KPMG

SIERRA CLUB FOUNDATION

Financial Statements

December 31, 2023

(With Independent Auditors’ Report Thereon)

SIERRA CLUB FOUNDATION

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KPMG LLP
Suite 1400
55 Second Street
San Francisco, CA 94105

Independent Auditors' Report

The Board of Directors
Sierra Club Foundation:

Opinion

We have audited the financial statements of Sierra Club Foundation (the Foundation), which comprise the balance sheet as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report 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 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 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 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 Foundation'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

San Francisco, California
May 9, 2024

SIERRA CLUB FOUNDATION

Balance Sheet

December 31, 2023
(With comparative totals as of December 31, 2022)

Assets		**2023**	**2022**
Cash and cash equivalents	$	37,709,723	14,117,112
Contributions receivable, pledges, and bequests, net		1,931,627	15,684,560
Contributions receivable, charitable trusts		7,968,464	7,236,612
Contributions receivable, other		3,452,294	8,214,222
Investments		114,222,506	131,415,690
Assets held under split-interest agreements		25,152,332	22,211,652
Other assets		8,865,978	9,096,202
Total assets	$	199,302,924	207,976,050
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$	435,908	1,317,283
Grants payable		15,198,185	14,726,210
Liabilities under split-interest agreements		15,894,936	14,668,381
Lease liability		238,226	319,852
Total liabilities		31,767,255	31,031,726
Net assets:			
Without donor restrictions:			
Undesignated		22,364,658	17,419,384
Designated		58,543,522	64,078,606
Total without donor restrictions		80,908,180	81,497,990
With donor restrictions		86,627,489	95,446,334
Total net assets		167,535,669	176,944,324
Total liabilities and net assets	$	199,302,924	207,976,050

See accompanying notes to financial statements.

SIERRA CLUB FOUNDATION

Statement of Activities

Year ended December 31, 2023
(With summarized totals for the year ended December 31, 2022)

		Year ended December 31, 2023		Year ended December 31, 2022
	Without donor restrictions	With donor restrictions	Total	Total
Revenues, gains, and other support:				
Contributions of cash and other financial assets	$ 19,786,767	47,913,968	67,700,735	72,579,534
Contributions of nonfinancial assets	464,898	—	464,898	661,480
Contributions related to split-interest agreements	357,657	680,098	1,037,755	498,549
Bequests	15,501,577	838,109	16,339,686	9,615,452
Total contributions	36,110,899	49,432,175	85,543,074	83,355,015
Net gains (losses) from investments	9,339,148	4,029,956	13,369,104	(30,654,939)
Interest and dividends	1,922,063	537,562	2,459,625	2,157,242
Net change in value of split-interest agreements	(464,152)	2,038,067	1,573,915	346,191
Other income	1,113,651	—	1,113,651	1,275,105
Net assets released from restrictions	64,856,605	(64,856,605)	—	—
Total revenues, gains, and other support	112,878,214	(8,818,845)	104,059,369	56,478,614
Expenses:				
Program services	98,270,166	—	98,270,166	97,349,446
Support services:				
Administrative	2,598,996	—	2,598,996	2,437,130
Fundraising	12,598,862	—	12,598,862	13,661,830
Total expenses	113,468,024	—	113,468,024	113,448,406
Change in net assets	(589,810)	(8,818,845)	(9,408,655)	(56,969,792)
Net assets, beginning of year	81,497,990	95,446,334	176,944,324	233,914,116
Net assets, end of year	$ 80,908,180	86,627,489	167,535,669	176,944,324

See accompanying notes to financial statements.

SIERRA CLUB FOUNDATION

Statement of Functional Expenses

Year ended December 31, 2023
(With summarized totals for the year ended December 31, 2022)

	Year ended December 31, 2023					Year ended December 31, 2022
		Support services				
	Program services	Administrative	Fundraising	Subtotal	Total	Total
Grants	$ 97,643,491	—	—	—	97,643,491	96,818,331
Reimbursement for fundraising services	—	—	10,850,000	10,850,000	10,850,000	11,538,126
Fundraising – other	—	—	630,061	630,061	630,061	862,443
Salaries	332,779	1,324,712	2,749	1,327,461	1,660,240	1,423,545
Employee benefits and taxes	88,278	344,884	718	345,602	433,880	457,313
Professional services	154,053	649,307	15,062	664,369	818,422	625,643
Rent	18,113	74,551	71	74,622	92,735	106,107
Board of directors meetings	—	13,169	—	13,169	13,169	1,423
Office equipment and supplies	13,076	42,186	43	42,229	55,305	188,731
Software and hosting services	—	—	1,100,084	1,100,084	1,100,084	1,258,996
Depreciation	330	1,357	1	1,358	1,688	3,891
Travel	8,733	32,956	32	32,988	41,721	27,347
Insurance	5,030	20,705	20	20,725	25,755	11,905
Bank charges	—	15,736	—	15,736	15,736	17,531
Printing and copying	1,302	5,360	5	5,365	6,667	1,566
Regulatory compliance fees	—	21,653	—	21,653	21,653	19,910
Postage and shipping	1,116	4,592	4	4,596	5,712	10,034
Publications	—	36,696	—	36,696	36,696	37,135
Miscellaneous	3,865	11,132	12	11,144	15,009	38,429
	$ 98,270,166	2,598,996	12,598,862	15,197,858	113,468,024	113,448,406

See accompanying notes to financial statements.

