

Financial Statements of

THE DAVID SUZUKI FOUNDATION

Year ended August 31, 2016



KPMG LLP
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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, 2016, the statements of operations, changes in net assets and cash flows for the year ended August 31, 2016, 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 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, 2016 and its results of operations and its cash flows for the year ended August 31, 2016 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.

KPMG LLP

Chartered Professional Accountants

December 12, 2016

Burnaby, Canada

THE DAVID SUZUKI FOUNDATION

Statement of Financial Position

August 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ 1,989,842	\$ 565,769
Short-term investments (note 3)	1,537,068	1,766,296
Accounts receivable (note 9)	291,014	299,380
Prepaid expenses	121,008	111,727
Note receivable (note 11)	30,000	30,000
	<u>3,968,932</u>	<u>2,773,172</u>
Note receivable (note 11)	30,000	60,000
Investments (note 3)	15,085,158	14,344,548
Capital assets (note 4(a))	511,631	570,290
	<u>\$ 19,595,721</u>	<u>\$ 17,748,010</u>

Liabilities and Net Assets

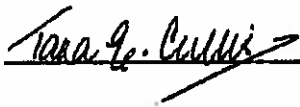
Current liabilities:		
Accounts payable and accrued liabilities (note 12)	\$ 841,261	\$ 811,468
Deferred contributions (note 5)	2,223,722	1,706,272
Capital lease obligation (note 6)	43,861	-
	<u>3,108,844</u>	<u>2,517,740</u>
Capital lease obligation (note 6)	60,612	-
Net assets:		
Unrestricted	438,949	315,433
Internally restricted contingency reserve	500,000	5,000
Invested in capital assets (note 4(c))	407,158	570,290
Endowment:		
Externally restricted	9,253,589	9,043,589
Internally restricted	3,957,241	3,539,167
Net fair value adjustments	1,869,328	1,756,791
	<u>15,080,158</u>	<u>14,339,547</u>
	<u>16,426,265</u>	<u>15,230,270</u>

Commitments (note 8)

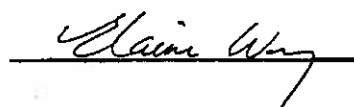
	<u>\$ 19,595,721</u>	<u>\$ 17,748,010</u>
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See accompanying notes to financial statements.

Approved on behalf of the Board:


Tara G. Curtis

Director


Elaine Wang

Director

THE DAVID SUZUKI FOUNDATION

Statement of Operations

Year ended August 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Recognition of restricted contributions (notes 5 and 14)	\$ 3,351,713	\$ 3,744,886
Unrestricted contributions (note 14)	5,867,183	5,774,348
Fundraising events (note 14)	687,750	1,919,557
Investment income	379,866	408,470
Amortization of deferred capital contributions (note 4(d))	-	81,923
Other	49,446	32,052
	<u>10,335,958</u>	<u>11,961,236</u>
Expenses:		
Programs (note 10):		
Science & Policy	1,146,964	1,270,433
B.C. & Western Canada	1,096,907	1,071,641
Ontario & Northern Canada	875,000	875,466
Quebec & Atlantic Canada	1,139,117	970,070
Program management	65,124	75,151
Communication, Education & Public engagement (note 6)	2,679,377	3,809,723
	<u>7,002,489</u>	<u>8,072,484</u>
Administration	580,559	489,950
Fundraising & Donor relations (note 7)	2,364,265	2,607,606
	<u>9,947,313</u>	<u>11,170,040</u>
Excess of revenue over expenses before realized and unrealized gains on endowment fund investments	388,645	791,196
Realized and unrealized gains on endowment fund investments	597,350	762,037
Excess of revenue over expenses	<u>\$ 985,995</u>	<u>\$ 1,553,233</u>

See accompanying notes to financial statements.

