



CANADIAN IMPACT MEDIA

RESEARCH REPORT

By: Tracey Friesen / August 1, 2014



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Executive Summary

In 2013 Inspirit Foundation sought a mechanism in which to support documentary films that furthered its mission and impact goals. It commissioned research into the feasibility of the creation of such an initiative or initiatives. The following questions were explored for this report:

- What impact can documentary film have on affecting social change?
- What are the possible models for foundations to engage in documentary film?
- What are the anticipated returns on investment – both social & financial?
- Could a critical mass of partners be found within the Canadian market?
- What are the suggested next steps?

IMPACT: Research into the impact of documentaries brought forward considerable examples, case studies and measurement tools, which pointed to the power of media to affect social change. Long-form films, with authentic and compelling stories, can alter people's perceptions and move them to behave differently. From qualitative and anecdotal reports, we learn of viewers' lives being transformed because of their exposure to new worlds or ideas. Because of more recent quantitative approaches, we now have data to see how these emotional responses translate into actions – such as discussing the topic with others, signing petitions, and donating to causes. These cumulative actions can lead to legislative change and an overall societal mindset shift.

Foundations and their grantees are equally driven to affect positive outcomes around their missions. Philanthropic funding and charitable activities in Canada are directed toward initiatives that are beneficial to our society across multiple issue areas. With finite resources spread across numerous programs, there is increased emphasis at a sector level to design for and evaluate impact.

The consultations undertaken for this research study revealed an appreciation for storytelling as a means to deepen the potential for impactful outcomes. Although at present not many foundations in Canada achieve these results by engaging directly with documentary filmmakers, there was openness to the concept and a general interest in the practices of other jurisdictions.

MODELS: Many models exist, especially in the United States, of foundations supporting or collaborating directly with media-makers to further their own mandates. Though the regulatory realities are dissimilar, studying the best practices of these entities offers learning opportunities here in Canada. An additional and important component of the domestic research entailed examining Canada Revenue Agency (CRA) rules, as well as federal film funders and regulators, to determine what legal structures might best serve the goals.

To further their charitable purposes, Canadian foundations can engage with the media sector in multiple ways. They can contract filmmakers directly and produce content in-house, maintaining control and ownership. They can grant to other mission-aligned organizations that are themselves involved in film activities in support of their charitable mandate. Foundations can also grant to registered Canadian charities whose very purpose is to support the production, distribution or community outreach of media. In these instances they might simply contribute to a pooled fund, or they may take a more collaborative approach and become involved in the decision-making around grantees.

RETURNS: The estimated social return on investment (SROI) is high, as noted in the introductory remarks about impact. Strong documentary films can have a positive benefit to society, on both an individual and systemic level. Should donors elect to contribute in the form of an investment rather than grant, expectations around financial returns though should be kept in check.

One of the historical reasons for government cultural subsidies in Canada is poor free market potential. Even globally documentary films on average do not recoup what they cost to produce. There are certain notable exceptions, plus monetization models are transforming, but typically distribution revenues are modest. Further analysis will be required if recoupment goals are deemed critical to the value-proposition of any future Canadian initiative.

SECTOR: It is legitimate to ponder whether there is a critical mass of potential partners in Canada to engage in the documentary impact space. One can be inspired by the abundance of such philanthropic organizations in other parts of the world, especially the US, but must remain mindful of the different realities: cultural, historical and in terms of the sheer scale of sector. Canada's foundation community is smaller than one tenth of America's, the usual ratio cited when comparing populations. That said, only a small number of collaborators are required to launch an initiative or fund that could have a significant ripple effect.

Though education and awareness building will be required, the research suggests that the overall vision is viable. There are progressive leaders in the foundation community who are engaged in social innovation, collective impact and media related practices to various degrees. Certain individual philanthropists may be attracted to an initiative for reasons of personal interest and/ or passionate activism. Finally, the corporate sector remains a largely untapped source of financial involvement in media production in Canada. Once again, there are models that can be deconstructed from other locations to guide further thinking around this target group.

NEXT STEPS: The next step is to continue to lay the groundwork in order to more directly connect with possible partners. The opportunities inherent in documentary film can be placed more firmly on the radar of Canadian foundations and philanthropists through public presentations, group sessions and private meetings. The creation of an advisor committee of experts and champions would lend important credibility to any further enterprise. Additional sector needs were also identified around capacity building within the cultural industries, and for increased Canadian impact measurement research.

01

➤ What impact can documentary film have in affecting social change?

Documentary films can be an important tool in achieving collective impact goals. Because funders, filmmakers and non-profits are all keen to demonstrate impact, the reach and relevance of documentaries has become an area of increased study. The tools are still evolving, and much evidence remains qualitative, but it indicates that yes, documentaries stimulate dialogue and spark action. They change perspectives, behaviours, and even legislation. In other words, when properly supported, skillfully crafted and strategically distributed, documentaries have IMPACT.

