

Legislative
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STANDING COMMITTEE ON GOVERNMENT AGENCIES

REPORT ON AGENCIES, BOARDS AND COMMISSIONS

ONTARIO TRILLIUM FOUNDATION

1st Session, 39th Parliament
58 Elizabeth II

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The Honourable Steve Peters, MPP
Speaker of the Legislative Assembly

Sir,

Your Standing Committee on Government Agencies has the honour to present its Report
and commends it to the House.

A handwritten signature in cursive script that reads "Julia Munro".

Julia Munro, MPP
Chair of the Committee

Queen's Park
June 2009

STANDING COMMITTEE ON GOVERNMENT AGENCIES

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1st Session, 39th Parliament
(as of December 12, 2007)

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LIST OF CHANGES TO COMMITTEE MEMBERSHIP

KEVIN DANIEL FLYNN was replaced by LOU RINALDI on February 19, 2009.

RANDY HILLIER was replaced by GERRY MARTINIUK on March 25, 2009.

FRANCE GÉLINAS was replaced by HOWARD HAMPTON on April 9, 2009.

MARIA VAN BOMMEL was replaced by RICK JOHNSON on April 9, 2009.

LIST OF TEMPORARY SUBSTITUTIONS

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INTRODUCTION

Under Standing Order 108(f), the Standing Committee on Government Agencies is given the mandate to review the operation of all agencies, boards and commissions (ABCs) to which the Lieutenant Governor in Council makes some or all of the appointments, and all corporations to which the Crown in right of Ontario is a majority shareholder. The Committee is empowered to make recommendations on such matters as the redundancy of ABCs, their accountability, whether they should be sunsetted and whether their mandate and roles should be revised.

In accordance with its terms of reference, the Committee reviewed the Ontario Trillium Foundation on September 18, 2008.

Appearing before the Committee from the Foundation were the Chair of the Board of Directors, Helen Burstyn, Foundation CEO, Robin Cardozo, and Anne Pashley, Vice-president of Finance and Administration.

Stakeholders addressing the Committee were the United Way of Canada - Centraide Canada, represented by the president and CEO, Al Hutton, and the Anishinaabek, Mushkegowuk and Onkwehonwe Language Commission of Ontario'io, represented by Amos Key, Jr., the current Treasurer of the Commission. The Committee also received 18 written submissions.

The Committee wishes to express its appreciation to all the witnesses who appeared before it during its public hearings on this agency.

This report presents the Committee's findings on the Ontario Trillium Foundation. The Committee urges the Minister responsible for the Foundation to give serious and thoughtful consideration to the Committee's comments.

OVERVIEW OF THE ONTARIO TRILLIUM FOUNDATION

The Ontario Trillium Foundation (“Trillium” or “the Foundation”) was established by order-in-council in 1982, and operates under the terms of a Memorandum of Understanding as an arm’s-length agency of the Ministry of Culture. Trillium operates a granting program that provides financial support to not-for-profit and charitable organizations working in four broad sectors: arts and culture, human and social services, environment, and sports and recreation. The Foundation offers time-limited grants that are intended to supplement but not replace an organization’s usual sources of income. Trillium is now one of the largest granting foundations in Canada.

Status and Mandate

Order-in-council 2527/82, issued in 1982, authorized the Ontario Trillium Foundation to apply for incorporation, and approved the Foundation’s first corporate directors. The Foundation was incorporated by Letters Patent as a corporation without share capital under the *Corporations Act* that same year. It is classified as an “operational service” agency of the Ministry of Culture.

Trillium’s mission is “to build healthy and vibrant communities throughout Ontario by strengthening the capacity of the voluntary sector, through investments in community-based initiatives.” The agency’s objects, as stated in Supplementary Letters Patent granted in June 2002, are

to provide funds in a fair and cost-efficient manner with community involvement in decision-making, and by way of supplementing rather than replacing regular sources of income, to eligible charitable and not-for-profit organizations in Ontario for the following purposes:

- to help finance, through time-limited, results oriented grants, programs undertaken by such organizations; and
- to help finance initiatives that increase organizational and/or community capacity and self-reliance.

The Foundation’s original mandate was to support the work of not-for-profit and charitable organizations in the human resources and social services sector. This mandate was expanded in 1999, so that the Foundation now supports not-for-profit and charitable organizations in four sectors: arts and culture, the environment, sports and recreation, and human and social services.

Trillium is not subject to specific legislation. Rather, it operates under the terms of a Memorandum of Understanding (MOU) signed in 1998 between the Foundation and the Minister of Culture. The MOU sets out the Foundation’s purpose, as well as the operational, accountability, financial, administrative and reporting relationships between the Minister and the Foundation. Discussions are underway regarding a new MOU.

Structure and Organization

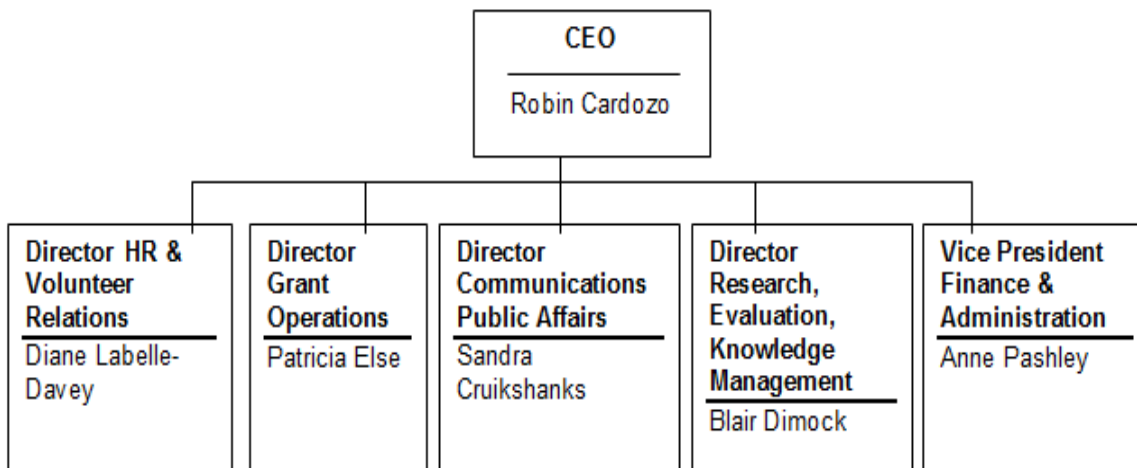
The Trillium Board of Directors

Trillium's Board of Directors consists entirely of government appointees. Under the Foundation's bylaws, the Lieutenant Governor in Council (the Cabinet) appoints up to 25 directors to the Board, and approves the chair, vice-chair, and the president. Directors serve part-time and without remuneration, but they are compensated for expenses. Appointments are for a maximum of six years.

