

1ST EDITION

2024 Landscape Report

An Evolving Landscape:

Reflecting Canada's Philanthropic Foundations

Authored by

Dr. Michele Fugiel Gartner 



Philanthropic
Foundations
Canada

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Philanthropiques
Canada



PhiLab

About PFC

A registered charitable organization, [Philanthropic Foundations Canada \(PFC\)](#) is Canada's national philanthropic network, working together towards a more just, equitable and sustainable world.

Our membership is comprised of foundations, charities, corporate giving programs, donor-advised funds, and nonprofits whose primary function and activity is grantmaking. In partnership with its diverse membership, and in collaboration with civil society, business, and government, PFC advances the common good, through network capacity building, collaboration initiatives, and policy & research.



**Philanthropic
Foundations
Canada**



PhiLab

About PhiLab

[The Canadian Network of Partnership-Oriented Research on Philanthropy \(PhiLab\)](#) was thought up in 2014 as part of the conception of a funding request by the SSHRC 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 project's headquarters are located at the Université du Québec à Montréal (UQAM) campus. 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.

Introduction to the research and Acknowledgements

Marking PFC's 25th anniversary in 2024 as an organization working to strengthen philanthropy in Canada, this inaugural landscape report on philanthropic foundations in Canada marks a major new milestone for PFC – and our sector.

It represents part of an important evolution of PFC's research agenda, capacity, and contribution to our collective understanding of not only philanthropy in Canada but of the wider non-profit and charitable sector in Canada.



Building on PFC's Snapshot Report research on foundation assets and giving trends which PFC has published regularly since 2014, moving forward this report will be part of our regular signature research initiatives to provide a more fulsome account of what foundations are and what they do. It uses a mix of currently available but under-analysed or unreported quantitative data, along with qualitative data gathered through extensive interviews conducted with a diverse cross-section of PFC members and non-members from across Canada over the past year. Unlike anything ever produced on Canadian foundations, it provides a deep dive into what the data reveals about how Canadian philanthropic foundations developed, and what purposes, approaches, and roles they use to deliver on their mandates – from investment to grantmaking.

What's more exciting is that this is just the start. The launch of this initiative is part of a new, robust research agenda at PFC that will provide practitioners, the public, and policymakers alike with more reliable information to better understand our sector's impact and better inform our practice and the regulatory environment that influences it.

On behalf of everyone at PFC, I want to thank Michele Fugiel Gartner. She has been at the centre of the work to create this report and has been instrumental as we build a research agenda for PFC. Her expertise and contributions will undoubtedly help us shift the dial on our collective understanding about foundations and philanthropy in Canada.

A handwritten signature in black ink, appearing to read 'J. Mangin'.

Jean-Marc Mangin

President & CEO
Philanthropic Foundations Canada

Acknowledgements

It gives us great pleasure to present the first part of a research project carried out by Michele Fugiel Gartner as part of a post-doctoral collaboration between Philanthropic Foundations Canada and the Canadian Philanthropy Research Network (PhiLab).

This project is part of a shared desire by our two organizations to better represent the landscape of Canadian philanthropic foundations.

The observations and findings of her research represent a significant contribution to both research and the granting foundation community.

The documentary analysis and interviews constitute a state-of-the-art snapshot that broadens our knowledge while raising new questions. This report highlights gaps in the available data and paves the way for future avenues of research. The research also highlights the historical and, above all, recent transformation of the sector. If grant-making philanthropy was considered an actor in the shadows some thirty years ago, this is no longer the case. Contemporary philanthropy is increasingly defined as a social actor, interacting in a more collaborative and partnership-based way with other actors in civil society.

Finally, Michele Fugiel Gartner's research is part of a new trend in which philanthropic foundations and charitable organizations are becoming more and more engaged in policy, civic engagement and research. This activism will be celebrated in many quarters, but it brings with it challenges that future PFC reports will be sure to reveal. We welcome this landmark report and look forward to others to follow.



Handwritten signatures of Jean-Marc Fontan and Peter Elson.

Jean-Marc Fontan and Peter Elson

PhiLab Network Directors

Acknowledgements

It's impossible to capture the entirety of Canada's philanthropic experience in one report. I'm grateful to Philanthropic Foundations Canada and PhiLab for allowing me to try.

This report centres around three key elements of foundations: regulation, assets, and grantmaking. It offers provocation on how we use the philanthropic foundation as a tool for social good. This report builds on the solid Canadian academic and practitioner research base created over the past decade. The study draws together observation, individual perspectives, and new data aggregation as part of its qualitative exploratory research design. It offers a conceptual model to move beyond best practices and contemplate the nature of foundations' purposes, approaches, and roles.

My goal is always to centre research in a way that draws together academia and practice and brings a pragmatic approach to understanding our philanthropic space.

Thank you to the entire team at PFC for allowing me to observe and participate in the organization from abroad and in Western Canada. A special thank you to Jean-Marc Mangin and Sara Krynitzki for the opportunity, their time, and their feedback. They fundamentally understand the need for closer academic / practice collaboration in Canada and have created space for new research at PFC.

Thank you to the researchers nationwide for the warm welcome back, particularly Jean-Marc Fontan, Peter Elson, Laetitia Gill, David Lasby, Nathan Grasse, Susan Phillips, and Catherine Pearl. Thank you, especially to all the researchers whose work this report builds from and, I hope, brings to new audiences. None of this would have been possible without the participation of CEOs across Canada's philanthropic foundations for their voice and candour and the focus groups of listeners who heard the early findings and prompted further analysis. This report reflects a moment in time and offers provocation for the future of Canadian philanthropy. I invite your perspectives and conversation.



A handwritten signature in black ink that reads "M. Fugiel Gartner". The signature is fluid and cursive.

Michele Fugiel Gartner

Outgoing PFC-PhiLab post-doctoral fellow in philanthropy and public policy
Incoming Lead Researcher,
Philanthropic Foundations Canada

Executive Summary

How to read this report

In creating a landscape report, PFC challenged itself to the next level of research. Some readers may want to enjoy the full report; for others, the Executive Summary. All readers are invited to dip in and out of the areas of most interest.

For example, readers may choose to read the answers to “What do we know” ([Chapter 1](#)) and “What are the purposes, approaches, and roles of Canadian foundations” ([Chapter 2](#)) separately. They may review literature and findings addressing [regulation](#), [assets](#), or [grantmaking](#). They may want to skip to the end and review the [key takeaways](#) for stakeholders.

However you chose to read this report, we welcome your interest, conversations, and future research questions.

Why create a “landscape” report?

Philanthropy is a quintessential component of Canadian life. In the past decade, the nature of philanthropy, including its wealth and impact, has been questioned. Research conducted in the US and the UK has often been extended or applied to the Canadian jurisdiction. Over this same decade, significant contributions have been made to build our understanding of the Canadian experience specifically. These research efforts have yielded important perspectives on individuals, institutions, and the field of Canadian philanthropy.

As research has asked more questions, more research gaps have been illuminated. Canada is fortunate to have robust data from the Canada Revenue Agency's T3010, the annual form all charities must submit to the Government of Canada. It provides the broadest view of foundations' structures, purposes, assets, and grantmaking. Yet, researchers working with the T3010 data will divulge the challenges with data

quality, the time-consuming act of cleaning and verifying data, and the limitations of the CRA's questions. As the T3010 is designed with charity regulation in mind rather than research per se, not every research question can be answered with T3010 data, meaning that resourceful research designs and partnerships are required to advance Canada's philanthropic research.

In this report, PhiLab and PFC partnered to create a post-doctoral role. The research project was managed through PFC and designed collaboratively with PFC staff and the researcher. The opportunity was to create a “landscape” report to combine academic and practice-based research and perspectives. The task was large, and for PFC, this report marks a first edition, not a final edition. In future years, PFC's landscape reports will continue to seek to capture the breadth of the sector and the depth of its complexity.

In this first report, a qualitative exploratory design draws together previous literature and new empirical data through ethnography, desk research, and semi-structured interviews. This report draws attention to what is known and points to changes in Canada’s philanthropic foundation field. Regulation, asset investment, and grantmaking are highlighted and connect to a broader conversation about Canadian philanthropic foundations’ purposes, approaches, and roles.

The report structure and key findings

This report builds upon PFC’s twenty years of research, specifically the sector snapshot data reports and investment surveys, to bring together a more holistic view of Canada’s philanthropic foundations. The report synthesizes additional academic and practice research to complement these sources. It offers new empirical data on foundation regulation, assets, and grantmaking. The goal is to provide a deeper understanding of Canada’s philanthropic foundations for the public, policymakers and foundations themselves. The research also conceptualizes the purposes, approaches, and roles of Canada’s philanthropic foundations through The Foundation Triangle.¹ This conceptualization provides a framework and language by which changes over time can be viewed and explored. See [Appendix 1](#) for a full explanation of the methodology.

Introduction

i. 2021 T3010 Snapshot data²

	Private foundations	Public foundations	Totals
Number of foundations ³	6,225	4,836	11,061
Gifts to qualified donees (CAD) ⁴	\$5,450,390,633	\$4,474,747,132	\$9,925,137,765
Assets (CAD) ⁵	\$87,140,918,068	\$48,141,641,036	\$135,282,559,104
Location	Most private and public foundations are found in Ontario, Quebec, British Columbia and Alberta		

1. Anheier, Helmut K. “Philanthropic Foundations in Cross-National Perspective: A Comparative Approach.” *American Behavioral Scientist* 62, no. 12 (November 2018): 1591–1602.

2. Imagine Canada. “2021 T3010 Public and Private Foundation Analysis,” 2024.

3. As of January 2024

4. As of September 2023

5. As of September 2023

ii. Research and data challenges

A compelling argument exists for heightened attention and investment in Canadian philanthropic data and research. A significant gap in comprehensive and aggregated data availability hinders meaningful analysis of philanthropic foundation practices. Furthermore, the field suffers from limited capacity, stemming from inadequate investment in philanthropic education, intermediaries, and researcher training. This resource shortfall undermines the ability to conduct thorough research in this domain.⁶

Over the past decade, there has been notable leadership from organizations such as Philanthropic Foundations Canada (PFC), PhiLab, Imagine Canada, Carleton University, and the Nonprofit Federal Data Working Group to identify and implement solutions to address these challenges. More recently, Carleton University launched the Charity Insights Canada Project, a five-year research project to generate timely information about the charitable sector, and the Federal Nonprofit Data Coalition has called for creating a national nonprofit lab to hold and allow access to sector data.⁷ Additional financial and human resources are required.

iii. Research questions

Two questions guide this study:

1) What do we know about the historical development of Canadian philanthropic foundations and their present-day manifestations?

2) How do Canadian philanthropic foundations use their purposes, approaches, and roles to support Canadian civil society?

6. Phillips, Susan. "Supporting the Charity Ecosystem." Carleton University. PANL Perspectives (blog), January 16, 2024.

7. Federal Nonprofit Data Coalition. "Submission to 2024 Federal Pre-Budget Consultations." Imagine Canada, 2023.

Summary of Chapter 1:

1.1 A Canadian philanthropic narrative

The traditional approach to studying Canada's philanthropy has often relied on historical timelines of significant influences and figures behind the formation of renowned philanthropic foundations. While this method offers valuable insights, it can inadvertently oversimplify Canada's diverse philanthropic landscape, overlooking the intricate interplay of various cultural, linguistic, and religious identities.

This report introduces a new perspective using a micro, meso, and macro framework. It shifts the focus from broad historical narratives to an introduction of individual giving norms, acknowledgement of sub-groups, and reflection on the development of the field. The framework shows the multifaceted nature of Canadian philanthropy, moving beyond linear chronologies to reflect its complex sociological dimensions.

1.2 An introductory view of Canadian foundations

For most, the philanthropic field is opaque. While studies have delved into the operations of philanthropic foundations, they have not always been accessible to the public. This report highlights three pillars of foundations—regulation, asset management, and grantmaking—that define the operations of these distinct institutions.

Regulation

- Historically, Canada's regulatory framework for philanthropic foundations has centred on endowed foundations (Table 1). Regulation has followed the growth in foundations. Estimates show that the number of foundations was in double digits in the late 1940s, growing to over 1000 by the late 1960s, adding a further 2000 in the 1970s and 1980s.⁸ In the 1990s, the estimate rose to 3000-4000 foundations, with 20% as active in granting over \$10,000.⁹ From 2005-2021, the number of foundations grew by 25%, from 8,852 in 2005 to 11,061 in 2021.

1950	Charities are divided into charitable organizations, charitable trusts, and charitable corporations.
1967	Registration of charities.
1976/77	Charities are divided into charitable organizations and charitable foundations (private and public).
1984	Private and public foundations are subject to a 4.5% disbursement quota.
2004	Public and private foundations are subject to a 3.5% disbursement quota.
2010	Revenue disbursement requirements were removed for public and private foundations, levelling disbursement treatment for two foundation types.
2022	Disbursement quota raised to 5% for public and private foundations; qualifying disbursements to non-qualified donees allowed.

Table 1. Regulatory timeline for philanthropic foundations since 1950

- There has been a historical clustering of foundations at or near the DQ requirement of 3.5%. Yet, [most interview participants expressed a level of comfort with the new 5% DQ](#). For those experiencing a shortfall, options include using endowment corpus, delayed disbursements, and operational changes. Behaviour change in a 5% environment needs monitoring in light of historical data.

8. Khovrenkov, Iryna. "Size-Based Analysis of Charitable Foundations: New Evidence from Canadian Data." *Canadian Public Policy* 42, no. 3 (September 2016): 337-49.

9. Ontario Law Reform Commission. "Report on the Law of Charities, Vol 1." Ontario Law Reform Commission, 1996.

- Foundations are navigating capacity issues, risk aversion, and complicated guidelines regarding the ability to grant to [non-qualified donees \(NQD\)](#). Thirteen of 21 interviewees had previously funded non-qualified donees through various tools, including fiscal agents, sponsorships, numbered companies, and contracts. Despite these uncertainties, there is optimism that NQD changes will prompt valuable discussions on grantmaking behaviours, potentially fostering more significant equity within the sector.
- The use of philanthropic tools is expanding beyond traditional foundation endowments. Individual Donor-Advised Funds (DAFs) offer flexibility unaffected by DQ regulations, and foundations individually manage behaviour changes, nudging or requiring DAF disbursements. [It is important to recognize when new philanthropic tools fall outside the established regulatory lineage and consider how to best adapt to their use.](#)

Assets

- Historical data and interview participants expressed investment priorities as [meeting annual disbursement requirements and preserving real capital](#). Some interview participants seek further alignment of values with social justice and environmental goals along with some openness to exploring different time horizons and use of endowments.
- Over the past twenty years, with much of that in a low-interest rate environment, there has been a notable [shift from fixed income towards equity](#) investments and diversification into global markets and alternative assets. In this period, there is an aggregate growth of foundation assets of \$100 billion between 2008 and 2021, from approximately \$35 billion CAD to \$135 billion CAD.
- Despite this growth, the average annual return on investments typically falls within single-digit percentages. [In one study, from 2018-2020 the average self-reported return was 7.4%.](#)¹⁰ Fluctuating market returns have not consistently led to growth for all foundations.

10. Millani. "Investment & Disbursement Survey, 2018-2020 Executive Summary." Philanthropic Foundations Canada, 2021.

- The annual average self-reported investment returns for PFC members ranged from minus 1% to 18% between 1999 and 2020. [Many foundations aim for 7-8% returns to meet disbursement quotas, cover fund manager fees, address inflation, and support operations.](#) Data from post-2008 indicates that operational areas, such as human resources and professional development, are areas likely to decrease when returns are low and DQ requirements need to be met.
- [Fund managers have an underexplored role in foundation investment strategies.](#) They are positions that are often long-term, legacy appointments or relate to corporate or family offices. Interview participants have reflected a need to push their fund managers to align with foundation values, particularly during the COVID-19 pandemic and with growing interest in socially responsible and impact investments. Several foundations have self-reported reviewing their fund managers and current investment strategies.
- Impact investing (and its changing terminological variations) has been slowly increasing within Canadian philanthropic foundations since the early 2000s. [While more foundations are engaging in socially responsible and impact investing, a large percentage remains that do not.](#) By 2021, 25/66 PFC survey respondents had a mix of socially responsible investment strategies. The number of foundations reporting impact investments to PFC remained in the teens from 2015 to 2021.¹¹ The data is limited in that it does not reflect the full 11,000 foundations. Still, from PFC surveys, the absolute number of foundations making impact investments remains small, with education, the quality and number of investment opportunities, and risk being key barriers.
- The Canadian landscape is seeing a [diversification of philanthropic tools](#), including endowments, donor-advised funds, and flow-through funds tailored to unique investment strategies and allocation decisions.

11. Millani. "Investment & Disbursement Survey 2018-2020." Philanthropic Foundations Canada, 2021.

Grantmaking

- While sectors such as education, health, and social services receive substantial philanthropic support, aggregate data from the [T3010 filings offer limited insights into foundations' diverse approaches](#) (Figure 1). Understanding how foundations prioritize and allocate their resources remains a challenge despite evidence of evolving practices.

Percentage of Total Gifts by Activity Area 2018 - 2020

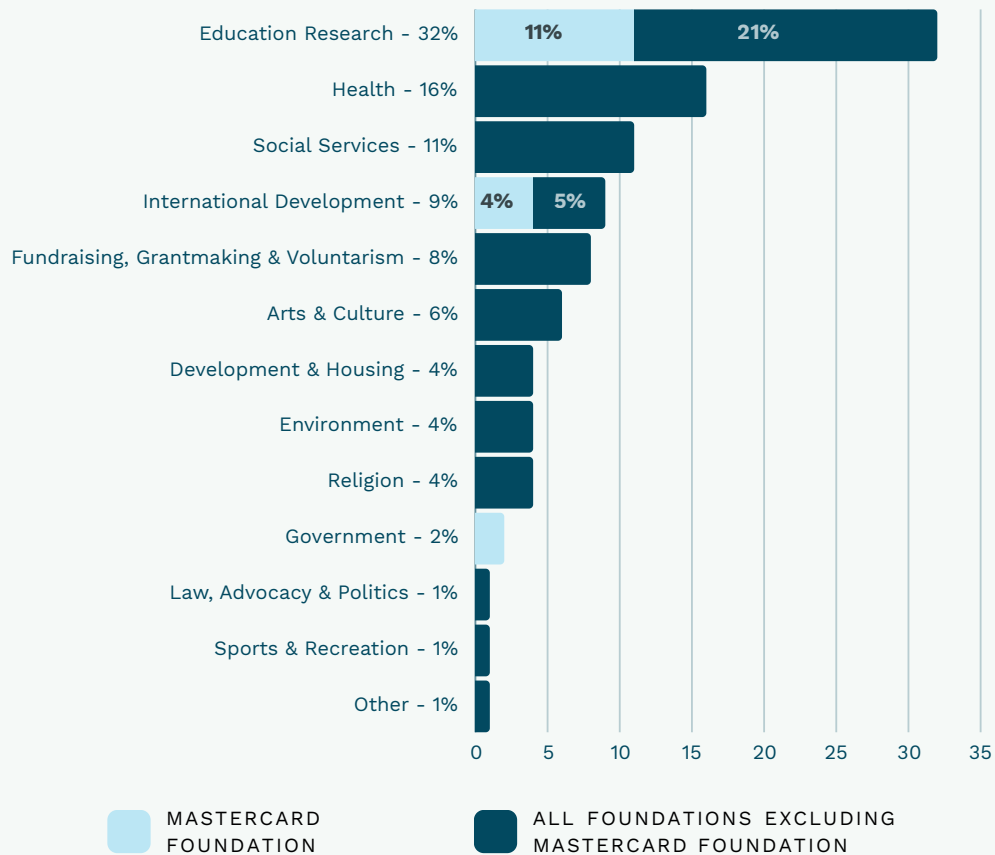


Figure 1. Percentage of Total Gifts by Activity Area 2018-2020 (The light blue bar represents Mastercard Foundation, the dark blue all foundations excluding Mastercard Foundation) ¹²

12. Philanthropic Foundations Canada. "Snapshot of Foundation Giving in Canada in 2018 and Trends 2013-2018." Philanthropic Foundations Canada, November 2021.

- Between 2018 and 2021, public and private foundation gifts to qualified donees increased by [+23% for public foundations and +72% for private foundations.](#)
- Research on staff and trustees remains severely underdeveloped. Most foundations do not have staff. This study's analysis of T3010 2020 compensation form data demonstrated that just 26% of public foundations and 9% of private foundations reported having full or part-time staff. Second, when staff were present, 85% of private and 75% of public foundations reported having less than ten full or part-time staff members. Only 4% of either type of foundation reported over 50 staff members.
- Leaders in Canadian philanthropy confront societal, organizational, and individual challenges. CEOs reflected on the complex task of balancing the interests of founders, families, boards of directors, staff, and grantees, each with a stake in their endeavours. Three themes emerged from CEO interviews: generosity, diversity, and risk.
 - While perceptions of Canadian generosity remain positive, especially in times of crisis, some [CEOs shared concerns about the level of generosity among the wealthiest and the impact of political polarization on philanthropic collaboration.](#)
 - CEO participants widely support efforts to enhance diversity within the sector and foundations. However, [power imbalances persist, hindering full collaboration and funding in certain areas.](#) Lack of data and analysis creates challenges for reporting on staff and trustee diversity.
 - Philanthropic foundations exhibit varying risk tolerance levels, with some perceiving the sector as risk-averse, possibly perpetuated by regulatory constraints. Recognizing the evolving landscape of Canadian philanthropy, [CEOs reflect a \(cautious\) embrace of the change, acknowledging the absence of a unified vision for the sector's future directions.](#)

Summary of Chapter 2:

2.1 The Foundation Triangle

The Foundation Triangle (Figure 2) is a comprehensive framework for understanding philanthropic foundations' purposes, approaches, and roles in supporting civil society. This study's empirical data and Canadian context provide additional elements to the framework, updating and enhancing its conceptualization

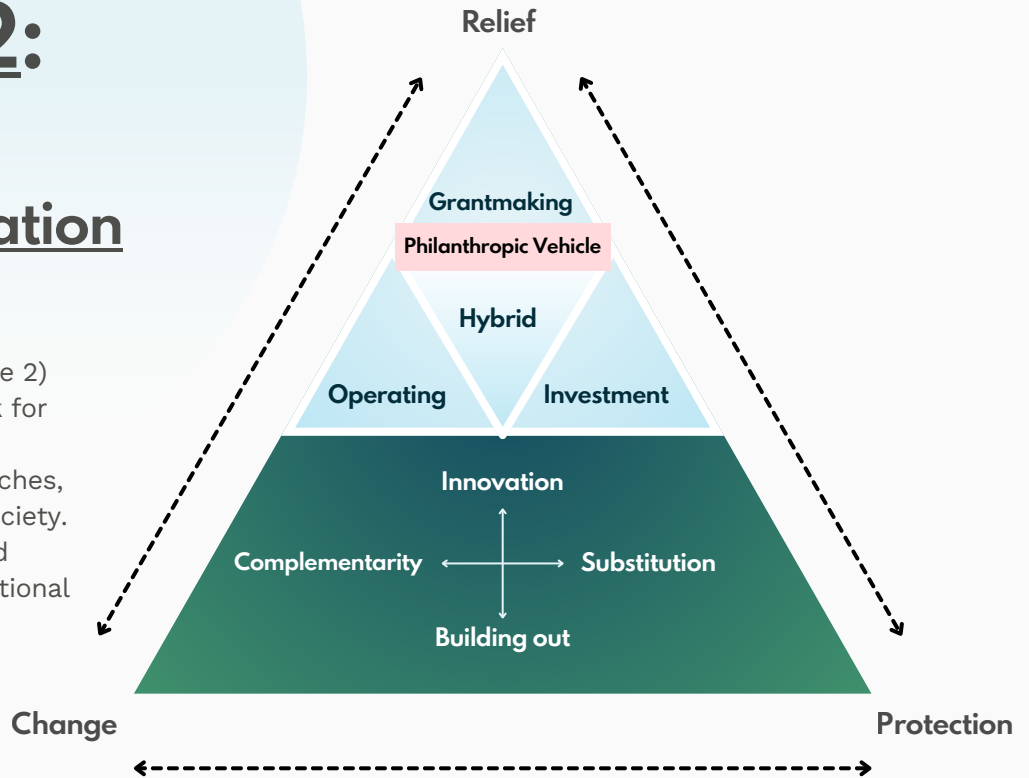


Figure 2. Canadian adaptation of Anheier's Foundation Triangle (Anheier, 2018:1594) ¹³

2.2 Purpose describes what foundations want to achieve.

The purposes of relief, protection, and change endpoints are not merely standalone points but are interconnected. [Relief-protection](#), [Protection-change](#), and [Change-relief](#) each reflect Canadian philanthropy. Relief-protection characterizes the historical purposes of Canadian foundations. Changes in disaster and emergency relief and support for underfunded areas are reflected in change-relief. Protection-change reflects how change-based norms and behaviours are in tension with traditionally held philanthropic beliefs and practices. Contemporary trends, such as impact investing, spend-down, and participatory granting, are influencing historical relief and protection positionalities, including perspectives about the preservation of wealth, anonymity, and traditional giving.

