

SIERRA CLUB CANADA
FINANCIAL STATEMENTS
DECEMBER 31, 2012

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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, 2012 and the Statements Of Changes In Net Assets, Operations and Cash Flows, 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 accounting standards for not-for-profit organizations.

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

Ottawa, Ontario
August 22, 2013

SIERRA CLUB CANADA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012
(prepared without audit)

	Ontario Chapter	Prairies Chapter	BC Chapter	Atlantic Chapter	Quebec Chapter	National Office	Youth Coalition	Total 2012	Total 2011
ASSETS									
CURRENT									
Cash	\$ 25,082	\$ 7,894	\$ 58,318	\$ 3,851	\$ 6,445	\$ 18,268	\$ 1,803	\$ 121,661	\$ 157,331
Accounts receivable	150	5,518	32,338	2,926	-	655	2,585	44,172	151,021
Prepaid expenses	1,745	-	-	-	-	386	-	2,131	3,247
Due from Sierra Club of Canada Foundation (note 6)	3,563	12,375	-	-	-	-	-	15,938	65,006
	30,540	25,787	90,656	6,777	6,445	19,309	4,388	183,902	376,605
INVESTMENTS	-	6,338	-	-	-	-	-	6,338	6,338
CAPITAL (note 5)	-	387	4,970	873	-	8,133	-	14,363	18,834
	\$ 30,540	\$ 32,512	\$ 95,626	\$ 7,650	\$ 6,445	\$ 27,442	\$ 4,388	\$ 204,603	\$ 401,777
LIABILITIES									
CURRENT									
Accounts payable and accrued liabilities	\$ 7,260	\$ 5,583	\$ 39,756	\$ 2,393	\$ -	\$ 18,853	\$ 60,146	\$ 133,991	\$ 119,449
Deferred contributions	-	12,016	-	1,126	3,829	7,538	45,456	69,965	93,506
Due to Sierra Club of Canada Foundation (note 7)	-	-	-	-	-	13,350	5,075	18,425	14,995
Loan from Sierra Club of Canada Foundation (note 8)	-	-	-	-	-	-	-	-	13,434
Due to (from) Chapters and National Office (note 6)	-	1,072	-	-	(3,829)	(1,608)	4,365	-	-
	7,260	18,671	39,756	3,519	-	38,133	115,042	222,381	241,384
NET ASSETS									
Invested in capital assets	-	387	4,970	873	-	8,133	-	14,363	18,834
Unrestricted net assets	23,280	13,454	50,900	3,258	6,445	(18,824)	(110,654)	(32,141)	141,559
	23,280	13,841	55,870	4,131	6,445	(10,691)	(110,654)	(17,778)	160,393
	\$ 30,540	\$ 32,512	\$ 95,626	\$ 7,650	\$ 6,445	\$ 27,442	\$ 4,388	\$ 204,603	\$ 401,777

On behalf of the Board:

Director

SIERRA CLUB CANADA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012
(prepared without audit)

	Ontario Chapter	Prairies Chapter	BC Chapter	Atlantic Chapter	Quebec Chapter	National Office	Youth Coalition	Total 2012	Total 2011
UNRESTRICTED									
BALANCE, BEGINNING OF YEAR	\$ 76,068	\$ 39,213	\$ 26,951	\$ 2,390	\$ 5,220	\$ 30,725	\$ (39,008)	\$ 141,559	\$ 127,241
(Deficiency) excess of revenue over expenditure for the year	(52,788)	(25,925)	21,895	650	1,225	(51,582)	(71,646)	(178,171)	10,274
Transfer from invested in capital assets	-	166	2,054	218	-	2,033	-	4,471	4,044
BALANCE, END OF YEAR	\$ 23,280	\$ 13,454	\$ 50,900	\$ 3,258	\$ 6,445	\$ (18,824)	\$ (110,654)	\$ (32,141)	\$ 141,559

INVESTED IN CAPITAL ASSETS

BALANCE, BEGINNING OF YEAR	\$ -	\$ 553	\$ 7,024	\$ 1,091	\$ -	\$ 10,166	\$ -	\$ 18,834	\$ 22,878
Amortization	-	(166)	(2,054)	(218)	-	(2,033)	-	(4,471)	(4,044)
BALANCE, END OF YEAR	\$ -	\$ 387	\$ 4,970	\$ 873	\$ -	\$ 8,133	\$ -	\$ 14,363	\$ 18,834

SIERRA CLUB CANADA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012
(prepared without audit)

	Ontario Chapter	Prairies Chapter	BC Chapter	Atlantic Chapter	Quebec Chapter	National Office	Youth Coalition	Total 2012	Total 2011
REVENUE									
Donations and memberships (note 6)	\$ 11,175	\$ 120	\$ 3,949	\$ 38,815	\$ 2,285	\$ 84,332	\$ 827	\$ 141,503	\$ 157,884
Corporate	27,518	-	27,657	300	-	1,575	-	57,050	319,745
Government contracts	2,744	7,550	-	16,068	-	-	13,749	40,111	114,630
NGO's	13,038	41,067	68,946	2,253	-	2,250	73,290	200,844	327,845
Sierra Club of Canada Foundation (note 6)	69,164	22,217	-	12,720	1,921	40,075	32,377	178,474	613,999
Interest and other revenue	3,048	5,609	999	3,095	75	7,656	6,612	27,094	36,730
	<u>126,687</u>	<u>76,563</u>	<u>101,551</u>	<u>73,251</u>	<u>4,281</u>	<u>135,888</u>	<u>126,855</u>	<u>645,076</u>	<u>1,570,833</u>
EXPENDITURE									
Administration (note 6)	42,999	5,676	14,147	11,228	1,461	54,801	24,904	155,216	210,991
Communication and education	2,663	974	-	371	1,269	1,859	1,603	8,739	15,606
Governance	102	1,725	-	1,942	-	1,665	102	5,536	3,922
Personnel	29,586	70,993	23,765	45,029	-	123,528	141,209	434,110	812,689
Projects and campaigns	104,125	23,120	41,744	14,031	326	5,617	30,683	219,646	517,351
	<u>179,475</u>	<u>102,488</u>	<u>79,656</u>	<u>72,601</u>	<u>3,056</u>	<u>187,470</u>	<u>198,501</u>	<u>823,247</u>	<u>1,560,559</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR	<u>\$ (52,788)</u>	<u>\$ (25,925)</u>	<u>\$ 21,895</u>	<u>\$ 650</u>	<u>\$ 1,225</u>	<u>\$ (51,582)</u>	<u>\$ (71,646)</u>	<u>\$ (178,171)</u>	<u>\$ 10,274</u>

