



TORONTO
FOUNDATION

2020

BEYOND GRANTING

A Report Back on Our Social
Impact Investing Journey

Financials as of June 30, 2020

Our Mission

To connect philanthropy to community needs and opportunities.

Our Vision

A city of informed, engaged philanthropists accelerating meaningful change for all.

Our Values

Brave, thoughtful action. Humility in our relationships. Public trust above all.

Our Purpose

We aim to create a more fair and just society where everyone can thrive by mobilizing those with resources and the will to partner with others. The new philanthropy focuses on co-creating a society that fights exclusion and marginalization, creates a sense of wellbeing and belonging, and promotes trust.

TAKING STOCK

As one of the first Canadian community foundations to formally enter the social finance space, we've launched and grown our program within the last four years. Now we want to report back on our impact, what we've learned and where we're headed.

It was December 2015 when Toronto Foundation's Board of Directors established an ad hoc committee to explore social impact investing. Next, a social impact investing pilot was launched, with a \$6 million allocation. By June 2017 impact investing became a core part of our business, with an allocation of \$10 million. Over the last two years, donors have grown the permanent pool to almost \$12 million, and the pool is expected to continue to grow.

The Foundation's mission is to connect philanthropy to community needs and opportunities, and it has been gratifying to leverage one more tool to make systemic change. Over the last four years, more people have come to recognize the economic and societal potential of social impact investing. As a community foundation, we are well positioned and patient enough to support community organizations to pursue this means of funding.

With the creation of the Vital Social Impact Investment Fund in 2018, Toronto Foundation now offers donors a way to undertake their philanthropic work — as funders of social impact investments. The investments generate financial returns while also intentionally and measurably making a positive social impact. Each investment aligns with the issue areas outlined in the Foundation's regular report on quality of life in the city, Toronto's Vital Signs.

The growth of our program is in large part due to the nonprofit sector's innovation and drive for social change. Special thanks to the dedication and support of the members of our Social Impact Investment Committee as well as the expertise we receive from MaRS Centre for Impact Investing.

As Toronto's community foundation we hope to leverage the array of social finance tools at our disposal to contribute to a more equitable recovery for those most affected by COVID-19. In fact, in June 2020, Toronto Foundation's board approved that a COVID-19 lens would be applied to new social impact investments for the foreseeable future. As we look to the future, we are open to unearthing new social finance offerings, investing to benefit our community and hope that philanthropists will continue to help us grow our investment potential.



Sincerely,
Denise Arsenault
Chief Operating Officer

WHAT WE'VE LEARNED AND WHERE WE'RE HEADED

Over the past several years we've explored different ways to make an impact and simultaneously serve our investors. Gradually we've diversified our social impact investment tools, testing out different risk and return ratios. While we primarily provide loans, we're also exploring different equity scenarios. We don't yet have a pay-for-outcomes social impact bond, but are examining that kind of investment for the future.

Toronto Foundation and our investors have partnered together out of a shared interest in using investing as a tool to create social change. We're proud to have made sizable investments to create more equality when it comes to housing, work and the environment in this city. We're looking forward to learning more about the longer term impact of those investments while also hoping to increase our investments in a wider range of impact areas.

What has become clear to us is that our eagerness to invest with a double bottom line (social and financial impacts) doesn't yet match the readiness of Toronto's nonprofit sector to enter social finance. That said, we're pleased to see tangible steps being taken to accelerate that progress. Toronto Foundation is partnering with Community Foundations of Canada to promote and administer the Government of Canada's Investment Readiness Program. In 2020 there will be two rounds of grants to support charities, nonprofits, co-ops and for-profit social purpose organizations, if they have an existing business or a business idea that fits the definition of a social enterprise. We're excited to learn about the sector's increasing capacity as a result.

Nonprofits just entering this space might be perceived as riskier investments, but we're always prepared to do our rigorous due diligence and are very much interested in seeing higher social returns.

