



IVEY FOUNDATION

ANNUAL REPORT

2013

IVEY FOUNDATION

IVEY FOUNDATION is a private charitable foundation located in Toronto, Canada. It was incorporated as The Richard Ivey Foundation on 31 December 1947 by the late Richard G. Ivey, Q.C., LL.D., and his son Richard M. Ivey, C.C., Q.C., LL.D. The mission of the Foundation is to improve the well-being of Canadians by focusing its resources on selected issues of significance. With a long history of supporting excellence and valuing transparency and accountability, the Foundation also embraces change as a necessary part of its evolution.

DIRECTORS AND OFFICERS

Rosamond Ivey	<i>Chair</i>
Suzanne Ivey Cook	<i>Vice-Chair</i>
Bruce Lourie	<i>President</i>
Richard W. Ivey	<i>Secretary/Treasurer</i>
Jennifer Ivey Bannock	

HONOURARY DIRECTOR

Richard M. Ivey

STAFF

Bruce Lourie	<i>President</i>
Tim Gray	<i>Program Director (until September)</i>
Lara Ellis	<i>Program Officer</i>
Kim Broadworth	<i>Executive Assistant/Office Manager (as of September)</i>
Faye Cao	<i>Bookkeeper (as of September)</i>
Riti Mandal	<i>Executive Assistant/Office Manager (until September)</i>

CONSERVING CANADA'S FORESTS PROGRAM

COMMITTEE MEMBERS

Suzanne Ivey Cook	<i>Committee Chair and Director, Ivey Foundation</i>
Jennifer Ivey Bannock	<i>Director, Ivey Foundation</i>
Tim Gray	<i>Program Director, Ivey Foundation (until September)</i>
Bruce Lourie	<i>President, Ivey Foundation</i>
David Love	<i>Advisor, Agents of Good</i>
Don Roberts	<i>President & CEO, Nawitka Capital Advisors Ltd.</i>

Ivey Foundation relies on peer reviews of proposals from a large list of anonymous experts across Canada. We thank them kindly for their outstanding contributions to our decision-making process.

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TORONTO ONTARIO CANADA 2014

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COVER (DETAIL) & TITLE-PAGE

David Brown Milne
Canadian, 1882–1953
Coloured Spaghetti (Autumn Trees), 1917
Watercolour on paper, 38.1 x 55.2 CM
Courtesy the Art Gallery of Ontario
Gift from the J.S. McLean Collection, Toronto, 1969
Donated by the Ontario Heritage Foundation, 1988
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Art Gallery of Ontario

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NEW PROGRAM DIRECTION

Ivey Foundation's granting program will apply new thinking to economic activity in Canada. Our goal is to help build a smarter and sustainable economy that protects our natural assets while maintaining economic security and prosperity for Canadians.

THE NEW PROGRAM has evolved from the Foundation's past programs, which focused on forest conservation and the Canadian forest sector's transition to sustainability. Over the past three decades, resource and environmental issues have been presented as "jobs versus the environment" and despite the emergence of the concept of sustainable development, success on the ground has been limited. This dynamic is changing, and the 2010 Canadian Boreal Forest Agreement—a result of efforts funded to a great extent by the Ivey Foundation—is one example of a large collaborative effort designed to pursue economic and environmental success as a shared societal outcome. With local communities and the boreal ecosystem being joint beneficiaries, the Agreement is a practical example of what a "smart economy" may look like at scale—a transformation of thinking and new ways of doing business, integrated into existing economic activity.

Stepping back from the forest industry, we need to examine and understand the systemic changes required to bring about economic prosperity in tandem with environmental protection across the economy—Canadians, after all, are responsible for managing globally significant natural resources. The challenges and opportunities related to their management and extraction will only increase with time. What drivers of change will lead us to a sustainable path? How do these drivers translate into policy frameworks for decision-making? How are these issues best communicated? And what role might foundations play in facilitating the shift to a smart, sustainable economy?

To begin answering those questions, the Ivey Foundation has identified four priority areas. Our new program will support deliberate and collaborative efforts to advance ideas, debate and projects leading to the adoption of pragmatic policies.

