ANSERJ

Canadian journal of nonprofit and social economy research /
Revue canadienne de recherche sur les OSBL et l'économie sociale

Volume 8 Number 2 / Numéro 2
Autumn / Automne 2017

www.anserj.ca

Official journal of the
Association of Nonprofit and Social Economy Research (ANSER)

Revue officielle de
l'Association de recherche sur les organismes sans but lucratif et l'économie sociale (ARES)

ANSERJ

Vol. 8, No. 2
Autumn / Automne 2017
p. 1

Canadian Journal of Nonprofit and Social Economy Research
Revue canadienne de recherche sur les OBSL et l'économie social

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ANSERJ

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Revue canadienne de recherche sur les OBSL et l'économie social

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EDITORIAL / ÉDITORIAL

Peter R. Elson, Guest Editor /éditeur invité
University of Victoria, British Columbia

Jean-Marc Fontan, Guest Editor /éditeur invité
Université du Québec à Montréal

SPECIAL ISSUE ON CANADIAN FOUNDATIONS

This is the first time that ANSERJ has dedicated itself to a special issue. Complementing this publication and the edited book Les Fondation philanthropiques: de nouveaux acteurs politiques? is the research by PhiLab on philanthropy and community foundations that has generated important knowledge on grantmaking organizations in Canada and elsewhere.

This special issue starts with Sylvain Lefèvre and Jean-Marc Fontan presenting multiple frameworks to analyze philanthropic foundations in Canada. They profile both well-known and emerging philanthropic typologies as well as the sociopolitical context in which these typologies have emerged. Iryna Khovrenkov and Lynn Gidluck then report on the first study of its kind to review the untapped research potential of administrative data on Canadian foundations. With the pending online filing of T3010 reports by registered charities in 2018, a new era of comprehensive data analysis will likely emerge.

NUMÉRO SPÉCIAL SUR LES FONDATIONS CANADIENNES

Ce numéro est le premier numéro thématique produit par la Revue. Il est publié parallèlement au livre Les fondations canadiennes : de nouveaux acteurs politiques? et souligne le travail de recherche du PhiLab sur la philanthropie et les fondations communautaires, travail qui a généré d'importantes données sur les fondations au Canada et ailleurs.

Ce numéro débute par une contribution de Sylvain Lefèvre et Jean-Marc Fontan sur les cadres d'analyse des fondations philanthropiques canadiennes. Ces auteurs présentent des typologies connues et émergentes sur les fondations ainsi que leur contexte sociopolitique. Ensuite, Iryna Khovrenkov et Lynn Gidluck, dans une première étude de ce genre, présentent et examinent les données administratives disponibles sur les fondations canadiennes. Avec en 2018 le dépôt en ligne des rapports T3010 par les organismes de bienfaisance enregistrés, une nouvelle ère d'analyse de ces données sera sans aucun doute amorcée.

François Brouard and Juniper Glass present an intriguing conceptual paper to assist in understanding the ecosystem in which foundations operate when reporting and sharing information. Next, Juniper Glass and Nancy Pole collaborate to present multiple case studies and key informant interviews as they examine the nature of cooperation among grantmaking foundations. Nazita Lajevardi, Mirle Rabinowitz Bussell, James Stauch, and Nicole Rigillo, and then combine their talents to provide an analysis of grantmaking foundations in Sweden, Germany and the Netherlands and outline lessons for Canadian foundations.

We hope that this special issue will whet your appetite to learn even more about Canadian foundations.

Peter R. Elson & Jean-Marc Fontan, guest editors

L'article conceptuel de François Brouard et Juniper Glass vise quant à lui à mieux comprendre les fondements de l'écosystème philanthropique. Ensuite, Juniper Glass et Nancy Pole vous offrent, à l'aide d'études de cas et d'entretiens, une analyse de la nature, des forces, des limites et du potentiel des collaborations entre certaines fondations subventionnaires. Nazita Lajevardi, Mirle Rabinowitz Bussell, James Stauch, et Nicole Rigillo offrent quant à eux un article sur les fondations subventionnaires en Suède, en Allemagne et aux Pays-Bas, soulignant des pratiques qui pourraient inspirer les fondations canadiennes

Nous espérons que ce numéro spécial saura susciter votre intérêt sur le sujet des fondations canadiennes.

Peter R. Elson & Jean-Marc Fontan, éditeurs invités

ANSERJ
Canadian Journal of Nonprofit and Social Economy Research
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Which Frameworks Are Appropriate to Study and Describe Philanthropic Foundations in Canada?

Sylvain Lefèvre & Jean-Marc Fontan
Université du Québec à Montréal

ABSTRACT

The article answers a central question: which analytical framework would be most relevant to understanding the Canadian grantmaking foundation sector? To answer this question, the authors present the sector using the statistical information and analytical frameworks of the Canada Revenue Agency. Then they make his portrait detailing the roles taken, and sometimes formalized theoretically, by the foundations. Finally, in a third part, the authors make use of the three main theoretical frameworks that they have identified in the scientific literature to analyze the foundations. The authors conclude the article by analyzing the interrelations, theoretical and practical, of these three analysis grids.

RÉSUMÉ

L'article répond à une question centrale : quel cadre d'analyse serait le plus pertinent pour comprendre le secteur des fondations subventionnaires canadiennes? Afin de répondre à cette question, les auteurs présentent le secteur en utilisant les informations statistiques et cadres d'analyse de l'Agence du Revenu du Canada. Puis ils font son portrait en détaillant les rôles pris, et parfois formalisés théoriquement, par les fondations. Enfin, dans un troisième temps, les auteurs font usage des trois principaux cadres théoriques qu'ils ont recensés dans la littérature scientifique pour analyser les fondations. Les auteurs concluent l'article en analysant les interrelations, théoriques et pratiques, de ces trois grilles d'analyse.

KEYWORDS / MOTS CLÉS Canada; Foundations; History; Philanthropy / Canada; Foundations; Histoire; Philanthropie

INTRODUCTION[1]

The world of philanthropic foundations is very heterogeneous. Some operating and grantmaking foundations have dozens of employees, yet most have few or none. Some are intrinsically linked to a family, while others are fully institutionalized. Some view gifts primarily as charity, while others see them more as an investment. Some fund only one local structure, such as a hospital, while others maintain international networks and very diverse programs. How might one find the way out of this maze? To help clarify this portrait, the intent of this article is to present three approaches, or frameworks, to analyze the Canadian foundation sector: descriptive typologies, the plurality of the roles and modes of action of foundations, and theoretical perspectives.

However, before developing these three approaches, this article addresses an important normative issue. Indeed, the exercise of description is also an exercise of characterization. The term "qualification" integrates the component that is both descriptive-objective and normative-subjective of such an operation. Most of the work and existing data on the philanthropic foundation sector is based on American foundations. This is the case for three main reasons. One, foundations play a much greater role in the United States than in most other countries. Two, the major studies on the philanthropic sector were conducted in the United States. And three, the United States built and cultivated its foundations in a perspective derived from Tocqueville writings, and described as the "American model." A model in which a strong civil society is to compensate for a low degree of intervention by the state.

AMERICAN BIAS

The descriptive and theoretical tools developed for observing U.S. foundations, shaped significantly by the industrial, religious, and political history of American society and its unique origins and genesis (Hammack & Anheier, 2013), have sometimes been used indiscriminately to characterize foundations in other countries. Diagnoses made in this way then tend to negatively perceive the "delay" in relation to the American model, or the imperfection of other situations in comparison with this benchmark. Efforts to overcome this alleged problem then include the use of tools (fiscal, economic, managerial) applied in the U.S. philanthropic sector to contexts that are generally very different from that of the United States.

Moreover, the normative component of the task of qualifying philanthropic sectors can be captured through terms such as "third sector," "nonprofit sector" or "independent sector." Far from being similar or interchangeable, these terms are social constructs with identifiable origins. According to research conducted by Peter D. Hall (1992), in the United States, the nonprofit sector took shape from the 1960s to the 1980s. A process during which three key players eventually emerged.

These key players were John D. Rockefeller III (he played a pivotal role in the industrial and philanthropic Rockefeller family empire), John William Gardner (a former president of the Carnegie Foundation and the United States secretary of health, education, and welfare under Lyndon Johnson), and Daniel P. Moynihan (a democratic senator of New York, member of several presidential administrations, and sociologist). These actors participated in the structuration of the non-profit sector (Hall, 1992). Subsequently, the organization the Independent Sector, founded in 1980, served as a common platform, as well as a tool for gaining tax adjustments, for defining who belongs to, or does not, the nonprofit sector (including debate around the inclusion or exclusion of churches), and for structuring specific knowledge of the nonprofit sector, "which could be shared among philanthropy professionals, volunteers, the IRS, the Census Bureau and the general public" (Zunz, 2012, p. 261).

In the United States, the philanthropic sector created the structures that studied its own activities, namely through learned societies, university programs, professorships, scholarships, and publishing houses. It is this rather unique double

hermeneutic (Giddens, 2012) that allows us today to measure the normative scope of the descriptive process without difficulty. In the United States, this is manifested in the rather sharp controversies within academia about the historiography of foundations (Karl, 1997; Hall, 1999; Friedman, 2003) and in the divisions between professional organizations with regard to defining, representing, and promoting "true" and "good" philanthropy (e.g., between the Independent Sector [2017], the Center for Effective Philanthropy [2014], and the National Committee for Responsive Philanthropy [2017]. To study philanthropy, professional organizations or academia are dependent on the way the philanthropic sector is classified by administrative authorities.

ADMINISTRATIVE TYPOLOGIES

Tax classification in Canada

To illustrate the normative reach of a description of the foundation sector, this article points to the statistical scenarios of the United States and Canada. In the United States, the philanthropic sector encompasses, in keeping with its image of being a dense and widespread network, nearly 65,000 private foundations and has been likened to a "thousand points of light" by President George H.W. Bush in a famous speech (Bush, 1989). It should also be noted that of these 65,000 foundations, 25 (0.00004% of the total) hold 25 percent of the sector's assets[2] (Prewitt, 2007), suggesting an oligarchic distribution of power.

Before reporting the orders of magnitude of the Canadian philanthropic sector, the administrative typology that governs this space in Canada are presented. To begin, in order to benefit from tax privileges in Canada, foundations must be registered with the Canadian Revenue Agency (CRA) as a charity and obtain a charity number. And for this, the CRA proposes three categories: public foundation, private foundation, and charity.

In its glossary, the CRA (Canada, n.d.) defines these categories as follows:

"Private Foundation

it is established as a corporation or a trust;
it has only charitable purposes;
it carries on its own charitable activities and/or it funds other qualified donees, usually other registered charities;
50% or more of its directors, trustees, or like officials do not deal with each other at arm's length; and/or more than 50% of its funding comes from a person or group of persons that control the charity in any way or make up more than 50% of the directors, trustees, or like officials of the charity."

"Public Foundation:

it is established as a corporation or a trust;
it has only charitable purposes;
it generally gives more than 50% of its income annually to other qualified donees, usually other registered charities, but it may carry out some of its own charitable activities;
more than 50% of its directors, trustees, or like officials deal with each other at arm's length; and
it generally receives its funding from a variety of arm's length donors." "Charitable organization:

it is established as a corporation, a trust, or under a constitution;
it has only charitable purposes;
it primarily carries on its own charitable activities;

it has more than 50% of its directors, trustees, or like officials dealing with each other at arm's length; and
it generally receives its funding from a variety of arm's length donors."

The two categories that are of interest here are the private and public foundations. Private foundations often have a family or entrepreneurial core, with their own endowments, while public foundations are structured around a board of directors and independent directors. Public foundations frequently organize fundraisers and are sometimes created to finance a particular institution (e.g., a hospital, museum, or university).

Beyond this administrative triptych, other categories have been forged by actors who shape the philanthropic sector, such as Imagine Canada and Philanthropic Foundations Canada.[3] The notion of "community foundation," driven by an eponymous organization (Community Foundations of Canada, 2017), means pooling endowments to meet the needs of a community, often on a geographical basis. Sometimes the term "parallel foundation" refers to a foundation created to raise funds and finance a single organization (e.g., a museum or hospital) without distributing grants elsewhere.

Orders of magnitude

In Canada, the philanthropic sector can be divided into four areas according to whether the foundation has an endowment of less than CND$25,000 (27.3% of foundations), CND$25,000 to CND$1 million (46% of foundations), CND$1 million to CND$100 million (26.2% of foundations), or over CND$100 million (0.5%, 56 foundations) (Kryvoruchko, 2013).

A report published in September 2014 and conducted jointly by Imagine Canada and Philanthropic Foundations Canada has contributed to this understanding of foundations[4] and provided key information. First, from 1994 to 2014, the number of private foundations increased by 76 percent, reaching 5,300 organizations, and public foundations increased by 69 percent, reaching 5,100 organizations. In total, 10,500 foundations had revenues of CND$10.9 billion and held assets of about $46 billion (see Table 1).

Table 1: Private foundations and public foundations in Canada: Numbers and resources (2014)

Type of organization	Number of organizations (2014)	Revenue (billion CND$) 2012	Total assets (billion CND$) 2012
Public foundations	5,141	6.5	21.4
Private foundations	5,315	4.4	24.8

Source: Imagine Canada, Philanthropic Foundations Canada, 2014, p. 2

The report then focuses on the 150 largest grantmaking foundations.[5] In 2012, these accumulated CND$18.7 billion in assets, representing three-quarters of all assets held by grantmaking foundations. Of these 150 foundations, 32 have been created since 2002 and represent 41 percent of the assets of the major foundations. Subject to a concentration of resources and the heterogeneity of the sector, the top six of the 150 foundations hold approximately 50 percent of total assets. By contrast, half of the 150 foundations total less than 6 percent of assets. For 10 years now, the total value of the assets of the 150 foundations has more than doubled, despite the crisis of 2008, which appeared to have a greater impact on the gifts of these foundations. Geographically, nearly three-quarters of the main foundations are located in Ontario (52%) and Québec (21%), where they hold 88 percent of total assets. The recent creation of the Chagnon

Foundation (2000) in Québec, and the MasterCard Foundation (2006) and the Li Ka Shing (Canada) Foundation (2005) in Ontario underscore this trend. The ranking of the top 10 foundations by value of assets illustrates this point, in addition to indicating the volatility of the assets for some of these foundations (see Table 2).

Table 2: Top 10 grantmaking foundations in Canada according to the value of their assets (2012)

Foundation	Type	Assets (million CND$) in 2012	Assets (million CND$) in 2013	Registered	Province
The MasterCard Foundation	private	4,916.5	8,797.0	2006	Ontario
Fondation Lucie et André Chagnon	private	1,440.7	1,642.8	2000	Québec
Li Ka Shing (Canada) Foundation	private	924.7	893.1	2005	Ontario
SickKids Foundation	public	781.6	875.9	1973	Ontario
The Azrieli Foundation	public	529.6	1,046.0	1989	Québec
McConnell Foundation	private	507.5	555.4	1967[6]	Québec
The Buckingham Charitable Foundation	private	339.6	258.6	1999	Ontario
Fondation Marcelle et Jean Coutu	private	298.2	544.6	1990	Québec
The Joseph Lebovic Charitable Foundation	private	227.1	235.1	1977	Ontario
The W. Garfield Weston Foundation	private	223.8	240.8	1987	Ontario

Source: Imagine Canada, Philanthropic Foundations Canada, 2014, p. 23

The 150 largest foundations in Canada reported giving an estimated total of $966 million in gifts in the year 2012. This represents three-fifths of gifts made by all grantgiving foundations. Thus, the concentration is lower with regard to gifts than with regard to assets. The eight foundations with the largest amounts of gifts accounted for more than a quarter of the total value of gifts made by the 150. Moreover, in 2002, four foundations made gifts totalling $380 million, which corresponds to 39 percent of the total value of gifts made during that year. As for the fields of intervention of these gifts, education and research are pre-eminent, followed by social services and health. At the bottom of the list are the funding categories “sports and recreation,” “law, advocacy, and politics,” and “government bodies.” In terms of geographical distribution as well as private foundations, Ontario takes the lion’s share, as illustrated in the classification of the top 10 major foundations according to the value of gifts in 2012 (see Table 3). Further, half of the top-assets foundations were created in the last decade. Finally, a comparison with the gifts from 2013 serves to highlight the extreme volatility that donations are subject to from one year to the next.

Table 3: Top 10 grantmaking foundations in Canada by the value of gifts (2012)

Foundation	Type	Total gifts (million $) in 2012	Total gifts (million $) in 2013	Province
RBC Foundation	private	51.2	52.8	Ontario
Li Ka Shing (Canada) Foundation	private	51.1	90.4	Ontario
The MasterCard Foundation	private	49.0	105.6	Ontario
The Buckingham Charitable Foundation	private	28.6	35	Ontario
Rayjo Charitable Trust	private	24.8	11.5	Ontario
The W. Garfield Weston Foundation	private	23.6	21.6	Ontario
The Peter Gilgan Foundation	private	22.7	3.1	Ontario
Frank And Ellen Remai Foundation Inc.	private	21.4	5.0	Saskatchewan
The Friedberg Charitable Foundation	private	18.9	34.2	Ontario
Theanon Charitable Foundation	public	18.3	0.7	Ontario

Source: Imagine Canada, Philanthropic Foundations Canada, p. 28

MODES OF OPERATION OF GRANTMAKING FOUNDATIONS

The various ways in which foundations present themselves on the Canada Revenue Agency website are indicative of distinct positioning. Some have very specific thematic orientations as to the allocation of their grants, while others are content to present very general and vague principles. Some give detailed information about their application processes, modalities to follow, and timetables for submitting a project. Others make it clear that they do not wish to be canvassed. Still others merely state that organizations looking for support should contact the foundation. Different types of philanthropic relationships between foundations and funded organizations can therefore be envisaged. For Peter Frumkin (2010), four ideal types exist (see Table 4).

Table 4: Donor involvement

		Level of congruence of values between donor and recipient	
		Weak	**Strong**
Engagement of donor with recipient	Weak	Contractual relationship	Delegating relationship
	Strong	Audit relationship	Collaborative relationship

Source: Frumkin, 2010, p. 83

The involvement of the donor with the recipient depends primarily on the structure of the foundation. Some are professionalized and can afford a handful of salaried staff, yet most must make do without any paid employees. The involvement also depends on the understanding of the role of the foundation. Some foundations, once established with a well-defined action program and set of values and goals, hire third parties to carry out a given project. Yet others cover very large thematic areas without defining a specific focus or strategy. The former, it seems, are generally more active than the latter. Exceptions to this rule usually pertain to the issue of the autonomy given to the funded organizations, which also depends on the level of the organization and the potential heteronomy of the funded actors. For example, in Québec, foundations wishing to work with the community sector would do well to first examine the degree to which that sector is attached to its autonomy.

However, the involvement of the foundation also depends on whether the directors of the foundation have a "keep your hands on the wheel" approach with regard to the method of intervention, management, and partnership dynamics. Some foundations view grant allocation as being the core component, if not the main mission, of their work, and accordingly seek to structure themselves around a board of directors or project selection committee rather than a team of salaried staff. Other foundations, by contrast, see their actions as a continuum, ranging from the determination of priorities to the assessment of the impacts of projects, which includes fundraising, especially for public foundations, supporting partner organizations, or lobbying other stakeholders. In such a context where the allocation of grants is just one of several tasks, the foundation generally needs paid staff. Support to and evaluation of the funded organizations can be conducted by external providers, which would be paid on a project basis for tasks such as audit assignments.

This concept of the role of the foundation is also linked to the types of action being considered. A distinction is often made between donor foundations (grant giving), those who conduct their own programs (operation), and those that do both (mixed). Building on this triptych, Francie Ostrower (2006) developed a distinction with four dimensions. The first constitutes a proactive orientation whereby foundations take a leadership role in assessing the needs and problems to be addressed and in seeking and enlisting other organizations to collaborate in solving them. The second relates to technical support and capacity-building of funded organizations: this can happen, beyond the funding, through the training of the paid staff or the board of directors for targeted skills (e.g., strategic thinking, communication, and fundraising). The third dimension is the involvement of the foundation in advocacy to influence the design of social policies, and may include the lobbying of institutions, support for a collective action, and grants for specialized agencies on this mission (advocacy). The last dimension identified by Ostrower (2006) concerns the support of the foundation to its own paid staff, through continuous training on identified issues or on the processes of selection, assessment, and organizational support.

Beyond raising funds: Philanthrocapitalism and the philanthropy of social change

Among the particularly proactive foundations that are implementing these four dimensions, many question the traditionally assumed role of the foundation as a simple fundraiser. For some 15 years, approaches have been modelled to promote the active role of foundations within the spirit of "philanthrocapitalism," in the words of Matthew Bishop and Michael Green (2008).[7]

In philanthrocapitalism, two different phenomena converge. One is the transposition into the social sector of the logic of venture capitalism, with its focus on the leverage effect to maximize impacts, and of the support given to leaders and innovative practices, to be diffused to a broader scale. Specifically, this trend is manifested in the significant financial commitments made over the medium term (five years) as well as in rigorous monitoring and the construction of a tool for accountability, assessment, and specific goal setting (social return on investment [SROI] and the systematic benchmarking of best practices), with the goal of achieving structural change (Porter & Kramer, 1999). A particular emphasis is placed on the process of the diffusion and expansion of the produced innovations, either through a pilot program that was tested, improved, and whose diffusion is supported, or by building strong organizations that, with stable revenues and structures,

are slowing becoming institutionalized. In short, the aim of this trend is to counteract long-time shortcomings in the philanthropic sector, among them: funding in piecemeal fashion, short-term projects, the lack of mission-based funding, no increase in capacity-building, and little adapted accountability.

The other phenomenon, or trend, converging in philanthrocapitalism is the promotion of the social investment paradigm (Jenson, 2012). This paradigm focuses on a targeted action against the root causes (e.g., education and early childhood) in order to prevent problems characterized by a more challenging scope and self-perpetuating logic (e.g., health problems, poverty, and violence). The metaphor of investment is used here in order to, rather than replicating a pilot project, work directly toward the spread of a project (up-scaling) through specific institutional structures or through franchise systems managed by social entrepreneurs (Frumkin, 2003). Frumkin (2003) points out that this polysemy of social investment is reflected in its joint use in the 1990s by both the U.S. Democratic Party and the entrepreneurs in Silicon Valley. In both cases, the aim was to adopt a more managerial (business-like) approach to address public issues. The success of this rhetoric of social investment at the political level—namely, invest today in root causes to avoid larger expenses later, and the transposition of managerial and financial tools into the social domain—from both sides allowed in North America, and internationally, for alliances between governments and foundations. Consider, as examples, the programs led by the Bill & Melinda Gates Foundation or, at the Québec level, the Chagnon Foundation (Ducharme & Lesemann, 2011). Yet, this model has been met with two lines of criticism. The first relates to the alleged novelty of the model and its rupture with the practices of older foundations (Katz, 2005). The second criticism is more about the divergence between the promises of the model and its achievements: relatively low sums of money committed, the questioning of the transfer of expertise and of the supposed superiority of management know-how, and the semantic inflation of the capacity to measure an impact (Frumkin, 2003).

However, among the foundations that consider themselves to have a strong commitment and to assume a role beyond the simple transfer of money, another trend can be identified: philanthropy for social change philanthropy. It shares some common traits with the previous trend—the promotion of the social investment paradigm—especially with regard to the limitations of the traditional philanthropic model. Sometimes it even proposes the same solutions as the previous trend, for example concerning the use, through financial policies on socially responsible investing, of foundation assets for the benefit of the designated causes. But for the rest, it is structurally opposed to the philanthrocapitalist approach.

In that context, an ideal type of philanthropy for social change, referred to as *social change philanthropy* or *social movement philanthropy*, was developed by Daniel Faber and Deborah McCarthy (2005). Here, foundations favour collective action aiming toward systematic or structural change, respecting the principle of self-determination of groups (grassroots), and working to increase the power to act (community empowerment). In other words, foundations are expected to remove the barriers to participation so that people can act for themselves and in their own name, and to promote advocacy strategies rather than compassionate charity or a predominant emphasis on prevention. Above all, it is less the amount of money that matters than how the grant is provided. This ideal type was inspired by the case study of the Haymarket People's Fund in Boston, where activists sit on the committee allocating funds, symbolically breaking with the distinction of the helped and those helping (Ostrander, 1995).

For Québec, we cite the case of the Fondation Béati, a private foundation created in 1990 with an anonymous donation from a person who is no longer involved in the governance. Characterized by a social as well as spiritual outlook, Fondation Béati pursues ambitious social justice objectives, including a protest and popular education component, and promotes a subversive interpretation of the Gospel that diverges from the ecclesiastical tradition and traditional pastoral practices. On its website, it presents itself in favour of "a state that plays its role of leader, regulator, legislator and redistributor of wealth. In particular, Fondation Béati emphasizes the structural causes of poverty and opposes any discourse and practice

that identifies the individual as solely responsible for his or her situation" (Fondation Béati, n.d., authors' translation). Besides the types of projects supported, we point to the foundation's approach to action. It does not present itself as a fundraiser but as an "accomplice" of the actors supported and whom it seeks to empower through specific support practices. This is manifested in the project selection committee, composed of representatives of the funded areas, and in the profiles of the project managers, who are closer to community organizations than to entrepreneurship or the financial world. In addition, Fondation Béati invests its assets according to the principles of socially responsible investing and uses a portion of assets (10%) for solidarity loans related to its social mission.

This type of approach has received its share of criticism. First, authors have emphasized the very low quantitative weight of these types of foundations and their resources. For the United States, J. Craig Jenkins and Abigail Halcli (1999) observed that the budgets of social change initiatives have never been financed by more than one percent from grants from foundations, even from 1960 to 1970, when social movements (e.g., civil rights, peace, feminism, and environment) were more predominant. Second, foundations, or rather, foundation members and staff, are seen as being too close to the milieu they represent, thereby lacking an objective distance. These tensions come to the fore in particular in assessment and accountability exercises, which tend to reveal asymmetrical positions between funder and funded (Silver, 2007), especially in cases where the selection committee is composed of actors coming from the community sector. In that context, new tools must be created to make assessments that can reflect both formality and distance at once. In the absence of such a tool, the exercise, given the circularity of interrelations, eventually closes in on itself and results in values that leave little room for impromptu action or innovation.

Political positioning

Beyond technological choices and constraints concerning the administrative role, the means of action chosen by foundations may also reflect values and even political positions. In some countries, they may even have a direct link with party politics. For example, in Germany, all political parties have a correlating foundation (*Stiftung*): Konrad Adenauer Stiftung (CDU), Friedrich Ebert Stiftung (SPD), Friedrich Naumann Stiftung (FDP), Hanns Seidel Stiftung (CSU), Heinrich Böll Stiftung (Alliance 90/The Greens), and Rosa Luxemburg Stiftung (PDS). Most of these were created after the Second World War, in a context where many civic education programs were being developed, and are primarily financed with public funds on a pro rata basis of the party's representation in the Bundestag. These foundations have strong connections to not only local politics but also, and above all, to foreign policy, since they operate as quasi-nongovernmental organizations (NGOs) and are very involved internationally (Dakowska, 2014).

