

Foundation Insights:

Trends, Misconceptions, and Successful Partnerships



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Agenda

- Introduction to Imagine Canada
- The significance of foundations
- Partnership examples
- Defining a foundation
- Steps to success
- Trends
- Summary of insights
- Resources

**Imagine
Canada
programs
that
support
the
sector.**

**CANADIAN DIRECTORY
TO FOUNDATIONS
& CORPORATIONS**

\$1 billion in available funding.

Charity Tax Tools

Essential tax information for
Canada's charities.



Governance and financial accountability.



Canada's largest collection of charitable
and nonprofit resources.



Promotion of good corporate citizenship.

**GIVING &
VOLUNTEERING**

Knowledge about the sector and
how Canadians support it.

**Insurance & Liability
RESOURCE CENTRE for Nonprofits**

Risk management support for the sector.

Imagine Canada's
Sector Monitor

Taking the pulse of Canada's
charitable and nonprofit sector.

Canadian Directory to Foundations & Corporations

Detailed, searchable information on the Canadian foundations that make grants to registered charities PLUS

- American Foundations
- Government grant programs
- Corporate donors

A social enterprise connecting grantmakers and grantseekers for 45 years.



Why should foundation partnerships matter to community organizations?

- Foundations are one of the fastest growing types of charities; there are more now than ever before.
- Foundation funding is one of the fastest growing sources of revenues for charities
- Foundations can be a knowledge-base of community organizations
- Foundations are experiencing enormous growth

The benefit of foundation partnerships!

- Diversify funding
- Partnerships are often continuous sources of funding
- More than just a donor – a community partner

Partnerships in Action

The Counselling Foundation of Canada Pathways to Education Canada

- In the 1990's the nearly 11,000 people that called Regent Park home faced alarmingly high crime rates, chronic unemployment, low family income and poor educational success rates
- Regent Park Community Health Centre (RPCHC) decided that a key to breaking the cycle of under-achievement and poverty was to support young people to succeed in school and adults to find rewarding employment
- The Counselling Foundation of Canada, a family foundation, was established in Toronto by Frank Lawson in 1959 with the aim of creating and enriching counselling programs and improve the technical skills of counsellors.

Source: Great Grant Stories, Philanthropic Foundations Canada, www.pfc.ca

Partnerships in Action

The Counselling Foundation of Canada Pathways to Education Canada

- RPCHC contacted The Counselling Foundation of Canada to discuss how to put its Community Succession Vision into practice. The Foundation provided a seed grant and two facilitators to undertake community consultations with local agencies to enhance the project design and to develop a long-term sustainability funding model.
- In the first year of the pilot, the RPCHC recognized that focusing its efforts solely on education provided the greatest potential to promote community change. The decision was made to drop the Pathways to Employment program, and focus on the Pathways to Education program. With that adjustment, the foundation's grant was renewed in 2000 to support the RPCHC's development of Pathways to Education, and sustained with several successive grants.

Source: Great Grant Stories, Philanthropic Foundations Canada, www.pfc.ca

Partnerships in Action

The Counselling Foundation of Canada Pathways to Education Canada

- The impacts of the Program in Regent Park were nothing short of remarkable.
- The Pathways funding model has generated over \$40 million in grants and donations since 2001.
- Carolyn Acker, former RPCHC Executive Director and founding Executive Director of Pathways to Education Canada, notes that The Counselling Foundation of Canada was “instrumental in embracing and nurturing the Community Succession Vision from a set of ideas to tangible outcomes”.
- The influence of the foundation’s grant was not solely felt in Regent Park. The success of the Pathways to Education Program prompted the creation of a new agency, Pathways to Education Canada, to replicate the model in other communities.

Source: Great Grant Stories, Philanthropic Foundations Canada, www.pfc.ca

Partnerships in Action

Nickle Family Foundation – Servants Anonymous Society

- With no established track record, oft-times donors won't consider funding new nonprofit organizations. And without donors, how do they deliver their services and so establish a track record?
- Servants Anonymous was formed in 1989 to help adolescent girls, particularly those with children of their own, who were enmeshed in street life, drugs and prostitution. Their plan called for establishing a "safe house," second stage housing, as well as life skills and vocational training.
- In the absence of a track record, the due diligence review focussed unusually heavily on the business plan and on the people behind the organization.

