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INDEPENDENT AUDITOR'S REPORT

To the Members of Pacific Salmon Foundation

Report on the Financial

Opinion

We have audited the financial statements of Pacific Salmon Foundation (the foundation), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, changes in net assets, comprehensive income and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the foundation as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 report. We are independent of the foundation in accordance with 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 ASNPO, 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.



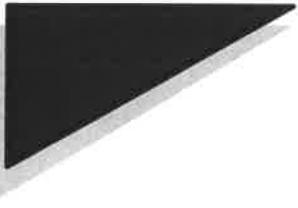
INDEPENDENT AUDITOR'S REPORT *(continued)*

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 these 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 disclosures 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 manner that achieves fair presentation.



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INDEPENDENT AUDITOR'S REPORT *(continued)*

We 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.

Vancouver, BC
April 28, 2022

Vohora LLP
Chartered Professional Accountants

PACIFIC SALMON FOUNDATION
STATEMENT OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

AS AT DECEMBER 31

	2021	2020
ASSETS		
Current		
Cash and cash equivalents	1,182,896	1,146,503
Term deposits	84,813	84,130
Restricted project cash (Note 3)	6,640,442	7,536,579
Accounts receivable (Note 4)	981,092	684,182
Inventory	11,390	12,179
Prepaid expenses and other	74,203	50,444
	8,974,836	9,514,017
Property and equipment, net (Note 5)	160,748	150,298
	9,135,584	9,664,315
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	311,509	176,209
Project awards payable (Note 7)	928,506	927,127
Capital lease obligations, current portion (Note 8)	3,845	3,721
Deferred revenue (Note 9)	6,587,465	7,267,645
	7,831,325	8,374,702
Capital lease obligations (Note 8)	3,639	7,483
	7,834,964	8,382,185
NET ASSETS		
Unrestricted net assets	1,186,361	1,147,871
Net assets reserved for specific purpose (Note 16)	114,259	134,259
	9,135,584	9,664,315

DESCRIPTION AND CONTINUANCE OF OPERATIONS (Note 1)
 COMMITMENTS (Note 10)

On behalf of the Board:

Director

Director

PACIFIC SALMON FOUNDATION
STATEMENT OF OPERATIONS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31

	2021	2020
Revenues		
Corporate and individual contributions (<i>Note 11</i>)	4,441,933	4,301,496
Government contributions (<i>Note 12</i>)	5,494,564	4,555,083
Fund raising events revenue	394,275	581,617
Program management fees	643,955	366,163
Interest income	30,094	78,568
Other	18,885	13,672
	11,023,706	9,896,599
Expenses		
Program expenditures and other partnership projects (<i>Note 9</i>)	6,854,051	5,578,354
CSP project awards (<i>Note 9</i>)	1,595,776	1,765,443
Capacity development (<i>Note 17</i>)	1,565,223	1,504,561
Fund raising events costs	237,699	330,958
General and administrative (<i>Note 17</i>)	673,508	622,528
Artist awards	10,957	13,507
	10,937,214	9,815,351
Excess of revenue over expenses for the year before amortization of capital assets and utilization of internally restricted net assets	86,492	81,248
Amortization of property and equipment	(48,002)	(46,271)
Excess of revenues over expenses for the year	38,490	34,977

PACIFIC SALMON FOUNDATION
STATEMENT OF CHANGE IN NET ASSETS

(Expressed in Canadian Dollars)
 FOR THE YEARS ENDED DECEMBER 31

	2021	2020
Unrestricted net assets, beginning of year	1,147,871	1,112,894
Excess of revenue over expenses for the year	38,490	34,977
Reserved for specific projects	-	-
Unrestricted net assets, end of year	1,186,361	1,147,871
Internally restricted net assets, beginning of year		
Partnered Initiative Project	60,000	60,000
PSF Community Fund	74,259	74,259
	134,259	134,259
Expenditures during the year		
Partnered Initiative Project	(20,000)	-
PSF Community Fund	-	-
	(20,000)	-
Internally restricted net assets, end of year		
Partnered Initiative Project	40,000	60,000
PSF Community Fund	74,259	74,259
Internally restricted net assets, end of year	114,259	134,259

