



IVEY foundation

ANNUAL REPORT 2018

IVEY FOUNDATION

The Ivey Foundation was incorporated as a private charitable foundation on December 31, 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.

Today, the primary focus for the Foundation is its Economy and Environment Program, which was established in 2014 as a 10-year strategic priority. Through this program, the Foundation is supporting new forms of institutional capacity to enhance the transition to sustainability and prosperity in Canada, in partnership with grantees, governments, and businesses.

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ISBN: 978-0-9950977-3-5

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ACTIVATING THE INVESTMENT PORTFOLIO

ROSAMOND IVEY, CHAIR

THIS IS THE THIRD INSTALMENT OF THE ONGOING ACCOUNT of the Ivey Foundation's efforts to "activate" its investment portfolio by using the endowment assets as a tool for making progress towards its mission and goals. Having spent another year studying, questioning, researching and discussing with experts, peers and fellow investors the still-burgeoning landscape of sustainable investing, our thinking has evolved and led us along a narrower path of deliberate action.

In May 2017 I wrote about the multi-layered continuum of sustainable investing, highlighting the lack of consensus around language to describe it – from impact investing to being socially responsible. To underscore just how important language is, the OECD just announced a major research project, for release in 2020, to map sustainable taxonomies across the entire EU, China, Canada and beyond. The work is expected to help address concerns that the lack of a common language globally actually hampers sustainable investing in general, and across borders.

I also wrote about the ESG investing "movement" – applying Environmental/Social/Governance factors in portfolio decision-making – and its place in the sustainable investing continuum. ESG investment mandates are decidedly more mainstream than ever these days: the growth rate of assets either deployed or redeployed under an impact investing label in Canada in 2016-2017 topped more than 80%, according to the Responsible Investment Association.

The Ivey Foundation has now adopted the "E" of ESG as its primary filter in the suitability-decision for any new investment. The degree of impact that an investment product or opportunity might have in advancing sustainability solutions is an integral part of that decision, while taking into account the Foundation's resources of time and expertise. Specifically, the Foundation is choosing environmentally-themed mandates which prioritize the allocation of capital to businesses engaged in advancing environmental solutions, including renewables, transformative clean technologies and the integration of environmental sustainability with economic prosperity.

While it is our wish to "activate" the entire portfolio, we are taking incremental steps, rather than a wholesale overturning of a long-term investment discipline, with measured evaluation along the way.

Reaching milestones is an engaging accomplishment for any organization, and the publication of this Annual Report is just that – our fiftieth – certainly a record among all private foundations in Canada. It was the country's Centennial Year – 1967 – that prompted the publication of the first one, chronicling in significant detail the first 20 years of our grant-making. Perhaps equally as consequential, it marked the beginning of our demonstrated belief in the importance of transparency and accountability in all that we do. And today, transparency and accountability for the funds we steward and grant across the country are more important than ever, as public trust in private philanthropy is increasingly being challenged.

ACCELERATING MOMENTUM FOR CHANGE

BRUCE LOURIE, *PRESIDENT*

WE HAVE LEARNED MANY THINGS in our nearly five-year journey supporting Canada's transition to a low carbon economy. First, it isn't easy. Second, most people resist change. Third, forcing people to change doesn't work. This may sound rather obvious, but more to the point, we have worked with many of the top minds in Canada to explore how these fundamental barriers to change can be overcome.

The conundrum we find ourselves in is that from a rational scientific perspective we know that we need to make very significant changes: to energy systems, transportation systems, housing, and food production, if we are to prevent catastrophic climate change. And yet we are so reliant on the economic and social structures embedded in these out-dated systems that the short-term risks associated with change overwhelm our ability to choose the pathways to long term economic sustainability.

Some Canadian politicians are aiding and abetting this tendency by spreading fear and misinformation regarding the economic risks of short-term action, while ignoring or misrepresenting the serious health and economic consequences of inaction. The irony being that those who most fear change or pretend that they can stop the world from evolving, are creating the conditions for what will almost certainly cause the greatest social, economic and environmental disruption.

If we turn to the businesses that not only understand but fret about the future cost of inaction, we find a rather compelling story. The cost to Canadians of climate-related disasters is unprecedented. Eight of the largest insurance claims in Canadian history have occurred in the past ten years; six of those in Alberta. Floods and wildfires are destroying homes, lives, forests, farmland and air quality like never before. The growing frequency and severity of these incidents are ignored at our peril.