Source: Great Grant Stories, Philanthropic Foundations Canada, www.pfc.ca

Partnerships in Action

Nickle Family Foundation – Servants Anonymous Society

- The first grant was \$5,000 toward furnishings for the safe house. As Servants Anonymous proved themselves, Nickle Family Foundation made more grants.
- *“Your support, as S.A.S. Calgary’s first funder during its humble beginnings in 1989, was the catalyst to establish the organization’s credibility among the Calgary funding community. In fact, your financial support not only invited others to donate as programs developed, but also encouraged us, the founding team, as we set ourselves up to pioneer the S.A. program model.”*
– Servants Anonymous Society

Source: Great Grant Stories, Philanthropic Foundations Canada, www.pfc.ca

What is a foundation?

- Type of charitable organization, further categorized as public or private
- Nearly 10,000 foundations registered with the Canada Revenue Agency
- Can operate their own programs or can give gifts to qualified donees
- Often very similar to operating charities



Breakdown – Canadian Foundations

Canada Revenue Agency Definitions

Public foundation: “A public foundation (such as a hospital foundation) generally gives more than 50% of its income annually to other qualified donees, usually other registered charities....and more than 50% of directors/trustees deal with each other at arm's length. A public foundation generally receives its funding from a variety of arm's length sources. It may carry out some of its own charitable activities.”

Private foundation: “A private foundation may either carry out its own charitable activities or it may give funds to other qualified donees, usually other registered charities... A registered charity will be designated a private foundation if 50% or more of its directors or trustees do not deal with each other at arm's length, and/or more than 50% of the capital is contributed by a person or group of persons not dealing with each other at arm's length”.

	Public Foundations	Private Foundations
Examples	Community Foundations University Foundations Hospital Foundations	Corporate Foundations Family Foundations
Generally Funded By	Variety of sources such as individuals, corporations, and so on.	Mostly by those connected to the foundation in some way. For example, the chair or foundation board.
Directors/Trustees	Majority must be at arm's length.	Majority are NOT at arm's length. For example, the board can consist entirely of one family.
Funds	<ul style="list-style-type: none"> • Affiliated charities through gifts • Their own charitable activities • External charities through grants. 	<ul style="list-style-type: none"> • Affiliated charities through gifts • Their own charitable activities. • External charities through grants.
Top 3	<ul style="list-style-type: none"> • United Way of Greater Toronto • The Hospital for Sick Children Foundation • Vancouver Foundation 	<ul style="list-style-type: none"> • RBC Foundation / Fondation RBC • Donner Canadian Foundation • The W. Garfield Weston Foundation

**When we discuss foundations that provide grants we are discussing a specific category of foundations–
*Grantmaking Foundations***

