

STRATEGIC CHARITABLE GIVING FOUNDATION

Annual Audited Financial Statements

For the Year ended December 31, 2018



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Strategic Charitable Giving Foundation

Opinion

We have audited the financial statements of Strategic Charitable Giving Foundation (the Entity), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 23, 2019

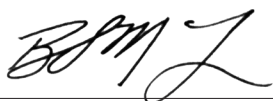
STRATEGIC CHARITABLE GIVING FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2018, with comparative information for 2017

	2018	2017
	\$	\$
Assets		
Current assets		
Cash	965,651	1,965,468
Due from brokers	2,072,781	2,263,649
	<u>3,038,432</u>	<u>4,229,117</u>
Investments (Note 3)	251,171,379	246,129,823
Investment in life insurance	3,509,479	2,902,608
	<u>257,719,290</u>	<u>253,261,548</u>
Total assets		
	<u>257,719,290</u>	<u>253,261,548</u>
Liabilities, Deferred Contributions and Fund Balances		
Current liabilities		
Accounts payable and accrued liabilities	82,654	36,408
Administration fees payable (Note 4a and 5)	806,638	744,135
Grants payable	210,368	67,811
Total liabilities	<u>1,099,660</u>	<u>848,354</u>
Deferred contributions	<u>3,509,479</u>	<u>2,902,608</u>
Fund balances		
Endowment funds	292,953,636	256,457,826
Unrestricted fund	(39,843,485)	(6,947,240)
Total fund balances	<u>253,110,151</u>	<u>249,510,586</u>
Total liabilities, deferred contributions and fund balances	<u>257,719,290</u>	<u>253,261,548</u>

On behalf of the Board:



Barry McNerney – Chairman of the Board



Terry Rountes – Treasurer

See accompanying notes to the financial statements.

Strategic
CHARITABLE GIVING
Foundation

STRATEGIC CHARITABLE GIVING FOUNDATION

STATEMENT OF OPERATIONS

Year ended December 31, 2018, with comparative information for 2017

	2018 \$	2017 \$
Revenue		
Dividend and interest income from eligible mutual funds	10,591,977	6,828,475
Realized gain (loss)	255,248	4,116,823
Other investment income	16,008	117,006
Total revenue	<u>10,863,233</u>	<u>11,062,304</u>
Expenses		
Charitable administration fees (Note 4a)	1,579,390	1,436,222
Commission on disposition of securities	15,005	34,504
Operating expenses (Note 4b)	144,081	126,338
Interest and bank charges	6,574	5,711
Total expenses	<u>1,745,050</u>	<u>1,602,775</u>
Excess of revenue over expenses before the following:	<u>9,118,183</u>	<u>9,459,529</u>
Disbursements to charities	(15,907,057)	(13,653,715)
Change in unrealized gains (losses)	(26,107,371)	1,871,507
(Shortfall) of revenue over expenses	<u>(32,896,245)</u>	<u>(2,322,679)</u>

STATEMENT OF CHANGES IN FUND BALANCES

Year ended December 31, 2018, with comparative information for 2017

	<u>Endowment Funds</u> \$	<u>Unrestricted Fund</u> \$	<u>Total</u> \$
Fund balances, January 1, 2018	256,457,826	(6,947,240)	249,510,586
Shortfall of revenue over expenses	–	(32,896,245)	(32,896,245)
Endowment contributions	36,495,810	–	36,495,810
Fund balances, December 31, 2018	<u>292,953,636</u>	<u>(39,843,485)</u>	<u>253,110,151</u>
Fund balances, January 1, 2017	222,728,841	(4,624,561)	218,104,280
Shortfall of revenue over expenses	–	(2,322,679)	(2,322,679)
Endowment contributions	33,728,985	–	33,728,985
Fund balances, December 31, 2017	<u>256,457,826</u>	<u>(6,947,240)</u>	<u>249,510,586</u>

See accompanying notes to the financial statements.