SIERRA CLUB CANADA
STATEMENT OF CASH FLOWS
DECEMBER 31, 2012
(prepared without audit)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenditure for the year	\$ (178,171)	\$ 10,274
Items not affecting cash:		
Amortization	<u>4,471</u>	<u>4,044</u>
	(173,700)	14,318
Net changes in non-cash items related to operations:		
Accounts receivable	106,849	269,527
Prepaid exepenses	1,116	(560)
Due from Sierra Club of Canada Foundation	49,068	285,050
Accounts payable and accrued liabilities	14,542	(192,059)
Deferred contributions	(23,541)	(370,598)
Due to Sierra Club of Canada Foundation	<u>3,430</u>	<u>(14,741)</u>
Cash used for operations	<u>(22,236)</u>	<u>(9,063)</u>
CASH FLOWS USED FOR FINANCING ACTIVITIES		
Loan from Sierra Club of Canada Foundation	<u>(13,434)</u>	<u>(10,066)</u>
DECREASE IN CASH	(35,670)	(19,129)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>157,331</u>	<u>176,460</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 121,661</u></u>	<u><u>\$ 157,331</u></u>

SIERRA CLUB CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012
(prepared without audit)

1. ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective January 1, 2012, the Club adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook Accounting Part III, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations (ASNFPO). Organizations that adopt Part III of the Handbook also adopt the accounting standards for private enterprises (ASPE; Part II of the CICA Handbook) to the extent accounting standards are not specifically addressed in Part III. These are the Club's first financial statements prepared in accordance with ASNFPO which has been applied retrospectively. The accounting policies set out in the significant accounting policy note below have been applied in preparing these financial statements for the year ended December 31, 2012, and the comparative information presented in these financial statements for the year ended December 31, 2011. Management has determined the changes to the financial statements resulting from the adoption of ASNFPO are not material and thus have not presented an opening Statement Of Financial Position as at January 1, 2011 (the Club's date of transition).

The Club issued financial statements for the year ended December 31, 2011 using Canadian generally accepted accounting principles prescribed by CICA Handbook - Accounting Part V. The adoption of ASNFPO had no impact on the previously reported assets, liabilities, or net assets of the organization, and accordingly, no adjustments have been recorded in the comparative Statements Of Financial Position, Operations, Changes in Net Assets, and Cash Flows. Certain of the Club's disclosures included in these financial statements reflect the new disclosure requirements of ASNFPO.

2. 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.

3. 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 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.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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.

SIERRA CLUB CANADA
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2012
(prepared without audit)

4. FINANCIAL INSTRUMENTS

The Club's financial instruments consist of cash, accounts receivable, investments, amounts due from Sierra Club of Canada Foundation, accounts payable, accrued liabilities and amounts 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.

5. CAPITAL ASSETS

	2012		2011
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Computer and telephone equipment	\$ 143,187	\$ 129,253	\$ 13,934
Office furniture	13,203	12,774	429
	<u>\$ 156,390</u>	<u>\$ 142,027</u>	<u>\$ 14,363</u>
			<u>\$ 18,834</u>

6. 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 Sierra Club Canada BC's chapter and Sierra Club of British Columbia Foundation.

During the year, the Club recognized contributions in the amount \$178,474 (2011 - \$620,429), from the Sierra Club of Canada Foundation to deliver charitable projects commissioned by the Foundation.

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 \$15,938 as at December 31, 2012 (2011 - \$65,006).

SIERRA CLUB CANADA
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2012
(prepared without audit)

6. RELATED PARTIES (continued)

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.

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.

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 2011 National Office's Sierra Club of Canada Foundation revenue line item.

During the 2011 fiscal 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 2011 National Office's Membership revenue line item.

Included in the 2011 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.

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.

7. DUE TO SIERRA CLUB OF CANADA FOUNDATION

Some of the donations made to the Foundation are collected by the Sierra Club Canada on behalf of the Foundation. As well, the Sierra Club Canada provides administrative and credit card processing services to the Foundation on a cost recovery basis. As at December 31, 2012, the Club owed the Foundation \$13,350.

During the year, the Foundation advanced \$10,000 (2011 - \$14,995) in funds to the Sierra Youth Coalition. Grants collected by the Foundation on behalf of the Sierra Youth Coalition in the amount of \$4,925 were then applied against the advanced funds. The remaining \$5,075 is due September 7, 2013.

SIERRA CLUB CANADA
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2012
(prepared without audit)

8. 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 loan was paid off in full (2011- \$13,434). During the prior year, the Club made repayments of \$5,500. A further \$5,350 was applied to the balance of the loan during the December 31, 2011 fiscal year in lieu of payment for an additional fund raising campaign conducted by the Club on behalf of the Foundation and was recognized in the National Office's "Sierra Club of Canada Foundation" 2011 revenue line item.