

# Sierra report to members 2003

## ONE Earth, ONE Chance

We can celebrate a number of significant accomplishments in 2003. We won a significant court victory as intervenors in the "Harvard mouse" case, protecting animal life in Canada from patenting as intellectual property, stopped the federal government from backing ITER (the multi-billion dollar experimental fusion reactor program), saw the entry into force of legislation to protect endangered species, and helped develop a progressive and ambitious National Forest Strategy.

In other areas, we must continue to fight after heart breaking set backs in 2003. The long-protested seismic testing proceeded in Cape Breton's in-shore coastal waters in the Gulf of St. Lawrence, while it was stopped in Quebec portions of the same body of water. The abandoned Cheviot open pit coal mine was resurrected to threaten the ecosystem adjacent to Jasper National Park in Alberta. We pushed hard for the Sydney Tar Ponds clean up, and saw the results of our efforts in early 2004. Wild pacific salmon continues at risk, while the threat of oil and gas moves closer in British Columbia. Meanwhile the long hard work of implementing the Kyoto Protocol continues. On December 17, 2003, the first anniversary of Canadian ratification, Sierra Club of Canada issued our first annual Kyoto Report Card.

So much of our work feels like an exercise in "two steps forward, one step back." As Tom Hayden once said, "In all my years as an activist, I feel that I have only slowed down the rate at which things get worse." In environmental work, it is critical that we discipline ourselves to take the long view. Progress against huge odds and entrenched interests rarely happens in easy annual cycles. Still, no year goes by when we cannot celebrate a number of victories.

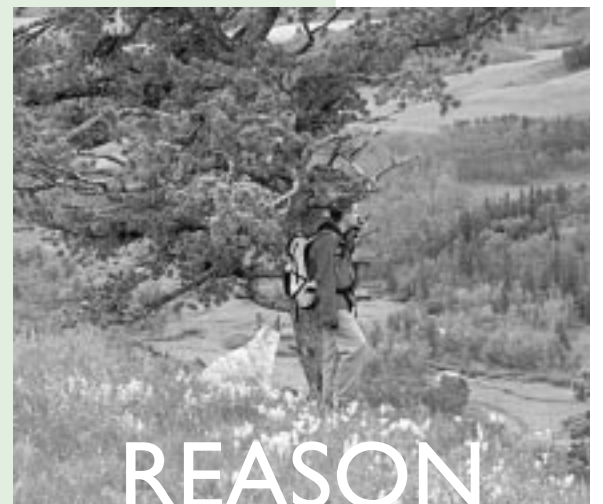
We also accomplished a number of important organizational milestones in 2003. This year is the first for which we have an audited financial statement for the consolidated whole of all Sierra Club of Canada entities. We held our first ever contest to increase memberships. We unveiled a new and much improved web site to increase our reach to cyber-activists. Our Sierra Youth Coalition increased its impact in greening campuses across Canada, reaching fully half of all universities.

The financial results for 2003 were somewhat disappointing with an overall deficit caused by reorganization activity in the BC Chapter. The Board and Management have taken appropriate steps to address this issue. Looking to 2004, the Club will make a concerted effort to establish reserves to provide greater security and financial strength to the organization.

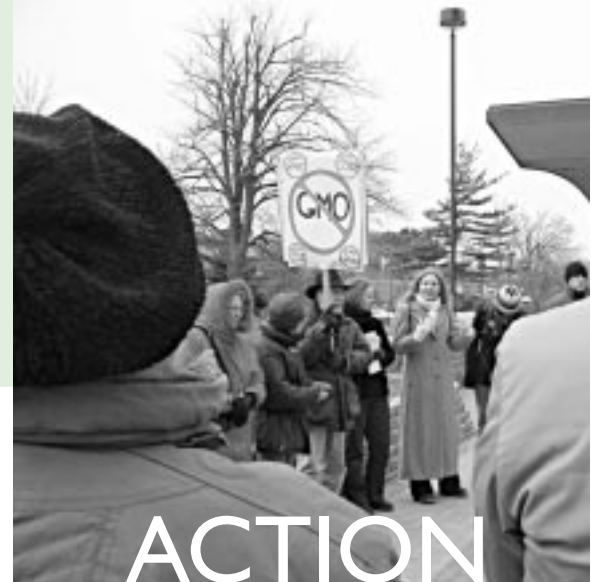
By supporting Sierra Club of Canada, you are helping protect human health and the natural environment by promoting responsible, viable solutions. But no victory happens through only passive support. Please continue exercising your democratic engagement in forcing change. While accepting the long view is necessary, we must not become too accepting of delay.