Members of the Board serve on six committees. The Executive Committee's function is to act as a coordinating body. Between Board meetings, this Committee acts on behalf of the Board in the provision of governance and direction on the affairs of the Foundation. The Board's other committees are the Communications and Public Affairs Committee, the Finance and Audit Committee, the Governance Committee, the Granting Policy Committee and the Province-Wide Grant Review Committee.

Management and Staff

As provided in the MOU, the day-to-day operations of the Foundation are the responsibility of the Chief Executive Officer. In addition to the CEO, there are five director-level positions, as indicated in the following organizational chart.



The table below sets out current and recent staff levels at the Foundation.

	2008/09	2007/08	2006/07
Government Appointees (board members and members of grant review teams)	263	270	274
Office Staff (clerical/administrative)	27	26	26
Professional Support Staff	81.5	78.5	76.5
TOTAL	371.5	374.5	376.5
Staff earning more than \$100,000	7	6	6

Funding

Until fiscal year 1999-2000, the Foundation annually received 10% of all proceeds of the Ontario Lottery Corporation, which the Corporation distributed to charitable organizations providing direct social services in Ontario.

In 1999, the government reconstituted the Foundation with a broader mandate, and introduced a charitable gaming initiative to provide it with a new source of funding. Charities would be guaranteed \$100 million annually from the revenues generated under this initiative. In particular, this revenue would be derived from four new charity casinos, and, if this proved to be insufficient to meet the \$100 million guarantee, from slot machines at racetracks.

Today, funding of the Foundation's program is no longer tied directly to gaming revenues. Rather, the Foundation receives its funding out of the Ministry of Culture's budget.

From 1999-2000 to 2006-2007, the Foundation received an annual allocation of \$100 million. In April 2007, the government announced that the Foundation's annual budget would be increased by 20% over three years as follows:

2007/08 \$105 million

2008/09 \$110 million

2009/10 \$120 million

The Foundation's other primary source of revenue is interest income, which in 2007/08 amounted to \$7 million.

Trillium's Granting Program

Trillium's mandate to operate a granting program is outlined in the MOU signed in 1998:

The Ontario Trillium Foundation shall operate and maintain a granting program in accordance with eligibility criteria that have been adopted from time to time by the Foundation Board of

Directors and approved by the Lieutenant Governor in Council.

The program is described in more detail below.

Eligible Sectors

Applications for Trillium grants must fall within one of four broad sectors:

- **Arts and Culture**, including grants to both amateur and professional organizations pursuing initiatives in the performing, media and visual arts, literature, arts education and community arts;
- **Environment**, including grants for initiatives that protect and restore the environment or that increase awareness of a community's relationship with the ecosystem;
- **Human and Social Services**, including projects that help communities prevent social problems and respond to emerging community challenges (emphasis is given to community solutions that improve access to programs and services and stimulate economic activity); and
- **Sports and Recreation**, including sports, leisure and recreation programs aimed at all ages and abilities (priority is given to initiatives that promote active living and enhance social and physical well-being, and to efforts to attract and host special sports and recreation events that encourage economic activity).

In 2007-08, the Foundation invested approximately \$100 million in 1,561 grants. The distribution among the four sectors was as follows:

Arts and Culture	\$22 million
Environment	\$12.3 million
Human and Social Services	\$43.5 million
Sports and Recreation	\$22 million
	\$100 million

Eligible Organizations

Applicants for a Trillium grant must be

- a registered charitable organization;
- an organization incorporated as a non-profit corporation;
- a First Nation, Métis or other Aboriginal community; or
- a collaboration of two or more organizations that contain at least one eligible member.

Effective April 1, 2003, the following organizations may apply for Community Program grants (discussed below) only:

- small municipalities with populations of 20,000 or less and Local Services Boards (for grants in the Arts and Culture, and Sports and Recreation sectors only); and
- small municipalities, Local Services Boards, First Nations and County Library Boards (serving small municipalities) for grants to support specific library services.

The Foundation will not fund individuals, for-profit organizations, political organizations, private foundations, or government bodies (unless they are part of a collaborative effort including organizations which are eligible for grants). In addition, there are many uses of funding that the Foundation will not fund, such as budget deficits, religious activities, activities defined as discriminatory, medical research or equipment, the purchase of land or buildings, or programs or services outside Ontario.

Assessment Criteria

In addition to the above priorities, the Foundation considers the suitability of the applicant organization and the likely impact its proposal would have:

- **Organizational criteria:**
 - An organization's ability to carry out the proposal and to achieve the desired results is demonstrated by such criteria as the organization's track record; an elected, volunteer board of directors; ability to manage and sustain growth that may result from the grant; an appropriate level of financial review of the organization (i.e., externally prepared, audited financial documents); and the ability to respond to the changing needs of the community.
 - An organization's ability to manage the grant is demonstrated by a realistic relationship between the amount of the requested grant and the organization's annual budget, lack of a deficit, and appropriate management practices.
- **Application criteria:** Applications are assessed on the basis of a number of factors, including "clear, measurable benefits" to the community; the amount of community support (e.g., number of volunteers, amount of contributions); and sustainability and lasting impact (e.g., participants will continue to share what they have learned, the project will result in a permanent change to the community, and a plan for ensuring resources are in place to continue the work after the grant ends).

