

Chapter 10

HOW FOUNDATIONS SPEND: IS THE CURRENT 3.5% ASSET DISBURSEMENT THE RIGHT PUBLIC POLICY?

Iryna Khovrenkov (née Kryvoruchko) and Ken Rasmussen

INTRODUCTION

One of the fastest growing, but least examined elements of Canada's ever expanding charitable sector is philanthropic foundations. At present, there are close to 12,000 foundations in Canada, accounting for 10% of charitable activity. At a time when government funding is under tremendous strain, foundations can be a positive source of revenue for charitable organizations. This is because foundations are legislated to disburse funds regularly to support charitable activities, a prevailing portion of which is spent on grants to other charities. Yet the role of foundations is not well known beyond those who interact with them. More importantly, their tax treatment by Canada Revenue Agency (CRA) poses a set of concerns related to the suitability of existing tax rules and their policy intention. The question about the appropriate treatment of foundations' disbursements on charitable activities has drawn considerable attention in recent budgets. This chapter explores whether the existing disbursement policy is suitable for Canadian foundations in the current economic and political environment.

Governments have used a variety of tools to encourage the financial support of activities that are considered socially desirable, mainly by providing charities with favorable tax treatment. Charities of all types receive tax-exempt status enabling them to raise revenue for the services they provide without

incurring an income tax. Differences in the tax treatment arise depending on whether CRA classifies charities as *grant makers* or *service providers*. If more than 50 percent of an organization's activity is devoted to grant-making then CRA designates it as a foundation and it is subject to further restrictions. In particular, when foundations are classified as private as opposed to public they face tighter rules because they are controlled by a few non-arm's length individuals (e.g., family). The assumption underpinning the distinction between public and private foundations is that if a foundation is closely controlled there is more room for abuse of the organization. In order to limit the use of private foundations for tax-sheltering purposes and curtail an excessive accumulation of income within these organizations, the government designed differential disbursement rules for public and private foundations subjecting the latter type to more restrictions.

Foundation disbursements are based on legislated percentages of assets (defined as the endowment and property) and revenues (defined as annual donations from individuals and other charities) that foundations must spend in order to maintain their tax-exempt status. Private foundations have been treated differently in terms of the portions of assets and revenues they must dedicate to supporting charitable activities. This different treatment between public and private foundations was in place from 1976 to 2010. When the disbursement requirement was initially introduced in 1976 private foundations were legislated to pay out 5% of the fair market value of their assets towards charitable purposes. Public foundations, on the other hand, were not subject to any asset disbursement rules. In 1984 disbursement reform extended the asset disbursement requirements to public foundations as well, but differences in the treatment of disbursements between the two foundation types continued to exist on the revenue side. In particular, private foundations were required to spend a higher percentage of their revenues on charitable activities compared to public foundations. In the 2010 budget the federal government announced it would completely eliminate the revenue disbursement requirement for all

foundations, which had been in place for nearly 30 years. Disbursements of public and private foundations are now identical.

As the 2010 budget ends the differential treatment between the two foundations types, the remaining issue is whether the asset disbursement rate of 3.5% is suitable given the current economic conditions and political environment in Canada. An attempt to address the suitability of the asset disbursement rate occurred in 2004, when the federal government reduced the rate from 4.5% to 3.5% to "ensure that [foundations'] capital endowments can provide a stable and suitable flow of funds for the delivery of charitable programs and services".¹ After the 2008-09 recession, discussions about the rate suitability emerged again within the foundation sector. Many foundations were struggling to raise enough money to provide funding for other charities and were having difficulties in coping with the demands of existing disbursement requirements.² The resulting crash of the stock market has posed issues of mere existence especially for foundations with smaller asset bases, which is about a third of all foundations in Canada. Therefore, the disbursement regulation needs to allow for the varying conditions of the capital markets.

Our chapter is concerned with the appropriate nature of the disbursement requirement or what is known as the *disbursement quota* in legal terms. The issue of a suitable disbursement quota is a classic public policy question and we focus our discussion on two broad issues. The first issue relates to the debate about the overall need for any disbursement quota. Given its highly arbitrary nature, it is argued to be non-equitable and unenforceable in its current form, imposing a costly administrative burden on many foundations.³ The second issue pertains to restructuring the current disbursement regulation with a goal of achieving a more robust foundation sector. The potential reform would focus on the following three aspects. First, a regular review of the disbursement rate is needed in order to keep it up-to-date with the stock market conditions. Second, establishing disbursement rates that would capture differences

in the size of foundation assets rather than making the rates specific to CRA designations. Finally, the government should consider rules that provide a balance between meeting short-term vs. long-term investment goals. This would involve helping foundations in diversifying their investment portfolios by combining their investments in the traditional markets with strategic investing. As the composition of the foundation sector is evolving, a feasible disbursement regulation is a necessary step towards a stronger foundation sector and needs to be taken seriously in the public policy forum.

