

Financial Statements of

**SIERRA CLUB OF BRITISH COLUMBIA
FOUNDATION**

Year ended December 31, 2023

SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Financial Statements

Year ended December 31, 2023

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KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250 480 3500
Fax 250 480 3539

INDEPENDENT AUDITOR'S REPORT

To the Directors of Sierra Club of British Columbia Foundation

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Sierra Club of British Columbia Foundation (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity 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.



Sierra Club of British Columbia Foundation

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's 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 auditor's report and 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 the 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 the Entity's internal control.



Sierra Club of British Columbia Foundation

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure 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 the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Entity 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 matter that achieves fair presentation.
- 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Victoria, Canada
April 18, 2024

SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	Operating Fund	Special Purpose Fund	Total 2023	Total 2022
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,514,270	\$ 1,088,997	\$ 2,603,267	\$ 1,960,445
Term deposit (note 2)	-	-	-	401,000
Accounts receivable	51,872	-	51,872	78,923
Prepaid expenses	11,830	5,942	17,772	17,621
	1,577,972	1,094,939	2,672,911	2,457,989
Capital assets (note 3)	7,916	-	7,916	17,592
	\$ 1,585,888	\$ 1,094,939	\$ 2,680,827	\$ 2,475,581

Liabilities

Current liabilities:

Accounts payable and accrued liabilities	\$ 55,460	\$ 103,157	\$ 158,617	\$ 120,207
Deferred revenue (note 4)	8,864	991,782	1,000,646	900,332
	64,324	1,094,939	1,159,263	1,020,539
Deferred capital contributions (note 5)	-	-	-	4,289

Fund Balances

Unrestricted	1,438,584	-	1,438,584	1,367,773
Internally restricted (note 9)	82,980	-	82,980	82,980
	1,521,564	-	1,521,564	1,450,753

Commitments (note 8)

	\$ 1,585,888	\$ 1,094,939	\$ 2,680,827	\$ 2,475,581
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See accompanying notes to financial statements.

Approved by the Board:



Director



Director

SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended December 31, 2023, with comparative information for 2022

	Operating Fund	Special Purpose Fund	Total 2023	Total 2022
Revenue:				
Grants	\$ 194,865	\$ 1,418,422	\$ 1,613,287	\$ 2,138,162
Community Gaming Grant	46,639	78,650	125,289	131,821
Federal government grants	14,524	49,417	63,941	35,592
Donations and fundraising	1,078,423	653	1,079,076	1,328,631
Other income	16,877	-	16,877	9,454
	<u>1,351,328</u>	<u>1,547,142</u>	<u>2,898,470</u>	<u>3,643,660</u>
Expenses:				
Salaries and benefits	602,153	768,813	1,370,966	1,294,471
Development and fundraising	423,163	127,058	550,221	563,833
Administration and office	147,007	9,949	156,956	80,768
Charitable activities carried out under agency agreements (note 6)	-	562,199	562,199	1,212,375
Rent and occupancy costs	32,799	300	33,099	37,700
Amortization	9,676	-	9,676	16,460
Professional fees	123,700	3,528	127,228	27,949
Service charges and interest	17,238	76	17,314	17,788
	<u>1,355,736</u>	<u>1,471,923</u>	<u>2,827,659</u>	<u>3,251,344</u>
Excess of revenue over expenses	(4,408)	75,219	70,811	392,316
Interfund transfers (note 9):				
Administration fees	51,818	(51,818)	-	-
Recovery of costs	23,401	(23,401)	-	-
	<u>75,219</u>	<u>(75,219)</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	1,450,753	-	1,450,753	1,058,437
Fund balances, end of year	\$ 1,521,564	\$ -	\$ 1,521,564	\$ 1,450,753

See accompanying notes to financial statements.

SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses:		
Operating Fund	\$ (4,408)	\$ 314,804
Special Purpose Fund	75,219	77,512
Items not involving cash:		
Amortization of capital assets	9,676	16,460
Amortization/recognition of deferred capital contributions	(4,289)	(5,844)
Changes in non-cash working capital balances:		
Accounts receivable	27,051	(57,462)
Prepaid expenses	(151)	2,451
Accounts payable and accrued liabilities	38,410	(100,670)
Deferred revenue	100,314	46,319
	<u>241,822</u>	<u>293,570</u>
Investing activities:		
Purchase of capital assets	-	(8,250)
Redemption (purchase) of term deposit	401,000	(401,000)
	<u>401,000</u>	<u>(409,250)</u>
Increase (decrease) in cash and cash equivalents	642,822	(115,680)
Cash and cash equivalents, beginning of the year	1,960,445	2,076,125
Cash and cash equivalents, end of year	<u>\$ 2,603,267</u>	<u>\$ 1,960,445</u>

See accompanying notes to financial statements.

SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Notes to Financial Statements

Year ended December 31, 2023

The Sierra Club of British Columbia Foundation (the "Foundation") is registered under the Societies Act of British Columbia and is a registered charity under the Income Tax Act. The purpose of the Foundation is to encourage exploration and preservation of the earth's ecosystems; to promote public awareness of natural values; to promote research on natural resource usage and preservation; and to conduct education in order to protect these resources.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting:

The Foundation records its activities in the following funds:

Operating Fund:

The Operating Fund accounts for the Foundation's general operations and administration. This fund reports unrestricted donations and grants and administration fees.

Special Purpose Fund:

The Special Purpose Fund accounts for program delivery of the Foundation.

(b) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are deferred and recognized as revenue in the appropriate fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Donated materials and services are recognized in the financial statements when a fair value can be reasonably established, when the materials and services are used in the normal course of operations and would otherwise have been purchased.

(c) Cash and cash equivalents:

Cash and cash equivalents include short-term investments with original maturities of three months or less.

SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Notes to Financial Statements

Year ended December 31, 2023

1. Significant accounting policies (continued):

(d) Capital assets:

Purchased capital assets are stated at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Rates and the basis of amortization applied to write off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Asset	Basis
Computer equipment - general	55% declining balance
Computer equipment - server	10 years straight line
Computer software	45% declining balance or 3 years straight line

When a capital asset no longer has any long-term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions which affect the reported amounts 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. Actual results could differ from those estimates.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Notes to Financial Statements

Year ended December 31, 2023

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Term deposit:

The term deposit held in 2022 was a one year guaranteed investment certificate bearing interest at 1.8%, which matured on June 17, 2023.

3. Capital assets:

December 31, 2023	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 98,320	\$ 90,404	\$ 7,916

December 31, 2022	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 98,320	\$ 80,728	\$ 17,592

SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Notes to Financial Statements

Year ended December 31, 2023

4. Deferred revenue:

Deferred revenue comprises externally restricted contributions received in the current year or a prior year which will be recognized as revenue when the related expenses are incurred.

	2023	2022
Deferred revenue, beginning of year	\$ 900,332	\$ 854,013
Amounts received during the year	1,836,867	2,392,420
Amounts recognized as revenue in the year	(1,736,553)	(2,346,101)
Deferred revenue, end of year	\$ 1,000,646	\$ 900,332

Restricted contributions are recognized as revenue in either the Operating Fund or the Special Purpose Fund depending on the nature of the restriction. Administration fees on grants are recognized in either the Special Purpose Fund or the Operating Fund as described in note 8. The deferred revenue balance within as at December 31, 2023 included restricted contributions from private foundations and donors of \$879,646 (2022 - \$900,332) and Community Gaming grants deferred at year end of \$121,000 (2022 - nil).

5. Deferred capital contributions:

During 2019 the Foundation received \$60,000 in restricted contributions to be used towards the acquisition of information technology assets and other system improvements. Of the amounts received \$35,833 has been spent on information technology assets and \$24,167 has been spent on information technology system improvements which were not capitalized. The amounts used to purchase assets are being amortized into revenue over the useful lives of the assets purchased.

	2023	2022
Balance, beginning of year	\$ 4,289	\$ 10,133
Amounts amortized to revenue	(4,289)	(5,844)
Balance, end of year	\$ -	\$ 4,289

6. Charitable activities carried out under agency agreements:

The Foundation has agency agreements with various organizations to carry out joint initiatives that further the Foundations objectives. Administration fees are charged on cash received that is to be paid out in accordance with agency agreements. See note 9.

SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Notes to Financial Statements

Year ended December 31, 2023

7. Financial risks and concentration of credit risk:

(a) Foreign currency risk

The Foundation occasionally receives monetary donations and grants denominated in US dollars. The Canadian equivalent upon conversion of these US dollar contributions is subject to foreign exchange risk. The Foundation held US dollar cash and cash equivalents valued at \$126 CAD as at December 31, 2023 (2022 - \$62,145 CAD).

(b) Credit risk

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. For cash and receivables the Foundation's credit risk is limited to the carrying value on the statement of financial position.

The Foundation manages the risk associated with the concentration of credit risk through its policy of dealing with credit worthy financial institutions.

It is management's opinion that the Foundation is not exposed to significant interest or liquidity risks arising from its financial instruments.

8. Commitments:

The Foundation is committed under an operating lease agreement for office equipment until November 2024. Future minimum lease payments under the lease are \$2,805.

9. Interfund transfers and internal restrictions:

The Foundation's internal policy for the treatment of administration fees and interfund transfers is as follows:

- The portion of externally restricted grants restricted for use towards program delivery is recognized as revenue within the Special Purpose Fund, and the portion agreed by the funder to be used for general operations and administration costs is recognized as revenue within the Operating Fund. Administration fees related to Special Purpose Fund grants recognized in the Operating Fund during the year were \$150,077 (2022 - \$366,813).
- During the year, there were no administration fees related to Special Purpose Fund donations transferred to the Operating Fund (2022 - \$15,010).
- An offsetting interfund transfer is made to recover the full cost of program delivery if necessary. During the year the Operating Fund recovered \$23,401 from the Special Purpose Fund (2022 - the Operating Fund recovered \$14,850 from the Special Purpose Fund) through an interfund transfer.

SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Notes to Financial Statements

Year ended December 31, 2023

9. Interfund transfers and internal restrictions (continued):

- During the year, \$51,818 in administration fees related to external agent contracts of service were transferred from the Special Purpose Fund to the Operating Fund (2022 - \$47,652).
- No allocation of core operating costs (accounting, human resources, information technology services, communications and shared office expenses) is made to the Special Purpose Fund expenses.

On January 23, 2020, the Foundation Board of Directors approved a motion to internally restrict \$106,008 of the December 31, 2019 unrestricted operating fund balance for information technology upgrades. The balance in the reserve as at December 31, 2023 is \$82,980 (2022 - \$82,980). No amounts were used from this reserve in 2023 or 2022.

10. Director, employee and contractor remuneration:

The BC Societies Act requires disclosure in the financial statements of the remuneration of directors, employees and contractors. For employee and contractor remuneration the requirement is to disclose amounts paid to individuals whose remuneration was greater than \$75,000.

The Foundation paid four employees remuneration greater than \$75,000 totaling \$372,180 for the fiscal year ending December 31, 2023 (2022 - one employee paid \$103,556).

There were no remuneration payments made to directors in 2023 or 2022.

11. Comparative information:

Certain 2022 comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Statement of Operations and Changes in Fund Balances

Schedule 1

Year ended December 31, 2022

	Operating Fund	Special Purpose Fund	Total
Revenue:			
Grants	\$ 390,144	\$ 1,748,018	\$ 2,138,162
Community Gaming Grant	5,844	125,977	131,821
Federal government grants	-	35,592	35,592
Donations and fundraising	1,260,930	67,701	1,328,631
Other income	7,454	2,000	9,454
	<u>1,664,372</u>	<u>1,979,288</u>	<u>3,643,660</u>
Expenses:			
Salaries and benefits	792,193	502,278	1,294,471
Development and fundraising	384,879	178,954	563,833
Administration and office	73,105	7,663	80,768
Charitable activities carried out under agency agreements (note 6)	-	1,212,375	1,212,375
Rent and occupancy costs	37,700	-	37,700
Amortization	16,460	-	16,460
Professional fees	27,832	117	27,949
Service charges and interest	17,399	389	17,788
	<u>1,349,568</u>	<u>1,901,776</u>	<u>3,251,344</u>
Excess of revenue over expenses	314,804	77,512	392,316
Interfund transfers (note 9):			
Administration fees	62,662	(62,662)	-
Recovery of funding	14,850	(14,850)	-
Fund balances, beginning of year	1,058,437	-	1,058,437
Fund balances, end of year	\$ 1,450,753	\$ -	\$ 1,450,753