



PHILANTHROPIC
FOUNDATIONS
IN CANADA

LANDSCAPES,
INDIGENOUS
PERSPECTIVES
AND PATHWAYS
TO CHANGE

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Dedicated to our dear
friend and colleague
Jack Quarter
1942–2019

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Part one
Chapter two



Philanthropic Foundations Canada: Building a community and a voice for philanthropy

Hilary Pearson



Twenty years ago, a small group of private foundations in Canada created a new association to act as a collective voice for organized private philanthropy.¹

Since that time, the context for organized philanthropy has changed enormously, in line with major changes in our economy and society.

What has a dedicated voice achieved for private philanthropy since 1999? How has it evolved in response to social change and emerging digital and generational shifts? These questions are addressed in this chapter, which reflects on two decades of work to build a pan-Canadian association for grantmaking foundations. In it I describe the creation of Philanthropic Foundations Canada (PFC), the evolution of the association and its changing strategic role, the impact of a collective voice and the creation of a philanthropic community, the lessons learned and the challenges for funder networks in a digital age.

¹ Thanks, and acknowledgement for their input and comments on this chapter go to the following individuals, who were early leaders or board members of the association: Tim Brodhead, David Elton, David Windeyer, Peter Warrian, Patrick Johnston.

Acquiring a voice: the launch of PFC (1999–2008)

PFC was formally established as Private Foundations Canada in mid-1999, when the leaders of a group of 18 private foundations agreed to incorporate a new nonprofit member association. Many of these leaders, such as Alan Broadbent of Maytree Foundation and David Windeyer of the J P Bickell Foundation,² were based in Toronto. There were also individuals in Montreal and in Calgary who played an important part in this initial group, notably, from Calgary, Jim Hume and Shira Herzog of the Kahanoff Foundation and David Elton of the Max Bell Foundation and, from Montreal, Tim Brodhead of the J W McConnell Family Foundation. Many of these were non-family staff leaders of their foundations. Hume, Brodhead and Elton served as the first Board Chairs of the organization. Thus, from the beginning, PFC had leadership and input from foundations outside Toronto itself.

A small group of private foundations had talked for some years previously about creating a dedicated association. Art Bond, a Toronto accountant, took a first step towards this goal almost three decades earlier in 1974, when he launched the Association of Canadian Foundations (ACF) as an informal group, possibly inspired by the US Council on Foundations, a collective advocacy voice for US foundations that had existed since the 1950s.³ Art Bond and Preston Sewell⁴ together created the ACF as a “watchdog” on federal legal and taxation issues affecting foundations.⁵ This development happened in sync with the launch of the first comprehensive review of the nonprofit sector by the federal government (National Advisory Council on Voluntary Action, 1977). The goal of the ACF was to contribute an informed perspective on the federal government’s development of tax law and regulations shaping the governance and activity of charities and charitable foundations, although there were still very few Canadian private foundations with staff before the 1990s, and thus relatively little contact among them. Foundation trustees tended to see their philanthropy as a discretionary and private affair.

In the early 1980s, Art Bond also co-founded the Canadian Centre for Philanthropy, which took over some of the private foundation sector’s efforts to advocate and intervene in the public policy debates and federal government policy decisions about charities and foundations. Although

² David Windeyer was also involved with other private foundations administered by the National Trust and later by Scotia Trust.

³ Art Bond, who was Executive Director of the Physicians’ Services Incorporated Foundation at the time was one of the attendees at the Council’s annual conference in 1971.

⁴ Preston Sewell headed National Trust’s Private Trusts Division and was very active with Canadian trusts and foundations in the 1970s and 80s.

⁵ For more on the history of the ACF, see “The Founding of the Canadian Centre for Philanthropy”, *The Philanthropist*, January 1, 2000, <https://thephilanthropist.ca/2000/01/the-founding-of-the-canadian-centre-for-philanthropy/>

the ACF continued to be active through the mid-1980s, the growth of the Canadian Centre for Philanthropy made the separate role of the ACF less important, and it became largely inactive in the 1990s.

In the late 1990s, another public policy decision, this time about tax incentives for giving, set the stage for the formal creation of a second association of private foundations, Private Foundations Canada (PFC). This new association was created, at least in part, in frustration at the federal tax changes of 1997, which made it clear that the federal government did not want to foster more charitable giving through private foundations. The 1997 tax change called for the removal of half the capital gains tax payable on donations of listed securities. This incentive was to be available if the donor gave to a public charity but not if the gift went to a private foundation. No advocate for private foundations other than the Canadian Centre for Philanthropy was present to protest against this policy announcement. Discussions within the organized networks of the voluntary sector at the time (specifically the Voluntary Sector Roundtable (VSR))⁶ excluded private foundations, although the VSR did include another organized foundation group, Community Foundations of Canada. Tim Brodhead of the J W McConnell Foundation participated in these sector conversations because the McConnell Foundation was an early funder of the Canadian Centre for Philanthropy and the VSR – but there was no collective participation from private foundations. Some sector leaders felt that funders should not be considered as part of the core voluntary sector.

