



Toronto STAFF REPORT

November 20, 2001

To: Budget Advisory Committee

From: Chief Financial Officer and Treasurer; and,
City Librarian

Subject: Comparison of Foundations Working on Behalf of the City

Purpose:

To provide a comparison of the work of the Library Foundation and the Toronto Zoo Foundation, and other foundations that may be working on behalf of the City.

Financial Implications:

There are no financial implications associated with this report.

Recommendation:

It is recommended that this report be received for information.

Background:

City Council, at its meeting of April 23-May 2, 2001, during consideration of the 2001 Operating Budget, by adoption of recommendation No. 177 of the report (April 11, 2001) of the Budget Advisory Committee, in respect of the Toronto Public Library, directed amongst other things that:

“the Chief Financial Officer and Treasurer and the Chief Librarian be requested to prepare a comparison of the work of the Library Foundation to the Toronto Zoo Foundation and all other foundations that may be working on behalf of the City”

Comments:

The Income Tax Act (Canada) provides definitions and rules pertaining to charities. When a charity is registered, it is designated as a “charitable organization”, a “public foundation”, or a “private foundation”, depending on its structure, its source of funding, and the way it operates.

The basic requirements of a charity is that: it devote its resources to charitable purposes and activities; it not pay or make available its income to any of its members, other than reasonable salaries or reimbursement of out-of-pocket expenses; it can issue official donation receipts that can be used by a donor to offset taxable income in accordance with the Income Tax Act; it must keep proper books and records and file an annual information return; and it must meet its disbursement quota.

A charity would be registered as a “charitable organization” if, in addition to the above, its resources are devoted mainly to charitable activities carried on by itself; more than 50% of its directors/trustees deal with each other at arm’s length; and not more than 50% of the funds received come from one person or one organization. The exceptions are governments, who are as-of-right charitable organizations. Based on Revenue Canada’s list of registered charities as of January 2001, there are 4,922 charitable organizations registered with a mailing address in Toronto.

A charity would be registered as a “public foundation” if, in addition to the basic requirements, it is a corporation or a trust, and it gives more than 50% of its income annually to qualified donees, usually other registered charities. The essential difference between a “charitable organization” and a “public foundation” is that charitable organizations focus on carrying out charitable activities, while public foundations focus on raising funds to support operating charities. There are currently 376 public foundations registered in Toronto.

Finally, a charity would be designated as a “private foundation” if those who fund or control it are not operating at arm’s length. There are 934 private foundations registered in Toronto.

Public Foundations working on behalf of the City:

Staff have identified five public foundations directly or indirectly working on behalf of the City: Toronto Public Library Foundation, Toronto Zoo Foundation, Toronto Arts Council Foundation, Canadian National Exhibition Foundation and the Toronto Atmospheric Fund Foundation.

The attached schedule A provides a comparison of these five public foundations, along with their mandate, eligibility criteria in regards to support and their financial information.

While this report provides comparison of five charitable organizations working in parallel to the city, there are numerous other foundations and charitable organizations providing valuable services and activities to the public. These services and activities

include such things as demonstrating a concern for the relief of poverty or for people in distress, or activities related to the advancement of education, philosophy, religion, art, sports, science, or other causes beneficial to the community such as human services, culture and heritage, public health, recreation, and human rights and equity. As such, for the purposes of this report, it is noted that the activities of all charities, including public foundations, benefits the City and its constituents directly or indirectly in one way or another.

Conclusion:

This report provides a comparison of the five public foundations working on behalf of the City. Public foundations involve themselves in charitable activities and on raising funds to support operating charities. Appendix A provides a detailed comparison of these organizations.

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See Appendix A

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