

# **FINANCIAL STATEMENTS**



## **THE ALLIANCE FOR CLIMATE PROTECTION DBA THE CLIMATE REALITY PROJECT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

**THE ALLIANCE FOR CLIMATE PROTECTION  
DBA THE CLIMATE REALITY PROJECT**

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**CPAs & ADVISORS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The Alliance for Climate Protection DBA The Climate Reality Project  
Washington, D.C.

We have audited the accompanying financial statements of The Alliance for Climate Protection DBA The Climate Reality Project (the Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION**

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Gelman Rosenberg & Freedman*

July 7, 2021

**THE ALLIANCE FOR CLIMATE PROTECTION  
DBA THE CLIMATE REALITY PROJECT**

**STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2020 AND 2019**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 15,397,526	\$ 7,702,268
Accounts receivable	31,816	-
Contributions receivable	262,875	4,029,897
Due from related party	302,751	46,327
Prepaid expenses	<u>255,961</u>	<u>410,128</u>
Total current assets	<u>16,250,929</u>	<u>12,188,620</u>
<b>FIXED ASSETS</b>		
Equipment	114,575	114,575
Furniture	427,377	427,377
Computer equipment	283,587	283,587
Leasehold improvements	<u>184,189</u>	<u>184,189</u>
	1,009,728	1,009,728
Less: Accumulated depreciation and amortization	<u>(893,500)</u>	<u>(845,864)</u>
Net fixed assets	<u>116,228</u>	<u>163,864</u>
<b>NONCURRENT ASSETS</b>		
Contributions receivable, net	-	1,356,843
Other assets	231,334	101,803
Right of use asset, net	<u>1,179,800</u>	<u>1,580,447</u>
Total noncurrent assets	<u>1,411,134</u>	<u>3,039,093</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 17,778,291</u></b>	<b><u>\$ 15,391,577</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 124,120	\$ 358,924
Accrued salaries and related benefits	543,904	479,025
Operating lease liability, current portion	<u>460,040</u>	<u>423,020</u>
Total current liabilities	1,128,064	1,260,969
<b>NONCURRENT LIABILITIES</b>		
Operating lease liability, net of current portion	<u>948,439</u>	<u>1,408,479</u>
Total liabilities	<u>2,076,503</u>	<u>2,669,448</u>
<b>NET ASSETS</b>		
Without donor restrictions	15,241,767	6,102,852
With donor restrictions	<u>460,021</u>	<u>6,619,277</u>
Total net assets	<u>15,701,788</u>	<u>12,722,129</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 17,778,291</u></b>	<b><u>\$ 15,391,577</u></b>

See accompanying notes to financial statements.

**THE ALLIANCE FOR CLIMATE PROTECTION  
DBA THE CLIMATE REALITY PROJECT**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Grants and contributions	\$ 17,661,366	\$ 3,748,575	\$ 21,409,941
Events	66,000	-	66,000
Interest income	52,704	-	52,704
Other revenue	51,338	-	51,338
Net assets released from donor restrictions	<u>9,907,831</u>	<u>(9,907,831)</u>	<u>-</u>
Total support and revenue	<u>27,739,239</u>	<u>(6,159,256)</u>	<u>21,579,983</u>
<b>EXPENSES</b>			
Program Services:			
Reality Programs	5,772,208	-	5,772,208
Climate Leadership Corps	5,295,249	-	5,295,249
International Branches	1,904,993	-	1,904,993
Digital Communications	2,095,724	-	2,095,724
Strategic Partnerships	860,788	-	860,788
Climate Speakers Network	<u>363,672</u>	<u>-</u>	<u>363,672</u>
Total program services	<u>16,292,634</u>	<u>-</u>	<u>16,292,634</u>
Supporting Services:			
Development	1,035,682	-	1,035,682
General and Administrative	<u>1,272,008</u>	<u>-</u>	<u>1,272,008</u>
Total supporting services	<u>2,307,690</u>	<u>-</u>	<u>2,307,690</u>
Total expenses	<u>18,600,324</u>	<u>-</u>	<u>18,600,324</u>
Changes in net assets	9,138,915	(6,159,256)	2,979,659
Net assets at beginning of year	<u>6,102,852</u>	<u>6,619,277</u>	<u>12,722,129</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 15,241,767</u></b>	<b><u>\$ 460,021</u></b>	<b><u>\$ 15,701,788</u></b>

