

Global Campaign for Climate Action

Financial Statements

December 31, 2009

Auditors' Report	2
Financial Statements	
Earnings and Net Assets	3
Cash Flows	4
Balance Sheet	5
Notes to Financial Statements	6 - 10
Supplementary information	11 - 12



Raymond Chabot Grant Thornton

Auditors' Report

Raymond Chabot Grant Thornton LLP
Suite 2000
National Bank Tower
600 De La Gauchetière Street West
Montréal, Québec H3B 4L8

Telephone: 514-878-2691
Fax: 514-878-2127
www.rcgt.com

To the Directors of
Global Campaign for Climate Action

We have audited the balance sheet of Global Campaign for Climate Action as at December 31, 2009 and the statements of earnings and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Raymond Chabot Grant Thornton LLP¹

Montréal, January 29, 2010

¹ Chartered accountant auditor permit no. 18510

Global Campaign for Climate Action Earnings and Net Assets

Year ended December 31, 2009

(In U.S. dollars)

	<u>2009</u>	<u>2008</u>
	\$	\$
Revenues		
Operating grants	6,874,424	42,116
Other revenues	<u>2,566</u>	
	<u>6,876,990</u>	<u>42,116</u>
Expenses		
Secretariat Operation	597,163	42,116
Strategic Campaign Coordination	630,322	
Communications	2,231,351	
Global Campaign	1,738,205	
National Campaign Support	<u>1,679,949</u>	
	<u>6,876,990</u>	<u>42,116</u>
Excess of revenues over expenses and net assets, end of year	<u><u>—</u></u>	<u><u>—</u></u>

The accompanying notes are an integral part of the financial statements.

Global Campaign for Climate Action

Cash Flows

Year ended December 31, 2009

(In U.S. dollars)

	<u>2009</u>	<u>2008</u>
	\$	\$
OPERATING ACTIVITIES		
Non-cash items		
Amortization of computer equipment	1,713	44
Increase in accounts receivable	(47,689)	
Increase in prepaid expenses	(3,153)	
Increase in accounts payable and accrued liabilities	825,416	13,137
Increase in deferred contributions	981,215	38,614
Cash flows from operating activities	<u>1,757,502</u>	<u>51,795</u>
INVESTING ACTIVITIES		
Computer equipment	(7,396)	(1,581)
Term deposits	(54,811)	
Cash flows from investing activities	<u>(62,207)</u>	<u>(1,581)</u>
Net increase in cash and cash equivalents	1,695,295	50,214
Cash and cash equivalents, beginning of year	<u>50,214</u>	
Cash and cash equivalents, end of year	<u><u>1,745,509</u></u>	<u><u>50,214</u></u>
CASH AND CASH EQUIVALENTS		
Cash	745,509	50,214
Term deposits	1,000,000	
	<u><u>1,745,509</u></u>	<u><u>50,214</u></u>

The accompanying notes are an integral part of the financial statements.

Global Campaign for Climate Action

Balance Sheet

December 31, 2009

(In U.S. dollars)

	<u>2009</u>	<u>2008</u>
	\$	\$
ASSETS		
Current assets		
Cash	745,509	50,214
Term deposits, 0.07% and 0.05%, maturing in January 2010	1,000,000	
Prepaid expenses	3,153	
Accounts receivable	47,689	
	<u>1,796,351</u>	<u>50,214</u>
Computer equipment (Note 4)	7,220	1,537
Term deposits, 0.75%, 0.5% and 0.2%, maturing at various dates until July 2011	54,811	
	<u>1,858,382</u>	<u>51,751</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	838,553	13,137
Deferred contributions (Note 5)	1,019,829	38,614
	<u>1,858,382</u>	<u>51,751</u>

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,

Executive Director

Treasurer

Global Campaign for Climate Action

Notes to Financial Statements

December 31, 2009

(In U.S. dollars)

1 - GOVERNING STATUTES, PURPOSE OF THE ORGANIZATION AND CHANGE OF NAME

The Organization, incorporated under Part III of the Companies Act (Québec), promotes international cooperation between non-government organizations during international climate negotiations. It is a not-for-profit organization under the Income Tax Act. During the year, the Organization changed its name from Global Campaign on Climate to Global Campaign for Climate Action.

