



SIERRA CLUB, INC. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2024 and 2023

(With Independent Auditors' Report Thereon)

SIERRA CLUB, INC. AND SUBSIDIARIES

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KPMG LLP
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Independent Auditors' Report

The Board of Directors
Sierra Club, Inc.:

Opinion

We have audited the consolidated financial statements of Sierra Club, Inc. and Subsidiaries (the Club), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Club as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Club and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Club's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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 Club's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Club's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Irvine, California
September 11, 2025

SIERRA CLUB, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

Assets	2024	2023
Cash and cash equivalents	\$ 40,889,400	36,969,500
Investments	33,963,900	32,266,700
Receivables:		
Trade accounts, net	593,700	288,500
Contributions	10,829,600	15,198,200
Other	5,476,000	2,502,500
Prepaid expenses	3,609,500	6,325,400
Endowment investments	41,725,600	41,434,800
Property and equipment, net	4,080,800	4,845,600
Right-of-use assets	10,897,700	13,054,500
Other	414,000	396,100
	\$ 152,480,200	153,281,800
Liabilities and Net Assets		
Accounts payable	\$ 8,471,800	7,129,500
Accrued expenses	12,914,700	10,548,000
Contract liability	2,587,500	2,823,300
Lease liabilities	15,445,900	18,400,700
Pension liability	1,446,100	5,197,100
	40,866,000	44,098,600
Net assets:		
Without donor restrictions:		
Undesignated	45,985,800	47,202,500
Board-designated	13,832,200	10,842,200
	59,818,000	58,044,700
With donor restrictions:		
Life memberships	33,374,400	32,632,200
General	17,999,600	18,084,100
Other activities	422,200	422,200
	51,796,200	51,138,500
Total net assets	111,614,200	109,183,200
Total liabilities and net assets	\$ 152,480,200	153,281,800

See accompanying notes to consolidated financial statements.

SIERRA CLUB, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended December 31, 2024

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Membership dues:			
Annual dues	\$ 17,436,100	—	17,436,100
Life memberships	—	742,200	742,200
Contributions	46,998,900	88,319,500	135,318,400
Outings and lodge reservations and fees	9,079,700	—	9,079,700
Calendar and other retail sales	1,484,300	—	1,484,300
Royalties	79,600	—	79,600
Net realized and unrealized gain on investments and interest	3,630,200	1,661,200	5,291,400
Other income	3,294,000	—	3,294,000
Public interest litigation award fees	818,300	—	818,300
Reimbursement: major giving program	10,000,000	—	10,000,000
	<u>92,821,100</u>	<u>90,722,900</u>	<u>183,544,000</u>
Net assets released from restrictions	<u>90,065,200</u>	<u>(90,065,200)</u>	<u>—</u>
Total revenues, gains, and other support	<u>182,886,300</u>	<u>657,700</u>	<u>183,544,000</u>
Expenses:			
Program services:			
Studying and influencing public policy	85,648,800	—	85,648,800
Information and education	20,244,700	—	20,244,700
Outdoor activities	10,565,800	—	10,565,800
Chapter allocations	3,338,500	—	3,338,500
Total program services expenses	<u>119,797,800</u>	<u>—</u>	<u>119,797,800</u>
Support services:			
General and administration	22,172,000	—	22,172,000
Membership	23,870,000	—	23,870,000
Fundraising:			
Sierra Club	8,889,200	—	8,889,200
Affiliates	9,339,900	—	9,339,900
Total support services expenses	<u>64,271,100</u>	<u>—</u>	<u>64,271,100</u>
Total expenses	<u>184,068,900</u>	<u>—</u>	<u>184,068,900</u>
Pension-related changes	<u>(2,955,900)</u>	<u>—</u>	<u>(2,955,900)</u>
Total expenses and changes	<u>181,113,000</u>	<u>—</u>	<u>181,113,000</u>
Change in net assets	1,773,300	657,700	2,431,000
Net assets at beginning of year	<u>58,044,700</u>	<u>51,138,500</u>	<u>109,183,200</u>
Net assets at end of year	<u>\$ 59,818,000</u>	<u>51,796,200</u>	<u>111,614,200</u>

See accompanying notes to consolidated financial statements.

SIERRA CLUB, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended December 31, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Membership dues:			
Annual dues	\$ 17,523,400	—	17,523,400
Life memberships	—	737,400	737,400
Contributions	41,868,500	100,973,100	142,841,600
Outings and lodge reservations and fees	7,722,600	—	7,722,600
Calendar and other retail sales	1,579,700	—	1,579,700
Royalties	293,500	—	293,500
Net realized and unrealized gain on investments and interest	5,250,100	5,341,200	10,591,300
Other income	2,676,500	—	2,676,500
Public interest litigation award fees	506,400	—	506,400
Reimbursement: major giving program	10,850,000	—	10,850,000
	<u>88,270,700</u>	<u>107,051,700</u>	<u>195,322,400</u>
Net assets released from restrictions	<u>102,333,200</u>	<u>(102,333,200)</u>	<u>—</u>
Total revenues, gains, and other support	<u>190,603,900</u>	<u>4,718,500</u>	<u>195,322,400</u>
Expenses:			
Program services:			
Studying and influencing public policy	84,929,900	—	84,929,900
Information and education	25,494,800	—	25,494,800
Outdoor activities	9,069,500	—	9,069,500
Chapter allocations	4,423,700	—	4,423,700
Total program services expenses	<u>123,917,900</u>	<u>—</u>	<u>123,917,900</u>
Support services:			
General and administration	17,082,600	—	17,082,600
Membership	25,411,300	—	25,411,300
Fundraising:			
Sierra Club	7,757,200	—	7,757,200
Affiliates	10,442,500	—	10,442,500
Total support services expenses	<u>60,693,600</u>	<u>—</u>	<u>60,693,600</u>
Total expenses	184,611,500	—	184,611,500
Loss on disposal of assets	54,500	—	54,500
Pension-related changes	(1,823,900)	—	(1,823,900)
Total expenses and changes	<u>182,842,100</u>	<u>—</u>	<u>182,842,100</u>
Change in net assets	7,761,800	4,718,500	12,480,300
Net assets at beginning of year	<u>50,282,900</u>	<u>46,420,000</u>	<u>96,702,900</u>
Net assets at end of year	\$ <u>58,044,700</u>	<u>51,138,500</u>	<u>109,183,200</u>

See accompanying notes to consolidated financial statements.

