

Report on Business

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▼ S&P/TSX
13,371.20 (-9.50)

▲ DOW
11,573.49 (+14.00)

▼ S&P 500
1,256.77 (-2.07)

▲ DOLLAR
99.12 (+0.52)

▼ GOLD
1,380.50 (-6.90)

▲ OIL
91.51 (+1.03)

▲ GCAN 10-YR
3.178% (+0.01)



COVER STORY

Small charities, outsized results

In a slow economy, Canadians are giving less to good causes. Donations have dropped by nearly \$1-billion since 2007. But beneath the headline number, a remarkable transformation is taking place: There's a boom in private foundations, charities that are started by individuals or families. Most of them are tiny and operate without paid staff, offices or large networks of fundraisers – but they're making an enormous difference in the lives of the disadvantaged.

When Colin Glassco retired, he started the Glassco Foundation, which now raises about \$1.5-million annually to support several programs in Zambia. 'This whole job for me is very emotional,' he says.

COVER STORY

GIVING BACK FOUR PROFILES REVISITED: WHERE ARE THEY NOW?

SETTING THE BAR HIGHER IN EAST AFRICA



Kish Modha with the children at Kamwokya Primary School in Kampala, Uganda.

Kish Modha

Mondetta Foundation

Kish Modha had only recently co-founded the Mondetta Foundation when we profiled him two years ago. The charity had just begun supporting a school in Uganda and it was a deeply personal venture for Mr. Modha. He and his wife were expelled from the country in the 1970s under Idi Amin. They eventually settled in Winnipeg and helped start the Mondetta Clothing Company with some relatives and two

partners from Kenya. Mr. Modha returned to Uganda for the first time a few years ago and was appalled by the poverty. He and his business partners vowed to do something and launched the foundation with a \$100,000 donation. The foundation has now revamped the school's library, fixed the kitchen and is adding classrooms and a dental clinic. It also finances an orphanage in Kenya caring for 95 children. Mr. Modha wants to do more and the foundation recently hired a full-time director to finance new projects and raise more money. "Things are moving on good," he said. "But we plan to go a little bit deeper."

STRENGTHENING TIES BETWEEN CANADA AND TANZANIA



Deborah McCracken at the Peace/HIV Home for children living with or orphaned by HIV.

Deborah McCracken

The Olive Branch for Children

Deborah McCracken's love for Tanzania hasn't waned since we profiled her a year ago. Ms. McCracken, 29, has lived in the African country since 2004 when she left her home near Toronto to volunteer at an orphanage in the Mbeya region. She launched the Olive Branch for Children in 2005 and it now provides home-based care for more than 500 people living with HIV/AIDS. It also runs kindergartens in 22 com-

munities and co-ordinates a variety of job training programs. Financing hasn't been easy and Ms. McCracken relies on her parents, Wayne and Ginette, and a group of volunteers in Canada to raise money. Overcoming cultural issues has also been a challenge. "The fact that I am woman and that I was young when I started the organization created barriers," she said. "At the end of the day you just have to be confident and be prepared to be humbled." She plans to keep building Olive Branch and strengthen the connection between Canada and Tanzania. "It's all about creating relationships with people and sharing love."



Kim Beatty at The Children's Book Bank. She gave up a 20-year law career to start the bank, which has distributed more than 100,000 free books. PETER POWER/THE GLOBE AND MAIL

PHILANTHROPY

The changing face of giving

A growing number of Canadians are reshaping the charity landscape, launching their own foundations and taking a far more active role in determining how donations are spent. The challenges are numerous as recession and donor fatigue have taken a toll on contributions, but pale in comparison to the rewards



Kim Beatty at The Children's Book Bank. She gave up a 20-year law career to start the bank, which has distributed more than 100,000 free books. PETER POWER/THE GLOBE AND MAIL

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PAUL WALDIE

When Colin Glassco retired and decided to start his own charity, he figured he knew something about startups. After all, he'd spent years in the financial industry and had launched an oil and gas company in Calgary.

