

Financial Statements of

THE DAVID SUZUKI FOUNDATION

And Independent Auditor's Report thereon

Year ended August 31, 2022



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INDEPENDENT AUDITOR'S 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, 2022
- 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, 2022, 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Vancouver, Canada
December 21, 2022

THE DAVID SUZUKI FOUNDATION

Statement of Financial Position

August 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 5,821,290	\$ 6,200,842
Investments at fair value (note 3)	3,165,922	3,370,855
Accounts receivable (note 13(c))	451,679	354,048
Prepaid expenses	234,261	90,212
	<u>9,673,152</u>	<u>10,015,957</u>
Investments at fair value (note 3)	15,406,268	16,681,930
Tangible capital assets (note 4)	143,379	156,042
	<u>\$ 25,222,799</u>	<u>\$ 26,853,929</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 719,533	\$ 579,050
Deferred contributions (note 7)	1,335,672	2,274,858
	<u>2,055,205</u>	<u>2,853,908</u>
Net assets:		
Unrestricted	7,617,947	7,162,049
Internally restricted contingency reserve	-	500,000
Sgiing.ala fund	6,541,003	-
Invested in tangible capital and intangible assets (note 8(a))	143,379	156,042
Endowment:		
Externally restricted	8,865,265	9,267,589
Internally restricted	-	4,196,686
Net fair value adjustments	-	2,717,655
	<u>8,865,265</u>	<u>16,181,930</u>
	23,167,594	24,000,021
Commitments and contingencies (note 9)		
	<u>\$ 25,222,799</u>	<u>\$ 26,853,929</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

"Margot Young" Director

"Simone Sangster" Director

THE DAVID SUZUKI FOUNDATION

Statement of Operations

Year ended August 31, 2022, with comparative information for 2021

	2022	2021
Revenue (note 10):		
Recognition of restricted contributions (note 7)	\$ 4,187,988	\$ 4,024,299
Unrestricted contributions	9,461,213	9,140,927
Fundraising events (note 10)	28,500	767,466
Investment income	350,661	279,274
Other	81,806	36,974
	<u>14,110,168</u>	<u>14,248,940</u>
Expenses:		
Programs (note 11):		
Science and Policy	1,923,829	1,446,096
B.C. and Western Canada	2,170,526	1,564,033
Ontario and Northern Canada	908,857	1,073,522
Quebec and Atlantic Canada	1,591,214	1,282,894
Communication, Education and Public engagement	3,392,901	2,584,405
	<u>9,987,327</u>	<u>7,950,950</u>
Administration	1,133,407	905,154
Fundraising and Donor relations (note 12)	2,201,180	2,214,097
	<u>13,321,914</u>	<u>11,070,201</u>
Excess of revenue over expenses before realized and unrealized gains on endowment fund investments	788,254	3,178,739
Realized and unrealized gains (losses) on endowment fund investments	(1,650,681)	998,565
<u>Excess (deficiency) of revenue over expenses</u>	<u>\$ (862,427)</u>	<u>\$ 4,177,304</u>

See accompanying notes to financial statements.

THE DAVID SUZUKI FOUNDATION

Statement of Changes in Net Assets

Year ended August 31, 2022, with comparative information for 2021

Year ended August 31, 2022	Operating			Invested in tangible capital and intangible assets	Endowment			Total	2022 Total
	Unrestricted	Internally restricted contingency reserve	Sgiing.ala fund		Externally restricted	Internally restricted	Net fair value adjustments		
Net assets, beginning of year	\$ 7,162,049	\$ 500,000	\$ -	\$ 156,042	\$ 9,267,589	\$ 4,196,686	\$ 2,717,655	\$ 16,181,930	\$ 24,000,021
Investment in tangible capital and intangible assets (note 8(b))	(63,544)	-	-	63,544	-	-	-	-	-
Excess (deficiency) of revenue over expenses	(786,220)	-	-	(76,207)	-	-	-	-	(862,427)
Endowment contributions	-	-	-	-	30,000	-	-	30,000	30,000
Transfers:									
Internally restricted contingency reserve	500,000	(500,000)	-	-	-	-	-	-	-
Endowment transfers (note 2(b)(iv))	-	-	6,541,003	-	(432,324)	(3,391,024)	(2,717,655)	(6,541,003)	-
Strategic investments (note 17)	805,662	-	-	-	-	(805,662)	-	(805,662)	-
	1,305,662	(500,000)	6,541,003	-	(432,324)	(4,196,686)	(2,717,655)	(7,346,665)	-
Net assets, end of year	\$ 7,617,947	\$ -	\$ 6,541,003	\$ 143,379	\$ 8,865,265	\$ -	\$ -	\$ 8,865,265	\$ 23,167,594

