Susan D. Phillips

Dancing with giraffes: Why philanthropy matters for public management

Abstract: The role of institutionalized philanthropy is a blind spot in Canadian scholarship on public management. This article identifies five ways in which private "family" foundations add value to public management: through their roles in grantmaking; advancing social innovation; field building; shaping ideas; and advocating for policy and social change. An assessment of how well Canada's largest family foundations—those holding more than $100 million in assets—perform on each of these indicates they are not realizing their potential and need to be more attentive to their claim to public legitimacy. Equally, governments need to be more creative in how they work with the philanthropic sector.

Sommaire : Le rôle de la philanthropie institutionnalisée est un angle mort dans le travail des érudits canadiens portant sur la gestion publique. Cet article répertorie cinq manières par lesquelles des fondations familiales privées sont une valeur ajoutée à la gestion publique : à travers leurs rôles dans l'accord de subventions; en faisant progresser l'innovation sociale; en promouvant la conception de domaines; en élaborant des idées; et en préconisant des changements politiques et sociaux. Après avoir évalué la performance, dans chacun de ces rôles, des plus importantes fondations familiales du Canada — c'est-à-dire celles qui détiennent plus de 100 millions $ en actifs — cela nous laisse à penser qu'elles ne donnent pas leur juste mesure et doivent porter plus d'attention à leur revendication de légitimité publique. Également, les gouvernements doivent faire preuve de plus de créativité dans leur manière de collaborer avec le secteur philanthropique.

Introduction

From being laggards among OECD jurisdictions in supporting early childhood education and care, Canadian governments have recently committed billions to expanding access to services. This policy shift has been attributed to a convergence of research indicating the importance of children's

Susan Phillips is Professor and Graduate Supervisor, Master of Philanthropy and Nonprofit Leadership (MPNL), School of Public Policy and Administration, Carleton University, Ottawa, and Editor-in-Chief, *Nonprofit and Voluntary Sector Quarterly*. She thanks Katherine Dalziel, MPNL student, Carleton University for verifying the selection of foundations. Drafts of this article benefited from the constructive comments of participants at the 2017 CAPPA conference where the paper was first presented, colleagues in Carleton's School of Public Policy and Administration, Mark Blumberg, Don McCrae, and the anonymous reviewers and Evert Lindquist, Editor, *Canadian Public Administration*.

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early years, effective advocacy coalitions and a paradigm of social investment (Jenson and Saint-Martin 2003; Turgeon 2014). The under reported factor is the role of philanthropic foundations. The Lucie and André Chagnon Foundation, one of the largest in the country, coaxed the Quebec government into action through a decade-long partnership and an investment of $360 million that successfully mobilized equivalent contributions by the province (Chouinard 2015). A group of eight private foundations funded research as well as national childcare and other infrastructure organizations, and worked closely with all levels of government to influence policy outcomes.

The role of institutionalized philanthropy is a blind spot in Canadian scholarship on public management. This may be because we conceive of philanthropy as a strictly private matter or so minor as to be inconsequential. We also tend to think of foundations as primarily American phenomena: while Canadians may admire the work of the Bill and Melinda Gates Foundation in the global fight against malaria or, alternatively, shake our collective heads at the millions that the foundations of the Koch brothers have spent on fighting climate change policies and influencing US elections (Mayer 2016), we know little about domestic foundations. Additionally, perhaps we think it "rude," as Rogers (2015) suggests, to investigate giving that is entirely discretionary and associated with, albeit not fully explained by, altruism.

Part of the oversight derives from the very nature of private foundations. They have been described as akin to giraffes: ethereal, aristocratic and slow-moving creatures that should not exist, but they do, surrounded by a certain mystique (Nielsen 1972; Jung and Harrow 2016). The metaphor of a terrarium has also been pinned on them: that private foundations exist in carefully curated, protected, opaque environments which are controlled by their creators and intentionally closed to external influences (Miller 2016). Creative metaphors aside, the potential of foundations for co-production of services and supporters of societal pluralism can, in theory, be significant. Absent voters or shareholders, philanthropic institutions have greater latitude for risk than government or business, and thus may more effectively support social innovations, experiment with new forms of social finance and be patient with their capital in realizing results. In seeking a return on their capital while also producing a social benefit, foundations have been early investors in Canada's first social impact bonds—a form of pay-for-success contracting that is gaining popularity internationally.[1] As neutral brokers, they can convene other societal institutions to shape policy discourses and lever additional resources for social change. Indeed, in a recent popular book, Callahan (2017: 7) declares that an enormous power shift is underway in which philanthropy will soon "surpass government in its ability to shape society's agenda."

With an impending intergenerational transfer of wealth, some of which is likely to be held in foundations, and growing concerns over income inequality, there is both new potential and new questions being asked about the behaviour of institutionalized philanthropy. Given that these assets have been publicly subsidized through tax credits to their donors, what—if any—are the public responsibilities of private wealth?[2]

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Observing a strange "reticence" to study organized philanthropy, particularly by political scientists, Skocpol (2016: 433) admonishes researchers to "bring the 'big picture' of organized philanthropy into sharper focus." This article takes up that call by assessing the potential, and limitations, of private foundations in an environment that increasingly looks to co-production to tackle major societal and environmental issues (Brandsen, Pestoff, and Verschuere 2013; Osborne, Radnor, and Strokosch 2016). It first demonstrates the paucity of research on the nexus of organized philanthropy and public management in Canada, in contrast to the growing corpus of international research. Drawing on this international literature, it then identifies five ways in which private foundations can be of value to public management—through their roles in financing, advancing social innovation, building constituencies, shaping ideas, and advocating for policy and social change—and then assesses how effectively they are facilitating each in the Canadian context. To define basic concepts and scope the existing terrain, we begin with a brief overview of institutional philanthropy in Canada.

Institutional philanthropy in Canada

Philanthropy, defined as the intentional use of private resources—treasure, time and talent—for public purposes (Phillips and Jung 2016: 7), has both an individual component (giving and volunteering by individuals) and an institutionalized component of independent organizations that hold donated assets, often in perpetuity. These institutions take three main forms: public foundations; private foundations; and donor advised funds (DAFs). Public foundations, such as community foundations and United Ways, generally raise funds on an annual basis from individuals, corporations, other foundations and governments, and are controlled by boards of community representatives. The sources of funds for private foundations are usually either endowments created by wealthy individuals and families or ongoing support from corporations, and their control is more tightly held among family or business associates.

The number of foundations in Canada has increased by almost 80 percent since the early 1990s, to roughly 10,700 (Philanthropic Foundations Canada 2017a), about half of which are public and half are private foundations. In total, private foundations hold about $40 billion in assets and make about $2 billion in grants annually (Philanthropic Foundations Canada 2017a). In terms of size, however, the foundations sector is bifurcated between many small and a few very large ones: 50 percent of private foundations hold less than $1 million in assets (Khovrenkov 2016), and the top 150 foundations account for half of total assets (Imagine Canada and Grant Connect and Philanthropic Foundations of Canada 2014).