PACIFIC SALMON FOUNDATION
STATEMENT OF CASH FLOW

(Expressed in Canadian Dollars)
 FOR THE YEARS ENDED DECEMBER 31

	2021	2020
Operating activities		
Excess of revenue over expenses	38,490	34,977
Add items not affecting cash		
Amortization of property and equipment	48,002	46,271
Net change in non-cash working capital		
Accounts receivable	(296,910)	(52,711)
Inventory	788	(1,684)
Prepaid expenses and other	(23,759)	690
Accounts payable and accrued liabilities	135,300	62,515
Project awards payable	1,379	162,341
Deferred revenue	(680,180)	(42,729)
Change in net assets reserved for specific purposes	(20,000)	-
Cash flows used in operating activities	(796,890)	209,670
Investing activities		
Purchase of property and equipment	(58,452)	(38,205)
Repayment of capital lease obligation	(3,720)	(3,601)
Cash flow used in investing activities	(62,172)	(41,806)
Net increase in cash and cash equivalents during the year	(859,062)	167,864
Cash and cash equivalents, beginning of year	8,767,212	8,599,348
Cash and cash equivalents, end of year	7,908,151	8,767,212
Cash and cash equivalents, end of year		
Unrestricted cash and cash equivalents	1,182,896	1,146,503
Term Deposits	84,813	84,130
Restricted project cash	6,640,442	7,536,579
	7,908,151	8,767,212

PACIFIC SALMON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

1. DESCRIPTION AND CONTINUANCE OF OPERATIONS

The Pacific Salmon Foundation [the "Foundation"] is a not-for-profit, charitable organization incorporated under the Canada Not-For-Profit Corporations Act dedicated to promoting the conservation, restoration and enhancement of wild Pacific salmon for the benefit of present and future generations. As a registered charity under the Income Tax Act, the Foundation is exempt from tax on its income.

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance. As a result, we are unable to estimate the potential impact on the foundation's operations as at the date of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations on a going concern basis, which assumes that the Foundation will be able to discharge its liabilities in the normal course of business.

The following is a summary of significant accounting policies used in the preparation of these financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period.

Actual results could differ from these estimates.

Significant financial statement items that require the use of estimates are accounts receivable, accounts payables and accrued liabilities, project awards payable and amortization of property and equipment.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government grant contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to property and equipment are recognized as revenue in the year in which the related property and equipment is amortized. Unamortized property and equipment contributions are deferred.

**PACIFIC SALMON FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program management fees are primarily recognized as revenue when the services are provided or according to the specific terms and conditions of funding agreements. In limited instances program management fees are recognized on receipt of contributions.

Fundraising event revenue is recognized when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Project awards payable

Project awards are recorded as an expense when the funding has been approved by the Board of Directors. Awards are considered cancelled when recipients fail to meet certain specified conditions and are recorded as a reduction in award expenses when there is assurance the amount will be recovered or not paid.

Inventory

Inventory is valued at the lower of cost and net realizable value.

Cash and cash equivalents

The Foundation's policy is to present bank balances under cash and cash equivalents, including term deposits with a maturity period of three months or less from the date of acquisition. Bank balances and term deposits that the Foundation cannot use for general operations, because they are restricted for specific projects, are excluded from cash and cash equivalents.

Property and equipment

Property and equipment are recorded at cost, less accumulated amortization. Amortization is provided over the estimated useful life of the various assets at the following annual rates and methods:

Copier	5 years straight-line
Furniture and fixtures	20% declining balance
Computer equipment	30% declining balance
Leasehold improvement	term of the lease

Government assistance

Amounts receivable resulting from government assistance are recognized where there is reasonable assurance that:

- The company has complied and will continue to comply with all of the conditions;
- Amount of government assistance will be received; and
- Amounts can be reasonably estimated.

When the government assistance relates to an expense item, the expenses are shown as net of the assistance provided.

PACIFIC SALMON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

Leases are classified as either capital leases or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership of assets are accounted for as if there was an acquisition of an asset and incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

Donations in-kind

The Foundation receives donations-in-kind from members and from the community. Donations-in-kind are recorded in the financial statements when their fair value is reasonably determinable.

