response / Comment By OKP
	<p>CPT needs to consider how it will deal with challenges from these groups if a decision is made to proceed with a contemporary build. At a minimum there is a risk of negative media coverage – at worst further legal challenges could create additional delays in the construction of the Cathedral.</p> <p>Once a decision has been made, communications will need to provide clear information informing the public of the decision and the reasons why. This does not mean that any fundraising (if pursued – although it is noted that this is not currently the intention for the contemporary build) would be negatively impacted however – major donations from a smaller motivated group would create the bulk of fundraising revenue and public donations would be solicited later in the campaign.</p> <p>Without stakeholder consultation (as part of a fundraising feasibility study), it cannot be known how passionate prospective donors are about reinstatement vs the construction of a modern cathedral.</p>

Question #7

What is the potential risk around misunderstanding key elements of reinstatement e.g. heritage proposal that the rose window & tower *not* be replicas but modern?

Risk Rating	Response
	<p>A Case for Support document would help clearly communicate the key elements of reinstatement and minimise risk surrounding misunderstandings. A Case for Support is an important campaign tool that clearly articulates the campaign vision and ensures all askers and givers are on the same page. The Case for Support content, positioning and imagery can be controlled by the governing entity, the Capital Campaign Working party and/or the recruited Leadership Committee (Fundraising Committee) once the vision of the Cathedral is confirmed and endorsed. The Case for Support should make the plans clear to potential donors. If feasible CPT may wish to have conversations with potential donors to understand any conditions for support before building plans are finalised. A proportion of donors will give for reasons outside heritage and architectural design issues.</p>

Question #8

Why do the 2013 and 2016 fundraising reports appear to come to different conclusions?

Risk Rating	Response
N/A	<p>It appears that the two reports were asked to answer slightly different questions and then used different information in reaching a conclusion.</p> <p>The 2013 Fundraising Report considers which option is more viable from a fundraising perspective whereas the 2016 Fundraising Report considers if the reinstatement option is progressed whether funding could be raised. Both reports suggest that the community could unite behind a form of reinstatement (although it is not explicitly called this in the 2013 report). The key difference in our view is that the 2016 Fundraising Report suggests that a smaller fundraising target of \$55 million (which does not consider CPT's full fundraising requirements) would be required for the reinstatement option and then does not strictly apply the rule used in the 2013 Fundraising Report around achieving 10-20% of target as a lead donation.</p> <p>In our opinion, the 2016 Fundraising Report does not provide sufficient evidence to support the conclusion that a \$55m campaign could be successfully achieved in 3-5 years. Without extensive stakeholder consultation (specifically about involvement/giving willingness), it is almost impossible to determine if the fundraising goal is achievable given its size. OKP can advise you what it takes to create a successful campaign and how to minimise risks, model the finances and suggest sources of prospective donors, but cannot tell if the stakeholders would be willing to give. The only way to know how your prospective donors think and feel, is to ask them.</p>

6. DRAWING A CONCLUSION

Fundraising Potential

New Zealand is one of the most generous countries in the world, ranking 4th on the 2016 World Giving Index behind Australia, the United States and Myanmar. New Zealanders are estimated to give more than \$2.7 billion each year to charitable and community causes, a figure that has remained steady since the devastating Christchurch earthquakes in 2010 and 2011.

The Church is in a strong position to harness the substantial generosity and goodwill of the New Zealand people, businesses and funding bodies. The Cathedral is not just a church, it is a symbol of the city, a much-loved icon and a popular destination for visitors. Its current state of disrepair is deeply unsettling for the many people who have an emotional connection to the building.

It is this emotional connection that will inspire significant support for any fundraising campaign, whether it is aimed at reinstating the Cathedral, building a contemporary cathedral or raising money for community programs.