Private foundations realized that they lacked an active forum for discussion of policy issues that specifically affected private foundations. The US Council on Foundations probably served once more as an inspiration for a renewed push to create a dedicated association. Shira Herzog of the Kahanoff Foundation (one of the founders of PFC) served on the board of the Council in the US for several years and brought her knowledge of the mission and work of the Council to PFC. The American organization also held its Annual Conference in Toronto in 1989 and was probably at the peak of its membership and influence through the 1990s.

From the beginning, the founders envisaged PFC as a national association. The founding group of larger private foundations wanted to reach out quickly to the “top 100” foundations for membership and build from there, focusing on “independent” foundations – foundations without links to specific communities, institutions or governments. There was even the brief consideration that the association should be named Independent Foundations Canada, but “independent foundation” was not a widely understood term and the idea was not pursued. From the outset, the founders intended PFC to be a bilingual association, relevant and accessible to francophone and anglophone members (internal communication, 1999). Francophone directors were welcomed on the founding board.

⁶ See: Accountability and Governance in the Voluntary Sector: <http://www.ontla.on.ca/library/repository/mon/1000/10280196.htm>

The initial board discussions on goals for PFC revealed a difference of opinion at the heart of the new organization over whether it should focus primarily on government relations and public policy (e.g. policy affecting the creation and growth of private foundations) or concentrate on professional development and educational programs and activities for members. The choice between these two goals had implications for how the organization would be resourced. The former suggested an evolution in the direction of government relations and advocacy work, some of which could be contracted out. The latter implied an organization that would need to grow and quickly develop more internal capacity for planning and delivering education and convening opportunities. In the end, the organization chose to do both, much as the US Council on Foundations had done. This was an important decision which shaped PFC's focus over the next two decades; it also created a tension in the organization that endures to this day: the tension between members who value advocacy and policy work above all and those who value the organization as a provider of educational and member-focused services.

The launch of PFC was a success. By mid-January 2000, it had 25 members, funds provided by the leading foundations (each agreed to make a significant grant to finance the organization), a three-person staff and a draft Strategic Plan for 2000 to 2003. The mission of the organization was confirmed:

→ Private Foundations Canada encourages the growth and development of independent, effective and responsible foundations, and fosters a social and regulatory environment that encourages philanthropic contribution.

Internal communication, 2000

To accomplish its mission, the board decided that PFC would:

- work to improve the social, policy and regulatory landscape contributing to philanthropy and the development of private foundations
- create opportunities for private foundations to increase their effectiveness

Operationally, the board decided that the association would focus on “strengthening and building PFC's internal capacity and membership development, government relations, opportunities for sharing and learning from each other, and increasing public awareness of the value of private philanthropy” (internal communication, 2000). PFC set an ambitious target of reaching over 100 members by 2003, particularly given the relatively small number of interested private foundations.

By 2001, PFC had established its presence in the Canadian foundation sector. With over 50 members, it had more than doubled its initial membership and it had developed a website and a corporate brand and positioned itself in Ottawa as a voice for private foundations through briefs to parliamentary committees and meetings with officials. As part of this positioning, PFC had

begun to collect and publish important data on the assets and grants of members, and it had held its first member seminar in June 2001 in Toronto, with the explicit goal of educating foundation trustees in good foundation practice. In the same year, PFC staff conducted the first survey on the compensation practices of the foundation members, an important source of benchmarking information and a tool for fostering responsible management practice. In effect, PFC was functioning as an industry association, working on behalf of the private foundation sector. The isolation of private grantmakers was being replaced with the opportunity to be part of an organized “industry”, with the potential to gain strength from that perspective.

Early in this period the board decided to pursue registered charitable status, although opinions were divided among board members about doing so. Some had concerns about both the effort and cost required and also the possible limitations on the role of the organization as an advocate for public policy changes. Others believed that charitable tax status would be a way to increase revenue – once the organization was a qualified donee, members could contribute grants to it directly – as, indeed, proved to be the case.