SIERRA CLUB FOUNDATION

Statement of Cash Flows

Year ended December 31, 2023
(With comparative totals for the year ended December 31, 2022)

		2023	2022
Cash flows from operating activities:			
Change in net assets	$	(9,408,655)	(56,969,792)
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation		1,688	3,891
Contributions of investment securities and noncash gifts		(1,517,029)	(1,847,163)
Contributions restricted for long-term investment		(248,260)	(33,400)
Net (gains) losses from investments		(13,369,104)	30,654,939
Split interest agreements		(1,333,410)	346,191
Changes in operating assets and liabilities:			
Contributions receivable, net		17,783,009	7,982,446
Other assets		228,536	(2,432,722)
Accounts payable		(881,375)	354,039
Grants payable		471,975	(438,498)
Lease liability and right-of-use assets		(81,626)	44,383
Liabilities under split-interest agreements		—	(673,790)
Net cash used in operating activities		(8,354,251)	(23,009,476)
Cash flows from investing activities:			
Proceeds from sale of investments		81,879,110	36,532,790
Purchase of investments		(50,113,670)	(32,050,615)
Net cash provided by investing activities		31,765,440	4,482,175
Cash flows from financing activities:			
Proceeds from contributions from split-interest agreements		1,356,344	246,722
Payments on split-interest agreements		(1,423,182)	(2,474,566)
Contributions restricted for long-term investment		248,260	33,400
Net cash used in financing activities		181,422	(2,194,444)
Net change in cash and cash equivalents		23,592,611	(20,721,745)
Cash and cash equivalents, beginning of year		14,117,112	34,838,857
Cash and cash equivalents, end of year	$	37,709,723	14,117,112
Supplemental non-cash disclosure:			
Right-of-use assets recorded upon adoption of Topic 842	$	—	344,705
Lease liability recorded upon adoption of Topic 842		—	395,334

See accompanying notes to financial statements.

(1) Nature of Operations

The mission of Sierra Club Foundation (the Foundation) is to promote efforts to educate and empower people to protect and improve the natural and human environment. The Foundation primarily fulfills its mission through fiscal sponsorship of Sierra Club's charitable programs, including those of its state and local affiliates.

The Foundation retains variance power, as defined by accounting principles generally accepted in the United States of America (U.S. GAAP), over all charitable funds it receives and, as such, directs grants to Sierra Club and other organizations that will best fulfill the Foundation's charitable mission. For grants to Sierra Club, as fiscal sponsor, the Foundation exercises control and discretion over reimbursement of project expenditures as defined in Internal Revenue Service (IRS) regulations.

Grants are provided to organizations to support charitable, educational, scientific, and legal endeavors. The Foundation provides limited support for lobbying activities as permitted by Section 501(h) of the Internal Revenue Code. No support is provided for political activities.

(2) Basis of Presentation and Summary of Significant Accounting Policies

These financial statements, which are presented on the accrual basis of accounting in accordance with U.S. GAAP, have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor imposed restrictions.

Net assets and changes therein are classified as follows:

Net assets without donor restrictions – Net assets not subject to donor imposed restrictions. It is the policy of the Foundation to designate donor gifts without restriction at the discretion of the board of directors. The board of directors has designated certain net assets without donor restrictions primarily for the following uses:

Designated for geographic and other program expenditures – Funds available for regional, local, and other programs throughout the United States

Designated for gift annuity payments – Funds available for beneficiary payments to meet the obligation under gift annuity contracts

Designated for endowment – Gifts without donor restrictions designated by the board of directors to provide long-term support for specific programs

Designated for donor-advised granting – Funds designated for donor-advised grants are available for distribution upon recommendation by the donor

Net assets with donor restrictions – Net assets subject to donor imposed stipulations that will be met by actions of the Foundation and/or the passage of time. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions also include endowments and other funds subject to donor-imposed stipulations requiring that they be maintained permanently by the Foundation. The income from these assets is available for either general operations or specific programs as specified by the donor.

Revenue is 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 donor restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor imposed restrictions, if any, on the contributions.

