Funding & Partnerships Guide

March 2022

McConnell

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The purpose of this guide is to describe the Foundation's approach to funding and partnerships

The McConnell Foundation receives hundreds of proposals each year and many people participate in due diligence and partnership development. The guide is used to create parameters for our staff to be consistent in our approach in order to help reduce bias, enhance equity, and ensure that we work cohesively to advance our vision and goals.

This guide begins with McConnell's vision and mission and provides an overview of how we seek to achieve impact through our funding and partnerships. The guide also provides information on what types of funding partnerships we engage in, and what guidelines and assessment criteria staff members apply in reviewing proposals.

Our work as a funder continues to evolve. We aim to learn from our partners and others in the sector as we take steps to improve our practices and create clear communications for partners and potential partners as they navigate the application process.

We have created this external version of the guide in the spirit of transparency. By sharing this document, we hope to offer readers more information about our priorities and our funding process.

About the Foundation

VISION

We envision a future in which our economy and social systems promote the thriving of all people, and in which the natural environment is stewarded for generations to come. We see all sectors working together to address climate change, to help foster reconciliation, and unleash individual creativity and organizational resources to solve social challenges and strengthen communities.

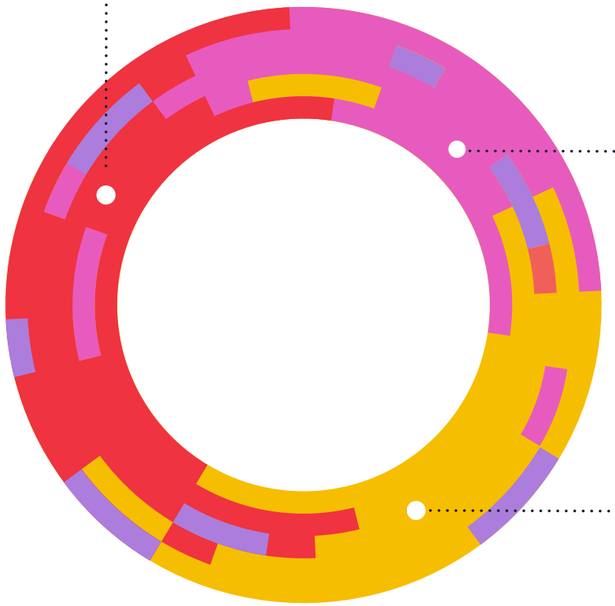
MISSION

We strive for a resilient, inclusive and sustainable society that can successfully address its complex challenges.

Impact Areas

The bulk of the McConnell Foundation's philanthropic allocations are focused on advancing three focus areas: Communities, Reconciliation, and Climate.

FOCUS AREAS



Communities

GOAL: Support and amplify the leadership of equity-deserving groups to address systemic barriers to economic and social justice at a local, regional or national level.

Reconciliation

GOAL: Contribute to a reconciliation economy where wealth and resources are equitably shared and sustainably stewarded for this generation and those yet to come, in relationship with both Indigenous and non-Indigenous peoples.

Climate

GOAL: Contribute to Canada's transition to a net-zero carbon economy in a way that produces sustainable and equitable outcomes for all.

TOOLS & APPROACHES

Tools & Approaches funding supports scaling and capacity building. Building on our learnings from the now closed Social Innovation Fund, moving forward, this funding must also be aligned with our focus areas.

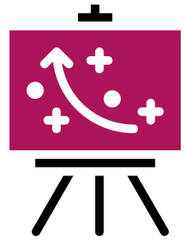
MONTREAL FUNDING

Founded in Montreal in 1937, the Foundation is deeply committed to its home city. In addition to projects aligned with our focus areas, which may include Montreal-based projects, we also devote annually an additional $2M (5-9% of our funding) to Greater Montreal-based organizations.

Types of Funding Partnerships

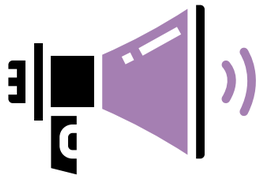
Responsive funding

The bulk of McConnell's charitable disbursement is done through responsive funding. This means funding provided in response to unsolicited proposals submitted by prospective partners.



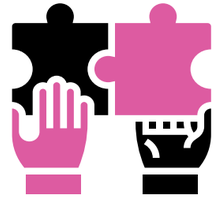
Program Development

McConnell sometimes offers program development support for activities closely aligned with one of our focus areas. For this type of funding, a potential partner might be invited to submit a proposal.



Proactive Partnership Development

On occasion, calls for proposals, or co-development of proposals with specific partners might take place.



Funder collaboratives

McConnell sometimes joins together with other funders to support a specific initiative.

Opportunity funds

In addition to partnerships described here, from time to time the foundation provides relatively modest amounts of funding to partners (<$50,000) to support unique and time-sensitive needs or opportunities.

