



Financial Statements

Private Giving Foundation

December 31, 2014

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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, 2014 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, 2014 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.

Toronto, Canada  
June 15, 2015

Chartered Accountants  
Licensed Public Accountants

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# Private Giving Foundation

## Statement of Financial Position

December 31

2014

2013

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### Assets

#### Current

Cash	\$ 31,329,945	\$ 31,178,081
Securities (Note 3)	<u>573,223</u>	<u>1,080,142</u>
	31,903,168	32,258,223

Investment in mutual funds (Note 4) 195,931,540 162,528,693

\$ 227,834,708 \$ 194,786,916

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### Liabilities

#### Current

Accrued expenses \$ 320,000 \$ 250,000

**Net assets** 227,514,708 194,536,916

\$ 227,834,708 \$ 194,786,916

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On behalf of the Board

\_\_\_\_\_ Chair

\_\_\_\_\_ Secretary-Treasurer

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## Private Giving Foundation

### Statement of Operations and Changes in Net Assets

Year ended December 31

2014

2013

Revenue		
Donations of cash and securities	\$ 42,856,089	\$ 38,604,011
Income from TD Mutual Funds	2,977,560	3,528,355
Interest and other investment income	362,243	270,586
Gain (loss) on disposition of securities	3,187,348	202,244
Unrealized increase in fair value of investments	<u>8,750,403</u>	<u>5,978,388</u>
	<u>58,133,643</u>	<u>48,583,584</u>
Expenses		
Administration fee (Note 7)	1,868,729	1,540,833
Commission on disposition of securities	29,633	23,903
Life insurance contracts purchased	<u>9,000</u>	<u>9,000</u>
	<u>1,907,362</u>	<u>1,573,736</u>
Net surplus before undernoted	56,226,281	47,009,848
Disbursements to charities	<u>(23,248,489)</u>	<u>(18,872,424)</u>
Net surplus	32,977,792	28,137,424
Net assets, beginning of year	<u>194,536,916</u>	<u>166,399,492</u>
Net assets, end of year	<u>\$ 227,514,708</u>	<u>\$ 194,536,916</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

2014

2013

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Increase (decrease) in cash

### Operating

Net surplus \$ 32,977,792 \$ 28,137,424

Change in non-cash operating working capital

Accrued expenses 70,000 10,000  
33,047,792 28,147,424

### Investing

Net purchases of investments (32,895,928) (14,060,203)

Increase in cash 151,864 14,087,221

Cash, beginning of year 31,178,081 17,090,860

Cash, end of year \$ 31,329,945 \$ 31,178,081

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# Private Giving Foundation

## Notes to Financial Statements

December 31, 2014

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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 records donations and contributions in revenue when received or receivable. 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, 2014

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### 3. Securities

	<u>2014</u>	<u>2013</u>
Stocks	\$ <u>573,223</u>	\$ <u>1,080,142</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 D units of the TD Balanced Income Fund and Series D 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, 2013.

#### 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, 2013.

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# Private Giving Foundation

## Notes to Financial Statements

December 31, 2014

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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, 2014 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 \$5,500,000.

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# Private Giving Foundation

## Notes to Financial Statements

December 31, 2014

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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

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Year ended December 31, 2014

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During the year, disbursements were made by the Foundation to more than 1550 registered charities across Canada. A selection of these charities is provided below.

### Culture

Acumen Canada  
Art Gallery of Ontario  
Atelier Theatre Society  
Literacy Council of Burlington  
Mackenzie Art Gallery Incorporated  
National Ballet of Canada  
The Calgary Kiwanis Music Festival  
The National Ballet of Canada  
Vancouver Symphony Society  
Vancouver Art Gallery  
Vertigo Theatre Society

### Environment

Bruce Trail Conservancy  
Canadian Parks and Wilderness  
Environmental defence Canada Inc.  
Nature Conservancy of Canada  
Project in East African watercan  
Saskatchewan environmental society  
Wildlife Preservation Canada

### Faith

Catholic Missions in Canada  
Covenant House  
Balzac United Church  
Edmonton Chinese Baptist Church  
Fair Havens Bible Conference  
First Baptist church Ingersoll Inc.  
Gideons International in Canada  
Good Shepherd Centre  
Hindu Cultural Society Scarborough  
Presbyterian Church in Canada  
Reformed Mennonite Church  
Synagogue and Jewish Community

### Social Services

Boys and Girls Clubs  
Habitat for Humanity  
Kidsport Canada  
London Humane Society  
Lurana Shelter Society  
Meals on Wheels

### Education

Bais Yaakov Elementary school  
Culture for Kids in the arts  
Dalhousie University  
Junior Achievement of Canada  
Lambton Kent District School Board  
Shelburne Library Building  
Sir Frederic Fraser School Atlantic  
Triangle Youth Foundation of Alberta  
University of Alberta  
University of New Brunswick  
University of Saskatchewan  
University of Toronto Schools

### International

Amnesty International  
Cidel Foundation  
Doctors without Borders  
Leprosy Mission Canada  
Red Cross  
Right to play international  
Stephen Lewis Foundation  
World Vision Canada

### Health Care

Alberta Cancer Foundation  
Alberta Children's Hospital  
Alzheimer Society of Canada  
Canadian Cancer Society  
Cornwall Community Hospital  
Cystic Fibrosis Canada  
Hants Community Hospital Foundation  
Heart & Stroke Foundation  
London Health Sciences Foundation  
Sackville Memorial Hospital  
St. Joseph's Health Centre Foundation  
The Chalmers Regional Hospital  
The War Amputations of Canada

Toronto Star Children's Charities  
United Jewish Appeal  
United Way  
YMCA, YWCA  
Youth Emergency Shelter