Foundations achieve their missions in a multitude of ways: grants, programs, education, and convening and capacity building. In Canada, few foundations are harnessing the power of long-form media to its greatest potential. By being involved in the creation and distribution of documentary films, Canadian foundations and philanthropists can have a more direct role in connecting compelling stories to active communities for measureable results.

What sets documentary films apart from other media offerings is the ability to captivate large mainstream audiences through in-depth personal stories. The finer details may fade, but the emotional hit often lasts, igniting the potential for the viewer to become engaged.

The Harmony Institute studies the science of influence through entertainment. From their *Impact Playbook*: “Documentary media can play a central role in coalition building and community organizing by offering a tangible, symbolic story and a trusted journalistic voice that advocates can point to and rally around to build public and political will for material change. These stories create a shared vernacular and memorable, personally resonant examples of complex policies and concepts.”¹

The Harmony Institute is one of a few American organizations creating quantitative measurement tools and frameworks for analysis. They are in the early stages of StoryPilot, a web platform designed for mapping the media impact of thematic clusters of documentary films. One of the goals will be to offer clear data visualization of

the social media conversations surrounding central issues and a film's place in these dialogues. It launches late 2014.

The Participant Index is using exit interviews with an up to 50,000 member consumer panel, combined with social media metrics. They track 14 actions ranging from 'looked for additional information' to 'helped start a new organization'. A third of the respondents watch social issues content at least weekly. 38% of the documentary audiences 'shared information with others', and 36% of those who saw *Waiting for Superman* claimed it changed their lives.

USC's Norman Lear Centre is taking this analysis one step further. In a 20,000 member pilot project on the documentary *Food Inc.* they controlled for 'propensity', which

Impact Stories



Being Caribou

'Husband and wife team follow a herd of 120,000 caribou on foot across 1500 km of Arctic tundra to raise awareness of the threats to the caribou's survival.'

Directors: Leanne Alison & Diana Wilson
72 mins. / Canada / 2005

SELECT SUPPORTERS: National Film Board of Canada, Alaska Wilderness League, Yukon Conservation Society, Mountain Equipment Coop.

IMPACT HIGHLIGHTS: Almost 18K DVD's sold, and an estimated hundreds of thousands saw the film in public and living room screenings during an "Arctic Action Day" in 2005. DVD's were sent to each American senator along with a coffee-table book about the Arctic National Wildlife Refuge. Subsequently, based on multi-pronged lobbying efforts, Senate votes to protect the refuge from big oil drills.

resulted in a classic research study in the style of a drug trial, with the film as 'treatment'. The results proved that those who saw the film were smarter about the topic, more likely to shop at the local farmers market and eat healthy food, and inclined to suggest behaviour changes to others. Over half reported that the film impacted their lives.

The Centre for Media and Social Impact gathers statistical evidence along the spectrum of quality, quantity, engagement, influence and network building. The Fledgling Fund's framework builds outward from an engaging story, through to awareness, a stronger movement, then documented social change. BRITDOC employs a similar approach, largely through their annual Puma Impact Award. The output of these is a set of robust case studies.

Some impact highlights:

The film *Bully* sparked the US Student Non-Discrimination and the Safe Schools Improvement Act, and over 6,500 Education Toolkits were sold.²

Screenings of *Budrus* reportedly led Palestinian community organizers to shift from a place of despair to one of focus and strategic discussion.³

Oil City, the town featured in *Out in Silence*, introduced court-ordered compulsory diversity training in schools after the film's release.⁴

The film *The End of the Line*, helped raise £6m to found the Blue Marine Foundation, dedicated to creating a global network of marine reserves.⁵

See more **impact stories** throughout this report⁶, as well as BRITDOC's recently launched *Impact Field Guide & Toolkit*⁷.

Documentary films do create social change. This has been recognized since the National Film Board of Canada's celebrated *Challenge for Change* program of the 1960's and 1970's, which established the practice of connecting communities through media-making. The over 80 resulting films contributed to Canada's civil discourse around multiculturalism, gender, poverty and political representation.⁸

In today's under-resourced and yet media saturated world, there is opportunity for strong new entrants into the documentary space. Especially important will be those who are rigorous in their goals around impact. Mission-driven foundations, and their grantees, are indeed well positioned to participate by including social-issues content in their scope of impact activities.

