

Financial Statements of

THE DAVID SUZUKI FOUNDATION

And Independent Auditors' Report thereon

Year ended August 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Members of The David Suzuki Foundation:

Report on the Financial Statements

Opinion

We have audited the financial statements of The David Suzuki Foundation (the "Foundation"), which comprise:

- the statement of financial position as at August 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets 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 Foundation as at August 31, 2020, 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 Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure 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 Foundation'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 Foundation 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 matter 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.

Reporting on Other Legal and Regulatory Requirements

As required by the *Societies 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

Vancouver, Canada
February 19, 2021

THE DAVID SUZUKI FOUNDATION

Statement of Financial Position

August 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 3,646,754	\$ 3,320,511
Investments at fair value (note 3)	2,929,294	2,174,345
Accounts receivable (note 13(c))	422,163	278,926
Prepaid expenses	56,172	65,548
	<u>7,054,383</u>	<u>5,839,330</u>
Investments at fair value (note 3)	15,902,452	15,654,176
Tangible capital assets (note 4)	198,627	258,831
Intangible assets (note 5)	63,476	148,111
	<u>\$ 23,218,938</u>	<u>\$ 21,900,448</u>

Liabilities and Net Assets

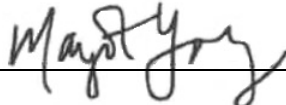
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 526,268	\$ 677,042
Deferred contributions (note 7)	2,869,953	3,068,928
	<u>3,396,221</u>	<u>3,745,970</u>
Net assets:		
Unrestricted	3,658,162	2,093,360
Internally restricted contingency reserve	500,000	500,000
Invested in tangible capital and intangible assets (note 8(a))	262,103	406,942
Endowment:		
Externally restricted	9,267,589	9,260,589
Internally restricted	4,172,416	4,623,881
Net fair value adjustments	1,962,447	1,269,706
	<u>15,402,452</u>	<u>15,154,176</u>
	<u>19,822,717</u>	<u>18,154,478</u>
Commitments and contingencies (note 9)		
Impact of COVID-19 on operations (note 18)		
	<u>\$ 23,218,938</u>	<u>\$ 21,900,448</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, 2020, with comparative information for 2019

	2020	2019
Revenue (note 10):		
Recognition of restricted contributions (note 7)	\$ 4,849,630	\$ 4,466,634
Unrestricted contributions	7,837,838	6,947,417
Fundraising events (note 10)	67,361	462,008
Investment income	388,795	472,105
Other	185,293	52,913
	<u>13,328,917</u>	<u>12,401,077</u>
Expenses:		
Programs (note 11):		
Science and Policy	1,991,561	2,080,726
B.C. and Western Canada	1,835,137	1,393,747
Ontario and Northern Canada	1,064,889	1,172,054
Quebec and Atlantic Canada	1,550,168	1,374,021
Communication, Education and Public engagement	2,819,772	2,815,800
	<u>9,261,527</u>	<u>8,836,348</u>
Administration	919,959	689,342
Fundraising and Donor relations (note 12)	2,169,392	2,083,321
	<u>12,350,878</u>	<u>11,609,011</u>
Excess of revenue over expenses before realized and unrealized gains on endowment fund investments	978,039	792,066
Realized and unrealized gains (losses) on endowment fund investments	683,200	(403,433)
Excess of revenue over expenses	<u>\$ 1,661,239</u>	<u>\$ 388,633</u>

See accompanying notes to financial statements.

THE DAVID SUZUKI FOUNDATION

Statement of Changes in Net Assets

Year ended August 31, 2020, with comparative information for 2019

Year ended August 31, 2020	Operating		Invested in tangible capital and intangible assets (Note 8(a))	Endowment			Total	2020 Total
	Unrestricted	Internally restricted contingency reserve		Externally restricted	Internally restricted	Net fair value adjustments		
Net assets, beginning of year	\$ 2,093,360	\$ 500,000	\$ 406,942	\$ 9,260,589	\$ 4,623,881	\$ 1,269,706	\$ 15,154,176	\$ 18,154,478
Investment in tangible capital and intangible assets (note 8(b))	(60,585)	-	60,585	-	-	-	-	-
Excess (deficiency) of revenue over expenses	1,866,663	-	(205,424)	-	-	-	-	1,661,239
Endowment Contributions	-	-	-	7,000	-	-	7,000	7,000
Transfers:								
Endowment transfers (note 2(b)(iv))	(801,570)	-	-	-	108,829	692,741	801,570	-
Strategic investments (note 17)	560,294	-	-	-	(560,294)	-	(560,294)	-
	(241,276)	-	-	-	(451,465)	692,741	241,276	-
Net assets, end of year	\$ 3,658,162	\$ 500,000	\$ 262,103	\$ 9,267,589	\$ 4,172,416	\$ 1,962,447	\$ 15,402,452	\$ 19,822,717

