

International Institute for Sustainable Development

Consolidated financial statements
March 31, 2025



Shape the future
with confidence

Independent auditor's report

To the Members of
International Institute for Sustainable Development

Opinion

We have audited the consolidated financial statements of **International Institute for Sustainable Development** and its subsidiaries [the "Group"], which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statement of operations and changes in unrestricted net operating assets, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated results of operations and its consolidated 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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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.

Winnipeg, Canada
June 25, 2025

Ernst & Young LLP

Chartered Professional Accountants



Table of contents

Consolidated statement of financial position	1
Consolidated statement of operations and changes in unrestricted net operating assets	2
Consolidated statement of changes in net assets	3
Consolidated statement of cash flows	4
Notes to consolidated financial statements	5
Schedule 1 – Consolidated schedule of operations by activity area	22
Schedule 2 – Consolidated schedule of designated grants committed during the current year	23

International Institute for Sustainable Development

Consolidated statement of financial position

As at March 31

	2025	2024
	\$	\$
Assets		
Current		
Cash and cash equivalents	34,656,830	33,652,478
Restricted cash <i>[note 3]</i>	9,942,172	9,468,021
Accounts receivable <i>[notes 4 and 17]</i>	71,394,319	63,556,558
Prepaid expenses	1,559,115	1,072,238
Total current assets	117,552,436	107,749,295
Accounts receivable <i>[notes 4 and 17]</i>	59,448,174	74,606,038
Investments <i>[note 7]</i>	15,782,229	13,874,426
Capital assets, net <i>[note 8]</i>	5,782,929	5,260,772
Intangible assets	28,584	28,584
	198,594,352	201,519,115
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities <i>[notes 3 and 6]</i>	14,897,592	16,021,371
Deferred contributions <i>[notes 3, 9 and 17]</i>	78,901,027	75,957,133
Total current liabilities	93,798,619	91,978,504
Deferred contributions <i>[notes 9 and 17]</i>	71,117,082	83,974,601
Deferred capital contributions <i>[note 10]</i>	10,330,687	6,913,587
Total liabilities	175,246,388	182,866,692
Commitments <i>[note 12]</i>		
Net assets		
Net assets invested in capital assets <i>[note 13]</i>	283,156	425,875
IISD ELA Sustainable Future Fund <i>[note 5]</i>	800,000	800,000
Remediation fund <i>[note 3]</i>	830,586	724,861
Internally restricted net assets <i>[note 16]</i>	15,415,500	11,955,903
Unrestricted net operating assets <i>[note 16]</i>	6,018,722	4,745,784
Total net assets	23,347,964	18,652,423
	198,594,352	201,519,115

See accompanying notes

On behalf of the Board:

Rosemary McLarny

Director



Director

International Institute for Sustainable Development

**Consolidated statement of operations and changes in
unrestricted net operating assets**

Year ended March 31

	2025	2024
	\$	\$
Revenue <i>[note 5]</i>		
Designated grants <i>[note 17]</i>	67,728,755	55,451,066
Operating grants	1,000,000	760,000
Other	2,132,504	1,535,889
IISD ELA Sustainable Future Fund	6,292	5,844
	70,867,551	57,752,799
Expenses <i>[schedule 1]</i>		
Programs		
Economic Law & Policy	16,639,768	13,789,657
Resilience	12,843,691	9,658,492
Energy	10,211,449	7,480,692
Tracking Progress	4,887,966	4,766,167
Water	9,788,743	9,505,047
	54,371,617	45,200,055
Corporate and program development		
Corporate and shared services <i>[note 11]</i>	6,356,200	5,799,260
Program development	4,802,436	3,366,240
Innovation Fund	182,866	159,745
	11,341,502	9,325,245
Collaborating entities <i>[note 17]</i>	5,340,541	2,341,785
	71,053,660	56,867,085
Excess (deficiency) of revenue over expenses before the following	(186,109)	885,714
Other income (expenses)		
Foreign exchange gain (loss)	4,038,564	(414,745)
Investment income	843,086	1,227,563
Excess of revenue over expenses for the year	4,695,541	1,698,532
Appropriation to (from) unrestricted net operating assets		
Change in net assets invested in remediation fund <i>[note 3]</i>	(105,725)	(105,103)
Change in net assets invested in capital assets <i>[note 13]</i>	142,719	161,555
Transfer from unrestricted to internally restricted net assets <i>[note 16]</i>	(3,459,597)	(466,724)
Net increase in unrestricted net operating assets for the year	1,272,938	1,288,260
Unrestricted net operating assets, beginning of year	4,745,784	3,457,524
Unrestricted net operating assets, end of year	6,018,722	4,745,784

See accompanying notes

International Institute for Sustainable Development

Consolidated statement of changes in net assets

Year ended March 31

	Net assets invested in capital assets <i>[note 13]</i>	IISD ELA Sustainable Future Fund <i>[note 5]</i>	Remediation fund <i>[note 3]</i>	Internally restricted net assets <i>[notes 2 and 16]</i>	Unrestricted net operating assets	Total 2025	Total 2024
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	425,875	800,000	724,861	11,955,903	4,745,784	18,652,423	16,953,891
Excess (deficiency) of revenue over expenses for the year	(160,661)	120,533	—	—	4,735,669	4,695,541	1,698,532
Transfer of investment income earned on investments to deferred contributions <i>[note 5]</i>	—	(120,533)	—	—	120,533	—	—
Transfer to internally restricted net assets <i>[note 16]</i>	—	—	—	3,459,597	(3,459,597)	—	—
Transfer to remediation fund <i>[note 3]</i>	—	—	105,725	—	(105,725)	—	—
Net investment in capital assets	17,942	—	—	—	(17,942)	—	—
Balance, end of year	283,156	800,000	830,586	15,415,500	6,018,722	23,347,964	18,652,423