That sort of experience, he thought, would be useful. But Mr. Glassco quickly discovered that little of his business expertise prepared him for running a charity and for the most difficult part of the task: asking people for donations.

"I started with great fear and trembling," he recalled from his home in Calgary. "You just don't want to bug anybody."

He managed to overcome his apprehension, and today, the Glassco Foundation raises about \$1.5-million annually to support several programs in Zambia, in-

cluding clean water initiatives, eye care projects, schools and an orphanage.

"This whole job for me is very emotional," Mr. Glassco said. "When somebody says 'I'll do it,' it's emotional. When the cheque arrives, I get a little tingle. And when I write the tax receipt, I get a tingle."

Mr. Glassco is among a growing number of Canadians who have turned the tables on conventional ideas about philanthropy, and are reshaping the charitable sector in the process. Instead of writing cheques to support worthy causes, these people are starting their own charities, asking friends and family for support — and taking a far more active role in determining how the money is spent.

While overall charitable giving has fallen sharply in recent years — dropping by nearly \$1-billion

since 2007 — there has been a steady rise in private foundations, which are charities started by an individual or family. In the past seven years, the number of private foundations has more than doubled, to 4,866, and they now hold about \$12-billion in assets.

These foundations still represent a fraction of the country's 85,000 registered charities, but they are one of the fastest growing segments of the charitable sector. Canadians are starting other types of charities as well and contributing to donor-advised funds — in which a donor sets up a fund within a charitable foundation and helps direct where the money is distributed. The trend is being driven by a number of factors, including a growing sense of frustration on the part of some donors who believe they don't get a clear sense

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Hilary Pearson, CEO
Philanthropic Foundations Canada

of what good their contributions are doing when they give to a larger charity.

"Families are saying, 'We want to do something in our communities, we want to give back,'" said Hilary Pearson, chief executive officer of Philanthropic Foundations Canada, a Montreal-based organization that represents private foundations. "But they are also saying, 'We don't want to just simply give it away to another charity. We want to do it ourselves.'"

Starting a charity isn't easy. It can take months and sometimes years for an organization to get charitable status from the Canada Revenue Agency. Once it's established, a charity has to file annual reports to the CRA and follow strict rules about how money is spent and where grants go.

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STRESSING THE IMPORTANCE OF CHILDREN AT PLAY



Keith Reynolds builds playgrounds with local workers in troubled places, like Afghanistan.