Contributions of gifts in-kind, including investment securities, are recorded as revenue at their estimated fair value in the period received. Contributions are recorded as support without donor restrictions unless the donor has stipulated the period the asset is to be used, in which case, the contribution is recorded as support with donor restrictions.

Program services expenses are primarily grants to Sierra Club as the Foundation fulfills its fiscal sponsorship of Sierra Club’s charitable environmental programs. Grants are the means through which the Foundation achieves its mission to “protect and improve natural and human environment.”

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of funds in checking accounts and money market demand accounts with an original maturity of three months or less. These accounts are at financial institutions that are Federal Deposit Insurance Corporation insured up to $250,000. The balances in excess of insurance limits at December 31, 2023 and 2022 are $36,772,123 and $13,123,003, respectively. The Foundation may draw on these deposits and funds at any time. The Foundation has an account that has pledged $525,000 as collateral for a line of credit borrowed by Solar Holler Holdings, PBC (SHPBC) and Solar Holler LLC.

(b) Investments

Investments in marketable equity securities and all debt securities are reported at fair value. Investments in alternative investments, such as hedge funds, limited liability companies, and limited partnerships, are also reported at net asset value (NAV) as estimated by management based upon information provided by the general partner. The Foundation may temporarily hold cash and cash equivalents for investing purposes and treats these amounts as investments based on the Foundation’s policy.

(c) Split-Interest Agreements

The Foundation enters into split-interest agreements in the form of gift annuities, trusts, and pooled income funds. The donated assets are held by the Foundation and invested. Payments are made to the donor or the donor’s designee for a specified period of time or until the beneficiary’s death, after which time the Foundation may use the remaining funds for operations or a restricted use specified by the donor. The donated trust asset investments are recorded at current fair value or at an estimated fair value based on the latest available information. The Foundation utilizes an IRS-approved annuity table to actuarially calculate the liability associated with the estimated donor payments under these arrangements. The present value of the actuarially determined liability resulting from these gifts is recorded at the date of gift and adjusted annually thereafter. The resulting liability is reported in the balance sheet as “liabilities under split-interest agreements,” and the net change is reported in the statement of activities as “net change in value of split-interest agreements.”

(d) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, contributions receivable, and accounts payable approximate fair value because of the short-term maturity of these financial instruments. Contributions receivable are recorded with payments due in excess of one year discounted using risk-adjusted rates to approximate fair value. Charitable trusts receivable are held at fair value using the income approach employing present value techniques that maximize the use of observable inputs for interest rates, yield curves, and life expectancy tables and are adjusted annually. The carrying amounts of the annuity and life income payable are based on life expectancies and quoted market prices, discounted at risk-adjusted rates. The values recorded for contributions and charitable trusts receivable and for pooled income funds, annuities, and charitable remainder trusts based on the above valuation methodologies approximate fair values at December 31, 2023 and 2022.

(e) Grants

Grants are made by the Foundation for programs preapproved by the board of directors and are not recorded as expense until prescribed conditions are substantially met.

(f) Functional Expense Allocation

The allocation between program and support expenses is based on the assignment of payroll, related personnel costs, occupancy, and other office expenses using estimates of time spent on program versus fundraising or administrative activities, as well as direct assignment of certain expenses to relevant activities.

(g) Use of Estimates

Management of the Foundation has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with U.S. GAAP. Actual results could differ from those estimates.

(h) Tax-Exempt Status

The Foundation has been recognized by the IRS as an organization that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and has been recognized by the California Franchise Tax Board as an organization that is tax-exempt under Section 23701(d) of the Revenue and Taxation Code of the State of California and is not generally subject to state or federal taxes on income. In addition, the IRS has determined that the Foundation is a public charitable organization as defined in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code, and thus, the Foundation is exempt from the excise tax on investment income.

(Continued)

(i) Uncertainty in Income Taxes

The Foundation is subject to income taxes in the United States and California on unrelated business income. The Foundation has identified and evaluated its significant tax positions for which the statute of limitations remains open and determined there is no material unrecognized benefit or liability to be recorded. The Foundation's federal returns are currently open under the statute of limitations for the year ended December 31, 2020 and subsequent years, and California returns are open for the year ended December 31, 2019 and subsequent years. The Foundation does not anticipate that there will be any material changes in the unrecognized tax positions over the next 12 months. There have been no related tax penalties or interest classified as a tax expense in the statement of activities.

(j) Summarized Financial Information

The financial statements include certain 2022 summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2022, from which the summarized information is derived.