In contrast, organized philanthropy in the United States in the twentieth century evolved in a wholly unique social alchemy in which private actors (foundations) took on the responsibility of public issues, yet within a framework that prohibited any political activity. Political positioning was largely surreptitious and discreet, expressed rather with an affirmation of values or acquaintances with politicians, and with a guarded distance to the institutionalized political arena. Nevertheless, certain political trends can be identified in the philanthropic field. From 1960 to 1970, the major foundations were generally classified as liberal (in the American political sense), such as the Ford Foundation, which funded the development of women's studies and black studies, or the Carnegie and Rockefeller foundations. However, a network of conservative foundations also evolved during this time, in direct response to what was seen as a dangerous turn to the left by these large institutions. These then led to the creation of numerous think tanks that became very active starting in the 1980s and 1990s (e.g., the Heritage Foundation and the Cato Institute) in the neoliberal movement, alongside older but revived conservative foundations that were traditionally anti-government (e.g., the Pew Charitable Trusts and the Olin Foundation) (Zunz, 2012). In the 1970s, a network of progressive foundations also evolved from the left, having as their mouthpiece foundations such as the Chinook Fund (Denver), the Bread & Roses Community Fund (Philadelphia), the Crossroads Fund (Chicago), the Vanguard Public Foundation (San Francisco), and the Haymarket People's Fund (Boston). This net-

work also included the Funding Exchange (Odendahl, 1990), founded in 1978 under the slogan "Change, not charity," which ceased operations in 2012. It should be noted that the budgets of these progressive foundations are much lower than those of the liberal and conservative foundations.

In Canada, there is not, strictly speaking, a political structuring of the philanthropic field, even if latent divides do exist between organizations with potentially conflicting values and methods. Nevertheless, a type of politicization can be observed. To begin, in a context where the Canadian government has cut funding to environmental groups and increasingly promoted fossil fuels, environmental foundations promoting sustainable development and the respect of international treaties (e.g., the Kyoto Protocol) may well appear to be protest-oriented, if not radical, while they had previously been perceived as fairly mainstream. At the same time, successive investigations by the Canada Revenue Agency have sought to determine whether registered charities spent less than 10 percent of their resources on political activities, as required by the *Income Tax Act*. Among the organizations audited were environmental organizations such as the David Suzuki Foundation, the Pembina Foundation, and the Tides Canada Foundation.[8] Paradoxically, this incursion of political power in the philanthropic sphere leads to a form of politicization, in that foundations that had not been concerned by such issues to date are now positioning themselves in the debate.

As noted in the introduction, to reflect how researchers study foundations, we will look at the main theoretical approaches developed in the academic field over the last decades.

THEORETICAL APPROACHES

This analysis of a large and diverse body of academic research on foundations allows to distinguish between three main approaches: the liberal approach, the Gramscian approach, and interactions and circulations.[9] The aim is not to trigger a dense historiographical debate but rather to allow for a better understanding of the divergences observed in this field of research and of the structural issues.

Liberal approach

The first approach refers to a research tradition that can be called liberal and that shares the original understanding of philanthropy as being about the well-being and progress of mankind and as being inherently defined by a form of disinterestedness, both in its moral (ethics and the generosity of "giving back," of a secular humanist or religious nature) and strategic dimensions. This last, strategic aspect refers to the notion that foundations, unlike governments or private enterprise, due to their independence, flexibility, and detachment from immediate needs, are able to develop a broader perspective as well as greater capacities to anticipate future challenges, to take risks and innovate, and to manoeuvre between and draw benefit from all institutional and governmental levels (from local to international). Similar to the pioneering work of Merle Curti and Roderick Nash (1965), works from this approach tend to have a hagiographic tone and to focus on the achievements of foundations in the fields of culture, research, and healthcare in the United States and abroad.

The term "liberal" also refers to a normative basis that legitimizes the role of foundations by embedding them in a political pluralism that feeds on the contributions of multiple actors. Their voices enrich the political debate and the solutions they propose contribute to the collective well-being. Many works, from the classic work of Robert Bremner (1960) to the most recent of Joel L. Fleishman (2007), contain historical and thematic panoramas illustrating the accomplishments of foundations that, at the same time, portray philanthropy as the embodiment of American culture alongside liberal democracy and the market economy.

Within this liberal analysis approach, the focus is often put on the initiative of the founding individuals and on their moral values, vision, and impact, unlike an analysis that focuses more on the configurations they are a product of and on the

structural and structuring contexts in which they are embedded. From a methodological point of view, this body of research often includes works that are based on the testimonies of the founders (e.g., in the French context, Seghers, 2009, and Gauthier & Pache, 2014) and which are given the attributes of the Schumpeterian entrepreneur. The involvement of foundations is depicted as being beneficial by nature, and the aim is to unleash this energy, either by stimulating it or by suppressing cultural, fiscal, or administrative barriers that stand in its way.

The focus in the liberal analysis approach on the vision and aims of the foundation is also the result of a methodological phenomenon. Indeed, foundations have the specificity of being either very opaque organizations, committed only to minimal reporting beyond what is required by law, or of being active producers of knowledge in their own field, as pointed out in the introduction of this article. Thus, the wealth and quality of resources and services held by the great American foundations, notably in the form of archives, have been valuable assets to the work of researchers. Yet at the same time, since these resources were shaped and controlled by the main foundations, they invariably entailed a methodological bias for researchers (Tournès, 2008), who are generally unable to obtain comparable information resources from other actors (e.g., the funded organizations).

For some twenty years now, research on philanthropy has been undertaken by a sector of management sciences, parallel to social science research on the topic. In that context, countless guides have been produced on fundraising, ranging from the benchmarking of best practices for project support to change management and the promotion of new tools for impact analysis. At the interface of these two research disciplines, the work *New Frontiers of Philanthropy*, edited by Lester Salamon (2014), presents what appears to be a link between an analytical approach of macro-social transformations and a prescriptive approach of new philanthropic tools.

Gramscian approach

The second identifiable approach takes the opposite stance of the first. While the liberal movement dominated, especially in the decades following the Second World War, criticism of philanthropy began to circulate starting in the 1970s. Aside from a clear shift in tone, moving from hagiographic accounts to virulent denunciations, the methodology likewise changed.

To begin, this approach emerging in the 1970s actually reconnected with criticism brought forth in the first quarter of the twentieth century in the United States. Its principal argument is that the influence and power of foundations is illegitimate since they do not always play by the rules of democracy: governed by votes, elections, and political representation. The second argument is related to social class and contends that philanthropy is nothing other than a means for the wealthiest strata of society to maintain their domination over the whole of society, namely through the maintenance of an unequal social order, under the guise of defending consensual causes.

To this, the Gramscian perspective added yet another dimension in claiming that philanthropy simply replaces coercive force with the subtler but more determining power of cultural and intellectual hegemony. Several authors adopting this approach (Arnove, 1982; Berman, 1983; Fisher, 1983; Parmar, 2012; Roelofs, 2003) focused on the power of foundations as producers of knowledge, from applied research for practitioners to fundamental research in academia. A main example is the Rockefeller Foundation, which funds the structuring of the social sciences in the United States, including its integration within the state for purposes of social engineering (Fisher, 1983). Overall, works subscribed to the Gramscian approach are critical of the instrumentalization of academic knowledge and the social and political uses made thereof by philanthropic foundations.

Methodologically, the liberal and the Gramscian approaches are interested in the visions of the founder and the foundation programs only insofar as to show their normative bases, or their links to macro-structural socio-political issues. Counter to the common association of generosity and selflessness with philanthropy, these works reveal the forms of profit-sharing

and the circular flow of capital (economic, social, and cultural). In short, they dismiss or discredit any achievements by foundations as evidence of power and normativity. Further, some of these works reveal connections of philanthropy with adjacent fields (entrepreneurial, political, religious, and administrative), thereby discounting the alleged independence of the charitable sector. They also reveal the multipositionality of key actors, which is suggestive of the construction of a field of power. This latter stream of research is, in fact, no longer Gramscian but rather Bourdieuian, given its analyses in terms of capital and fields applied to the world of foundations (Dezalay & Garth, 2002; Guilhot, 2004, 2006).

For yet another set of authors, this shift in focus toward the social uses of philanthropy by the elite means that, to put it bluntly, foundations do not serve to solve the problems of the poor but rather those of the rich (Anheier & Leat, 2013; Odendahl, 1990). One long-time criticism levelled against foundations is that they are tax shelters and a means to maintain control over wealth.[10] Yet here, philanthropy is also revealed as a tool for building a sense of nobility or distinction (Gousset, 2004) and for perpetuating a family dynasty (Marcus & Dobkin Hall, 1992; Pinçon & Pinçon-Charlot, 1996). Finally, it is a way to perform a duty, for philosophical, moral, or religious reasons, with terms in which the donor is fully in control, such as in the case of anonymous gifts, when the donor gives without being known and without being solicited thereafter (Schervish, 1994). This interpretation thus veers from the Gramscian approach, which presumes a form of consciousness and will to influence the social world as a motivation for any philanthropic initiative. Instead, it presupposes that foundations and donors exert, though often unconsciously, an indirect, secondary influence in the sense that they are constructing, cultivating, and maintaining a distinguished status in society for themselves.

Circulations and interactions approach

A third approach engages in an in-depth analysis of the influence of foundations by identifying the many complex interactions and circulations between foundations and funded organizations.

A first set of studies of this type revisited the questions posed by the Gramscian literature, by studying carefully the relationships between foundations and social movements in the United States from 1960 to 1970. Researchers (Jenkins & Eckert, 1986; O'Connor, 2011) highlighted in particular the mollifying effect of foundation support to the African-American civil rights movement. For one, foundations gave the bulk of their support to the most moderate organizations and, second, they tended to "channel" racial anger through demands for professionalization, the promotion of less contestable means of confrontation (e.g., legal recourse), and institutional integration, which then stymied more straightforward forms of opposition. Thus, rather than the direct taking control of or the imposition of tactics or heteronomous goals by foundations, the latter initiated the relative depoliticization or even internalization, in the form of self-constraint, of these standards by the actors themselves. This diffuse influence was also found to occur when militant actors adopt instruments created by foundations, such as forms of certification in the case of the environmental movement (Bartley, 2007).

A number of studies also highlight the modalities of possible co-operations, more egalitarian than what the Gramscian perspective would concede to, between the fundraiser and the funded structure. This is the case with foundations working in the field of social change philanthropy presented above (Ostrander, 2005). For the environmental field, Deborah McCarthy (2004) highlighted how, within foundations, employees often have strong ties, and even past work experience, with the social movement, and subsequently a disposition to import the goals supported by these movements into the philanthropic sector. Far from being inert recipients, with the foundations pulling the strings from a distance, funded organizations are here portrayed as equal and active participants in the negotiation of this relationship and as developing their own positions and expertise on these issues (Incite!, 2007).[11]

From a theoretical point of view, progress was made when the focus shifted from the foundation, or the recipient, to the relationship between the two. Thus, in examining the global circulation of ideas, recent works pursue a more open per-

spective that seeks to detach itself from the alleged power of a given idea or author in order to focus on the roles of the translators and importers and on the dynamics of the appropriation, reception, and transformation of texts that exist beyond the contexts of production and reception (Saunier, 2004). Studying the role of fellows of the Rockefeller Foundation, Ludovic Tournès (2010) shows very well that, contrary to the idea of a simple "Americanization of Europe," we are also experiencing a return of the "Europeanization of America." From that perspective, foundations could be analyzed, beyond their financial role, as intermediaries between worlds whose meeting would have been unlikely otherwise, be it for geographical, administrative, political, or social reasons (Saunier & Tournès, 2010). Methodologically, the application of this perspective requires, first, a description of the density of the operations of networking, appropriation, hybridization, and cross-fertilization of techniques, ideas, and structures (Gemelli & MacLeod**,** 1998**)**, and an examination of the role of intermediaries, brokers, and double agents (Guilhot, 2005) at the intersection of philanthropic social networks and plural social worlds. Compared with the clear-cut visions of the liberal-hagiographic or Gramscian-critical perspectives, this approach stands out for its attention to the subtle but determining differences of shifts and acculturations (Brison, 2005; Buxton, 2009). Then, still with regard to methodology, this focus on the relationship between the foundation and the recipient, leads to the consideration of philanthropy as a social relationship (Schervish & Ostrander, 1990; Ostrander, 2007), whether between individuals or groups of actors. From a practical point of view, this could then enable different types of relationships. For example, some may be more favourable to the donor while others would give the recipient a certain degree of negotiating power and room to manoeuvre (Cloutier, 2011). However, the biggest challenge of this perspective lies with the formalization of the relationship in socio-political and economic contexts, characterized by fundamental asymmetries between foundations and funded agencies, and in particular when the aim is to render the relationship as egalitarian as possible (Duvoux, 2014; Eikenberry, 2006; Ostrander, 2007; Silver, 2006).

CONCLUSION

This article successively addresses three types of grids. The first pertains to the categories and indicators produced by the Canada Revenue Agency (level 1). It is used to count the foundations, classify them, and determine their assets and contributions. These indicators and categories constitute a shared ontology since they impose themselves institutionally across all foundations wishing to be recognized by the public authorities and to benefit from the privileged tax status of a foundation. Philanthropic actors and experts coproduced the second grid and it addresses the conceptualization of the role assumed by the foundations (level 2). Both descriptive and prescriptive, this conceptualization introduces ways of doing, generates reproducible reference frameworks, draws distinctions within the philanthropic field, and shows how new methods have supplanted older ones in the course of philanthropic history. Finally, researchers from academia produced the third analysis grid (level 3). This third grid outlines the specificities of the liberal, Gramscian, and interactions and circulations approaches, including their theoretical, methodological, and sometimes normative underpinnings, using the tripartition proposed by Tournès (2008).

Although the grids are presented side by side, for the sake of analytical clarity, it is crucial to consider the linkages among the three levels. The creation of indicators and official categories (level 1) generates the accountability and answerability of foundations and, therefore, the way in which they organize themselves and conceive their role (level 2). Thus, the definition of a legitimate perimeter of a foundation's action is constrained by what the CRA defines as charity or policy and by the funding caps envisaged for the second component. In turn, the emphasis placed by some foundations on the scale of their impact and on the ratio between their financial investments and any quantifiable results leads to the introduction of new indicators, sometimes formalized through specific methods (e.g., the social return on investment [SROI]). In that context, is it conceivable that some of these indicators developed by the philanthropic actors (level 2) might one day be resumed and institutionalized by the public authorities (level 1), whereby they would become a measure of accountability imposed on all foundations? Moreover, how should researchers deal with measures that are presented as being scientific, but whose concrete makeup is not amenable to being dealt with in a scientific manner?

Throughout this article, and starting with the introduction, we have also pointed out the sometimes complex enmeshment between the expertise generated by the philanthropic field (level 2) and the academic field (level 3). Analysis of the financial landscape of the philanthropic field is an important part of the academic research that is dedicated to it; while, in return, academic research serves as a theoretical basis for a part of organized philanthropy, offering it a vantage point and neutrality in relation to conflicts of value (Lefèvre, 2015). However, the links between academic research (level 3) and the production of official categories and indicators (level 1) are also important. For example, in Canada, the accountability constraints placed on foundations, together with the open access data on the CRA website on all registered foundations by researchers (and citizens), results in a wealth of information, yet nevertheless fails to elucidate certain areas. In that context, researchers are tempted to draw on data that is available and to refrain from investigating any areas that were neglected, as pointed out by Tournès (2008) in connection with the rich archives of a few large U.S. foundations. Indeed, these archives, while offering abundant and available material, are heavily determined and informed by a foundation's unique history. This explains, in part, why most of the research on foundations in fact concerns only a handful of large U.S. foundations and the recurring challenges they face. Given this strong focus on only the tip of the philanthropic iceberg, research thus risks being blinded to the bulk of the mass, which remains submerged under rather opaque water. In terms of the foundations that have thus been overlooked, we noted, for example, our near-total lack of knowledge of small foundations (with assets under $25,000), which account for over a quarter of Canadian foundations.

With regard to the issues and challenges facing foundations, among the contributions of level 3, the circulations and interactions analysis grid offers a new perspective for investigating the areas that were neglected by the level 1 and level 2 analysis grids. It does so by proposing a decentralization from the unique focus on foundations as organizations, or on the money flows that structure them. It suggests that studying the philanthropic relationship between the donor and the recipient, in all its structural ambivalence and beyond a proclaimed disinterestedness (liberal vision) or a denounced hegemony (Gramscian vision). It invites us to study this relationship from the point of view of not only the foundation but also of the funded organizations, and even, more generally, of other stakeholders participating in the "philanthropic ecosystem" (e.g., public authorities, private companies, trade unions, churches, social movements, etc.) (Levesque, 2014). Beyond its heuristic interest, this approach could serve to inform the level 1 and 2 analysis grids when revisiting the currently prevailing question of the effectiveness of foundations. Who or what "makes a difference," to use the consecrated term? The donor? The recipient? Their relationship? The relationships with stakeholders in conjunction with the donor-recipient pair? How would these stakeholders have to function within a broader environment (e.g., economic, political, or legal) such that this pair's action would be decisive or, conversely, incidental? Depending on the answer to this question, the categories of the accountability and objectification of the foundations' action (level 1) and the conceptualization that these foundations have of their own role (level 2) could be at stake.

NOTES

1. This article is a reworked version of a book chapter published in French: Sylvain Lefèvre and Irena Khrovrenkov (2017), "Regards croisés sur la classification des fondations: entre catégories formelles et constructions théoriques". This chapter contains a broader empirical description, thanks to the statistical data collected by Irina Khovrenkov.
2. Among them, the foundations Gates, Pew, Ford, Rockefeller, MacArthur, Lilly, Carnegie, and Hewlett.
3. For a comparison between the different typologies of the CRA, the PFC, or Imagine, see Chamberland, 2012.
4. This report combines the analyses of data related to the administrative filings made with the Charities Directorate of the Canada Revenue Agency and data about grantmakers and recipients contained in Imagine Canada's online Grant Connect database.
5. Therefore excluded are in particular "parallel foundations" (e.g., hospital foundations), foundations established to fund in perpetuity a defined group of donors, and foundations conducting their own charitable activities (see Imagine Canada, Philanthropic Foundations Canada, 2014).

6. The McConnell Foundation was created in 1937 and became The McConnell Family Foundation 30 years later, following the death of J.W. McConnell in 1963.
7. This term is an umbrella term for the many subtle differences that flourished over the last 20 years, among them venture philanthropy (Letts, Ryan, & Grossman, 1997), strategic philanthropy (Porter & Kramer 1999), effective philanthropy (Center for Effective Philanthropy, 2014), and high impact philanthropy.
8. Human rights organizations (e.g., Amnesty International) and humanitarian organizations were also targeted, such as OXFAM Canada, which was commanded by the CRA to review its mission if it wanted to remain registered, because "poverty reduction is charitable, but preventing it is not" (The Canadian Press, 2014).
9. We adopt a tripartite approach developed by Ludovic Tournès (2008). We thank the author for sending us the first chapter of his HDR (Habilitation à diriger des recherches) Dissertation, which is not yet published.
10. Historically, the oft-cited example is the Ford Foundation (Zunz, 2012), but other examples have recently made the news, as in the case of Dieter Schwartz, CEO of the German company Lidl, which enjoys the legal and fiscal structure of a charitable foundation to maintain control over its business empire.
11. Paradoxically, we also observe that there are rather few academic researches that conduct, in parallel, a self-analysis of their relationship with the foundations that fund their work, including those working on these foundations (Osei-Kofi, 2010).

WEBSITES

Azrieli Foundation, http://www.azrielifoundation.org/
Bill & Melinda Gates Foundation, https://www.gatesfoundation.org/
Buckingham Charitable Foundation, https://www.buckinghamfoundationinc.org/
Fondation Béati, http://www.fondationbeati.org/
Fondation Lucie et André Chagnon, https://fondationchagnon.org/en/index.aspx
Li Ka Shing (Canada) Foundation, https://www.lksf.org/
Peter Gilgan Foundation, http://petergilganfoundation.org/
MasterCard Foundation, http://www.mastercardfdn.org/
McConnell Foundation, https://mcconnellfoundation.ca/
Rockefeller Foundation, https://www.rockefellerfoundation.org/
SickKids Foundation, https://www.sickkidsfoundation.com/
W. Garfield Weston Foundation, http://www.westonfoundation.org/

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ANSERJ

Canadian Journal of Nonprofit and Social Economy Research
Revue canadienne de recherche sur les OBSL et l'économie social

Vol . 8, No. 2
Autumn / Automne 2017
pp. 24 – 39

Uncovering the Research Potential of Administrative Data on Charitable Foundations in Canada

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ASTRACT

This is the first study of its kind to assess the untapped research capacity of administrative data on Canadian foundations. More than twenty years of records collected by the Canada Revenue Agency (CRA) for the entire population of foundations is publicly accessible to researchers. Canadian data offers greater opportunity for nuanced analysis of the charitable foundation sector than information from the comparatively small sample available for U.S. foundations. Despite the richness of Canadian data and the potential it has to inform grantmaking and administrative practices of foundations, the academic community has paid little attention to this wealth of statistical information. This article explores some of the questions that this data can potentially answer. Consultations with foundation representatives help illuminate the directions that the foundation sector would like researchers to pursue with this data.

RÉSUMÉ

Ceci est la première étude de son genre à évaluer comment certaines données administratives pourraient contribuer à la recherche sur les fondations caritatives canadiennes. En effet, plus de vingt ans de données accumulées par l'Agence du revenu du Canada pour la population entière des fondations sont maintenant accessibles aux chercheurs. Ces données canadiennes représentent une occasion exceptionnelle pour effectuer une analyse nuancée du secteur des fondations caritatives, occasion qui est meilleure qu'aux États-Unis, où l'échantillon est relativement petit. Malgré la richesse des données canadiennes et leur potentiel d'améliorer l'octroi de bourses et l'administration des fondations canadiennes, la communauté académique a porté peu d'attention jusqu'à présent à cette manne de statistiques. Cet article-ci en revanche explore quelques-unes des questions auxquelles ces données pourraient porter des réponses. En outre, des consultations faites auprès des représentants de certaines fondations aident à signaler les directions que le secteur pourrait prendre grâce à ces données.

KEYWORDS / MOTS CLÉS Administrative data; Research capacity; Community-based approach; Charitable foundations / Données administratives; Capacité de recherche; Approche communautaire; Fondations caritatives

INTRODUCTION

While Canada's foundation sector may be considerably smaller than its counterparts in the United States and the United Kingdom, it is far from insignificant (Pue & Breznitz, 2017). In the past twenty years, the Canadian foundation sector solidified its presence, doubling from 5,400 foundations in 1992 to 10,644 foundations in 2016. Over this time period, these entities transferred a total of $54 billion as gifts to charities, making them the most significant funders among other private contributors (Imagine Canada & Philanthropic Foundations Canada, 2014), controlling approximately one out of every six dollars in the charitable sector in Canada (Pue & Breznitz, 2017).

Government retrenchment and fiscal restraint, which began in the 1990s (and continues to be a prevailing concern), is pushing many nonprofits to try to develop a more diversified revenue base. The scaling back of public financing, together with funding instruments such as contracts and contribution agreements that have constrained flexibility and caused an erosion of core funding, means that accessing funding from sources other than government, such as foundations, is more important than ever (Phillips, Laforest & Graham, 2010). Foundations also represent an independent source of funding that helps civil society counterbalance the forces of markets and states, with the potential to fund innovative projects that might otherwise not be supported (Anheier & Leat, 2013).

Developments in the foundation sector have been of great interest to the policy community as evidenced by the fact that every budget document since 2004 introduced a policy either directly or indirectly related to promoting foundation operations. Despite the importance of charitable foundations to the Canadian economy, and the contribution they make to the social fabric of communities across the country, relatively little is known about this sector. Compared to the U.S., which has produced a large scholarly literature, quantitative study of Canadian foundations is paltry. A review of related academic and grey literature uncovered only eight papers, most of which portray broad trends of foundation operations.

The good news is that opportunities for in-depth research are plentiful and have a global advantage. Canada is the only country in the world where more than twenty years of administrative data is available for the *entire* population of charitable foundations. Moreover, this data, which is collected annually by the Canada Revenue Agency (CRA), is publicly accessible, at no financial cost, to researchers. It offers further opportunity for nuanced analysis because it can be linked to other open data sources, such as information on foundation grantees and their socioeconomic characteristics. These data sources have tremendous potential to assist foundation executives, the academic community, and those working in government and the private sector to draw evidence-based decisions on the grantmaking and administrative practices of foundations.

The aim of this exploratory article is to advance knowledge about the operation of Canadian foundations through the lens of available CRA data. The article has several areas of analysis. It first provides a critical review of existing data issues noted in the quantitative literature on Canadian foundations and then offers a detailed description of the CRA data pertaining to foundations. To help ensure the direction taken with future research is responsive to community needs, the authors consulted with representatives from Philanthropic Foundations Canada (PFC), the Ontario Trillium Foundation (OTF), and 11 grantmaking foundations in Regina (Saskatchewan, Canada). Drawing on the insights gathered during these consultations, an extensive discussion of the opportunities to meet community needs and a vision on how to supplement these needs with existing data is offered. Finally, the strengths and shortcomings of the CRA data on foundations are assessed with a focus on research applicability. It is hoped that that the scholarly community will embrace the challenge to expand on the preliminary findings offered in this article and make use of this valuable but under-utilized dataset.

ANALYSIS OF DATA ISSUES IN QUANTITATIVE LITERATURE ON CANADIAN FOUNDATIONS

An extensive search was conducted of both peer-reviewed and grey literature aimed at identifying all empirical research on Canadian foundations.[1] The search revealed a paucity of literature on Canadian foundations. Only 16 papers were identified, with just half utilizing quantitative data. The remaining works were localized case studies that relied on qualitative data to inform their findings (for summary see Table A.1 in the Appendix). They are not reviewed in this article because, while they are informative in specific situations, they are limited in applicability (Elson, 2016). Such a small number of studies demonstrates that the foundation sector in Canada remains highly unexplored, especially by academic scholars. This literature is also relatively young, with the majority of papers written in the past ten years. Table 1 offers a summary of the content of the eight quantitative articles.

Table 1: Quantitative papers on Canadian foundations

Author	Data source (sample years)	Type of analysis	Reference to data quality
Sharpe (1994)	CRA T3010 form (1991)	Descriptive: trends and patterns	Yes
Hall & MacPherson (1995)	CRA T3010 form (1993)	Descriptive: trends and patterns	No
Payne & Zhao (2007)	CRA T3010 form (1992-2004)	Descriptive: trends and patterns	No
Ayer, Hall, & Vodarek (2009)	CRA T3010 form (2003-2007)	Descriptive: trends and patterns	Yes
Payne (2012)	CRA T3010 form (1992-2008)	Descriptive: trends and patterns	Yes
Kryvoruchko (2013)	CRA T3010 form (1997-2008)	Empirical analysis: estimation	Yes
Imagine Canada and Philanthropic Foundations Canada (2014)	CRA T3010 form (2002-2012)	Descriptive: trends and patterns	Yes
Khovrenkov (2016)	CRA T3010 form (1992-2008)	Descriptive: trends and patterns	Yes

Source: authors' compilations

One of the key findings from this comprehensive search is that researchers choose the data from information returns (an official T3010 form) filed by foundations with the Canada Revenue Agency (CRA) as the *primary* source for obtaining quantitative information about foundations. These data provide detailed information on a foundation's fundraising activities, financial structure, grant-giving, with a link to the recipients of grants, employment characteristics, and governance structure.