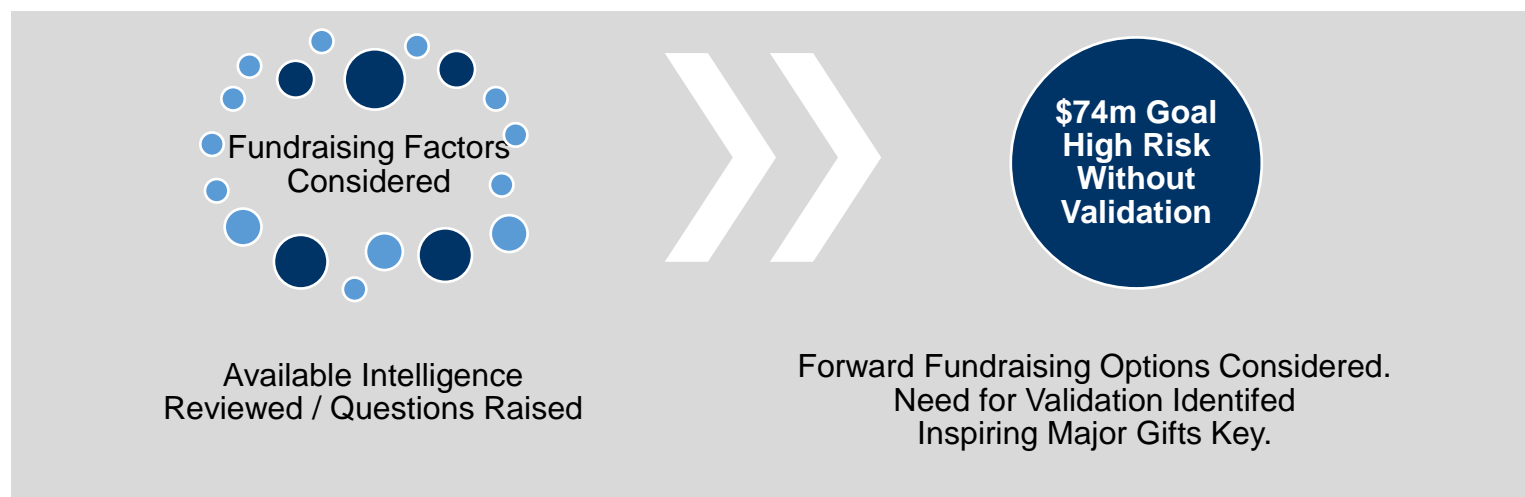
Furthermore, the Cathedral has been impacted by natural disaster, an event proven to attract increased community support. Around the world, over many decades, we have witnessed that natural disasters and emergency situations have a positive impact on generosity, not just in the wake of the crisis, but also in the years that follow. Individuals, families, businesses and funding bodies have a strong desire to help communities rebuild and recover following a catastrophic event. While there is usually a large influx of small donations immediately following a disaster, donations made some time after the event tend to be larger and more strategic.

There is no doubt that the Church could raise significant money from its large pool of emotionally connected supporters, but the question being asked here is, *can it raise as much as \$74m in the next 3-5 years?* It should be noted that the Church is already focussed on other key funding challenges, including fundraising for betterment costs of earthquake damaged churches, deferred maintenance, earthquake strengthening and funding the day to day mission and ministry activities of parishes. These issues, among others, will impact the ability of the Church to support a Cathedral fundraising campaign.

Overall Position

Based on the information available at this time, OKP believes it would be too risky to embark on a \$74 million campaign to raise funds for the reinstatement of ChristChurch Cathedral (and even a campaign for \$55 million could prove difficult in this timeframe).

Diagram 3: Professional Opinion



There are however several ways to minimise the risk and make a more informed decision about the future of ChristChurch Cathedral, including:

- A. Fundraising Feasibility Study
- B. Prospect Identification Research

In addition, the Church could develop a Case for Support that encourages early donations and makes it clear that the project will not proceed if donors are not willing to put \$\$\$s on the table. At the same time, the campaign roadmap could be prepared. The roadmap would describe the fundraising vision and clearly articulate how the vision will be achieved. This would flush out the structure, model and campaign day to day workings.

Whilst highlighting the options to sure up the understanding of fundraising risk, we also acknowledge that escalation of costs (we understand to be estimated at approximately \$1.6m per annum) will need to be factored into any delay in decision making for a reinstatement option (assuming that a contemporary cathedral would continue to be built within the available insurance funds).