The need for change is urgent. Our pride in the progress we have accomplished in 2003 is met by our passion and impatience for far more in 2004.

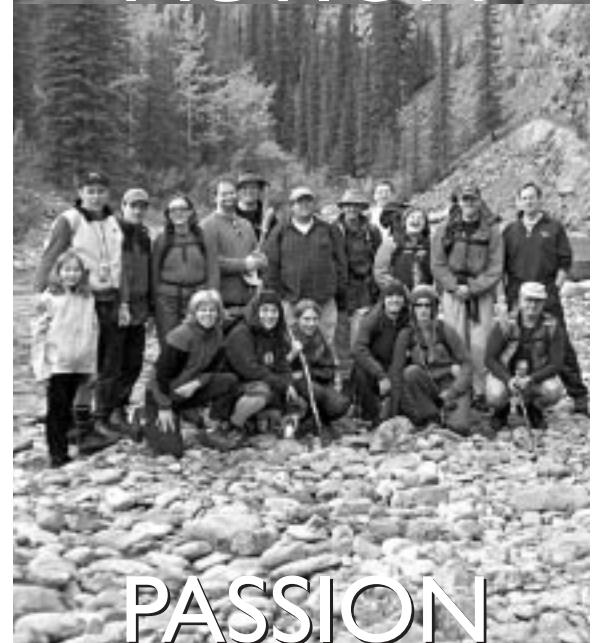
Elizabeth May  
Executive Director



REASON



ACTION



PASSION



PERSISTENCE

### AUDITORS' REPORT

To the Directors of Sierra Club of Canada:

We have audited the consolidated statement of financial position of Sierra Club of Canada as at December 31, 2003, the consolidated statement of revenue and expenses and the consolidated statement of net surplus for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, the Organization derives revenue from donations and membership fees, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donations and membership revenues, assets and net surplus. In addition, the Organization funds environmental projects in El Salvador and Bolivia for which it does not receive sufficient details and support for expenditures made outside of Canada. Accordingly, we were unable to satisfy ourselves with respect to the nature and propriety of the final use of these funds. As a result, we were unable to determine whether adjustments might be necessary to expenses, liabilities and net surplus.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and membership revenues and propriety of expenses referred to in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as at December 31, 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

We have not examined, and we do not express an opinion on, the financial statements for the preceding period.

McLarty & Co.  
Chartered Accountants

Ottawa, Ontario,  
April 14, 2004

# SIERRA CLUB OF CANADA REPORT TO MEMBERS 2003

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS SIERRA CLUB OF CANADA, December 31, 2003

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION SIERRA CLUB OF CANADA

	Eastern Canada	Prairie Chapter	BC Chapter	Atlantic Chapter	National Office	Internal Transactions	December 31	
							2003	2002 (Unaudited)
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Cash	\$ 37,089	\$ 57,218	\$ 84,426	\$ 504	\$ 37,618	\$ -	\$ 216,855	\$ 507,763
Accounts receivable	2,688	12,013	67,363	428	42,796	(8,162)	117,126	255,305
Prepaid expenses and deposits	892	487	14,978	-	1,368	-	17,725	4,318
Inventory	-	-	-	-	-	-	-	7,838
Other	-	-	-	-	2,149	(1,265)	884	-
	40,669	69,718	166,767	932	83,931	(9,427)	352,590	775,224
<b>INVESTMENTS</b> (market value \$76,793)	-	6,338	69,074	-	-	-	75,412	69,075
<b>CAPITAL ASSETS</b> —Note B	2,679	439	39,490	-	7,029	-	49,637	45,900
	\$ 43,348	\$ 76,495	\$ 275,331	\$ 932	\$ 90,960	\$ (9,427)	\$ 477,639	\$ 890,199
<b>LIABILITIES AND NET SURPLUS</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable	\$ 3,821	\$ 4,725	\$ 163,525	\$ 724	\$ 58,683	\$ (9,427)	\$ 222,051	\$ 313,292
Deferred revenue	-	72,472	161,590	-	-	-	234,062	428,059
Loan payable to related party	-	-	-	-	-	-	-	52,048
	3,821	77,197	325,115	724	58,683	(9,427)	456,113	793,399
<b>NET SURPLUS</b>	39,527	(702)	(49,784)	208	32,277	-	21,526	96,800
	\$ 43,348	\$ 76,495	\$ 275,331	\$ 932	\$ 90,960	\$ (9,427)	\$ 477,639	\$ 890,199

### CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES SIERRA CLUB OF CANADA

	Eastern Canada	Prairie Chapter	BC Chapter	Atlantic Chapter	National Office	Sierra Youth Coalition	Internal Transactions	December 31	
								2003	2002 (Unaudited)
<b>Revenue</b>									
Sierra Club of Canada Foundation	\$ 87,782	\$ -	\$ -	\$ -	\$ 840,161	\$ 114,154	\$ -	\$ 1,042,097	
Sierra Club BC Foundation	-	-	951,832	-	-	-	-	951,832	
Government contracts	53,276	2,891	429,315	-	43,800	45,149	-	574,431	
Donations	11,096	3,776	136,398	-	121,487	16,289	-	292,646	
Contracts	3,328	78,176	66,423	8,841	124,299	-	-	281,067	
Membership dues	6,234	12,419	11,372	4,138	54,327	981	-	89,471	
Events	5,088	(470)	5,323	2,370	5,189	8,230	-	25,730	
Product Sales	1,313	-	15,720	-	1,894	-	-	15,327	
Other	461	129	13,253	-	141	-	-	13,984	
Interest income	22	-	795	-	-	-	-	817	
National Office	-	-	-	12,000	-	-	(12,000)	-	
	168,600	96,921	1,630,431	27,349	1,191,298	184,803	(12,000)	3,287,402	\$ 3,001,340
<b>Expenses</b>									
Campaign	34,022	77,198	1,505,770	18,107	613,756	149,151	-	2,398,004	
Facilities and office	12,911	6,752	151,350	4,321	158,919	18,607	-	352,860	
Administration – staff	80,780	6,894	-	-	174,534	-	-	262,208	
Communication and education	3,420	-	65,193	1,218	40,855	8,481	-	119,167	
Membership support	-	64	-	-	92,129	-	-	92,193	
Other	2,902	1,595	60,467	255	18,128	35	-	83,382	
Governance	1,254	1,150	27,135	-	21,540	-	-	51,079	
Chapter and group support	499	2,000	110	-	50,998	-	(12,000)	41,607	
Professional development	1,221	157	-	123	6,307	1,550	-	9,358	
Events and outings	168	1,012	-	3,686	-	-	-	4,866	
	137,177	96,822	1,810,025	27,710	1,177,166	177,824	(12,000)	3,414,724	2,971,571
<b>Excess from operations</b>	31,423	99	(179,594)	(361)	14,132	6,979	-	(127,322)	29,769
Unusual item—Note C	-	-	-	-	52,048	-	-	52,048	46,401
<b>Excess (deficiency) of revenue over expenses</b>	\$ 31,423	\$ 99	\$ (179,594)	\$ (361)	\$ 66,180	\$ 6,979	\$ -	\$ (75,274)	\$ 76,170

### CONSOLIDATED STATEMENT OF NET SURPLUS SIERRA CLUB OF CANADA

	Eastern Canada	Prairie Chapter	BC Chapter	Atlantic Chapter	National Office	Sierra Youth Coalition	Internal Transactions	December 31	
								2003	2002 (Unaudited)
Surplus (deficiency) at beginning of year	\$ 8,104	\$ (801)	\$ 129,810	\$ 569	\$ (40,882)	\$ -	\$ -	\$ 96,800	\$ 20,630
Excess (deficiency) of revenue over expenses	31,423	99	(179,594)	(361)	66,180	6,979	-	(75,274)	76,170
<b>Surplus (deficiency) at end of year</b>	\$ 39,527	\$ (702)	\$ (49,784)	\$ 208	\$ 25,298	\$ 6,979	\$ -	\$ 21,526	\$ 96,800