13. Anheier, Helmut K. "Philanthropic Foundations in Cross-National Perspective: A Comparative Approach." *American Behavioral Scientist* 62, no. 12 (November 2018): 1591–1602.

2.3 Approach describes how, or the methods by which, a foundation is achieving its aims.

Canadian foundations exhibit diverse approaches to their work, encompassing financial and non-financial support. Using new philanthropic vehicles, such as DAFs and flow-through funds, means the approach is not limited to endowments. Including foundation investments, alongside grantmaking, operating, and hybrid approaches, further widens the view to understand how foundations align all of their assets with their values and purposes.

2.4 Role describes foundations' activity types.

Four activities were presented in the original Foundation Triangle: complementarity, substitution, building out, and innovation. This study places these in a matrix to better understand current foundation initiatives. There is an evolving relationship between Canadian philanthropy and governments. Historic roles, such as complementing government, show some evidence of substitution behaviours. Traditional building out of programs and services are complemented by innovation, with evidence of new trends, such as climate finance and gender-lens investing.

Purpose, approach, and role offer language and a framework to reflect upon the use of philanthropic foundations to support civil society. In this study, the framework illustrates the changes between historical and contemporary influences in Canadian philanthropy, providing a tool for monitoring changes over time.

Conclusion

Through the two research questions, this project is offering an evolving picture of Canada's philanthropic foundations, their narrative, essential elements of operations, new empirical data, and conceptualization of their purposes, approaches, and roles.

The data analyzed remains limited in size and scope and reaffirms the need for better support and funding of Canadian philanthropic research.

This report provides eight takeaways for readers (Figure 3) reflecting the state, sector, organization, vehicles, governance, management, giving, and assets. As a first step in PFC's renewed research agenda, we welcome your comments, perspectives, and research questions.

Key Takeaways: Canada's Philanthropic Foundations

Policymakers

State

Changing societal issues are impacting the roles of Canadian philanthropic foundations. Immediate needs replaced prevention in the global pandemic. A widening scope of climate-related disasters changes how relief is provided. Rising demand for social services increases philanthropic dollar requests

Sector

Data and research on the philanthropic sector is underfunded & fragmented leading to lack of understanding and increasing critique of philanthropic foundations.

Researchers

Organization

11,000 foundations in Canada with independent governance are operating with individual mandates and with a variety of grantmaking, operating, and investment approaches. Additional lens and tools are required for more nuanced inquiry

Vehicles

Endowed foundation models are not the only philanthropic vehicle in the ecosystem, yet they remain the dominant form of institutional philanthropy, and they are most viewed due to long-standing regulation.

Practitioners

Governance

Traditional approaches and appointments (perpetuity, risk avoidance) are meeting changing norms (diversity, spend-down, social investment)

Management

CEOs sit between tradition and change. They link stakeholders, generation, and field-based practices. The field is not the same as early in their career. CEOs navigate the changing practices of philanthropy.

Public

Giving

Canadian foundations are giving nearly \$10 billion annually. They are giving a minimum of 5% of their endowment, are allowed to grant to nonqualified donees, and have their endowment to use for social investing.

Assets

Cumulatively, private and public assets have grown \$100 billion (CAD) from 2008-2021. Yet, individual foundations expect annual returns of 7-8% to fulfill their DQ, account for inflation, pay fund managers, and support their operations

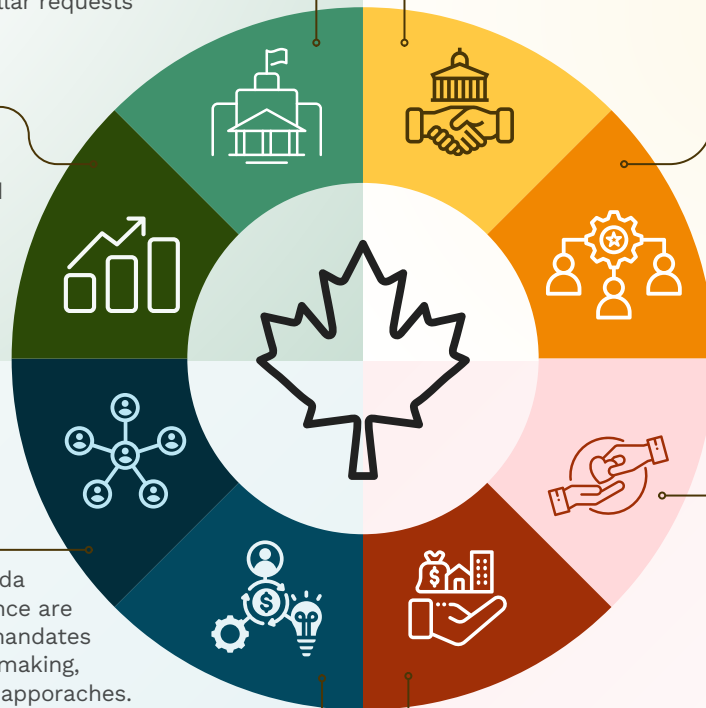


Figure 3. Key takeaways for policymakers, practitioners, researchers, and the public.

PFC's Proposed Research Agenda for 2025-2028

People and Practices in Canadian Philanthropic Foundations

Our research will analyze Canadian foundations at the organizational level (practices) and examine the internal factors influencing their functioning and impact (people).

We aim to release one research report annually, starting with this inaugural 2024 Landscape report. This report builds upon PFC's Snapshot Report research on foundation assets and giving trends, which PFC has published regularly since 2014. It incorporates previously unexplored quantitative data and qualitative insights from extensive interviews.

01 ***We are planning a second major report that will delve into foundations' internal dynamics.***

This report will explore the roles and operations of staff and boards within Canadian philanthropic foundations, shedding light on how these individuals interact with organizational goals and societal expectations. Given the increasing complexity of the philanthropic sector, this research is timely, emphasizing accountability, transparency, and impact.

02 ***Producing our Investment and Compensation Surveys***

In addition to these major reports, PFC will continue producing its Investment Survey and Compensation Survey, providing valuable data for our publications while serving as standalone resources for members. These efforts foster reflective practices within philanthropic foundations and enhance understanding of their roles among practitioners, policymakers, the public, and other stakeholders.

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Introduction

The importance of comprehensive research on Canadian philanthropic foundations

i. 2021 Snapshot data

Canada boasts a thriving philanthropic landscape, including both public and private foundations.¹⁴ The most recent T3010 report cites that over 11,000 public and private foundations (6,225 private and 4,836 public foundations) (Figure 4) collectively manage assets exceeding \$135 billion CAD (Figure 6).

2005 - 2021 Number of Public and Private Canadian Foundations

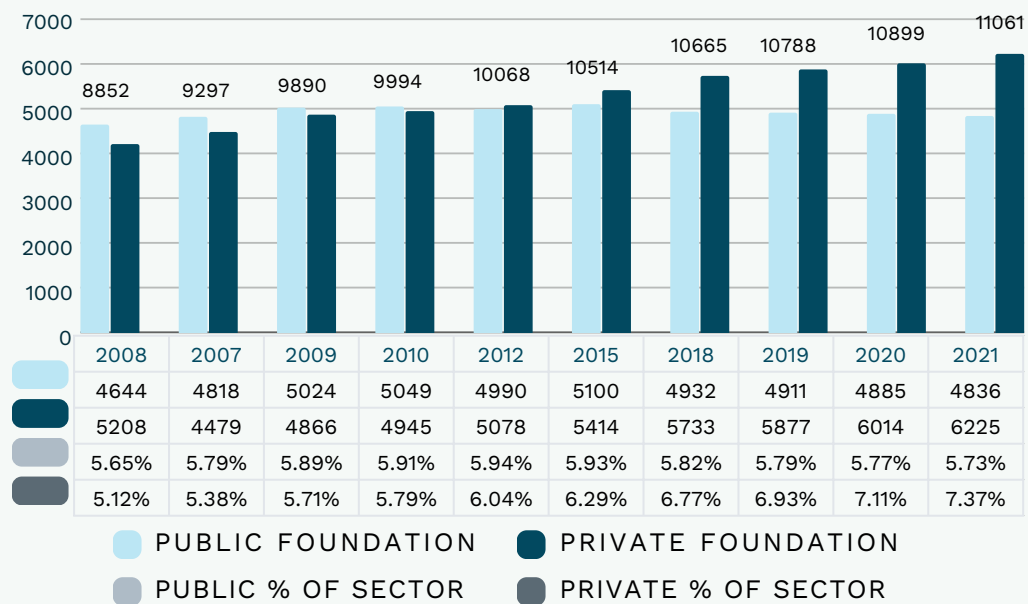


Figure 4. Number of Canadian philanthropic foundations 2005-2021¹⁵

14. There are three types of registered charities in Canada: charitable organizations, public foundations, and private foundations. The designation a charity receives depends on its structure, source of funding, and mode of operation. Private foundations, which are under the control of a single donor or related donors, are distinguished by the federal government from public foundations, which operate independently and are not under the governance of a single group. Additional sub-group distinctions are used more colloquially, including community foundations, family foundations, independent foundations, and corporate foundations. In practice, Philanthropic Foundations Canada (PFC) differentiates foundations between those primarily engaging in philanthropic activities versus fundraising activities, meaning those whose primary functions and activities are grantmaking and those who function as fundraising vehicles, such as for a hospital or university.

15. Data from previous PFC snapshot data, as provided by Imagine Canada.

These organizations sit within the wider non-profit and charitable sector of 84,426¹⁶ charities and upwards of 190,000 organizations comprising the social sector.¹⁷ Furthermore, the data shows that annually, these foundations contribute almost \$10 billion CAD (Figure 5) in qualified donations to support various societal endeavours, including education, healthcare, social services, international development, voluntarism, arts and culture and more.¹⁸ Over time, data has shown that while less numerous than private counterparts, public foundations have given more. However, the 2021 data demonstrates how that gap is closing, as private foundations experienced a significant increase in giving between 2020 and 2021.

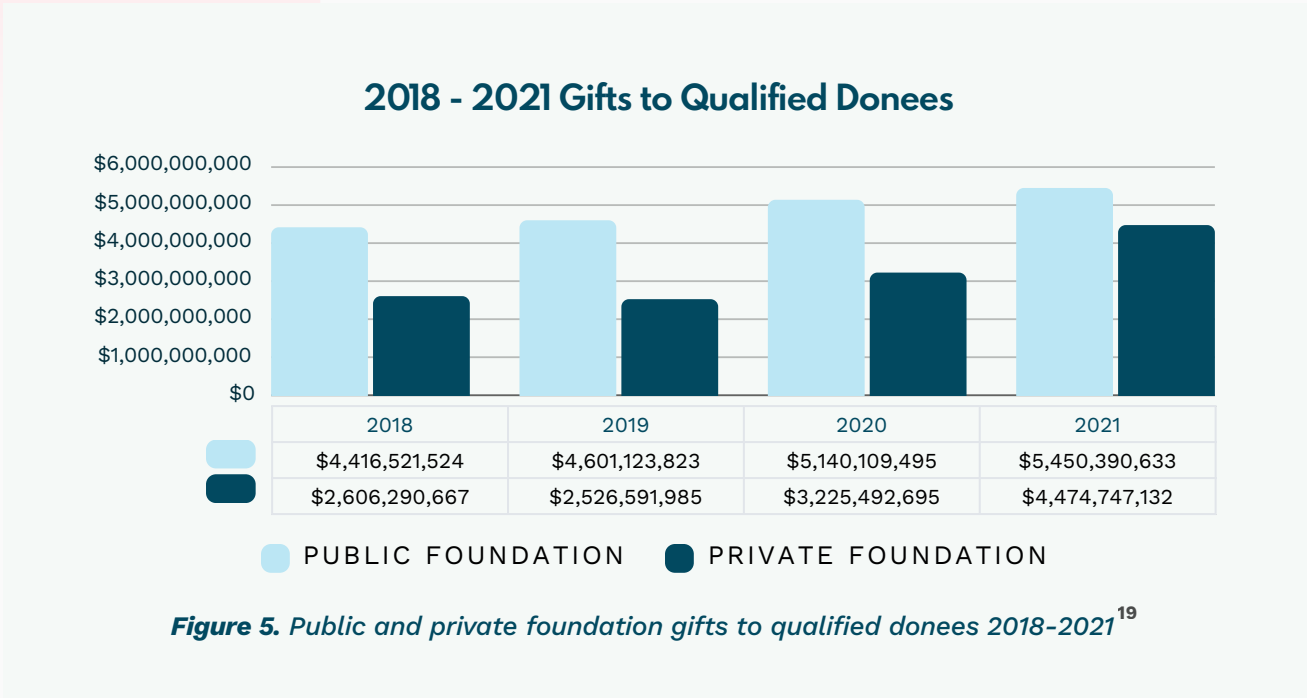


Figure 5. Public and private foundation gifts to qualified donees 2018-2021¹⁹

Today, private foundations’ trajectory continues to increase, with public foundations experiencing a slight decline (Figure 4). Private foundations became more numerous than public foundations in 2012.²⁰ They have increased from 5.1% in 2005 to 7.3% to 2021 as an overall percentage of the charitable sector (Figure 4). The increase in private foundations aligns with the growing individual and family wealth patterns in Canada.²¹

However, public foundations also experienced notable asset growth in 2021 (Figure 6), which may reflect the development of donor-advised funds²² (DAFs).²³ Overall, the assets of public and private foundations grew by \$100 billion in thirteen years, from \$35 billion in 2008 to \$135 billion in 2021 (Figure 6).

16. This data is reported as of early 2024, reflecting T3010 2021 data. The ranges of charity registrations will vary due to data cleaning and reporting. One way to think of it is 84,426 charities reported on their T3010, out of the estimated 86,000 charities.

17. Brouard and Litalien, “Canadian Registered Charities Statistics – An Examination of CRA Data, #PARG 2024-39RN, Research Note, Professional Accounting Research Group (PARG).”

18. Philanthropic Foundations Canada, “Snapshot of Foundation Giving in Canada in 2018 and Trends 2013–2018.”

19. Imagine Canada, “Analysis of T3010 Data (2018-2021).”

20. Pearson, “The Philanthropic Landscape in Canada.”

21. Elson et al., “Foundations in Canada.”

22. A donor-advised fund is a fund opened by individuals, families, groups, partners, or organizations. In Canada, DAFs sit within foundations or operating charities, with donations held in separate funds and used for purposes designated by the donor and aligned to the institution’s norms. KCI and CAGP Foundation, “Influence, Affluence, & Opportunity: Donor-Advised Funds in Canada.”

23. KCI and CAGP Foundation, “Influence, Affluence, & Opportunity: Donor-Advised Funds in Canada.”

Overall, the assets of public and private foundations grew by \$100 billion in thirteen years, from \$35 billion in 2008 to \$135 billion in 2021 (Figure 6)

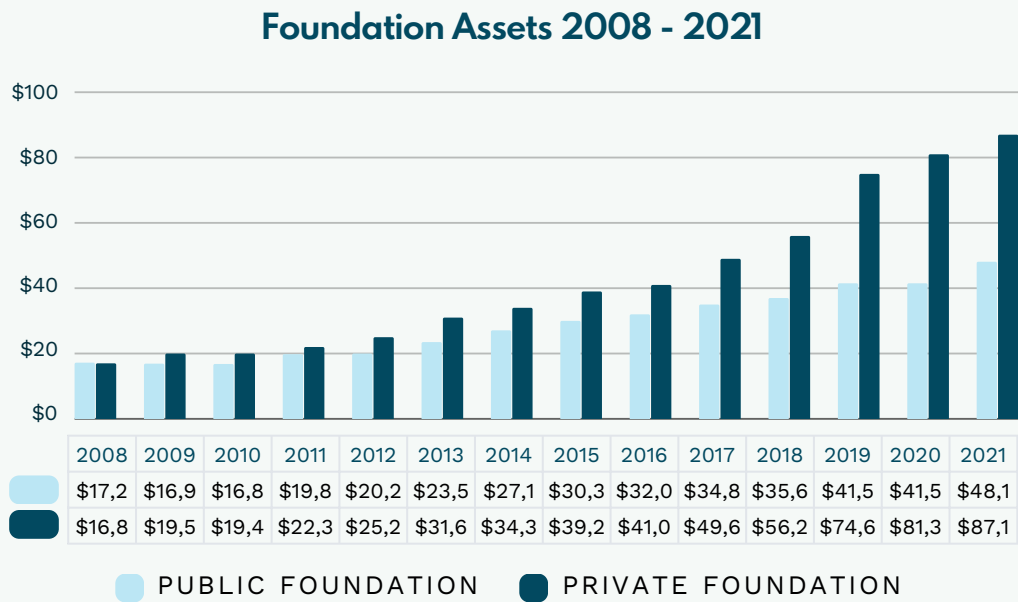


Figure 6. Foundation assets 2008-2021²⁴

ii. Research and data challenges

Despite their substantial presence and contributions to Canadian society, research on the operations and impact of philanthropic foundations in Canada remains fragmented.

Since 1967, Canadian charities, including philanthropic foundations, have had to submit annual financial and operational reports to a central registry under the Canada Revenue Agency (CRA).²⁵ The CRA focuses on the regulation and compliance of charities' special tax status, so its reporting mechanisms are not designed with data capture for research in mind.

24. Imagine Canada, "Analysis of T3010 Data (2018-2021)"; Philanthropic Foundations Canada, "Canadian Foundation Facts."

25. Pearson, From Charity to Change.

In 2013, digitization efforts made all data sets since 2000 accessible online, providing a machine-readable record of all charities and foundations, a unique resource in Canada. This digitization, while imperfect, has facilitated research, benefiting various stakeholders interested in understanding the philanthropic sector.²⁶ The T3010 Data Users Research Group, established in 2011, has focused on improving access to T3010 data and collaboratively addressing challenges and opportunities for research in the philanthropic sector.²⁷

However, the T3010 open data, while providing an aggregate view of the sector, falls short of providing detailed information on foundation work. Moreover, errors in reporting on T3010 data can lead to absent or incorrect data. For instance, there can be confusion regarding whether the reported asset values must be book or market values, potentially leading to significant misreporting of the sector's asset value.²⁸ An analysis of reporting foundations found that many reported either no assets or very low expenditures.²⁹ This situation necessitates manual analysis and individual assessments of operations.



PFC has analyzed the T3010 and its information collection systems in detail and reported on their weaknesses. It has advocated for an overhaul of the T3010 because of its unique value as a tool for transparency, including the successful recommendation of gathering data on nonqualified donees.³⁰ While the government introduced a few new questions on donor-advised funds and non-qualified donees in the January 2024 update of the T3010, the data in these categories will still be limited. Statistics Canada also has a role to play, especially in collecting data on nonprofits. The 2003 National Survey of Nonprofit and Voluntary, which surveyed 20,000 organizations, is now outdated. In early 2024, new efforts to survey 8,000 began.³¹

26. McMurren, Verhulst, and Young, "Opening Canada's T3010 Charity Information Return Data: Accountability of Charities through Open Data."

27. Brouard, "T3010 Research Group."

28. McMurren, Verhulst, and Young, "Opening Canada's T3010 Charity Information Return Data: Accountability of Charities through Open Data."

29. Pemsel Case Foundation, "The Disbursement Quote Data Analysis."

30. Krynitcki, "Refresher and Updates on Latest Regulatory Changes"; Philanthropic Foundation Canada, "Overhauling the T3010 Reworking the Annual Return Charities Submit to the Government of Canada for Transparency and Accountability."

31. Larochelle-Côté, "Statistics Canada Surveys 8,000 Nonprofits"; Nonprofit Federal Data Working Group, "Submission for the Pre-Budget Consultations in Advance of the 2023 Federal Budget."

Other philanthropic intermediaries have made significant efforts, such as Philanthropic Foundations Canada, Powered by Data, Canadian Environmental Grantmakers Network, Community Foundations Canada, The Circle on Philanthropy, and Imagine Canada. Each of these stakeholders contributes essential information and perspectives regarding the role of Canadian philanthropic foundations. In the past decade, PhiLab and Carleton University have played a crucial role in catalyzing pan-Canadian academic research on the nonprofit and philanthropic sectors, providing additional analysis and insights. These sectoral efforts have included scholarly research compilations, including *Intersections and Innovations*,³² *Philanthropic Foundations in Canada*,³³ a first solo-authored monograph on Canadian private foundations,³⁴ and numerous practitioner reports on best practices.

