



INSIDE THIS EDITION:	Letter from the President	1
	Grantmakers Roundup	2
	Interesting Reading	6
	PFC Family News and Events	6
	Other News, Events and Resources	7

## LETTER FROM THE PRESIDENT

Spring greetings to all our members. I write this on a very sunny Easter weekend in eastern Canada, which is certainly an encouraging sign that the weather is changing, and perhaps our outlook as well!

As I travel and speak to many foundations across the country, I have heard that it has been a difficult first quarter of the year, with financial circumstances in many cases worsening for charities and for foundation endowments. In this climate, one of the most productive things to do is to get together to share experiences and ideas. Philanthropy meetings are one way to do this.

I attended the biennial conference of the Center for Effective Philanthropy in Los Angeles at the end of March and was struck by the view expressed by many foundations at that meeting: "this is actually a time of opportunity in the midst of crisis." And, as Jim Collins, author of *Good To Great*, and a speaker at the conference, pointedly asked: "what can we (foundations) do and what must we do *not* to waste the opportunities being presented?" He made a number of suggestions, including starting a "stop doing" list. His advice: Look at what is not essential, what you can stop doing. Then do more of one thing, less of another. Avoid cuts across the board." He also strongly recommended sharing resources rather than retrenching as funders. In his view, this is a time for ecosystem thinking, when funders and charities should seek each other out and work as partners in a larger system rather than reacting in isolation from each other.

A similar view was expressed at the Philanthropy New Zealand conference held in Wellington in mid-March. Bruce Bonyhady, the Chair of Philanthropy Australia, gave an excellent keynote speech, *All Weather Philanthropy*. The speech contains much pragmatic advice to funders passing through the crisis. In Bonyhady's view, "while foundations should aim to at least maintain their real incomes over time ... they should maximize philanthropy's other resources - time, information, goods and services, voice and influence ... philanthropy must always act as a catalyst to sustain, nurture and build community confidence, resilience and cohesion. It is essential in the current environment that we put aside our own fears and show leadership, courage and wisdom, so that the community can draw maximum strength from philanthropy."

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One PFC member, the Lyle S. Hallman Foundation of Kitchener, took action recently in a way that provides a good example of Mr. Bonyhady's suggestion. The Hallman Foundation is an important funder in the Kitchener-Waterloo area. The Executive Director of the Foundation, Hulene Montgomery, wrote to other funders in the community and passed on five suggestions for how funders can best support their communities in this time of uncertainty, as articulated initially by Kathleen Enright at **Grantmakers for Effective Organizations**. Ms. Montgomery concludes her note to colleagues by saying "As a Foundation we will continue to identify ways to respond to the needs of today while preserving our long-term capacity to support the community of tomorrow."

In the belief that shared conversation is critically important, PFC continues to convene such opportunities for its members. Montreal members met over lunch on March 18 to talk about the options for using their capital in the face of the downturn (notes available on the PFC web site in the Members' Area). On April 21, we will hold the first of what we hope to be a series of telephone forums for members where you will have the opportunity to share concerns and ideas with each other. We hope you can take continuing and productive advantage of this opportunity presented by membership in a funder community.



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## GRANTMAKERS ROUNDUP

### On 2007 Foundation Giving in Canada: Emphasis on Social Services

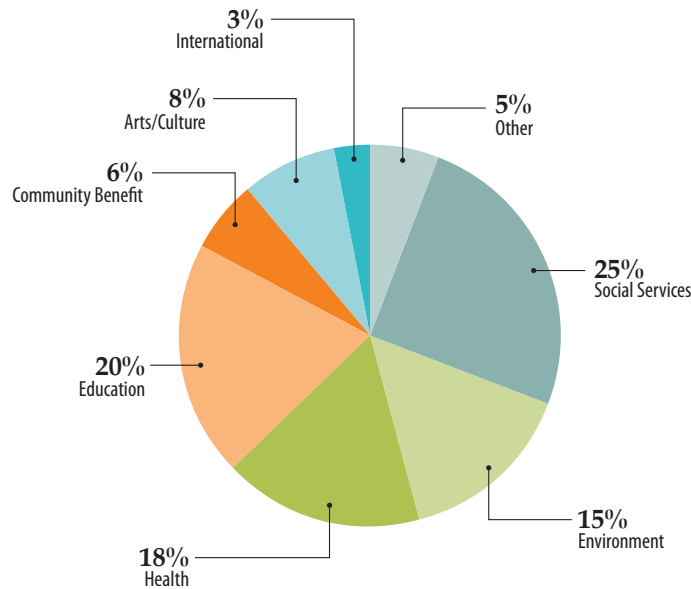
In 2007, PFC foundation members collectively gave the largest portion of their annual grants to social services. This represents a change from previous years when PFC members gave a higher proportion to education and health. These three sectors remain the top three for foundation giving overall, drawing 63% of all giving.