In addition the campaign would require effective resourcing. Fundraising costs incurred are typically derived from the operational budget. Expected costs need to be budgeted for before entering into the process. The form of fundraising required to work towards the target will see funds come in 'ebbs & flow.' It is also important that you meet donor demands for transparency and clearly communicate how much you are spending to raise funds, and how those expenses are being met. For these reasons it is best if the cost of fundraising is met from the cathedral insurance funds or government grant.

We provide further details on A and B listed on the previous page.

A. Fundraising Feasibility Study

Both of the fundraising reports completed to date have focussed on the dollars needed to reach the fundraising target, rather than the people whose support is required. A fundraising feasibility study involving extensive stakeholder consultation would examine the human element of a prospective campaign and help ascertain whether there is sufficient support from the philanthropic community to proceed with a \$74m (or \$55m) campaign.

Furthermore, if the decision is made to proceed with a campaign, a fundraising feasibility study will help:

- Confirm the campaign model and structure
- Reveal potential income sources
- Identify prospective Chairperson, campaign committee members and donors
- Determine the key strengths, weaknesses, opportunities and challenges impacting the campaign
- Provide insight into the attitudes, feelings and motivations of prospective campaign supporters

While it is understood that in September 2017, Synod will be asked to support either reinstatement or a contemporary cathedral, it is recommended that a feasibility study to test the idea of a modern but traditional looking cathedral (such as that proposed by Sir Miles Warren) also be considered.

B. Prospect Identification Research

An intense period of prospect identification research could be done in conjunction or separately to a fundraising feasibility study in order to provide a list of 20-30 key prospects with both the **capacity** and **propensity** to give at the highest level.

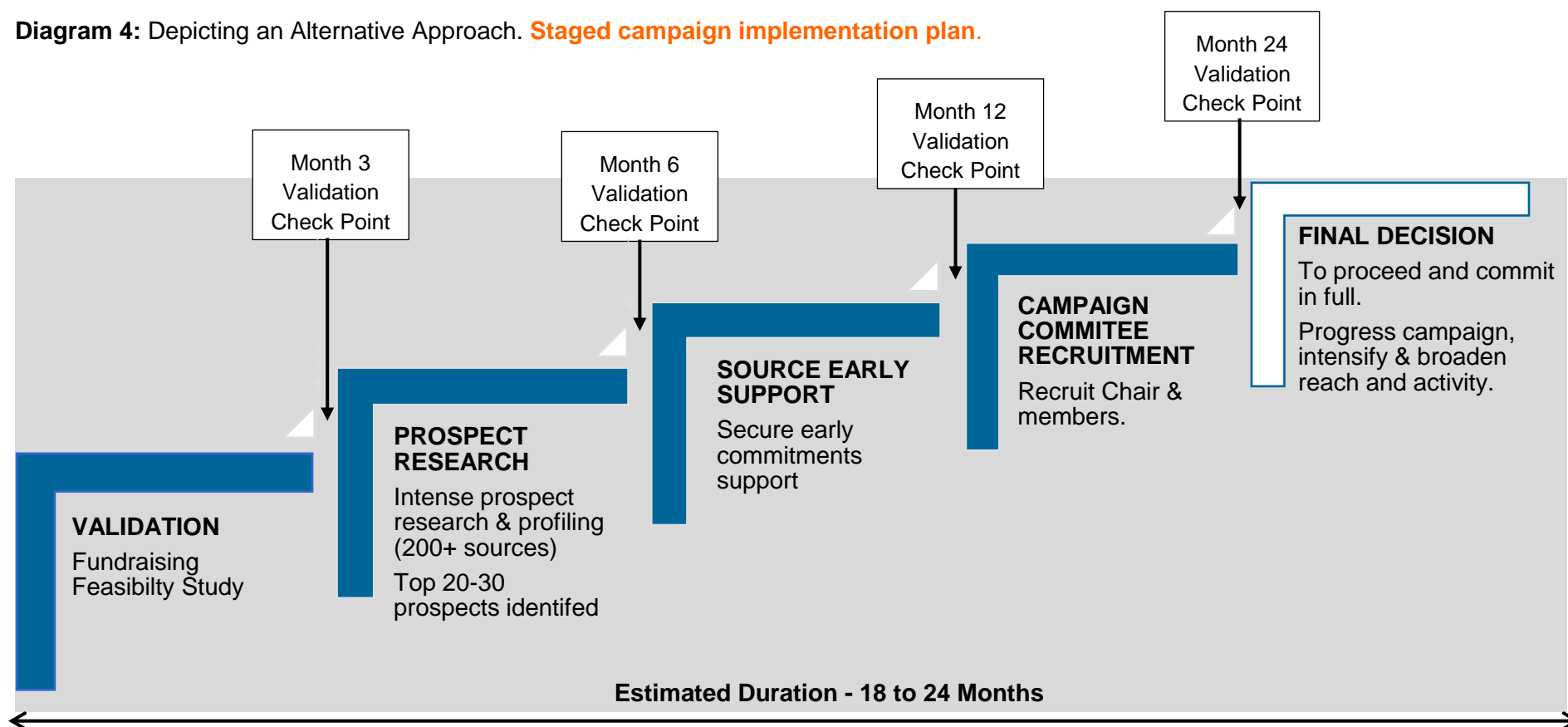
Research would involve identifying at least 250 major gift prospects, qualifying and ranking each one to determine the top 20-30 prospects to focus on for initial approaches (or feasibility study involvement). Again, undertaking this research would strengthen your position should you decide to proceed with a campaign. Should you decide not to proceed, the research could be applied to future fundraising activity undertaken by the church.

