

SIERRA CLUB CANADA FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2021

DRAFT

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To the Members of,

SIERRA CLUB CANADA FOUNDATION:

Opinion

We have audited the accompanying financial statements of Sierra Club Canada Foundation which comprise the Statement Of Financial Position as at December 31, 2021, and the Statements Of Changes In Net Assets, Operations, and Cash Flows for the year then ended, and Notes To The Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sierra Club Canada Foundation as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Sierra Club Canada Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing Sierra Club Canada Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Sierra Club Canada Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Sierra Club Canada Foundation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Sierra Club Canada Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Sierra Club Canada Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Sierra Club Canada Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Ottawa, Ontario
May 23, 2022

**SIERRA CLUB CANADA FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT		
Cash and cash equivalents (note 4)	\$ 542,628	\$ 624,875
Accounts receivable	79,053	52,021
Prepaid expenses	<u>3,070</u>	<u>2,743</u>
	624,751	679,639
CAPITAL (note 5)	<u>1,674</u>	<u>2,197</u>
	<u>\$ 626,425</u>	<u>\$ 681,836</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 145,699	\$ 39,117
Deferred revenue (note 4)	<u>365,839</u>	<u>522,171</u>
	511,538	561,288
LONG-TERM DEBT (note 6)	<u>28,750</u>	<u>40,000</u>
	540,288	601,288
NET ASSETS	<u>86,137</u>	<u>80,548</u>
	<u>\$ 626,425</u>	<u>\$ 681,836</u>

Approved by the Board:

_____ Director _____ Director

**SIERRA CLUB CANADA FOUNDATION
STATEMENT OF CHANGES NET IN ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
NET ASSETS		
BALANCE, BEGINNING OF YEAR	\$ 80,548	\$ 61,988
EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR	<u>5,589</u>	<u>18,560</u>
BALANCE, END OF YEAR	<u>\$ 86,137</u>	<u>\$ 80,548</u>

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SIERRA CLUB CANADA FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
REVENUE		
NGO's and other charitable organizations	\$ 366,820	\$ 253,692
Donations - individual and corporate	487,374	252,393
Government contracts	266,071	154,792
Project administration fees	79,126	51,743
Investment and other, net	675	328
Government subsidies (note 7)	-	40,184
	<u>1,200,066</u>	<u>753,132</u>
EXPENDITURE		
Program (note 8)	829,506	490,133
Amortization	523	697
Operations (note 8)	260,342	168,895
Development (note 8)	104,106	74,847
	<u>1,194,477</u>	<u>734,572</u>
EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR	<u>\$ 5,589</u>	<u>\$ 18,560</u>

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SIERRA CLUB CANADA FOUNDATION
STATEMENT OF CASH FLOWS
DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
CASH FLOWS (USED FOR) FROM OPERATING ACTIVITIES		
Excess of revenue over expenditure for the year	\$ 5,589	\$ 18,560
Items not affecting cash:		
Amortization	<u>523</u>	<u>698</u>
	6,112	19,258
Net changes in non-cash items related to operations:		
Accounts receivable	(27,032)	(23,170)
Prepaid expenses	(327)	1,535
Deferred revenue	(156,332)	407,270
Accounts payable and accrued liabilities	<u>106,582</u>	<u>1,882</u>
	<u>(70,997)</u>	<u>406,775</u>
CASH FLOWS (USED FOR) FROM FINANCING ACTIVITIES		
Long-term debt	<u>(11,250)</u>	<u>40,000</u>
(DECREASE) INCREASE IN CASH	(82,247)	446,775
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>624,875</u>	<u>178,100</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 542,628</u></u>	<u><u>\$ 624,875</u></u>
Cash and cash equivalents consist of:		
Cash (note 4)	\$ 509,569	\$ 591,826
Cash assigned to credit facility (note 9)	5,059	5,049
GIC	<u>28,000</u>	<u>28,000</u>
	<u><u>\$ 542,628</u></u>	<u><u>\$ 624,875</u></u>

**SIERRA CLUB CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following policies:

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. Grants 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.

SIERRA CLUB CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

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.

4. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents is \$358,902 (2020 - \$519,171) in donations and grants for specific programs for which qualifying program costs have yet to be incurred and have been recognized as deferred revenue. In accordance with the accounting policies of the Foundation, these designated donations and grants will be recognized as revenue as qualifying program expenditures are incurred in future fiscal years.

5. CAPITAL ASSETS

	2021			2020
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer and telephone equipment	\$ 2,682	\$ 2,099	\$ 583	\$ 833
Office furniture	<u>6,506</u>	<u>5,415</u>	<u>1,091</u>	<u>1,364</u>
	<u>\$ 9,188</u>	<u>\$ 7,514</u>	<u>\$ 1,674</u>	<u>\$ 2,197</u>

6. LONG-TERM DEBT

Long-term debt consists of the Canada Emergency Business Account (CEBA). CEBA provided the Foundation with a zero interest loan in the amount of \$40,000. Repayment of the balance of the loan on or before December 31, 2023, will result in loan forgiveness of 25% (up to \$10,000). If the loan is not repaid by December 31, 2023, it will convert to a term loan of three years carrying interest at 5%. It is the intention of the Foundation to repay the loan before December 31, 2023.

7. GOVERNMENT SUBSIDIES

Included in prior year government subsidies is in \$9,149 in assistance received from the Temporary Wage Subsidy (TWS) program and \$31,035 in assistance received from the Canada Emergency Wage Subsidy (CEWS) program.

The TWS program was a 3-month measure that allowed eligible employers to reduce the amount of payroll deductions they needed to remit to the Canada Revenue Agency (CRA). The subsidy was equal to 10% of the remuneration paid from March 18 to June 19, 2020, up to \$1,375 for each eligible employee.

SIERRA CLUB CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

7. GOVERNMENT SUBSIDIES (continued)

The CEWS program allowed employers to obtain a taxable subsidy of an amount of up to 75% of eligible employee remuneration for certain periods on the basis that prescribed decreases in revenues were experienced. The subsidy is subject to CRA verification.

8. ALLOCATION OF PERSONNEL EXPENSES

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

	<u>2021</u>	<u>2020</u>
Program	\$ 714,615	\$ 346,272
Operations	120,649	56,510
Development	<u>92,807</u>	<u>46,933</u>
	<u>\$ 928,071</u>	<u>\$ 449,715</u>

9. 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 \$5,059 (2020 - \$5,035) and by a general security agreement.

10. LEASE COMMITMENTS

The Foundation is committed to operating leases for its office premises and storage facilities. During the next fiscal year, the Foundation is committed to paying approximately \$6,786 under these lease agreements.