In the fall of 2001, the board decided to relocate PFC from Toronto to Montreal. With Julie White, PFC’s first CEO, deciding to move to another leadership role, the board took the opportunity to rethink the question of location, especially considering the commitment of the founders to a bilingual organization with the capacity to represent and provide services to members in both official languages. Hilary Pearson was appointed president in November 2001 and restarted the association in Montreal. At the Annual General Meeting in June 2002, members voted to change the name of the association from Private Foundations Canada to Philanthropic Foundations Canada. This name change put philanthropy at the centre of the association’s identity, removed the term “private”, which could be seen as elitist, and allowed the association to be more inclusive (e.g. not private foundations only). At the end of 2002, PFC achieved registered charitable status, which aligned it with other umbrella charities such as Community Foundations of Canada and the Canadian Centre for Philanthropy.

In late 2003, aware of media and political discussions in the United States on foundation conduct, and their potential impact on opinion and policy makers in Canada, the PFC board decided to adopt a standard of ethics and principles governing grantmaking behaviour that was “clear, comprehensive and of the highest quality” (internal communication, 2003). After a year of extensive member consultation, the board approved a new aspirational *Statement of Values and Principles*,⁷ which existing and new PFC members were asked to sign individually as a way of confirming their agreement. Beginning in 2006, this statement has been at the core of the member relations within the organization. Members are asked to review and re-sign the statement each year as they renew their membership, while new member must sign the statement before they are accepted as a member.

⁷ <https://pfc.ca/wp-content/uploads/2018/02/statement-of-values-2018-en.pdf>

In 2005, after close to six years of growth, the 82-member organization took stock of the changing environment and of the goals it had set itself at the outset. The founders agreed that the organization had facilitated networking and collaboration among Canadian foundations. PFC had created an “address” for foundations, charities and government policy makers to find out more about this field. But an outstanding question remained: what role could the organization play in mediating the tension between private funders and the public charities they supported?

PFC’s members thus asked themselves: are foundations simply extensions of private individual philanthropy, or should they behave as public trusts with an obligation to work for the public good? How did foundations respect the autonomy of charities to do their work, while seeking accountability for impact? The tension revealed by these questions was as long as the relationship between charities and foundations. Indeed, the 2003–04 debate on the Statement of Values and Principles was contentious for this very reason. PFC’s commitment to make it a core part of members’ relations with the association was an effort to highlight and make more substantial the commitment of PFC members to public accountability and to a respectful approach to community partners. This was a key moment.

Coming out of this period of reflection, PFC took on a more activist stance, deciding to collaborate more closely with the other organizations in the philanthropic and voluntary sectors (e.g. Community Foundations of Canada, Imagine Canada⁸). The aim was broadened to position private foundations as supporters and defenders of the interests of the charitable sector as a whole. The board agreed that PFC should “move over time to a more active brokering role in building national philanthropic infrastructure across the country among and across regional grantmaker networks and affinity groups” (internal communication, 2005).

PFC’s first national conference, held in 2005 in Toronto, was an indicator of PFC’s growing maturity and capacity. Significantly, the theme of the conference was philanthropic leadership. This successful gathering, which attracted about 175 participants, positioned PFC in a new role as a convenor around key issues and themes in Canadian philanthropy. Subsequent conferences, held every two years and rotating between different locations in eastern and western Canada, confirmed PFC’s unique value in convening private funders in Canada, within and beyond its membership. Many of the themes featured in these early conference programs have re-appeared through the years: leadership, accountability, collaboration, impact, innovation.

⁸ Imagine Canada was created in 2002 as the result of the union of the Canadian Centre for Philanthropy and the Coalition of National Voluntary Organization.

While PFC engaged proactively in doing more knowledge brokering and convening, it also remained focused through its first decade on the original objective of its founders, namely advocating for removal of the disincentive for private foundation donors that had resulted from the federal government's charitable tax incentives policy. After years of sustained and increasingly intensive government relations work by PFC, including enlisting support from the other infrastructure organizations in the sector, the federal government agreed to eliminate the capital gains tax on donations of listed securities to private foundations. The federal budget of March 19, 2007 announced this change ten years after the original policy decision had triggered the frustrations of private foundations and led to the creation of PFC. Unfortunately, at the same time, the government announced a new regime for restricting the investment holdings of private foundations ("the excess business holdings rules"). As one commentator noted, this regime, borrowed from the United States, was an indication of a continuing policymaker bias against private foundations: "Rather than implement a regulatory regime that emphasizes charitable benefit, the tax system assumed that non-arm's length transactions were in conflict with charitable giving and that the donors who engaged in such transactions were suspect" (Burrows, 2009, p. 11). The focus of the government on preventing self-dealing, restricting any possibility of private benefit and constraining the operations of private foundations, meant that PFC has had to continue its advocacy efforts with the government to foster a more enabling regulatory environment.

