



Financial Statements

Private Giving Foundation

December 31, 2017

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## Independent auditor's report

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To the Members of  
**Private Giving Foundation**

We have audited the accompanying financial statements of **Private Giving Foundation**, which comprise the statement of financial position as at December 31, 2017 and the statements of operations and changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Private Giving Foundation** as at December 31, 2017 and the results of its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Grant Thornton LLP*

Toronto, Canada  
June 18, 2018

Chartered Professional Accountants  
Licensed Public Accountants

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## Private Giving Foundation Statement of Financial Position

December 31 2017 2016

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### Assets

#### Current

Cash	\$ 22,190,165	\$ 27,318,660
Securities (Note 3)	<u>29,666,401</u>	<u>12,203,906</u>

51,856,566	39,522,566
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Investment in mutual funds (Note 4)	<u>316,006,978</u>	<u>257,742,640</u>
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<u>\$ 367,863,544</u>	<u>\$ 297,265,206</u>
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### Liabilities

#### Current

Accrued expenses	\$ 440,000	\$ 390,000
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<b>Net assets</b>	<u><b>367,423,544</b></u>	<u>296,875,206</u>
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<u><b>\$ 367,863,544</b></u>	<u>\$ 297,265,206</u>
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On behalf of the Board

\_\_\_\_\_  
"David Thomson"      Chair

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"Doris Chan"      Secretary

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## Private Giving Foundation

### Statement of Operations and Changes in Net Assets

Year ended December 31	2017	2016
Revenue		
Donations of cash and securities	\$ 93,555,053	\$ 42,324,339
Income from TD Mutual Funds	6,187,400	5,424,375
Interest, other investment and miscellaneous income	309,673	336,193
Gain on disposition of securities	2,911,803	4,671,742
Unrealized increase in fair value of investments	<u>6,805,592</u>	<u>17,363,044</u>
	<u>109,769,521</u>	<u>70,119,693</u>
Expenses		
Administration fee (Note 7)	2,613,373	2,277,820
Life insurance contracts purchased	1,170,041	1,678,332
Commission on disposition of securities	<u>12,519</u>	<u>18,409</u>
	<u>3,795,933</u>	<u>3,974,561</u>
Net surplus before undernoted	105,973,588	66,145,132
Disbursements to charities	<u>(35,425,250)</u>	<u>(26,335,640)</u>
Net surplus	70,548,338	39,809,492
Net assets, beginning of year	<u>296,875,206</u>	<u>257,065,714</u>
Net assets, end of year	<u>\$ 367,423,544</u>	<u>\$ 296,875,206</u>

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See accompanying notes to the financial statements.

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## Private Giving Foundation Statement of Cash Flows

Year ended December 31	2017	2016
Increase (decrease) in cash		
<b>Operating</b>		
Net surplus	\$ 70,548,338	\$ 39,809,492
Change in non-cash operating working capital		
Accrued expenses	<u>50,000</u>	<u>34,000</u>
	<u>70,598,338</u>	<u>39,843,492</u>
<b>Investing</b>		
Net purchases of investments and securities	<u>(75,726,833)</u>	<u>(39,005,136)</u>
(Decrease) increase in cash	(5,128,495)	838,356
Cash, beginning of year	<u>27,318,660</u>	<u>26,480,304</u>
Cash, end of year	\$ <u>22,190,165</u>	\$ <u>27,318,660</u>

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# Private Giving Foundation

## Notes to Financial Statements

December 31, 2017

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### 1. Nature of operations

The Private Giving Foundation (the "Foundation") commenced operations on October 6, 2004. The Foundation is incorporated under the Canada Not-for-profit Corporations Act. The Foundation is an independent, not-for-profit charitable corporation registered as a public foundation with the Canada Revenue Agency. The Foundation was established to support and increase charitable giving in Canada. Donors have the ability to make irrevocable charitable donations to the Foundation of cash, publicly traded and mutual fund securities, to receive an official donation receipt for such donations and to make recommendations on the placement of the grants to registered charities.

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### 2. Summary of significant accounting policies

#### Basis of accounting

The Foundation has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards. The following are the policies selected by the Foundation and applied in these financial statements.