Types of Grants Available

The Foundation makes three types of grants:

- **Operating Grants** are for an organization's ongoing program costs and may be for a single year or multi-year but may not exceed a maximum of five years. Although a Trillium grant may have provided start-up funding for an organization, grant recipients are expected to sustain themselves through other funding sources.
- **Project grants** are for one-time activities or activities with a defined time frame. These may be for a single year or multi-year but may not exceed a maximum of five years.
- **Capital grants** are for renovations, repairs or equipment purchases. Trillium encourages applications that enhance community spaces, improve accessibility, increase energy efficiency to "green" the not-for-profit sector, or make use of innovative technology.

Granting Programs

The Foundation distributes its funding through two granting programs: the Community Program and the Province-Wide Program.¹

Community Program

The majority of the Trillium's funding (approximately 80%) is allocated to the Community Program. Community grants are made for activities that occur in one of 16 catchment (geographical) areas across the province and that affect one or more communities within that catchment area. Each catchment area has local staff who work with volunteer Grant Review Teams that help assess grant applications in accordance with the Foundation's granting priorities, assessment criteria, and local needs.

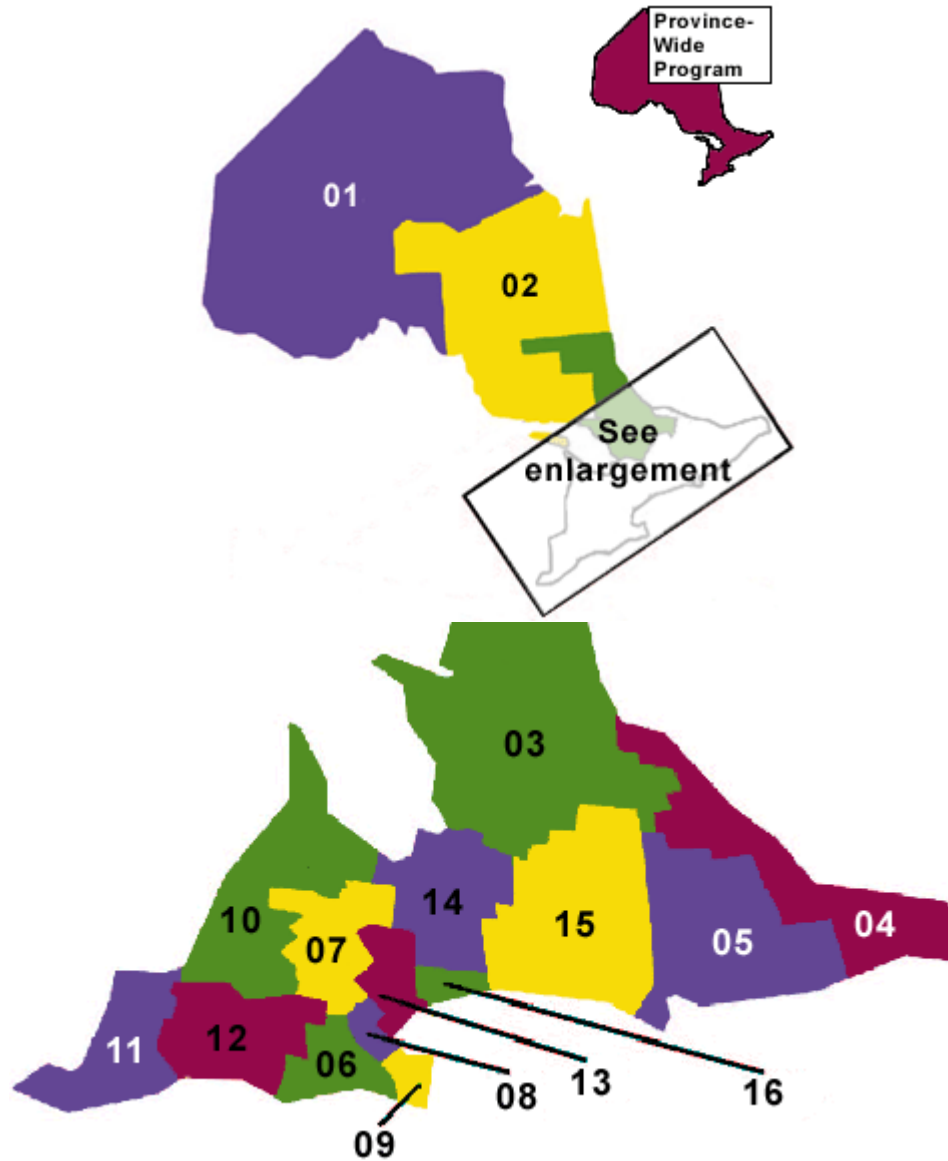
The Grant Review Teams were created following the expansion of the Foundation's mandate in 1999. At that time, 16 Grant Review Teams were created around the province, based on the catchment (geographical) areas served by the old District Health Councils. The members of the Teams are appointed by the provincial Cabinet by order-in-council for renewable terms of up to three years. Each Grant Review Team normally has between 18 and 24 members.

The government's priority in appointing the Teams is to select local volunteers in order to ensure that each Team understands the needs of the communities within its catchment area.²

¹ Deadlines for grant applications are March 1, July 1, and November 1; awards are announced three times a year, in April, June and December.

² Legislative Assembly, *Hansard: Official Report of Debates*, 36th Parliament, 2nd Session (24 November 1998): 3434-3435.

Trillium Catchment Areas



- | | | | |
|---|--|----|--|
| 1 | Northwestern | 9 | Niagara |
| 2 | Algoma, Cochrane, Manitoulin & Sudbury | 10 | Grey, Bruce, Huron, Perth |
| 3 | Muskoka, Nipissing, Parry Sound, Timiskaming | 11 | Essex, Kent, Lambton |
| 4 | Champlain | 12 | Thames Valley |
| 5 | Quinte, Kingston, Rideau | 13 | Halton-Peel |
| 6 | Grand River | 14 | Simcoe-York |
| 7 | Waterloo, Wellington, Dufferin | 15 | Durham, Haliburton, Kawartha, Pine Ridge |
| 8 | Hamilton | 16 | Toronto |

Community grants may be for up to \$375,000 over five years. This may include up to \$75,000 per year for operating or project expenses and up to \$150,000 over one or more years for capital projects such as building renovations or equipment purchases.