WHY FOUNDATIONS?

As an alternative to setting up a charitable organization, individuals can use their wealth to support charitable causes through the establishment of foundations. The advantage of a foundation is that donors get the same favorable tax treatment, but it provides them with greater control over the distribution of their funds than if these were simply donated to a charitable organization. In addition, foundations can be redirected to other purposes depending on the wishes of the founder, and they can exist in perpetuity if their trustees make wise investments of its assets.

The arguments that allow the creation of foundations are often the same as for the entire charitable sector. That is, foundations encourage pluralism by playing an important role in the provision of public goods and services by supplying them to minority interests that have not yet achieved the attention of government or broader public support. The other rationale is the discovery argument in which they serve as mechanisms of experimentation in social policy or in pushing the frontiers of scientific research beyond short-term horizons of governments and businesses. That is, they provide functions that neither governments nor private markets can or want to deliver.

Foundations are found in most free market economies in which individuals not only accumulate their wealth, but can share it for the purposes of public benefit. This aspect is not without controversy

and many are critical of foundations as they see them as elements of a plutocracy imposing its particular policy preferences, with taxpayer support, on society as a whole. Yet overall, a robust foundation sector is generally regarded as a positive attribute of a healthy democratic society. While Canadian and European foundation sectors are not as big as the one in the United States, it remains something that all countries appear interested in cultivating and encouraging.⁴

There are many studies that have analyzed the impact of foundation spending rules on the operation of foundations in the US.⁵ All American foundations must meet or exceed an annual rate of 5% of the average market value of its assets to avoid paying any excise taxes. While this amount includes grants to charities, it also covers some administrative costs associated with grant-making. This figure has been in place since 1976, after a downward revision from 6% which was initially established in 1969. Contrary to the United States, European foundations are not required by the government to disburse any portions of their assets or revenues.⁶ Any grant-making occurs on a purely voluntary basis.

The research in the area of foundation disbursements has been less robust in Canada. However, Canada is similar to the United States in subjecting all foundations to the same payout rules regardless of the foundation type. While anecdotal evidence suggests that the Canadian asset disbursement rate of 3.5% is set to be in line with the conditions of the capital market, its inflexibility has become an important issue especially after 2008-09 economic downturn. The analysis in this chapter contributes to a debate on the changing treatment of foundations' disbursements with the aim of making foundations a more robust tool for supporting activities of the broader charitable sector.

FEDERAL REGULATION OF FOUNDATION SPENDING PRACTICES: PAST AND PRESENT

The development of the first disbursement regulation began in the 1950s, but it was only in 1976, when the federal government introduced an official disbursement quota to help limit spiralling fundraising costs and the accumulation of monies within foundations. The imposition of a disbursement quota

required foundations to devote a certain portion of their resources towards a charitable purpose by either transferring gifts to other charities or by carrying out their own charitable activities. Failure to meet the government's minimum spending requirement could result in the termination of foundation's registered charity status.

The 1976 disbursement reform in Canada adopted the model of American disbursement rules that had been formally legislated in 1969. The first asset disbursement requirement was only for private foundations, which had to pay out 5% of their assets averaged over the previous two years. No such rules were adopted for public foundations because they were not operating under the same level of scrutiny. On the revenue side, both foundation types were required to disburse similar portions of their revenues received in the previous fiscal year (Table 10.1).⁷

