

SIERRA CLUB CANADA
FINANCIAL STATEMENTS
DECEMBER 31, 2011

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PARKER PRINS LEBANO
Chartered Accountants
Professional Corporation

To the Members,
SIERRA CLUB CANADA

We have reviewed the Statement Of Financial Position of **SIERRA CLUB CANADA** as at December 31, 2011 and the Statements of Changes In Net Assets and Operations, for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consists primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Club.

A review does not constitute an audit and consequently we do not express an audit opinion on the financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

The figures as at December 31, 2010 and for the year then ended were not subject to a review or audit engagement and are presented for comparative purposes only. Please refer to our Notice to Reader dated November 30, 2012.

Parker Prins Lebano Chartered Accountants Professional Corporation
Authorized to practice public accounting by The Institute of Chartered Accountants of Ontario

Ottawa, Ontario
July 8, 2013

SIERRA CLUB CANADA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011
(prepared without audit)

	Ontario Chapter	Prairies Chapter	BC Chapter	Atlantic Chapter	Quebec Chapter	National Office	Youth Coalition	Total 2011	Total 2010
ASSETS									
CURRENT									
Cash	\$ 24,117	\$ 29,850	\$ 49,418	\$ 1,483	\$ 9,959	\$ 40,322	\$ 2,182	\$ 157,331	\$ 176,460
Accounts receivable	107,186	-	22,338	2,080	8,782	3,135	7,500	151,021	420,547
Prepaid expenses	1,745	-	-	-	-	1,502	-	3,247	2,687
Due from Sierra Club of Canada Foundation	29,292	30,764	-	2,475	2,475	-	-	65,006	350,056
	162,340	60,614	71,756	6,038	21,216	44,959	9,682	376,605	949,750
INVESTMENTS	-	6,338	-	-	-	-	-	6,338	6,338
CAPITAL (note 4)	-	553	7,024	1,091	-	10,166	-	18,834	22,878
	\$ 162,340	\$ 67,505	\$ 78,780	\$ 7,129	\$ 21,216	\$ 55,125	\$ 9,682	\$ 401,777	\$ 978,966
LIABILITIES									
CURRENT									
Accounts payable and accrued liabilities	\$ 67,643	\$ 1,180	\$ 23,575	\$ 1,500	\$ -	\$ 17,853	\$ 7,698	\$ 119,449	\$ 311,508
Deferred contributions	18,629	28,289	21,230	-	5,750	6,430	13,178	93,506	464,104
Due to Sierra Club of Canada Foundation (note 5)	-	-	-	-	-	-	14,995	14,995	29,735
Loan from Sierra Club of Canada Foundation (note 6)	-	-	-	-	-	13,434	-	13,434	23,500
Due to (from) Chapters and National Office (note 5)	-	(1,730)	-	2,148	10,246	(23,483)	12,819	-	-
	86,272	27,739	44,805	3,648	15,996	14,234	48,690	241,384	828,847
NET ASSETS									
Invested in capital assets	-	553	7,024	1,091	-	10,166	-	18,834	22,878
Unrestricted net assets	76,068	39,213	26,951	2,390	5,220	30,725	(39,008)	141,559	127,241
	76,068	39,766	33,975	3,481	5,220	40,891	(39,008)	160,393	150,119
	\$ 162,340	\$ 67,505	\$ 78,780	\$ 7,129	\$ 21,216	\$ 55,125	\$ 9,682	\$ 401,777	\$ 978,966

On behalf of the Board:

Director

Director

SIERRA CLUB CANADA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011
(prepared without audit)

	Ontario Chapter	Prairies Chapter	BC Chapter	Atlantic Chapter	Quebec Chapter	National Office	Youth Coalition	Total 2011	Total 2010
UNRESTRICTED									
BALANCE, BEGINNING OF YEAR	\$ 111,107	\$ 55,935	\$ 31,503	\$ 14,136	\$ 5,284	\$ (95,191)	\$ 4,467	\$ 127,241	\$ 105,228
Excess (deficiency) of revenue over expenditure for the year	(35,039)	(16,960)	(8,085)	(12,019)	(64)	125,916	(43,475)	10,274	12,191
Transfer from invested in capital assets	-	238	3,533	273	-	-	-	4,044	9,822
BALANCE, END OF YEAR	\$ 76,068	\$ 39,213	\$ 26,951	\$ 2,390	\$ 5,220	\$ 30,725	\$ (39,008)	\$ 141,559	\$ 127,241
INVESTED IN CAPITAL ASSETS									
BALANCE, BEGINNING OF YEAR	\$ -	\$ 791	\$ 10,557	\$ 1,364	\$ -	\$ 10,166	\$ -	\$ 22,878	\$ 32,700
Amortization	-	(238)	(3,533)	(273)	-	-	-	(4,044)	(9,822)
BALANCE, END OF YEAR	\$ -	\$ 553	\$ 7,024	\$ 1,091	\$ -	\$ 10,166	\$ -	\$ 18,834	\$ 22,878