SIERRA CLUB, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year ended December 31, 2024

	Program services					Support services					Total
	Studying and influencing public policy	Information and education	Outdoor activities	Chapter allocations	Subtotal	General and administrative	Membership	Fundraising		Subtotal	
							Sierra Club	Affiliates			
Salaries and employee benefits	\$ 63,039,300	13,446,800	1,314,900	2,575,100	80,376,100	12,188,800	5,236,800	2,343,300	6,361,400	26,130,300	106,506,400
Outside services	5,924,700	2,310,000	6,123,400	411,300	14,769,400	3,408,200	8,544,800	3,386,500	1,860,300	17,199,800	31,969,200
Cost of sales, books, and Sierra	3,600	916,600	18,300	—	938,500	100	233,700	45,400	—	279,200	1,217,700
Mailing and office supplies	382,000	745,200	127,200	8,800	1,263,200	1,436,300	3,560,000	1,628,900	164,000	6,789,200	8,052,400
Legal services	5,311,700	87,300	10,600	273,100	5,682,700	2,244,400	54,800	—	37,700	2,336,900	8,019,600
Travel and meetings	3,478,300	151,100	649,300	46,200	4,324,900	618,000	61,100	100	306,100	985,300	5,310,200
Copying and printing	412,100	319,700	7,100	1,200	740,100	137,400	4,110,700	1,151,100	18,700	5,417,900	6,158,000
Rent and occupancy	2,525,700	871,200	366,900	5,800	3,769,600	1,664,800	405,300	—	237,800	2,307,900	6,077,500
Telephone	174,900	35,400	26,900	14,200	251,400	40,600	10,800	500	4,900	56,800	308,200
Royalties	600	370,200	—	—	370,800	—	23,700	—	200	23,900	394,700
Advertising and promotion	112,700	321,200	100,900	500	535,300	5,500	1,065,500	333,400	49,300	1,453,700	1,989,000
Depreciation and amortization	420,400	271,200	30,500	—	722,100	221,800	131,900	—	96,700	450,400	1,172,500
Lodge and outings field expense	15,600	—	1,389,500	—	1,405,100	—	1,500	—	16,300	17,800	1,422,900
Contributions and donations	1,640,600	200	—	700	1,641,500	30,200	1,000	—	100	31,300	1,672,800
Insurance	443,900	368,400	342,100	—	1,154,400	175,900	70,700	—	88,500	335,100	1,489,500
Other and taxes	1,762,700	30,200	58,200	1,600	1,852,700	—	357,700	—	97,900	455,600	2,308,300
	<u>\$ 85,648,800</u>	<u>20,244,700</u>	<u>10,565,800</u>	<u>3,338,500</u>	<u>119,797,800</u>	<u>22,172,000</u>	<u>23,870,000</u>	<u>8,889,200</u>	<u>9,339,900</u>	<u>64,271,100</u>	<u>184,068,900</u>

See accompanying notes to consolidated financial statements.

SIERRA CLUB, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year ended December 31, 2023

	Program services				Support services					Subtotal	Total
	Studying and influencing public policy	Information and education	Outdoor activities	Chapter allocations	General and administrative	Membership	Fundraising				
							Sierra Club	Affiliates			
Salaries and employee benefits	\$ 64,797,300	16,660,600	1,010,300	2,882,200	85,350,400	9,698,200	4,816,800	1,405,000	7,739,200	23,659,200	109,009,600
Outside services	3,589,800	3,272,300	5,143,200	916,400	12,921,700	2,182,500	7,201,400	2,487,100	1,471,400	13,342,400	26,264,100
Cost of sales, books, and Sierra	—	997,400	10,200	—	1,007,600	—	304,700	79,600	—	384,300	1,391,900
Mailing and office supplies	318,100	826,800	93,900	3,300	1,242,100	263,500	4,187,000	1,925,200	155,300	6,531,000	7,773,100
Legal services	5,377,700	252,100	23,100	416,100	6,069,000	1,395,100	72,600	—	87,800	1,555,500	7,624,500
Travel and meetings	3,960,600	218,800	672,600	165,100	5,017,100	931,000	128,300	4,300	329,900	1,393,500	6,410,600
Copying and printing	393,000	298,400	5,500	—	696,900	215,000	6,628,700	1,385,900	7,700	8,237,300	8,934,200
Rent and occupancy	2,557,100	876,000	351,400	7,200	3,791,700	1,570,400	255,300	—	323,100	2,148,800	5,940,500
Telephone	281,800	55,400	38,000	12,400	387,600	228,200	12,600	—	13,200	254,000	641,600
Royalties	—	414,400	2,100	—	416,500	56,300	23,800	—	—	80,100	496,600
Advertising and promotion	155,800	586,200	136,100	600	878,700	6,400	1,200,000	470,100	54,400	1,730,900	2,609,600
Depreciation and amortization	369,900	246,200	31,000	—	647,100	211,900	115,100	—	89,400	416,400	1,063,500
Lodge and outings field expense	3,500	—	1,153,600	—	1,157,100	5,900	—	—	—	5,900	1,163,000
Contributions and donations	1,397,900	200	—	500	1,398,600	35,600	5,700	—	—	41,300	1,439,900
Insurance	448,800	369,400	311,300	—	1,129,500	175,800	74,000	—	45,700	295,500	1,425,000
Other and taxes	1,278,600	420,600	87,200	19,900	1,806,300	106,800	385,300	—	125,400	617,500	2,423,800
	<u>\$ 84,929,900</u>	<u>25,494,800</u>	<u>9,069,500</u>	<u>4,423,700</u>	<u>123,917,900</u>	<u>17,082,600</u>	<u>25,411,300</u>	<u>7,757,200</u>	<u>10,442,500</u>	<u>60,693,600</u>	<u>184,611,500</u>