This review of quantitative literature on Canadian foundations also reveals that the analysis offered in the majority of previous works is predominantly descriptive, illustrating in broad strokes the composition of the Canadian foundation sector and an overview of foundation operations. A great, untapped territory for research remains, the findings from which can assist in developing new policies or in reshaping existing ones. Engaging in the analysis of administrative data, however,

requires considerable caution if it is to be used for research purposes. Most of the reviewed studies claim that the CRA data collected from charities' information returns suffers from numerous data quality issues. For example, David Sharpe (1994), Michael Hall and Laura G. MacPherson (1997), Steven Ayer, Michael Hall, and Lindsay Vodarek (2009), and Imagine Canada and Philanthropic Foundations Canada (2014) have identified data issues such as omission errors (e.g., failure to report values leading to an incomplete record or absence of a financial record altogether), addition errors (e.g., components not adding up to reported totals), and discrepancies (e.g., a foundation that claims to have transferred a grant to another charity has no record of the dollar amount disbursed). Ayer et al. (2009) find that discrepancies in the data on fundraising costs are particularly problematic. They conclude that 27 percent of organizations that report having spent on fundraising record zero dollars for fundraising costs. Other reporting errors found by Iryna Khovrenkov (2016, forthcoming) include a negative record of financial measures such as tax-receipted donations, revenues from fundraising, total assets, total expenses, and total government revenues, which are converted to positive. As claimed by Sharpe (1994), the quality of reporting may depend on the size of an organization—larger institutions make fewer errors as they employ reliable financial management staff as opposed to smaller institutions, which are often run by volunteers. Errors are also bound to occur during the conversion of paper copies of the information returns to their electronic records, a procedure that is still performed manually by CRA staff (Payne, 2012).

In addition to overcoming reporting errors, Abigail Payne and Huizi Zhao (2007), Payne (2012), and Khovrenkov (2016, forthcoming) have dealt with other problematic issues of Canadian administrative data on charities.[2] One example is the CRA's updating of the form "T3010 Registered Charity Information Return," which occurred in 2003 and 2005. The four studies bring awareness to the fact that a change in the T3010 form during the sample period may lead to some financial measures being reported differently. Careful verification needs to be performed to ensure consistency of measures across years. The second example is that organizations may change their registration status with the CRA, where, for instance, a charitable organization is re-designated to a public foundation or vice versa. Payne (2012) and Khovrenkov (2016, forthcoming) have dealt with this issue by grouping charitable organizations and foundations according to their last reported status to avoid potentially double-counting organizations. Finally, the third example is changes in fiscal periods. The four studies account for such changes by ensuring that a record reflects a timeframe of approximately one year (more than 10 months and less than 14 months). This approach allows for consistency across records and improves the overall quality of the dataset.

The three examples noted above are not specific to the data on foundations and apply to all registered charities. In a comprehensive report, François Brouard (2014) reviews all T3010 data issues pertaining to research and also (Brouard, 2015) analyzes reporting issues concerning only foundations. To avoid unnecessary repetition, this article discusses the strengths and limitations of administrative data as they relate specifically to the research on foundations.

As for the data on foundations, Khovrenkov (forthcoming) and Imagine Canada & Philanthropic Foundations Canada (2014) have utilized data from the *Qualified Donee Worksheet* (T1236 form) to create a sample of grantmaking foundations. Data from the T1236 form offers information on gift recipients recorded by their unique business numbers and charity names, and specific gift amounts transferred to other registered charities. In its current form, grants data requires considerable cleaning. Two key issues are worth highlighting. The first issue is numerous errors in unique business numbers assigned to each charity. Business numbers (BNs) of charities are assigned by the CRA at registration and must have a standard format with 15 characters: 9 numbers, 2 letters representing a program identifier, and 4 characters reflecting a reference number (e.g., "129669206RR0001") (Canada, 2011).

Current errors include business numbers with more than 15 characters, the absence of program identifiers, and the presence of non-numeric characters. The second issue is a mismatch of the gifts reported having been given by foundations

to those reported as received by charitable organizations. This issue is discovered upon linking gifts data with the data on charitable organizations. Overcoming these problems is essential for creating a rich dataset, and a manual verification and correction of errors are required.

From the analysis of data issues identified in existing quantitative literature on Canadian foundations, it can be concluded that it is important for researchers to devote considerable time to converting administrative data to a research-suitable dataset. Scholars conducting empirical work on the charitable sector would also benefit from a transparent description of exclusions, corrections, and various judgement calls undertaken during the conversion process, which could be included in a technical appendix.

DESCRIBING ADMINISTRATIVE DATA ON CANADIAN FOUNDATIONS

All charities in Canada must register with the Canada Revenue Agency (CRA) to receive an income tax exemption, issue tax receipts for individual donations, and receive grants from other registered charities.[3] Upon registration, the CRA classifies all charities into either charitable organizations or foundations and assigns them a unique business number. Charitable organizations are primarily engaged in administering and delivering a range of public goods and services, whereas foundations devote much of their activities to raising funds and allocating them as grants to other registered charities. The CRA also assigns all charities into six broad categories identified by their charitable purposes such as social welfare, community, religion, health, education, and culture.[4] While there is a large overlap between foundations and charitable organizations in the CRA requirements, this discussion primarily pertains to charitable foundations.

Table 2: Foundation's complete information return

Forms	Description
Registered Charity Information Return (Form T3010)	This is the main document filed by foundations and it forms the core dataset for research purposes. This form collects information about compensation, activities outside of Canada, fundraising activities, involvement in political activities, categories of assets, revenues, expenditures, and liabilities.
Directors and Trustees Worksheet (Form T1235)	This form provides information on individuals associated with the foundation, either from a governance perspective (board of directors/trustees) or paid staff. Information includes the length of tenure, what their position is, and whether they are at arms-length or not with other directors.
Qualified Donees Worksheet (Form T1236)	This form collects information on the specific gift amounts transferred to other registered charities, and also their gift recipients by unique business numbers and charity names.
Excess Corporate Holdings Worksheet (Form T2081)	This form is specific to private foundations offering information on the number of shares, their fair market value, and on the corporate holdings of a foundation.

Source: Authors' compilations. Canada (2017). Charities Listings. ON: Canada Revenue Agency. URL: http://www.cra-arc.gc.ca/ebci/haip/srch/advancedsearch-eng.action [December 4, 2017]

The CRA mandates that all foundations file an annual return within six months from the end date of their fiscal periods. Failure to comply with these regulations could result in the loss of their charitable status.[5] Upon filing, foundations are required to indicate their designation as either public or private depending on the relationship between the sources of

funding to the foundation and the number of donors related by family or marriage. A complete return consists of the primary information return (T3010 form) that collects detailed information on fundraising, grant giving, and the financial operations of foundations. Three supporting documents, where applicable, must also be filed. These additional forms incorporate information about the governance structure of foundations (form T1235), the recipients of foundation grants (form T1236), and excess corporate holdings for private foundations (form T2081). Even if filed separately, these forms are tied to a foundation's unique business number, which creates an opportunity to link information from these documents into a comprehensive record. Table 2 provides a short description of each document that forms a foundation's return.

How does collected information about foundations translate into research-suitable data? Given that the CRA tracks the same kind of information about the same foundation at different points in time, researchers can create a longitudinal sample of foundations. The value of the longitudinal sample is the ability to draw comparisons within and between records. With 13,901 foundations currently registered with the CRA and 22 years (1992–2014) for which information about foundations is gathered, a researcher can work with a database of over 176,000 observations. A sample size this large permits a variety of analyses, from descriptive exercises such as identifying trends to more empirically rigorous efforts that include understanding the effects of policy changes on foundation outcomes. Moreover, detailed information from the return's main T3010 form translates into more than 280 variables, only increasing the research capacity of these data. Table 3 summarizes the variable groupings from the T3010 form and lists the key variables associated with each grouping.

Table 3: Key variables from the foundation's return

Variable Groupings	Key Variables
Identifiers	Unique business number; foundation type (public/private); foundation name; category code (welfare/community/health, etc.); location (postal code/forward sortation area/city/province); fiscal year end
Quantitative	
Compensation	Number of part-time and permanent full-time employees; compensation categories for 10 highest positions; total spending on compensation
Financial structure	Assets (12 components: cash and short-term investment, long-term investments, capital assets, etc.); revenues (17 components: tax-receipted donations, government revenue [federal, provincial, local], revenue from fundraising, etc.); expenditures (21 components: spending on occupancy costs and advertising, spending on political activities, spending on fundraising, etc.); liabilities (5 components: accounts payable, deferred revenue, etc.)
Disbursements	Total gifts made to qualified donees; spending on charitable programs
Qualitative	
Fundraising	Fundraising methods (door-to-door solicitation, dinners, lotteries, sales, mail, etc.); payment provided to external fundraisers (Yes/No) and method of payment (commissions, bonuses, fees, etc.)
Other	Receipt of non-cash gifts (Yes/No) and types of non-cash gifts (art, vehicles, property, privately and publically traded securities, etc.); participation in political activities (Yes/No); financing programs outside of Canada (Yes/No); distribute gifts to other registered charities (Yes/No)

A unique feature of the CRA data on foundations is that it includes the *entire* population of foundations in Canada, as opposed to just a sample as is currently the case in the U.S. Moreover, as of 2013, the Charities Directorate of the CRA has begun transcribing charity information returns and making them available online on the government's data portal (open.canada.ca) under an Open Government License (McMurren, Verhulst, & Young, 2016). As a result, researchers can easily access a wealth of quantitative information to advance their knowledge about foundations in Canada.

RESEARCH VALUE OF ADMINISTRATIVE DATA ON CANADIAN FOUNDATIONS

Foundations' perspectives on research potential

Recent literature has highlighted the importance and benefits of forming collaborative relationships between academics and community partners (Caroll-Scott, Toy, Wyn, Zane, & Wallace, 2012). These benefits pertain to identifying relevant research needs, refining research questions, and building mutually beneficial research capacity. The Social Sciences and Humanities Research Council (SSHRC), one of Canada's most important funding bodies, emphasizes the significance of collaborative research through its Partnership Engagement, Partnership Development, and Partnership Grants. As Amy Caroll-Scott, Peggy Toy, Roberta Wyn, Jazmin Zane, and Steven Wallace (2012) summarize, working with communities only expands our understanding of the pressing issues, and calls on scholars to tackle research questions that are responsive to community needs.

To learn about how foundations would utilize the comprehensive CRA data, we consulted with representatives from Philanthropic Foundations Canada (PFC),[6] the Ontario Trillium Foundation (OTF), and 11 grantmaking foundations in Regina (Saskatchewan, Canada), which in their unity represent a diverse group of funders in relation to their size, focus of their charitable purposes, and mandates.[7] In addition to *Income Tax Act* designations (public vs. private), foundations can be distinguished by the destination of their grants (within or outside of the organization). Those foundations that transfer funds outside of their organizations are known as grantmaking foundations, while those that direct funds to their "in-house" charitable programs are typically defined as operating foundations (Toepler, 1999). This study focuses specifically on grantmaking foundations because as funders of a wide range of charitable projects, we can learn from them about their historic funding patterns and their future goals with their granting programs. Moreover, because of their community involvement through disbursements, we also surmised that grantmaking foundations would be more knowledgeable of the types of research questions that would be beneficial to the broader charitable sector. Since operating foundations do not offer a source of outside funds to other charities, they would not be in the same position to contribute to the knowledge on charity financing.

Through our consultations, we identified three research themes. The first area of interest to the foundation community pertains to measuring the impact of its giving. More specifically, what is the impact of distributed funds and how can it be measured? For many foundations this question stands as a priority because understanding the outreach and influence of their funds can help them structure their grant giving more effectively (Ebrahim & Rangan, 2014). The biggest challenge for researchers in answering this question is a lack of appropriate data. To quantify the impact generated by a foundation grant, researchers require information on program participants (treatment group) and non-participants (control group) as well as measurable outcomes. For example, for grants focused on education, researchers require a set of results, such as attendance rates, standardized test scores, and high school graduation. This would allow researchers to link these measures to expected lifetime earnings or quality of life (Ebrahim & Ragan, 2014).

While the CRA foundation data can link the funder to its recipient, the data lacks information on the description of the grant and the outcomes that were achieved. At the moment, suitable data for measuring impact would need to be gathered by researchers through hand-checking individual foundations to identify the types of programs being supported by their

grants and then by conducting extensive surveys to capture necessary indicators. Some larger granting bodies have recognized the potential that digitizing their data can have to explore previously unanswerable research and policy questions and have made this information available to the research community. For instance, the Ontario Trillium Foundation[8] now makes its complete granting data available online (with information on grant amounts, purpose of the grant, grantee, etc.), a practice that can be a starting point in an exercise to quantify impact. The Vancouver Foundation, which plans to adopt an open licensing policy in 2017, will also share its complete granting data.

The second research theme relates to foundations becoming more active in supporting the provision of public goods and services. As government dollars flowing to education, health, social services, and other priority areas diminish, some foundations have already begun filling financial gaps and more *may* choose to fill some of this void if they are made aware of the need. The CRA data is well suited to answer questions about which program areas foundations have funded (or are continuing to support), and which areas are potentially more in need of funding. Moreover, the longitudinal nature and lengthy time frame of the CRA data allows researchers to explore the changes in the landscape of foundation funding over time and policies that may have potentially shaped the operation of foundations in Canada.

Finally, a number of foundations, especially larger funders, expressed interest in exploring whether paying their staff a competitive salary results in better foundation operations. Two research questions can be considered for the empirical analysis: the first is assessing how compensation affects total foundation assets; and the second is establishing the effect of compensation on program spending. As indicated in Table 3, CRA data collects information on total compensation by foundations, for both full-time and part-time positions. It also provides a separate measure on part-time compensation, allowing researchers to determine compensation only for full-time positions. This type of analysis could directly inform the practice of foundations and potentially demonstrate where foundations stand in terms of their role in contributing to expanding the Canadian labour market. Moreover, as the CRA tracks the same information on all registered foundations, it may be a useful benchmarking exercise to draw comparisons across compensation levels for similar foundations.

Moving research forward

With governments shifting their funding away from traditional long-term granting to short-term project-oriented contracting (Phillips, Laforest, & Graham, 2010), many charities have found themselves in a state of financial instability, with serious concerns about the future sustainability of their programs and their ability to meet the growing social need for the services they provide (Emmett, 2016). Given these challenging circumstances, the ability to access foundation funding is more important than ever. Solid Canadian data can serve as a useful tool for not only understanding the current funding patterns of the foundation sector but also for guiding charity managers to specific foundations that align with their needs.

The topic of charity financing, while critical, is poorly researched in Canada. An attractive feature of the CRA data compared to U.S. administrative data is that it classifies giving to registered charities into three separate categories: donations from individuals, institutional grants (i.e., funds from foundations or charitable organizations), and government funding. In the U.S., donations from individuals and institutional donors are aggregated into one category, “direct public support” (Heutel, 2014). The advantage of having a disaggregated “giving” category is that it allows researchers to track grants transferred from particular foundations to their unique recipients and provide a detailed characterization of funder-fundee relationships. Khovrenkov’s (forthcoming) research, which establishes the link between foundation grants and the ability to attract additional private donations, demonstrates the utility of this data. On this topic alone, there is much more that can be explored.

The comprehensive CRA data on foundations does more than just afford researchers the opportunity to answer novel questions about the Canadian foundation sector. This rich dataset is able to contribute to the scholarship beyond national borders. For example, on the topic of charity financing, Rikki Abzug, Alexandre Olbrecht, Murray Sabrin, and Erwin

DeLeon (2016) explore variation in funding by New Jersey educational foundations to local public schools. Their main challenge in finding the financial impact of foundations on this type of public service is primarily due to a small sample size. The richness and longevity of Canadian foundation data can provide interesting insights into "this curious case of private financing of public services" (p. 134).

Canadian data can shed important light on how charity financing is affected by government regulations. In both Canada and the United States, foundations are required to transfer a portion of their assets (3.5% in Canada and 5% in the U.S.) as grants to other registered charities on an annual basis. While regulating foundation disbursements "ensures that foregone tax revenues will be put to public uses" (Toepler, 2004, p. 736), questions have been posed in the U.S. about the overall costs and benefits of this policy approach and whether this type of disbursement regime should be changed (Clotfelter, 1985; Toepler, 2004). Tight disbursement rules are found to have a negative impact on the growth and preservation of assets, which can in turn limit the ability of foundations to provide a sustainable flow of funds for the delivery of charitable programs (Canada, 2004). In a hypothetical analysis, Stefan Toepler (2004) applies Germany's minimal-payout requirement (two-thirds of net income) to Ford Foundation data and compares the results to the actual payouts. In 2004, small Canadian foundations (those with assets less than $25,000) became fully exempt from asset disbursement requirements altogether. This reform provides researchers with a *natural* rather than a hypothetical setting to compare changes in grant giving and assets before and after this regulatory amendment. And Canada's comprehensive database on foundations can be employed to establish the differences in these measures for foundations affected by the reform.

There is much more to be learned from this data than just issues related to charity financing and the regulatory framework. Canadian foundation data offers significant opportunities to pursue other topic areas, including the heterogeneity of the foundation sector, the governance structure of foundations, and how changes to the composition of boards can influence foundations' granting patterns. Much can also be learned about whether the political activity of foundations affects funding directions and contributes to a broader dialogue on important questions of public policy.

The operational aspects of foundations (e.g., how funds are distributed, types of charities they support, how foundations are governed, etc.), is an area holding tremendous research potential. Much is known about the differences in the operation of public and private foundations (*Income Tax Act* designations), their distribution by size and regulatory treatment. This knowledge forms an essential base. However, further exploration of the range of foundations that fall outside of their *Income Tax Act* definitions would allow for the development of policies that are relevant to the operational needs of the foundation sector. This knowledge would also help foundations to clarify their own practices. With CRA foundations, data researchers can create a detailed profile of a foundation's classifications. For example, building on the work by Jenny Harrow, Tobias Jung, and Susan Phillips (2016) and Siobhan Daly (2008), who provide a strong theoretical basis around the adaptation of the community foundation form in Canada and the U.K., and on the research by Elizabeth Graddy and Lili Wang (2009), who explore the model that connects community social capital and gifts to community foundations in the U.S., we can develop a strong profile of Canadian community foundations and the role their giving plays in our communities. Another example relates to exploring differences between operating and grantmaking foundations. Preliminary analysis of the CRA data reveals that the growth of operating foundations has outpaced the growth of grantmaking foundations since late 2000s. Looking into a possible structural change of the foundation sector has important implications for charity managers who rely on foundations grants to fund their operations.

Francie Ostrower (2007) claims that a foundation's effectiveness is closely related to the strength of its governance structure. Bradley Minaker (2017) used CRA data on religious charities (in conjunction with other data sources) to study the attributes of effective managers of a charitable organization rather than a foundation and how a manager can influence charity finances. He found that an increase in the quality of the charity manager led to an increase in private donations,

government revenues, and donations from other registered charities. Since the CRA data on foundations can be linked to the *Trustees and Directors Worksheet* (T1235 form), researchers can trace the governance structure of foundations and begin to draw inferences about the decision-making process around foundation grants, which currently remains a black box.

The remaining area of research that lacks any comprehensive data-based evidence (but has recently made a few media headlines), is the engagement of foundations and other registered charities in advocacy. Studying 13 policy-focused grantmaking foundations, Peter Elson and Sara Hall (2016) begin to uncover foundations' appetite for and their role in public policy. All foundations within their sample were focused on the policy issues over the long-term, but adjusted their strategies whenever new information became available. How would these findings translate to all grantmaking foundations? What are the characteristics of foundations that engage in political activities? Does spending on political activities occur at the expense of spending on charitable programs? With available data and recent regulatory changes related to advocacy, uncovering these questions is not only important but also timely.

ASSESSING STRENGTHS AND WEAKNESSES OF THE CRA DATA ON FOUNDATIONS

Administrative Data vs. Survey Data

Researchers have argued that administrative data are generally preferable to traditional survey data because the former offer larger sample sizes and fewer technical issues (Card, Chetty, Feldstein, & Saez, 2011; Hotz, Goerge, Balzekas, & Margolin, 1997). The CRA data on foundations currently spans a period of twenty-two years (from 1992 to 2014). Researchers can also obtain information on *every single foundation* registered in Canada for free (Noveck & Goroff, 2013) as opposed to only a sample on U.S. foundations that file their returns with the Internal Revenue Service (IRS) (a U.S. analogue of the CRA). This lengthy time frame and the size of the dataset are an advantage over survey data because information gathering occurs as a byproduct of the CRA's reporting requirements. In terms of quality, CRA data on foundations has been noted to be adequately accurate, which is an important characteristic when producing policy-relevant research (Imagine Canada & Philanthropic Foundations Canada, 2014; Payne, 2012).

Collecting longitudinal information via surveys is time-consuming and costly. Another issue with survey data gathering is that not all foundations may respond to questionnaires, resulting in an incomplete dataset, whereas the CRA sample includes *all* registered foundations. An obvious benefit, however, of conducting a longitudinal survey is that it could acquire information on foundations not collected by the CRA and could also be expanded to include grantmaking bodies that are not registered with the CRA. And if linking administrative data with survey data could be arranged, a practice strongly supported by Joseph Hotz, Robert George, Julie Balzekas, and Francis Margolin (1997), such a type of comprehensive data would allow researchers to describe the funding dynamics of all grantmakers in Canada.

Canadian Foundation Data vs. Other Country Foundation Data

It is rare for researchers interested in charitable foundations to have access to a database of information as comprehensive as that collected by the Canada Revenue Agency. Researchers from countries such as the United Kingdom, Australia, and New Zealand, for instance, have to piece together data from numerous different sources, where information is collected at different time points and through divergent methodologies (see Leat,2016, for views on foundation data for Australia and New Zealand). The task of putting together a coherent fabric is monumental and even with great care and effort, left with holes and patches. For example, Cathy Pharoah, Richard Jenkins, Keiran Goddard, and Catherine Walker (2016) had to pull together data on the U.K. foundation sector drawn laboriously from financial figures in annual reports, foundations' websites, searches of literature (including press reports), tax statistics, estates data, general public and "high net worth" surveys, and other research. Lack of a legal definition of "foundation" in the U.K. contributes to the chal-

lenge of creating a comprehensive dataset. From a research perspective, the absence of uniform foundation data across countries prohibits a comparative cross-country study of foundations.

While data collected by tax agencies in Australia, New Zealand, and the U.K. is nowhere near as comprehensive as that collected by the CRA in Canada or the IRS in the U.S., its one advantage is that charities in these countries have long been filing their forms electronically. Foundations and charitable organizations in Canada continue to file their information returns by either faxing their forms or mailing them. Upon receipt of a physical return, CRA staff enter the information manually in order to create a digital record of a physical copy. This process of data transfer creates considerable room for error. By late 2018, however, a move to online reporting is expected for all Canadian registered charities. The advent of electronically submitted T3010 forms will offer evident benefits to researchers and field practitioners. In particular, electronic filing will dramatically improve the accuracy, completeness, timeliness, and overall quality of the data (Polak & Lamkin, 2001).

Other strengths

The analytic value of the data increases if it can be linked across other datasets. With the level of detail available within the CRA data on foundations, the exercise of integrating information can be easily performed. The *Qualified Donee Worksheet* (form T1236), which the CRA requires all grantmaking foundations to file as part of their return, collects information on the specific gift amounts transferred to other registered charities and also their gift recipients by unique business numbers and charity names. While in the past the CRA provided information only on the first 10 charity recipients that foundations identified on their *Qualified Donee Worksheets*, as of 2013, data includes all recipients recorded by foundations. The CRA has also begun to update this information for earlier years (McMurren et al., 2016). This upgrade in the data, distinct to Canada only, creates a *unique* research opportunity, where scholars can closely examine changes in foundation funding to individual charity-donees and paint a more accurate landscape of charity financing in Canada.

Using unique business numbers of grant recipients, it is possible to match information about these recipients with their funders. Since postal codes are provided for each organization (funder and fundee), CRA data can be linked with other data sources, such as the Census and Elections Canada, for the purposes of establishing causal connections between foundation grants and their impact on charity operations. Approaches to gift collection and the carrying out of charitable activities by charities vary across the neighbourhoods in which these charities operate. That is why it is important to capture socioeconomic and political differences across the relevant neighborhoods.

Data limitations

Utilizing administrative data on Canadian foundations necessitates the recognition of the limitations of these data and how such shortcomings play into a researcher's analysis. Given that foundations' information returns are filed manually, CRA staff key in the returns in order to create an electronic version of them. The process of data conversion can lead to numerous data errors, which have previously been discussed, but all of which can have additional ramifications if they are not resolved. Two other data-related shortcomings result from changes that may occur within a foundation (e.g., changes in internal accounting processes) and the CRA itself (e.g., updates to information returns leading to questions being framed differently).[9] Resolving these shortcomings requires thorough hand checking and verification of the data, which may be taxing on a researcher, yet essential for producing quality analyses. For the above reasons, Michael Lenczner and Susan Philips (2012) conclude that the user-friendliness of the data can still be greatly improved.

CONCLUSION

The goal of this article is to assess the research potential of publically accessible data on charitable foundations in Canada. No other jurisdiction has gone as far as Canada in making data on foundations (and the larger charitable sector)

available to researchers. It is hoped that this initial foray will lay the groundwork for future studies on Canada's charitable foundation sector as much research remains to be undertaken and many interesting avenues exist to create a solid data-based understanding of this sector. It is important to ensure that policies and the development of new programs related to the sector originate from evidence-based research (Boothe, 2013).

The CRA's vast data set, in conjunction with the open data movement, has created more opportunities than ever before to address information deficits. Consultations showed that there is an appetite from the sector to collaborate with researchers to pursue avenues that provide robust intelligence to help them in their decision-making. As governments continue to face budgetary cuts, resources available from charitable foundations are becoming of increased importance to policymakers as they pursue innovative ways to partner with communities to support the provision of public goods and services. It is hoped that this article sparks the beginning of a new generation of scholarship about foundations and a broader charitable sector in Canada.

ACKNOWLEDGEMENTS

The authors gratefully acknowledge the support of the Social Sciences and Humanities Research Council of Canada (SSHRC) Partnership Development Grant. The authors have benefited from comments by members of their research cluster, presentation participants at the International Society for Third Sector Research Conference (ISTR, 2016), and feedback from anonymous reviewers for ANSERJ.

NOTES

1. Grey literature was defined as documents outside formal academic channels of publication, which included community-based research reports, discussion papers, government documents, as well as information guides and unpublished sources (Magalhaes, Carrasco, & Gastaldo, 2010).
2. Payne & Zhao (2007), Payne (2012), and Khovrenkov (2016, forthcoming) rely on CRA data on charitable organizations and foundations that was accessed through Public Economics Data Laboratory Analysis (PEDAL) located at McMaster University, Hamilton, Ontario. PEDAL is "a medium security facility that specializes in transforming and analyzing administrative data" (McMaster University, 2017) for various purposes including research. Dr. Abigail Payne (2012), the director of PEDAL, has devoted considerable effort to developing methods that "help make it feasible to use the information return as a more reliable source for research analysis (p. 7).
3. Registered charities constitute about 50 percent of the broader nonprofit sector. The key difference between registered charities and nonprofit and voluntary organizations is that the former can issue tax receipts for their donations.
4. The CRA internally generates 50 categories for classifying charities according to their stated purposes. Please see Sharpe (1994) for a detailed discussion of category codes.
5. Foundations in Ontario must also file a provincial annual return (RC 232).
6. Philanthropic Foundations Canada is a member association of over 130 Canadian grantmakers. It promotes the growth and development of effective and responsible foundations. The Ontario Trillium Foundation is the agency of the Government of Ontario and one of Canada's largest grantmaking foundations.
7. At the start of the study, Regina was home to only 22 grantmaking foundations, 11 of which responded to our call for consultations, which creates a response rate of 50 percent.
8. The Ontario Trillium Foundation is different from a typical charitable foundation (e.g., Vancouver Foundation) in that it is funded entirely by government as opposed to individual endowments.
9. Registered charities were required to complete form T3010 prior to 2002, then form T3010A between 2003 and 2004, and form T3010 (05) from 2005 onward.