See accompanying notes

International Institute for Sustainable Development

Consolidated statement of cash flows

Year ended March 31

	2025	2024
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	4,695,541	1,698,532
Add (deduct) items not affecting cash		
Amortization of capital assets <i>[note 13]</i>	160,661	192,658
Amortization of capital assets funded by capital contributions <i>[note 10]</i>	917,000	761,435
Amortization of deferred capital contributions to revenue	(917,000)	(761,435)
Gain on disposal of capital assets	(23,906)	—
IISD ELA Sustainable Future Fund revenue	(6,292)	(5,844)
Net foreign exchange difference on cash and cash equivalents	(544,207)	832,464
	<u>4,281,797</u>	<u>2,717,810</u>
Changes in non-cash working capital balances related to operations		
Accounts receivable	7,320,103	(56,609,033)
Prepaid expenses	(486,877)	(106,487)
Accounts payable and accrued liabilities	(1,123,779)	1,577,095
Deferred contributions	(9,907,333)	68,117,720
Cash provided by (used in) operating activities	<u>83,911</u>	<u>15,697,105</u>
Investing activities		
Purchase of capital assets	(1,599,818)	(2,526,413)
Proceeds of disposal of capital assets	23,906	—
Purchase of investments, net	(1,907,803)	(1,527,095)
Contributions to restricted cash	(474,151)	(775,882)
Cash used in investing activities	<u>(3,957,866)</u>	<u>(4,829,390)</u>
Financing activities		
Capital contributions received	4,334,100	3,199,502
Cash provided by financing activities	<u>4,334,100</u>	<u>3,199,502</u>
Net foreign exchange difference on cash and cash equivalents	<u>544,207</u>	<u>(832,464)</u>
Net increase in cash during the year	<u>1,004,352</u>	<u>13,234,753</u>
Cash and cash equivalents, beginning of year	33,652,478	20,417,725
Cash and cash equivalents, end of year	<u>34,656,830</u>	<u>33,652,478</u>

See accompanying notes

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

1. Incorporation, mission and tax status

The International Institute for Sustainable Development ["IISD" or the "Organization"] is incorporated under the *Canada Not-for-profit Corporations Act*. IISD's head office is located in Winnipeg, Manitoba, Canada.

IISD is a registered charity in Canada. It is also exempt from US income tax under paragraph 501(c)(3) of the Internal Revenue Code.

IISD's mission is to promote human development and environmental sustainability through innovative research, communication and partnerships. IISD provides practical solutions to the challenge of integrating environmental and social priorities with economic development.

2. Summary of significant accounting policies

The consolidated financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, "Accounting Standards for Not-for-Profit Organizations", which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the following significant accounting policies:

Principles of consolidation

These consolidated financial statements include the assets, liabilities, net assets, revenue, expenses and other transactions of International Institute for Sustainable Development – Europe ["IISD – Europe"] and IISD Experimental Lakes Area Inc. ["IISD ELA Inc."], both of which are controlled by IISD. All material intercompany transactions and balances have been eliminated upon consolidation.

IISD – Europe was established as an association under the Swiss Civil Code on June 13, 2008 to meet eligibility criteria established by certain potential European-based funders. For the year ended March 31, 2025, IISD – Europe had a net income of \$11 thousand [2024 – net income of \$1 thousand].

IISD ELA Inc. was incorporated on August 21, 2013 under the *Canada Not-for-profit Corporations Act*, and IISD is the sole member. The Experimental Lakes Area is a freshwater research facility in Northwestern Ontario that was operated as a government research facility for over 45 years. IISD ELA Inc. assumed the control of the management and operations of the Experimental Lakes Area on April 1, 2014. IISD ELA Inc. obtained charitable status in Canada on November 10, 2014. For the year ended March 31, 2025, IISD ELA Inc. had a net income of \$1.03 million [2024 – net income of \$729 thousand].

Revenue recognition

IISD follows the deferral method of accounting for contributions, which include government grants.

Designated grants revenue

Designated grants must be expended in accordance with the funder's designation. Revenue for grants designated for specific current or future activities is recorded in the accounts as revenue as the related expenses are incurred. Designated grant commitments for specific future activities are reflected as deferred contributions and recorded when the funding commitment is made and collection is reasonably assured, and will be recognized in revenue as the project progresses.

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

Operating grants revenue

Operating grants are subject to the condition that they must be expended in accordance with the mandate of IISD. Operating grants are recorded as revenue in the annual amounts prescribed in the funding agreement. Any additional amounts received under current grant agreements for future years' operations are reflected as deferred contributions.

IISD ELA Inc.'s Sustainable Future Fund revenue

Revenue for IISD ELA Inc.'s Sustainable Future Fund projects is recorded in the accounts as the related expenses are incurred as prescribed in the funding agreement. Until expended, amounts related to income earned in the fund are recorded as deferred contributions.

