

L'Année PhiLanthropique

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PhiLab

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À propos du PhiLab | About PhiLab

Le **Réseau canadien de recherche partenariale sur la philanthropie** (PhiLab), anciennement Laboratoire montréalais de recherche sur la philanthropie canadienne, a été pensé en 2014 dans le cadre de la conception de la demande de financement du projet développement de partenariat CRSH intitulé « Innovation sociale, changement sociétal et Fondations subventionnaires canadiennes ». Ce financement a été reconduit en 2018 sous le nom d'« Évaluation du rôle et des actions de fondations subventionnaires canadiennes en réponse à l'enjeu des inégalités sociales et des défis environnementaux ». Depuis ses débuts, le Réseau constitue un lieu de recherche, de partage d'information et de mobilisation des connaissances des fondations canadiennes. Des recherches conduites en partenariat permettent la coproduction de nouvelles connaissances dédiées à une diversité d'acteurs : des représentants gouvernementaux, des chercheurs universitaires, des représentants du secteur philanthropique et leurs organisations affiliées ou des partenaires.

Le Réseau regroupe des chercheurs, des décideurs et des membres de la communauté philanthropique à travers le monde afin de partager des informations, des ressources et des idées.

The **Canadian network of partnership-oriented research on philanthropy** (PhiLab), previously called the Montreal Research Laboratory on Canadian philanthropy, was thought up in 2014 as part of the conception of a funding request by the NRCC partnership development project called “Social innovation, social change, and Canadian Grantmaking Foundations”. From its beginning, the Network was a place for research, information exchange and mobilization of Canadian foundations’ knowledge. Research conducted in partnership allows for the co-production of new knowledge dedicated to a diversity of actors: government representatives, university researchers, representatives of the philanthropic sector and their affiliate organizations or partners.

The Network brings together researchers, decision-makers and members of the philanthropic community from around the world in order to share information, resources, and ideas.



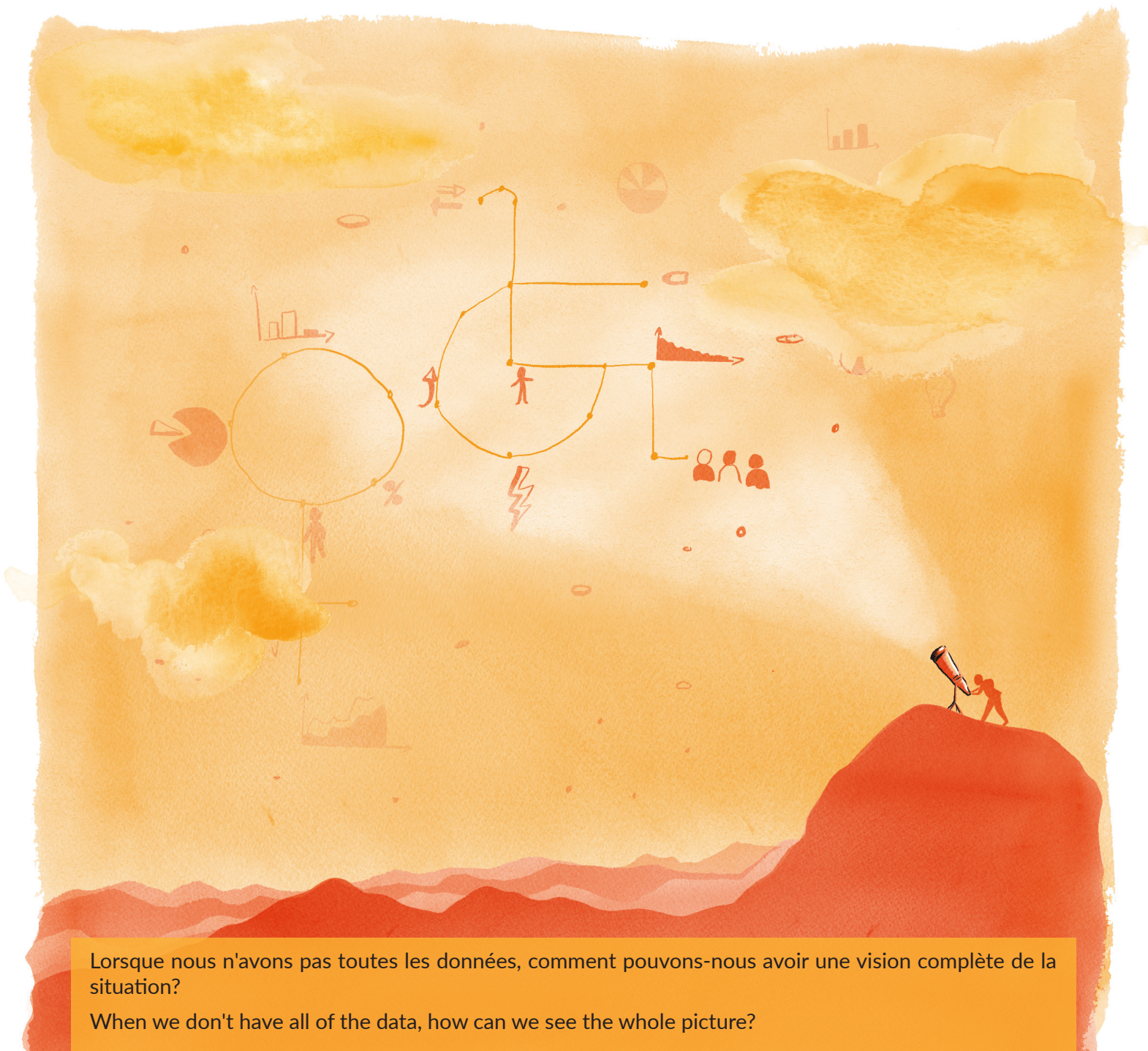
Social Sciences and Humanities
 Research Council of Canada