Although private foundations can operate programs directly, few in Canada do, choosing instead to achieve their missions through grantmaking to charities and other qualified donees.[3] Canada Revenue Agency (CRA) regulation requires that foundations holding more than $25,000 disburse 3.5 percent of their assets annually (excluding administration and other expenditures on charitable activities) which, depending on rates of return on their investments, should allow them to preserve their capital while providing some public benefit. There is considerable variability in the extent to which they exceed this minimum, however, and Khovrenkov (2016) reports that medium sized foundations are more likely to expend above the quota than are large foundations.

DAFs are akin to family-controlled foundations in allowing donors to create legacies over several generations and maintain direction over their giving. DAFs are charitable gift accounts, for which the donors receive tax receipts but still retain discretion over their disposition, that are held at a registered charity such as a community foundation or at the foundation arm of a for-profit financial services company.[4] A DAF offers ease of set-up compared to a foundation, often with a low threshold of $10,000 to get started, requires no annual reporting and facilitates anonymous giving. Although the foundation holding DAFs must meet the CRA disbursement quota, the requirement does not apply to individual accounts. Thus, some may make grants at a much higher level, while others may not disburse anything for years. Proponents of DAFs argue that their annual payouts tend to be higher than those of foundations (Council on Foundations 2017), while critics counter that DAFs serve as "parking lots" for charitable giving (Madoff 2016; Cantor 2017). In recent years, DAFs have become the fastest growing destination for charitable giving in Canada and in the US where their total asset value more than doubled between 2010 and 2015 (Rooney 2017). Indeed, in 2016, the Fidelity Charitable Gift Fund, a spin-off of the global Fidelity asset management corporation, surpassed the United Way as the charity that raises the most funds in the US (Lindsay, Olsen-Phillips, and Stiffman 2016). Although DAFs may behave like family foundations, we know very little about them due to the absence of mandatory reporting.

The state of research: philanthropy and public management

The paucity of research on philanthropy in Canadian public management scholarship is striking. A search of the three primary Canadian journals in public policy and administration (*Canadian Public Administration, Canadian Public Policy* and *The Canadian Journal of Political Science*) reveals only five articles ever published that touch on institutional philanthropy, only two of which have been published in the past fifty years. This count generously includes three articles in which philanthropy is a mere bit player: John Porter's (1957, 1963) two classic pieces on the power of the economic elite in which he argues that organized philanthropy is in the hands of corporate leaders; and an analysis of government downloading of services to nonprofits in which Hall and Reed (1998) recognize philanthropy as an important funder, but not a substitute for a publicly supported social safety net. The only direct discussion of the role of philanthropy in relation to government and community appeared in 1952 in which Ross observed that the informants in her study of early 20th century philanthropy saw it as "an important bulwark of the system of free enterprise for, if charity became the prerogative of the government, it would mean the welfare state or socialism" (p. 483). The only article on organized philanthropy since then is Khovrenkov's 2016 study of the effects of size on public and private foundations. To be fair, Canadian scholars have published on philanthropy in international outlets and nonprofit journals (e.g., Saxton, Neely, and Guo 2014; Elson and Hall 2016; Phillips 2016), and a recent edited collection (in French) on foundations (Fontan, Elson, and Lefèvre 2017) and a report on their social innovation strategies (Pue and Breznitz 2017) may signal a growing interest in this subject.

By contrast, in international scholarship, public management has become the main disciplinary home of philanthropic and nonprofit research (Smith 2012). In just two of the leading international journals, *Public Administration Review* and *Public Management Review*, 28 articles related to philanthropy have appeared since 2000. Although research on the US has an overwhelming influence on the field, accounting for at least half the output, work on foundations in Europe, Australia and China is expanding rapidly (see Heydemann and Toepler 2006; Boesso et al. 2015; Guo and Lai 2017; Leat, Williamson, and Scaife 2017).

It is important to note that assessment of, and philanthropy's view of itself, are shaped by time and place. As Anheier and Leat (2006) observe, foundations tend to be products of their age, assuming roles that reflect the thinking and expectations of the period in which they were established. As a result, their behaviour evolved from seeing themselves as providers of charitable services in the 19th century to "seekers" of the root causes of societal problems through scientific discovery in the last century (Leat 2016). Those incubated in a world of venture capital in the 21st century have been influenced by the notions of "new" philanthropy (Moody 2008; Phillips and Jung 2016) and "philanthrocapitalism" (Bishop 2013) that direct them to being more entrepreneurial, strategic and "muscular" (Hess and Henig 2015). This strategic model encourages foundations to set priorities aimed at fixing big problems, select partner organizations and grantees capable of delivering results (agnostic to whether they are charities, social enterprises or social purpose businesses), provide funding on a substantial scale over a long period, use their non-financial assets for leadership, monitor and measure outcomes, and adjust strategy and granting relationships as needed (Hafenmayer 2013). If this strategic approach has been widely adopted, then foundations should be assuming greater importance than even before as funders, collaborators, deliverers of public goods and shapers of public policy.

Public management's current conversation with Canadian institutional philanthropy should be how to pull it into greater significance and impact

Although the fashions of philanthropy have evolved over time, geography remains important in defining its relationship with the public sector. As Lew and Wójcik (2010) demonstrate, socio-cultural factors, including underlying public assumptions about the appropriate role of the state, are better predictors of private foundation behaviour than are purely economic indicators. Thus, the international literature may have to be retrofitted to suit the Canadian situation. In particular, US scholarship is increasingly concerned with the undue policy influence of mega-foundations, on both the left and right of the political spectrum (Goss 2016), and with the involvement of philanthropists, often through "dark money" channels, in reshaping partisan politics (Mayer 2016; Skocpol and Hertel-Fernandez 2016). Although private foundation funding of conservative think tanks, as discussed later, and involvement in partisan politics appears to be creeping into Canadian philanthropy—and we need to be wary of its dangers—I contend that the American concern with undue influence is not, as yet, the paramount issue for the bulk of philanthropy north of the border. Rather, public management's current conversation with Canadian institutional philanthropy should be how to pull it into greater significance and impact.

Methodology

This study focuses on "family" foundations—the subset of private foundation whose assets and board are still controlled by the donating family or others close to it—that have substantial capacity to produce public benefit, which is defined as those with assets of over $100 million.[5] The 38 foundations that met this form and asset threshold were identified by the 2016 annual charitable tax returns (T3010s).[6] Information on their mandates, strategic priorities, grantmaking approaches and community and policy leadership were compiled from their websites and annual reports, when available, although this information is incomplete and often imprecise. It was thus supplemented by data on actual grants made in 2016 as reported on the T3010s. The self-reported information and grant data were categorized and analyzed thematically by key words to assess the types of causes supported, and correlations used to analyze relationships between financial resources and granting behaviour.