Investment income

Investment income is recorded on an accrual basis as earned. Investment income includes dividend and interest income, distributions from mutual funds, and realized and unrealized gains and losses, less transaction costs and management fees.

Other revenue

Other revenue includes unrestricted donations, amortization of deferred capital contributions, in-kind contributions, cost recoveries, and lab analysis and facility fees. Donations are recognized when received, since pledges are not legally enforceable claims. Cost recoveries are recognized when received. In-kind contributions are recognized upon receipt of the in-kind item(s) and are measured at fair market value. Lab analysis and facility fees are recognized on an accrual basis when incurred and collection is reasonably assured.

Financial instruments

IISD initially measures its financial assets and financial liabilities at fair value. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

The financial assets subsequently measured at amortized cost include accounts receivable and fixed income investments. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Related party financial instruments that have repayment terms are initially recorded at cost, representing the undiscounted cash flows of that instrument, excluding interest payments. Related party financial instruments that do not have repayment terms are recorded at cost, determined using the consideration transferred or received by the Organization. If the consideration transferred or received has repayment terms, then the cost is determined using undiscounted cash flows, excluding interest payments, of the financial instrument transferred as consideration. If however, the consideration transferred is an asset or liability that does not have repayment terms, the cost is initially recognized at the carrying or exchange amount of the consideration transferred or received, depending on the circumstances. The exchange amount is used when the transaction is in the normal course of operations or the transaction is not in the normal course of operations but has commercial substance, the change in ownership interest in the related financial item transferred is substantive and the amount of consideration transferred or received is established and agreed to by the related parties and is supported by independent evidence. Otherwise, the carrying amount of the consideration transferred or received is used at the cost of the related party financial instrument.

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

Allocation of expenses

The costs of personnel and other expenses directly related to functions are allocated to each function. General support and other costs are not allocated.

Investments

Investments include cash, equities, fixed income securities and mutual funds. Investments reported at fair value consist of equity instruments quoted in an active market, mutual funds and equity instruments not quoted in an active market that IISD designates upon purchase to be measured at fair value. Transaction costs are recognized in the consolidated statement of operations and changes in unrestricted net operating assets in the period during which they are incurred. Transactions are recorded on a trade date basis.

Cash and cash equivalents

Cash and cash equivalents consist of cash deposits and short-term investments with an original term to maturity of less than 90 days or that are able to be cashed on demand. Cash and investments meeting the definition of cash and cash equivalents that are held for investing rather than liquidity purposes are classified as investments and recorded as long term assets.

Capital assets

Purchased capital assets are recorded at cost, which includes purchase price and other acquisition costs. For a contributed tangible capital asset, cost is deemed to be fair value at the date of contribution plus all costs directly attributable to the acquisition of the tangible capital asset. In unusual circumstances when fair value cannot be reasonably determined, the tangible capital asset and the related contribution shall be recorded at nominal value. Amortization shall be charged to income as the greater of the cost less salvage value over the life of the asset, and the cost less residual value over the useful life of the asset. Amortization is computed using the straight-line method over the following terms:

Boats, motors and vehicles	3 years, no residual
Equipment	5 years, no residual
Computer systems	3 years, no residual
Office equipment	10 years, 5% residual
Leasehold improvements	Over remaining term of lease
Buildings	20 years, no residual

Construction-in-progress is recorded at cost. When the specific project is completed, all capitalized costs are transferred to the appropriate capital asset. No amortization is taken on the construction-in-progress.

When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset shall be written down to the asset's fair value or replacement cost. The write-downs of capital assets shall be accounted for as expenses in the consolidated statement of operations and changes in unrestricted net operating assets, and write-downs shall not be reversed. When a capital asset's carrying amount is written down, a corresponding amount of any unamortized deferred contributions related to the capital asset would be recognized as revenue, provided that all restrictions have been complied with.

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

Intangible assets

Purchased intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses, if any. A contributed intangible asset is recognized at its fair value at the date of contribution and subsequently amortized and assessed for impairment. When an estimate of fair value cannot reasonably be made, both the intangible asset and the related contribution would be recognized at nominal value. IISD ELA Inc. purchased the perpetual right, through a bait block purchase, to be the sole harvester of bait fish on specific lakes and streams. Management has determined that its purchased intangible assets have an indefinite useful life and, accordingly, they are not amortized, but are tested for impairment annually. When conditions indicate that an intangible asset is impaired, the net carrying amount of the intangible asset shall be written down to the asset's fair value or replacement cost. The write-downs of intangible assets shall be accounted for as expenses in the consolidated statement of operations and changes in unrestricted net operating assets and a write-down shall not be reversed. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

Use of estimates

The preparation of consolidated financial statements in conformity with 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 as at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include revenue recognized based on expenditures incurred to date relative to the estimated total expenditures of the project. Actual results could differ from these estimates.

Publication production costs

Publication production costs are expensed in the year in which the publication is printed.

Foreign currency translation

Amounts denominated in a foreign currency are translated into Canadian dollars as follows:

- [i] Monetary balances, including cash, investments, accounts receivable and accounts payable and accrued liabilities, are translated at the year-end exchange rate.
- [ii] Non-monetary balances, including prepaid expenses, deferred contributions and capital assets, are translated at the exchange rate prevailing at the date of the transaction.
- [iii] Revenue and expenses are translated at the rate of exchange prevailing at the date of the transaction.

