

Financial Statements of

THE DAVID SUZUKI FOUNDATION

Year ended August 31, 2014



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INDEPENDENT AUDITORS' REPORT

To the Members of The David Suzuki Foundation

Report on Financial Statements

We have audited the accompanying financial statements of The David Suzuki Foundation, which comprise the statements of financial position as at August 31, 2014, the statements of operations, changes in net assets and cash flows for the year ended August 31, 2014, and notes, comprising 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.

Auditors' 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 an 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 auditors' 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 is sufficient and appropriate to provide a basis for our unqualified audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The David Suzuki Foundation as at August 31, 2014 and its results of operations and its cash flows for the year ended August 31, 2014 in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Accountants

December 5, 2014

Burnaby, Canada

THE DAVID SUZUKI FOUNDATION

Statement of Financial Position

August 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash	\$ 443,398	\$ 110,476
Short-term investments (note 3)	611,773	955,584
Accounts receivable	637,372	292,972
Prepaid expenses	147,751	89,446
Note receivable (note 10)	25,603	25,603
	<u>1,865,897</u>	<u>1,474,081</u>
Note receivable (note 10)	99,157	124,397
Investments (note 3)	13,395,114	10,591,559
Capital assets (note 4(a))	838,686	991,455
	<u>\$ 16,198,854</u>	<u>\$ 13,181,492</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 11)	\$ 890,962	\$ 759,609
Deferred contributions (note 5)	1,548,932	924,669
Capital lease obligation	-	924
	<u>2,439,894</u>	<u>1,685,202</u>
Deferred capital contributions (note 4(b))	81,923	209,933
Net assets:		
Unrestricted	(474,840)	(85,800)
Internally restricted contingency reserve	5,000	5,000
Invested in capital assets (note 4(c))	756,763	780,598
Endowment:		
Externally restricted	9,013,589	8,163,589
Internally restricted	2,910,642	2,422,970
Contingency	1,465,883	-
	<u>13,390,114</u>	<u>10,586,559</u>
	<u>13,677,037</u>	<u>11,286,357</u>
Commitments (note 7)		
	<u>\$ 16,198,854</u>	<u>\$ 13,181,492</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

THE DAVID SUZUKI FOUNDATION

Statement of Operations

Year ended August 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
Recognition of restricted contributions (notes 5 and 13)	\$ 3,420,664	\$ 2,972,589
Unrestricted contributions (note 13)	5,356,195	5,253,725
Fundraising events (notes 6 and 13)	17,640	300,176
Investment income	329,143	283,157
Amortization of deferred capital contributions (note 4(d))	128,010	128,009
Other	57,797	66,041
	<u>9,309,449</u>	<u>9,003,697</u>
Expenses:		
Programs (note 9):		
Science & Policy	1,136,291	1,455,651
B.C. & Western Canada	975,733	907,325
Ontario & Northern Canada	846,523	855,183
Quebec & Atlantic Canada	1,054,868	1,024,987
Program management	55,554	204,384
Communication, Education & Public engagement	2,650,340	2,068,033
	<u>6,719,309</u>	<u>6,515,563</u>
Administration	443,299	527,127
Fundraising & Donor relations (note 6)	2,072,044	1,925,679
	<u>9,234,652</u>	<u>8,968,369</u>
Excess of revenue over expenses before change in fair value of endowment fund investments	74,797	35,328
Change in fair value of endowment fund investments	1,465,883	650,543
Excess of revenue over expenses	<u>\$ 1,540,680</u>	<u>\$ 685,871</u>

See accompanying notes to financial statements.

THE DAVID SUZUKI FOUNDATION

Statement of Changes in Net Assets

Year ended August 31, 2014	Operating			Invested in capital assets (note 4(c))	Endowment				2014 Totals
	Unrestricted	Internally restricted contingency reserve	Total		Externally restricted	Internally restricted	Contingency	Total	
Net assets (deficit), beginning of year	\$ (85,800)	\$ 5,000	\$ (80,800)	\$ 780,598	\$8,163,589	\$2,422,970	\$ -	\$ 10,586,559	\$ 11,286,357
Investment in capital assets	(218,982)	-	(218,982)	218,982	-	-	-	-	-
Excess (deficiency) of revenue over expenses	1,783,497	-	1,783,497	(242,817)	-	-	-	-	1,540,680
Endowment contributions	-	-	-	-	850,000	-	-	850,000	850,000
Transfers	(1,953,555)	-	(1,953,555)	-	-	487,672	1,465,883	1,953,555	-
Net assets (deficit), end of year	\$ (474,840)	\$ 5,000	\$ (469,840)	\$ 756,763	\$9,013,589	\$2,910,642	\$1,465,883	\$ 13,390,114	\$ 13,677,037

