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OF CANADA

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Written Submission for the Pre- Budget Consultations in Advance of the Upcoming Federal Budget 2025

COMMUNITY FOUNDATIONS OF CANADA





Recommendations

Recommendation 1: Community Foundations of Canada encourages the Government of Canada to review and enhance the regulatory environment for the charitable and nonprofit sector in a manner which is informed by and co-created with leaders from across the sector. This includes:

- A:** Engaging the charitable and nonprofit sector in the design of a unit within the federal government to act as a champion of the sector, and dedicating funding for the unit in Budget 2025.
- B:** Permitting charitable purposes that reflect the unique and broad mandates of community foundations.
- C:** Ensuring that policies and guidance consistently align with the intention to improve access to funding for non-qualified donees.
- D:** Initiating a consultation on the disbursement quota in 2025 with the nonprofit and charitable sector ahead of the five-year review.

Recommendation 2: Community Foundations of Canada encourages the Government of Canada to continue supporting communities and Canadians through investment in the nonprofit and charitable sector. The Government of Canada, utilizing the intermediary model, has a proven track record of impact and success. The intermediary model is built on the philosophy that communities know the most pressing issues they are facing and how best to solve them. The model unlocks community-driven decision making and additional resources from coast to coast to coast. It is recommended that the Government of Canada build on this success and provide additional funding to both new and existing programs such as the Investment Readiness Program, Communities for Gender Equality and the Community Services Recovery Fund.



Context

Community Foundations of Canada (CFC) is the national leadership organization for over 200 local community foundations. Together with community foundations across the country and a network of partners, CFC helps drive local solutions for national change on the issues that matter most to communities. For over one hundred years, community foundations have been a point of connection to activate local leadership, subject-matter expertise, community-driven data, and financial capacity to strengthen community well-being in rural communities and urban centers alike, from coast to coast to coast.

Now, communities, and Canadians, are facing numerous challenges. And community foundations are stepping up to help.

- Communities are feeling the strain of affordability. CFC's national Vital Signs report details how [23% of Canadians](#) ate less than they should have because of rising costs. Local foundations are seeing this impact and working to address it. In [Prince Edward County](#), the County Foundation used data and community knowledge to work with local government and create a program for low-income households to reduce the cost of municipal bills.
- Housing is one of Canada's [greatest social and economic challenges](#), and it is connected to nearly all other dimensions of community well-being. CFC and community foundations are witnessing this crisis unfold at the community level—the Banff Canmore Foundation found, Bow Valley-wide, [3,000 more units](#) for full time residents are needed, with the greatest need for multi-family and rental dwellings. The foundation [provides grants and impact investments](#) that support community initiatives such as housing.
- Isolation in communities continues to be a reality. CFC found that over ten years, a sense of belonging in community has [dropped by 12 percentage points](#). The Sunshine Coast Foundation found that [39% of people](#) have a weak sense of community belonging. To change this, the community foundation hosts the [Responsive and Intentional Community Grants programs](#), offering grants for initiatives that address challenges identified in Vital Signs.

Today, Canada's community foundations reach more than 90% of Canadian communities and steward more than \$7.4 billion in collective assets. This reach and scale is activated alongside partners from across sectors to respond to pressing issues, build strong communities, and invest in economic growth to improve the quality of life for all.

Since 2016, CFC has worked with the Government of Canada and local community foundations to deliver six granting programs addressing community priorities, putting \$260 million into local communities through over 10,000 projects in every province and territory. Together, and alongside partners from across sectors, community foundations and the Government of Canada have invested in:

- Canada's growing social enterprise and social finance market through the *Investment Readiness Program*, supporting [more than 800 organizations](#).
- The *Fund for Gender Equality*, supporting [over 360 organizations](#) committed to advancing gender equality across the country.



- Sector and community recovery efforts through the *Community Services Recovery Fund*, supporting [over 5,500](#) community service organizations.

Through each of these programs, CFC and community foundations have leveraged opportunities and additional resources. For example, through *the Fund for Gender Equality*, community foundations have shifted \$110 million of their own investments to be gender-aligned and better support communities.

CFC and community foundations have been able to innovate and fund organizations that have historically been excluded as a result of the outdated regulatory environment within which Canadian charities and foundations operate. This reality risks perpetuating band aid solutions while undermining potential social and economic benefits, and negatively impacting the millions of Canadians who both deliver and rely on critical nonprofit and charitable sector services.

Now is a critical moment to cement this progress by creating a modern, clear and enabling environment for the nonprofit and charitable sector, and a more sustainable funding ecosystem for the community-based organizations on which most Canadians depend.

Recommendation 1: It is imperative that charities, nonprofits and community foundations keep their focus on community impact. To advance this work and ensure a strong, resilient nonprofit and charitable sector, it is important that the Government of Canada review and enhance the regulatory environment for the charitable and nonprofit sector in a manner which is informed by and co-created with leaders from across the sector. This includes:

A: Engaging the charitable and nonprofit sector in the design of a unit within the federal government to act as a champion of the sector, and dedicating funding for the unit in Budget 2025. This unit would engage strategically with the nonprofit sector on proposed legislation and assess potential impacts.

B: Permitting charitable purposes that reflect the unique and broad mandates of community foundations. Within the charitable and nonprofit sector, there are a variety of players who have their own unique impact on the public good. Community foundations are part of this community support network by: administering both immediate and permanent pools of capital with the returns reinvested in the community, building partnerships to bridge community needs with effective resources, working collaboratively to flow resources to community projects and initiatives through locally-driven solutions, making strategic grants and investments that enhance quality of life and create belonging for all, and more.

C: Ensuring policies and guidance consistently align with the intention to improve access to funding for non-qualified donees. This includes:

- CFC welcomed the Government of Canada's efforts to allow for direct granting to non-qualified donees and, by extension, better support equity-deserving groups. Several foundations have initiated this process and have faced administrative hurdles—including the introduction of new terms and categories which have not



been contemplated in existing charitable purposes, and the risk assessment framework provided being overly complex and inequitable.

- The anti-directed giving rule requires clarity as it has created concerns and confusion.

D: Initiating a consultation on the disbursement quota in 2025 with the nonprofit and charitable sector ahead of the five-year review.

- There are a variety of valuable perspectives across the sector, and by beginning these conversations in 2025, the sector and the Government of Canada can review, learn and co-create a forward-focused approach that best supports communities.
- Several variables have been identified, and require consultation and consideration in relation to the disbursement quota. Some of these include: market conditions, government policy consistency, the limitation of the current tiered system, provincial trust laws, impact investing, increased need in community, data-driven models, and small-foundation sustainability.

Recommendation 2: CFC encourages the Government of Canada to continue supporting communities and Canadians through investment in the nonprofit and charitable sector. The Government of Canada, utilizing the intermediary model, has a proven track record of impact and success. The intermediary model is built on the philosophy that communities know the most pressing issues they are facing and how best to solve them. The model unlocks community-driven decision making and additional resources, from coast to coast to coast. It is recommended that the Government of Canada build on this success and provide additional funding to both new and existing programs such as the Investment Readiness Program, Communities for Gender Equality and the Community Services Recovery Fund.

Canadians and communities face big challenges, and there are tangible ways to address them. Thoughtful and decisive action from the Government of Canada with the nonprofit and charitable sector consulted and activated can lead to positive change in communities. At CFC, we are available to support and engage in the recommendations above.

Together, we can continue to respond to what communities and Canadians need.

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