



IVEY FOUNDATION

ANNUAL REPORT

2015

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The 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.

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Lorne Johnson *Senior Program Advisor*
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IVEY *foundation*

TORONTO ONTARIO CANADA 2016

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Breaking Ice (Beaufort Sea, Canadian Arctic)
A Philip Nightman Photograph
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PREAMBLE

OUR FIRST DISCUSSIONS AT THE IVEY FOUNDATION on supporting the concept of “greening the economy” date back to 2011. Conversations in Canada and globally were very different then. Carbon pricing was a highly unlikely prospect, British Columbia’s early leadership aside. The Canadian government had a singular focus on pipeline construction. Crude oil prices were at an all-time high of over \$100 per barrel. Global climate change talks were stalled. And the idea that the NDP would form the next government in Alberta was far from widespread.

How things have changed. The governments of Alberta, Canada and Ontario are now taking bold steps in the transition to a low carbon economy. Our early investments in helping establish Canada’s Ecofiscal Commission and the Canadian Clean Technology Innovation Partnership, together with our support for Clean Energy Canada and Sustainability CoLab, among others, appear to be timely and helpful. As the policy landscape in Canada shifts we continue to adapt and focus our efforts.

In 2014, we launched a new ten-year focused program entitled Economy and Environment specifically to help move Canada on the pathway to a smarter, sustainable economy. Below is the program Framework we created to help guide us and our grantees. The most relevant observation may be that, whereas several years ago we had trouble imagining organizations in Canada focused on these issues, today we are seeing an impressive cadre of sophisticated organizations working collaboratively to achieve common goals.

ECONOMY & ENVIRONMENT PROGRAM FRAMEWORK

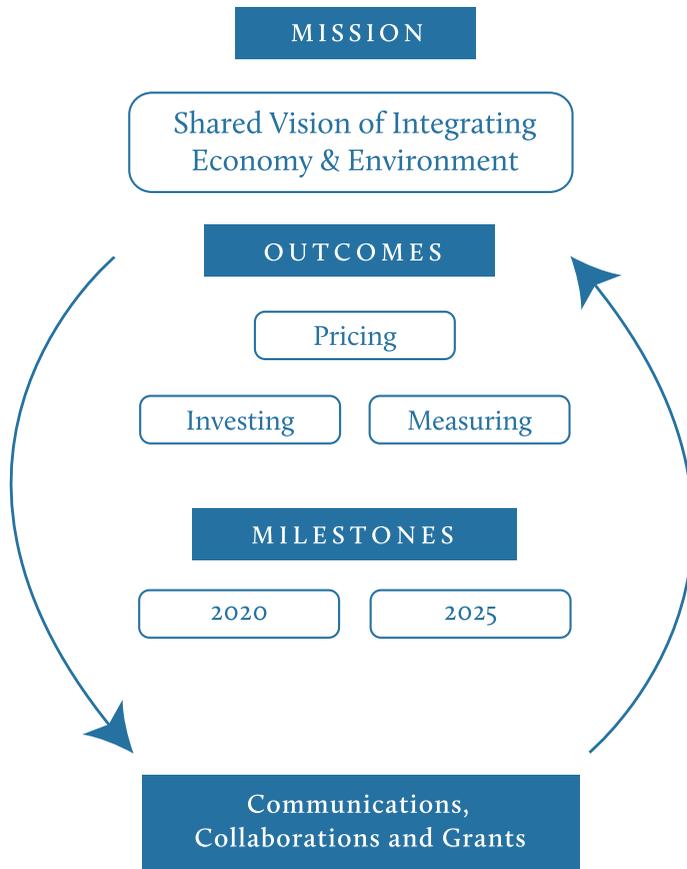
INTRODUCTION

THE MISSION OF THE IVEY FOUNDATION'S Economy and Environment Program is “to help create a shared vision for Canada’s future — one that integrates the economy and the environment, achieves resource efficiency, and fosters innovation and investment for a smarter, sustainable economy.”

The Foundation developed a Framework for the Program which describes its desired outcomes and the granting strategies that will be used to achieve them. This Framework is a tool to help focus grant decision-making while also allowing the Program to evolve over time. It is also meant to assist external stakeholders and potential grantees in better understanding the Program and the ways in which it may align with their own organization’s activities.