Strategic
CHARITABLE GIVING
Foundation

STRATEGIC CHARITABLE GIVING FOUNDATION

STATEMENT OF CASH FLOWS

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
	\$	\$
Cash provided by/(used in)		
Operating Activities		
Excess/(Shortfall) of revenue over expenses	(32,896,245)	(2,322,679)
Net change in non-cash items:		
Net realized loss (gain) on investments	(255,248)	(4,116,823)
Change in unrealized loss (gain)	26,107,371	(1,871,507)
Change in non-cash working capital	442,174	(219,014)
Net cash used in operating activities	<u>(6,601,948)</u>	<u>(8,530,023)</u>
Financing Activities		
Endowment contributions	36,495,810	33,728,985
Deferred contributions	606,871	373,718
Net cash used in financing activities	<u>37,102,681</u>	<u>34,102,703</u>
Investing Activities		
Purchase of investments	(98,177,476)	(147,074,154)
Proceeds from sale of investments	66,676,926	120,099,062
Net cash used in investing activities	<u>(31,500,550)</u>	<u>(26,975,092)</u>
Net increase (decrease) in cash during the period	(999,817)	(1,402,412)
Cash – beginning of period	1,965,468	3,367,880
Cash – end of period	<u>965,651</u>	<u>1,965,468</u>

See accompanying notes to the financial statements.

Strategic

 CHARITABLE GIVING

Foundation

STRATEGIC CHARITABLE GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. Organization and Objective of the Strategic Charitable Giving Foundation

The Strategic Charitable Giving Foundation (the “Foundation”) was formed on March 17, 2006, with operations commencing on July 4, 2006, as a non-profit charitable organization. It is registered as a public foundation with the Canada Revenue Agency and with the Quebec Ministry of Revenue. It is exempt from income taxes provided certain requirements under the Income Tax Act (Canada) (“Tax Act”) are met. As such, it can issue charitable donation receipts. The Foundation was previously incorporated under the Canada Corporations Act and was continued under the Canadian Not-For-Profit Corporations Act in April 2013.

The Foundation manages and administers the assets of the three charitable giving fund programs (individually the “Program” or collectively the “Programs”) developed by each of Mackenzie Financial Corporation (“Mackenzie”), Quadrus Investment Services Ltd. (“Quadrus”) and Investors Group Inc. (“Investors Group”). Mackenzie is the Foundation’s charitable administration provider. The charitable giving funds, also known as donor-advised funds, are dedicated to helping donors increase and sustain their charitable giving. The objective of the Foundation is to receive and maintain charitable giving funds and to apply all or part of the principal and income from those funds to eligible charities.

A Board of Directors (the “Board”) governs the Foundation. A majority of the Board is independent of Mackenzie, Quadrus, Investors Group, and their affiliates. The Board has sole discretion over each donor advised account (individually an “Account” and collectively the “Accounts”) in the Programs and the activities relating to these Accounts. Although the Board has ultimate authority over each Account, it will generally act on the recommendations of the donor (or parties authorized by the donor) with respect to naming the Account, appointing a financial advisor for the Account, investing among the eligible Mackenzie, Quadrus and Investors Group funds, making grants to eligible charities and recommending how the Account will be managed after the donor’s lifetime.

These financial statements reflect the combined assets of donor advised funds in the Programs developed within the Foundation.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of The Chartered Professional Accountants Canada Handbook.

(a) Use of judgment, estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(b) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Foundation requires each donation to be subject to a 10-year holding period and is recognized as an endowment contribution. Endowment contributions are recognized as direct increases in endowment net assets.

Donations of assigned insurance policies from living donors, including subsequent donated premiums, are treated as deferred contributions when received and recognized as an endowment contribution, subject to a 10-year holding period, in the year the death benefit becomes payable to the Foundation.

(c) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

The fair value of investments as at the financial reporting period end is determined as follows:

- (i) Donations of securities are recorded at their market value on the date received by the Foundation. The Foundation is subject to equity and other risks pending the sale of donated securities. Donations of assigned life insurance policies are recorded at their cash surrender value on the date the Foundation becomes the named beneficiary of the policy; the cash surrender value is updated annually. Donations of cash and net proceeds from the sale of donated securities are invested in eligible mutual funds.
- (ii) Mutual fund securities for the applicable series are valued on a business day at the price calculated by the manager of such mutual fund in accordance with the constating documents of such mutual fund.

