
Audited Financial Statements

SIERRA CLUB OF CANADA

December 31, 2005

AUDITED FINANCIAL STATEMENTS

SIERRA CLUB OF CANADA

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Value Beyond Service

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AUDITORS' REPORT

To the Directors of Sierra Club of Canada:

We have audited the statement of financial position of Sierra Club of Canada as at December 31, 2005, the statement of revenue and expenses and the statement of net assets for the year then ended. These financial statements are the responsibility of the Club's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 Club 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 Club and we were not able to determine whether any adjustments might be necessary to donation and membership revenues, assets and net surplus. In addition, the Club funds environmental projects in 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 assets.

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 ourself concerning the completeness of the donations and membership revenues and propriety of expenses referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Club as at December 31, 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

McLarty & Co (handwritten signature)

Ottawa
April 17, 2006

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

SIERRA CLUB OF CANADA

	Ontario Chapter	Prairies Chapter	BC Chapter	Atlantic Canada Chapter	National Office	Internal Transactions	December 31	
							2005	2004
ASSETS								
CURRENT ASSETS								
Cash	\$ 15,191	\$ 12,613	\$ 74,572	\$ 17,220	\$ 134,536	\$ -	\$ 254,132	\$ 113,187
Accounts receivable	16,781	10,978	4,147	9,409	35,791	(5,000)	72,106	136,559
Prepaid expenses and deposits	500	458	1,615	-	2,468	-	5,041	4,416
Inventory	-	-	-	-	-	-	-	225
	<u>32,472</u>	<u>24,049</u>	<u>80,334</u>	<u>26,629</u>	<u>172,795</u>	<u>(5,000)</u>	<u>331,279</u>	<u>254,387</u>
CAPITAL ASSETS--Note B	<u>2,143</u>	<u>1,624</u>	<u>28,346</u>	<u>-</u>	<u>21,230</u>	<u>-</u>	<u>53,343</u>	<u>58,671</u>
	<u>\$ 34,615</u>	<u>\$ 25,673</u>	<u>\$ 108,680</u>	<u>\$ 26,629</u>	<u>\$ 194,025</u>	<u>\$ (5,000)</u>	<u>\$ 384,622</u>	<u>\$ 313,058</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts payable and accrued liabilities	\$ 15,639	\$ 1,059	\$ 6,600	\$ -	\$ 68,506	\$ (5,000)	\$ 86,804	\$ 97,683
Deferred revenue	-	23,708	71,330	8,095	90,083	-	193,216	248,229
	15,639	24,767	77,930	8,095	158,589	(5,000)	280,020	345,912
NET ASSETS	<u>18,976</u>	<u>906</u>	<u>30,750</u>	<u>18,534</u>	<u>35,436</u>	<u>-</u>	<u>104,602</u>	<u>(32,854)</u>
	<u>\$ 34,615</u>	<u>\$ 25,673</u>	<u>\$ 108,680</u>	<u>\$ 26,629</u>	<u>\$ 194,025</u>	<u>\$ (5,000)</u>	<u>\$ 384,622</u>	<u>\$ 313,058</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

See notes to financial statements

STATEMENT OF NET ASSETS

SIERRA CLUB OF CANADA

	Ontario Chapter	Prairies Chapter	BC Chapter	Atlantic Canada Chapter	National Office		Internal Transactions	December 31	
					Unrestricted	Sierra Youth Coalition		2005	2004
Net assets at beginning of year	\$ 24,502	\$ 1,104	\$ (60,835)	\$ 4,144	\$ (39,093)	\$ 37,324	\$ -	\$ (32,854)	\$ 21,526
Excess (deficiency) of revenue over expenses	<u>(5,526)</u>	<u>(198)</u>	<u>91,585</u>	<u>14,390</u>	<u>88,789</u>	<u>(51,584)</u>	<u>-</u>	<u>137,456</u>	<u>(54,380)</u>
Net assets at end of year	<u>\$ 18,976</u>	<u>\$ 906</u>	<u>\$ 30,750</u>	<u>\$ 18,534</u>	<u>\$ 49,696</u>	<u>\$ (14,260)</u>	<u>\$ -</u>	<u>\$ 104,602</u>	<u>\$ (32,854)</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

SIERRA CLUB OF CANADA

December 31, 2005

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.

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

	<u>Method</u>	<u>Rate</u>
Computer and telephone equipment	Declining balance	30%
Office furniture	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 contracts are recognized by the deferral method, whereby revenue is recognized in the year in which the related expenses are incurred.

Revenue from donations and 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

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2005</u>	<u>2004</u>
Computer and telephone equipment	\$ 125,363	\$ 74,571	\$ 50,792	\$ 55,889
Office furniture	<u>14,423</u>	<u>11,872</u>	<u>2,551</u>	<u>2,782</u>
	<u>\$ 139,786</u>	<u>\$ 86,443</u>	<u>\$ 53,343</u>	<u>\$ 58,671</u>

NOTES TO FINANCIAL STATEMENTS

SIERRA CLUB OF CANADA

December 31, 2005

NOTE C--FINANCIAL INSTRUMENTS

Sierra Club of Canada's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, the fair value of which approximates their carrying value due to the immediate or short-term maturity of these instruments.

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

NOTE D--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 E--STATEMENT OF CASH FLOWS

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

NOTE F--COMMITMENTS

The National Office and Chapters have entered into various lease commitments for office accommodation and photocopier equipment. Annual lease payments are as follows:

2006	\$ 52,376
2007	12,461
2008	5,996
2009	5,996
2010	<u>2,998</u>
	<u>\$ 79,827</u>

NOTE G--OTHER INFORMATION

The Sierra Club of Canada Foundation and the Sierra Club of BC Foundation are registered charitable organizations governed by their own Boards of Directors. The Foundations' missions are to advance the preservation and protection of the natural environment through charitable projects of the Sierra Club of Canada and its chapters. During the year, the Foundations provided funding to the Sierra Club of Canada in the amount of \$1,906,789 (2004 - \$1,840,218).