



# e-newsletter

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## LETTER FROM THE PRESIDENT

Signs of optimism can be found in the weather if not in the markets these days! Longer days and warming temperatures are giving us hope, even if the economic news is dire. A very encouraging sign is the degree to which PFC members have been actively participating and sharing in discussions about the economic crisis.

The PFC web site features a new section for members only where we are posting resources and notes of the conversations that members are holding with each other about how they are reacting to the downturn. The results of our January member survey are now available in a report distributed to members and posted in this section on the site. As we reported in February, many PFC members are asking themselves hard questions about the dilemma of capital preservation versus continued or increased support to grantees. At the end of January, our members told us that so far they would be willing to “step up to the plate” this year by maintaining their stated grant targets, dipping into reserve funds if needed or partnering with others to ensure that grantees remain afloat. But the survey sounded a cautious note as members watched the markets. We will repeat the survey at the end of June 2009 and once again share what members are thinking with each other. In this way PFC hopes to reduce isolation and support the development of creative solutions and ideas in the face of a recession that we are realizing is one of the most serious economic downturns of the last two decades.

Grantmakers for Effective Organizations provided some good advice recently on what to do in these difficult circumstances. The suggestions of GEO’s President, Kathleen Enright, are worth quoting here:

- **Hold steady.** No one knows where the current crisis will lead, so consider holding your grants budget for 2009 steady at 2008 rates.
- **Consider the no-cost changes** you can make that will give your grantees added latitude to weather the storm. For instance, consider releasing restrictions on current grants so that grantees can better react to a changing environment.
- **Consider providing more flexible dollars,** operating support or access to credit.
- **Engage your grantees** to get a clear picture of what they are experiencing. Ask them what else you can do to help.

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Many PFC projects and initiatives are moving ahead even with the poor market returns, and we will strive to bring you positive news of these initiatives each month. You will note that this month of March we have launched what we hope is an even more accessible format for this newsletter, which will allow you to read it directly through your email. We will continue to send you the printable PDF version as well so that you have a way to share it with colleagues and to print out if you prefer. We are always happy to hear from you if you have any comment or suggestion for how to make this letter more useful to you.



Hilary Pearson  
[hpearson@pfc.ca](mailto:hpearson@pfc.ca)

## GRANTMAKERS ROUNDUP

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

The economic crisis continues at the top of the list of issues of concern to foundations and to the charitable sector as a whole. Foundations in Canada are responding to the financial and economic downturn with caution. Endowments have decreased by amounts varying from 10% to 25%, but PFC member foundations are not reducing their commitments to their existing grantees as of yet, according to our January survey.

This month, PFC prepared and posted the final report of this survey, *Managing your Investments and Grants in Turbulent Times*, in the Member's Area of the [PFC web site](#).

The U.S. [Foundation Center](#) is also tracking closely the impact of the downturn on foundation giving in 2009 and has compiled the statements of thirty-five foundations and corporate funders that have publicly described their responses to the ongoing challenges. It has produced a very useful online chart displaying these responses: [In Their Own Words: 2009 Giving Forecast](#).

This research indicates that virtually no foundation is increasing its giving in 2009. Foundations that hope to hold their giving levels steady in 2009 will generally have to increase payout rates to achieve that goal. Ten of the United States's 100 largest foundations have so far announced intentions to do just that. To keep giving levels on par with 2008, many of these foundations have indicated that they are instituting cost-cutting measures.

Despite the desire of grantmakers to maintain consistent levels of support for their grantees, six of the largest 100 foundations have so far announced plans to reduce their giving in 2009. These include the William and Flora Hewlett Foundation (CA), David and Lucile Packard Foundation (CA), Starr Foundation (NY), McKnight Foundation (MN), Daniels Fund (CO), and Anschutz Foundation (CO). Though both the Packard and Hewlett foundations plan to reduce giving, they have also announced plans to increase their payout rates (from the required 5% up to 6% or 7%) in order to limit the reductions.



Another survey conducted by the **Association of Small Foundations** reported that nearly 80 percent of the 350 small foundations that responded to the survey suffered portfolio losses of at least 10 percent in 2008, while more than 60 percent expect to adjust their grantmaking and spending plans due to the market decline. According to the survey, foundations in the latter category will reduce their grant budgets by between 10 percent and 50 percent and plan to reduce their grant obligations through a variety of means, including not accepting new grant applications, designating no new grantees, and avoiding multiyear commitments. More than 80 percent of respondents were using their cash balances to meet current grant obligations, while 26 percent were selling large-cap stock positions for that purpose.

## **On Changing the Nonprofit Information Marketplace**

What do foundations need to know about themselves and about the organizations they fund to determine if they are being effective? How do foundations and charities access this information better, faster, with more certainty? These are questions that have been asked by many funders and charities in Canada. Times like the present sharpen the need for clear answers.

There are continuing efforts by financial standards bodies to regularize and improve financial data coming from nonprofits of all kinds (for example the Accounting Standards Board is currently inviting comments on the future of financial reporting by nonprofits in Canada). Imagine Canada and CanadaHelps.org are working on a project to bring the international model of **Guidestar** to Canada in 2009, as a way to build a comprehensive data base on Canadian charities. In the foundation sector in the U.S., organizations such as the **Center for Effective Philanthropy** are adding to a growing data base of peer benchmarks on foundation effectiveness through their Grantee Perception and other reports.

A new effort in the United States has been launched through a collaboration of the William and Flora Hewlett Foundation and McKinsey and Company. They have issued a discussion paper, ***The Nonprofit Marketplace: Bridging the Information Gap in Philanthropy***, which seeks to answer two related questions:

1. How can we help donors make smart philanthropic decisions?
2. How can we ensure that the strongest, most effective nonprofits get the resources they need?