An Alternative Approach

The risk minimisation strategies detailed above could be used in combination as part of a **staged campaign implementation plan**.

This is a kind of *toe-in-the-water approach* that would enable you to test response to the campaign in the market place, while undertaking regular reviews. At each review stage, a decision would be made whether to proceed or cancel the campaign and return any donations banked. In the event a decision was made not to proceed, the Church would be required to cover campaign and other costs up until that point, however there are risks involved in not attempting to fundraise at all (reputational risks and risks that those pro reinstatement will bring further legal challenges) and this approach would mitigate against some of those risks.

Diagram 4: Depicting an Alternative Approach. **Staged campaign implementation plan.**



7. APPENDIX

Documentation Reviewed

To familiarise ourselves with your agenda, issues at hand and pre Capital Campaign fundraising assessment work undertaken to date, OKP has reviewed and/or sourced the following:

Specific Documents

Document	Publish Date
Fundraising Report 2013	2013
Fundraising Report 2016	2016
Fundraising Report - Interview List 2016	2016
Cathedral Campaigns Summary	2016
Cathedral Funding Sources Analysis	2017
ChristChurch Cathedral Timeline	2017
ChristChurch Cathedral Vision	2017
Fundraising Other Project Document	2017
Various emails and responses to OKP questions	2017

Media Articles

Article/Hyperlink	Publish Date
Rebuild-minister-deeply-disappointed-by-Christ-Church-Cathedral-decision-delay-until-September.	May 2017
Decision decided in September 2017.	May 2017
Campaigners tight-lipped.	Feb 2016
Rebuild with modern materials.	June 2017
Council should provide funds toward the reinstatement of the Cathedral.	Mar 2013
Council having supported in past.	May 2012
The Council has taken a serious financial hit as a result of the earthquakes.	Dec 2015
Who has the power over the church?	May 2017
Cardboard Church.	Aug 2013
Contemporary Church design.	Mar 2005
Cathedral Funding Rejected	July 2012
Various other articles and social media material	Various years

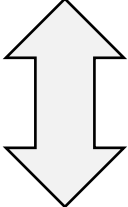
8. ATTACHMENTS

Attachment 1	Cathedral Reinstatement (\$74m Fundraising Goal) Fundraising Financial Objective / Gift Chart / Giving Scenario Planning
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The full funding required for the re-instatement option is estimated at \$127m, resulting in a heavy reliance on fundraising (\$74m). The remainder of the funding will be derived from the Insurance Funds (\$42m) and Government sources (\$10m). A \$74m gift chart follows, depicting one scenario of how the goal can be realised. This paints a picture of the intensity and type of prospecting required. The scenario and has been built upon the following assumptions:

- Tier 1 giving totalling to \$30m. If sources at this level can't be identified this proportion is likely to fall into Tier 3 and Tier 4
- Ideally, the leading gift being equal to or greater than \$10m (\$20m+ preferred and excluding the government's \$10m)
- Multiple donations being secured between \$10,000 to \$500,000 (Tier 2, Tier 3 and Tier 4)
- The campaign being positioned to enlist one off donations and/or pledges equal or less than \$5,000. \$1m has been assigned.