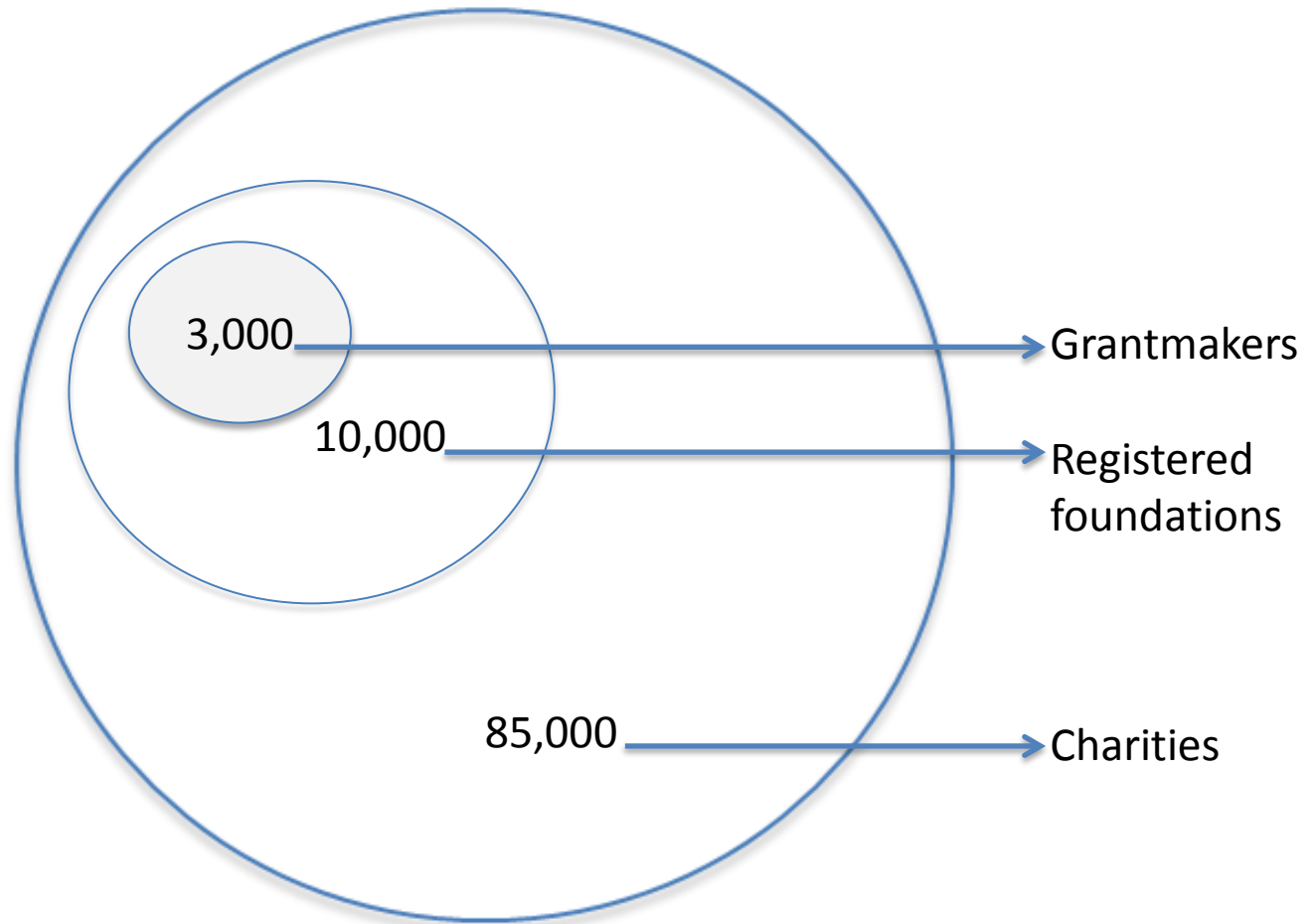
Foundations disburse their funds in many ways:

- Fund their own charitable activities
- Provide gifts to associated charities (e.g., Hospital Foundations)
- Provide grants to other charities at their discretion

Fundraisers are only interested in the foundations that give grants to other charities...

The grantmakers!

When we discuss foundations that provide grants we are discussing a specific category of foundations—*Grantmaking Foundations*



How does the partnership start?

Similar principles (and pitfalls) exist in finding a job!

- Prepare yourself for the hunt
- Research to find a handful of great prospects
- Take the time to write a winning application



Steps to Success: Getting the Job or Getting the Grant

Step 1: Know your skills, Prepare your resume

Have your materials ready before you go on the hunt!

- Determine your need, your case for support, and budget *before* you look for partners
- Do you have a funding plan?
- Avoid “mission creep”

Steps to Success: Getting the Job or Getting the Grant

Step 2: Who is hiring?

Who is accepting applications?

Do you have friends or family that have connections?

- Use available resources to identify which *grantmaking* foundations are currently accepting applications
- Many grantmaking foundations are not open to receiving unsolicited requests for funding
- Does your board/volunteers/staff have any connections?

Steps to Success: Getting the Job or Getting the Grant

Step 3: Are you a good candidate for the position?

Do your skills match those listed on the job posting?

- Does your organization/project serve the population and the cause that the foundation shows interest in?
- Do you meet all requirements that the foundation has? – funding requests are plentiful so exceptions are rarely made
- Is it serving a similar need as previous grantees?

“We say on our website that we will only give grants to Canadian charities. Society’s will contact us and say ‘well, you’ll make an exception for me.’ These are policies that ... are put in place by our board of directors and they are there for a reason and we can’t make exceptions to things like that.” -Gayle Longley, RBC Foundation

“Eighty percent of the grant applications that cross Debbie Rey's desk are immediately rejected. The reason so many don't pass muster: The applicants didn't do their legwork. They may have glanced at the grant maker's Web site, she says, but they didn't dig deeper to learn (the Kellogg Foundation’s) specific grant-making priorities.”

Source: Grant Makers Reveal the Most Common Reasons Grant Proposals Get Rejected, The Chronicle of Philanthropy

Steps to Success: Getting the Job or Getting the Grant

Step 4: Is the salary/position appropriate for you?

If you are hoping to be a marketing executive earning \$100k, maybe applying to be a barista at Starbucks isn't a great idea.