The hypothesis of this report is that access to high quality information will lead donors to allocate funds more strategically to organizations doing the best work. The authors suggest the following framework for action: improving the supply of accurate, credible information about how well nonprofits are run, and to what extent they are achieving their intended outcomes; increasing donor demand for such information; and strengthening intermediary organizations that advise charities and connect them to donors.

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The paper suggests specific actions for implementing this framework (e.g. using performance information to underpin candid conversations about impact; building standards for performance assessment across the nonprofit sector; and increasing the convenience and accessibility of performance information. The paper lays out an action plan for getting to its ambitious goal, and invites participation in an online discussion forum on the dedicated [web site](#) that it has created for this purpose. There has been quite a lively discussion of the ideas in the paper so far and it is certainly worth a look!

## Resources for Grantmakers

Exciting news for our francophone members! Grantcraft, the excellent resource on grantmaking practice and resources has begun translating its materials in various languages, including French.

Two guides are now available in French: [Dire Oui / Dire Non aux Demandeurs de Subvention](#) [Saying Yes / Saying No to Applicants] and [Travailler avec des Intermédiaires](#) [Working with Intermediaries]. Grantcraft is looking for funding assistance to translate other practical grantmaking guides into French. If your foundation is interested in this project, please contact [Liza](#) at PFC.

## INTERESTING READING

### The Foundation Review

As a philanthropic practitioner, are you looking for a source of information and a knowledge base created by peers? To answer this need, *The Foundation Review*, a new quarterly publication, has been launched by the Johnson Center for Philanthropy and Nonprofit Leadership at Grand Valley State University in Michigan.

*The Foundation Review* (TFR) is a peer-reviewed journal written by and for foundation staff and boards and those who work with them implementing programs. Each issue of *The Foundation Review* will provide peer-reviewed reports about the field of philanthropy, including reports by foundations on their own work. According to the editor, Teresa Behrens, the first several issues of TFR will focus on community change – the goal of much philanthropic work. The inaugural issue looks at comprehensive community initiatives (supporting broad or deep change in targeted geographical areas). The spring issue will focus on civic engagement, and the summer issue will look at advocacy and policy change. The last issue of 2009 will focus on communications. The whole first issue is available free online.



## PFC FAMILY NEWS AND EVENTS

### New on the PFC web site, for members only:

- ***Managing in Turbulent Times.*** Foundations and charities are going through extraordinarily difficult times of economic recession and increasing demands for assistance. PFC is convening discussions and collecting resources to support our members in this period of change. Please visit the PFC Member Area for presentations and information that will be posted regularly through the course of 2009.

Mark your calendars! PFC's 10<sup>th</sup> anniversary conference is on October 28-30, 2009 in Calgary. Check our new conference website for updates on program and registration.

### Upcoming PFC Learning and Sharing Events

- **March 25, *Social Change at Work - Reflections on a Voyage to India*,** lunch presentation by PFC members Maytree, Laidlaw and Metcalf in Toronto.
- **New! April 21,** Telephone forum for PFC members only. This open 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. Details coming soon.
- **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.

The **Mastercard Foundation** of Toronto has been very active, making three major announcements of grants over the past four months. All are in the area of expanding financial services to the poor in countries such as Uganda, Egypt, Morocco, Tajikistan and Rwanda. The Foundation works in partnership with other organizations such as the Aga Khan Foundation, CARE Canada, Mennonite Economic Development Associates and BRAC (Bangladesh Rural Advancement Committee).

The **Lotte and John Hecht Foundation** in Vancouver is calling for nominations for the 2009 **Dr. Rogers Prize**. This \$250,000 award celebrates the leaders and trailblazers who pursue the unfamiliar and new approaches that come under the expansive umbrella of Complementary & Alternative Medicine. Nominations opened February 16<sup>th</sup> and the prize will be awarded at a gala dinner in Vancouver on September 25.

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The **Walter and Duncan Gordon Foundation** is calling for applications for the 2009 Gordon Global Fellowship. The fellowships are targeted toward emerging Canadian leaders who demonstrate potential to enhance Canada's role on the world stage. They provide successful candidates with a cash award of \$20,000 as well as other forms of support. To be eligible for consideration, applicants must be Canadian citizens or permanent residents between 24 - 35 years of age with previous international experience - paid or volunteer. They also need to demonstrate a sustained commitment to international issues through studies, career choices and volunteer activities. The application deadline is Wednesday, April 15, 2009.

The **J. Armand Bombardier Foundation** of Montreal has launched a new web site where you will find news and information about the activities of the foundation.

## OTHER NEWS, EVENTS AND RESOURCES

The **Canadian Environmental Grantmakers Network** (CEGN) is holding its next national conference in Banff, Alberta from May 25 to 27. This year's conference is *Triple Play: Bringing Economy and Equity to Environmental Grantmaking*. The conference will showcase innovative approaches to harnessing market forces, responding to equity concerns and bridging sectors in pursuit of an environmental mission. For more information, [contact CEGN](#).

### Upcoming Conferences:

- Grants Managers Network *Fourth Annual Conference*, Denver, Colorado, March 23-25
- Centre for Effective Philanthropy, *Aligning for Impact: Connecting the Dots*, Los Angeles, March 31 - April 1
- International Funders for Indigenous Peoples, *Fostering Local to Global Partnerships: Setting the Agenda for the Future of Indigenous Philanthropy*, April 3-5, 2009, Santa Fe, New Mexico
- Council on Foundations 60<sup>th</sup> 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](mailto:lgoulet@pfc.ca).