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Appendix: Overview of specific case studies and surveys on foundations

Author	Data source
Young (2015)	Case study of the Bealight Foundation and its approach to mission related investing.
Hall, de Wit, Lasby, McIver, Evers, Terry, Johnston, & McAuley (2005)	Survey of 13,000 incorporate nonprofits and registered charities.
Lasby (2013)	Imagine Canada's online survey of 2,255 executive directors or other senior leaders of registered charities.
Nixon (2013)	Online survey of representatives from 66 private, community, and corporate foundations in Canada and in-depth interviews with 15 foundation representatives and other leaders in the field.
Northcott & Uytterhagan (2002)	Interviews with 14 representatives from private Canadian foundations.
Plant (2003)	Semi-directed interviews with 14 Québec-based and 3 Ontario-based foundation executives.
Strandberg (2010)	Case studies on community and mission investing activities of nine Canadian foundations, and an overall analysis of the current status of community and mission investing in Canada based upon the nine profiles.
Strandberg (2008)	Case studies of community investment strategies of VanCity Community Foundation and the Atkinson Foundation.
Whitman (2006)	Survey of foundation CEOs: 5 Canadian foundations; 45 U.S. foundations, and 12 European foundations.

Source: Authors' compilations

ANSERJ
Canadian Journal of Nonprofit and Social Economy Research
Revue canadienne de recherche sur les OBSL et l'économie social

Vol . 8, No. 2
Autumn / Automne 2017
pp. 40 – 56

Understanding Information Exchanges and Reporting by Grantmaking Foundations[1]

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ASTRACT

Information and reporting issues are more present than ever in a context of accountability pressures on nonprofits and foundations. This conceptual article explores the information flows between the stakeholders in the philanthropic ecosystem and examines four broad types of reporting: tax and regulatory, financial, social, and grants reporting. Tax and regulatory reporting includes the general requirements imposed on charities and specific requirements imposed on Canadian foundations by the *Income Tax Act*. Financial reporting refers to financial statements and other financial information. Social reporting refers to information shared about foundations' activities, non-financial performance, and impacts. Grant reporting refers to information requests and disclosure between foundations and grantees, and information about grants shared with other stakeholders. The article provides an analysis framework to examine the grantmaking foundations' ecosystem and identify key trends and challenges regarding information exchanges.

RÉSUMÉ

Les enjeux liés à l'information et à la communication sont plus présents que jamais dans un contexte de responsabilisation en expansion. Diverses parties prenantes participent dans l'écosystème des fondations subventionnaires et sont engagés dans l'échange d'information. L'objectif de cet article conceptuel est d'explorer la circulation de l'information entre les parties prenantes de l'écosystème philanthropique et d'examiner quatre grands types de communication, soit celles fiscales et réglementaires, financières, sociales et subventionnaires. Les communications fiscales et réglementaires comprennent les exigences générales et spécifiques des organismes gouvernementaux, par exemple, la Déclaration de renseignements T3010 requis par la Loi de l'impôt sur le revenu du Canada. Les communications financières comprennent les états financiers et les autres informations financières. Les communications sociales portent sur l'information partagée à propos des activités des fondations, de leur performance non-financière et des impacts. Les communications subventionnaires comprennent les demandes et la divulgation d'information entre les fondations et les bénéficiaires et celle partagée avec les autres parties prenantes. Parmi les contributions de l'article, notons le développement d'un cadre d'analyse, basé sur la théorie des parties prenantes et sur la circulation de l'information, afin d'examiner l'écosystème philanthropique.

KEYWORDS / MOTS CLÉS Foundations; Information; Ecosystem / Fondations; Information; Écosystème

INTRODUCTION

Nonprofits, charities, and foundations play a pivotal role in society and are well-positioned to effect societal change and have a societal impact. Emerging trends and changes in the contextual environment of nonprofits (Johnston, 2012; Kaplan & Grossman, 2010; Pearson, 2010) bring numerous challenges, including ones related to accountability.

The objective of this article is to understand information exchanges and reporting by grantmaking foundations, and to examine emerging issues regarding the information flows between various stakeholders. To structure the analysis, a framework based on a theory of stakeholders (Mitchell, Agle, & Wood, 1997) and information flows is developed.

Grantmaking foundations are seen as a subset of charities. The Canada Revenue Agency (CRA, 2009) describes a registered charity as an organization established and operated exclusively for charitable purposes. Foundations are a subgroup of charities that include both charitable organizations and foundations. Legally, per the *Income Tax Act* (1985, 149.1(1)), charitable foundations are subdivided into public and private foundations. As funding organizations, charitable foundations do not need to carry out the charitable activities themselves. "Charitable foundation means a corporation or trust that is constituted and operated exclusively for charitable purposes, no part of the income of which is payable to, or is otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settler thereof, and that is not a charitable organization" (*Income Tax Act*, 1985, 149.1(1)).

For the purposes of this article, a grantmaking foundation is a registered charity (public or private foundation) that meets the criteria established by Imagine Canada and Philanthropic Foundations Canada (2014) for the definition of a grantmaking or community foundation. Such a foundation is "running an independent, discretionary grantmaking program" that "is either an ongoing activity that is for a time-limited period or, if time limited, must be the primary focus of the organization during the time-limited period"; it "provides grants to unassociated qualified donees, rather than associated charities" and "selects individual qualified donees at the discretion of the foundation, rather than as directed by other authorities such as donors" (p. 19). Furthermore, community foundations "frequently have significant components of grantmaking that are donor directed and they specifically focus their grantmaking on defined geographic areas" (p. 19).

In addition to the public and private classification, foundations could also be classified as family (e.g., Fondation Lucie et André Chagnon, The J.W. McConnell Family Foundation), corporate (e.g., RBC Foundation, Mastercard Foundation), community (e.g., Winnipeg Foundation, Vancouver Foundation, Ottawa Community Foundation), governmental (e.g., Ontario Trillium Foundation, Alberta Innovates: Health Solutions), philanthropic clubs (e.g., Rotary, Lions, Kiwanis), and specific-goals foundations (e.g., Canadian Wildlife Federation, SickKids Foundation) (Chamberland, Gazzoli, Dumais, Jetté, &Vaillancourt, 2012).

In term of methodology, this conceptual article relies mainly on a literature review regarding information flows in and reporting by grantmaking foundations, charities, and nonprofit organizations. A consultation meeting with grantmaking foundations representatives helps validate some ideas. The article is focused around the following research questions: How can the information exchanges between stakeholders in a grantmaking context be visualized? What are the main forms of reporting? What are the emerging trends and issues regarding information flows?

This article first presents a framework for understanding information-flow issues related to a grantmaking foundation's ecosystem. Second, various forms of information sharing—tax and regulatory, financial, social, and grants reporting—between foundations and their stakeholders are described. Third, general trends and issues regarding information flows are presented.

FRAMEWORK FOR UNDERSTANDING INFORMATION FLOW ISSUES

Information circulates among different stakeholders (Connolly, Dhanani, & Hyndman, 2013; Mitchell, Agle, & Wood, 1997). Information exchanges may result from mandatory and regulatory requests or voluntary disclosure. Information exchanges could include oversight by governments, looking at the operations of grantees, supporting decision-making by the public, acting as a marketing tool to enhance the reputation and information-sharing capabilities of a collaboration. Information flows among the different stakeholders could be private, between only a small number of stakeholders, or be public and generally available.

Inspired by the nonprofit literature, there are many reasons why grantmaking foundations might share information (Koppel, 2005, 2011):

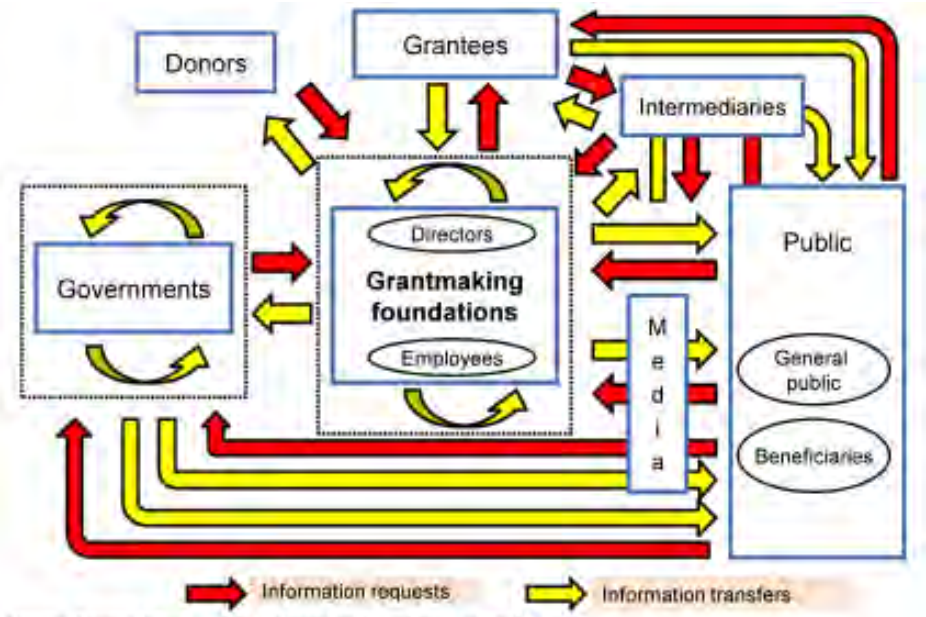
to make information about its activities accessible to stakeholders;
to demonstrate that progress has been made on stated objectives;
to demonstrate that any applicable rules, regulations, accounting principles, codes of conduct, and laws have been followed;
to ensure dialogue with and responsiveness to constituents and beneficiaries; or
to learn from one's own or other organizations in order to improve practice.

According to Allan Northcott and Shelley Uytterhagen (2002), information sharing is part of a larger issue of accountability, which is of importance to many Canadian grantmaking foundations. In addition, it is helpful to place grantmaking foundations within the context of regulation and transparency pressures being experienced by charities as a whole in Canada, for example, people abusing donations by using them as tax shelters (Phillips, 2013). Thus, grantmaking foundations, similar to all charities, are enmeshed within a "polycentric charity regulatory regime" (Phillips, 2013, pp. 884–885) made up of multiple sources of information requirements and disclosures.

In this section, a framework to help our understanding of the information flow issues is presented. Stakeholder theory is found to be useful in analyzing issues of grantmaking foundations (Connolly, Dhanani, & Hyndman, 2013). For organizations without shareholders, accountability "is driven by the number and the power of different stakeholders" (Dainelli, Manetti, & Sibilio, 2013, p. 649). A number of stakeholders are identified in this framework, such as grantmaking foundations, governments, donors, grantees, the public, media, and intermediaries (Charity Commission, 2009; Connolly, Hyndman, & McConville, 2013b; Gordon, Khumawala, Kraut, & Meade, 2007; Mitchell, Agle, & Wood, 1997). All these stakeholders operate in a web of information exchanges.

Figure 1 shows the key stakeholders and main information flows connected to the ecosystem of a grantmaking foundation. The main nexuses of information flows are between: donors and foundations, governments and foundations, foundations and grantees, foundations and the public, governments and the public, and grantees and the public. Some exchanges take place via a third party, such as the media. Information flows are presented with arrows of different colours for requests and transfers.

Figure 1: Ecosystem, Stakeholders, and Information Flows



Source: Adapted from Brouard & Glass (2015) and Brouard (2017)

Grantmaking private or public foundations are registered nonprofits and charities and must therefore respond to various reporting requests. Directors and employees (including management teams and volunteers) are stakeholders within foundations. As regulators, governments play a key role regarding information (Hyndman & McMahon, 2010). For the purposes of this article, governments include all the agencies, ministries, and entities, such as the Canada Revenue Agency (CRA), Industry Canada, Finance Canada, Statistics Canada, and political parties. Donors are considered the primary stakeholders (Hyndman, 2010), because without them there is no foundation in the first place. Grantees are organizations or individuals that received grants from grantmaking foundations. The public includes the general public and beneficiaries (Lee, 2004). The media include newspapers, television, radio, and various social media. Intermediaries represent multiple faces. Some are organizations that monitor the charitable sector, disseminate information, and provide ratings (Gordon, Knock, & Neely, 2009; Phillips, 2013). Auditors provide assurance on financial statements and financial information (Sinclair, Hooper, & Mohiyaddin, 2011). Researchers could be seen as intermediaries as well (Brouard, 2014). The accounting profession also plays a role in the development of accounting standards for nonprofits, charities, and foundations (Hyndman & McMahon, 2010).

Table 1 illustrates common reporting and information sharing mechanisms that exist in the Canadian grantmaking foundation ecosystem. Two main dimensions help distinguish types of information requests and disclosures among stakeholders. First, information sharing may be mandatory or voluntary. Second, information may be made accessible publicly or privately. Information flows may fall between the continuum of those dimensions. Information sharing may be initiated by a foundation itself or by other stakeholders.

Table 1: Examples of information shared by grantmaking foundations

		Type of Information Request	
		Mandatory	Voluntary
Audience /User	Public	• T3010 return for the Canada Revenue Agency (CRA) • List of board members • Annual Information Return for Industry Canada or provincial incorporating body	• Foundation website • Granting policies and procedures • Other policies (e.g., investment) • Annual report • Past and current grants disbursed (amount, recipient, purpose) • Descriptions of grantee initiatives, outcomes, and impact (may be private) • Information sharing by foundation networks (e.g., best practices, collaborations) (may be private) • Adhesion to standards programs (e.g., Imagine Canada)
	Private	• Financial statements (audit?) • Information about officers • Corporate records (board meeting minutes and resolutions, by-laws, etc) • Grantee reports to foundation • Foundation reports to donors	• Self-evaluation by foundation of its processes or results (may be public) • Evaluation of grantee initiatives (may be public) • Information sharing among foundations (e.g., improving practice, investment policies, policy templates, salary scales)

FORMS OF REPORTING

Information flows take different forms, namely tax and regulatory, financial, social, and grants reporting. For each, the accessibility, quantity, and quality of information should be considered. The form of reporting cuts across the type (mandatory or voluntary) and accessibility (public or private) of the information shared. This section presents a brief analysis of each of these types of reporting.

Tax and regulatory reporting

Tax and regulatory reporting is made up of the requirements imposed on charities by governments and specific requirements on foundations by the *Income Tax Act*, such as the T3010 Information return, and other regulatory requirements.

In Canada, the major regulatory mandatory requirements are as follows:

> *The Income Tax Act* (ITA) and provincial tax laws.
> Other federal and provincial bodies with regulatory role overseeing nonprofits (See Canada [2016] for a list of provincial or territorial requirements. They regulate activities such as business activities, fundraising, governance, and the use of charitable property.)

CRA reporting requirements

Exchanges of information between foundations and the Canada Revenue Agency (CRA) take place when applying for charitable registration (form T2050), in the case of a change to the designation (form T3011), during revocation, re-registration, or annulment (forms T2046, T2050), and annually via the charitable information return (form T3010) (Brouard, 2014). The T3010 asks all charities a number of questions on identification, directors, programs, and financial information (see Brouard, 2017). However, specific information that is more relevant to them is required from foundations, such as Schedule 1 with four questions, the T1236 (Qualified Donee Worksheet) and the T2081 (Excess Corporate Holdings Worksheet).

Imagine Canada and Philanthropic Foundations Canada's (2014) report on the quality of reporting on the T1236 found that:

> the overall quality of the grants data is excellent … The average percentage of total reported gifts captured as grants on the T1236 form was over 95% for top grantmaking foundations and 93% or more for top community foundations for all years … only a handful of foundations showed discrepancies where the total value of grants collected from the T1236 form exceeded the value of gifts reported [in the T3010]. (p. 23)

Other regulatory reporting requirements

"A foundation may be constituted as a trust or incorporated as a not-for-profit corporation under provincial or federal legislation and therefore regulated under the federal or provincial corporate or trust legislation" (Johnston, 2012, p. 6). The *Canada Not-for-profit Corporations Act* outlines certain record-keeping and disclosure requirements for all nonprofit organizations, including foundations that are incorporated federally. Nonprofits must maintain board meeting minutes and resolutions and make these and other documents available to board directors and members of the organization. Articles of incorporation, by-laws, descriptions of debt obligations, and lists of officers and members of the organization must be shared with directors and with those members that request this information (Industry Canada, 2013a). Nonprofits are not obligated to provide this information to non-members. However, basic information from the Corporations Canada annual filing, including addresses of the organization and board directors, previous names of the organization, and the status of annual returns, is made available to the public online (Industry Canada, 2013b; 2014).

Foundations incorporated provincially must meet the documentation and disclosure requirements of the province. Common provincial requirements include an annual information return listing board members and contact information.

Public disclosure of charity information

The CRA makes data from foundations' and other charities' annual T3010 Information Returns available on its Charities Listings site (CRA, 2014). The Blumbergs' (charitydata, 2017) site also provides information on registered charities. Thus, the public is able to verify if a foundation is a registered charity in good standing, as well as view some information provided by the foundation in its annual information return. Some provinces also share basic information with the public about registered organizations. Some jurisdictions provide this information for free, such as Québec (Registraire des entreprises Québec, 2012), while others, such as Ontario, require a fee for each search conducted (ServiceOntario, 2014).

Financial reporting

Financial reporting relates to financial statements and other financial information that is generally prepared internally and is mostly comprised of quantitative measures. The common elements of financial statements for foundations are: a statement of financial position, a statement of operations, a statement of changes in net assets, cash flow statements, and

notes to the financial statements. Simplified versions of the financial statements that only have key numbers may be sufficient for some stakeholders (Hyndman, 1991).

The annual disclosure of financial information "is primarily intended to ensure honesty, prevent fraud, and demonstrate that charitable funds are substantially devoted to charitable purposes (Brody, 2002; Breen, 2013)" (Phillips, 2013, p. 883). "Charities should be accountable to those outside their immediate management and the financial statements and annual report of a charity are important documents through which this accountability can be discharged" (Connolly, Hyndman, & McConville, 2013a, p. 800). Susan D. Phillips (2013) believes that there should be less emphasison financial reporting and that there should be a "greater emphasis on illuminating governance systems and impacts" (p. 881).

Overall financial reporting quality

Some studies find financial reporting by nonprofits lacking. In an analysis of constituents' submissions on financial reporting, Philip D. Palmer (2013) found that deficiencies of nonproft financial reporting in Australia were related to "consistency, efficiency and transparency" (p. 217). Rowena Sinclair, Keith Hooper, and Marini Mohiyaddin (2011) note "a problem in audit quality" (p. 23) among small organizations, a lack of compliance with professional standards, and "a lack of understanding by charities of their financial information" (p. 23), which bring questions about the integrity of information.

On the other hand, Canadian foundations appear to have adequate financial reporting. Imagine Canada and Philanthropic Foundations Canada (2014) found that:

> the quality of data pertaining to grantmaking and community foundations is very good … we compared the values of reported and independently computed total assets and expenditures. The number of top foundations with unacceptably large discrepancies between reported and computed assets was very small, never going above 4 of 150 for top grantmakers and 1 of 10 for top community foundations in any given year. The numbers of other types of foundations with unacceptably large discrepancies was somewhat larger, particularly among the Other and Unclassified categories but the dollar values involved in these differences are quite small (fractions of a percentage point in most years). (p. 20)

Public disclosure of financial information

Financial information is available in the T3010 and in the annual reports of grantmaking foundations, if they are made public. Sometimes only a summary, instead of complete financial statements, is provided. Details of financial information are often kept private. Additional financial information that may be shared includes budgets (e.g., prospective financial information and variances) or descriptive information (e.g., tax status, organizational structure, policies, risks management) (Hyndman, 1990; Kilcullen, Hancock, & Izan, 2007). Disclosure of performance information, such as the achievement of objectives with an internal self-assessment, and quantitative measures may also be provided (Hyndman, 1990; Kilcullen, Hancock, & Izan, 2007). However, performance reporting presents many approaches and difficulties (Connolly & Hyndman, 2003).

Ciaran Connolly and Noel Hyndman (2013b) caution that financial reporting assumes that stakeholders possess sufficient financial literacy to understand the financial information available.

Social reporting

Social reporting refers to information shared about a foundation's activities, non-financial performance, and impacts. Such information can be prepared internally and made public by foundations themselves or disclosed by stakeholders,

such as the media, government agencies, or other intermediaries. It can include both quantitative and qualitative measures. Reporting related to grantmaking is not treated here, but described in the next section of this article.

Foundations have been described by scholars on private philanthropy as "sometimes stupidly modest" (Hammack & Anheier, 2010, p. 401). Indeed, "While many Canadian foundations have been operating for decades, most have remained largely invisible" (Johnston, 2012, p. 1). Public information about what foundations do and achieve appears to have been quite limited until recently (Frumkin, 2006). A common critique of foundations calls for more transparency: given that donors receive a tax credit, the public has a legitimate stake in knowing about a foundation's activities and results (Chamberland, Gazzoli, Dumais, Jetté, & Vaillancourt, 2012; Johnston, 2012).

> Canadian philanthropy is receiving more public attention from the media, from fundraisers, and from public policy makers. With this increasing attention will come increased scrutiny of foundations, presenting both opportunities and challenges … Canadian foundations in the future will face demands to be more open and accountable to the public. (Johnston, 2012, p. 1)

Foundations and evaluation

The "evaluation function in philanthropy … is a fairly recent phenomenon" (Coffman, Beer, Patrizi, & Thompson, 2013, p. 36) that began in the 1970s with the first dedicated efforts in some North American foundations to measure results and learn from activities. In the 1990s, there was a significant increase in interest in evaluation among American foundations, which accompanied the growth of the number of foundations (Patrizi & McMullan, 1999, cited in Coffman, Beer, Patrizi, & Thompson, 2013) and likely helped to raise awareness and interest among foundations north of the border. That said, the majority of foundations keep information about their activities to themselves. For example, a US study found that "only 27 percent of grantmakers reported that they share information about challenges and lessons learned with others in their field. Other aspects of reporting, such as information about a project's progress, future plans, collaborations, and assessment, are shared less frequently" (Bearman, 2008, p. 14).

Many foundations express a desire to know more about their impact on beneficiaries, communities, society, and systems. There are few standards or common approaches to reporting on social impacts, however:

> Although many foundations value collaboration and synergy in theory, grantmaking and reporting processes make it very hard for them to work together in practice … the inconsistency of … metrics makes it very difficult for funders to share with each other data about grantee performance, changes within a field, or their own progress. (Bearman, 2008, p. 19)

Measuring impact requires that foundations look beyond program evaluation and assessing the success of individual grants to new methods that can be applied to their long-term goals (Coffman et al., 2013).

Foundations often have a unique vantage point. Through their relationships with grantees and other stakeholders, foundations are able to see the progress and challenges of many organizations and initiatives within their fields of interest at once. Thus, increased effort by foundations to communicate with other stakeholders about their activities, learnings, and impact would likely benefit society.

Public disclosure and social reporting

Beyond the information required and made public by regulators (see the section entitled Tax and Regulatory Reporting), foundations have the choice to share no additional information about their work with the public, some information, or ex-

tensive information. There are over 10,000 registered foundations in Canada, however the majority of them still have no internet presence (Johnston, 2012). Foundations that choose to communicate less with the public about their activities may do so because of a lack of human resources (Coffman et al., 2013), to maintain flexibility in their grantmaking decisions (Leat, 2007), to keep grant requests to a feasible number (Bearman, 2008), or to maintain the privacy of their board members and donors (Johnston, 2012). A culture of discretion has also been prominent among Canadian foundations. The "open-by-default mindset" (Van Ymeren, 2015, p. 12) encouraged by proponents of increased accountability and data sharing (GrantCraft, 2014) likely goes against the grain of foundations used to working out of the spotlight to contribute to the public good.

The last two decades have seen an increase in transparency in the philanthropic sector, "particularly within the world of private foundations" (Frumkin, 2006, p. 82). For example, of the approximately 120 members of Philanthropic Foundations of Canada, over half now have websites (Glass & Brouard, 2015). For some foundations, making information about their activities available to the public is a way to undertake "self-regulation through greater transparency" (Hammack & Anheier, 2013, p. 155). For foundations that engage in fundraising, such as community foundations, communicating their work to the public raises their profile, establishes credibility, and invites further donations (Community Foundations of Canada, 2005). With the professionalization of Canadian foundations on the rise (Northcott & Uytterhagen, 2002), there may be more capacity to develop and maintain transparency practices in the future.

Grantmaking reporting

Grantmaking reporting refers to information requests and disclosure between foundations and grantees, and information about grants shared with other stakeholders.

In addition to being suppliers of information about their work, grantmaking foundations are usually also in a demand role, requiring information from their grantees both before and after grants are approved. Some foundations undertake only their own charitable programs. However, by definition grantmaking foundations rely wholly or in part on the organizations to which they give in order to reach their goals.

Once a grant has been given, reporting is a nearly universal oversight mechanism used by foundations (Delfin & Tang, 2008). Grantmaking foundations in Canada apply a diversity of approaches to grantee reporting (Johnson, 2012; Northcott & Uytterhagen, 2002). "At a minimum, most foundations require basic financial information as a form of accountability" (Johnson, 2012, p. 37). Many also require reports on the activities or outcomes for which the grant was used. Reporting elements can include

- narrative progress and end-of-project reports;
- testimonials and success stories;
- external evaluations of the project or program;
- financial reports; and
- audited financial statements for the project or organization.

In addition, some Canadian foundations conduct site visits, discuss projects mid-term, and have grantees make presentations to the staff or board as part of monitoring (Community Foundations of Canada, 2005; Johnston, 2012; Northcott & Uytterhagen, 2002). The foundation should distinguish between its need for basic financial reporting (e.g., for capital equipment), and its interest in deeper analysis (e.g., the outcomes of a demonstration project); evaluation requirements "can range from 'no evaluation required' to 'ongoing follow-up' or 'interim/final evaluation report(s) required'" (Community Foundations of Canada, 2005, p. 56).

The purpose and value of grantees' reporting appears to be ambiguous. Recent UK and US research discovered that funders do not necessarily read performance reports submitted by grantees but that they view the act of producing such a report as fulfilling an accountability need (Bearman, 2008; Connolly & Hyndman, 2013a).

Diversity of reporting requirements

There are two key types of narrative reporting in grantmaking: descriptive reporting, such as success stories, testimonials, and descriptions of activities and outputs, and evaluation and performance measurement, which assesses the results of activities (Carman, 2009). Such non-financial information about how an initiative has fulfilled its goals and what benefits it provided to the community has been found to be more important to philanthropic funders than financial reports (Huang & Hooper, 2011).