Collectively, these 38 top tier family foundations hold assets of about $12.8 billion, roughly a third of the total assets held by all private foundations. As illustrated in Table 1, two factors stand out about them. First, most have grown substantially in assets over the past five years, which may reflect strong returns on their investments, additional resources being added, and that few have chosen to spend down their capital to any significant degree.[7] Second, there is enormous geographic concentration with 45 percent (N = 17) based in greater Toronto and 40 percent (N = 15) in Montreal, with three located in Vancouver and 1 in each of Calgary, Edmonton and Winnipeg.

Philanthropy's relationship with public management

Philanthropy's involvement with public management entails more than money. Melding literatures on public management and philanthropy, I identify five modes through which private foundations intersect with public management and policy. I then assess the extent to which each mode is undertaken by Canada's largest family foundations.

Table 1. *Assets and Grantmaking of Canada's 38 Top Tier Family Foundations, 2016*

Foundation (Head Office)	*Year regist'd*	*Total assets $million*	*% change in assets 2011–2016*	*Grants made $million*	*Grants as % of assets*	*# of grants made*	*Size range of grants**	*Charity receiving the largest grant*
Azrieli Foundation (Montreal)	1989	2,072.8	541%	40.4	1.95%	186	$180 - $6.5m	Weizmann Canada (multi-disciplinary research institute)
Fondation Lucie et André Chagnon (Montreal)	2000	1,888.4	49%	4.0	0.21%	36	$2k - $1m	Centraide - Stratgie Montréalaise (Collective Impact Project)
Li Ka Shing (Canada) (Toronto)	2005	1,025.1	50%	55.5	5.41%	17	$10k - $38.4m	Technion – Israel Institute of Technology
J. W. McConnell Family Foundation (Montreal)	1967	626.7	30%	16.9	2.70%	311	$300 - $2.7m	McGill University Health Centre
Rossy Family Foundation (Montreal)	2004	583.3	223%	14.9	2.55%	80	$1k - $4.5m	McGill University (Cancer Network)
Fondation Marcelle et Jean Coutu (Montreal)	1990	579.0	95%	19.7	3.40%	203	$2k - $2.7m	Terre sans Frontières (international development)
Molson Foundation (Montreal)	1981	409.9	178%	9.0	2.20%	45	$25k - $2m	Montreal General Hospital

Table 1. *Continued*

Foundation (Head Office)	*Year regist'd*	*Total assets $million*	*% change in assets 2011–2016*	*Grants made $million*	*Grants as % of assets*	*# of grants made*	*Size range of grants**	*Charity receiving the largest grant*
W. Garfield Weston Foundation (Toronto)	1987	324.4	51%	24.3	7.49%	136	$10k -$1.8m	Delta Waterfowl Conservation (Winnipeg)
Slaight Family Foundation (Toronto)	2008	307.9	148%	15.6	5.07%	84	$5k - $1m	Princess Margaret Cancer Foundation (Toronto)
The Gerald Schwartz & Heather Reismann Foundation (Toronto)	1992	270.3	139%	26.8	9.91%	74	$1k - $8.5m	Heseg Foundation (scholarships for former lone soldiers in Israel)
Joseph Lebovic Charitable Foundation (Greater Toronto)	1977	269.7	53%	9.2	3.41%	45	$360 - $4.8m	United Jewish Appeal of Greater Toronto
Fondation Mirella & Lino Saputo (Montreal)	1980	268.4	1120%	4.1	1.53%	40	$500 - $476k	Centraide Montreal
Morris and Rosalind Goodman Family Foundation (Montreal)	2005	227.8	300%	4.7	2.06%	165	$180 - $1m	McGill University Cancer Research Centre

Table 1. *Continued*

Foundation (Head Office)	*Year regist'd*	*Total assets $million*	*% change in assets 2011–2016*	*Grants made $million*	*Grants as % of assets*	*# of grants made*	*Size range of grants**	*Charity receiving the largest grant*
Fondation J. A Deséve (Montreal)	1976	221.2	10%	7.0	3.16%	171	$800 - $553k	Association d'Entraide Le Chaînon (women's support services - Montreal)
Jarislowsky Foundation (Montreal)	1991	216.5	101%	4.9	2.26%	42	$2k - $2m	Ryerson University
Lazaridis Family Foundation (Greater Toronto)	2009	213.3	−6%	0.2	0.09% **	2	$100k - $140k	University of Waterloo
Pathy Family Foundation (Montreal)	2009	212.1	719%	9.2	4.34%	35	$1k - $2.4m	Seamont Foundation (overlap of directors)
Dr. Wolf Lebovic Charitable Foundation (Greater Toronto)	2000	206.8	41%	14.3	6.91%	41	$678 - $10.5m	Jewish National Fund (note $10m listed as 'in kind')

Table 1. *Continued*

Foundation (Head Office)	*Year regist'd*	*Total assets $million*	*% change in assets 2011–2016*	*Grants made $million*	*Grants as % of assets*	*# of grants made*	*Size range of grants**	*Charity receiving the largest grant*
Buckingham Charitable Foundation (Toronto)	1999	178.6	−50%	44.8	25.08%	1	$44.8m	Friedberg Charitable Foundation (overlap of directors)
Asper Foundation (Winnipeg)	1999	174.7	28%	5.4	3.09%	104	$150 - $1.8m	Jewish National Fund
Audain Foundation (Vancouver)	1997	171.2	128%	15.5	9.05%	12	$5k - $12.1m	Audain Art Museum (Whistler, BC)
Fondation Écho (Montreal)	1983	170.9	60%	5.2	3.04%	188	$2k - $160k	Clean Economy Fund (foundations supporting low carbon economy)
Fondation J. Armand Bombardier (Valcourt, QC)	1967	168.9	21%	3.5	2.07%	123	$500 - $500k	McGill University Health Centre
George Cedric Metcalf Charitable Foundation (Toronto)	1967	163.5	18%	4.4	2.69%	108	$500 - $259k	Ontario Employment & Education Research Centre

Table 1. *Continued*

Foundation (Head Office)	*Year regist'd*	*Total assets $million*	*% change in assets 2011–2016*	*Grants made $million*	*Grants as % of assets*	*# of grants made*	*Size range of grants**	*Charity receiving the largest grant*
Schulich Foundation (Toronto)	1985	150.6	47%	12.7	8.43%	36	$1k - $3.5m	United Jewish Appeal
J. P. Bickell Foundation (Toronto)	1977	145.9	30%	3.8	2.60%	294	$2k - $722k	Sick Kids Hospital (Toronto)
Jim Pattison Foundation (Vancouver)	1994	145.3	52%	3.8	2.62%	50	$1k - $1m	BC Children's Hospital
Catherine and Maxwell Meighen Foundation (Toronto)	1967	139.0	44%	4.6	3.31%	145	$2k - $600k	Salvation Army
Donner Canadian Foundation (Toronto)	1977	138.3	50%	3.1	2.24%	65	$5k - $275k	Clean Economy Fund
Sherman Foundation (Vancouver)***	1999	135.2	38%	1.7	1.26%	20	$75 - $1.3m	United Jewish Appeal
Lawson Foundation (Toronto)	1967	134.2	33%	5.5	4.10%	148	$307 - $250k	St. Joseph's Health Care London
R. Howard Webster Foundation (Montreal)	1967	133.0	24%	6.3	4.74%	263	$750 - $950k	McGill University Health Centre

