

# **FINANCIAL STATEMENTS**



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

**FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018**

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

**CONTENTS**

|  | <b>PAGE NO.</b> |
|--|-----------------|
| INDEPENDENT AUDITOR'S REPORT   | 2 - 3           |
| EXHIBIT A - Statements of Financial Position, as of December 31, 2019 and 2018                                 | 4               |
| EXHIBIT B - Statements of Activities and Changes in Net Assets, for the Years Ended December 31, 2019 and 2018 | 5 - 6           |
| EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2019                             | 7 - 8           |
| EXHIBIT D - Statement of Functional Expenses, for the Year Ended December 31, 2018                             | 9 - 10          |
| EXHIBIT E - Statements of Cash Flows, for the Years Ended December 31, 2019 and 2018                           | 11              |
| NOTES TO FINANCIAL STATEMENTS  | 12 - 20         |



## 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 statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

#### **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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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### **Report on Prior Year Comparative Statements**

The financial statements of the Organization for the year ended December 31, 2018 were audited by other auditors, whose report dated July 23, 2019, expressed an unmodified opinion on those statements.

*Gelman Rosenberg & Freedman*

July 8, 2020

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

**STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2019 AND 2018**

**ASSETS**

|   | <u>2019</u>                 | <u>2018</u>                 |
|---|-----------------------------|-----------------------------|
| <b>CURRENT ASSETS</b>   |                             |                             |
| Cash and cash equivalents   | \$ 7,702,268                | \$ 2,620,772                |
| Contributions receivable, current portion   | 4,029,897                   | 3,948,517                   |
| Due from related party  | 46,327                      | 26,542                      |
| Prepaid expenses  | <u>410,128</u>              | <u>303,155</u>              |
| Total current assets  | <u>12,188,620</u>           | <u>6,898,986</u>            |
| <b>FIXED ASSETS</b>   |                             |                             |
| Equipment   | 114,575                     | 114,575                     |
| Furniture   | 427,377                     | 427,377                     |
| Computer equipment  | 283,587                     | 274,850                     |
| Leasehold improvements  | <u>184,189</u>              | <u>470,136</u>              |
|   | 1,009,728                   | 1,286,938                   |
| Less: Accumulated depreciation and amortization   | <u>(845,864)</u>            | <u>(1,230,819)</u>          |
| Net fixed assets  | <u>163,864</u>              | <u>56,119</u>               |
| <b>NONCURRENT ASSETS</b>  |                             |                             |
| Contributions receivable, net of present value discount of \$143,157 and \$369,547 in 2019 and 2018, respectively | 1,356,843                   | 4,630,453                   |
| Other assets  | 101,803                     | 290,378                     |
| Right of use asset  | <u>1,580,447</u>            | <u>-</u>                    |
| Total noncurrent assets   | <u>3,039,093</u>            | <u>4,920,831</u>            |
| <b>TOTAL ASSETS</b>   | <b><u>\$ 15,391,577</u></b> | <b><u>\$ 11,875,936</u></b> |
| <b>LIABILITIES AND NET ASSETS</b>   |                             |                             |
| <b>CURRENT LIABILITIES</b>  |                             |                             |
| Accounts payable and accrued liabilities  | \$ 358,924                  | \$ 537,956                  |
| Accrued salaries and related benefits   | 479,025                     | 424,174                     |
| Current portion of operating lease liability  | 423,020                     | -                           |
| Deferred rent abatement   | <u>-</u>                    | <u>6,876</u>                |
| Total current liabilities   | 1,260,969                   | 969,006                     |
| <b>NONCURRENT LIABILITIES</b>   |                             |                             |
| Operating lease liability, net of current portion   | <u>1,408,479</u>            | <u>-</u>                    |
| Total liabilities   | <u>2,669,448</u>            | <u>969,006</u>              |
| <b>NET ASSETS</b>   |                             |                             |
| Without donor restrictions  | 6,102,852                   | 2,341,211                   |
| With donor restrictions   | <u>6,619,277</u>            | <u>8,565,719</u>            |
| Total net assets  | <u>12,722,129</u>           | <u>10,906,930</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>   | <b><u>\$ 15,391,577</u></b> | <b><u>\$ 11,875,936</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, 2019 AND 2018**

|   | <b>2019</b>                               |                                    |                             |
|---|---|------------------------------------|-----------------------------|
|   | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>                |
| <b>SUPPORT AND REVENUE</b>                  |   |                                    |                             |
| Contributions                               | \$ 12,625,327                             | \$ 5,246,722                       | \$ 17,872,049               |
| Interest income                             | 58,056                                    | -                                  | 58,056                      |
| Events                                      | 1,058,860                                 | -                                  | 1,058,860                   |
| 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:                           |   |                                    |                             |
| Digital Communications                      | 2,205,989                                 | -                                  | 2,205,989                   |
| Strategic Partnerships                      | 263,442                                   | -                                  | 263,442                     |
| Climate Speakers Network                    | 437,018                                   | -                                  | 437,018                     |
| Reality Programs                            | 3,093,701                                 | -                                  | 3,093,701                   |
| Climate Leadership Corps                    | 7,735,806                                 | -                                  | 7,735,806                   |
| International Branches                      | <u>1,336,874</u>                          | <u>-</u>                           | <u>1,336,874</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