THE ALLIANCE FOR CLIMATE PROTECTION  
DBA THE CLIMATE REALITY PROJECT

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<b>2019</b>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Grants and contributions	\$ 12,625,327	\$ 5,246,722	\$ 17,872,049
Events	1,058,860	-	1,058,860
Interest income	58,056	-	58,056
Other revenue	3,805	-	3,805
Net assets released from donor restrictions	<u>7,193,164</u>	<u>(7,193,164)</u>	<u>-</u>
Total support and revenue	<u>20,939,212</u>	<u>(1,946,442)</u>	<u>18,992,770</u>
<b>EXPENSES</b>			
Program Services:			
Reality Programs	3,093,701	-	3,093,701
Climate Leadership Corps	7,735,806	-	7,735,806
International Branches	1,336,874	-	1,336,874
Digital Communications	2,205,989	-	2,205,989
Strategic Partnerships	263,442	-	263,442
Climate Speakers Network	<u>437,018</u>	<u>-</u>	<u>437,018</u>
Total program services	<u>15,072,830</u>	<u>-</u>	<u>15,072,830</u>
Supporting Services:			
Development	1,116,591	-	1,116,591
General and Administrative	<u>988,150</u>	<u>-</u>	<u>988,150</u>
Total supporting services	<u>2,104,741</u>	<u>-</u>	<u>2,104,741</u>
Total expenses	<u>17,177,571</u>	<u>-</u>	<u>17,177,571</u>
Changes in net assets	3,761,641	(1,946,442)	1,815,199
Net assets at beginning of year	<u>2,341,211</u>	<u>8,565,719</u>	<u>10,906,930</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 6,102,852</u></b>	<b><u>\$ 6,619,277</u></b>	<b><u>\$ 12,722,129</u></b>

**THE ALLIANCE FOR CLIMATE PROTECTION  
DBA THE CLIMATE REALITY PROJECT**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Program Services</b>				
	<b>Reality Programs</b>	<b>Climate Leadership Corps</b>	<b>International Branches</b>	<b>Digital Communications</b>	<b>Strategic Partnerships</b>
Salaries	\$ 1,195,660	\$ 2,614,682	\$ 334,926	\$ 987,183	\$ 483,585
Payroll taxes	84,074	187,978	23,950	70,901	33,846
Other employee benefits	140,039	298,848	39,443	106,265	56,101
Professional services	229,550	201,751	18,137	47,256	21,924
Consultants	2,338,174	4,451	-	353,363	-
Media production, design and transmission	-	2,931	-	5,000	-
Audio, visual, website	2,100	59,990	-	47,699	-
Rent and occupancy	65,381	142,977	18,314	53,981	26,444
Office expenses and maintenance	2,186	59,059	612	1,855	1,360
Equipment and computers	19,639	48,104	5,377	188,036	7,764
Sponsorship	610,034	-	-	-	188,000
Telephones and mobile phones	21,025	55,367	13,381	15,732	9,060
Postage and printing	1,693	3,650	372	1,098	839
Publications and subscriptions	2,670	5,914	949	59,444	8,916
Rights and licenses	57,782	85,898	-	285	-
Depreciation and amortization	6,345	13,875	1,777	5,239	2,566
Travel	12,614	59,712	599	4,424	125
Meetings and workshops	945,569	1,233,278	1,894	1,345	150
Grants to international partners	-	6,048	1,438,647	-	12,911
Insurance	13,443	38,237	3,766	11,099	5,437
Bank and interest charges	5	31	415	-	-
Advertising	19,199	154,215	898	131,927	-
Miscellaneous	675	1,654	317	-	-
Sustainability and offsets	4,351	16,599	1,219	3,592	1,760
<b>TOTAL</b>	<b>\$ 5,772,208</b>	<b>\$ 5,295,249</b>	<b>\$ 1,904,993</b>	<b>\$ 2,095,724</b>	<b>\$ 860,788</b>

See accompanying notes to financial statements.