In recent years, there has been more initiative to develop a shared data strategy for the philanthropic sector in Canada to enhance the effectiveness and accountability of philanthropy by breaking down data silos. Several recommendations have been made to address these research challenges. But while there is a high level of interest in discussing how the sector uses data and a growing recognition of the range of challenges related to the sector's data deficit, there is a lack of clarity and consensus about who would drive a sector-wide data strategy and what the best approaches would be.³⁵ One proposal is the creation of an independent Charities Commission to take responsibility for comprehensive reporting, shifting this responsibility from the CRA to an independent agency.³⁶ Additionally, there is a call for collecting administrative data, which would include tax data but would be broader in scope. This data would be collected at federal, provincial, organizational, and Indigenous levels, fostering improved data sharing and analysis.³⁷ More recently, Carleton University launched the Charity Insights Canada Project, a five-year research project to generate timely information about the charitable sector, and the Federal Nonprofit Data Coalition has



32. Phillips and Wyatt, *Intersections and Innovations*.

33. Elson, Lefèvre, and Fontan, *Philanthropic Foundations in Canada*.

34. Pearson, *From Charity to Change*.

35. McDonald and Chaalala, "Towards a Shared Data Strategy for the Philanthropic Sector"; Philanthropic Foundations Canada, "Consultations by the Government of Canada on Boosting Charitable Spending in Our Communities."; Powered by Data, "Administrative Data for Social Impact in Canada February 2019 Progress Report."

36. Imagine Canada, "Our Vision for a Home in Government for the Nonprofit Sector."

37. Powered by Data, "Administrative Data for Social Impact in Canada February 2019 Progress Report."

called for creating a national nonprofit lab to hold and allow access to sector data.³⁸ There are also global examples of generating shared data through initiatives like open data standards and data labs.³⁹ Still, challenges persist, especially regarding the limited time and capacity resources, low interest by the field, siloed dissemination, and long-time horizons adversely impacting momentum.⁴⁰

For foundations, more fulsome data is required to fully assess their work, such as the state of equity in the sector, how and what they do, the populations with which they work, and sector leadership.

Canadian foundations often operate with limited or no staff, relying on volunteers or family offices for day-to-day management and outsourcing their financial services and reporting. Even larger foundations may have only a handful of full-time employees despite managing substantial assets.⁴¹

This study brings together existing data and new analyses to tell a more holistic story. The goal is to provide insights for multiple stakeholder groups and to raise research as a field-level priority.

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38. Federal Nonprofit Data Coalition, "Submission to 2024 Federal Pre-Budget Consultations"; Carleton University, "Knowledge Infrastructure Project to Create New Understanding About Canada's Charitable Sector."

39. McMurren, Verhulst, and Young, "Opening Canada's T3010 Charity Information Return Data: Accountability of Charities through Open Data."

40. McDonald and Chaalala, "Towards a Shared Data Strategy for the Philanthropic Sector."

41. Pearson, From Charity to Change.

iii. Research design

Since the mid-1990s, Philanthropic Foundations Canada has advocated for and supported the philanthropic sector. It was initially formed by members of 18 private foundations, extending from predecessor initiatives, the Association of Canadian Foundations and the Canadian Centre for Philanthropy. The organization sought to advance the public policy interests of private foundations. In 1999, Private Foundations Canada was formed but changed shortly after to Philanthropic Foundations Canada (2002), demonstrating awareness of the broader philanthropic sector:⁴²

*PFC members span the continuum of political and social thinking. They support arts, the environment, education, research and social services - to name just a few funding areas. They represent old established family foundations and new-economy wealth. They are big, they are small. They are Francophone and Anglophone. They hail from coast-to-coast.*⁴³

Increasingly, PFC has expanded to encompass a more holistic philanthropic network beyond private foundations and sought to balance its advocacy for the field and knowledge mobilization for its members. Most recently, PFC has refined its mission to focus on strengthening philanthropy for the common good, centring its work to support the sector in advancing a just, equitable, and sustainable world through capacity building and collaboration initiatives as well as public policy and research. They were instrumental in advancing changes in philanthropic policy, such as an increased disbursement quota and extending foundation grantmaking to non-qualified donees.

PFC has refined its mission to focus on strengthening philanthropy for the common good, centring its work to support the sector in advancing a just, equitable, and sustainable world through capacity building and collaboration initiatives as well as public policy and research.

42. Pearson, "Philanthropic Foundations Canada: Building a Community and a Voice for Philanthropy."

43. Private Foundations Canada, Annual Report 2000, Report of the President/CEO



In advancing a new research agenda, PFC seeks to achieve two primary objectives with this initial project: first, to gain deeper insights into the contemporary operations of Canadian philanthropic foundations, and second, to present a more comprehensive representation of Canadian philanthropic foundations to the public and policymakers. These aims will help fill significant data gaps and offer invaluable insights for practitioners, policymakers, and future academic research. To address these aims, this research poses two key questions:

1. What do we know about the historical development of Canadian philanthropic foundations and their present-day manifestations?

2. How do Canadian philanthropic foundations use their purposes, approaches, and roles to support Canadian civil society?

These questions lay the foundation for this study, aiming to contribute to a deeper understanding of the landscape of philanthropy in Canada.

This report follows in two parts, each responding to the above research questions. Chapter One draws together previous research and this study's empirical findings to provide insight into foundation regulation, assets, and grantmaking, providing a more holistic and nuanced narrative of Canadian philanthropic foundations. Chapter Two relates the literature and findings to the Foundation Triangle,⁴⁴ a conceptual framework exploring Canadian foundations' purposes, approaches, and roles. The methodology is in Appendix 1, and the report concludes with key takeaways for practitioners, policymakers, and the public.

44. Anheier, "Philanthropic Foundations in Cross-National Perspective."

Chapter 1:

What do we know about the historical development of Canadian philanthropic foundations and their present-day manifestations?

Canada is a vibrant tapestry where diverse cultures converge, including Indigenous, English, French, and immigrant communities.

These rich cultural backgrounds and contexts hold significant importance when we contemplate the landscape of Canadian philanthropic foundations.

This section draws upon previous research to offer a way through what is known and what still needs to be understood within the broad narrative of how foundations operate and why a more comprehensive research agenda is required. (See [Appendix 1](#) for the literature review strategy.)



1.1 A Canadian philanthropic narrative

Research has highlighted the limited historical documentation and analysis of the development of Canada's nonprofit sector.⁴⁵ Previous philanthropic literature has worked to rectify this by explaining classical philanthropic lineages and highlighting various Canadian lineages and progressions, such as Indigenous, settler, English, French, Protestant, Catholic, and Jewish.⁴⁶ It can be enticing to begin the story of Canadian philanthropy from a historical perspective. This way, one story thread travels along a timeline and brings us to today. Throughout time, the storylines intersect, demonstrating the unique features of Canada's evolution as a nation. However, framing the narrative as in timelines creates dichotomies (e.g. English/French) and fragmentation of a more holistic narrative.

This section moves away from a linear timeline, shifting the view to a sociological discussion of the various levels of Canada's philanthropic narrative. It follows previous research seeking to make sense of Canadian nonprofit traditions by examining key elements and understanding multiple levels.⁴⁷ This study centres the narrative from the individual story outwards to societal impact: the micro (the individual), the meso (the group), and the macro (field). In taking this perspective, one can move between levels, shifting the conversation. A more nuanced, more complex iteration of Canadian philanthropy emerges, and what is clear is that many knowledge gaps remain in crafting a fulsome Canadian philanthropic narrative.

This study centres the narrative from the individual story outwards to societal impact: the micro (the individual), the meso (the group), and the macro (field). In taking this perspective, one can move between levels, shifting the conversation.

45. Marshall, "Four Keys to Make Sense of Traditions in the Nonprofit Sector in Canada: Historical Contexts."

46. Pearson, *From Charity to Change*; Fontan and Pearson, "Philanthropy in Canada: The Role and Impact of Private Foundations"; Lefèvre and Elson, "A Contextual History of Foundations in Canada"; Berger, "The Influence of Religion on Philanthropy in Canada."

47. Marshall, "Four Keys to Make Sense of Traditions in the Nonprofit Sector in Canada: Historical Contexts."; Berger, "The Influence of Religion on Philanthropy in Canada."



1.1.1 Micro: The individual

At an individual level, philanthropic action reflects personal attitudes and motivations for giving. Theories have examined donors' public and private motivations, including altruism, trust, social benefit, egoism, fiscal incentives, guilt, and self-esteem.⁴⁸ In Canadian literature, there is evidence of personal altruism as a motivating factor for giving, particularly among Protestant givers.⁴⁹ Likewise, Indigenous stories hold meaning for individual actions, including teachings around greed (Wendigo), light to benefit man (Raven Steals the Sun), and cautions against swindling (stories of coyotes).⁵⁰

In recent surveys, Canadian personal motivations included making communities better, feeling a responsibility to help individuals, and supporting the work of charities and nonprofits. Notably, Canadian

giving norms created in childhood for many people renew sentiments that helping and giving are essential personal attributes.⁵¹ Research demonstrates Canadian interest in cooperative action and collective good while retaining individual values. Moreover, three characteristics influence active giving and volunteering in Canada: family background and early life, religious affiliation, and university education. While identifying these individual characteristics is valuable, further Canadian research needs to understand their specific impact and explore the paradox of individualism and collective good.⁵²

1.1.2 Meso: The group

Moving from the individual level, personal motivations become connected to the group. Here, social identities – formed through characteristics such as family, religion, and education – create the subcultures that populate society. The social identity of subcultures is said to determine philanthropic practices. Giving behaviour and what that behaviour means to the individual and their group status will vary among subcultures.⁵³ These groupings mean Canadian affiliations with religion or education, such as business, impact decisions on how and where to give.

The diversity of Canadian subcultures challenges the rigid dichotomies of historical timelines mentioned above. For example, just among religious subcultures, the Statistics Canada National Survey of Giving, Volunteering and Participating (NSGVP) categorized twenty religious groups across Canada.⁵⁴ Research has demonstrated that subcultures participate in giving for individual motivations, such as altruism, and group dynamics, such as social cohesion. Subcultures also give in different ways: financially or by volunteering.⁵⁵

48. Konrath and Handy, "The Development and Validation of the Motives to Donate Scale."

49. Berger, "The Influence of Religion on Philanthropy in Canada."

50. Archie, "Philanthro...WHAAAT? A Philanthropy 101 Session with Kris Archie."

51. Hallward, "Generosity in Canada: An Exploration of Giving and Volunteering, the Drivers + Barriers, and Why Generosity Is Declining."; Lasby and Barr, 30 Years of Giving in Canada.

52. Reed and Selbee, "Is There a Distinctive Pattern of Values Associated with Giving and Volunteering? The Canadian Case."

53. Berger, "The Influence of Religion on Philanthropy in Canada."

54. Statistics Canada, "2000 National Survey of Giving, Volunteering and Participating (NSGVP) Questionnaire."

55. Berger, "The Influence of Religion on Philanthropy in Canada."

Early 20th-century businessmen who became wealthy due to Canada's industrialization used some of their new financial resources towards philanthropy.⁵⁶ As corporate leaders in the community, philanthropy converted their economic wealth into social currency. This particular type of business subculture is present in the development of US philanthropy.⁵⁷ At the time, the absence of federal government funding meant that many municipalities relied upon corporate and individual giving for community initiatives. Within the subculture, business leaders applied their corporate norms, such as hierarchy, centralization, planning, and capitalization, to their philanthropic endeavours, including supporting museums, hospitals, universities, and social services in Canada. Their group behaviour changed from the pre-industrial spontaneous acts of generosity to the subculture behaviour of giving as more structured and akin to investment.⁵⁸ Marking a change from post-World War Keynesian philosophy, the increasing influences of neoliberal policies and government reduction in social spending created tax incentives, further fuelling this business subgroup's corporate models in philanthropy.⁵⁹

Understanding the subgroup experience is vital to Canada's narrative of support for diversity and integration. Canada's early immigration policies increased demographic diversity; however, the social barriers faced by immigrants and other ethnic, religious, and racial minority subgroups are well-recorded.⁶⁰ Today, philanthropy research is beginning to focus on the experience of immigrants and newcomers,⁶¹ including Canadian South Asian,⁶² South African,⁶³ Muslim,⁶⁴ and Jamaican⁶⁵ communities, as well as diaspora giving.⁶⁶ There has also been an exploration of philanthropic contributions to Canada's LGBTQ communities.⁶⁷ Research must continue to explore these and other experiences that are not currently within the dominant narratives. Some subgroups have faced more accessibility, inclusiveness, and equity challenges within Canadian institutions and processes than today's dominant cultural mosaic narrative acknowledges. As such, it is crucial to move beyond dichotomies and consider how subgroups have fared within philanthropic systems and structures.⁶⁸

Understanding the subgroup experience is vital to Canada's narrative of support for diversity and integration.



56. Liverant, "The Incorporation of Philanthropy."

57. Lefèvre and Elson, "A Contextual History of Foundations in Canada."

58. Liverant, "The Incorporation of Philanthropy."

59. Saifer, "Philanthropic Nation Branding, Ideology, and Accumulation."

60. Trigger, *Natives and Newcomers*.

61. Pearl et al., "What Are the Antecedent Factors That Influence Immigrant and Newcomer Philanthropic Practices and Understandings in Canada? A Literature Review of the Ethnocultural Perspectives and Practices in Philanthropy and Entrepreneurship Engagement of Canadian Immigrants."; Mehta, "The Power and Politics of Immigrant Philanthropy: Charitable Giving and the Making of the New Canadian Establishment."

62. Sridhar, "An Opportunity to Lead: South Asian Philanthropy in Canada."

63. Ramachandran, "Benevolent Funds: Philanthropic Practices of the South African Diaspora in Ontario, Canada."

64. Rizvi, "Muslim Philanthropy in a Canadian Context."

65. Pinnock, "Young Jamaican-Canadians as Diaspora Philanthropists: A Case for Intergenerational Collaboration."

66. Mehta and Johnston, "Diaspora Philanthropy and Civic Engagement in Canada: Setting the Stage."

67. Mulé, "Canadian LGBTQ Communities and Philanthropy: A Questioning of Well-Being."

68. Liverant, "The Incorporation of Philanthropy."

1.1.3 Macro: The field

When looking at the history of Canadian philanthropic foundations, the tendency is to start with their incorporations. The trajectory of Canadian foundations traces back to World War I when the Income Tax Act of 1917 introduced tax exemptions for approved registered charities.⁶⁹ The first foundation, the Massey Foundation, was established in 1918, followed by the Winnipeg Foundation (1921) and the J.W. McConnell Foundation (1937), primarily funded by industrial revolution entrepreneurs.⁷⁰ Though influenced by political, social, and economic contexts similar to the U.S., Canadian foundation development evolved more slowly.

Two-thirds of private foundations are in Ontario and Quebec, where wealthy business subgroup members created charitable trusts in the 1930s/40s.⁷¹ During this period, foundation development proceeded more gradually in other parts of Canada.⁷²

In parallel with the proportion of Ontario’s population and wealth relative to the rest of Canada, almost half of registered foundations are now in Ontario, specifically the GTA region.⁷³ Figure 7 shows the 2021 geographic distribution of Canadian foundations.

The historical development of philanthropic foundations in Canada intrinsically ties to the Income Tax Act, which structurally shapes charitable giving in the country. Rooted in English traditions, the Act prefers European concepts of governance and law. It supersedes Indigenous systems and those of other immigrant subgroups.⁷⁴ One example is the Act’s distinction of qualified donees, creating a dichotomy that has led to the dominant perception of there being worthy and unworthy recipients of donations. This distinction has impacted support for Indigenous and other historically marginalized subgroups.⁷⁵

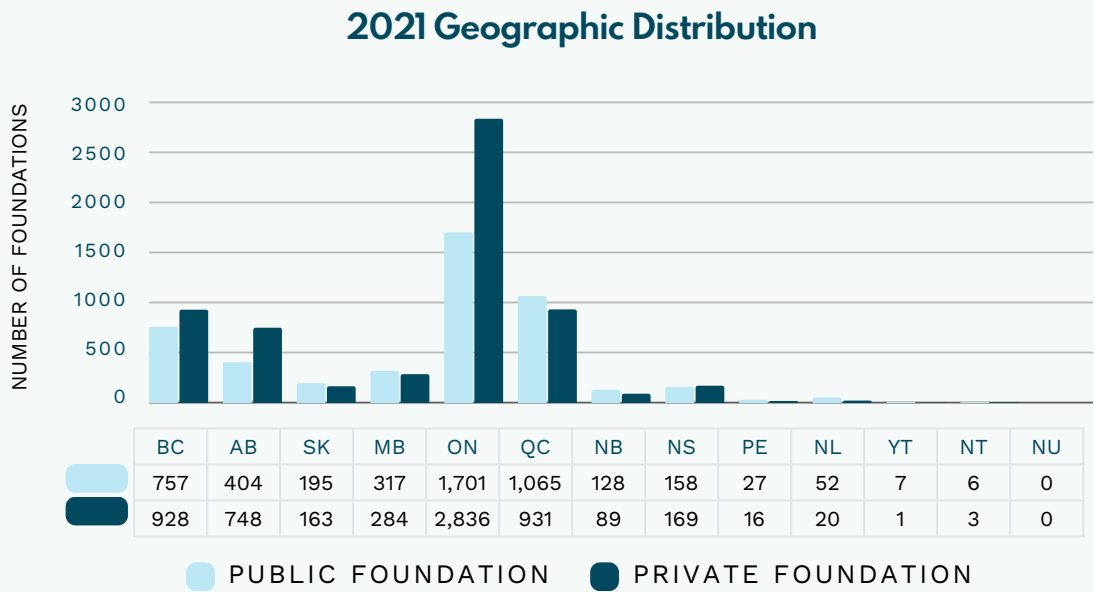


Figure 7. Geographical distribution of Canadian philanthropic foundations 2021⁷⁶

69. Elson et al., “Foundations in Canada.”
 70. Lefèvre and Elson, “A Contextual History of Foundations in Canada.”
 71. Pearson, From Charity to Change.
 72. Lefèvre and Elson, “A Contextual History of Foundations in Canada.”
 73. Pearson, From Charity to Change.
 74. Lee, “Remaining Unreconciled.”
 75. Lee.
 76. Imagine Canada, “2021 T3010 Public and Private Foundation Analysis.”

As explained earlier, Canada's perspective cannot be limited to the histories of the dominant founding groups (English Protestants, French Catholics). To accurately understand Canada's philanthropic history, it is vital to consider the experiences of all subgroups. This inclusion makes the description of Canada's philanthropic history complicated but necessary.

Observing these subgroup experiences confronts Canada's aspirational "philanthropic nation brand," which research has identified from various philanthropic foundation discourses, including words like inclusive, sustainable, progressive, and resilient.⁷⁷ While aspiration strives to offer a positive Canadian philanthropic narrative, some have critiqued the tone as obscuring the subgroups' experiences. The critique continues that this has resulted in a Canadian philanthropic culture that obfuscates the modes of capitalism, elimination, and extraction, which made philanthropy possible.⁷⁸

Yet, the Canadian philanthropic field is starting to wrestle with these realities. The dichotomies between "settler philanthropy" and Indigenous practices frame contemporary dialogue partly due to the work of the Circle on Philanthropy.⁷⁹ In 2015, the Truth and Reconciliation Calls to Action inspired leaders in the philanthropic community to create and acquire signatories for a [Declaration for Action](#). Although the Truth and Reconciliation Committee's [94 Calls to Action](#) in 2015 lacked explicit voluntary sector actions, five of the largest foundations, Donner, McConnell, Metcalf, Lawson, and Webster, provided substantial grants towards Indigenous communities as part of this declaration.⁸⁰

It was an important start and notable expression of sector leadership that paved the way for acknowledging the lack of visibility of other subgroups, such as Black communities, within the philanthropic narrative and structures.⁸¹ As research suggests, the next step is to continue grappling with and addressing the fact that the aspirational narrative sits on top of many subgroups' lived experiences. Indigenous and Black-led organizations each receive less than 1% of philanthropic funding.⁸² The colonial legacy remains within philanthropic practices, and foundations have been cautioned not to ignore the potential for replicating colonial models in their desire to break from the past.⁸³

Dominant historical narratives of Canadian philanthropy tell us two or three different storylines.⁸⁴ The limited perspective creates dichotomies that are difficult to resolve. When we see the narrative from various levels, from the individual, through the group, and into the field, many more storylines are yet to be researched and told. The story of Canadian philanthropy remains incomplete, shaped by too few individuals. Personal motivations, subgroup social identities, and field development offer three additional ways to discuss the evolving narrative of Canadian philanthropy and philanthropic foundations.

When we see the narrative from various levels, from the individual, through the group, and into the field, many more storylines are yet to be researched and told.

77. Saifer, "Philanthropic Nation Branding, Ideology, and Accumulation." (Page 570)

78. Saifer.

79. Pearson, From Charity to Change; Trimble, "Ongoing Harm under a Prettier, Brighter Umbrella."

80. Trimble, "Ongoing Harm under a Prettier, Brighter Umbrella."

81. Pereira, "Unfunded: Black Communities Overlooked by Canadian Philanthropy"; Tune, "Moving Beyond the Words: Where Is Canadian Philanthropy on Its Journey to Dismantle Anti-Black Racism?"

82. Lee, "Remaining Unreconciled"; Trimble, "Ongoing Harm under a Prettier, Brighter Umbrella"; Pereira, "Unfunded: Black Communities Overlooked by Canadian Philanthropy"; The Catherine Donnelly Foundation, "Healing Through the Land Navigating Philanthropy's Role in Reconciliation: A Funder's Learning Journey."

83. Lee, "Remaining Unreconciled"; The Catherine Donnelly Foundation, "Healing Through the Land Navigating Philanthropy's Role in Reconciliation: A Funder's Learning Journey."

84. Pearson, From Charity to Change; Lefèvre and Elson, "A Contextual History of Foundations in Canada."

1.2 An Introductory view of Canadian foundation operations

Canada's philanthropic foundations remain opaque to the average citizen despite the availability of CRA open data and previous research. This opacity means a limited understanding of foundation work, foundation professionals, and broader societal impact exists. The study's review strategy drew together recent literature on Canadian public and private philanthropic foundations. New empirical data collection enhanced the review to understand foundations' behaviour in a changing regulatory environment, explore their current investment strategies, and reflect on the emerging needs in their grantmaking. As the methodology ([Appendix 1](#)) elaborates, a qualitative exploratory research design guided the research, drawing upon ethnography, semi-structured interviews, and newly aggregated desk research. This section links the existing literature and spotlights new data on three pillars of foundation operations: regulation, assets, and grantmaking, providing an introductory view of Canadian foundations.



1.2.1 Regulation

Until the mid-20th century, the regulatory regime for Canadian foundations was relatively light.⁸⁵ Recognizing the growing influence of foundations, the Canadian government took measures to enhance oversight and accountability ([Table 2](#)). These regulatory measures coincided with growth in foundation numbers, with estimates citing increases from double-digits in the late 1940s to over 1000 foundations by the late 1960s, adding a further 2000 in the 1970s and 1980s.⁸⁶ In the 1990s, the estimate rose to 3000-4000 foundations, with 20% as active in granting over \$10,000.⁸⁷ From 2005-2021, the number of foundations grew by 25%, from 8,852 in 2005 to 11,061 in 2021 ([Figure 4](#)).

In 1950, the government defined charitable foundations and required these foundations to allocate 90% of their income to charitable gifts.⁸⁸ In 1967, all charities were required to register and file annual returns.⁸⁹ The regulatory structure was further formalized during the 1976/77 tax reform.⁹⁰

From 2005-2021, the number of foundations grew by 25%, from 8,852 in 2005 to 11,061 in 2021.

