

# **Global Campaign for Climate Action**

## **Financial Statements**

**December 31, 2010**

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# Raymond Chabot Grant Thornton

## Independent Auditor's Report

**Raymond Chabot Grant Thornton LLP**  
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To the Directors of  
Global Campaign for Climate Action

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We have audited the accompanying financial statements of Global Campaign for Climate Action, which comprise the balance sheet as at December 31, 2010 and the statements of earnings and 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 generally accepted accounting principles 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.

### **Auditor's 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 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 Global Campaign for Climate Action as at December 31, 2010 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 LLP<sup>1</sup>*

Montréal  
February 27, 2011

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<sup>1</sup> Chartered accountant auditor permit no. 18510

## Global Campaign for Climate Action Earnings and Net Assets

Year ended December 31, 2010

(In U.S. dollars)

	<u>2010</u>	<u>2009</u>
	\$	\$
<b>Revenues</b>		
Operating grants	2,628,538	6,874,424
Other	<u>686</u>	<u>2,566</u>
	<u>2,629,224</u>	<u>6,876,990</u>
<b>Expenses</b>		
Secretariat Operation	561,626	597,163
Strategic Campaign Coordination	407,390	630,322
Communications	878,052	2,231,351
Global Campaign	593,660	1,738,205
National Campaign Support	<u>188,496</u>	<u>1,679,949</u>
	<u>2,629,224</u>	<u>6,876,990</u>
<b>Excess of revenues over expenses and net assets, end of year</b>	<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, 2010

(In U.S. dollars)

	<u>2010</u>	<u>2009</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Non-cash items		
Amortization of computer equipment	2,993	1,713
Increase in grants receivable	(109,648)	
Decrease (increase) in amounts receivable	9,259	(47,689)
Decrease (increase) in prepaid expenses	1,929	(3,153)
Increase (decrease) in accounts payable and accrued liabilities	(734,295)	825,416
Increase (decrease) in deferred contributions	(174,563)	981,215
Cash flows from operating activities	<u>(1,004,325)</u>	<u>1,757,502</u>
<b>INVESTING ACTIVITIES</b>		
Computer equipment		(7,396)
Term deposits	(261,890)	(54,811)
Cash flows from investing activities	<u>(261,890)</u>	<u>(62,207)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,266,215)</b>	1,695,295
Cash and cash equivalents, beginning of year	1,745,509	50,214
Cash and cash equivalents, end of year	<u>479,294</u>	<u>1,745,509</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash	479,294	745,509
Term deposits		1,000,000
	<u>479,294</u>	<u>1,745,509</u>

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

# Global Campaign for Climate Action

## Balance Sheet

December 31, 2010

(In U.S. dollars)

	<u>2010</u>	<u>2009</u>
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash	479,294	745,509
Term deposits, 0.3% to 3.75%, maturing at various dates until August 2011 (0.07% and 0.05% in 2009)	316,701	1,000,000
Prepaid expenses	1,224	3,153
Grants receivable	109,648	
Amounts receivable	38,430	47,689
	<u>945,297</u>	<u>1,796,351</u>
Computer equipment (Note 4)	4,227	7,220
Term deposits, 0.2% to 0.75%		54,811
	<u>949,524</u>	<u>1,858,382</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	104,258	838,553
Deferred contributions (Note 6)	845,266	1,019,829
	<u>949,524</u>	<u>1,858,382</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, 2010

(In U.S. dollars)

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### **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.

### **2 - ACCOUNTING CHANGES**

As at February 27, 2011, certain new primary sources of Canadian generally accepted accounting principles (standards) have been published but are not yet in effect. These standards should 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.

#### **Financial assets and liabilities**

The Organization has chosen to apply the recommendations of Section 3861, "Financial Instruments – Disclosure and Presentation", of the *Canadian Institute of Chartered Accountants' 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.

# Global Campaign for Climate Action

## Notes to Financial Statements

December 31, 2010

(In U.S. dollars)

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### **3 - ACCOUNTING POLICIES (Continued)**

#### *Loans and receivables / other financial liabilities*

Amounts receivable and grants 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.

#### **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.

# Global Campaign for Climate Action

## Notes to Financial Statements

December 31, 2010

(In U.S. dollars)

### 4 - COMPUTER EQUIPMENT

	<b>2010</b>		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer equipment	<b>8,977</b>	<b>4,750</b>	<b>4,227</b>

  

	<b>2009</b>		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer equipment	8,977	1,757	7,220

### 5 - CREDIT FACILITY

The Organization has credit facilities in form of credit cards for an authorized amount of \$54,759, bearing interest at the prime rate plus 5% (8%) and renewable annually. As at December 31, 2010, \$55,297 (\$9,529 as at December 31, 2009) have been deposited as collateral to cover available current credit facilities.