THE ALLIANCE FOR CLIMATE PROTECTION  
DBA THE CLIMATE REALITY PROJECT

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services (Continued)		Supporting Services			
	Climate Speakers Network	Total Program Services	Development	General and Administrative	Total Supporting Services	Total Expenses
Salaries	\$ 265,312	\$ 5,881,348	\$ 396,337	\$ 623,797	\$1,020,134	\$ 6,901,482
Payroll taxes	18,937	419,686	28,859	39,184	68,043	487,729
Other employee benefits	31,796	672,492	45,992	65,753	111,745	784,237
Professional services	12,028	530,646	17,969	122,349	140,318	670,964
Consultants	-	2,695,988	409,746	46,264	456,010	3,151,998
Media production, design and transmission	-	7,931	-	-	-	7,931
Audio, visual, website	-	109,789	-	6,755	6,755	116,544
Rent and occupancy	14,508	321,605	21,673	147,570	169,243	490,848
Office expenses and maintenance	510	65,582	807	4,934	5,741	71,323
Equipment and computers	4,259	273,179	30,187	43,325	73,512	346,691
Sponsorship	-	798,034	-	6,000	6,000	804,034
Telephones and mobile phones	4,601	119,166	7,896	23,804	31,700	150,866
Postage and printing	295	7,947	6,998	3,000	9,998	17,945
Publications and subscriptions	592	78,485	3,222	6,026	9,248	87,733
Rights and licenses	-	143,965	-	-	-	143,965
Depreciation and amortization	1,408	31,210	2,103	14,323	16,426	47,636
Travel	-	77,474	3,965	8,066	12,031	89,505
Meetings and workshops	3,600	2,185,836	-	2,056	2,056	2,187,892
Grants to international partners	-	1,457,606	-	-	-	1,457,606
Insurance	2,983	74,965	4,456	30,342	34,798	109,763
Bank and interest charges	-	451	-	43,297	43,297	43,748
Advertising	-	306,239	53,655	71	53,726	359,965
Miscellaneous	478	3,124	375	25,272	25,647	28,771
Sustainability and offsets	2,365	29,886	1,442	9,820	11,262	41,148
<b>TOTAL</b>	<b>\$ 363,672</b>	<b>\$16,292,634</b>	<b>\$ 1,035,682</b>	<b>\$ 1,272,008</b>	<b>\$2,307,690</b>	<b>\$18,600,324</b>

See accompanying notes to financial statements.

**THE ALLIANCE FOR CLIMATE PROTECTION  
DBA THE CLIMATE REALITY PROJECT**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Program Services</b>				
	<b>Reality Programs</b>	<b>Climate Leadership Corps</b>	<b>International Branches</b>	<b>Digital Communications</b>	<b>Strategic Partnerships</b>
Salaries	\$ 955,327	\$ 2,593,961	\$ 292,675	\$ 926,864	\$ 160,892
Payroll taxes	69,469	190,846	21,955	63,956	11,826
Other employee benefits	107,975	277,360	33,684	94,405	18,713
Professional services	89,847	281,466	19,604	54,215	9,229
Consultants	140,637	177,970	-	462,600	-
Media production, design and transmission Audio, visual, website	17,847	-	-	32,684	-
	-	54,675	-	49,465	-
Rent and occupancy	71,277	193,537	21,837	69,154	12,004
Office expenses and maintenance	83,445	36,186	2,835	8,751	1,513
Equipment and computers	15,003	53,118	4,216	210,303	2,318
Sponsorship	642,066	-	-	-	-
Telephones and mobile phones	17,230	86,223	5,517	14,221	3,676
Postage and printing	12,025	10,807	773	3,297	493
Publications and subscriptions	2,161	4,281	1,356	55,666	6,473
Rights and licenses	5,117	76,660	-	1,125	-
Depreciation and amortization	10,616	28,824	3,252	10,300	1,788
Travel expenses	179,009	718,845	50,192	12,363	11,284
Meeting and workshops	505,889	2,431,730	9,225	11,792	16,673
Grants to international partners	58,615	228,856	864,004	-	3,074
Insurance	11,072	60,219	3,328	10,470	1,818
Bank and interest expense	91	852	196	-	12
Advertising	94,635	197,605	1,023	107,798	979
Miscellaneous	441	2,804	5	2,770	-
Sustainability and offsets	3,907	28,981	1,197	3,790	677
<b>TOTAL</b>	<b>\$ 3,093,701</b>	<b>\$ 7,735,806</b>	<b>\$ 1,336,874</b>	<b>\$ 2,205,989</b>	<b>\$ 263,442</b>