SIERRA CLUB CANADA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011
(prepared without audit)

	Ontario Chapter	Prairies Chapter	BC Chapter	Atlantic Chapter	Quebec Chapter	National Office	Youth Coalition	Total 2011	Total 2010
REVENUE									
Donations and memberships (note 5)	\$ 14,980	\$ 3,650	\$ 4,246	\$ 31,137	\$ 550	\$ 101,668	\$ 1,653	\$ 157,884	\$ 309,787
Corporate	314,995	3,750	-	1,000	-	-	-	319,745	282,766
Government contracts	15,000	10,506	4,918	52,006	11,775	-	20,425	114,630	628,760
NGO's	2,000	43,780	51,929	9,426	-	104,792	115,918	327,845	-
Sierra Club of Canada									
Foundation (notes 5 and 6)	60,336	159,752	-	54,203	9,175	238,006	92,527	613,999	870,265
Interest and other revenue	2,965	2,522	28,956	-	836	1,044	407	36,730	61,463
	<u>410,276</u>	<u>223,960</u>	<u>90,049</u>	<u>147,772</u>	<u>22,336</u>	<u>445,510</u>	<u>230,930</u>	<u>1,570,833</u>	<u>2,153,041</u>
EXPENDITURE									
Administration (note 5)	59,754	6,406	26,097	17,285	2,220	73,965	25,264	210,991	486,953
Communication and education	2,267	3,657	-	397	-	8,880	405	15,606	20,471
Governance	214	93		1,270	349	1,732	264	3,922	2,364
Personnel	125,376	133,345	27,609	109,897	17,931	221,046	177,485	812,689	848,176
Projects and campaigns	257,704	97,419	44,428	30,942	1,900	13,971	70,987	517,351	782,886
	<u>445,315</u>	<u>240,920</u>	<u>98,134</u>	<u>159,791</u>	<u>22,400</u>	<u>319,594</u>	<u>274,405</u>	<u>1,560,559</u>	<u>2,140,850</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR	<u>\$ (35,039)</u>	<u>\$ (16,960)</u>	<u>\$ (8,085)</u>	<u>\$ (12,019)</u>	<u>\$ (64)</u>	<u>\$ 125,916</u>	<u>\$ (43,475)</u>	<u>\$ 10,274</u>	<u>\$ 12,191</u>

SIERRA CLUB CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(prepared without audit)

1. PURPOSE OF THE ORGANIZATION

Sierra Club Canada (The Club) was incorporated without share capital under Part II of the Canada Corporations Act in 1992 and operates as a not-for-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 Canada operates under a license arrangement with the Sierra Club, headquartered in the United States. Sierra Club Canada operates with a National Office as well as Chapters in British Columbia, Prairies, Ontario, Quebec, Atlantic Canada and Sierra Youth Coalition.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Revenue and expenditures are recorded on an accrual basis whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not transactions have been finally settled by the receipt or payment of money.

Investments

Investments are classified as available for sale and are recorded at fair value. Investments in term deposits and guaranteed investment certificates are recorded at cost plus accrued interest.

Capital Assets

Capital assets are stated at cost. Amortization is recorded using the diminishing balance method at rates calculated to amortize the cost over their estimated useful lives as follows:

Office furniture and fixtures	20% per annum
Computer and telephone equipment	30% per annum

One-half the amortization is taken in the years of acquisition and disposition.

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.

SIERRA CLUB CANADA
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2011
(prepared without audit)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Volunteer Services

The Club receives the services of many volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of this expenditure has been included in these financial statements.

3. FINANCIAL INSTRUMENTS

The Club's financial instruments consists of cash, accounts receivable, investments, due from Sierra Club of Canada Foundation, accounts payable, accrued liabilities and due to Sierra Club of Canada Foundation. The fair values of these financial instruments approximate their carrying values, unless otherwise stated. It is management's opinion the Club is not exposed to significant interest rate risk or credit risk arising from these financial statements.