(3) Contributions Receivable, Pledges, and Bequests

Contributions receivable, pledges, and bequests, net consist of the following as of December 31:

	2023	2022
Receivable due in less than one year	$ 1,908,586	15,787,928
Receivable due in one to five years	25,000	294,000
Total contributions receivable	1,933,586	16,081,928
Less:		
Amount representing discount (8.5% in 2023 and 7.5% in 2022)	(1,959)	(397,368)
Contributions receivable, pledges, and bequests, net	$ 1,931,627	15,684,560

(4) Contributions Receivable, Charitable Trusts

Contributions receivable, charitable trusts, consist of the following as of December 31:

	2023	2022
Receivable due in greater than five years	$ 7,968,464	7,236,612
Contributions receivable, charitable trusts	$ 7,968,464	7,236,612

(Continued)

For the years ended December 31, 2023 and 2022, the changes in beneficial interest in trusts held by third parties classified as Level 3 fair value measurements are as follows:

	2023	
	Charitable remainder trusts	**Total**
Beginning balance	$ 7,236,612	7,236,612
Change in value of beneficial interest	731,852	731,852
Ending balance	$ 7,968,464	7,968,464
Change in value of beneficial interest for the period included in changes in net assets for assets still held at the end of the reporting period	$ 731,852	731,852

	2022	
	Charitable remainder trusts	**Total**
Beginning balance	$ 9,266,322	9,266,322
Change in value of beneficial interest	(2,029,710)	(2,029,710)
Ending balance	$ 7,236,612	7,236,612
Change in value of beneficial interest for the period included in changes in net assets for assets still held at the end of the reporting period	$ (2,029,710)	(2,029,710)

The Foundation values trusts using a discounted cash flows technique. The following table summarizes the significant unobservable inputs the Foundation used to value trusts categorized as Level 3 assets as of December 31, 2023:

Trust name		Fair value of beneficial interest	Unobservable inputs	Quantitative data
Remainder Trust A	$	7,287,453	Discount rate	7 %
			Life expectancy	18.8 years
			Payout rate	5 %
All other trusts		681,011	Discount rate	7 %
			Life expectancy	7.6–50.3 years
			Payout rate	4.5%–9%
	$	7,968,464		

The Foundation values trusts using a discounted cash flows technique. The following table summarizes the significant unobservable inputs the Foundation used to value trusts categorized as Level 3 assets as of December 31, 2022:

Trust name		Fair value of beneficial interest	Unobservable inputs	Quantitative data
Remainder Trust A	$	6,601,829	Discount rate	7 %
			Life expectancy	19.6 years
			Payout rate	5 %
All other trusts		634,783	Discount rate	7 %
			Life expectancy	8.2–52.3 years
			Payout rate	4.5%–9%
	$	7,236,612		

(5) Contributions Receivable, Other

Contributions receivable, other consist of the following as of December 31:

		2023	2022
Receivable due in less than one year	$	3,452,294	8,214,222
Contributions receivable, other	$	3,452,294	8,214,222

(Continued)

(6) Investments

Accounting Standards Codification Topic 820, *Fair Value Measurement*, 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 in active markets for identical investments that the Foundation has the ability to access at the measurement date.
- Level 2 – Inputs are inputs other than quoted prices within Level 1 that are observable for the investment, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.
- Level 3 – Unobservable inputs for the investment, including estimates by partnership managers based on the best information available.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

For the valuation of mutual funds, domestic fixed income investments, domestic and international equity investments, the Foundation used quoted prices in principal active markets for identical assets as of the valuation date.

For the valuation of municipal bonds, U.S. government/agency securities, international equity, and certain limited partnership and limited liability company investments, the Foundation used significant other observable inputs, particularly dealer or quoted market prices for comparable investments as of the valuation date. For the valuation of hedge funds, certain limited partnerships, certain limited liability companies, and real estate investments, the Foundation used NAV as a practical expedient to estimate the fair value.

Investments in partnerships and limited liability companies that do not have readily available market values are stated at estimated fair value. These investments include a diverse range of vehicles, including private equity, long-short equity funds, absolute return funds, and real estate. The valuation of these investments is based on the most recent NAV provided by the general partner, usually as of December 31, which corresponds to the Foundation’s year-end. To evaluate the overall reasonableness of the valuation carrying value, management obtains and considers the audited financial statements of such investments. Management believes this method provides a reasonable estimate of fair value. However, the recorded value may differ from the market value had a readily available market existed for such investments, and those differences could be material.

Investment transactions are recorded on trade date, which may result in both investment receivables and payables on unsettled investment trades; however, there were no such transactions as of December 31, 2023 or 2022. Gains and losses on investments resulting from market fluctuations are recorded in the statement of activities in the period that such fluctuations occur. Realized and unrealized gains or losses on sales of investments are calculated on an adjusted cost basis and included within net gains from investments on the statement of activities.