One quarter of the total amount of approximately \$195 million in grants made by PFC members in 2007 went to social services, a category that includes housing/food/clothing banks, legal aid, seniors' services, children and youth services, disabled, Aboriginal services, day care, emergency shelter, disaster relief, income support and maintenance, immigrant/refugee aid, rehabilitation of offenders, crisis/financial counselling, and social service agencies.

Education and health received 20% and 18% of grants respectively. The distribution of grants by sector is shown in the chart below. Every year, PFC collects data from its members on the distribution of their grants in the previous full calendar year. This year's report is on 2007 grant data.

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## Distribution of Member Grants by Sector



In addition to grants, PFC asked members to report the amount disbursed directly on charitable activities and programs. Such disbursements totaled over \$69 million (a decrease from 2006 when these disbursements totaled about \$81 million).

### Responding to the Downturn: What Are Foundations Doing?

In the U.S., the Foundation Centre has reported that foundation giving did not grow as much in 2008 as had been expected due to the prolonged and serious nature of the economic downturn. In the midst of a deepening economic crisis, the more than 75,000 U.S. grantmaking foundations nevertheless increased their giving 2.8 percent in 2008 to an estimated (U.S.) \$45.6 billion.

According to *Foundation Growth and Giving Estimates: Current Outlook* the majority of survey respondents (67 percent) said they expect to reduce their giving to some extent in 2009 and in 2010. Other key estimates for 2008 giving (in U.S. dollars) include:

- Independent and family foundations – which represent close to nine out of 10 foundations – increased their giving 2.5 percent to \$33 billion in 2008.
- Corporate foundation giving held steady at \$4.4 billion in 2008.
- Community foundation giving rose 6.7 percent to \$4.6 billion in 2008, surpassing corporate foundations for the first time.



## On The View from the Charity Frontline

Earlier this year, the Ontario Trillium Foundation (OTF) conducted discussions with more than 100 OTF grantees in every region of the province, focusing on the impact of the economic crisis. Their findings and the suggestions that nonprofits (NFP) made to this major funder have implications for nonprofits and funders across Canada.

According to OTF's CEO, Robin Cardozo, "there is a heightened sense of anxiety about funding and organizational stability, even survival, over the next two or three years.

- At least one-third of the organizations we spoke with are already experiencing serious economic impacts, and all fear that things will get worse before they improve.
- NFP organizations are hearing that many long-term funders, including many United Ways, community foundations and family foundations will be reducing their granting programs in 2009 and 2010.
- Stock market declines have had a severe impact on the value of endowment funds that many NFPs have been carefully building for years.
- Corporate donors and sponsors are frequently not renewing their support.

It is not all doom and gloom, however. Ontario's not-for-profit sector has weathered storms in the past, and leaders in the sector are busy discussing survival strategies.

- Umbrella groups and networking groups are bringing their members together, to share best practices.
- Agencies are looking for new ways to collaborate with one another.
- Charities are looking at diversifying their fundraising base, and also at opportunities to generate new revenues.
- Concerned funders – such as foundations and United Ways – are actively engaged in explorations of how to have greater impact with fewer dollars.
- Everyone is looking at ways to reduce costs – to do more with less.

Survey respondents had a number of specific suggestions for the OTF.

- OTF is asked to take on a greater role in sharing best practices and in convening NFP groups across the province, to help organizations learn from one another.
- Groups would welcome support and assistance for finding new ways to collaborate with other NFPs focusing on the same social objectives or population groups.
- OTF is asked to look at ways of streamlining our grantmaking and reporting processes.
- OTF is asked to be flexible around the goals and expectations attached to Foundation grants and encouraged to partner with sector networks and other funders to help leverage the impact of its grants.



For more on OTF's findings and next steps, read *Challenges and Opportunities for Ontario's Not-for-Profit Sector During Tough Economic Times*.

## **A Funders Voyage To India**

In February, the Maytree Foundation organized a study tour by several foundations and policy experts to India. On each day of the 14-day tour, the Canadians met with 2-3 Indian NGO leaders on site with the people they serve. PFC members and colleagues gathered in late March in Toronto to hear about the key take-aways of some of the tour members:

"We ... were able to experience first hand the creativity and ingenuity of many social entrepreneurs and social activists. Our itinerary allowed us to see, experience, touch and feel. The tour gave each of the tour participants an opportunity for renewal and regeneration. It has enabled us to reflect on our own leadership and has brought to light for each of us new and different role models."

