

Financial Statements of

**SIERRA CLUB OF BRITISH COLUMBIA  
FOUNDATION**

Year ended December 31, 2017

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

## Financial Statements

Year ended December 31, 2017

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## INDEPENDENT AUDITORS' REPORT

To the Directors of Sierra Club of British Columbia Foundation

### Report on the Financial Statements

We have audited the accompanying financial statements of Sierra Club of British Columbia Foundation, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising 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 our 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, we consider internal control relevant to the entity'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 entity'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 Sierra Club of British Columbia Foundation as at December 31, 2017, 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.

**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.

*KPMG LLP*

Chartered Professional Accountants

Victoria, Canada  
March 29, 2018

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

## Statement of Financial Position

December 31, 2017, with comparative information for 2016

	Operating Fund	Special Purpose Fund	Total 2017	Total 2016
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 166,551	\$ 493,030	\$ 659,581	\$ 408,739
Accounts receivable	7,533	4,549	12,082	26,758
Prepaid expenses	1,658	-	1,658	748
Short term investments (note 2)	108,960	-	108,960	106,634
	284,702	497,579	782,281	542,879
Grants receivable	-	-	-	19,100
Investments (note 2)	-	-	-	106,834
Capital assets (note 3)	21,284	-	21,284	31,281
Interfund balances	65,056	(65,056)	-	-
	\$ 371,042	\$ 432,523	\$ 803,565	\$ 700,094

## Liabilities

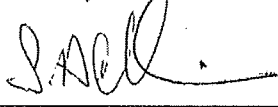
Current liabilities:				
Accounts payable and accrued liabilities	\$ 53,235	\$ 16,696	\$ 69,931	\$ 45,520
Deferred revenue (note 4)	144,778	415,827	560,605	521,187
Current portion of obligation under capital lease (note 6)	6,285	-	6,265	8,473
	204,278	432,523	636,801	575,180
Deferred capital contributions (note 5)	-	-	-	9,579
Obligation under capital lease (note 6)	2,208	-	2,208	5,760

## Fund Balances

Unrestricted	164,556	-	164,556	109,575
Commitments (note 9)				
	\$ 371,042	\$ 432,523	\$ 803,565	\$ 700,094

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, 2017, with comparative information for 2016

	Operating Fund	Special Purpose Fund	Total 2017	Total 2016
				(Schedule 1)
Revenue:				
Grants	\$ 310,571	\$ 274,780	\$ 585,351	\$ 799,947
Community Gaming Grant	-	106,611	106,611	94,529
Federal government grants	3,279	19,612	22,891	24,913
Donations	333,902	86,379	420,281	358,256
Other income	5,280	12,897	18,177	21,795
	653,032	500,279	1,153,311	1,299,440
Expenses:				
Salaries and benefits	248,630	331,623	580,253	630,458
Development	177,076	-	177,076	185,399
Administration and office	120,765	105,654	226,419	168,225
Charitable activities carried out under agency agreements (note 7)	-	51,035	51,035	222,851
Rent and occupancy costs	27,426	-	27,426	27,306
Amortization	12,100	-	12,100	11,693
Professional fees	15,173	-	15,173	10,334
Service charges and interest	8,848	-	8,848	8,686
	610,018	488,312	1,098,330	1,264,952
Excess of revenue over expenses	43,014	11,967	54,981	34,488
Interfund transfers (note 10):				
Administration fees	30,215	(30,215)	-	-
Program costs	(18,248)	18,248	-	-
	11,967	(11,967)	-	-
Fund balances, beginning of year	109,575	-	109,575	75,087
Fund balances, end of year	\$ 164,556	\$ -	\$ 164,556	\$ 109,575

See accompanying notes to financial statements.

