



## Should Money Talk? Inequities in Funding and Influence in the Nonprofit Sector

**SFX: Sound of typing and office ambiance**

**Mary Barroll:** Welcome to CharityVillage Connects. I'm your host Mary Barroll.

**SFX: Hummingbird flying and tone**

That's the sound of a Hummingbird pollinating our world and making it a better place.

### Music

The Hummingbird is CharityVillage's logo because we strive – like the industrious Hummingbird – to make connections across the nonprofit sector and help make positive change.

We'll offer insight that will help you make sense of your life as a nonprofit professional, make connections to help navigate challenges, and support your organization to deliver on its mission.

**SFX:**

**Song, Money Talks, The Kinks**

<https://www.youtube.com/watch?v=yD5JgBlcaiA>

**Mary Barroll:** They say money talks. Is this true for the nonprofit sector, where only a small number of large charities receive a large majority of the funding?

**SFX: Sound of coin dropping**

In this episode of CharityVillage Connects, we investigate the consequences of having a relatively small number of well-funded charities receiving the lion's share of the funding and how they continue to dominate public discourse, maintain political sway and influence policy decisions governing the sector. We'll explore what impact this inequitable funding and power dynamic has on the sector, what problems it causes, and what can we do about it.

**Minnie Njeri Karanja:** There is a large section of our sector that is loud, has the means to be loud, the means to reach the right people within governments and in other influential areas to advance their own needs. And really, that's the reality.

**John Howard:** It's a very broad pyramid, if you will, of hierarchy. In total, 75 % of

nonprofits in Canada have fewer than five people working. At the other end, you probably have about five or six percent who have over 100. In terms of revenue or assets, something like 90% of it goes to 6% of the organizations.

**Steven Ayer:** So, if we look at funding, about half a percent of all granting went to Indigenous organizations or Indigenous groups. Half a percent of the Indigenous peoples represents about four and a half percent of the population. Likewise, a fraction of a percent was going towards Black-led, Black-serving groups started by the community. So, like certainly we see there's very little resources on a proportional basis.

**Mark Blumberg:** One can definitely do a better job than we're doing right now, where you have a very small number of people basically representing the charity sector and in many cases, highly influenced by a very small number of actors who have a lot of resources, a lot of power, a lot of connections and that sort of thing, which is very unfortunate because charities affect so many people and their lives. That is not good for society.

**Liban Abokor:** I think the conversation needs to be, are we more concerned with the preservation of our organizations and assets? Or are we more concerned with addressing the issues of the moment, in the right way, at the right time? That's the issue, that's the question that we're gonna be faced with, in this incredibly unpredictable and volatile future that we're all hurling towards. And I think the best of us are going to say we can do more.

**Mary Barroll:** There are approximately 85,000 charities in Canada and the vast majority of them are small. The proportion of small versus large nonprofits, that are not registered charities, is similarly constituted. We wanted to get a clearer sense of what the Canadian nonprofit sector looks like, to understand who the big and the small players are, how they're funded and how much of a role they play in influencing the sector. Steven Ayer is President and Founder of Common Good Strategies, a social purpose consultancy that helps clients use data and evidence to make meaningful and lasting social impact. He's worked on some of the most influential reports about the Canadian nonprofit sector in recent years. According to Steven Ayer, all the data and evidence points to a nonprofit sector made up of Have and Have Not organizations, more precisely, a small *minority* of the Haves -- and a *vast majority* of Have Nots.

**Steven Ayer:** Yeah, no matter which way you slice it, the vast majority of organizations are small. The vast majority of organizations don't even have resources to have staff, and that is because they have next to no resources. We know there's about 85,000 charities. If we look in terms of size, about 55,000 of those have less than \$2 million in revenue. Several thousand are really large, with more than \$25 million in revenue. And then you have a bunch of in-betweens. So, we look and see, there's really a relatively sizable number of folks who have no staff whatsoever, probably about half of the charities in the country. And then, on the nonprofit side of things, we see that there's probably a similar number of nonprofits in this country as there are charities. And in

terms of size, a lot of them are on the smaller end. When we talk about charities, we have everything from hospitals, universities, colleges, some library boards, school boards, rolled in with your small, local organization that might have absolutely no staff, a whole bunch of volunteers enthusiastically doing something, any of the other ones that are some of the largest organizations in the entire country. And these are all wrapped up in the concept of what we call charities. And often when we're talking about a charitable sector, it's sometimes important to distinguish, are we talking about community nonprofits, which really refer to a lot of those organizations or are we looking at some of more governmental ones, those hospitals, the ones, like universities and colleges, that are very heavily funded by government or school boards or things like that, versus some of the ones that might be funded predominantly by donations or fees, on some of the services that are provided in the community or support from foundations. And there is certainly a very large difference between a lot of these different organizations.

**Mary Barroll:** And the differences are dramatic. To help us further understand exactly what these differences in the sector look like, we asked John Hallward for his insight. A former market research entrepreneur, John Hallward founded the Canadian charity GIV3 and the social enterprise research firm, Sector3Insights. John Hallward says the best way to understand the sector is to visualize a pyramid. As he explains it, a small number of well-funded, large organizations are at the very top and the vast majority of small, underfunded organizations are at the bottom.

**John Hallward:** It's a very broad pyramid, if you will, of hierarchy. Over half, 55% of nonprofits in Canada, have zero staff. So, basically supported by volunteers, full or part-time. Then there's about another 20, 25% that have fewer than five. So, in total, 75% of nonprofits in Canada have fewer than five people working.

At the other end, you probably have about five or six percent who have over 100. So, there's a very wide-based pyramid, if you will. In terms of revenue or asset, in their play, but operating revenue year in and year out, something like 90 percent of it goes to six percent of the organizations. So again, a very broad pyramid with very few getting the lion's share, 90%. 90% of the assets, they have 90% of the revenue. It's not really a whole sector, if you will. It's very much those with the assets and the revenue and then everybody else.

**Mary Barroll:** Well, this certainly doesn't make the Canadian nonprofit sector sound very fair or equitable, does it? Mark Blumberg is a partner at Blumberg's Professional Corporation law firm, advising nonprofits and registered charities in Canada and abroad. Mark Blumberg says, in the Canadian nonprofit sector, money *does* talk. But should it? He doesn't think so.

**Mark Blumberg:** I guess I would start off by saying our society is not fair and equitable to begin with. So, I wouldn't assume that the charitable sector is fair and equitable, just to start with. But no, I would say it's extremely unfair and inequitable. And what we can

at most, in my humble opinion, try to do is have it be more fair and equitable. So, not ever going to be that a billionaire and an average charity worker are going to have the same voice. It's probably not going to be the case.

But one can definitely do a better job than we're doing right now, where you have a very small number of people basically representing the charity sector and in many cases, highly influenced by a very small number of actors who have a lot of resources, a lot of power, a lot of connections and that sort of thing, which is very unfortunate because charities affect so many people and their lives. And then when things are done that reflect just certain narrow interests, that is not good for society.

### **SFX: Buzz and applause**

#### **News clip**

<https://www.youtube.com/watch?v=zmKxZf-cljw>

“I have a question. Have you ever wondered who foots the bill for Canadian philanthropy? Many of you might say donors, and I'd say you're wrong. My answer is, we all do. This isn't just semantics. It's about power, accountability, and the fundamental future of philanthropy, in this country. If donors alone foot the bill, as too many people believe, then we accept the system where a small group of wealthy and well-intentioned people wield unaccountable influence over our nation's charitable efforts. Free to provide rivers of support to some, while leaving others in drought. But if we all contribute, the picture looks a little bit different. We'd all have a say, and an expectation to benefit. I contend that our perspective on this fundamental question determines whether we can or even want to shift and redistribute power in Canada's philanthropic landscape.”

**Mary Barroll:** That is Liban Abakor, the CEO of Reimagine LABS, addressing the audience at a Walrus Talks event, in a speech entitled “Shifting Power in Philanthropy,” in October of 2024. Just a few years earlier, he co-authored an influential report that made many in the Canadian nonprofit sector reevaluate their funding priorities, all against the dramatic and disturbing backdrop of the inequities revealed by the pandemic, the Black Lives Matter movement, and the revelations of mass graves at former residential schools.