Table 10.1: Disbursement Rules for Public and Private Foundations, 1976-2010

	1976 Disbursement Rules	1984 Disbursement Rules	2004 Disbursement Rules	2010 Disbursement Rules
Private Foundations	<i>Assets:</i> Disburse the greater of: a) 5% of fair market value of capital assets from previous fiscal year or b) 90% of income earned from capital assets in previous fiscal year.	<i>Assets:</i> Disburse 4.5% of average value of assets over previous two years.	<i>Assets:</i> Disburse 3.5% of average value of assets over previous two, provided this value is above \$25,000. Otherwise, no disbursement required.	<i>Assets:</i> No change.
	<i>Revenues:</i> Disburse 90% of difference in foundation's income in previous fiscal year and foundation's earned income from its capital assets in previous fiscal year.	<i>Revenues:</i> Disburse 1) 80% of tax-receipted and 100% of gifts from other charities received in previous fiscal year and 2) 80% of 10-year gifts and bequests spent from current fiscal year.	<i>Revenues:</i> Disburse 1) 80% of tax-receipted donations and 100% of gifts from other charities received in previous fiscal year and 2) 100% of 10-year gifts and bequests spent from current fiscal year.	<i>Revenues:</i> All rules are eliminated

Public Foundations	Assets: None.	Assets: Same rules as private foundations.	Assets: Same rules as private foundations.	Assets: No change.
	Revenues: Disburse the greater of: a) 80% of tax-receipted donations from previous fiscal period or b) 90% of foundation's income in previous fiscal year.	Revenues: Same rules as private foundations.	Revenues: Same rules as private foundations.	Revenues: All rules are eliminated.

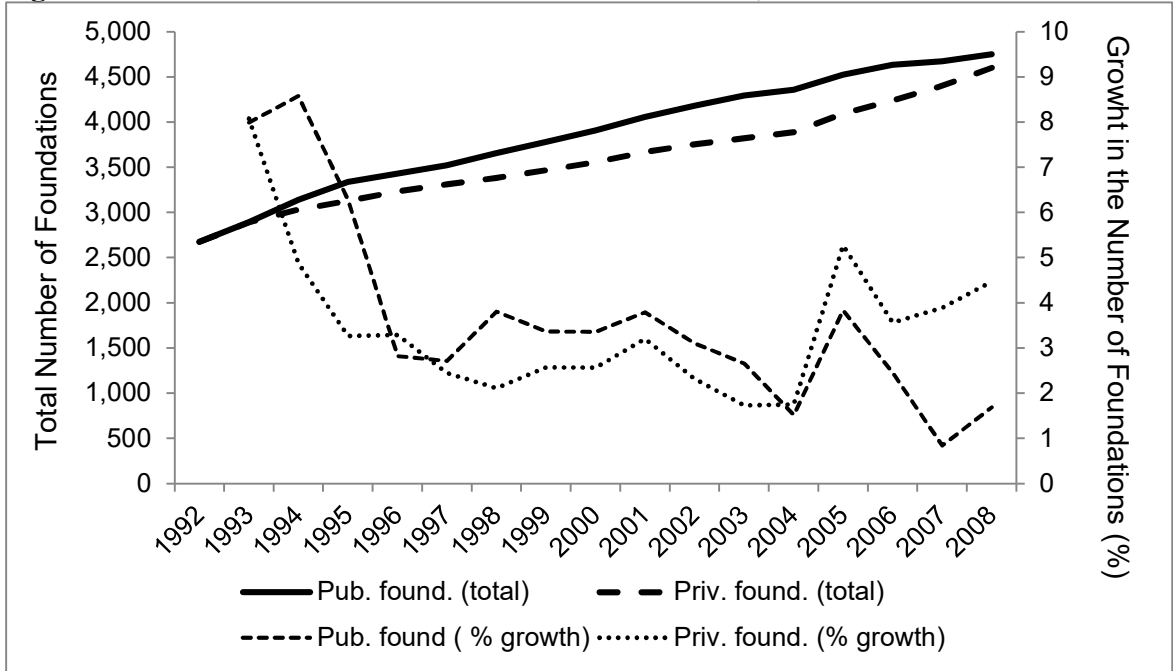
Notes: According to the Income Tax Act of 1976, “foundation’s income” is defined as income from the following sources: government, other registered charities, individuals, corporations, investment or business income. A ten-year gift is a donation made to a foundation that is subject to the donor's direction that the gift be held within a foundation for ten years. A bequest is a donated property that a foundation receives from the will of the deceased person

The 5% asset disbursement rule adopted exclusively for private foundations produced substantial opposition from the foundation sector which argued that this rate would not allow for its sustainable growth. After some reflection, the government responded with a revised proposal to impose a 4.5% asset disbursement quota on both public and private foundations as part of the 1984 disbursement reform. On the revenue side, both public and private foundations were required to disburse 80% of tax-receipted donations from the previous year. Yet some unequal treatment of private foundations was found in requiring them to disburse 100% of grants from other charities in the following year, while public foundations were required to disburse only 80%. As Abigail Payne argues, government's rationale for the special treatment of private foundations was not clear.⁸ Yet William Innes and Patrick Boyel counter by emphasizing that this distinction was necessary to curb abuse by closely controlled private foundations.⁹