Conseil de recherches en
 sciences humaines du Canada

Canada

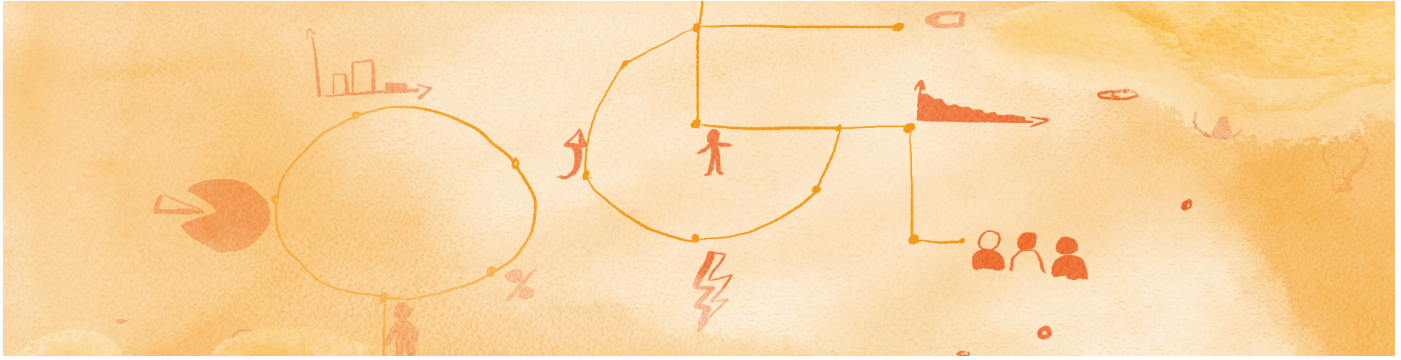
TEXTES D'INVITÉS | GUEST CONTRIBUTORS

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Lorsque nous n'avons pas toutes les données, comment pouvons-nous avoir une vision complète de la situation?

When we don't have all of the data, how can we see the whole picture?



TEXTES D'INVITÉS | GUEST CONTRIBUTORS

By improving their transparency, grantmaking foundations catalyze a ripple effect for the social missions they are funding

By Phil, full service strategic communications and fundraising agency

phil

Founded in 1999, **Phil** is a full service strategic communications and fundraising agency dedicated to the social sector serving local, national, and international clients. Every service provided is informed by the years of experience and creative energy embodied by a diverse team of professionals waking up every morning bound by a common belief: strengthening organizations striving to make a better world is the most important job out there.