Year ended August 31, 2013	Operating			Invested in capital assets (note 4(c))	Endowment				2013 Totals
	Unrestricted	Internally restricted contingency reserve	Total		Externally restricted	Internally restricted	Contingency	Total	
Net assets (deficit), beginning of year	\$ (492,865)	\$ 5,000	\$ (487,865)	\$ 898,653	\$8,063,589	\$2,026,109	\$ -	\$ 10,089,698	\$ 10,500,486
Investment in capital assets	(92,926)	-	(92,926)	92,926	-	-	-	-	-
Excess (deficiency) of revenue over expenses	896,852	-	896,852	(210,981)	-	-	-	-	685,871
Endowment contributions	-	-	-	-	100,000	-	-	100,000	100,000
Transfers	(396,861)	-	(396,861)	-	-	396,861	-	396,861	-
Net assets (deficit), end of year	\$ (85,800)	\$ 5,000	\$ (80,800)	\$ 780,598	\$8,163,589	\$2,422,970	\$ -	\$ 10,586,559	\$ 11,286,357

See accompanying notes to financial statements.

THE DAVID SUZUKI FOUNDATION

Statement of Cash Flows

Year ended August 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	\$ 1,540,680	\$ 685,871
Items not involving cash:		
Amortization of capital assets	356,721	332,189
Amortization of deferred capital contributions	(128,010)	(128,009)
Write-off of leasehold improvements	14,106	6,801
Reinvested distributions	(588,431)	(276,185)
Change in fair value of endowment fund investments	(1,465,883)	(650,543)
Changes in non-cash operating working capital:		
Accounts receivable	(344,400)	261,225
Prepaid expenses	(58,305)	(18,876)
Note receivable	25,240	(150,000)
Accounts payable and accrued liabilities	131,353	214,674
Deferred contributions	624,263	9,300
	107,334	286,447
Investments:		
Purchase of capital assets	(218,058)	(58,601)
Acquisition of investments	(7,829,294)	(1,114,973)
Redemption of investments	7,423,864	863,577
	(623,488)	(309,997)
Financing:		
Decrease in bank indebtedness	-	(196,744)
Receipt of endowment contributions	850,000	100,000
Repayment of capital lease obligations	(924)	(34,325)
	849,076	(131,069)
Increase (decrease) in cash	332,922	(154,619)
Cash, beginning of year	110,476	265,095
Cash, end of year	\$ 443,398	\$ 110,476

See accompanying notes to financial statements.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements

Year ended August 31, 2014

1. Operations:

The David Suzuki Foundation (the "Foundation") is incorporated under the Society Act (British Columbia) and, as a registered charity, is exempt from tax under the Income Tax Act.

The Foundation works through science and education to protect the diversity of nature and our quality of life now, and for the future.

The Foundation relies on donations from individuals, charitable foundations, corporations and other supporters, subject to its ethical Gift Acceptance Policy. It does not accept direct funding from Canadian governments or contributions which could compromise the integrity of its programs.

2. Significant accounting policies:

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations and include the following significant accounting policies:

(a) Revenue recognition and net assets:

The Foundation follows the deferral method of accounting for contributions. Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue based on the amortization rate for the related capital assets.

Endowment contributions are presented as direct increases in net assets.

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reliably estimated and collection is reasonably assured.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2014

2. Significant accounting policies (continued):

(a) Revenue recognition and net assets (continued):

The net assets of the Foundation are presented and accounted for as follows:

(i) Unrestricted:

Unrestricted net assets represent unrestricted contributions net of expenses.

(ii) Internally restricted contingency reserve:

The internally restricted contingency reserve is comprised of funds restricted for contingency or other specific purposes as designated by the Foundation's Board of Directors.

(iii) Invested in capital assets:

Invested in capital assets represents the net book value of capital assets, less any debt, unamortized deferred contributions or other obligations relating to the assets.

(iv) Endowment:

Income from endowment funds as determined by policy is used to fund the activities of the Foundation.

Externally restricted endowments are restricted by donors to be maintained in perpetuity.

Internally restricted endowments are comprised of amounts that the Board, by resolution or policy, has internally restricted by transfer to the fund. The internally restricted endowment funds can, at the discretion of the Board, be used to fund the operations of the Foundation.

