

Financial Statements of

THE DAVID SUZUKI FOUNDATION

Year ended August 31, 2015



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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, 2015, the statements of operations, changes in net assets and cash flows for the year ended August 31, 2015, 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, 2015 and its results of operations and its cash flows for the year ended August 31, 2015 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 15, 2015

Burnaby, Canada

THE DAVID SUZUKI FOUNDATION

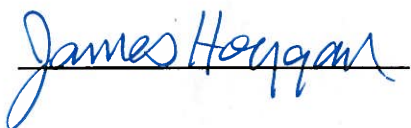
Statement of Financial Position

August 31, 2015, with comparative information for 2014

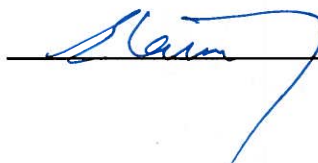
	2015	2014
Assets		
Current assets:		
Cash	\$ 565,769	\$ 443,398
Short-term investments (note 3)	1,766,297	611,773
Accounts receivable (note 9)	299,380	637,372
Prepaid expenses	111,727	147,751
Note receivable (note 11)	30,000	25,603
	2,773,173	1,865,897
Note receivable (note 11)	60,000	99,157
Investments (note 3)	14,344,547	13,395,114
Capital assets (note 4(a))	570,290	838,686
	\$ 17,748,010	\$ 16,198,854
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 12)	\$ 811,468	\$ 890,962
Deferred contributions (note 5)	1,706,272	1,548,932
	2,517,740	2,439,894
Deferred capital contributions (note 4(b))	-	81,923
Net assets:		
Unrestricted	315,433	(474,840)
Internally restricted contingency reserve	5,000	5,000
Invested in capital assets (note 4(c))	570,290	756,763
Endowment:		
Externally restricted	9,043,589	9,013,589
Internally restricted	3,539,167	2,910,642
Net fair value adjustments	1,756,791	1,465,883
	14,339,547	13,390,114
	15,230,270	13,677,037
Commitments (note 8)		
	\$ 17,748,010	\$ 16,198,854

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, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Recognition of restricted contributions (notes 5 and 14)	\$ 3,744,886	\$ 3,420,664
Unrestricted contributions (note 14)	5,774,348	5,356,195
Fundraising events (note 14)	1,919,557	17,640
Investment income	408,470	329,143
Amortization of deferred capital contributions (note 4(d))	81,923	128,010
Other	32,052	57,797
	<u>11,961,236</u>	<u>9,309,449</u>
Expenses:		
Programs (note 10):		
Science & Policy	1,270,433	1,136,291
B.C. & Western Canada	1,071,641	975,733
Ontario & Northern Canada	875,466	846,523
Quebec & Atlantic Canada	970,070	1,054,868
Program management	75,151	55,554
Communication, Education & Public engagement (note 6)	3,809,723	2,650,340
	<u>8,072,484</u>	<u>6,719,309</u>
Administration	489,950	443,299
Fundraising & Donor relations (note 7)	2,607,606	2,072,044
	<u>11,170,040</u>	<u>9,234,652</u>
Excess of revenue over expenses before realized and unrealized gains on endowment fund investments	791,196	74,797
Realized and unrealized gains on endowment fund investments	762,037	1,465,883
Excess of revenue over expenses	<u>\$ 1,553,233</u>	<u>\$ 1,540,680</u>

See accompanying notes to financial statements.

THE DAVID SUZUKI FOUNDATION

Statement of Changes in Net Assets

Year ended August 31, 2015	Operating		Invested in capital assets (note 4(c))	Endowment				2015 Totals
	Unrestricted	Internally restricted contingency reserve	Total	Externally restricted	Internally restricted	Net fair value adjustments	Total	
Net assets (deficit), beginning of year	\$ (474,840)	\$ 5,000	\$ (469,840)	\$ 9,013,589	\$ 2,910,642	\$ 1,465,883	\$ 13,390,114	\$ 13,677,037
Investment in capital assets	(29,284)	-	(29,284)	-	-	-	-	-
Excess (deficiency) of revenue over expenses	1,768,990	-	1,768,990	-	-	-	-	1,553,233
Endowment contributions	(30,000)	-	(30,000)	30,000	-	-	30,000	-
Transfers	(919,433)	-	(919,433)	-	628,525	290,908	919,433	-
Net assets (deficit), end of year	\$ 315,433	\$ 5,000	\$ 320,433	\$ 9,043,589	\$ 3,539,167	\$ 1,756,791	\$ 14,339,547	\$ 15,230,270
Year ended August 31, 2014	Operating		Invested in capital assets (note 4(c))	Endowment				2014 Totals
	Unrestricted	Internally restricted contingency reserve	Total	Externally restricted	Internally restricted	Net fair value adjustments	Total	
Net assets (deficit), beginning of year	\$ (85,800)	\$ 5,000	\$ (80,800)	\$ 8,163,589	\$ 2,422,970	\$ -	\$ 10,586,559	\$ 11,286,357
Investment in capital assets	(218,982)	-	(218,982)	-	-	-	-	-
Excess (deficiency) of revenue over expenses	1,783,497	-	1,783,497	-	-	-	-	1,540,680
Endowment contributions	-	-	-	850,000	-	-	850,000	850,000
Transfers	(1,953,555)	-	(1,953,555)	-	487,672	1,465,883	1,953,555	-
Net assets (deficit), end of year	\$ (474,840)	\$ 5,000	\$ (469,840)	\$ 9,013,589	\$ 2,910,642	\$ 1,465,883	\$ 13,390,114	\$ 13,677,037

See accompanying notes to financial statements.