This deep challenge has led us to focus on understanding how transitions happen, incorporating social, political and cultural factors into rational, data-driven analysis. This will be the work of the newly created Transitions Accelerator; a multi-university, multi-stakeholder collaborative. Chaining oneself to a fence may raise momentary awareness, however the environmental tactics of the 1970s no longer move us forward in a complex political, social and technological world.

In 2018 we began to see the fruits of our labour bud as Clean Energy Canada, the Ecofiscal Commission, Efficiency Canada and many other organizations that we and our colleagues support gained prominence through smart and effective research and public education. We also witnessed the growing acceptance of bogus claims and mistruths creating an increasingly stark choice for Canadians as we ponder the future. We have a decision to make; one that values evidence, inclusiveness and thoughtful planning versus disingenuous political stunts to dupe Canadians into the false possibility of turning the clock back.

GRANTS

ECONOMY & ENVIRONMENT

Building Credible, Compelling Decarbonization Pathways for Canada

Carleton University, Ottawa, \$75,000

Developing an approach and expert consensus on a methodology for designing credible and compelling regional economic decarbonization pathways. Specifically, it will be designed with a transition lens and incorporate social and economic factors into energy and economic systems modelling.

Establishing the Transitions Accelerator

Carleton University, Ottawa, \$750,000 (over three years)

Launching a new organization to support the deployment of the transitions pathways decarbonization methodology in regions and sectors across Canada. The grant will facilitate and connect existing organizations to define credible, compelling and capable pathways that achieve societal objectives including, but not limited to, climate change targets. The Accelerator will be housed at Carleton University, and will be led by academic and energy industry experts from Carleton University, University of Calgary and École Polytechnique de Montréal.

Research Priorities for 2018-2019

Clean Economy Fund (CEF), Ottawa, \$360,000 (over two years)

Supporting research to advance several clean economy priorities and strengthen collaboration in the areas of: sustainable finance; engaging Canadians in the clean economy transition and; sustainable, climate-resilient agriculture.

Engaging Canadians in the Clean Economy, “Our Canada” campaign

Columbia Institute, Vancouver, \$250,000

Phase 1 research on how to engage Canadians in a reasoned, middle-ground discussion about climate change and clean economy, working with a range of communications experts. Phase 2 field experimentation on engaging Canadians through social media channels, town halls and focus groups to test the viability of a reasoned, solution space for rational social media discourse.

Integrating Economy and Environment through Policy Renewal

Ecology Action Centre, Halifax, \$150,000 (over two years)

Expanding Nova Scotia's commitment to clean economy by engaging stakeholders in the renewal of the Environmental Goals and Sustainable Prosperity Act to support the province's low carbon transition.

Business Leading in the Low Carbon Economy

Green Economy Canada with Canadian Environmental Grantmakers' Network, Toronto, \$100,000

Communicating the actions of small and medium-sized companies in Ontario that are reducing greenhouse gas emissions, increasing profits and contributing to the growth of the low carbon economy, through the Green Economy Canada hubs.

Developing a Canadian Institute for Sustainable Finance

Queen's University – Smith School of Business, Kingston, \$50,000

Developing a comprehensive business case to establish a Canadian Institute for Sustainable Finance that is relevant, pragmatic and operates at the intersection of finance and sustainability. It will involve multi-university research and education, collaboration with practitioners, and communication of results to selected audiences.

Phase II Canada: Commonwealth Climate and Law Initiative

University of British Columbia, Vancouver, \$115,000 (over two years)

Building on the first phase of this work, Phase II will develop meaningful governance action and strategies for corporate directors and other fiduciaries in the transition to a clean economy. Work will focus on additional research, communications, and engagement of key influencers in the legal, director and corporate communities as well as other stakeholders.

Advancing the Healthy Forests Campaign

Canadian Parks & Wilderness Society (CPAWS) with Stand.earth, Ottawa, \$75,000

Supporting FSC certification and protection of critical caribou habitat in Canada through initiatives that promote healthy-forest procurement policies. This is a legacy grant supporting progress made under the Ivey Foundation's earlier Conserving Canada's Forests Program.