85. Khovrenkov, "Size-Based Analysis of Charitable Foundations."

86. Khovrenkov; Ontario Law Reform Commission, "Report on the Law of Charities, Vol 1."

87. Ontario Law Reform Commission, "Report on the Law of Charities, Vol 1."

88. Khovrenkov, "Size-Based Analysis of Charitable Foundations"; Man, "Charitable Organizations and Public Foundations: The Need for Re-Categorization"; Watson, "Charity and the Canadian Income Tax: An Erratic History."

89. Watson, "Charity and the Canadian Income Tax: An Erratic History."

90. Elson et al., "Foundations in Canada"; Khovrenkov, "Size-Based Analysis of Charitable Foundations."

1950	Charities are divided into charitable organizations, charitable trusts, and charitable corporations.
1967	Registration of charities.
1976/77	Charities are divided into charitable organizations and charitable foundations (private and public).
1984	Private and public foundations are subject to a 4.5% disbursement quota.
2004	Public and private foundations are subject to a 3.5% disbursement quota.
2010	Revenue disbursement requirements were removed for public and private foundations, levelling disbursement treatment for two foundation types.
2022	Disbursement quota raised to 5% for public and private foundations; qualifying disbursements to non-qualified donees allowed.

Table 2. Regulatory timeline for philanthropic foundations since 1950

Foundations were classified into public and private and subjected to more rigorous regulation due to concerns about wealth retention and tax avoidance, including restrictions on business activities and non-qualifying securities.⁹¹ This reform laid the groundwork for the Disbursement Quota (DQ), which dictates how much foundations must disburse annually from their assets towards their charitable activities or to the charitable activities of others through gifts and grants. These measures were pivotal in shaping the regulatory environment for foundations.

At the time, there were two requirements: expenditure of assets and revenues, which were different for private and public foundations.⁹² In 1984, a significant change occurred when public and private foundations shared the same regulation: 4.5% DQ from their assets, averaged over the previous two years and 80% of their revenues from the last year.⁹³ In 2004, the rate was reduced to 3.5% to reflect the historical rates of return of a typical charity investment portfolio, continuing with 80% of revenues.⁹⁴ It wasn't until 2010 that Canada eliminated the requirement for charities to disburse revenues based on previous years' tax-receipted income and focused on the annual percentage of assets.

91. Payne, Firm Foundations.

92. For private foundations, the requirement was disbursing the larger amount: 5% of the market value of capital assets or 90% of income earned from assets in the previous year and distributing 90% of the excess income from the previous year, calculated as the difference between the foundation's total income and the income generated from its capital assets in the prior fiscal year. Public foundations were not subject to asset expenditures; revenue expenditures were the greater of the two: 80% of tax-receipted donations in the previous period or 90% of income in the last fiscal year (Khovrenkov, 2016:339).

93. Khovrenkov, "Size-Based Analysis of Charitable Foundations"; Man, "Charitable Organizations and Public Foundations: The Need for Re-Categorization"; Watson, "Charity and the Canadian Income Tax: An Erratic History."

94. Government of Canada, "Backgrounder for Disbursement Quota Consultation - Canada."

This change levelled the playing field, removing the long-standing differences in the treatment of revenue disbursements between the two types of foundations. Furthermore, charities with assets of less than \$25,000 (later increased to \$100,000) were exempted from the annual asset disbursement requirement, relieving smaller charities of certain administrative burdens.⁹⁵ The 2022 disbursement quota changes increased the asset expenditure amount to 5% on assets exceeding \$1 million, keeping a 3.5% DQ for assets up to \$1 million.⁹⁶

Research has delved into the value of and challenges with the DQ, an area of ongoing debate. One early 1980s study analyzed the viability of the 4.5% Distribution Quota (DQ) in relation to inflation and returns in the market. The research concluded that the DQ regulations indicated that the government favoured the current distribution of foundation assets over future distribution, with future distribution requiring a greater investment in equities.⁹⁷ (See the investment section for trends from fixed income to equities). Past proposals have suggested a scaled DQ system considering the foundation asset size and designation categories.⁹⁸ Others raised concerns that the unclear definition of charitable activities in tax legislation makes it challenging to report accurately, reducing the reliability of a DQ.

Additionally, mechanisms need to ensure increased funds, from increased DQ, go to a broader range of organizations rather than doubling funds to existing donees.⁹⁹ PFC has advocated for a more holistic government approach to philanthropic regulation, emphasizing that a DQ rate should be one part of promoting philanthropic impact and precluding wealth build-up in endowments. They supported the idea that DQ alone is not sufficient to address the complexities and needs of the wider non-profit and charitable sector.¹⁰⁰

PFC has advocated for a more holistic government approach to philanthropic regulation, emphasizing that a DQ rate should be one part of promoting philanthropic impact and precluding wealth build-up in endowments.

95. Khovrenkov, "Size-Based Analysis of Charitable Foundations."

96. Krynitzki, "New Disbursement Quota Is Now Law and in Force – What You Need to Know."

97. Fowler and Rorke, "Endowed Charitable Foundations in Canada: A Study of Spending and Investment Strategies Under Revenue Canada Regulations."

98. Imagine Canada, "Consultation: Boosting Charitable Spending in Our Communities."

99. Juneau, "The Disbursement Quota Revisited."

100. Philanthropic Foundations Canada, "Consultations by the Government of Canada on Boosting Charitable Spending in Our Communities."

Part of the evolution of the disbursement quota contained additional debate on how and to whom allowable disbursements would be made. Since 1950, the Income Tax Act has designated charitable organizations as required to use all their resources for charitable activities, charitable corporations have been established solely for charitable purposes, and charitable trusts have held all their properties in trust for charitable purposes.¹⁰¹ The Income Tax Act (ITA) presumed a “closed system” for charitable funds to prevent diversion towards unacceptable purposes.¹⁰² The 1976 tax reforms distinguished charitable foundations and required a specified proportion of funds on their activities or gifts to qualified donees.¹⁰³ Subsequent modifications to the regulations extended charitable activities to include agency, employee, joint, and performance agreements.¹⁰⁴

The “direction and control” test became a substantial requirement in this context. Charities were expected to exercise ongoing and active control over their intermediaries, maintaining detailed records and demonstrating their relationships.¹⁰⁵ The most recent development occurred in the 2022 Federal Budget, which introduced a new framework known as “qualifying disbursements.” This framework permits registered charities to make qualifying disbursements to qualified and non-qualified donees (NQDs) (organizations without CRA charitable status), subject to meeting specific requirements.¹⁰⁶ The allowance of foundations to grant to NQDs allows Canadian foundations to support a more diverse range of organizations and initiatives to deliver charitable impact. The study asked interview participants to describe their behaviour changes related to DQ and NQD policy changes.

The allowance of foundations to grant to NQDs allows Canadian foundations to support a more diverse range of organizations and initiatives to deliver charitable impact.



101. Carter and Man, “Direction and Control: Current Regime and Alternatives.”

102. Juneau, “Reflections from an Uncomfortable Fence: Recent Discussions on the Regulation of Canadian Charities Operating Abroad,” page 3.

103. Juneau; Carter and Man, “Direction and Control: Current Regime and Alternatives.”

104. Carter and Man, “Direction and Control: Current Regime and Alternatives.”

105. Carter and Man; Juneau, “Reflections from an Uncomfortable Fence: Recent Discussions on the Regulation of Canadian Charities Operating Abroad.”

106. Philanthropic Foundations Canada, “Submission to the Government of Canada ‘Registered Charities Making Grants to Non-Qualified Donees (Draft)’”; Government of Canada, “Registered Charities Making Grants to Non-Qualified Donees (Draft).”

a) Disbursement quota

Figure 8 shows the DQ for the largest 500 private philanthropic foundations from 2021 T3010 data. The average disbursement rate is 7.14%. Yet, the distribution view shows many foundations were positioned near or at the DQ line of 3.5%, with another group of foundations being well above it.¹⁰⁷

In a new environment of a 5% DQ, most interviewees reported that they could meet the latest levels and did not have to adjust their investment strategies. The most common response of this group was, “We are already disbursing above 5%”. This view includes some newer foundations that began with the 5% expectation at their outset.

One participant remarked that the policy compelled them to move to 5%, which they wouldn’t have necessarily done on their own. Another commented that they would meet it, not make noise, and hope it doesn’t increase again. However, there are two caveats.

First, some foundations forecast below 5% returns, where they would need to reach into their endowment, which has caused asset management changes, recalculations of longer-term investments, and operational considerations. Second, those who are very large and have fewer liquid investments expressed a need to shift disbursements into other vehicles or rely upon the option to meet their average annual DQ over two years.

2021 Distribution of Gifts and Charitable Expenditures as % of Assets

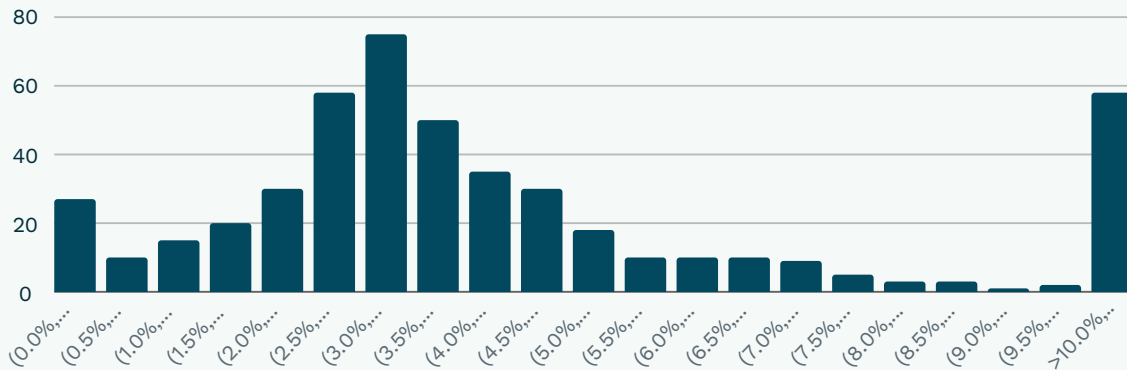


Figure 8. Distribution of gifts and charitable expenditures as % of assets of largest 500 private Canadian foundations 2021 (created from Blumberg and Pasha, 2023).

107. Blumberg and Pasha, “How Much Did the Largest Canadian Private Foundations Spend in 2021?”

Several interviewees reflected on their flow-through and donor-advised fund tools, which are not impacted by the disbursement quota in the same way. For flow-through funds, a general sense of getting the donation to where the donor advises means a timely disbursement. The monies held are kept highly liquid to meet a donor's desired disbursement. The flow-through funds held in foundations with endowments can also count towards DQ, so the nature of flowing through the monies necessarily helps meet the DQ requirements.

There is more of an emerging story for endowed donor-advised funds. Many public foundations, including corporate and community foundations, use donor-advised funds as part of their assets under management (AUM). This structure allows for perpetual giving for the communities in which they work and the issues they support. However, individual DAFs are not subject to disbursement quota, meaning the overarching foundation has autonomy over balancing AUM and disbursement. Participants described various roles in both providing internal education and setting behaviour expectations for their DAF holders:

We wanted to ensure that the donor-advised funds themselves were sustainable and respected the disbursement quota, so we created a policy for how we would take that into account.

For some, there are accountability mechanisms, such as foundation monitoring and communication, and others "nudge" behaviour through education on what and how donors can ensure that their DAFs reach more significant distribution levels. In some cases, DAF providers have clear entry expectations that their DAF holders will be required to disburse a certain annual percentage. Regardless of their approaches, philanthropic foundations that offer DAFs can meet their DQ if they have other funds to disburse at a higher rate, such as their endowment fund or flow-

through funds, even if there are endowed DAFs that disburse below the DQ.

As previously described, raising the DQ is only one tool for regulating the sector. During the Government of Canada's DQ consultations leading up to the last increase, there were concerns that an increase itself would not unlock more capital in the way expected. Participants who offered this concern cited the limitations of field-level data and lack of research to understand better how DQ rises can ensure giving moves towards unmet needs. Participants also highlighted that the business of AUM and DAFs needs further exploration, as DAFs are an important philanthropic financial tool but remain unregulated at the fund level for disbursement. Future T3010 data will be one way to demonstrate the distribution of meeting the 5% DQ. Further research will be required to show where it has been directed.

For some, there are accountability mechanisms, such as foundation monitoring and communication, and others "nudge" behaviour through education.



b) Non-Qualified Donees

Less historical data is available on non-qualified donees, but similar to the DQ policy change, consultations on the issue preceded the policy change and this research.¹⁰⁸ Thirteen of 21 interviewees had previously funded non-qualified donees through various tools, including fiscal agents, sponsorships, numbered companies, and contracts. This study reflects foundations' initial understanding and usage of the CRA's guidance for registered charities making grants to NQDs when only draft guidelines were available.

Borrowing a phrase from one participant, there are critical differences in how foundations understand “the symbology and the functionality” of the non-qualified donee policy changes:

If you make a grant agreement, which is now possible with an unqualified donee, it's not an agency agreement, so you are on equal footing. Symbolically, you can consider the organization a partner.

Participants noted that previous regulations limited what was considered charitable and legitimate. However, the new changes allow foundations to use their assets to support more Indigenous, international, grassroots, and non-profit organizations. This change aligns with participants' interest in helping underfunded and equity-seeking communities. The term “symbology” reflects participants' understanding of these changes.

As described by participants, the current challenge lies in the “functionality” of the guidelines. The interview responses to the new granting guidelines to non-qualified donees were mixed. The draft guidelines open up grantmaking conversations with new recipients for foundations who have never considered NQDs, which was viewed positively:

Borrowing a phrase from one participant, there are critical differences in how foundations understand “the symbology and the functionality” of the non-qualified donee policy changes

It will mean behavioural change for the sector in terms of the kinds of activities and move nonprofits and those without charitable status from grant to grant and into capacity building. We haven't yet been able to change that with individual foundation behaviour, so I'm hoping this policy change will impact the sector. There are many things foundations can be doing now, and now they will have to act.

While most interview participants expressed praise for this possibility, most were also concerned about the CRA draft guidelines (at the time of writing). Some shared their feedback with CRA, while others withheld judgment and waited to see the final document and how other foundations interpreted the rules. Still, others plan to keep with their current approaches:

We have also been working hard to increase grantmaking to grassroots and equity-seeking organizations, so we're supportive and committed. I'm not sure the government's unqualified donee rules get us to that point.

Those working through agency agreements – with direction and control – felt more secure with the due diligence they were already undertaking and with the allocation amounts they are working with than moving to direct grants to non-qualified donees (as per the stipulations in the draft guidelines as written at

108. CRA final guidance on NQDs was released December 2023.

the time this study). A few participants acknowledged not knowing about the new rules on the allowability of NQD granting; others mentioned requiring additional board education before any NQD grant occurred.

Several critical perspectives were emphasized. First, the polarisation in the philanthropic field caused one participant to caution that grants to NQDs might increase money flow into politically motivated NQDs.

Second, there was a concern regarding verifying organizations, once reported on the T3010, and how research can follow NQD grants without a charitable registration number.

c) Summary

The regulatory environment in Canada has a long relationship with philanthropic foundations. The traditional endowment has been the primary focus of regulatory changes, with differences occurring and the levelling out between private and public foundations. The DQ changes over time demonstrate a continuing conversation on the accountability and responsibility of foundations in supporting society. The recent changes in the disbursement quota and rules permitting granting to non-qualified donees demonstrate a significant change in the regulatory environment for Canadian philanthropic foundations. In Budget 2022, the government promised to review the 5% DQ in five years, further showing how regulation continues to evolve.

The DQ changes over time demonstrate a continuing conversation on the accountability and responsibility of foundations in supporting society.

Third, one participant mentioned they thought the changes would be most beneficial for lawyers to craft the necessary agreements.

Lastly, the most critical view came from a participant who felt that the advocacy for NQD guidelines came from MPs, leaving CRA, who preferred agency agreements, to deal with the implementation without fully understanding the implications.

While changes to the DQ did not seem to concern foundations as dramatically as the NQDs, it is too early to determine how the change will affect more money flow into the areas of greatest need. Additionally, regulatory changes to long-standing policies, such as NQDs, demonstrate implementation challenges. Although the implementation of NQDs was allowed, many foundations hesitated to begin granting in the manner outlined under the draft guidelines. Foundations supported the symbology of the change; they struggled with the functionality of the mechanism. Finally, the policy changes impact traditional endowment foundation models more than other philanthropic tools.



1.2.2 Assets

The financial assets that foundations hold play a pivotal role in shaping the philanthropic landscape in Canada. Foundations report their assets through the T3010. Oversight of investments typically involves the board of directors, senior leadership, and investment committees. Some foundations have dedicated investment committees and staff for responsible and impact investments. Some foundations share these reports with members, the public, and other stakeholders.¹⁰⁹

Recently, foundations have been critiqued for protecting or hoarding wealth.¹¹⁰ This critical argument is compelling if one only examines T3010 asset growth over time, growing around \$100 billion CAD from 2008 to 2021 (Figure 6).¹¹¹ It's also worth noting that the perception of asset growth might differ between foundations themselves and the public.¹¹² The annual rate of returns varies across individual foundations' endowments. Five-year asset growth trends indicate varying trajectories, with some foundations experiencing growth while others do not. While investment returns have fluctuated, self-reported data has demonstrated an average rate of return of 7.4% between 2018 and 2020.¹¹³

Another consideration is that foundation investment strategies do not all attempt to do the same; some operate for perpetuity, spend-down, or responsible investment. Their strategy and investment returns will vary, and the literature reflects that foundations focus their asset strategies on the interconnected nature of market conditions, available and known products, disbursement quota, and perpetuity/spend-down objectives. The portfolio mix and payout rate affect annual giving and impact giving volatility over time.¹¹⁴ Recent global endowment assessments show increased allocation into private markets and alternatives, moving beyond traditional equities and fixed income.¹¹⁵

Another consideration is that foundation investment strategies do not all attempt to do the same; some operate for perpetuity, spend-down, or responsible investment.



109. Northcott, Allan and Uytterhagen, "Practices and Policies of Private Foundations in Canada.' Calgary: Max Bell Foundation.

110. Beckert, "Durable Wealth."

111. Rates of foundation incorporations and growth in disbursements need to be considered in asset-holding calculations. These factors provide additional complexity in understanding the landscape of foundation asset investment.

112. Philanthropic Foundation Canada, "Renewing Our Social Contract: Perspectives on the Disbursement Quota."

113. Millani, "Investment & Disbursement Survey, 2018-2020 Executive Summary."

114. Afik, Benninga, and Katz, "Grantmaking Foundations' Asset Management, Payout Rates, and Longevity Under Changing Market Conditions."

115. Mercer, "Gauging Risk, Building Resilience: Findings from the 2023 Global Endowment and Foundation Investment Survey."

Impact investing and ESG considerations have been widely discussed within the philanthropic sector. However, the uptake of these options continues to lag other investments. 2023 global research demonstrated that approximately 19% of Canadian foundation endowments invest in impact investments, with some of the barriers being concerns over returns, lack of data, the risk profile of investments, and lack of opportunities.¹¹⁶ Canadian endowments were particularly willing to integrate ESG into the due diligence of their fund managers and monitors, negative screen companies or sectors, and use proxy voting to voice their ESG concerns. They were less likely than all other countries surveyed to allocate to ESG investments, such as low-carbon equities.¹¹⁷



Foundations face increasing challenges in allocating more of their capital into investments with social purposes or impacts, citing concerns about returns, lack of data, and risk.¹¹⁸ This situation is challenging for smaller foundations, as volunteers and staff with expertise in social impact often focus on grant allocation rather than investment management. Furthermore, tools for evaluating external managers in responsible investing need improvement. Impact investing, too, faces challenges, including the need for a more diversified deal pipeline and the prevalence of foundations investing in the same opportunities, potentially streamlining due diligence.¹¹⁹

This study's empirical research has drawn findings from nearly twenty years of PFC Investment Asset surveys (2003-2021),¹²⁰ observation of [PFC Investment Roundtables](#), and semi-structured interviews with CEOs. The findings explore investment priorities, strategies' evolution, fund managers' role, and socially responsible and impact investments.

a) Investment priorities and values

Interviewees noted how their foundation investments align with their values. PFC surveys inquired on these priorities and found that, historically, most link to charitable disbursement and preservation of the real value of capital (Table 3):

PFC surveys inquired on these priorities and found that, historically, most link to charitable disbursement and preservation of the real value of capital

116. Mercer.

117. Mercer.

118. Mercer; Pearson, From Charity to Change.

119. Millani, "Investment & Disbursement Survey, 2018-2020 Executive Summary."

120. PFC Investment Surveys provide self-reported investment data from PFC members. The sample is smaller than T3010 data, but provides a useful view of trends over time and more nuanced insight into foundation decision making.

2003	Inflation protection and annual granting requirement
2007	Protecting purchasing power and meeting annual disbursement requirements
2009	Preservation of capital
2010	Preservation of capital; need to generate returns to meet disbursement commitments
2013	Provide income for charitable activities; build up assets to fund future charitable activities
2015	Provide income for current charitable disbursements and activities, preserve the real value of capital over the long term

Table 3. Self-reported top priorities of investment policies and practices
 (Drawn from PFC Investment Surveys from 2003–2021)¹²¹

Some interviewees mentioned aspects such as balanced investing, growth, perpetuity, and low risk, exemplified by one participant's comment:

The goal is perpetuity. Then, it's returns of over 5%. The thinking has been to be somewhat conservative, making sure that from an ethical perspective, we're not getting into extractives and more controversial plays. It's a kind of blue chip with dividends, so it's somewhat conservative.

Others reflected being at the beginning of this priorities process:

We are looking to ensure our investments align with our values. First and foremost, we're starting that process of drilling down. I think we will then look at what else we can do with our portfolios.

121. Not all investment surveys asked the same question. This table demonstrates similar values over time, which have guided foundation investment policies and practices.

Several voices also noted that 100% impact, fossil fuel free, ESG, sunseting, justice, impact, and community were part of their foundations' values guiding investment strategies.

Several voices also noted that 100% impact, fossil fuel free, ESG, sunseting, justice, impact, and community were part of their foundations' values guiding investment strategies. The response encapsulated the sentiment of this approach, "we're constantly pushing ourselves to ask what more good can we do? Our privilege is definitely about the resources and how we use them." One caveat to these findings is that while many CEOs have the remit to describe priorities, the board of directors and investment committees may set or implement those priorities, meaning that investment priorities and value-setting is a multi-stakeholder engagement.

b) Evolution of investment strategies

The surveys also provided insight into foundation values through general trends in foundation investment approaches over time. For example, the surveys revealed a broad shift from fixed income to equities, following market trends when interest rates were low. In 2003, PFC's investment survey reported that fixed income was approximately 40% of foundations' asset investment.¹²² As demonstrated in [Figure 9](#), this rate was 27% in the 2021 PFC investment survey.¹²³ Instead, equities, as investments that typically yield higher returns with higher risk, provided more significant opportunities for earning more income to meet disbursement quotas.