The following tables present investments that are measured at fair value on a recurring basis:

Description		Fair value measurements at December 31, 2023		
		December 31, 2023	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Money market funds, cash, and cash equivalents	$	1,129,625	1,129,625	—
Mutual funds:				
Domestic equity		15,865,565	15,865,565	—
International equity		9,908,405	9,908,405	—
Bonds		4,954,256	4,954,256	—
U.S. government and government agency securities		11,032,436	—	11,032,436
Municipal bonds		2,167,446	—	2,167,446
Domestic fixed income		8,937,995	—	8,937,995
Domestic equity		29,316,591	29,316,591	—
International equity		7,561,974	—	7,561,974
Subtotal investments at fair value		90,874,293	61,174,442	29,699,851
Alternative investments valued at NAV		23,348,213		
Total	$	114,222,506		

		Fair value measurements at December 31, 2022	
Description	**December 31, 2022**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**
Money market funds, cash, and cash equivalents	$ 1,981,344	1,981,344	—
Mutual funds:			
Domestic equity	18,643,418	18,643,418	—
International equity	11,433,968	11,433,968	—
Bonds	7,541,167	7,541,167	—
U.S. government and government agency securities	9,538,926	—	9,538,926
Municipal bonds	1,604,328	—	1,604,328
Domestic fixed income	14,266,818	—	14,266,818
Domestic equity	34,195,673	34,195,673	—
International equity	10,507,967	—	10,507,967
Subtotal investments at fair value	109,713,609	73,795,570	35,918,039
Alternative investments valued at NAV	21,702,081		
Total	$ 131,415,690		

The following tables present the Foundation's investments measured at net asset value as of December 31, 2023 and 2022:

Description		Balance as of December 31, 2023	Unfunded commitments	Redemption frequency	Redemption notice period
Limited liability company (i)	$	12,148,201	—	Quarterly	30 days
Limited partnership (ii)		130,757	320,969	Nonredeemable	—
Limited liability company (iii)		3,421,329	—	Quarterly	90 days
Limited partnership (iv)		452,057	—	Quarterly	90 days
Limited partnership (v)		2,910,589	153,708	Nonredeemable	—
Limited liability company (vi)		459,692	1,514,884	Nonredeemable	—
Limited liability company (vii)		367,007	1,054,500	Nonredeemable	—
Limited partnership(viii)		3,192,772	—	Quarterly	30 days
Limited liability company (ix)		265,809	1,174,667	Nonredeemable	—
Total	$	23,348,213	4,218,728		

Description		Balance as of December 31, 2022	Unfunded commitments	Redemption frequency	Redemption notice period
Limited liability company (i)	$	10,931,678	—	Quarterly	30 days
Limited partnership (ii)		465,386	560,828	Nonredeemable	—
Limited liability company (iii)		4,150,649	—	Quarterly	90 days
Limited partnership (iv)		448,100	—	Quarterly	90 days
Limited partnership (v)		2,020,427	862,164	Nonredeemable	—
Limited liability company (vi)		292,645	1,681,931	Nonredeemable	—
Limited liability company (vii)		393,196	1,054,500	Nonredeemable	—
Limited partnership(viii)		3,000,000	—	Quarterly	30 days
Total	$	21,702,081	4,159,423		

(i) Limited liability company includes a long-term only investment management strategy to generate excess returns with integration of sustainability research within a rigorous fundamental equity analysis framework. All of the investments in this portfolio are traded on active markets.

(ii) Limited partnerships in this category are long-term, multimanager investment partnerships employing globally diversified private investment strategies, including buyout, growth capital, and secondary market interests. Some partnerships will terminate after all holdings are liquidated, but no later than 15 years after the start of the partnerships (2022–2023).

(iii) Limited liability company that acquires and manages income-generating energy efficiency projects, and other energy-related businesses, as well as finances the construction and/or operation of these and sustainable businesses. On May 19, 2022, this limited liability company no longer qualified as an investment company under ASC 946. Consequently, the Foundation accounted for the investment under the equity method of accounting. The transition did not materially impact the classification and subsequent measurement by the Foundation.

(iv) Limited partnership that invests in start-up companies with the potential to reduce GHG emissions by 1 gigaton (CO2 equivalents) per year.

(v) This hedge fund invests in long/short equity with a focus on renewable energy solutions.

(vi) Limited liability company that is invested in healthcare, energy, and the financial services sectors.

(vii) Limited liability company that invests at the intersection of alpha + inclusion + sustainability.

(viii) Limited partnership energy company that acquires and manages income-generating energy efficiency projects, and other energy-related businesses, as well as finances the construction and/or operation of these and sustainable businesses.

(ix) Limited liability company that uses project finance to accelerate the growth of sustainable companies in food, water, waste, energy and transportation.

Investment management fees and performance allocations of $384,757 and $429,668 for the years ended December 31, 2023 and 2022, respectively, have been included as a reduction of interest and dividend revenue in the statements of activities or, in the case of a hedge fund performance allocation, as a reduction in net gains (losses) on investments.