Table 1. *Continued*

Foundation (Head Office)	*Year regist'd*	*Total assets $million*	*% change in assets 2011–2016*	*Grants made $million*	*Grants as % of assets*	*# of grants made*	*Size range of grants**	*Charity receiving the largest grant*
Krembil Foundation (Toronto)	1997	130.0	25%	8.8	6.77%	21	$500 - $3.9m	Toronto General & Western Hospital Foundation
Riddell Family Charitable Foundation (Calgary)	1991	125.6	−15%	7.3	5.81%	18	$5k - $3m	Alberta Children's Hospital
Balsillie Family Foundation (Toronto)	2009	121.4	−5%	2.2	1.81%	15	$75 - $125k	B2TEN (prepares elite athletes)
FDC Foundation (Greater Toronto)	2000	117.1	82%	8.4	7.17%	11	$1k - $4.8m	University of Toronto
Oriole Charitable Foundation (Edmonton)	1980	112.2	50%	3.6	3.21%	1	$3.6m	Edmonton Community Foundation
Glenn and Amel Chamandy Family Foundation (Montreal)	2009	101.5	N/A	2.2	2.17%	4	$20k - $2m	Cedars Cancer Foundation (Montreal)

All data are from the T3010s, 2016.
*Grants are in the amounts reported (with rounding); under $1,000 as is; over $1000 indicated as k; over $1,000,000 indicated as m.
**Average grants as a % of assets over 3 previous years was 5.6%.
***Although the head office is listed as Vancouver, the foundation has no staff.

Grantmaking: the distribution of public benefit

The importance of philanthropy is not as a direct substitute for public funding and programming, both because the amounts are too small, even when in the millions, and because most philanthropists do not see their role as filling gaps left by government cutbacks (Harrow and Jung 2011). Rather, the foundation niche derives from its freedom from the constraints of the market and orthodoxy of a government so that it can complement or diversify the goods provided by the public or private sectors (Anheier and Leat 2006; Prewitt 2006; Sandfort 2008). These choices are argued to contribute a valuable pluralism to society, thereby turning foundations' lack of market or democratic accountability into a virtue (Reich 2016). Addressing the longstanding debate as to whether philanthropic giving crowds in, or out, government and other funding, Andreoni (2006) demonstrates that foundation leadership grants—particularly large, initial gifts to a campaign—actually stimulate additional giving because they confer a stamp of quality on the recipient charity, which then enables it to attract additional support. Testing the effects of foundations in Canada, Khovrenkov (2017) shows that their funding leverages on average three dollars from private givers per foundation dollar.

The counterclaims as to the value of private foundations are that their grantmaking is often idiosyncratic, serving the elitist interests of the donor over societal needs (Barkan 2013; Fleishman 2007), and that the "dead hand" of donor intent tied to funds held in perpetuity hinders adaptability to causes more relevant to contemporary communities. Scrutiny of where philanthropy goes has gained new vigour in recent years partly as a result of the "effective altruism" movement. Based on a utilitarian philosophy (Singer 2015), effective altruism admonishes philanthropists to fund causes that generate the greatest good, which it claims can be determined scientifically. This has given rise to a variety of nonprofits aimed at measuring and rating these "best" causes, for which the fight against malaria and other diseases in developing countries are getting top marks.

The evidence on whether private foundations actually fund what matters to "community" and are responsive to a changing policy environment is limited, and does not reflect particularly well on them. Reinforcing the case of divergent interests, Page, Bartels, and Seawright (2013) show that the top one percent of the wealthy are much more conservative than the general public, particularly in regard to social welfare programming. In a study of how US foundations responded to welfare reform, Mosley and Galaskiewicz (2015) find marginal evidence of redistributive grantmaking as foundations did not primarily assist the populations at greatest risk. Further, the majority of foundations give little attention to evaluating their own performance, and even less to reporting their failures (Lew and Wójcik 2010; Greenwald 2013), so that they have limited feedback as to whether their work achieves its intended outcomes.

The top tier Canadian family foundations fund broadly but quite conservatively, generally supporting mainstream rather than change-oriented causes. Health (primarily large hospitals and medical research) are by far the most common destination for their grants, with three-quarters of the largest foundations operating in this field and over a third of the largest grants made in this area. In addition, more than half support universities for a variety of research projects, scholarships and capital campaigns. Those supporting social services do so in two quite different ways, through an umbrella approach of giving to United Ways or United Jewish Appeals or more selectively for particular kinds of services; 17 percent of the largest grants were directed to social services, primarily through the federated appeals. About 40 percent provide some support to the arts and culture, both "formal" arts such as galleries and ballet, and to a lesser extent to community-based, participatory arts, but relatively few make arts a major priority. Funding for environment and conservation is also quite popular, with about a quarter of the top foundations funding in this area.

The proponents of strategic philanthropy would have us believe that it has greatly increased the potential for impact because foundations focus their priorities and they fund "bigger and better" with an eye on results (Fulton, Kasper, and Kibbe 2010). In a small sample of Canadian foundations conducted in 2002, Northcott and Uytterhagen (2002) found that the trend toward strategic philanthropy had not attained a deep hold. Rather, most foundations indicated they prefer to remain "agile" in responding to opportunities, albeit becoming somewhat more intentional in their grantmaking. This assessment is still relevant, as demonstrated in several ways. First, the explicit adoption of a model of strategic philanthropy is rare. Only about a quarter of the top foundations have publicly identified and explicitly match their grants to a set of priorities, while several others are in the process of formulating more coherent philosophies. Second, although the foundations generally meet or surpass the disbursement quota, they do so by quite narrow margins, suggesting they are not funding bigger. As Table 1 indicates, the average percentage of assets granted in 2016 was 3.7 percent, with no significant correlations of asset size ($r = 0.19$, $p = 0.27$) or age of the foundation ($r = 1.3$, $p = 0.44$) and percentage of assets granted.[8] Where this percentage is much higher, it usually reflects transfers to charities or other foundations closely associated with the grantmaker, and thus still under the donors' control. Third, few of the large foundations have chosen to limit the number of grants made in order to increase their size. The size of grants varies enormously, but the vast majority are less than $50,000, which is rarely system changing. The number of grants made also varies considerably, from 1 to 311 (mode = 36), with choices seemingly quite particular to the foundation because there is no significant relationship between foundation size (or age) and number of grants made ($r = 0.13$, $p = 0.43$).

