



LIFT PHILANTHROPY PARTNERS

**To: Government of Canada
House of Commons Standing Committee on Finance**

**Re: Study - Tax Incentives for Charitable Donations
January 17, 2012**

EXECUTIVE SUMMARY

Canada is facing growing economic challenges and evolving social needs. Canada's economic recovery hinges on the health, productivity and employability of Canadians across the country. In order to foster sustained economic recovery in Canada, there needs to be a paradigm shift within the not-for-profit sector to effectively leverage private sector and government funding to strategically invest in not-for-profit organizations to address the nation's most pressing needs.

The field of venture philanthropy offers an innovative method, which has proven effective in jurisdictions internationally, to address major social and economic challenges such as health, employment and education. LIFT Philanthropy Partners developed its venture philanthropy model based on these international successes to invest in the not-for-profit sector to create more effective, efficient and impactful social organizations capable of providing Canadian families and communities with the skills and resources they need to contribute to the nation's social well-being and economic prosperity.

In order to achieve sustained economic recovery, LIFT Philanthropy Partners recommends the Government of Canada embrace venture philanthropy as an innovative and credible solution to strengthen the not-for-profit sector's ability to address societal challenges related to employment, literacy, skills training, health and wellness.

Venture philanthropy is a method of investing both financial and non-financial support in not-for-profit organizations to improve their operations, effectiveness and capacity to deliver social impact. LIFT's venture philanthropy approach fosters collaborations between the private sector, not-for-profit sector, government and academia to drive innovative solutions for the societal and economic challenges facing Canadian families and communities. These collaborations enable the private sector to share societal costs with government and strategically invest in the not-for-profit sector to deliver measurable, impactful, results-oriented solutions. LIFT plays an integral role in mobilizing investors, philanthropists and governments to develop effective, long-term solutions to create social and economic impact.

A venture philanthropy partnership between the Government of Canada and LIFT can effectively target and support economic recovery by developing a skilled and employable workforce through effective education and skills training; and developing strong families and communities by improving health through sport participation and physical activity. The results of these investments will be alleviated national health care costs and healthier, better skilled Canadians who effectively contribute to the social well-being and economic prosperity of the nation.

LIFT Philanthropy Partners looks forward to working with the Government of Canada to leverage private sector funding and drive innovative solutions to increase the effectiveness and impact of the not-for-profit sector in addressing major societal challenges related to employment, literacy, skills training, health and wellness.

BACKGROUND

LIFT Philanthropy Partners is an innovative not-for-profit organization that aims improve the health, social, fiscal and intellectual well-being of Canadian families and their communities. LIFT was established in 2000 as 2010 Legacies Now with an original mandate to leverage the 2010 Olympic and Paralympic Winter Games to create innovative social change in communities throughout British Columbia. 2010 Legacies Now is considered a best practice by the International Olympic Committee through its support of more than 12,500 sport, healthy living, literacy and other community programs that had a positive impact on the lives of more than two million people.

In February 2011, LIFT Philanthropy Partners launched its new mission to use a venture philanthropy approach to strategically invest in Canada's not-for-profit sector to create more effective, efficient and impactful social organizations to tackle the nation's most pressing societal challenges, including employment, literacy, skills training, health and wellness. By investing in not-for-profit organizations and enhancing their ability to deliver social impact, LIFT will improve the social well-being and economic prosperity of Canadians and their communities.

While operating as 2010 Legacies Now, LIFT had tremendous success improving the health and literacy of people, families and communities in British Columbia, including:

- 595,000 students participating in daily physical activity and healthy eating lessons;
- 104 community literacy task groups tackling local literacy challenges in 400 communities and neighbourhoods in B.C.;
- 4,000 families learning healthy and effective early childhood development activities; and
- 265,000 people participating in new sport activities, creating active, healthier citizens.

LIFT has a rich history of achievement and is internationally recognized as a leader in creating impactful collaborations and leveraging partnerships to create sustainable social change. LIFT is well positioned to implement its innovative venture philanthropy approach to support not-for-profit organizations to create significant and measurable social impact.

