

SIERRA CLUB CANADA FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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PARKER PRINS LEBANO
Chartered Professional Accountants
Professional Corporation

INDEPENDENT AUDITORS' REPORT

To the Members of the:
SIERRA CLUB CANADA FOUNDATION

Report on the Financial Statements

We have audited the accompanying financial statements of the **SIERRA CLUB CANADA FOUNDATION**, which comprise the Statement of Financial Position as at December 31, 2017, and the Statements Of Changes In Net Assets, Operations and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **SIERRA CLUB CANADA FOUNDATION** as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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

Ottawa, Ontario
April 25, 2018

**SIERRA CLUB CANADA FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 176,794	\$ 205,595
Accounts receivable	31,814	67,045
Prepaid expenses	<u>1,160</u>	<u>1,157</u>
	209,768	273,797
 DUE FROM RELATED PARTY (note 5)	 -	 4,246
 CAPITAL (note 4)	 2,906	 3,676
 DONOR LIST	 <u>60,000</u>	 <u>60,000</u>
	<u>\$ 272,674</u>	<u>\$ 341,719</u>
 LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 43,400	\$ 38,977
Deferred revenue	85,358	133,224
Current portion of long-term debt (note 7)	<u>25,090</u>	<u>13,427</u>
	153,848	185,628
 LONG-TERM DEBT (note 7)	 <u>12,545</u>	 <u>40,281</u>
	166,393	225,909
 NET ASSETS	 <u>106,281</u>	 <u>115,810</u>
	<u>\$ 272,674</u>	<u>\$ 341,719</u>

Approved by the Board:

 Director

 Director

**SIERRA CLUB CANADA FOUNDATION
STATEMENT OF CHANGES NET IN ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
NET ASSETS		
BALANCE, BEGINNING OF YEAR	\$ 115,810	\$ 105,311
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR	<u>(9,529)</u>	<u>10,499</u>
BALANCE, END OF YEAR	<u>\$ 106,281</u>	<u>\$ 115,810</u>

**SIERRA CLUB CANADA FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
REVENUE		
NGO's and other charitable organizations	\$ 89,929	\$ 105,756
Donations - individual and corporate	348,211	277,378
Government contracts	88,471	26,251
Project administration fees	10,733	12,336
Investment and other	<u>4,864</u>	<u>1,502</u>
	<u>542,208</u>	<u>423,223</u>
EXPENDITURE		
Program (note 6)	395,618	279,035
Amortization	770	981
Administrative (note 6)	90,476	90,938
Development (note 6)	<u>64,873</u>	<u>63,650</u>
	<u>551,737</u>	<u>434,604</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURE BEFORE OTHER ITEM	(9,529)	(11,381)
OTHER ITEM		
Insurance proceeds	<u>-</u>	<u>21,880</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR	\$ (9,529)	\$ 10,499

SIERRA CLUB CANADA FOUNDATION
STATEMENT OF CASH FLOWS
DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenditure for the year	\$ (9,529)	\$ 10,499
Items not affecting cash:		
Amortization	<u>770</u>	<u>981</u>
	(8,759)	11,480
Net changes in non-cash items related to operations:		
Accounts receivable	35,231	(54,058)
Prepaid expenses	(3)	(199)
Deferred revenue	(47,866)	69,675
Accounts payable and accrued liabilities	<u>4,423</u>	<u>(7,700)</u>
	<u>(16,974)</u>	<u>19,198</u>
CASH FLOWS (USED FOR) FROM FINANCING ACTIVITIES		
Long-term debt	(16,073)	53,708
Loan receivable - related party	<u>4,246</u>	<u>4,247</u>
	<u>(11,827)</u>	<u>57,955</u>
(DECREASE) INCREASE IN CASH	(28,801)	77,153
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>205,595</u>	<u>128,442</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 176,794</u>	<u>\$ 205,595</u>
Cash and cash equivalents consist of:		
Cash	\$ 143,793	\$ 175,595
Cash assigned to credit facility (note 8)	5,001	-
GIC	<u>28,000</u>	<u>30,000</u>
	<u>\$ 176,794</u>	<u>\$ 205,595</u>

**SIERRA CLUB CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. PURPOSE OF THE FOUNDATION

The Sierra Club Canada Foundation (the "Foundation") was incorporated without share capital under the Corporations Act (Ontario) and is a registered charitable organization under the Income Tax Act (Canada). The purpose of the Foundation is to advance the preservation and protection of the natural environment with charitable resources.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

REVENUE RECOGNITION

Donations not designated for a specific purpose are recognized as revenue when they are received. Donations which are designated for specific programs are deferred and recognized as revenue over the period of the program as costs are incurred.