The Foundation's Board of Directors ratifies the recommendations of Grant Review Teams.

Province-Wide Program

The remaining 20% of Trillium's funding is awarded to proposals that "have an impact on a significant portion of the province." These funding decisions are made by the Grant Review Committee, which consists of members of the Foundation's Board of Directors. As with community grants, proposals with province-wide implications are reviewed for their fit with the Foundation's granting priorities and assessment criteria, but in addition must meet provincial needs.

To qualify for the province-wide program a proposal must meet one of the following criteria:

- Work will take place in three catchment areas or two in Northern Ontario.
- Work will be done by a group with a province-wide or national mandate.
- Work will be done by a network of organizations from across the province that submits a collaborative request for a project that has a clear provincial impact.
- Work will be done by a local group that has
 - demonstrated capacity and rationale to extend its reach beyond its home community, and
 - a model initiative that will be reproduced across the province.

A province-wide grant may be for an amount of up to \$1.25 million spread over five years. A grant may consist of \$250,000 per year for five years for operating and project expenses and up to \$150,000 over one or more years for capital projects such as building renovations and equipment purchases.

Decisions of the Grant Review Committee are ratified by the Foundation's Board of Directors.

Recipient Accountability

Organizations that receive Trillium funding are accountable to the Foundation through the following recognition and reporting requirements:

- **Letter of Agreement:** After the grant is approved, the organization receives a Letter of Agreement listing the conditions and expected results of the grant. The letter is considered to be a legally binding contract and must be signed by someone with legal authority to bind the organization.

- **Recognition Requirements:** The Foundation imposes certain public recognition requirements to both inform the public of its activities and to demonstrate openness and accountability. These include publication of information about recipient organizations, a requirement that organizations display a recognition plaque, and public acknowledgement of the Foundation's support.
- **Reporting Requirements:** All grant recipients are required to report on the work for which they receive funding. The Letter of Agreement specifies when reports are due. Organizations that receive grants of one year or less must report at the end of the year. Recipients of multi-year grants must submit annual progress reports and a final report. Failure to submit reports as required can delay the release of funds or affect future eligibility.
- **Ongoing Contact:** Each grant recipient is required to inform a contact person at the Foundation of changes to their projects.

Agency Accountability and Oversight

Audits

Auditing requirements with respect to the Foundation are set out in the MOU signed in 1998. It requires the Foundation to retain an external auditor to conduct an annual audit of the financial transactions and management of the Foundation, and requires the Foundation to submit a report of the audit to the Minister and to the Auditor General.

In addition, the Minister may direct that an audit of the financial transactions and management of the Foundation be conducted by Ministry or other external auditors. The Foundation's Chair may also request that an internal audit be conducted on the Foundation's financial transactions and management controls.

Reports to the Minister

The MOU requires the Trillium Board to submit the following materials to the Minister for his or her approval:

- an **Annual Report**;
- an **Annual Business Plan**; and
- a **Strategic Plan**.

The Minister is required to review the *Business Plan* and the *Strategic Plan* and to advise the Foundation's Board as to whether the Minister agrees with the overall direction the Foundation is proposing to take, and whether the plans conform with provincial government policies and priorities.

THE COMMITTEE'S HEARINGS

Ontario Trillium Foundation

Opening Remarks

Trillium's Chair, Helen Burstyn, began the Foundation's presentation to the Committee with a description of the work being done at some of its grantee organizations, "because they and their work describe what we do better than anything." The Community Environment Alliance of Peel, for example, runs a Share-IT program, funded by Trillium, which recycles used computers and other electronics such as printers, monitors and scanners. In addition to diverting electronic equipment from garbage dumps, the organization's volunteers restore the equipment, and the recycled computers are sent to disadvantaged children and families.

The Peace Bridge Newcomer Centre in Fort Erie links refugees arriving in Canada to local service agencies, and encourages them to consider making the Niagara Region their permanent home. With the assistance of both a Trillium grant and local support, the Centre was able to build a modern structure to replace the trailer previously located beside the Peace Bridge.

Other Trillium-supported projects mentioned by Ms Burstyn included the Wabano Centre for Aboriginal Health, a clinic that serves the urban Aboriginal community in Ottawa; Community MicroSkills in Etobicoke, which offers training and support to low income, immigrant women; and the Sharon Temple Museum in York Region, a designated national historic site.

The Committee was also referred to the Foundation's Future Fund, an initiative introduced last year. The first \$4 million of the Fund will focus on grants that will help build the capacity of not-for-profit organizations in the emerging environmental sector.

Ms Burstyn concluded her opening remarks by highlighting the following aspects of the Foundation's program:

- Trillium is now the largest supporter of not-for-profit environmental organizations in the province.
- The Foundation's program emphasizes outreach and granting to northern and rural communities, and to disadvantaged communities, such as First Nations and newcomers.
- Grantee accountability is ensured through monitoring and follow-up.
- Trillium has received numerous awards, including the Maytree Foundation award for Diversity in Governance in the public sector, and awards from the Conference Board of Canada ("effective governance") and the Council on Foundations in Washington, D.C. (for the Foundation's website).

Issues Raised by Committee Members

Changing Demographics

One of the most important challenges the Foundation faces today is how to address the problems associated with the province's changing demographics. According to "community profiles" maintained by the Foundation (compiled from Statistics Canada data), Ontario is experiencing declining populations in smaller communities, due in part to out-migration of youth. In contrast, urban areas are being fed by this out-migration and by emigration from other countries. These trends have had an impact on community health, on service needs, and on the availability of community resources. In some areas, for example, declining school enrolment has resulted in school closures.

One of the ways the Foundation is addressing this issue in communities with declining populations is to "share best practices." For example, the Foundation recently posted on its website a research paper entitled *Small Towns: Big Impact*. Based on a study of the impact of Foundation grants in six small towns across the province, the paper suggests that volunteers in smaller communities should be directing their efforts at

- the need for diversification in local economies;
- changing labour force dynamics and the mismatch between these changes and the skills and education levels of young workers;
- aging populations and youth out-migration; and
- access to capital, health care, public transportation and technology.