As a result, the majority of foundations have quite mixed portfolios of grantees, but at the same time most maintain tight control over what they will consider funding. As shown in Table 2, 74 percent do not accept unsolicited applications or do not publicly communicate their process, perhaps because with limited staff they do not want to be overwhelmed with applications unlikely to succeed.

The grantmaking patterns are also interesting for what is missing. Engagement in public policy is generally absent or oblique. Many talk about outcomes, such as healthy communities, wellbeing or educational success, and indicate that they invest in people, organizations, networks and communities to attain these outcomes. But, they do so without indicating that the foundation itself seeks to be involved in policy co-creation. Only the Donner Canadian Foundation explicitly mentions it focuses on policy research. Not surprisingly, then, very few large foundations support social change or advocacy organizations, due both to their preferences and because these types of organizations are not recognized as qualified donees by the CRA. Where policy-oriented work is occurring, it appears to be primarily by the "mid-tier" foundations (those with assets of $30-$99 million).

The majority of foundations do not publicly communicate a strategy or strong rationale for why they support what they do, and in coming years can expect to be under increased scrutiny as to where the money goes

Support for Indigenous communities is growing, but still limited. In 2015 a group of 30 philanthropic organizations, including four of the largest family foundations, presented a Declaration of Action to share resources and build relationships with Indigenous peoples (Pearson et al. 2015). That commitment seems to have some positive effect as five of the largest foundations (Donner, McConnell, Metcalf, Lawson and Webster) provided substantial grants to Indigenous organizations in 2016. Overall, such involvement is still minimal, and whether it will expand to other foundations is an open question. In general, rural and remote communities are also virtually ignored (outside of land conservation and some Arctic research). Rather, private foundations concentrate their funding where they are located—not just by province, but in the cities of Toronto and

Table 2. *Foundations' Processes for Grant Applications*

	Accept unsolicited proposals	*Do not accept unsolicited proposals*	*No website / Process not specified*
Number	10*	5*	23
Percentage	26%	13%	61%
	* inc 1 with a limited process	*inc 1 with a temporary suspension	

Montreal, and do so in ways that generally overlook the diversity of these cities.

In contrast to the US, support for charter schools and K-12 education is largely absent (with only one foundation in this space). The concern emanating from the US that private foundations transfer funds to related foundations or DAFs controlled by the same donors with the intent (or at least, the effect) of inflating the disbursement ratio is difficult to assess without a deeper dive, but in recent years four of the 38 largest foundations made substantial grants to such "sister" foundations or their own operating charities.

The current distribution of grantmaking by Canada's major family foundations has at least two important implications for public management. First, while autonomous and operating within mandates set by their founders and boards, most foundations appear malleable, and thus open to collaboration and co-production with governments and the private sector when they can be sold on compelling ideas and projects. While potentially receptive, it appears that most do not initiate such collaboration, in large part due to their lack of professional staff. Second, the majority of foundations do not publicly communicate a strategy or strong rationale for why they support what they do, and in coming years can expect to be under increased scrutiny as to where the money goes.

Discovery: supporting social innovation

Even their harshest critics acknowledge that the potential for "discovery" is a distinctive advantage of private foundations (Reich 2016). As Andrew Carnegie reportedly said, "pioneering don't pay": without a risk-taking funder who does not require a financial return, many social innovations would never take off. Subject to the preferences of their donors and boards, private foundations can exercise a high tolerance for risk and can "go long" in awaiting results of this investment. Their support is thus often critical at the early, "blueprint" stage of social innovation, providing research to test a concept and develop a sustainable business model so that the innovation can eventually be scaled up by either government or the private sector (Koh, Karamchandani, and Katz 2012). Indeed, seeding such experimentation has been one of the greatest accomplishments of philanthropy, including the Ford Foundation's support for the Green Revolution and the scaling of micro-financing systems (Reich 2016). The discovery-oriented philanthropic institution requires substantial scale of its own, however, including professional staff, which tends to preclude the multitude of small foundations and DAFs.

Canadian foundations have shown an interest in innovative undertakings, mainly by supporting demonstration and pilot projects (Northcott and Uytterhagen 2002), but this does not begin to match the popular rhetoric about social innovation. While funding short-term pilot projects, Northcott and Uytterhagen observed a corresponding decline in support for general operations and infrastructure which equip grantees with the capacity to be innovative in the first place, and a reluctance to fund over long-term horizons due to the concern of creating dependencies by grantees. In recent years, Canada has cultivated a distinctive, "resilience" approach to social innovation that emphasizes collaboration over the heroic entrepreneur and stresses the value of being adaptable (Pue and Breznitz 2017). Since 2007 the J. W. McConnell Family Foundation has been a leader in advancing this approach, investing $10 million in a ten year collaboration with the Toronto-based MaRS Discovery District, University of Waterloo and Plan Institute to stimulate social innovation across the nonprofit sector. While the McConnell initiative undoubtedly raised the profile, and three of the other top tier foundations describe themselves as supporting social innovation, it is unclear as to whether social innovation, as an aim of philanthropy, has reached its own inflection point.

The work of Canadian foundations in discovery suffers from at least three shortcomings. As Pue and Breznitz (2017: 11) report, foundation staff have struggled to deploy a resilience (or other) approach to social innovation because it is not grounded in practice and because social innovation is viewed as "consisting only of big, 'profound' or transformative changes," and thus not applicable to the bulk of their work. When a funded innovation is at the take-off point, allowing it to be scaled, the ability to plug in new resources and infrastructure from governments and business is often lacking due to the structural disconnection of the public and private sectors from philanthropy (Knott and McCarthy 2007). Finally, entrepreneurial philanthropy is inherently risky and some failure probable, but the limited extent to which philanthropic institutions evaluate their own work and their reluctance to talk about failure encourages them to be unduly risk averse (Bishop 2013; Phillips and Carlan 2018).

Construction: building the field

An intermediary step toward durable innovations and social change often entails building a "field" of inter-organizational networks by enhancing their ability for policy influence, supporting their capacity, and engaging them in a collective project. Lessons of the valuable role of foundations in field building are many. For example, the movement for sustainable forestry products took off because, during the 1990s, private foundations (including Canada's Ivey Foundation) not only supported the fledgling forest certification body, but funded a wide array of nonprofits, including protest groups, to advocate and "make a market" for certified wood (Bartley 2007). Similarly, Goss (2007) shows how foundations played decisive roles in the women's movement by enabling women's groups to be effective claims makers and giving them legitimacy on public agendas. But in doing so, foundation support also inadvertently segmented the movement into increasingly narrow sub-identities who competed for funding and attention, making a coherent movement-wide agenda more difficult to realize. In recent years, organizations countering claims of climate change has been greatly aided by private philanthropy. As Brulle (2014) demonstrates, 22 foundations and DAFs have provided more than three-quarters of the support for these nonprofits in the US, with a single DAF providing a quarter of this backing—although the ultimate source of the funding remains unknown due to the lack of transparency by DAFs.