- Ensure what the foundation can offer is in line with your ask
- Identify the type of support they will be willing to provide
- Consider the ROI

Steps to Success: Getting the Job or Getting the Grant

Step 5: Did you follow company protocol to apply for the job?

Did you simply forward a cover letter and resume to the HR representative as asked?

- Application guidelines and procedures vary extremely amongst grantmaking foundations to suit their capacity
- Most will not review an application that was submitted following incorrect procedure
- Avoid unnecessary supplementary information and documents
- Be outcome specific – do not discuss the one legged hamster

Steps to Success: Getting the Job or Getting the Grant

Step 6: Are you prepared for several rounds of interviews and negotiation?

- Several steps may be involved in the application process
- Are you prepared to collaborate with the foundation?
- A back and forth between grantmaker and grantee is common
- The foundation may use their expertise to suggest changes to your proposal that will help guide your plans to community sustainability

Steps to Success: Getting the Job or Getting the Grant

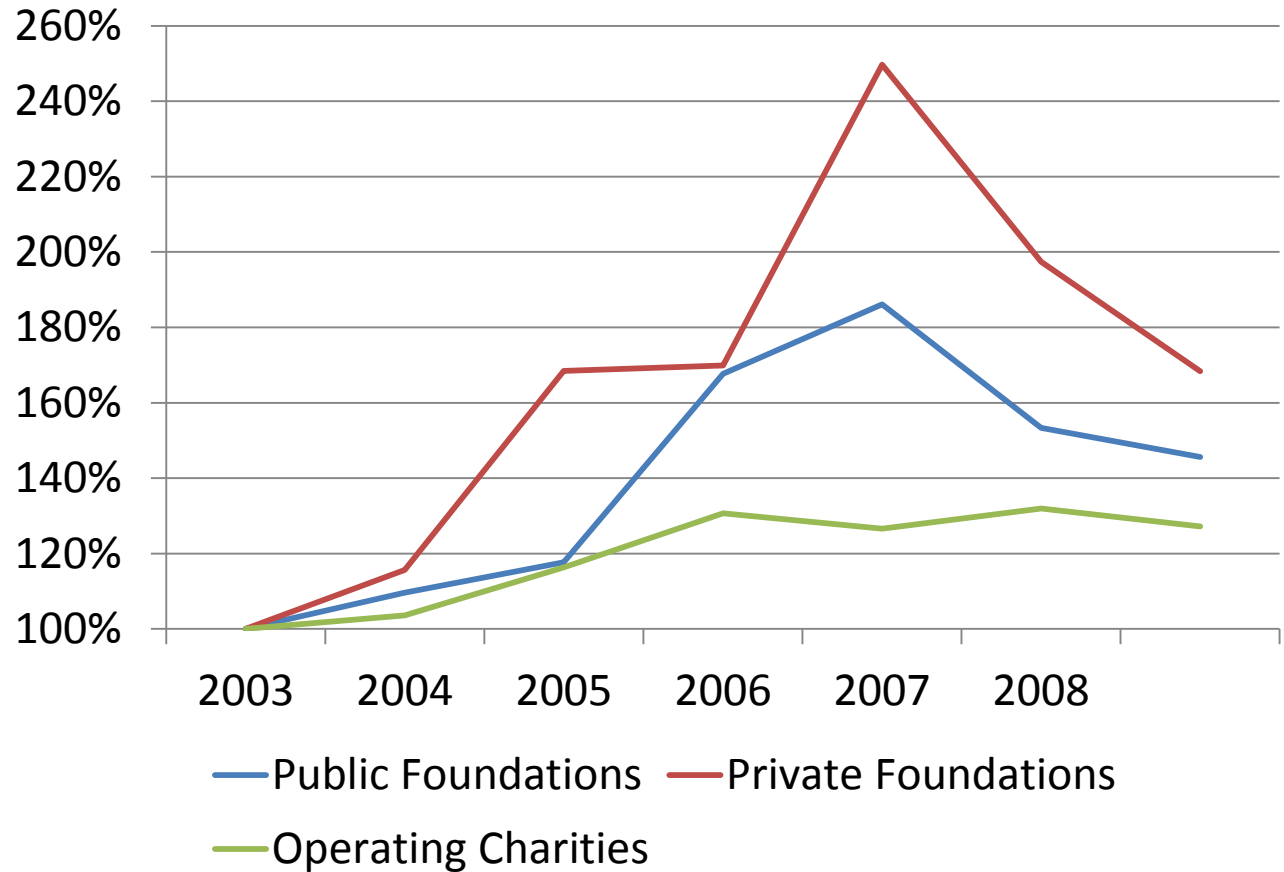
Step 7: Congratulations. Succeed in your new position and move to higher levels!

