



SIERRA
CLUB

FOUNDED 1892

ANNUAL REPORT
2001

A MESSAGE FROM THE PRESIDENT

WE ARE FACING A GLOBAL ENVIRONMENTAL CRISIS that grows more urgent every day. Threats that were once inconceivable – such as massive oil spill disasters, global climate change, and the poisoning of our air, land and water – are becoming common events. Species are being annihilated and wilderness is being destroyed at an alarming and accelerating rate.

We live each day knowing that in a few generations – unless humankind takes drastic steps to protect our planet – it is possible that the Earth will revolve around the Sun devoid of life as we know it. There is no priority more urgent than saving the Earth, and for nearly 100 years, Sierra Club members have shared a vision of humanity living in harmony with the Earth.

We envision a world where wild areas and open spaces are protected habitats sustaining all species ... a world where oceans and streams are clean and the air is pure ... a world where a healthy biosphere and a nontoxic environment are inalienable rights. In short, we envision a world saved from the threat of unalterable planetary disaster.

To save our planet, we must change the world. Priorities must change: people must learn to live in ways that preserve and protect our pre-

vious resources. Policies must change: our institutions must abandon practices that recklessly endanger the environment. Values must change: progress must be measured by its long-term value to living systems and creatures rather than its short-term value to special interests or the economy.

To achieve this vision, people across the nation and around the world must speak out with a powerful voice that cannot be ignored. Aggressive grassroots action on an unprecedented scale is essential to protect our environment and our species. There is no other choice. It will require leadership that is visionary, experienced, and strong.

In 2000, the Sierra Club continued to be the pre-eminent grassroots-based environmental advocacy organization in the country.

In 2000, the Sierra Club continued to be the pre-eminent grassroots-based environmental advocacy organization in the country, spending nearly \$6 million on the Environmental Public Education Campaign. In its sixth year, the EPEC program continued to deliver many hard-fought victories through effective grassroots organizing, coalition building, and strategic media campaigning. All across the nation, Sierra Club activists played important roles in carrying out the Club's mission of preserving our natural wonder. From ending commercial logging to curbing sprawl, from protecting wildlands to working for clean water, the

voices of Sierra Club members were heard loudly and clearly.

In order for the Sierra Club to maintain its effectiveness, it must continue to be agile and nimble in the coming years. The challenge facing the Sierra Club is being able to thrive in a rapidly changing economic, social, and political environment; the dedication and strength of our volunteers and staff will enable the Club to meet this challenge. Continued fiscal discipline is necessary to maintain a financially sound Sierra Club. Solid financial footing will ensure that the Sierra Club, with its members, volunteers, activists, and staff, will continue in its leadership to preserve the natural beauties of our world and the diversity of life.

Respectfully,



Robbie Cox,

President

The Sierra Club Mission Statement

- Explore, enjoy, and protect the wild places of the earth
- Practice and promote the responsible use of the earth's ecosystems and resources
- Educate and enlist humanity to protect and restore the quality of the natural and human environment
- Use all lawful means to carry out these objectives



National Priority Campaign #1: STOP SPRAWL

Poorly planned development is threatening our environment, our health, and our quality of life. In communities across America “sprawl” – scattered development that increases traffic, saps local resources, and destroys open space – is taking a serious toll. But runaway growth is not inevitable. Hundreds of urban, suburban and rural neighborhoods are choosing to manage sprawl with smart growth solutions.



HERE COMES THE NEIGHBORHOOD

THE CAMPAIGN TO STOP SPRAWL continues to call attention to the problem of sprawl with yearly reports, providing resources for activists across the country, and exploring how transportation patterns can be improved to make our neighborhoods safer and more convenient.

A recent survey conducted by the Pew Center for Civic Journalism, sprawl tied with crime as one of the most pressing concerns for Americans at the local level. A quick glance at the hundreds of recent state and local ballot measures on the issue confirms the fact: Americans want to find a better way to grow.

The good news is that some developers and communities are coming up with answers. Across the country, smarter, better-planned developments are being built that are walkable, accessible to public transportation and that strike a balance between jobs, houses, shops and open space. Even the most sprawl-choked cities – Atlanta, Denver, Houston and Los Angeles – are experimenting with innovative ideas to rein in poorly planned development. And good planning isn't confined to big cities –

suburbs like Somerville, Mass., and smaller cities like Boise, Idaho, are also making an effort to grow more intelligently.

The bad news is that old habits die hard; there are still developers who don't care a whit and communities that haven't caught on yet. And in too many places, poor planning, out-of-date laws and petty politics make building better developments an uphill fight. Since 1997, only 22 states have updated their planning codes and laws to encourage smarter growth and fight sprawl.