See accompanying notes to financial statements.

THE ALLIANCE FOR CLIMATE PROTECTION  
DBA THE CLIMATE REALITY PROJECT

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services (Continued)		Supporting Services			Total Expenses
	Climate Speakers Network	Total Program Services	Development	General and Administrative	Total Supporting Services	
Salaries	\$ 252,953	\$ 5,182,672	\$ 590,658	\$ 374,657	\$ 965,315	\$ 6,147,987
Payroll taxes	18,844	376,896	43,942	26,925	70,867	447,763
Other employee benefits	27,476	559,613	64,254	39,174	103,428	663,041
Professional services	14,509	468,870	45,530	108,544	154,074	622,944
Consultants	125	781,332	85,818	24,679	110,497	891,829
Media production, design and transmission	-	50,531	8,681	-	8,681	59,212
Audio, visual, website	20	104,160	-	6,631	6,631	110,791
Rent and occupancy	18,873	386,682	44,069	141,189	185,258	571,940
Office expenses and maintenance	2,545	135,275	5,553	17,790	23,343	158,618
Equipment and computers	3,760	288,718	21,720	27,262	48,982	337,700
Sponsorship	-	642,066	-	-	-	642,066
Telephones and mobile phones	4,924	131,791	9,771	21,392	31,163	162,954
Postage and printing	677	28,072	7,912	4,836	12,748	40,820
Publications and subscriptions	307	70,244	9,133	2,299	11,432	81,676
Rights and licenses	-	82,902	-	720	720	83,622
Depreciation and amortization	2,811	57,591	6,563	21,027	27,590	85,181
Travel expenses	47,831	1,019,524	93,254	61,492	154,746	1,174,270
Meeting and workshops	35,964	3,011,273	51,596	14,796	66,392	3,077,665
Grants to international partners	-	1,154,549	-	-	-	1,154,549
Insurance	2,857	89,764	6,672	21,377	28,049	117,813
Bank and interest expense	74	1,225	545	37,534	38,079	39,304
Advertising	1,385	403,425	16,795	3,886	20,681	424,106
Miscellaneous	49	6,069	1,710	24,211	25,921	31,990
Sustainability and offsets	1,034	39,586	2,415	7,729	10,144	49,730
<b>TOTAL</b>	<b>\$ 437,018</b>	<b>\$15,072,830</b>	<b>\$ 1,116,591</b>	<b>\$ 988,150</b>	<b>\$ 2,104,741</b>	<b>\$ 17,177,571</b>

See accompanying notes to financial statements.