NOTES

1. Harmony Institute, Impact Playbook, p. 14.
2. http://britdoc.org/real_good/puma-creative-impact-award/what-is-impact
3. Good Pitch Review, p. 14.
4. <http://www.cmsimpact.org/resources/case-studies>
5. http://britdoc.org/real_good/puma-creative-impact-award/2011-award
6. Impact Stories data pulled from <http://britdoc.org/>, <http://www.thefledglingfund.org/>, <http://www.cmsimpact.org/>, <https://www.nfb.ca/>, <http://www.imdb.com/> and <http://www.boxofficemojo.com/>
7. <http://impactguide.org/library.php>
8. Projecting Canada, Zoe Druick, McGill-Queens University Press, 2007. P. 127.

Impact Stories



The Interrupters

'The moving and surprising stories of three Violence Interrupters who try to protect their Chicago communities from the violence they once employed.'

Director: Steve James
125 mins. / USA / 2011

\$902K production budget, \$154K campaign budget, \$282K box office gross.

SELECT SUPPORTERS: Peace Alliance, Kings of Kings Foundation, Noah's Arc Foundation, American Civil Liberties Union.

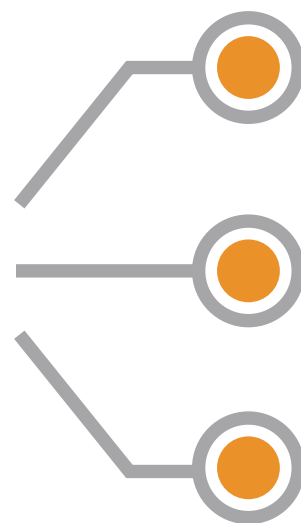
IMPACT HIGHLIGHTS: Chicago Mayor Emanuel began funding CeaseFire, committing \$1 million to the project, after screening the film. Campaign partnerships with React to Film and Peace Alliance have contributed to there being 81 cosponsors in the House and 2 cosponsors in the Senate to the Youth PROMISE Act. Oakland CA saw a drop in student homicides following a multi-school Interrupters event.



What are possible models for foundations to engage in documentary film?

There are many types of relationships between media-makers and mission-aligned funders that can be examined. Although everything a foundation does should link back to the achieving of its charitable purposes, this can very well include the production and distribution of media.

Foundations can:

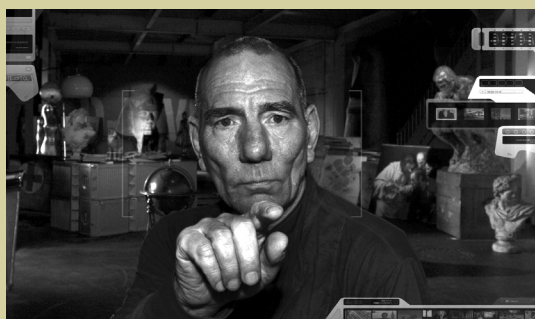


Contract individual filmmakers and impact producers⁹ for projects over which the foundation maintains direction and control

Grant to charities that have the production or distribution of film as part of their charitable campaign or collective impact strategy

Grant to charities that will administer a fund to multiple media projects

Impact Stories



The Age of Stupid

'Man living alone in the devastated world of 2055, watching 'archive' footage of our now and asking... Why didn't we stop climate change when we had the chance?'

Director: Franny Armstrong
92 mins. / UK / 2009

\$1M production budget (largely crowd-funded), \$350K box office gross.

SELECT SUPPORTERS: 120 campaign partners including Greenpeace, Friends of the Earth, Global Campaign for Climate Action.

IMPACT HIGHLIGHTS: Raised almost £1m to launch the 10:10 Global campaign in 46 countries, with over 100,000 individuals signing up, alongside corporations and government departments, pledging to cut 10% of emissions. Also spawned "Global Day of Doing" coordinating over 7,000 local carbon-cutting events in 188 countries

We can point to a handful of Canadian innovations across each of these approaches. And although the legislative environments may be dissimilar, there are a number of such examples – as well as other models or hybrids - that are worthy of review in foreign jurisdictions.

DIRECT CONTRACTING

Foundations in Canada can directly hire filmmakers for the production and distribution of documentaries – or any other media outputs - that further their charitable purposes, as long as they maintain direction and control of the activity. This is a good option if a foundation would like to increase the profile of a specific issue from their perspective, or if they wish to highlight the work of their foundation or their grantees. The benefit is full editorial control and ownership. This model can be labour intensive and costly though, plus it requires knowledge and experience in the media production process.

Example:

Petropolis: Aerial Perspectives of the Alberta Tarsands – a 43 minute Genie-nominated documentary directed by Canadian filmmaker Peter Mettler and produced entirely by the non-governmental organization Greenpeace. Though not in fact a foundation or registered charity, Greenpeace has still demonstrated the possible scale and impact of an in-house project.