Reserves

The Board of Directors has imposed internal restrictions on IISD's net assets as follows:

During 2022, the Board of Directors approved two new internally restricted reserve funds.

The Base Reserve is intended to provide an internal source of funds to meet future operating requirements in the event major financial difficulties are encountered. The Base Reserve is not intended to replace a shorter-term permanent loss of funds or eliminate an ongoing budget gap. It is the intention of IISD for the Base Reserve to be used only after utilizing all other available internally restricted and unrestricted funds.

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

The Operating Contingency Reserve is intended to absorb future annual deficits from operations resulting from unexpected events such as one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses, as well as the effects of realized foreign exchange gains and losses. A minimum amount for the Operating Contingency Reserve will be set at 10% of the previous year's program expenses.

Cloud computing arrangements

The Organization has chosen to apply the simplification approach to account for expenditures in cloud computing arrangements. Under this approach, the Organization recognizes the expenditures related to the elements in cloud computing arrangements as an expense as incurred.

Newly adopted accounting policy for cloud computing

Effective April 1, 2024, the Organization adopted the new Accounting Guideline AcG-20, *Customer's Accounting for Cloud Computing Arrangements* ["AcG-20"]. This new guideline provides guidance on both accounting for a customer's expenditures in a cloud computing arrangement and determining whether a software intangible asset exists in the arrangement.

Under the new AcG-20, enterprises are provided with an optional simplification approach to expense as incurred the expenditures related to the elements in a cloud computing arrangement. When an enterprise does not apply the simplification approach, AcG-20 provides factors to assist the enterprise in determining whether the arrangement includes a software intangible asset or is a software service. An accounting policy choice is also available to either capitalize directly attributable expenditures on implementation activities when the arrangement is a software service or expense such expenditures as incurred. AcG-20 also clarifies that an enterprise may determine a method on a rational and consistent basis for allocating arrangement consideration to significant separable elements in an arrangement and that an enterprise applies Section 3064, *Goodwill and Intangible Assets*, to account for the significant elements unless the elements are tangible assets or rights to use tangible assets. Lastly, AcG-20 requires enterprises to disclose information on how the arrangement is accounted for in their financial statements.

The Organization adopted the new AcG-20 retrospectively. The adoption of this new guideline had no significant impact on the Organization's consolidated financial statements.

3. Restricted cash

IISD ELA Inc. established a fund to cover the costs of the remediation of the ELA sites under certain circumstances, including immediate use of the funds if and as necessary, as outlined in the signed funding agreement with the Province of Ontario. Effective April 1, 2022, IISD ELA Inc. is required under its agreement with the Province of Ontario to increase its total contributions to the fund to a total aggregate amount of \$850 thousand, by contributing \$70 thousand each year of the five-year term of the agreement up to \$350 thousand. Funds are held in an interest-bearing account at a Canadian financial institution. Based on the restrictions on the use of the funds, the amounts are recorded as restricted cash as well as allocated to restricted amounts within net assets. During the year, interest of \$36 thousand [2024 – \$35 thousand] was earned on the account.

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

Pursuant to its rental agreement with La Fondation Des Immeubles Pour Les Organisations Internationales Building Foundation for International Organizations, IISD is required to maintain a balance equal to three months' rent in a specified account. As at March 31, 2025, the account holds \$45 thousand, which has been recorded as restricted cash [2024 – \$41 thousand].

Also included in restricted cash are funds designated to be used for a specific program based on restrictions established by an external funder. A corresponding liability has been recorded in current portion of deferred contributions, and accounts payable and accrued liabilities to the extent that the amounts are unused or will be required for future settlement.

4. Accounts receivable

The principal components of accounts receivable are summarized below:

	2025	2024
	\$000's	\$000's
Accounts receivable – short term		
Government agencies		
Canada	41,888	34,877
International	16,569	14,267
United Nations agencies ["UN"]	3,235	3,205
International organizations and partners [other than UN]	2,440	3,147
Foundations	6,160	6,783
Other	923	466
Trade receivables	179	812
	71,394	63,557
Accounts receivable – long term		
Government agencies		
Canada	44,668	51,633
International	11,550	18,517
United Nations agencies	205	1,323
International organizations and partners [other than UN]	—	1,410
Foundations	2,763	1,006
Other	262	717
	59,448	74,606
Total accounts receivable	130,842	138,163

Included within accounts receivable – Government agencies, International is the following:

- [a] In December 2018, IISD entered into a funding agreement with the Foreign, Commonwealth and Development Office ["FCDO"] to support regional and international tax initiatives for \$3.9 million [2.25 million GBP] over four years and amended to \$6.09 million [3.58 million GBP] which includes funding for Artisanal gold mining and illicit financial flows in West Africa, of which \$4.79 million [2.83 million GBP] has been collected as at March 31, 2025. Included in the current portion of accounts receivable as at March 31, 2025 is \$1.30 million [752 thousand GBP] related to this project.

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

[b] In December 2024, IISD entered into a funding agreement with FCDO to support the responsible development of Indonesia's nickel value chain for \$2.74 million [1.53 million GBP] over two and a half years with an end date of July 31, 2027. As at March 31, 2025, \$1.07 million is included in current accounts receivable and \$1.67 million is included in long-term accounts receivable based on the terms and restrictions of the funding arrangement.