Year ended August 31, 2019	Operating		Invested in tangible capital and intangible assets (Note 8(a))	Endowment			Total	2019 Total
	Unrestricted	Internally restricted contingency reserve		Externally restricted	Internally restricted	Net fair value adjustments		
Net assets, beginning of year	\$ 665,600	\$ 500,000	\$ 437,584	\$ 9,260,589	\$ 4,740,754	\$ 2,161,318	\$ 16,162,661	\$ 17,765,845
Investment in tangible capital and intangible assets (note 8(b))	(146,581)	-	146,581	-	-	-	-	-
Excess (deficiency) of revenue over expenses	565,856	-	(177,223)	-	-	-	-	388,633
Transfers:								
Endowment transfers (note 2(b)(iv))	613,560	-	-	-	278,052	(891,612)	(613,560)	-
Strategic investments (note 17)	394,925	-	-	-	(394,925)	-	(394,925)	-
	1,008,485	-	-	-	(116,873)	(891,612)	(1,008,485)	-
Net assets, end of year	\$ 2,093,360	\$ 500,000	\$ 406,942	\$ 9,260,589	\$ 4,623,881	\$ 1,269,706	\$ 15,154,176	\$ 18,154,478

See accompanying notes to financial statements.

THE DAVID SUZUKI FOUNDATION

Statement of Cash Flows

Year ended August 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 1,661,239	\$ 388,633
Items not involving cash:		
Amortization of tangible capital assets and intangible assets	169,873	177,223
Loss on disposal of computer hardware	35,551	-
Reinvested distribution	(293,821)	(359,428)
Realized and unrealized gains (losses) on endowment fund investments	(709,404)	403,433
Changes in non-cash operating working capital:		
Accounts receivable	(143,237)	(43,144)
Prepaid expenses	9,376	112,335
Accounts payable and accrued liabilities	(150,774)	97,894
Deferred contributions	(198,975)	621,351
	379,828	1,398,297
Investments:		
Purchase of tangible capital assets	(60,585)	(131,195)
Redemption of investments, net	-	500,000
	(60,585)	368,805
Financing:		
Receipt of endowment contributions	7,000	-
Principal payments under capital lease obligation	-	(15,386)
	7,000	(15,386)
Increase in cash	326,243	1,751,716
Cash, beginning of year	3,320,511	1,568,795
Cash, end of year	\$ 3,646,754	\$ 3,320,511

See accompanying notes to financial statements.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements

Year ended August 31, 2020

1. Operations:

The David Suzuki Foundation (the "Foundation") was incorporated on September 14, 1990 under the *Society Act (British Columbia)*. On January 9, 2017, the Foundation transitioned to the new *Societies Act (British Columbia)*. As a registered charity, the Foundation 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 includes the following significant accounting policies:

(a) Basis of presentation:

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 remains a separate legal entity. Management has chosen to disclose rather than to consolidate. Accordingly, the Foundation's financial statements exclude the financial position and operating results of DSF USA. See note 13(a) for a summary of the financial position and operating results of DSF USA.

(b) 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 tangible capital assets, are deferred and amortized into revenue based on the amortization rate for the related tangible capital assets.

Endowment contributions are presented as direct increases in endowment 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 relate to the Foundation's program delivery and administrative activities.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2020

2. Significant accounting policies (continued):

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

(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 tangible capital and intangible assets:

Invested in tangible capital and intangible assets represents the net book value of tangible capital and intangible assets, less any debt, unamortized deferred capital 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, 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. Transfers made to the internally restricted endowment fund are in accordance with the endowment fund spending policies and include amounts to maintain the real capital value of the endowment funds and certain legacy donations.

Net fair value adjustments relate to endowment investments and are, by Board policy, internally restricted. Transfers made to or from the net fair value adjustments fund are in accordance with the endowment fund spending policies and include investment returns over/under projected long-term returns on endowment investments.

(c) 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, 2020

2. Significant accounting policies (continued):

(d) Tangible capital assets:

Tangible 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
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 of 10-years or the term of the lease.

Amortization expense of tangible capital assets is included within administration expenses on the statement of operations.

When a conditions indicate that a tangible capital asset no longer contributes to the Foundation's ability to provide services, or the value of future economic benefits or service potential associated with the asset is less than its net carrying value, the excess of its carrying amount over its fair value or replacement cost will be recognized as an expense in the statement of operations.