Contributed services

Volunteers contributed many hours during the year to assist the Foundation in carrying out its activities and participating on advisory boards and committees. Contributed services are not recognized in the financial statements as they are impractical to record and value.

Financial instruments

Measurement of financial instruments

Financial instruments are recorded at fair value when acquired or issued and are reported at amortized cost.

Financial assets measured at fair value include cash and cash equivalents, terms deposits and restricted project cash.

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, project awards payable and capital lease obligations.

Impairment

Financial assets measured at amortized cost are measured for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. Previously recognized impairment losses may be reversed to the extent of the impairment, directly or by adjusting an allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Transaction costs

The Foundation recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

**PACIFIC SALMON FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

3. RESTRICTED PROJECT CASH

Restricted project cash of \$6,640,442 [2020 - \$7,536,579] consist of cash subject to restrictions that are reserved for specific projects and which have not been disbursed or awarded as at year end. These funds cannot be used to fund the general operations of the Foundation.

	2021	2020
Project awards payable (Note 7)	928,506	927,127
Deferred revenue (Note 9)	6,587,465	7,267,645
Less: Restricted accounts receivable (Note 4)	(875,529)	(658,194)
	6,640,442	7,536,579

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2021	2020
Outstanding GST rebates	15,998	10,814
Other Operating Receivables	89,565	-
Outstanding grants and awards receivables	875,529	673,368
	981,092	684,182

The 2021 balance is comprised of operating accounts receivable of \$105,563 [2020 - \$25,988] and restricted accounts receivable of \$875,529 [2020 - \$658,194].

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2021	Net Book Value 2020
Copier	20,270	11,622	8,648	11,891
Computer equipment	501,560	393,917	107,643	83,296
Furniture and fixtures	129,224	84,769	44,457	55,111
Leasehold improvement	44,479	44,479	-	-
	695,533	534,787	160,748	150,298

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable consists of the following:

	2021	2020
Trade accounts payables	135,366	155,633
Wages payable	152,760	-
Vacation payable	22,088	19,587
WorkSafeBC payable	1,295	988
	311,509	176,209

PACIFIC SALMON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

7. PROJECT AWARDS PAYABLE

Project awards payable of \$928,506 [2020 – \$927,127] represents amounts committed to specific restricted programs or projects which have not been disbursed as at year end.

8. CAPITAL LEASE OBLIGATIONS

The Foundation entered into an agreement to acquire office equipment which has been financed by a capital lease. The obligation under the capital lease represents the minimum lease payments payable net of imputed interest at an average rate of 3.34%.

The Foundation's capital lease obligations are as follows:

	2021	2020
Future minimum lease payments	7,732	11,766
Less portion representing interest to be recorded over the remaining term of the lease	248	562
	7,484	11,204
Less current portion	3,845	3,721
Long term portion	3,639	7,483

Future minimum annual lease payments payable under the capital lease are as follows:

2022	4,034
2023	3,698
Total	7,732

PACIFIC SALMON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

9. DEFERRED REVENUE

Deferred revenue consists primarily of contributions restricted for specific projects and will be recognized as revenue when the related expenses are incurred. All deferred revenue relates to deferrals of restricted award amounts.

Deferred revenue consists of the following:

By Funding Source	Opening	Amount		Administrative Fees	Ending
	Balance	Amount	Recognized		Balance
	January 1,	Collected /	before		December 31,
	2021	Transferred	Fees [i]	Fees	2021
Governments	3,752,946	5,122,692	5,494,564	478,684	2,902,390
Corporations	2,370,997	1,294,266	1,483,778	106,128	2,075,357
Pacific Salmon Endowment Fund Society	434,448	749,204	103,091	-	1,080,561
Non-governmental organizations	598,673	1,017,990	1,069,219	36,500	510,944
Individuals	110,581	229,450	299,175	22,643	18,213
	7,267,645	8,413,602	8,449,827	643,955	6,587,465