CONTRIBUTING TO A CHARITY WITH A FILM PROJECT OR CAMPAIGN

Foundations can grant to a qualified donee¹⁰ that wishes to participate in the production or distribution of a film to achieve their own aligned charitable goals. This can be a good option for a specific campaign or as an element of a focused collective impact strategy on a project-by-project basis. However, to achieve impact goals a level of due diligence is required that assumes some knowledge of the documentary production and distribution process. This might demand more resources than simply contributing through a granting or collaborative fund administered by a charitable organization (see below).

Examples:

Fondation AlterCine – Offers a yearly grant aimed at young video and filmmakers born and living in Africa, Asia or Latin America who want to direct a documentary that supports the foundation's charitable aims around human rights.

Divine Interventions: Documentary, Spirituality and Social Justice - Inspirit Foundation grant to Documentary Organization of Canada (DOC) in partnership with Cinema Politica for a screening series on spirited social change.

CONTRIBUTING TO A FUND ADMINISTERED BY A CHARITABLE ORGANIZATION

A straightforward way for foundations to engage in film to achieve their goals is to connect with an organization whose own charitable purpose is supporting the production and distribution of media. One of the notable benefits of this model is that the grantee understands the documentary development, financing, production and distribution process. This specialized expertise reduces the risk for the foundation, as well as the resources necessary to administer the grants.

There are a number of Canadian entities including film festivals, member organizations, and institutes that have such mandates. For instance, Hot Docs is currently administering two funds underwritten by foundations.

Examples:

Hot Docs-Blue Ice Group Documentary Fund – \$1M Fund (over 5 years) offering development and production grants for documentaries by African filmmakers

CrossCurrents Doc Fund – one \$10K grant per year for a filmmaker from a marginalized community, contributed by R&M Lang Foundation and administered by Hot Docs

INTERNATIONAL BEST PRACTICES

Below are examples of private foundations with the mandate to support multiple documentary projects, of foundations and charitable organizations partnering, as well as two types of collaborative funds. In these collaborative funds, the donor plays an active role in selecting which projects are supported.

Foundations:

Just Films – US – an initiative of the Ford Foundation with the mission 'to advance social justice worldwide through the talents of emerging and established filmmakers.'¹¹ Beginning in 2011 they committed \$10M/ year for five years to documentary, roughly one third directly to filmmaker's projects. The rest goes to partnerships (Tribeca, ITVS, Sundance) and other Ford programs or grantees, which may benefit from the introduction of documentary film.

MacArthur Foundation – US – funds the production of documentary films and participatory new media projects that combine exceptional storytelling with in-depth journalism. In 2013, it gave grants to 18 documentary film projects, totaling \$2 million.

Partnerships:

Bertha BRITDOC – UK – two new funds worth £1.5m over the next three years. The Bertha BRITDOC Fund for Journalism is an international film fund for long form feature documentaries of a journalistic nature. And the Bertha BRITDOC Connect Fund is the first European-based outreach and engagement fund, and is open to filmmakers from around the world. Like the Hot Docs CrossCurrents Fund, these are direct partnerships between a foundation and documentary organization.

Fledgling Fund – US – primarily a private foundation focused on outreach and moving 'audiences from passive viewers to motivated citizens who are ready to act.'¹² In the last 8 years they've given out almost \$10M to 276 films. Though the core money is from a founder's endowment, Fledgling Fund does build alliances with other foundations to fund campaigns. For instance, a donation from the Arthur M. Blank Family Foundation allowed for three grants specifically directed toward Atlanta-based projects.

Charitable collaborative funds:

Documentary Australia Foundation – an online portal that nurtures relationships between filmmakers, funders and NGO's. Projects are pre-vetted and placed on the platform, then philanthropic donors, generally sourced by the filmmakers, contribute and receive a tax receipt. Unlike the typically modest amounts seen on crowdfunding sites, the average donation is in the thousands of dollars. DAF also offers workshops, training and other sector building activities.

BRITDOC Circle Fund – UK – a new granting fund supported by a small but growing group of individual European philanthropists 'bonded by a passion for enabling the best documentary films and committed to securing a diverse and independent future for media'.¹³ At present they are hand-selecting projects based on the greatest impact potential, but as the Fund increases in size, they may opt for an open call process.

Private collaborative funds:

Impact Partners – US – a for-profit membership and portfolio based structure. Thirty participants (individual philanthropists or family foundations) commit to making annual equity investments in documentary films, chosen based on personal passion or mission alignment. Impact Partners bring to the table high profile documentaries, evaluating on impact goals and revenue potential. While the investors do seek to recoup, the money is then generally allocated to subsequent projects.

