

---

## **IMAGINE CANADA REPORT ON CANADA'S GRANTMAKING FOUNDATIONS**

---

*By Terrance S. Carter\**

### **A. INTRODUCTION**

On September 4, 2014, Imagine Canada and Philanthropic Foundations Canada released their first report about the assets and giving trends of Canada's largest grantmaking and community foundations. The report, *Assets and Giving Trends of Canada's Grantmaking Foundations* (the "Report"), aims to increase the understanding of the size, scope, and role of Canadian foundations.<sup>1</sup> The Report draws attention to trends based on the 150 largest grantmaking foundations and the ten largest community foundations in Canada. It focuses on the value of assets held by these foundations and the value of gifts these foundations make to qualified donees. The report covers the period 2002 to 2012 and is timely because there has been a significant increase in the number of Canadian foundations over the past two decades. Foundations are significant funders to the charitable sector and in many cases function as long-term supporters and partners of charities. This *Charity Law Bulletin* highlights some of the key findings in the Report, which illustrate the impact of large grantmaking and community foundations on the charitable sector and how the size, scope, and role of these foundations has grown over the past decade and will likely continue to grow in the coming years.

---

\* Terrance S. Carter, B.A., LL.B., Trade-Mark Agent, is the managing partner of Carters, and counsel to Fasken Martineau DuMoulin LLP on charitable matters. He would like to thank Anna M. Du Vent, B.A., M.A., J.D., Student-At-Law, for her assistance in preparing this *Bulletin*.

<sup>1</sup> *Assets and Giving Trends of Canada's Grantmaking Foundations* (September 2014), online: Imagine Canada <<http://sectorsource.ca/sites/default/files/resources/files/trends-canadas-grantmaking-foundations-sept2014.pdf>>.

## B. FOUNDATIONS IN CANADA

Registered charities in Canada, as designated by the Canada Revenue Agency (“CRA”) include private foundations, public foundations, and charitable organizations. In February 2014, there were approximately 10,500 foundations in Canada, which represent about 12 percent of registered charities.<sup>2</sup> This number is evenly split between public and private foundations. In 2012, foundations reported just over \$46.1 billion in assets, which accounts for 14 percent of total charitable assets.<sup>3</sup> Grantmaking and community foundations are defined as those foundations that maintain active, on-going grantmaking programs supporting unrelated charities. They account for 27 percent of foundations, but represent 63 percent of total foundation assets and 42 percent of total gifts made by foundations to qualified donees.<sup>4</sup>

### 1. Grantmaking Foundations: Assets

The Report highlighted that in 2012, the 150 largest grantmaking foundations reported total assets of \$18.7 billion, or three-quarters of the total assets held by all grantmaking foundations.<sup>5</sup> A significant number of the top asset foundations are private foundations (129 of 150). Of note is the fact that only 72 of the top asset foundations are also listed as top gifts foundations. The list of top asset foundations is also very top heavy. Assets are not evenly distributed. The six largest foundations account for 49 percent of the total assets held by the top 150 assets foundations and the next 25 account for a further 22 percent.<sup>6</sup>

The past 10 years have seen the total value of assets held by the largest 150 foundations grow from \$8.8 billion in 2002 to \$18.7 billion in 2012.<sup>7</sup> Growth was steady except for during the 2008 financial crisis. This growth is primarily because of growth in the number of large new foundations. Thirty-two of Canada’s largest 150 foundations were founded since 2002; these foundations currently account for 41 percent of the group’s total assets.<sup>8</sup>

---

<sup>2</sup> *Ibid* at 2.

<sup>3</sup> *Ibid*.

<sup>4</sup> *Ibid*.

<sup>5</sup> *Ibid* at 3.

<sup>6</sup> *Ibid*.

<sup>7</sup> *Ibid* at 4.

<sup>8</sup> *Ibid*.

