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LETTER FROM THE PRESIDENT

As we look forward into 2009, we see very difficult times coming both for our members and for the charities that they support. We believe that networks such as PFC have a particular role in times of uncertainty and challenge to share information and to convene exchanges among peers who can thus support each other more effectively in making strategic decisions. PFC is also continuing to play a role in articulating and conveying foundation positions to policy makers in Ottawa and across the networks of the voluntary sector at various meetings held to discuss how to respond to the economic crisis.

To support our members effectively, we will offer a series of continuing conversations among foundations in different locations around the country so that you can learn from each other. The first such conversation was held in Toronto on January 29. It featured presentations by investment and legal experts on the financial outlook and on legal and regulatory constraints on foundation boards which are contemplating their investment and disbursement options.

We also featured a panel of three PFC members holding a candid discussion of their current dilemmas and strategies. For the notes of this conversation, be sure to check the Member's Area of the PFC web site (see later in the newsletter for the link). The next conversation will be held in Montreal on March 18.

This newsletter will include a regular column reporting on the ways in which Canada and other foundations are responding to the downturn. The first column in this series follows immediately after this letter.

PFC also intends to highlight public comments made by our members on the crisis as a way of sharing them more broadly. Alan Broadbent of the Maytree Foundation has expressed his view in an opinion piece posted on the Maytree web site. It is worth quoting from:

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“In tough economic times, what is a funder to do? I think it is clear. It must focus on the needs of the community, and keep up its level of support for funding programs **even if it means dipping into capital**. A responsible government is prepared to run a deficit in hard times to maintain stability and alleviate human suffering...Similarly, funders can reduce their capital now even dramatically if the community need is dramatic and rebuild it later...It is better to have a strong impact when the need is greatest, rather than just being incremental revenue for charities when times are flush.”

For the full text see [The Funder's Obligation: Hard Times Can Foster Bad Decisions](#), January 2009.



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GRANTMAKERS ROUNDUP

Responding to the Downturn: What Are Foundations in Canada Doing?

Foundations in Canada are responding to the financial and economic downturn with caution. Endowments are down for most foundations but as of yet, PFC member foundations are not reducing their commitments to their grantees. In some cases, they are reaffirming the need to “step up to the plate in trying times”.

These are the initial conclusions of a PFC survey conducted in January in which we asked our members to tell us about their investment performance and charitable commitments in 2009 and 2010. Almost half the membership (about 45 foundations) completed the survey. Most respondents ranged in asset size from \$5 to \$50 million. Almost all (94%) reported decreased value of investments by the end of 2008, with most reporting a negative return and lower income. In response, close to 50% said that they were considering making fewer grants in 2009 (although 40% reported planning no change this year). Many foundations are thinking about reducing their operating expenses and are not accepting new grant requests.

In the United States, a similar survey by the Council on Foundations found that family and independent foundations are reporting an average decline of 28% in their asset value over the course of 2008. Many foundations have not made major changes to their investment strategies, but according to the Council a substantial proportion are making changes in their investment managers, their diversification and aggressiveness of their investment strategies.

In spite of the daunting investment picture, many PFC members are stating that they will not withdraw from their community commitments. Instead, they are “considering dipping into reserve funds”, and “seeking to partner with other organizations on projects of mutual interest”.

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As the year progresses, we hope to report to you on examples of such efforts by foundations to cope with the downturn without withdrawing from their grantees. A summary of the survey results will be available to PFC members by the end of February.

Is Grantmaking Getting Smarter?

Do foundations think enough about what their grantees really need in the way of support? The answer is qualified. Some funders do, not enough yet, but it may be getting better.

This information is drawn from a survey conducted by [Grantmakers for Effective Organizations](#) and reported in a study titled *Is Grantmaking Getting Smarter?* This survey of staffed grantmaking foundation attitudes and practices suggests that there is still a gap between what nonprofits say they need for success and what grantmakers are actually doing. The majority of foundations do provide some level of general operating support to grantees. But they don't include overhead to cover the amount of time grantees spend reporting on their grants and they don't make their application requirements proportionate to size and type of grant.

Many grantmakers don't know how long it takes grantees to meet their administrative requirements. Many foundations still don't ask for feedback of any kind. But, interestingly, GEO's survey shows that foundations with staff or board members with nonprofit experience are much more likely than those without any to engage in grantee-friendly practices. These foundations tend to be much more willing to support capacity building and grantee leadership, and to ask for feedback.

More Than Money: Going Beyond the Grant

In December 2008, foundations gathered in Toronto to hear from the Boston-based Center for Effective Philanthropy (CEP) on the subject of providing assistance beyond the grant. Such assistance can range from planning advice to convening, training, advocacy and nontraditional investment strategies. CEP has researched the impact of providing such assistance and its conclusions are now available in a new report *More Than Money: Making A Difference with Assistance Beyond the Grant*.

CEP's research reveals that only when foundation staff provide assistance beyond the grant in one of two ways do grantees report a substantially more positive experience with their funders. The report describes what is entailed in providing assistance in ways that really matter to grantees. CEP concludes that grantees must either receive comprehensive assistance or a set of mainly field-focused types of assistance to find such assistance truly helpful. Three foundations are profiled: Hartford Foundation for Public Giving, Winter Park Health Foundation, and Wallace Foundation of New York.