- The partnership can continue to provide you with funds
- The foundation can be continual source of non-financial support, providing new connections within your community

Turned down?

Larger foundations may offer to provide you valuable feedback.

Tax Receipted Donations, by Charity Type



Public foundations and private foundations have been the beneficiaries of most of the increases in donations.

Number of Foundations, 2000 vs 2008

	2000	2008	% Change
Public Foundations	3994	4970	+28.3%
Private Foundations	3724	4778	+24.4%
Operating Charities			+4.2 %

- Foundations are registering at 6-7 times the rate of operating charities
- Overall, there has been a 26% increase in the number of Foundations since 2000

Number of Foundations, by year

	2003	2007	2008	2009	% change (03-09)
Public Foundations	1,761	2,542	2,472	2,353	+33.6%
Private Foundations	835	1,206	1,119	1,051	+25.9%
Total	2,596	3,748	3,591	3,404	+31.1%

There has been a greater increase in the number of Public Foundations, than the number of Private Foundations.

Total Assets, in millions, by year

	2003	2007	2008	2009	% change (03-09)
Public Foundations	10,315	16,592	16,525	16,823	+63.1%
Private Foundations	10,500	18,590	17,304	19,534	+86.0%
Total	20,815	35,182	33,829	36,357	+74.7%

The increase in total assets is greater than the increase in total number of foundations.

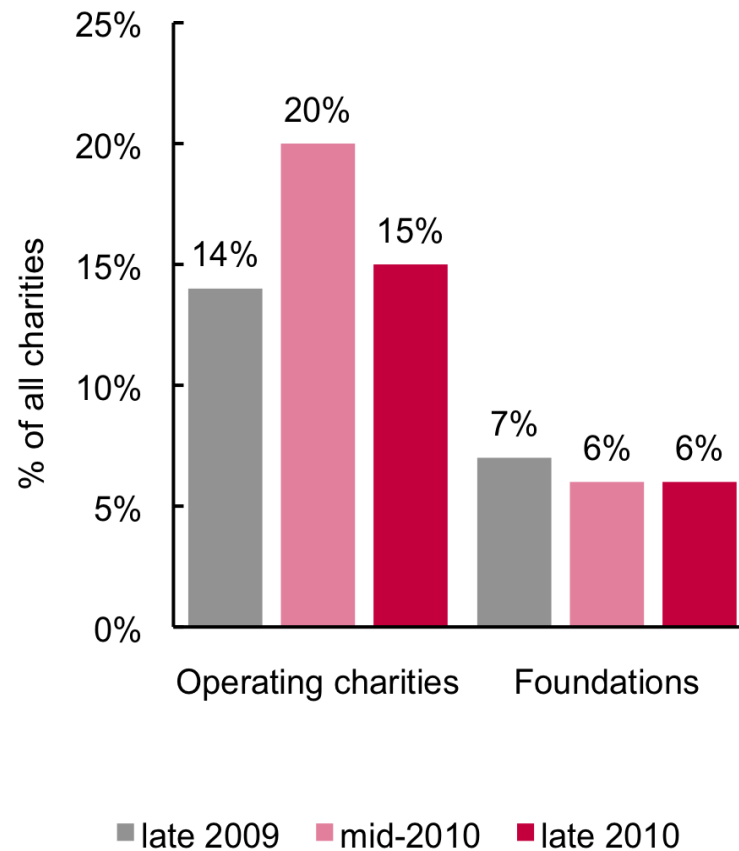
Imagine Canada's Sector Monitor

- Survey of charities and foundations to determine trends in the sector
- Currently in the field for its 4th iteration
 - Please fill it out if you've received it!
- About 1500 responses per iteration
- Around 250 foundations per iteration