THE DAVID SUZUKI FOUNDATION

Statement of Cash Flows

Year ended August 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	\$ 1,553,233	\$ 1,540,680
Items not involving cash:		
Amortization of capital assets	297,680	356,721
Amortization of deferred capital contributions	(81,923)	(128,010)
Write-off of leasehold improvements	-	14,106
Reinvested distributions	(316,920)	(318,851)
Realized and unrealized gains on endowment fund investments	(762,037)	(1,465,883)
Changes in non-cash operating working capital:		
Accounts receivable	337,992	(344,400)
Prepaid expenses	36,024	(58,305)
Note receivable	34,760	25,240
Accounts payable and accrued liabilities	(79,494)	131,353
Deferred contributions	157,340	624,263
	1,176,655	376,914
Investments:		
Purchase of capital assets	(29,284)	(218,058)
Acquisition of investments	(2,682,888)	(3,688,906)
Redemption of investments	1,657,888	3,013,896
	(1,054,284)	(893,068)
Financing:		
Receipt of endowment contributions	-	850,000
Repayment of capital lease obligations	-	(924)
	-	849,076
Increase in cash	122,371	332,922
Cash, beginning of year	443,398	110,476
Cash, end of year	\$ 565,769	\$ 443,398

See accompanying notes to financial statements.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements

Year ended August 31, 2015

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, 2015

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, has internally restricted by transfer to the fund. The internally restricted endowment funds can, at the discretion of the Board, be used to fund the operations of the Foundation.

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, 2015

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, 2015.

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, 2015

3. Investments (continued):

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

	2015	2014
Equity funds	\$ 7,245,991	\$ 6,993,535
Bond funds	6,992,273	6,319,283
Treasury bills, cash and equivalents	1,872,580	694,069
	16,110,844	14,006,887
Current portion	1,766,297	611,773
Non-current portion	\$ 14,344,547	\$ 13,395,114

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:

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

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

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2015

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

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

	2015	2014
Balance, beginning of year	\$ 81,923	\$ 209,933
Amount amortized to revenue in the year	(81,923)	(128,010)
Balance, end of year	\$ -	\$ 81,923

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

	2015	2014
Capital assets	\$ 570,290	\$ 838,686
Amounts financed by capital contributions	-	(81,923)
	\$ 570,290	\$ 756,763

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

	2015	2014
Deficiency of revenue over expenses:		
Amortization of capital assets	\$ (297,680)	\$ (356,721)
Write-off of leasehold improvement	-	(14,106)
Amortization of deferred capital contributions	81,923	128,010
	(215,757)	(242,817)
Net change in invested in capital assets:		
Acquisition of capital assets	29,284	218,058
Repayment of capital lease obligation	-	924
	29,284	218,982
	\$ (186,473)	\$ (23,835)

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:

	2015	2014
Balance, beginning of year	\$ 1,548,932	\$ 924,669
Restricted contributions received during the year	3,902,226	4,044,927
Amounts spent and recognized as revenue	(3,744,886)	(3,420,664)
Balance, end of year	\$ 1,706,272	\$ 1,548,932

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2015

6. Communication, Education and Public engagement expenses:

Communication, Education and Public engagement expenses include \$1,378,180 (2014 - \$473,798) related to the Blue Dot Tour for environmental rights.

7. Fundraising and Donor relations expenses:

Fundraising and Donor relations expenses include \$357,463 (2014 - \$43,877) related to fundraising events associated with the Blue Dot Tour for environmental rights.

8. Commitments:

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

2016	\$	586,628
2017		594,401
2018		595,108
2019		188,205
2020		82,805
		<hr/>
		\$ 2,047,147

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:

	2015	2014
Excess of revenue over expenses before distribution to the Foundation	\$ 5,106	\$ 17,942
Total assets	\$ 12,803	\$ 58,261
Total liabilities	12,803	58,261
Total net assets	\$ -	\$ -

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2015

9. Related organizations (continued):

(a) (continued):

DSF USA had the following transactions with the Foundation during the year ended August 31, 2015.

	2015	2014
Revenue received by Foundation from DSF USA (CDN \$)	\$ 5,106	\$ 17,942
Accounts receivable from DSF USA (CDN \$) at year end	12,803	58,261

(b) During the year, the Foundation paid \$66,010 (2014 - \$56,580) 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 \$12,721 (2014 - \$12,512) from New Data for the use of office space at the Foundation. At August 31, 2015, the Foundation's accounts receivable included \$54 (2014 - \$482) 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 \$5,565 (2014 - \$10,793) for administrative support. At August 31, 2015, the Foundation's accounts receivable included \$5,585 (2014 - \$228,593) due from DSI.

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:

	2015	2014
Science & Policy	\$ 205,779	\$ 185,274
B.C. & Western Canada	142,086	111,164
Ontario & Northern Canada	109,749	99,121
Quebec & Atlantic Canada	137,186	165,820
Communications, Education & Public engagement	480,152	360,913
Total	\$ 1,074,952	\$ 922,292

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 on certain assets of the third party.

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2015

12. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of nil (2014 - \$321).

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 2014 and the Foundation believes that it is not exposed to material liquidity risks.

(b) Credit risk:

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

(c) Financial and market risks:

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

THE DAVID SUZUKI FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2015

14. Revenue by source:

Unrestricted contributions, recognition of restricted contributions, and fundraising event revenue totaled \$11,438,791 for the year ended August 31, 2015 (2014 - \$8,794,499). Revenue recognized was originally received from the following major sources:

	2015	2014
Business and employee groups	\$ 1,503,688	\$ 855,139
Foundations	3,057,634	3,053,268
Individual donors	6,779,929	4,793,436
Other	97,540	92,656
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	\$ 11,438,791	\$ 8,794,499

15. Comparative information:

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