CHALLENGES FACING THE CANADIAN ECONOMY AND SOCIETY

Canada's economic recovery hinges on the health, productivity and employability of Canadians across the country. In order to foster sustained economic recovery in Canada, LIFT invests in Canadian families and communities to provide them with the skills and resources they need to contribute to the nation's social well-being and economic prosperity. LIFT will achieve success by:

- Strengthening Canada's not-for-profit sector, and its ability to achieve excellence and deliver sustainable social impact:
 - There are close to 161,000 charities and not-for-profit organizations in Canada (Hall et al., 2004)
 - Close to 1.2 million Canadians are employed by not-for-profit organizations in Canada (Hall et al., 2004)
 - The not-for-profit sector that directly serves Canadian families accounts for more than \$22 billion of economic activity, with 43 per cent of this generated by organizations delivering health and social services to youth, families and communities (Statistics Canada, 2009)
- Increasing Canada's labour market by investing in literacy, education and skills training to increase productivity and achieve sustainable job growth:
 - Over 40 per cent of Canada's workforce lacks the basic literacy skills to thrive in today's technological age (Government of Canada, 2010);
 - Close to 48 per cent of Canadians aged 16 and older lack adequate literacy skills, while 55 per cent lack adequate numeracy levels (Alexander, 2007); and
 - Low literacy costs businesses an estimated \$6 billion annually (Alexander, 2007).
- Developing strong families and communities by improving the overall health of Canadians to alleviate the impact of chronic diseases on the economy through promotion of sport participation and healthy living:
 - Approximately 26 per cent of Canadian youth aged 2-17 and 59 per cent of adults are overweight or obese (Health Canada), which is a major risk factor for chronic disease;

- Sport and physical activity significantly contributes to weight control, and reduction of obesity and its associated health risks (Welk and Blair, 2000).
- More than \$2.1 billion in annual health care costs can be directly attributed to physical inactivity (Katzmarzyk, et al., 2000); and
- Chronic diseases account for 42 per cent, or \$39 billion, of direct medical care expenditures, and lead to more than \$54 billion in productivity losses annually (Health Canada, 2002).

LIFT targets its investments to not-for-profit organizations that strengthen communities and contribute to economic recovery by addressing skills training, employability, health and wellness.

Venture philanthropy

Venture philanthropy is a method of investing both financial and non-financial support in select not-for-profit organizations to improve their capacity to deliver greater social impact. Venture philanthropy offers an avenue for businesses, government, foundations and other partners to collaborate to help not-for-profit organizations deliver maximum social impact.

LIFT's venture philanthropy investment model differs from traditional granting agencies in a number of ways:

- **Highly engaged relationships:** LIFT works closely with a not-for-profit organization to develop and implement a strategic growth plan, and nurture its leadership team to develop effective executives and boards. LIFT selects not-for-profit organizations with proven abilities to deliver measurable results and provides them with the hands-on support they need to scale their impact.
- **Organizational capacity and operations:** LIFT focuses investments on improving business operations and building capacity in the not-for-profit organizations to make them stronger, more sustainable, and better able to deliver social impact.
- **Strategic funding for growth and development:** LIFT partners with the not-for-profit organization over several years, typically 3-5 years, to ensure it can achieve scalable and measurable growth in its operations and impact.
- **Increased value beyond funding:** LIFT provides an innovative blend of value-added resources and expertise to grow the not-for-profit organization's operations and impact. These services are tailored to the specific needs of the not-for-profit organization, and include strategic and financial planning, growth planning, human resources, marketing, and public relations.
- **Focused on measurable outcomes:** LIFT emphasizes strategic business planning, measurable outcomes and financial accountability with its partner not-for-profit organizations, and invests to create a tangible and measurable social impact in society.
- **Collaborative network of experts:** LIFT engages a network of pro bono business, financial, research, academia and other experts to collaborate with the not-for-profit organization to achieve their growth and impact targets.