The move to equities also followed a pattern in investment toward global equities. Again, in 2003, Canadian equities were approximately 21% of foundation allocation, with non-Canadian equities averaging 27% of foundation portfolios.¹²⁴ In 2021, these were 31% and 40% respectively ([Figure 9](#)). Increases in the same time frame have occurred in alternative investments and real estate, from approximately 6% in 2003¹²⁵ to 30% in 2021.¹²⁶



122. Philanthropic Foundations Canada, "Investment Practices Survey."

123. Millani, "Investment & Disbursement Survey 2018-2020."

124. Philanthropic Foundations Canada, "Investment Practices Survey."

125. Philanthropic Foundations Canada.

126. Millani, "Investment & Disbursement Survey 2018-2020."

	Average % Target 2015 Survey	Average % Target 2018 Survey	Average % Target 2021 Survey
Cash or equivalent	3	6	7
Fixed income	31	27	27
Canadian Equities	30	32	31
Non-Canadian equities	24	29	40
Alternative investments	6	14	21
Real Estate	5	22	9

Figure 9. Asset allocation 2015-2021^{127 128}

The shift in strategies demonstrates foundations' responses to enacting their values within the economic environment of the time. These shifts contribute to the significant aggregate growth in foundation endowments to \$135B, a \$100B growth between 2008 and 2021 (Figure 5).

However, when seen on an annual and self-reported basis, individual foundation investment returns have varied substantially over time (Table 4):¹²⁹

Year	Self-reported average annual foundation investment return (%)
1999	8.7
2000	8.6
2001	1.5
2002	-1
2003	n/a
2004	n/a
2005	n/a
2006	11.9
2007	n/a

127. These are the averages allocation in each category, it is not the allocation per organization, thus % do not add up to 100%.

128. Millani.

129. PFC Investment Surveys did not ask or report on average annual investment returns in all years. These years are filled with "n/a."

2008	n/a
2009	18
2010	n/a
2011	2.4
2012	n/a
2013	n/a
2014	9
2015	n/a
2016	10
2017	10
2018	3
2019	10.6
2020	8.4

Table 4. Self-reported average annual foundation investment return (%)
(Drawn from PFC Investment Surveys from 1999-2021)

From this level of view, there has not been steady growth for all foundations, despite the visualization showing \$100B growth of assets for public and private foundations from 2008 to 2021. Data suggests that foundation endowments have employed a variety of strategies to achieve DQ allocations, pay fund managers (approximately 0.5%), account for inflation (usually 2% on average), and pay operational expenses (1-1.5% of assets). Calculating these costs, the expected annual rate of return needs to be around 7-8% to achieve values of ensuring longer-term preservation while enduring short-term market fluctuations.¹³⁰ One participant confirmed, “Our average leaning each year is towards the 8%, and we want to do that within, say, a medium risk level or tolerances.”

130. Philanthropic Foundations Canada, “Investment Practices Survey.”



Data suggests that foundation endowments have employed a variety of strategies to achieve DQ allocations, pay fund managers (approximately 0.5%), account for inflation (usually 2% on average), and pay operational expenses (1-1.5% of assets). Calculating these costs, the expected annual rate of return needs to be around 7-8% to achieve values of ensuring longer-term preservation while enduring short-term market fluctuations.

Market fluctuations have consequences for foundation operations. In a 5% DQ environment, return expectations increase. For example, learning from the 2008 recession, the 2009 surveys reported how lower investment returns equated to operational changes, such as salary freezes, reduced professional development, staff, travel, and memberships.¹³¹ From this perspective, due to the disbursement quota, grantmaking is preserved in a low-return environment, and cost-cutting may come from other places.

c) Role of fund managers

Significantly, foundation investments rely heavily on external fund managers, who also advise corporate clients on market conditions. While most foundations have one or two fund managers, the range was up to twenty. Participants reflected on the crucial role which fund managers play in their asset allocations:

It depends on what families want to accomplish and the family's culture. While our family supports one charitable area, their investment strategy is not related to that; it's all about risk, tolerance, and return. And the fund manager we work with facilitates that.

131. Philanthropic Foundation Canada, "Managing in Turbulent Times Results of a Member Survey by Philanthropic Foundations Canada."

Fund managers are responsible for seeking financial returns, and it can be questioned as to who is responsible for seeking/offering blended returns - the foundations or the fund managers. One participant mentioned that while their personal portfolio includes ESG (environmental, social, and governance) funds, their foundation's fund manager does not offer them. Others noted that it can be challenging to change investment strategy and managers because of board legacy and long-term relationships. "We've had a fund manager for a very long time; they were a corporate employee, then retired, and were trusted by the Directors, so they were recruited for the foundation."



Fund managers are responsible for seeking financial returns, and it can be questioned as to who is responsible for seeking/offering blended returns - the foundations or the fund managers.

Those wanting to change their strategies expressed a need to push fund managers to align with foundation values:

Our current strategic plan gives us a 50% impact [investment] goal by 2027. We've only carved out 5%, so 50% is a huge goal. I think the only way we'll get there is to push our investment managers. We only have one traditional manager. I would say that we have our risk, return, and desire to ensure that our assets align with our values.

Additionally, the global pandemic catalyzed changes for some interviewees, including increasing their disbursements and rethinking asset growth and longevity values. These shifts then translated into the board of director shifts in how investments are managed:

Since COVID happened, there's been a bit of a shift in our thinking around that, and that's why we started to increase our disbursements. We recognize there's a need today, and we don't want to be sitting on what is capital. It's still evolving and getting our board comfortable. We are having conversations with our board about shifting and not necessarily being so conscious of that capital-based growth.

Most recently, several PFC Investment Committee roundtable members reflected a desire to change fund managers who had more options for aligning their emerging values with their investment strategies.

d) Socially responsible and impact investing

Based on interviewees' interest in aligning these emerging values, socially responsible and impact investing should increase. Yet, the self-reported data shows a much more mixed picture, with interest always seeming to increase but implementation happening more slowly.

One interviewee shared:

Some people are well immersed in it using different approaches, and others are curious, trying to figure out how to get into it. It's become clear that not everybody is saying the same thing, meaning the same thing, and doing the same thing.

In 2003, 1 of 35 foundations had mission-based investment (MBI)¹³² strategies (using 2% of foundation assets).¹³³ In this context, MBI was interpreted as investing in a capital market consistent with foundation values. By 2021, 25/66 respondents had a mix of responsible investment strategies, such as ESG integration, positive/negative screening, and impact funds.¹³⁴ The data shows that in 2007, increasing socially responsible investing (SRI) and mission-based investing (MBI) ranked as the least important investment issues for foundations.¹³⁵ Even in 2021, of the 41/66 who did not have a responsible investment strategy, 3/4rds had no plan to do so in coming years.¹³⁶ There is increasing, but slow, uptake.

When looking at impact investments (or, previously, mission-related investing), in 2012, 80% of foundations that had a written investment policy did not include mission-related investing (MRI).¹³⁷ In 2013, 17.5% (7 foundations) were planning on MRIs in that year, with 20% undecided.¹³⁸ By 2015,¹³⁹ the language of the surveys changed from MRI to impact investing. Yet, the view was relatively similar, with more people skipping the questions than undertaking impact investing:



132. It's important to note the changing terminology around social investing. A variety of terms have been used across PFC reports. Over time, with the development of the concepts, there has been segmentation between terms. Most recently (2021), responsible investment (previously mission-based investing) was made distinct from impact investments (which may previously have been called mission-related investing). This study has tried to clarify those demarcations, but respondents' interpretations of terms during surveys are unknown.

133. Philanthropic Foundations Canada, "Investment Practices Survey."

134. Millani, "Investment & Disbursement Survey 2018-2020."

135. Scotia Private Client Group, "Investment Practices of Private Foundations in Canada: Fostering a Legacy."

136. Millani, "Investment & Disbursement Survey 2018-2020."

137. Philanthropic Foundation Canada, "Investments, Disbursements and the Outlook for 2012 Results of a Member Survey."

138. Philanthropic Foundation Canada, "Preserving Value and Doing Good: Today and Tomorrow Results of a Member Survey."

139. Philanthropic Foundation Canada, "Investment Policies and Performance in 2014 Results of a Member Survey."

- 12/36 foundations had a policy on impact investing. 19 additional respondents skipped the question.
- 14/36 foundations intended to make impact investments. 19 additional respondents skipped the question.
- Percentage of assets are impact investments: 20 answered. 35 skipped the question (Table 5).

Percentage	Number of Foundations
0%	8
0.1%-5%	8
5.1%-10%	4
Over 10%	0

Table 5. Number of foundations investing in impact investments (as self-reported in 2015 PFC investment survey)

While most foundations did not have impact investments in the 2015 survey, those who did mainly invested in a third-party fund, capital program, or debt investment in a nonprofit or charity. Only one to two foundations were equity investors or offered debt investments to for-profit social businesses. The number of foundations reporting impact investments to PFC remained in the teens from 2015 to 2021.¹⁴⁰

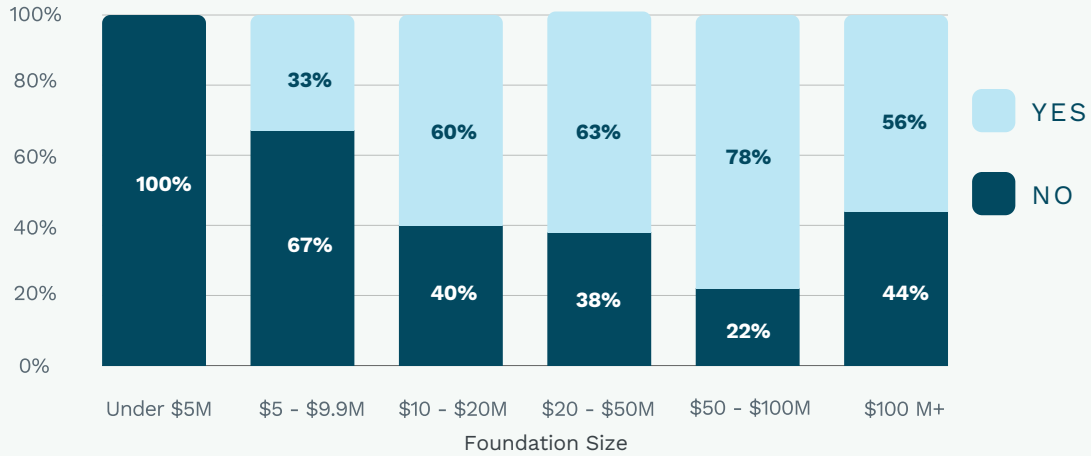
In 2021, PFC research (Figure 10) demonstrated that foundations with assets ranging from \$10 million to \$100 million were particularly inclined to adopt socially responsible investment strategies. In comparison, foundations with \$5 million to \$9.9 million were the most active in impact investing.¹⁴¹ For those making impact investments, the 2021 average reported allocation was 7.9%.¹⁴²

140. Millani, "Investment & Disbursement Survey 2018-2020."

141. Millani, "Investment & Disbursement Survey 2018-2020."

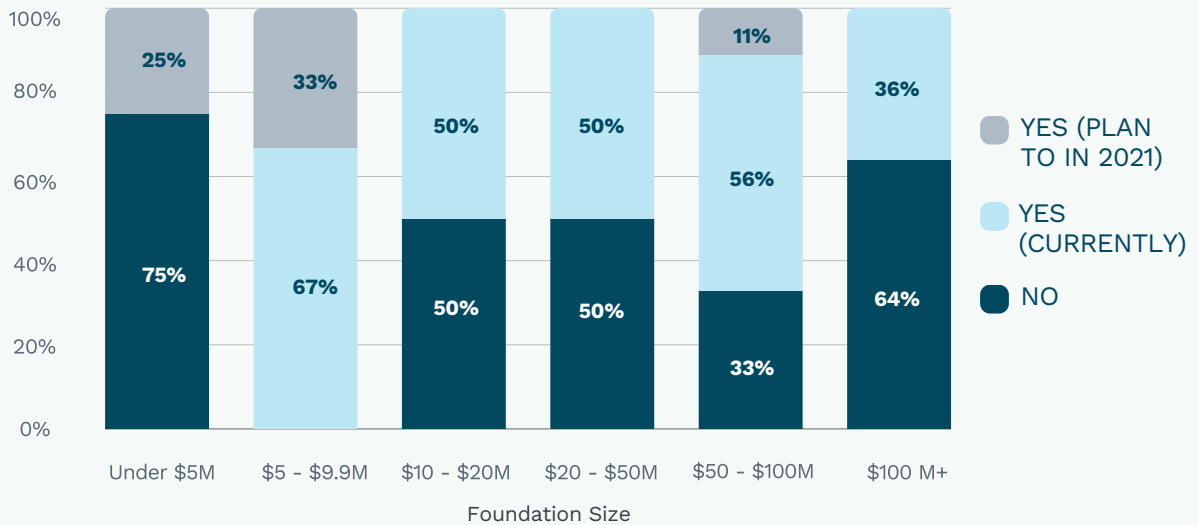
142. Millani

Adoption of responsible investment activities by foundation size *



* Figures are rounded up

Allocation of assets to impact investment activities by foundation size *



* Figures are rounded up

Figure 10. Allocation to responsible and impact investment by foundation asset size ¹⁴³

143. Millani

The PFC investment surveys and Investment Roundtables demonstrate the challenges with impact investment pipelines, education, and allocation of funds. Most foundations are still in the early phases of responsible and impact investments, finding and working with knowledgeable fund managers, and educating their board of directors. The 2015 survey demonstrated that most foundations had at least some understanding of impact investing, even if they were unsure about the market and deployment. Additionally, the main barriers to increasing this investment were the perspective of lack of products and investment opportunities, lack of internal capacity, and lack of intermediaries. While most respondents skipped the questions, foundations indicated they'd consider investing in opportunities with significant social and financial return and market return or above, with some willing to take moderate returns but others unwilling to invest for no return.¹⁴⁴



Most foundations are still in the early phases of responsible and impact investments, finding and working with knowledgeable fund managers, and educating their board of directors.

The challenges were similarly stated in the 2021 survey, reflecting both the challenges with responsible and impact investing implementation with additional notes of lack of clear and standard definitions leading to confusion and uncertainty, staff time and expertise, and the need for practical tools to share with their fund managers to integrate these approaches.¹⁴⁵ One participant shared their perspective on some of the risks:

I think larger foundations can hire an investment manager to bring the impact investing lens to the whole portfolio. There are some very good managers out there who have demonstrated that there's no sacrifice in return. But there's a sacrifice in risk and liquidity. In the investment space, you have publicly traded and private equities, which are always riskier. Many of the deals or the funds that are impact funds, for example, are place-based and local social enterprises, which are in growth stage. I think the risk is higher for those more localized investments, but then, of course, the social return is higher because you can bring money into your local economy and feed.

144. Philanthropic Foundation Canada, "Investment Policies and Performance in 2014 Results of a Member Survey."

145. Millani, "Investment & Disbursement Survey 2018-2020."

The value of that must be considered when looking at your investment. For example, we were targeting a return of 3% for one fund, which is below market for the risk that we'll take and at the same time, it's also illiquid. So, that's also that challenge with some impact investments. They're not liquid because you are basically locking your money out for a time.

Recent 2023 Investment Roundtables have also noted issues around staff and committee skills required to adequately assess impact investments, a higher administration level, and additional costs for asset management beyond the traditional services procured. Some foundations use Outsourced Chief Investment Officers (OCIOs) to access a large enough pipeline (global and thematic) of responsible and impact investments. While the data points to a decade of growing interest in impact investment, it also shows that implementation has been by a small portion of foundations rather than by the broader field.

In the 2021 survey and within the 2023 Investment Roundtables, questions arose around the ability of socially responsible and impact investments to satisfy disbursement quotas.¹⁴⁶ Yet, policy advances, such as the 2016 federal budget changes (Royal Assent 22 June 2016) allowing private foundation investments in limited partnerships, have not drastically increased impact investing practices.¹⁴⁷ The changes partly helped foundations diversify their investment portfolios and offer new foundation investment options in a low-interest rate environment while supporting impact investing in Canada.¹⁴⁸ Despite these types of policy allowances, the field remains nascent. In all PFC surveys since 2012, even with limited actual numbers, there has been a sense of growth and opportunity for impact investing. Interviewees further reflected this aspiration, reporting a renewal of interest in impact investing in recent years due to initiatives like [Canada's Social Finance Fund](#), gender-lens screening and climate finance.



While the data points to a decade of growing interest in impact investment, it also shows that implementation has been by a small portion of foundations rather than by the broader field.

146. Millani

147. Parliament of Canada, Bill C-15: Statutes of Canada 2016; Government of Canada, "Budget 2015: Annex 5.1 - Tax Measures: Supplementary Information."

148. Philanthropic Foundations Canada, "Submission to the Standing Committee on Finance"; Government of Canada, "Budget 2015: Annex 5.1 - Tax Measures: Supplementary Information."



f) Summary

The T3010 aggregate view demonstrating foundation steady-state growth differs from self-reported data in PFC surveys. However, the two data sets are not easily compared. Additional research is required to understand the priorities and strategies of foundation investments. Fund managers have crucial roles, and changes to these roles may be hindered by legacy and long-term relationships. As foundation values change, so do their investment strategies. However, that has not necessarily correlated to a significant uptick in socially responsible and impact investment.

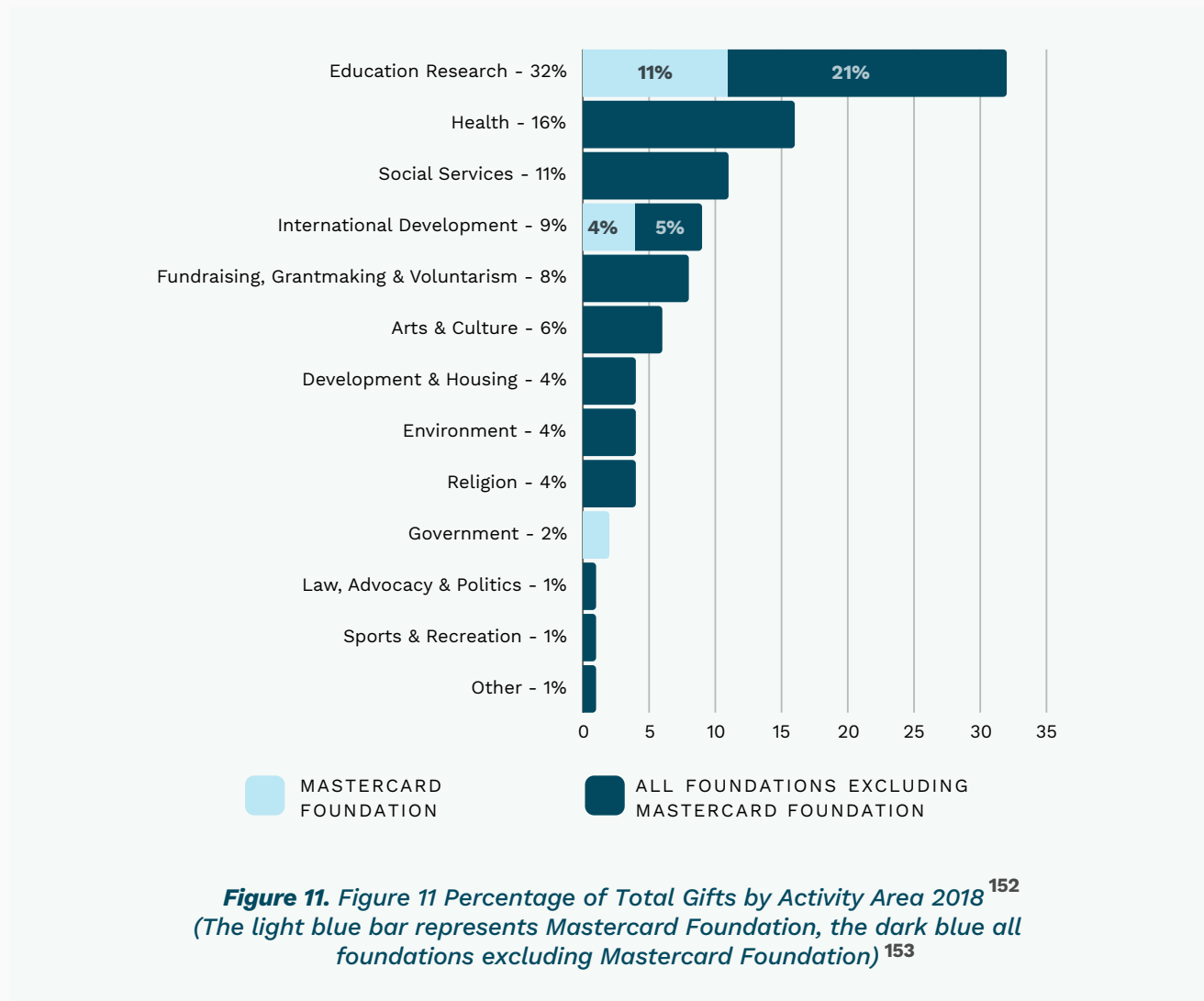
One vital variable to note is the variety of philanthropic tools reported by interviewees in this study. Not every foundation model runs through an endowment, demonstrating that philanthropic assets are held and distributed differently. Flow-through funds and chequing accounts¹⁴⁹ allow immediate, highly liquid gift deployment. DAF popularity was explained as being a more affordable and flexible philanthropic tool for a variety of donors. Even those with DAFs that are endowed described the variations in use: spending down versus perpetuity, a range risk tolerance, and interest in responsible and impact investing.

Some interviewees suggested that Canadian philanthropic capital needs more imagination for a greater diversity of approaches, such as immediate spending, more community involvement, and limited perpetuity (e.g., 15-20 years). On the other hand, other interviewees cautioned that short-term and immediate giving may risk undermining philanthropy's capacity to be involved in important issues over the long term and be able to support and sustain partnerships. There are changing uses of foundation endowments, complemented by a suite of emerging philanthropic tools. As foundations have the autonomy to direct asset investments within the context of the regulatory environment, their investment behaviour is a barometer of Canadian philanthropic foundation values. PFC's next investment survey is scheduled for 2025.

149. When an investment is liquidated, the funds can be held in a chequing account and used for charitable purposes.

1.2.3 Grantmaking

Various frameworks, including functional assessments based on T3010 data and government relationships, have been developed to define foundations' approaches.¹⁵⁰ Yet, understanding the complete picture of Canadian foundation grantmaking remains challenging. Figure 11 shows that foundation grantmaking often focuses on education, health, social services, and international development.¹⁵¹ Reflecting back to [Figure 5](#), both public and private foundation gifts to qualified donees increased in the 2018-2021 period. Public foundation giving rose 23%, from \$4.4 billion (CAD) to \$5.5 billion (CAD). Private foundation giving rose 72%, from \$2.6 billion (CAD) to \$4.5 billion (CAD).