**THE ALLIANCE FOR CLIMATE PROTECTION  
DBA THE CLIMATE REALITY PROJECT**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 2,979,659	\$ 1,815,199
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	47,636	85,181
Receipt of contributed securities	-	(5,055,399)
Proceeds from the sale of donated securities	-	5,108,580
Realized gain on sale of donated securities	-	(53,181)
Change in discount on long-term contributions receivable	(143,157)	(226,390)
Change in the measurement of operating lease	(22,373)	251,052
(Increase) decrease in:		
Accounts receivable	(31,816)	-
Contributions receivable	5,267,022	3,418,620
Due from related party	(256,424)	(19,785)
Prepaid expenses	154,167	(106,973)
Other assets	(129,531)	188,575
(Decrease) increase in:		
Accounts payable and accrued liabilities	(234,804)	(179,032)
Accrued salaries and related benefits	64,879	54,851
Deferred rent abatement	-	(6,876)
Net cash provided by operating activities	<u>7,695,258</u>	<u>5,274,422</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	<u>-</u>	<u>(192,926)</u>
Net cash used by investing activities	<u>-</u>	<u>(192,926)</u>
Net increase in cash and cash equivalents	7,695,258	5,081,496
Cash and cash equivalents at beginning of year	<u>7,702,268</u>	<u>2,620,772</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 15,397,526</b></u>	<u><b>\$ 7,702,268</b></u>
<b>SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:</b>		
Right of Use Asset, Net of Landlord Allowance in the Amount of \$93,780	<u>\$ -</u>	<u>\$ 1,939,317</u>
Operating Lease Liability for Right of Use Asset	<u>\$ -</u>	<u>\$ 2,033,097</u>

**THE ALLIANCE FOR CLIMATE PROTECTION  
DBA THE CLIMATE REALITY PROJECT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

The Alliance for Climate Protection DBA The Climate Reality Project (the Organization) is a not-for-profit organization that was formed in the District of Columbia. It was originally headquartered in Menlo Park, California, and relocated to Washington, D.C. in 2009. The Organization also maintains an office in Colorado. As an entity, it was originally incorporated in 2005 as the "Climate Project" which conducted charitable activities. On April 13, 2007, the entity received approval for a name change to "The Alliance for Climate Protection" (ACP).

To maximize the climate awareness and activism created by his Academy Award-winning film, *An Inconvenient Truth*, former US Vice President Al Gore founded The Alliance for Climate Protection (ACP) as a mass communications project to build support and lay political groundwork to address climate change. At the same time, he founded The Climate Project (TCP) as an educational grassroots organization training volunteers to give the presentation featured in the film. ACP and TCP merged in 2010, and began operating under the trade name "The Climate Reality Project" in 2011.

Led by Al Gore, the original, consummate trusted messenger on climate, the Organization is catalyzing a global solution to the climate crisis by making urgent action a necessity across every level of society. With a global network of advocates, successful local activist chapters, and a demonstrated ability to connect with high-ranking influencers, all supported by dynamic communications initiatives, the Organization is building the social and political will to solve this urgent crisis.

Description of program and supporting services:

The following program and supporting services are included in the accompanying financial statements:

*Digital Communications:* The Organization creates and shares informative, accessible, and engaging content through a range of media channels to raise awareness of the climate crisis, help people understand what it means for their own lives, and inspire them to participate in our campaigns and initiatives. Each month, people around the world access the Organization's blogs, social media, videos, e-books, and fact sheets to learn the basics of climate science and the latest developments in climate policy and solutions. In addition, the Organization's digital advocacy campaigns harness the power of digital media to raise awareness and inspire audiences to act, driving change online and in the halls of power worldwide.

*Strategic Partnerships:* The Organization partners with organizations across the climate community and beyond to develop joint outreach and events that enable them to leverage each partner's strengths and expertise and open doors to new audiences to amplify their message and create an even greater impact together. Through the Climate Justice Grants program, the Organization supports grassroots partners fighting for environmental justice and brings frontline leaders and communities of color to the forefront of the climate movement.

*Climate Speakers Network:* Through the Climate Speakers Network program, the Organization partners with grassroots and community-based organizations across the U.S. to train peer messengers from a range of constituencies including environmental justice, faith-based, and frontline communities to act as trusted messengers on climate change to their communities on a grassroots level.

**THE ALLIANCE FOR CLIMATE PROTECTION  
DBA THE CLIMATE REALITY PROJECT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Organization (continued) -

*Climate Speakers Network (continued):* The Organization has also partnered with the World Economic Forum's Global Shapers, members of a worldwide network of over 7,000 young change-makers, on climate communication and activism. The partnership has helped produce a wide range of community-based climate projects, including tackling illegal wood cutting and deforestation in Armenia, a documentary on riverine communities in the Brazilian Amazon, an online tool to help consumers calculate the environmental impacts of their fashion choices and behaviors, and a tool to assist in hosting sustainable events and calculating carbon emissions.