Venture philanthropy is a growing trend in social investing throughout the world, which is successfully employed throughout the world (see Appendix A for a list of international venture philanthropy organizations). With a hands-on, active focus on organizational growth and sustainability, it is an effective method to address societal and economic challenges facing Canadian families and communities.

High-impact investing for not-for-profit sector

Canada's not-for-profit sector is a vital contributor to the Canadian economy, and the health and wellness of its families and communities. The sector engages nearly as many full-time employees as all areas of manufacturing in the country (Hall et al., 2005), and the segment of the sector that directly serves Canadian families through programs targeting societal challenges, such as health and education, accounts for \$22 billion of economic activity annually (Statistics Canada, 2009). The not-for-profit sector offers significant potential to dramatically influence the social well-being and economic prosperity of the nation.

Not-for-profit organizations rely heavily on membership fees, the sale of goods and services, and private donations to operate their programs. In 2007, government transfers accounted for close to 20 per cent of

revenue for the sector (Statistics Canada, 2007). The majoring of revenue is targeted toward program delivery and individual projects; however, to be more sustainable and effective, the not-for-profit sector requires capacity funding targeted at the operation and growth of individual organizations. LIFT's venture philanthropy approach sources diversified funding from a variety of sources and targets the core needs of the not-for-profit organization to accelerate its growth and increase its ability to deliver positive, measureable impact in Canadian communities.

LIFT's venture philanthropy investments will have a direct and positive impact on Canada's economic recovery by expanding the capacity of not-for-profit organizations that target employment, skills training, health and wellness in Canada. LIFT will strategically invest in Canada's not-for-profit sector to:

- Provide benefits to businesses and industries by alleviating the burden of illiteracy, which costs Canadian business \$4 billion annually (DesBrisay, 2003); and
- Train skilled workers in remote communities for employment in the nation's most important industries such as natural resources and manufacturing;
- Improve employment potential of youth by targeting secondary school completion, literacy and skills development;
- Increase capacity and impact of not-for-profit organizations addressing the prevention of chronic diseases, which account for 42 per cent, or \$39 billion, of direct medical care expenditures (Health Canada, 2002);
- Target the burden of physical inactivity, which costs \$2.1 billion annually in Canada (Katzmarzyk et al., 2000);
- Share LIFT's experience and transferable knowledge with not-for-profit organizations nationally.

A national culture that supports and encourages the not-for-profit sector to excel is integral to creating sustainable employment, healthy families, vibrant communities and a sustained economic recovery. The LIFT venture philanthropy model fosters collaboration between the private sector, not-for-profit sector, government and academia to drive innovative solutions and investments. These collaborations share costs of program delivery, alleviating the government from bearing the burden exclusively.

CONCLUSION

LIFT Philanthropy Partners offers an effective and impactful way for the Government of Canada to achieve sustained economic recovery. This can be achieved by supporting the not-for-profit sector to address societal challenges related to employment, literacy, skills training, health and wellness through an innovative venture philanthropy approach. LIFT provides not-for-profit organizations with an effective combination of financial support, expertise and resources to improve the organization's business operations and build capacity to make them stronger, more sustainable, and better able to deliver social impact. LIFT engages businesses, government, foundations and other partners in a collaborative network to share the costs of program delivery and help the not-for-profit sector deliver maximum social impact.

By investing in the effectiveness of not-for-profit organizations, LIFT will provide Canadian families and communities with the skills and resources they need to be healthy, effective and essential contributors the Canadian economy and society. The Government of Canada should embrace venture philanthropy as an innovative and credible solution to strengthen the not-for-profit sector's ability to address major societal challenges related to employment, literacy, skills training, health and wellness.

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APPENDIX A: VENTURE PHILANTHROPY ORGANIZATIONS

The following is a list of venture philanthropy organizations that successfully operate throughout the world:

- Impetus Trust, United Kingdom (impetus.org.uk)
- New Profit Inc., United States (newprofit.com)
- Social Venture Australia, Australia (socialventures.com.au)

APPENDIX B: REFERENCES

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