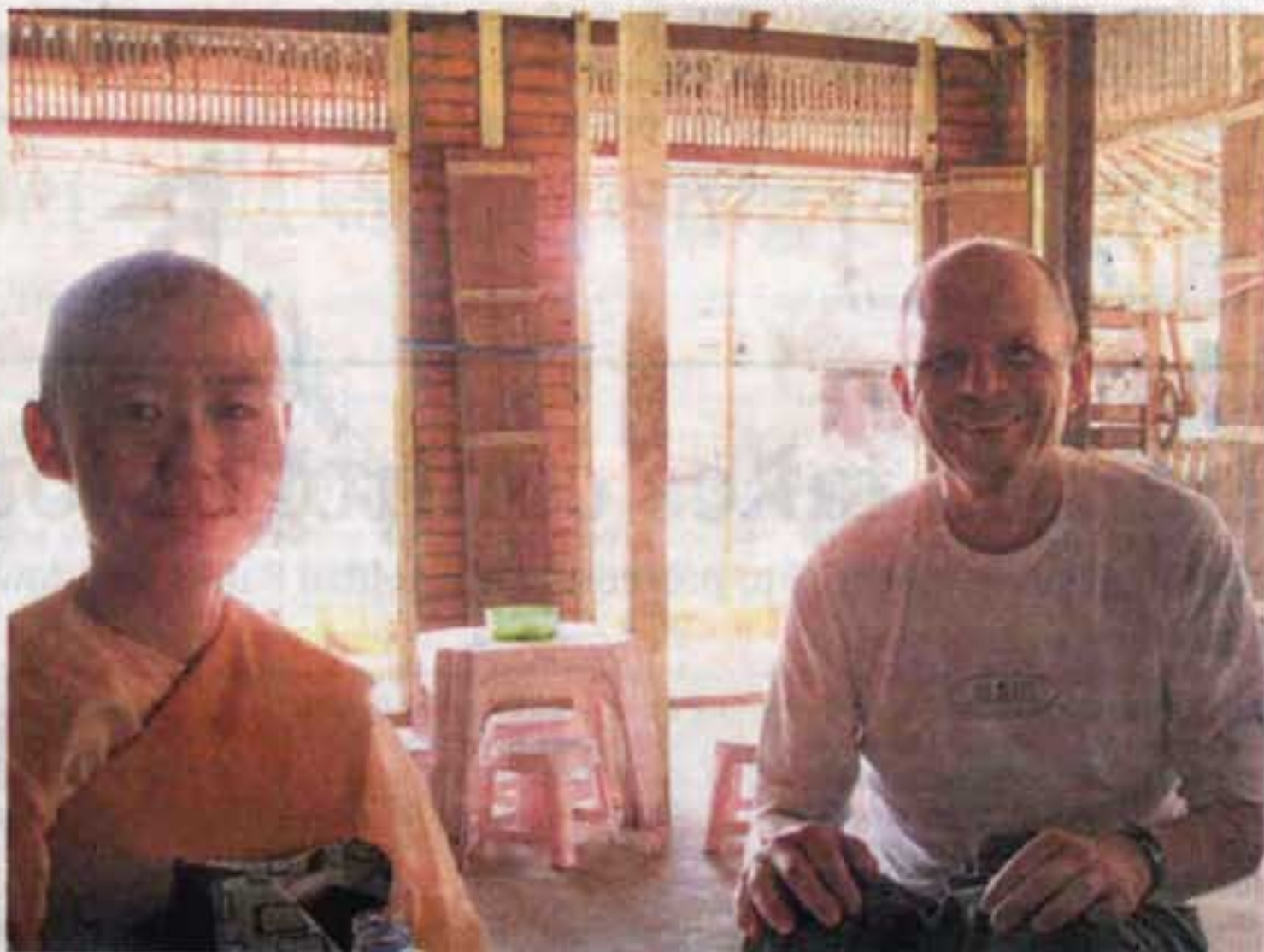
Keith Reynolds

Playground Builders

When we first profiled Keith Reynolds in 2008, he had just created Playground Builders and built 27 playgrounds for children in the West Bank, Gaza and Iraq. Since then, the organization has completed 46 more playgrounds, including 37 in Afghanistan. Mr. Reynolds, who lives

in Whistler, B.C., has made three trips to Afghanistan to oversee the projects, which are all built with local workers. "We have more than 150,000 children in Afghanistan who now have a place to play," he said. Mr. Reynolds stepped down from his full-time duties at a forestry company he co-founded in order to devote all his time to Playground Builders as a volunteer. Like many charities, donations are hard to come by but Mr. Reynolds said his group still manages to attract donors because "we've got a happy story to tell." He added: "If we want to have a peaceful future we've got to start with the children."

BUILDING SCHOOLS IN MYANMAR



'School construction continues with good results,' retired business executive Roger Brain says.

Roger Brain

Myanmar Schools Project

Roger Brain has made his second trip to Myanmar since we profiled him earlier this year and he's planning another one in January. His connection to the country began a couple of years ago when he met two Americans who were trying to build schools in rural Myanmar. Mr. Brain and his wife, Sharon, were intrigued and

joined in, contributing \$200,000 as well. The Myanmar Schools Project is now working on more than a dozen projects, ranging from minor building repairs to constructing entire schools. "School construction continues with good results and lots of happy children, teachers, and communities," said Mr. Brain, a retired Teck Cominco Ltd. executive who lives in Vancouver. "We spent about \$200,000 building and repairing schools in 2010 and have similar plans for 2011. We are also now supplying uniforms and books and have hired several teachers as well as having built our first [medical] clinic. All very exciting."