Becoming a member-focused platform (2008–14)

In 2008, PFC's board reviewed the mission statement adopted in 2000 and decided, in the context of a maturing field, that it should revise and expand PFC's role. New vision and mission statements were drafted, focusing on a description of PFC's role as a member-serving organization, and defining the PFC constituency more broadly to include "organized philanthropy" operating for community benefit. The new statements were:

- Vision (what we want to accomplish): "PFC is a *pan-Canadian* advocate and resource for *effective organized philanthropy* that benefits Canadians and their communities"
- Mission (what we do): "We promote the growth and development of effective and responsible foundations and of organized philanthropy through the provision of membership services, resources and advocacy."

From this point on, PFC began a gradual expansion of its membership criteria. While making it clear that the focus was still on grantmakers not fundraisers, and organizations not individuals, the board added to the membership categories over time including corporate giving programs as well as corporate foundations, arms-length government-funded foundations (such as Ontario Trillium Foundation), charities functioning primarily as grantmakers, and nonprofits functioning as grantmakers (such as the Law Foundation of Ontario). In this way PFC was creating a bigger tent for the organized philanthropy "community" as it grew in Canada.

From 2008 to 2011, PFC engaged more staff for both communications and convening activities on behalf of members. In this period, the organization was working on an action plan that included the development of tools for better practice, building learning networks, communicating the work and value-added of organized philanthropy to external audiences, and building membership. The organization grew to four full-time staff; contract staff helped to develop communications platforms such as the website and to build a database on the grantmaking sector. The staff researched and wrote three important resource guides on the basics of grantmaking and governance, targeted to both emerging foundations and to foundations seeking to professionalize their practices.⁹ By 2010 the organization had met and exceeded its original goal of 100 members.

In 2011, the board of PFC took time for another strategic reflection. This led to a subtle but important shift in PFC's role: rather than a "one-stop resource shop", PFC began to move towards functioning more like a resource node existing in a broader network of philanthropy. This role

⁹ PFC Guides: Starting A Foundation (4th edition 2019), Good Governance: A Guide for Directors of Canadian Foundations (2010,2014) and Good Grantmaking: A Guide for Canadian Foundations (2012, 2015) <https://pfc.ca/resources/pfc-publications/>

implied a greater level of interactivity, connection, aggregation and intermediation. PFC, as an organization representing grantmakers, needed to pay attention to the realities that faced grantmakers themselves: the need for collaboration, continuous learning and the adaptability and skill to address complex problems. PFC had a role to play in helping members acquire new skills in grantee communication and partnership management, in developing learning loops, in managing complexity, in working in a network and understanding the components of grantmaking effectiveness. PFC could play a convening role, “pulling” in constituencies of various kinds and initiating alignments of the existing players around key projects. For example, PFC could work with others in the philanthropic community to enhance and amplify a collective voice, and to promote collaboration and connection.

After extended discussions through 2011, PFC adopted a new strategic plan for 2011–14, with four key goals:

- To strengthen PFC as a platform to connect organized philanthropy
- To grow the field for organized philanthropy
- To represent and advocate
- To ensure the sustainability of PFC and its network

For each of these four goals, PFC developed strategies, and articulated the results or indicators that would indicate that the goals were being achieved. For the organization, this represented a new level of maturity and discipline around definition of goals and measurable results.

To implement its strategic plan, PFC realized that it needed to grow once again. A more ambitious plan meant that it had to take a more ambitious approach to investing in growth. Approaching some of the leading members of the organization for sustained multi-year funding support, PFC outlined its case for support:

→ To have its greatest impact, organized philanthropy needs a network, tools, contacts and strategies. A strong infrastructure organization that acts as an effective knowledge aggregator, collaborator and catalyst for its members, for other private funders and for other organizations in the philanthropic field, will meet that need. Investing in the capacity of PFC is an investment in the capacity of the whole philanthropic sector

Internal communication, 2012

With the vision of making PFC into a connector and platform for knowledge exchange within organized philanthropy in Canada, PFC’s members provided funding support to develop an infrastructure to make it easier for members and other grantmakers to exchange and share

knowledge for greater effectiveness and impact, deepen the range of available tools and skills, and provide opportunities for collaboration and building of relationships with other leaders in the funder community. By 2015, the association had added a permanent senior communications staff member and developed a strategic communications plan, created an internal hub for sharing member information, redeveloped its website to add content and facilitate interactivity and, in collaboration with Imagine Canada, produced new research reports on the top grantmakers in Canada.

