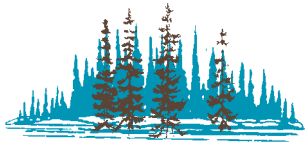


# Intersections and Innovations

Change for Canada's Voluntary and Nonprofit Sector



The Muttart Foundation



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# Acknowledgements

For far too long, Canada has lacked a comprehensive resource examining Canada's charitable sector. That has now ended.

The Muttart Foundation has spent many years focusing on building the capacity of charities in this country. The publication of this collection is another contribution to that effort. By understanding more about itself, the sector can continue to develop and find new ways to serve Canadians and those in need outside our nation.

The authors of these essays bring different perspectives on the role and inner workings of Canada's charities. Collectively, they bring an unprecedented insight into the work of organizations whose diversity is exceeded only by their desire to serve.

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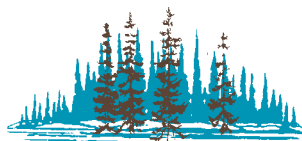
None of this would have been possible, of course, without the work of authors, themselves academics and/or practitioners. They took time from their schedules to contribute to a resource we hope many will find valuable.

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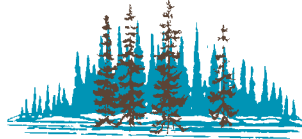
The work of all of these individuals has come together in this resource which we dedicate to all of those in, or interested in, Canada's charitable sector.

Malcolm Burrows, President

Bob Wyatt, Executive Director



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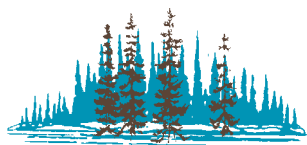


# **Part II** Navigating a Changing Environment

Governance and the  
Regulatory Environment

**The Funding Environment**

The People Environment:  
Leaders, Employees,  
and Volunteers



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## Part II Navigating a Changing Environment

### The Funding Environment

## Chapter 12

# Philanthropy in Canada: The Role and Impact of Private Foundations



Jean-Marc Fontan, Université du Québec à Montréal  
Hilary Pearson, formerly Philanthropic Foundations Canada

Philanthropy is an ancient practice. Nevertheless, it is misunderstood and poorly researched, particularly when it is taken to mean the sector of organized grantmaking philanthropy. The purpose of this chapter is to shine a light on the ecosystem of organized philanthropy in Canada, and in particular on private grantmaking foundations. We have taken an approach that combines observations and perspectives from both the academy and the foundation sector.

First, we define what we understand to be organized philanthropy. Then we describe the landscape of private foundations in Canada. Third, we briefly describe the developments that are leading to a more formalized and active private foundation sector. Finally, we will summarize some of the key trends, challenges, and questions that private foundations face as players in Canadian civil society.

## A Definition and Theory of Private Foundations

Although historians trace the practice of philanthropy back to Classical Greece, Rome, and early Islamic civilization (Hodgson, 1974), there is still no consensus on a formal definition of what constitutes organized philanthropy today.<sup>1</sup> The history of charity and philanthropy can be described as multilayered assumptions and practices (Cunningham, 2016). We could summarize those assumptions around two visions of philanthropic action (Robbins, 2006). The



first, more typically “charitable,” is associated with a fundamentally humanistic intention. In this vision, philanthropy offers resources to individuals or social groups who are poor, excluded, or marginalized. In the Middle Ages in Europe, for example, this form of assistance was usually provided through different religions and their affiliated organizations and orders.

The second vision of philanthropic action is related to the distribution of resources, primarily monetary, for activities of public benefit. This has shaped the actions of philanthropic benefactors who have funded works in the public interest. In Classical Greece and Rome, or in later periods, wealthy families gave part of their fortunes to construct aqueducts, fountains, and grand public baths or to support the production of works of art. These benefactors were acting with the intent to improve the material or moral quality of life of the citizenry. Sometimes the funds provided were channelled through private associations with a social purpose (an ancestral form of today’s grantmaking foundations), which were regulated, in the Roman case, by the imperial administration.<sup>2</sup>

In both visions of philanthropy, whether for relief or for public benefit, the principal resources deployed were monetary. These resources came from the surplus generated by the economic activities of leading business families or from religious organizations. Modern foundations were created by wealthy donors – such as Andrew Carnegie and John D. Rockefeller – based on this historical tradition of philanthropy practised by wealthy families. Although foundations may have been inspired by history, they also revolutionized the practice of philanthropy in the legal, institutional, and organizational senses. Appearing in the United States at the end of the 19th century, these organizations grew slowly over the course of the 20th century. The growth of the foundation sector accelerated over the last three decades (Burlingame, 2004). Initially connected to the advances of the Industrial Revolution, modern foundations reflect the new forms of wealth accumulation as large fortunes were made in the context of a rapid transformation of society. These great fortunes were made at a time of new social challenges demanding new responses, and requiring additional resources for their resolution, be these resources public or private (Dowie, 2001).

