

*We* envision a charitable sector



THE  
VERITAS  
FOUNDATION

10/9/2018

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Where high levels of **accountability, transparency, and effectiveness** is the norm.



Where **passion** and **impact** are the focus.  
Not *profile*, or *popularity*.



*We're* going **beyond the research**  
to become a trustee for the public's interests.



*And* establishing ourselves as the primary source for;  
information, independent advice, thought leadership, and  
objective reviews – of Canadian charities.





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# MAKING CHARITABLE MARKETS BETTER

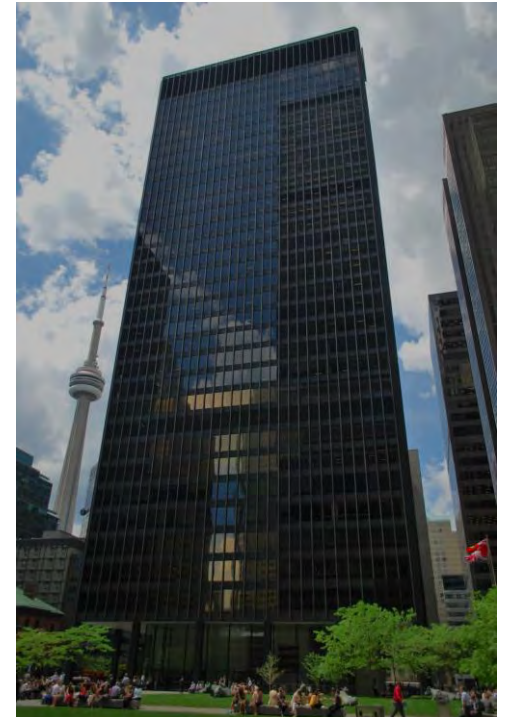
A PARTNERSHIP FOR CHANGE

Presenter: Don Inouye, Executive Director

Date: Tuesday, October 9, 2018

# PRESENTATION TOPICS

- Environmental Scan
- Charitable Markets (Summary)
- Opening Remarks
- The Veritas Solution
- The Programs We Offer
- The Charity Review and V-Score Process, Key Components
- Case for Support and Value Proposition