Types of Agreements

McConnell uses several types of agreements to disburse funds. In most cases, the partner is a **charitable donee**. If the partner is not a charitable donee, we may enter into an intermediary agreement through a **charitable fiduciary** or enter into an agreement with the partner as a **non-qualified donee** (NQD).

1 Grants to Charitable Donees

Charitable donees are organizations recognized by the Canada Revenue Agency (CRA) as charities or one of these **donee types**, and who have a CRA **registration number**.

2 Grants through a Charitable Fiduciary

A charitable fiduciary is a qualified donee used by an NQD to receive funds. The CRA has guidelines for establishing a fiduciary/intermediary **here**.

3 Agreements with NQDs

NQDs are organizations that do not have charitable status. These include for-profit entities, not-for-profit organizations that do not have charitable status, and contractors. To partner with an NQD, a Memorandum of Understanding (MOU) or a Contract for Services/Letters of Agreement can be issued if the donee is aligned with the objectives of the Foundation and is well-suited to carry out the activities. This is done in accordance with **CRA guidelines**.

This has legal and tax implications:

- → The total grant amount must include tax (7.49%[1]) on top of the proposed project budget.
- → Expenditures and accounting must be monitored closely, both by McConnell and the NQD in accordance with CRA rules.

1 Full tax in Quebec is 14.975%. The Foundation pays this in full, but at year-end is reimbursed half of this amount back from the CRA. So the real value for a grant-like project with a NQD is base amount + 7.49% (half of 14.975).

EDIA & Reconciliation

Equity, Diversity, Inclusion and Accessibility (EDIA)

The Foundation is actively working to embed EDIA into our frameworks, policies, operations and programming.

We aspire to have our funding focus on organizations led-by and serving equity-seeking communities, while also recognizing that our overall focus should be on where we can have the most impact.

Reconciliation

For our Reconciliation Focus Area, funding is provided almost exclusively to projects that are led-by and serving Indigenous communities.

Assessment Criteria

In 2020 our Board decided to set a disbursement target of 5%. (While this rate will be reviewed annually, 5% remains our current target.) Overall, the Foundation receives far more proposals than it has financial resources to support. If an initiative is very strong, but not well aligned with McConnell focus areas or priorities, it will not be approved for funding. As one of the first steps in deciding whether a proposal will move forward, we look at how the proposed project aligns with our impact priorities and how the proposed project is positioned for success.

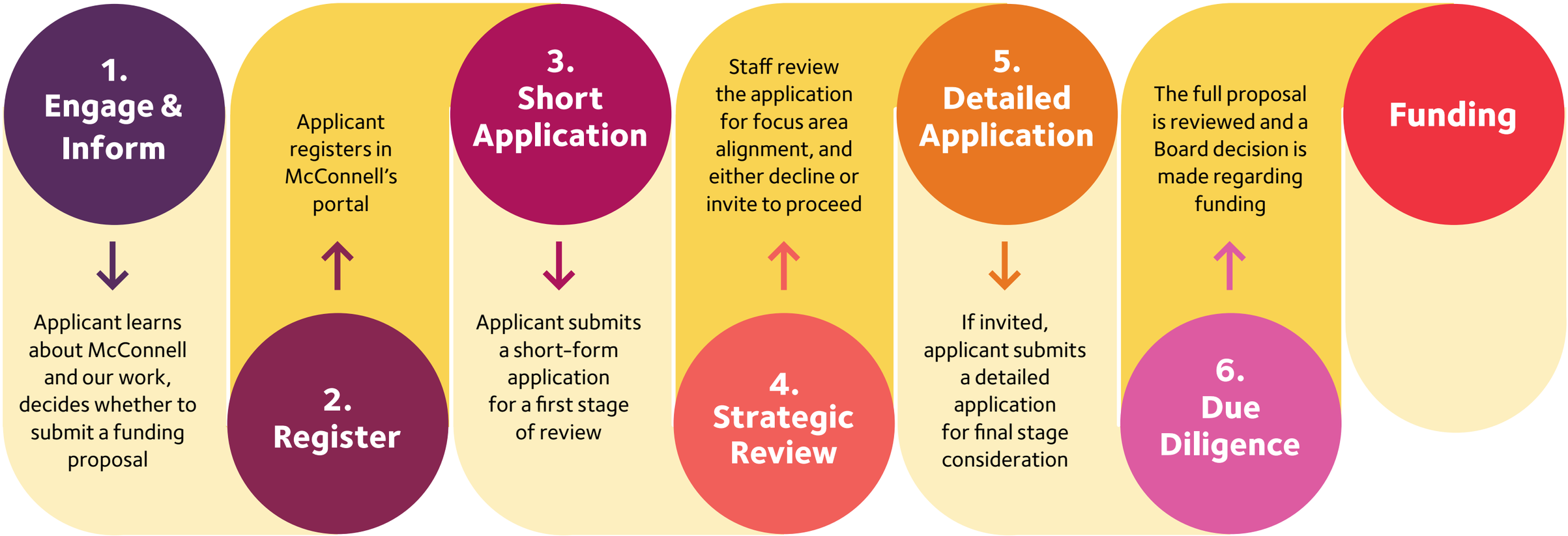
Positioning is the word we use to describe the maturity of a proposed project and the suitability of a prospective partner to carry out the work. That includes but is not limited to finances, governance, and partnerships. In light of the priority placed on organizations led-by and serving equity-seeking communities, the composition of the leadership team and/or board will also be considered.