In the meantime, we have expanded our thinking to consider nationwide opportunities that contribute to local impact. We are also prepared to support the inevitable learning curve faced by community organizations that are entering the field.

As our loans mature and are paid back, we are able to re-invest, and we will continue to methodically evaluate risks and returns, and do our detailed due diligence on new potential investments that come our way.

It is one of our greatest hopes that with supports like the Investment Readiness Program that we will be able to contribute to the rebuilding of the charitable sector after COVID-19. And we hope that more concerned Torontonians will be willing to diversify their giving during these unprecedented times. The bigger the pool of capital, the more significant impact we can make together.

INVESTMENTS MADE BY TORONTO FOUNDATION

from Program Inception to June 30, 2020

As of June 2020, Toronto Foundation had made 10 impact investments, with an additional one pending. Each one of those is listed below in the order that the investment was made. We've highlighted the impact of those investments, as well as some insights on how COVID-19 has affected each initiative.



ARTSCAPE — DANIELS LAUNCHPAD

\$1M | Debt — loan

Initial investment made February 2017

Work (primary) & Arts and Culture Incubator for design professionals.

- Throughout 2019 Artscape ran events and programs out of this space to build artists' capacity to engage in creative entrepreneurship, reaching over 4,500 creatives.
- In response to COVID-19 Artscape launched the 3 R's program, Relief, Remuneration & Recovery for the artist community, involving: a new resource wayfinding platform; efforts to create public art commissions for artists; and free online learning for members and the artist community.
- Toronto Foundation approved the deferral of interest payments due on their loan in 2020.



HABITAT GTA FOR HUMANITY GTA — PINERY PHASE 1

\$1.5M | Debt — loan

Initial investment made October 2017

Housing Home ownership for low-income families.

- Approximately 70 adults and children reside in the 15 units supported via Toronto Foundation's loan.
- Habitat GTA extended temporary mortgage relief to homeowner families experiencing income reductions since the onset of COVID-19, while also shuttering their ReStores — drastically impacted their operating revenues. Toronto Foundation approved the deferral of principal payments on their loan for six months.

SECTORS



Work



Housing



Income & Wealth



Health & Wellness



Arts and Culture



Environment



Learning

INVESTMENTS CONTINUED



NEW COMMONS DEVELOPMENT L.P.

\$500k | Equity — limited partnership investment
Initial investment made December 2017

Housing

Community-focused nonprofit developing new affordable housing and preserving existing units.

- With over 1,500 units across 12 projects under agreement, and over 1,000 units in the pipeline, projects continue to move from the early stages of feasibility through to development, thanks in part to Toronto Foundation's investment.
- With extra COVID-19 precautions, construction of WoodGreen Community Services' new 36-unit building continues with the goal of housing low-income seniors before the end of 2020.



WINDMILL MICROLENDING

\$250k | Debt — loan
Initial investment made April 2018

Work

Providing low-interest microloans to internationally trained professionals to earn their Canadian credentials.

- The repayment rate for loans to help immigrants achieve accreditation remains remarkably high at 97%. Loans result in a 3.4x average income increase for clients and a reduction in unemployment from 40% to 10%.
- Windmill is currently serving clients via online platforms and has offered clients temporary principal payment relief. At Windmill's request, recognizing that more health professionals are expected to be needed as a result of COVID-19, Toronto Foundation extended the term of the loan.



EVERGREEN — FUTURE CITIES CENTRE

\$500k | Debt — loan
Initial investment made June 2018

Environment (primary) & Learning

Convening space to support multi-sectoral collaborations to make cities flourish.

- Toronto Foundation's investment in the construction of Evergreen's Future Cities Centre has resulted in an outstanding space that since 2018 has been home to art, exhibits, community festivals, and is a city-building hub.
- The new roof and insulation work are nearly complete, but with suspended construction during the pandemic, the wrap up is now planned for late 2020.