Robin Mednick, far right, visits a school in Niger during a trip for her charity, Pencils for Kids. 'Nothing has ever enriched me more,' she says. ED MEDNICK

FEWER DONATIONS

\$7.75-billion

Overall charitable giving in Canada in 2009.

\$1-billion

Amount that charitable donations dropped since 2007.

53

Average age of people who give money to charity.

4,866

Number of private foundations in Canada. In the past seven years, the number has more than doubled.

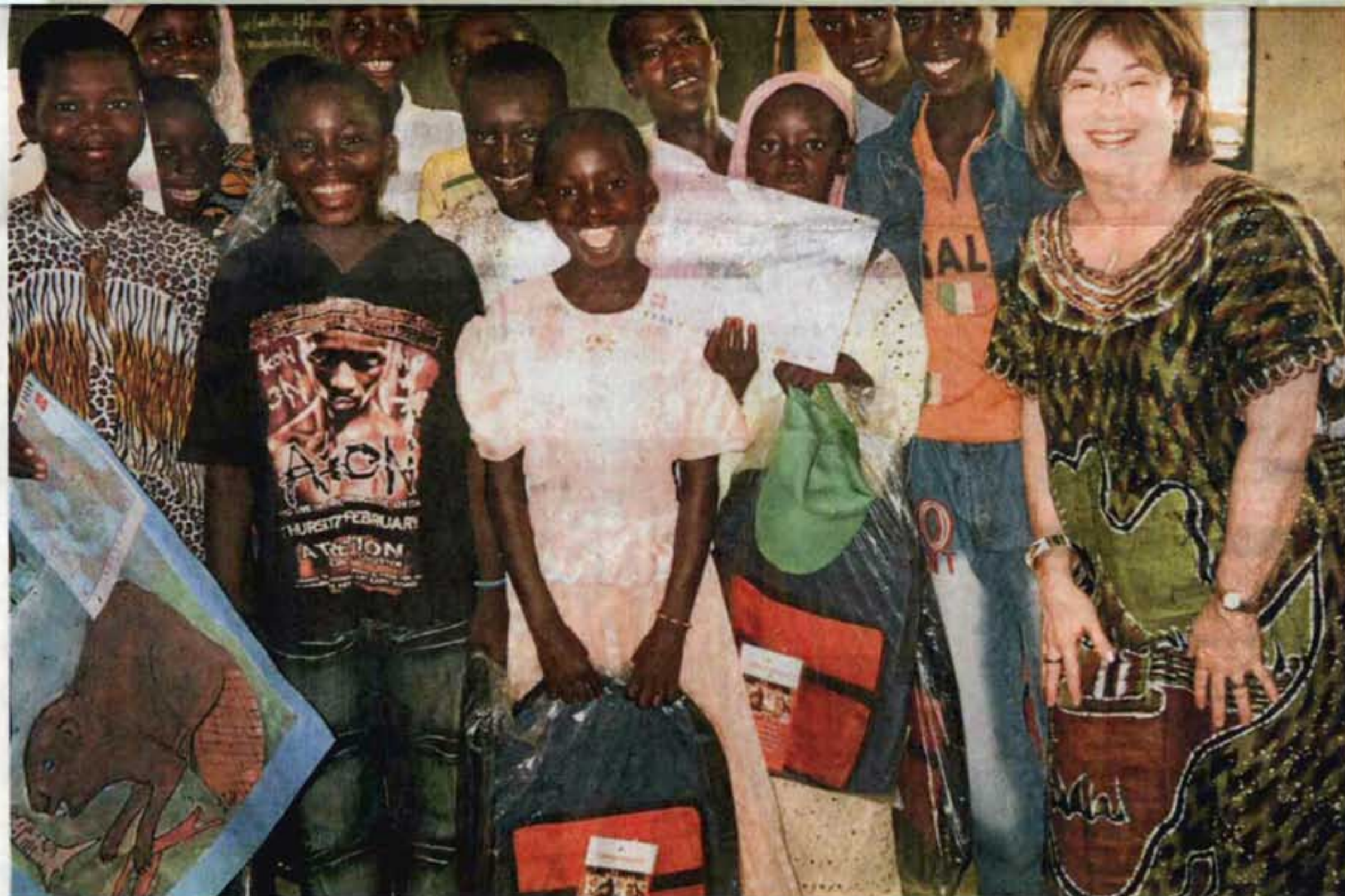
\$12-billion

Assets held by Canada's private foundations.