See accompanying notes to consolidated financial statements.

SIERRA CLUB, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,431,000	12,480,300
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,172,500	1,063,500
Net realized and unrealized gain on investments	(3,704,600)	(9,298,900)
Advisory fees paid from investments	406,300	414,100
Loss on disposal of assets	—	54,500
Pension-related changes	(2,955,900)	(1,823,900)
Life membership and contributions restricted for long-term investment	(742,200)	(737,400)
Changes in operating assets and liabilities:		
Trade accounts receivable, net	(305,200)	34,300
Contributions receivable	4,368,600	(711,400)
Other receivables	(2,973,500)	(126,700)
Prepaid expenses	2,715,900	(1,629,500)
Right-of-use assets	2,082,600	1,429,200
Other	(17,900)	13,200
Accounts payable	1,342,300	(3,122,200)
Accrued expenses	2,366,700	(1,358,300)
Contract liability	(235,800)	203,400
Lease liabilities	(2,954,800)	(2,153,300)
Pension liability (excluding pension-related changes)	(795,100)	878,000
Net cash provided by (used in) operating activities	<u>2,200,900</u>	<u>(4,391,100)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(333,500)	(910,800)
Purchases of investments	(31,823,400)	(38,468,100)
Proceeds from maturity and sale of investments	<u>32,698,000</u>	<u>40,362,000</u>
Net cash provided by investing activities	<u>541,100</u>	<u>983,100</u>
Cash flows from financing activities:		
Life membership contributions restricted for long-term investment	<u>742,200</u>	<u>737,400</u>
Net cash provided by financing activities	<u>742,200</u>	<u>737,400</u>
Change in cash, cash equivalents, and restricted cash	3,484,200	(2,670,600)
Cash, cash equivalents, and restricted cash at beginning of year	<u>39,470,800</u>	<u>42,141,400</u>
Cash, cash equivalents, and restricted cash at end of year	\$ <u><u>42,955,000</u></u>	\$ <u><u>39,470,800</u></u>
Supplemental disclosures of cash flows information:		
Cash paid during the year for income taxes	\$ 2,400	61,600
Right-of-use assets and lease liabilities recorded upon entering new leases	\$ 607,100	518,600

See accompanying notes to consolidated financial statements.

SIERRA CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(1) Summary of Significant Accounting Policies

(a) Organization

The Sierra Club (the Club) is a nonprofit voluntary membership organization established to explore, enjoy, and protect the wild places of the earth; to practice and promote the responsible use of the earth's ecosystems and resources; to educate and enlist humanity to protect and restore the quality of the natural and human environment; and to use all lawful means to carry out these objectives. The Club operates many environmentally conscious programs which benefit the public interest.

The studying and influencing public policy program consists of staff and volunteers engaged in legislative and nonlegislative activities, including research, education, lobbying, legal, and policy development. Information and education include communication and outreach, *Sierra*, the Club's magazine, and digital outreach. Outdoor activities include national and international outing programs consisting of 254 and 235 trips during the years ended December 31, 2024 and 2023, respectively. The membership program includes support for 64 volunteer-led chapters, 446 groups, and the development of a broad-based volunteer membership. There are approximately 612,000 and 690,500 members as of December 31, 2024 and 2023, respectively.

(b) Basis of Presentation

The accompanying consolidated financial statements include the activities of the Club (including its chapters and groups which are not separate legal entities) and certain affiliated political action committees. All intercompany transactions have been eliminated in consolidation.

The accompanying consolidated financial statements, which are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), have been prepared to focus on the Club as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions rounded to the hundreds (00). This has been accomplished by classification of balances and transactions into the following classes of net assets:

Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations. This category includes net assets which have been designated by the board.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Club. The income from these assets is available for either general operations or specific programs as specified by the donor. This also includes net assets subject to donor-imposed stipulations that may or will be met by actions of the Club and/or the passage of time, and net assets of donor-restricted endowment funds until appropriated for expenditure.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

SIERRA CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(c) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, accounts payable, and accrued expenses approximate fair value because of the short-term maturity of these financial instruments.

(d) Cash and Cash Equivalents

Cash equivalents consist primarily of checking, savings, money market accounts, and other investments with an original maturity of 90 days or less, not held with external managers as part of the Club's investment strategy. Cash and money market accounts are held at various financial institutions that are Federal Deposit Insurance Corporation (FDIC) insured up to \$250,000 at each institution. However, in the normal course of business, balances often exceed the FDIC's insurance limit by material amounts.

Cash balances, generally described as restricted cash, are also held within investments and endowment investments. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated balance sheets that sum to the amounts shown in the consolidated statements of cash flows.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 40,889,400	36,969,500
Cash included in investments	1,386,300	1,366,100
Cash included in endowment investments	<u>679,300</u>	<u>1,135,200</u>
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	<u>\$ 42,955,000</u>	<u>39,470,800</u>

(e) Investments

Investments are reported at fair value with realized and unrealized gains and losses included as a component of the change in net assets.