In general, Canadian foundations have been more reluctant than their US or European counterparts (Mandeville 2007) to support policy capacity building, but there are signs this is changing. The mid-tier Muttart Foundation, based in Edmonton, has had a longstanding commitment to strengthening charities, including support for national infrastructure organizations and local networks; the Calgary-based Max Bell Foundation has run a training institute since 2009 aimed at helping nonprofits be more effective policy advocates; and the Toronto-based Metcalf Foundation has a long history of professional development for sector leaders. Although few of the largest foundations have been active in field building, three (Chagnon, Lawson and Bombardier) have recently specified an interest in supporting the capacity of nonprofits. As Williamson and colleagues (2017) observe in Australia, mutual learning among peer networks is a major factor in accounting for change in the foundation sector. With a small, close knit leadership cadre among Canada's more activist foundations, which is well connected with that of national nonprofit organizations, the influence of a few proponents for infrastructure and capacity building may be bringing other foundations along.

Illumination: shaping ideas

Ideas are core to agenda setting and problem solving: they shape how we define the problems at hand; influence how we imagine these problems can be solved, and by whom; mobilize others to action; and become embedded in the design of programs and institutions (see Béland and Cox 2011). Foundations can be important players in giving rise to and legitimizing ideas either by directly commissioning research that provides an evidential base, communicating ideas and convening others to support them, or by indirectly incubating ideas through support for think tanks and other research organizations (Moran and Stevenson 2013). While shaping discourses is a first step in effective policy advocacy and social change, it is also an important role in itself. Even though most foundations prefer to leave policy advocacy to others, they may nevertheless develop the evidence-based and ideational frames to create the basis for others' success.

Indeed, one of the core animating ideas of public administration—the notion of a politics/administration dichotomy—was reportedly shaped by philanthropy. In the 1920s, the Rockefeller philanthropies were instrumental in funding the first public administration programs in the US, but public suspicion about the domination of Rockefeller's personal and political interests led the academic and professional community to attempt to depoliticize any perception of influence, taking a position that the administration of programs is necessarily separate from politics (Roberts 1994). Although the politics-administration dichotomy was not invented by the foundations, Roberts (1994: 227) argues it became embedded in the thinking of the funded institutions due to their heavy reliance on Rockefeller philanthropy.

In the Canadian context, the impact of institutional philanthropy on policy ideas is perhaps best evidenced in early childhood development and care. To advance implementation of the 1999 *The Early Years Study* by Margaret McCain and Fraser Mustard, which had become a conversation changer in this field, private foundations supported further research and two subsequent reports, as well as programming and public policy change (McCain, Fraser Mustard, and McCuaig 2011). Currently, the notion of building community wealth by connecting social with economic benefits is gaining significant traction. The Metcalf Foundation brands this as "inclusive economies," the McConnell Foundation as "cities for people" and the mid-tier Atkinson Foundation as "decent work." Working together with labour and grassroots organizations, they have succeeded in getting principles of community benefit agreements (van Ymeren and Ditta 2017) included in Ontario's legislative framework for major infrastructure spending with a similar bill pending at the federal level. They have also encouraged the City of Toronto to adopt a social procurement policy designed to use its purchasing power for more inclusive social impact (for example, by purchasing from community-based nonprofits).

Canadian foundations also support the creation of public discourses indirectly by making gifts to think tanks which then influence policy creation (Abelson 2016). Such support can cut two ways: positive when it facilitates research that contributes to policy debate, and negative when the funder controls (or appears to control) the research. The controversy in the US over whether the New America Foundation bowed to pressure from a major funder, the family foundation of Google's CEO, to terminate work on market concentration in the industry illustrates well the hazards (Vogel 2017). So far, such controversy has not erupted in Canada, but the funding of think tanks is a murky area. Canadian think tanks have been rated by the international body Transparify (2017) as murkier than those of the US and UK, with four of 14 ranked as highly opaque and only four ranked as highly transparent.

The few large foundations that are involved in public policy work tend to support several think tanks and research organizations—of similar orientations—rather than concentrating on just one. Overall, they give more to right- than to left-leaning think tanks, which is partly influenced by whether the think tank has status as a registered charity and thus is eligible for foundation support. The Fraser Institute, widely perceived as having a free-market orientation, is by far the largest with charitable status: it had revenues of $10.8 million in 2016, 38 percent of which came from foundations and other registered charities (plus an additional $13.6 million held in its own foundation). Three of Canada's top family foundations are supporters, contributing $12.6 million between 2008 and 2013, and at least $765,000 in 2016.[9] By comparison, the left-leaning Canadian Centre for Policy Alternatives had total revenues of $5.8 million in 2016 but received only $319,000 (6 percent of its revenues) as transfers from foundations and other charities (data from the T3010).

Co-creation: policy engagement and advocacy

The final way in which foundations affect public management is through participating in policy development and advocating for policy change. From a public management perspective, the case for their involvement in policy is linked to the value of co-creation and co-production of policy and services: the ability to address complex issues necessitates the dual knowledge of those inside and outside of the state, and a collaborative process enhances organizational learning and promotes greater public legitimacy of outcomes.

The international literature provides a mixed assessment of the extent to which foundations seek social change or collaborate with governments. Suarez (2012) finds that smaller, younger and public foundations are more likely to express an intent to advance social justice or social change, and Scaife (2006) observes that those working through affinity networks of grantmakers (e.g., Indigenous, environment, arts) are more emboldened.

As Almog-Bar and Zychlinski (2012) caution, however, cross-sector collaboration can prove challenging, as it has in Israel, because foundations maintain a strong desire for autonomy and government is threatened by foundations that have embraced business-like approaches and come with their own agendas. Based on interviews with staff of 13 public and private Canadian foundations, Elson and Hall (2016) seem to conclude that their engagement in policy is extensive and occurs through a variety of direct and indirect means. In addition, there are a multitude of individual stories of foundations collaborating with governments, for instance the partnership launched by the mid-tier Graham Boeckh Foundation with the Canadian Institutes of Health Research to bring about systemic change in mental health (Philanthropic Foundations Canada 2015).

When we focus on "advocacy," rather than collaboration with governments more generally, a different picture emerges. Although foundations, like other charities, are precluded from having political purposes, they are allowed to conduct "political activities" (with partisan activities prohibited) as long as these are incidental and ancillary to their charitable work. This is interpreted by CRA to be up to 10 percent of total resources for charities with annual incomes of more than $200,000, sliding up to 20 percent for small charities with revenues under $50,000. Most foundations come under the lower limit, but given their assets, this still affords significant resources for advocacy. The constraints on advocacy on Canadian charities are more robust than in many other democracies (Parachin 2017), and these restrictions were compounded when the Harper government added new rules requiring foundations to include grants made to charities for political activities as part of their own 10 percent limit, with increased reporting on these. This regulatory environment is widely acknowledged to have caused charities to self-restrain their advocacy work, but large foundations have the legal scope and independence to undertake substantial amounts of policy advocacy. But do they?