For the next 20 years from 1984 to 2004, foundations did not see any significant updating to the regulatory regime yet they have considerably strengthened their presence since the early 1990s. As Figure 10.1 shows, the total number of public and private foundations almost doubled between 1992 and

2008. Prior to 2004, however, this growth occurred at a decreasing rate. Was this an intentional gap on the policy making front? During 1984-2003, there were a number of upheavals in the Canadian economy including double digit inflation with matching interest rates, the signing of the North American Free Trade Agreement, a spending crisis in Ottawa and considerable political turmoil within Canada's two dominant political parties. These issues took precedence leaving little room for policy initiatives related to charities and social economy in general.

Figure 10.1: Growth in Public and Private Foundations, 1992-2008



Source: Canada Revenue Agency (CRA) data accessed at Public Economics Data Laboratory, McMaster University

The Liberal minority government of Paul Martin was however more interested in social reform than his Liberal predecessor or his Conservative successor. In his first Speech from the Throne, Martin emphasized that the voluntary sector is an essential contributor to the "quality, fairness and vitality of [Canadian] communities" and that the government is committed to strengthening "the capacity and voice of the philanthropic and charitable organizations."¹⁰ The voluntary sector was in great need of improvements in its regulatory environment including the simplification of rules around disbursements,

which had remained unchanged since 1984.¹¹ Foundations were also expressing concern about generating enough income to meet the 1984 disbursement quota in respect of investment capital because of low interest rates and weaker stock market following the dot.com crash. While between 1981 and 1984 the Bank of Canada interest rate averaged 15%, between 2001 and 2004 the average interest rate was just above 3%.¹² With such low interest rates, it was not surprising that foundations were at risk of not meeting the 1984 asset disbursement rate of 4.5%. By identifying the voluntary sector as the "a focal piece of Canada's social tool kit", the federal government could no longer delay the response to the sector's issues including its outdated disbursement quotas.¹³

By releasing its 2004 Budget, the government revised the asset disbursement rate down from 4.5% to 3.5% for public and private foundations. The government has also instituted the exemption from the asset disbursement rate for both foundation types with assets of \$25,000 or less averaged over the previous two years. These small foundations, however, were still responsible for meeting the revenue disbursement requirement.

Despite these positive changes brought on by the 2004 disbursement reform, key stakeholders such as Imagine Canada and the National Charities and Not-For-Profit Law Section of the Canadian Bar Association continued to urge the government to consider a complete elimination of the disbursement quota as is the case in most of Europe.¹⁴ In particular, they wrote letters to the Finance Minister Honorable James Flaherty, Assistant Deputy Minister Louise Levonian and Assistant Commissioner at Canada Revenue Agency Brian McCauley in July 2009 where they raised concerns about the existing treatment of disbursements and difficulties it posed for the development of the charitable sector.¹⁵ Furthermore, Imagine Canada followed up in October 2009 with its presentation to the Standing Committee on Finance to seriously consider revising the existing disbursement regime on the grounds of it being distortive, non-equitable and unenforceable in its current form. The report released in December

2009 by the Standing Committee on Finance incorporated earlier recommendations as part of 2010 pre-budget consultations. With extensive lobbying by the charitable sector the Harper government announced the new reform to the disbursement requirements on March 4, 2010. The main change was a complete elimination of the revenue disbursement quota for all foundations. This also meant that foundations with assets below \$25,000 became fully exempt from any disbursement requirements. The new reform appears to have fulfilled stakeholder demands to remove a large portion of the disbursement burden for smaller organizations. Additionally, the 2010 reform has marked the end of the regulatory gap around the treatment of disbursements for public and private foundations that existed since 1976. At present all foundations with assets above \$25,000 face only a 3.5% asset disbursement rate, which is substantially less than the 5% payout rule in the United States.