Endowment investments consist primarily of the Club's donor-restricted life memberships, as well as investments directed by management for long-term investment.

(f) Property, Equipment, and Software

Property and equipment are stated at cost at the date of acquisition or estimated fair value at the date of donation. Depreciation and amortization expense is provided on a straight-line basis over the estimated useful lives of the related assets as follows:

Buildings and leasehold improvements	Lesser of useful life or lease term
Office furniture and equipment	10 years
Computer equipment and software	3–5 years

SIERRA CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts, and any resulting gain or loss is recognized. The cost of maintenance and repairs is charged to expense as incurred; material and labor costs associated with leasehold improvements are capitalized.

(g) Contract Liability

The Club defers revenue from outings and advertising until the period in which the trip is completed or the magazine is published.

(h) Leases

The Club is a lessee in several non-cancellable operating leases, primarily for office space and office equipment.

The Club accounts for leases in accordance with Topic 842, *Leases*. The Club determines if an arrangement is or contains a lease at contract inception. The Club recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date. ROU assets represent the Club's right to use an underlying asset for the lease term, and lease liabilities represent the Club's obligation to make lease payments arising from the lease.

For the Club's operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received. The ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received.

Key judgments as it relates to the Club's operating leases include (1) the discount rate used to discount the unpaid lease payments to present value, (2) lease term, and (3) lease payments.

The Club recognizes rent and allowance for tenant improvements on a straight-line basis over the lease term. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

(i) Revenue Recognition

(i) Membership Dues

Annual membership dues are recognized as revenue when received. The Club views these as contributions because the nature of the membership is not an exchange transaction between the Club and the member.

The Club solicits membership dues for a "life membership" fund. The Club's bylaws state: "All money received for life memberships and such other funds as may be received or appropriated by the board of directors for permanent investment, shall be separately and securely invested as an Endowment Fund, of which only the income may be appropriated for expenditures provided; however, the Fund may be used as collateral to borrow money for limited periods of time to advance the purposes of the Club when such a policy is approved by a majority of the Board."

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Accordingly, life membership dues and other contributions permanently designated by donors are characterized as net assets with donor restrictions and investment earnings are characterized as net assets with donor restrictions until appropriation in the accompanying consolidated financial statements.

(ii) Contributions

Contributions are recognized as revenue if there are no conditions placed with the gifts. Conditional contributions are recognized when barriers to entitlement are overcome. Contributions with donor-imposed restrictions are recorded as revenues with donor restrictions. Upon fulfillment of the donor-imposed restrictions, net assets with donor restrictions are reclassified to net assets without donor restrictions.

(iii) Exchange Transactions

The Club has various forms of revenue sources from exchange transactions. Revenues are recognized upon the fulfillment of performance obligations. Primary sources of exchange transactions include the following:

- (a) Outings and lodge reservations fees: Reservation deposits are taken in advance and recognized as revenue at the completion of a trip and at the completion of each nightly stay at the lodge.
- (b) Calendars sales are recognized at the time of transaction, with a reserve held in anticipation for returns and marked down sales.
- (c) Advertising space is sold in advance for issues of *Sierra* magazine, and the revenues are recognized upon publication of the issue in which the advertisement appears.
- (d) The Club has a service agreement with the Sierra Club Foundation (the Foundation) to provide fundraising services on its behalf. The Club invoices the Foundation monthly for the services provided and revenue is recorded at the time of invoice.

(j) Allocation of Expenses

The Club's expenses are presented on a functional basis, showing basic program activities and support services. The Club allocates expenses to program and support services based on the organizational cost centers (functional units) in which expenses are incurred. In certain instances, expenses are allocated between support functions and program services based upon a systematic allocation methodology.

The Club's activities of fundraising and membership, in some cases, include purposes or contents related to a program service. Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, states that joint costs of informational materials or activities should be allocated between fundraising and the appropriate program or general function if the purpose, audience, and content criteria, as defined by ASC Topic 958, *Not-for-Profit Entities*, are met. Although most fundraising materials include educational content, the criteria of this standard are only met by a few insignificant activities, and therefore, the Club does not allocate joint costs from its fundraising and membership activities to program services.

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(k) Donated Services

Contributed services are reflected in the consolidated financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Accordingly, the Club recognized \$25,300 and \$180,000, respectively, for donated legal services for the years ended December 31, 2024 and 2023. The amount is included as a component of contributions revenue and program services expense in the accompanying consolidated financial statements.

(l) Collection Items

The Club does not capitalize donated paintings, photographs, and rare books as these items are held for public exhibition, education, or research in furtherance of public service and are protected and cared for by the Club throughout the life of the assets.

(m) Income Tax Status

Based on recognition by the Internal Revenue Service and California Franchise Tax Board, the Club's related sources of revenue are exempt from federal income and California franchise taxes under Internal Revenue Code Section 501(c)(4) and California Revenue and Taxation Code Section 23701f, respectively.

However, certain activities not directly related to the Club's tax-exempt purposes are subject to federal and state income taxes. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements as a whole. In addition, the Club is subject to income taxes on certain political activities of which there was \$2,400 and \$61,600, respectively, for the years ended December 31, 2024 and 2023.

As required by U.S. GAAP, the Club has identified and evaluated its significant tax positions for which the statute of limitations remain open and determined there is no material unrecognized tax benefit or liability to be recorded.

The open tax years are the years ended December 31, 2019 through December 31, 2024 for federal tax purposes and the years ended December 31, 2018 through December 31, 2024 for California tax purposes (except to the extent of the net operating loss carryover for which the tax years from December 31, 2007 are open). There have been no material changes in unrecognized benefits at December 31, 2024 and 2023, nor are any material changes anticipated in the twelve months following December 31, 2024, and there have been no related tax penalties or interest, which would be classified as a tax expense in the consolidated statements of activities.