This kind of trip is valuable because it takes people out of their usual mindframes and perspectives, and gives them new models to think about and bring back. A funder's tour such as this is an approach that can be used within Canada as well as outside of it.

Many of the social change approaches being tried in India could be applied in a large urban setting in Canada. While the contexts are different, and transferring any approach whole might be difficult, there were some good ideas at the core of the projects visited that could certainly be transferred. The learning can flow both ways.

Several of the Indian nonprofit leaders encountered on the tour are charismatic social entrepreneurs. Their context is not a rights-based one as in Canada. Many take individual action to address social challenges in the face of severe exploitation and in the absence of successful government engagement with issues of poverty and deprivation. Social entrepreneurship in India is dynamic, but succession issues are rampant and organizational sustainability beyond the charismatic leader can be questionable.

There is much to learn from India about transaction models for community self-help, trading needed goods for needed action on behalf of the community. This might be valuable for community development approaches in Canada. India also offers a number of social change approaches using the creation of financial equity and value assets in low-income communities as a basic principle.

The tour participants learned much about building social cohesion and involvement through direct community activity of various kinds and engagement in community-based research.



## INTERESTING READING

### On Charity Governance

In tough times, organizations need wise leadership. Good governance is all the more important when there are hard decisions to be made. Can funders do more to support nonprofits in advancing good governance? A new report tackles this question and makes some relevant suggestions.

*Advancing Good Governance: How Grantmakers Invest in the Governance of NonProfit Organizations* was written by Kathy Hedge, Eva Nico and Lindsay Fox of Board Source and FSG Social Impact Advisors. It was supported by grants from the W.K. Kellogg Foundation and the Evelyn and Walter Haas, Jr. Fund. The report makes the case for investing in good governance, gives examples of grantmaker investments to strengthen governance and guidance for determining your involvement in governance. It also provides a description of various current programs offered by U.S. grantmakers to support governance and a list of governance resources.

## PFC FAMILY NEWS AND EVENTS

**PFC 2009 conference, October 28-30, 2009, Calgary.** Visit the [conference web site](#) for details on the conference program. Registration opens soon.

### Upcoming PFC Learning and Sharing Events (phone/Internet):

- **April 21, Open telephone forum for PFC members only.** This discussion, moderated by Peter Warrian, PFC Chair, is an opportunity to share experiences and ideas about investment strategies and policies, questions about encroaching on capital and making changes to grant strategies in the face of the downturn.
- **April 28, phone/Internet, *Governance Policies for Turbulent Times: What Every Foundation Needs to Know*** presented by Margaret Mason, Bull Housser & Tupper LLP.

Please check the [PFC web site](#) for details.

Are we ready for the Senior boom? **The Atkinson Foundation** of Toronto has published a report on the most pressing policy implications of our aging society. *Boomer Tsunami: Ready Or Not* is a special report by Judy Steed, 2007 Atkinson Fellow in Public Policy who spent a year documenting the expected demographic tsunami of aging baby boomers and presenting a compelling portrait of aging in Ontario.

**The Lawson Foundation** of London, Ontario has launched a new web site. Take this opportunity to learn more about their work including their focus on the beginning years of early childhood, and diabetes health services in Canada.



It is with great regret that we inform PFC members of the death of Jim Hume, President of the **Kahanoff Foundation** and first Chair of the Board of PFC, on March 27 in Calgary. We extend our very sincere sympathies to Jim Hume's family and colleagues at the Kahanoff Foundation in Calgary. Under Jim's direction, the Kahanoff Foundation earned recognition as a leader in the field of philanthropy in both Canada and Israel. Jim was an early supporter of the creation of a national association of grantmaking foundations, and we are most grateful for his leadership.

## OTHER NEWS, EVENTS AND RESOURCES

Do you or the charities that you support often find yourselves wondering how to keep abreast of the developments in information technology that are enabling more and more organizations to connect, to network and to raise funds online? Help is available. The CanadaHelps team has launched a new **resource centre** for charities which aims to be a one-stop shop for learning about Philanthropy 2.0.

### Upcoming Conferences:

- Council on Foundations *60th Annual Conference: Philanthropy's Place Today and Tomorrow*, Atlanta, Georgia, 4-6 May.
- European Foundation Centre: *Fighting Poverty, Creating Opportunities*, Rome, Italy, 14-16 May.
- The Canadian Environmental Grantmakers Network *Triple Play: Bringing Economy and Equity to Environmental Grantmaking*, Banff, Alberta, May 25 to 27.

## COMMENTS AND FEEDBACK

To subscribe or unsubscribe to this newsletter, or to send comments, send an email to **Liza Goulet**, Director, Research and Member Services.