150. Imagine Canada, "Consultation: Boosting Charitable Spending in Our Communities"; Phillips, "Dancing with Giraffes."

151. Philanthropic Foundations Canada, "Snapshot of Foundation Giving in Canada in 2018 and Trends 2013–2018."

152. Philanthropic Foundations Canada.

153. The figure represents grantmaking at the time of PFC's last snapshot report (2021, reporting on 2018 grantmaking data). Due to complexity of creating this categorization within the boundaries of this study, this figure was not updated for this report. Future landscape reports will look for ways to display both the what and the how of foundation grantmaking.

Foundation grantmaking often focuses on education, health, social services, and international development.

Supporting Figure 11, research on Canadian family foundations' grantmaking has shown their focus on supporting health and medical research as their primary field, mainly towards large hospitals and medical research.¹⁵⁴ Universities also receive significant support from these foundations for various research projects, scholarships, and capital campaigns. Arts and culture receive funding from family foundations, including formal arts institutions and community-based, participatory arts projects. Family foundations support social services through two approaches. The first is funding through umbrella organizations such as United Ways or United Jewish Appeals. The second approach is selective funding for specific services.

Research has also suggested significant differences in large¹⁵⁵ and medium-sized¹⁵⁶ public and private foundation grantmaking.¹⁵⁷ Large private foundations are said to be more likely to be near the legal minimum for disbursement. This position contrasts with large public and medium private and public foundations, which are more likely to exceed the minimum legal disbursement. However, medium foundations were also more likely to raise new revenue for immediate distribution than large ones, meaning their grantmaking models might utilize flow-through funds¹⁵⁸ - which means operating differently than endowed models.¹⁵⁹

Studies have further demonstrated the challenges of understanding foundation grantmaking better, with one study finding that two-thirds of the largest family foundations¹⁶⁰ did not have a website or specified process for grantmaking.¹⁶¹ Only about a quarter of these foundations matched their grants to explicit priorities. A further majority did not accept unsolicited applications.¹⁶² Further reflecting the evaluation of large private foundations giving close to the 3.5% DQ, the average percentage of assets granted by the sample of these large foundations was 3.7%.¹⁶³

154. Phillips, "Dancing with Giraffes."

155. Total assets of \$1 million in at least one year but not more than \$100 million

156. Total assets of more than \$25,000 in at least one year and not more than \$1 million in any given year

157. Khovrenkov, "Size-Based Analysis of Charitable Foundations."

158. A flow-through fund is a non-permanent, non-endowed fund that is established by one or more donors with the aim of distributing all of a fund's capital to grantees as advised by the donor(s), within a fixed time period.

159. Khovrenkov.

160. Thirty-eight family foundations, with assets and boards still controlled by family or close network, with assets of over \$100 million (Phillips, "Dancing with Giraffes.")

161. Phillips, "Dancing with Giraffes."

162. Phillips

163. Phillips

As the research reveals, there are differences in activities by foundation type, size, and funding models. While there may be a perception that many Canadian foundations are reluctant to be visible, there is also a lack of research differentiating between the sector's operating and grantmaking models. Looking at one foundation cannot provide comprehensive insight into all other models.¹⁶⁴ This situation means there is a partial picture of Canadian foundation grantmaking.

This study asked CEOs about emerging needs within their foundations and foundation work. CEOs were encouraged to share their perceptions on any level they chose - societal, field, and organizational. Within this study, a variety of foundation types were interviewed. Self-described types included “family,” “independent,” “corporate,” “private,” and “public.” Only two of these descriptors are legal types of foundations, public and private, demonstrating that foundations see themselves through different terminologies and have different definitions of those terms. This section reflects three aggregate themes reflecting the current influences on foundation work – generosity, diversity, and risk.



164. Pearson, “Philanthropic Foundations Canada: Building a Community and a Voice for Philanthropy.”

a) Generosity

First, it was reflected that Canadians continue to pull together in times of need and disaster, and communities welcome this philanthropic support. Participants commented on the importance of generosity in Canadian culture. Many explicitly called for more generosity from the country's most wealthy citizens. Several participants, with immigrant backgrounds, expressed sentiments of giving back to the country. Some mentioned that within polarizing political culture, pulling together becomes more difficult without a disaster scenario to prompt collaboration. However, the sense of "we need to do our part" remains a driving force across foundation types.



The sense of "we need to do our part" remains a driving force across foundation types

At the field level, previous PFC investment surveys (2009–2012)¹⁶⁵ demonstrated strategies and tactics of foundation work beyond grantmaking, including providing budgeting and finance advice, convening community meetings, suggesting collaborations/consolidations, communicating with grantees, and some program loans. These practices were of particular interest following the 2008 economic crisis. Today's societal challenges present much for participants to contend with, including climate change, post-pandemic living, cost of living crises, housing affordability, and immigration. Participants reflected on changing their approaches to meet immediate needs, described new funder networks they rely upon to share funding challenges, priorities and opportunities, and called for greater collaboration across the sector:

I found that (during COVID) everyone went from "these are the foundations' priorities" to "let's just help people, let's just get them what they need." Now, in the after-effect of it, we're moving towards, "What's the balancing point?"

The list of what foundations can support is long, and emerging societal needs compound the need to prioritize and stretch themselves to meet these needs.

165. In a subset of PFC Investment Surveys, members were asked to describe the non-financial support they provide to their grantees.

The list of what foundations can support is long, and emerging societal needs compound the need to prioritize and stretch themselves to meet these needs. Some participants reflected that philanthropy is changing, and the roles, tools, and approaches are different from when they started their careers.

b) Diversity

Second, participants acknowledged a range of diverse voices across the sector. The intergenerational changes impacting philanthropy were recognized. Sitting between boards and staff, between parents and children of foundation founders, CEOs reflected upon their position in holding the middle— between the traditions and the future of philanthropy:

The oppressiveness of the older generation, and we have respect for them because they are the people who put in the blood, sweat and tears to get to this place, and many of them were immigrants and new Canadians. We want to respect their experience, but we're fully aware the world's going in a different direction. So, we need to get on board with understanding it's going in a new direction and the practices and procedures, but continuing to honour the older generation that made it all possible for us to do this in the first place.

For foundations that raise funds, this demographic shift is of additional importance for fundraising and to the change in donor profiles: “The donor pool overall is shrinking, or the way we have done giving in the past is changing significantly.” Moreover, new foundations and donor-advised funds are being incorporated with donors across generations.

These changes have implications for the operations of all foundations. Participants recognized the calls for greater diversity within the board and foundation leadership. However, research on staff and trustees remains severely underdeveloped. First, it is essential to note that most foundations do not have staff. This study's analysis of T3010 2020 compensation form data demonstrated that just 26% of public foundations and 9% of private foundations reported their full or part-time staff. Second, when staff were present, 85% of private and 75% of public foundations reported having less than ten full or part-time staff members. Only 4% of either type of foundation reported over 50 staff members. Lack of data and analysis creates challenges for reporting on staff and trustee diversity.

Yet, participants did not shy away from anecdotally acknowledging the lack of diversity within the philanthropic sector:

The foundation world is a world of white men and women, and there is not enough diversity in philanthropy. There is not enough diversity in terms of ethnic origin and not enough diversity in terms of age.

Some foundations intentionally seek a more demographically diverse donor profile. Others wrestle with how to make their family foundations more diverse. Some opt to use tools such as advisory boards to help provide a greater range of voices. Participants reflected on field-level developments, such as Truth and Reconciliation, trust-based philanthropy, and participatory grantmaking, which seek greater diversity of voice.



Those actively working towards more inclusive foundation work celebrated the awareness-raising but cautioned that implementation is slower.

Those actively working towards more inclusive foundation work celebrated the awareness-raising but cautioned that implementation is slower. They reflected that the sector has much more to do on its Truth and Reconciliation journey and that genuinely coming to and participating at that table will take years. Moreover, some foundations no longer want to be “neutral” in their approach to working; they are committed to creating more equitable funding practices but feel that they may still be in the minority in some places. Still, others felt that field-level trends had more talk than action, with some feeling like they are funding on their own, even if other foundations applaud their funding:

There's still a long way to go in trust-based philanthropy, both in terms of convincing those with money that just because they're rich doesn't mean they know what to do with the money and that a business mindset is the smartest way for the sector to evolve.

On trust-based philanthropy specifically, one participant was candid in sharing, “When I open this, open up my mouth and say that, do I understand it fully?” Participants held different views on the activities of their peer foundations with several noting emerging and best practices regarding diversity and inclusion. Others mentioned a continued opacity and lip service to changing models of philanthropy.

c) Risk

The third theme that emerged in the interviews regarding the current influences on foundation work was risk. On the one hand, there is a fundamental understanding of Canadians' social issues. Still, participants continued to reflect on the “risk aversion” of Canadian philanthropy. Participants referenced the legacy decisions of their boards, such as values, fund management, and grantmaking, as hindering changes emanating from the field, often introduced by employees. Other participants questioned the continued siloed nature of the field, asking about the genuine dedication to collaboration beyond talking and matched funding. There was a reflection that areas such as climate financing and Indigenous collaboration were making headway, proving that foundations could collaborate. Still, the question was asked about why more cooperation on other issues is lacking.

A few participants wondered if the CRA, as the regulatory body, was constraining the field by creating more rules or perpetuating a lack of clarity around current regulations. There was a concern that the creation of new modes of foundation work or philanthropic tools was inhibited by regulation, adding to risk-averse behaviours by foundations. However, the NQD guidance and renewed government interest in social finance counterbalanced these sentiments, demonstrating the government's willingness to evolve. Several participants wondered whether a more distinct “home” within the federal government for charities and non-profits, a policy idea that some in the sector have been advocating for, would allow for the new models of philanthropy to be more accessible and advance equity or only reinforce current structures.



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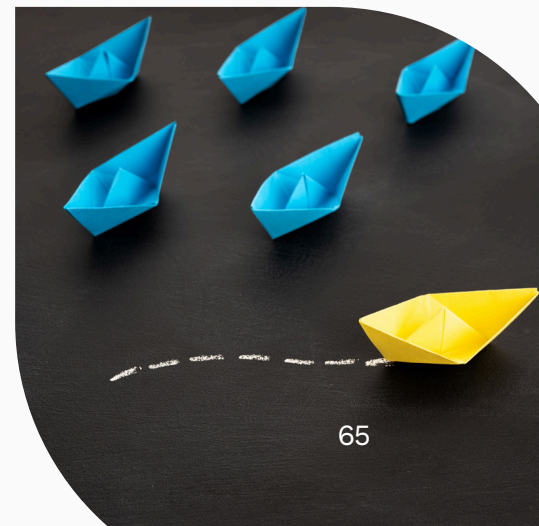
d) Summary

Grantmaking data is surprisingly complex to access, aggregate, and analyze for Canadian philanthropic foundations. While T3010 provides aggregate data, there is a large amount of manual work to assign grants to these categories. However, categorization loses the nuance. The questions of what foundations support and how they support them are open-ended research questions. Asking CEOs about the emerging needs within society, the field, and their organizations provides future research with new starting points.

Grantmaking data is surprisingly complex to access, aggregate, and analyze for Canadian philanthropic foundations.

Despite the complexity and challenges of the emerging needs in their foundations, participants reflected optimism about working in the sector and a reflection that their work was meaningful. While it's difficult to generalize across foundations - generosity, diversity, and risk emerged as three key themes impacting contemporary Canadian foundation work. As described, participants feel that the sector is changing. Their roles and positionalities vary, but each finds themselves between various stakeholders (founders, families, boards, staff, grantees, the public) and navigating different levels of emerging needs (society, field, organization). In this context, they are bound by regulation and asset investment concerns. Still, they retain individualized approaches to reconciling these complexities - meaning there is a lack of standard approaches to foundation work.

While it's difficult to generalize across foundations - generosity, diversity, and risk emerged as three key themes impacting contemporary Canadian foundation work.



1.3 Chapter Summary

Over the past hundred years, significant growth and development have occurred within the Canadian philanthropic foundation sector. The rich tapestry of Canadian philanthropy, currently narrated through a few dominant storylines, hints at a much broader and vibrant narrative waiting to be explored. From personal motivations to subgroup identities and systemic evolution, the unfolding story of philanthropy in Canada promises a wealth of insights and opportunities for a more inclusive and comprehensive understanding of its impact and potential.

The rich tapestry of Canadian philanthropy, currently narrated through a few dominant storylines, hints at a much broader and vibrant narrative waiting to be explored.

Understanding the three fundamental pillars of Canadian foundations offers valuable insights into this complex field. These findings are like the tips of the iceberg, now in view and needing to be explored by future research.

Regulation

The regulatory regime continues refining its oversight of philanthropic foundations and the charitable sector. This evolution is marked by introducing the 5% Disbursement Quota (DQ) and granting it to nonqualified donees, which can reshape operational strategies for foundations. The recent public policy changes have ignited sector-wide discussions about the efficacy of current policy tools. Most interviewees felt they'd meet the 5% DQ. Still, coupled with higher inflation rates, others were concerned about meeting their value of real capital preservation and sustaining operating costs. Future data and research will need to address the impact of DQ regulation on the sector, including the levels and beneficiaries of the increases and the implications for foundation values and operations. The data types required for future DQ reviews is a conversation to start now.

The same attention is required for grants to nonqualified donees, ensuring the symbology and functionality align, which most participants demonstrated they were already doing through an array of available tools. Moreover, with new philanthropic tools outside the established regulatory lineage, it is essential to consider how best to adapt to their use and understand foundations' roles in norm-setting and behaviour nudging.

Future data and research will need to address the impact of DQ regulation on the sector, including the levels and beneficiaries of the increases and the implications for foundation values and operations.



Assets

From 2008 to 2021, foundation assets surged by \$100 billion. Yet, market fluctuations have led to a nuanced growth pattern, with foundations targeting 7-8% returns to fulfill disbursement quotas, cover operational costs, fund management fees and adapt to inflation. This period has seen a strategic shift towards equity investments, diversified portfolios, and a continued but slow implementation of socially responsible and impact investing.

In a 5% DQ and high inflationary context, it will be helpful to watch investing behaviour, as the financial return required to meet investment priorities (meeting charitable disbursement rates and preservation of real capital value) may increase. The impact on foundation operational costs should be monitored to see if lower returns equate to human resource cuts. Equities and alternative investments may continue growing to meet these goals, leading to a potential for more aggregate growth. This research has provided a view of the connection between investment priorities, foundation costs, long-term allocation trends, and aggregate asset growth, which are essential data for regulatory conversations.

It may be that the priority of maintaining the real value of capital over the long term might also need nudging, if the increased DQ is meant to prompt more current vs. future disbursement. Loss of corpus is in tension with long-held values of preservation of foundation endowments, and the impacts of changes to these values need to be recognized. However, there is evidence of value changes in the post-Covid period. Foundations are reassessing their fund managers and the alignment of their investment strategies with emerging values. There is also a diversified field of philanthropic tools, including endowments, flow-through funds, and donor-advised funds, each tailored to their unique investment strategies and allocation decisions.



This research has provided a view of the connection between investment priorities, foundation costs, long-term allocation trends, and aggregate asset growth, which are essential data for regulatory conversations.

Grantmaking

The data on what and how Canadian foundations are funding is underdeveloped. T3010 can provide aggregate information on giving areas. Still, less is known about the specifics of this grantmaking or how foundations approach their giving practices. From 2018-2021, public and private foundations increased their gifts to qualified donees. In a 5% DQ environment, grantmaking should increase, although historical data continues to show at and near the minimum disbursement levels. Additional monitoring of grantmaking flows will be important to understand who the recipients are and whether the money is moving to underfunded areas. A fuller view of foundation work is required to better understand the balance of foundation grantmaking and operations.

This study reflected that leaders navigate a spectrum of challenges, from broad societal issues like pandemics, the cost of living crisis, and climate change to organization-specific matters such as governance changes and evolving perceptions of philanthropy. Balancing the expectations of founders, family, boards, staff, and grantees remains critical for CEOs amidst high expectations of foundation generosity. Yet, concerns over insufficient contributions from the wealthiest and the impact of political polarization loom large. While there's a push towards greater diversity and addressing power imbalances within the sector, foundations exhibit varied risk tolerances, with debates on whether regulatory frameworks reinforce a risk-averse culture. Despite these complexities, there's a cautious optimism about the evolving nature of Canadian philanthropy. However, consensus on its future direction has yet to be reached.

Balancing the expectations of founders, family, boards, staff, and grantees remains critical for CEOs amidst high expectations of foundation generosity.

This chapter addressed the first research question on the historical development of Canadian philanthropic foundations and their current manifestations. Chapter two builds upon this existing knowledge, adding a conceptualization for assessing Canadian

philanthropic foundations' purpose, approaches, and roles in supporting civil society.

Chapter 2:

How do Canadian philanthropic foundations use their purposes, approaches, and roles to support Canadian civil society?

One of the most fascinating challenges of philanthropic foundation research is to reflect its breadth and diversity. Foundation definition, conceptualization, and typologies have continued to perplex researchers due to variations in jurisdictional regulations, historical development, and operational uniqueness.¹⁶⁶ As demonstrated above, the narrative of Canadian philanthropy can be told in various ways. The description of foundation operations varies by each foundation's decision. This individuation has made it difficult for research to present a holistic view. Considering these challenges, this study adopts the Foundation Triangle as a conceptual framework to explore foundations' purposes, roles, and approaches to understand how they support Canadian civil society.¹⁶⁷

Foundation definition, conceptualization, and typologies have continued to perplex researchers due to variations in jurisdictional regulations, historical development, and operational uniqueness.

166. Jung, Harrow, and Leat, "Mapping Philanthropic Foundations' Characteristics"; Anheier, "Philanthropic Foundations in Cross-National Perspective."

167. Anheier, "Philanthropic Foundations in Cross-National Perspective."

2.1 The Foundation Triangle

Dans le schéma (figure 12) élaboré par le sociologue Helmut K. Anheier, les objectifs des fondations (ce qu'elles cherchent à accomplir) sont résumés à chaque sommet : 1) changer ou réformer les structures, 2) protéger les communautés et les pratiques, et 3) secourir en cas de souffrance et de besoins insatisfaits. À l'intérieur du triangle, les approches des fondations (la manière dont elles atteignent les buts qu'elles se fixent) sont subdivisées en modèles d'octroi de subventions, d'opérations et de dépenses hybrides pour l'atteinte de ces objectifs. Enfin, la moitié inférieure du triangle décrit les rôles (les types d'activités générales des fondations) adoptés pour atteindre les objectifs des fondations et inclus dans leurs approches, comme innover dans les mécanismes sociaux, compléter les autres groupes, se substituer au rôle de l'État, ou développer de nouvelles installations ou façons de faire.

Dans ce triangle, il est fondamental de supposer que les choix des fondations dans l'une ou l'autre de ces catégories exigeront des compromis en ce qui concerne les objectifs, les approches et les rôles, ce qui aide à expliquer pourquoi les fondations sont distinctes les unes des autres.

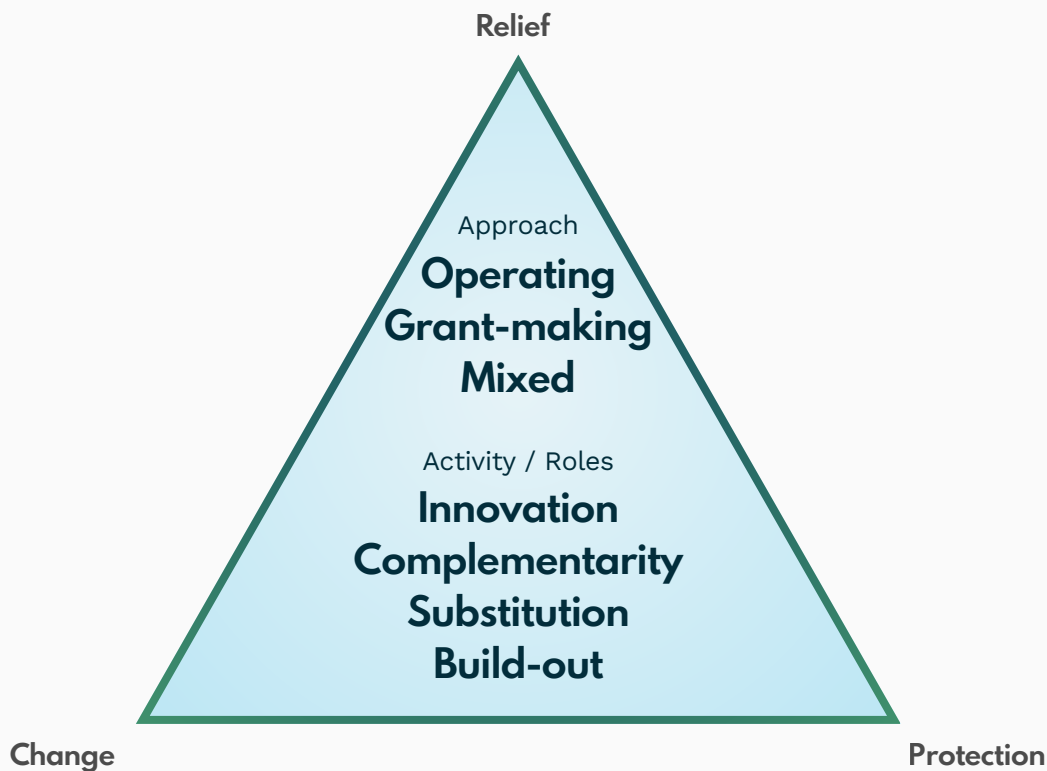


Figure 12. The Foundation Triangle (Anheier, 2018: 1595)

Earlier studies have utilized the foundation triangle to depict the Canadian environment. They assessed that most Canadian foundations' purposes relate to relief activities, with a minority focused on systems change.¹⁶⁸ Two-thirds of Canadian foundations were reported as having a hybrid approach, meaning both grantmaking and operating programs. Less prevalent were foundations solely grantmaking or solely operating programs.¹⁶⁹ In their roles, Canadian foundations complement the state more often than substitute.¹⁷⁰ Building out of capacity for organizations was more frequently the method than scaling specific interventions, possibly due to the place-based nature of many foundations, limited size, and the extensive geography and regional differences of Canada.¹⁷¹ Innovation was seen most often in social and organizational innovations.¹⁷²

The foundation triangle offers a simplified framework for understanding how foundations' choices (purposes, approaches, and roles) impact their role in civil society. One limitation of this framework is its high-level aggregation, which may miss cultural and jurisdictional nuances impacting the foundations' purpose, approach, and roles.¹⁷³ As a newer framework, applying the foundation triangle within a Canadian setting helps examine the efficacy of the triangle. Using the foundation triangle to analyze previous research and this study's findings demonstrates how changes in the foundation landscape (such as policy changes or investment decisions) contribute to shifts in Canadian foundations' purpose, approaches, and roles.



As a newer framework, applying the foundation triangle within a Canadian setting helps examine the efficacy of the triangle.