The Club has a net operating loss carryover of \$2,323,300 for the years ended December 31, 2024 and 2023; however, no deferred tax asset has been recognized due to the uncertainty of whether the benefit will be realized.

Contributions to the Club are not deductible by the donor as a charitable contribution for tax purposes.

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(n) Use of Estimates

Management of the Club has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with U.S. GAAP. The key estimate is pension liability. Actual results could differ from those estimates.

(o) Reclassifications

The Club has reclassified certain amounts relating to its prior period results to conform to its current year presentation. These reclassifications have not changed the results of operations of prior periods.

(2) Investments

The Club's investment portfolio consists of the following as of December 31, 2024 and 2023 (at fair value):

	2024	2023
Operating:		
Cash and cash equivalents	\$ 1,386,300	1,366,100
Certificates of deposit	708,700	1,057,800
Money market mutual funds	452,400	432,400
Equity securities	12,324,100	11,004,400
U.S. government and agency securities	4,846,600	4,537,000
Corporate fixed income	2,160,100	2,178,200
Equities mutual fund	1,756,600	1,608,200
Exchange traded funds	1,363,500	888,000
Alternative investments	8,965,600	9,194,600
Total operating investments	33,963,900	32,266,700
Donor restricted:		
Cash and cash equivalents	679,300	1,135,200
Certificates of deposit	618,100	1,276,400
Equity securities	23,045,200	24,300,900
U.S. government and agency securities	6,606,900	4,187,900
Corporate fixed income	2,792,100	2,772,300
Equities mutual fund	405,000	202,900
Exchange traded funds	273,500	240,300
Alternative investments	7,305,500	7,318,900
Endowment investments	41,725,600	41,434,800
Total investments	\$ 75,689,500	73,701,500

Interest and dividend income amounted to \$2,221,900 and \$1,835,800, respectively, for the years ended December 31, 2024 and 2023, and is included in net realized and unrealized gain on investments and interest in the consolidated statements of activities. Investment advisory expense was \$406,300 and

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\$414,100 for the years ended December 31, 2024 and 2023, respectively, and is netted against net realized and unrealized gain on investments and interest in the consolidated statements of activities.

ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that the Club has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment, including estimates by partnership managers based on the best information available.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table presents the investments at fair value based on a hierarchical level at December 31, 2024 and 2023:

	2024		
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash and cash equivalents	\$ 2,065,600	2,065,600	—
Certificates of deposit	1,326,800	1,326,800	—
Money market mutual funds	452,400	452,400	—
Equity securities	35,369,300	35,369,300	—
U.S. government and agency securities	11,453,500	—	11,453,500
Corporate fixed income	4,952,200	—	4,952,200
Equities mutual fund	2,161,600	2,161,600	—
Exchange traded funds	1,637,000	1,637,000	—
Subtotal investments	59,418,400	<u>43,012,700</u>	<u>16,405,700</u>
Alternative investments:			
Private global equities funds	15,800,800		
Green Alpha Investment	470,300		
Total	\$ <u>75,689,500</u>		

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		2023		
		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash and cash equivalents	\$	2,501,300	2,501,300	—
Certificates of deposit		2,334,200	2,334,200	—
Money market mutual funds		432,400	432,400	—
Equity securities		35,305,300	35,305,300	—
U.S. government and agency securities		8,724,900	—	8,724,900
Corporate fixed income		4,950,500	—	4,950,500
Equities mutual fund		1,811,100	1,811,100	—
Exchange traded funds		1,128,300	1,128,300	—
Subtotal investments		57,188,000	43,512,600	13,675,400
Alternative investments:				
Private global equities funds		16,029,100		
Green Alpha Investment		484,400		
Total	\$	73,701,500		

The following tables present the fair value measurements of the Club's alternative investments, using NAV as a practical expedient, unfunded commitments, and redemption restrictions as of December 31, 2024 and 2023:

		2024			
		Fair value	Unfunded commitments	Redemption frequency	Redemption notification period
Private equities funds (a)	\$	12,074,500	—	Quarterly, not to exceed 10% of fund's net assets	30 days
Private Asian equities funds (b)		3,726,300	—	Quarterly, not to exceed 10% of fund's net assets	90 days
Green Alpha Investment (c)		470,300	—	Upon dissolution of certain club events	Not applicable
	\$	16,271,100	—		

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- (a) Private investment funds with an emphasis on global equities with sustainable practices.
- (b) Private investment funds with an emphasis on Asian-focused equities with sustainable practices.
- (c) Private investment in an advisory company specializing in environmentally responsible investment strategies. The investment is not considered in an investment company under Financial Accounting Standards Board (FASB) ASC 946, *Financial Services - Investment Companies*. Consequently, the Club accounted for the investment under the equity method of accounting, which approximates the investment's net asset value. The use of equity method accounting does not materially impact the classification and subsequent measurement by the Club.

2023				
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notification period</u>
Private equities funds (a)	\$ 12,470,700	—	Quarterly, not to exceed 10% of fund's net assets	30 days
Private Asian equities funds (b)	3,558,400	—	Quarterly, not to exceed 10% of fund's net assets	90 days
Green Alpha Investment (c)	<u>484,400</u>	<u>—</u>	Upon dissolution of certain club events	Not applicable
	<u>\$ 16,513,500</u>	<u>—</u>		

- (a) Private investment funds with an emphasis on global equities with sustainable practices.
- (b) Private investment funds with an emphasis on Asian-focused equities with sustainable practices.
- (c) Private investment in an advisory company specializing in environmentally responsible investment strategies. The investment is not considered in an investment company under Financial Accounting Standards Board (FASB) ASC 946, *Financial Services - Investment Companies*. Consequently, the Club accounted for the investment under the equity method of accounting, which approximates the investment's net asset value. The use of equity method accounting does not materially impact the classification and subsequent measurement by the Club.

