



A Year in Review - What 2020 teaches us as Strategic Philanthropists



They say you shouldn't wish time away, but 2020 was a challenging year for many and some of us are probably a little bit relieved that this year has past.

2020 provided unique learning opportunities for Strategic Philanthropists and Impact Investors. COVID uncovered deeper fissures in our communities that forced us to have difficult conversations with each other, our advisors and our leadership. It was through those difficult conversations that some fantastic, inspirational and awe-inspiring solutions came about. This issue of the Karma & Cents newsletter focuses on some of those stories, highlights how you can get involved and provides some resources for you, your families and your advisors to help guide you along your philanthropic journey.

For 2021 we see some interesting trends emerging in around the use of cryptocurrencies and alternative currencies for charitable donations, deeper alignment with philanthropic objectives and investment strategies, and more integrated collaborations between funders around complex social issues in our communities. In this newsletter we explore what these trends are and what it means for you and your philanthropic activities for 2021.

Looking Back to Move Forward - Three Philanthropic Trends in 2021

**Trend #1 - FinTech and
Donating CryptoCurrencies**

Exploring the relationship between FinTech and philanthropy we end up intersecting with cryptocurrencies. The alternative currency market is expanding in the philanthropic space, and this [60'ish Seconds of Philanthropy](#) video touches on some of the things to consider if donating Bitcoin and other non-traditional currencies.



Trend #2 - Aligning Philanthropic Objectives with Investment Assets

Impact investing has been on the rise in North America for the past decade. What will make this year different than previous years is *how this type of investing is becoming more mainstream*.

There are two things that contribute to this trend:

1. [Mark Carney](#) appointed as head of the environmental, social, governance (ESG) and impact investment division of Brookfield Asset Management
2. The Vatican launches the [Council on Inclusive Capitalism](#) guided by a board comprised of global business leaders from the tech, finance, engineering, management, pharmaceutical, energy, healthcare, international and grassroots development, and private philanthropy industries

As more and more foundations and boutique wealth management firms adopt some investing policies and products, the retail investment segment of the market will begin integrating this type of investment strategy as well.

We are also seeing this play out in institutional investing - the types of projects that [banks are financing \(or not\)](#) and the investment strategies of larger more mainstream firms like Fidelity.

Trend #3 - More Funder Collaborations to Address Complex Social Problems

COVID laid bare some of the toughest challenges that our communities face. In some regions it was the income gaps and lack of living wages, in other areas it was lack of support for New Canadians and members of the Black, Hispanic and Pilipino communities, and still in other areas it was the profit-motive coming in direct conflict with eldercare in Long-Term Care facilities and the list goes on...

Some of the promising things that started in 2020 is the open conversations between Funders on these issues. Conversations around how their years of philanthropy have fed into a "broken" system and what role funders have played in maintaining status quo. These discussions have expanded to answer questions like, "So what?" "What can we do better?" "Who else can we work with?" "How do we not go back to the way things were?"

These questions are leading private foundations to seek out new funding partnerships in an effort to de-risk certain ventures that tackle some of these grassroots complex issues. This will play itself out in a few different ways:

- Organizations will likely see more collaboration requests. These opportunities focus on the grantee and the grantor working together to co-create solutions.
- Funders are going to start looking at multi-year funding solutions as it became quite apparent that the one-off projects are not going to meet the needs of our communities and have paved the way for the downsizing (or right sizing) of the charitable sector overall.
- According to the Ontario Network of Nonprofits we can expect about a 20% closure rate of charities in multiple jurisdictions. The ripple effect of this will be felt across all sectors from the arts to healthcare to welfare to sports & recreation. Funders will be asked to help assist in the mergers, acquisitions and closures of organizations.

This shift in the funding system, while welcomed, is not going to be without its bumps. However, as Thomas Homer-Dixon wrote in the [Upside of Down](#), "...With breakdown comes the opportunity for the creative renewal of technologies, institutions, and societies..." Mr. Dixon calls this *Catagenesis*.