Clearly, however, the demand for smarter growth and planning is strong.

Market research backs this up: Smart-growth developments across the country are selling well and light rail has taken off in such unlikely places as Salt Lake City and Los Angeles.

The Sierra Club's goal in the Campaign to Stop Sprawl is to help define what is good and bad in urban development and to present evidence – and hope – that we can change the way we grow, protect our environment, and strengthen our communities in the process.

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IS THIS YOUR IDEA OF WILDLIFE?

THE WILDLANDS CAMPAIGN has recently seen Senator Richard Durbin (D-Illinois) and Representative Maurice Hinchey (D-N.Y.) reintroduce America's Redrock Wilderness Act. The legislation would designate over nine million acres of stunning wildlands in Utah as official wilderness, forever protecting them from the energy and mineral development and off-road vehicle use that currently threaten to permanently destroy one of America's most unique natural treasures.

Additionally, the Sierra Club called on Congress to reject the energy bill Senator Frank Murkowski (R-Alaska) introduced February 26, 2001, stating the legislation fails to solve America's energy problems. Instead of setting America on the path of a sustainable, clean and affordable energy future, the Sierra Club called the bill a polluter give-away. "Senator Murkowski's bill is a give-away for fossil fuel producers," said Ann Mesnikoff, the Sierra Club Washington Representative. "All it leaves for renewable and clean energy are table scraps."

"Murkowski isn't introducing an energy bill, he's introducing an energy industry bill," said Melinda Pierce, Sierra Club Senior Washington Representative.

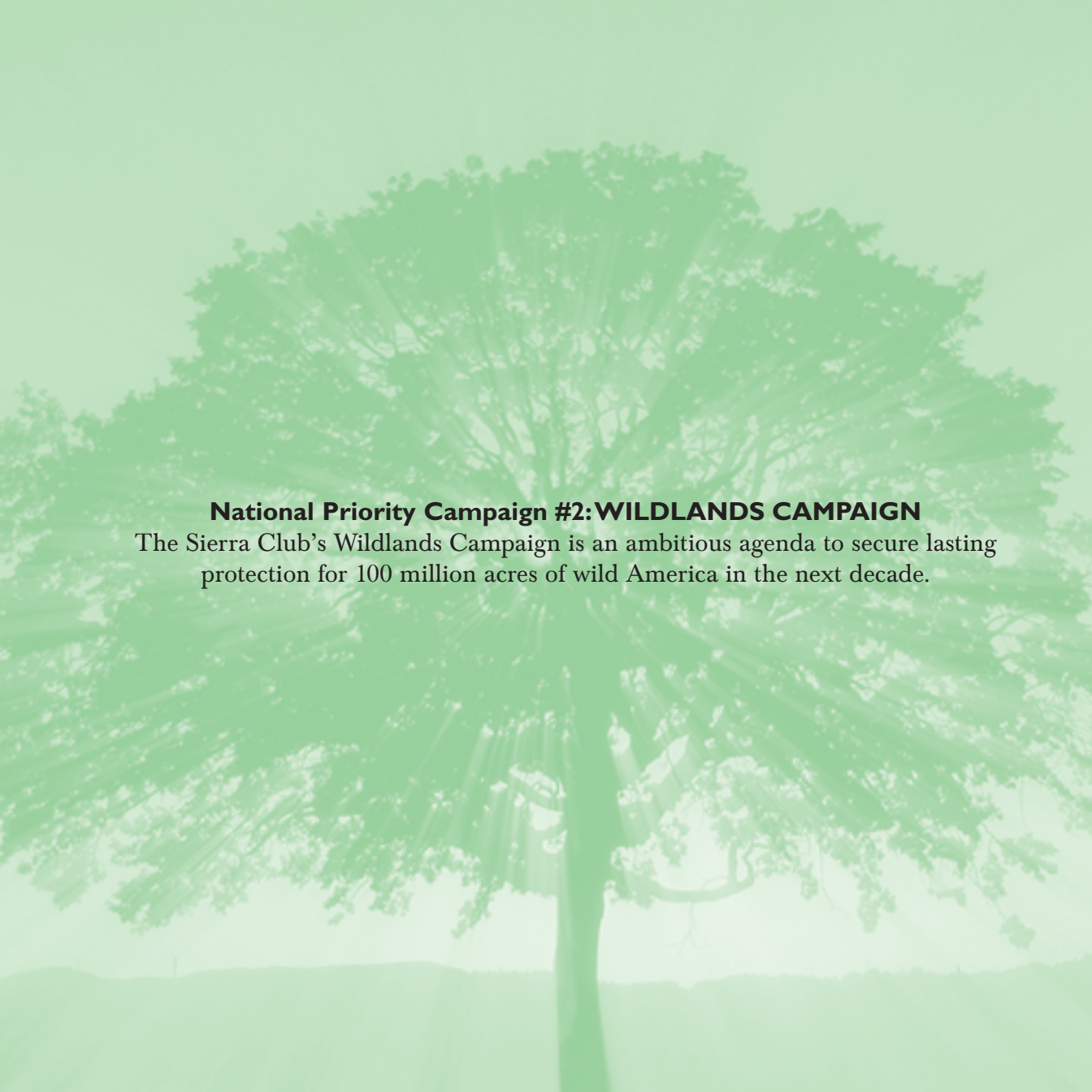
"He wants more mines, more dams, and more drilling. Trying to drill our way out of energy problems creates more global warming, more air pollution and devastates our last wildlands."

