

**SIERRA CLUB CANADA FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

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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, 2015, and the Statements Of Operations, Changes In Net Assets, 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, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink, reading 'Parker Prins Lebano'.

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

Ottawa, Ontario  
June 6, 2016

**SIERRA CLUB CANADA FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 128,442	\$ 171,815
Accounts receivable	12,987	22,294
Prepaid expenses	<u>958</u>	<u>1,999</u>
	142,387	196,108
DUE FROM RELATED PARTY (note 5)	8,493	12,493
CAPITAL (notes 4 and 5)	4,657	5,910
DONOR LIST (note 5)	<u>60,000</u>	<u>60,000</u>
	<u>\$ 215,537</u>	<u>\$ 274,511</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 46,677	\$ 55,873
Deferred revenue	<u>63,549</u>	<u>184,728</u>
	110,226	240,601
<b>NET ASSETS</b>	<u>105,311</u>	<u>33,910</u>
	<u>\$ 215,537</u>	<u>\$ 274,511</u>

Approved by the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Director

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**SIERRA CLUB CANADA FOUNDATION  
STATEMENT OF CHANGES NET IN ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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	<u>2015</u>	<u>2014</u>
<b>NET ASSETS</b>		
BALANCE, BEGINNING OF YEAR	\$ 33,910	\$ 148,944
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR	<u>71,401</u>	<u>(115,034)</u>
BALANCE, END OF YEAR	<u>\$ 105,311</u>	<u>\$ 33,910</u>

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**SIERRA CLUB CANADA FOUNDATION  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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	<u>2015</u>	<u>2014</u>
<b>REVENUE</b>		
NGO's and other charitable organizations	\$ 263,870	\$ 376,633
Donations - individual and corporate	306,606	311,737
Government contracts	13,862	34,287
Project administration fees	18,685	35,109
Investment and other	32,429	40,373
	<u>635,452</u>	<u>798,139</u>
<b>EXPENDITURE</b>		
Program (note 6)	315,374	621,872
Amortization	1,253	1,478
Administrative (note 6)	188,077	200,099
Fundraising (note 6)	59,347	89,724
	<u>564,051</u>	<u>913,173</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR</b>	<u>\$ 71,401</u>	<u>\$ (115,034)</u>

**SIERRA CLUB CANADA FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS (USED FOR) FROM OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenditure for the year	\$ 71,401	\$ (115,034)
Items not affecting cash:		
Amortization	<u>1,253</u>	<u>1,478</u>
	<b>72,654</b>	<b>(113,556)</b>
Net changes in non-cash items related to operations:		
Accounts receivable	9,307	(8,117)
Prepaid expenses	1,041	(1,690)
Due from related party	-	(972)
Deferred revenue	(121,179)	(72,458)
Accounts payable and accrued liabilities	<u>(9,196)</u>	<u>21,152</u>
	<u>(47,373)</u>	<u>(175,641)</u>
<b>CASH FLOWS USED FOR INVESTING ACTIVITIES</b>		
Additions to capital assets	-	(7,388)
Addition to other assets	<u>-</u>	<u>(60,000)</u>
	<u>-</u>	<u>(67,388)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan receivable - related party	<u>4,000</u>	<u>95,038</u>
<b>DECREASE IN CASH</b>	<b>(43,373)</b>	<b>(147,991)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>171,815</u>	<u>319,806</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 128,442</u>	<u>\$ 171,815</u>
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 98,120	\$ 71,493
Money market fund	<u>30,322</u>	<u>100,322</u>
	<u>\$ 128,442</u>	<u>\$ 171,815</u>

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**SIERRA CLUB CANADA FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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**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 foundation 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 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.

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**SIERRA CLUB CANADA FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2015**

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**3. FINANCIAL INSTRUMENTS**

The Foundation's financial instruments consist of cash and cash equivalents, accounts receivable, due from related party, and accounts payable and accrued liabilities. 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 or currency risks arising from these financial instruments.

**CREDIT RISK**

The Foundation is exposed to credit risk through a related party balance due from the Sierra Club Canada (the "Club"). The Foundation maintains ongoing communications to manage this risk.

**4. CAPITAL ASSETS**

	<u>2015</u>			<u>2014</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer and telephone equipment	\$ 882	\$ 388	\$ 494	\$ 706
Office furniture	<u>6,506</u>	<u>2,343</u>	<u>4,163</u>	<u>5,204</u>
	<u>\$ 7,388</u>	<u>\$ 2,731</u>	<u>\$ 4,657</u>	<u>\$ 5,910</u>

**5. RELATED PARTY TRANSACTIONS**

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

**CAPITAL ASSETS AND DONOR LIST**

During the prior fiscal year, the Club transferred capital assets in the amount of \$7,388 as well as a donor list valued at \$60,000 to the Foundation. The total amount of the transfer (\$67,388) was then applied against the loans due from the Club.

**DUE TO/FROM RELATED PARTY**

In previous years, the Foundation provided financial assistance to the Club by covering various salary and administrative expenses. As at December 31, 2015, the Club owed the Foundation \$8,493 (2014 - \$12,493) for the financial assistance provided. The amount due from the Club was non-interest bearing and contained no specific terms of repayment.

Subsequent to year end and effective 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 agrees to repay the principal amount of \$8,493 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.

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



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**SIERRA CLUB CANADA FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2015**

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**6. ALLOCATION OF PERSONNEL EXPENSES**

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

	<u>2015</u>	<u>2014</u>
Program	\$ 158,963	\$ 302,474
Administrative	59,504	93,985
Fundraising	<u>52,814</u>	<u>70,526</u>
	<u>\$ 271,281</u>	<u>\$ 466,985</u>

**7. COMPARATIVE FIGURES**

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