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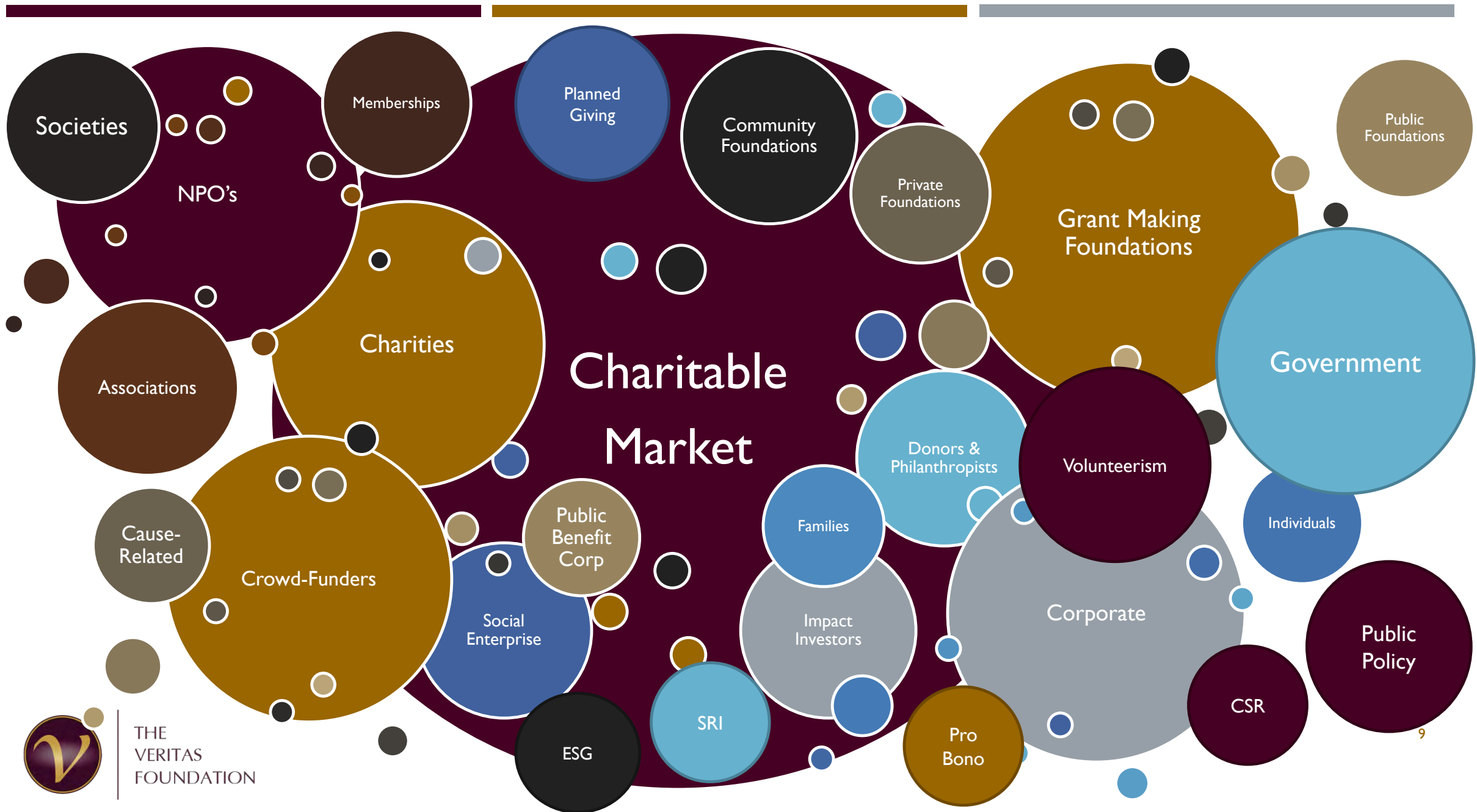


# ENVIRONMENTAL SCAN

- The number of charitable organizations, foundations, and non-profits has grown to become one of the larger sectors in Canada's economy (8.1% of our GDP, slightly larger than the automotive sector.)
- The scope of the sector is both very wide, and very deep. From tiny grass-roots charities raising money for a local cause, to extremely large healthcare or educational enterprises trying to tackle huge systemic social problems.
- A sector where program diversity and organizational uniqueness is positioned as the case for support. Where the financial needs (real or perceived) create urgency, and where emotive advertising calls us to action.
- Public perceptions are a charity's reality. An organization's ability to leverage social media, public opinion, or celebrity - to tell their story is often rewarded despite any evidence in standards of their performance, historical results, or present ability to achieve these results.
- Procedural and financial transparency, accountability, and focus are all expected by donors, although they are difficult to measure, and are unpopular to enforce. Government regulators are too slow to manage compliance.







# CHARITABLE MARKETS - SUMMARY

## Magnitude

- Growing steadily
- Tens of thousands of organizations
- Every cause you can think of
- Every town, every city, every region, every province

## Confusion

- Creative marketing telling stories of need
- Fundraising has taken a life of its own
- Emotive advertising pulling at heartstrings
- Multiple overlapping brands
- Social media creating noise around a cause

## Complexity

- Dual-objective and outdated models
- Emergence of social enterprises
- Blurry lines in between corporate structures
- Naming conventions don't always match up
- Partnerships, licencing, and program networks

## Regulation

- Can't keep up
- Won't catch up
- ITA needs updating
- CRA under-funded
- Directorate under-resourced
- CNCA needs modernizing
- Public Guardian & Trustee (slow)



# FINDING NEEDLES IN HAYSTACKS

“When you consider the sheer magnitude of investable equities to choose from in the world's emerging markets, you realize that finding one that looks attractive enough to warrant investing your faith and assets in is as formidable a task as finding a needle in a haystack. Fortunately, researching investment opportunities is a lot more interesting than digging for needles in haystacks.”

Mark Mobius

There are 1,561 companies listed on the TSX, and another 2,424 on the Venture Exchange. ***Finding the right company to invest in*** – is a difficult task.