GRANTS

Grants designated for specific programs are deferred and recognized as revenue over the period of the program as costs are incurred. Grant are subject to specific terms and conditions regarding the expenditure of the funds. The Foundation's records are subject to audit by the funders to identify instances, if any, in which amounts charged to the grants have not complied with the agreed terms and conditions, and which would therefore be refundable. Adjustments, if any, would be recorded in the year in which the funder requests the adjustment.

VOLUNTEER SERVICES

The Foundation 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.

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.

DONOR LIST

The donor list is stated at cost. Management periodically assess the carrying amount of this intangible asset when there have been events or circumstances that indicate the value may be impaired.

SIERRA CLUB CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

3. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and long-term debt. The fair values of these financial instruments approximate their carrying values, unless otherwise stated. It is management's opinion that the Foundation is not exposed to significant interest rate risks arising from these financial instruments.

FOREIGN EXCHANGE RISK

The Foundation is exposed to risks from changes in foreign currency exchange rates through a loan that is denominated in a foreign currency.

4. CAPITAL ASSETS

	<u>2017</u>			<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer and telephone equipment	\$ 882	\$ 640	\$ 242	\$ 346
Office furniture	<u>6,506</u>	<u>3,842</u>	<u>2,664</u>	<u>3,330</u>
	<u>\$ 7,388</u>	<u>\$ 4,482</u>	<u>\$ 2,906</u>	<u>\$ 3,676</u>

5. RELATED PARTY TRANSACTIONS

The Foundation and the Club are related entities since the Foundation is a governing member of the Club.

DUE FROM RELATED PARTY

The balance due from related party relates to financial assistance provided to the Club by the Foundation in previous years. On January 1, 2016, a formal agreement was signed by both parties relating to the funds owed to the Foundation by the Club. Under the terms of this new agreement, the Club is required to repay the principal amount with interest payable on the unpaid principal at 3% per annum calculated yearly and not in advance. The terms of the loan agreement also state that the loan is repayable within 30 days of the Foundation providing the Club with written notice of demand. During the year, the Club repaid the balance.

During the year, the Club made a donation to the Foundation in the amount of \$23,726.

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

SIERRA CLUB CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

6. ALLOCATION OF PERSONNEL EXPENSES

Personnel costs have been allocated in accordance with time incurred as follows:

	<u>2017</u>	<u>2016</u>
Program	\$ 337,561	\$ 219,489
Operations	47,505	41,457
Development	<u>47,505</u>	<u>46,336</u>
	<u>\$ 432,571</u>	<u>\$ 307,282</u>

7. LONG-TERM DEBT

During the prior year, the Foundation received funds from an unrelated not-for-profit corporation in the amount of \$40,000 USD bearing interest at 3% per annum. Under the terms of the loan agreement, the Foundation is required to make four interest only payments of \$300 USD from September 1, 2016 to June 1, 2017 and eight blended payments of \$5,170.22 USD from September 1, 2017 to June 1, 2019. At year end, the loan was translated to Canadian funds using the Bank of Canada exchange rate as at December 31, 2017.

	<u>2017</u>	<u>2016</u>
	\$ 37,635	\$ 53,708
Current portion	<u>(25,090)</u>	<u>(13,427)</u>
	<u>\$ 12,545</u>	<u>\$ 40,281</u>

Principal repayments over the next two years are as follows:

2018	\$ 25,090
2019	<u>12,545</u>
	<u>\$ 37,635</u>

8. CREDIT FACILITIES

The Foundation has a credit facility at its disposal in the total amount of \$5,000. The credit facility is comprised of a corporate credit card with a limit of \$5,000. The credit facility is secured by an assignment of a savings account in the amount of \$5,000 and by a general security agreement.

9. LEASE COMMITMENT

The Foundation is committed to operating leases for its office premises and storage facility. During the next fiscal year, the Foundation is committed to paying approximately \$3,320 under these lease agreements.