POLICY IMPLICATIONS AND FUTURE REFORMS

With a successful pressure from the charitable sector to completely eliminate any existing revenue spending rules, what would be the consequences for the Canadian government and the charitable sector of additionally removing the asset disbursement requirement?¹⁶ Certainly, Canada would not be the first jurisdiction to exempt foundations from any disbursement rules since most of the European governments have never required their foundations to disburse any assets or revenues. While the exemption from the quota would provide an immediate relief for many foundations, there is greater uncertainty as to the benefits for the charitable sector as a whole. Would we strengthen the foundation sector at the expense of the broader charitable sector?

With ongoing budgetary cuts governments are struggling to finance the provision of goods and services, while charitable foundations appear to be taking a more active role as providers of many local goods. The existence of disbursement requirements offers a form of assurance that necessary goods and

services will continue to be provided when governments (or markets) fail.¹⁷ Charities also need to know that they can rely on foundation grants because they help to promote charitable operations, provide stability during the times of economic downturn, and even serve as a signal of charity quality to individual givers which can help in attracting more private donations to charitable organizations.¹⁸ Spending on gifts to charities by public foundations increased from just under \$1 billion in 1992 to over \$2.3 billion in 2008. Total grants made to other charities by private foundations have increased by over 175% during the same 16-year period. Yet there is a real concern that foundations may cut back on grants as they try to preserve assets.

Disbursement rules are not necessarily a bad regulatory tool and the ongoing debate is more about how consistent the quota rates are with changing economic conditions and how well they are administered and met.¹⁹ Table 10.2 illustrates that over the past twenty years foundations have been on track in meeting their disbursement requirements. While recent reforms have contributed to simplifying the regulation around disbursements, only the 2004 reform has adjusted the asset disbursement rates to account for changing economic conditions. Before eliminating the asset spending rule altogether, it may be worthwhile for the government to introduce a regular review of disbursement rates (e.g., every three or four years) to keep them in line with varying stock market conditions and inflation rates. The review will address the arbitrary nature of the asset disbursement rate making it less distortive and potentially more equitable. The federal government is already familiar with the concept of program review, according to which all government programs are evaluated on a four-year cycle.²⁰ Extending this concept to foundation disbursements should be a simple task.

Table 10.2. Ratio of actual to estimated disbursements by public and private foundations

	Public Foundations	Private Foundations
	Actual total disbursements/estimated disbursements	
1994-1998	1.6	1.3

1999-2003	1.3	1.0
2004-2008	1.2	1.0

Notes: The ratios are calculated in two steps. First, estimated disbursements are obtained by determining the disbursement amount for a foundation if it exactly followed its spending requirement. Then the estimated amount is compared to the amount the foundation has actually disbursed in a given year. The calculations allow for changes to the asset disbursement rate in 2004.

With growing similarities in the operation of the two foundation types, interesting differences arise when foundations are classified based on the size of their assets. Table 10.3 illustrates considerable differences across the average amount of grants disbursed to other charities by public and private foundations of various asset sizes between 1992 and 2008. Since 2010, all foundations with the asset threshold of \$25,000 (denoted as small) are subject to a 0% disbursement rate. Yet it appears that the size of their grants is rather similar to the size of grants paid out to other charities by medium foundations (with assets more than \$25,000 and never more than \$1 million in any given year). From the fairness perspective, this suggests that medium-sized foundations may also need to be exempt from disbursement rules. If the government is taking steps towards implementing a *size-based* disbursement regulation for foundations, it needs to provide clear guidelines as to how this regulation is crafted for foundations of different sizes.

Table 10.3: Average Spending on Grants to Other Charities by Size and Foundation Type

Average Total Grants to Other Charities (\$2001 millions)	Public Foundations			Private Foundations		
	Small (N=1,533)	Medium (N=2,826)	Large (N=1,520)	Small (N=1,664)	Medium (N=2,561)	Large (N=1,543)
1992-1998	10.0	57.8	857.0	28.5	51.1	390.0
1999-2003	8.6	121.1	1430.0	23.4	65.1	725.7
2004-2008	9.0	116.7	1940.8	19.2	89.3	815.7
Disbursement rate since 2010	0%	3.5%	3.5%	0%	3.5%	3.5%

Notes: Small foundations are with assets always less than \$25,000; medium foundations are those with assets more than \$25,000 and never more than \$1 million in any given year; large foundations are with assets of \$1 million in at least one year. Foundations with assets great than \$100 million (N=56) are excluded from this sample.