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(3) Property and equipment, net

Property and equipment, net, consist of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Building and leasehold improvements	\$ 12,338,900	11,957,700
Furniture, computer, and equipment	<u>2,738,200</u>	<u>3,058,300</u>
Subtotal	15,077,100	15,016,000
Less accumulated depreciation and amortization	<u>(10,996,300)</u>	<u>(10,170,400)</u>
Property and equipment, net	<u>\$ 4,080,800</u>	<u>4,845,600</u>

(4) Leases

The Club is a lessee in several operating leases, primarily for office space and office equipment.

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received. The ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received.

Operating lease ROU assets are presented as right-of-use assets on the consolidated balance sheet. The current and long-term portions of operating lease liabilities are included in lease liability on the consolidated balance sheet. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Rent and utilities expense for operating leases was \$5,090,600 and \$4,560,500 in 2024 and 2023, respectively. The Club has elected not to recognize ROU assets and lease liabilities for short-term leases of office space or office equipment that have a lease term of 12 months or less. The Club recognizes the lease payments associated with its short-term office space and office equipment leases as an expense on a straight-line basis over the lease term.

The Club uses its incremental borrowing rate as the discount rate for the lease as this is the most practical expedient option. The Club's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Because the Club does not generally borrow on a collateralized basis, it uses the interest rate it pays on its noncollateralized borrowings as an input to deriving an appropriate incremental borrowing rate, adjusted for the amount of the lease payments, the lease term, and the effect on that rate of designating specific collateral with a value equal to the unpaid lease payments for that lease. The incremental borrowing rate utilized by Sierra Club is 3.43% as of December 31, 2024 and 2023.

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Future minimum payments under all operating leases with terms greater than one year as of December 31, 2024 are as follows:

	<u>Lease Liability</u>	<u>Interest</u>	<u>Payments</u>
2025	\$ 4,255,500	460,900	4,716,400
2026	3,171,000	324,700	3,495,700
2027	1,440,800	251,200	1,692,000
2028	1,185,800	207,200	1,393,000
2029	1,161,700	166,400	1,328,100
2030 and thereafter	<u>4,231,100</u>	<u>256,100</u>	<u>4,487,200</u>
Total	\$ <u>15,445,900</u>	<u>1,666,500</u>	<u>17,112,400</u>

Rental income for subleases was \$107,900 and \$172,500 in 2024 and 2023, respectively, and is recorded in other income.

(5) Benefit Plans

(a) Pension Plan

The Club has a defined benefit plan (the Plan) and a defined contribution pension plan covering substantially all of its employees. The benefits are based on years of service and the employee's compensation. The defined benefit formula of this Plan is no longer offered to new employees.

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The following table sets forth the Plan's benefit obligations, fair value of plan assets, and funded status at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Funded status of pension plan:		
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ 48,253,400	44,816,200
Service costs	1,064,600	1,145,500
Interest costs	2,361,200	2,261,700
Net actuarial (gain) loss	(1,439,200)	2,541,400
Benefits paid	(3,252,300)	(1,850,400)
Curtailment gain	—	(661,000)
Benefit obligation at end of year	<u>46,987,700</u>	<u>48,253,400</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	43,056,300	38,673,200
Actual return on plan assets	3,827,100	5,355,000
Contributions	1,910,500	878,500
Benefits paid	<u>(3,252,300)</u>	<u>(1,850,400)</u>
Fair value of plan assets at end of year	<u>45,541,600</u>	<u>43,056,300</u>
Funded status	\$ <u><u>(1,446,100)</u></u>	\$ <u><u>(5,197,100)</u></u>
Amounts recognized in the consolidated balance sheets consist of:		
Pension liability	\$ 1,446,100	5,197,100
Amounts recognized in net assets:		
Net actuarial loss	\$ 1,201,000	4,156,900

The components of the Club's net periodic benefit costs for the years ended December 31, 2024 and 2023 associated with the Plan are as follows and are included in the accompanying consolidated statements of activities and consolidated functional expenses.

	<u>2024</u>	<u>2023</u>
Service costs	\$ 1,064,600	1,145,500
Interest costs	2,361,200	2,261,700
Expected return on plan assets	(2,310,500)	(1,792,700)
Recognized actuarial loss	<u>—</u>	<u>142,100</u>
	\$ <u><u>1,115,300</u></u>	\$ <u><u>1,756,600</u></u>

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Amounts recognized for the years ended December 31, 2024 and 2023 as changes in net assets without donor restrictions consist of:

	2024	2023
Net actuarial gain	\$ (2,955,900)	(2,342,800)
Amortization of net gain	—	(142,100)
Curtailment loss	—	661,000
Net amount recognized	\$ (2,955,900)	(1,823,900)

For the year ended December 31, 2024, the benefit obligation included a net actuarial gain of \$1,439,200 primarily due to the increase in discount rate used to determine the benefit obligation from 5.0% in 2023 to 5.6% in 2024. For the year ended December 31, 2023, the benefit obligation included a net actuarial loss of \$2,804,000 primarily due to the change in discount rate resulting in a loss of \$1,101,300 and loss due to participant experience of \$1,702,700. Weighted-average assumptions used to determine pension obligations are as follows at December 31, 2024 and 2023:

	2024	2023
Discount rate	5.60 %	5.00 %
Rate of compensation increase	4.00	4.00
Cash balance interest credit rating	5.00	5.00

The Plan provides a 5.0% interest credit for certain participants who no longer accrue a benefit under a prior benefit structure on or after October 1, 2007.