5. Funding arrangements

IISD receives funding from a variety of public and private sources to finance specific projects relating to its strategic objectives. Projects may carry on over more than one year. The related grants are recorded when the funding commitment is made and collection is reasonably assured and recognized in revenue as the projects progress. A comparative summary of the consolidated schedule of designated grants committed during the year is as follows:

	Funding commitments	
	2025	2024
	\$000's	\$000's
	<i>[schedule 2]</i>	
Governments and agencies		
Canada	39,248	49,622
International	15,743	26,018
	54,991	75,640
United Nations agencies	1,526	4,462
International organizations and partners [other than UN]	802	3,735
Foundations	16,907	6,861
Other	828	1,934
	75,054	92,632

Designated grants, IISD ELA Sustainable Future Fund and other revenue are summarized by activity area as detailed below. Other revenue includes unrestricted donations, amortization of deferred capital contributions, in-kind contributions and cost recoveries.

Activity area	Designated grants	Other revenue	IISD ELA Sustainable Future Fund	2025	2024
				Total	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Economic Law & Policy	20,101	125	—	20,226	16,845
Resilience	14,656	74	—	14,730	11,416
Energy	11,534	45	—	11,579	8,903
Tracking Progress	5,890	27	—	5,917	5,921
Water	10,192	1,736	6	11,934	11,391
Corporate and Shared Services	5	126	—	131	175
Program Development	10	—	—	10	—
Collaborating Entities	5,341	—	—	5,341	2,342
	67,729	2,133	6	69,868	56,993

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

IISD ELA Sustainable Future Fund

The IISD ELA Sustainable Future Fund was created with the initial donation of capital of \$250 thousand by a private donor. This initial donation [the “Original Capital”] was fully expended as at March 31, 2017, as per the donation agreement. In the prior years, the fund received “Additional Capital” of \$800 thousand. All Additional Capital is to be permanently retained. To the extent possible, the investment income earned from the Additional Capital will be used to support two to three summer students each year, as per the agreement. In 2019, the current agreement with the funder was amended to allow for the interest earned on the fund to support the ongoing efforts of IISD ELA Inc.’s Education and Outreach program of activities, particularly emphasizing the involvement of Canadian university student researchers.

Expenses of \$6 thousand were incurred during fiscal 2025 [2024 – \$6 thousand], resulting in revenue of that amount being recorded to match the expenses incurred. The current year investment income on the Additional Capital of \$121 thousand was recorded in deferred contributions [2024 – \$196 thousand investment loss].

The Additional Capital has been invested in an investment portfolio subject to IISD ELA Inc.’s investment policy [note 7].

Operating grants

In April 2024, a new five-year funding agreement was signed with the Province of Manitoba for \$9 million, of which \$5 million is directed to core operations.

A summary of the operating grant funding is as follows:

	Funding commitment	Funding recorded 2025	Prior years	Funding commitment remaining
	\$000's	\$000's	\$000's	\$000's
Government of Manitoba	5,000	1,000	—	4,000
Operating grants revenue [note 2]	5,000	1,000	—	4,000

Development Fund

In 2022, the Board of Directors approved the establishment of the IISD Development Fund for general unrestricted donations to IISD. The Development Fund shall be used to advance IISD and IISD ELA Inc.’s strategic goals and support their highest priorities including those in the existing strategic plan. The Development Fund shall be administered by a committee, whose principal role is to manage the timely disbursements of the funds, objectively assess requests for available funds, and monitor the expenditures so that IISD can report back to donors generally on the impact of their giving. The committee shall act as the deciding body on all requests for funding and is responsible for monitoring and administering the Development Fund. Since inception, the Development Fund has received contributions of \$121 thousand and has awarded \$70 thousand to projects.

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

6. Government remittances

Accounts payable and accrued liabilities include government remittances payable of \$47 thousand [2024 – \$46 thousand].

7. Investments

Investments consist of the following:

	2025	2024
	\$000's	\$000's
Cash	241	281
Common shares, measured at fair value	3,354	3,689
Fixed income investments, measured at amortized cost	10,595	8,576
Mutual funds, measured at fair value	1,592	1,328
	15,782	13,874

All investments are denominated in Canadian and US dollars and invested in accordance with IISD's investment policy.

Canadian fixed income investments consist of bonds that have a weighted average term to maturity of 9 years, 9 months and a weighted average yield to maturity of 3.48%.

Foreign fixed income investments consist of bonds that have a weighted average term to maturity of 5 years, 10 months and a weighted average yield to maturity of 2.88%.

The common shares and mutual funds consist of a diversified portfolio of widely held publicly traded securities and units of mutual funds. The unit price of these equities will fluctuate with market conditions. The amounts invested in mutual funds consist of domestic and global bond and equity funds.

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

8. Capital assets

The categories of capital assets are summarized as follows:

	2025		2024	
	Cost \$000's	Accumulated amortization \$000's	Cost \$000's	Accumulated amortization \$000's
Boats, motors and vehicles	1,228	962	987	742
Equipment	4,144	2,374	3,739	1,640
Computer systems	190	182	183	176
Office equipment	163	150	160	144
Leasehold improvements	274	260	266	248
Buildings	1,683	445	1,683	360
Construction-in-progress	2,474	—	1,552	—
	10,156	4,373	8,570	3,310
Net book value	5,783		5,260	

The changes in the cost of purchased and donated capital assets are summarized as follows:

	2025		2024	
	Additions \$000's	Disposals \$000's	Additions \$000's	Disposals \$000's
Boats, motors and vehicles	256	(15)	285	—
Equipment	405	—	1,059	—
Computer systems	7	—	9	—
Office equipment	3	—	—	—
Leasehold improvements	8	—	22	—
Buildings	—	—	394	—
Construction-in-progress	921	—	757	—
	1,600	(15)	2,526	—

Construction-in-progress relates to the construction the following: Renewable Energy/ Solar Project and Centre for Climate and Lake Learning. As at March 31, 2025, these projects are in the process of being constructed and as such, no amortization was recorded for the year.