THE PROGRAM has three desired outcomes. The primary outcome is to advance the understanding and adoption of *pricing* as a mechanism to internalize environmental costs across the economy. Putting an accurate price on environmental externalities ultimately sends the signals required in leveling the playing field, to drive the actions of business, the public and other stakeholders. The pricing outcome is, in turn, to be supported by a shift of *investing* approaches that will encourage the development of resource efficient and innovative businesses and infrastructure. The third outcome is to enhance the *measuring* of economic, environmental, and social well-being beyond traditional gross domestic product [GDP] indicators. We believe that appropriate pricing, innovative investing and accurate measuring are the systemic change drivers that will lead to a smarter, sustainable and prosperous economy for Canada.

THE PROGRAM STRUCTURE is designed to accept regular feedback and allow for adjustment as the results from grants and other Program initiatives are analyzed, and as the external context shifts over the ten-year Program cycle.



[FIGURE I]

RESEARCH AND FRAMING

THE IVEY FOUNDATION'S research, conversations and convening over the past three years have reinforced the timeliness of the Program. While it is acknowledged that change in Canada is needed, there is no shared sense of what a viable alternative economic future could look like. Historically, natural resource and environmental issues have been presented as “jobs versus the environment.” Instead, it is vital to build public and business support for shifting economic incentives and subsidies — away from inefficient and polluting activity toward environmentally and economically productive endeavours.

A number of examples already exist, where linkages between economy and environment have been implemented successfully. These include the greening of Ontario's electricity sector, British Columbia's carbon tax, “Greenbelts” in Ontario and Nova Scotia and the Canadian Boreal Forest Agreement [CBFA]. The Ivey Foundation will build upon these and other efforts, working in collaboration with research institutions, NGOs, other foundations, business leaders and additional partners in order to bring about this change.

OBJECTIVES AND GRANTING STRATEGY FOR ACHIEVING OUTCOMES

THE PRICING, INVESTING, AND MEASURING OUTCOMES are driven by Program objectives and a granting strategy in order to meet short and medium-term milestones. The objectives include the following:

- 1 Painting a compelling, credible vision for a sustainable, low-carbon economy through collaboration and convening.*
- 2 Building a roadmap to this vision by supporting knowledge, research, analysis and measurement tools.*
- 3 Engaging and supporting champions and new collaborative networks as messengers.*
- 4 Communicating widely and promoting positive solutions and success stories.*

These objectives, along with the Foundation's wish to overcome both real and perceived barriers to change, constitute a unique differentiator for the Program. By bringing together voices not previously corralled, to drive discussion and debate,

to provide incentives for organizations to build on each other's work and to encourage organizations to be collaborative in all research and communications, the Foundation will build trust across apparently disparate interests. Organizations can take risks knowing that long-term financial support is available. Small successes can be broadened into scalable achievements.

PRICING Integrating economy and environment requires a deeper understanding of how pricing externalities can and will drive resource efficiency and foster innovation. To that end, the Foundation will support research that informs pollution-pricing policy options, including incentives for the development and support of business practices and models that conserve resources. Research of this nature will inform policy development and the necessary evidence and certainty for the financial and business sectors to release additional capital to support greening of the economy.

Under the pricing outcome, program activities will focus on:

Analysis and knowledge development concerning ecofiscal reform initiatives — including carbon pricing, water pricing, pollution pricing, road congestion pricing and catastrophic risk pricing.

INVESTING Integrating economy and environment requires shifting investment strategies to support the development and growth of low-carbon, resource-efficient and innovative businesses. Investments can be made by all stakeholders from governments to corporations, to the financial sector and individuals. Proactive engagement by Canada's financial sector, including banks, asset managers, insurance companies and pension funds is particularly important. As influencers, motivators and internationally respected leaders, Canada's financial sector can be highly impactful.

The investment outcome will:

Increase the amount, types and sources of capital that support resource efficiency, sustainable business practices, green infrastructure and long-term economic development in Canada.

MEASURING Measurement and reporting are important tools for driving improved performance and holding business and government to account for meeting commitments and standards.

As a first step, it is critical to better understand green economy indicators currently being monitored, the additional indicators that need to be developed, the data that are available to be collected and whether decision-makers can readily use that data.

In order to evaluate, assess, communicate and evolve the greening of Canada's economy, we must have the right information and ensure its relevance for Canada, relative to the world.