In March 2018, the Accounting Standards Board issued "*Basis for Conclusions – Accounting Standards Improvements for Not-for-Profit Organizations*" resulting in the introduction of Section 4433, *Tangible capital assets held by not-for-profit organizations*, which directs organizations to apply the accounting guidance of Section 3061, *Property Plant and Equipment* in Part II of the Handbook. In doing so, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where applicable, to componentize capital assets when estimates can be made of the useful lives of the separate components. This section is applied on a prospective basis. The amendments are effective for financial statements for fiscal years beginning on or after January 1, 2019. The implementation of these changes had no impact on the financial statements.

(e) Intangible assets:

Intangible assets developed or acquired to be used in the provision of services by the Foundation 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 software	3 years

The carrying amount, amortization and estimated useful lives of intangible assets are reviewed annually.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2020

2. Significant accounting policies (continued):

(f) 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. The Foundation has elected to carry its investments at fair value.

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, 2020.

(g) 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.

(h) 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 tangible capital and intangible assets for amortization, valuation of accounts receivable, and provisions for contingencies. Actual results could differ from these estimates.

(i) Asset retirement obligation:

The Foundation recognizes a future asset retirement obligation as a liability in the year in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the assets based on management's best estimate of the expenditure required to settle the obligation. The Foundation concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2020

2. Significant accounting policies (continued):

(i) Asset retirement obligation (continued):

The amount of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a risk-free interest rate based on management's best estimate. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each year to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

Changes in the obligation due to the passage of time are recognized as an operating expense using the effective interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset.

3. Investments at fair value:

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 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.

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

	2020	2019
Equity funds	\$ 4,873,842	\$ 3,826,799
Bond funds	5,235,856	5,324,797
Treasury bills, cash and equivalents	8,722,048	8,676,925
	18,831,746	17,828,521
Current portion	2,929,294	2,174,345
Long-term portion	\$ 15,902,452	\$ 15,654,176

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2020

4. Tangible capital assets:

August 31, 2020	Cost	Accumulated amortization	Net book value
Computer hardware	\$ 275,928	\$ 137,416	\$ 138,512
Office furniture and equipment	91,636	80,276	11,360
Leasehold improvement	1,091,673	1,079,761	11,912
Telecommunications equipment	151,496	114,653	36,843
	\$ 1,610,733	\$ 1,412,106	\$ 198,627

August 31, 2019	Cost	Accumulated amortization	Net book value
Computer hardware	\$ 233,770	\$ 94,506	\$ 139,264
Office furniture and equipment	97,743	82,932	14,811
Leasehold improvement	1,091,673	1,067,848	23,825
Telecommunications equipment	110,560	110,560	-
Teleconferencing equipment	918,854	837,923	80,931
	\$ 2,452,600	\$ 2,193,769	\$ 258,831

Amortization for the year amounted to \$85,238 (2019 - \$93,284).

5. Intangible assets:

August 31, 2020	Cost	Accumulated amortization	Net book value
Computer software	\$ 253,905	\$ 190,429	\$ 63,476

August 31, 2019	Cost	Accumulated amortization	Net book value
Computer software	\$ 253,905	\$ 105,794	\$ 148,111

Amortization for the year amounted to \$84,635 (2019 - \$84,635).

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$55,439 (2019 - \$54,769).

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2020

7. Deferred contributions:

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

	2020	2019
Balance, beginning of year	\$ 3,068,928	\$ 2,447,577
Restricted contributions received during the year	4,650,655	5,167,735
Amounts spent and recognized as revenue	(4,849,630)	(4,546,384)
Balance, end of year	\$ 2,869,953	\$ 3,068,928

8. Net assets invested in tangible capital and intangible assets:

(a) Net assets invested in capital and intangible assets is calculated as follows:

	2020	2019
Tangible capital assets	\$ 198,627	\$ 258,831
Intangible assets	63,476	148,111
	\$ 262,103	\$ 406,942

(b) Changes in net assets invested in tangible capital and intangible assets is calculated as follows:

	2020	2019
Deficiency of revenue over expenses:		
Amortization of tangible capital and intangible assets	\$ (169,873)	\$ (177,223)
Loss on disposal of computer hardware	(35,551)	-
	(205,424)	(177,223)
Net changes in invested in tangible capital and intangible assets:		
Acquisition of tangible capital and intangible assets	60,585	131,195
Repayment of capital lease obligation	-	15,386
	60,585	146,581
	\$ (144,839)	\$ (30,642)

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2020

9. Commitments and contingencies:

The Foundation is committed pursuant to premise lease obligations for payments in the next four years, concluding November 2023, as follows:

2021	\$	706,688
2022		634,072
2023		634,697
2024		131,447
	\$	2,106,904

Certain of leases contain provisions which, at the discretion of the landlord, the Foundation may have an obligation to restore the facilities to their original condition at the end of the lease term. Based on the nature and extent of the leasehold improvements performed, Management does not believe there will be significant restoration costs incurred at the end of the lease. Accordingly, no asset retirement obligation has been recorded in the Foundation.