By 2014, membership in PFC had climbed to 120 members. While family foundations were still the predominant type of member in the association (up to 75%), the mix was changing, with more members from corporations, donor-advised-fund public foundations and other public grantmaking foundations. Significantly, the membership included half of the top 20 grantmaking foundations by assets, representing close to half of the assets held by private foundations in Canada.¹⁰ Remarkably, after 15 years, 13 of the original group of 18 foundations were still members (two had dissolved themselves).

PFC still had one class of membership. Over the years, the board and staff had discussed whether to add associate members, or to differentiate in some way between leading or sustaining members and other members. PFC decided to hold to the principle of equal treatment for all members, regardless of size or type. While the criteria had expanded, different members were not treated differently in terms of their benefits. Thus PFC stayed true to the idea of connecting and bringing together funders of various types to sit at the same big funders table.

From 2010 on, after the short-term negative effects of the 2008 financial crisis, the number of private foundations registered in Canada rose steadily.¹¹ Various factors account for this growth, the most obvious of which was the favourable state of the US and global economy and financial markets. Secondly, the generational wealth transfer got underway as the generation of the 1930s and 1940s handed over to the baby boom generation. Thirdly, a rising millennial generation began to demonstrate an interest in and a willingness to influence multi-generational philanthropy. Fourthly, government tax incentives for donations of both cash and equities to private foundations were generous. Most importantly, the opportunities for private philanthropy in Canada were becoming better known and more inspiring to would-be foundation creators. From the start, PFC had understood the importance of providing a compelling narrative about the work of foundations. In the early years, PFC put together a story collection, *Foundations Seeing the World Differently*, about individual private foundations and the unique and innovative grants they were making to bring about long-term results beyond the capability of either government or corporate funders. From creating digital music libraries to recycling technological waste, from connecting

¹⁰ https://pfc.ca/wp-content/uploads/2018/01/assets_giving_trends_sept2014_web.pdf

¹¹ From 2010 to early 2018, registered private foundations grew by over 700 foundations according to PFC internal data drawn from CRA registrations : <https://pfc.ca/resources/canadian-foundation-facts/>

the dots on global disease transmission to addressing the burnout stresses of caregivers, the stories supported the case made during the early 2000s to the federal government about the importance of recognizing the unique value of private foundation activity.

Storytelling about the work of private foundations continued to be a priority for PFC in its second decade. PFC created a continuing series of *Great Grant Stories*, contributed by members and posted on the PFC website. After 2015, as part of a shift towards more strategic communications, PFC developed another digital platform, *Philanthropy in Action*, designed to be a place to find stories about the impact of organized philanthropy across Canada. While it is not easy to track the direct causal link between storytelling and the more positive impressions of foundations, anecdotal evidence from within the PFC membership indicates that these stories and models have helped foundation leaders and creators aspire to greater possibilities for themselves.

Emerging as a social change network: 2014–18

After 2014, in a recognition that the landscape foundations operate in had shifted significantly, PFC began a major effort to renew its business model and brand. The rapid changes of the digital age were having an impact on PFC's core roles, as they were on similar member associations and funder networks globally. It was no longer possible to believe that PFC would provide all the most relevant data and expertise related to foundation management and grantmaking. Information is accessible everywhere and at any time. The Internet and social media transform organizational roles related to information, and thus, to stay relevant, PFC needed to focus on its unique value. In the information age, issue-specific expertise is not as valuable as knowledge mobilization and convening expertise.

In this digital world PFC's unique value creation is two-fold: playing a leadership role in advocacy for the field, and mobilizing knowledge with and for its members. PFC's ability to connect, to bring people together, to create both virtual and personal spaces for the sharing of member practices and learnings, is also a great vehicle for mobilization. PFC can encourage funders to keep focused, work together, listen to all voices, counter lies/false news, and give ear and voice to the voiceless.

In 2016, the PFC board decided that building an excellent membership organization, a key goal, should be framed around the idea of leading and challenging members to do their best work (internal communication, 2016). The board was clear that PFC served the broader community of organized philanthropy, not just its members. The consistent thread in PFC's evolution since

2008 was the need to serve the whole field of organized grantmakers. Most of its events, learning materials and web content are publicly available. In this way, PFC remained true to its purpose as a charity registered under the heading of education.