When it comes to large foundations (with assets of \$1 million in at least one year), the question about government's support of their operations including a suitable disbursement rate is even more concerning. The largest Canadian foundation is the Andre and Lucie Chagnon Foundation with total assets worth \$2 billion, while the Gates Foundation (United States) has a \$37.1 billion endowment or the Wellcome Trust (United Kingdom) has assets worth \$22.9 billion. Yet it is these large foundations that have the capacity to provide meaningful financial support. One way for the government to encourage giving by large foundations is to create favourable conditions for mission investing also known as program related investments (PRIs). Foundations that directly invest their assets into community or social enterprises consistent with their missions are considered to be making mission investments. For example, the Internal Revenue Service (IRS) in the US allows American foundations to count PRIs as part of their required 5% annual payout.²¹ Current CRA policies say little about such investments.²² The Canadian Task Force on Social Finance recommends that foundations invest 10 percent of their capital towards such initiatives.²³ While mission investing is becoming popular amongst many American foundations, the Canadian government will need to take a stronger role in educating foundations about mission investing until they are aware of the risks and benefits associated with it.

CONCLUSIONS

At the heart of the debate about disbursement rules is the question about suitability of the existing disbursement quota. Its policy intention should be to achieve the right balance between encouraging foundations to give and ensuring that they have the needed flexibility to find an investment strategy for

the perpetuation of their endowments. In reality, the treatment of disbursements has been criticized for being inequitable and highly distortive. Moreover, the 2008-09 recession contributed to the rate suitability debate since for many foundations the asset disbursement rate of 3.5% introduced in 2004 became overly demanding on their resources. It appears that Canadian government needs to find the right balance between maximizing current foundation spending and strategically planning for foundations' long-term spending in the light of recent asset growth.

In this chapter we argue that the elimination of the disbursement quota may not be a viable option at this point considering the many benefits that foundation disbursements provide to both the government and the charitable sector. At the time when government is facing budgetary cuts and is no longer able to finance the provision of many goods and services, foundations can offer their resources as a substitute to government spending. Funds from foundations disbursed as grants to other charities can play an important role in supporting charity operations and additionally can serve as a signal of quality to individuals about these charities leading to a higher pool of private donations.²⁴

The main issue around foundation disbursements is rather how to create better policies for the treatment of foundation spending. We offer three recommendations to assist the government in aligning social goals with market conditions. First, the government may need to look into establishing a regular review cycle of the existing disbursement rate, which will in the least avoid disbursement policies becoming outdated. Our second recommendation pertains to our government building disbursement rules around the size of foundations rather than their CRA designations as has been done in the past. With large foundations having the potential to create social change, their successful operation will depend on government's encouragement and policy support. Finally, Canadian government needs to educate foundations about mission investing and consider the option of including mission-related investments in the calculation of the asset disbursement rate as is the case in the United States.

The implementation of these policy recommendations will certainly require a great deal of additional analysis. Determining an appropriate review cycle should be subject to a cost-benefit analysis and administrative costs should be taken into consideration. A better understanding of the current landscape of foundations and how these entities operate will assist in developing a sized-based regulatory system for foundations.²⁵ It will also help answer questions concerning if and how foundations are refocusing their priorities as governments step back from being the sole provider of many public goods and services. As foundations grow in number and size government decision-makers will need to pay attention to the treatment of disbursements and determine if an immediate benefit is more important than the long-term viability of charitable foundations.

Endnotes:

¹ pg.177, Budget 2004 "New Agenda for Achievement".

²Lawrence, Steve. 2009. "Foundations Address the Impact of the Economic Crisis". Research Advisory, Foundation Center.

³ Imagine Canada's Presentation to the House of Commons Standing Committee on Finance:
http://www.imaginecanada.ca/files/www/en/publicaffairs/presentation_to_finance_com_10082009.pdf