New Media Ventures – US – a community of approximately 60 social investors motivated to support media and platforms focused on political reform. Started 3 years ago as a pilot project of the Democracy Alliance, NMV acts as matchmaker, growing the network, bringing in deal-flow and administering contracts. Projects need to demonstrate revenue potential with a robust business model and be in a position to scale up their activities.

Impact Stories



Lioness

'Dramatizes the increasing role of U.S. women in combat, despite an official policy banning such assignments.'

Directors: Meg McLagan & Daria Sommers
83 mins / US / 2008

\$460K production budget, \$110K campaign budget.

SELECT SUPPORTERS: Impact Partners, Chicken & Egg Pictures, Fledgling Fund, Sundance, Open Society Foundations, Rockefeller Foundation.

IMPACT HIGHLIGHTS: Directly referenced in the 2010 National Defense Authorization Act concerning training and documentation of women's combat service. Influential in hearings on the Women Veterans Healthcare Improvement Act and the Caregivers and Veterans Omnibus Health Services Act (2010). 4,500 DVDs sold, mainly to professional organizations, and 50 ITVS community screenings.

What can be learned from these examples is that the impulse to connect mission-driven foundations with social-issues media-makers is shared widely. The main ways of sustaining the central organization, assuming it was not started with a private endowment, are through membership fees or retaining a percentage of the contributions.

When a foundation is considering contributing to such an entity to further its own charitable goals, it can encounter a series of questions. Its own mandate, strategic plan and/ or level of familiarity with the media process should guide its decision-making.

- to select charitable programs which support the development/ production phase of a film, or the distribution/ community impact phase?
- to select a charitable organization which pools all contributions and then independently chooses the documentary grantees, or to become involved in a more hands-on way in project selection within a collaborative fund?
- to offer financial support in the form of a grant, or a program-related investment (PRI)?

Further to the final point, a program-related investment is a contribution of capital (equity or loan) by a foundation, with the understanding that the return may be below market value. PRI's are an alternative to granting, with the benefit of allowing for the possibility that some resources will be recovered by the foundation and can be applied to future projects. In Canada, PRI's are a relatively new financial instrument, and they can only be made to qualified donees or if the foundation maintains full direction and control of the project.

From the beneficiary's point of view, they receive grants, loans or direct investments. But it is not just financing that is being offered in many cases, it is also professional guidance. By supporting the media-makers through phases right from creative development to distribution, such organizations can greatly improve a film's potential success. The more engaged stakeholders may offer artistic mentoring, business acumen, access to additional grantees, and other strategic introductions.

NOTES

9. 'Impact Producer' is a relatively new descriptor of the person largely responsible for a film's strategic campaign.
10. 'Qualified donees' under the Income Tax Act are most commonly other charities – i.e. organizations that can issue official donation receipts.
11. <http://www.fordfoundation.org/issues/freedom-of-expression/justfilms/strategy>
12. <http://www.thefledglingfund.org/>
13. <http://britdoc.org/circle>





What are the anticipated returns on investment – both social & financial?

SOCIAL RETURN

At the outset, the primary focus of a Canadian media initiative would likely be a social return on investment (SROI), rather than financial return. What and who is better off because of its existence?

As suggested above, what may be offered is not a product per se, but the promise of IMPACT. For foundations and philanthropists, participating in such an initiative will allow them to better achieve their strategic missions by diversifying their activities. For some of their own grantees, like cause-driven charities, NGO's and schools, access to these films will further their beneficial strategies.

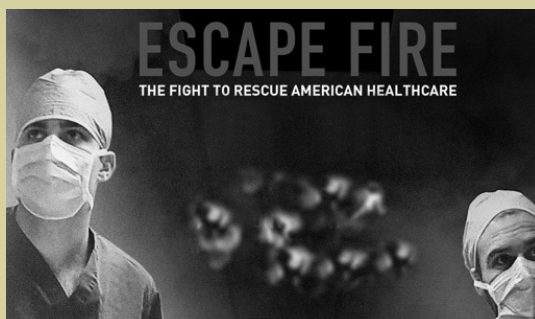
Media-makers will have amplified reach, because of support at production or distribution phases that may make all the difference as to whether a film gets widely seen, or even made. Finally – and essentially - society will benefit. As discussed, documentary films have the power to affect positive social change.

Measurable impact goals will have to be created against which to evaluate an initiative. For foundations to participate, a system will need to be developed to provide reassurance around the allocation of this funding: evidence that this money is providing good value relative to other activities in a diversified impact strategy. Ideally, such objectives will be quantifiable and time-based,

although it is important to be mindful that documentary films continue to deliver in the long tail.

There is an additional opportunity in ensuring socially relevant films are better supported in actually reaching audiences. Few filmmakers have the resources to personally drive a social-issues campaign. The result is underutilized capacity, with films that could well be tools for community activists, sitting instead on shelves. In this place of market inefficiency, a new initiative driven by charitable purposes would be a beacon. As a bonus, attention to the back end would not only heighten impact, but could also support increased revenue generation.