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

9. Deferred contributions

Deferred contributions are amounts by which recorded funding commitments exceed the revenue recognized as designated or operating grants.

The principal components of deferred contributions are summarized below:

	2025	2024
	\$000's	\$000's
Designated grants		
Government agencies		
Canada	97,483	96,534
International	28,189	38,172
United Nations agencies	2,498	3,670
International organizations and partners [other than UN]	1,581	4,198
Foundations	18,636	15,571
Other	1,631	1,787
	150,018	159,932
Less current	78,901	75,957
Long-term	71,117	83,975

10. Deferred capital contributions

Deferred capital contributions represent contributed assets and externally restricted contributions for the purchase or construction of capital assets. These contributions are being amortized on the same basis as the amortization of the related capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	2025	2024
	\$000's	\$000's
Balance, beginning of year	6,914	4,476
Capital contributions received	4,334	3,200
Amount amortized to revenue	(917)	(762)
Balance, end of year	10,331	6,914

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

As at March 31, the deferred capital contributions balances are as follows:

	2025	2024
	\$000's	\$000's
Environment and Climate Change Canada	4,216	3,435
The John and Pat McCutcheon Charitable Foundation	1,997	1,000
Federal Economic Development Initiative for Northern Ontario [FedNor]	1,143	143
Michael Paterson and Gail Asper	1,058	914
Jim and Leney Richardson	516	516
The Winnipeg Foundation	388	224
Canada Life	225	—
Northern Ontario Heritage Fund Corporation	143	143
New Gold Inc.	100	100
Norah Grogan	100	100
Other Restricted Donations	93	67
Anonymous	75	—
Ontario Trillium Foundation	56	83
Michelle Edkins	53	53
RBC Foundation	52	70
Government of Ontario	34	31
Red River Cooperative	22	15
Stephen Paterson	20	—
Swancoat Investments	20	20
Lois McDonald	20	—
	10,331	6,914

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

11. Corporate and shared services

The categories of corporate and shared services are summarized as follows:

	Administration	Executive	Communications	Geneva office	Philanthropy	Institutional Planning	Total 2025	Total 2024
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Personnel	1,873	911	715	418	150	41	4,108	3,600
Board – expenses	88	—	—	—	—	—	88	138
Travel	18	78	20	—	10	45	171	164
Publishing	—	—	47	—	—	—	47	33
Consulting	82	229	2	—	—	59	372	218
Meetings	20	3	2	7	1	39	72	120
Supplies and other	556	56	72	56	32	—	772	856
Research materials	53	—	—	—	2	—	55	27
Telecommunications	40	3	13	7	1	—	64	72
Office rent	362	—	—	221	—	—	583	535
Amortization	24	—	—	—	—	—	24	36
	3,116	1,280	871	709	196	184	6,356	5,799

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

12. Commitments

- [a] IISD is obligated to make payments under various operating leases on office space and other services over the next three years as follows:

	\$000's
2026	445
2027	314
2028	259
	<u>1,018</u>

- [b] IISD has an operating line of credit with a maximum amount of \$250,000 bearing interest at the bank's prime rate. As at March 31, 2025, there was a balance of nil [2024 – nil] outstanding under this credit facility.

- [c] IISD has one outstanding letter of guarantee from Canadian Imperial Bank of Commerce in the amount of \$220 thousand USD [\$317 thousand CAD] expiring on September 14, 2025 as performance security under the Earth Negotiations Bulletin.

13. Internally restricted for capital assets

Change in net assets internally restricted for capital assets relates to assets that were acquired without specific directed funding and is calculated as follows:

	2025	2024
	\$000's	\$000's
Amortization of capital assets	(161)	(193)
Purchase of capital assets	18	31
	<u>(143)</u>	<u>(162)</u>

14. Endowment funds

In September 2007, IISD entered into an agreement with The Winnipeg Foundation to establish the IISD ELA Inc. Endowment Fund. In September 2018, IISD ELA Inc. entered into a similar agreement with The Winnipeg Foundation. Contributions to the funds are made by IISD, IISD ELA Inc. and the general public. All contributions made to the endowment funds are held and invested by The Winnipeg Foundation. Investment income generated from the contributed capital may be used at the discretion of the Board of Directors of IISD and IISD ELA Inc.

As at March 31, 2025, the IISD Endowment Fund has a market value of \$118 thousand [2024 – \$113 thousand], and the IISD ELA Inc. Endowment Fund has a market value of \$4.5 million [2024 – \$4 million]. The gifts received by the IISD and IISD ELA Inc. Endowment Funds during the year totalled \$1 thousand and \$259 thousand, respectively.

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

Neither organization made any contributions to The Winnipeg Foundation. IISD and IISD ELA Inc. received distributions of \$5 thousand [2024 – \$5 thousand] and \$167 thousand [2024 – \$121 thousand] respectively of investment income earned on the endowment funds during the year.