Specific examples of how small communities are dealing with demographic changes include not-for-profit groups working to develop new tourism initiatives, such as refurbishing local heritage buildings, and bringing farmers together to develop local food production policies and practices.

The Granting Formula and Underpopulated Areas

In light of declining population trends in rural and northern communities, the witnesses were asked whether the Foundation's grant-making formula attempts to redistribute grants to organizations located in these parts of the province.

Trillium officials said this is an issue Foundation staff have "spent quite a bit of time thinking about." They also pointed out that access to funding in rural and northern communities is related, not only to depopulation, but also to the lack of other sources of funding, such as corporate donations.

Trillium CEO, Robin Cardozo, described two things Trillium does to address this issue:

1. Under the Community Grants Program, which accounts for 80 per cent of the Foundation's grants, an initial per capita calculation is made for each of Trillium's 16 catchment areas. An "urban-rural adjustment" is then made, whereby 10 per cent of grants to large urban areas is deducted and transferred to the grant money available to rural and northern areas.

2. In considering grants under the Province-Wide Granting Program, the Foundation encourages the larger provincial organizations located in the south to think about the north when putting together their grant proposals, and to actively seek out partners in the north who could participate in these programs. It was noted that approximately 40 per cent of their Province-Wide programs have an impact in the north.

Funding of Aboriginal Activities

Approximately 6 per cent to 7 per cent of Trillium's grants last year went to First Nations-related programming. The Committee also heard that much of the activity in this area is relatively recent, and that the Foundation is very aware of the need to reach out to these communities. Asked about the recruitment of Aboriginal persons, Foundation officials said they have "Aboriginal human resources" in a number of areas. For example, there is an Aboriginal outreach officer in northern Ontario who assists Trillium's offices in Thunder Bay and Sault Ste. Marie, and a person of Aboriginal background was recently hired to work as a grants associate in the Foundation's Toronto office. In addition, two members of the Foundation's Board of Directors are of Aboriginal background.

The Foundation was also asked about the extent to which its granting program is coordinated with Ontario's Ministry of Aboriginal Affairs. Trillium officials said they regularly communicate with the Minister's office, although they are more frequently in touch with the civil service side of the Ministry. The witnesses emphasized that, as an organization that awards substantial amounts of money to the Aboriginal community, Trillium tries to ensure that its objectives are consistent with Ministry programs.

The Rural and Small Communities Program

Trillium does not normally fund government bodies, unless they are part of a collaborative effort which includes an organization that is eligible for grants. However, in 2003, the Foundation announced changes to its eligibility criteria. Under the Special Initiative for Rural and Small Communities, local services boards and municipalities with a population of 20,000 or less may apply to the Foundation for funding in two of the Foundation's four broad funding categories: arts and culture, and sports and recreation. In addition, the Strategic Granting Initiative for Library Boards allows libraries serving municipalities of 20,000 or less to apply for one-time grants to fund special initiatives.

This change in mandate was criticized at the time by some charitable organizations that relied on Foundation funding; they argued that expanding the Foundation's mandate without also increasing the total amount of funding available would inevitably dilute the support the Foundation can offer the charitable sector. It was also argued that libraries are public bodies, not charities, and deserve to be adequately funded by the government out of general revenues.

Responding at the time, Foundation CEO Robin Cardozo explained that the change in mandate addressed concerns expressed by smaller communities, who had argued that they did not have access to Trillium funding because of the lack of established charities in their communities.

At the Committee's hearings, Trillium officials were asked about the Foundation's experience with the Rural and Small Communities program to date. According to Mr. Cardozo, the program has been very successful ("there has been terrific take-up" in small communities). Moreover, there has been no evidence to suggest that making small municipalities eligible for funding has taken away from not-for-profit groups, one of the main concerns at the time the program was introduced. One explanation for this, the Foundation believes, is that when municipalities apply for grants they are encouraged by the Foundation to talk with their local not-for-profits. If they have not done so, Foundation staff will ask municipal applicants to contact their volunteer groups with a view to developing a collaborative proposal. As explained by Mr. Cardozo,

we'd like to think that we helped build the community through the grant but also helped to build the local not-for-profit sector by making the municipality, who may not have thought about it, now think about working with the local not-for-profit groups.

The Grant Application Process

Committee members observed that they often hear from smaller organizations in their ridings that many groups do not apply for Trillium grants because they lack experience with applying for financial assistance, or because the application process is too complex.

Trillium officials acknowledged this has been a problem, but described a number of steps the Foundation has recently taken to assist these groups. These include

- introducing a simplified application form for smaller capital grants (one of the Foundation's most popular forms of grant);
- holding workshops for grants applicants; and
- posting tools on the Foundation's website, such as a standard budget form that should be easier for inexperienced applicants to complete.

On the other hand, the Foundation's CEO said "we don't apologize for the fact that we do have a comprehensive application form," as this helps to ensure accountability for government dollars.

Declined Applications

Given the high number of applications for grants Trillium receives each year, the Committee was interested to know what happens when an application is denied.

Foundation officials stressed that unsuccessful applicants do not simply get a "cold, thank you for applying, don't call us we'll call you." Rather, groups are encouraged to discuss their applications with Foundation staff who can provide guidance regarding future applications. For example, an applicant might be advised to talk with others in the community who do related work and then, based on those consultations, apply again in six months with a revised proposal. Sometimes a group with little experience may apply for a grant of \$200,000. In

these circumstances, the Foundation might indicate that the group is not ready for a substantial grant, but would approve a \$20,000 grant to have a feasibility study done in order to demonstrate that the group's proposal is viable and deserving of more funding.

The Committee also heard that although the Foundation does not have an appeal process, unsuccessful applicants do receive advance notification of decisions, usually within days. This allows declined groups more time to assess and revise their proposals so that they can be ready for the next application deadline.

Accountability of Grantees

An important aspect of government-funded granting programs such as Trillium is grantee accountability. Accordingly, the witnesses were asked about the extent to which the Foundation follows up with its grantees, and whether this includes audits to determine value for money.