FIRST We need to understand assumptions regarding the environment within economic policy and vice versa. Foundations are in a position to advance research and action, including the role of corporate subsidies and environmental fees and services, in order to develop smart and sustainable fiscal policies that have broad support.

SECOND There is a need to better understand how to communicate with and engage Canadians in a way that is positive, meaningful, and relevant to our future as-

pirations for economic and environmental progress. Foundations may play a useful role in supporting organizations that can initiate conversations with Canadians about what a smart economy might look like, turning the “why” of a transition into a well-accepted “how” of transition.

THIRD Foundations may be effective in helping to develop innovative approaches to policy-making. For example, behavioural economics—the idea that social, cognitive and emotional factors influence people’s decision-making—is as important as strictly financial considerations. This includes positive reinforcement strategies that can enhance policy design and potentially achieve greater uptake of sustainable behavior at the individual and corporate level.

FOURTH Moving to a smarter economy provides an opportunity for business leaders who see a competitive advantage in being more sustainable and efficient, understanding that this is about more than marketing. Businesses can participate actively in helping to develop and champion sustainability solutions. For example, full-cost pricing (including the cost of externalized environmental damage) may represent a more effective and comprehensive solution for businesses than sector-specific government subsidies and regulations. Within the corporate sector, foundations are able to use their own capital to invest in, for example, projects that demonstrate the use of advanced reporting tools, untried finance mechanisms, inclusive natural capital valuations, and a variety of different fiscal policies to test their implications for Canadian businesses.

Moving forward, the Ivey Foundation is seeking opportunities to work with effective Canadian organizations interested in these ideas and are willing to work collaboratively on pragmatic solutions.

GRANTS

IN 2013 THE IVEY FOUNDATION provided a reduced level of core funding for the implementation of the Canadian Boreal Forest Agreement while working on the development of a new program on environment and economy. We identified two initiatives that fit squarely within this emerging program direction—the Green Fiscal Commission and Sustainable Prosperity. The Green Fiscal Commission is a project at McGill University, with roots in Sustainable Prosperity, designed to bring together economists from across the country to research fiscal reform measures for a stronger, sustainable economy. Sustainable Prosperity is an initiative housed at the University of Ottawa with a mandate to research and communicate policies to promote economic prosperity and environmental protection. The Ivey Foundation will be reporting on the progress of these efforts in future annual reports.

ENVIRONMENT & ECONOMY

Green Fiscal Commission

McGill University, Montréal, \$225,000

Greening the Economy: Research & Driving Change

University of Ottawa (Sustainable Prosperity), Ottawa, \$143,000

CONSERVING CANADA'S FORESTS

Canadian Boreal Forest Agreement Implementation

Canadian Parks and Wilderness Society, Ottawa, \$135,000

Canadian Parks and Wilderness Society (Canadian Boreal Forest Agreement Secretariat), Ottawa, \$350,000

Canadian Parks and Wilderness Society (ForestEthics), Ottawa, \$75,000

Environmental Defence Canada, Toronto, \$50,000

Ontario Nature, Toronto, \$75,000

La Société pour la nature et les parcs du Canada, Montréal, \$51,000

Wildlands League, Toronto, \$90,000

STRATEGIC OPPORTUNITIES

Green Economy & Science and Policy Research

Canadian Environmental Grantmakers' Network, Toronto, \$25,000

Sustainable Forestry Audit Comparison Report

Canadian Parks and Wilderness Society (ForestEthics), Ottawa, \$15,000

Climate Change Awareness

Cape Farewell, Toronto, \$10,000

Protecting Wildlife Habitat through the CBFA

David Suzuki Foundation, Toronto, \$15,000

Help Save Canada's Reindeer

Earth Rangers, Woodbridge, \$15,000

Wilderness & Land-use Program

Ecology Action Centre, Halifax, \$120,000 (over two years)