Impact Stories



Escape Fire

'A comprehensive look at the broken U.S. healthcare system.'

Directors: Matthew Heineman & Susan Froemke / 95 mins. / US / 2012

SELECT SUPPORTERS: Fledgling Fund, Robert Wood Johnson Foundation.

IMPACT HIGHLIGHTS: Over 750 community screenings, plus simultaneous screenings in 60 medical schools. 120,000 people engaged with the Escape Fire website and 10,000 took action via the First Aid Kit. The film screened on Capital Hill, and after seeing it, a US Senator introduced an amendment to the 2012 National Defense Authorization Act, authorizing the Department of Veterans Affairs to intervene to prevent over-medication and suicide stemming from soldiers' access to prescription drugs.

FINANCIAL RETURN

The traditional one-off documentary financing system is undergoing a great transformation at this time, and many producers are not finding the full financing they need.

A broadcast license is required to trigger the rest of the public – and some private – funding sources, and tax credits. Industry trends show broadcasters moving away from point-of-view documentary content to factual and reality series.

However, provincial broadcasters still commission compelling films, Netflix and iTunes carry thousands of well-watched documentaries, and the public comes to festivals in droves. Audiences at Hot Docs in 2014 reached an estimated level of 192,000, the highest ever.¹⁴ The educational market is also perpetually hungry for strong content. NFB's productions are used over 14 million times every year in classrooms.¹⁵ There is clearly an appetite for documentary content and this creates an opening for a new funding mechanism, led by new stakeholders.

As noted above, it is suggested that any new initiative begin by offering grants and then it could start to look at other financial instruments. Certain contributors may find it appealing to move into a mechanism that could allow for some degree of financial return.

Investment in documentary films is not for the risk adverse. An program seeking recoupment will need to be rigorous in curation, so the slate includes documentary projects or companies well positioned

to earn decent revenues from the market. In addition to domestic product, deal-flow would likely need to include strong international films of relevance to Canadians and the social issues about which they are passionate. Even with this approach, expectations around financial returns should be tempered.

Realistic average recoupment figures are challenging to collect. Private companies are reluctant to share figures, especially considering the variables are so vast. During research, two established Canadian producers were willing to provide budget and net producer revenues on four and five feature length documentaries each. The average return was just 11 cents on the dollar, although arguably the data is too statistically insignificant to be conclusive. The budgets ranged from \$250K to \$1M. Two of the films were completed within the last two years, but the others have been in release for three or more years.

The National Film Board of Canada provided access to budget levels and gross revenues for over 30 documentary films produced in-house. Again, some show respectable recoupment, whereas the majority of the films returned under 10% of the cost of production. At Screen Australia, a public equity financier, approximately 110 docs returned at total of \$850K in fiscal 2012/13, for a dollar average of under \$8,000 each. This included titles contracted as early as 1989.¹⁶

To achieve any kind of return, Impact Partners scours the global market for the best possible films, those with an expected social impact and strong team. But another criterion is to find deals where much of the financing is already in place and some distribution

territories remain unexploited. Then they generally negotiate a first tier recoupment position for their investment. In their portfolio approach (i.e. roughly 10 new films per year), some titles are 'doc-busters' and others are identified from the outset as not expecting to return the members' contributions.

Box Office Mojo likewise tells only one part of a complex story, namely the gross receipts for theatrical distribution. Analyzing one specific year, we see that in 2013, nine documentaries out of 139 exceeded \$1M in box office receipts, but fully half (65) grossed less than \$50K.¹⁷

As the market continually adjusts, there are increasing opportunities in Video On Demand (VOD) and other digital distribution platforms. This is both positive for the revenue potential of any films supported by a funding entity, and it may also provide additional avenues for future direct investments. Though this research is focused primarily on documentary films, it is prudent to remain open to other more lucrative forms of content, as long as social impact goals are still met.

For example, New Media Ventures is sustainable in part due to its diversification into a slate of high-tech companies. Some projects are pure content plays, but others in their portfolio are start-ups that already have a demonstrated revenue model. Impact investors pool resources together and expect that some of the more successful enterprises will pull along others – those that may be meeting their social, if not financial, goals.

NOTES

14. <http://www.hotdocs.ca/news/> Retrieved June 15, 2014.

15. <https://www.nfb.ca/transaction/subscriptions/>

16. Source: Screen Australia

17. <http://www.boxofficemojo.com/genres/chart/?id=documentary.htm>



Could a critical mass of partners be found within the Canadian market?

Assuming a Canadian impact media initiative is being led by progressive leadership within the Foundation sector, it would likely draw initially from that community, as well as individual philanthropists. Corporate brands may also wish to participate.