In 2017, consistent with this thinking, PFC adopted a new brand identity – **Connecting. Inspiring. Creating Change.** With a more contemporary and assertive message, PFC was moving with the times:

→ 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. We provide a voice for organized philanthropy, assist in building a professional network for our thought-leaders, and inform on good practice.¹²

Even with the revisions to its core message, PFC’s approach remains remarkably consistent: a focus on policies that enable (or discourage) the best work of private philanthropy, the narrative around the contribution of organized philanthropy, and the importance of building connections and learning, all with the goal of having a greater impact on the “well-being of Canadians”. The change in the language reflected PFC’s realization that it is not only a member service organization but also, with the credibility and the continuity of its relationships, a leadership organization for organized philanthropy.

Building a community: the impact of PFC

PFC’s impact on the world of organized philanthropy in Canada over a period of 20 years is best summed up as community building. Before 1999, many private foundations in Canada had known and interacted with each other informally and locally, particularly in anglophone Canada – but there had been little formal collaboration and no capacity for a collective expression of what was important to the effectiveness and impact of this group of private funders. There had also been no formal vehicle that enabled other organizations in the charitable sector to interact with private foundations on a broader policy level.¹³ PFC helped foundations to recognize that they were part

¹² <https://pfc.ca/about/>

¹³ The Association of Charitable Foundations, mentioned earlier in the chapter, and which became inactive in the 1990s, is an exception here.

of a professional field, and to show themselves to others outside the field. PFC provided a window into organized philanthropy for everyone: members, other foundations, charities, media and policy makers, and global colleagues.

Another less visible, but no less essential aspect and consequence of the work of PFC has been to link Quebec-based philanthropy to the strategies and actions of organized philanthropy in the rest of Canada. PFC's physical presence in Montreal and its commitment to bilingualism have connected francophone foundations both to each other and also to anglophone foundations beyond Quebec. This has been an important factor in building and sustaining a pan-Canadian community of philanthropy.

How can PFC's impact be measured? I suggest five key indicators:

- The **engagement** of foundations and private grantmakers directly in the opportunities offered by PFC
- The number of new **collaborative events and connections** made through PFC
- The evidence of the growing **professionalization** of the field
- The evidence of the **formalization and deepening** of Canadian foundation **practices**
- The success that PFC has had in influencing **public policy** decisions related to federal regulation of foundations

What do these indicators tell us about PFC's success?

PFC has created multiple opportunities for **engagement** for many foundations. Since 1999, over 60 different foundations have served on the board or committees of PFC. A large number of philanthropic organizations have connected on a regular basis with other foundations and have engaged in collective work for their field. At annual conferences and leadership retreats, the board and staff of foundations have come to know each other and to learn more about the broader field in which they work. The membership of PFC has grown every year since the association was created.

Because of the exposure of foundations to each other through PFC, instances of **collaborative activity** are multiplying: the creation of a shared and collaborative space, Foundation House in Toronto, by three PFC members who connected through their shared membership (see Chapter 13); the creation of the Circle on Philanthropy and Aboriginal Peoples in Canada, which emerged from a table conversation at the 2009 PFC Conference in Calgary (see Chapter 6); the development of other funder affinity groups such as the Mental Health and Wellness Affinity Group, facilitated by introductions made through PFC; and the Collective Impact Project in Montreal, bringing together eight private foundations, many of whom met each other through PFC (see Chapter 12). PFC events and introductions created the trust that allowed many of these activities to be initiated by the members.

The guides, workshops, survey reports and learning events sponsored by PFC over 20 years have led directly to the **professionalization** of the field. A substantial amount of content produced by members or by advisors and experts engaged by PFC has featured Canadian examples, cases and legal frameworks, which makes it more useful to Canadian funders than anything that can be retrieved from US or global sources on the practice of philanthropy. The guides and reports are downloaded regularly from the PFC website, and have been cited in other publications.

PFC has been highly instrumental in providing opportunities for **formal structured learning**. In 2012, PFC began a biannual series of practice-focused gatherings. As an overarching theme, PFC has examined what it takes to “make change” that is wide-ranging, deeper and more effective in addressing some of the complex challenges facing Canadian funders and their partners, such as poverty, homelessness, climate change, mental illness, social exclusion. PFC has approached these gatherings as an opportunity to thoughtfully examine a practice from various perspectives, and to feature examples of Canadian practice in action.

At the first symposium in 2012, PFC looked at the why, how and what of funder collaboration to “make change”. Participants told PFC: “It’s not the pooling of funds but the pooling of perspectives, ideas, insights – collaboration can be as much about framing a problem as it is about bringing money to the table – it’s paying attention to what matters.”