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

|   | <b>2018</b>                               |                                    |                             |
|---|---|------------------------------------|-----------------------------|
|   | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>                |
| <b>SUPPORT AND REVENUE</b>                  |   |                                    |                             |
| Contributions                               | \$ 15,825,590                             | \$ 10,431,203                      | \$ 26,256,793               |
| Interest income                             | 21,985                                    | -                                  | 21,985                      |
| Events                                      | 473,543                                   | -                                  | 473,543                     |
| Other revenue                               | 16,733                                    | -                                  | 16,733                      |
| Net assets released from donor restrictions | <u>2,040,484</u>                          | <u>(2,040,484)</u>                 | <u>-</u>                    |
| Total support and revenue                   | <u>18,378,335</u>                         | <u>8,390,719</u>                   | <u>26,769,054</u>           |
| <b>EXPENSES</b>                             |   |                                    |                             |
| Program Services:                           |   |                                    |                             |
| Digital Communications                      | 2,404,578                                 | -                                  | 2,404,578                   |
| Strategic Partnerships                      | 122,622                                   | -                                  | 122,622                     |
| Climate Speakers Network                    | 534,699                                   | -                                  | 534,699                     |
| Reality Programs                            | 5,736,406                                 | -                                  | 5,736,406                   |
| Climate Leadership Corps                    | 5,684,960                                 | -                                  | 5,684,960                   |
| International Branches                      | <u>1,410,548</u>                          | <u>-</u>                           | <u>1,410,548</u>            |
| Total program services                      | <u>15,893,813</u>                         | <u>-</u>                           | <u>15,893,813</u>           |
| Supporting Services:                        |   |                                    |                             |
| Development                                 | 893,109                                   | -                                  | 893,109                     |
| General and Administrative                  | <u>755,584</u>                            | <u>-</u>                           | <u>755,584</u>              |
| Total supporting services                   | <u>1,648,693</u>                          | <u>-</u>                           | <u>1,648,693</u>            |
| Total expenses                              | <u>17,542,506</u>                         | <u>-</u>                           | <u>17,542,506</u>           |
| Changes in net assets                       | 835,829                                   | 8,390,719                          | 9,226,548                   |
| Net assets at beginning of year             | <u>1,505,382</u>                          | <u>175,000</u>                     | <u>1,680,382</u>            |
| <b>NET ASSETS AT END OF YEAR</b>            | <b><u>\$ 2,341,211</u></b>                | <b><u>\$ 8,565,719</u></b>         | <b><u>\$ 10,906,930</u></b> |