Currently, few large family foundations are undertaking—or at least, reporting—engagement in "political activities" as defined by CRA. Indeed, on the 2016 tax returns, only one of the top tier foundations reported any expenditures in this category, an amount of $130,000. In 2015, a total of 14 other private foundations reported expenses for political activities, 10 of which are smaller foundations (with assets of $10 million to $99 million), indicating expenses ranging from under $2,000 to $53,500. It has to be recognized that, among all charities, political activities are vastly under reported on the tax form, partly because it is not clear how these are defined (Lasby and Cordeaux 2016). Thus, the reported figures may not be an accurate reflection of foundations' policy work. Nevertheless, it appears that private foundations have not yet carved out visible and confident roles as policy changemakers. Their national association, Philanthropic

Foundations Canada, suggests that this is changing. Several have hired leaders experienced in policy work, others are learning from examples of their peers, and there is a greater appreciation of the benefits of collaboration and assisting governments to "test what works" (Philanthropic Foundations Canada 2017b: 6). Although private foundations have much to contribute to policy development and implementation, such involvement also has a potential darker side when it occurs in the shadows, on a massive scale or serves to polarize rather than promote public debate. The cautionary lesson from the US, where the complicated influence trails of certain private foundations are being exposed, is the value of sunlight and of open collaboration.

Foundation-government collaboration often occurs as a kind of dance, suggests Jean-Marc Chouinard (2015), President of the Lucie and André Chagnon Foundation, but currently one in which the players are moving at different paces. The discourses are different, which does not become apparent until the partners get to concrete details; government programming is siloed and its processes complex; its view is short-term and driven by a "deep sense of intolerance to risk." For governments, foundations are not even on their list of potential partners or stakeholders, and they are understood about as well as the average giraffe, with little appreciation of the "scope and flexibility we have for innovation (time, risk and testing possibilities)" (Chouinard 2015). Thus, without greater flexibility by governments, this dance will continue to be out of step. Similarly, foundations need to be better prepared to choreograph their efforts with the public and private sectors for more impactful outcomes.

Moving forward, philanthropy in step with public management

Institutional philanthropy has arrived at an important juncture as its social license to operate is subject to serious questioning. Krystian Seibert (2017), Advocacy and Insight Manager at Philanthropy Australia, offers critical advice to organized philanthropy: to serve as catalyst for positive social change, it needs to "cultivate legitimacy and build trust within communities and among beneficiaries." As private institutions, usually created to exist in perpetuity, foundations will remain inherently private and autonomous, controlled by their donors, families and trustees. More extensive state regulation will not likely change their behaviour or enhance their public legitimacy in significant ways. Higher distribution quotes may raise foundations' level of annual grantmaking slightly; making it easier to alter their original objects to meet changing circumstance may make them more adaptable over time; and cracking down on the operations of the few that may be used for personal benefit, as CRA is already doing (Blumberg

2011), can help deter outright fraud. There are two things that private foundations (and DAFs) must do for themselves, however.

The first is to step out of the darkness of the terrarium to demonstrate their value. Canada has one of the world's most comprehensive, open systems of reporting through the annual T3010, allowing researchers and other third parties to independently assess the finances and certain activities of foundations. While this is an important means of mandatory transparency, many foundations—even large ones—fall seriously short on voluntary transparency. Among the largest family foundations, two-thirds (24) do not have websites or other voluntary means of public reporting. This represents about $5 billion in charitable funds whose intent and use are opaque. Although a keen researcher could check the T3010s for expenditures, if these foundations are to retain a claim to public legitimacy, they need to be more forthcoming about the outcomes they seek to achieve.[10]

A second step is to bring institutional philanthropy into greater significance. It is relatively easy for smaller endowed foundations and DAFs to drift, lacking clarity as to their purpose (Jenkins 2012), and thus end up as a parking lot for charitable giving. But, even the large ones could be much more impactful. Greater significance involves more strategic, transparent approaches to grantmaking, attention to recruiting high quality professional staff (Grant 2016) and more effective evaluation of their work. It also entails collaborating more actively with other institutions to facilitate projects of decent scale and using leadership assets other than grantmaking. As perpetual institutions, foundation boards also need to monitor and direct how they evolve over time. These lifecycle evolutions tend to take two different routes. On one hand, subsequent generations of the founders may be less likely to closely oversee the work of the organization as they feel less aligned with the original ambitions (McAllister and Allen 2017), allowing it to drift. On the other hand, as the board becomes more diverse over time, it becomes more open to outside ideas (Lungeanu and Ward 2012). Learning among foundation leaders is facilitated through peer networks and interaction with grantees and other stakeholders (Williamson et al. 2017), while intergenerational learning within philanthropic families is often quite haphazard. If my assessment is correct that private wealth is encountering heightened expectations of public accountability, these mechanisms for learning and demonstrating legitimacy need to be strengthened. Finally, the commitment to existence in perpetuity is increasingly being questioned, given the tradeoffs between injecting substantial money into addressing current needs over a short institutional lifespan versus more modest annual grantmaking continuing forever (Burrows 2010).

There is also considerable change required on the part of governments to enhance their ability to work effectively with institutional philanthropy. The record of Canadian governments on understanding and engaging philanthropy has been mixed. In an important respect, the unstated social contract between the role of philanthropy and the state remains intact, and there is no serious discussion of removing or greatly reducing the charitable tax credit, as compared to the US where it has been under fire for years. The flipside of the Harper government's ideological commitment to smaller government was expanded philanthropy, including a move late in its term to eliminate capital gains on the donation of private shares—a provision that was quietly dropped by its successor. However, the Trudeau government has promised to "modernize" the policy and legislative framework, which many interpret to include: 1) an expansion of the purposes recognized as charitable (or equivalent), thereby expanding the types of causes foundations could support, and 2) a liberalization of political activities (Consultation Panel on the Political Activities of Charities 2017).

Most of the discussion of modernization of this relationship has focused on regulation of the charitable and philanthropic sector, and to be sure, there is work to be done. But, changes in public management practices and policy instruments are just as important in coordinating a better government-foundation dance. This includes different approaches to risk management, instruments more flexible than contracts or contribution agreements for funding joint ventures, and deeper conversations to kick start mutual understanding. A number of innovative collaborations are already underway between foundations and municipal governments in Toronto, Montreal and a few other major cities,[11] and provincial and federal governments could learn from them.