Organizational Transition & Succession Planning

Nature Alberta (Global Forest Watch Canada), Edmonton, \$15,000

Ontario Forest Tenure Indicator Development

Muskoka Conservancy (Westwind Forest Stewardship), Bracebridge, \$15,000

Implementing Ontario's *Endangered Species Act*

Ontario Nature, Toronto, \$10,000

DIRECTOR-INITIATED

Research Support

Canadian Institute for Advanced Research, Toronto, \$300,000 (over three years)

Banking on Cod

WWF-Canada, Toronto, \$250,000 (over three years)

PAYMENTS ON PREVIOUS GRANT COMMITMENTS

DIRECTOR-INITIATED

David Milne Centre

Art Gallery of Ontario, Toronto, \$100,000 (of \$300,000)

Research & Learning Tower

Sick Kids Foundation, Toronto, \$50,000 (of \$250,000)

SUMMARY OF GRANTS

1948–2013

	Environment & Conservation	General/Director- Initiated	New Grants Approved	Program Expenses	Grants Paid & Program Expenses
1948–2010	\$ 24,500,261	\$ 48,482,213	\$ 72,982,474	\$ 865,998	\$ 73,588,472
2011	\$ 1,545,650	\$ 630,000	\$ 2,175,650	\$ 685,548	\$ 2,531,198
2012	\$ 1,484,000	\$ 65,000	\$ 1,549,000	\$ 634,577	\$ 2,623,577
2013	\$ 1,434,000	\$ 550,000	\$ 1,984,000	\$ 659,554	\$ 2,283,554
	\$ 28,963,911	\$ 49,727,213	\$ 78,691,124	\$ 2,845,677	\$ 81,026,801

AUDITOR'S REPORT

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the Members,
Ivey Foundation

The accompanying summary financial statements, which comprise the summary statement of financial position as at December 31, 2013, and the summary statement of operations and net assets for the year then ended, are derived from the audited financial statements of Ivey Foundation for the year ended December 31, 2013. We expressed an unmodified audit opinion on those financial statements in our report dated May 12, 2014. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by Canadian accounting standards for not for profit organizations. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Ivey Foundation.

MANAGEMENT'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS Management is responsible for the preparation of a summary of the audited financial statements in accordance with Canadian accounting standards for not for profit organizations.

AUDITOR'S RESPONSIBILITY Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

OPINION In our opinion, the summary financial statements derived from the audited financial statements of Ivey Foundation for the year ended December 31, 2013 are a fair summary of those financial statements, in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants
May 12, 2014
Toronto, Ontario

IVEY FOUNDATION
SUMMARIZED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 3,608,682	\$ 4,730,521
Accrued interest and amounts receivable	328,333	316,613
Marketable securities investments	70,161,672	59,987,580
Other investments and sundry assets	9,187,374	7,586,553
	83,286,061	72,621,267
LIABILITIES		
Accounts payable and accrued liabilities	380,315	96,015
Unpaid grants	510,000	150,000
	890,315	246,015
NET ASSETS		
Restricted	3,202,847	2,781,203
Unrestricted	79,192,899	69,594,049
	82,395,746	72,375,252
	83,286,061	72,621,267

SUMMARIZED STATEMENT OF OPERATIONS
FOR THE YEARS ENDED 31 DECEMBER

	2013	2012
REVENUE		
Investment income	\$ 2,849,929	\$ 2,591,558
Realized gain on sale of investments	2,716,658	820,654
Change in market value of investments	8,034,560	2,627,879
Total revenue	13,601,147	6,040,091
EXPENDITURES		
MANAGEMENT & ADMINISTRATION		
Investment management, custodian and audit fees	751,828	415,963
Other	284,095	207,737
Total management and administration	1,035,923	623,700
NET REVENUE BEFORE GRANTS	12,565,224	5,416,391
GRANTS & PROGRAM EXPENSES		
Conserving Canada's Forests	826,000	1,284,500
Director-Initiated	550,000	65,000
Environment and Economy	368,000	-
Strategic Opportunities	240,000	199,500
Program expenses	659,554	634,577
Total grants and program expenses	2,643,554	2,183,577
EXCESS OF REVENUE OVER EXPENDITURES	9,921,670	3,232,814

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