2 - ACCOUNTING CHANGES

On January 1, 2009, in accordance with the applicable transitional provisions, the Organization applied amendments to several sections in the 4400 series of the *Canadian Institute of Chartered Accountants' Handbook (CICA Handbook)* as well as consequential changes to other sections of the *CICA Handbook*. The amendments, effective for fiscal years beginning on or after January 1, 2009, require the following, in particular:

- Inclusion of not-for-profit organizations within the scope of Sections 1540, "Cash Flow Statements", and 1751, "Interim Financial Statements";
- Elimination of the requirement to treat net assets invested in capital assets as a separate component of net assets;
- Amendments to clarify that revenues and expenses must be recognized and presented on a gross basis when the not-for-profit organization is acting as a principal in the transactions in question;
- Inclusion of additional guidance with respect to the appropriate use of the scope exemption in Section 4430, "Capital Assets Held by Not-for-profit Organizations", for smaller entities.

The amendments did not have a significant impact on the Organization's financial statements.

3 - ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared using the historical cost method, except for certain financial instruments that are recognized at fair value. No information on fair value is presented when the carrying amount corresponds to a reasonable approximation of the fair value.

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Global Campaign for Climate Action

Notes to Financial Statements

December 31, 2009

(In U.S. dollars)

3 - ACCOUNTING POLICIES (Continued)

Financial assets and liabilities

The Organization has chosen to apply the recommendations of Section 3861, "Financial Instruments – Disclosure and Presentation", of the *CICA Handbook* with respect to the presentation and disclosure of financial instruments.

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value. Transaction costs from held-for-trading financial assets and liabilities are recognized in earnings and presented under Investment management and custodial fees, if any. Regular-way purchases or disposals of financial assets are recognized at the transaction date.

Subsequently, financial assets and liabilities are measured and recognized as follows.

Held-for-trading financial assets

Cash and term deposits are classified as held-for-trading financial assets.

Upon initial recognition, the Organization designates term deposits as held for trading because it considers that the financial information generated by this classification is more relevant for decision-making and provides a better means for evaluating the Organization's performance.

Loans and receivables, and other financial liabilities

Accounts receivable are classified as loans and receivables, and accounts payable and accrued liabilities are classified as other financial liabilities. These financial instruments are measured at amortized cost.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. If any, endowment contributions are reported as direct increases in net assets.

Unrestricted interest income is recognized when it is earned. Interest income is calculated based on the number of days the investment was held during the year.

Cash and cash equivalents

The Organization's policy is to present cash and term deposits having a term of three months or less from the acquisition date with cash and cash equivalents.

Computer equipment

Computer equipment is amortized over its estimated useful life according to the straight-line method over a three-year period.

Global Campaign for Climate Action

Notes to Financial Statements

December 31, 2009

(In U.S. dollars)

3 - ACCOUNTING POLICIES (Continued)

Foreign currency translation

Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas, if any, other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenue and expenses in foreign currency are translated at the rate in effect at the transaction date, with the exception of expenses relating to non-monetary assets and liabilities, which are translated at the historical rate. Gains and losses are included in the earnings for the year. Exchange gains or losses on held-for-trading financial instruments, if any, are included in other revenues in the statement of earnings.

4 - COMPUTER EQUIPMENT

	2009		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer equipment	8,977	1,757	7,220
			2008
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer equipment	1,581	44	1,537

5 - DEFERRED CONTRIBUTIONS

	2009	2008
	\$	\$
Balance, beginning of year	38,614	
Amount received relating to the following year	1,019,829	80,730
Amount recognized in earnings	(38,614)	(42,116)
Balance, end of year	1,019,829	38,614

6 - RELATED PARTY TRANSACTIONS

During the year, the Organization contributed \$408,094 to organizations that board members are either employed by or board members of those organizations. As at December 31, 2009, \$39,380 is payable to those organizations.