In order to be sustainable, many nonprofits seek to diversify their revenue sources, however, having multiple funders, including foundations, often results in the challenging task of providing tailored reports for each one (Tierney & Steele, 2011). There are no standard reporting or evaluation formats, because "foundations strive to increase their own impact, in part through specialized application and reporting practices … Compounding the problem is philanthropy's diversity of purpose and operations, which makes standardizing practices across foundations highly difficult. As the saying goes, 'If you've seen one foundation, you've seen one foundation'" (Bearman, 2008, p. 4).

There have been attempts in the US to create common grant applications and reporting forms that multiple funders in a particular field or geographical area could accept. However, in one large survey of foundations, only one-third allowed such common forms to be used in their grantmaking processes, and far fewer required them (Bearman, 2008). Foundations found common forms to be either too bulky with irrelevant questions or not robust enough, requiring additional questions to get at the information they sought from grantees (Bearman, 2008).

Public disclosure and grants reporting

Although "grantmaking practices vary tremendously from one foundation to another" (Johnston, 2012), there are two key periods in which grantees and grantmakers usually share information: before and after a grant has been accorded.

One of the key phases during which grantmaking foundations request information from charity partners is during the relationship-building and grant request process. An Australian study on foundations' application and selection processes found that, in general, "information sought divides into two categories: factual information about organizational status, income, staffing and so on; and 'speculative' information, in particular about outcomes, evaluation and sustainability" (Leat, 2007, p. 39) of the applicant organization or its proposed project. Some foundations also engage in back-and-forth dialogue with applicant organizations to discuss potential initiatives or to help them better make a case in their formal requests (Johnston, 2012), though this opportunity for discussion and exchange may not be promoted publicly (Leat, 2007).

A study on Australian foundations found that only about one-third provided detailed selection criteria to potential grantees. A search for online information about smaller Canadian foundations will similarly reveal that many of them do not have an internet presence, likely because of the lack of paid staff, and do not publish information about the application process or selection criteria.

The results of the initiatives to which foundations donate make up a large part of their social impact (Johnston, 2012). There appears to be a growth in voluntary information sharing related to grantmaking as "many of today's foundations are providing more information about selected aspects of their grantmaking, both to discharge their obligation to the public and to enhance their influence" (Hammack & Anheier, 2013, p. 136).

TRENDS AND CROSSCUTTING ISSUES REGARDING INFORMATION FLOW

In a context of need for increasing public trust and confidence toward charities (Hind, 2011; Yasmin, Haniffa, & Hudaib, 2014), a number of general trends and transversal issues could be raised regarding information exchanges related to grantmaking foundations.

Complexity and diversity of accountability

There is a call for greater accountability and transparency in the charitable sector (Cordery & Morgan, 2013). Stakeholders each have different levels of trust and different demands for information (Yasmin, Haniffa, & Hudaib, 2014). However, different stakeholders represent diverse information needs to different purposes, resulting in a complex system of information flows. With multiple stakeholders and their respective objectives and priorities, grantmaking foundations should try to establish a delicate balance to achieve accountability (Connolly & Hyndman, 2013b). Difficulties in establishing the priorities and gaps between the diverse user-needs of stakeholders may lead to weaker accountability (Connolly & Hyndman, 2004).

In grantmaking, it is likely unrealistic and maybe not desirable to expect common applications or reporting formats across multiple foundations because of the limits this would place on the creativity and relevant information flows of each foundation with grantees. Reporting takes many forms presently. New mandatory mechanisms to enhance accountability appear in other countries, for example, public benefit reporting in the trustees' annual report in England and Wales (Morgan & Fletcher, 2013).

Quantity, quality, and comparability

When considering information sharing, both the quantity and quality of information must be examined. Information overload in our digital age may be as great an issue as the lack of information about grantmaking foundations. Foundations must consider what information is most relevant to share, and what mechanisms are best to communicate with stakeholders.

The quality of available information offering transparency, reliability, timeliness, and consistency is a challenge for many charitable organizations (Breen, 2013; Yasmin, Haniffa, & Hudaib, 2014). Even with charities' efforts to be more transparent, Ciaran Connolly, Noel Hyndman, and Danielle McConville (2013a) found that changes in accounting standards may have "resulted in charities 'managing' the numbers and limiting their disclosures, possibly to the detriment of external stakeholders" (p. 785).

Comparability of grants data is a key issue identified by Canadian foundation sector leaders (Glass & Brouard, 2015). Currently, many foundations share information about which organizations they give to, how much, and for what purpose, however they often use unique systems to deliver the data:

> Many, if not most, funders now publish information online as to whom and what they fund … [but] the information comes in heterogeneous formats and layouts, at different time intervals, with different levels of detail, and is published under different licenses. (Lenczner & Phillips, 2012, p. 12)

Developing common categories and data formats, sector commentators believe, will allow for better compilation of grants information across multiple foundations, which lends to better use of data (Glass & Brouard, 2015).

Open data

The move toward greater transparency, shared measurement, and sharing of grants information fits within a much broader

trend toward open data in the nonprofit sector. Open data is that which is available "under an open license, in a convenient and modifiable form, machine-readable, with little or no cost associated with its use" (Van Ymeren, 2015, p. 3).

There has been a growing momentum in the Canadian nonprofit sector to expand its use of open data to achieve a number of purposes (Van Ymeren, 2015). Grantmaking foundations could apply such data in many ways:

> By using digital data, funders have opportunities to improve their analysis and their decision making. Connected datasets allow funders to address a wide range of questions: the impact of their grants, how they fit into the funding landscape of a locale, or how best to leverage other funders. (Lenczner & Phillips, 2012, p. 14)

Open data is thought to become a "game changer for charity transparency" (Phillips, 2013, p. 901). This trend calls into question what information foundations share, but also how they and other stakeholders use information for a purpose:

> for [nonprofits], taking better advantage of data is not just a conversation about "access." The challenge for the sector is how to use, package and share information in a way that supports and strengthens the sector's ability to deliver on its mission and inform public policy. (Van Ymeren, 2015, p. 7)

Size, professionalization, and sector effects

The great diversity of foundations in Canada has resulted in a wide variety of approaches to reporting and information sharing. Foundations that have larger endowments or more staff are more likely to have robust approaches to the evaluation of their own and their grantees' activities, as well as to participate in information sharing in their field (Coffman et al., 2013). The number of professional employees likely also has an effect on how much and with which mechanisms information is shared with the public, as smaller foundations often dedicate fewer human resources to managing their activities and communications.

In terms of information required from grant applicants, the amount and formality of information solicited seem to vary in relation with the size and number of grants provided by a foundation as well as with the foundation's public profile (more visible foundations having more formal or detailed processes) (Leat, 2007). The wide variety of sectors adds difficulties to obtaining comparable information.

A key capacity that needs to be improved among Canadian foundations, as in the nonprofit sector as a whole, is the ability to create and keep up-to-date systems for efficient data collection and sharing (Ajah, 2015; Lenczner & Phillips, 2012; Van Ymeren, 2015).

Transparency, sharing information, and collaboration

There has been a clear movement in recent years toward greater transparency in the foundation sector (Hammack & Anheier, 2013), in Canada as in other jurisdictions. There is a growing consensus that sharing information about grants, such as who they are given to, by whom, and for what purpose, would increase the knowledge and effectiveness of the voluntary and public sectors. Suggestions that "producers of data about the nonprofit sector need to collect and publish their data in ways that facilitate reuse" (Lenczner & Phillips, 2012, p. 15) are proposed. However, collaboration requires effort, time, and the structure of different networks.

Canadian foundations are increasingly sharing information informally as well as collaborating with each other. This trend toward collaboration appears to be driven by the impact of the recession and the increasing diversity of the philanthropic landscape (Pearson, 2010), as well as the generational change in philanthropists (Brouard & Larivet, 2010).

CONCLUSION

As Johnston (2012) points out, "philanthropy and foundations will be playing an increasingly active role in shaping Canadian society over the next few years. Inevitably, this means that foundations will be subject to more public scrutiny of their impact and effectiveness" (p. 47). At the same time, more and more Canadian foundations are motivated to improve their impacts and seek to exchange information and knowledge about their practices and the public good they aim to support.

As foundations expand their public role, it becomes important to understand and critically assess the content and methods of their information exchanges with their stakeholders. This article has attempted to briefly describe the key information flow and reporting issues related to grantmaking foundations, with a particular view on trends in Canada. This review reveals that there are both push and pull factors related to improving information exchanges by and about grantmaking foundations: in some cases, foundations are motivated to improve their communication with other stakeholders to better fulfill their purpose; in other cases, external trends and demands urge foundations to increase the quality or quantity of information shared. This article has offered a conceptual framework that includes identifying diverse stakeholders as well as the varying types of information sharing (including public vs. private and mandatory vs. voluntary).

From this analysis, many challenges appear related to accountability, transparency, comparability, availability, learning, and performance issues. Even with better standards in reporting in the future, either voluntary or regulated, questions about the understandability of information transfers remain: what are the information priorities of stakeholders and what are the best mechanisms to meet those information needs? Continued effort by foundations, networks of foundations, and regulators as well as demand for improved information by grantees and the public, is to be expected following the trends of recent years.

ACKNOWLEDGEMENTS

The authors gratefully acknowledge the Social Sciences and Humanities Research Council of Canada (SSHRC) funding under the Partnership Development Grant: "Philanthropic action of Canadian grant-making foundations: Investigating their social innovation and catalytic role in social change."

NOTE

1. This article uses sections of a book chapter written in French (Brouard, 2017) and discussion papers from May 2015 by SCSE/CSES and PhiLab (Brouard & Glass, 2015; Glass & Brouard, 2015).

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Canadian Wildlife Federation, http://www.cwf-fcf.org/en/
Fondation Lucie et André Chagnon, https://fondationchagnon.org/fr/index.aspx
SickKids Foundation, https://www.sickkidsfoundation.com/
Kiwanis, http://www.kfcdn.org/
Lions, http://www.lionsclubs.org/
Mastercard Foundation, http://www.mastercardfdn.org/
J.W. McConnell Family Foundation, https://mcconnellfoundation.ca/
Ontario Trillium Foundation, http://www.otf.ca/
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ANSERJ
Canadian Journal of Nonprofit and Social Economy Research
Revue canadienne de recherche sur les OBSL et l'économie social

Vol . 8, No. 2
Autumn / Automne 2017
pp. 57 – 79

Collaboration Between Canadian Grantmaking Foundations: The Expression of an Increasingly Ambitious and Strategic Philanthropic Sector?

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ABSTRACT

This article critically discusses the practice of foundation collaboration in Canada and describes the context, vehicles, and forms that it takes. It is based on data from interviews with 23 key informants and a literature review of over 100 publications from grey and scholarly literature. Over the last decade, Canadian grantmaking foundations appear to be working together more often, motivated by goals of information sharing, coordination, impact, and risk mitigation. In Canada, as elsewhere, this growing practice is closely related to the trend toward strategic philanthropy, in which foundations position themselves as agents of change. The article raises cautions and criticisms about foundation collaboration, related to considerations of strategic and cultural fit as well as to existing challenges concerning philanthropy's power and legitimacy in society.

RÉSUMÉ

L'article propose de faire un examen critique des pratiques de collaboration entre fondations subventionnaires au Canada, qui représentent un domaine jusqu'ici peu exploré dans la recherche scientifique. À partir d'entretiens avec 23 informateurs clés et une recension d'écrits scientifiques et non scientifiques, l'article décrit le contexte, les chemins d'émergence et les formes que prennent ces pratiques de collaboration. Au cours de la dernière décennie, les pratiques de collaboration entre fondations subventionnaires semblent afficher une progression au Canada. Des fondations participantes indiquent être motivées par le désir de soutenir le développement des connaissances, de mieux coordonner leurs efforts, d'accroitre l'efficacité ou l'impact de leurs interventions et d'en atténuer les risques. Au Canada comme ailleurs, le développement des pratiques de collaboration entre fondations est lié à l'influence du courant de la philanthropie « stratégique » qui incite les fondations à assumer une posture plus affirmée d'agent de changement. L'article partage également des réflexions critiques au sujet de ces pratiques. Entre autres, il arrive que les organisations participantes doivent composer avec des défis de compatibilité culturelle et stratégique. De plus, ces pratiques se confrontent à des débats existants concernant le pouvoir exercé par les fondations philanthropiques et leur légitimité en tant qu'acteurs sociaux.

KEYWORDS / MOTS CLÉS Grantmaking foundations; Canada ; collaboration; philanthropy / Fondations subventionnaires; Canada; collaboration; philanthropie

INTRODUCTION: FRAMING THE TOPIC

Across many fields of activity, inter-organizational collaboration has come to be embraced as a primary strategy for cultivating social innovation and addressing complex problems (Marek, Brock, & Savla, 2014; Woodland & Hutton, 2012). In discussions pertaining to grantmaking foundations, the term "collaboration" often refers to any instance in which foundations voluntarily work together towards a common purpose (DP Evaluation, 2012; Hughes, 2005). As used in this article, the term collaboration encompasses a broad range of practices, ranging from networking for information exchange purposes to more integrated forms of collaboration requiring partners to establish joint objectives and ways of working.

While not a new practice (Buchanan, 2016), foundation collaboration has seen a growth in interest in recent years, according to several authors (James, 2013; Prager, 2011), even to the point of becoming a buzzword (Knight & Hartnell, 2011). The increased interest appears to have followed the trend toward strategic philanthropy, characterized as a shift away from a traditional responsive relationship with grantees toward a position that assumes more active responsibility for identifying and framing problems, as well as for designing strategies to address them (Patrizi, Thompson, Coffman, & Beer, 2013). Collaboration in this context is often seen as the only way to achieve ambitious goals, based on the recognition that multiple actors need to work together to solve complex problems. In one influential text, Katherine Fulton, Gabriel Kasper, and Barbara Kibbe (2010) note that "funders may not legally *need* to work with others, but if they hope to achieve significant impact on their communities—let alone on really wicked problems—they'll *have* to" (pp. 8–9). In many cases collaboration is perceived to be intrinsic to the solution, in the sense that different interventions from different organizations are required to address a given societal problem. Fulton et al. (2010) call upon foundations to:

> combine long-standing instincts toward independent initiative and action with an emerging "network" mindset and toolkit that helps them see their work as part of a larger, diverse, and more powerful effort overall. (p. 9)

Some research indicates that the trend among foundations to adopt a more strategic posture is leading them to shift their practices with regards to collaboration. A study of 125 U.K. foundations (DP Evaluation, 2012) found a clear connection between foundations' involvement in deeper, more high-engagement forms of collaboration and their embracing a proactive agent of change role.

Most of Canada's 10,000 registered foundations operate out of the public eye (Johnston, 2012) and are likely typified by a traditional, hands-off approach to philanthropy that involves limited relationships with grantees or other foundations. In addition, the majority of Canadian foundations have small budgets and are operated by volunteer boards, characteristics that likely reduce their capacity to partner with other organizations. There are indications, however, that some philanthropic organizations are increasingly taking on an engaged and strategic role; many are indicating their desire to address root causes, with some expanding their involvement in policy and advocacy work (Elson & Hall, 2016, 2017), and others becoming involved in international philanthropic networks (Glass, 2016). The study described in this article emerged at the request of foundations and philanthropic networks, exemplifying a growing interest in advancing the knowledge and critical understanding of foundations' role in Canadian society.

Until recently, there have been few documented practices and discussions related to collaboration among Canadian grantmaking foundations. Several reports have emerged from the thematic working groups of the Canadian Environmental Grantmakers Network (Morris, 2014, 2015; Richardson, 2012; Tomalty, 2013). Leadership at Philanthropic Foundations

Canada has also contributed critical reflection and observations of trends in collaboration in the sector (Pearson, 2010, 2014). Specific funder collaboratives have also published landscape assessments or case studies to contribute to improving strategy and practice in their respective fields (Langlois, 2011; Silkes, 2016). In addition, a recent series of case studies was produced by PhiLab, the Montreal Research Laboratory on Canadian Philanthropy (Berthiaume & Lefebvre, 2016; Longtin, 2015a, 2015b; McDougall, 2016; Pole & CFC, 2015). Despite these additions to the discourse and to the empirical knowledge base, there are very few analytical contributions in the Canadian literature that provide a broad overview of the practice of funder collaboration, the purposes it serves, and its limits.

This article describes and discusses the findings of a study conducted by the authors that aimed to address this gap and begin to provide new reference points for the Canadian philanthropic sector. This is important if foundations want to be able to capitalize upon insights and lessons learned both within the sector and beyond Canadian borders. Drawing equally upon a review of the literature both from within and outside of Canada and upon perspectives gathered from actors and observers of the Canadian foundation sector, this article describes and critically discusses foundation collaboration as a practice that is gaining prominence in Canada.

While grantmaking foundations support and engage in collaborations with a range of actors from different sectors, the focus here is on collaborations among foundations themselves, in which other types of funding partners may also participate. For the most part, these collaborations build upon the central role that foundations play as grantmakers providing funding to other third-sector organizations. Throughout this article, the terms “funder collaboration” and “foundation collaboration” are used interchangeably, reflecting the fluid boundaries of the language used in both the literature and practice.

METHODOLOGY

This article discusses a study conducted in 2016 in order to frame the topic and practice of collaboration between grantmaking foundations in Canada. It draws upon two companion working papers produced for this study, a Canadian landscape scan (Glass, 2016) and a review of the literature (Pole, 2016). As companion pieces, the literature review and landscape scan were carried out concurrently, designed to be separate and complementary contributions to the study’s purpose. Taken together, they sought to describe and to understand the context, purposes, and practices of foundation collaboration in Canada and elsewhere, the potentially useful applications of this form of practice, as well as its limits and challenges.

Contemporary data and perspectives on collaboration were collected from key informants representing Canadian private, public, and community foundations and philanthropic networks. Some philanthropic sector experts active in the field, but not affiliated with a particular foundation, were also invited to participate to gather their broad perspectives. In total, 22 respondents shared their perspectives through semi-structured interviews lasting 20–45 minutes; one additional respondent provided answers to questions by email. These key informants were asked for their observations regarding the prevalence and nature of foundation collaboration in Canada, the types of collaborations they had witnessed, and the opportunities, challenges, and future trends they perceived related to the practice. Some key informants were asked follow-up questions in writing to clarify statements made during interviews. In addition, publicly available websites were consulted to collect additional information on examples of foundation collaboration identified during interviews.

Respondents were selected through snowball and convenience sampling to represent a wide range of geographic locations, scale of focus (local, regional, national) and type of philanthropic organization. A majority of key informants (18) were actively involved in collaborations between foundations at the time of the interview, either as a funder representative or as a facilitator of a collaborative (see Table 1).

Table 1: Description of respondents (*n* = 23)

Role/type of organization		
	Philanthropic network (large network of foundations)	3
	Private foundation	3
	Public foundation	4
	Community foundation	1
	Facilitator of a funder collaborative	8
	Independent sector experts	4
Geographic scope of work		
	National	15
	Regional	6
	Local	2
Province/territory of residence		
	BC	2
	AB	1
	MB	1
	NWT	2
	ON	11
	QC	6
Currently involved in funder collaboration?		
	Yes	18
	No	5

The original literature review drew upon a total of 111 sources from the scholarly and "grey" literature from the U.S., Canada, and Europe. Sources consulted included commissioned philanthropic sector publications, case studies, reviews or evaluation reports of particular collaborative initiatives, commentaries and discussions posted in online publications and forums, as well as peer-reviewed articles, conference proceedings, and book chapters. The grey literature offered insights into the philanthropic sector's discourse on collaboration as well as into the evolving critical commentary on both discourse and practice. The majority of sources referenced in the findings and discussion section are drawn from the U.S. and U.K. literature; this is in keeping with the observation of existing gaps in the Canadian literature.

This article represents a synthesis of the two working papers, comparing themes and insights arising from interview data and from the literature, and extrapolating possible implications for the Canadian philanthropic sector. During analysis, particular attention was paid to the Canadian philanthropic context, focus, and drivers for collaboration, as well as tensions

and areas warranting particular attention. Except where cited, commentary on Canadian context and foundation practice is primarily derived from respondent interviews.

The article is structured to enable this dialogue between the two companion pieces making up the study. Thus, rather than present themes from the literature and findings from the landscape scan sequentially, both are presented together in the findings section, in order to better enable the side-by-side comparison of themes and insights from both.

FINDINGS

The context of funder collaboration in Canada

Over 10,000 charitable foundations are registered in Canada, divided fairly evenly between private and public foundations. Study respondents pointed out that the proportion that collaborate with each other likely remains very low, for example, as stated by a representative of a philanthropic network:

> We have to remember how small the foundation community in Canada is. There is a relatively small number of foundations that are staffed and have a strategy or a set of goals that might make them think more about collaboration.

Key informants observed that Canada's geography shapes the practice of funder collaboration. One respondent from a public foundation noted that, "In Canada, national collaboration is very hard because it is such a huge, decentralized country with a low population. Most foundations don't operate at a national scale and each region has its particularities." Differences in foundations' size and scope also influence the practice, as described by a facilitator of funder collaboratives: "the foundation sector has some big players, some tiny players, some medium players, operating in different universes. When a larger foundation takes leadership, there are not a lot who are in a position to play with them." At the same time, the study did uncover examples of smaller foundations that are participating actively in and even leading collaborative initiatives.

The practice of collaboration interacts with several other shifts in Canada's foundation sector. Taken together, as one respondent who facilitates funder collaboratives stated, these shifts may point to a "maturing of the Canadian philanthropic space."

First, over the last 25 years, opportunities for foundations to meet and exchange information have expanded significantly, supported by key networks, namely Community Foundations of Canada (CFC), Philanthropic Foundations Canada (PFC), and Canadian Environmental Grantmakers Network (CEGN) (see Table 2).

Table 2: Canadian foundation networks

	Year founded	Number of members
Community Foundations of Canada	1992	191
Philanthropic Foundations Canada	1999	129
Canadian Environmental Grantmakers Network	2001	~ 65 (including some American organizations)

Second, while the large majority of Canadian foundations are run by volunteers, anecdotal evidence indicates the paid philanthropic workforce is growing. The trend toward professionalization now includes a small community of practice specifically for individuals who manage funder collaboratives, allowing them to share learnings from this "niche professional area emerging in Canada."

Third, as mentioned earlier, respondents concurred that Canadian foundations "are becoming much more thoughtful regarding root causes and changing fundamentals as opposed to symptoms," as a representative from a public foundation observed. From this representative's perspective, the trend toward strategic philanthropy is interwoven with an interest in collaboration among foundations.

External factors also seem to be setting the scene for increased funder collaboration. Key informants noted shifts in Canada's political, social, and economic context that have encouraged foundations to seek alliances with each other, including the reduced government funding of services, the 2008–2009 economic recession, which reduced the rate of return on most endowments, and decreasing fundraising revenues by public granting organizations such as United Ways. Key informants also noted that increased public attention directed toward complex challenges, such as the Syrian refugee crisis or the impacts of colonialism documented by the Truth and Reconciliation Commission, was compelling some foundations to align with others as they explored what action to take. Foundations' stakeholders may also be contributing to a demand for greater collaboration. Some key informants indicated that grantees and communities are becoming proactive, seeking to reduce the fundraising and administrative burdens on nonprofits by requesting that funders work together more closely.

Funder collaboration prevalence

Surveys conducted in the U.S. and the U.K. have found that well over two-thirds of responding foundations report engaging in joint work with other foundations for one or more purposes (DP Evaluation, 2012; McCray, 2014). A 2017 survey of 52 Canadian private and community foundations found that nearly 75 percent collaborated with other philanthropic organizations (Philanthropic Foundations Canada, 2017), a distinct increase from the 30 percent of Philanthropic Foundations Canada members that reported engaging in such collaboration in 2010 (Pearson, 2010). Key informants in the present study also perceive that collaboration between Canadian foundations has been steadily on the rise. Approximately 40 examples of Canadian funder collaboration were mentioned by respondents, most initiated in the last five to ten years (Glass, 2016). Were a broad survey of Canadian foundations to be conducted, it is likely that additional collaborations would be identified, particularly at the regional or local level. The present study also documents an increase in the number of philanthropic affinity groups in the country, of which fourteen were established in the last decade, made up of funders who share a focus on a specific issue (see Table 3).

Table 3: Funder affinity groups in Canada

Affinity group	Year initiated	Scale	# of funders involved	Supported by network
Circle on Philanthropy and Aboriginal Peoples	2008	National	~40	
Arctic Funders Collaborative	2008	Regional/international	11 (2 Canadian + 9 American)	

Affinity group	Year initiated	Scale	# of funders involved	Supported by network
Peace Grantmakers Network	2009	National/most activity in Québec	9	
Early Child Development Funders Group	2009	National	8	PFC
National Water Funders' Group	2009	National	~30	CEGN
International Alliance of Mental Health Research Funders	2009	International	21	
Great Lakes Funder Collaborative	2011	Regional/international	~50	
Mental Health and Wellness Affinity Group	2013	National	~20	PFC
BC Freshwater Funders Collaborative	2014	Regional	18	CEGN
Foundation Impact Investing Affinity Group	2014	National	17	CFC
BC Sustainable Food Systems Working Group	2014	Regional	3 funders + 4 nonprofits	CEGN
Sustainable Cities Funders Group	2014	National	~15	CEGN
Low Carbon Future Funders Group	2014	National	~30	CEGN
Canadian Food Funders' Group	~2014	National	~14	CFC

Notes: CEGN: Canadian Environmental Grantmakers Network; CFC: Community Foundations of Canada; PFC: Philanthropic Foundations Canada

Vehicles of foundation collaboration

In Canada, three main vehicles have helped to support the emergence of funder collaboratives: foundation networks, funder affinity groups, and place-based affiliations. In addition, some ad hoc funder collaboratives have emerged independently of these vehicles.

Through annual conferences and other capacity building activities for members, the national philanthropic networks mentioned earlier have played an important role in creating opportunities for foundations with overlapping interests to meet. Face to face meetings appear to be vitally important to "begin the courtship process that can ultimately lead to collaboration," as described by a respondent from a private foundation.

Affinity groups of funders focused on specific issues have also given rise to collaboration. Often affinity groups are started to support basic information sharing about who is doing what, and funding what, in a given field. Over time, however, most such working groups in Canada have expanded to include coordinated activities such as co-funding initiatives, new

research to build knowledge in a field, or policy advocacy. An example is the Circle on Philanthropy and Aboriginal Peoples, founded in 2008 by a group of foundations that met at a PFC conference.

Collaborations have also emerged when foundations working in a particular location or region get to know each other and become motivated to work together to achieve greater coordination and impact. Often place-based collaboratives involve not just foundations but a variety of funders, including public sector agencies, corporations, and nonprofits that flow funds to community-level initiatives. These local-level collaborations frequently have participation or leadership from community foundations or United Ways. Tides Canada has played a leading role in starting many regional pooled funds and funder affinity groups, such as the Northwest Territories On the Land Collaborative Fund and the Arctic Funders Collaborative.

Finally, foundations have also come together for single actions or time-limited initiatives in response to current events such as government cutbacks to services, the welcoming of a large wave of refugees, or a change in the government's approach to climate change. Ad hoc and emergent collaborations allow philanthropic organizations to take advantage of their ability to respond quickly and nimbly to emerging needs in a community and to new opportunities in a field.