### **SFX: Buzz**

#### **News clip**

<https://www.youtube.com/watch?v=nJb8zOaqiL4>

“Here in Canada today, in Toronto, there were protests as well. Large crowds gathered, on the street, blocking traffic as well. People protesting racism, both against the African Canadian community, but also anti-Indigenous racism that they were protesting.”

## News clip

<https://www.youtube.com/watch?v=7GmX5stT9rU>

“Black Lives Matter! Black Lives Matter! This is sovereign land you’re trespassing! Stop! Stop! Canada has been really good at convincing itself and the world that the terrible things that come out of colonization somehow didn’t happen here.”

## News clip

<https://www.youtube.com/watch?v=UpHbhVE1yTU>

“What do we want? Justice! When do we want it? Now! What has yet to be seen is the mass change and the mass transformation of our systems that we have asked for. No justice! No peace! Politicians are hearing it, the police are hearing it, but they are not doing anything about it. Our team also talked about what concrete steps this government must take to fight racism and build a more inclusive Canada. Black Lives Matter!”

**Mary Barroll:** In 2020, when society’s systemic inequities were pushed into the limelight, the Network for the Advancement of Black Communities and Carleton University’s Philanthropy and Nonprofit Leadership program published a report called *Unfunded*. The *Unfunded* report revealed philanthropic disparities affecting Black Canadian communities, and the Foundation for Black Communities was founded, establishing Canada’s first philanthropic foundation dedicated to investing in these communities. Liban Abokor co-authored the *Unfunded* report. In light of the fact most of the 85, 000 Canadian charities are very small, and only the very large ones appear to have the government and other regulating bodies’ ears, I asked Liban Abokor to tell us what we can do to ensure that smaller organizations have a place at the table.

**Liban Abokor:** Let’s start with language. Let’s not call them small. Let’s call them what they are. They’re unfunded. Their size is directly correlated with the lack of resources that they have. But if you look at the issues that they’re dealing with, the populations that they’re serving, those are exactly the ones that our sectors say that they care about. And more importantly that the government says they care about. The language of our governments, so, recently have been the middle class. That’s the big middle. And that’s exactly where these unfunded organizations often live. I think we need to reimagine the language that we’re using. We need to be thinking about, is it bad that the universities, hospitals and arts foundations, institutions are getting lots of funding? I don’t think we need to say that that’s wrong. I think we should continue to invest in those areas. And I think we need to take the challenge to fund even more to these other groups. We can do both. We don’t have to do one or the other.

The *Unfunded* report was simply confirmation of the things we understood intuitively

and through experience, as well. And so, when we were telling folks Black communities aren't being funded, I think there were really well-meaning leaders that said, no, of course we fund Black-led organizations. Have you not seen our support for the YMCA or the local Boys and Girls Club or such and such? And we'd say, no, you're right. They absolutely are groups that are supporting Black communities. But what we're talking about is a little bit deeper than that. We're talking about those groups that are designing solutions by the community, for the community, in a way that meets the needs across the country. While we wish there would be Boys and Girls Clubs and YMCAs in every community, there simply aren't. So how do you find more approximate local solutions? And how do you ensure that those solutions reflect the people using them? And that's why the foundation was stood up. What it found was something remarkable, that only seven cents out of every \$100 was going to support Black-led organizations. And the moment that report came out, I think it was a sobering reality for so many of my colleagues. Many called and said you know what, we were wrong. We thought we were doing enough, but it's clear we can do more. And that, that was a breakthrough moment for us with that report.

**Mary Barroll:** I asked Liban Abokor what the Report found as the underlying reasons for the lack of funding going to Black-led groups.

**Liban Abokor:** I think there are multitude of reasons. I'll go through three quickly. Number one, I think it starts with relationship. When we look at the boards and staffing of large foundations and charities, we can honestly say they don't represent the communities that are often overlooked. And that's not a coincidence. If you don't have relationship experience or location with those communities, it's not that you don't care about them, it's that they're not top of mind. Their issues and how to help them may not be top of mind. In fact, I've heard folks say, we don't want to impose solutions on those communities and we're looking to build relationships. And so, I think that's one. I would say, I think we probably need to do a better job of how we recruit our boards. And I think we need to reimagine the way that we hire as well.

Number two, I think there's some practical issues around a lot of the Black-led nonprofits, somewhere between 70 to 80%, according to the data, that we've been collecting at the foundation, are non-qualified donies. And up until recently, I think there's been a reticence, some anxiety around funding non-qualified donies and the administrative burden that they face. Then the third is no one has funded you before, so I don't want to take the risk of being number one. And that's the problem, right? That last one for me. Just because no one has funded that organization before. So, what you look is their financial capacity. Have they handled money before? The foundation doesn't look at that. For FFPC, when we are reviewing applications, we don't judge you based on whether or not you've managed money before, gotten money before. That's not an indication of trust to us. The greatest indication of trust is do you know the issue? Do you know your community? Do you have a feasible plan? And are you committed to delivering it? And then we trust that you're going to be able to do that. And so, I think the last question around, how do we become less risk averse and more hopeful in

supporting organizations, has probably been another reason.

So, those are some of the reasons we found people not wanting to fund a lack of relationships, some of the technical issues around supporting non-qualified donies, and the final one, people are afraid sometimes to be the first, which is a shame. I think we should all be excited about initiating something.

**Mary Barroll:** It has been a few years since the Unfunded report came out and I asked Liban Abokor if things have changed since it was first published.

**Liban Abokor:** That's a great question. The answer is yes and no. There are groups like the Definity Foundation that emerged after 2020 and now include Indigenous and Black communities, as a core part of their constituency. You have groups like the Vancouver Foundation, you have groups like Toronto Foundation, you have groups like Laidlaw and Inspirit and so many others, our partners, including MLSC, Canadian Tire, all of them who've made conscientious and concerted efforts to fund Black-led organizations directly, not tangentially, not as a part of their overall work, but in meaningful and specific ways. So, we've seen that. The challenge is, have we made up the gap? Black communities represent nearly 3.5% of the Canadian population. By 2036, we'll represent nearly 5.5%. So that means for every \$100, we should be getting somewhere between \$3.5 to \$5.5. If you want to be equitable, then we should actually see that number be dramatically bigger, because many of the disparities that we want to address are disproportionately affecting Indigenous and Black communities. So, my answer is yes, we've seen some positive steps, including the establishment of the Indigenous Peoples Resiliency Fund and the Foundation for Black Communities, who in our own case just distributed \$9.5 million to 161 groups. That would make us, in a number of provinces, the single largest investor of Black communities outside of government entities. And that's something that we're proud of, but I think the sector should be concerned by because there's a lot of bigger players than us that should probably want that title.

**Mary Barroll:** And the data bears that out. Steven Ayer agrees that traditionally marginalized groups such as Black or Indigenous-led organizations continue to be disproportionately impacted by existing inequities in funding. And even when increases occur in the short term – they're difficult to sustain in the long term.

**Steven Ayer:** So, if we look at funding, within Indigenous communities, Charity Law did an analysis of the amount of funding going from foundations to Indigenous organizations. And they saw it was about half a percent of all granting went to Indigenous organizations or Indigenous groups. Half a percent and Indigenous peoples represents about four and a half percent of the population. The Unfunded Report likewise found a fraction of a percent was going towards Black-led, Black-serving groups, started by the community. Certainly, we see there's very little resources on a proportional basis. So, if we start from where that is, even if there has been an improvement, it still has a long way to go. In terms of improvement, we do see data from

Canada Helps, in 2022, there was a pretty sharp increase in the amount of giving to Indigenous causes from individuals. Of course, with a lot of the sorts of increases we saw, similar increases at certain points of the pandemic, with increased funding to Black and other marginalized groups. There's a huge peak and then it declines and often does stay higher than it was before. But initial waves of enthusiasm can be hard to sustain.

**SFX: Song, Money makes the world go round, Liza Minnelli**

“Money makes the world go round, the world go round, the world go round. Money makes the world go round, it makes the world go round.”

**Minnie Njeri Karanja:** There is a large section of our sector that is loud, has the means to be loud, the means to reach the right people within governments and in other influential areas to advance their own needs. And really, that's the reality.