COPOWER — GREEN BONDS

\$750k | Debt — Green bonds
Initial investment made September 2018

Environment

Investment platform providing loans to clean energy infrastructure projects generating financial return and measurable climate benefits.

- In 2019, CoPower was acquired by Vancity Community Investment Bank. The bank wants to empower Canadians to invest in a clean energy future and the fight against climate change.
- To date, Toronto Foundation's investment has helped reduced CO₂ by 370.4 tonnes.
- During the pandemic green bond sales were paused in order to manage potential delays or repricing of loans in the pipeline; however, after some initial slowdown, loans are back to being executed and are in various stages of due diligence.

INVESTMENTS CONTINUED



INVESTECO L.P. — SUSTAINABLE FOOD FUND

\$350k | Equity — limited partnership investment

Initial investment made May 2019

Environment

Investment in high growth North American companies that promote health and sustainability in the food and agricultural sector.

- InvestEco's Sustainable Food Fund has produced favourable returns. On May 29, 2020, InvestEco held the final closing of the InvestEco Sustainable Food Fund III, L.P., with a total Fund size of \$1 million.
- Portfolio companies are now implementing COVID-19 response plans and changing business strategies to navigate through the ever-changing and uncertain environment.



THE RUMIE INITIATIVE

\$650k | Debt — loan

Initial investment made May 2019

Learning

Low-cost technology to link isolated communities to free online learning where technology and the internet are limited.

- Because of Toronto Foundation's loan, Rumie has been able to roll out a new technology learning model that facilitates online collaboration and skills building for corporate partners.
- In response to COVID-19, Rumie created a coalition of like-minded organizations committed to using quick, low-cost and flexible technology to meet the needs of learners in underserved communities in Ontario, many of whom are Indigenous.



VANCITY COMMUNITY INVESTMENT BANK — UNITY GIC

\$250k | Debt — loan

Initial investment made June 2020

Income & Wealth

Offering a stable investment vehicle to organizations and, in turn, loans and financial relief to businesses and nonprofits through the pandemic and the recovery.

- In 2019, Vancity Community Investment Bank's GICs helped finance affordable housing, green buildings, and loans to certified B Corporations and nonprofits.



EFFICIENCY CAPITAL — ENERGY EFFICIENCY READINESS INITIATIVE

\$250k | Debt — loan

Initial Investment made June 2020

Environment (primary) & Housing

Capacity building for social housing providers to be ready for capital upgrade projects, ultimately reducing energy costs and greenhouse gas emissions.

- Incubated and launched by The Atmospheric Fund in 2015, Efficiency Capital has over \$11 million invested in more than 40 buildings. With only 17% of Efficiency Capital's clients currently in the social housing sector, Toronto Foundation's investment will help activate energy efficiency and improvement projects in social housing, including nonprofit, city-owned and co-operative housing.

INVESTMENTS CONTINUED

LATEST COMMITMENT:



AMPLIFY CAPITAL — FUND II

\$250k | Equity — limited partnership investment

Initial investment made July 2020, with an additional

\$250K pending

Health & Wellness (primary), Learning, and Environment

A venture capital fund investing in mission-driven, double-bottom-line companies that are seeding technologies to solve gaps in healthcare, education and clean energy sustainability.

- Since the pandemic, Amplify Capital has been actively seeking healthcare investments that aim to close the gap on accessibility of quality healthcare and improve healthcare outcomes.

SOCIAL IMPACT INVESTMENTS

Toronto Foundation | As at June 30, 2020

ANNUALIZED INVESTMENT RETURNS

Debt Returns (Reported on an Accrued Basis)

| | |
|------------------------|--------------|
| ONE YEAR | 4.44% |
| TWO YEAR | 4.29% |
| SINCE INCEPTION | 4.48% |

NOTE: Toronto Foundation's Limited Partnership investments are in early stages of investment. As such, no returns have been recorded as at June 30, 2020.