Purposes and outcomes of collaboration

As identified in the literature, the various purposes of foundation collaborations can be grouped into four areas (Prager, 2011): learning, efficiency, impact, and influence. With a few exceptions, the purposes pursued by Canadian foundation collaborations closely reflect those described in the literature. Key informants indicated that multiple goals can coexist within one collaboration. Indeed, not all foundations involved in a collaborative effort may prioritize its purposes in the same way, as each one may have distinct reasons for participating (Prager, 2011).

At their simplest level, collaborations among grantmaking foundations provide opportunities for learning and knowledge development, either to explore new fields of interest, discover new ways of doing things, or contribute to and expand field-level knowledge (Morris, 2014; Prager, 2011; Proscio, 2010; Tomalty, 2013). As foundations enter new fields of grantmaking, knowledge sharing can help them avoid common pitfalls and reinventing the wheel (Tomalty, 2013). Several key informants cited learning as a major motivation and outcome for foundations working together. As one facilitator of a local-level collaborative described:

> The collaborative was an opportunity for [the other funders] to benefit from the expertise that our foundation already had. They very much want to learn. They will now be able to read with greater understanding the funding requests that they receive and to have a more strategic approach.

In working together, foundations may also seek to make existing activities more efficient by sharing costs and due diligence responsibilities and seeking to reduce the amount of overlap or redundancy in grantmaking (Morris, 2014; Prager, 2011; TPI, 2010). Administrative efficiency for foundations appears be a less of a motivation for Canadian foundations than those described in the literature. Canadian foundations did describe a desire to make processes more efficient for grantees, however. The notion is that grantees may be better off if they have to interact with only one entity, such as a pooled fund, rather than each funder separately (DP Evaluation, 2012; James, 2013; Morris, 2014; Prager, 2011). Several Canadian key informants were aware of the administrative and communication burdens that foundation grants can place on grantees, and described ways that funder collaboratives could reduce this burden, for example by sharing site visits or developing more harmonized application and reporting requirements. One key informant described how a funder collaborative was established because community organizations were asking the foundation to "go a step further, beyond the current model of disjointed funding, in which it is up to each community organization to find and piece together many

different sources of funding." Another Canadian funder collaborative was created when communities requested, in the words of the facilitator of the collaborative: "Now could you get organized amongst yourselves? And not put it all on us to educate each and every funder on how to work well with us?"

A third motivation to collaborate is to increase effectiveness beyond what an individual funder could achieve on its own (Backer, 2004; Gibson, 2009; Huang & Seldon, 2015; James, 2013; Mulgan, 2016; Pfitzer & Stamp, 2010). While increasing impact is the most commonly cited purpose of funder collaboration, both in the literature and by key informants in this study, it is also a more complex endeavour than the first two purposes named. By working together, foundations may be seeking to expand scope, scale, and capacity, to frame more comprehensive solutions, or to identify and fill gaps in strategy or activities (DP Evaluation, 2012; GEO, 2013; Morris, 2014; Prager, 2011; Proscio, 2010; Tomalty, 2013). Key informants indicated that the increased discussion and practice of foundation collaboration in Canada is fuelled by a deepening understanding of complex societal issues, combined with a more realistic sense of the contribution that can be made by each foundation. As a respondent who works for a philanthropic network describes it: "A lot of foundations are now understanding that they would have more impact and go further, make a significant difference on a social problem if they worked together more." Respondents also believe that leveraging the diverse capacities of each foundation could lead to better outcomes. For example, the financial resources of a large foundation can allow for substantial investment by a collaborative, while the dexterity and flexibility of another foundation can allow the same collaborative to respond quickly to new needs in the field.

Fourth, foundations may work together in order to have greater combined influence with key stakeholders in the policy arena (James, 2013; Morris, 2014; Proscio, 2010) or with other foundations (Tomalty, 2013). Indeed, many authors consider that funder collaboration's greatest added value—both for participating foundations and ultimately for grantees—lies in non-grant-related aspects, such as leveraging power, influence, organizational capacity, knowledge, and networks (Gibson, 2009; Marra, 2015; Prager, 2011; TPI, 2010). While the motivation to influence other stakeholders was not named as a prominent reason for foundations to work together in Canada, some key informants did name examples of Canadian foundation collaborations that aimed at influencing policy, holding governments to account, or advancing public dialogue on a societal issue.

These last two purposes—increasing impact and influence—appear to support the ambitious systems change goals espoused by some currents of strategic philanthropy. Echoing a theme found throughout the literature, a respondent who works with a philanthropic network considers that:

> [a] major driver of the interest in collaboration has been an awareness that the problems that foundations are taking on are complex; by definition you can't act alone if you want to take them on, not if you want to make a difference.

Risk mitigation, although not a prominent theme in the literature, appears to be an important impetus for foundation collaboration in Canada. A quarter of respondents described aligning with other foundations as a "safe entry point" when becoming active in new geographic regions, issue areas, or philanthropic practices. Key informants indicated that foundation boards, donors, and sometimes staff are cautious about new approaches. For example a respondent reflected that when starting a multi-sector funding collaborative in a remote region, he "had to convince people to leap a bit; it helped that we could spread risk around."

Beyond intentions, what actual outcomes does funder collaboration help to achieve? The study's review of the literature did not uncover any systematic independent assessments of the outcomes achieved by foundation collaborations across

the entire field of practice. However, two smaller-scale reviews of funder collaboration case studies and evaluations indicate that working in collaboration has in fact allowed foundations to achieve results and synergistic effects that could not have been achieved by participating foundations acting on their own (DP Evaluation, 2102; Pole, 2016). These include achieving greater depth of understanding, reach, and engagement into a given field (Putnam-Walkerly & Russell, 2014) and the ability to bridge gaps in services and support large initiatives beyond any single funder's capacity (Krapels, Disley, Corbett, Scraggs, & Baruch, 2016; Lewis, Friedmann, & Schoneboom, 2010; Parker, 2010). In one case study of a foundation collaborative that supported successful policy change initiatives, the author concluded that the collaborative itself allowed the adoption of a distinct, opportunistic granting strategy that was broadly owned and different from what participating foundations were prepared to do on their own (MacKinnon, 2006). In other similar case studies, authors concluded the collaborative lent credibility to the policy strategy, enabling foundations to approach government on a more equal footing as a group (Kaufmann, 2011) or eliminating perceptions of a behind-the-scenes agenda that a single foundation might have generated (Putnam-Walkerly & Russell, 2014).

At the same time, collaboration among grantmakers has not been found to result in greater efficiency, at least from the funders' standpoint (DP Evaluation, 2012; Pfitzer & Stamp, 2010). Several key informants concurred with the literature contending that, in the short- to medium-term, working in concert with other philanthropic organizations often takes more time and human resources than acting alone (Gibson, 2009; Morris, 2014; Prager, 2011).

Types of collaboration

Collaborations among grantmaking foundations take a range of different forms. Drawing upon the literature, the study proposed a continuum of collaboration "types" (see Table 4). These range from "lighter-touch" collaborations, in which participants generally retain their full autonomy over strategy and granting processes, to "higher-stakes" collaborations, involving a major commitment of time and money, the loss of unilateral decision-making control, and the assumption of shared reputational risks. The types at the "higher-stakes" end of the continuum tend to emerge in response to more complex challenges, where the answers to problems are not known in advance, and no single entity has the resources or the authority to bring about change. As with all typologies, this one does not perfectly capture reality, and most actual foundation collaborations combine different purposes and take on hybrid forms that evolve over their life course. Still, it provides a useful framing device to describe a number of actual foundation collaborations in Canada, and to understand the logic, constraints, and possibilities that underpin them.

Table 4: Forms of foundation collaboration by degree of integration

Form, purposes, characteristics	References
Information or knowledge exchange: purpose is to provide ongoing venues for funders to exchange information, discuss common interests, and learn about issues of common relevance. Membership tends to be large, inclusive, and fluid (network model).	DP Evaluation (2012), Hamilton (2002), Huang & Seldon (2015), Marra (2015), Pfitzer & Stamp (2010), Prager (2011)
Co-learning and knowledge production: purpose is to facilitate funders' ongoing engagement and exploration around a defined issue or problem, usually with the goal of developing a common intellectual framework, a shared approach or agenda, and/or positioning an issue differently in the foundation world. Also assists in identifying emerging issues and strategic opportunities. Can involve jointly commissioned research.	Gibson (2009), Hamilton (2002)

Form, purposes, characteristics	References
Informal alignment, coordination, strategic co-funding: purpose is to align different foundations' resources within a common area of activity. Rationale might be to avoid duplication, increase coverage, or ensure complementary support. Each partner retains ownership of its individual strategies and autonomy over its own grantmaking. Activity focus tends to be information sharing with a view to facilitate aligned action.	DP Evaluation (2012), Gair (2012), Gibson (2009), Hamilton (2002), Huang & Seldon (2015), Marra (2015), Morris (2014)
Formal alignment, coordination, strategic co-funding: similar purpose and rationale as for informal alignment. Some joint decision-making and some established rules for governance and contribution.	
Coinvestment in an existing entity/initiative: a model where one funder raises money from other donors to support a specific initiative or organization. A variant of this is "fund the funder," where a group of funders invest in another funder with strong expertise in a content area. Re-granting funder has full decision-making authority.	Huang & Seldon (2015)
Pooled funding: purpose is to create a funding pool from multiple sources in order to re-grant for a given area/sector/set of issues. Decision-making, administrative, and governance structures vary widely.	DP Evaluation (2012), Gair (2012), Gibson (2009), Hamilton (2002), Proscio (2010)
Joint ventures: creation of a new entity, either for the purpose of re-granting or of operating particular projects. Usually emerge out of perceived void in policy and/or practice, to raise the profile of an issue, or to develop new ideas.	DP Evaluation (2012), Hamilton (2002), Huang & Seldon (2015)
Joint advocacy: purpose is to plan, coordinate, and conduct direct policy advocacy as foundations (as opposed to through funded grantees), in order to influence public attitudes and debate about a policy issue of concern.	DP Evaluation (2012), Prager (2011)

These types can be clustered into three groups, roughly corresponding to the various purposes of foundation collaboration discussed earlier.

Alignment around information and knowledge

In the most basic and informal expression of collaboration, foundations come together to share information about granting strategies, experiences in a particular field, and other knowledge that impacts foundations' work. An example of this is the Affinity Group for Foundation Impact Investors, an informal pan-Canadian network of 17 public and private foundations that actively dedicate part of their endowments to mission-related investments. Members share information about their investment criteria, challenges faced in creating an impact investing program in their foundation and how they have addressed them, as well as their current mission-related investments. There is no pressure to embark in collaborative activities with each other.

Foundations that come together for more active co-learning and knowledge production purposes may collectively finance research related to their field of focus, map the landscape of organizations and issues with a view to identifying strategic opportunities for philanthropy, or support activities that identify and share best practices in their field of focus. Canadian examples include the Peace Grantmakers Network (nine foundations), which has organized several events to highlight

knowledge and practices to prevent bullying, and the Low Carbon Futures Funders Group (seven foundations), which supported the production of *En Route to a Low-Carbon Future: A Landscape Assessment for Canadian Grantmakers* (Dunsky Energy Consulting, 2015).

Collaboration for more efficient or effective grantmaking

Informal alignment, coordination, and strategic co-funding arrangements tend to involve a small number of foundations, and develop from an existing relationship to respond to an opportunity or to seek complementarity in a particular field. The lack of formal collaborative structure can allow for each foundation to act nimbly, using its existing grantmaking and governance procedures to take advantage of emerging opportunities. For example, Canada's social innovation infrastructure has grown significantly over the last decade, largely due to distinct but complementary initiatives such as Social Innovation Generation supported by the McConnell Foundation and Ontario's School for Social Entrepreneurs supported by the Ontario Trillium Foundation. These foundations communicated regularly in order to coordinate their work in the field.

In more formal alignment, coordination, and co-funding arrangements, foundations come together to discuss and set joint priorities, while maintaining their individual granting processes. In some arrangements, the staff of a foundation will administer the group, while in others foundations will jointly fund a coordinator position. As an example of the latter, the BC Freshwater Funders' Collaborative brings together 18 funding organizations (private and public foundations, government and quasi-governmental agencies, and corporate funders); with the support of paid coordination staff, it focuses on four core areas of alignment, including grantmaking aimed at ensuring effective implementation of the British Columbia *Water Sustainability Act* (Morris, T. personal communication, 2017).

Co-investment describes a form of collaboration where one foundation, often with particular expertise or capacity, takes the lead to coordinate an initiative while engaging other funders. Led by Centraide/United Way Montréal, Montréal's Collective Impact Project is an example of this, involving eight other private and public foundations in supporting collective-impact style neighbourhood-level poverty reduction efforts.

With pooled funds, participating foundations must reach an agreement about granting strategy, priorities, and processes. Not only must partner foundations invest time and energy in the collaborative's governance, they must also adapt their own granting procedures to align with what has been jointly agreed. As an example, the Northern Manitoba Food, Culture and Community Fund involves fifteen public, private, and community foundations and government and corporate donors in a re-granting initiative that seeks to increase food security and economic development in Northern Manitoba communities, including several indigenous communities (McDougall, 2016).

Collaboration beyond grantmaking

Joint ventures involve the creation of a new entity either for the purpose of re-granting or operating particular projects, in response to a perceived void in policy or practice, to raise the profile of an issue. For example, several foundations collaborated to fund the establishment of Canada's Ecofiscal Commission (CEC) to explore and promote innovative fiscal policies that help increase the country's economic and environmental prosperity. Participating funders committed to multiyear funding and developed a working agreement about additional non-financial support provided to the CEC to help ensure its success.

Some foundations plan, coordinate, and jointly undertake policy advocacy on their own (as opposed to through funded grantees), in order to influence attitudes and debate about a policy issue of concern (DP Evaluation, 2012; Jung, Kaufmann, & Harrow, 2014; Prager, 2011; Putnam-Walkerly & Russell, 2014). As Peter Elson and Sara Hall (2016) note,

foundation sector leaders are urging grantmaking foundations to embrace advocacy and public policy engagement as a way to leverage their influence and improve their impact. Recent research (Elson & Hall, 2016) confirms that leading grantmaking foundations in Canada engage in the policy influence process in both direct and indirect ways, by leveraging their own experience, knowledge, and reputation to frame issues or weigh in on policy debates, and by supporting grant recipients that actively engage in the public policy process. However, cases of foundations joining up to engage collaboratively in direct policy influence action appear to be rare. The Early Child Development Funders Group, which brings together eight private foundations to promote quality, publicly funded early childhood education (ECE), published an open letter in 2015, calling on governments to recognize the importance of ECE to building a healthy, prosperous country (Elson & Hall, 2016; Longtin, 2015a). The group met with public sector decision-makers in various provinces to promote an evidence-based approach to ECE.

DISCUSSION

While philanthropic discourse often reflects a pervasive normative assumption that collaboration is always a good thing (Knight & Hartnell, 2011), the study's key informants joined critical commentators from the literature in offering a more nuanced assessment. The challenges and criticisms of funder collaboration are both internal, concerning grantmaking foundations' own practices, and external, concerning foundations' ambiguous and contested place in society. These internal and external challenges and criticisms are discussed in turn below, interspersing their framing in the literature with the observations shared by the study's key informants.

Challenges of strategic fit, culture, and capacity to collaborate

Despite increased attention in recent years to foundation collaboration and its reported prevalence in practice, many commentators within the U.S. and U.K. literature express reservations as to the true prevalence of the "higher-stakes" collaborative practices among foundations, considering that the practice lags well behind the rhetoric (Hughes, 2005; James, 2013; Kabel, 2016; Kramer, 2014; Pfitzer & Stamp, 2010; Seldon, Tierney, & Fernando, 2013). Several key informants observed that many collaborative efforts among Canadian foundations do not go beyond basic knowledge sharing. One respondent from a public foundation observed that:

> funders are very effective at keeping each other informed around what they're doing, talking about common goals, looking for opportunities … [but] we've made very little progress on funder collaboration if what we mean is funders actually sitting together and jointly funding initiatives in a coordinated fashion … in a truly collaborative way in terms of how the funds are allocated and managed.

"Higher-stakes" forms of collaboration that require significant engagement and alignment between grantmaking foundations are frequently described as a counter-normative practice, that is, one that contrasts with foundations' usual way of operating. Certain authors (Bartczak & Spearce, 2012) suggest in fact that foundations' default position is to go it alone. Others contend that collaboration runs contrary to foundations' natural impulses, challenging their attachment to autonomy and to their traditional ways of working (Gibson, 2009; Leat, 2009). Some authors go so far as to suggest that few foundations will agree to work with each other purely for the sake of social impact, if there are no individual or organizational benefits to be gained (Knight & Hartnell, 2011; Kramer, 2014). This may be particularly true for public foundations that need to compete for fundraising dollars (Bernholz, Fulton, & Kasper, 2005; Graddy & Morgan, 2006; Paarlberg & Meinhold, 2012). Several study respondents noted that this challenge does arise in the Canadian philanthropic field. For example, public foundations that must fundraise to support granting in their region are motivated to maintain their unique niche and public positioning in order to attract donors. This in turn can lessen the incentive for them to work with other similar foundations on joint initiatives for which credit must be shared.

The more demanding forms of collaboration, such as pooled funding, require of their partners that they compromise and relinquish some control over decision-making (Gibson, 2009; Morris, 2014; Prager, 2011), and may even entail a loss of participating foundations' authority, brand identity, and their ability to leave their stamp on ideas and grant transactions (Proscio, 2010). One study respondent's experience speaks to this challenge:

> I have been involved in collaborative efforts where one of the partners claimed success as if no one else was involved. It's a question of attribution: in a collaborative, it's more difficult to demonstrate individual foundations' impact.

However, not all key informants agreed with this assessment; some consider that leaders within the Canadian philanthropic sector are moving past these traditional barriers and demonstrating a commitment to innovation and impact instead of individual career or organizational interests. As one stated: "We are becoming more issues focused as a sector, willing to leave our logos and egos at the door."

When collaboration takes a form that involves a high degree of alignment between participating foundations, it challenges each organization to adapt its internal systems, practices, and procedures (Backer, 2004; Bartczak, 2015; Mulgan, 2016; Prager, 2011). Invariably these requirements run up against the different cultures, institutional norms, accountability structures, and constituencies of participating organizations (Gibson, 2009; Kabel, 2016; Morris, 2014). As authors such as Amy Celep, Sara Brenner, and Rachel Mosher-Williams (2016) and Douglas Easterling and Allison Metz (2016) have pointed out, such adaptation often requires conscious attention to shifting organizational culture, a notoriously challenging endeavour in any sort of organization. Several study respondents had experienced the challenges of trying to collaborate while each funder felt first and foremost to "mind their own shop," as one manager of a funder collaborative said. Another key informant believed that the internal differences among foundations attempting to work together was one of the major difficulties in the implementation of a collaborative:

> Funders are very different from each other and this shouldn't be underestimated. They are different in purposes, cultures, size, degree of staffing, dominant personalities on the board, whether or not their original donors are living, the level of control or flexibility. Not getting those on the table early can be a big stumbling block.

The need to achieve consensus among partners as well as buy-in from within each organization's senior leadership can significantly slow the pace of work, with consequences for relations with external partners (James, 2013; Morris, 2014; Wiley, Bierly, Reeve, & Smith, 2013). Respondents who were experienced with the practice recognized that collaboration is an investment in itself. One facilitator of a funder collaborative cautioned other foundations: "Don't be naive about how much time it's going to take to do it well. Investing in developing trust and confidence takes time."

The push for consensus can also squeeze out the best thinking, which is based upon vigorous, robust debate, and drive toward simpler, less controversial, and ultimately less suitable resolutions (Mulgan, 2016). As one respondent who is active on boards of several Canadian foundations observed:

> There's a real trade-off to collaboration – there have to be compromises and that can lead to a loss of independence of theory, thinking, approach. There can be a drive to the lowest common denominator in which riskier approaches get sacrificed. Collaboration can squeeze out innovation. That's one of the costs that rarely gets recognized.

Indeed, there are many situations in which collaboration is not the most appropriate strategy. When dealing with controversial issues, it may be easier for one funder acting alone to take the necessary risks (DP Evaluation, 2012). Because it often entails a slower pace of work, collaboration may not always be a productive option when radical innovation is required (Mulgan, 2016), or when a fast and flexible funding decision is necessary to take advantage of a window of opportunity. Several key informants concurred, summarizing the strategic advantages and tradeoffs of collaboration with the familiar saying: "If you want to go fast, go alone; if you want to go far, go with others." Thus, foundations must assess each opportunity to collaborate against their own strategic goals (Backer, 2004; Huang & Seldon, 2015; Knight & Hartnell, 2011) and based on their organization's readiness to collaborate (DP Evaluation, 2012; Pfitzer & Stamp, 2010; Prager, 2011).

Challenges of power and legitimacy

Some of the literature engages more critically with the discourse and practice of foundation collaboration, locating it within broader debates about foundations' legitimate role. In particular, Geoff Mulgan (2016) contends that collaborations between foundations act to concentrate and amplify the challenges of democracy that private philanthropy already poses.

Foundations are hybrid actors that sometimes span the boundaries between state, market, and civil society (Fontan, 2015), and there is no broad societal consensus on their role. Within the philanthropic field, a frequently articulated view is that foundations' freedom from the constraints of political and market accountability affords them the autonomy, ability to take risks, and longer time horizon needed to develop new ways to address complex problems (Anheier & Leat, 2006; Edwards, 2011; Reich, 2013). Foundations can leverage this freedom to act in order to foster social innovation, support the scaling up of promising practices, and extend their influence toward policy change in support of their goals.

This unique position gives foundations a potential influence that extends beyond their proportional weight in the funding universe. While the amount of funds granted by Canadian foundations is small compared to total charitable donations by individuals, sector commentators consider that foundations' institutional status gives them a greater strategic capacity and staying power than most individual donors (Imagine Canada & Philanthropic Foundations Canada, 2014).

In this context, one democratic challenge has to do with philanthropy's legitimate role in shaping or driving collaborative efforts to address complex social problems. According to a common criticism, the license enjoyed by foundations to set and pursue their own priorities and strategies comes from a mix of private and public funds (foregone tax), and yet there is nothing to hold them accountable to the public interest with regards to these priorities and strategies (Anheier & Leat, 2013; Edwards, 2011). Mulgan (2016) argues that by joining forces, foundations may develop a weight that allows them to circumvent the authority invested in the appropriate level of government, claiming a competing legitimacy to that of elected officials without the corresponding mechanisms of public accountability.

Concerns about the role of foundations in public policy are not new, but they appear to be on the upswing, at least in the U.S. (Buchanan, 2016). In Canada, these debates appear to be less developed,[1] although this may change as the role of Canadian foundations in the policy process becomes more visible.

Foundation collaboration can also pose a second problem of democracy. When funders work together to increase their own efficiency and effectiveness, they can amplify existing inequitable power dynamics between funder and grantee (DP Evaluation, 2012; Mulgan, 2016). Coordination among funders increases their capacity to direct grantee strategy, reducing the autonomy of communities to determine how they wish to respond to the challenges they face.

Some key informants conveyed an awareness that grantees likely perceive funder collaboration very differently than foundations, countering the commonly expressed view that funder collaboration can simplify life for grantees. Respondents

contended that grantees may in fact find funder collaboratives to be more confusing and opaque to work with than individual foundations, such as when the different roles of collaborative members are unclear or when the goals or granting processes of the collaborative itself are not transparent.

The distortion induced by the funder-fundee power dynamic can become even more acute when foundations act as both funder and member of an implementing coalition (DP Evaluation, 2012), an issue that has been raised within several critical reflections on the funder's role in collective impact. In much of the earlier collective impact literature and many of its profiled initiatives, funders act as catalysts and conveners and remain active participants in the governance bodies of the initiatives (Hanleybrown, Kania, & Kramer, 2012; Kania & Kramer, 2011, 2013; Turner, Merchant, Kania, & Martin, 2012). In the view espoused by the framework's early promoters, foundations are uniquely positioned to provide leadership to cross-sector collective action, because they have knowledge and influence over the nonprofit actors working in the target issue area. Others contend that it is unrealistic to think funders will be just one voice among many within a collective impact effort, given their financial and convening power (Carson, 2012). A review of funder-driven community change initiatives found in fact that such initiatives can "distort local energy, provoke resistance, and disrupt existing relationships among local players and programs" (Kubisch, Auspos, Brown, & Dewar, 2011, p. 140). Several key informants in this study cautioned that funder-led projects were often too disconnected from communities' priorities and approaches to be successful. One facilitator of funder collaboratives described a failed initiative started by a national network of foundations that was "too top-down" and did not generate "the level of buy in required" from local funders and communities. Another key informant summed up how foundations must share power if they are to be involved in meaningful cross-sector, multi-stakeholder initiatives:

> There's a kind of elitist approach that is part of how foundations operate generally. We have to get away from, "We foundations are going to get together to solve your problems more effectively" to: "We can't solve your problems without you, and therefore we have to figure out how we work with you to develop a common perception of what the problem is that we're trying to address."

Aligning expectations in cross-sector collaborations

A number of commentators and key informants speak to the importance of going beyond collaboration only between foundations to engage partners across sectors (Parker, 2010; Prager, 2011; Proscio, 2010). This is consistent with the view that in taking up a strategic change focus, foundations need to locate themselves as one player within a broader ecosystem of actors that extends beyond their grantees and involves organizations in other spheres of activity (Kania, Kramer, & Russell, 2014; Wei-Skillern, Silver, & Heitz, 2013). Indeed, the ambition of some grantmaking foundations to engage in systems change may lead them to recognize that a range of actors from all spheres (government, the private sector, and civil society) have a role to play in designing, implementing, and scaling up the social innovations that may be able to resolve "messy," intractable problems.

In keeping with what appears to be an emerging recognition among Canadian foundations that cross-sector collaborations have greater capacity to engage systems change, key informants foresaw a growing trend toward these types of collaborations in Canada. Some Canadian commentators even consider that collaboration's greatest "value add" lies in these relationships between foundations and governments, universities, and the private sector (Chouinard & Bird, cited in Philanthropic Foundations Canada, 2012).

Foundations' engagement in cross-sector networks ushers in new complexities, as other sectors' view of philanthropy's role and contribution may not align with a foundation's own intentions and expectations (Healy & Donnelly-Cox, 2016). On the one hand, governments may welcome an increasing role for private philanthropy as a way to compensate for the

declining capacity and legitimacy of the public sector to act alone when setting and delivering policy and programs (Jung & Harrow, 2015). On the other hand, foundations must not overestimate the willingness of other actors—whether they be grantee communities or public sector partners—to serve as agents of foundation-determined strategy (Easterling & Metz, 2016). As grantmaking foundations achieve more visibility in Canada, there needs to be open dialogue and debate about the role that they are best positioned to play within these boundary-spanning sectors of activity. Foundations entering into collaboration with each other and with organizations from other spheres of activity will do well to be aware of the range of expectations that others have of their role, and seek to clarify and align these expectations where possible.

IMPLICATIONS FOR CANADIAN PHILANTHROPY

Canadian foundations are actively exploring inter-funder collaboration. The next decade will likely see considerable evolution in a practice that is still currently in its early stages. Several respondents described their collaborations as ways to test new approaches and learn as they go. Since collaboration is necessarily a dynamic and evolving practice (Woodland & Hutton, 2012), the learning and reflection orientation that many respondents expressed is likely well suited to the ongoing adjustments in strategy and action that the practice demands. While there are not yet many publicly shared Canadian examples to draw upon, many respondents expressed a desire to learn from others' experiences, seeking out examples and lessons from the U.S. and taking part in meaningful learning and exchange with other Canadian funder collaboratives.