(7) Assets Held under Split-Interest Agreements

The fair values of assets held under split-interest agreements consist of the following as of December 31, 2023:

			Fair value measurements at December 31, 2023		
Description		**Total**	**In active markets In active markets identical assets (Level 1)**	**Significant other Significant other observable inputs (Level 2)**	**Significant other Significant other unobservable inputs (Level 3)**
Cash and cash equivalents	$	331,868	331,868	—	—
Mutual funds:					
Domestic equity		8,702,090	8,702,090	—	—
International equity		5,310,040	5,310,040	—	—
Real estate		3,577,991	3,577,991	—	—
Domestic bonds		3,223,401	3,223,401	—	—
International bonds		683,487	683,487	—	—
U.S. government and government agency securities		2,373,303	2,373,303	—	—
Interest in perpetual trusts		921,608	—	—	921,608
Cash surrender value of life					—
insurance policies		28,544	—	28,544	—
Total	$	25,152,332	24,202,180	28,544	921,608

The fair values of assets held under split-interest agreements consist of the following as of December 31, 2022:

			Fair value measurements at December 31, 2022		
Description		**Total**	**In active markets In active markets identical assets (Level 1)**	**Significant other Significant other observable inputs (Level 2)**	**Significant other Significant other unobservable inputs (Level 3)**
Cash and cash equivalents	$	308,291	308,291	—	—
Mutual funds:					
Domestic equity		7,451,110	7,451,110	—	—
International equity		4,773,182	4,773,182	—	—
Real estate		3,105,951	3,105,951	—	—
Domestic bonds		2,922,073	2,922,073	—	—
International bonds		637,884	637,884	—	—
U.S. government and government agency securities		2,139,469	2,139,469	—	—
Interest in perpetual trusts		845,785	—	—	845,785
Cash surrender value of life insurance policies		27,907	—	27,907	—
Total	$	22,211,652	21,337,960	27,907	845,785

For the valuation of mutual funds, the Foundation used quoted prices in principal active markets for identical assets as of the valuation date.

For the valuation of cash surrender value of life insurance policies, the Foundation used significant other observable inputs, including dealer market prices for comparable investments and life insurance company surrender value estimates as of the valuation date.

For the valuation of interests in perpetual trusts, the Foundation used significant other unobservable inputs, primarily trustee valuations.

The following table presents the Foundation's activities for assets held under split-interest agreements measured at fair value on a recurring basis, all of which are valued using significant unobservable inputs (Level 3) for the years ended December 31, 2023 and 2022:

	Interest in perpetual trusts	
	2023	**2022**
Beginning balance	$ 845,784	1,061,083
Total gains (losses) included in changes in net assets	75,824	(215,298)
	$ 921,608	845,785

(8) Liabilities under Split-Interest Agreements

The Foundation has liabilities associated with a variety of gift agreements including pooled income funds, annuities, and charitable remainder trusts. The Foundation has recorded its estimated remainder interest in the value of the split-interest agreements, discounted at various rates, as contribution revenue in the year of the gift. The difference between the fair value of trust assets and the contribution revenue is recorded as a liability under split-interest agreements and is updated annually based on life expectancies and quoted market prices, discounted at risk-adjusted rates. For charitable gift annuities payable, a liability, which is a general obligation of the Foundation, is recorded for the present value of estimated annuity payments, discounted at various rates ranging from 2% to 7%, and is updated annually.

As of December 31, 2023, $340,330 is recorded within liabilities under split-interest agreements related to charitable gift annuities held in the state of Washington.

(9) Net Assets without Donor Restrictions

Net assets without donor restrictions are designated by the board of directors for the following purposes as of December 31:

	2023	**2022**
Geographic and other program expenditures	$ 46,562,936	53,754,816
Gift annuity payments	9,912,674	8,266,972
Board-designated endowment	1,678,181	1,660,460
Donor-advised granting	389,731	396,358
Total designated net assets without donor restrictions	$ 58,543,522	64,078,606

(Continued)

(10) Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31:

		2023	2022
Time restrictions:			
Trusts	$	21,140,340	18,711,561
Life insurance policies		44,524	43,887
Pledges contribution receivable		1,118,771	14,834,314
Other contribution receivable		1,040,990	485,454
Total time restrictions		23,344,625	34,075,216
Program restrictions:			
National climate, clean energy, and lands protection		12,754,379	16,057,699
Outings and outdoor environment education		1,534,205	1,455,961
Environmental law		4,063,598	4,487,289
Geographic and other		7,649,094	4,285,842
Total program restrictions		26,001,276	26,286,791
Endowments:			
Endowments to be held in perpetuity		27,801,101	27,550,877
Endowments income and appreciation		7,177,231	5,408,901
Term and other		707,689	658,940
Total endowments		35,686,021	33,618,718
Charitable trusts and gift annuities to be held in perpetuity		1,597,531	1,465,609
Total net assets with donor restrictions	$	86,629,453	95,446,334

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donor.