In the first stage of project assessment, alignment and positioning are weighed together, using the grid below as a guide, to look at the potential for success given the different criteria.

	ALIGNED	NOT ALIGNED
WELL-POSITIONED	1 **Likely supported, with amount to be determined based on analysis of likelihood of success and envisioned impact**	2 Potentially supported, at small levels only (e.g., Opportunity funding, see p.6)
NOT WELL-POSITIONED	3 Potentially supported, depending on analysis of potential for success and assessment of maturity of project	4 **Not supported**

Assessment Process

Following an assessment of alignment and positioning, the proposal will move through additional stages of review as it is considered for funding.



Ineligible Projects

Aside from the "Montreal Strategy" which has its own criteria, we do not consider requests:

- → that are part of a general fundraising and/or capital campaign
- → to reduce deficits
- → for university, college or hospital endowments
- → for annual operating funds or other recurring costs, unless directly linked to one of our focus areas and the success of the proposed project
- → involving partisan political activities
- → involving strictly religious purposes or activities
- → for purely academic or basic research
- → for organizations or projects based outside of Canada
- → for international development initiatives
- → for projects advancing nature-based solutions such as: reforestation and tree planting, nature conservation or biodiversity preservation
- → for organizational emergency needs
- → for c onstruction, renovation or purchase of buildings

Generally, we do not consider requests in which the primary activity is* :

- → the production of a film, video, or publication
- → the organization of a conference, workshop, or seminar
- → the providing of training, scholarships, or subsidies

***although any of the above can be part of a larger scale project or program**

Eligibility criteria for post-secondary institutions

The McConnell Foundation has a long history of partnering with academic institutions, most recently working with post-secondary institutions through the Re-Code initiative (2014-2022) to advance positive social impact in their surrounding communities. Through our new focus areas of climate, reconciliation and communities, we aim to engage directly with communities and, as a result, to target our support primarily towards community-led organizations. However, in certain circumstances, funding an academic partner may be necessary to achieve community objectives.

Note: The Foundation does not fund purely academic research. We occasionally fund research that is a component of a larger scale project or program that aligns with our focus area funding strategies.

Academic institutions seeking funding for **community engagement projects** should apply under one of our focus areas on our application portal.

Requirements for academic partners seeking funding for community engagement projects:

- The academic partner has specific knowledge and/or skills that are essential for the project's success.
- The academic partner has a history of engagement and knowledge of the realities in the community or communities it seeks to engage.
- The academic partner has strong community support, evidenced by signed/official agreements in place with community partners.
- The focus of the project is on community impact. Any research associated with the project must be applied, with results to be used by the partner organizations and/or their stakeholders.
- Community partners are active collaborators as well as beneficiaries to the work, as evidenced by one or more of the following possible examples:
    - The project budget is prepared transparently with full knowledge, engagement and support from community partners.
    - A significant portion of the funds flow directly to community organization(s).
    - Community partners have decision-making power (e.g., through steering Committees and/or Advisory Committees comprised of community representatives, community members are core members of the planning team, etc.).
    - Community partners have direct contact with funders.
    - Community partners have control over the cadence and rhythm of project implementation.
    - Community partners are authorized to speak publicly about the project.

Admissibility of expenses

A note on the admissibility of core or operating costs

The McConnell Foundation expects administrative costs to be part of every proposal we receive. We do not have fixed percentages for administration or maximum allowable core or operating costs. Every project is different. Context matters and an organization's staff are best placed to build the budget that best serves their initiative. Operating costs or other recurring costs (e.g. staffing, overhead, IT and digital tools) are eligible if they are directly linked to the success of a project that falls within our focus areas.

Renewability

We are open to renewing funding in some instances where:

→ Alignment with focus areas is still relevant

→ There is a clear case that renewal builds on previous support

→ There is evidence of system transformation

GLOSSARY OF TERMS

Alignment

In the process of assessing proposals, this refers to the fit of a prospective project with the mission, vision, and focus areas of the Foundation.

Capacity Building

This is support to build and strengthen on partners internal capacity to deliver on their mission.

EDIA

Equity, Diversity, Inclusion and Accessibility.

Led-by and serving Indigenous communities and/or led-by and serving equity-seeking communities

These are organizations in which the leadership teams, including staff and/or board, are members of the communities they serve.

Non-Qualified Donees (NQDs)

NQDs are organizations that do not have charitable status. These include for-profit entities, not-for-profit organizations that do not have charitable status, and contractors.

Positioning

In the process of assessing proposals, this refers to the maturity of a proposed project and the suitability of a prospective partner to carry out the work.

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