

Financial Statements of

**SIERRA CLUB OF BRITISH COLUMBIA  
FOUNDATION**

Year ended December 31, 2020

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

## Financial Statements

Year ended December 31, 2020

	<u>Page</u>
Independent Auditors' Report	1
Statement of Financial Position	4
Statement of Operations and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7



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 AUDITORS' 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, 2020
- 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, 2020, 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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.



## ***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.

## ***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 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.



- 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 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 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 period.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Victoria, Canada  
May 25, 2021

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

## Statement of Financial Position

December 31, 2020, with comparative information for 2019

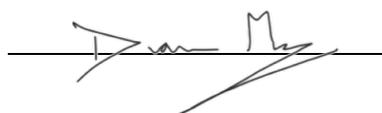
	Operating Fund	Special Purpose Fund	Total 2020	Total 2019
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,007,497	\$ 1,063,273	\$ 2,070,770	\$ 929,203
Accounts receivable	12,932	67,913	80,845	17,050
Grants receivable	-	-	-	6,250
Prepaid expenses	14,556	-	14,556	5,777
	1,034,985	1,131,186	2,166,171	958,280
Capital assets (note 2)	43,122	-	43,122	24,742
	\$ 1,078,107	\$ 1,131,186	\$ 2,209,293	\$ 983,022
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 101,980	\$ 304,506	\$ 406,486	\$ 128,968
Deferred revenue (note 3)	-	826,680	826,680	384,627
	101,980	1,131,186	1,233,166	513,595
Deferred capital contributions (note 4)	41,435	-	41,435	56,042
<b>Fund Balances</b>				
Unrestricted	828,684	-	828,684	307,377
Internally restricted (note 8)	106,008	-	106,008	106,008
	934,692	-	934,692	413,385
Commitments (note 7)				
	\$ 1,078,107	\$ 1,131,186	\$ 2,209,293	\$ 983,022

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, 2020, with comparative information for 2019

	Operating Fund	Special Purpose Fund	Total 2020	Total 2019
				(Schedule 1)
Revenue:				
Grants	\$ 356,005	\$ 937,990	\$ 1,293,995	\$ 717,252
Community Gaming Grant	-	123,513	123,513	121,662
Federal government grants	-	35,000	35,000	40,000
Donations and fundraising	823,331	32,947	856,278	950,075
Other income	21,754	-	21,754	5,308
Canadian Emergency Wage Subsidy	226,262	-	226,262	-
	1,427,352	1,129,450	2,556,802	1,834,297
Expenses:				
Salaries and benefits	396,782	444,457	841,239	715,731
Development and fundraising	281,343	-	281,343	534,323
Administration and office	103,322	247,250	350,572	256,051
Charitable activities carried out under agency agreements (note 5)	-	497,334	497,334	180,011
Rent and occupancy costs	28,592	-	28,592	28,154
Amortization	19,543	-	19,543	8,451
Professional fees	14,477	-	14,477	14,258
Service charges and interest	1,983	412	2,395	2,860
	846,042	1,189,453	2,035,495	1,739,839
Excess (deficiency) of revenue over expenses	581,310	(60,003)	521,307	94,458
Interfund transfers (note 8):				
Administration fees	41,657	(41,657)	-	-
Program costs	(101,660)	101,660	-	-
	(60,003)	60,003	-	-
Fund balances, beginning of year	413,385	-	413,385	318,927
Fund balances, end of year	\$ 934,692	\$ -	\$ 934,692	\$ 413,385

See accompanying notes to financial statements.

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

## Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses:		
Operating Fund	\$ 581,310	\$ 68,468
Special Purpose Fund	(60,003)	25,990
Items not involving cash:		
Amortization of capital assets	19,543	8,451
Amortization of deferred capital contributions	(14,607)	(3,958)
Changes in non-cash working capital balances:		
Accounts receivable	(63,795)	(1,446)
Grants receivable	6,250	(6,250)
Prepaid expenses	(8,779)	1,167
Accounts payable and accrued liabilities	277,518	69,963
Deferred revenue	442,053	(27,400)
	<u>1,179,490</u>	<u>134,985</u>
Investing activities:		
Purchase of capital assets	(37,923)	(16,959)
Financing activities:		
Principal payments under capital lease obligations	-	(2,208)
Deferred capital contributions received	-	60,000
	<u>-</u>	<u>57,792</u>
Increase in cash and cash equivalents	1,141,567	175,818
Cash and cash equivalents, beginning of the year	929,203	753,385
Cash and cash equivalents, end of year	<u>\$ 2,070,770</u>	<u>\$ 929,203</u>

See accompanying notes to financial statements.