10. Contributions and Fundraising revenue:

Revenue recognition related to unrestricted contributions, recognition of restricted contributions, and fundraising events was originally received from the following major sources:

	2020	2019
Business and employee groups	\$ 912,489	\$ 908,314
Foundations	4,074,741	4,077,647
Individual donors	7,237,862	6,340,390
Other	529,737	549,708
	\$ 12,754,829	\$ 11,876,059

11. Allocated expenses:

Administrative costs were allocated to the program departments as follows:

	2020	2019
Science and Policy	\$ 459,718	\$ 386,402
B.C. and Western Canada	309,425	199,641
Ontario and Northern Canada	176,815	128,801
Quebec and Atlantic Canada	287,500	212,521
Communications, education and public engagement	761,364	550,495
	\$ 1,994,822	\$ 1,477,860

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2020

12. Fundraising and Donor relations expenses:

Fundraising and Donor relations expenses include \$244 (2019 - \$169,557) related to the cost of fundraising events.

13. 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:

	2020	2019
	(Unaudited)	(Unaudited)
Excess of revenue over expenses before distribution to the Foundation	\$ 124,578	\$ 12,684
Total assets	\$ 158,662	\$ 33,783
Total liabilities	158,662	33,783
Total net assets	\$ -	\$ -

DSF USA had the following transactions with the Foundation during the year ended August 31, 2020.

	2020	2019
Revenue received by Foundation from DSF USA (CDN \$)	\$ 124,578	\$ 12,684
Accounts receivable from DSF USA (CDN \$) at year-end	158,662	33,783

- (b) During the year, the Foundation paid \$79,535 (2019 - \$99,929) 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 staff resources for scheduling, liaison and other support services, and received \$25,538 (2019 - \$25,770) from New Data for the use of office space at the Foundation.
- (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 \$18,995 (2019 - \$12,421) for administrative support. At August 31, 2020, the Foundation's accounts receivable included \$43,910 (2019 - \$31,740) due from DSI.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2020

14. 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. 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. The Foundation assesses, on a continuous basis, accounts 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 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.

There has been no change in these risks over the prior year other than the pervasive impact of COVID-19 (note 18).

15. Credit facility:

The Foundation has an available credit facility of \$450,000, which bears interest at the Canadian prime rate plus 1.00%. The credit facility is secured by an assignment of investments and a general security agreement over assets held by the Foundation. The credit facility includes certain financial covenants. As at August 31, 2020, no amount was outstanding (2019 - nil).

16. Annual remuneration:

Remuneration of \$75,000 or more paid to the top ten employees and contractors for services totaled \$1,328,000 (2019 - \$1,319,000) for the year ended August 31, 2020. The Foundation did not pay any of its Directors remuneration for their services on the Board of Directors.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2020

17. Strategic investments:

In 2018, the Board approved strategic investments of up to \$1,830,000 over three years from the internally restricted endowment funds, for the purpose of investing in technologies, acquisitions and other operational efficiencies. During the year ended August 31, 2020, \$560,294 (2019 - \$394,925) had been spent on these initiatives and transferred from the internally restricted endowment funds to unrestricted.

18. COVID-19 and impact on operations:

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, operational and social dislocating impact.

The following budgetary and safety measures have been taken by the Foundation in respect to the COVID-19 pandemic:

- Safety measures have been put in place including office access and work from home protocols for staff;
- Planned events, activities and expenditures have been reviewed and cancelled or postponed where appropriate; and
- Staff positions were reduced resulting in some layoffs.

The pandemic presents uncertainty over the Foundation's future cash flows and may have an impact on the Foundation's future operations. Potential impacts on the Foundation's business could include future decreases in revenue, decrease to fair value of investments, recoverability of accounts receivable and impairment in the value of tangible capital assets and intangible assets. As the situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate of the financial effect on the Foundation is not practicable at this time.

Management will continue to monitor the on-going financial impact on its cash and budget forecasts and will adjust its operations as required to ensure it fulfills its obligations and continues its operations.

19. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.