### 6 - DEFERRED CONTRIBUTIONS

	<b>2010</b>	2009
	\$	\$
Balance, beginning of year	<b>1,019,829</b>	38,614
Amount received relating to the following year	<b>1,597,865</b>	1,019,829
Amount recognized in earnings	<b>(1,772,428)</b>	(38,614)
Balance, end of year	<b>845,266</b>	1,019,829

### 7 - RELATED PARTY TRANSACTIONS

During the year, the Organization contributed \$488,577 (\$408,094 in 2009) to organizations that board members are either employed by or board members of those organizations. As at December 31, 2010, an amount of nil (\$39,380 in 2009) is payable to those organizations.

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

### 8 - CONTINGENCY

A lawsuit in an unemployment insurance claim with the New York State Department of Labor has been filed against the Company. In the opinion of management, this lawsuit is unwarranted, accordingly, no provision has been recorded in this respect.

# Global Campaign for Climate Action

## Notes to Financial Statements

December 31, 2010

(In U.S. dollars)

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### **9 - 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, 2010, an amount receivable represents 76% of total amounts receivable (two amounts receivable represented respectively 42% and 40% in 2009). 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, term deposits, amounts receivable and accounts payable and accrued liabilities denominated in foreign exchange. As at December 31, 2010, assets denominated in Canadian dollars consisting of cash totalled C\$20,937 (C\$79,991 in 2009), term deposits C\$315,000 (C\$65,000 in 2009), amounts receivable £20,000 (nil in 2009). Accounts payable and accrued liabilities totalled C\$21,274 (C\$109,803 in 2009), €16,118 (€66,050 in 2009), £2,145 (£46,157 in 2009), AUD\$13,427 (AUD\$5,318 in 2009) and MEX\$6,146 (nil in 2009). As at December 31, 2009, the Organization also presented accrued liabilities denominated in foreign exchange in the following currencies: DKK80,250, SEK5,500 and ¥100,000.

# Global Campaign for Climate Action

## Notes to Financial Statements

December 31, 2010

(In U.S. dollars)

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### **9 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS** *(Continued)*

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

### **10 - COMMITMENTS**

The Company has entered into lease agreements which call for lease payments of \$15,789 for the rental of office space and equipment. The leases for office space expire respectively on March 31, 2011 and on December 31, 2011.

### **11 - 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, 2010

(In U.S. dollars)

	2010	2009
	\$	\$
<b>SECRETARIAT OPERATION</b>		
Staff salary and benefits	230,891	297,612
Consultant services	30,746	80,981
Travel, commission and equipment	66,257	79,536
Board meetings	82,215	32,986
Nerve Center meetings		9,780
Office operations	151,517	96,268
	<u>561,626</u>	<u>597,163</u>
<b>STRATEGIC CAMPAIGN COORDINATION</b>		
Consultant services	289,732	405,005
Travel, commission and equipment		24,757
Strategy campaign actions	117,658	200,560
	<u>407,390</u>	<u>630,322</u>
<b>COMMUNICATIONS</b>		
Staff salary and benefits	11,046	73,278
Consultant services	487,312	316,976
Travel, commission and equipment	27,155	73,624
Tckctck public mobilization		635,931
Opportunities		232,843
Voices		312,803
Digital Strategy	231,661	
Outreach/other mobilization	79,886	244,511
Marketing and communication	40,992	341,385
	<u>878,052</u>	<u>2,231,351</u>
<b>GLOBAL CAMPAIGN</b>		
Staff salary and benefits	25,958	77,492
Consultant services	263,727	38,413
Travel, commission and equipment	109,213	53,615
Key Campaigns & moments	194,762	
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>593,660</u>	<u>1,738,205</u>

## Global Campaign for Climate Action Supplementary Information

Year ended December 31, 2010

(In U.S. dollars)

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	<u>2010</u>	<u>2009</u>
	\$	\$
<b><i>NATIONAL CAMPAIGN SUPPORT</i></b>		
Consultant services		59,366
Travel, commission and equipment		6,919
National and Regional Campaigns	<b>188,496</b>	
GCCA led action		506,721
Support to NGO		1,106,943
	<u><b>188,496</b></u>	<u>1,679,949</u>