STRATEGIC CHARITABLE GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (cont'd)

(c) Financial instruments (cont'd)

Investments in securities listed on a public securities exchange or traded on an over-the-counter market are valued at the closing bid price. Where no closing bid price is available the last sale or close price is used. Unlisted or non-exchange traded investments, or investments where a last sale or close price is unavailable or investments for which market quotations are, in Mackenzie's opinion, inaccurate, unreliable or not reflective of all available material information, are valued at their fair value as determined by Mackenzie.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Investment transactions and income recognition

Investment transactions are accounted for on a trade date basis. Income from investments other than a mutual fund is recognized on an accrual basis. Interest income is accrued based on the number of days the investment is held during the year. Dividends are accrued as of the ex-dividend date. Gains or losses on the sale of investments, including any foreign exchange gains or losses on such investments, are calculated on an average cost basis. Distributions received from a mutual fund are included in interest income, dividend income or realized gains (losses) on sale of investments, as applicable.

(e) Foreign exchange

Foreign currency purchases and sales of investments and foreign currency dividend and interest income and expenses are translated to Canadian dollars at the rate of exchange prevailing at the time of the transactions.

Foreign exchange gains (losses) on purchases and sales of foreign currencies are included in the Statement of Operations – Realized gains (losses). The fair value of investments and other assets and liabilities, denominated in foreign currencies, are translated to Canadian dollars at the rate of exchange prevailing on each business day.

STRATEGIC CHARITABLE GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

3. Investments

As at December 31, 2018

Number of units / shares	Name of Mutual Funds	Fair value	Average cost	Unrealized Gain/(Loss)
	Eligible Mutual Funds	\$	\$	\$
	Mackenzie			
195,098	Mackenzie Canadian Growth Balanced Fund	2,188,092	2,289,273	(101,181)
1,393,929	Mackenzie Global Strategic Income Fund	18,140,439	18,506,052	(365,613)
1,968,472	Mackenzie Income Fund	6,631,526	7,698,203	(1,066,677)
13,659	Mackenzie Ivy Canadian Balanced Fund	161,249	185,345	(24,096)
409,344	Mackenzie Ivy Global Balanced Fund	5,079,572	5,164,402	(84,830)
5,087	Mackenzie Moderate Growth ETF Portfolio	47,198	51,191	(3,993)
49,512	Mackenzie Monthly Income Balanced Portfolio	492,806	503,672	(10,866)
981	Mackenzie Monthly Income Conservative Portfolio	9,451	9,944	(493)
334,665	Mackenzie Private Global Income Balanced Pool	4,542,798	4,976,263	(433,465)
201,399	Mackenzie Private Income Balanced Pool	2,882,212	3,221,254	(339,042)
633,552	Mackenzie Strategic Income Fund	6,723,739	7,421,219	(697,480)
4,541,357	Symmetry Balanced Portfolio	54,784,686	56,475,987	(1,691,301)
61,874	Symmetry Conservative Income Portfolio	640,301	665,393	(25,092)
198,587	Symmetry Conservative Portfolio	2,364,648	2,453,549	(88,901)
966,528	Symmetry Moderate Growth Portfolio	12,909,940	13,373,528	(463,588)
		117,598,657	122,995,275	(5,396,618)
	Quadrus			
308,792	Balanced Folio Fund	4,505,719	4,273,606	232,113
688,440	Monthly Income Fund (London Capital)	7,683,800	8,570,325	(886,525)
177,531	Moderate Folio Fund	2,180,321	2,204,271	(23,950)
5,375	Income Fund (Portico)	81,475	77,824	3,651
		14,451,315	15,126,026	(674,711)
	Investors Group			
150,948	IG Core Portfolio - Income Focus	1,645,331	1,689,574	(44,243)
717,297	IG Core Portfolio - Income Balanced	7,627,789	8,002,144	(374,355)
1,042,926	IG Managed Payout Portfolio with Growth	11,180,774	11,222,111	(41,337)
73,504	IG Managed Payout Portfolio	798,332	785,759	12,573
4,805,250	Investors Dividend Fund	62,912,322	70,495,539	(7,583,217)
2,049,840	Investors Income Plus Portfolio	17,274,883	18,272,622	(997,739)
1,725,219	IG Managed Risk Portfolio - Income Balanced	17,173,554	17,778,050	(604,496)
		118,612,985	128,245,799	(9,632,814)