Asset Allocation

By Investment Type



- 85.1% Debt
- 14.9% Limited Partnerships

Asset Allocation

By Primary Vital Signs Issue Area



- 32.3% Housing
- 29.0% Environment
- 22.8% Work
- 11.5% Learning
- 4.4% Income/Wealth

SPECIAL THANK YOU

to Our Social Impact Investors and Fundholders

The following Vital Social Impact Investment Funds have been generously established by Toronto Foundation Fundholders.

Brown-Nusbaum Family Fund

Caroline Quinns and Children Fund

Coral and Bill Martin Family Foundation

Danielle Moore Spring of Hope Foundation

Fleming Family Social Impact Fund

Gilani Foundation

GO Family Foundation

Griggs Family Foundation

IySoNa Fund

John and Amanda Sherrington Fund

John M. Davitsky Foundation

NJ Foundation

Paul Butler and Chris Black Foundation

Procktor Malhotra Family Fund

Seema & Ravin Shah Foundation

Simpsons of Toronto

T.E. Moffat Fund

Tanya and Awanish Sinha Foundation

Tseng Family Foundation

Urban Home Fund

Waisberg/Bellwood Charitable Fund



*We've really come to value sustainability in our giving. The Vital Social Impact Investment Fund reflects this value because it's a gift that keeps on giving. By reinvesting the returns, we're able to continually support creative and innovative approaches to addressing some of the pressing social problems of our times, from clean energy to recertification of new immigrants so they can work in their chosen professions. **It's been said that we should "make our money work for us," but the fund goes one step further and makes our money work for others.***



JANEY LAW AND NORMAN YOUNG
NJ Foundation

THANK YOU

Also to Our Social Impact Investment Committee Members

John L. Sherrington* (*Chair*), Retired Investment Banker and Fundholder

Rick Goldsmith*, Retiree Partner, KPMG

Harvey Griggs, Social Entrepreneur and Fundholder

Sandy Houston*, President & CEO, Metcalf Foundation and Fundholder

Merle Kriss, Principal, Kriss & Associates and Fundholder

André Perey*, Partner, Osler, Hoskin & Harcourt LLP

Lola Rasminsky*, Founding Director, Avenue Road Arts School

Salima Rawji*, Vice President Development, CreateTO and Fundholder

Cathy Richards, Founder, Wellness Foods and Fundholder

Andrew Spence*, Investment Professional & Economist

Albert Tseng, Founder & Principal, Moonspire Social Ventures and Fundholder

Greg Wilkinson*, Principal and Chair, Earncliffe Strategy Group LLP (*Ex Officio*) and Fundholder

ADVISORS AND STAFF

Adam Jagelewski, Director, MaRS Centre for Impact Investing

Kia Kavooosi, Sr. Manager, MaRS Centre for Impact Investing

Sharon Avery, President & CEO, Toronto Foundation (*Ex Officio*)

Denise Arsenault, Chief Operating Officer

Nadien Godkewitsch, Senior Manager, Transformation

Alec Stevenson, Vice President, Finance & Administration

**Members of Toronto Foundation Board of Directors*



I have been an impact investor in Africa and Asia for a decade. Being a proud Canadian and being based in Toronto, I was keen to learn more about Vital Toronto Foundation's Social Impact Investment Fund and was honoured to be asked to join the Investment Committee. As a committee, we have received dozens of applications from innovative organizations addressing different social issues. Guided by Toronto Foundation's mission, values, and research, the Fund has made promising investments that we expect to have significant social impact while also returning principal and interest that circulates capital back to the Fund for future investment.

ALBERT TSENG
Member, Social Impact Investment Committee and Founder
and Principal, Moonspire Social Ventures



TORONTO
FOUNDATION

Toronto Foundation is always ready for new social impact investors.

Contact Aneil to get started.

ANEIL GOKHALE

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