Some respondents conveyed a broadly shared perception that the development of the Canadian philanthropic sector has lagged behind that of the U.S., with most Canadian foundations working in isolation and out of the public eye, and with relatively few choosing to publicly communicate their strategic objectives. However, along with other recent research,[2] this study lends weight to the sense that a growing part of the Canadian foundation sector is embracing ambitious goals and designing strategies to support them. This study indicates that for Canadian foundations seeking to have a greater impact through their philanthropy, many see collaboration as a way to best leverage their role and make the best use of their resources. As many foundations take a more active and public position in their fields of interest, they appear to be adopting more sophisticated strategies and approaches, which often include collaboration with other actors.

This raises a new challenge. While most discussions reflect the assumption that working in collaboration leads to stronger and more effective philanthropic strategy, as with the other challenges discussed above, collaboration may in fact serve to amplify certain commonly occurring pitfalls that many individual foundations encounter as they design, implement, and evaluate their strategies. Past discussions have highlighted the difficulties that foundations encounter in clearly articulating the role that they themselves will play within change strategies that most often focus on the action of grantees (Patton, Foote, & Radner, 2015; Patrizi & Thompson, 2011); in developing strategy that is based on realistic expectations of what will happen in response to the foundation's inputs (Buteau, Buchanan, & Brock, 2009; Easterling & Metz, 2016); and in learning from implementation and adapting strategy in response to this (Coffman, Beer, Patrizi, & Thompson, 2013; Easterling & Metz, 2016; Patrizi et al., 2013; Patrizi & Thompson, 201; Patton & Patrizi, 2010). The pressures of working together to develop joint strategy may act to compound the challenges that foundations already contend with on an individual basis.

Along with the expansion of foundation collaboration and networks in Canada over the last decade, the reflective orientation communicated by respondents would seem to indicate that there is potential for the development of more democratic, innovative, and collaborative philanthropic practices as the sector evolves. In order to fulfill this potential, the sector should consider engaging with the following questions: How can foundations continue to develop their collaborative activity with each other while also building equitable relationships with grantees and communities? How can foundations more fully step into the role they can play in influencing change, while also recognizing their limits and the contribution they are best positioned to make within cross-sector collaborations?

CONCLUSION: LIMITATIONS AND OPPORTUNITIES FOR FUTURE RESEARCH AND DIALOGUE

The study discussed here lays the foundations for understanding and critically examining the practice of foundation collaboration in the Canadian context. In addition, this article provides a reference point for future research and for continuing dialogue about the potential, limits, and challenges of philanthropic foundations' engagement with contemporary social and ecological problems.

As the study was based on interviews with actors and close observers within the Canadian philanthropic sector, its findings do not provide an exhaustive portrait of the current state of foundation collaborations in Canada. Regular surveys of Canadian foundations could help to fill data gaps about the prevalence and types of collaborations, as well as other aspects of philanthropic practice.

Future research could further engage with some of the themes and tensions raised in this study, grounding them in the evolving experiences, reflections, and debates taking place in the Canadian context. Two directions appear to be particularly important for developing this knowledge base. First, evaluative case studies on Canadian foundations' collaborative efforts could seek to document their outcomes and assess whether and under what conditions they are able to achieve the synergistic effects reported by reviews of foundation collaboratives in other countries (DP Evaluation, 2012; Pole, 2016).

Second, future studies on the subject of inter-foundation or funder collaboration should incorporate the perspective of non-foundation stakeholders; these should include intended beneficiaries, but also other actors who fall within the spheres of influence of foundation philanthropy. The study discussed here draws upon the viewpoints of key informants who have actively worked within the philanthropic sector, and they likely reflect a certain positive bias regarding grantmaking foundations' role and social contribution. As mentioned above, other stakeholders' viewpoints on the contributions and effects of foundations acting together may well be different from the viewpoint held by foundations themselves.

NOTES

1. There are a few notable exceptions to this rule: Sylvain Lefèvre (2015) discusses a Canadian angle to the challenges that philanthropic money may pose to democracy; the model of public-philanthropic partnership piloted in Québec by the Fondation Lucie et André Chagnon was contested, having been seen to impose social priorities and commit public funds to these priorities without having emerged from a process of public debate.
2. A 2014–2017 Social Sciences and Humanities Research Council Partnership Development Project sought to better understand the roles that Canadian foundations are playing to address complex social problems and support social change. A number of the working papers and articles produced contribute to describing this strategic evolution within the Canadian foundation sector (PhiLab, n.d.).

WEBSITES

Arctic Funders Collaborative, http://arcticfunders.com/
Canada's Ecofiscal Commission, https://ecofiscal.ca/
Canadian Environmental Grantmakers Network, http://www.cegn.org/
The Circle on Philanthropy and Aboriginal Peoples, http://www.philanthropyandaboriginalpeoples.ca/
Centraide of Greater Montreal Collective Impact Project, http://www.centraide-mtl.org/en/agencies/collective-impact-project/
Community Foundations of Canada, http://communityfoundations.ca/
Early Child Development Funders Group, http://ecdfwg.ca/en/

Fondation Lucie et André Chagnon, https://fondationchagnon.org/fr/index.aspx
International Alliance of Mental Health Research Funders, http://iamhrf.org/
Northern Manitoba Food, Culture and Community Fund, http://www.nmfccc.ca/
Northwest Territories On the Land Collaborative Fund, http://www.nwtontheland.ca/
Peace Grantmakers Network, http://peacegrantmakers.ca/wp/
Philanthropic Foundations Canada, http://pfc.ca/
Tides Canada, http://tidescanada.org/
United Way Centraide Canada, http://www.unitedway.ca/

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ANSERJ
Canadian Journal of Nonprofit and Social Economy Research
Revue canadienne de recherche sur les OBSL et l'économie social

Vol . 8, No. 2
Autumn / Automne 2017
pp. 80 – 96

Room to Flourish: Lessons for Canadian Grantmaking Foundations from Sweden, Germany, and the Netherlands

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ABSTRACT

While Canada has experienced a long and successful history of encouraging social participation and community activity through its grantmaking foundation sector, this article argues that Canada's historic and present-day regulatory restrictions have limited the extent to which its foundation sector has been allowed to innovate and flourish. To exemplify the types of tractable regulatory schemes that have allowed grantmaking foundation sectors in comparative contexts to prosper, the evolution of the grantmaking foundation sectors in Sweden, Germany, and the Netherlands is examined within the context of social origins theory. One important contribution of this article is to compare their regulatory frameworks to the Canadian context. It concludes with lessons learned for the Canadian grantmaking foundation sector and for public officials to consider.

RÉSUMÉ

Bien que le secteur des fondations subventionnaires au Canada ait connu une longue histoire de réussites dans l'encouragement de la participation sociale et de l'activité communautaire, cet article soutient qu'une réglementation restrictive autant dans le passé qu'au présent a limité l'innovation et l'épanouissement dans le secteur. Afin de montrer comment une réglementation plus souple pourrait permettre aux fondations canadiennes de prospérer davantage, cet article recourt à la théorie des origines sociales pour examiner le secteur en Suède, en Allemagne et aux Pays-Bas. Une contribution importante de cet article consiste ainsi à comparer les contextes réglementaires dans ces pays à celui du Canada. En conclusion, il fait des recommandations pour les fondations subventionnaires et le secteur public canadiens.

KEYWORDS / MOTS CLÉS Grantmaking foundations; Philanthropic foundations; Sweden; Germany; the Netherlands; International comparisons; Social origins theory / Fondations subventionnaires; Fondations philanthropiques; Suède; Allemagne; Pays-Bas; Comparaisons internationales; Théorie des origines sociales

INTRODUCTION

Canadian grantmaking foundations have played an important part in seeding and funding new ideas, programs, and policies that enhance the well-being of communities. These foundations are mainly, and for the purposes of this analysis,[1] registered charities that make grants to multiple other Canadian charities and to those organizations recognized by the federal government as "qualified donees" (Philanthropic Foundations Canada, n.d.). While relatively young, the Canadian grantmaking foundation sector has experienced extraordinary growth and made substantive impacts on society both in Canada and around the world. Unlike in the United States, however, where there is a long-standing body of knowledge about grantmaking foundations, very little is known about the Canadian grantmaking landscape, especially as it relates to other European examples. The body of international comparative research has not yet included Canada in its analyses. Canada's foundation sector has also not yet been extensively compared to the European context, where there is a substantial body of knowledge on foundations, led by scholars understanding foundations in a comparative context (see Moreno & Plewes, 2007).

This article addresses an important, yet, open question in the literature: what contexts allow for Canadian foundations—which create much of the social capital that factors into both political and economic life—to develop and thrive? While Canada has experienced a long and successful history of encouraging social participation and community activity through its grantmaking foundation sector, this article argues that Canada's historic and present-day regulatory restrictions have played a role in limiting the extent to which its foundation sector has been allowed to innovate and flourish. Anecdotal evidence reveals that many practitioners will readily admit that the more trendsetting and pioneering foundations are the ones that will run into regulatory hurdles, more so than others where the limiting factor appears to be more cultural (e.g., stemming from boards, donors, and the community context). Nevertheless, when applicable, regulatory obstacles include restrictive laws that limit foundations to giving only to other registered charities.[2]

The article begins by detailing the evolution of grantmaking in Canada, the state structure, the current foundation landscape, and the challenges and obstacles it faces to evaluate these comparisons. Specifically, it asks: "Do regulations in Canada actually limit the philanthropic sector?" An assessment of the constraints on the Canadian foundation sector by a stringent regulatory regime is provided. To exemplify the types of tractable regulatory schemes that have allowed grantmaking foundation sectors in comparative contexts to prosper, the evolution of the grantmaking foundation sectors in Sweden, Germany, and the Netherlands within the context of social origins theory (Salamon & Anheier, 1998) are examined. While comparing between grantmaking foundations internationally can be difficult, since foundations can take various forms around the world (Anheier, 2001), these countries have widely been characterized as European exemplars in terms of regulatory flexibility for grantmaking foundations. As a result, grantmaking sectors can vary greatly depending on the nation in question. This analysis uses Lester Salamon and Helmut Anheier's (1998) social origins theory, which proposes that this variation is the result of more than a single factor, and that varying social and historical contexts give rise to distinct nonprofit regimes, as a theoretical framework.

The countries explored for the purposes of this analysis tend to have fewer regulatory restrictions on philanthropic activity and this has allowed the size, scope, and activity of their grantmaking foundation sectors to flourish in a manner unlike Canada. One important contribution of this article is to compare their regulatory frameworks to the Canadian context. In doing so, the current obstacles and grantmaking landscapes in each of these countries is evaluated as compared to

Canada. The article ultimately concludes with lessons learned for the Canadian grantmaking foundation sector and for public officials to consider.

While the origins of these varying European foundation sectors differ, the Canadian grantmaking foundation sector continues to evolve relative to them as the current Canadian government embarks on a process to "modernize" the Canadian charitable regulatory framework. For instance, Prime Minister Justin Trudeau's 2015 mandate letter to the minister of national revenue directed the Canada Revenue Agency stated:

> Allow charities to do their work on behalf of Canadians free from political harassment, and modernize the rules governing the charitable and not-for-profit sectors, working with the Minister of Finance. This will include clarifying the rules governing "political activity," with an understanding that charities make an important contribution to public debate and public policy. A new legislative framework to strengthen the sector will emerge from this process. (Canada, n.d., n.p.)

Thus, key lessons about improvements to the regulatory framework governing the Canadian philanthropic sector can arguably be discerned from other countries with well-established and successful philanthropic sectors. Given that Canadian foundations are slated to play a more important and visible role in the future due to the exponential growth in intergenerational transfers of wealth, it is useful to identify exemplars that can inform how this sector can thrive and make a greater positive social, environmental and cultural impact.

ORIGINS OF THE PROJECT

This project arose from the first ever Social Sciences and Humanities Research Council (SSHRC) grant to examine the Canadian grantmaking milieu with aspirations to contribute to the scholarship and knowledge in this area.[3] The Montréal Research Laboratory on Canadian Philanthropy was created in 2014 to host the SHHRC project, which was divided into four clusters.[4] Cluster 4, in particular, aims to deepen the understanding of the grantmaking foundation milieu in Canada, as compared with international trends in philanthropy elsewhere.

While the project was originally tasked with evaluating a wide range of contexts, these international comparisons were complicated due to a non-standard definition of grantmaking foundations across jurisdictions. Research shows that there is no one stable definition of grantmaking foundations throughout the comparative context. Anheier (2001) argues that foundations generally are deemed to share a common image in which the entity has a separate, identifiable asset donated for a specific purpose, which is generally public in nature. However, beyond this, foundations in Western democracies share little more in common due to the various legal traditions and systems in which they operate (Anheier, 2001). In cultivating a comparative analysis, this study also relies on a number of various sources, each of which scholars in various jurisdictions have relied on in their respective analyses. As a result, this project has adopted a broad definition of "*foundations,*" rather than simply evaluating grantmaking foundations. It defines a grantmaking foundation at a basic level as any organization that issues grants as a significant part of its operations, and can autonomously decide, as an entity, how grants are distributed. The study also limits its focus to foundations that grant to *multiple* recipient organizations, and that primarily or formerly operated through grants to other organizations.

In the European context, while some have argued that a common definition of foundations is necessary, no such resolution has yet to pass. The European Foundation Centre is a membership association that argues in favour of a more cohesive operational and legal environment for European foundations that applies transnationally. It provides information on progress being made by the European Commission in adopting a European Foundation Statute. The proposed European

Foundation Statute, which was first presented in 2012, would define a foundation as a "public benefit purpose foundation," where each foundation would have to prove its public benefit purpose, cross-border dimension, and its possession of at least 25,000 euros in assets. Crucially, this statute would be legally recognized in all European Union member states and would operate with the same set of requirements across each of these jurisdictions.[5]

THE EVOLUTION OF THE CANADIAN FOUNDATION SECTOR AND ITS CURRENT CHALLENGES

Canada has experienced a long history of encouraging social participation and community activity through its grantmaking foundation sector. Yet, this history has evolved in a regionally specific manner. In Western Canada, a strong cooperative movement laid the groundwork for strong community philanthropy, giving rise in some cases to well-endowed foundations, such as the Vancouver Foundation and the Winnipeg Foundation, the largest and oldest community foundations, respectively. In French-speaking Canada, the influence of the Roman Catholic Church meant that giving was largely organized by and through the church up until the middle of the twentieth century. In the 1960s, the landscape of the French-speaking Canadian foundation sector changed. The decline in the powers of the church as well as challenges to the social, political, and economic dominance of the Anglophone community in Québec during this time meant that the francophone foundation sector emerged fairly late, in the 1980s, with the rise in the fortunes of the francophone business elite. Meanwhile in Western Canada, American foundations also played an important role in disbursing philanthropic funds and in developing public institutions in Canada, particularly in the early twentieth century (O'Halloran 2012). Foundation philanthropy also has a very metropolitan character, with the vast majority of well-endowed foundations based in one of four centres: Toronto, Montréal, Vancouver, and Calgary.

Today, Canada has a well-developed welfare state that spends tens of billions of dollars annually on health, education, and social services. It also has a well-developed and growing philanthropic infrastructure, which is predicted to grow as the roles and responsibilities of government begin to shift in the years to come (Monitor Institute, 2014). While the Canadian regulatory environment for philanthropy has been described as "relatively hospitable" (Patten & Pearson, 2010), especially given that the process for registering a foundation is fairly straightforward, attempts to make it more flexible for charities have recently been thwarted (Golombek, 2016).

Additionally, given that it is in its early stage of professional development, the scale of the Canadian foundation means the use of sophisticated grantmaking approaches in Canada is limited, with some notable exceptions (Patten & Pearson, 2010). In the last twenty years, the number of Canadian foundations has increased dramatically. From 1994 to 2014, the number of private foundations increased by 76 percent to just over 5,300, while the number of public foundations has increased by 69 percent to about 5,100 foundations. This results in a total of almost 10,500 foundations (Imagine Canada & PFC, 2014). Although this figure refers to all charitable foundations, including public and private foundations, which held combined assets of $55 billion and made grants totaling $4.6 billion in 2003 (PFC, 2014). Of these grants, education, research, health, and social services formed the highest percentage of total grant value by funding area, constituting a total of 59 percent of grant value (PFC, 2014).

Nevertheless, the Canadian foundation sector faces several constraints. These are in part related to regularly restrictions rather than public attitudes, which are generally positive and supportive of philanthropy (Patten & Pearson, 2010). Obstacles include restrictive laws that limit foundations to giving only to other registered charities or public entities defined by the *Income Tax Act*, which are defined according to centuries-old definitions that exclude many organizations from tax-receipted giving (Patten & Pearson, 2010). Moreover, the number of foundations with an international lens in Canada remains fairly limited, with nearly half of all Canadian overseas grants coming from one foundation: the MasterCard Foundation, which may be at least partially due to the Canada Revenue Agency's (CRA) restrictions that limit grants

made across borders to only "qualified donees." The "qualified donees" include only a limited set of organizations, including Canadian registered charities, a small number of universities outside Canada, the United Nations, and its agencies, and a very small number of foreign charities (Blumberg, 2009).

Inflated interpretations about these restrictions further exacerbate the constraints on what Canadian foundations can accomplish. This is due in part to the political activities restriction, or the "ten percent" rule, which specifies that the nonpartisan advocacy activities of charities can account for only ten percent of the foundation's budget. While it remains unclear whether the "ten percent" rule has resulted in a chill factor and how this might have affected the philanthropic sector's "embeddedness" in society, it has in turn led to complaints that the rule is a complex form of regulation, which arguably reorients the activities of foundations away from political activities and toward other concerns of the nonprofit sector (McGann & Johnson, 2005). Certainly, this can be construed as a way to avoid the channeling of private wealth through foundations towards a greater influence of politics. The new restrictions on foundations were imposed in 2015 establishing that those grant monies used by donees for political activities must also be counted by the foundation toward its ten percent quota. This means that political activity supported through foundation grants to other donees is effectively "double-counted," doubly reinforcing political restrictions on the foundation sector is doubly reinforced.[6]

THE CURRENT DEBATE SURROUNDING REGULATORY LAWS AND THE CANADIAN FOUNDATION SECTOR

This section provides an overview of the debate surrounding the current state of the regulatory sector governing Canadian foundations. The Liberal government, elected in late 2015, created a wave of expectations with respect to supporting a thriving philanthropic sector. The mandate letter from the prime minister to the minister responsible for the Canada Revenue Agency asked the Ministry to "modernize the rules governing the charitable and not-for-profit sectors" and to create a "a new legislative framework to strengthen the sector" (Canada, n.d.). Leading up to this, throughout the 2015 election campaign, the Liberal party platform also promised to change the regulatory laws putting donations of the proceeds from the sale of appreciated private corporation shares or appreciated real estate on a similar footing as donations of publicly traded securities (Glombeck, 2016). This would have greatly incentivized the philanthropically inclined to make major gifts to Canadian charities in 2017 and beyond (Glombeck, 2016).

Prior to the election, Canadian charities experienced an "advocacy chill" (Beeby, 2016) under the Conservative government, by being subjected to unprecedented levels of audits by the CRA. In 2015 alone, 54 charities were subject to the CRA political-activities audits, and five of those charities were given notice that they would lose their charitable registrations (Beeby 2016).[7]

Logistical hurdles under the Conservative government, such as the ones mentioned in the CRA's announcement above, have unnecessarily impeded, and in a few instances halted, the ability of charities across Canada to perform their functions. Many Canadians expected the "advocacy chill" that many charities experienced under the Conservative government to warm under the Liberal government. While the Liberal government made good in many respects on its promise to focus on economic growth, job creation, and support for a strong middle class, it crucially reneged on a promise that was first announced in the 2014 Federal Budget announcement that there would be a review of tax exemption status for nonprofit organizations under paragraph 149(1)(l) of the *Income Tax Act* (Carter et al., 2016). Not only did the newly elected Liberal government go back on this promise by quietly announcing in its budget published in March 2016 that it was not proceeding with draft legislation exempting capital gains from tax when the proceeds from the sale of real estate or private company shares are donated to a registered charity (Glombeck 2016). For a long time, it *also* had done nothing to end the "political harassment" that Canadian foundations experience in the form of tax audits (Beeby, 2016). As of the time of this writing, these audits have been suspended. Nevertheless, the optimism that the Canadian foundation sector once

held with the rise of the Liberal government had translated to disappointment in the cancellation of these proposed changes. Imagine Canada, the umbrella organization for many registered Canadian charities, published an open letter in March 2016 in response to this cancellation, stating in part:

> The decision not to proceed with the income tax exemption in respect to capital gains of the donation of real estate and shares of private corporations sends a troubling message related to the creation of a regulatory environment that will enable charities to thrive, fulfill their missions and continue to be a powerful contributor to the economic well-being of this country (Emmet & MacDonald, 2016).

Many contend that the proposed changes in the regulatory laws surrounding donations to registered charities would have had a large impact on the ability of the Canadian foundation sector to flourish. While this severely limits the ability of Canadian foundations to fulfill their mandates, it also has stark and direct implications for the Canadian economy. Canadian charities constitute a dynamic and creative part of the economy, accounting for approximately eight percent of the Gross Domestic Product (GDP) and employing two million people (Emmet & MacDonald, 2016). This potential constraint can either reduce or limit the ability of Canadian foundations to operate more freely in the future, an unobserved phenomenon and constraint for many of the European charities explored in this article.

SOCIAL ORIGINS THEORY APPLIED: THE EVOLUTION OF THE FOUNDATION SECTOR IN SWEDEN, GERMANY, AND THE NETHERLANDS AND THEIR CURRENT GRANTMAKING LANDSCAPES

Civil society organizations, including charitable and other nonprofit entities have played a critical role in producing social capital throughout the world (Putnam, 1993).[8] They contribute to political and economic life by providing public goods—often when governments cannot. How these sectors develop, however, has been subject to much debate. This article uses the social origins theory developed by Salamon and Anheier (1998). Social origins theory argues in large part that a given nonprofit sector's "embeddedness" in society can be traced through broader social, political, and economic realities. Under this framework, choices about whether to rely on market, nonprofit, or state provision of key services are not simply made freely by consumers in an open market. Instead, these choices are heavily constrained by prior patterns of historical development that have significantly shaped the range of options available to the consumer (Salamon & Anheier, 1998).

While this approach makes the study of nonprofit sectors more complex than other theoretical frameworks, it also integrates many aspects of social relations that are largely ignored under other paradigms. The social origins theory, thus, is a complex framework that incorporates the historical and economic development of a given nonprofit sector and argues that distinct sectors can be traced to an identifiable set of social circumstances (Salamon & Anheier, 1998).

Using social origins theory, this article contends that in different comparative contexts and countries, foundations were established to serve different functions. European foundations, for instance, were historically instituted against the backdrop of delivering services, whereas American foundations rose to fill financial and redistributive roles. Unlike other nation-states, which experienced a more uniform evolution of their grantmaking foundation sectors, Canada saw its grantmaking foundation sector evolve differently in French-speaking versus English-speaking regions. In the French-speaking province of Québec, the influence of the Catholic Church meant that up until the mid-twentieth century, foundations were irrelevant given that the church already offered most philanthropic services. In English-speaking Canada, business interests and a strong cooperative movement laid the groundwork for strong community philanthropy and even a small number of well-endowed foundations well before the 1950s.

The development of the foundation sectors in Sweden, Germany, and the Netherlands evolved differently than in Canada. In the next section, Salamon and Anheier's (1998) social origins theory framework is used to trace the evolution of these foundation sectors and identify points of contrast with the Canadian context. This ultimately identifies the set of social circumstances that has allowed the nonprofit sectors in these contexts to thrive and innovate.

Perhaps defying conventional expectations of strong social welfare states where we might expect more regulation and government involvement and oversight, in each of these three European countries, the lack of regulatory restrictions on philanthropic activity has allowed the size, scope, and activity of the foundation sector to flourish in a manner unlike Canada. While the foundation sectors in these countries are more likely than in Canada to be connected to a veto player (such as a government or a private institution) that limits their ability to autonomously determine the extent to which the foundation has control over their objectives, policies, or projects, there is paradoxically very little regulatory intervention that impedes foundations' ability to act and innovate. While not constituting formal constraints, these states may be in fact be more regulated by other veto players. By examining the evolution of the grantmaking foundation sector in Sweden, Germany, and the Netherlands and by comparing their regulatory frameworks to the Canadian context, it is possible to offer a series of regulatory lessons for the Canadian grantmaking foundation sector and public officials.

Today, Canada is a mature welfare state that expends tens of billions of dollars on health, education, and social services. In the same vein, it fosters a well-developed and growing philanthropic infrastructure, which is predicted to grow as the roles and responsibilities of government begin to shift in the coming years (Monitor Institute, 2014). According to a 2014 study of the largest Canadian grantmaking foundations by Imagine Canada and PFC, education and research, health, and social services formed the highest percentage of total grant value by funding area, constituting a total of 59 percent of grant value. International grantmaking, however, remains a relatively underdeveloped practice in Canada due to regulations restricting international giving. Between 1997 and 2008, public foundations gave a total of nearly CAD $300 million to international causes, out of a total of nearly CAD $45 billion in expenditures, or merely 0.67 percent of total expenditures.

Table 1 compares the current foundation landscapes in Sweden, Germany, and the Netherlands to Canada as of 2015. For the sake of comparison, this includes both foundations that make grants to multiple recipients and those that grant to one dedicated recipient (such as a hospital or university foundations).

Table 1: Comparative comparisons and descriptives[9]

Country	Number of foundations, 2015	Expenditures, 2015	Population size, 2015 (in millions)	Per capita expenditures (in Euros)
Canada	10,500	€3.312 billion (CAD $4.6 billion)	35.85	92.38
Sweden	13,700–25,000	€600 million	9.80	61.23
Germany	19,150	€17 billion	81.69	208
The Netherlands	7,500	€6 billion	16.94	354.19

As Table 1 demonstrates, with respect to the size of each of their nonprofit sectors and as of 2015, Sweden is estimated to have between 13,700 to 25,000 foundations (depending on the type of measurement, see Schlüter et al., 2001 and

Wijkström & Einarsson, 2004),[10] Germany has 19,150 foundations—more than any other country in Europe (Observatoire de la Fondation de France, 2015), and the Netherlands has 7,500 foundations. With respect to expenditures and in 2015, the foundation sector in Sweden expended €600 million, the sector in Germany expended €17 billion, and the sector in the Netherlands expended €6 billion. As of 2014, Canada, meanwhile, is estimated to have approximately 10,500 private and public foundations and to have expended approximately $4.6 billion. When examining per capita dollars in 2015, however, the Netherlands appears to have the most assets per capita, followed by Germany, Canada, and Sweden.