- In 2013, PFC examined the practice of thinking systemically about how to bring about change. How can a funder bring creativity, fresh eyes, and boundary-less thinking to the table with community partners?
- At the first symposium in 2012, PFC looked at the *why*, *how* and *what* of funder collaboration to “make change”. Participants told PFC: “It’s not the pooling of funds but the pooling of perspectives, ideas, insights – collaboration can be as much about framing a problem as it is about bringing money to the table – it’s paying attention to what matters.”
- In 2015, participants discussed making change in public policy. How do private funders work with public policy makers and systems to bring about deeper and more sustained social changes?
- In 2017, participants explored the practice of listening. How do funders listen better, hold better conversations, reach out to hear those voices that need to be heard?
- In 2019, PFC took on the practice of cross-sectoral collaboration to make change. How do funders engage with community partners, governments and businesses with different motives, accountabilities and indicators of success to tackle community-wide challenges such as mental health and addiction, or social exclusion and poverty?

In all these gatherings, PFC has convened community leaders and practitioners to work with foundations in reflecting on what it takes to be more effective in practice.

PFC has established a credible and well-prepared advocacy presence in Ottawa and among its peers in the sector. PFC has also achieved considerable **public policy success**. Beginning with the

campaign to level the playing field of tax incentives for giving, in 2006 PFC pushed the federal government to equalize the treatment of capital gains tax on gifts of public securities to private foundations.

Throughout the first two decades of the 2000s, PFC wrote and presented annual policy briefs and appeared before parliamentary committees every year. Hilary Pearson served on the Canada Revenue Agency (CRA)'s Charities Advisory Committee in the early 2000s and on its Technical Issues Working Group after 2015. PFC successfully lobbied to obtain relieving provisions on the excess business holdings rules for private foundations that had been introduced in 2006, and to allow private foundations to hold units in limited partnerships. PFC encouraged the CRA to create more flexible guidance on program-related investments (or loans to charities and non-charities). More recently, PFC has proactively convened leading sector organizations to promote the modernization of the *Income Tax Act* provisions regarding charities, in order to create more flexibility and reform regulations so that they are less prescriptive and compliance oriented.

PFC has accomplished a good deal in twenty years. But important challenges continue for the association and its members. Funders are faced with more searching questions about their own policies and practices. Do they pay enough attention to diversity and inclusion in a country whose population is changing very quickly from one dominated by the legacy of white European settlers to a mix of global migrants, colonial descendants and Indigenous peoples? Canadian philanthropy must also come to grips with the question of reconciliation with Indigenous history and current-day realities, as other chapters in this book make very clear. Philanthropic practices related to participation, inclusion, power sharing and respect for lived experience must be explored. As a convenor and knowledge broker, PFC can and should work with other philanthropic infrastructure groups to facilitate this exploration.

The issue of the public accountability of private charitable funders is alive and well. Opinion leaders in Canada still don't pay much attention to private foundations, which remain mostly invisible, despite the fact that they control over \$40 billion (CDN) in assets and make over \$2 billion in grants annually (2018 CRA data) as well as running significant charitable programs. Foundations are privileged institutions, exercising the power of their resources to shape their communities and sometimes the policies of governments. Increasingly, the media, policy makers and other influencers pose the questions: What is the legitimacy of the private foundation in a democracy? Should private foundations receive more scrutiny, or be more publicly accountable? PFC has a responsibility, and a challenge, to create a solid narrative and credible answers to these important questions.

Another challenge to PFC is how best to connect and not compete with other geographic and interest-based funder networks. Since 2010, informal funder networks or affinity groups based on geography or shared areas of funding interest have sprung up. Funders find shared interests in their communities if they are place-based funders, or shared interests in specific issue areas if they

are working on broader social challenges. Funder groups in the areas of climate change and carbon emissions, mental health and wellness, food and food security, youth and work, or around specific foundation roles such as grants manager/program officer, are joining existing groups which have been formalized for some time, such as Environment Funders Canada (formerly the Canadian Environmental Grantmakers Network) or the Circle on Philanthropy and Indigenous Peoples in Canada. PFC's challenge is to facilitate, complement and partner with these groups in a way that is most effective for the funders themselves.

PFC has an important relationship with a related pan-Canadian philanthropy infrastructure organization, Community Foundations of Canada (CFC). CFC was formed in the early 1990s and represents almost all of the community foundations across Canada (close to 200 foundations). On the surface the two associations would seem to have different spheres of operation on behalf of their members. The essential nature of community or place-based philanthropies is local, rooted in the issues and concerns of their geographic communities. While not all community foundations are place-based in Canada, the focus of what is self-described as a “movement” tends inevitably to be local or regional. The donors are local and the issues to which they give are often local. PFC's members fund locally but may also (or conversely) have national or international funding interests. They are also in most cases governed not by community members but by families or individuals who are closely connected.