		2023	2022
Purpose restrictions fulfilled	$	61,649,188	67,640,964
Time restrictions expired:			
In-kind donation		464,898	661,480
Endowment spending allocation		2,634,897	2,132,289
Terminated trusts		107,622	366,880
		3,207,417	3,160,649
	$	64,856,605	70,801,613

(Continued)

(11) Liquidity and Availability of Financial Assets

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

		2023	2022
Cash and cash equivalents	$	37,709,723	14,117,112
Contributions receivable		13,352,385	31,135,394
Investments		114,222,506	131,415,690
Total financial assets		165,284,614	176,668,196
Less:			
Restricted by donors for programs		(26,001,276)	(26,286,791)
Donor-restricted endowments		(35,686,021)	(33,618,718)
Donor-restricted charitable gift annuities and perpetual trusts		(1,000,368)	(926,787)
Designated net assets		(58,543,522)	(64,078,606)
Illiquid portion of investments		(4,133,854)	(3,003,885)
Restricted contributions receivable and unrestricted contributions due in greater than one year		(9,579,816)	(20,592,929)
Financial assets available to meet cash needs for general expenditures within one year	$	30,339,757	28,160,480

The Foundation's liquidity management includes a policy of structuring its financial assets to be available to meet its grant-making and general expenditures, liabilities, and other obligations as they come due. Cash and cash equivalents and money market securities, as reported on the balance sheet at December 31, 2023 and 2022, are the primary liquid resources used by the Foundation to meet these obligations. Financial assets invested in long-term investments can be liquidated within one year with the exception of $4,133,854 and $3,003,885, or 2%, held in illiquid investments, as of December 31, 2023 and 2022, respectively (Note 6). The Foundation's board-designated net assets include donor-advised funds and funds designated for specific programs or geographic regions that, while the board of directors does not intend to spend for purposes other than those identified, could be spent for operations, if necessary.

(12) Endowments

The board of directors of the Foundation has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 Foundation 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.

The Foundation has a policy of appropriating for distribution each year 5% of its endowment funds' average fair value over the prior three years (excluding those funds with deficiencies due to unfavorable market fluctuations and subject to adjustment under specific circumstances). In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at a rate exceeding expected inflation. This is consistent with the organization's objective to maintain the purchasing power 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 Foundation 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 purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

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 payments. Actual returns in any given year may vary from this goal. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation 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 Foundation's endowment consists of approximately 58 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and endowment funds without donor restrictions, and funds designated by its board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of December 31, 2023 is as follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ —	35,686,021	35,686,021
Board-designated endowment funds	1,678,181	—	1,678,181
Total endowment funds	$ 1,678,181	35,686,021	37,364,202

Endowment net asset composition by type of fund as of December 31, 2022 is as follows:

		Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$	—	33,618,718	33,618,718
Board-designated endowment funds		1,660,460	—	1,660,460
Total endowment funds	$	1,660,460	33,618,718	35,279,178

Changes in endowment net assets for the year ended December 31, 2023 is as follows:

Endowment net assets, beginning of year	$	1,660,460	33,618,718	35,279,178
Investment return:				
Investment income		25,038	498,585	523,623
Net appreciation		199,096	3,955,352	4,154,448
Total investment return		224,134	4,453,937	4,678,071
Contributions		—	248,260	248,260
Appropriation of endowment assets for expenditure		(206,413)	(2,634,894)	(2,841,307)
Endowment net assets, end of year	$	1,678,181	35,686,021	37,364,202

Changes in endowment net assets for the year ended December 31, 2022 is as follows:

		Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$	2,161,968	43,469,868	45,631,836
Investment return:				
Investment income		28,818	556,545	585,363
Net depreciation		(429,310)	(8,411,094)	(8,840,404)
Total investment return		(400,492)	(7,854,549)	(8,255,041)
Contributions		—	33,400	33,400
Appropriation of endowment assets for expenditure		(101,016)	(2,030,001)	(2,131,017)
Endowment net assets, end of year	$	1,660,460	33,618,718	35,279,178

(Continued)

Description of amounts classified as net assets with donor restrictions (endowment only) as of December 31 is as follows:

		2023	2022
The portion of endowment funds that is required to be retained in perpetuity either by explicit donor restriction or by UPMIFA	$	27,799,137	27,550,877
The portion of endowment funds that is subject to purpose or time restrictions		7,886,884	6,067,841
Total endowment funds with donor restrictions	$	35,686,021	33,618,718

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There was a deficiency of $0 and $6,907 as of December 31, 2023 and 2022, respectively.