Whether from the perspective of public benefits provided by wealthy elites (the American model) (Karl & Katz, 1987) or from the perspective of serving the public interest (the French model) (Margier, 2017), modern foundations address social challenges through the allocation of grants to cover unmet needs, basic needs, or needs in periods of emergency. Some foundations foster the development of fresh solutions through support for social innovation and systemic change on a larger scale. Others work to strengthen the development of individual or collective capacities, by defending democratic ideas or by supporting critiques of existing systems. Finally, some focus on supporting the growth or maintenance of key infrastructure in the areas of health, culture, social services, or education.



## A Definition of Grantmaking Foundations

To define a foundation, we use the approach proposed by Anheier (2018: 2),<sup>3</sup> which is based on an analysis of structure and function. In this definition, foundations are formal organizations that are:

- asset-based to a significant extent;
- private;
- self-governing;
- non-profit distributing;
- serving a public purpose; and
- having the self-understanding of being a philanthropic foundation.

Five elements are important to this definition. First, philanthropic foundations are formal organizations; that is, they are formally constituted as legal and corporate entities. In this sense, they are subject to a set of standards developed and applied by a regulator of corporate entities. Second, under a legal structure such as that provided by the Canada Not-for-Profit Corporations Act, they are private self-governing entities. As organizations, they are part of the broader and very diverse set of institutions that constitute Canadian civil society. Third, foundations possess an asset base that is set aside as a form of endowment or trust. This asset base can grow through investments or through the annual collection of funds, as is the case with collective community funds such as United Way or institutional foundations such as those connected to hospitals or universities. The endowed asset base can also be created or added to by a corporation (such as the corporate foundations created by financial institutions). Fourth, the *raison d'être* of foundations is to respond to the public interest, and not to accumulate capital for private benefit. This does not prohibit the growth of an endowment through investments, but the disposition of the return on investment for public benefit is regulated under the federal Income Tax Act. Finally, the representatives or staff members of these philanthropic organizations self-identify as philanthropic actors or agents. However, the debate continues on the deeper or more commonly shared definition of this philanthropic identity.

In practical terms, grantmaking foundations have a unique identity within a hybrid world that devolves in part from and depends on:

- the private economy: through the sources of their funds and the investment of their endowments;
- the public or government: through the registration, regulation, and benefits conferred by the state, and by the nature of their activities in the public interest; and
- civil and nonprofit society: through the legal and organizational form that they take, and through the values and historical principles that they have inherited such as charity, patronage, and philanthropic action.

In general, grantmaking foundations have functioned as funders of operating charities and builders of major institutions (such as universities or museums). More rarely in Canada, they have functioned as partners or as direct agents in social change. In fact, private foundations are not limited to being grantmakers only. They can certainly act responsively, making grants in response to requests. They can also develop and operate their own programs. Or they can pursue a combination of the two strategies. They can also pursue their charitable missions upstream or downstream: upstream, by investing their assets for mission; downstream, by making grants from the return on their investments or spending on their own programs.



# Private Foundations in the Canadian Landscape

Organized philanthropy in Canada is still a relatively recent phenomenon. The oldest existing private family foundation in Canada is the J.W. McConnell Family Foundation of Montreal, which was established as a trust in 1937. Up to the end of the Second World War, the charitable sector in Canada was supported mainly by religious organizations and by a few private donors (Elson, 2011). While a few private trusts and foundations were created in the early part of the 20th century, mainly to support the development of new civic institutions on a local or national level, the growth of private foundations accelerated only in the latter part of the century. The last 20 years have seen a significant increase in the registration of private foundations, driven by growth in wealth held, inherited, or created by individuals, families, and corporations. Most private foundations in Canada would think of themselves as “family” foundations. It should be noted, however, that corporate foundations registered with the Canada Revenue Agency (CRA) also fall into this category, since their funds come from a single donor (the corporation).