**Mary Barroll:** That's Minnie Njeri Karanja, the Founder and Executive Director of Impact Weaving Coaching and Consulting, a social enterprise which offers educational resources and services on charitable status registration, fundraising and executive coaching. She's also a former member of the Advisory Committee for the Charitable Sector, a consultative forum for the Government of Canada to engage in meaningful dialogue with the charitable sector. For Minnie Njeri Karanja, her experience has shown her money *does* talk in the nonprofit sector. We asked her which organizations have the loudest voices and the impact that has on the sector.

**Minnie Njeri Karanja:** There is the larger organizations that they have the means, they have the political influence. They've been around for a very long time and have built critical relationships. There's an unfair opportunity that some organizations have, just by the way they have benefited from capitalism, the way they've benefited from racial injustices that allows them to continue to advance, while others are going backwards, they're not having access to as much funding, they're not able to influence policy in the same way. So, I think really, the larger organizations, they have a real responsibility to make sure that when they speak, when they find themselves in these places of influence, that they are not going alone. They're going with other smaller underrepresented charities and groups to be able to say, we are truly representing the needs in the sector.

**Mary Barroll:** So, if we accept that the vast majority of voices of smaller, underrepresented charities and nonprofits are not being brought to the table, and we accept that the organizations at the table are a few large and well-funded ones, let's follow the money to find out how much of a disparity there is between the top and the bottom of the pyramid of hierarchy John Hallward describes. Steven Ayers says the disparity of resources among nonprofits in our sector is enormous and the consequence on their respective abilities to influence public policy is obvious.

**Steven Ayer:** I think in terms of resources, it's only a select number of organizations

that are able to actually have resources for dedicated public policy staff. And I mean, certainly anyone who's able to invest in that is going to have a disproportionate share of voice on anything around public policy. So, a lot of the conversation around how charities should be regulated, home in government for charities, these sorts of things are very concentrated on this constant question of federal funding. And for most of these nonprofits, that's a very distant question for them. Where they are very, very concerned with, how am I going to keep the doors open? How am I going to pay the bills? How do I give a raise for staff? How do I make sure that my staff are getting adequate compensation?

**Mary Barroll:** Steven Ayers says we can see the enormous disparity even as it relates to compensation for the employees who work in the organizations.

**Steven Ayer:** So, hospitals, universities, colleges, typically we look at pay, they're paid about the same as a typical worker in the economy. And I think when we look at the nonprofit side of things, where the community nonprofit, a lot of the spaces might think about social services, like homeless shelters, food banks, some of these arts and culture nonprofits or recreation organizations. This is where we see a real big difference with about 30% lower pay and that's one of the initial inequalities, we see a really striking difference in terms of compensation for folks who are working in that community nonprofit sector. And of course, that is flowing from some of the choices around how they're funded. Many of those government-funded nonprofits do receive substantial amount of funding from government. And part of that is going towards relatively strong compensation for those who work for them. For the community nonprofits that are often smaller, don't have as regular funding, we see this really large disparity in terms of wages. And really does flow a lot of different things as well, because in terms of money for infrastructure, money for administrative costs, money to invest in new programs, like there's a lot of gaps that's there, as well, for the community nonprofit sector.

### **SFX: Sound of coins dropping**

**Mary Barroll:** And there's more recent data from the Changemaker Wellbeing Index, by Future of Good, that paints an even starker picture. Steven Ayer worked on the 2025 report, based on surveys of nonprofit workers about their well-being. The biggest challenge was to connect with frontline and service workers who have much less time and resources to fill out surveys.

**Steven Ayer:** When we do even surveys of workers, we tend to get folks from relatively large organizations, relatively resource organizations, who have the time to fill out a survey.

### **SFX: Sounds of typing**

And so with that project that's coming up shortly, the key thing was really trying to get like, what are the frontline service workers feeling? What are their needs? What's the

state of their mental health, their burnout, their food insecurity? What do they feel about their jobs? And I think like you're trying to do more work to really try and reflect the experiences of the typical person and opposed to just some of the relatively more senior, relatively better paid folks that are often the folks who are answering surveys or have the time to be involved with consultations.

**Mary Barroll:** When they were able to connect with the front-line service workers, what they learned was shocking and disturbing.

**Steven Ayer:** One of the things, when we look at the results from our surveys, about a third of nonprofit workers in the survey were food insecure. And that rose above 50% among some of the service workers, particularly frontline service workers. And so, when you think about some of their perspectives, I mean, half of people who were doing service work in the nonprofit sector say they're food insecure. For a lot of people, like that is an utter crisis, and that is their day-to-day lives. And so, a lot of these other issues, I don't think they necessarily say they're not important but, like, in terms of their, you know, day-to-day sort of emergency needs to, like, have enough food to be able to eat, to feed their families. Like, these are really pressing issues that I think a lot of people, their predominately concern is like they're not being addressed. When you have a 50% food insecurity rate, that is a gigantic number and one that's going to be people's predominant concern for a lot of people, maybe even a huge portion of the small organizations. Like, that is their day-to-day reality. They're wondering if they're getting paid nowhere near adequate for what they need to thrive. So, this is, you know, their day-to-day concern, where for some of the folks who are representing the sector and who have the loudest voices, they're usually relatively well-paid, relatively secure spaces, so, they have the luxury, sometimes, of thinking about some of these other issues, where folks who are in the most vulnerable positions, their basic needs are not often being met.

**Mary Barroll:** When frontline service workers – paid employees at the vast number of small community-based nonprofits and charities, who toil on the front lines to serve their marginalized, impoverished, unemployed, disabled, drug-addicted or homeless clients in our society – when a full 50% of those workers report that they are themselves food insecure and struggle to make ends meet and feed their families – is it any wonder we rarely hear their voices? Money talks – empty pockets have no voice. A huge number of our sector's workers become the muted voices of the underpaid.

### **SFX: sounds of people talking in an office**

**Steven Ayer:** I'm sure a lot of people feel like their voices aren't heard. I think the funding will always be the number one issue. And people certainly feel, now more than ever, that demand for services has exploded, the funding has not. And all they really can tell is for whatever reason, resources are not flowing to help accommodate that. And I think the gap will be more why is this not being addressed? In terms of feeling voiced, when you don't see the results, that's probably one of the biggest gaps in terms

of how people feel about whether their perspectives are being reflected by any of the levels of government.

**Mary Barroll:** All of this begs the question as to why large organizations have the staff and capacity for advocacy, while smaller organizations do not. Steven Ayers says it can partially be explained by looking at who is doing the funding and donating, and where that money flows. And the data shows that the distribution of funding among nonprofits is extremely concentrated and the disparity between the Have and the Have Not organizations is growing – fast!

**Steven Ayer:** Pretty much whatever line item you're looking at in terms of funding, whether it's funding from government donations, funding from foundations, it's incredibly concentrated, no matter what way you slice it. In 2022, we saw about \$21.9 billion were reported by charities on their tax returns. Of that, the top 150 receiving charities reported total donations of \$8.2 billion of that. So, that's just 150 charities making up, not quite half, but a pretty sizable portion. When we go to a slightly larger share of organizations, that have at least \$25 million in annual revenue, we see \$8.8 billion in tax-receipted gifts. So, it's really concentrated. And one of the things as well, when we look over time, we see this inequality has grown quite substantially. So, over the last decade, as an example, a recent review by Imagine Canada looked at how much tax-receipted gifts increased overall and found in general, adjusting for inflation, the amount of tax-receipted gifts going to charities increased by 22% over the decade ending in 2022. And of that increase, 66% of it went to those top 150 organizations. Small organizations, the ones that make up the majority of the sector, on an inflation-adjusted basis, actually saw their share of their total revenue decline. So, organizations in the middle saw a bit of an increase, but a few organizations saw a gigantic increase, really taking the lion's share of the increase in tax-receipted gifts. And the majority of the organizations actually saw an inflation-adjusted decrease in the amount of donations they're receiving. We started off very concentrated and then as the decade has progressed, we've gotten far more concentrated, into a system that was already pretty concentrated to start with.

### **SFX: Money Talks song excerpt**

**Mary Barroll:** Here is where we can see *again* how money talks. This highly concentrated wealth translates into well-funded organizations having more capacity and resources to influence public policy; and likewise, their wealthy donors and funders have more of a say in setting the sector's priorities. John Hallward speaks to us about who is doing most of the advocacy for the sector.