Trillium officials assured the Committee that this is a matter "of paramount importance" to the Foundation, and outlined a four-step process it follows to ensure grantee accountability. First, long before a grant is made, Foundation staff and members of the local grant review team perform due diligence by asking a series of questions about the applicant group: Are they ready for a grant? Have they received grants before? If they are a new organization, do they work with others in the community who can provide some assurance that the group has some knowledge of what it is proposing to do? Does the group have the support of the community?

Second, once a grant is made, the applicant group is required to sign a Letter of Agreement (considered to be a legally binding contract), which lists the conditions and expected results of the grant.

The third step in the monitoring process requires all grant recipients to report on the work for which they receive funding (the Letter of Agreement specifies when reports are due). Organizations that receive grants of one year or less must report at the end of the year; recipients of multi-year grants are required to submit annual progress reports and a final report.

Finally, Trillium has an audit step. Approximately one per cent of all grants under management are subject to a Foundation spot audit. The one per cent standard was adopted after consultation with Ministry of Culture auditors, and is considered appropriate in light of the other due diligence measures the Foundation takes.

In conclusion, Trillium representatives emphasized that, as a community-based organization, they are well-positioned to ensure accountability. As described by the Foundation's CEO, the volunteers on the grant review teams, together with the Foundation's local staff, are able to "find out pretty quickly if something is going off the rails."

Cost Effectiveness

Trillium's *Business Plan* states that the Foundation is "one of the most cost-effective organizations of its kind in North America." Indeed, the Committee heard that this has been "a point of pride" with the organization since its inception 25 years ago.

Asked to elaborate, Mr. Cardozo explained that one of the ways cost efficiency is measured at the Foundation is through its "operating cost ratio" (operating costs as a percentage of total program funding). Currently, the Foundation's ratio is 11.3%, a figure that compares favourably with similar sized operations in North America. For instance, in Canada, the McConnell Foundation has an operating cost ratio of about 17%, while the Canada Arts Council and the Ontario Arts Council have ratios of 14% and 13%, respectively. Similar-sized foundations in the United States have an average operating cost ratio of about 18%, while the very large organizations, such as Ford, Rockefeller and Kellogg, have even higher ratios.

Staffing/Risk Management

Despite best efforts to contain operating costs, Trillium's most recent *Business Plan* states that "limited resources" and "budget restrictions" could affect its ability to implement plans to improve organizational effectiveness. It also states that a "key risk is understaffing, particularly in the program area."

Asked about these concerns, Trillium officials observed that, as with any organization, they have to consider the risks involved in running their business, and that this involves a constant balancing of the need to provide services at a level that stakeholders expect with the need to operate a cost-efficient program. It was acknowledged that in its ongoing efforts to keep costs low, the Foundation does experience staffing pressures at certain times of the year; however, it has attempted to address these pressures through a variety of ways. One is to have a flexible staff structure under which staff in one area can assist staff in another area, as required. In addition, the Foundation is continually looking for innovation, particularly in the area of information technology, to ensure that operating costs do not increase relative to the overall program budget.

Diversity at the Foundation

Committee members commented that Trillium is perceived, at least in some parts of the province, as an organization too oriented toward large urban centres. In this connection, the witnesses were asked specifically about the current composition of the Foundation's Board of Directors, and whether it adequately reflects the province's diverse population.

In prefacing his response, CEO Robin Cardozo explained that, "for us, representation means representation at the Board, representation at the grant review teams and representation at staff, so at each of those levels we try to make sure that we are reflective and representative of the province." Nonetheless, he acknowledged that Board representation is important, and suggested that one of the reasons Trillium received the Maytree Award for diversity in governance last year was the fact that its Board of Directors consists of persons with varied backgrounds.

Information provided to the Committee subsequent to the hearings provided a detailed breakdown of the current composition of the Foundation's Board. Of the Board's 21 directors, there are

- two from Northern Ontario, two Francophones, two First Nations members, two "youth" members, three African Canadians, three South Asian Canadians, and one Chinese Canadian;
- 14 women and seven men; and
- artists, educators, social service workers, municipal officials, environmentalists, sports sector professionals, psychologists and management consultants.

In terms of geographical representation, the Board has one or more members from each of the following catchment areas:

- Algoma, Cochrane, Manitoulin and Sudbury
- Champlain
- Halton-Peel
- Niagara
- Northwestern
- Simcoe-York
- Thames Valley
- Toronto
- Waterloo, Wellington, Dufferin

Government Funding

As announced in 2007, Trillium's annual funding will increase from \$100 million to \$120 million by 2009-10. This represents an increase of 20 per cent over three years, after almost ten years of constant funding. It is also the case that the amount of revenue that the Foundation receives is no longer tied in any specific way to the proceeds of charitable gaming and/or other activities of the Ontario Lottery and Gaming Corporation.

Despite increased program funding, the Committee heard that Trillium continues to receive three to four dollars in requests for every one dollar it approves in grants. Foundation officials explained that one of the reasons this ratio of demand to supply persists is the formation of new groups in emerging areas of the not-for-profit sector, such as the environmental sector.

One of the ways the Foundation has attempted to deal with this phenomenon is through such initiatives as the Future Fund, introduced last year. Under this

program, which will initially focus on the environmental not-for-profit sector, fledgling environmental groups that apply for Trillium grants are encouraged to form collaborations. The effect of this approach is twofold. First, collaboration raises the overall quality of applicants in the sector, as the less skilled and less experienced groups benefit from their association with the more established organizations. Second, collaboration reduces the number of applications for grants, thereby allowing the Foundation to direct money to fewer (and higher quality) organizations.

Other Witnesses

United Way of Canada - Centraide Canada

The president and CEO of the United Way of Canada, Al Hutton, described his organization's long relationship with Trillium as one based on "collaboration and partnership." Mr. Hutton said this relationship has allowed the United Way to bring together community organizations, the private sector and government to establish investment priorities in communities, and has produced many creative solutions to local problems. Mr. Hutton also expressed his belief that United Way's association with Trillium will be of even greater importance in the current economic climate:

[A]s we enter the next phase of what's going on in the market and the impact that's going to have . . . on organizations and individuals – it's only going to get tougher. So in a sense partnering with organizations like Trillium is, for us, critical for our success down the road.