The federal government began registering charities in 1967 and created the separate categories of private and public foundation in 1976. The designation of “private” foundation is made at the time of registration by the Charities Directorate of the CRA. Designation depends on the structure, source of funding, and governance of a foundation. The Income Tax Act differentiates public and private foundations by the issue of control: can the foundation be controlled by a single individual or group of related individuals?

The difference between public and private is that a private foundation is controlled by a single donor or family through a board that is made up of a majority (more than 50%) of directors who do not deal with each other at arm’s length. A public foundation is governed by a board that has a majority of directors at arm’s length.<sup>4</sup> Examples of public foundations are community foundations or fundraising foundations linked to a specific institution such as a hospital. Most private foundations would call themselves family, independent, or corporate foundations.

There are many provisions against self-dealing in the Income Tax Act, and, in practice, private foundations provide the same annual public reports as do other charities and are subject to all the regulatory constraints of any charity to ensure that charitable funds are being held and disbursed for charitable purposes. The reason that this is important is that, in theory, a foundation controlled by a single individual or set of related individuals can “self-deal” or decide to use the assets of the foundation for private, not public, benefit.



## Portrait by the Numbers

Government data on private foundations as a group is available from the 1980s and onward. Over the last two decades, growth in the number of registrations of private foundations has been steady. In 2019, there were 5,976 private foundations, about a thousand more than the 4,982 public foundations (PFC, 2019). Private foundations constitute approximately 7% of all registered charities in Canada. The geographic distribution of private foundations is skewed toward the eastern part of the country, for historical and financial reasons. Two-thirds of private foundations are found in Ontario and Quebec, with almost half of the total based in Ontario, and more specifically in the Toronto metropolitan area.

The shape of the private foundation sector is like that of a pyramid: at the wide base are the many private foundations that are very small (measured by their assets), with endowments generally under \$5 million. At the peak are a limited number of very large grantmakers. The top 200 private foundations in 2015 start with a handful with assets over \$500 million, and they rapidly decrease in size, down to about \$25 million. The remaining almost 5,000 private foundations are all under \$25 million (PFC, 2015).

Foundations in Canada, as in the United States, typically have no staff, relying on family or volunteer management, which limits the scope of their activities.

**Table 1: Foundation Asset Distribution**

Country	Small <\$100,000	Medium <\$1m	Large <\$100m	Extra-Large >\$100m
Canada (% of total number of foundations) (\$CDN)	27.3	46.0	26.2	0.5
US (% of total number of foundations) (\$US)	21.8	37	40	1.2

(Source: Elson, Fontan, Lefèvre, & Stauch, 2018: 23)

In 2019, private foundations collectively held approximately \$50 billion in assets and gave \$2.5 billion in gifts to charities (PFC, 2019). This compares to about \$4.2 billion given by public foundations (including many institutional fundraising foundations) to charities. Many of the larger private foundations also disburse on their own charitable activities and programs, including staff salaries, conference and event convening, prizes, publications, evaluation activities, consulting, and other activities that they undertake in pursuit of their charitable purposes.

CRA data provides information on the names of foundation grantees from which one can extrapolate areas of funding interest.<sup>5</sup> Based on these data, we can infer that education is the single largest area of funding interest. The largest amount (by dollar value) of grants made by the larger foundations in the Philanthropic Foundations Canada membership, for example, goes to education, which in practice means that many grants go to universities and colleges, followed by support for health and social services.



## Factors Driving Growth of Private Foundations

In the US since the early 2000s, foundations have increased rapidly in number, a growth rate of 25% since 2013 and totalling more than 86,200 in 2015; family foundations grew even faster than the overall growth rate (Foundation Center, 2015). In Canada similarly, the number of foundations has increased rapidly since the beginning of the 2000s, with an overall growth rate of 18% (PFC, 2019). The number of private foundations has increased at a faster rate (26%) than the number of public foundations (8%). How to explain this strong growth of the last two decades?

The growth of private foundations does not seem to be directly related to gaps in government funding or lack of social programs.<sup>6</sup> Large American foundations are certainly visible and active in critical social sectors such as education and health and may appear to be filling public funding gaps in these areas because of their visibility. But in Canada, private foundations are typically much less prominent, although patterns vary across the country, and the sector overall is becoming more active, as more funds become available through grants. Canadian foundations generally are not active internationally, in contrast to the larger American foundations.