15. Financial instruments and risk management

IISD is exposed to various financial risks through transactions in financial instruments.

Interest rate risk

IISD is exposed to fluctuations in interest rates that could affect cash flows. IISD does not use derivative financial instruments to manage interest rate risk.

IISD is exposed to interest rate risk with respect to its fixed income investments as well as fixed income mutual funds that hold fixed income securities because the fair value of the investments will fluctuate due to changes in market interest rates.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. Credit risk related to IISD's accounts receivable is mitigated by the fact that the majority of the receivables are due from established entities as outlined in schedule 2. The carrying value reflects management's assessment of the associated maximum exposure to such credit risk.

Currency risk

Currency risk is the risk that arises from fluctuations in currency exchange rates, and the degree of volatility of these rates. A significant portion of IISD's revenue and expenses is in various other currencies, thereby reducing its exposure to anticipated levels of net foreign currency inflow and outflow.

Other price risk

IISD is exposed to other price risk through changes in market prices other than changes arising from interest rate risk or currency risk in connection with its investments in equity securities and mutual funds invested in underlying equities.

Liquidity risk

Liquidity risk is the risk that IISD will not be able to meet its financial obligations as they become due. IISD manages liquidity risk by maintaining adequate cash balances and maintaining reserves. IISD's current liabilities are expected to be settled within 12 months.

16. Capital management

IISD relies on government grants, private contributions and investment income to finance its operations. The funds available are allocated to the various programs based on the priorities identified by the Board of Directors and contributors' designations.

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

During 2022, the Board of Directors approved a new reserve policy, in which two new internally restricted funds have been set aside by action of the Board of Directors.

The Base Reserve is intended to provide an internal source of funds to meet future operating requirements in the event major financial difficulties are encountered. The Base Reserve is not intended to replace a shorter-term permanent loss of funds or eliminate an ongoing budget gap. It is the intention of IISD for the Base Reserve to be used only after utilizing all other available internally restricted and unrestricted funds. As at March 31, 2025, the target base reserve of \$9.67 million is fully funded.

The Operating Contingency Reserve is intended to absorb future annual deficits from operations resulting from unexpected events such as one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses, as well as the effects of realized foreign exchange gains and losses. A minimum amount for the Operating Contingency Reserve will be set at 10% of the previous year's program expenses. If this reserve falls below the targeted or minimum amount established by the Board of Directors, it is the intention of IISD to replenish this reserve within a reasonably short period of time. As at March 31, 2025, the target contingency reserve of \$5.74 million is fully funded.

The following represents activities within these internally restricted net asset funds during the year:

	Internally restricted Base Reserve	Internally restricted Operating Contingency Reserve	2025 Total	2024 Total
	\$000's	\$000's	\$000's	\$000's
Balance, beginning of year	7,099	4,857	11,956	11,489
Transfer to unrestricted net operating assets	—	—	—	(348)
Transfer from unrestricted net operating assets	2,575	885	3,460	815
Balance, end of year	9,674	5,742	15,416	11,956

Capital management objectives, policies and procedures are unchanged from the prior year.

17. Payments to collaborating entities

IISD transferred \$5.3 million to project collaborators [2024 – \$2.3 million]. This amount is recorded in the statement of operations as both \$5.3 million [2024 – \$2.3 million] in revenue and \$5.3 million [2024 – \$2.3 million] in payments to collaborating entities. The statement of financial position includes accounts receivable of \$18.8 million [2024 – \$25.6 million] and deferred revenue of \$22.5 million [2024 – \$28.1 million] attributed to these project collaborators.

International Institute for Sustainable Development

Notes to consolidated financial statements

March 31, 2025

18. Cloud computing arrangements

For the year ended March 31, 2025, IISD expensed \$446 thousand [2024 – nil] for software services included in program development.

Consolidated schedule of operations by activity area

Year ended March 31

	Economic Law & Policy \$000's	Resilience \$000's	Energy \$000's	Tracking Progress \$000's	Water \$000's	Corporate and shared services \$000's	Program development \$000's	Innovation Fund \$000's	Collaborating entities [note 17] \$000's	2025 Total \$000's	2024 Total \$000's	
Revenue [note 5]	20,226	14,730	11,579	5,917	11,934	131	10	—	5,341	69,868	56,993	
Expenses												
Personnel	8,277	4,407	4,921	1,913	5,404	4,108	2,715	103	—	31,848	26,834	
Board – expenses	—	—	—	—	—	88	—	—	—	88	144	
Travel	2,091	2,247	563	1,265	450	171	273	33	—	7,093	6,335	
Publishing	384	616	163	153	60	47	28	1	—	1,452	1,390	
Consulting	4,766	4,528	4,111	1,488	1,044	372	761	40	5,341	22,451	14,827	
Meetings	928	790	146	15	110	72	116	5	—	2,182	1,827	
Supplies and other	149	222	257	37	1,628	772	764	1	—	3,830	3,639	
Research materials	41	14	11	1	11	55	23	—	—	156	78	
Telecommunications	3	10	7	16	24	64	40	—	—	164	198	
Office rent	1	10	32	—	4	583	82	—	—	712	641	
Amortization	—	—	—	—	1,054	24	—	—	—	1,078	954	
	16,640	12,844	10,211	4,888	9,789	6,356	4,802	183	5,341	71,054	56,867	
Excess of revenue (expenses) over designated grants and other revenue	3,586	1,886	1,368	1,029	2,145	(6,225)	(4,792)	(183)	—	(1,186)	126	
Excess of revenue (expenses) over designated grants before the following												
										Operating grants	1,000	760
										Foreign exchange gain (loss)	4,039	(415)
										Investment income	843	1,228
										Excess of revenue over expenses for the year	4,696	1,699

Corporate and shared services, program development and innovation fund expenditures are comprised of indirect costs that were not directly allocated as eligible costs for projects that are funded or sponsored by third party funders reported as program expenses on the consolidated statement of operations and changes in unrestricted net operating assets.