INTERESTING READING

Four Futures for the Nonprofit Sector

If we had a crystal ball, what would it tell us about the future of the voluntary sector in Canada as it undergoes the disruptions of the current economic crisis? Would it be a scenario of rescue as individual donors rise to the challenge of meeting the financial gap for charities brought about by reduced dollars from governments and philanthropy? Or a scenario of disaster as charities lose revenues, lay off staff and shut their doors? Or something in between?

For some very thought-provoking scenarios of the future for the nonprofit world in the United States (with some parallels to Canada), read *Four Futures* by Paul Light in the Winter 2008 issue of *The NonProfit Quarterly*. Light suggests that a scenario of winnowing and rebalancing is most likely, with the sector tilting towards larger, richer and fewer organizations. Is he right? Only a crystal ball can tell!

On Gender-based Philanthropy

Are there gender differences in philanthropy? The experience of the woman donor and the motivation of the donor who gives to initiatives in support of women and girls are being explored more thoroughly as the field of philanthropy becomes more structured. In Canada, we have the programs and research of the *Canadian Women's Foundation*. In Australia, the umbrella group, Philanthropy Australia, has devoted a whole issue of its magazine to the topic.

Women and Philanthropy: Giving by and For Women and Girls looks at the growth in numbers and influence of philanthropic women. In the changing landscape of women's wealth, now often earned rather than inherited, this issue asks what motivations and concerns drive their giving choices.

The issue also looks at communities in the developing world, and explores the value of supporting women and girls as a way to strengthen society. You can download the various articles from the Philanthropy Australia website.

PFC FAMILY NEWS AND EVENTS

Welcome to PFC's two newest members: *The Bridgeway Foundation* based in Cambridge, Ontario and the *Viewpoint Charitable Foundation* based in Calgary.

New on the PFC web site:

- Presentations and summary notes from the January 29 PFC session in Toronto, *Strategizing in the Downturn: What are Your Options?* Look in the Members' Area under Tools/administration/investment management
- A new *great grant story* from the Lyle S. Hallman Foundation of Kitchener.



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Mark your calendars! PFC's 10th anniversary conference is on October 28-30, 2009 in Calgary. Updates on program and registration will be available on the PFC conference site in late February 2009.

Upcoming PFC Professional Development Sessions (phone/internet)

- **March 10**, *Should Mission Drive Money?* presented by Coro Strandberg, Strandberg Consulting
- **April 28**, *Governance Policies for Turbulent Times: What Every Foundation Needs to Know* presented by Margaret Mason, Bull Houser & Tupper LLP

Upcoming peer-to-peer sessions

For Montreal members:

- **March 18**, *Responding to the Downturn* presented by François Morin, Borden Ladner Gervais LLP and Stéphane Préfontaine, Fondation Préfontaine-Hushion

For Toronto members:

- **March 25**, *Lessons from a Study Tour in India*, lunch presentation by PFC members Maytree, Metcalf and Laidlaw foundations

Please check our **Upcoming Member Events** for details.

The Pierre Elliott Trudeau Foundation has announced the appointment of ten new **Trudeau Mentors**, including former Lieutenant Governor of Ontario James Bartleman and former Deputy Prime Minister Anne McLellan. The Trudeau Mentors come from a variety of professional, academic, business, and arts backgrounds. Each will be linked with an exceptional doctoral student who has been awarded a Trudeau Scholarship.

The Roasters Foundation, a PFC member based in Montreal, has launched a new web site. Roasters Foundation promotes education and innovative healthcare programs to improve Canadian living standards. Visit their site to learn more about their various activities and partnerships.

The Atkinson Charitable Foundation is accepting nominations for **The Ruth Atkinson Hindmarsh Award**, established in 1998 to celebrate and encourage the outstanding efforts of organizations whose work has significantly improved the wellbeing of disadvantaged children. The annual award, the largest of its kind in Canada, provides a one-time gift of \$50,000 to an Ontario-based charitable organization. The deadline for nominations is April 6, 2009.



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The Maytree Foundation and the Toronto City Summit Alliance have joined forces to launch a new initiative, **DiverseCity**, The Greater Toronto Leadership Project, to build on their work in developing leaders for Toronto who reflect the extraordinary diversity of the region's population. According to the sponsors, "this project is a group of initiatives led by a steering committee of prominent individuals who recognize the value and potential of diversity in leadership for the region's social and economic prosperity. They have come together to support and develop solutions that will address the under-representation of ethnic and racial groups in leadership positions in the GTA." The initiative has eight projects grouped under the headings: Expand our Networks; Strengthen our Institutions; Advance our Knowledge; and Track our Progress. For more information, check the dedicated web site.

OTHER NEWS, EVENTS AND RESOURCES

Upcoming Conferences:

- Philanthropy New Zealand, *Passion, Pragmatism Possibilities*, Te Papa, Wellington, New Zealand, 18-19 March
- Grants Managers Network *Fourth Annual Conference*, Denver, Colorado, 23-25 March
- Centre for Effective Philanthropy, *Aligning for Impact: Connecting the Dots*, Los Angeles, 31 March - 1 April
- 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

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, lgoulet@pfc.ca.