The Canadian private foundation sector is nevertheless growing and becoming more ambitious in its funding. Three elements seem to be driving the development of private foundations in Canada.

### ***Demography and Wealth Transfer***

Private foundations are often created by families. The rise of the large millennial generation and its entry into the world of social purpose is shifting the field. Creators of private foundations who come from earlier generations approached philanthropy more conservatively as an act of benevolence or charity. For the millennial generation, it is much more about having impact on the complex problems that face the world. The young look for more engagement in active philanthropy. Private foundations, especially those governed by families, offer young people an opportunity to engage in philanthropy relatively early in their lives. At the same time, the older baby boomer generation is retiring, with wealth that is inherited or generated through business. Various estimates suggest that close to \$1 trillion will be inherited by a younger generation over the next 20 years as the baby boom generation passes on (BMO Wealth Institute, n.d.). At least a portion of this will go to philanthropy. Baby boomer grandparents looking for ways to engage with their younger family members may well turn to the family foundation vehicle for this purpose.

### ***Diversity***

Canada has a much more diverse and urbanized population than it did 25 years ago. How does this potentially affect private philanthropy? It brings fresh players and new money to the table and new practitioners to the field. It also fosters an interest in addressing more complex and globally linked social challenges such as environmentally sustainable growth, poverty reduction, refugee and migrant settlement, and social exclusion. While information on philanthropic giving by newer immigrants in Canada remains limited, and is certainly an open field for more research, it seems likely that as wealth grows in these communities, philanthropy will also grow. As Krishan Mehta and Patrick Johnston (2011) indicate, “the role of immigrant communities in civic



life and philanthropy has the potential to become one of Canada's enduring symbols, especially since concepts of giving are imbedded in so many different cultural practices. In other words, philanthropy is not only a marker of citizenship but also a unifying force that binds together people of diverse backgrounds." At least some of this philanthropy will be channelled through a private foundation or donor-advised fund (DAF).

### ***Potential for Social Impact***

Private foundations as institutional structures have several advantages for donors interested in social impact: they can take on risk and invest in the untried, they can make long-term (multiyear) funding commitments, and they can collaborate and leverage their forces either through formalized partnerships or through more informal collective work. The foundation itself can act as an institutional base for capturing learning and creating knowledge to share in the community. The foundation can also make strategic investments in the capacity of community partners to plan, implement, and obtain feedback.<sup>7</sup> Some Canadian private foundations are already acting as catalysts for social change and are grappling with the implications of this more active role, as described in the last section of the chapter.

## Private Philanthropy in Canada: Growing Formalization and Activism

Over the last three decades, the Canadian private foundation sector has been given further structure and depth through the creation of infrastructure organizations, more professionalization through education and attention by academic researchers, and more inter-foundation collaborative activities. These structuring developments have contributed to the growth of a more activist private foundation sector.

Two umbrella organizations have supported the growth of an enabling environment for private philanthropy, the first being the [Canadian Centre for Philanthropy](#) (now Imagine Canada), created in 1981, and most importantly [Philanthropic Foundations Canada](#) (PFC), which was created in 1999. The PFC network included 132 members in 2019. Its [mission](#) is to build awareness of the work of organized philanthropy in Canada and its contribution to the well-being of Canadians: "we seek to support our members and organized philanthropy by encouraging public policies that sustain the sector, by increasing awareness of philanthropy's contribution to the well-being of Canadians, and by providing opportunities for funders to learn from each other."

The foundation sector is slowly becoming more recognized as a field of study in the academic milieu in Canada. Initially focused more on philanthropy from a charity or donor perspective, universities in Canada began to offer centres of study and certification for professionals in fundraising or education for donors within business education programs. In British Columbia, for example, UBC's Centre for Business Ethics houses the [Sauder Philanthropy Program](#), which runs a speakers' series. In Quebec, at Université Laval, the [Institut Mallet](#) was created in 2011, and in 2009, the Université de Montréal created a certificate program for philanthropic





management. In Ontario in 2013, Carleton University launched the first [Master's and Diploma in Philanthropy and Nonprofit Leadership](#). The same year, the Montreal Research Laboratory on Canadian Philanthropy ([PhiLab](#)) began its work at the Université du Québec à Montréal (UQAM), specializing in studies of private and public grantmaking foundations.