## 2. Grantmaking Foundations: Gifts

In 2012, the largest grantmaking foundations gifted approximately \$966 million to qualified donees.<sup>9</sup> Both the average grant size and the median grant amount grew during the period covered the Report. In 2011, the average grant was just over \$95,000 and the median grant was \$15,000.<sup>10</sup> Interestingly, membership in the top 150 gifting foundations list is more fluid than is membership in the top assets list. Two-thirds of the top gifting foundations joined the list after 2002. This is likely because foundations have discretion over how they disburse assets in any given year.

A wide variety of areas benefited from these gifts. Eighty-six percent of the top 150 gifting foundations made grants to qualified donees working in Education and Research, but more than half of top gifts foundations also made grants to qualified donees working in Health, Social Services, Arts and Culture, International, and Religion.<sup>11</sup> The top three groups (Education and Research, Health, and Social Services) each received more than 15 percent of the total grants distributed.

## 3. Community Foundations: Assets

The Report also highlighted trends associated with the ten largest community foundations in Canada, six of which are located in western Canada. The ten largest community foundations are a relatively stable group, with eight members remaining the same since 2002. In 2012, these foundations had total assets of just under \$2.8 billion, or 82 percent of total assets held by all community foundations in Canada.<sup>12</sup> This represents 6 percent of the total assets of all public and private foundations. Over the past decade total assets of large community foundations increased by 73 percent. While this number shows the increasing role of large community foundations, the assets of smaller community foundations more than tripled from \$166 million to \$604 million during the same time period.<sup>13</sup> This illustrates the overall impact that community foundations as a whole are poised to make in Canada.

---

<sup>9</sup> *Ibid* at 8.

<sup>10</sup> 2011 is the most recent year for which the Report provides information on individual grants.

<sup>11</sup> *Ibid* at 12-13.

<sup>12</sup> *Ibid* at 6.

<sup>13</sup> *Ibid*.

#### 4. Community Foundations: Gifts

The Report provides that the 10 largest community foundations made gifts totalling \$147 million in 2012, or 88 percent of all gifts made by community foundations.<sup>14</sup> Although it still represents the vast majority of gifts made by community foundations, the percentage has slowly decreased over the past decade as an increase in gifting by smaller community foundations reflects their relative increase in assets. Gifting by community foundations was more affected by the 2008 economic slow-down than was gifting by large grantmaking foundations. This is likely because the list of large community foundations is more stable than is the list of large grantmaking foundations and, therefore, there are fewer newly-affluent foundations to absorb the gifting impact of an economic dip.

Community foundations supported a wide range of funding areas. Social services and Education and Research each received more than 20 percent of the total value of the gifts.

### C. CONCLUSIONS

The Report highlights the significant size, scope, and role that Canadian foundations have within the charitable sector. Foundations are moving from primarily engaging in informal charitable giving towards being an increasingly professionalized sector. Quantifying the impact of large grantmaking foundations is important endeavour because doing so increases general awareness about why foundations and charities should work together. Charities and not-for-profit organizations that are looking to increase and diversify their fundraising efforts would be well served to understand how foundations function and how they can engage with foundations as key fundraising and community-building partners.

The *Assets and Giving* report is available online at:

<http://sectorsource.ca/sites/default/files/resources/files/trends-canadas-grantmaking-foundations-sept2014.pdf>.

---

<sup>14</sup> *Ibid* at 16.



**Carters Professional Corporation / Société professionnelle Carters**  
Barristers · Solicitors · Trade-mark Agents / Avocats et agents de commerce  
[www.carters.ca](http://www.carters.ca)   [www.charitylaw.ca](http://www.charitylaw.ca)   [www.antiterrorismlaw.ca](http://www.antiterrorismlaw.ca)

Ottawa · Toronto  
Mississauga · Orangeville  
**Toll Free: 1-877-942-0001**

---

**DISCLAIMER:** This is a summary of current legal issues provided as an information service by Carters Professional Corporation. It is current only as of the date of the summary and does not reflect subsequent changes in the law. The summary is distributed with the understanding that it does not constitute legal advice or establish a solicitor/client relationship by way of any information contained herein. The contents are intended for general information purposes only and under no circumstances can be relied upon for legal decision-making. Readers are advised to consult with a qualified lawyer and obtain a written opinion concerning the specifics of their particular situation. © 2014 Carters Professional Corporation