Weighted-average assumptions used to determine net pension cost are as follows for the years ended December 31, 2024 and 2023:

	2024	2023
Discount rate	5.00 %	5.20 %
Expected long-term rate of return on plan assets	6.60	6.40
Rate of compensation increase	4.00	4.00

The expected long-term rate of return on plan assets is determined based on historical returns by asset class, projected Plan cash flows, and capital market assumptions.

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(b) Plan Asset Investment Strategy and Allocation

The asset allocations for the Plan as of December 31, 2024 and 2023 were:

Asset category	Pension committee approved asset allocation	Actual percentage plan asset allocation <u>2024</u>
Equities	25% – 70%	60 %
Fixed income	35% – 75%	37
Cash	0%	3

Asset category	Pension committee approved asset allocation	Actual percentage plan asset allocation <u>2023</u>
Equities	25% – 70%	60 %
Fixed income	35% – 75%	37
Cash	0%	3

The Plan invests primarily in asset categories with sufficient size, liquidity, and cost efficiency to permit investments of reasonable size. The Plan holds only Level 1 and Level 2 investments. The Plan invests in asset categories that provide diversification benefits and are easily measured. Maximum and minimum holding ranges for each of these asset categories are set by the Sierra Club Pension Committee; however, the Plan’s investment managers have been given the discretion to liquidate equity and security holdings in the event of anticipated catastrophic loss. Actual asset allocations within these approved ranges are based on a variety of economic and market conditions and consideration of specific asset category risk.

To assess the Plan’s investment performance, a long-term asset allocation policy benchmark has been established as follows: 12% S&P 500 Index, 10% Russell 1000 Growth Index, 10% Russell 1000 Value Index, 8% S&P MidCap 400 Index, 5% Russell 2000 Index, 12% MSCI EAFE Net Index, 3% MSCI EAFE Emerging Market Value Index, 37% Bloomberg US Aggregate Index, and 3% U.S. 90-Day Treasury Bill Index.

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The following tables present the fair values of the plan assets as of December 31, 2024 and 2023, based on fair value hierarchical levels:

	December 31, 2024	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash and cash equivalents	\$ 1,444,400	1,444,400	—
Equity mutual funds:			
Emerging markets funds (a)	1,378,300	1,378,300	—
U.S. growth fund (b)	849,300	849,300	—
International fund (c)	1,636,300	1,636,300	—
Corporate bond funds:			
Total return bond (d)	4,285,600	4,285,600	—
Common collective funds:			
Fixed income collective investment trusts (e)	12,700,100	—	12,700,100
Equity collective investment trusts (f)	23,247,600	—	23,247,600
Total plan assets	\$ <u>45,541,600</u>	<u>9,593,900</u>	<u>35,947,700</u>

	December 31, 2023	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash and cash equivalents	\$ 1,343,600	1,343,600	—
Equity mutual funds:			
Emerging markets funds (a)	1,313,100	1,313,100	—
U.S. growth fund (b)	832,200	832,200	—
International fund (c)	1,562,900	1,562,900	—
Corporate bond funds:			
Total return bond (d)	3,956,700	3,956,700	—
Common collective funds:			
Fixed income collective investment trusts (e)	11,799,200	—	11,799,200
Equity collective investment trusts (f)	22,248,600	—	22,248,600
Total plan assets	\$ <u>43,056,300</u>	<u>9,008,500</u>	<u>34,047,800</u>

(a) This fund seeks long-term capital appreciation by investing primarily in common stocks of emerging country issuers.

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- (b) This fund seeks long-term capital appreciation. It invests primarily in companies believed to have long-term capital appreciation potential and are expected to grow faster than the U.S. economy.
- (c) This fund invests primarily in common and preferred stocks of foreign companies, including those located in emerging market countries. Companies in this fund's portfolio generally have market capitalization in excess of \$1 billion at the time of purchase.
- (d) This fund seeks to maximize long-term total return. The fund maintains an average duration from two to eight years, and the fund can invest up to 20% of its net assets in securities below investment grade.
- (e) These pooled collective funds are invested in a variety of bonds, asset-backed and mortgage-backed securities, and U.S. treasuries, with the primary objective of income generation while achieving desired diversification.
- (f) These pooled collective funds are invested in domestic and international equities, including indexed funds, with objectives of long-term capital appreciation and dividend income while achieving desired diversification.

(c) Future Contributions

The Club's funding policy is to contribute to the Plan an annual amount necessary to meet or exceed the minimum funding standards under the Employee Retirement Income Security Act. The minimum funding requirement for the Plan in 2024 was \$0, and management contributed \$1,910,500 to the Plan during 2024. The expected contribution to the Plan in 2025 is \$1,369,700.

(d) Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years ending December 31:	
2025	\$ 1,095,000
2026	2,210,000
2027	2,280,000
2028	2,360,000
2029	2,480,000
2030-2034	14,120,000

(e) 401(k) Plan

The Club offers a 401(k) plan for eligible employees. The plan provides an employer contribution for eligible employees who complete one year of service. The Club's contribution to the plan totaled \$3,539,700 and \$3,561,100 in 2024 and 2023, respectively, which is included in salaries and employee benefits expense in the consolidated statements of functional expenses.

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(6) Line of Credit

The Club has a line of credit available with a brokerage firm with permitted borrowings, secured by accounts held at the brokerage firm at a floating rate established by the brokerage firm. As of December 31, 2024 and 2023, the available line, based on the value of pledged accounts was \$6,949,300 and \$7,187,800, respectively. As of December 31, 2024 or 2023, there were no borrowings against this line.