By Activity	Opening	Amount		Administrative Fees	Ending
	Balance	Amount	Recognized		Balance
	January 1,	Collected /	before		December 31,
	2021	Transferred	Fees [i]	Fees	2021
Provincial Portfolio	3,714,436	(1,982,712)	201,873	82,850	1,447,001
Marine Science Program	786,437	4,666,803	3,938,938	210,596	1,303,706
Climate Adaptation Program	374,177	1,735,891	823,907	55,982	1,230,179
Rivers Inlet	821,426	612,487	486,813	61,149	885,951
Other Programs	532,573	222,147	82,218	-	672,502
Stewardship Community Bursary	440,116	1,911	14,500	-	427,527
High Seas Expedition	195,733	394,676	284,176	-	306,233
Salmon Watersheds Program	218,102	1,117,806	1,021,627	42,538	271,743
Community Salmon Program	184,645	1,644,593	1,595,775	190,840	42,623
Sub-total Activities	7,267,645	8,413,602	8,449,827	643,955	6,587,465
Operations	-	-	-	-	-
Grand-total	7,267,645	8,413,602	8,449,827	643,955	6,587,465

[i] Amounts recognized during the year were utilized within the following portfolios of activity and supported by the following funding sources:

Activity / Funder	Pacific Salmon	Non-	Governments	Corporations	Individuals	Total
	Endowment	governmental				
	Fund Society	organizations				
Marine Science Program	-	413,449	2,743,416	567,685	214,388	3,938,938
Community Salmon Program	-	130,063	1,036,811	413,155	15,746	1,595,775
Salmon Watersheds Program	10,554	335,464	638,557	37,052	-	1,021,627
Climate Adaptation	-	(717)	823,907	717	-	823,907
Rivers Inlet	-	7,200	-	412,484	67,129	486,813
High Seas Expedition	30,491	188,685	50,000	15,000	-	284,176
Provincial Portfolio	-	-	201,873	-	-	201,873
Other Programs	62,047	(4,925)	-	25,096	-	82,218
Stewardship Community Bursary	-	-	-	12,588	1,912	14,500
Sub-total Activities	103,092	1,069,219	5,494,564	1,483,777	299,175	8,449,827
Operations	-	-	-	-	-	-
	103,092	1,069,219	5,494,564	1,483,777	299,175	8,449,827

PACIFIC SALMON FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

9. DEFERRED REVENUE *(continued)*

Marine Science Program – The Foundation has designed the Marine Science Program to focus on ecosystem research and habitat restoration intended to increase the production of Chinook, Coho and Steelhead in the Salish Sea (Strait of Georgia, Strait of Juan de Fuca and Puget Sound) and other marine environments.

Community Salmon Program – The Foundation's Community Salmon Program is a grant-making program that supports volunteer and community-driven organizations that undertake salmon conservation and restoration projects in British Columbia and the Yukon. The majority of these funds are proceeds generated through sales of the Salmon Conservation Stamp through Fisheries and Oceans Canada (DFO).

Salmon Watersheds Program – The Foundation's Salmon Watersheds Program is working to help foster healthy, diverse and abundant wild salmon populations in B.C. Watersheds. The Salmon Watersheds Program's current focus is to help implement Fisheries and Oceans Canada's Wild Salmon Policy ("the WSP") in B.C. Watershed. The Policy is a key tool for facilitating salmon conservation in British Columbia. Activities specifically support the technical aspects of salmon conservation and management. The manner in which these aspects are understood and put into action will affect the environmental, cultural, and economic benefits of salmon to the communities of B.C. and beyond.

High Seas Expedition – The expedition was the Signature Project of the International Year of the Salmon, a 5-year initiative to establish the conditions for resilience for salmon and people. Led by the North Pacific Anadromous Fish Commission, the partnership included the North Atlantic Salmon Conservation Organization (NASCO), and a number of NGO's, private sector, government and academic organizations. The Pacific Salmon Foundation assisted with fundraising and technical capacity for the first two years of the project.

Rivers Inlet – In April 2017, the Foundation entered into a 5-year agreement to manage and operate the Wuikinuxv Hatchery (the Percy Walkus Hatchery) in Rivers Inlet, B.C., which involves two primary tasks: hatchery operations and evaluation, and delivery of annual salmon assessment and monitoring projects. The hatchery is owned and staffed by the Wuikinuxv Nation who is responsible for day-to-day operations while the Hatchery Management Committee (HMC) oversees the defining annual priorities, preparing annual hatchery budgets and working with DFO where required.