The following research is at a sector level, enhanced by personal insights shared during consultations.

FOUNDATIONS

The broad overview of the Canadian sector can be captured with these 2013 statistics.¹⁸

Public Foundations	5,093	Assets \$20.3B	Grants out \$2.8B
Private Foundations	5,303	Assets \$25.2B	Grants out \$1.5B
Total	10,393	\$45.5B	\$4.3B

In addition to the foundations, there are over 75K registered charitable organizations in Canada.

Philanthropic Foundations Canada (PFC), a charitable association that supports the sector, has 119 members granting \$288M from an asset base of \$8B. It's notable that half of the members have assets of under \$10 million and over 40% operate with few or no staff. Additionally, there are 189 members of Community Foundations Canada (CFC). Member assets totaled \$3.35B in 2012, and grants were \$143M.¹⁹

By way of comparison, the assets of the top two foundations in the US (Gates & Ford) are equivalent to the entire Canadian foundation sector. All US foundations in the aggregate were holding \$662B in 2011, roughly 15 times that of Canadian foundations.²⁰

In the US between 2009 and 2011, \$1.86 billion was awarded in media-related grants from over 1000 organizations. Media grant making in that time increased at a much higher rate (21%) than grant making overall (5.8%). 'Film/ Video' specifically received almost 10% of the support for a total of \$179M, with a median grant amount of \$25K.²¹

There is of course a mature and much wealthier philanthropic community in the US, accustomed to donating to sectors not well supported by government. They have also experienced decades of more liberal tax laws, which incentivize individual donors as well as create supportive conditions for the establishment of family foundations.

While there are thousands of foundations in Canada, only a percentage will be of the scale to engage with documentary media. Early adopters should be sought based on size, prior knowledge, demonstration of progressive leadership and relevant areas of interest.

INDIVIDUAL PHILANTHROPISTS

High-net-worth individuals with passionate social interests are another prospect for participation in a new initiative. For individual philanthropists, the attraction may be the collaborative team environment. Unlike crowdfunding, it's suggested that a smaller number of supporters be approached for a larger per member contribution, to allow for hands-on engagement.

Discussions with members of Impact Partners revealed multiple motivations for participation. Some were financial, the notion that their returns generally exceed that of donation tax receipts, and that effectively the money stays in circulation, continuing its work on future projects. But others reported quality of life reasons: a curiosity about the business, an appreciation for being included in the creative process, a desire to be a part of a consortium of like-minded, socially conscious citizens. For the projects there was extra value in that the investors, due to a sense of ownership, were natural champions during its launch life.

This reality is shared by BRITDOC. At the time of research, the Circle Fund had four members, and they are working to increase it to 20. They explained that people join in part to be closer to the film-making process: to read documentary proposals, attend festivals, be recognized in credits and have a more direct relationship with the recipients of their philanthropy.

In both cases there is an acceptance of the 'pay-to-play' experience. Any fees were seen as good value for the intermediary services of professional media experts, conducting the due diligence. Most also recognized the value of leveraging their own contributions with that of other members in order to amplify the potential for impact. Not all films achieve their goals, so a group-oriented portfolio approach helps spread the risk.

Another way to approach the philanthropic sector may be through Donor Advised Funds (DAF).

Thousands of Canadian individuals or families, who wish to have the operational capacities of a foundation without the administrative burden, set up a DAF. These in turn may offer grants to mission-aligned qualified donees. The Globe and Mail claimed in 2012 that over 183 community foundations offered this service, with over \$3B of collective assets under management.²² For instance, the Vancity Community Foundation itself held \$35M in Donor Advised Funds in 2012.²³

BRANDS

Corporations are increasingly connected to content creators, and approaches to mutually beneficial partnerships are evolving. We see BRITDOC's relationship with PUMA, Tribeca Film Institute's with Gucci and Creative Capital's recently announced partnership with Tequila Herradura. North Face gets top billing on the 'spiritual ski film' Into the Mind, Patagonia produced their own feature documentary in-house called DamNation, and Intel made a multi-million dollar commitment to the feature film and global campaign Girl Rising. On a smaller scale Mountain Equipment Coop supported Being Caribou, and Lush put money into White Water Black Gold.

In Nov 2013 the Canadian Media Production Association (CMPA) published Branded Entertainment: A New Production Financing Paradigm. The most relevant variety of brand involvement for documentary filmmakers was described as 'affinity content'.²⁴ Businesses are

attaching themselves to causes, artists and films that demonstrate their values and perceived image. Increasingly, just like foundations and NGOs, corporate brands are valuing the power of a compelling story, beyond their usual 30 second commercial.