Support for Effective Implementation of Target 1 Commitment

Wildlife Conservation Society (WCS), Toronto, \$50,000

Supporting the capacity of WCS to help Canada achieve its target to protect 17% of Canada's terrestrial ecosystems by 2020. WCS will develop and communicate scientific advice and recommendations for strengthening the case for new protected areas. This is a legacy grant supporting progress made under the Ivey Foundation's earlier Conserving Canada's Forests Program.

PAYMENTS ON PREVIOUS GRANT COMMITMENTS

Building an Effective National Champion for Energy Efficiency in Canada

Carleton University Sustainable Energy Research Centre and Efficiency Canada, Ottawa, \$175,000 (of \$350,000)

Building IISD's Capacity to Contribute to Canada's Low Carbon Economy Transition

International Institute for Sustainable Development (IISD), Winnipeg, \$120,000 (of \$300,000)

2017-2019 Priorities

McGill University – Canada's Ecofiscal Commission, Montreal, \$225,000 (of \$675,000)

Accelerating Energy Efficiency: Removing Barriers and Advancing Policy and Market Solutions in Key Jurisdictions

Pembina Foundation, Calgary, \$80,000 (of \$160,000)

Accelerating Canada's Clean Energy Transition

Simon Fraser University – Clean Energy Canada, Vancouver, \$150,000 (of \$300,000)

SHIFT Initiative

Tides Canada, Vancouver, \$75,000 (of \$200,000)

STRATEGIC OPPORTUNITIES

Inception and Launch of The Academy for Sustainable Innovation

Alberta Council for Environmental Education, Canmore, \$15,175

Building Support for Climate Action in 2019 and Beyond

Alberta Ecotrust Foundation with Climate Outreach, Calgary, \$25,000

Support for “Invest in Change” Issue

Alternatives Journal, Kitchener, \$10,000

Industrial Competitiveness, Productivity and Energy Efficiency

Canadian Energy Research Institute, Calgary, \$25,000

Sustaining Membership and Growing Investments for a Sustainable Canada

Canadian Environmental Grantmakers' Network (CEGN), Toronto, \$20,000

Mobilizing Public Support for Protected Areas in Canada

Canadian Environmental Grantmakers' Network (CEGN), Toronto, \$15,000

CAN-Rac's 2019 Alignment and Coordination Project

Climate Action Network-Reseau action climat, Ottawa, \$25,000

Towards a Sustainable Plastics Strategy

Environmental Defence Canada, Toronto, \$15,000

EcoAnalytics Research Initiative: Shared Intelligence for Canada's Environment

Équiterre with EcoAnalytics, Montreal, \$25,000

Advancing the National Environmental Movement

Équiterre with the Strathmore Group, Montreal, \$15,000

Assessing the State of Canadian Climate Science Funding

Canadian Climate Forum with Evidence for Democracy, Ottawa, \$20,000

Canada's Clean Energy Economy Series

Institute for Sustainability Education and Action with The National Observer, Salt Spring Island, \$30,000

Circular Economy Coalition Strategic Communications Action Plan

The Natural Step (Canada) Inc. with the Circular Economy Leadership Coalition, Ottawa, \$15,000

Sustainable Finance Roadshow and Membership

Public Policy Forum, Ottawa, \$41,300

Taking Leadership on the Climate Crisis

Ryerson University, Toronto, \$5,000

Making the Case for Establishing an Independent Canadian Climate Expert Institute

University of Calgary, Canadian Energy Systems Analysis Research Initiative (CESAR), Calgary, \$20,000

Parliamentary Internship Program for the Environment

University of Ottawa, Institute of the Environment, Ottawa, \$25,000

Economics and Environmental Research Network Symposium

University of Ottawa, Smart Prosperity Institute, Ottawa, \$10,000

DIRECTOR-INITIATED GRANTS

PAYMENTS ON PREVIOUS GRANT COMMITMENTS

Innovation for a Green Economy: CIFAR's Program in Bio-Inspired Solar Energy

Canadian Institute for Advanced Research (CIFAR), Toronto, \$75,000 (of \$225,000)

Last Mile Campaign

MaRS, Toronto, \$100,000 (of \$300,000)