Provincial Portfolio – In April 2019, the Foundation received a \$5,000,000 donation from the British Columbia Provincial Government in support of salmon enhancement and habitat restoration. These deferred contributions provide support for various programmatic activities within the Foundation. Upon approval from the Board of Director's deferred contributions are either transferred out to other programmatic areas or expensed within the Provincial Portfolio.

Other – The Foundation engages in a variety of other activities including monitoring projects, training programs, and other salmon related projects. Full details can be found on the Foundation's website at www.psf.ca.

Stewardship Community Bursary – The Pacific Salmon Foundation Stewardship Community Bursaries are awarded to students in British Columbia and the Yukon who are dedicated to the conservation and restoration of Pacific salmon and their habitat.

PACIFIC SALMON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

10. COMMITMENTS

The Foundation has operating leases for premises and equipment. The future obligations under these leases is as follows:

2022	233,065
2023	89,068
	322,134

11. CORPORATE AND INDIVIDUAL CONTRIBUTIONS

Corporate and individual contributions consist of the following:

	2021	2020
Corporations	1,546,679	1,173,784
Pacific Salmon Endowment Fund Society (Note 13)	1,303,091	1,934,687
Non-governmental organizations	1,146,681	904,854
Individuals	445,482	288,171
	4,441,933	4,301,496

12. GOVERNMENT CONTRIBUTIONS

The Foundation received contributions from various government agencies to apply towards enhancement projects, as follows.

	2021	2020
Fisheries and Oceans Canada BC Salmon Restoration & Innovation Fund [i]	3,381,127	1,991,463
Fisheries and Oceans Canada Community Salmon Program contribution agreement [ii]	1,036,811	1,290,764
Province of British Columbia [iii]	320,138	918,540
Fisheries and Oceans Canada Coastal Restoration Fund contribution agreement	-	217,246
Other Federal, Provincial & Municipal Governments	756,487	137,070
Total government contributions	5,494,564	4,555,083

[i] Beginning in September 2019 and continuing throughout 2021 the Foundation entered into multi-year contribution agreements with Fisheries and Oceans Canada including support for the high seas expedition, a hatchery effectiveness review, development of machine learning algorithms for automated stock identification, a bottlenecks study focused on in-river stock enumeration, an upgrade to the power and water supply systems at the Percy Walkus Hatchery, further development of the Pacific Salmon Explorer, and climate adaptability for salmon. A summary of expenses and administrative fees follows:

BCSRIF Agreement	FY 2021			FY 2020		
	Expenses	Admin Fees	Total	Expenses	Admin Fees	Total
Bottlenecks	1,741,607	83,041	1,824,648	650,267	29,130	679,397
High Seas Expedition	-	-	-	650,000	-	650,000
Rivers Inlet	-	-	-	336,895	-	336,895
Hatchery Effectiveness	366,029	37,277	403,306	292,467	21,935	314,402
Machine Learning	189,279	11,254	200,533	61,835	2,058	63,893
Climate Adaptation	771,373	55,982	827,355	-	-	-
Pacific Salmon Explorer	312,839	31,284	344,123	-	-	-
Total	3,381,127	218,838	3,599,965	1,991,463	53,123	2,044,586

**PACIFIC SALMON FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

12. GOVERNMENT CONTRIBUTIONS *(continued)*

- [ii] In October 2005, the Foundation entered into a revised five-year contribution agreement with Fisheries and Oceans Canada. The level of funding is based on the revenue generated from the sale of salmon conservation stamps, that is required by all recreational and commercial fishers that wish to retain salmon, fishing in tidal waters. The contribution agreement provides for up to 15% of the funding to be used for administrative expenses. This agreement was renewed for five years effective May 11, 2010, and was revised on January 14, 2014, in order to allocate 100% of stamp proceeds to the Community Salmon Program. Effective April 1, 2015, the agreement was renewed for an additional five years. Effective April 1, 2020, the agreement was again renewed for an additional five years.
- [iii] In April 2019, the Foundation received a \$5,000,000 donation from the British Columbia Provincial Government in support of salmon enhancement and habitat restoration. The donation stipulates that any monies unused by March 31, 2024, must be returned to the Provincial government.