THE DAVID SUZUKI FOUNDATION

Statement of Changes in Net Assets

Year ended August 31, 2016, with comparative information for 2015

	Operating			Endowment			2016 Totals
	Unrestricted	Internally restricted contingency reserve	Invested in capital assets (note 4(c))	Externally restricted	Internally restricted	Net fair value adjustments	
Year ended August 31, 2016							
Net assets, beginning of year	\$ 315,433	\$ 5,000	\$ 570,290	\$ 9,043,590	\$ 3,539,167	\$ 1,756,791	\$ 15,230,271
Investment in capital assets	(57,832)	-	57,832	-	-	-	-
Excess (deficiency) of revenue over expenses	1,206,959	-	(220,964)	-	-	-	985,995
Endowment contributions	-	-	-	210,000	-	-	210,000
Transfers	(1,025,611)	495,000	-	-	418,073	112,538	530,611
Net assets, end of year	\$ 438,949	\$ 500,000	\$ 407,158	\$ 9,253,590	\$ 3,957,240	\$ 1,869,329	\$ 16,426,266
	Operating			Endowment			2015 Totals
	Unrestricted	Internally restricted contingency reserve	Invested in capital assets (note 4(c))	Externally restricted	Internally restricted	Net fair value adjustments	
Year ended August 31, 2015							
Net assets (deficit), beginning of year	\$ (474,840)	\$ 5,000	\$ 756,763	\$ 9,013,589	\$ 2,910,642	\$ 1,465,883	\$ 13,390,114
Investment in capital assets	(29,284)	-	29,284	-	-	-	-
Excess (deficiency) of revenue over expenses	1,768,990	-	(215,757)	-	-	-	1,553,233
Endowment contributions	(30,000)	-	-	30,000	-	-	30,000
Transfers	(919,433)	-	-	-	628,525	290,908	919,433
Net assets, end of year	\$ 315,433	\$ 5,000	\$ 570,290	\$ 9,043,589	\$ 3,539,167	\$ 1,756,791	\$ 15,230,270

See accompanying notes to financial statements.

THE DAVID SUZUKI FOUNDATION

Statement of Cash Flows

Year ended August 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	\$ 985,995	\$ 1,553,233
Items not involving cash:		
Amortization of capital assets	218,292	297,680
Amortization of deferred capital contributions	-	(81,923)
Write-off of computer hardware	2,672	-
Reinvested distributions	(314,032)	(316,920)
Realized and unrealized gains on endowment fund investments	(597,350)	(762,037)
Changes in non-cash operating working capital:		
Accounts receivable	8,366	337,992
Prepaid expenses	(9,281)	36,024
Note receivable	30,000	34,760
Accounts payable and accrued liabilities	29,793	(79,494)
Deferred contributions	517,450	157,340
	871,905	1,176,655
Investments:		
Purchase of capital assets	(28,990)	(29,284)
Acquisition of investments	-	(2,682,888)
Redemption of investments	400,000	1,657,888
	371,010	(1,054,284)
Financing:		
Receipt of endowment contributions	210,000	-
Principal payments under capital lease obligation (note 4)	(28,842)	-
	181,158	-
Increase in cash	1,424,073	122,371
Cash, beginning of year	565,769	443,398
Cash, end of year	\$ 1,989,842	\$ 565,769
Supplemental cash flow information:		
Capital asset financed by capital lease (note 4)	\$ 133,316	\$ -

See accompanying notes to financial statements.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements

Year ended August 31, 2016

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 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 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.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2016

2. Significant accounting policies (continued):

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

(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, have 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.

Net fair value adjustments relate to endowment investments and are, by Board policy, internally restricted.

(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.

(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 as follows:

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.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2016

2. Significant accounting policies (continued):

(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:

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 measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. Management has not made any such elections in the year. 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.

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, 2016.

3. Investments:

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

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2016

3. Investments (continued):

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

	2016	2015
Equity funds	\$ 8,445,300	\$ 7,245,991
Bond funds	6,145,993	6,992,273
Treasury bills, cash and equivalents	2,030,933	1,872,580
	16,622,226	16,110,844
Current portion	1,537,068	1,766,296
Non-current portion	\$ 15,085,158	\$ 14,344,548

The Foundation holds investments covering the endowment balance and the internally restricted contingency reserve. All investments in excess of this amount are classified as current since investments are convertible to cash at management's discretion.

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

(a) Capital assets:

2016	Cost	Accumulated amortization	Net book value
Computer hardware	\$ 137,988	\$ 87,771	\$ 50,217
Computer software	17,858	16,566	1,292
Office furniture and equipment	107,226	67,572	39,654
Leasehold improvement	1,091,673	796,662	295,011
Telecommunications equipment	110,560	106,224	4,336
Teleconferencing equipment	877,917	756,796	121,121
	\$ 2,343,222	\$ 1,831,591	\$ 511,631

2015	Cost	Accumulated amortization	Net book value
Computer hardware	\$ 129,406	\$ 73,969	\$ 55,437
Computer software	20,274	16,766	3,508
Office furniture and equipment	105,124	58,361	46,763
Leasehold improvement	1,091,673	646,857	444,816
Telecommunications equipment	110,560	94,207	16,353
Teleconferencing equipment	744,603	741,190	3,413
	\$ 2,201,640	\$ 1,631,350	\$ 570,290

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2016

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

(a) Capital assets (continued):

Included in capital assets is equipment under capital lease with a net book value of \$104,473 (2015 - nil).