Furthermore, Senator Murkowski's plan is out of step with most Americans; an Associated Press poll released February 2, 2000, found 53 percent of Americans oppose oil drilling in the Arctic National Wildlife Refuge, while only 33 percent support such a move. The Murkowski bill masks itself as a response to both California's energy shortage and the nation's long-term energy needs. In reality, the bill increases dependence on fossil fuels, worsens air quality, exacerbates global warming and destroys national treasures such as those found in the Arctic National Wildlife Refuge and western lands — while failing to solve our nation's energy problems.

Murkowski's claim that his bill assists California by developing oil is inaccurate. California currently receives less than 1% of its electricity from oil. Developing oil in the Arctic Refuge will take 8-10 years and will do nothing to alleviate the current California energy situation.

According to a U.S. Geological Survey estimate the Arctic Refuge would only provide enough oil for six months' worth of American consumption and would take at least eight years to come online.

National Priority Campaign #2: WILDLANDS CAMPAIGN
The Sierra Club's Wildlands Campaign is an ambitious agenda to secure lasting protection for 100 million acres of wild America in the next decade.





(NEXT MONDAY'S NEWSPAPERS)

National Priority Campaign #3: END COMMERCIAL LOGGING

America's first National Forests were established for the people more than one hundred years ago. Since then the timber industry has turned our publicly owned National Forests into a patchwork of clearcuts and logging roads. To restore healthy forest ecosystems and sustainable local economies, and to preserve our National Forests for years to come, we must end commercial logging on federal lands.

THE CAMPAIGN TO END COMMERCIAL LOGGING was instrumental in winning the final ruling to protect 60 million acres of our National Forests from road building, logging and other destructive activities, the Wild Forest Protection Plan was signed by President Bill Clinton on January 5, 2001. This bold initiative can stop industry from using taxpayer dollars to damage our public lands for private profit and can protect water quality and wildlife habitat.

America's first National Forests were established over one hundred years ago. Today we have 155 of them, stretching across 191 million acres. But sadly, the timber industry has turned our publicly owned National Forests into a patchwork of clearcuts and logging roads. Commercial logging has taken a harsh toll on the National Forests, decimating most of our nation's old growth forests, draining nutrients from the soil, washing topsoil into streams, destroying wildlife habitat and intensifying the severity of forest fires. To protect what's left of our wild forest heritage, we must stop the commercial logging of our National Forests.

Americans love to hike, camp, fish, hunt and canoe in our National Forests. And it's no wonder—

with 4,400 campgrounds, 121,000 miles of trails and 96 Wild and Scenic Rivers, our National Forests are truly America's favorite playground. Each year, National Forests host 835 million visitor days. (All Disney facilities combined report only 40 million visitor days.) The Forest Service said that in the year 2000, recreation, hunting and fishing in National Forests contributed 38 times more income to the nation's economy than logging, and created 31 times more jobs.

From 1992 to 1997, the General Accounting Office said taxpayers lost \$2 billion on the Forest Service logging program.

Although many people assume our National Forests are off-limits to logging, they aren't. Not only is commercial logging allowed, it's being subsidized by taxpayers at a huge loss. From 1992 to 1997, the General Accounting Office said taxpayers lost \$2 billion on the Forest Service logging program.

In April 1999, U.S. Representatives Cynthia McKinney (D-Georgia) and Jim Leach (R-Iowa) introduced the National Forest Protection and Restoration Act, which would eliminate the commercial logging program on federal public lands, promote restoration and help communities that receive logging revenue develop a more diverse and stable economy.