85,000

Number of registered charities in Canada.

Source: Statistics Canada



Robin Mednick, far right, visits a school in Niger during a trip for her charity, Pencils for Kids. 'Nothing has ever enriched me more,' she says. ED MEDNICK

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\$12-billion

Assets held by Canada's private foundations.

85,000

Number of registered charities in Canada.

Source: Statistics Canada

Kim Beatty spent \$5,000 getting her Toronto charity, The Children's Book Bank, registered. She and her husband financed most of the operations at first.

"It's a huge, huge undertaking," Ms. Beatty said. She gave up a 20-year legal career in 2008 to start the operation, which provides free books and literacy programs to kids in a downtown neighbourhood. "I worked hard as a lawyer and I work way, way harder as the founder and the kind of acting executive director of this charity," she said.

Ms. Beatty said money is a constant concern, as are logistics, which include picking up donated books, storing them and finding enough volunteers to keep the facility open throughout the week. The charity needs about \$120,000 annually to cover its costs, such as rent and utilities, but Ms. Beatty is hoping to raise

\$180,000 so she can hire an executive director to take over day to day management. Finding the extra donations won't be easy.

"I wouldn't say there is donor fatigue. But I do worry a lot because I feel like we're constantly going back to our friends and contacts," she said. "I'm getting way more brazen about asking for money than I ever used to be. I don't feel shy any more because I'm really proud of what we are doing."

Ms. Beatty said she is fortunate to have a team of 60 remarkable volunteers. But managing volunteers isn't always easy, either. "It's very, very tricky. You have the same issues that you have as an employer but you don't have any leverage. We have fired volunteers, which is awful."

Despite the challenges, Ms. Beatty has no regrets. The Children's Book Bank has distributed

more than 100,000 free books since it opened and is expanding. But she has this warning for anyone thinking of starting a charity: "If you are planning on squeezing it in on your spare time, after your full-time job and between hockey practice, forget it."

That's a sentiment Robin Mednick can relate to. She started Pencils for Kids in 2006 to help children in Niger, West Africa. So far the charity has built three schools, eight kindergartens and a library, and has financed several educational programs.

"It has utterly, completely taken over my life," said Ms. Mednick a lawyer by training who worked on Toronto's bid for the 2008 Olympics. "Nothing has ever enriched me more than this work that I have been doing."

Ms. Mednick, who lives in Toronto, spends most of her time

making presentations about Pencils for Kids and raising roughly \$120,000 annually, all on a volunteer basis. "If I don't raise a certain amount of money, I just don't spend it," she said. "I don't have the pressure that many organizations will face because they've got salaries and staff."

She said donors want more control over their gifts, but often don't know where to turn. "A lot of people want to do something, they are anxious and they are a bit skeptical. They don't know where their money is going to make a difference," she said. "Sometimes it becomes a paralysis of fear."

The recession and donor fatigue have hurt many charities, particularly smaller ones, such as Lifewater Canada. Thunder Bay resident Jim Gehrels created the charity about 15 years ago and it has built and maintained more

than 400 water wells in Liberia, Kenya, Zambia and Nigeria. He runs the operation in his spare time with his wife, Lynda, and recently took a year off from his job with Ontario's Environment Ministry to drill wells in Haiti for Lifewater.

Raising money has been hard and donations have been cut in half. "A lot of people say, 'I gave this year already to Haiti and that's it for the year,'" Mr. Gehrels said from Cap Haitien, on Haiti's north coast. "You do have some donor fatigue."

That's not the only complication. Mr. Gehrels has a degenerative eye condition that makes getting around Haiti tricky. But he isn't complaining. The work with Lifewater "gives me focus and meaning, it's a way to put my faith into action," he said.

"There's joy in it even though at times it's very fatiguing."