The endowment contingency fund is comprised of an amount that the Board, by resolution, has internally restricted by transfer to the fund. The fund is to act as a buffer between cumulative income from the endowment funds and the amounts to be released to the operating fund in accordance with the Foundation's policy.

(b) Donated services and assets:

A large number of individuals volunteer time and expertise to the Foundation. However, since no objective basis exists for recording and assigning fair values, no amount has been reflected in the financial statements relating to these volunteered services.

Contributions of assets, supplies and services, that would otherwise have been purchased, are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2014

2. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following annual rates:

Asset	Rate
Computer hardware	4 years
Computer software	5 years
Office furniture and equipment	10 years
Telecommunications equipment	6 years
Teleconferencing equipment	5 years

Leasehold improvements are amortized on a straight-line basis over the lesser of their useful lives or the term of the lease, including the lease option.

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts and disclosures reported in financial statements and accompanying notes. Significant areas of management estimate include the determination of useful lives of capital assets for amortization and the related recognition of deferred capital contributions, valuation of accounts receivable and the note receivable, and provisions for contingencies. Actual results could differ from these estimates.

(e) Financial instruments:

The Foundation's policy is to hold investments screened for environmental and social responsibility, and exclude any investment in the extraction, production and transportation of fossil fuels. The Foundation's investment manager screens investments on behalf of the Foundation.

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. Investments in equity funds and bond funds are carried at fair value. All other financial instruments are carried at cost or amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2014

2. Significant accounting policies (continued):

(e) Financial instruments (continued):

Financial assets recorded at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year. 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.

The Foundation does not hold any financial derivatives as at August 31, 2014.

3. Investments:

Investments in pooled funds are held by an investment manager and measured at fair value. Investments consist of:

	2014	2013
Equity funds	\$ 6,993,535	\$ 5,569,458
Bond funds	6,319,283	4,781,569
Treasury bills, cash and equivalents	694,069	731,897
Asset-backed commercial paper	-	464,219
	14,006,887	11,547,143
Current portion	611,773	955,584
Non-current portion	\$ 13,395,114	\$ 10,591,559

The Foundation holds investments covering the endowment balance and the internally restricted contingency reserve. For the year ended August 31, 2014, all investments in excess of this amount are classified as current since investments are convertible to cash at management's discretion.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2014

4. Capital assets and net assets invested in capital assets:

(a) Capital assets:

2014	Cost	Accumulated amortization	Net book value
Computer hardware	\$ 120,143	\$ 52,244	\$ 67,899
Computer software	73,523	66,203	7,320
Office furniture and equipment	131,009	75,776	55,233
Leasehold improvement	1,080,345	494,690	585,655
Telecommunications equipment	110,560	75,780	34,780
Teleconferencing equipment	744,603	656,804	87,799
	\$ 2,260,183	\$ 1,421,497	\$ 838,686

2013	Cost	Accumulated amortization	Net book value
Computer hardware	\$ 105,194	\$ 60,252	\$ 44,942
Computer software	75,207	58,507	16,700
Office furniture and equipment	201,047	139,217	61,830
Leasehold improvements	951,864	371,531	580,333
Telecommunications equipment	110,560	57,353	53,207
Teleconferencing equipment	744,602	510,159	234,443
	\$ 2,188,474	\$ 1,197,019	\$ 991,455

(b) Change in deferred capital contributions is calculated as follows:

	2014	2013
Balance, beginning of year	\$ 209,933	\$ 337,942
Amount amortized to revenue in the year	(128,010)	(128,009)
Balance, end of year	\$ 81,923	\$ 209,933

(c) Net assets invested in capital assets is calculated as follows:

	2014	2013
Capital assets	\$ 838,686	\$ 991,455
Amounts financed by:		
Capital leases	-	(924)
Capital contributions	(81,923)	(209,933)
	\$ 756,763	\$ 780,598

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2014

4. Capital assets and net assets invested in capital assets (continued):

(d) Change in net assets invested in capital assets is calculated as follows:

	2014	2013
Deficiency of revenue over expenses:		
Amortization of capital assets	\$ (356,721)	\$ (332,189)
Write-off of leasehold improvement	(14,106)	(6,801)
Amortization of deferred capital contributions	128,010	128,009
	<u>(242,817)</u>	<u>(210,981)</u>
Net change in invested in capital assets:		
Acquisition of capital assets	218,058	58,601
Repayment of capital lease obligation	924	34,325
	<u>218,982</u>	<u>92,926</u>
	<u>\$ (23,835)</u>	<u>\$ (118,055)</u>