STRATEGIC CHARITABLE GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

3. Investments (cont'd)

As at December 31, 2018

Number of units / shares	Name of Mutual Funds / Securities	Fair value	Average cost	Unrealized Gain/(Loss)
	Ineligible Mutual Funds	\$	\$	\$
	Other Mutual Funds / Equities			
260	Abheuser-Busch Inbev NPV	23,094	23,094	—
187	Berkshire Hathaway-B-New	52,087	52,087	—
326	Bank of Nova Scotia	22,429	22,429	—
557	Brookfield Asset Management-A LV	28,908	28,908	—
30	Brookfield Infrastructure Partners L.P. Units	1,384	1,384	—
28	Brookfield Property Partners L.P. Units	599	599	—
42	CI American Value Corporate Class	750	750	—
37	CI Canadian Investment Corporate Class	750	750	—
250	Cisco Systems Inc	14,594	14,594	—
110	Coca Cola Company	7,105	7,105	—
2,137	Counsel Monthly Income Portfolio	19,918	19,918	—
3	Sentry Canadian Income Class	38	38	—
30	Harbour Corporate Class	750	750	—
269	Mackenzie Global Dividend Fund	5,000	5,000	—
20	Mackenzie US Mid Cap Growth Class	1,000	1,000	—
3,349	Manulife Financial Corporation	64,000	64,000	—
972	National Bank of Canada	54,257	54,257	—
500	Proctor & Gamble Co.	62,223	62,223	—
46	Signature Emerging Markets Corporate Class	750	750	—
2,200	Toronto Dominion Bank	148,786	148,786	—
		508,422	508,422	—
Total Investments		251,171,379	266,875,522	(15,704,143)

STRATEGIC CHARITABLE GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

3. Investments (cont'd)

As at December 31, 2017

Number of units / shares	Name of Mutual Funds	Fair value	Average cost	Unrealized Gain/(Loss)
Other Mutual Funds / Equities		\$	\$	\$
Mackenzie				
92,441	Mackenzie Canadian Growth Balanced Fund	1,102,006	1,078,089	23,917
1,264,915	Mackenzie Global Strategic Income Fund	17,794,772	16,470,556	1,324,216
2,279,028	Mackenzie Income Fund	7,272,241	8,069,127	(796,886)
12,826	Mackenzie Ivy Canadian Balanced Fund	151,279	158,404	(7,125)
250,922	Mackenzie Ivy Global Balanced Fund	3,350,981	3,384,915	(33,934)
6,160	Mackenzie Monthly Income Balanced Portfolio	65,239	64,588	651
318,790	Mackenzie Private Global Income Balanced Pool	4,798,967	4,751,584	47,383
194,873	Mackenzie Private Income Balanced Pool	3,135,694	3,140,691	(4,997)
542,075	Mackenzie Strategic Income Fund	6,231,250	6,334,192	(102,942)
4,322,354	Symmetry Balanced Portfolio	57,549,811	55,143,492	2,406,319
68,980	Symmetry Conservative Income Portfolio	742,737	740,436	2,301
128,556	Symmetry Conservative Portfolio	1,719,238	1,685,577	33,661
753,406	Symmetry Moderate Growth Portfolio	11,244,687	10,727,380	517,307
		115,158,902	111,749,031	3,409,871
Quadrus				
318,161	Balanced Folio Fund	4,917,034	4,398,563	518,471
5,605	Income Fund (Portico)	89,610	80,127	9,483
542,853	Mackenzie Canadian Balanced Fund	7,049,045	6,876,951	172,094
174,953	Moderate Folio Fund	2,248,941	2,162,738	86,203
180,166	Monthly Income Fund (London Capital)	2,034,762	2,104,163	(69,401)
		16,339,392	15,622,542	716,850
Investors Group				
154,613	Allegro Income Portfolio	1,777,895	1,732,676	45,219
495,488	Allegro Income Balanced Portfolio	5,696,671	5,444,035	252,636
1,071,940	Alto Monthly Income and Growth Portfolio	12,018,996	11,573,477	445,519
73,528	Alto Monthly Income Portfolio	823,657	785,364	38,293
68,277	IG Mackenzie Strategic Income Fund	814,734	812,684	2,050
4,043,515	Investors Dividend Fund	65,150,827	60,418,949	4,731,878
1,941,487	Investors Income Plus Portfolio	17,590,026	17,298,381	291,645
967,272	Maestro Income Balanced Portfolio	10,235,751	9,766,484	469,267
		114,108,557	107,832,050	6,276,507