**John Hallward:** We can talk about 10% of organizations representing 90%, if you will. But 10% is still a significant number in the thousands. When it comes to advocacy, in terms of pre-budget submissions to the finance committee before each budget, 3 or 400 will submit something. If you look at the T3010s that all registered charities have to file, less than 1% claim any expense towards advocacy and GR initiatives in Ottawa. Less

than 1%.

So, you kind of look at who is getting their voice heard, who is representing themselves, I think we're talking half of 1%. We're talking about a very small group. Most of them are organized, larger or represented by a larger association, a membership or group who speaks on their behalf. But it's a very, very small, narrow group, if you will, speaking and having a voice in Ottawa. And they're certainly not representative, right? They're not representing the vast majority who don't have any voice or any agency. They represent their own interests and that represents a large organization that's well-funded or a membership of associated organizations that collectively have clout. It's very skewed, it's very quiet. And I think that's largely because the vast majority of the bottom 90% of the pyramid, don't think strategically for the health of the sector. These are largely charities with a few people who have big hearts, who are just trying to make a difference in their community. And they're very much preoccupied with the tactical execution of getting core funding, hiring staff, retaining staff, engaging staff and delivering charitable services. So, the ability and the freedom to advocate just doesn't resonate, really. They just don't have the bandwidth, and they just don't think that way.

**Mary Barroll:** John Hallward adds that the organizations that lack the bandwidth to advocate for themselves may also lack the courage to do so, in fear of rocking the boat and losing what little funding they have.

**John Hallward:** We often reach out to the operating charities to collect their opinions because I don't feel they have a voice in Ottawa. I don't feel they have much agency in Ottawa. And it's largely because, one, I don't know if they have the bandwidth to really express it. Two, they live in fear of their funders and getting cut off or upsetting somebody. So, they just kind of keep their heads down, if you will. And they're busy focusing on keeping the lights on and everything else.

**SFX: Voice of telephone operator:**

"The number you have reached is not in service at this time and there is no new number."

**SFX: Dial tone**

**Mary Barroll:** I asked John Hallward if he thinks fair and equitable representation is blocked as a result of sector leaders being too cautious about advocacy, given their need to protect relationships with their funders, donors, or members.

**John H:** I don't think the system works very well. So, you do have organizations that represent a collection of foundations or a membership of groups. There's lots of these kind of leadership-type organizations. So, in theory, they are more active, and they do have the ability to be more provocative and advocate for their interests. But even those groups fear upsetting their membership. They fear their funding models because they all

are head offices, if you will, of which they have to keep their constituency and their stakeholders on board. You can sense a real risk adversity and real resistance to change, because everybody was, to a certain degree, worried about the consequences of speaking out. And I think that's just unfortunately a symptom of the ecosystem that we have. That we're not motivated or rewarded by profit. We don't have a mechanism in our charity sector to reward risk-taking, to reward efficiency, and penalize those who are less efficient. So, in default to that, we kind of operate by different mechanisms. They're very undefined. And one of them is to survive. Just keep doing tomorrow what you did yesterday. Don't upset people. Don't lose your funders. Don't lose your membership. So, it's just got a built-in sense of process over purpose, survival, risk adversity. And that's largely how it happens.

**Mary Barroll:** Although the disparity between the Have and the Have Not organizations has increased enormously in recent years, the problem is not new and, over the years, efforts have been made to rebalance who has influence and bring more voices across a wider reach of Canada's nonprofit sector. From the emergence of umbrella organizations made up of nonprofit members, to changes to the advocacy allowance under the Income Tax regulations, to sector representation on Advisory Committees to the CRA, to calls for the establishment of a so-called "home in government" – a variety of strategies and initiatives have been explored. Let's check out how well they've succeeded in democratizing the system and bringing the voices of the vast majority of the nonprofits, in Canada, to the table. What's working? And what's not?

Let's start with the ongoing advocacy for a home in government. The Canadian charitable sector currently lacks a designated so called "home" within the federal government, meaning it's not explicitly represented or overseen by a specific department or ministry. Many believe that this absence can hinder the sector's ability to advocate for its interests and receive targeted support, potentially leading to it being excluded from government programs and initiatives. Organizations like Imagine Canada and the Advisory Committee on the Charitable Sector (ACCS) advocated for a stronger relationship between the government and the charitable sector, including the establishment of a designated home. The argument was that a "home in government" would provide a central point for policy development related to the sector, ensure its interests are represented in broader government policies, and facilitate a more productive partnership between the government and the charitable sector. The idea of creating a home in government was once proclaimed as a solution. Sounds like a great idea, right? On first glance, perhaps, but as our experts look closer, they have become less convinced.

Minnie Njeri Karanja believes there is a need for some kind of advocacy platform for the nonprofit sector, but not necessarily as manifested through a home in government.

**Minnie Njeri Karanja:** I feel that there is a leadership vacuum in our sector at the moment when it comes to advocacy. And I want to say, in terms of home in government, I'm not fully in favour of it. I think we need to have a conversation about

what that needs to look like. I say, the devil is in the details, in terms of how it might be organized, how it may be governed. Again, what we've seen or what I have observed in the sector is we have these larger organizations, with a lot of budget, to do advocacy government relations work, that it's very easy for them to influence policy, to say yes home in government, this is what we think the sector needs, without really asking the sector what it needs and asking, across the sector, what the needs are. So, I think there needs to be a way for the sector to organize that is obviously outside of the ACCS and outside of a particular government department. I don't think that being confined within one department is going to be helpful for us. I believe we need to have a body. I don't know how we can do it. It needs to be inclusive. It needs to be centered on gender equity. It needs to be focused on all the cross-sectional, intersectional issues and diversities within our sector, to be able to really move things forward. Again, I feel this is a body that needs to be outside of government but working very closely with all levels of government and across departments, to be able to be effective. And that's our challenge right now as a sector. But we need to have a place where we can come and have these conversations. Have mixed space and say, this is how we think we're going to do it. And maybe that's the work that we continue to build on, in the years to come. I don't believe it's easy to have people come together, build consensus around advocating for the sector, because every group, every organization has priorities that they need, but I really believe it's possible. It is possible.

**Mary Barroll:** John Hallward says the concept of a home in government is outdated and impractical and continuing to advocate for it is a waste of time and resources when new ideas are needed.

**John Hallward:** We have to, and I've said this to Imagine Canada. We have to stop asking for a home in government. That cannot be our number one ask. The sector's been asking as far back as 1974. And it's been denied all this time. I think, last summer, when Trudeau reshuffled his cabinet, he came up with one of the biggest cabinets in history. There was no home in government, right? So, the asks have been there forever and the opportunity to do it has been there forever and it's never been done. I think it makes for bad politics and that largely explains why. So, we have to start doing it differently.

**Mary Barroll:** Mark Blumberg agrees, saying although theoretically the idea has some merit, on closer scrutiny it would be impractical and expensive, and if implemented it could actually operate to close down charity access to government, to advocate for the sector and influence policy, rather than the reverse.

**Mark Blumberg:** I used to support this idea. Right now, I'm not a fan of the idea, first of all, because it could be very expensive. And who's going to be in that home in government? Who are they going to be talking to? And if it's the same people they're talking to now, that doesn't really make it any better. And I think some people in government would like a home in government for the charity sector. So, in other words, they can just keep on saying when the charity wants to talk to them, no, no, no,

you need to talk to the home in government. So right now, you have like 40 avenues to talk to, say, the federal government. You know, if you're healthcare, maybe you'll talk to Health Canada or whatever the case may be. When there's a home in government, are we going to have that all shut off and everyone just sort of goes through one thing? And some people might actually like that idea, but I don't think it's good if the charity sector to potentially have that. And if the ACCS, which we'll probably chat about, the Advisory Committee on the Charitable Sector is any sort of indication, not only will it be very expensive, it'll probably be very ineffectual, et cetera. So, I think that there's many pieces that go into why we have the inequity.