OH – THAT LOOKS TASTY

THE CLEAN WATER CAMPAIGN continues to educate and enlist the public in protecting and restoring the quality of our nation’s waters. The campaign focuses on three areas: factory farms, wetlands, and water quality. This year, the Sierra Club has expressed grave concern over the Bush Administration’s decision to withdraw the recently revised standard for cancer-causing arsenic in America’s drinking water. The move rejects an effort by the U.S. Environmental Protection Agency earlier this year to protect nearly thirteen million Americans from this poison, further delaying the much-needed and long-awaited clean-up and signaling another Bush Administration bow to industry.

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Developers will be arguing that much as 50% of our nation’s valuable wetlands can now be destroyed without even getting a permit. The full impact on the ground will vary widely from state to state and will largely be determined by future court cases, but some early estimates of the impact in the state of Wisconsin range as high as 80% of their wetlands are no longer protected.

The Sierra Club strongly disagrees with the Court’s decision, and concurs with Justice Stevens’ view that the majority of Justices ignored both legal precedent and the intent of Congress to provide protection of all isolated wetlands, severely undermining the federal government’s ability to protect valuable prairie potholes, vernal pools, swamps and bogs from being turned into waste pits and parking lots.

Finally, although some have hailed the recently released U.S. Fish and Wildlife Service figures showing a decline over the 1986 to 1997 period to an average annual loss of only about 60,000 acres, the Sierra Club does not see that number as cause for celebration, when President George Bush Senior committed, over 10 years ago, to halting the net loss of wetlands and achieving net restoration!

Also, on January 9, 2001 the United States Supreme Court dealt a heavy blow to the nation’s wetlands protection program with its decision in Solid Waste Agency of Northern Cook County (SWANCC) v. U.S. Army Corps of Engineers. The Court ruling declared that the Corps lacks authority to assert jurisdiction over isolated waters based on their use by migratory birds and held that Congress had not intended the Corps’ Clean Water Act authority to apply to the breadth of isolated waters as defined in the Corps’ regulations.



National Priority Campaign #4: CLEAN WATER

Clean water is a basic right and a necessity for all life. It keeps people healthy, supports fish and wildlife, and provides recreational opportunities. Despite progress made in the last 30 years to restore the health of our nation’s waters by passage of the Clean Water Act in 1972, 218 million Americans live within ten miles of polluted water, and 40% of the nation’s assessed waters are still unsafe for fishing, swimming, or supporting aquatic life.

BALANCE SHEETS

December 31, 2001 and 2000

Assets

	2001	2000
Cash and cash equivalents	\$1,668,800	1,008,400
Short-term investments (subtotal)	10,114,800	5,932,300
Cash and cash equivalents	323,100	1,069,300
Equity securities	6,166,800	2,488,200
U.S. government and agency securities	2,881,900	2,833,000
Receivables (subtotal)	2,768,100	3,494,000
Trade accounts, less allowance for losses of \$92,100	233,800	524,000
Grants	988,200	300,400
Other, less allowance of \$183,900	1,546,100	2,669,600
Inventories	64,100	138,400
Prepaid expenses	2,444,000	2,421,400
Royalty and other advances, less allowance for losses of \$261,200	256,700	299,000
Board-designated investments (subtotal)	13,175,200	12,525,400
Cash equivalents	785,600	—
Equity securities	9,464,300	9,092,800
U.S. government and agency securities	2,881,900	2,833,000
Other	43,400	9,300
Property and equipment, net (subtotal)	3,540,400	3,449,800
Land	563,300	563,300
Buildings and leasehold improvements	2,844,600	2,833,000
Furniture and equipment	5,440,300	5,706,900
Work in progress	191,700	—
Depreciation and amortization	(5,499,500)	(5,653,400)
TOTAL ASSETS	\$34,032,100	29,268,700

Liabilities and Net Assets

	2001	2000
Accounts payable	\$4,139,600	3,710,900
Accrued expenses	4,937,200	7,812,600
Deferred revenue	739,400	618,700
Long-term lease liability	743,000	609,800
Long-term debt	—	1,099,500
TOTAL LIABILITIES	\$10,559,200	13,851,500
Unrestricted net assets (subtotal)	22,465,700	14,638,100
Undesignated	9,608,900	2,423,800
Designated for life memberships	11,563,900	10,946,400
Designated for other activities	1,292,900	1,267,900
Temporarily restricted (subtotal)	738,100	520,000
Studying and influencing public policy	678,900	430,100
Outdoor activities	59,200	89,900
Permanently restricted ¹	269,100	259,100
TOTAL NET ASSETS	\$23,472,900	15,417,200
TOTAL LIABILITIES AND NET ASSETS	\$34,032,100	29,268,700

¹ The income from the Club's permanently restricted net assets is used to fund the Club's program activities.