*Reality Programs:* Each year, the Organization produces and participates in a number of programs to inform and inspire action to avert the climate crisis. In 2020, the Organization hosted 24 Hours of Reality, which like in 2019 was a global day of education and action where Climate Reality Leaders delivered over 2,300 climate change presentations worldwide, reaching audiences on all 7 continents, and all 50 US states. With the COVID-19 pandemic forcing us to reimagine this event in a digital space, we moved this event online in 2020 and will continue to adapt it to fit in a virtual world. In addition, the organization supported our second annual Climate Underground Farm Conference in October 2020 virtually from Carthage, TN and we ran a substantial voter registration and turnout program online, by mail and on the ground in NC and GA. Part of our civic engagement efforts this year included a large GOTV online program to encourage young people to vote called Your Vote, Your World, which was held on National Vote Early Day, October 24, and in partnership with EARTHDAY.ORG and the Hip Hop Caucus.

*Campaigns:* The Organization's campaigns team mobilizes citizens across the U.S. and around the world to raise awareness of climate change and support key policy measures to solve it, using a combination of online outreach, grassroots trainings, and activist events.

*Climate Leadership Corps:* The Climate Reality Leadership Corps unites global citizens from all walks of life who share a common passion for the climate. Leaders begin with a multi-day training on climate science, communication, and activism led by former US Vice President Al Gore. After completing the training, Climate Reality Leaders return their communities to engage their peers using a wide array of advocacy tools and activities.

In 2020, due to the COVID-19 pandemic, the Organization reimaged these trainings and moved them online for the first time ever. This allowed the Organization to open up these events to a much wider, global audience. After 15 years and 45 trainings, 31,385 trained Climate Reality Leaders are mobilizing communities for climate solutions, shaping public opinion and driving change in countries around the world. In 2020, the Organization trained 9,710 new Climate Leaders in over the course of two Global Virtual trainings.

Climate Reality Leaders completed over 51,653 climate actions in 2020, and engaged in numerous campaigns around the world. In the US, chapters are the organization's most vibrant platforms for collective action, engaging Climate Reality Leaders alongside members of the public from their local area in self-determined campaigns. With this chapter program, the Organization provides the resources, network, and infrastructure to support local groups of activists pursue common goals together. Established in late 2017, the program has grown rapidly, with 138 chapters in 39 states powered by more than 14,000 members.

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(Continued)**

Organization (continued) -

*International Branches:* The Organization's 11 international branches are helping countries implement and stay accountable to the emissions reductions commitments they made in the historic Paris Agreement in 2015. Branch offices are mobilizing Climate Reality Leaders and engaging elite stakeholders, building strong popular support for climate action in countries and regions that shape public opinion. Branch offices are located in Africa, Australia & the Pacific, Brazil, Canada, China, Europe, India, Indonesia, Japan, Mexico & Latin America, and the Philippines. Together, these branch offices work cooperatively on global campaigns and international policy under the UN framework.

*Development:* Development, through its fundraising efforts, provides the structure necessary to encourage and secure financial support from individuals, foundations, and business entities.

*General and administrative:* General and administrative includes the functions necessary to maintain an adequate working environment, provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent supporting services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncements adopted -

During 2019, the Organization early adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities.

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(Continued)**

New accounting pronouncements adopted (continued) -

Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognized revenue; however, the presentation and disclosures of revenue have been enhanced. The Organization has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Also during 2019, the Organization adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. The Organization adopted the ASU using a modified prospective basis.

During 2019, the Organization also early adopted ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. The Organization elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Receivables -

Receivables are recorded at their net realizable value, which approximates fair value. Receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. All receivables are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.



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(Continued)**

Fixed assets -

Fixed assets in excess of \$2,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended December 31, 2020 and 2019 totaled \$47,636 and \$85,181, respectively.