Any future initiatives should remain open-minded about brand partnerships and explore the possibilities, risks and benefits during another phase of research. The right companies, with aligned principles and social-impact goals, may very well have a place at the table, through a sponsorship arrangement or their corporate social responsibility practices.

THE POOL

Indications would suggest that between foundations, individual philanthropists and brands, there is an adequate pool of potential Canadian contributors from which to draw. Further education of the sector will be a necessary to bring along other potential collaborators. Anecdotally, many reported that the time was right for a media impact initiative. Foundations in particular are awakening to the power of narrative storytelling to further their objectives, but don't always see a clear entry point.

NOTES

18. <http://pfc.ca/canadian-foundation-facts/>

19. <http://www.cfc-fcc.ca/about-cfc/index.cfm>

20. <http://data.foundationcenter.org/#/foundations/all/nationwide/total/list/2011>

21. Foundation Centre, 'Growth in Foundation Support for Media in the US', Nov 2013, p. 12.

22. <http://www.theglobeandmail.com/globe-investor/personal-finance/financial-road-map/advmanulife/advmanulifearchives/giving-back-in-perpetuity/article4452134/>

23. http://vancitycommunityfoundation.ca/i/pdf/ar/VCF_AR2012.pdf

24. Canadian Media Producers Association, Branded Entertainment: A New Production Financing Paradigm, p. 8.



What are the suggested next steps?

NEED ASSESSMENT

The research has revealed three main areas of need at the intersection of media-making, foundation & philanthropic funding, and social impact. Though the focus of this report has been on creating collaborative funding opportunities, particularly under the umbrella of a new initiative, there are also gaps related to capacity and research.

- 1. Funding** – the need for a vehicle for new mission-aligned partners to add resources to the sector, through granting or investment. (i.e. Fledgling Fund, Impact Partners)
- 2. Capacity Building** – the need for a more robust community of practice around social issues documentaries and other media. (i.e. Good Pitch, Documentary Australia Foundation)
- 3. Impact Evaluation** – the need for an institute to deepen media impact research from a Canadian perspective. (i.e. Media Impact Project at Lear Center, Harmony Institute)

NEXT STEPS IN INITIATIVE BUILDING

Establish a charitable 'home'

- Continue awareness raising within Canadian foundation, philanthropic and corporate sectors
- Create a working group or advisory committee
- Articulate a theory of change
- Engage in potential partnership discussions
- Research suitable impact measurement tool(s)

RISKS & MITIGATION

- 1.** Overestimating potential level of interest from foundation community, and/ or ability to access philanthropic community. i.e. not able to recruit enough new partners for a critical mass.

Mitigation: align with colleagues well versed in sector; work closely with advisors to create materials and target list; build in 'go/no-go' moments before significant commitments made.

- 2.** Regulatory violations or burdensome challenges - Canada Revenue Agency (re: charitable activities), Canadian Securities Administrators (re: equity investments), Telefilm (re: recoupment), CAVCO (re: ownership), etc.

Mitigation: have legal experts on side and routinely review evolving strategy and intentions.

- 3.** Quality of proposals not high enough for impact goals to be met.

Mitigation: in addition to compelling creative and a strong team, put requirement in place for a clear audience engagement, education and impact strategy; give preferential consideration to films with NGO partner; proactively source select global talent, while supporting the continued development of the domestic industry.

- 4.** Low levels of financial recoupment on social-issues media content, making investment (vs. granting) unrealistic.

Mitigation: remain in space of granting for impact; simultaneously research other more lucrative media platforms beyond full length documentaries; create partnership with established distributor.

MOVING FORWARD



The results of the research and analysis suggest that an initiative is indeed feasible enough to warrant moving forward to a further phase. The impact of select documentary films has been established through anecdotal reports, case studies, and more scientific measurement tools. Successful models of foundations, philanthropists and brands engaging with media-makers exist elsewhere, and can be emulated as best as possible within our current regulatory environment.

There is also a growing understanding of the importance of story - as shared through traditional, digital, and social media - for moving the needle on the pressing issues of our time. And so far, at least in Canada, there is an open opportunity for innovators to define ways for new partners to work collectively with media-makers for the greatest possible impact.

A successful initiative, or range of initiatives, engaged in funding, capacity building and impact evaluation, would benefit multiple stakeholders:

- Foundations and philanthropists will have an accessible mechanism for participating in mission aligned media projects.
- Storytellers will have new partnerships to sustain their important issues-driven media-making.
- All communities will have improved Canadian impact measurement tools.
- The charitable sector will benefit from any legally precedent setting activities.
- Educators, activists and students of all ages will have access to a growing collection of compelling content.
- And with this work in wider distribution, society itself will be that much stronger – more sustainable, inclusive and resilient.

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