There are 86,592 registered charities listed on the directorate with CRA, and another 84,408 not-for-profit organizations in Canada. ***Finding the right organization to donate to*** – is an even more difficult task.



# MAKING INFORMED DECISIONS

*“A public opinion poll is no substitute for thought.”*  
Warren Buffet

**Poorly informed investment decisions are costly.** Both financially, and economically.

**Poorly informed donation decisions are even more costly.** Financially, socially, economically, emotionally, and morally. (Respectively) By not being receipted or used properly, by not generating a social return/impact, by allocating resources to the wrong organizations, by not giving you the feeling of giving back, and by not being selective enough simply because we feel “it’s the right thing to do.”



# HOLDING CHARITIES ACCOUNTABLE

*“Regulation creates a moral hazard.”*  
P.J. O’Rourke

In the **Private** sector – we often rely on the spirit of; free markets, competition, and capitalism to regulate the behaviours of companies. In other words, bad decisions, bad management, and bad products put companies out of business.

In the **Charitable** sector – we rely on the “good will” economy; trust, and public policy to regulate the behaviours of charities. As a result – bad governance, poor decisions, incompetence, and ineffective programs go unchecked creating a moral hazard.

(After all, no one wants to see a charity go out of business - our hearts interfere with our minds.)



# FOCUSING ON IMPACT

*“What gets measured gets managed.”*  
*Peter Drucker*

The Charity’s ability to deliver **results** against its stated Mission needs to be at the forefront of all decisions to; give, donate, sponsor, partner, volunteer, or invest.

Measuring the impact of a Charity **should be an easy task** for the Public. It should be the most natural and exciting exercise for the Charity, and should ultimately be the reason why we all give. **But it’s generally not**, and that *needs* to change.



# THE VERITAS SOLUTION

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A charitable *Foundation* that is built on the principles of truth and charity “*caritas et veritate*”

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*Guidance* that is compelling, relevant, and concise

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An *Approach* that is unique, unbiased, and comprehensive

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Donor and Investor *Programs* that directly align financial resources with impact

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A charity *Review* process that demonstrates a careful, and thoughtful understanding of the sector

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*Granting* programs that reward ideal performance - unconditionally

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# OUR SERVICES

## Charity Review

- V-Scoring of registered charities
- In-depth analysis of organizational performance
- “Finding the needles in the haystack”

## Research

- Sector scanning, sub-sector reporting, sponsored research
- Impact identification, policy opportunities, and charity trends reporting
- Lunch & learns, speaker’s series, events and conferences

## Accreditation & Awards

- Helping charities improve operating standards
- Recognition of sector and sub-sector leaders
- “Good to Great” stories

## Membership

- Donors (Friends, Members, and Founders)
- Investors (Impactors, Disrupters, and Partners)