Year ended August 31, 2021	Operating			Invested in tangible capital and intangible assets	Endowment			Total	2021 Total
	Unrestricted	Internally restricted contingency reserve	Sgiing.ala fund		Externally restricted	Internally restricted	Net fair value adjustments		
Net assets, beginning of year	\$ 3,658,162	\$ 500,000	\$ -	\$ 262,103	\$ 9,267,589	\$ 4,172,416	\$ 1,962,447	\$ 15,402,452	\$ 19,822,717
Investment in tangible capital and intangible assets (note 8(b))	(43,556)	-	-	43,556	-	-	-	-	-
Excess (deficiency) of revenue over expenses	4,326,921	-	-	(149,617)	-	-	-	-	4,177,304
Transfers:									
Endowment transfers (note 2(b)(iv))	(1,204,935)	-	-	-	-	449,727	755,208	1,204,935	-
Strategic investments (note 17)	425,457	-	-	-	-	(425,457)	-	(425,457)	-
	(779,478)	-	-	-	-	24,270	755,208	779,478	-
Net assets, end of year	\$ 7,162,049	\$ 500,000	\$ -	\$ 156,042	\$ 9,267,589	\$ 4,196,686	\$ 2,717,655	\$ 16,181,930	\$ 24,000,021

See accompanying notes to financial statements.

THE DAVID SUZUKI FOUNDATION

Statement of Cash Flows

Year ended August 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (862,427)	\$ 4,177,304
Items not involving cash:		
Amortization of tangible capital assets and intangible assets	76,207	149,617
Reinvested distribution	(252,851)	(182,876)
Realized and unrealized losses (gains) on investments	1,733,446	(1,038,163)
Changes in non-cash operating working capital:		
Accounts receivable	(97,631)	68,115
Prepaid expenses	(144,049)	(34,040)
Accounts payable and accrued liabilities	140,483	52,782
Deferred contributions	(939,186)	(595,095)
	(346,008)	2,597,644
Investments:		
Purchase of tangible capital assets	(63,544)	(43,556)
Financing:		
Receipt of endowment contributions	30,000	-
Increase (decrease) in cash	(379,552)	2,554,088
Cash, beginning of year	6,200,842	3,646,754
Cash, end of year	\$ 5,821,290	\$ 6,200,842

See accompanying notes to financial statements.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements

Year ended August 31, 2022

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 DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2022

2. Significant accounting policies (continued):

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

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 and are available to address both the operating requirements and contingency needs of the Foundation. During the year, the internally restricted contingency reserve of \$500,000 was transferred to unrestricted net assets.

(ii) Sgiing.ala fund:

The Sgiing.ala fund is an internally restricted board designated fund designed to support the Foundation's mission. Transfers made to or from the Sgiing.ala fund are in accordance with the Board direction as approved during the annual budget process and are as described in the *Financial Management Policy*. During the year, the transfers into the Sgiing.ala fund totaled \$6,541,003 from the endowment fund.

(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.

Transfers made to the externally restricted endowment fund are in accordance with the *Endowment Funds Expenditure Policy* and includes realized capital gains on certain endowments. During the year, endowment transfers of \$6,541,003, including \$432,324 in amounts that were determined to be unrestricted and having been previously classified as externally restricted, were made to the Sgiing.ala fund. Additionally, \$805,662 from the internally restricted endowment fund were transferred to strategic 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, 2022

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 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.

(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.

(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.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2022

2. Significant accounting policies (continued):

(f) Financial instruments (continued):

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, 2022.

(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) Measurement uncertainty:

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. Areas of Management estimate include the determination of useful lives of tangible capital and intangible assets for amortization and valuation of accounts receivable and investments. 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 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.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2022

2. Significant accounting policies (continued):

(i) Asset retirement obligation (continued):

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 Sgiing.ala fund. 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:

	2022	2021
Equity funds	\$ 6,070,680	\$ 6,915,007
Bond funds	5,028,208	5,651,102
Treasury bills, cash and equivalents	7,473,302	7,486,676
	18,572,190	20,052,785
Current portion	3,165,922	3,370,855
Long-term portion	\$ 15,406,268	\$ 16,681,930

4. Tangible capital assets:

August 31, 2022	Cost	Accumulated amortization	Net book value
Computer hardware	\$ 314,695	\$ 200,669	\$ 114,026
Office furniture and equipment	28,630	19,745	8,885
Leasehold improvement	1,091,673	1,091,673	-
Telecommunications equipment	151,496	131,028	20,468
	\$ 1,586,494	\$ 1,443,115	\$ 143,379

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2022

4. Tangible capital assets (continued):

August 31, 2021	Cost	Accumulated amortization	Net book value
Computer hardware	\$ 296,835	\$ 179,344	\$ 117,491
Office furniture and equipment	27,283	17,388	9,895
Leasehold improvement	1,091,673	1,091,673	-
Telecommunications equipment	151,496	122,840	28,656
	\$ 1,567,287	\$ 1,411,245	\$ 156,042

Amortization for the year amounted to \$76,207 (2021 - \$86,141).