168. Elson et al., "Foundations in Canada."

169. Lefèvre and Elson, "A Contextual History of Foundations in Canada."

170. Elson et al., "Foundations in Canada."

171. Elson et al.

172. Elson et al.

173. Jung, "Foundations in the U.K.: Organizations and Nations in a State of Flux."

2.2 Purpose: A changing narrative from relief-protection to protection-change

Each endpoint was the main focus in the original conceptualization of the foundation triangle. However, when plotting the findings, it is observed that the unfolding story resides not at the endpoints but in the relationship between points (Figure 13). Drawing from evidence in Chapter 1, there are three relationships to explore – relief-protection, protection-change, and change-relief – each illustrating Canadian foundations' evolving purposes (what foundations want to achieve).

When plotting the findings, it is observed that the unfolding story resides not at the endpoints but in the relationship between points

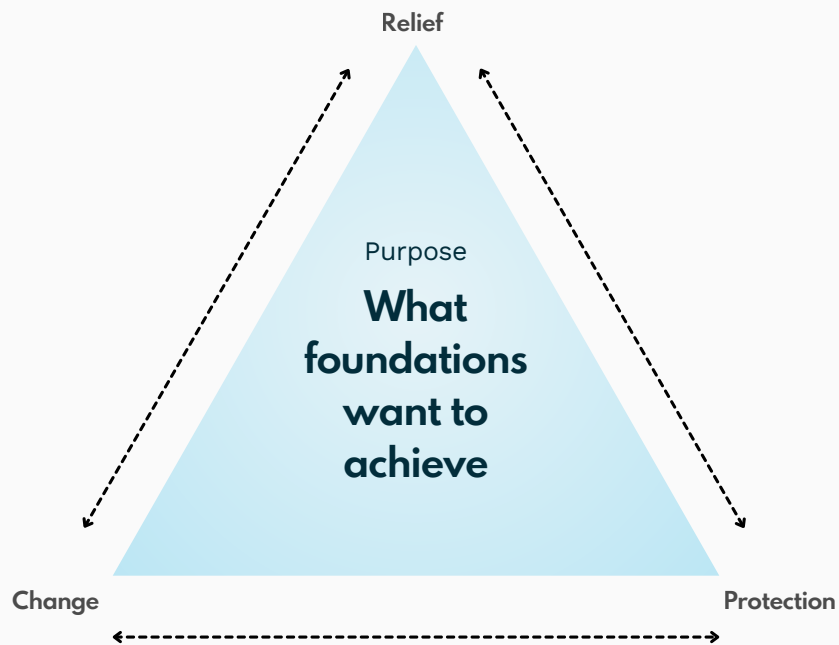


Figure 13. Relationships between relief, change, and protection purposes

a) Relief – Protection

Previous literature described Canadian philanthropy as primarily relief-based, influenced by church and community actions and complementary to Canada's social welfare state's development.¹⁷⁴

How philanthropy evolved was connected to the norms and values of Canadians. Still, particular subgroups were dominant in setting up the systems, structures, and regulations, paving the way for modern philanthropy. In this setting, philanthropy protects and preserves the individual, family, and corporate legacy. It influences the social fabric through endowments and large gifts to well-known charities, notably hospitals, universities and museums.

Relief is an essential and legitimate function to preserve the social safety net in Canada. As described, foundations give to United Ways and community organizations. Relief remains important in foundation grantmaking, evidenced by large portions of giving to education, health, and social services. Grantmaking during disasters and asset investment priorities to sustain support for charitable goals show that relief remains an essential Canadian purpose for both the short and long term. Following the global pandemic and current cost of living crisis, foundations report they are responding to relief-based requests and working with their boards to balance the funding of immediate needs with longer-term initiatives.

The relationship between relief and protection provides a narrative of philanthropy as an additional societal pillar. It transforms surplus private resources – time, treasure, and talent – into public goods

The relationship between relief and protection provides a narrative of philanthropy as an additional societal pillar. It transforms surplus private resources – time, treasure, and talent – into public goods.¹⁷⁵ Philanthropy and its institutions act as additional to government, corporations, and civil society to care for society. In this context, regulation ensures that foundations are meeting their charitable responsibilities. The relationship between relief and protection is familiar when we reflect on philanthropy today.¹⁷⁶

174. Pearson, *From Charity to Change*; Elson et al., "Foundations in Canada."

175. Phillips and Jung, "A New 'New' Philanthropy: From Impetus to Impact."

176. In the Foundation Triangle, protection means the objective to "defend certain communities or practices, shield traditions or works of art, and seek to maintain the status quo" (Anheier, 2018:1594). As with all terms, protection can hold various meanings, from preservation to the more shadow-side of protectionism.

b) Protection – Change

The relationship between protection and change offers a different view of Canadian foundations. In a change-oriented environment, foundations are experiencing changes in all areas: policy changes, asset investments, and grantmaking. They are both initiating these changes and receiving signals to make changes. The findings demonstrate foundations' willingness to increase disbursement quotas, grant to non-qualified donees, invest in socially responsible and impact investments, and participate in trust-based and relational grantmaking. There is recognition of previously overlooked histories, cultures, and subgroups. There is the realization of power dynamics. Strong voices are pushing for changes in what Canadian foundations support and how they operate. These elements evidence a contemporary change-oriented environment.

However, the findings also demonstrate how traditional forms of asset investments and operating principles continue to characterize Canadian philanthropic foundations. The allowance for distinctive organizational decision-making and operational individuation accompanies these. Boards of directors may keep fund managers for legacy reasons. Impact investing remains nascent, even though it has been on the agenda for over a decade. Even among recent policy changes, foundations have the agency to make their own decisions and create their giving styles. Preserving long-standing traditions in philanthropic giving contrasts with the current change-oriented influences.

Interviewees illustrated how change – protection impacts their day-to-day roles and environments. Their positionality between the endpoints exists as they navigate between generations, such as between founders and grandchildren, governance and staff, and previous and future field-level practices. CEOs are “holding this middle” at different points between change and protection.

In a change-oriented environment, foundations are experiencing changes in all areas: policy changes, asset investments, and grantmaking. They are both initiating these changes and receiving signals to make changes.

There is also the balance between participants' reflections on meeting the 5% disbursement quota versus data demonstrating a historical clustering at 3.5%. While most interviewees were confident in their abilities to meet the quota, few were specific about whether their disbursements would be to new areas or underfunded communities. Many of those anticipating an inability to meet the new DQ shared that their struggles would result in organizational operating changes, such as staffing or drawing on their endowments.



c) Change – Relief

The most nascent finding of this section is related to the relationship between change and relief. There is evidence that Canadian foundations, on the whole, historically funded relief, and potentially, due to the social welfare state, intentionally did not fund change, seeing it as a role of the government rather than philanthropy.¹⁷⁷ In a change-oriented environment, the findings suggest that some foundations may feel in conflict between their historical, relief-based funding patterns and the field-level call to fund change-based organizations. Participants reflected they were unsure how to navigate their long-standing support for large welfare organizations with new calls for grassroots and community-led initiatives. They were concerned about being overstretched and leaving long-held relationships with impactful partners.

In a change-oriented environment, the findings suggest that some foundations may feel in conflict between their historical, relief-based funding patterns and the field-level call to fund change-based organizations.

The opportunity of new DQ and NQD regulation means that foundations can respond in new and more significant ways to emerging needs. Grantmaking practices show that the change-relief relationship can be more rooted in trust-based and participatory approaches. Creative uses of new philanthropic tools and financing options mean that donors and families have options for supporting social needs. Relief also remains essential, especially in the face of changing global emergencies and natural disasters. This has been seen in giving during the global pandemic, humanitarian disasters, natural disasters related to climate change, and contemporary social issues (such as rising homelessness and lack of affordable housing). The changing nature of disaster philanthropy requires Canadian foundations to revisit how they provide relief and response to the breadth and intensity of new emergencies, such as the Canadian wildfires.

177. Pearson, From Charity to Change.

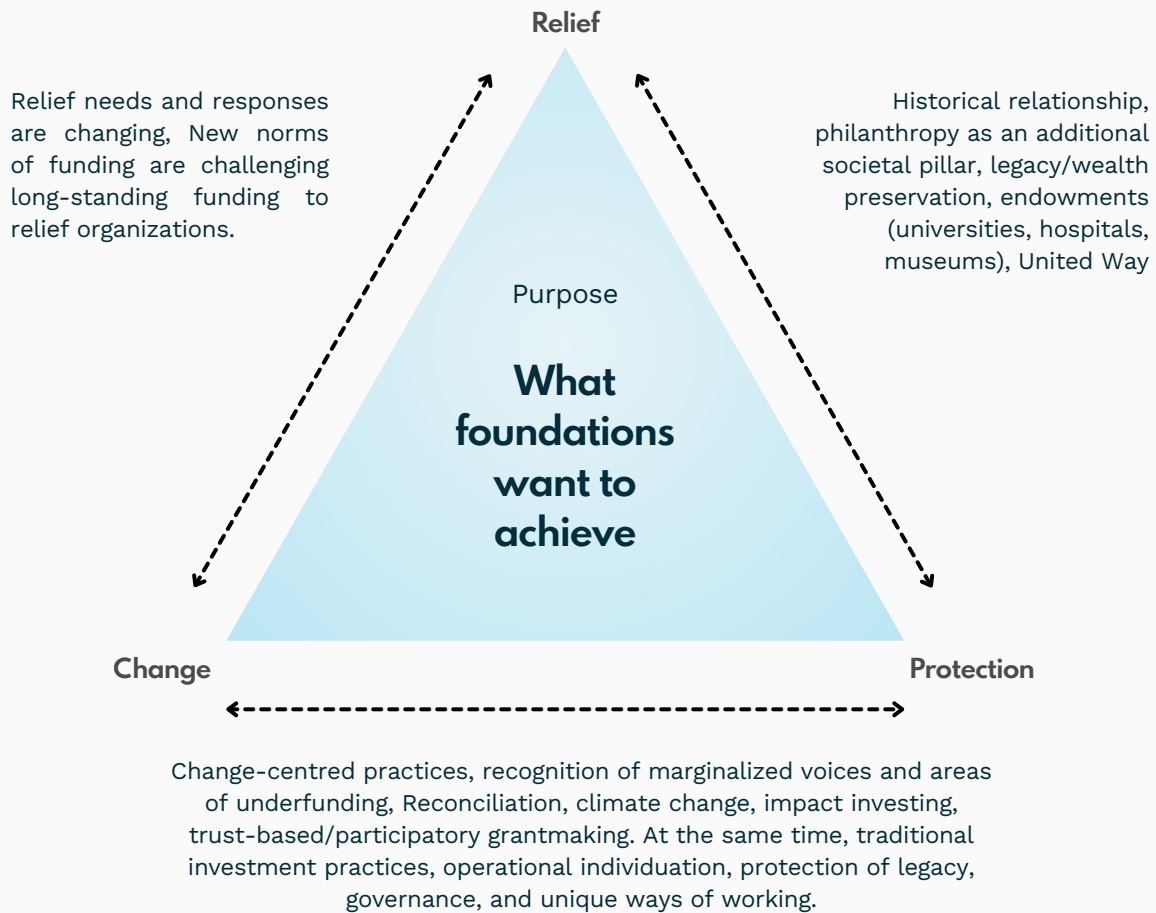


Figure 14. Canadian philanthropic foundation purposes: Relationships between protection, relief, and change

Figure 14 demonstrates how the purposes of the foundation triangle provoke a unique conversation for foundations. Foundation purposes can shift over time, multiple purposes can be held simultaneously, and tensions can emerge between endpoints. Current change-oriented influences do not preclude relief and protection purposes. Future research should consider how change-based influences emerge within the philanthropic field and foundations. Are they brought from other disciplines, industries, or fields? From societal discourse? From generational change? Inquiry is essential to understand how change occurs within philanthropic foundations, particularly if traditional influences are contested or threatened.

Foundation purposes can shift over time, multiple purposes can be held simultaneously, and tensions can emerge between endpoints.

2.3 Approach: New philanthropic vehicles and investments

Examining foundations' approach to enacting their missions is another aspect of understanding their work. Approach represents how foundations achieve their aims (Figure 15). Perhaps, too narrowly, the original foundation triangle interpreted approach as operating charitable programs, grantmaking, or a hybrid. This study suggests that approach might be enhanced considering the various philanthropic vehicles a foundation might use, such as an endowment, DAFs, and flow-through funds. While grantmaking was the most popular response, participants' reflections may be indicative of the different varieties of tools, such as the growing numbers of corporate foundations, which align giving with their businesses, and community foundations, which focus on distributions at the local level through DAFs and flow-through funds, many of which distribute money as they receive it. Private and public foundations also do programming, focusing on convening, sharing knowledge, and initiating new services or organizations. There is a hybridity between grantmaking and operations and within the use of philanthropic vehicles.

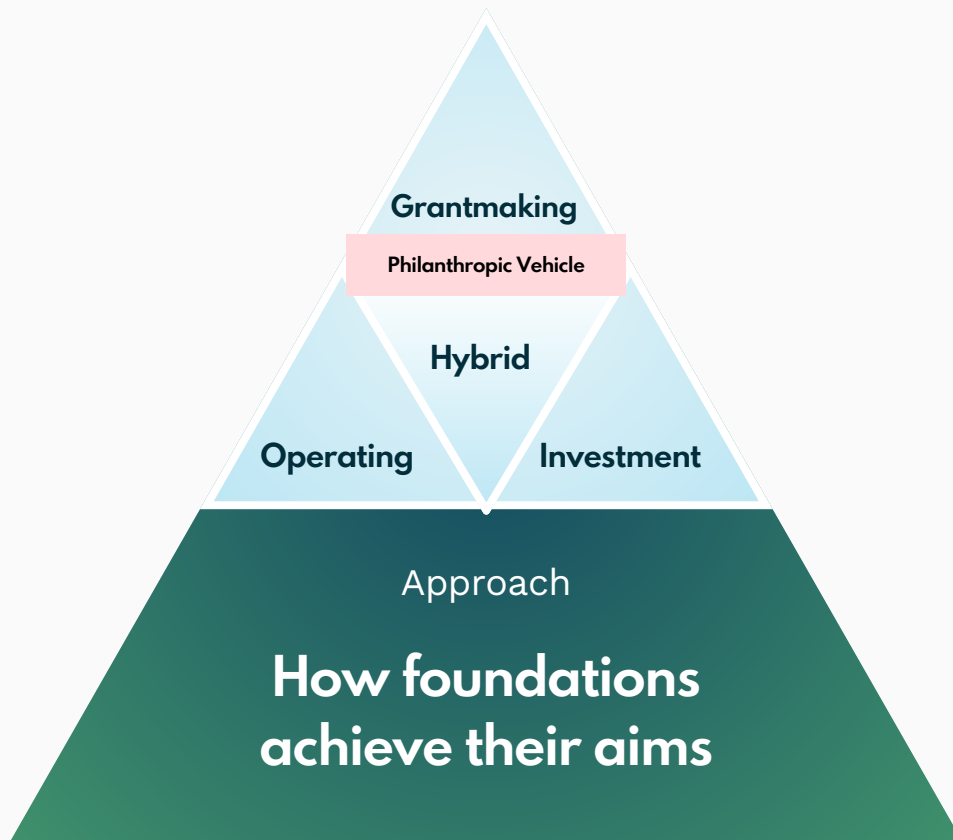


Figure 15. Foundation approach: Including vehicles and investments

This study suggests that the foundation triangle must include investment priorities and practices in conceptualizing foundations' approaches.

Additionally, this study suggests that the foundation triangle must include investment priorities and practices in conceptualizing foundations' approaches. As demonstrated, values determine foundation investments, and investments are part of achieving foundation mandates. These selections might be a traditional investment portfolio or one rooted in social and impact investment. Including investments to describe foundation approaches makes the conversations more transparent. It brings investment data into the mainstream rather than keeping it behind meeting room doors. For example, there are questions of how an increased DQ will affect investment strategies, whether impact investment will follow change-centred purposes, and whether the recovery of the fixed-income market encourages foundations to move back to these options. Deploying foundation assets reflects foundation values, just like their grantmaking and programming.

Foundation assets reflects foundation values, just like their grantmaking and programming.

2.4 Role: Canadian philanthropy in a modern social welfare democracy

The final contribution of the triangle conceptualizes Canadian foundations' roles or what types of activities foundations undertake (Figure 16). Previous Canadian literature combined the four roles into two groupings: complementing and substituting government and building out or innovating. Generally, Canadian philanthropy – following in relief purposes – has been said to complement the government in supporting local/regional services offered by charities. This role is explained as being due to the state's social welfare model and the geographical distribution of the population.¹⁷⁸ With the prevalence of government-funded social programs in Canada, some foundation boards have been cautious about funding aspects of social services that governments are responsible for providing. They preferred to complement government initiatives, recognizing democratically elected governments' vital role, funding, and legitimacy in pursuing greater social justice.¹⁷⁹



178. Elson et al., "Foundations in Canada."

179. Pearson, From Charity to Change.

This study plotted the four roles within a matrix orientation to understand the activities taking place and further foster discussion. Looking at 2018 T3010 data (Figure 11), the traditional flow of funding into education, health, social services, and international development would suggest a complementary positionality to the government and sit within a building-out strategy. Evidence indicates that philanthropic efforts in climate finance, gender lens investing, and social impact bonds provoke more activity on the innovation side while still complementing government.

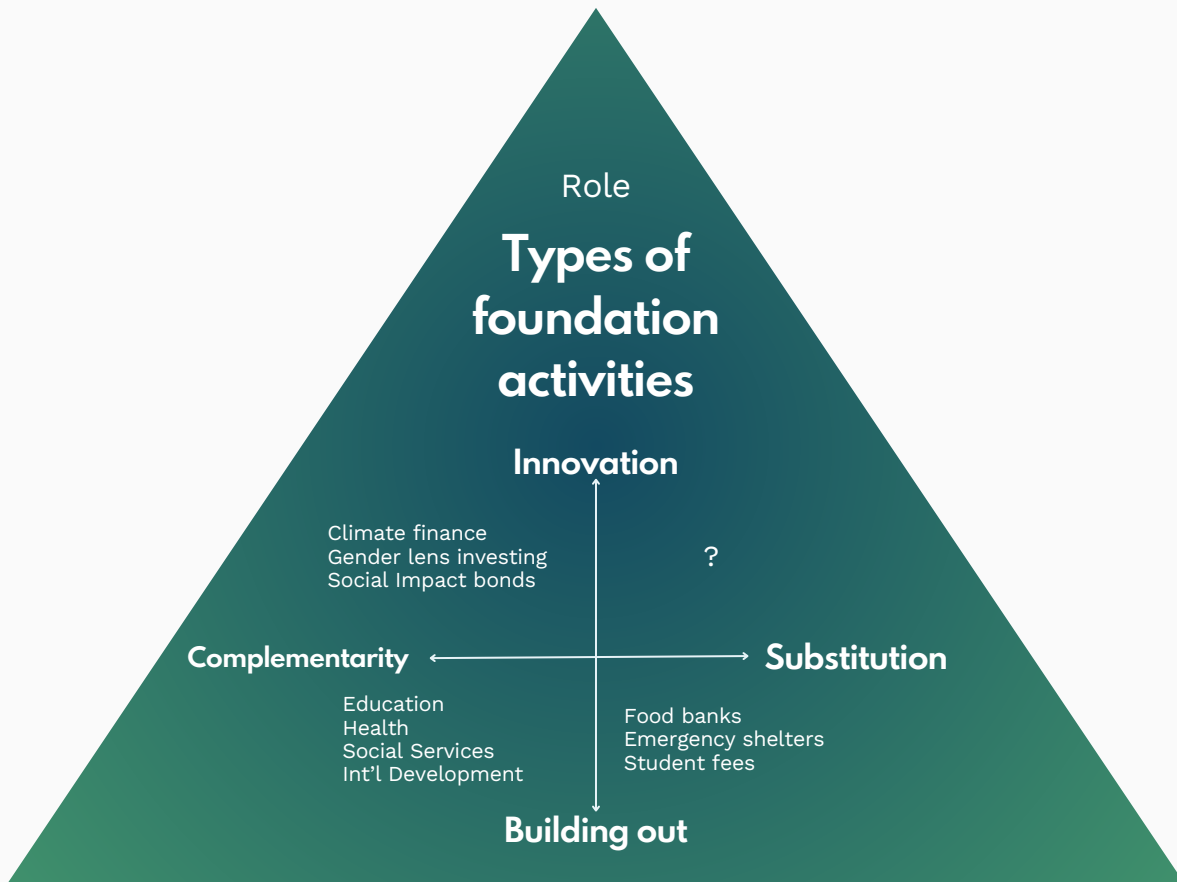


Figure 16. Foundation roles: A matrix view

In the wake of the global pandemic and cost of living crisis, the study raised additional questions about whether some philanthropy is now substituting government in some ways.

In the wake of the global pandemic and cost of living crisis, the study raised additional questions about whether some philanthropy is now substituting government in some ways. Interviewees noted how they shifted funding to meet immediate needs, such as food banks and emergency shelters. In contrast, they would have previously funded more preventative or complementary measures. One of the PFC interview participants referred to this changing relationship with the government as “the Canadian Paradox,” in that areas like health care were the remit of the government, but gaps in services are being filled by philanthropy. Similarly, in education, participants wondered about the degree to which they were complementing funding or substituting. One research study suggested that philanthropic financing of student fees is increasing as government funding is withdrawn, demonstrating where the blurred lines of complementary and substitution may occur in Canadian philanthropy.¹⁸⁰

The roles of Canadian foundations require some active reflection on the positionality between complementary and substitution, building out and innovation.

The roles of Canadian foundations require some active reflection on the positionality between complementary and substitution, building out and innovation. One area that this study was unable to demonstrate was the quadrant of substitution and innovation. Perhaps no examples emerged because this is where philanthropic foundations are not involved and, possibly, should not be. Following austerity policies of the late 2000s and post-Brexit era, the UK philanthropic sector is asking similar questions - what is the role of philanthropy within an evolving social welfare state? The combination of austerity, Brexit, and the pandemic has created tension for UK foundation CEOs regarding the balance of public and private funding. On the one hand, foundations do not want to substitute state responsibilities. On the other hand, the situation is leading to a renewed discussion in the sector of implementing a disbursement quota to open more significant flows of philanthropic dollars to support society's needs. (The UK currently does not have one.) It's essential to better assess where and how funding is flowing to understand Canadian philanthropic foundations' evolving roles.



180. Giacomini et al., “CASE Insights on Philanthropy (Canada).”

2.5 Chapter Summary

The foundation triangle provides a conceptual framework for viewing Canadian philanthropic foundations' purposes, approaches, and roles. Figure 17 shows the adaptations to the Foundation Triangle suggested by this study and its empirical evidence.