See accompanying notes

Consolidated schedule of designated grants committed during the current year

[Expressed in thousands of dollars]

Year ended March 31, 2025

		\$
Government of Canada [and agencies]		
Global Affairs Canada	26,285	
Environment and Climate Change Canada	5,199	
Canada Foundation for Innovation	1,655	
International Development Research Centre	1,500	
Federal Economic Development Initiative for Northern Ontario	1,000	
Fisheries and Oceans Canada	1,000	
Canada Water Agency	220	
Natural Resources Canada	36	
Others [under \$10,000]	4	
		36,899
Governments of provinces or territories		
Ontario	1,900	
Manitoba	389	
British Columbia	60	
		2,349
Governments of other nations		
Austria		
Austria Federal Minister of Climate Action, Environment, Energy, Mobility, Innovation	64	
Belgium		
Federal Public Services	44	
Costa Rica		
Ministry of Foreign Affairs and Worship of the Republic of Costa Rica	35	
Denmark		
Ministry of Foreign Affairs	3,869	
Finland		
Ministry of the Environment	6	
France		
Embassy of France in Ottawa	294	
Minister of Ecological Transition	12	
		306
Germany		
Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH	812	
Federal Institute for Geoscience and Natural Resources	306	
Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV)	269	
		1,387
Iceland		
Ministry for Foreign Affairs	7	
Ireland		
Department of Foreign Affairs	2,919	

**Consolidated schedule of designated grants committed
during the current year**

[Expressed in thousands of dollars]

Year ended March 31, 2025

		\$
Luxembourg		
The Government of the Grand Duchy of Luxembourg		37
Netherlands		
Ministry of Climate and Green Growth	1,084	
Netherlands Ministry of Infrastructure and Water Management	37	1,121
Norway		
Norwegian Environment Agency		38
South Korea		
Korea Environment Institute		3
Sweden		
Ministry of Climate and Enterprise	258	
Swedish Environmental Protection Agency	6	264
Switzerland		
Swiss Agency for Development and Cooperation	713	
Federal Office for the Environment	158	871
United Kingdom		
Foreign, Commonwealth & Development Office		4,654
USA		
U.S. Department of State	65	
U.S. Coast Guard	53	118
		15,743
United Nations [and UN agencies]		
United Nations Environment Programme		478
Food and Agriculture Organization of the United Nations		377
United Nations Human Settlements Programme		282
United Nations Office for Disaster Risk Reduction		134
United Nations Development Programme		98
United Nations Department of Economic and Social Affairs		55
United Nations Economic Commission for Europe		37
United Nations Office for Project Services		30
United Nations Environment Management Group		24
International Labour Office		11
		1,526

**Consolidated schedule of designated grants committed
during the current year**

[Expressed in thousands of dollars]

Year ended March 31, 2025

	\$
International organizations and partners [other than UN]	
The World Bank Group	286
Ramsar Convention on Wetlands Secretariat	115
ISEAL Alliance	89
Global Center for Adaptation	70
African Development Bank	65
Institute for Global Environmental Strategies	51
ASEAN Secretariat	47
International Tropical Timber Organization	28
Ocean & Climate Platform	11
Others [under \$10,000]	40
	802
Foundations	
Quadrature Climate Foundation	4,383
Open Society Foundations	2,701
ClimateWorks Foundation	1,518
John and Pat McCutcheon Charitable Foundation	997
The Pew Charitable Trusts	932
Wellcome Trust	853
Rockefeller Philanthropy Advisors	841
The William and Flora Hewlett Foundation	810
RBC Foundation	700
FILE	601
European Climate Foundation	460
Porticus	365
BHP Foundation	358
KR Foundation	270
Ford Foundation	270
Trottier Family Foundation	246
The Winnipeg Foundation	193
International Sustainable Energy Foundation	192
Yayasan Visi Indonesia Raya Emisi Nol Bersih	104
Sustainability, Equity and Diversity Fund	22
United Way Winnipeg	20
Prince Albert II of Monaco Foundation	14
Others [under \$10,000]	57
	16,907

**Consolidated schedule of designated grants committed
during the current year**

[Expressed in thousands of dollars]

Year ended March 31, 2025

	\$
Other	
Canada Life	225
Michael Paterson & Gail Asper	215
Anonymous	75
Land Equity International Pty Ltd.	68
The Wawanesa Mutual Insurance Company	56
Taipei Economic and Cultural Office	34
United Nations Foundation	24
Stephen Paterson	20
Delta Electronics Inc.	20
Lois McDonald	20
GSS Carbon and Bioinnovation	12
Others [under \$10,000]	59
	828
	75,054

See accompanying notes