(7) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	2024	2023
Life memberships (to be held in perpetuity)	\$ 33,374,400	32,632,200
General:		
Studying and influencing public policy:		
Energy campaigns	1,477,900	200
San Francisco Bay protection	4,449,400	5,205,500
San Diego bequest	3,766,700	3,800,000
Other	40,300	442,300
Endowment assets earnings	8,265,300	8,636,100
Total general	17,999,600	18,084,100
Other activities	422,200	422,200
	\$ 51,796,200	51,138,500

(8) Endowments

The board of directors of the Club has interpreted the California Uniform Prudent Management of Institutional Funds Act (CUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Club classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted endowment fund is classified as net assets with donor restrictions until amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the CUPMIFA.

The Club has a policy of appropriating for distribution each year up to 5% of its endowment fund's average fair value over the prior three years. In establishing this policy, the Club considered the long-term expected return on its endowment. Accordingly, over the long term, the Club expects the current spending policy to allow its endowment to grow at a rate exceeding expected inflation. This is consistent with the Club's objective to maintain the fair value of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. The Club appropriated

SIERRA CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

\$2,032,000 and \$1,971,000, respectively, from the endowment funds in the years ended December 31, 2024 and 2023.

The Club has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the fair value of endowment assets. Endowment assets include those assets of donor-restricted funds that the Club must hold in perpetuity or for a donor-specified period(s).

Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to provide investment growth in excess of annual board-designated appropriations. Actual returns in a given year may vary from this goal. To satisfy its long-term rate-of-return objectives, the Club relies on a strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends), while making a distribution decision each year that represents a reasonable program expenditure rate, given investment performance, present and reasonably anticipated resources, general economic conditions, and the reasonable expectations of a prudent investor. The Club targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Club's endowment consists of a Life Member fund and a donor-restricted fund established to further the mission of the Club. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Included in the endowment net asset totals for the years ending December 31, 2024 and 2023 are \$8,265,300 and \$8,636,100, respectively, of endowment investment earnings which have not been appropriated.

Changes in endowment net assets for the years ended December 31, 2024 and 2023 are as follows:

	With donor restrictions total	
	2024	2023
Endowment net assets beginning of year	\$ 41,434,800	37,414,900
Investment return:		
Investment income	985,800	937,100
Net appreciation (realized/unrealized)	<u>594,800</u>	<u>4,316,400</u>
Total investment return	1,580,600	5,253,500
Life membership dues	742,200	737,400
Appropriations of endowment assets for expenditure	<u>(2,032,000)</u>	<u>(1,971,000)</u>
Endowment net assets, end of year	<u>\$ 41,725,600</u>	<u>41,434,800</u>

There were no endowed net assets without donor restrictions for the years-ended December 31, 2024 and 2023.

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(9) Transactions with the Sierra Club Foundation

The Sierra Club Foundation (the Foundation) is a separate legal entity. As the Club does not have control of the Foundation, it is not included in the Club's consolidated financial statements.

The Club provides fundraising and other services for the Foundation. Reimbursed costs related to these services and the Major Giving Program totaled \$10,000,000 and \$10,850,000, respectively, for the years ended December 31, 2024 and 2023. The Club receives direct contributions from the Foundation in support of various programs that totaled \$66,639,200 and \$95,920,000, respectively, for the years ended December 31, 2024 and 2023. Of the preceding amount, \$10,829,600 and \$15,198,200, respectively, is included in contributions receivable as of December 31, 2024 and 2023.

The Club has a fiscal sponsorship relationship with the Foundation and shares in its use of software licenses purchased by the Foundation. The Club reimburses the Foundation for its use at fair value for the portion of use that does not qualify as charitable expenditures. The amount reimbursed to the Foundation was \$1,100,200 in 2024 and \$1,280,100 in 2023. Accounts payable to the Foundation totaled \$2,907,000 and \$1,393,000, respectively, as of December 31, 2024 and 2023.

(10) Liquidity and Availability of Financial Assets

The Club's financial assets available for general expenditures within one year of the balance sheet date are as follows:

	2024	2023
Cash and cash equivalents	\$ 40,889,400	36,969,500
Trade and other receivables	6,069,700	2,791,000
Investments	33,963,900	32,266,700
Contributions receivable	10,829,600	15,198,200
Endowment investments	41,725,600	41,434,800
Total financial assets	133,478,200	128,660,200
Less:		
Endowment investments	(41,725,600)	(41,434,800)
Board-designated net assets	(13,832,200)	(10,842,200)
Illiquid portion of investments	(8,965,600)	(9,194,600)
Financial assets available to meet cash needs for general expenditures within one year	\$ 68,954,800	67,188,600

As part of the Club's liquidity management, it has a policy to structure its financial assets to be available to meet the general expenditure liabilities and other obligations as they become due. Cash in excess of weekly requirements is generally placed in liquid money market accounts and/or structured into laddered certificates of deposit if forecasted not to be needed to fulfill current liabilities.

The Board has a policy of designating bequests greater than \$1,500,000 and, since 2017, appropriations from life member endowment earnings into a Board administered fund; those funds can be approved for

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Notes to Consolidated Financial Statements

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general expenditure purposes, if necessary. In addition, as described in note 6, the Club has access to a collateralized line of credit, and as of December 31, 2024, \$6,949,300 is available from this line.

(11) Commitments and Contingencies

The Club is involved in a number of lawsuits resulting from the operations of its programs and other litigation arising during the normal course of operations. Management, in consultation with legal counsel, does not believe such lawsuits will have a material adverse effect on the financial position of the Club.

(12) Subsequent Events

The Club has evaluated subsequent events through September 11, 2025, the date at which the consolidated financial statements were available to be issued and determined there are no additional items to disclose.