The measurement outcome has three main areas of focus:

- 1 *Developing a set of “green growth indicators” for Canada.*⁴
- 2 *Businesses, investors and governments actively measuring progress toward sustainability as a core indicator of prosperity.*
- 3 *Expanding the range of measures by which Canadians assess their well-being.*

NEXT STEPS

THE FRAMEWORK for the Foundation's Economy and Environment Program describes pricing environmental externalities, its priority outcome, as well as two supporting outcomes — investing and measuring. As it advances within Canada's emerging low-carbon economy, the Program will evolve over time, although we believe the focus on these three outcomes will remain the same. An important next step is to develop milestones that can be used to evaluate the Program's impact in 2020 and 2025.

Ongoing engagement and input from influential stakeholders from business, the financial sector, governments and other experts will be sought out and welcomed. By encouraging and incentivizing new relationships, which will lead to new perspectives, we believe the interplay between stakeholders will allow for results to scale beyond specific granting initiatives. There will be points in the development of the Program where some outcomes will move forward more quickly and with less resistance than others (e.g., recent activities related to provincial carbon pricing). The dynamic nature of the Program will require ongoing adjustments, iterative learning and adaptation based on the results from the grants, the relationships that are developed with stakeholders and the changing economic context in Canada. It is this evolutionary process—together with patience, persistence, transparency and thought-leadership—that will allow the Foundation to successfully carry out its mission.

1. World Economic Forum, *Global Risks 2015*, 10th edition (Geneva: World Economic Forum, 2015).

2. “Disintermediation” is the removal of intermediaries, or “middlemen,” in a supply chain. Instead of going through traditional distribution channels, companies may now deal with each customer directly—via the Internet, for example.

3. Tomasz Koźluk and Ziga Zarnic [OECD] Hoseok Kim [GGGI], Fulai Sheng, Andrea Bassi, and Markus Lehmann [UNEP], and Marianne Fay, Kirk Hamilton, Erika Jorgensen, and Glenn-Marie Lange (World Bank), “Moving towards a Common Approach on Green Growth Indicators” (presented at the 2nd Annual GGKP Conference, April 4–5, 2013, in Paris, France); TD Economics, “The Greening of the Canadian Economy — Index of Indicators” (Toronto: Toronto-Dominion Bank, 2013).

4. Research by the International Institute for Sustainable Development [IISD] on inclusive wealth indicators will be used to support the development of measures for the Program. Key considerations to integrate into the development of specific indicators for the Program include relevance, credibility, measurability, sensitivity to change, and communication.

GRANTS

ECONOMY & ENVIRONMENT

Mapping Comprehensive Wealth in Canada

Canadian Parks and Wilderness Society (Global Forest Watch Canada), Ottawa, \$30,000

Providing the geospatial datasets and mapping research for the International Institute for Sustainable Development’s [IISD] Comprehensive Wealth report.

Canadian Impact Infrastructure Exchange [CIIX] Pilot

Carleton University, Carleton Centre for Community Innovation, Ottawa, \$50,000

Supporting the assessment of environmental, social and governance impacts of large-scale infrastructure investments within Canada through the development of tools and a national information platform for investors.

Clean Economy Fund Support Grant

Clean Economy Fund, Toronto, \$75,000

Establishing a new funding collaboration mechanism designed to maximize the scale and impact of philanthropic investments in support of a clean and prosperous Canadian economy.

Developing a Low Carbon Economy for Canada

Conference Board of Canada, Ottawa, \$300,000 (over two years)

Developing a centre focused on creating a low carbon economy for Canada that is supported by credible, independent research and communication to mainstream audiences. Initial research focus areas include the role of energy modelling to inform policy options, the economic benefits of energy efficiency, greening long haul freight, and the role of low carbon fuel standards and fuel emission regulations.

Building on Nova Scotia's Green Economy Achievements

Ecology Action Centre, Halifax, \$100,000

Creating a multi-faceted research and public education program to build public and business awareness of environmental pricing mechanisms such as a carbon-tax, Nova Scotia's Green Economic Strategy and Environmental Goals and Sustainable Prosperity Act, and increase public knowledge of the benefits of greening the economy.

Creating the Clean Economy

Environmental Defence Canada, Toronto, \$75,000

Educating the public around the development and implementation of comprehensive climate change policies emerging in Ontario, Alberta and federally. This includes information on the clean economy implications of the Ontario Greenbelt Plan, the reduction of fossil fuel dependence in Alberta, and the pan-Canadian framework on Climate Change.

Carbon Pricing Leadership in Alberta

Pembina Foundation, Alberta, \$40,000

Building public understanding and engagement for a new carbon pricing system in Alberta. This work provides timely input to the development of Alberta's Climate Strategy.