Conclusion

Why should public management take institutional philanthropy more seriously? A partial answer is that it represents billions in private capital available for public benefit. The distinctive position of philanthropic foundations in an unfolding reconfiguration of relationships among the public, private and nonprofit sectors, however, is as important as their financial capacity. Private foundations have a comparative advantage in being able to align with or mediate among nonprofits, businesses and governments. Their discretionary, patient capital, can provide the unrestricted, or highly targeted, financing that mobilizes other players and supports social innovation. Private foundations can shape public discourses and influence or co-create policy agendas, ideally in a transparent manner. While such influence is more modest in Canada than in the US and elsewhere, it has been effectively exercised in agenda setting for early childhood education and community benefits related to infrastructure projects, among others.

The fact that institutional philanthropy is subject to growing criticism is a final reason to pay greater attention to it. Moving beyond the "old left" view that foundations are agents of capitalism and serve as bulwarks for the status quo, the emerging critiques have become more nuanced, raising questions such as: what are realistic expectations of philanthropy, how to address their accountability versus autonomy, and how to enhance (or minimize) their impact? These questions about the appropriate roles, and shortcomings, of private foundations and DAFs are likely to become more extensive as income inequality rises, and with it a critical examination of the use of private wealth. Researchers, policy makers and foundations need to have better answers to such questions.

Canadian philanthropy and governments have considerable work to do if they are to realize the potential of more constructive relationships. Too many private, family-controlled foundations lack basic transparency and imagination as to their role as agents of public purposes, and few do a good job in evaluating and explaining their impact. Equally, policy makers and public managers have little understanding of the interests and dynamics of foundations, and usually ignore them as potential co-creators.

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The Canadian academic community shoulders some of the blame for the lack of knowledge about foundations as we have provided so little theoretical and empirical investigation, in spite of having the world's most comprehensive, open set of tax data. I do not presume to propose specific research agendas, but advocate for greatly expanded, multidisciplinary scholarship so as to better understand the value, and shortcomings, of institutional philanthropy and its relationship with public management and civil society. The study of philanthropy also needs to be better integrated into graduate curricula: with only one graduate program specializing in the study of philanthropy—the Master of Philanthropy and Nonprofit Leadership at Carleton University—Canada seriously lags the US and other countries in educating future sector leaders, public servants and citizens about institutional philanthropy (Sulek and Mirabella 2017).

As an attempt to open doors to more sophisticated research, this analysis has many limitations. The conceptual framework applies mainly to large foundations with professional staff to manage the multiple roles identified. The empirical analysis is limited to very large foundations with assets over $100 million, and thus misses the interesting work of many of the mid-tier foundations, and is largely irrelevant to the multitude of small foundations and DAFs that are, effectively, an entirely different species. In using some information from the T3010 database, the analysis has barely scratched what is possible with these data, and presents a mere snapshot of grant-making in a single year. Without qualitative interview data, it can only assess the behaviour of private foundations, not explain why they act as they do. These limitations reinforce the primary argument that, as one of the most independent institutions of modern societies, private foundations warrant greater attention by public management.

Notes

1 A corporate foundation (the Mosaic Company Foundation) invested $1 million in the first education social impact bond, the Mother Teresa Middle School bond launched by the Government of Saskatchewan in 2016 (Chabun 2016), and several family foundations are supporting the first bond in preventative health, partnering with the Heart and Stroke Foundation and the Public Health Agency of Canada (Monsebraaten 2016).

2 Canada has one of the most generous systems of tax incentives for charitable giving in the world. When an individual makes a charitable gift to a foundation or DAF, a non-refundable federal tax credit of 33 percent of the donation for a high income earner (plus provincial credits) can be claimed; up to 75 percent of net income can be tax receipted annually (100 percent on death). In addition, the capital gains on donations of public securities, cultural properties and ecologically sensitive land are tax exempt.

3 The recipients of gifts must be registered charities or other qualified donees (which include national arts service organizations, amateur athletic associations, low cost housing corporations, the UN and universities outside Canada with Canadian alumni), governments or public bodies performing a function of government. See Charities Directorate, Canada Revenue Agency. http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/qlfddns-eng.html. Foundations with appropriate objects can also provide grants to certain intermediary organizations that are not qualified donees, but the foundations must maintain direction and control over the use of the funds.

4 The landscape of DAFs is evolving rapidly; while community foundations had long dominated control over the funds, there is a trend for universities, hospitals and other large nonprofits to add DAFs to their fundraising portfolios. Although yet to be fully analyzed, the popularity of DAFs appears to be an alternative vehicle for philanthropy, increasing overall levels of philanthropy at the margins, rather than representing increased generosity (Daniels and Lindsay 2016).

5 "Family" foundations are not a legal category, but a conceptual subset of "private foundations" and sometimes of "public foundations" as established by the *Income Tax Act*. They are not limited to the funds provided by the founding family, and may receive gifts or actively fundraise from the public. Their boards may be structured in a variety of ways, sometimes including business associates or friends beyond the family; the distinction from a public foundation is that at least 50 percent of the board are not at arms' length from each other. For a conceptual analysis of family foundations, see Moody, Lugo Knapp, and Corrado (2011) and Leat (2016), and on fallacies about foundations, see Blumberg, Robertson, and Gluckman (2016). Two of the foundations in this study are

legally constituted as public foundations, but in my assessment act like private family foundations.

6 A listing of the top 150 foundations published by Philanthropic Foundations Canada (PFC 2016) provided a valuable starting point, and this list was checked against the 2016 T3010 data to determine those still holding assets of over $100 million and whether other foundations met the asset criterion. This resulted in only minor changes from the original PFC list. Note that this study does not include the largest private foundation operating in Canada, the MasterCard Foundation, because it is a corporate rather than a family institution.

7 The one case of a 50 percent reduction in assets due to a very large gift is somewhat deceptive as the grant was made to a foundation controlled by most of the same directors as the granting foundation.

8 The percentage of assets granted to qualified donees will be smaller than the total expenditures on charitable purposes because there may be other operational costs incurred in conducting these activities. Blumberg (2016) calculates the average total expenditures on charitable activities as a percentage of assets at 5.1 for 2015.

9 This information was compiled by independent researcher, Don McRae, from the T3010s and from an existing Access to Information request. Given that the Conference Board of Canada (the largest think tank) and the Broadbent Institute, among others, are not registered charities, detailed information on their support is not readily available. For more detailed discussion of think tanks, see Abelson (2016).

10 A lack of voluntary transparency in this sector is not a distinctly Canadian weakness: see Williamson et al. (2017) on Australia; and Pharoah (2016) on the UK. Indeed, the US Foundation Center found it necessary in 2010 to create www.glasspockets.org to pull private foundations into better communications by reporting on their openness and providing tools for better practice.

11 For example, seven foundations have committed $21 million over five years to a "Collective Impact Project," coordinated by *Centraide* (United Way) to support community development and reduce poverty in 17 Montreal neighbourhoods.

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