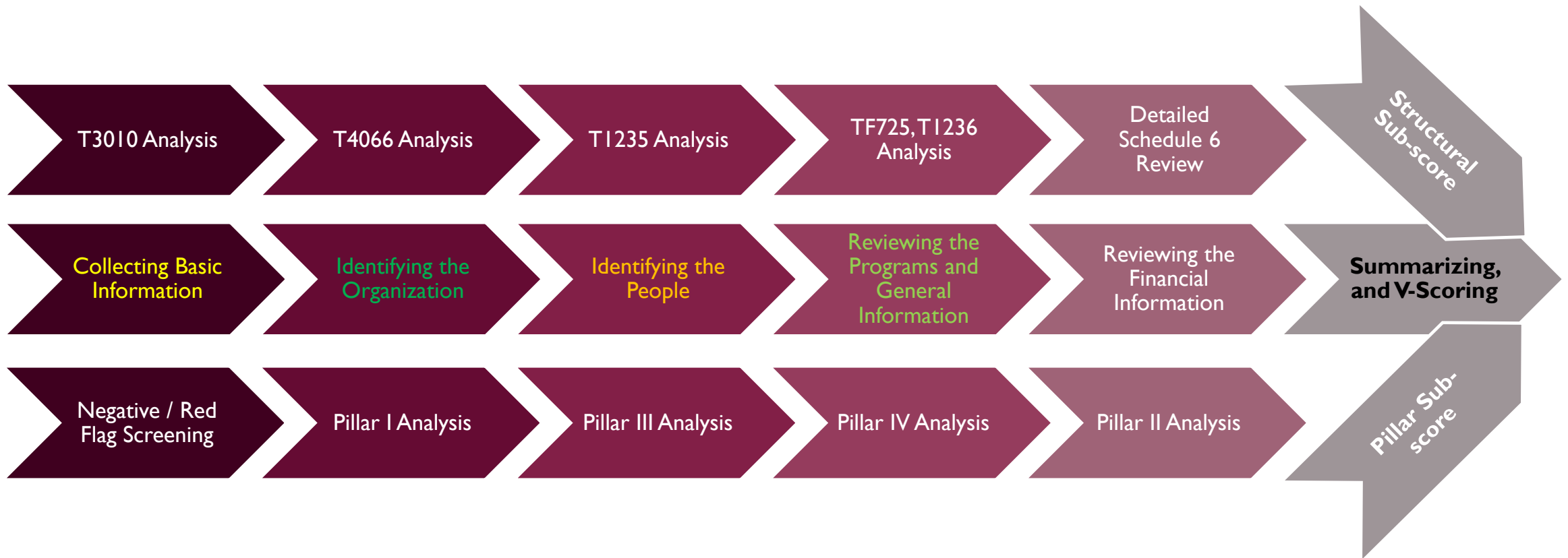




# OUR REVIEW COMPONENTS



# COMPREHENSIVE REVIEW PROCESSES



# SAMPLE VIEW



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CHARITY RATING SYSTEM

## V-SCORE

Version 3.1

RATING		SCORE	
V	+	740	ES
	Q		PI

V-Score

Quality Tiers

QUALITY RATING SCALE (R)													
V	AAA	AA	A	BBB	BB	B	CCC	CC	C	DDD	DD	D	F
725+	724-675	674-625	624-575	574-525	524-475	474-425	424-375	374-325	324-275	274-225	224-175	174-125	124-0
EXCEPTIONAL			ACCEPTABLE			UNDERPERFORMING			DEFICIENT			FAIL	

Rating Scale

Qualifier

RATING QUALIFIER (Q)	COMPLIANCE SCORES		
+ Performing <b>Above (+)</b> Industry / Peers	58	50	16
- Performing <b>Below (-)</b> Industry / Peers	84	114	<b>322</b>

Structural  
Scores

PILLAR SCORES		PERFORMANCE INDICATION (PI)	
1A, 1B, 1C	75	Exceeds Standard	<b>ES</b> 85%+
2A, 2B, 2C	76	Fully Meets	<b>FM</b> 75-85%
3A, 3B, 3C	186	Partially Meets	<b>PM</b> 50-75%
4A, 4B, 4C	81	Deficient / Below	<b>D</b> 0-49%

Pillar Scores

Performance

# CASE STATEMENT

## Why you?

- Working together, we can accomplish so much more than what any of us can accomplish alone.

## Why us?

- We are not raising awareness of a problem. We are not lobbying for change. We are not advocating on behalf of someone.
- We are rolling up our sleeves, building a critical mass of support, and getting things done. Right Now.

## Why now?

- The research is showing that the charitable sector is growing, and its challenges are growing with it.
- People are losing faith and trust in the sector. Great charities are hard to find, good charities never get to become great. Poorly run charities are widespread.
- These challenges won't fix themselves on their own.



# VALUE PROPOSITION

- Participate in a mutually beneficial partnership to create social value, make a positive impact on the lives of Canadians,
- Help future donors to benefit from important research,
- Reward charities who are performing exceptionally well, and ensure that they are resourced with the capital they need to scale their impact and make lives better.
- Strengthen the sector, increase accountability, improve transparency levels, and;
- Be part of the **solution**, not the problem.



“*Every* man is guilty of all the good he did not do.”

François-Marie Arouet, (Voltaire) 1752