**Mary Barroll:** Mark Blumberg was right, I did want to chat about the Advisory Committee on the Charitable Sector, or ACCS. In an important initiative, the government launched the ACCS in 2019 to fulfill a recommendation from the Report of the Consultation Panel on the Political Activities of Charities, which aimed to create a permanent forum for government engagement with the sector, and for the sector to provide recommendations on emerging issues. The ACCS is co-chaired by representatives from the charitable sector and the Canada Revenue Agency and provides recommendations to the Minister of National Revenue and the Commissioner of the CRA, on important issues facing registered charities and other qualified donees, on an ongoing basis. Minnie Njeri Karanja served as a member of the ACCS from 2022 to 2024. I asked Minnie Njeri Karanja if she feels the ACCS did a good job of representing the diverse experiences and opinions of the sector, including in representing small charities.

**Minnie Njeri Karanja:** When you look at the ACCS's membership, it's certainly a diverse group. We're coming from different sectors. There's a lot of representation. However, what one takes time to uncover is the power dynamics. So, there is, in my opinion, an overrepresentation of large, white-led, really well-established organizations. And that means something. The ACCS, of course, is functioning within a colonial structure. And when there is this overrepresentation of these groups, one really has to wonder about what views and opinions are being advanced. During my term, we had one Indigenous organization and one Black-led organization. That's not acceptable. It's not acceptable today to have that sort of representation and be okay with it. There needs to be more voices. There needs to be an opportunity where we are today, the sector itself and the Canadian society, we're at a point of reckoning with the racial injustices and inequities, all the things that come with capitalism, the things that come with colonial structures, there needs to be a way that the ACCS needs to speak about these issues. It's there to represent the sector and the issues of the sector. We're there to offer our recommendations, yes, but there needs to be recommendations that are grounded in justice, equity, and inclusion. So, while I see the diversity, in terms of who is sitting around the table, it really is not. And having one Indigenous organization and one Black-led organization, really, it borders on tokenism to me. And there needs to be a serious discussion. There needs to be some uncomfortable conversations that are happening. And the other thing to note is with the power dynamics, it's not very clear how the Minister decides who the core chairs are. Neither the Black-led organization or

the Indigenous organization were chosen by the minister as co-chairs. Again, that's a co-chair, although conversations, our decisions are made in consensus, the co-chairs have a huge responsibility in driving the agenda. So again, who drives the agenda within the ACCS? Who gets to ask questions about where we go next? What is a priority? What is not a priority?

**Mary Barroll:** Minnie Njeri Karanja is quick to point out that although the ACCS is intended to provide recommendations regarding issues to the Charities Directorate, the primary regulator of registered charities in Canada under the Income Tax Act, it's not in fact an advocacy organization. It has a very limited mandate and scope of authority, which does not include the advocacy work that Minnie Njeri Karanja and many in the sector were hoping for.

**Minnie Njeri Karanja:** I want to go back to the mandate of the ACCS. And this is where it gets really interesting because the ACCS is just a forum for the government of Canada to consult and to understand what's happening in the sector. It's not a place for advocacy. And this is something that the group really had to grapple with, when we joined. The ACCS is not a place where we can have an opportunity to advocate for the sector. Again, there is no opportunity within the Charities Directorate itself. It's only one department within government and really does not have capacity to handle advocacy from the sector. Given all the issues that we're up against, the scope of the ACCS, working within the Charities Directorate, is really very limited to what the Directorate can do. Its scope of work is regulatory. So, for the sector to be able to do some advocacy work within a regulator, with a regulator is very challenging. There is a conflict and a friction, I would say, because they're looking to regulate our sector. They're not looking to give us space to advocate and talk about all the issues that we need to address. And that is why, when I talk about what the sector is up against today, it's not enough. There needs to be more than the ACCS. The ACCS is good to offer recommendations. And it was made very clear to us though, we cannot go beyond the scope of the Charities Directorate. It's very, very limited in terms of what it can do. If we are to find a place, it has to be outside of the ACCS to talk about what's happening south of the border, those are big issues beyond the mandates and the scope of work of the ACCS and of the Charities Directorate which manages the ACCS. So, I believe there needs to be more. The sector needs to think of organizing in other ways and not wait for the ACCS to do any sort of advocacy because the mandate was broad and it was not true to what the sector was looking for. I think there's not a lot of work that went to consulting the sector in terms of what the ACCS would be looking at, you know, like advocacy. We saw the terms of reference, and it seemed as though we would be able to do some advocating, which we tried, at the beginning. The charities, the rest is like, that is really beyond our scope because you're talking about advocating with other government departments. We don't do that sort of cross-work with other departments. We just work on our scope of work here and you're going to be within our scope of work. So, immediately that means that there's not much opportunity for the ACCS to do advocacy work. It can only do as much as it can within the scope of the CRA.

**Mary Barroll:** And Minnie Njeri Karanja is not alone in seeing that the ACCS's limited mandate hinders any role it could play in advocacy for the sector. Mark Blumberg believes that while the ACCS has played a role in opening up dialogue between the nonprofit sector and the CRA, it is both expensive and ultimately ineffective in making meaningful change on the big issues most charities care about – and he thinks that may be by design – in other words, a feature not a bug.

**Mark Blumberg:** When this thing was proposed, quite a few years ago, it was sort of like you'd have this council of 14 or 15 people, a few from government, but mainly from quote unquote charities, but some of them are law firms, some of them are from umbrella groups that are nonprofits. Some are from CPA Canada, or they're from the law society or Canadian Bar Association, whatever. So, that was what was proposed, and it struck me as, whoa, this is a lot of money. They're spending \$5 million on having this consultative thing. And it's basically about dialogue and consultation. And I should start off with, I think dialogue and consultations are good things. I would say the charities director of the CRA probably does more consultations than any government department that I'm aware of, in Canada. But here's the thing. If CRA spends a huge amount of its time on this, it doesn't have time for other things. So, it's a balance. We want to have consultation, but we don't want to have an ad nauseam, forever, that really makes it almost impossible for CRA to do other things that it really needs to do. Cause it's got certain mandatory statutory obligations, you know, supposed to deal with the T3010s. It's supposed to revoke charities. It's supposed to come up with guidances to help people understand, et cetera, et cetera. So, this is maybe somewhat helpful in some ways, but it can also be very negative. And it's obviously 14 or 15 people, when you're trying to talk about representing this complexity of the charity sector, is very difficult. But, you know, in the beginning, the first two chairs, you know, one was the head of one umbrella organization and the other was a former head of another umbrella organization. So, you're basically getting similar types of views as you'd get from those same umbrella organizations. You know, which makes sense because there are chairs of that and some of the other people picked on there were like that. So, it is what it is. It really is a consultative body with the Minister of National Revenue. And now we know the Minister of National Revenue's job is to enforce the Income Tax Act, but they don't get to make major changes. So, in fact, it's really with the wrong government body to start with. But it doesn't make sense. Look at, most of the issues they're dealing with are not things that CRA can solve. So, it doesn't make sense in a way, that it's an advisory committee, the CRA. But fundamentally, yeah, it's been used by the government as a way to avoid responsibility. Oh, we're discussing it with the Advisory Committee. And then three years later, we still haven't gotten anything. The first report took years to come out and it had like three recommendations, none of which, I would say, are very important recommendations, in the big picture, compared to some of the things that I would think most charities are really looking for. So, it's very slow and cumbersome, expensive as can be.

**SFX: Sounds of coins dropping.**

**Mary Barroll:** It seems that, however well-intentioned the establishment of the ACCS was, and how hard its members worked, many in the sector, including Minnie Njeri Karanja, who actually served on the committee, now recognize its mandate, as a consultative body to a regulator of the sector, is extremely narrow and limited, and that the ACCS has no authority to act in a capacity that can influence government policy generally. And further, any hopes that nonprofit leaders had invested in the prospect of the ACCS becoming a vehicle for advocacy for the sector, was mistaken and misplaced. So, if ACCS isn't the answer, who should advocate on behalf of the sector, on those big issues that most charities and nonprofits care most about? What about those umbrella organizations that Mark Blumberg mentioned? There are well known and influential umbrella organizations that purport to advocate on behalf of the whole sector. But do they? Whose voices actually get heard? This is what John Hallward tells me.

**John Hallward:** Most of these organizations don't have a real mandate to speak on behalf of the sector. They can speak on behalf of their members because, presumably, if you become a member of one of these organizations, you buy into and you support what that leadership of that association is all about. I'm not aware of any organization that has more than a thousand members or supporters who've signed on. So, you have seventy-six thousand operating charities. So, who speaks for the seventy-five thousand others than the one thousand. Most of them only have a couple of hundred members or so.