Table: \$74m Gifts Chart (possible donation levels to acquire target)

	GIFT RANGE	EST. NO OF DONATIONS	TOTAL	DEGREE OF PERSONALISATION
TIER 1	\$10m+	1-2	\$20,000,000	<div>High Degree</div>  <div>Lower Degree</div> <div>Community Fundraising Techniques Adopted</div>
	\$5-10m	1-3	\$10,000,000	
TIER 2	\$1-5m	1-4	\$5,000,000	
	\$500,000 - \$1m	5-10	\$5,000,000	
TIER 3	\$100,000 - \$500,000	16 - 80	\$8,000,000	
	\$50,000 - \$100,000	100-200	\$10,000,000	
	\$25,000 - \$50,000	200 - 400	\$9,000,000	
TIER 4	\$10,000 - \$25,000	260 - 650	\$4,500,000	
	\$5,000 - \$10,000	200 - 400	\$1,000,000	
TIER 5	\$1,000 - \$5,000	200 - 1,000	\$1,000,000	
TIER 6	\$100.00 - \$999	500 - 5,000	\$500,000	
			\$74,000,000	

Attachment 2	Cathedral Reinstatement High Level Timeline of Funding and Costs
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Table: Initial Draft Funds Workings per CPT June 2017 (provided to OKP for consideration)

	Fundraising² (Years 1 -4)				Reinstatement (& Fundraising continued, Years 5 – 11)							Total (\$)
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	
Reinstatement Cost ³					2.3	6.9	8.9	17.6	26.9	26.7	21.0	110.3
Fundraising Cost ⁴					0.3	0.5	0.9	0.9	1.0	0.3	0.1	4.0
Endowments ⁵	12.9											12.9
Total Funds Applied	12.9	0.0	0.0	0.0	2.6	7.4	9.8	18.5	27.9	27.0	21.1	127.2
Funding ⁶	42.7	0.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	52.7
Fundraising ⁷					4.9	9.5	16.1	17.5	18.2	6.5	1.8	74.5
Total Funds Received	42.7	0.0	0.0	0.0	14.9	9.5	16.1	17.5	18.2	6.5	1.8	127.2
Net Funds	29.8	29.8	29.8	29.8	42.1	44.3	50.6	49.5	39.8	19.3	0.0	
Commitments Rec'd ⁸	13.7	21.1	23.5	16.2								74.5

Notes:

1. CPT requires that its risk will not extend beyond the cathedral insurance funds and its policy is that all funding must be in hand before capital projects commence.
2. The mid-range of the 2016 Fundraising Report stated likely pledge commitment gathering period of 3-5 years is taken (being 4 years).
3. Includes CWG advised project cost of \$104m plus CPT project management, governance, communications and legal costs.
4. Per the CWG advised fundraising costs (\$1m less than advised in the 2016 Fundraising Report). The spread and timing of cost is based on the receipt of funds raised.
5. Endowment funds to meet future insurance and maintenance costs (acknowledged as necessary by the CWG). Provided up front due to the extreme unlikelihood of being able to be fundraised. This view is supported.
6. Funds available from cathedral insurance funds (\$42.7m) and the government (\$10m).
7. Receipt of fundraising money is based on the spread per the 2016 Fundraising Report.
8. Commitments/pledges to be received before reinstatement begins.
9. Under this model the Cathedral Chapter, parishes and Diocese still remain exposed to a level of potential risks including time overrun (and associated costs), cost escalation, and reinstatement cost overruns.
10. For simplicity it is assumed that interest earned on funds will offset escalation (the project starting 4 - 5 years later than proposed by the CWG) and additional fundraising costs (on the difference of between \$74m and \$55m).

Table: Revised Draft Funds Workings as at June 2017 per OKP

The re workings detailed below are based on a number of assumptions. Further investigations and validation is required, as previously noted.