5. Deferred contributions:

Deferred contributions represents unspent amounts which have been externally restricted for the delivery of specified programs. Changes in the balance during the year are as follows:

	2014	2013
Balance, beginning of year	\$ 924,669	\$ 915,369
Contributions received during the year	4,044,927	2,981,889
Amounts spent and recognized as revenue	(3,420,664)	(2,972,589)
Balance, end of year	<u>\$ 1,548,932</u>	<u>\$ 924,669</u>

6. Fundraising and Donor relations expenses:

Fundraising and Donor relations expenses include \$43,877 (2013 - \$152,895) related to fundraising events.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2014

7. Commitments:

The Foundation is committed pursuant to premises lease obligations for payments in the next five years as follows:

2015	\$	581,117
2016		542,586
2017		549,809
2018		549,809
2019		273,280
	\$	2,496,601

8. Related organizations:

Transactions with related parties are entered into at amounts that are considered to be fair value and are measured at the exchange amount.

- (a) The Foundation controls the David Suzuki Foundation, U.S.A. ("DSF USA") by virtue of its ability to appoint DSF USA's board of directors. DSF USA is a registered charity in the United States and is exempt from income tax.

Financial information relating to DSF USA has not been consolidated in these financial statements. DSF USA remained substantially inactive during the year.

	2014	2013
Excess of revenue over expenses	\$ 17,942	\$ 26,693
Total assets	\$ 58,261	\$ 31,524
Total liabilities	58,261	31,524
Total net assets	\$ -	\$ -

DSF USA had the following transactions with the Foundation during the year ended August 31, 2014.

	2014	2013
Revenue received by Foundation from DSF USA (CDN \$)	\$ 17,942	\$ 26,693
Accounts receivable from DSF USA (CDN \$) at year end	58,261	31,524

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2014

8. Related organizations (continued):

- (b) During the year, the Foundation paid \$56,580 (2013 - \$48,119) to New Data Enterprises Ltd. ("New Data"), a corporation of which one of the shareholders is a board member of the Foundation, for the use of administrative staff resources for scheduling, liaison and other administrative support services, and received \$12,512 (2013 - \$10,244) from New Data for the use of office space at the Foundation. At August 31, 2014, the Foundation's accounts receivable included \$482 (2013 - nil) due from New Data.
- (c) During the year, The David Suzuki Institute/Institut David Suzuki ("DSI"), a not-for-profit corporation related to the Foundation by virtue of a board member in common, paid the Foundation \$10,793 (2013 - \$9,054) for administrative support. At August 31, 2014, the Foundation's accounts receivable included \$228,593 (2013 - \$11,203) relating primarily to project costs recoverable from DSI.

9. Allocated expenses:

Program costs include an allocation of general support costs. The allocation of general support costs is based on the number of employees in program departments.

General support costs were allocated to the program departments as follows:

	2014	2013
Science & Policy	\$ 185,274	\$ 235,759
B.C. & Western Canada	111,164	106,092
Ontario & Northern Canada	99,121	144,992
Quebec & Atlantic Canada	165,820	150,886
Communications, Education & Public engagement	360,913	393,483
Total	\$ 922,292	\$ 1,031,212

10. Note receivable:

The Foundation holds a promissory note from an unrelated third party repayable by August 31, 2018 and paying interest at 3.5% per annum. The note is secured on certain assets of the third party.

11. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$321 (2013 - \$432).

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2014

12. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2013 and the Foundation believes that it is not exposed to material liquidity risks.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to credit risk with respect to the accounts receivable and the note receivable. The Foundation assesses, on a continuous basis, accounts receivable and the note receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The Foundation believes that it is not exposed to material credit risks.

(c) Financial and market risks:

Financial and market risks are the risks that changes in financial or market conditions impair the value of the Foundation's assets, or that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation's investments are managed by an investment manager (note 2(e)) in accordance with the Foundation's investment policy. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes. The Foundation is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-rate instruments subject the Foundation to a fair value risk and the Foundation's investments in pooled funds are subject to risks arising from changes in market conditions.

13. Revenue by source:

Unrestricted contributions, recognition of restricted contributions, and fundraising event revenue totaled \$8,794,499 for the year ended August 31, 2014 (2013 - \$8,526,490). Revenue was recognized from the following major sources:

	2014	2013
Business and employee groups	\$ 855,139	\$ 1,297,051
Foundations	3,053,268	2,546,136
Individual donors	4,793,436	4,621,461
Other	92,656	61,842
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	\$ 8,794,499	\$ 8,526,490