In the last 15 years, private foundations have entered into more collaborations, whether formal or informal, to combine resources for greater effectiveness (Pole, 2016; Glass, 2016; Pole & Fontan, 2017). In general, these collaborations are begun to facilitate information exchange on what works in practice. They also promote data sharing or knowledge transfer among foundation staff to promote exchanges of expertise. Some of these collaborations can lead to pooling of resources, including agreement on co-financing and joint evaluations of projects. Some collaborations also enable advocacy or lobbying, knowledge mobilization, or sharing of research findings. Knowledge mobilization can take the form of joint studies, webinars, workshops, forums, or conferences, notably the annual PFC conference.

These can be national collaborations, but most often they occur at a local, regional, or provincial level. This collaborative action has resulted in some more formal structures, such as the Canadian Environmental Grantmakers' Network ([CEGN](#)), or co-investment groups such as the [Collective Impact Project](#) in Montreal, or policy joint ventures such as the foundation co-funded [Ecofiscal Commission](#), or joint policy advocacy groups such as the [Early Child Development Funders Working Group](#). There are several informal networks of private foundations that promote data- and information-sharing on areas of mutual funding interest or on the landscape of funders working in a particular area. These networks also connect foundations that might be working in parallel so that they can share practice and even consider sharing or pooling funding.

Ad hoc working groups of funders have developed more formal collaborations with targeted communities. One such working group developed after a group of funders gathered during a 2007 conference, organized by PFC, to discuss funding in Indigenous communities. This informal talk led to the formation of The Circle on Philanthropy and Aboriginal Peoples in Canada,<sup>8</sup> which was formally incorporated in 2011 and has quickly expanded to include not just funders, but also national and community organizations. A key purpose of The Circle is to change the way philanthropy is done, from a transaction to a relationship. “Our Indigenous communities are not charity cases, nor is philanthropy a new concept, though the word itself may not be familiar. Philanthropy, in the sense of caring for our fellow human beings, is a deeply held principle of Aboriginal peoples” (Glass, 2016: 13).

In Ontario, three private foundations came together in 2015 to create a collaborative working space shared with umbrella organizations and nonprofit networks. This project, [Foundation House](#), brings together the three foundations and several other organizations in a shared office and meeting space in downtown Toronto. Drawing on the many excellent examples of shared work environments, Foundation House is both a workspace and an innovative convening hub for Canada's philanthropic and not-for-profit community.

In 2015, a group of private and public foundations based in Quebec took a public position on issues of social inequality and the fiscal approach of the provincial government: the Collectif québécois des fondations sur les inégalités sociales published a letter in *Le Devoir* that criticized the austerity measures adopted by the then-Liberal government. This collaboration was intended to provoke a debate among Quebec public policy-makers on the possible negative effects of fiscal austerity on social inequality.



Other private foundations work together with partners or other organizations to bring about systemic changes, not only at national or provincial levels, but locally. For example, working at a metropolitan level, the Metcalf Foundation of Toronto has developed a program called [Inclusive Local Economies](#), which focuses on generating economic opportunities for low-income people. To increase its impact, the Metcalf Foundation advocated with partners for policy and zoning changes that permit small business activities within residential areas and to shed light on the administrative barriers to employment and entrepreneurship faced by welfare recipients. In another example, Metcalf (along with the [Atkinson Foundation](#)) is one of the key funders of the Toronto [Community Benefits Network](#), a partnership of community and labour organizations that focuses on establishing community benefit agreements with developers of major infrastructure projects, ensuring that there is local hiring for construction in a manner that prioritizes youth and members of marginalized communities.

The examples listed above demonstrate the possibilities and initiatives being pursued by many private foundations today in collaboration with each other and with community and government partners. Nevertheless, many collaborative initiatives remain poorly funded and thinly staffed. These collaborations tend to be informal and are more likely to be discontinued and not to lead to more institutionalized philanthropic infrastructure. This remains a vulnerability of the Canadian private foundation sector, in which relatively few funders are committed to ongoing support for the building of their own infrastructure.

## Trends for Private Philanthropy in Canada

As private foundations grow in number and begin to work together more often to increase their impact and effectiveness, both internal and external questions are coming to the fore. The engaging of full-time staff by many foundations is translating into a greater professionalization of philanthropic work. Professional staff bring a focus on goals, strategies, skills development, and performance measurement, along with a capacity to work with partners and engage more deeply in programs. But do foundations have capacity and intention to support their own organizational development? At the same time, if private foundations are becoming more visible as their work becomes more professionalized and ambitious, how are they to address external questions about the need for public accountability and transparency, and more fundamentally, about their legitimacy as funders of social change?