13. PACIFIC SALMON ENDOWMENT FUND SOCIETY

In 1998, the federal government, under its Canadian Fisheries Adjustment and Restructuring plan for the future of Canada's West Coast salmon resource, allocated \$30 million to provide ongoing funding for initiatives to conserve, protect, and restore salmon and their habitat. In 2001 the Pacific Salmon Endowment Fund Society (the "Society") was established to receive the \$30 million and to be accountable for the management of these funds. In 2019, the federal government donated an additional \$5 million to the Society.

In 2015, the Foundation and the Society entered into a three-year agreement, which was subsequently extended by three years, whereby the Foundation became the manager of the Society's programs for Strategic Salmon Recovery. A new three-year agreement was entered into on January 1, 2021, which provides \$1,200,000 per year for capacity, leadership, and development support, and \$1,750,000 in additional funding over three years in support of the Marine Science Program, the Salmon Watersheds Program, and a newly initiated Climate Adaptation Program.

The amount of the overall contribution to the Foundation is reviewed annually and must be approved by the Society's Board of Directors.

During the year the Society contributed the following to increase capacity, leadership development and salmon program management:

	2021	2020
Capacity and resource development	1,200,000	1,200,000
Marine Science Program	-	214,829
High Seas Expedition	30,491	-
Salmon Watersheds Program	10,554	489,447
Other	62,047	30,411
Total revenues included in corporate and individual donations (Note 11)	1,303,092	1,934,687

**PACIFIC SALMON FOUNDATION
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FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

14. CUSTODIANS FOR DUCKS UNLIMITED CANADA

In 2006, the Foundation entered into an agreement to serve as the custodian of \$1,500,000 provided to the Foundation by the Canadian Wildlife Service to be used on projects approved by Ducks Unlimited Canada. In 2011, the Foundation entered into another similar agreement to serve as the custodian of \$500,000 provided to the Foundation by the Canadian Wildlife Service to be used on projects approved by Ducks Unlimited Canada. These funds are deposited in a segregated account for the use of Ducks Unlimited Canada. The Federal Government required a third party, being the Foundation, to administer the funds identified in these agreements. The fund balance of Ducks Unlimited Canada as at December 31, 2021 is \$23,029 [2020 - \$23,029]. These funds are not recorded on the statement of financial position as they are not part of the Foundation's assets.

15. FINANCIAL INSTRUMENTS RISKS

The Foundation is exposed to various risks through its financial instruments.

Credit Risk

For accounts receivable, the Foundation assesses, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value. The Foundation is exposed to credit risk mainly on its accounts receivables. However, the Foundation deals with a significant number of donors and various organizations and government agencies which minimizes the concentration of credit risk. The Foundation only extends credit to those organizations and government agencies from whom collection of accounts receivable is reasonably assured.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. The Foundation's exposure to this risk is mainly dependent on the receipt of funds from its donors and various organizations and government agencies. The Foundation has significant unrestricted net assets and deferred revenues which helps mitigate liquidity risk.

Currency Risk

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the balance sheet date. The Foundation undertakes few revenue and purchase transactions in the normal course of business in foreign currencies. Consequently, the Foundation is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that is subject to gains and losses.

16. INTERNALLY RESTRICTED NET ASSETS

The Foundation has adopted an operating reserve policy to set aside and maintain a portion of unrestricted net assets to be used for specific ongoing projects and programs upon approval of the Board. Included in net assets is an internally restricted operating reserve of \$114,259 (2020 - \$134,259).

17. CLASSIFICATION OF EXPENSES

Capacity development expenses includes the cost for leadership, communications and program staff who collectively manage and conduct the Foundation's key activities.

General and administrative expenses include the cost for rent, accounting, computer and network support, audit, legal, and general office costs.

PACIFIC SALMON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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18. COMPARATIVE FIGURES

Certain comparative figures have been restated where necessary to conform with current period presentation.