(13) Lease Obligations

The Foundation has a sublease, classified as an operating lease, with Sierra Club in Oakland, California, effective May 1, 2016. The lease liability is measured at the present value of the unpaid lease payments upon inception. The lease liability is subsequently measured at amortized cost using the effective-interest method.

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. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The components of lease expense for the year ended December 31:

		2023	2022
Operating lease expense	$	92,850	90,027

Amounts reported on the balance sheet as of December 31, 2023 were as follows:

Operating lease ROU asset	$	202,929
Operating lease liabilities		238,226

The ROU asset is classified under other assets in the balance sheet as of December 31, 2023.

Supplemental cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Cash used in operations for operating leases	$	93,091
Weighted average remaining lease term:		
Operating leases		2.6 years
Weighted average discount rate:		
Operating leases		3.43 %

(14) Transactions with Related Parties

The Foundation considers members of the board of directors, corporate officers, key employees, and their immediate family members to be related parties. For the years ended December 31, 2023 and 2022, contributions from related parties included in revenue totaled $963,905 and $262,572, respectively. There were no contributions receivable from related parties as of December 31, 2023 or 2022.

(15) Transactions with the Sierra Club and its Chapters

The Foundation had the following transactions with the Sierra Club and its chapters:

- In accordance with a contract between the Foundation and the Sierra Club, the Foundation incurred $10,850,000 and $11,538,126 to reimburse Sierra Club for fundraising expenses for the years ended December 31, 2023 and 2022, respectively.

- In accordance with the terms of the fiscal sponsorship relationship and an agreement between the Foundation and Sierra Club regarding the use of software hosting services, the two organizations share the use of the software hosting services, and Sierra Club reimburses the Foundation for the portion of the use that is not for qualified charitable expenditures. During the years ended December 31, 2023 and 2022, respectively, Sierra Club paid $1,100,084 and $1,250,072 for the software services.

- The Foundation receives certain gifts and makes grants on an advisory basis to the Sierra Club and its chapters and groups. The Foundation made grants to the Sierra Club National Programs of $83,700,880 and $83,990,761 for the years ended December 31, 2023 and 2022, respectively, and to the Sierra Club chapters of $12,219,097 and $10,059,738 for the years ended December 31, 2023 and 2022, respectively.

- Accounts receivable from the Sierra Club are $1,493,292 and $2,813,697 as of December 31, 2023 and 2022, respectively, related to certain contributions the Sierra Club has processed on the Foundation's behalf included in other assets in the balance sheets.

- Grants payable to the Sierra Club were $15,198,185 and $14,726,210 as of December 31, 2023 and 2022, respectively, which are all due within one year from the respective year-end.

- Foundation employees who started prior to April 1, 2013 participate in Sierra Club's Employee Benefit Plan, a contributory defined-benefit plan that covers substantially all of its employees. The benefits are based on years of service and the employee's compensation history. Employees are eligible to participate and become vested after two years of service. Employee benefit plan expense was $33,480 and $51,784 for the years ended December 31, 2023 and 2022, respectively.
- Substantially all the Foundation's employees are eligible to participate in Sierra Club's health, dental, and vision benefits plans. The Foundation paid $168,869 and $168,869 for the years ended December 31, 2023 and 2022, respectively, for these benefits on behalf of its employees.

(16) Gift Annuities

The Foundation maintains a separate account as a reserve fund adequate to meet the future payments under all outstanding gift annuity agreements. The funds, recorded in investments on the balance sheet, are held by a broker custodian and are managed by professional investment managers. Investments are made in securities with readily determinable fair values and debt securities (all Level 1), all of which are measured at fair value.

(17) 403(b) Defined-Contribution Plan

The Foundation has a 403(b) defined-contribution plan, which covers substantially all employees who meet certain minimum requirements. The Foundation matches 100% of employee contributions up to 5% of eligible compensation and provides a non-elective contribution for employees hired after April 1, 2013. Foundation contributions to the plan for matching non-elective contributions totaled $50,973 and $46,796, respectively, for the years ended December 31, 2023 and 2022.

(18) Contributed Nonfinancial Assets

For the years ended December 31, 2023 and 2022, the contributed nonfinancial assets recognized within the statement of activities included:

	2023	2022
Software licensing discounted price	$ 464,898	661,480

The software licensing discount is calculated by deducting the nonprofit listing price from the fair market value. The licensing discount did not have donor-imposed restrictions. The nonprofit software discount was for the Foundation's donor database and grants management system.

(19) Subsequent Events

The Foundation has evaluated subsequent events from the balance sheet date through May 9, 2024, the date at which the financial statements were available to be issued.