	Fundraising Intense Fundraising Effort - Year 1-8								Physical Project Fundraising Continues - Years 9-15							Total
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	
Reinstatement Cost									2.3	6.9	8.9	17.6	26.9	26.7	21.0	110.3
Fundraising Cost	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5								4.0
Endowments	12.9															12.9
Total Funds Applied	13.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	2.3	6.9	8.9	17.6	26.9	26.7	21.0	127.2
Funding	42.7	0	0	0					10.0	0	0	0	0	0	0	52.7
Fundraising			3.0	5.0	10.0	10.0	10.0	2.0	8.0	10.0	7.0	7.0	2.5			74.5
Total Funds Received	42.7	0	3	5	10	10	10	2	18	10	7	7	2.5	0	0	127.2
Net Funds	29.3	28.8	31.3	35.8	45.3	54.8	64.3	65.8	81.5	84.6	82.7	72.1	47.7	21.0	0.0	

Notes:

1. A pledge period of 5 years being adopted. This suggestion is based on the size of the goal and to pave the way to negotiate higher giving ie enable donors to spread their giving over time, if needed.
2. Years 1 to 8 (at least) being active fundraising years with a high degree of intensity and strong sense of purpose.
3. Includes CWG advised project cost of \$104m plus CPT project management, governance, communications and legal costs.
4. Averaging out the fundraising costs presented in the 2016 Fundraising Report. The Capital Campaign model adopted and availability of volunteer workers will influence the costs associated with fundraising. Costs need to be assigned to human resources, campaign collateral and prospecting activity. The fundraising campaign would need to be supported by PR and marketing activity.
5. Funds available from cathedral insurance funds (\$42.7m) and the government (\$10m).
6. Pledge payments being fulfilled outside the 8 to 10 year fundraising campaign period. If tier 1 and tier 2 donations can't be sourced additional years will be required ie more than 8 years.
7. For simplicity it is assumed that interest earned on funds will offset escalation (the project starting 8 years later than proposed by the CWG) and additional fundraising costs (on the difference of between \$74m and \$55m).

Attachment 3	Analysis of the Stakeholder Consultation table from the 2016 Fundraising Report
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Stakeholder Group *		Name	Notes
[REDACTED]	4 people	[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
[REDACTED]	2 people	[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
Heritage Advocates	1 person	[REDACTED]	[REDACTED]
Fundraising Professional	1 person	[REDACTED]	[REDACTED]
Cathedral Working Group	2 people	[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
Heritage Rebuild	1 person	[REDACTED]	[REDACTED]
Ex Politicians/Judges / Civil Servants	4 people	[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
Architect	1 person	[REDACTED]	[REDACTED]
Business Representatives / Wealthy	8 people	[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
Church	8 people	[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
32 people in total 8 with philanthropic capacity / willingness not determined.		[REDACTED]	[REDACTED]

Attachment 4	Review of Prospect Sources Tabled
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A top line assessment of the giving potential/willingness of the listed sources follows. The high number of sources assigned a “low” ranking provide further support for intense prospect identification and research to take place.

Geographic Region	Funder	Giving Potential (High, Medium, Low)
Charitable Trusts & Public Funders in NZ	British Council (New Zealand Branch)	L
	Canterbury Earthquake Heritage Buildings Fund	L
	Community Energy Action Charitable Trust	L
	Guardian Trust Company	L-M
	Lion Foundation	L-M
	Lottery Community Facilities Fund	H
	National Heritage Preservation Incentive Fund	L
	The Trusts Community Foundation	L
	Transpower Community Care Fund	L-M
Trusts in the United Kingdom	Buckingham Trust	L
	City and Guilds of London Institute	L
	Goldman Sachs Gives (UK)	L
	The Headley Trust (Sainsbury)	L
	The Jerusalem Trust (Sainsbury)	L
	Prince's Trust/Prince's Trust International	L
	The Amalur Foundation Limited	L
	Andrew Anderson Trust	L
	The Brothers of the First Order of the Society of St Francis	L
	The Grace Trust	L
	The Lauffer Family Charitable Trust	L
	The Lennox Hannay Charitable Trust	L
	The Linbury Trust	L
	The Muriel Jones Foundation (c/- Coutts Charities)	L
Foundations in the United States of America	American Express Corporate Responsibility	L
	Citi Foundation	L
	Delaware North Companies Incorporated Corporate Giving Program	L
	Halliburton Company Contributions Program	L
	J. Paul Getty Trust	L-M
	The Aotearoa Foundation	L