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

	2016	2015
Balance, beginning of year	\$ -	\$ 81,923
Amount amortized to revenue in the year	-	(81,923)
Balance, end of year	\$ -	\$ -

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

	2016	2015
Capital assets	\$ 511,631	\$ 570,290
Amounts funded by capital leases	(104,473)	-
	\$ 407,158	\$ 570,290

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

	2016	2015
Deficiency of revenue over expenses:		
Amortization of capital assets	\$ (218,292)	\$ (297,680)
Write-off of computer hardware	(2,672)	-
Amortization of deferred capital contributions	-	81,923
	(220,964)	(215,757)
Net change in invested in capital assets:		
Acquisition of capital assets	28,990	29,284
Repayment of capital lease obligation	28,842	-
	57,832	29,284
	\$ (163,132)	\$ (186,473)

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2016

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:

	2016	2015
Balance, beginning of year	\$ 1,706,272	\$ 1,548,932
Restricted contributions received during the year	3,869,163	3,902,226
Amounts spent and recognized as revenue	(3,351,713)	(3,744,886)
Balance, end of year	\$ 2,223,722	\$ 1,706,272

6. Capital lease obligation:

The Foundation is committed pursuant to a capital lease obligation relating to teleconferencing equipment for payments in the next five years as follows:

2017	\$ 46,453
2018	46,453
2019	15,484
Total minimum lease payments	108,390
Amount representing Interest at 3.0%	3,917
	104,473
Less current portion	43,861
	\$ 60,612

7. Fundraising and Donor relations expenses:

Fundraising and Donor relations expenses include \$275,924 (2015 - \$357,463) related to fundraising events.

8. Commitments:

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

2017	\$ 562,610
2018	563,948
2019	177,085
2020	75,560
2021	76,552
	\$ 1,455,755

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2016

9. 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 of America 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. Summarized financial information of DSF USA is as follows:

	2016	2015
Excess of revenue over expenses before distribution to the Foundation	\$ 15,277	\$ 5,106
Total assets	\$ 28,164	\$ 12,803
Total liabilities	28,164	12,803
Total net assets	\$ -	\$ -

DSF USA had the following transactions with the Foundation during the year ended August 31, 2016.

	2016	2015
Revenue received by Foundation from DSF USA (CDN \$)	\$ 15,277	\$ 5,106
Accounts receivable from DSF USA (CDN \$) at year end	28,164	12,803

- (b) During the year, the Foundation paid \$56,580 (2015 - \$66,010) 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 \$12,697 (2015 - \$12,721) from New Data for the use of office space at the Foundation. At August 31, 2016, the Foundation's accounts receivable included nil (2015 - \$54) 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 \$4,654 (2015 - \$5,565) for administrative support. At August 31, 2016, the Foundation's accounts receivable included \$4,654 (2015 - \$5,585) due from DSI.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2016

10. Allocated expenses:

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

Administrative costs were allocated to the program departments as follows:

	2016	2015
Science & Policy	\$ 206,604	\$ 205,779
B.C. & Western Canada	187,235	142,086
Ontario & Northern Canada	118,798	109,749
Quebec & Atlantic Canada	180,779	137,186
Communications, Education & Public engagement	532,523	480,152
Total	\$ 1,225,939	\$ 1,074,952

11. Note receivable:

The Foundation holds a promissory note from an unrelated third party repayable at \$30,000 per annum plus interest at 3.5% per annum. The note is secured by certain assets of the third party.

12. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$60,975 (2015 - nil).

13. 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 2015 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.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2016

13. Financial risks (continued):

(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 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.

14. Contributions and Fundraising revenue:

Unrestricted contributions, recognition of restricted contributions, and fundraising event revenue totaled \$9,906,646 for the year ended August 31, 2016 (2015 - \$11,438,791). Revenue recognized was originally received from the following major sources:

	2016	2015
Business and employee groups	\$ 1,412,021	\$ 1,503,688
Foundations	2,752,900	3,057,634
Individual donors	5,664,555	6,779,929
Other	77,170	97,540
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	\$ 9,906,646	\$ 11,438,791