**Mary Barroll:** Minnie Njeri Karanja agrees. And what's more disturbing, from her point of view the most influential umbrella organizations fail to reflect -- not just the diversity of the organizations that exist in the Canadian nonprofit sector -- but the diversity of the people that make up the communities it serves.

**Minnie Njeri Karanja:** The thing that I observe, right now, is that majority of the network organizations that have the bandwidth, the budget to be able to do all this advocating on behalf of the sector are, again, really well-established, white-led organizations that don't have a lot of membership of these smaller charities. So, that's why I believe that there needs to be more than the network organizations that are speaking, quote-unquote, on behalf of the sector, because I really don't truly believe that they are all speaking on behalf of the sector. And sometimes, I have found that network organizations are only representing the organizations under them. And that, because it's a section of the sector, makes it appear as if they're representing the rest of the sector. Well, that is not true. Some of these network organizations are really large and they have membership in the thousands. Just having a large membership within your organization does not mean that you're representing the sector. You're only representing part of the sector. And a lot of what some of the larger organizations, again, they're representing the majority mainstream organizations. The question is, where are the smaller charities? Where are the smaller, underrepresented communities that are grassroots, for instance, that are not members of this larger organization, these larger network organizations?

And that's where the equity piece is missing. I don't believe they're limited. And I truly

believe that they can make space if they wanted to. They have the budgets. They have the time. They can go out and cultivate relationships across the sector and really be a representative for the sector. It is possible. Unfortunately, it's the case that it's about advancing the needs, the issues of one part of the sector without really representing the rest of the sector, but making it appear that it is on behalf of the sector, again. So, I don't believe there's any limitations there. It's just maybe a willingness, the will that's missing and we need to cultivate that in our sector, the collaboration and making space and room for others. And how do you make room, however, in addition to meeting the needs of your membership, how do you make room for others that are not part of your membership and really think holistically about advancing all the issues in the sector? I think that's a challenge.

**Mary Barroll:** Liban Abokor agrees there isn't enough diversity in the voices and the organizations that are involved in these discussions. He believes even the organizations themselves recognize it – which is why he is often asked, by the umbrella organizations, for his contribution – albeit in the eleventh hour.

**Liban Abokor:** I think everyone recognizes that there isn't enough diversity. That's why at the very last minute, folks reach out to us and hey, we're doing such and such a thing, could you be a part of it? Or other partners. So, I think we know that there isn't enough diversity. I think that there's too much politeness. There's too much deference to the pace that tolerates human suffering in ways that should alarm us. We've become detached, frankly, as a sector, reducing people to data points and treating crises like academic exercises. I think that is another problem. So again, I'd say that we need a renewed sense of urgency. You know, advocacy should be redefined to center those who've historically been sidelined, not as an afterthought, but as like a fundamental design principle in the way that we approach it.

Look, I say this with deep respect, especially as many of the folks, many of my friends and peers are the ones leading the work within these umbrella organizations and networks. They know it's not working. They know the way that we're doing things doesn't work. And it's certainly not their fault entirely. You know, you can set all the right objectives, but if the tactics that are deemed acceptable, aren't suited for the urgency of the moment, the result is inertia.

**Mary Barroll:** Mark Blumberg agrees there's an urgent need for change. He believes the vast number of nonprofits don't have the resources or the bandwidth to take on advocacy beyond their specific missions, so inevitably rely on umbrella organizations that are held captive by the interests of their own membership.

**Mark Blumberg:** So, in Canada, a lot of organizations are blissfully unaware. They're working hard to deal with, you know, homelessness or whatever they're dealing with. But when it comes to bigger issues like regulations of charities and things like that, most groups are not really paying attention. They're unaware. They're hoping that the umbrella organizations will take care of things. In many cases, the umbrella

organizations are somewhat captured because they need revenue. So, they go to companies, for-profit companies, they go to big foundations to get money. And in the end, if you do things that are different than what those big companies or big foundations want, you probably aren't, in the future, going to be getting as much or any money from them and things like that. So, they're in a difficult predicament in a way.

We have a lot of umbrella organizations in Canada, a lot of different ones. Many of them have small budgets, maybe one or two or three staff people, you know, there's only so much you can do. And some of them are actually very effective. They're very good at doing what they do. But many are not. So, yeah, no there's a lot of weak organizations. There's too many of them. And some of them have had the same leadership for like 20 years. We're in a dynamic world, a changing world, you're looking for new leadership or whatever, you might not see that because when your leadership doesn't change in a long time. Many of them are just captured. And it is what it is. So they get their own money where they're to get them from: individual donors, they're going to get them from corporations, they're gonna get them from other charities, they're gonna get them from membership fees. And what often happens is, some groups that have very strong opinions on certain topics, like the DQ, will come forward and oh, I'll be your platinum member, and I'll pay, you know, 50 grand this year. But there's a quid pro quo and the quid pro quo is, well, we're very interested in a particular issue, and we'd like you to go that way. Now they may not say it that way. You know, umbrella organizations that have very little clout. So, the governments are very happy. They'd rather one group represents the whole charity sector. They're very comfortable with that approach. It's just not good for the sector. It would be good to have a group that is more strong and able to challenge government and both governments that are friendly and hostile. And unfortunately, we don't have that. So, we have what we have and, you know, maybe in the future they will either change or new organizations will come on the scene that can do a better job of advocating for stuff that is useful for normal charities.

**SFX:**

**Song: Money Talks, AC/DC**

<https://www.youtube.com/watch?v=2lqdErl9uss>

“Come on come on...living for the money ... come on, come one, listen to the money talk.”

**Mary Barroll:** In recent years, the sector has seen two important instances when advocacy appeared to work in a more equitable manner, allowing for the voices of small charities and nonprofits to be heard by government, to make needed changes. In other words, turning the pyramid upside down, so that the vast majority of smaller organizations are on the top – and their concerns are top of mind. One revolved around

the ability for charities to fund so-called non-qualified donees and the other concerned increasing the disbursement quota that charitable foundations were obliged to pay out for charitable work.

During and after the Covid-19 pandemic, and the political and economic unrest it sparked, the government relied heavily on the nonprofit sector. And in 2022, Parliament amended the Income Tax Act to allow registered charities to make grants to what's known as "non-qualified donees." This amendment was intended to allow registered charities to more easily fund grassroots community organizations that were not actually registered charities but rather, nonprofit organizations such as Indigenous, Black-led and other marginalized community groups.

### **News clip**

<https://www.youtube.com/watch?v=cm4VLN3fZ0w>

"Let me reflect on the role that charities have played in the dark of the Covid crisis. They have been at the frontlines, providing services to Canadians, essential services: foodbanks, shelters, mental health, counselling services. Earlier this year, the sector, in its distress, issued an urgent plea to the government to remove the "own activities and directions and control" rules, to help it to provide services quickly to people in need and that call was not heard. It is indeed high time, colleagues, to heed that call."

**Mary Barroll:** That was then Senator Ratna Omidvar, in her speech to the Senate, sponsoring Bill S-216, called the Effective and Accountable Charities Act, the essence of which was subsequently adopted by the federal government, in Bill C-19. These changes aimed to support collaboration within the Canadian charitable sector, allowing charities to work more effectively with a wider range of organizations to achieve their charitable purposes, including the many small grassroots community organizations that make up the vast majority of the sector. In an earlier episode of CharityVillage Connects about Bill S-216, former Senator Ratna Omidvar described the objectives as emancipating the sector from colonial red tape, to allow charities to work in an empowered relationship with front-line community groups.

**Senator Omidvar:** My proposal says, yes, accountability is important. We can get accountability, but we can get it differently. So that we are not imposing these colonial workarounds on partners who are in the field doing good work. In other words, emancipating the sector to do two things: one to continue to be accountable to the Canadian public for charitable dollars. That is incredibly important. But two, also to work in empowered relationships with local partners, overseas partners, Indigenous

organizations, racial minority groups, all these organizations who are doing essential public good, but are not charities.