Greening Economy Narrative: Meeting the New Media Imperative

Simon Fraser University, Beedie School of Business (Social Currents), Vancouver, \$50,000

Supporting the development and planning for a national communication initiative on clean economy. The grant supports exploration and research on an audience-centric approach to communication and engagement that develops and adapts research and analysis produced by environmental NGOs, think tanks and other thought leaders.

Advancing a Clean Economy for Ontario

Simon Fraser University, Clean Energy Canada, Vancouver, \$100,000

Undertaking research and analysis on clean energy trends such as advancements in technology, policy development and investment. The grant covers documenting research and communicating with stakeholders on the barriers and opportunities to increase clean energy exports, as well as on the use of electric vehicles, to contribute to reductions in Ontario's carbon emissions.

Setting Strong Carbon and Clean Energy Policy Precedents for Alberta and Ontario

Simon Fraser University, Clean Energy Canada, Vancouver, \$300,000 (over two years)

Conducting research and education in Alberta and Ontario related to climate and energy policy outcomes. Efforts in Alberta are focused on public engagement on the coal-fired electricity phase-out, carbon pricing and awareness of the potential for renewable energy. In Ontario, the growth of the clean technology sector, transition to lower carbon fuels and implementation of the cap and trade system are the primary engagement areas.

Communicating Progress in Advancing Ontario's Low Carbon Economy

Sustainability Network (Sustainability CoLab), Toronto, \$60,000

Communicating progress of small and medium-sized enterprises [SMEs] within the Waterloo Region in reducing GHG emissions while improving their bottom-lines. SMEs make up the back-bone of Ontario's economy and can make a critical contribution to supporting a low carbon, prosperous economy.

Envisioning a Carbon Neutral Economy in Ontario

University of Toronto, Institute for Competitiveness and Prosperity, Toronto, \$50,000

Developing a macroeconomic model of four scenarios for Ontario's cap and trade program to provide analysis and recommendations on which design options will achieve the greatest greenhouse gas emission reductions while mitigating adverse impact on the province's competitiveness.

Laying the Foundations for a Stronger Clean Tech Sector in Canada

University of Waterloo, Centre for International Governance Innovation, Waterloo, \$110,000

Laying the groundwork for a more robust and competitive clean technology sector in Canada by engaging regional clean technology companies to establish a national network. The Canadian Clean Technology Innovation [CCTI] Partnership focuses on identifying the barriers and priorities for the adoption of new technology solutions in Canada and provides a coordinated voice on these issues.

CONSERVING CANADA'S FORESTS

Canadian Boreal Forest Agreement Implementation

Canadian Parks and Wilderness Society, Ottawa, \$125,000

Canadian Parks and Wilderness Society (Canadian Boreal Forest Agreement Secretariat), Ottawa, \$125,000

Canadian Parks and Wilderness Society (ForestEthics), Ottawa, \$100,000

Laying the Groundwork for Tenure Modernization

Municipality of Temagami (Temagami First Nation), \$25,000

Transforming Forestry Practices in Canada's Boreal

Wildlands League, Toronto, \$20,000

STRATEGIC OPPORTUNITIES

Carbon Pricing Policy Analysis for Business

Canadian Business for Social Responsibility, Toronto, \$20,000

Sustaining Member and Green Economy

Canadian Environment Grantmakers' Network, Toronto, \$15,000

How Canada Performs – Environment

Conference Board of Canada, Ottawa, \$15,000

CANUSSEE Ecological Economics Conference

David Suzuki Foundation, Toronto, \$5,000

Legal Research

Ecojustice, Toronto, \$5,000

Clean Economy Alliance

Environmental Defence Canada, Toronto, \$20,000

Sector Champions

Imagine Canada, Toronto, \$5,000

Green Budget Coalition: Vision for Environmental Leadership 2016

Nature Canada, Ottawa, \$15,000

Alberta's Energy Future(s)