STATEMENTS OF ACTIVITIES

December 31, 2001 and 2000

Revenues, Gains, and Other Support (2001)

	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL
Membership dues (subtotal)	\$19,169,800	—	—	19,169,800
<i>Annual dues</i>	18,397,900	—	—	18,397,900
<i>Life memberships</i>	771,900	—	—	771,900
Contributions and grants ²	22,619,600	635,600	10,000	23,265,200
Outings and lodge reservations and fees	4,048,300	—	—	4,048,300
Books and other retail sales	998,500	—	—	998,500
Royalties	2,984,800	—	—	2,984,800
Net realized and unrealized gains on investment	3,417,500	—	—	3,417,500
Advertising, investment, and other income	3,876,100	—	—	3,876,100
Reimbursement: Major Giving Program ²	1,500,000	—	—	1,500,000
SUBTOTAL	58,614,600	635,600	10,000	59,260,200
Net assets released from restrictions	417,500	(417,500)	—	—
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	\$59,032,100	\$218,100	\$10,000	\$59,260,200

² 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 financial statements.

The Club provides fundraising services for the Foundation. Reimbursed costs related to fundraising and the Major Giving Program totaled \$1,500,000 in 2001. The Club receives direct grants from the Foundation in support of various programs that totaled \$10,631,600 in 2001, \$988,200 of which was included in grants receivable as of December 31, 2001.

Revenues, Gains, and Other Support (2000)

	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL
Membership dues (subtotal)	\$17,600,200	—	—	17,600,200
<i>Annual dues</i>	16,958,800	—	—	16,958,800
<i>Life memberships</i>	641,400	—	—	641,400
Contributions and grants ³	21,717,000	778,900	60,000	23,265,200
Outings and lodge reservations and fees	3,538,500	—	—	3,538,500
Books and other retail sales	1,495,200	—	—	1,495,200
Royalties	2,950,600	—	—	2,950,600
Net realized and unrealized gains on investment	3,117,100	—	—	3,117,100
Advertising, investment, and other income	3,735,500	—	—	3,735,500
Reimbursement: Major Giving Program ³	1,500,000	—	—	1,500,000
SUBTOTAL	55,654,100	778,900	60,000	56,493,000
Net assets released from restrictions	849,300	(849,300)	—	—
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	\$56,503,400	(\$70,400)	\$60,000	\$56,493,000

³ Reimbursed costs related to fundraising and the Major Giving Program totaled \$1,500,000 in 2000. The Club receives direct grants from the Foundation in support of various programs that totaled \$8,120,300 in 2000, \$300,400 of which was included in grants receivable as of December 31, 2000.



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One of the easiest ways to become an activist is to join the Sierra Club, or make a donation.

When you join or give to the Sierra Club you will have the satisfaction of knowing that you are helping to preserve irreplaceable wildlands, save endangered and threatened wildlife, and protect this fragile environment we call home. You can be sure that your voice will be heard through congressional lobbying and grassroots action on the environmental issues that matter to you most.

In addition to helping the planet, your membership will also earn you:

- A free Sierra Club expedition backpack (limited time only)
- One-year subscription to Sierra magazine
- Members-only ecotravel opportunities
- Automatic membership in your local Chapter
- Discounts on Sierra Club merchandise



MAIL-IN FORM FOR SIERRA CLUB MEMBERSHIP

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____

Fax: _____

E-mail: _____

May we correspond with you via e-mail? Yes: No:

From time to time, we make our mailing list available to other worthy organizations. If you prefer that your name **not** be included, please check here:

____ Please do not send me the free expedition pack; I prefer that all of my contribution goes towards protecting America's environment.

Please select a membership level:

Individual Membership

____ Introductory \$25

____ Regular \$39

____ Supporting \$75

____ Contributing \$150

____ Life \$1000

____ Student \$24

____ Senior \$24

____ Limited Income \$24

Joint Membership

____ Regular \$47

____ Supporting \$100

____ Contributing \$175

____ Life \$1250

____ Student \$32

____ Senior \$32

____ Limited Income \$32

Please select a payment method. If you're paying with a personal check, please include it, payable to the Sierra Club. Mail this completed form to P.O. Box 52968, Boulder, CO 80322-2968.

AMEX: _____ MC: _____ Visa: _____ Sierra Club MasterCard: _____
To apply for the Sierra Club MasterCard call 1-800-932-2775

Credit Card Number: _____
Expiration Date (mm/yy): _____

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