Foundations are playing roles now that reach beyond grantmaker. They can be investors, convenors, capacity builders, translators, influencers, and advocates. These roles are played in more emergent contexts, which implies that strategies will be more fluid and adaptable. Whether private foundations choose to function primarily as arm's-length grantmakers or more as managers of their own programs, and regardless of the number of employees that they engage, they must consider important questions – both internal to their organization and external in relation to their activities. Internally, they must reflect on how to organize themselves to deploy their human and financial capital more effectively, to learn more quickly from their interventions, and to become more transparent in their choices and decisions. Externally, they are faced with



the question of creating trusting relations with the partners and beneficiaries with whom they work. They must also think about how to demonstrate public accountability to support their legitimacy as intervenors in the public interest.

It is not easy or even sometimes possible to make generalized statements about how Canadian private foundations are answering these questions since, even if they share an organizational form, they are heterogeneous as to mission, strategies, and styles. Nevertheless, some observations can be made based on evidence from those foundations that are sharing public information.

## Internal Issues

- On the granting side, there is increasing demand and possibly more funder effort to provide general operating or unrestricted support, as many community organizations try to move away from the more typical program- or project-funding requests. Foundations are asking how this type of support can be assessed and outcomes reported.
- On the investment side, there is slowly growing interest in deploying more assets through impact investing, but questions remain about how to overcome perceptions of risk. As well, there is still limited availability of impact investment products in the market, although new social and community bond opportunities are coming onstream, and the federal government is moving forward with a social finance strategy. Foundations are asking themselves how to think through and create impact investing strategies and policies.
- As some foundations choose to run their own programs, they are realizing the challenges of lack of staff capacity. More hands-on strategies require more people. And transitions to larger staff with new skills are challenging. For family foundations, this can also cause tensions – do the donor families continue to make all the decisions, or do employees increasingly stand in?
- Foundation leaders are experiencing pressures on their time and energy. As the pace of external change increases, the speed of decision-making and the processes of foundation boards can feel too slow. Leaders are asking themselves how to align their foundation's people, processes, and assets with the foundation's mission more effectively.
- Foundation leaders and staff are also asking themselves more questions about what targets to set and measure, and what kinds of indicators to use to track progress with their grantees or partners. This is a challenge across the charitable sector, and funders are not exempt.
- A related question is how to learn from the work, both through the data collected and from reflections on the work done, either by the grantees or by the foundations or both together.



## External Issues

- As some foundations consider systems change, they inevitably face questions about how best to move a system incrementally in a different direction. Working alone is not an option. So how best to work with others and how to choose those partners?
- Many of the organizations that foundations work with are inherently fragile and under-resourced. Foundations have to ask themselves whether there is a way to reduce this fragility or, conversely, not to add to it with their own processes and requirements. The question of how to build trust in these situations is especially important.
- A significant question when foundations are working more visibly and ambitiously in the public domain is how to claim credibility and legitimacy, particularly if the foundation chooses to support policy change advocacy.
- Finally, a question that has both internal and external dimensions is how to open up a private foundation's perspectives and decision-making and engage the views and voices of those who are "beneficiaries." More shared decision-making would help to build the trust and legitimacy referenced earlier. But these more open decision-making processes are also challenging to staff and organize. How to do so well? There are few case studies on how private foundations in Canada have opened to public involvement, although this is likely to come.<sup>9</sup>

## Conclusion: The Future for Canadian Private Foundations

Private philanthropy in Canada is slowly moving beyond historical traditions of benevolent charity and civic institution-building toward a practice that is more formalized, professionalized, and strategic. While most foundations remain largely unstaffed and small, a few have become more strategic and professionalized, and some are being led by donors interested in strategic or systems-level change. For these foundations, there is heightened awareness that foundations act in an *ecosystem* of funders and partners, not just as individual grantmakers and grantees. As foundations become more organized, the importance of being aware of the landscape and operating context will increase correspondingly. This may also facilitate more collaborative action.

As foundations become more ambitious in their social-change goals, they are recognizing the challenge posed by power differences between themselves and their grantees and partners. To overcome this difference, foundations are thinking about how to get closer to community and to listen more effectively. This will inevitably lead to more openness. At the same time, there is value in a private funder balancing proximity with distance. It can be important to retain the credibility of being "outside the issue" and to keep focus on the value of working nationally or across a system to bring about change.