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Notes to Financial Statements

Year ended December 31, 2020

---

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, 2020

---

## 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, 2020

---

## 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. Capital assets:

December 31, 2020	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 82,342	\$ 42,881	\$ 39,461
Computer software	29,439	25,778	3,661
	<u>\$ 111,781</u>	<u>\$ 68,659</u>	<u>\$ 43,122</u>

December 31, 2019	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 47,983	\$ 25,098	\$ 22,885
Computer software	26,685	24,828	1,857
	<u>\$ 74,668</u>	<u>\$ 49,926</u>	<u>\$ 24,742</u>

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

## Notes to Financial Statements

Year ended December 31, 2020

### 3. 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.

Operating Fund	2020	2019
Deferred revenue, beginning of year	\$ -	\$ 33,242
Amounts recognized as revenue in the year	-	(36,537)
Amounts received during the year	-	3,295
Deferred revenue, end of year	\$ -	\$ -

Special Purpose Fund	2020	2019
Deferred revenue, beginning of year	\$ 384,627	\$ 378,785
Amounts recognized as revenue in the year	(1,470,848)	(936,898)
Amounts received during the year	1,912,901	942,740
Deferred revenue, end of year	\$ 826,680	\$ 384,627

Of the deferred revenue amounts received within the Special Purpose Fund, \$341,398 (2019 - \$194,459) relate to administration fees on grants recognized in the Operating Fund as described in note 8. The deferred revenue balance within the Special Purpose Fund as at December 31, 2020 included Community Gaming grants of \$117,975 (2019 - \$120,406), and restricted contributions from private foundations and donors of \$708,705 (2019 - \$264,221).

### 4. Deferred capital contributions:

During 2019 the Foundation received \$60,000 in restricted contributions to be used towards the acquisition of information technology assets. Of the amounts received \$34,108 (2019 - \$14,396) has been spent on information technology assets to date and \$25,892 (2019 - \$45,604) remains unspent.

	2020	2019
Balance, beginning of year	\$ 56,042	\$ -
Current year contributions received	-	60,000
Amounts amortized to revenue	(14,607)	(3,958)
Balance, end of year	\$ 41,435	\$ 56,042

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Notes to Financial Statements

Year ended December 31, 2020

---

## 5. 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 8.

## 6. 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 \$1,322 CAD as at December 31, 2020 (2019 - \$1,361 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.

## 7. Commitments:

The Foundation is committed under operating lease agreements for office equipment until November 2024. Future minimum lease payments under the leases are as follows:

---

2021	\$	2,805
2022		2,805
2023		2,805
2024		2,805
Total	\$	11,220

---

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Notes to Financial Statements

Year ended December 31, 2020

---

## 8. Interfund transfers:

Effective January 1, 2017, the Foundation amended its internal policy for the treatment of administration fees and interfund transfers 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 \$341,398 (2019 - \$194,459).
- Administration fees of 30% (2019 - 30%) were charged on externally restricted donations received within the Special Purpose Fund. During the year, \$17,771 in administration fees related to Special Purpose Fund donations were transferred to the Operating Fund (2019 - \$26,762). An offsetting interfund transfer is made from the Operating Fund back to the Special Purpose Fund as needed to recover the full cost of program delivery. During the year the Operating Fund transferred \$101,660 to the Special Purpose Fund to supplement the full cost of certain program delivery (2019 - \$16,532).
- Administration fees of 6% (2019 - 9%) were charged on cash received that is to be paid to external agents under contract of service. During the year, \$23,886 in administration fees were transferred from the Special Purpose Fund to the Operating Fund (2019 - \$15,760).
- 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.

## 9. 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.

There was one employee of the Foundation paid remuneration of \$89,501 for the fiscal year ending December 31, 2020 (2019 - one employee paid \$86,535).

There were no remuneration payments made to directors in 2020 or 2019.

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Notes to Financial Statements

Year ended December 31, 2020

---

## **10. Impacts of COVID-19:**

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Foundation are not known at this time. The Foundation is closely monitoring the impact of the pandemic on all aspects of its operations and responding accordingly.

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Statement of Operations and Changes in Fund Balances

Schedule 1

Year ended December 31, 2019

	Operating Fund	Special Purpose Fund	Total
<b>Revenue:</b>			
Grants	\$ 237,134	\$ 480,118	\$ 717,252
Community Gaming Grant	-	121,662	121,662
Federal government grants	-	40,000	40,000
Donations and fundraising	849,416	100,659	950,075
Other income	5,308	-	5,308
	1,091,858	742,439	1,834,297
<b>Expenses:</b>			
Salaries and benefits	323,259	392,472	715,731
Development and fundraising	534,323	-	534,323
Administration and office	112,238	143,813	256,051
Charitable activities carried out under agency agreements (note 5)	-	180,011	180,011
Rent and occupancy costs	28,154	-	28,154
Amortization	8,451	-	8,451
Professional fees	14,258	-	14,258
Service charges and interest	2,707	153	2,860
	1,023,390	716,449	1,739,839
Excess of revenue over expenses	68,468	25,990	94,458
<b>Interfund transfers (note 8):</b>			
Administration fees	42,522	(42,522)	-
Program costs	(16,532)	16,532	-
	25,990	(25,990)	-
Fund balances, beginning of year	318,927	-	318,927
Fund balances, end of year	\$ 413,385	\$ -	\$ 413,385