In the late 1990s, when PFC was created, it seemed unlikely that the two associations could collaborate, not least because the members of CFC, working to attract donors, benefited from the tax policy incentive for donors to give public securities to public foundations and charities rather than to private foundations. However, as the two organizations have evolved, and as the public policy framework has created a level playing field for donors, the organizations share an interest in acting as thought leaders and catalysts for their members on charity and purpose-based policy issues and on philanthropic funding practices.

In the policy areas of climate change, migration, reconciliation, recognition of diversity, inequality and social inclusion, public and private funders alike are increasingly engaged in multipartner funding collaborations. In the developing field of impact or mission-related investing, PFC and CFC have worked closely together to provide educational resources and opportunities for funders to share practice and learning with each other. This may well grow. The business models of the two organizations may have developed somewhat differently (PFC being funded largely through membership support and project funding, while CFC is funded both by members and by the partnerships negotiated with governments and corporate sponsors), but more formal collaboration in future may well develop.

Looking ahead: the future of philanthropy networks

No funder network anywhere in the world is secure in its position and role. Most are battling for credibility, funding and attention in an economy and society becoming more individualized and disaggregated by the forces of the digital age. Funder networks have always had difficulty persuading funders to invest in their own support or development. The challenges are common to both geographic networks and also role-based networks (Arundel, 2018). The funding is limited, and the value proposition is hard to articulate. The Worldwide Initiatives for Grantmaker Support (WINGS),¹⁴ the global support organization for funder associations within each country, has been working to create a generic case for support that highlights the value that a solid support system brings to funders, which it has articulated as:

- space for reflection and discussion
- collective action on rules and standards
- thought leadership on key issues
- tools for capacity-building
- an advocacy voice for the system as a whole

In 2018, WINGS surveyed the ways in which the field of institutional or organized philanthropy is changing, and how infrastructure organizations serving philanthropy must change as well (WINGS, 2018). Arguing that there is increasing recognition among philanthropies that they cannot address deep-seated issues or tackle societal change on their own, and that they need to work together, WINGS suggests that support organizations frame their objectives and work programs around the needs of the system, rather than around narrow organizational goals. In this view, the types of organizations that deliver services – whether they are membership bodies, professional agencies, networks, university centres or hybrid entities – matter less than their functions. These functions, broadly speaking, can be grouped as:

- information and intelligence (knowledge)
- convening
- technical support
- advocacy
- education

¹⁴ <https://wingsweb.site-ym.com/>

A philanthropy support organization must think strategically about how each of these functions can be performed and by whom within its ecosystem. WINGS neatly summarizes the organizational implications of taking an ecosystem approach to the main functions involved in supporting philanthropy:

→ While the main driver of infrastructure growth in the 20th century lay in the principles of organizational development to deliver strong and competent organizations to deliver services, the 21st century model is based on field development that transfers strength and power to the edges of the field based on a networked approach. Organizations at the centre of networks should be nimble, harnessing the power of technology to connect people together, to find joint solutions rather than focusing simply on service delivery.

WINGS, 2018, p. 19

This suggests that the future for philanthropic support organizations such as PFC lies in a more fluid concept of organization, one that remains nimble but also porous, able to work in alliance and partnership on various projects which are designed to support the varying needs of philanthropic players. As WINGS puts it: “a successful ecosystem relies less on precise organizational forms and more on relationships – with interstitial action between organizations with porous boundaries through a culture of sharing, experimentation and joint learning” (WINGS, 2018, p. 22). WINGS ticks off succinctly what grantmaking organizations (foundations or other) will need from an infrastructure organization. A funder well supported by a funder network:

- has access to the information, intelligence and research it needs to plan and conduct its core work
- can access one-to-one technical assistance on planning, grantmaking, law, evaluation, technology, finance and other operational matters
- has access to peers at national level for learning, sharing
- can take part in thematic or affinity groups relevant to its work
- can contribute to a joint program of advocacy on issues that affect the sector (WINGS, 2018, p. 22)

This is a roadmap for PFC’s future success, increasingly working in partnerships and networks with others in the field to support Canadian private philanthropy in creating value for the long term.

Three key takeaways

1

Funder networks are successful when they build trust. Trust leads to collaboration. Collaboration will be increasingly the most important philanthropic strategy to address Canada's and the world's complex social challenges.

2

To stay relevant, funder networks must focus on where they can bring unique value. In the information age, issue-specific expertise is not as valuable as knowledge mobilization and convening expertise.

3

The future for funder networks lies in a more fluid concept of organization, one both nimble and porous, able to work in alliance and partnership on various projects to meet the varying needs of philanthropic players.

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