A COMPARISON OF THE EVOLUTION OF THE CANADIAN AND SWEDISH FOUNDATION SECTORS

Sweden's political economy embodies the social democratic model in which working-class elements were able to exert effective political power, albeit typically in alliance with other social classes. Similar to French-speaking Canada, working-class political parties in mid-twentieth-century Sweden were able to push for extensive social welfare benefits from the state as a matter of right in the context of a weakened, state-dominated church and a limited monarchy. During the second half of the nineteenth century, Sweden was a relatively poor country that experienced difficulties in development due to the extensive emigration of its inhabitants to North America (Wijkström & Einarsson, 2004). Yet, due to its large share of natural resources, such as iron and timbre, and its access to cheap hydro energy, Sweden was able to industrialize during the twentieth century, avoid engagement in costly wars, and develop a solid middle class. Its ability to shift from an agrarian economy to an industrial one translated into an accumulation of wealth in the country. Moreover, given subsequent high tax regimes under the Social Democrats, Sweden has also experienced a large growth of public wealth resulting in a strong state-supported social service network (Wijkström & Einarsson, 2004). This growth was particularly reinforced by Sweden experiencing long periods of peaceful relations between actors in the labour market (Wijström & Einarsson, 2004). Under the social origins theory, these historical factors are largely important in explaining the growth and development of Swedish foundations.

This discussion of Sweden's foundation sector refers specifically to its nonprofit sector. Today, the Swedish nonprofit sector performs a different function in social democratic regimes—one of advocacy and personal expression, rather than service-provision. In Sweden, a very substantial network of volunteer-based advocacy, recreational, and hobby organizations turns out to exist alongside a highly developed welfare state. In this kind of setting, the nonprofit sector may actually come closest to the ideal of a "civil society" sector functioning to facilitate individual and group expression (Salamon & Anheier, 1998).

In Sweden, three types of legal entities are entitled to a more favourable position than other legal entities, namely foundations, nonprofit associations, and registered religious communities. First, a *foundation* is defined as a holding of assets that has been set aside permanently by one or more individuals or legal entities for a permanent or long-term given purpose. The foundation must be administrated by a board of its own or by an existing body (linked administration), such as a university, an authority, or another foundation. Moreover, as far as legal capacity is concerned there is no act of registration. Sweden's foundations have very flexible mandates since they can have any purpose at all, as long as they are not in conflict with the law or moral standards. If the purpose of the foundation is to promote public service activities, the foundation is known as a public foundation. Second, Sweden recognizes *nonprofit associations,* which become legal entities from the moment they are set up. For an association to exist in the legal sense, it is necessary for a number of individuals or legal entities to have entered into an agreement to act jointly in an organized form for a given period of time or until further notice to meet a common, nonprofit purpose. For an association to be a nonprofit association it must pursue non-commercial activities for either non-commercial purposes or purposes that promote the financial interests of

its members. Third, Sweden has *registered religious communities,* which are associations meant for religious activities, which includes arranging religious services.

Today, both Canada and Sweden have sizable foundation sectors that have begun to fill the role previously played exclusively by the state when it comes to providing services to the greater population as a whole, not just marginalized communities, and not on an individual basis. In 2015, Canada was estimated to have nearly 11,000 private and public foundations (Philanthopic Foundations Canada, n.d.) while the estimated number of Swedish foundations ranges from 13,700, (Study on Volunteering in the European Union Country Report Sweden) to 25,000 foundations depending on the measurement of the type of foundation (Schlüter et al., 2001).[11] In certain provinces in Canada, the state did not stand as much of a roadblock to the emergence of a strong foundation sector. As previously mentioned, rather, a strong cooperative movement originally laid the groundwork for strong community philanthropy, giving rise—particularly in Western Canada as a whole—to the institutional form of community foundations. In Sweden, it was the various levels of government that established many foundations during the second part of the twentieth century. Filip Wikström and Stefan Einarsson (2005) estimate that of the 11,500 foundations in Sweden 2005, almost half (4,720) were government-related foundations, which include a wide variety of foundations connect to public "host bodies," such as public hospital controlled foundations or ones connected to the royal family or Swedish nobility (Wikström & Einarsson, 2005). This is well in line with the logic that in a country with a high-tax regime, various public sector actors were generally able to accumulate substantial resources. Thus, it is often the case that state or local municipalities have been the founder of foundations in Sweden (Schlüter et al., 2001). While this is also the case in Canada, in limited numbers, they are more likely to be in place in Sweden.

Today, Sweden boasts an incredibly malleable and large foundation sector, though it is only a fraction of the size of Canada's sector when viewed on a per capita basis. While Canada allows for some flexibility for its foundations, it by no means has regulatory laws that are as flexible as the Swedish context.

According to the various scholarly estimates, Sweden has one of the largest foundation sectors in all of Europe. This is partially due to the fact that Sweden has very fluid and flexible standards to determine what constitutes the legal entities that serve the needs of its population. Moreover, due to the ease with which these charitable organizations may exist, Sweden has one of the highest densities of associations worldwide: on average, every adult belongs to nine associations (Lundström & Wijkström, 1997). Thus, Sweden serves as an important example of the heightened social capital that a country can channel into its foundation sector with very flexible and limited regulations.

A COMPARISON OF THE EVOLUTION OF THE CANADIAN AND GERMAN FOUNDATION SECTORS

In Germany, a close working relationship exists between the state and nonprofit organizations and has eventually resulted in the coexistence of a sizable nonprofit sector and an extensive social welfare state (Salamon & Anheier, 1998). Upon conducting a comparison of the German and the Canadian sector, it is important to consider Germany's population size—nearly 80 million—more than double that of Canada. Correspondingly, then, Germany has double the number of foundations found in Canada, but when examined on a per capita basis, it is about the same as the Canadian sector. As previously noted, the foundation sector in Germany is broadly referred to as the nonprofit sector. The German nonprofit sector, unlike the more recent Swedish and Canadian milieus, has been institutionalized in German society since the 1800s. German foundations were formed in the nineteenth century in the wake of the accumulation of private wealth, a highly developed—though regulated—welfare state, and industrialization (Anheier et al. 2015; Zimmer and Bräuer 2014). However, due to political forces, the sector has seen periods of suffering throughout its existence. To understand how the German foundation sector has evolved under a social origins theory framework, it is critical to consider that Germany has undergone three historical periods that have greatly shaped its current landscape.

First, prior to the 1800s and in the early medieval period, elite families established foundations mainly to meet religious, charitable, and health purposes (Anheier et al., 2015). Second, between the mid-1800s and the end of World War II, the foundation sector grew slowly as wealth accumulated due to industrialization. After the Second World War, however, very few foundations survived and remained intact. It was not until the third period, near the end of the Cold War in the 1980s, that the vast majority of today's foundations were established. Thus, while the sector suffered throughout the first half of the twentieth century due to two wars, Nazi rule, and communism, it has since experienced extraordinary growth (Anheier et al., 2015).

In the last period of growth since the 1980s, hundreds of private charity organizations and social service institutions financed by donations and membership dues came into existence (Zimmer, Appel, Dittrich, Lange, Sittermann, Stallmann, & Kendall, 2005). While German social entrepreneurs in this latter period emerged in the context of a highly developed, highly regulated welfare state, the state was careful to redistribute a large portion of its wealth to society without simultaneously imposing complex regulatory schemes. While many German foundations (2,243) were set up in the twentieth century and in the context of industrialization between 1901 and 2000, Anheier et al. (2015) find that only slightly fewer foundations (2,017) were established in a comparatively shorter time period: between 2001–2013. Today, Germany has the largest foundation sector in all of Europe. Given the drastic growth of philanthropy throughout the twenty-first century, the German context is worthy of examination for Canadian scholars who wish to draw lessons on how to foster similar growth in the Canadian context. One benefit of Salamon and Anheier's (1998) social origins theory is that it helps explain apparent anomalies in the relationship between the growth of government and the growth of the nonprofit sector. With respect to Germany and under this framework, then, the ebbs and flows in the size, scale, and purpose of the foundation sector largely mirrored the social, economic, and political context at that time. As such, much of the rise of the foundation sector can be attributed to the state handing a large portion of wealth back to society and without much regulation.

German foundations maintain institutional forms that do in fact greatly resemble Canadian foundations. For instance, neither Canadian nor German laws have instituted a minimum initial asset requirement to form foundations. Moreover, both Germany and Canada have well-developed welfare systems that spend tens of billions of dollars on health, education and social services each year. The difference in limitations for foundations in the two countries is that Canadian foundations are more restricted than their German counterparts in that they may only provide funding to other Canadian charitable organizations—a limitation that may be hindering their ability to perform a more geographically diverse range of charitable activities (Council on Foundations, 2017).

Under German law today, a foundation (*Stiftung*) is a legal entity whose earnings on assets are used to pursue a specific purpose set forth by the founder. Foundations can either be grantmaking, operating, or both as long as they have a legal personality, which they receive upon recognition by the competent authority in the state (*Bundesland*) in which the foundation seeks to be headquartered (Anheier et al., 2015). Unlike other European contexts, the Civil Code does not require a specific initial amount to form a foundation, though it does require that the permanent and sustainable promotion of the foundation's purpose appear to be assured. However, they are subject to state supervision. Foundations must file annual reports to their respective state supervisory authority to acquire approval for its various functions.

Today, the German and Canadian foundation sectors also differ with respect to their relative size, assets, and expenditures per annum. As of 2015, Germany has 19,150 foundations—more than any other country in Europe according to a recent study on the European philanthropic sector by the Observatoire de la Fondation de France (2015)—although arguably less than Canada on a per capita basis. In 2014 alone, German foundations spent 17 billion euros, 74 percent of which was spent on international and humanitarian aid (Observatoire de la Fondation de France, 2015). Thus, German foundations gave 24 percent of their total assets during this time (Observatoire de la Fondation de France, 2015).

However, this is not to say that Canada is not experiencing growth of its own. From 2002–2012, the total assets held by the largest 150 Canadian grantmaking foundations more than doubled, increasing from just over $8.8 billion in 2002 to $18.7 billion in 2012 (Imagine Canada, 2014). This growth in assets is also reflected in an increase in Canadian foundation spending. During this time, Canadian foundations increased their spending from $558 million in 2004 to $966 million in 2012, reflecting a growth of 73 percent in expenditures (Imagine Canada, 2014). Importantly, while the Canadian foundation sector has grown dramatically, it can benefit from attempting to mirror the expenditures observed in the German sector.

A COMPARISON OF THE EVOLUTION OF THE CANADIAN AND DUTCH FOUNDATION SECTORS

The evolution of Canadian and Dutch foundations has undergone starkly different trajectories. While Canadian foundations evolved to work in parallel with the state to provide public goods, the Dutch foundation sector developed in a much more entwined manner with the government in a process known as "pillarization." Similar to many other Western European countries, the history of the Dutch nonprofit sector can be tracked to medieval times where churches and religious congregations provided the institutional roots of the sector (Burger & Dekker, 2001; Veldheer & Burger, 1999). During the twentieth century, in contrast, the strong growth of the nonprofit sector was largely due to the close ties between the private nonprofit agencies and the government. Pillarization ensured that Dutch foundations and the state worked together to provide services to the masses.

Under a social origins theory framework, pillarization originally began in the second half of the nineteenth century, when the citizenry organized itself along religious and political lines and resulted in a variety of denominational organizations, such as political parties, trade unions, schools, hospitals, and sports clubs (Burger & Dekker, 2001). This organization of individuals into various groups and associations eventually evolved into the modern-day Dutch foundation sector. Nevertheless, the Netherlands experienced a sharp decline in its pillarized institutions in the 1970s, when new laws were implemented by the state regulating the financial contributions made to private nonprofit organizations as a result of significant shifts in the national political sphere (Burger & Dekker, 2001). This trend was ultimately reversed, however, when both major Dutch parties supported the dissolution of state holdings and the reduction of public regulation and public expenditures in an effort to empower the nonprofit sector (Burger & Dekker, 2001).

Pillarization refers to the "vertical" mediating functions between foundations and the state in providing services to the citizenry. These foundations, in turn, perform a dual function: they represent the interests of their specific group in politics and also are of service to the government by implementing and monitoring its policies (Burger & Dekker, 2001). In other words, private organizations provide many services in education, healthcare, and welfare, but are financed through public funds (Burger & Dekker, 2001). For example, and as Ary Burger and Paul Dekker (2001) note, only about 30 percent of students receive their education at public schools in the Netherlands; the others attend private schools, which the Ministry of Education finances almost entirely. Under social origins theory, one can consider pillarization to have had some major and long-lasting impacts on Dutch society—in addition to the current grantmaking landscape in place today. Pillarization has allowed the Netherlands to remain a peaceful and stable democracy, despite sharp divisions between pillars in society, which were resolved at the top levels by elites (Burger & Dekker, 2001; Daalder, 1984; Lijphart, 1968).

The foundation sectors in Canada and the Netherlands resemble one another in scope and in average yearly expenditures. Given the available estimates, the Netherlands has approximately 7,500 foundations and expended €6 billion in 2015. The grantmaking culture in the Netherlands, however, is largely different than in Canada, due to lax regulatory laws that have allowed a great portion of the population to contribute to the charitable sector. In the Netherlands, giving and grantmaking are an integral part of Dutch society for individual donors and companies, alike. In 2013, 85 percent of the Dutch population was a donor to a nonprofit, while 71 percent of Dutch companies also donated to charitable foundations (Observatoire de

la Fondation de France, 2015; Schuyt et al., 2015). In addition, in 2013, it was estimated that 38 percent of Dutch society devotes an average of 21 hours a month to voluntary work (Observatoire de la Fondation de France, 2015).
The flexibility of laws surrounding Dutch donations has certainly played an integral role in fostering an atmosphere in which such a high percentage of Dutch individual and corporate donors are able to contribute to the charitable sector.

Yet, one of the most unique features of the Dutch welfare state is that private nonprofits deliver many services that are collectively funded in partnership with the state, while simultaneously fostering a lax regulatory regime in which donors regularly donate to the nonprofit sector and devote their time to voluntary work. So while the Dutch foundation sector roughly resembles Canada in scope and size, it interacts with the state to collectively deliver goods (Burger & Dekker, 2001), similar to publicly contracted and mandated charities in Canada (e.g., universities, hospitals, distress centres, employment development agencies, and child advocacy centres). In fact, the Dutch foundation sector is greatly responsible for the *delivery* of public goods while the government is largely responsible for the *financing* of these services. The delivery of education is a great example. Only 30 percent of primary and secondary school students receive their education at public schools (Burger & Dekker, 2001). The others attend private schools, administered by foundations, but financed exclusively by the Ministry of Education (Burger & Dekker, 2001). The only public good that is solely administered by the Dutch government without the involvement of the foundation sector is the delivery of social security arrangements (Burger & Dekker, 2001).

The relative size, assets, and expenditures of the Dutch grantmaking landscape mirror the Canadian example. Canada has a larger foundation sector than the Netherlands, but the expenditures by each country's sector do not differ significantly. As of 2014, Canada was estimated to have around 10,500 private and public foundations, while the Netherlands had 7,500 foundations. Recall that Canadian foundations hold assets totaling $55 billion dollars, $4.6 billion of which they spent in 2014 (Philanthropic Foundations Canada, n.d.). This results in an 8.3 percent expenditure to asset ratio. Likewise in 2014, Dutch foundations expended 6 billion euros, yielding an 8 percent expenditure to asset ratio (Observatoire de la Fondation de France, 2015).

Despite these similarities, the Dutch model is much more successful at integrating the foundation sector into public service provision than the Canadian one. This integration requires foundations to restrict their activities to those in the domain of public service provision, which is governed by its own set of regulations. One way to view the Dutch foundation sector is to consider it less restrictive. Both major Dutch political parties have supported efforts to reduce regulation on the nonprofit sector in order to increase pillarization with the government to deliver public goods. But similar to Canada, where restrictive laws dominate how foundations may be formed and how contributions may be made, the Netherlands has long protected the individual's right to associate since its 1848 Constitution. Every Dutch citizen enjoys the right to form associations, foundations, and churches—all of which serve as conduits for nonprofit activities (Burger & Dekker, 2001).

Moreover, Dutch foundations differ from Canadian foundations, in that they must not be wholly private (Burger & Dekker, 2001). In other words, many Dutch foundations fall into categories that are largely, if not mostly, financed from public resources, whereas most Canadian foundations receive private donations from individual citizens or companies.[12] In other words, being financed by public resources likely translates to different accountability mechanisms, and possibly less of a need for strong regulation. Similarly, while Canadian foundations spend the highest percentage of total grant value in the areas of education and research, health, and social services, Dutch foundations spend most of their resources on healthcare, development and housing, and education and research (Burger & Dekker, 2001). The one key difference is the Dutch foundation sector's focus on housing, which stems from the fact that of the six million dwellings in the country, half are rented homes, of which nonprofits own more than two million of them (Burger & Dekker, 2001). Thus, one-third of all privately owned homes and two-thirds of all rented homes belong to nonprofits (Burger & Dekker, 2001).

Finally, the Dutch government has at times established some private foundations for the purpose of performing certain functions. Foundations that are government-run are only deemed to be foundations by Dutch scholars when the government appoints *at least half of the board* (Burger & Dekker, 2001). The World Radio Broadcasting Service, for instance, is one such foundation. The Dutch government created this government foundation with the purpose of informing Dutch people living abroad either permanently or temporarily (Burger & Dekker, 2001).

CHALLENGES AND OPPORTUNITIES IN THE SWEDISH, GERMAN, AND DUTCH GRANTMAKING FOUNDATION SECTORS

This article has thus far argued that Canada faces numerous challenges with respect to its regulatory restrictions by providing a comparative analysis with Sweden, Germany, and the Netherlands under the social origins theory. In Canada, the *Income Tax Act* restricts foundations to only being able to give to other registered charities and other qualified donees.

While there are nearly 90,000 registered charities in Canada, the definition of "charitable" remains restricted to the original Elizabethan Poor Laws definition, with ad hoc additions based on the (slow) evolution of common law (Patten & Pearson, 2010). Canadian foundations engaged in international giving also are fairly limited by the CRA's restrictions that confine grants made across borders to only "qualified donees."[13]

Consequently, only three percent of foundation funding in Canada is allocated to international activities (Moreno & Plewes, 2007), which also has the effect of making the character of Canadian philanthropy unduly parochial, compared to other countries. Similarly, Canadian grantmaking foundations are limited in donations to individuals, unless the giving takes the form of a scholarship (and even then it must meet certain requirements). The ownership and operation of social businesses is thus much more challenging than it is in other contexts, such as in the U.S. and in Europe (Monitor Institute, 2014). Finally, the large-scale, and often inaccurate, perceptions about Canadian foundations' limited abilities further exacerbate constraints on what Canadian foundations are actually able to accomplish (Blumberg, 2009; Monitor Institute, 2014). While this article provided a comparative analysis with Sweden, Germany, and the Netherlands, it nevertheless recognize that these comparative contexts also face numerous challenges and opportunities. The next section provides a comparison of the challenges and opportunities faced by the Canadian sector in contrast to each of these comparative contexts.

A COMPARISON OF THE CHALLENGES AND OPPORTUNITIES FACED BY THE CANADIAN AND SWEDISH FOUNDATION SECTORS

In Sweden, the foundation sector has traditionally been intended to complement the welfare state (Wijkström & Einarsson, 2004). As a result, the tax and regulatory regime has always been flexible, and at times informal. Up until the mid-1990s, no law had regulated the institutionalization of Swedish foundations as much as the Foundation Law (1994), which came into effect in 1996 and implemented somewhat more stringent requirements for the formation of foundations (Wijkström & Einarsson, 2004). During this time period, there was also an overhaul of the tax regime for foundations that made it slightly more difficult for charitable organizations to be considered charities and to receive tax breaks (Carlsson & Stenman, 2003; Wijkström & Einarsson, 2004).

A COMPARISON OF THE CHALLENGES AND OPPORTUNITIES FACED BY THE CANADIAN AND GERMAN FOUNDATION SECTORS

Germany and Canada experience dissimilar institutional challenges to their grantmaking endeavours. While the growth of German foundations is limited in relation to its strong welfare state, the growth of the Canadian foundation sector is limited in part because of regulatory barriers, as a result of conservative and risk-averse foundation boards and cultures. In addition,

a great deal of foreign aid work is taken off the table for Canadian foundations because Canadian foundations are not permitted to carry out their own international activities unless these activities can also be contracted to another organization (agent) while maintaining that the Canadian organization is the active and controlling partner (Moreno & Plewes, 2007).

In contrast, the expenditures of German foundations were high, with Fondation de France estimating that the nearly 19,150 German foundations expended €17 billion in 2015 (Observatoire de la Fondation de France, 2015). Yet, while Germany has experienced unprecedented growth in the number of foundations being instituted over the past decade, its strong welfare state continues to slow the rise of social enterprises compared to other more liberal welfare systems (Wolf, 2014). Today, German society continues to debate the position and role of social enterprises within the welfare state. Finally, there is very little information about the actual impact of German foundations.

A COMPARISON OF THE CHALLENGES AND OPPORTUNITIES FACED BY THE CANADIAN AND DUTCH FOUNDATION SECTORS

The Dutch foundation sector is much more flexible than Canada's. The Canadian foundation sector is largely disadvantaged with respect to the large regularly restrictions that limit the ability of its foundations to easily perform a myriad of activities (Patten & Pearson, 2010).

The Netherlands, on the other hand, has a great deal of flexibility in the regulation of its foundation sector. As a result, the foundation sector and private firms compete to deliver services to the citizenry, which has in turn created a large number of options (Burger & Dekker, 2001). Nevertheless, the future of the Dutch nonprofit sector may be affected by the increasing interdependence between European Union member states. Today, the Netherlands is an example of a state in which favourable tax treatments and the delivery of government services have allowed the foundation sector to prosper. Yet, as the EU considers codifying policies that may put an end to this Dutch favourable foundation sector, there may be real and detrimental impacts on healthcare (Burger & Dekker, 2001).

European Union member states are largely responsible for their own healthcare systems. Nevertheless, a number of studies and rulings by European courts have called into question the long-term tenability of national healthcare systems (Burger & Dekker, 2001). They suggest that moving from a national to a more European-centralized healthcare arena may be in the best interest of the EU and may come into place in the very foreseeable future (Burger & Dekker, 2001). This poses a great deal of tension for the Netherlands, where open competition between healthcare providers and notions of consumer choice are valued and where private firms and foundations are both responsible for delivering these services (Burger & Dekker, 2001).

CONCLUSION

This article explores the various contexts that allow for Canadian foundations to develop, thrive, and innovate, by providing a comparative analysis with Sweden, Germany, and the Netherlands. It argues that Canada's historic and present-day regulatory restrictions have imposed some constraints on the extent to which its foundation sector has been allowed to flourish. In contrast to Canada, the comparative contexts explored here offer more flexibility to the foundation sector and a relatively lower level of regulatory restrictions on philanthropic activity. Under social origins theory, the development of the foundation sectors and the subsequent lax regulatory regimes in those states are responsible for allowing the size, scope, and activity of the foundation sectors in those countries to flourish in a manner unlike Canada. As Canada's population diversifies, and as it becomes less tethered to its British and French institutional and social origins, the ability to adapt and embrace lessons from other countries should, in theory at least, strengthen over time.

On the bright side, when one examines per capita spending, it is clear that Canada's foundation sector is spending much more per capita than European countries that are typically considered to be leaders in the philanthropic world. Perhaps one important suggestion for future research, then, is for scholars to place more of an emphasis on per capita expenditures rather than mere sums spent. As highlighted in the evidence above, foundations in Sweden, Germany, and the Netherlands were established to serve different functions than in Canada. Today, their challenges, opportunities, assets, sizes, and expenditures vary greatly and offer meaningful lessons for the Canadian contexts. Given that Canadian foundations are slated to play a more important and visible role in the future, it is crucial to understand what this future direction may look like. Much information about the Canadian grantmaking foundation landscape remains unknown. Future research can conduct case studies of similar foundations in Canada and in the European context and examine the reach and impacts that each is able to make. Moreover, scholarship would be well served by developing more standardized metrics by which to compare and contrast the Canadian sector with other comparative contexts.

NOTES

1. There are other entities in Canada that refer to themselves as "foundations," but do not have charitable status, including some public-sector grantmakers, think tanks, and foundations allied with professional associations.
2. Despite the presence of these regulatory restrictions, however, grantmaking in Canada has still grown enormously and is about at par with U.S.
3. SSHRC is the Canadian federal research-funding agency that promotes and supports postsecondary-based research and research training in the humanities and social sciences. It supports research initiatives on Canadian innovation, and its grants are distributed primarily with the aim of strongly enhancing Canada's economy, society, and/or environment within the next 10 years.
4. The other three clusters were charged with the following objectives: Cluster 1 was charged with surveying the available literature on grantmaking foundations in Canada, assessing their role in Canadian society, and evaluating the state of the empirical work to date in order to inform the goals and activities undertaken by Canadian grantmaking foundations. Cluster 2 was responsible for identifying the governance and policy issues that define, constrain, and/or enhance the societal impact of grantmaking foundations. Cluster 3 examined case studies that involve collaboration, either strictly between grantmaking foundations (GMFs) or involving other community, government, or private-sector stakeholders. Ultimately, they were tasked with creating a typology, identifying key characteristics, and measuring social impact.
5. For the comparative purposes of this analysis, the foundation sectors in Sweden, Germany, and the Netherlands are referred to as the nonprofit sectors. The nonprofit sectors in these countries are useful examples because they are dedicated to charitable goals. They are more likely than in Canada, however, to be connected to a veto player (such as a government or a private institution) that should in theory limit the ability of a foundation to autonomously control its objectives, policies, or activities. It is important to note, however, that a small number, but certainly some Canadian foundations are publicly financed, or otherwise financed from non-philanthropic resources. They provide crucial lessons learned about regulation, however, because there is actually very little regulatory intervention that impedes the foundation sectors in these countries to thrive.
6. Interview with Mark Blumberg.
7. The reasoning provided was as follows: "It is the Canada Revenue Agency's (CRA) position that the Humane Society of Canada for the Protection of Animals and the Environment (the Organization) has not devoted all of its resources to charitable activities for which it was registered. The Humane Society of Canada for the Protection of Animals and the Environment, for example, had its charitable registration revoked. This may, however, have been justified, given that the regulation of any sector is arguably necessary in a well-functioning democracy. The Organization has conferred an undue benefit on a member of its governing board, improperly completed its information return, and failed to maintain adequate books and records to support its activities. For all of these reasons, and for each of these rea-

sons alone, it is the position of CRA that the Organization's registration should be revoked" (Canada Revenue Agency, 2016).

8. Putnam (1993, p. 19) defines social capital as "connections among individuals—social networks and the norms of reciprocity and trustworthiness that arise from them." Social capital is a key component to building and maintaining a healthy democracy.
9. These measures are not standardized because they are collected from a secondary source.
10. Statistics on the number of foundations are scarce in this field and many changes have occurred as new laws on foundations come into effect (Wijkström & Einarsson, 2004).
11. Statistics on the number of foundations are scarce in this field and many changes have occurred as new laws on foundations come into effect (Wijkström & Einarsson 2005).
12. It is important to note that a small number of Canadian foundations are publicly financed as well.
13. Qualified donees are a limited set of organizations including Canadian registered charities, bodies performing a function of public government, certain universities outside Canada, the United Nations and its agencies, and a few foreign charities (Blumberg, 2009).

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Official journal of the
Association of Nonprofit and Social Economy Research (ANSER)

Revue officielle de
l'Association de recherche sur les organismes sans but lucratif et l'économie sociale (ARES)

ISSN: 1920-9355