

COMMUNITY FOUNDATIONS ARE READY TO INVEST IN THEIR COMMUNITIES – BUT THERE ARE BARRIERS

WHAT WE FOUND

Community foundations in Atlantic Canada want to use their money for greater community good, not just through grants, but by making their investment work harder. This is called social finance. In practice, most have made very little progress. Legal rules, board structure, and the relatively small size of their funds hold them back. But the biggest barrier is not the law — it is what people *think* the law says.

QUICK SURVEY FINDINGS

- 50% of boards rated their investment capacity as average or below
- 0 out of 10 Atlantic Canadian community foundations reported any ESG or impact investment in their portfolio
- \$13.5M+ was granted to communities across Atlantic Canada in 2025
- 80% of community foundations indicated needing new support or resources for revenue development

KEY FINDINGS

Strong interest, limited action: Foundations have a desire to align investments with community values, but all foundations interviewed described the same barriers that restrict them from doing so meaningfully

The law is being misread, not broken: Foundations follow trust law and the prudent investor standard, which requires care and good judgment but does *not* forbid investing for community benefit. Many boards assume community-focused investing is riskier or lower-return, and they use the rule as a reason not to act. The real barrier is this misunderstanding — not the rule itself.

No shared understanding of what social finance means: Foundations used the term differently. To some, it meant checking whether investments reflected their values (ESG screening); to others, it meant directing money to community projects (impact investing). Without a common definition, board conversations were harder, and decisions took longer.

Smaller foundations face higher barriers: Many social finance tools require large minimum investments, lengthy approval processes, and access to specialist networks that smaller foundations in Atlantic Canada simply don't have.

WHAT THIS MEANS AND WHO CAN ACT

- **Provincial governments:** Provinces can update or clarify trustee laws to make it clear that foundations are permitted to consider benefits when making investment decisions. Clear legal guidance would give foundation boards the confidence to act
- **Funders:** Invest in shared investment networks for Atlantic Canada. The shared platforms and networks that connect foundations to social finance opportunities in central Canada do not exist here. Building them or funding Atlantic Canadian foundations to access existing ones would make a significant difference.
- **Foundations:** Invest in governance capacity by training board members, not just staff. Understanding what social finance is and what is legally permitted is a board-level responsibility. Foundations could invest in board education on this topic, rather than leaving it to staff alone.
- **Legal professionals:** Help educate and create new and updated understandings of the prudent investor standard across Atlantic Canada.

FURTHER INFORMATION

The full publication titled “Place-based Social Innovation and Community Foundations in Rural Atlantic Canada” can be accessed online: <https://ruraldev.ca/philanthropyatlantic/>

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