#### Use of estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

#### Revenue recognition

The Foundation follows the deferral method of accounting for contributions, which are recognized in revenue when received or receivable. Disbursements to qualified donees requested by donors are ultimately at the discretion of the Foundation. Income from investments is recorded as earned, including gains and losses based on quoted fair values, whether realized or unrealized.

#### Securities

Donated securities are measured at fair value at the statement of financial position date. Changes in fair value for the year are reflected in the statement of operations and changes in net assets.

#### Financial instruments

The Foundation's financial instruments consist of cash, securities, and investment in mutual funds. Financial assets or liabilities are initially measured at their fair value and subsequently measured at amortized cost, except for its securities and investments in mutual funds which are measured at fair value.

#### Insurance contracts

The Foundation is the beneficiary of various life insurance contracts. Due to the uncertainty of valuation and continuance of premium payments by donors, the value of the life insurance contracts is not recorded in the accounts of the Foundation until benefit payments are received or confirmed as receivable.



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# Private Giving Foundation

## Notes to Financial Statements

December 31, 2017

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### 3. Securities

	<u>2017</u>	<u>2016</u>
GICs	\$ 25,000,000	-
Stocks	\$ <u>4,666,401</u>	\$ <u>12,203,906</u>
	<u>29,666,401</u>	<u>12,203,906</u>

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### 4. Investment in TD Mutual Funds

Donations of cash and cash proceeds from the sale of donated securities are invested in Series C units of the TD Balanced Income Fund and Series C units of the TD Monthly Income Fund (the Funds). Investments in these mutual fund units are recorded at fair value at the statement of financial position date. Changes in fair market value for the year are reflected in the statement of operations and changes in net assets.

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### 5. Investment policy

In accordance with the Foundation's mission to support and increase charitable giving in Canada, the Board of Directors has a comprehensive investment policy in place. In summary, it endeavours to protect capital of the funds entrusted to the Foundation while achieving maximum returns consistent with prudent investment management.

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### 6. Financial risk management

The Foundation relies on the Fund Managers to manage the risks that arise from its use of financial instruments, including liquidity, credit and market risk. Management regularly reviews the Foundation's investments to ensure all activities adhere to the investment policy.

#### Liquidity risk

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or fund its obligations as they come due. A key liquidity requirement for the Foundation is grant commitments. Liquidity risk is managed by investing the majority of the Foundation's assets in the Funds which is traded in an active market and can be readily liquidated. In addition, the Foundation aims to retain sufficient cash positions to maintain liquidity. The Foundation's investments are considered readily realizable and liquid, therefore the Foundation's liquidity risk is considered minimal. The Foundation's exposure to and management of liquidity risk has not changed materially since December 31, 2016.

#### Credit risk

Credit risk is the potential for financial loss should a counterparty in a transaction fail to meet its obligations. The Foundation's investments in securities and mutual funds are subject to credit risk. The maximum exposure to credit risk on these financial instruments is their carrying value. The Foundation monitors its credit risk management policies regularly to evaluate their effectiveness. The Foundation's exposure to and management of credit risk has not changed materially since December 31, 2016.

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# Private Giving Foundation

## Notes to Financial Statements

December 31, 2017

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### 6. Financial risk management (continued)

#### Market risk

Market risk is the potential for financial loss to the Foundation from changes in the values of its financial instruments due to changes in interest rates, currency exchange rates or equity prices. The investments of the Foundation are subject to normal market fluctuations and to the risk inherent in investment in capital markets.

#### Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Funds in which the Foundation invests, invests in interest bearing financial instruments, and therefore the Foundation is exposed to interest rate risk on the Funds bond portfolio. The objective of the Foundation's investment policy is to control interest rate risk by managing its interest rate exposure.

#### Currency risk

Currency risk is the risk that the value of the financial instruments denominated in currencies other than the functional currency of the Foundation will fluctuate due to changes in foreign exchange rates. The Foundation is exposed to currency risk as it invests in foreign currency preferred and common stock and foreign currency bonds and debentures. The prices denominated in foreign currencies are converted to the Foundation's functional currency in determining fair value. The objective of the Foundation's investment policy is to control currency risk by maintaining a geographically diversified portfolio.

#### Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Foundation is exposed to equity price risk through its holdings in preferred and common stock. The objective of the Foundation's investment policy is to control equity price risk by maintaining a portfolio which is diversified across geographic and industry sectors. Historically, the performance of the Foundation's investments is measured against a benchmark consisting of relative weighting of the S&P/TSX Composite, DEX Universe Bond and MSCI World Index indices.

#### Other price risk

As at December 31, 2017 had the value of the Foundation's investments increased or decreased by 5 percent, with all other variables held constant, the net assets of the Foundation would have increased or decreased by approximately \$10,000,000.

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# Private Giving Foundation

## Notes to Financial Statements

December 31, 2017

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### 7. Service agreements

The Foundation has entered into a service agreement with The Toronto-Dominion Bank (the "Bank") to perform or arrange for administrative, recordkeeping, fundraising and certain other services for the Foundation. The Bank is paid an annual administrative fee of up to 1.5% plus HST of the market value of the assets held within the donor-advised accounts. The Foundation has also entered into an investment management agreement with TD Asset Management Inc. (TDAM), a subsidiary of The Bank, whereby TDAM arranges the disposition of securities and provides investment management services to the Foundation. TDAM is paid commissions for the securities dispositions and an investment management fee which is charged directly to the Foundation. The management expense ratio of the TD mutual funds is 1% plus HST which is split between TDAM (45%) and the Bank (55%).

The Foundation board of directors comprises a majority of directors who are independent of the Bank. Two of the directors are currently employees of the Bank.

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# Private Giving Foundation

## Representative Sample of Disbursement Recipients

Year ended December 31, 2017

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During the year, disbursements were made by the Foundation to more than 2200 registered charities across Canada. A selection of these charities is provided below.

### Culture

Aga Khan Foundation Canada  
Atelier Theatre Society  
National Ballet of Canada  
Shaw Festival Theatre Canada  
The Banff Centre  
Vancouver Symphony Orchestra  
Vertigo Theatre Society  
Victoria Conservatory of Music  
Winnipeg Art Gallery

### Environment

Bruce Trail Conservancy  
Canadian Wildlife Federation  
Ecology Action Centre  
Environmental Defence Canada  
Nature Conservancy of Canada  
Nova Scotia Hope for Wildlife Society  
Sandy Pines Wildlife Centre  
Saskatchewan Environmental Society  
The Nature Trust of British Columbia

### Social Services

Boys and Girls Clubs (various)  
Central Okanagan Emergency Shelter  
Habitat for Humanity Canada  
Meals on Wheels (various)  
Salvation Army of Canada  
Second Harvest Food Support  
The John Howard Society  
Toronto Star Children's Charities  
United Way (various)  
Union Mission for Men  
Yonge Street Mission  
YMCA (various)

### Health Care

Alberta Children's Hospital  
Alzheimer Society of Canada  
BC Cancer Foundation  
Cambridge Memorial Hospital  
Canadian Cancer Society  
Cystic Fibrosis Canada  
Heart & Stroke Foundation  
Holland Bloorview Kids Foundation

### Education

Bais Yaakov Elementary school  
Carleton University  
Tamanawis Secondary school  
University of Guelph  
University of New Brunswick  
University of Saskatchewan  
University of Waterloo  
University of Western Ontario  
York University

### International

Amnesty International Canada  
Canadian Food for Children  
Unicef Canada  
Canadian Red Cross Society  
Doctors without Borders Canada  
Opportunity International Canada  
Stephen Lewis Foundation  
The Bequia Mission  
World Vision Canada

### Faith

Catholic Missions in Canada  
Christian Blind Mission  
Coptic Orphans Support Association  
Fair Havens Ministries  
Gideons International in Canada  
Hindu Mandir Windsor  
Markham Chinese Presbyterian Church  
Presbyterian Church in Canada  
The Falmouth United Baptist Church  
The United Church of Canada  
United Jewish Appeal of Canada  
Waterloo Mennonite Brethren Church

London Health Sciences Foundation  
Princess Margaret Cancer Foundation  
The Hospital for Sick Children Foundation  
The Richmond Hospital Foundation  
The War Amputations of Canada  
Trillium Health Partners Foundation  
University Hospitals Kingston Foundation  
Women's College Hospital Foundation