**Mary Barroll:** It's perhaps not surprising that it was *also* during the pandemic, when the federal government relied on the nonprofit sector so heavily to deliver services and support to Canadians, that the advocacy from the sector to increase the minimum disbursement quota from charitable foundations picked up steam and gained traction with policy makers. In 2022, amendments to the Income Tax Act to increase the minimum annual disbursement quota from 3.5% to 5% were passed into law, increasing the amount of funds that charitable foundations were obliged to spend on charitable work. But that didn't happen without a long, long fight to do so, over many years. John Hallward explains.

**John Hallward:** Canada did have a 5% disbursement quota, and then it got reduced to 4.5%. Then it got reduced to 3.5%. Much of that happened under the radar, and there was not really a lot of advocacy or public debate about it being lowered. And in asking and trying to understand how did that happen, it largely happened by a few influential people pressuring the government to do that.

**Mary Barroll:** Mark Blumberg lays out the power dynamics behind the disbursement quota debate even more explicitly. For him, the resistance of many large, well-funded foundations to the increase of the disbursement quota, even of only 1.5%, was a litmus test that revealed their true motivations.

**Mark Blumberg:** The disbursement quota is definitely, it was the litmus test, in my mind. If, and there are many foundations who supported a higher disbursement quota, there are many foundations spending 10, 20% a year, they have no problem with an increase. So, I don't want anyone to think that foundations are uniformly opposed, but there are some very powerful foundations that have a lot of resources who are not in favor of an increase from the 3.5 to 5%. And so, it was delayed and delayed. Foundations who are getting a return of 15 or 20% saying some just want to keep the money, and they want the power for the future and for their grandchildren. And that's okay. That's, you know, if you're upfront about it, then at least it's a quicker discussion. But others were, no, we want to have greater impact, and we need to be able to have flexibility to do, you know, all these great arguments they're making. But it's like, you say, you're very concerned with poverty. How is keeping a hundred million dollars in a foundation just in investments on the various stock exchanges and other things, how is that really making the world a better place?

**Mary Barroll:** John Hallward explains that it was when the disbursement quota was reduced to 3.5% and a movement rose up to increase it, that many in the sector came to realize some of the problems of having influence so concentrated, in such a small group of people.

**John Hallward:** There were a lot of people expressing a view that the 3.5 was too low. They were not largely from large organizations that represented these foundations, because obviously the disbursement quota is a policy that affects grant-making foundations and how much they must disperse every year. So, it was coming from individuals, some of them very smart, some of them have been in the sector a long time, saying it needs to be increased. It didn't necessarily land on fertile soil; a lot of people were opposed. I think the ACCS, the Advisory Council to the Minister of Revenue, advised against increasing it. So there certainly was pushback. I personally got phone calls from foundation people saying, what the heck am I doing? Why am I doing this? And I know, others also spoke up and felt some heat because of doing it. It was one of the 41 recommendations from the Senate report from 2019. It's interesting to me that of 41 recommendations, only two, so far, have been meaningfully advanced. One was increasing the disbursement quota. The other one was the ability to donate to unregistered qualified donees. And you sit back and ask kind of, why those two? And I would propose that they made for good politics, and that the idea of increasing the disbursement quota was a morally right thing to do. It was respectful of taxpayers' money to allow taxpayers to see the benefit of the charity tax credits from the public purse being used in a more timely fashion than sitting on the sidelines in perpetuity.

**Mary Barroll:** John Hallward lays out what he thinks was effective about the advocacy around the disbursement quota increase.

**John Hallward:** We found fertile soil in Ottawa when we advocated for it, despite the opposition. And going back to this topic about voice and agency, I found in our advocacy work, in Ottawa, that if you conduct surveys and you bring the voice of the silent, and the beauty of these surveys, of the operating charities and also of Canadian taxpayers, is it brings their voice with anonymity. That they will participate in the survey and express their views because they know they remain anonymous. But the majority of the charities said, we think that a higher disbursement quota is a good idea. And then a poll with Ipsos of Canadian voters said, we think it's a good idea. So, bringing that to Ottawa, and in a sense, success is wrapped in good politics. And part of that is showing stakeholder support, being strategic. Calculating, crunching the numbers and showing there's low risk to the policy. And through that, to our surprise, selling the next budget, they announced that they were going to increase the disbursement quota to five. We were advocating for seven, some were advocating higher. And I've been advised that it's all about collaboration. You always have to meet in the middle somewhere. So, 5% it was.

But I think that's the nature of the ecosystem that we're in. So, 41 recommendations and only two have been adopted. I think it was because of good politics, and I think it was because of advocacy. And I think doing the surveys helped because it brought the voices of the silent people without agency. So, it happened, you know, hopefully for the right reasons and for good purpose.

**Mary Barroll:** It took a mammoth effort for this advocacy to actually be successful. It had been advocated for a very long time and perhaps it gained agency, because of its good politics and because there was solid data behind it. But why was there such pushback against it? John Hallward explains.

**John Hallward:** The pushback came from those who we heard from. So, we didn't hear from the 75,000 operating charities. Virtually none of them stepped forward to say, count me in. No surprise, I guess, it was the grant-making foundations who are going to be required, obliged to increase their annual disbursements.

So, the foundations that were under that five percent pushed back. They didn't want to have to do this. They didn't want to be told what to do. They thought it would be a threat to their existence in perpetuity, and they just weren't happy about it. So, they got airtime. They pushed their points of view, in the public domain. And as I mentioned, operating charities, even though there's 75,000 of them, and they're on the front lines, they're experiencing this growing charity gap in Canada, they're struggling, were silent. And they didn't dare upset the funders that keep them going, you know, so they were silent.

And then admittedly, Canadians aren't aware of the issues in the charity sector. Wholistically, they like charities, they trust charities, they believe charities play an important role. I would say that most Canadians don't even understand the difference between a charity, a private foundation versus a public foundation. So, when you start talking about endowments and stuff, so when we mentioned to them in our polling, we say, were you aware that foundations have \$150 billion sitting on the sidelines?

No idea. So, without that knowledge, they're silent. They don't pressure elected officials. They don't lobby their MP to say, fix the charity sector. It's just taken for granted. So basically, anybody who wishes to raise their voice gets airtime. And in this case, for the disbursement quota, it was largely the foundations who spoke out against it.

**Mary Barroll:** Minnie Njeri Karanja has this to say about what the disbursement quota conversations reflect about the sector.

**Minnie Njeri Karanja:** The conversations about increasing the DQ are quite heated as to what is reasonable. Why do we need to think about self-preservation rather than what needs to happen today so that tomorrow we are not dealing with the same issues. That was not an easy thing to navigate and I know that wherever we ended is because some larger organizations have a voice that could be heard in the right places and I hope, in future, we can have a different composition about how we handle such big changes that impact across the sector and how do we make sure that every part of the sector, every part of the charitable body is heard, not just the few that continue to hold onto resources and deny others.

**Mary Barroll:** There is an urgency to correct these inequities, says Liban Abokor, and he explains who is doing some of this advocacy work.

**Liban Abokor:** I think that there's this sense that we can wait, we can understand, we can study, we can look, have a longer view of things, when that's not the case. The saying is you can wait for a rainy day, but if you look outside and it's pouring, we should bring out the umbrella. I think that we can do more, and we can do faster, and we can be more demanding of our folks in the public policy sector. And frankly, I'm seeing more and more communities do that better. Most recently, we were in Ottawa, a group of Black-led organizations and doing direct lobbying and policy advocacy for issues that matter to us, including sustaining some investments we saw in 2021 and 2022, to support Black communities. So, I think there's also a responsibility on our side to say, you know, no one's closing the door on us. We've got to figure out a way to ensure that we're also at the table, that our voices are being heard. And I think we're not only learning how to do that now, but we're becoming pretty successful at it.

**Mary Barroll:** So where do we go from here? How do we overcome the obstacles of an old guard of wealthy organizations holding most of the power in the sector, galvanize the power of numbers of small nonprofits and make sure that every part of the sector is heard when making change and finding solutions? John Hallward has this to say.

**John Hallward:** So, you sit back and say, okay, so who really is leading this sector? Who has the right to speak? And some people said to me, like, who gives you the right, John, to speak for the sector? And I don't think you have to wait to get given permission or to get asked. If you see a problem and you think you have solutions and you can justify the solutions and do the data and collect the surveys, anybody should have the right to do it.