It is likely that as more private foundations in Canada start to act as change agents in the public space, there will be questions raised about their accountability and "social licence to operate." This licence is determined not simply by who you are or are not, but is derived from trust,



presence, transparency of communication, and open sharing of reflections and feedback. Many foundations are now exploring or openly sharing their experiences with trying to build trust through transparency and listening.

In the foundation community itself, there are moves toward more transparency and public communication. For community organizations and would-be foundation partners, knowing the goals and strategies of a foundation is key to a successful approach. Many charities have had difficulty in finding this information. Indeed, even general information on which foundations fund in what areas is not easy to access. But the situation is evolving toward more open data. Promisingly, digitization and the increasing use of websites and social media have accelerated research into patterns of foundation granting, and the location, size, and interests of grantmakers. It is becoming somewhat easier for donors and charities to become informed about private foundations, and for foundations to understand more about their own funding patterns and those of others.<sup>10</sup> Yet there is some distance to go in making the use of websites as information tools a standard practice among foundations, even among larger foundations. As in the US, Canadian foundations are still somewhat reluctant to reveal themselves and to tell their own stories.

The developing infrastructure of private philanthropy, with associations such as PFC and the more formalized funder affinity groups, has played a role in helping foundations learn more about each others' fields of interest and in producing and disseminating information about Canadian foundations. PFC's continuing work on data and narrative,<sup>11</sup> combined with the significant investment in Canadian university-based research that may take place in the next few years, and the explosion of digital communications, should lead to more public recognition of the importance of the private foundation sector.



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# Notes

- <sup>1</sup> For an introduction to the history of philanthropic practices, see Chapter 1 in Reich (2018). On the multidefinition of philanthropy, see Lambelet (2017).
- <sup>2</sup> It is difficult to establish organizational genealogies. If Roman institutions have the appearance of modern institutional forms of philanthropy, the connection remains tenuous and should be interpreted with caution.
- <sup>3</sup> Complementing the work of Anheier, Jung, Harrow, and Leat (2018) propose an integrating taxonomy of categories and typologies used in international articles to define the concept of philanthropic foundation. This allows them to propose a definitional framework that highlights three conceptual categories, five organizational forms, and five strategic dimensions.
- <sup>4</sup> See the CRA definition of [types of registered charities](#).
- <sup>5</sup> Detailed data on the purposes of grants and descriptions of fields of funding interest are not readily available. The information from the large CRA database, and the searchable digital directories based on this data such as Grant Connect, Fundtracker, and other commercial directories, is still quite limited. Data can be displayed only on dollar amounts of grants and names of grantees. This is a gap that continues to make it difficult for charities and foundations to work with each other more easily and efficiently.
- <sup>6</sup> For example, Mosley and Galaskiewicz (2014) conclude that “Longitudinal data on grants made by more than 1000 U.S. foundations during the welfare reform era of 1993–2001 show that during this time foundation grants were not responsive to population need; grants to safety net and social service programs did not increase. Large foundations and independent foundations focused on social innovation by funding research and workforce development and giving more in states pursuing policy innovation.”
- <sup>7</sup> For example, the Montreal-based J.W. McConnell Foundation and partners established [Innoweave](#) “to support Canadian non-profits and charities by being more impact-oriented and continuously innovative. By creating new models and trying new approaches, social sector organizations can achieve even greater results for the people they serve and create a culture of large-scale change and lasting social innovation.”
- <sup>8</sup> As stated on its [website](#), “The Circle on Philanthropy and Aboriginal Peoples in Canada is an open network to promote giving, sharing, and philanthropy in Aboriginal communities across the country. We connect with and support the empowerment of First Nations, Inuit and Métis nations, communities, and individuals in building a stronger, healthier future.” <http://www.philanthropyandaboriginalpeoples.ca/> See also the chapter by Shereen Munshi and Elisa Levi.
- <sup>9</sup> For a 2018 example of such consultation, see the efforts of the [Lucie et André Chagnon Foundation](#) to consult with communities in Quebec on its new directions.





<sup>10</sup>See [Effective Giving: Using Data to Inform Philanthropy](#), one in a series of issue briefs on using data in philanthropy produced by PFC and Powered by Data in 2018.

<sup>11</sup>For example, see Philanthropy in Action, a website created by PFC that features stories about foundation role and impact: [www.philanthropyinaction.ca](http://www.philanthropyinaction.ca).



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