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

## Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses:		
Operating Fund	\$ 43,014	\$ 20,258
Special Purpose Fund	11,967	14,230
Items not involving cash:		
Amortization of capital assets	12,100	11,693
Amortization of deferred capital contributions	(6,519)	(6,642)
Changes in non-cash working capital balances:		
Accounts receivable	14,676	26,964
Grants receivable	19,100	-
Prepaid expenses	(910)	300
Accounts payable and accrued liabilities	24,411	5,613
Deferred revenue	39,418	279,341
	157,257	351,757
Investing activities:		
Purchase of capital assets	(2,103)	(1,193)
Redemption (purchase) of investments	104,508	(213,468)
	102,405	(214,661)
Financing activities:		
Principal payments under capital lease obligations	(5,760)	(5,296)
Deferred capital contributions returned to funder (note 5)	(3,060)	-
	(8,820)	(5,296)
Increase in cash and cash equivalents	250,842	131,800
Cash and cash equivalents, beginning of the year	408,739	276,939
Cash and cash equivalents, end of year	\$ 659,581	\$ 408,739

See accompanying notes to financial statements.

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

## Notes to Financial Statements

Year ended December 31, 2017

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The Sierra Club of British Columbia Foundation (the "Foundation") is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act. On November 28, 2016, the new Societies Act (British Columbia) became effective. The Society has until November 28, 2018 to transition to the new 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, 2017

### 1. Significant accounting policies (continued):

#### (d) Short term investments:

Short-term investments include cash, guaranteed investment certificates and treasury bills with terms to maturity less than one year at December 31.

#### (e) 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.

#### (f) 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.

#### (g) 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, 2017

### 1. Significant accounting policies (continued):

#### (g) 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. Investments:

The following investments are recorded at fair value:

	2017	2016
<b>Short term:</b>		
Canadian Western Bank guaranteed investment certificate annual interest at 1.55% due June 30, 2017	\$ -	\$ 20,000
Peoples Trust, guaranteed investment certificate annual interest at 1.55% due June 30, 2017	-	85,722
Equitable Bank guaranteed investment certificate, annual compound interest at 2% due June 21, 2018	90,722	-
Home Trust Company guaranteed investment certificate, annual compound interest at 2% due June 21, 2018	15,000	-
Accrued interest	3,238	912
	108,960	106,634
<b>Long term:</b>		
Equitable Bank guaranteed investment certificate, annual compound interest at 2% due June 21, 2018	-	90,722
Home Trust Company guaranteed investment certificate, annual compound interest at 2% due June 21, 2018	-	15,000
Accrued interest	-	1,112
	-	106,834
	\$ 108,960	\$ 213,468

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

Notes to Financial Statements

Year ended December 31, 2017

## 3. Capital assets:

December 31, 2017	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 46,650	\$ 27,386	\$ 19,264
Computer software	55,765	53,745	2,020
	<b>\$ 102,415</b>	<b>\$ 81,131</b>	<b>\$ 21,284</b>

December 31, 2016	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 44,546	\$ 23,335	\$ 21,211
Computer software	55,766	45,696	10,070
	<b>\$ 100,312</b>	<b>\$ 69,031</b>	<b>\$ 31,281</b>

During fiscal 2014, the Foundation entered a capital lease for server equipment valued at \$27,425. The amount is included in the cost of computer equipment. The equipment is being amortized on a straight-line basis over 10 years. Accumulated amortization on the equipment as at December 31, 2017 is \$10,284 (2016 - \$7,542).

## 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.

Special Purpose Fund	2017	2016
Deferred revenue, beginning of year	\$ 305,008	\$ 238,383
Amounts recognized as revenue in the year	(487,459)	(788,336)
Amounts received during the year	598,278	854,961
Deferred revenue, end of year	<b>\$ 415,827</b>	<b>\$ 305,008</b>

Operating Fund	2017	2016
Deferred revenue, beginning of year	\$ 216,179	\$ 3,463
Amounts recognized as revenue in the year	(75,392)	(167,077)
Amounts received during the year	3,991	379,793
Deferred revenue, end of year	<b>\$ 144,778</b>	<b>\$ 216,179</b>

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

## Notes to Financial Statements

Year ended December 31, 2017

### 5. Deferred capital contributions:

During 2015 the Foundation received \$21,283 in contributions to be used towards the acquisition of information technology assets. Of the amounts received \$18,223 was spent on capital projects and \$3,060 was returned to the funder as certain projects were completed under budget.