### NOTES

#### NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**General:** Sierra Club of Canada was formed under the Canada Corporations Act in 1969 and operates as a non-profit voluntary membership organization. It was established to explore, enjoy and protect the wild places of the earth, to practice and promote the responsible use of the earth's ecosystems and resources, to educate and enlist humanity to protect and restore the quality of the natural and human environment, and to use all lawful means to carry out these objectives. Sierra Club of Canada operates under a license arrangement with the Sierra Club, headquartered in the United States. Sierra Club of Canada operates with a National office as well as Chapters in British Columbia, Prairies, Eastern Canada and Atlantic Canada.

**Basis of Presentation:** The accompanying financial statements are presented using the accrual basis of accounting.

**Investments:** Investments are recorded at cost. A write-down is recorded when there has been a loss in value that is considered to be other than temporary.

**Capital Assets:** Capital assets are stated at cost. Amortization is computed using the following methods and rates:

	Method	Rate
Computer equipment	Declining balance	30%
Office equipment	Declining balance	20%

In the year of acquisition, capital asset purchases are amortized at one-half of the normal annual rate.

**Revenue Recognition:** Revenues from projects are recognized by the percentage of completion method, measured by the percentage of cost incurred to date to estimated total cost for each project.

**Membership Dues:** Membership dues are recognized when received.

**Use of Estimates:** The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported

amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in revenue or expenses in the period in which they became known.

#### NOTE B—CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2003	2002
Computer equipment	\$100,831	\$53,020	\$47,811	\$38,104
Office equipment	13,036	11,210	1,826	7,796
	\$113,867	\$64,230	\$49,637	\$45,900

#### NOTE C—UNUSUAL ITEMS

In February 2003, at a Sierra Club (United States) Board of Directors meeting, the loan payable to related party, in the amount of \$52,048, was unconditionally forgiven. The affect of the forgiveness of the loan has been reflected in the 2003 financial statements.

In fiscal 2001, the financial statements included an accrual of \$46,401 for legal costs awarded by the Supreme Court of Canada against the Organization. These costs related to a trial in which Atomic Energy of Canada Ltd. (AECL) sought intervenor status on a case brought by the Organization against the Federal Minister of Finance. On this issue, the Organization was successful at the first hearing before the Federal Court of Canada (Trial Division) and again on appeal to the Federal Court Appeal Division. However, the Supreme Court of Canada ruled against the Organization and awarded costs to AECL "throughout". In fiscal 2002, by consent of all parties, the costs awarded against the Organization have been waived and the reversal appears in these financial statements.

#### NOTE D—FINANCIAL INSTRUMENTS

Sierra Club of Canada's financial instruments consists of cash, money market and mutual funds, accounts receivable, accounts payable and accruals; the fair market value of which approximates their carrying

value.

It is management's opinion that the organization is not exposed to significant interest rate or credit risk arising from these financial instruments.

#### NOTE E—SIERRA YOUTH COALITION

Sierra Youth Coalition (SYC) is the youth-run arm of Sierra Club of Canada with operations out of the national office. For presentation on the statement of revenue and expenses, SYC's operations are shown separately for information purposes. However, SYC is part of national office and therefore does not have its own balance sheet.

#### NOTE F—STATEMENT OF CASH FLOWS

A statement of cash flows has not been provided as it would not provide additional meaningful information.

#### NOTE G—COMMITMENTS

The National office has entered into lease commitments for office accommodation expiring February 28, 2007. Annual lease payments amount to \$27,133.

The BC Chapter subleases its office premises from the Sierra Club British Columbia Foundation under an arrangement that was made effective from August 1, 2002 to July 31, 2003. Minimum future payments related to this agreement are \$23,889. Subsequent to the end of the year, the Foundation entered into a lease agreement.

#### NOTE H—COMPARATIVE FIGURES

The figures for 2002, presented for comparative purposes, were compiled by management and therefore, we do not express an audit opinion on those comparative figures. The basis of compilation has changed from prior year and therefore only the totals for comparative 2002 revenue and expenses are shown rather than detailed line items.