Judith Baril, Executive Director of United Way Leeds Grenville, provided the Committee with an example of how Trillium funding has enhanced the work of local United Ways across Ontario. In 2004, a collaboration of 17 local United Ways, headed by the Leeds Grenville chapter, was successful in securing a Trillium grant of almost \$600,000 for *Community Matters: Engaging Community, Building Community*, a proposal intended to help local United Ways serve their communities in a more coordinated way. Over the course of 30 months, the group conducted province-wide consultations and surveys to identify the most serious social problems facing Ontario communities. According to the project's findings, most communities identified "children and youth" as their top priority, followed by transportation and rural poverty.

Ms Baril told the Committee that, as a result of the *Community Matters* initiative, local United Ways in Ontario are now better able to identify and fund projects that will have the greatest impact. In summing up, Ms Baril said

I can't stress how important the OTF funding was to us. We simply could not have done the work that we did without it, and I think it made a profound difference in every community that partnered. I think the lessons that we've learned have also affected the larger United Ways that weren't part of the Community Matters project, and we've started having an

open dialogue all across the province with small United Ways and large United Ways.

Anishinaabek, Mushkegowuk and Onkwehonwe Language Commission of Ontario:io (AMO)

The Committee's hearings concluded with a presentation from Amos Key, Jr., the current Treasurer of AMO. Mr. Key described his organization as a bilingual private school board that provides education in English, and in the languages of the Anishinaabek, Mushkegowuk and Onkwehonwe peoples. According to Mr. Key, AMO has had "tremendous" success in reducing the drop-out rate of its students.

In 2008, AMO received a three-year Trillium grant in the amount of \$405,000. In general terms, the grant is intended to help AMO develop policy and coordinate research to preserve and standardize the 13 languages of Ontario's 134 First Nations. More specifically, Mr. Key hopes that Trillium funding will enhance AMO's ability to influence education policy so that, eventually, the existing bilingual system of education (English and French) will become a multilingual system that includes First Nations languages.

Mr. Key also described the role Trillium played in assisting the Woodland Cultural Centre, a First Nations educational and cultural site established in 1972. Over the last several years, Woodlands has received about \$145,000 in Trillium grants to protect and promote the history, language and cultural heritage of the Anishinaabe and Onkwehonwe. According to Mr. Keys, Trillium's outreach and support has helped First Nations shed the perception that they are exclusively "a federal responsibility."

Written Submissions

The Committee received 18 written submissions, mostly from past and present recipients of Trillium funding. These submissions were in the form of testimonials, extolling the positive impact Trillium grants have had on their respective projects. The following is a sample of the comments made by these not-for-profit groups:

- *Community Opportunity and Innovation Network (COIN)*: Based in Peterborough, COIN has a general mandate to encourage community economic development. It currently operates five "social enterprises," including reBOOT Peterborough and TEKdesk. It also delivers training programs to people with intellectual challenges and other employment barriers. COIN states: "Trillium has played a pivotal role in the development of these economic and social initiatives. One of our enterprises, TEKdesk, with a grant from OTF, was able to expand their IT services to over 850 small libraries across the province. . . . Staff at OTF are extremely organized. Communication is open and accessible, while processes are clearly explained and meticulously followed."
- *Sarnia-Lambton Rebound (A Program for Youth)*: Rebound works with at-risk youth and provides services for parents. The organization states that 90% of the youth who go through Rebound's court diversion programs do not have

further contact with the police. “The Ontario Trillium Foundation has been instrumental in helping Rebound launch many of our services, including anger management, justice forums and alternative education programs. . . . [Trillium] has had the foresight to allow for multi-year grants which is vital to our success Without [Trillium], our reach would not have been as widespread.”

- *Centre for Social Innovation*: The Centre provides shared space and services to more than 100 emerging “social mission organizations” in downtown Toronto. The Centre’s tenants work in such areas as the arts, the environment and social services. As a recipient of two Trillium grants, the Centre says the Foundation has “been insightful, respectful and supportive of our work. They have realistically provided us with an honest sense of the fundability of our projects and have provided us with valuable feedback to improve the likelihood of securing their support.”
- *Reduce the Juice (RTJ)*: This group designs and implements initiatives to engage and encourage youth and their communities to address climate change. Headquartered in Newmarket, RTJ has run several energy conservation and renewable energy projects in southern Ontario locations such as Shelburne, Orangeville and Waterloo. RTJ turned to Trillium when all of the group’s previous sources of funding could not offer capacity building funds. Trillium’s grant allowed RTJ to “grow exponentially.”
- *PARO Centre for Women’s Enterprise*: Located in Thunder Bay, PARO delivers services to women to help them “start and grow sustainable businesses and employment opportunities.” Services include training workshops, business counselling, peer support, and marketing and networking. “By providing much-needed multi-year funding to PARO, the OTF has been instrumental in developing increased organizational sustainability, and increasing the reach of PARO’s services throughout regional communities.”

COMMITTEE RECOMMENDATIONS AND COMMENTS

Funding the Environmental Not-for-Profit Sector

As stated by the Chair of the Foundation in her opening remarks, Trillium is now the largest financial supporter of the environmental not-for-profit sector in the province. With the additional government funding announced in 2007, the Foundation was able to increase its investment in this sector from \$8.2 million in 2006-07 to \$12.3 million in 2007-08.

On the other hand, although the environment is one of the four broad sectors that make up the Trillium mandate, the amount directed to it accounted for a little over 12 per cent of all grants in fiscal 2007-08.

The Committee recognizes that the current allocation reflects the fact that the environment is an emerging sector, with relatively few established not-for-profit organizations that can meet the Foundation’s grant eligibility criteria. We also note that the Foundation is taking steps to address this fact by encouraging newer groups with less experience to collaborate with established organizations

before submitting a grant application. In the long run, this should result in a greater portion of the Foundation's grants being allocated to the volunteer environmental sector.