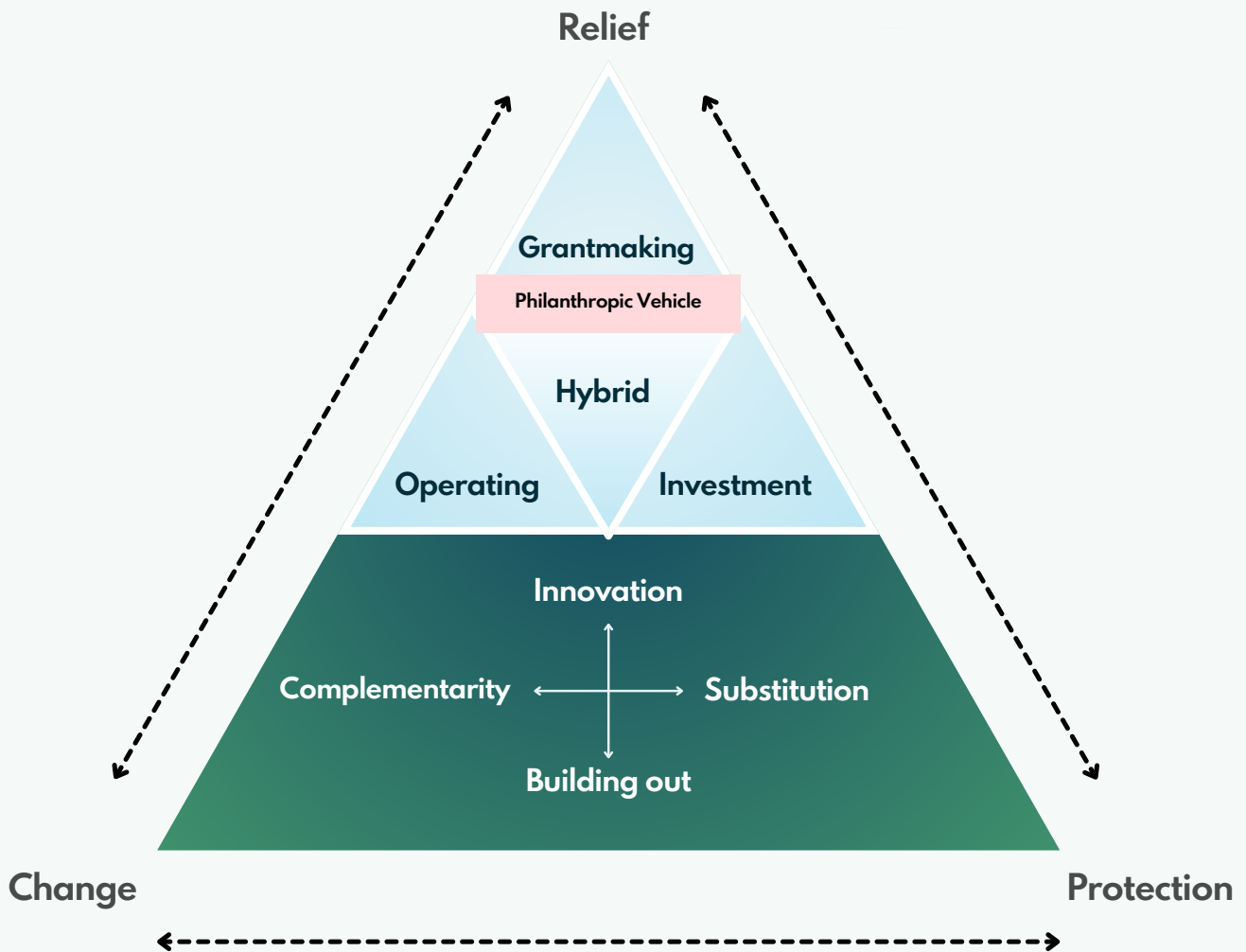


Figure 17. Canadian adaptation of Anheier's Foundation Triangle: Purpose, Approach, and Roles

This study highlights the importance of the relationships between the endpoints and not just the endpoints themselves. It raises crucial questions about the challenges and opportunities existing between relief, protection, and change. Canadian foundations achieve their aims beyond grantmaking or operating, and through various philanthropic vehicles and asset investments. This view expands how foundations consider their approach. The matrix view of foundation roles allows for plotting specific initiatives within the four quadrants. Traditional complementary and building-out roles are changing due to the increased need for innovation. External factors, such as the global pandemic and the cost of living crisis, draw foundations into a more substitutive role.

This study demonstrated how the foundation triangle offers language and a framework for exploring and explaining foundations' support of civil society. Choices in any of the categories will involve trade-offs for foundations' purposes, approaches, and roles. The framework can be used as reflection for individual foundations to plot their own positionalities and by the field to monitor changes over time. Placing the study in a Canadian context has offered refinements to the framework, which other jurisdictions may find helpful.



Conclusion

This study has offered a picture of Canada's philanthropic foundations through the two research questions. The introduction provided current snapshot data and contextualized the need for Canada-specific data and research on philanthropic foundations.

Chapter One provided multiple layers through which to view Canada's philanthropic development and provided a holistic view of existing and new data on three key areas – regulation, assets, and grantmaking – of philanthropic foundations. Chapter Two introduced the Foundation Triangle framework and its ability to describe foundations' purposes, approaches, and roles. The Triangle was enhanced with additional conceptual features based on Canadian empirical data. Bringing existing literature, new empirical data, and conceptualization together in one report provides readers with a new view of the landscape of Canadian philanthropic foundations.

Although the study synthesizes previous research and adds much-needed empirical data about the Canadian environment, this analysis is limited by the available data.

Of 11,000 philanthropic foundations, most datasets are reporting on the largest foundations, the most active, the most visible, and the loudest voices. The T3010 provides aggregate data but is sparse on nuance. PFC datasets provide important long-range views but are limited by member and survey response numbers. Academic and consultant research is essential, but those datasets are also narrow, reflecting specific subsectors of foundations, issue area or disciplinary interests. Through shared data analysis and more extensive scale data collection, collaborative research is one way to overcome these limitations.

This research project set out to present a more comprehensive view of Canada's philanthropic foundation for the public and policymakers. During the study, it became clear that this document would appeal to a broader group of stakeholders. In creating a landscape view, we think there is something here for everyone. Figure 18 speaks to eight key takeaways of this research for policymakers, practitioners, researchers, and the public: state, sector, organization, vehicles, governance, management, giving, and assets. The key takeaways are important for all stakeholders, but in grouping them for different audiences, we invite readers to focus on those areas within the report.

In creating a landscape view, we think there is something here for everyone.

One final reflection is that this marks the beginning of a new research agenda and dialogue for PFC. It's essential to blend academic and practice-based knowledge within the philanthropic sector. PFC is well-positioned to create these bridges. Over the past 25 years, PFC has responded to the needs of the philanthropic foundation sector through advocacy and knowledge mobilization. Research such as this project offers a chance for the organization to reflect on how it contributed to the field's growth. Umbrella organizations in the philanthropic space face unique challenges because the field lacks regulation and certification, meaning foundations can choose to operate individually and without group-level influences. In this context, PFC seeks to be a champion for the work and impact of the sector, but not an echo chamber.

With many more foundations outside of the research environment than reflected within it, it is imperative to continue hearing from diverse stakeholders and build a greater understanding of their environments and operations.

Key Takeaways: Canada's Philanthropic Foundations

Policymakers

State

Changing societal issues are impacting the roles of Canadian philanthropic foundations. Immediate needs replaced prevention in the global pandemic. A widening scope of climate-related disasters changes how relief is provided. Rising demand for social services increases philanthropic dollar requests

Sector

Data and research on the philanthropic sector is underfunded & fragmented leading to lack of understanding and increasing critique of philanthropic foundations.

Researchers

Organization

11,000 foundations in Canada with independent governance are operating with individual mandates and with a variety of grantmaking, operating, and investment approaches. Additional lens and tools are required for more nuanced inquiry

Vehicles

Endowed foundation models are not the only philanthropic vehicle in the ecosystem, yet they remain the dominant form of institutional philanthropy, and they are most viewed due to long-standing regulation.

Practitioners

Governance

Traditional approaches and appointments (perpetuity, risk avoidance) are meeting changing norms (diversity, spend-down, social investment)

Management

CEOs sit between tradition and change. They link stakeholders, generation, and field-based practices. The field is not the same as early in their career. CEOs navigate the changing practices of philanthropy.

Public

Giving

Canadian foundations are giving nearly \$10 billion annually. They are giving a minimum of 5% of their endowment, are allowed to grant to nonqualified donees, and have their endowment to use for social investing.

Assets

Cumulatively, private and public assets have grown \$100 billion (CAD) from 2008-2021. Yet, individual foundations expect annual returns of 7-8% to fulfill their DQ, account for inflation, pay fund managers, and support their operations

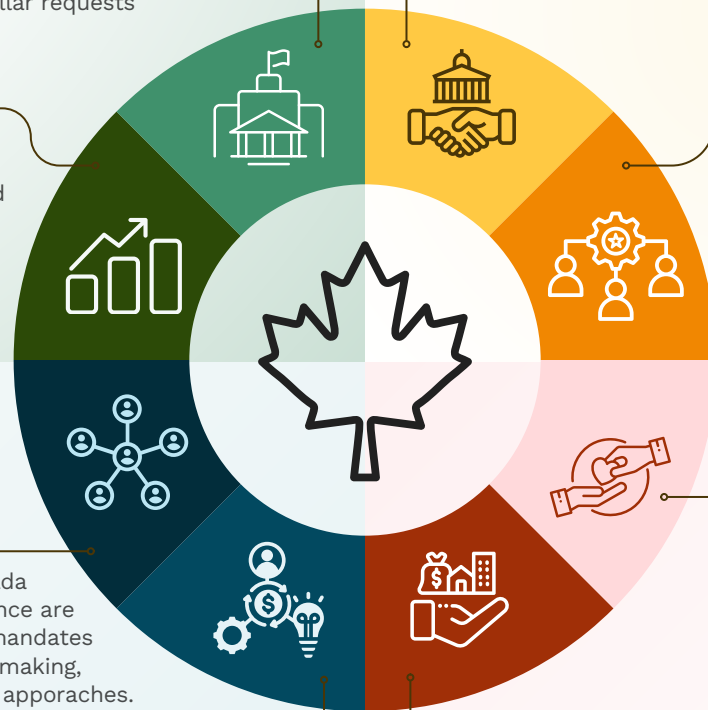


Figure 18. Key takeaways for policymakers, practitioners, researchers, and the public

Appendix 1:

Methodology – notes from the author

A.1 Research design

This research adopts a qualitative exploratory design to investigate the landscape of Canadian philanthropy. Exploration can be a powerful tool, disrupting previous and prevailing views and what constitutes knowledge within a field.¹⁸¹ The qualitative approach was chosen for its ability to provide nuanced insights, capture diverse perspectives, and explore the multifaceted nature of philanthropy. This study's design is rooted in an interpretive and naturalistic worldview. A naturalistic view of the world seeks to study people and phenomena within their environments, using their experiences to make meaning.¹⁸² Within organizations, discovery includes work observations, such as how workers understand and experience their roles and how researchers work to understand these experiences.¹⁸³ Researching within a nascent theoretical field, such as the study of philanthropic foundations, offers an opportunity for a new exploration of this social phenomenon.

The qualitative approach was chosen for its ability to provide nuanced insights, capture diverse perspectives, and explore the multifaceted nature of philanthropy.

A.2 Literature review

The literature review strategy focused on gathering as wide a breadth of research on Canadian philanthropic foundations as possible. Academic research was prioritized, as it is often underrepresented in field-based reports. Search engines, including Google Scholar and Scopus, were used with keywords such as “Canadian philanthropy,” “Canadian philanthropic foundations,” and “Canada philanthropy,” searching all known references. References were also snowballed.

The search focused on institutional philanthropy, except in areas where individual philanthropy would provide valuable details, such as Canadian individual giving motivations and norms. Additionally, grey literature was included where academic research was unavailable. Thematic clusters emerged from the literature, including T3010, policy, Quebec, religion, legal structures, culture, collaboration, Indigenous, disbursement quota, and corporate giving. These clusters were refined into regulation, assets, and grantmaking categories to provide a simplified framework and align with the empirical findings.

181. Creswell et al., “Advanced Mixed Methods Research Designs.”

182. Denzin and Lincoln, “The Discipline and Practice of Qualitative Research.”

183. Locke, “Field Research Practice in Management and Organization Studies.”

A.3 Data collection

A.3.1 Aggregation of PFC data

Some research data was drawn from a rich archive of previous PFC philanthropic reports. The primary areas included in the findings are previously published snapshot data, consultation documents related to public policy changes, and twenty years of investment survey reports. Aggregating the information within these reports helps situate current practices and perspectives within a longer time horizon and demonstrates the evolution of foundation decisions.

A.3.2 Ethnography

Ethnography was utilized to offer a contextual and sociocultural perspective within research settings. As a post-doctoral researcher with PhiLab and PFC, I adopted an insider/outsider positionality for this research, beginning in February 2023. Outsider positionality included observation within PFC's affinity groups, such as the Investment Roundtable, Healthy Aging Affinity Group, and PGSAG (Program and Grantmaking Staff Affinity Group). Insider participation within the PFC organization gave contextual information on the organization's history and current and future mandates. A research journal was kept on ethnographic observations, and these research notes were thematically analyzed to inform the research findings.

A.3.3 Semi-structured interviews

To further enrich the data, semi-structured interviews were conducted with a purposive sample of 21 CEOs from a cross-cutting range of Canadian foundations. Semi-structured interviews provide rich, experiential information from participants, which is valuable within developing research fields, such as philanthropic foundations.¹⁸⁴ Foundations from the PFC communication database were selected (n=614, as of April 2023), classified by members, non-members, or potential members and represented by public and private foundations.

Semi-structured interviews provide rich, experiential information from participants, which is valuable within developing research fields, such as philanthropic foundations.

184. Edmondson and McManus, "Methodological Fit in Management Field Research."

The sample was segmented into corporate, public, and private foundations, reflecting PFCs defined stakeholder group for this study. Each foundation received a random number within each main category, and the selection was randomized. The foundations' geographic spread and asset size were additional characteristics noted but did not impact the random selection. Table 6 details the foundations interviewed, with some traits removed for confidentiality. The CEO or equivalent staff member was invited to participate as they could speak across the interview areas; in some cases, this was the founder or fund holder.

Organizational types were aggregated rather than listed in Table 6 to provide additional confidentiality. Twelve interviewees were from public foundations, with sub-groups of community foundations, donor-advised funds, and flow-through funds. Nine interviewees were from private foundations, including family and corporate foundations. Ten interviewees were PFC members; eleven were past or potential members, as denoted by PFC's database (as of April 2023). It should be noted that foundation descriptions vary between stakeholders. PFC's categorization demonstrates some departure from CEOs' language when describing their foundations. Terminological differences evidence the complexity of researching philanthropic foundations and drawing sample boundaries.

Participant Number	Title	Province	Asset Size
1	Founder	ON	Under \$5M
2	Executive Director	AB	Under \$5M
3	Executive Director	NS	\$10M - \$49.9M
4	President & CEO	ON	\$50M - \$99.9M
5	President & Executive Officer	ON	\$50M - \$99.9M
6	Executive Director	QC	Under \$5M
7	President & CEO	AB	\$200M +
8	Principal Director	QC	\$50M - \$99.9M
9	CEO	ON	\$10M - \$49.9M
10	Executive Director	ON	Under \$5M
11	Director	BC	Under \$5M
12	Director	ON	\$10M - \$49.9M
13	Program Director	AB	Unknown
14	President and CEO	QC	Under \$5M
15	President and CEO	ON	\$200M +
16	CEO	ON	Under \$5M
17	President and CEO	BC	\$50M - \$99.9M
18	Founder & CEO	AB	Under \$5M
19	Officer	NS	\$50M - \$99.9M
20	Executive Director	ON	Under \$5M
21	Founder & President	ON	\$10M - \$49.9M

Table 6. Interview participants

Two rounds of interviews were held. In May 2023, twelve participants were invited into the first round, with seven interviews occurring. This pilot round confirmed the approach and the interview schedule. Thirty participants were invited in July 2023, with fourteen interviews taking place through November 2023—a total of 21 interviews allowed for a diverse set of themes to emerge from the data. Interviews took place over Microsoft Teams and were transcribed. Each interview lasted between 30 to 60 minutes and was organized around three primary areas of inquiry (see [Appendix 2](#) for full interview schedule):

a. Behaviour Change from Public Policy Change: Exploring how changes in public policy influence the behaviour and strategies of Canadian foundations.

b. Foundation Asset Investment: Investigating foundations' investment strategies and practices in light of philanthropic goals.

c. Emerging Needs: Exploring what foundations see and how they respond to evolving societal and community needs.

A.4 Data analysis

Data analysis encompassed transcription and documentation of all interviews and ethnographic observations. Thematic analysis is a data analysis method for finding, analyzing, and aggregating patterns within data.¹⁸⁵ Previous PFC research was aggregated and analyzed to demonstrate specific numerical changes over time and to analyze thematic changes. Ethnography and interviews were transcribed and thematically analyzed. This research took an abductive approach, moving between the conceptual framework and the interviewees' experiences and perspectives. Analysis was conducted using MAXQDA and QDA Miner.

Several techniques helped to evaluate the data quality. First, a research journal complemented the research, providing a space for documenting theoretical, methodological and reflective thoughts.¹⁸⁶ Second, post-notes were used following each interview to account for observational, methodological, analytical, and conceptual reflections.¹⁸⁷ Third, focus groups were used to test the data and analysis with PFC Staff (September 2023) and in a PFC Calgary Regional event (November 2023); the feedback helped evaluate and clarify areas of the research.

Thematic analysis is a data analysis method for finding, analyzing, and aggregating patterns within data.

185. Braun and Clarke, "Using Thematic Analysis in Psychology."

186. Nowell et al., "Thematic Analysis."

187. Mann, The Research Interview.

A.5 Limitations

It is important to acknowledge certain limitations in this research:

- The definition and classification of foundations may vary, potentially affecting the generalizability of the findings.
- The research relies on foundations known to the PFC, which may not capture Canada's full spectrum of philanthropic entities.
- The research is subject to those responding to interview invitations, and not all categories of geography or asset size were represented.
- The findings are subject to the availability and completeness of previous PFC research surveys and analyses.
- With nearly 11,000 philanthropic foundations in Canada, research remains limited to a small percentage.

These limitations are considered in the interpretation of the research outcomes.

A.6 Researcher reflexivity

I am a permanent resident of Canada, but I was raised in the US and have lived abroad. From 2008 to 2015, I had the opportunity to work in Canada's philanthropic field, which gave me a good understanding of the unique characteristics of the Canadian philanthropic sector, particularly in comparison to the US. For this research, after nine years in the UK, I shifted my focus back to Canada's philanthropic sector. This positionality required me to be willing to relearn and reorient myself to contemporary changes in the sector, viewing Canadian philanthropic foundations with fresh eyes.

A.7 Ethics and informed consent

All participants received participant information and a consent form confirming the confidentiality of their participation and their ability to withdraw consent at any time. Participation confirmation was in signed or verbal forms transcribed at the time of the interview and the date recorded.

Appendix 2:

Semi-structured interview questions

45 – 60 minutes

<p>Intro</p>	<p>5-10 min</p>	<ul style="list-style-type: none"> • How do you classify your foundation? (public, private, corporate) • How would you characterize your approach to your activities – grantmaking, operating, or mixed? (Anheier, 2018) <ul style="list-style-type: none"> ◦ This can also be assessed through T3010. 	<p>The introduction sets the scene. The research aims and questions should be introduced, providing a sense of the conversation. The researcher should identify their identity/positionality.</p> <p>Interviewing to understand how recent events (behaviour change due to policy changes, information on assets and investments, and areas of emerging need/concern) impact foundation PAR.</p>
<p>Public Policy Behaviour Change</p>	<p>10 min</p>	<p>Disbursement quota:</p> <ul style="list-style-type: none"> • Has the increased DQ impacted your foundation's strategy or overall operations? <ul style="list-style-type: none"> ◦ If so, how? (increased grantmaking, nonfinancial activities, operation, investment focus, DAF). • Has the DQ increase changed the foundation's investment practices or discussions? (changes in strategy, portfolio, concerns). <ul style="list-style-type: none"> ◦ If so, how? • Do you foresee the increase in DQ changing your foundation strategy or operations in the next 3-5 years? <ul style="list-style-type: none"> ◦ If so, how? ◦ If not, why not? <p>Non-qualified donees:</p> <ul style="list-style-type: none"> • Has the new allowance to grant to NQD changed your foundation's strategy and operations? <ul style="list-style-type: none"> ◦ If so, how? (i.e. new relationships with new organizations, new issues, nfp grants, international networks, pooled resources)If not, why not? • Do you feel the NQD allowance will change your strategy and operations? <ul style="list-style-type: none"> ◦ If so, how? ◦ If not, why not? • Do you anticipate partnering with NQD in the next 3-5 years? 	<p>This section aims to understand foundation behaviour change or possible changes stemming from public policy changes. Participants will be reminded of the 2022 public policy changes on DQ and NDQ.</p> <p>The researcher will caveat that while guidance and implementation are still emerging, the questions provide an opportunity for updated insights into practices and perspectives.</p>

<p>Foundation Asset Investment</p>	<p>15 min</p>	<ul style="list-style-type: none"> • Does the foundation have particular goals for investing foundation endowment assets? <ul style="list-style-type: none"> ◦ (such as maximizing returns, max. disbursement, supporting Canadian business, responsible investing, impact investing, etc.) • Does the foundation currently engage in any responsible investing of its endowment? <ul style="list-style-type: none"> ◦ If so, what are the main drivers for this activity? ◦ If not, what are the main drivers for not engaging? • Does the foundation undertake any impact investing (either in its endowment or through its activities, such as PRIs)? <ul style="list-style-type: none"> ◦ If so, what are the main drivers for this activity? ◦ If not, what are the main drivers for not engaging? • Have the changes to DQ or NQDs impacted your responsible or impact investing strategies or decisions? 	<p>This second area concerns how foundations are investing their financial assets.</p> <p>Financial asset investing can be considered part of their approach, extending beyond current grantmaking tools.</p> <p>Given the current economic climate, the global pandemic, and emerging social needs, we'd love to hear more about how the foundation feels about its assets and distributions.</p>
<p>Emerging Needs/ Issues</p>	<p>10 min</p>	<ul style="list-style-type: none"> • What emerging needs or issues impact your foundation's strategy or operations? • What emerging needs or issues are impacting the foundation philanthropy field? • Are there any future trends you are seeing that might affect your foundation or the field? 	<p>This section predominantly focuses on the foundation's current needs/concerns and catching any additional foundation-driven data that has not previously emerged.</p> <p>To understand the foundation approach, it is essential to understand what emerging needs they foresee. This might include other tools beyond grantmaking.</p>
<p>Conclusion</p>	<p>5 min</p>	<ul style="list-style-type: none"> • Do you want to mention any issues I have not asked about that researchers on foundation philanthropy should be considering in their work? • What compelled you to take part in this conversation today? 	<p>Wrap up/Thank you</p> <p>The final questions offer a chance for new or surprising information. As well as an understanding of their participation.</p>

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 **Montreal (Head Office)**
[c/o Philanthropy House](#)
1095 St-Alexandre Street
Montréal, Québec H2Z 1P8

 **Toronto**
[c/o Foundation House](#)
2 St. Clair Avenue East, Suite 300
Toronto, ON M4T 2T5

 [+1 \(514\) 866-5446](tel:+15148665446)

 info@pfc.ca

 pfc.ca