5. Intangible assets:

August 31, 2022	Cost	Accumulated amortization	Net book value
Computer software	\$ 253,904	\$ 253,904	\$ -

August 31, 2021	Cost	Accumulated amortization	Net book value
Computer software	\$ 253,904	\$ 253,904	\$ -

Amortization for the year amounted to nil (2021 - \$63,476).

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$14,231 (2021 - \$29,500).

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:

	2022	2021
Balance, beginning of year	\$ 2,274,858	\$ 2,869,953
Restricted contributions received during the year	3,248,802	3,429,204
Amounts spent and recognized as revenue	(4,187,988)	(4,024,299)
Balance, end of year	\$ 1,335,672	\$ 2,274,858

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2022

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

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

	2022	2021
Tangible capital assets	\$ 143,378	\$ 156,042
Intangible assets	-	-
	\$ 143,378	\$ 156,042

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

	2022	2021
Deficiency of revenue over expenses:		
Amortization of tangible capital and intangible assets	\$ (76,207)	\$ (149,617)
Net changes in invested in tangible capital and intangible assets:		
Acquisition of tangible capital and intangible assets	63,544	43,556
	\$ (12,663)	\$ (106,061)

9. Commitments and contingencies:

The Foundation is committed pursuant to premise lease obligations for payments in the next three years, concluding November 2025, as follows:

2023	\$ 723,311	\$ 726,163
2024	287,349	132,239
2025	98,884	-
	\$ 1,109,544	\$ 1,582,948

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.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2022

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:

	2022	2021
Business and employee groups	\$ 693,703	\$ 1,110,453
Foundations	3,886,042	3,902,935
Individual donors	8,576,731	8,615,136
Other	521,225	304,168
	<u>\$ 13,677,701</u>	<u>\$ 13,932,692</u>

11. Allocated expenses:

Administrative costs were allocated to the program departments as follows:

	2022	2021
Science and Policy	\$ 380,977	\$ 320,285
B.C. and Western Canada	409,551	276,768
Ontario and Northern Canada	114,293	174,068
Quebec and Atlantic Canada	371,453	283,035
Communications, education, and public engagement	837,388	625,949
	<u>\$ 2,113,662</u>	<u>\$ 1,680,105</u>

12. Fundraising and Donor relations expenses:

Fundraising and Donor relations expenses include \$12,978 (2021 - \$70,384) 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.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2022

13. Related organizations (continued):

(a) (continued):

Summarized financial information of DSF USA is as follows:

	2022	2021
	(Unaudited)	(Unaudited)
Excess of revenue over expenses before distribution to the Foundation	\$ 54,424	\$ 10,516
Total assets	\$ 228,795	\$ 169,390
Total liabilities	228,795	169,390
Total net assets	\$ -	\$ -

DSF USA had the following transactions with the Foundation during the year ended August 31, 2022.

	2022	2021
Revenue received by Foundation from DSF USA (CDN \$)	\$ 54,424	\$ 10,516
Accounts receivable from DSF USA (CDN \$) at year-end	228,795	169,390

- (b) During the year, the Foundation paid \$71,521 (2021 - \$84,051) 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 \$27,198 (2021 - \$24,606) from New Data for the use of office space at the Foundation.
- (c) The David Suzuki Institute/Institut David Suzuki ("DSI"), a not-for-profit corporation, is related to the Foundation by virtue of a Board member in common. During the year, the Foundation did not provide administrative support to DSI (2021 - \$4,134). The provision of such services ended on March 1, 2021. At August 31, 2022, the Foundation's accounts receivable included nil (2021 - \$19,675) due from DSI.

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.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2022

14. Financial risks (continued):

(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 have been no significant changes in risk exposure from the prior year.

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, 2022, no amount was outstanding (2021 - nil).

16. Annual remuneration:

Remuneration of \$75,000 or more paid to the top ten employees and contractors for services totaled \$1,810,921 (2021 - \$1,194,423) for the year ended August 31, 2022. The Foundation did not pay any of its Directors remuneration for their services on the Board of Directors.

17. Strategic investments:

In 2018, the Board approved strategic investments of up to \$1,830,000 over 3-years from the internally restricted endowment funds, for the purpose of investing in technologies, acquisitions, and other operational efficiencies. In 2020, the Board approved strategic investments of up to \$2,000,000 for the purpose of investing in projects related to the Foundation's Rewilding Communities, Wellbeing Economies and Empowering People in Place programs. During the year ended August 31, 2022, \$805,662 (2021 - \$425,458) had been spent on these initiatives and transferred from the internally restricted endowment funds to unrestricted.