4. CAPITAL ASSETS

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer and telephone equipment	\$ 143,187	\$ 124,889	\$ 18,298	\$ 22,215
Office furniture	13,203	12,667	536	663
	<u>\$ 156,390</u>	<u>\$ 137,556</u>	<u>\$ 18,834</u>	<u>\$ 22,878</u>

5. RELATED PARTIES

The Sierra Club of Canada Foundation and the Sierra Club of BC Foundation are registered charitable organizations governed by respective Boards of Directors. The Foundations' missions are to advance the preservation and protection of the natural environment through charitable projects of the Sierra Club Canada and Chapters.

The Sierra Club Canada and its Chapters deliver the charitable projects commissioned by the Sierra Club of Canada Foundation, therefore the organizations are related. The Sierra Club of British Columbia Foundation reorganized and its charitable activities are now achieved through its own employees. From time to time, staff are shared between the Sierra Club Canada's BC Chapter and the Sierra Club of British Columbia Foundation, therefore, the organizations are related.

SIERRA CLUB CANADA
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2011
(prepared without audit)

5. RELATED PARTIES (continued)

During the year, the Club recognized contributions in the amount \$613,999 (2010 - \$870,265), from the Sierra Club of Canada Foundation to deliver charitable projects commissioned by the Foundation.

As at December 31, 2011, the National Office owed to its Chapters a balance of \$16,042. Due to a decision of the Sierra Club of Canada Foundation board, management determined that the National Office was no longer required to remit the amount to the Chapters. This amount is included in the National Office's Sierra Club of Canada Foundation revenue line item. The December 31, 2010 amount was a payable balance of \$13,522.

During the year, the Board of Directors determined that the National Office was no longer required to remit approximately \$43,666 in funds that were due to Chapters. This amount is included in the National Office's Membership revenue line item.

The Sierra Club Canada Chapters collect funds on behalf of the the Sierra Club of Canada Foundation for qualified charitable projects. These projects are implemented by the Chapters under the supervision of the Foundation in accordance with agreed upon workplans. The Foundation owed the Chapters \$65,006 as at December 31, 2011 (2010 - \$350,056).

Included in the Ontario Chapter's Administration expenses is approximately \$32,486 in write-offs representing amounts that were estimated as due from the National Office and the Foundation. Management of the National Office and the Chapter agreed to adjust these estimates to reflect actual results in the period.

In 2011, the Foundation assumed the lease, effective January 1, 2011 and expiring February 28, 2014, for the premises occupied by itself, the Club's National Office and the Sierra Youth Coalition from the Sierra Club Canada. Future minimum lease payments under the terms of the agreement are \$43,799, plus applicable taxes, per annum. Also in 2011, the Foundation signed agreements to lease back to the Sierra Club Canada two portions of the premises. In January 2012, the Club executed the option to go month-to-month for the remaining term of the assumed lease, at rates of \$24,600 and \$8,280 per annum.

During the year, the Foundation signed an agreement to purchase services from the Club for the period January 1 to December 31, 2011 in the sum of \$24,000 per annum, payable in monthly installments.

During the year, the Foundation signed an agreement to purchase fundraising services from the Club for the period of January 1 to December 31, 2011 in the sum of \$60,000 per annum, payable in monthly installments.

SIERRA CLUB CANADA
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2011
(prepared without audit)

5. RELATED PARTIES (continued)

During the December 31, 2010 fiscal year, the Atlantic chapter collected \$14,041 worth of funds that were designated for use by the Sierra Club of Canada Foundation by the contributors. The funds were remitted to the Foundation during the December 31, 2011 fiscal year.

As at December 31, 2011, the Youth Coalition owed the Foundation \$14,995. The balance relates to expenses paid on behalf of the Youth Coalition by the Foundation.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. LOAN FROM SIERRA CLUB OF CANADA FOUNDATION

The original loan payable to the Sierra Club of Canada Foundation initially bore interest at 6% per annum, with monthly payments of \$3,000, maturing December 31, 2010. The loan was rewritten in August 2010 to bear interest at 3% per annum, with monthly payments of \$500, maturing January 31, 2015. During the year, the Club made repayments of \$5,500. A further \$5,350 was applied to the balance of the loan in lieu of payment for an additional fund raising campaign conducted by the Club on behalf of the Foundation. Also, this amount is recognized as income in the National Office's "Sierra Club of Canada Foundation" revenue line item. The balance of the loan as at December 31, 2011 is \$13,434 (2010 - \$23,500).

7. SUBSEQUENT EVENTS

Effective April 1, 2012, the management and fundraising contracts between the Foundation and the Club's National Office were discontinued. The management and fundraising contracts were replaced with a new agreement in which the position of Administrator was eliminated. Under the terms of the new agreement, the Foundation agreed to share in the cost of salaries and benefits of four employees of the Club's National office.

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with the current year financial statement presentation.