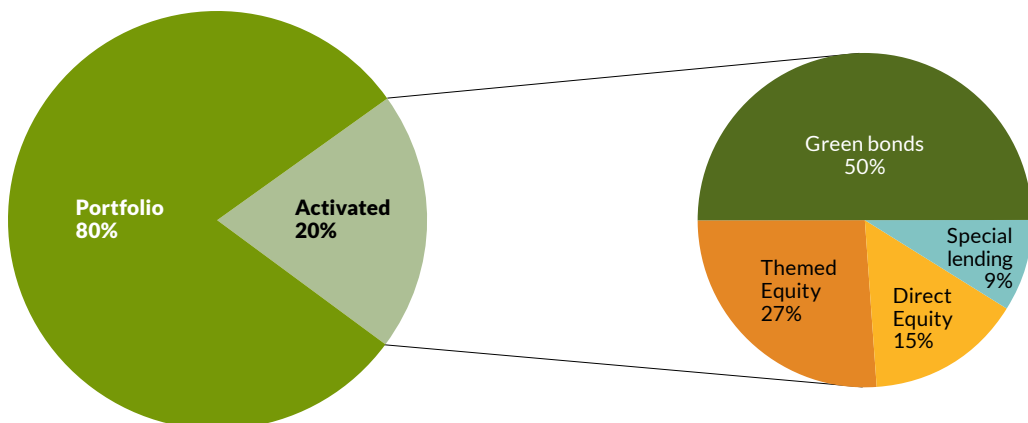
SUMMARY OF GRANTS 1948-2018

	Environment & Conservation	General/ Director-Initiated	Total Grants Approved	Program Expenses	Grants Paid & Program Expenses
1948-2015	\$ 32,868,685	\$ 49,977,213	\$ 82,845,898	\$ 4,308,383	\$ 86,754,278
2016	2,768,988	560,000	3,328,988	730,826	2,699,014
2017	2,152,925	225,000	2,377,925	925,496	3,689,221
2018	2,331,475	NIL	2,331,475	1,022,899	3,559,374
TOTAL	\$ 40,122,073	\$ 50,762,213	\$ 90,884,286	\$ 6,987,604	\$ 96,701,877

SUSTAINABLE INVESTING

The Ivey Foundation considers all of its assets as a tool for making progress towards achieving its mission and goals. This pie chart shows how the Foundation uses various investment strategies and approaches to “activate” its endowment portfolio. These strategies include green bonds, Canadian and US environmentally-themed equity funds, both private and public, specialized credit facilities for clean energy capital improvement, and a direct equity position in a Canadian-based global renewable energy company.

AS OF DECEMBER 31, 2018*



* As of June 30, 2019 the activated portion of the portfolio will be approximately 26%.

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, 2018, and the summary statement of operations for the year then ended, are derived from the audited financial statements of Ivey Foundation for the year ended December 31, 2018 and related notes. We expressed an unmodified audit opinion on those financial statements in our report dated May 9, 2019. 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, 2018 are a fair summary of those financial statements, in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Professional Accountants
Licensed Public Accountants

May 9, 2019
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 December 31

2018

2017

ASSETS

Cash and cash equivalents	\$ 2,452,242	\$ 3,933,773
Investments	90,615,059	94,033,319
Other assets	515,155	506,462
	\$ 93,582,456	\$ 98,473,553

LIABILITIES

Accounts payable and accrued liabilities	\$ 152,362	\$ 177,298
Unpaid grants	1,170,000	1,375,000
	1,322,362	1,552,298

NET ASSETS

Restricted	4,133,727	4,298,063
Unrestricted	88,126,367	92,623,192
	92,260,094	96,921,255
	\$ 93,582,456	\$ 98,473,553

IVEY FOUNDATION

SUMMARIZED STATEMENT OF OPERATIONS

For the Year Ended December 31

2018

2017

REVENUE

Realized gain on sale of investments	\$ 4,691,603	\$ 6,639,290
Interest, dividends and other income	2,320,774	2,224,821
Change in unrealized losses	(7,909,533)	(954,579)
Total revenue	(897,156)	7,909,532

EXPENDITURES

Management & Administration

Investment management, custodian and audit fees	424,875	488,842
Other	237,411	231,925
Total management and administration	662,286	720,767
Net revenue before grants & program expenses	(1,559,442)	7,188,765

GRANTS & PROGRAM EXPENSES

Grants	2,331,475	2,377,925
Program expenses	1,022,899	925,496
Total grants and program expenses	3,354,374	3,303,421

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (4,913,816)	\$ 3,885,344
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