These transactions were carried out at the exchange amount, which is the value established and accepted by the parties.

Global Campaign for Climate Action

Notes to Financial Statements

December 31, 2009

(In U.S. dollars)

7 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS

Financial risk management objectives and policies

The Organization is exposed to various financial risks resulting from both its operating and investing activities. The Organization's management manages financial risks.

The Organization does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial risks

The Organization's main financial risk exposure and its financial risk management policies are as follows.

Interest rate risk

The term deposit bears interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

The Organization's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

Credit risk

The Organization is exposed to credit risk. As at December 31, 2009, two accounts receivable represent 42% and 40% of total accounts receivable (none in 2008). Furthermore, cash and term deposits are held through a single financial institution.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Organization has financing sources such as bank loans for a sufficient authorized amount. The Organization establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

Foreign exchange risk

The Organization is exposed to foreign exchange risk due to cash, and accounts payable and accrued liabilities denominated in foreign exchange. As at December 31, 2009, assets denominated in Canadian dollars consisting of cash totalled C\$79,991 and accounts payable and accrued liabilities totalled C\$109,803, EUR\$66,050, GBP\$46,157, DKK\$80,250, AUS\$5,318, SEK\$5,500 and JYP\$100,000.

The Organization does not enter into arrangements to hedge its foreign exchange risk.

Global Campaign for Climate Action

Notes to Financial Statements

December 31, 2009

(In U.S. dollars)

8 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Organization defines its capital as its net assets and its capital management objective is:

- To ensure its ability to continue as a going concern.

The Organization manages its capital primarily through contributions.

To maintain or adjust its capital structure, it may be necessary to adjust the estimates for the expenses of some activities.

The Organization is not subject, under outside rules, to capital requirements.

Global Campaign for Climate Action Supplementary Information

Year ended December 31, 2009

(In U.S. dollars)

	2009	2008
	\$	\$
SECRETARIAT OPERATION		
Staff salary and benefits	297,612	
Consultant services	80,981	29,187
Travel, commission and equipment	79,536	2,426
Board meetings	32,986	
Nerve Center meetings	9,780	
Office operations	96,268	10,503
	<u>597,163</u>	<u>42,116</u>
STRATEGIC CAMPAIGN COORDINATION		
Consultant services	405,005	
Travel, commission and equipment	24,757	
Strategy campaign actions	200,560	
	<u>630,322</u>	<u>—</u>
COMMUNICATIONS		
Staff salary and benefits	73,278	
Consultant services	316,976	
Travel, commission and equipment	73,624	
Tckctck public mobilization	635,931	
Opportunities	232,843	
Voices	312,803	
Outreach/other mobilization	244,511	
Marketing and communication	341,385	
	<u>2,231,351</u>	<u>—</u>
GLOBAL CAMPAIGN		
Staff salary and benefits	77,492	
Consultant services	38,413	
Travel, commission and equipment	53,615	
Bonn	106,881	
G8 and MEF	10,000	
Copenhagen 15	662,878	
UNGA Climate Summit	412,756	
100 days	30,496	
Additional intercessional	103,760	
Additional campaign support	241,914	
	<u>1,738,205</u>	<u>—</u>

Global Campaign for Climate Action

Supplementary Information

Year ended December 31, 2009

(In U.S. dollars)

	<u>2009</u>	<u>2008</u>
	\$	\$
<i>NATIONAL CAMPAIGN SUPPORT</i>		
Consultant services	59,366	
Travel, commission and equipment	6,919	
GCCA Led action	506,721	
Support to NGO	<u>1,106,943</u>	
	<u><u>1,679,949</u></u>	<u><u>—</u></u>