Recommendation 1

The Committee commends the Foundation for its ongoing efforts to enhance the capacity of the not-for-profit environmental sector and recommends that it continue to strengthen this sector by encouraging collaboration and coordination among smaller groups and larger provincial and national organizations.

Changing Demographics

The Committee heard in some detail about the Foundation's efforts to help not-for-profit groups identify and address the challenges facing the province's smaller communities. While we agree that the issues associated with declining populations have been, and will continue to be, worthy of the Foundation's attention, we also believe it would be useful to know how the Foundation intends to approach some of the issues arising from other demographic changes that touch all parts of the province. For example, the influx of people of mixed backgrounds is a province-wide phenomenon that includes many communities with an urban/rural mix. How will the Foundation be promoting more volunteer activity within multicultural communities? Similarly, the challenges posed by an aging population will affect every community, big and small. How does the Foundation intend to motivate the not-for-profit sector to increase its presence in this area?

Recommendation 2:

The Committee encourages the Foundation to continue to monitor the province's changing demographics and to consider how the not-for-profit sector can be mobilized to address the social and economic issues arising from these changes. The Foundation should also indicate how it intends to reach out to merging needs in such areas as Ontario's multicultural, Aboriginal and seniors' communities.

The Granting Formula and Underpopulated Areas

As described to the Committee, the Foundation applies an "urban/rural adjustment" when allocating grants under the Community Grants Program. Under this formula, an initial per capita calculation is made for each of the Foundation's 16 catchment areas. Ten per cent of grants that would otherwise go to large urban areas is then redistributed to northern and rural communities.

The Committee is fully supportive of the Foundation's efforts to increase the availability of grants in the underpopulated parts of the province; however, we believe it is important that the urban/rural adjustment be periodically revisited to

ensure that it continues to meet the changing needs of these communities. We also believe there would be some value in publishing any direct evidence the Foundation might have in support of this formula.

Recommendation 3:

The Committee recommends that the Foundation conduct ongoing assessments of the urban/rural adjustment, and that it publish empirical evidence in support of the formula.

The Grant Application Process

The Foundation outlined for the Committee a number of steps it has taken recently to assist less experienced organizations that wish to apply for grants, including the introduction of a simplified application form, holding workshops for applicants, and posting explanatory information on the Foundation's web site.

The Foundation stressed, however, that lending this kind of assistance to applicants must be balanced against the need to maintain a rigorous application process that ensures accountability for government funds.

With this caveat in mind, the Committee believes it is important to the ongoing success of the Trillium program that the Foundation continue to look for ways to simplify the application process, without compromising accountability.

Recommendation 4:

The Committee commends the Foundation for the initiatives it has implemented to assist applicants in the grant application process and encourages it to continue to explore ways in which this process can be simplified.

Accountability/Cost Effectiveness

Accountability and cost-effectiveness are crucial to the success of granting programs that depend on government funding. We are pleased to report that Trillium's performance in both respects has been stellar. In the matter of grantee accountability, we were impressed with the thoroughness of the Foundation's due diligence process, a process that involves asking the right questions before a grant is made, a legally binding contract that sets out expected results, ongoing reporting requirements, and auditing of grant recipients. In terms of delivering a cost-efficient program, Trillium's track record is equal to or exceeds that of similar-sized foundations in North America.

The Committee would like to commend the Foundation for its diligent attention to these important aspects of the granting program.

CONCLUSION

For more than 25 years the Ontario Trillium Foundation has operated a granting program that has provided critical support to not-for-profit and charitable organizations in this province. Perhaps the best evidence of this program's success is the fact that successive governments, representing all parties in the Ontario Legislature, have shown their support by either continuing or expanding the Trillium mandate.

Key to this success has been the Foundation's focus on time-limited grants that supplement rather than replace an organization's usual source of funding, and on making funding decisions based on the views of volunteers situated in the communities that will benefit from Foundation grants. In addition, the Foundation goes to great lengths to ensure accountability for the grants it makes.

When its mandate was expanded 10 years ago, the Foundation was required to administer a significantly more complex program. Despite the increased cost pressures that accompanied this expansion, Trillium has managed to retain its status as one of the most cost-efficient organizations of its kind in North America. In the Committee's view, this track record more than justifies the additional program funding announced in 2007.

Based on the testimony received during its public hearings, it appears that stakeholder support for the Foundation and its work is virtually unanimous. The Committee would, in particular, like to commend the Foundation for the following initiatives it has undertaken to address the changing landscape of the not-for-profit sector:

- monitoring issues associated with the province's changing demographics, and keeping not-for-profit stakeholders informed of these issues;
- implementing a granting formula that takes into account the relatively sparse population of the province's northern and rural communities;
- enhancing access to the Trillium program for those organizations that have little experience with grants, through a simplified application process and by posting explanatory materials on the Foundation's website;
- continuing to ensure accountability on the part of grant recipients; and
- ongoing efforts to deliver a high-quality program in a cost-efficient manner.

APPENDIX

Witnesses

Organization/Individual	Date of Appearance
Anishinaabek, Mushkegowuk and Onkwehonwe Language Commission of Ontario':io	September 18, 2008
Ontario Trillium Foundation	September 18, 2008
United Ways of Canada – Centraide Canada	September 18, 2008

Written Submissions

Organization/Individual	Date of Submission
Brockville Concert Association	August 26, 2008
Canadian Women's Foundation	August 26, 2008
Centre for Social Innovation	August 22, 2008
Community Arts Space	August 24, 2008
Community Opportunity and Innovation Network	August 22, 2008
Francine Lecours	August 26, 2008
Goodwill Niagara	August 28, 2008
Haitian Hope Centre	July 11, 2008
Hospice of Windsor Essex County	August 27, 2008
Jocelyn Harvey	August 28, 2008
PARO Centre for Women's Enterprise	August 28, 2008
Pathways to Education	August 29, 2008
PhotoSensitive	August 18, 2008
Reduce the Juice	Undated
Sarnia-Lambton Rebound	August 27, 2008
Somali Youth Association of Toronto	Undated
Theatre francais de Toronto	August 28, 2008
Thunder Bay Art Gallery	August 28, 2008