STRATEGIC CHARITABLE GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

3. Investments (cont'd)

As at December 31, 2017

Number of units / shares	Name of Mutual Funds / Securities	Fair value	Average cost	Unrealized Gain/(Loss)
Other Mutual Funds / Equities		\$	\$	\$
179	AbbVie Inc.	22,006	22,006	—
451	Allegro Income Balanced Portfolio Class	5,000	5,000	—
50	Apple Inc.	10,628	10,628	—
729	Bank of America	27,311	27,311	—
900	Canadian National Railway Co.	88,650	88,650	—
118	CI Can-Am Small Cap Corporate Class	2,500	2,500	—
2,500	CI Money Market Fund	25,000	25,000	—
145	Dynamic Total Return Bond Fund	1,250	1,250	—
2,000	Enbridge Inc.	98,640	98,640	—
83	Fidelity Canadian Balanced Class	2,000	2,000	—
642	IG Beutel Goodman Canadian Equity Class	10,000	10,000	—
377	IG Putnam U.S. Growth Class	10,562	10,562	—
936	Investors Dividend Class	10,000	10,000	—
2,056	Investors North American Equity Fund	25,000	25,000	—
1,654	Mackenzie Canadian All Cap Balanced Fund	20,000	20,000	—
2,675	Mackenzie Canadian All Cap Dividend Class	43,507	43,507	—
973	Mackenzie Cundill Canadian Balanced Fund	10,000	10,000	—
942	Mackenzie Cundill Canadian Security Fund	13,219	13,219	—
121	Mackenzie Emerging Markets Class	2,500	2,500	—
4,040	Mackenzie Ivy Foreign Equity Fund	48,518	48,518	—
37	Mackenzie US Mid Cap Growth Class	1,500	1,500	—
877	Manulife Strategic Income Fund	11,000	11,000	—
82	RBC Canadian Equity Income Fund	2,250	2,250	—
88	Royal Bank of Canada	9,033	9,033	—
83	Sun Life MFS International Value Fund	1,750	1,750	—
252	Symmetry Moderate Growth Portfolio Class	5,000	5,000	—
220	The Toronto-Dominion Bank	16,148	16,148	—
		522,972	522,972	—
Total Investments		246,129,823	235,726,595	10,403,228

STRATEGIC CHARITABLE GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

3. Investments (cont'd)

The Foundation holds investments in eligible mutual funds which are subject to currency risk, interest rate risk and other price risk. These risks will also impact future cash flow streams of the Foundation, including dividend and interest income, gains and losses and administration fees. Currency risk arises when the fair value of financial instruments that are denominated in a currency other than the Canadian dollar, which is the Foundation's reporting currency, fluctuates due to changes in exchange rates.

Interest rate risk arises when the fair value of interest-bearing financial instruments fluctuates due to changes in the prevailing levels of market interest rates.

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

The Foundation manages these risks by holding a diverse portfolio of eligible mutual funds. Each fund is actively managed by a team of professional, experienced portfolio advisors, who monitor the funds' positions and market events daily, and diversify the Funds' portfolios within the constraints of each Fund's investment objective.

The Foundation does not enter into any derivative instrument arrangements for hedging or speculative purposes.

There has been no change to the risk exposure from 2017.