**Mary Barroll:** I asked John Hallward to tell me how he thinks we might do things differently, knowing that the old system isn't working. He believes it's time for the establishment of a social sector fund to finance a fit for purpose agency tasked with developing a strategic plan for the nonprofit sector. Here he is explaining his vision for a solution.

**John Hallward:** I have a solution. So, the solution we have is, and advocating for, is the creation of a social sector fund that would bring resources for the sector outside of the political ecosystem, outside and away from the public purse. It's a fund with a fit for agency, fit for purpose agency to receive those funds and allocate them, according to the strategic plan, to achieve empowerment of the sector as a whole, not to invest in food banks or cancer research, not the tactical mission, but the sector as a whole and to address, for example, declining generosity, to put measurement in place to better monitor what we're doing, you know, kind of more strategic issue type things. And to fund it, I want to tap in at that one quarter of one tenth of 1% of foundations' assets. That requires a policy change in Ottawa. Asking them, mandating them to do that, allow it to count within foundations' disbursement quota. It's a grant. It doesn't go in their overhead, which they're very protective of. It goes into their grant budget, counts in their disbursement quota, no extra financial obligation on them, and it's a rounding error. It's

very small. But collectively, that would generate about \$40 million a year to then invest in the strategic plan, which would be its first mandate. The first thing it has to do is a strategic plan, for which it then knows how to allocate the funds. It would provide a predictable ongoing funding model. It's outside of the public purse. So, it's not like the next government would come in and say, oh, there's a budget item. Cut, cut, cut. We have precedent. If you buy tires today in Canada, new tires, there's a mandated \$5 tire recycling fee that the Canadian Tires and the Goodyear Tires of the world have to collect. It goes to the rubber association, doesn't go into the public purse, into the tire recycling program because that's a public good.

So, we already have this mandated kind of model outside of the budgetary office and the mechanisms of politics. We just want to borrow that idea and apply it to the charity sector. So, we could stop asking for Ottawa for more money all the time. And I think both parties have expressed, in this election, that they're not just going to invest in all these expensive overhead things that they have to be very focused on what they're doing in terms of the tariffs, et cetera, et cetera. I don't think they're just going to start throwing money at the charity sector. They haven't done it in the past. I don't think they're going to do it now. So, this type of social sector fund really empowers our own sector to get on with fixing its own problems without asking Ottawa, with a strat plan. So, to me that's innovation, that's change.

**Mary Barroll:** Judging from the conversations we've had with our guest, it sounds like the nonprofit sector might be ready for some of that change and innovation. So, to wrap up this episode on money and influence in the nonprofit sector and how to right the imbalance and inequity that presently exists, I asked each of our guests what they think needs to happen to create more equity, give voice to the voiceless, and in what ways the sector could change to better reflect the communities it serves.

**Minnie Njeri Karanja:** We know who needs to be around the table. Government does not. And that is why some of these larger organizations have been able to continue succeeding. It's because they don't know the sector. If a well-established organization says that we are representing the sector and we have this, this, this, this sort of diversity, they'll say yes, because they don't know. So, the sector really needs to have those conversations internally. The difficult conversations. If we are to see some progress, we really need to sit down with these conversations ourselves so there's no easy answer here. It's just doing the hard work that we ask others to do. We're the sector that asks others to do better. Maybe we need to ask ourselves to do better.

**Mark Blumberg:** I mean, there's lots of things charities can do. Both foundations and also government agencies should look at their funding processes, which often are very bureaucratic, unnecessarily difficult to comply with. Sometimes, they're like one size fits all, almost, you're getting 20 grand or 2 million. It's basically, you have to provide the same information. It makes no sense. What is the cost of asking for money? If 10 people ask for money and only two get it, you have to factor in that 8 other charities asked for money. So, you have to really think through these systems. Is it a good

system that's being set up here? Is it fair and equitable? There's so much more that can be done to make it better. Multi-year funding, unrestricted funding. Like if you're funding a little group doing, basically they help homeless people, why does it need to be a restricted gift? But why make it so much more cumbersome and difficult? So, there's so much that funders can do to make the lives of the groups that they're funding better and easier.

**John Hallward:** I think there is a trend that nobody's talking about. And I'm sensing it in Ottawa already. That the younger policymakers, they're young. They're 30, 28, 32. They have a different mentality now about the ecosystem. And I think that there are winds of change, in our sector, that these new young policymakers in Ottawa are starting to not care so much about what our old, traditional sector leaders say and think. And if I can bring the voice of the charities to the table and the voice of Canadians to the table and say, this is a survey done by Ipsos and here's the real voice of what's out there. They listen to that and they like new ideas from new voices and new people. They don't want to hear from the old people and the old paradigm and the old ecosystem. So, to me, that's very rewarding. It basically says, if you're a change agent, run with it. Go to Ottawa and you don't have to have permission. So, I think, that's kind of where we're at, in terms of who gets to speak.

**Steven Ayer:** When we do have crisis, I think is the one time that we have seen some really successful results. If you look at the pandemic itself, the federal government transferred unprecedented billions of dollars to every corner of the charitable sector, in a way that they'd never done before. And certainly, to some degree, it was required. At the same time, it was also the result of advocacy from a lot of different organizations working together, pointing to we need everything from ensuring that the programs that are being rolled out, to businesses are also rolled out, to charities. Things like the emergency community support funds or a direct flow of funds that was distributed across almost every community in this country. The crisis allowed people to really prioritize initiatives and actually get things flowing across the entire country. It is an example that when folks are aligned in the same direction and understand the magnitude of a crisis, we can get successful results.

**Liban Abokor:** What does it mean to be Canadian? What does it mean to be Canadian? It means to be a neighbor. It means to be there for one another. It means to stand up for those who have had their rights trampled upon, right? It means to be kind and generous and supportive. That's why we have universal health care. That's why we have universal public education. That's why we have universal supports right now, for pharmaceutical care and others like we're building.

Canada was always a nation of people there to support one another in moments of need. We have to ensure that our sector reinforces that character, that identity, that feature of our Canadian-ness. At a moment where fear is at the tip of everyone's tongue, where uncertainty is at the forefront of our minds, our sector has to play a role, where we are telling Canadians, we have remained the safety net.

We can't solve all problems, but we're certainly going to ensure that Canadians remember that we're there for one another. And I think that that requirement is going to become even more real over the near-term future and the long term. And so, can we solve homelessness? Probably not. Can we make it easier? Sure. Can we solve food insecurity? Probably not. Can we make sure that less people are going hungry? Yes. But the one thing that we absolutely can do, reinforce our identity that we were there for one another in moments of need. And the sector has to ensure that it doesn't pick and choose who it's there for. It has to be there for all Canadians.

### **SFX: Canadian anthem**

**Mary Barroll:** Well, that brings us to the end of our episode, giving much food for thought on the subject of who has the money, who has the influence, in our sector, and how this needs to change. We are experiencing a time of great political and economic uncertainty. Many Canadians are struggling with homelessness, food insecurity, drug addiction and mental health issues. We fear an economic crisis could crumble our social safety net and lead to unemployment, poverty and even a recession. But as our guests remind us, a crisis can bring out the best in us: It can provoke innovation, galvanize action and lead to collaboration and unity. Perhaps more members of the nonprofit sector will be activated by these challenging times and motivated to speak out, be heard and find ways to bring more equity to both funding and influence, for the benefit of the sector and the communities it serves.

### **CharityVillage Connects theme music**

Thank you to all our guests for their keen insights and wise advice. Be sure to visit our website and our show notes for more information on the resources, reports and programs mentioned in this episode. If you'd like to hear more of what our guests have to say, check out our full video interviews on our website. CharityVillage is proud to be the Canadian source for nonprofit news, employment services, crowdfunding, e-learning, HR resources and tools, and so much more. Please take a moment to check out our website at [charityvillage.com](http://charityvillage.com).

In our next episode of CharityVillage Connects, we unpack what the outcome of the federal election might mean for Canada's nonprofit and charitable sector. Featuring expert voices from across the sector, we explore anticipated policy shifts, funding implications, and what nonprofit leaders should be watching for, in the months ahead. With in-depth analysis and practical insights, this episode will help you navigate Canada's evolving political landscape.

I'm Mary Barroll. Thanks for listening.