Income taxes -

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is not a private foundation.

Uncertain tax positions -

For the years ended December 31, 2020 and 2019, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Grants and contributions -

The majority of the Organization's activities are supported by grants and contributions from individuals and private entities. These awards are for various activities performed by the Organization. Grants and contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For grants and contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grants and contributions qualifying as conditional contributions contain a right of return from obligation provision that limits the Organization on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. Most grant awards are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional. The Organization recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. The Organization had no unrecognized conditional awards as of December 31, 2020.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Events -

Events revenue is classified as an exchange transaction which follows ASU 2014-09, *Revenue from Contracts With Customers* and is recorded as revenue at a point in time when the performance obligations are met which is when the related event has occurred. Transaction price is determined based on cost and/or sales price. Revenue received in advance of the events are recorded as deferred revenue in the accompanying Statements of Financial Position.

In-kind contributions -

In-kind contributions consist of broadcast services, food service and supplies. In-kind contributions are recorded at their fair value as of the date of the gift. In-kind contributions during the years ended December 31, 2020 and 2019 totaled \$0 and \$32,355, respectively and are included in contributions revenue in the accompanying Statements of Activities and Changes in Net Assets.

In addition, volunteers have donated significant amounts of their time to the Organization; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising -

The Organization expenses advertising costs as incurred. Advertising expense was \$359,965 and \$424,106 for the years ended December 31, 2020 and 2019, respectively.

Grants and scholarships -

The Organization has partnered with several other not-for-profit organizations to help further the message of climate protection. Grants awarded to these organizations are recorded as expenses at the time the grants are awarded. Scholarships are awarded to aid worthy attendees of the Climate Reality Leadership Trainings.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

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(Continued)**

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Organization's operations. The overall potential impact is unknown at this time.

**2. CONTRIBUTIONS RECEIVABLE**

As of December 31, 2020 and 2019, contributors to the Organization have made unconditional written promises to give, of which \$262,875 and \$5,529,897, respectively, remained due and outstanding. Amounts due beyond one year of the Statements of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of 3.40%. Following is a schedule of amounts due, by year, as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 262,875	\$ 4,029,897
One to five years	<u>-</u>	<u>1,500,000</u>
Total	262,875	5,529,897
Less: Allowance to discount balance to present value	<u>-</u>	<u>(143,157)</u>
<b>NET CONTRIBUTIONS RECEIVABLE</b>	<b><u>\$ 262,875</u></b>	<b><u>\$ 5,386,740</u></b>

As of December 31, 2020 and 2019, one donor accounted for 57% and 90%, respectively, of the Organization's contributions receivable.

**3. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose	\$ 460,021	\$ 1,762,434
Subject to passage of time	<u>-</u>	<u>4,856,843</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 460,021</u></b>	<b><u>\$ 6,619,277</u></b>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	<u>2020</u>	<u>2019</u>
Purpose restrictions accomplished	\$ 5,050,988	\$ 3,693,164
Timing restrictions accomplished	<u>4,856,843</u>	<u>3,500,000</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 9,907,831</u></b>	<b><u>\$ 7,193,164</u></b>

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**4. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 15,397,526	\$ 7,702,268
Accounts receivable	31,816	-
Contributions receivable	262,875	5,386,740
Due from related party	302,751	46,327
Subtotal financial assets available	15,994,968	13,135,335
Less: Donor restricted funds	(460,021)	(3,119,277)
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b>\$ 15,534,947</b>	<b>\$ 10,016,058</b>

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due.

**5. LEASE COMMITMENTS**

The Organization had an agreement to lease office space in Washington, D.C. which commenced on March 1, 2017. Monthly base rent was \$26,792, increasing by a factor of 2.5% per year. The landlord provided an allowance toward leasehold improvements of \$29,725. This lease ended January 31, 2019.