4. Related Party Transactions

(a) Charitable administration fees

The charitable administration fees are payable to Mackenzie, a related party, and are subject to reductions on Account assets of \$500,000 or more, as set out below for accounts administered under the Mackenzie and Quadrus programs. In addition to the charitable administration fees charged by the Foundation, the Foundation's investments in eligible mutual funds are also subject to management fees and operating expenses charged by those mutual funds.

<u>Account Balance</u>	<u>Fee</u>
On Account assets under \$500,000	1.00%
On Account assets from \$500,000 to under \$1,500,000	0.85%
On Account assets from \$1,500,000 to \$2,500,000	0.75%
On Account assets above \$2,500,000	Fee is negotiable between the donor and Mackenzie

Accounts administered under the Investors Group program are charged a flat fee of \$500 per year for accounts established after December 31, 2015 and \$250 per year for accounts established prior to January 1, 2016.

(b) Operating expenses

Under the Charitable Administration Services Agreement (the "Agreement") between the Foundation and Mackenzie, Mackenzie arranges for the provision of other services (other than those covered by the charitable administration fee) for the Foundation. The cost of these services is a direct expense of the Foundation and includes such items as: external auditor and legal fees, regulatory filing fees, insurance and printing of the annual report. Under the Agreement, Mackenzie may be required to fund the payment for such services and is reimbursed by the Foundation.

Also included in operating expenses are management fees paid to Mackenzie for certain high net worth mutual fund series offered under the Mackenzie Program for qualifying donors of \$93,958 (2017 – \$71,784). Rather than collecting a management fee directly from the mutual fund, Mackenzie collects a management fee by redeeming securities from these mutual funds series. The proceeds from these redemptions are payable to Mackenzie by the Foundation.

5. Administration Fee Payable

Included in administration fee payable are government remittances payable of \$30,542 (2017 – \$28,117) related to harmonized sales taxes payable.

STRATEGIC CHARITABLE GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

6. Program Enhancements

(a) 2018 Program Enhancements

Effective January 2, 2018, the following mutual funds were added to the list of eligible mutual funds available under the Mackenzie Program:

- Mackenzie Global Sustainability and Impact Balanced Fund
- Mackenzie US Strategic Income Fund

Effective April 20, 2018, the following mutual funds were added to the list of eligible mutual funds available under the Mackenzie Program:

- Mackenzie Balanced ETF Portfolio
- Mackenzie Conservative ETF Portfolio
- Mackenzie Conservative Income ETF Portfolio
- Mackenzie Growth ETF Portfolio
- Mackenzie Moderate Growth ETF Portfolio

Effective November 1, 2018, the following eligible mutual funds under the Investors Group Program underwent a name change:

Former Name	New Name
Allegro Income Portfolio	IG Core Portfolio - Income Focus
Allegro Income Balanced Portfolio	IG Core Portfolio - Income Balanced
Alto Monthly Income Portfolio	IG Managed Payout Portfolio
Alto Monthly Income and Growth Portfolio	IG Managed Payout Portfolio with Growth
Maestro Income Balanced Portfolio	IG Managed Risk Portfolio - Income Balanced

(b) 2017 Program Enhancements

Effective August 11, 2017, the following eligible mutual funds listed under 'Terminated funds' were no longer accepting new investments under the Investors Group Program. Effective September 8, 2017, accounts with investments in the Terminated funds were transferred into the Continuing funds:

Terminated funds	Continuing funds
Alto Conservative Portfolio	Allegro Conservative Portfolio
Alto Moderate Conservative Portfolio	Allegro Moderate Conservative Portfolio
Investors Canadian Balanced Fund	Allegro Moderate Conservative Portfolio
Investors Real Property Fund	Allegro Conservative Portfolio

Effective August 11, 2017, IG Mackenzie Strategic Income Fund was no longer an eligible fund under the Investors Group Program.

During the period ended December 31, 2017, the following eligible mutual fund underwent a name change:

Former Name	New Name	Effective Date
Allegro Conservative Portfolio	Allegro Income Portfolio	July 14, 2017
Allegro Moderate Conservative Portfolio	Allegro Income Balanced Portfolio	July 14, 2017
Mackenzie Canadian Large Cap Balanced Fund	Mackenzie Canadian Balanced Fund	September 29, 2017