Pembina Foundation, Alberta, \$20,000

Roundtable on Energy and the Environment

Pembina Foundation, Alberta, \$15,000

Strathmere Group: Enhancing Federal Government Relations Capacity

Pembina Foundation, Alberta, \$15,000

Membership

Philanthropic Foundations Canada, Montreal, \$10,893

Exploration into Ontario Pension Sponsors

SHARE (Columbia Institute), Vancouver, \$5,000

Telling Business Success Stories

Sustainability Network (Sustainability CoLab), Toronto, \$25,000

Citizen to Investor [c2i] Initiative

Tides Canada Foundation, Toronto, \$15,000

Science and Policy Strategy Implementation

Tides Canada Foundation, Toronto, \$20,000

PAYMENTS ON PREVIOUS GRANT COMMITMENTS

ECONOMY & ENVIRONMENT

Towards a Cleaner, Healthier Canada

International Institute for Sustainable Development, Ottawa, \$150,000
(of \$300,000)

Canada's Ecofiscal Commission

McGill University, Montreal, \$225,000 (of \$450,000)

Economic Literacy Program for NGOs

Sustainability Network, Toronto, \$50,000 (of \$100,000)

DIRECTOR-INITIATED

Research Support

Canadian Institute for Advanced Research, Toronto, \$100,000 (of \$300,000)

Biodiversity Garden

Royal Ontario Museum, Toronto, \$125,000 (of \$250,000)

Banking on Cod: Financing Sustainable Fisheries

WWF Canada, Toronto, \$75,000 (of \$250,000)

SUMMARY OF GRANTS 1948-2015

	Environment & Conservation	General/Director- Initiated	Total Grants Approved	Program Expenses	Grants & Program Expenses Paid
1948-2012	\$ 27,529,911	\$ 49,177,213	\$ 76,707,124	\$ 2,186,123	\$ 78,743,247
2013	\$ 1,434,000	\$ 550,000	\$ 1,984,000	\$ 659,557	\$ 2,283,554
2014	\$ 1,943,881	\$ 250,000	\$ 2,193,881	\$ 653,941	\$ 2,532,822
2015	\$ 1,960,893	\$ NIL	\$ 1,960,893	\$ 808,762	\$ 3,194,655
	\$ 32,868,685	\$ 49,977,213	\$ 82,845,898	\$ 4,308,383	\$ 86,754,278

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, 2015, 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, 2015. We expressed an unmodified audit opinion on those financial statements in our report dated May 30, 2016. 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, 2015 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 30, 2016
Toronto, Ontario

CRITERIA APPLIED IN THE PREPARATION OF THE SUMMARIZED FINANCIAL STATEMENTS

The criteria applied by management in the preparation of these summary financial statements are as follows:

a) The information in the summarized financial statements is in agreement with the related information in the complete financial statements; and b) The summarized financial statements contain all the information necessary to avoid distorting or obscuring matters disclosed in the complete financial statements, including the notes therein.

Management determined that the statement of changes in net assets and the statement of cash flows do not provide additional useful information, and as such has not included them as part of the summary financial statements.

IVEY FOUNDATION
SUMMARIZED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 6,357,979	\$ 4,434,089
Investments	85,353,458	83,972,603
Other assets	489,424	550,484
Other investments and sundry assets	<u>92,200,861</u>	<u>88,957,176</u>
LIABILITIES		
Accounts payable and accrued liabilities	167,006	119,869
Investment trades pending	1,630,558	—
Unpaid grants	400,000	825,000
	<u>2,197,564</u>	<u>944,869</u>
NET ASSETS		
Restricted	3,730,661	3,481,534
Unrestricted	86,272,636	84,530,773
	<u>90,003,297</u>	<u>88,012,307</u>
	<u>92,200,861</u>	<u>88,957,176</u>

SUMMARIZED STATEMENT OF OPERATIONS
FOR THE YEARS ENDED 31 DECEMBER

	2015	2014
REVENUE		
Realized gain on sale of investments	\$ 4,654,707	\$ 4,784,610
Interest, dividends and other income	1,905,560	2,417,803
Change in unrealized gains (losses)	(1,305,347)	1,854,226
Total revenue	<u>5,254,920</u>	<u>9,056,639</u>
EXPENDITURES		
MANAGEMENT & ADMINISTRATION		
Investment management, custodian and audit fees	484,127	584,352
Other	216,783	227,638
Total management and administration	<u>700,910</u>	<u>811,990</u>
NET REVENUE BEFORE GRANTS & PROGRAM EXPENSES	<u>4,554,010</u>	<u>8,244,649</u>
GRANTS & PROGRAM EXPENSES		
Grants	1,960,893	2,193,881
Program expenses	808,762	653,941
Total grants and program expenses	<u>2,769,655</u>	<u>2,847,822</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>1,784,355</u>	<u>5,396,827</u>