Attachment 5	Analysis of Cathedral Fundraising Campaigns table from the 2016 Fundraising Report
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Name	Amount	Time	Purpose	Comment
St John's, Brisbane	AUD 40m	20 years [1989 – 2009].	3 rd & final stage of Cathedral construction	
St Mary of the Angels, Wellington	\$9.5m \$1m new campaign for 'ancillary works'	4 years. At Sept. 2016 \$8.7m raised. Begun 2017.	Earthquake Strengthening. Crypt, choir rooms, carpet, ground works.	Target of \$3.5m from Lotteries & Trusts. Wellington City Council \$530k.
Holy Trinity, Auckland	\$12m	5 years + approx. 2 year pledges	Chapel, organ & project completion.	\$3m received from Auckland City Council.
The Cathedral Church and Minor Basilica of the Immaculate Mother of God, Help of Christians (colloquially, St Mary's Cathedral), Sydney	?	On-going.	Ongoing restoration of sandstone exterior	Dedicate a stone. \$300 each. Spires & South Face sole. Now selling Western Facade
St Patrick, Bunbury	AUD 1.5m	5 years	The 1919 church/Cathedral (from 1954) was shifted off its foundations in a tornado (16/5/05). Demolished & new Cathedral erected (Opened 17/3/2011).	AUD17m project paid from insurance proceeds and State (AUD2.5m) & Federal (5m) Disaster Relief Fund. AUD1.5m public fundraising.
St Francis Xavier, Geraldton	\$8m	3 years? \$2.8m of \$3m public funds raised to date.	Restoration, conservation & enhancement of SFX Cathedral & precinct.	\$5m from state, federal & lotteries funding.
Christ Cathedral, Orange, CA	USD115m USD15m	5 years + 2 - 3 years for all pledges to be received. USD9m to date [1 year].	Cathedral & campus, schools, priest retirement, ministries & some in fund to be returned for parish projects. Re-ordering "Crystal Cathedral" for Catholic worship.	USD17m in pledges still to collect. 24,000 families participated. Separate FR foundation.

Name	Amount	Time	Purpose	Comment
St Peter, Adelaide	\$10m – ‘Cathedral 150’ \$2m – Organ	5 years. Unknown receipts to date. 5 years.	1990’s restoration only undertook urgent work. Conservation Strategy Management Report 2014. Organ Restoration Report 2014	To be completed in 2019 for 150 th anniversary. Organ currently in UK for restoration.
Winchester Cathedral	GBP20.5m	5 years.	Repair & restoration of fabric [roof & vault] & stained glass. Sound & light systems Improved visitor experiences to aid financial resilience for the future.	GBP11m from Heritage Lottery Fund. GBP9.5m from sources other than lotteries. Separate FR Trust. GBP10k per day to maintain the Cathedral.
Cathedral of St John the Baptist, Norwich	Ongoing	From 2001.	Nathernex – café, bar, shop, Cathedral Heating, Columbarium.	Cathedral Preservation & Improvement Trust est. 2001. GBP1m from Heritage Lottery Fund.
Cathedral of All Saints, Derby	GBP2.5m	Launched 2017 – 5 year programme.	Restore organ, new floor & replacing pews with chairs to make space more usable for community/functions.	Applying for GBP1.6m from Heritage Lottery Fund.
Guildford Cathedral	GBP6.7m	90% Complete.	Asbestos removal, lighting & sound, oral history, digitising archives.	GBP4.6m from Heritage Lottery Fund. 200,000 bricks sold. Cathedral built 1936-1961.

Top Line Observations/Comments

- Campaigns with a fundraising target that exceed \$40m target appear to have taken 5 or more years to raise actual and pledged funds.
- Fundraising targets greater than \$20m typically require a solid foundation period (2 or more years depending if an organisation has been recipients of large donations/pledges in the past and whether or not their constituents is known to have a strong culture of giving).
- For many campaigns a proportion of the project cost is realised pre the building works starting and the remainder of the funds is sources and realised whilst the buildings works/construction is taking place and beyond.

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