	2017	2016
Balance, beginning of year	\$ 9,579	\$ 16,221
Current year contributions received	-	-
Prior year contributions returned to funder	(3,060)	-
Amounts amortized to revenue	(6,519)	(6,642)
Balance, end of year	\$ -	\$ 9,579

### 6. Obligation under capital lease:

The Foundation has entered into a capital lease for computer equipment, expiring April 2019, requiring future minimum lease payments calculated using a discount rate of 8.4% as follows:

2018	\$ 6,741
2019	2,247
Total minimum lease payments	8,988
Less interest	515
	8,473
Current portion of obligations under capital leases	6,265
	\$ 2,208

Interest of \$981 (2016 - \$1,445) relating to the obligation under capital lease is included in interest expense on the statement of operations and changes in fund balances.

### 7. 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 10.

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

## Notes to Financial Statements

Year ended December 31, 2017

### 8. 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 \$41 CAD as at December 31, 2017 (2016 - \$40,336).

#### (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 balance sheet.

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.

### 9. Commitments:

The Foundation is committed under operating lease agreements for office premises until May 31, 2020 and various office equipment until January 2021. Future minimum lease payments under the leases are as follows:

2018	\$ 40,052
2019	40,111
2020	19,283
2021	180
Total	\$ 99,626

### 10. 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 \$229,142 (2016 - \$25,579).

# SIERRA CLUB OF BRITISH COLUMBIA FOUNDATION

## Notes to Financial Statements

Year ended December 31, 2017

### 10. Interfund transfers (continued):

- Administration fees of 30% (2016-25%) are charged on externally restricted donations received within the Special Purpose Fund. During the year, \$26,579 in administration fees related to Special Purpose Fund donations were transferred to the Operating Fund (2016 - \$6,772). 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 \$18,248 to the Special Purpose Fund to supplement the full cost of certain program delivery (2016 - \$ nil).
- Administration fees of 7% (2016-12%) were charged on cash received that is to be paid to external agents under contract of service. During the year, \$3,636 in administration fees were transferred from the Special Purpose Fund to the Operating Fund (2016 - \$7,458).
- 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.

For the fiscal year ended December 31, 2016, \$61,773 in monthly allocations of core operating costs were reported as expenses of the Special Purposes Fund.

### 11. Director, employee and contractor remuneration:

The BC Societies Act came into effect on November 28, 2016. The Act has a requirement for the disclosure in the financial statements of the remuneration of directors, employees and contractors for financial statements prepared after November 28, 2016. For employee and contractor remuneration the requirement is to disclose amounts paid to individuals whose remuneration was greater than \$75,000.

For the fiscal year ending December 31, 2017, the Foundation did not pay remuneration of \$75,000 or greater to any employees or contractors for services.

For the fiscal year ending December 31, 2016, the Foundation paid remuneration of \$75,000 or greater to the following employee for services:

Employee position	Amount
Executive Director	\$ 80,000

There were no remuneration payments made to directors in 2017 or 2016.

### 12. Comparative information:

Certain comparative information has been reclassified to conform to the 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, 2016

	Operating Fund	Special Purpose Fund	Total
Revenue:			
Grants	\$ 193,546	\$ 606,401	\$ 799,947
Community Gaming Grant	-	94,529	94,529
Federal government grants	2,631	22,282	24,913
Donations	307,233	51,023	358,256
Other income	21,341	454	21,795
	524,751	774,689	1,299,440
Expenses:			
Salaries and benefits	249,234	381,224	630,458
Development	185,399	-	185,399
Administration and office	34,690	133,535	168,225
Charitable activities carried out under agency agreements (note 7)	-	222,851	222,851
Rent and occupancy costs	4,457	22,849	27,306
Amortization	11,693	-	11,693
Professional fees	10,334	-	10,334
Service charges and interest	8,686	-	8,686
	504,493	760,459	1,264,952
Excess (deficiency) of revenue over expenses	20,258	14,230	34,488
Interfund transfers (note 10):			
Administration fees	14,230	(14,230)	-
Fund balances, beginning of year	75,087	-	75,087
Fund balances, end of year	\$ 109,575	\$ -	\$ 109,575