In 2017, Phil became a certified B Corp as a way to measure, improve, and communicate its positive impact in the world. Choosing to use business as a way to solve social and environmental problems means they are continually challenged to make decisions that positively impact the environment, communities, their employees, and clients. Visit www.phil.ca for more information.

The grantmaking landscape is shifting and legislation surrounding the parameters of grantmaking is shifting in tandem. These shifts are leading to an increased need for transparency from everyone in the world of philanthropy.

Smoothing out relationships through openness

Grantmakers' work is often quite hidden. With the increased interest in social justice and a brighter light being shone on the systemic barriers that impede its attainment, increasing numbers of people are publicly questioning the true impact and real-life application of foundation dollars — arguably more than ever before.

From our experience as nonprofit communications specialists, **the foundations that tend to be the most successful in their missions are those which approach the grantmaker-grantee relationship as a partnership.** Reframing relationships is a key principle

in participatory grantmaking practice.¹



We can make substantive progress if funders stop seeing communities and their needs as 'problems to solve' and instead recognize them as equal partners and the receptacles of profound wisdom and knowledge.

Maryam Mohiuddin Ahmed, founder of the Social Innovation Lab



Transparency and openness in communications can smooth out these partnerships and lead to beneficial outcomes for all.

Foundations have the reputation of being opaque in their digital presence and communications activities. In this article, we'll outline some of the benefits that come from transparency in philanthropic communications. We'll also look at some of the approaches that can be taken to allow foundations to increase transparency, bearing in mind that many foundations are operating under challenging limitations.

What do transparency and openness look like in a grantmaking context?

Being transparent in communications is about positioning. It's about deciding how you want to be seen by others. It's about putting your cards on the table, showing that you have nothing to hide, and demonstrating that you are comfortable revealing who you are as an organization. This can be difficult if existential questions have not been asked in a long time. Being open is an opportunity to align an organization with others working towards similar goals and allows grantmakers to be responsive to current collective needs.

Ultimately transparency is about sharing. Transparency opens up channels of communication. It requires you to listen and engage with others to become an active part of a wider community. Transparency is an action that impacts the social fabric that philanthropists are trying to strengthen.

The surprising portrait of Canada's foundations

Many high-profile foundations have sizable teams steering large-scale budgets. However, the vast majority of foundations operate on a surprisingly small scale. The size of a foundation's assets is often an indicator of whether or not the foundation has paid staff or not. With 100% volunteer-led foundations, the speed at which they respond to grantees, the support they can offer, and the activities they lead are often limited. Operating on a small scale impacts human resources, which may or may not affect the impact of their grants.

According to data cited by Philanthropic Foundations Canada², a 28% increase in the number of private foundations occurred in Canada between 2005 and 2015. The majority of these new foundations are family foundations, and many are run by volunteers.



Over half of Canada's foundations have two or fewer paid staff members.



48% reported that their annual revenue amounted to less than \$2 million.

The challenges at play

Small grantmaking foundations typically face a plethora of challenges including:

- Limited personnel
- A lack of technical resources for digitization
- Challenges with regard to meeting Canada's disbursement quota (DQ) while retaining enough funds to sustain granting long term

Despite these challenges, even small volunteer-led foundations can change the way they do things.

We have seen this in the case of an eye disease foundation which was able to streamline its grant application with an online system following our recommendation. This action allowed volunteer board members to collect and review applications in a timely manner. *"Our grant applicants find the online system a great time saver. It certainly has been a game changer for our board in these trying COVID times"* reported one Director.

Changing leadership: the new guard

Our team is noticing a generational shift in the leadership of foundations, where wealth is shifting from those who inaugurated foundations to the younger generation who are taking over family legacies. We're also seeing more women in leadership positions. This new leadership has different expectations; a desire for transparency, openness, and increased accountability are among them.

Shifting expectations for nonprofits

The way Canadian foundations operate has also been the focus of lively discussions over the past couple of years. This comes as a result of proposed legislative adjustments to Canada's disbursement quota (DQ).

Up until now, foundations in Canada have been federally required to spend 3.5% of their assets on charitable activities over an average period of two years. However, in the last budget, the government announced upcoming changes to the DQ. It is expected that the pay-out sum will increase to 5% in April 2023. Failure to comply with the federally-regulated DQ could lead to grantmakers losing their status as foundations.