For more information:

http://www.imaginecanada.ca/sector_monitor

Foundations are under less stress than operating charities



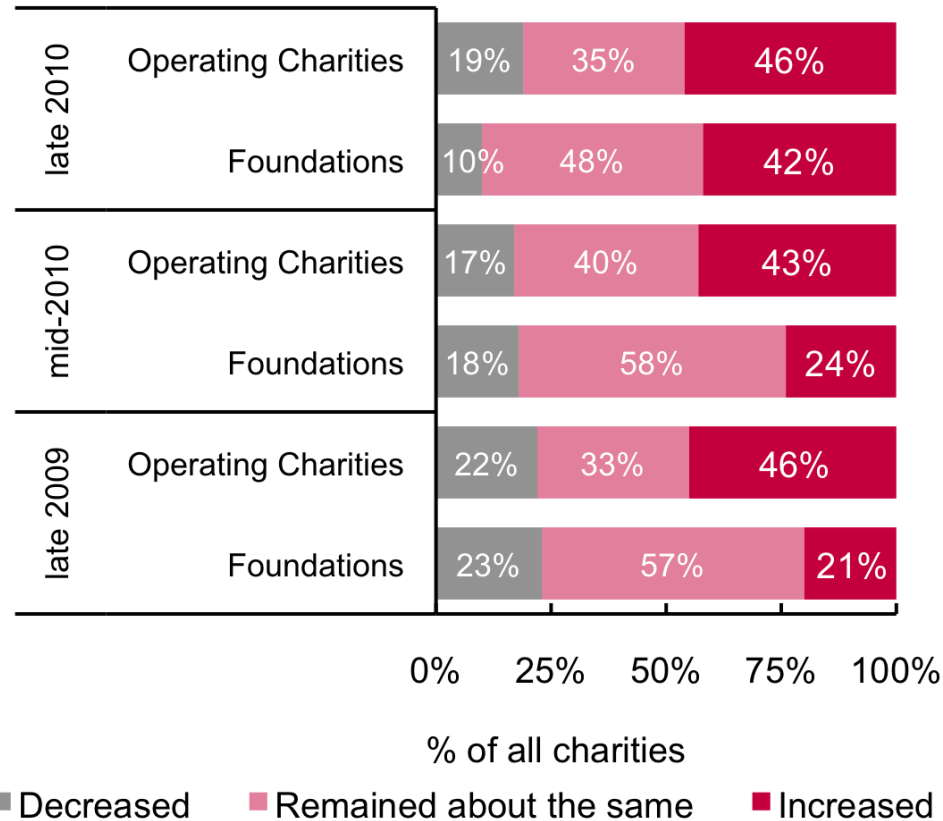
Foundations never experienced quite as much stress as operating charities - leaving them as relatively good funding sources

What Foundations Changed During the Recession (Data from 2010)

- 44% decreased the number of grants made
- 41% decreased the total value of grants made
- 37% used reserve funds
- 20% restricted funding to existing grantees
- 17% stopped accepting new grant requests
- 7% suspended grantmaking

Many foundations did report cutting back during the recession

Foundations are now starting to increase their expenditures



The number of foundations reporting their expenditures are increasing has almost doubled since mid-2010

Insights Summary

Foundation Partnerships

- Diversify funding
- Foundations are often continuous sources of funding
- More than just a donor – can be a community partner

Canadian Foundations Versus Grantmaking Foundations

- Foundations can give gifts to qualified donees or operate their own charitable programs
- Not all 10,000 foundations are “funders”

Steps to Success

- Preparation is key
- Careful research has a high return on investment
- Follow guidelines - do not assume your organization is unique

Trends

- Foundations are the fastest growing and the strongest form of Canadian charities
- The assets of private foundations have nearly doubled in 6 years

Resources

Canadian Directory to Foundations & Corporations - *A bilingual database with detailed, searchable information on thousands of Canadian funders. Improve your prospect research! Register for a free demonstration of the Canadian Directory to Foundations & Corporations to learn more about Canadian foundations and how to use a database to improve your fundraising ROI.*

Great Grant Stories – *Available from Philanthropic Foundations Canada, stories below to learn more about how grantmakers help their grantees bring new ideas and projects to life.*

Foundation Center Proposal Writing Short Course - *Describes in detail how to prepare of the various components of a funding proposal, and includes planning, research, and cultivation of potential foundation and corporate donors.*

GrantSpace Sample Documents - *This free collection contains winning proposals, cover letters, letters of inquiry, winning proposal budgets, and more.*

Imagine Canada Nonprofit Library, Finding Funding: strategies & developing grants - *This resource guide provides links to practical guides on approaching donors, donor relationship management, writing grants and reporting to funders.*

Charity Village: Grant Seeking Articles - *A collection of articles on grant seeking, grant writing, and grant reporting.*