Additionally, the Organization leased office space in Colorado which commenced August 1, 2016. Monthly rent was \$5,243 plus a pro-rata share of operating expenses. The lease included three months of abated rent and an allowance toward leasehold improvements of \$9,580. This lease ended November 1, 2019. The Organization also subleased office space in Washington, D.C. The lease commenced March 1, 2017 and expired January 31, 2019. Monthly base rent was \$4,083.

On October 16, 2018, the Organization entered into an agreement to lease office space beginning February 1, 2019 and expiring October 31, 2023. Base rent is \$41,810 per month, plus a proportionate share of expenses, increasing by a factor of 2.5% per year. The lease includes four months of abated rent in the the first year of the lease. Additionally, the landlord provided a \$93,780 tenant leasehold improvement allowance.

In February 2016, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2016-14* related to *Leases (Topic 842)*, in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the Statements of Financial Position and disclosing key information about leasing arrangements for operating leases that are greater than one year in duration. The ASU specifically requires an organization to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the Statements of Financial Position and recognize a single lease cost, calculated so the cost of the lease is allocated over the lease term on a generally straight line basis. The guidance in the ASU is effective for not-for-profit entities for fiscal years beginning after December 15, 2021 and early adoption is permitted. The Organization elected to early implement the ASU. The Organization elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes.

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**5. LEASE COMMITMENTS (Continued)**

As a result, the Organization recorded a right-of-use asset in the amount of \$1,939,317 net of the landlord allowance of \$93,780. The Organization recorded an operating lease liability in the amount of \$2,033,097 by calculating the present value using the discount rate of 5.5%.

As of December 31, 2020 and 2019, the unamortized right-of-use asset was \$1,179,800 and \$1,580,447, respectively. The unamortized operating lease liability was \$1,408,479 and \$1,831,499, respectively, as of December 31, 2020 and 2019. The lease cost, including imputed interest and amortization of the right-of-use asset for the years ended December 31, 2020 and 2019, was \$490,848 and \$532,949, respectively, and is included in rent and occupancy expense in the accompanying Statements of Functional Expenses. Straight-line rent expense for the year ended December 31, 2019 was \$38,991 and is also included in rent and occupancy expense in the accompanying Statements of Functional Expenses.

The future minimum lease payments (shown below) reflect the rental payments through the termination date of the new lease.

**Year Ending December 31,**

2021	\$ 526,051
2022	539,203
2023	<u>460,381</u>
	<b><u>\$ 1,525,635</u></b>

**6. RETIREMENT PLAN**

The Organization sponsors a defined contribution 401(k) profit sharing plan that covers all employees. Participants may elect to defer a portion of their salary and contribute it to the retirement trust. Additionally, the Organization matches up to 6% of the employee's eligible earnings. Contributions to the plan during the years ended December 31, 2020 and 2019 totaled \$280,576 and \$255,799, respectively, and are included in other employee benefits in the accompanying Statements of Functional Expenses.

**7. RELATED PARTY**

The Organization is affiliated with the Climate Reality Action Fund (the Action Fund). The Action Fund is a non-profit organization, incorporated in the District of Columbia, and its works make climate action the top priority in American politics. One officer of the Organization is also an officer of the Action Fund.

The Organization has a resource sharing and expense reimbursement agreement with the Action Fund. The Organization provides certain management and administrative services including common facilities, personnel, and operating activities. The Action Fund agrees to bear and pay its allocable share of the costs incurred by the Organization.

On March 1, 2018, the Action Fund entered into a loan agreement with the Organization which allows for borrowings up to \$25,000. The loan is unsecured and bears interest at the prime rate and the outstanding unpaid balance shall become due and payable in full on December 31, 2019.

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**7. RELATED PARTY (Continued)**

The purpose of the loan is to be used for working capital and general business. The balance of the loan receivable was \$20,000 as of December 31, 2019, and is included in due from related party in the accompanying Statements of Financial Position. During the year ended December 31, 2020, the full balance of the loan was repaid to the Organization.

As of December 31, 2020 and 2019, the Action Fund owed the Organization \$302,751 and \$46,327, respectively.

**8. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 7, 2021, the date the financial statements were issued.