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- ⁴ Historically, foundations in the United States played a bigger role when the federal state may have provided limited support to a particular area. Kenneth Prewitt. 2006. "American Foundations: What Justifies Their Unique Privileges and Powers." In *Legitimacy of Philanthropic Foundations: United States and European Perspectives*, edited by Kenneth Prewitt, Mattei Dogan, Steven Heydemann and Stefan Toepler, 27-46. New York: Russell Sage Foundation
- ⁵ See Sansing, R., & Yetman, R. (2002). "Prudent stewards or pyramid builders? Distribution policies of private Foundations". <http://mba.tuck.dartmouth.edu/pages/faculty/Richard.sansing/payout.doc>; Deep A. and Frumkin P. (2006). "The foundation payout puzzle". In Damon W.V.B. and Verducci S. (eds.), *Taking Philanthropy seriously*. Bloomington (Indiana): Indiana University Press.
- ⁶ Exceptions are foundations in Finland, Germany, Spain, Sweden, and United Kingdom which are required to disburse some portion of foundation's revenue. Foundations Comparative Highlights of Foundation Laws, 2002: http://www.efc.be/programmes_services/resources/Documents/ComparativeHighlightsOfFoundationsLaws_2011.pdf
- ⁷ Table 10.1 is adopted from Kryvoruchko, Iryna. 2013. "Foundations in Canada: Policies, Operations and Financial Structure", PhD Dissertation Chapter 2, June 2013.
- ⁸ Payne, Abigail. 2005. "Firm Foundations: Putting Private and Public Foundations on Level Ground," C.D. Howe Institute, http://www.cdhowe.org/pdf/backgrounder_88.pdf
- ⁹ Innes, William and Patrick Boyle. 2005. "Shaky Foundations? A Defence of Special Rules for Private Foundations", C.D. Howe Institute.
- ¹⁰ Paul Martin's Speech from the Throne: http://www.pco-bcp.gc.ca/index.asp?lang=eng&page=information&sub=publications&doc=aarchives/sft-ddt/2004_1-eng.htm
- ¹¹ Burgeois, Donald. 2010. "Eliminating the Disbursement Quota: Gold or Fool's Gold." *The Philanthropist*, 23(2): 184-189.
- ¹² Bank of Canada interest rate: http://www.bankofcanada.ca/rates/interest-rates/key-interest-rates/?page_moved=1
- ¹³ pg. 114, James Rice and Michael Prince, "Martin's Moment: The Social Policy Agenda of a New Prime Minister." In *How Ottawa Spends 2004-2005*, edited by Bruce Doern.
- ¹⁴ pg. 128, Budget 2010 "Leading the Way on Jobs and Growth." More about the role of Imagine Canada in the Canadian charitable sector can be found in <http://www.imaginecanada.ca/node/9>;
- ¹⁵ Imagine Canada wrote the letter to Finance Minister James Flaherty on July 23 2009: http://www.imaginecanada.ca/files/www/en/publicaffairs/disbursement_quota_letter_23072009.pdf. The President of the Canadian Bar Association wrote a letter to the Assistant Deputy Minister of Finance Canada Louise Levonian and Assistant Commissioner at Canada Revenue Agency Brian McCauley on July 20 2009: <http://www.cba.org/cba/submissions/pdf/09-40-eng.pdf>
- ¹⁶ See endnote 14.
- ¹⁷ Anheier, Helmut and Siobhan Daly. 2006. "Role of Foundations in Europe: A Comparison". In *Legitimacy of Philanthropic Foundations: United States and European Perspectives*, edited by Kenneth Prewitt, Mattei Dogan, Steven Heydemann and Stefan Toepler, 27-46. New York: Russell Sage Foundation.
- ¹⁸ Andreoni, James. 2006. "Leadership Giving in Charitable Fundraising", *Journal of Public Economic Theory*, 8(1): 1-22.; Rose-Ackerman, Susan. 1980. "United Charities: An Economic Analysis." In *Community Organizations: Studies in Resource Mobilization and Exchange*, edited by Carl Milofsky, Oxford University Press, 1988.
- ¹⁹ See endnote 8.
- ²⁰ See <http://www.tbs-sct.gc.ca/sr-es/faq-eng.asp> for a description of the Strategic Review Process.
- ²¹ Kramer, Mark and Sarah Cooch. 2007. "The Power of Strategic Mission Investing." *Stanford Social Innovation Review*: 43-51
- ²² Laird Hunter, Susan Manwaring and Margaret Mason. 2012. "Mission Investing for Foundations: The Legal Considerations". A Report of Community Foundations of Canada and Philanthropic Foundations Canada.
- ²³ Task Force on Social Finance. Report. 2010 "Mobilizing Private Capital for Public Good".
- ²⁴ See endnote 18.
- ²⁵ Abigail Payne. 2012. "Changing Landscapes of Charities in Canada: Where Should We Go?" <http://www.policyschool.ucalgary.ca/?q=content/changing-landscapes-charities-canada-where-should-we-go>. Iryna Kryvoruchko. 2013. "Foundation in Canada: Policies, Operations and Financial Structure": <http://digitalcommons.mcmaster.ca/opendissertations/8428/>