In [Jennifer Rohelder's review of the book](#) she says, *"To achieve catagenesis rather than catastrophe, we must as a society, become comfortable with change so that we can use imagination in adapting to new circumstances, rather than blindly trying to maintain the status quo. We must develop integrated, rather than compartmentalized solutions by bringing together experts of many different fields to develop proactive policies. Finally, we must value resilience over efficiency with regards to our vital goods supply, like energy and food. A distributed supply of our critical infrastructure needs will provide society with a margin for error that can handle supply disruptions."*

In the fall of [2020 KCI Philanthropy](#) shared a report on trends in major giving during COVID and what was most interesting was the scale to which private foundations stepped up to meet the needs of our communities because so many individual donors were themselves, struggling financially so their support couldn't be counted on in the same way. The year ended with a record GivingTuesday as individual donors financial security rebounded as businesses re-opened and the stock market rebounded.

The re-balancing of personal wealth, the shifts in how funders are working together and with their grantees, and the re-sizing of the charitable sector will see a different way that the business of philanthropy will be conducted in 2021.



In Conversation With...

When COVID lockdowns started across North America we asked how can foster connection and community while still remain apart? This led us to a monthly series for family foundations called ***"In Conversation With..."***

These discussions, which carry on into 2021, cover topics ranging from nation-building with the former Governor General of Canada to economic recovery with Dr. Jack Mintz, to the role that independent, philanthropy-led journalism plays in the

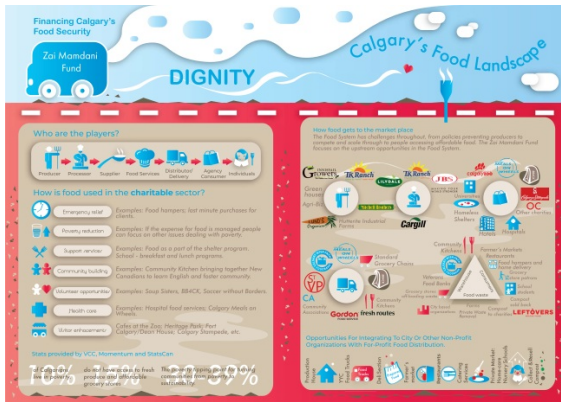
Are you part of a family foundation and would like to joining this discussion group? [Email us](#) and we will follow-up with you.

Dollars Put into Action - Stories from the Field

COVID provided unique funding opportunities for our clients. It called into question how grant-making has been done over the years and what is working and what isn't. This is on top of some of the other things that the K&C Team worked on.

This year we:

- On-boarded the **second and third generations** within three family foundations
- Assisted in the deployment close to **\$40Million** into Canada's charitable sector and advised on **\$1Billion** under management
- Launched **five** new funding initiatives focusing on grassroots issues ranging from [food security](#) to mental health totaling an estimated **\$6Million** in new philanthropic capital into the organizations that are identified
- Established **four** international projects addressing human trafficking, financing and investing in entrepreneurs and start-ups, supporting special education teachers, and construction of latrines
- Completed and evaluated 10 projects that will touch **10's of thousands of people** on a local and global scale. These projects include trail mapping of some of North America's most pristine and ecologically sensitive areas (Ocean Foundation - Nopoló Park, BCS, Mexico) to the instillation of a water system and public art project (Water for Riley)
- Created the [Strategic Philanthropy course](#) to propel family foundations, new and old, forward in with their giving



What we are Reading

We are always updating our [bookshelf](#). Check out the latest additions to our library. Including Melinda



Gates' book [Moment of Lift](#), Margaret Heffernan's [Willful Blindness](#) and [Getting to Maybe](#) by Frances Westley and Brenda Zimmerman.

Have a book recommendation? Please send us the suggestion and we will add it to the list.

Happy Reading!

[Books to Read](#)

About Our Services

Building off of almost a combined 50 years of experience in the Non-Profit, Tech and Finance sectors, Karma & Cents provides families, individuals and businesses with support around legacy planning, transition management, impact investing and philanthropy.

To learn more about how we operate, please visit our website - [Karma & Cents](#)