The proposed change to the disbursement quota has stirred up a lot of dialogue about best practices for charitable foundations. Currently, foundations do not have to create financial reports in the same way that charities do. This lack of public accountability contributes to the uneven power dynamics that

continue to cause many to question the ultimate impact that foundations have within their communities.

When it comes to the DQ, a balance must be found, and greater transparency can help with achieving this balance. As regulatory frameworks tighten around the DQ, foundations will have some soul searching to do. Do they develop a sunset plan³, or do they become more active in raising new funds to meet the increased quota? Both options can be decided by engaging in deeper conversations with the grantees and nonprofits that are closest to the issues. If they chose not to grow their funds, then charitable foundations that "rely mostly on capital to fund their charitable spending might struggle to meet the new target" as Miller Thompson, LLP pointed out in [a recent article](#).



Despite these challenges, even small volunteer-led foundations can change the way they do things.



While making financial data more visible may feel uncomfortable for foundations, being transparent can lead to greater success in any foundation's mission

Foundations that prioritize openness and transparency can also shine a brighter light on the work of the charities they support and draw greater attention to their overall social mission and purpose. A number of misconceptions often arise surrounding the purpose and goals of foundations. Most foundations have the primary goal of enacting social change and contributing to a worthy cause. By communicating their values more openly, foundations can clear up any misconceptions, improve their reputation, and change the public perception of what foundations are and why they do what they do.

Through transparency, grantmakers can help the charities they care about to do more

By not sharing basic things like a foundation's strategic goals, vision, and financial limitations, grantmakers are inadvertently hurting the charities they want to help.

Foundations contemplating improving their transparency may worry that they would be overrun with charities seeking funding. However, quite the opposite is true. If foundations make it clear which types of causes and charities they fund, and more importantly, which ones they do not fund, they will field fewer requests and send out fewer rejection letters. Transparency is the result of the good development and execution of a proper strategic communications plan.

By being transparent and presenting their up-to-date information, foundations can:

- set expectations from the outset;
- ensure that any beneficiaries are able to find information about timelines and processes easily, reducing the administrative burden both on the foundation's side and on the charity's side, thus reducing the overall effort-to-outcome ratio;
- remove unnecessary obstacles to funding.

In leading by example, foundations are more likely to get transparency from charities in return, ensuring a better fit time and time again.

Ways that grantmaking foundations can go about becoming transparent

Foundations can make their work more transparent by:

- Working to develop a clear and detailed strategic and communications plan.
- Auditing their websites and including any missing information about what the foundation does, how it operates, and the impact it has in the community;
 - Alongside information about the foundation's history, partners, mission statements, and impact numbers, the website should also include information about the types of grants available, who these grants are aimed at, the criteria, and deadlines to apply.
 - Foundations can use transparency

measurement tools according to frameworks like [Glasspockets](#).

- Looking at the [Sustainable Development Goals](#) and working out how the foundation will contribute to them, detailing precisely how. By anchoring a foundation's goals to the SDGs it becomes part of a global community working towards the same objectives. It is a good idea to include actionable steps to achieve the goals that resonate the most for the foundation and the community they are part of.
- Having a presence on social media;
 - Alongside creating original posts, foundations can ask the partners and charities they work with for permission to repost, thereby showcasing the impact the grant dollars are having. In this way, foundations can offer a platform to give small and medium-sized charities some extra visibility and increase their reach.

Foundations may be surprised what a positive effect these measures could have. Transparency and openness can help foundations build better relationships with grant recipients overall. [Help is at hand](#) if you need assistance with increasing the transparency and openness of your foundation to begin reaping the benefits of partnerships present and future.

Notes

1 All principles are discussed in [Deciding Together: Shifting Power and Resources Through Participatory Grantmaking](#), by Cynthia Gibson, 2018, Foundation Center

2 Canada Foundation Facts. Retrieved October 19th, 2022, [Link](#)

3 Planning an end date for the charitable foundation and spending down its assets; philanthropic bodies pre-electing their own institutional end. [The "Sunsetting" Foundation: Trend of the Future?](#)

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