**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>Digital<br/>Communications</b> | <b>Strategic<br/>Partnerships</b> | <b>Climate<br/>Speakers<br/>Network</b> | <b>Reality<br/>Programs</b> | <b>Climate<br/>Leadership<br/>Corps</b> |
| Salaries                                  | \$ 926,864                        | \$ 160,892                        | \$ 252,953                              | \$ 955,327                  | \$ 2,593,961                            |
| Payroll taxes                             | 63,956                            | 11,826                            | 18,844                                  | 69,469                      | 190,846                                 |
| Other employee benefits                   | 94,405                            | 18,713                            | 27,476                                  | 107,975                     | 277,360                                 |
| Professional services                     | 54,215                            | 9,229                             | 14,509                                  | 89,847                      | 281,466                                 |
| Consultants                               | 462,600                           | -                                 | 125                                     | 140,637                     | 177,970                                 |
| Media production, design and transmission | 32,684                            | -                                 | -                                       | 17,847                      | -                                       |
| Audio, visual, website                    | 49,465                            | -                                 | 20                                      | -                           | 54,675                                  |
| Rent                                      | 69,154                            | 12,004                            | 18,873                                  | 71,277                      | 193,537                                 |
| Office expenses and maintenance           | 8,751                             | 1,513                             | 2,545                                   | 83,445                      | 36,186                                  |
| Equipment and computers                   | 210,303                           | 2,318                             | 3,760                                   | 15,003                      | 53,118                                  |
| Sponsorship                               | -                                 | -                                 | -                                       | 642,066                     | -                                       |
| Telephone                                 | 14,221                            | 3,676                             | 4,924                                   | 17,230                      | 86,223                                  |
| Postage and printing                      | 3,297                             | 493                               | 677                                     | 12,025                      | 10,807                                  |
| Publications and subscriptions            | 55,666                            | 6,473                             | 307                                     | 2,161                       | 4,281                                   |
| Rights and licenses                       | 1,125                             | -                                 | -                                       | 5,117                       | 76,660                                  |
| Depreciation and amortization             | 10,300                            | 1,788                             | 2,811                                   | 10,616                      | 28,824                                  |
| Travel expenses                           | 12,363                            | 11,284                            | 47,831                                  | 179,009                     | 718,845                                 |
| Meeting and workshops                     | 11,792                            | 16,673                            | 35,964                                  | 505,889                     | 2,431,730                               |
| Grants to international partners          | -                                 | 3,074                             | -                                       | 58,615                      | 228,856                                 |
| Insurance                                 | 10,470                            | 1,818                             | 2,857                                   | 11,072                      | 60,219                                  |
| Bank and interest expense                 | -                                 | 12                                | 74                                      | 91                          | 852                                     |
| Advertising                               | 107,798                           | 979                               | 1,385                                   | 94,635                      | 197,605                                 |
| Miscellaneous                             | 2,770                             | -                                 | 49                                      | 441                         | 2,804                                   |
| Sustainability                            | 3,790                             | 677                               | 1,034                                   | 3,907                       | 28,981                                  |
| <b>TOTAL</b>                              | <b>\$ 2,205,989</b>               | <b>\$ 263,442</b>                 | <b>\$ 437,018</b>                       | <b>\$ 3,093,701</b>         | <b>\$ 7,735,806</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       |
|---|------------------------------|------------------------|---------------------|----------------------------|---------------------------|----------------------|
|   | International Branches       | Total Program Services | Development         | General and Administrative | Total Supporting Services |                      |
| Salaries                                  | \$ 292,675                   | \$ 5,182,672           | \$ 590,658          | \$ 374,657                 | \$ 965,315                | \$ 6,147,987         |
| Payroll taxes                             | 21,955                       | 376,896                | 43,942              | 26,925                     | 70,867                    | 447,763              |
| Other employee benefits                   | 33,684                       | 559,613                | 64,254              | 39,174                     | 103,428                   | 663,041              |
| Professional services                     | 19,604                       | 468,870                | 45,530              | 108,544                    | 154,074                   | 622,944              |
| Consultants                               | -                            | 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                    | -                            | 104,160                | -                   | 6,631                      | 6,631                     | 110,791              |
| Rent                                      | 21,837                       | 386,682                | 44,069              | 141,189                    | 185,258                   | 571,940              |
| Office expenses and maintenance           | 2,835                        | 135,275                | 5,553               | 17,790                     | 23,343                    | 158,618              |
| Equipment and computers                   | 4,216                        | 288,718                | 21,720              | 27,262                     | 48,982                    | 337,700              |
| Sponsorship                               | -                            | 642,066                | -                   | -                          | -                         | 642,066              |
| Telephone                                 | 5,517                        | 131,791                | 9,771               | 21,392                     | 31,163                    | 162,954              |
| Postage and printing                      | 773                          | 28,072                 | 7,912               | 4,836                      | 12,748                    | 40,820               |
| Publications and subscriptions            | 1,356                        | 70,244                 | 9,133               | 2,299                      | 11,432                    | 81,676               |
| Rights and licenses                       | -                            | 82,902                 | -                   | 720                        | 720                       | 83,622               |
| Depreciation and amortization             | 3,252                        | 57,591                 | 6,563               | 21,027                     | 27,590                    | 85,181               |
| Travel expenses                           | 50,192                       | 1,019,524              | 93,254              | 61,492                     | 154,746                   | 1,174,270            |
| Meeting and workshops                     | 9,225                        | 3,011,273              | 51,596              | 14,796                     | 66,392                    | 3,077,665            |
| Grants to international partners          | 864,004                      | 1,154,549              | -                   | -                          | -                         | 1,154,549            |
| Insurance                                 | 3,328                        | 89,764                 | 6,672               | 21,377                     | 28,049                    | 117,813              |
| Bank and interest expense                 | 196                          | 1,225                  | 545                 | 37,534                     | 38,079                    | 39,304               |
| Advertising                               | 1,023                        | 403,425                | 16,795              | 3,886                      | 20,681                    | 424,106              |
| Miscellaneous                             | 5                            | 6,069                  | 1,710               | 24,211                     | 25,921                    | 31,990               |
| Sustainability                            | 1,197                        | 39,586                 | 2,415               | 7,729                      | 10,144                    | 49,730               |
| <b>TOTAL</b>                              | <b>\$ 1,336,874</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**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|   | <b>Program Services</b>           |                                   |   |                             |   |
|---|-----------------------------------|-----------------------------------|---|-----------------------------|---|
|   | <b>Digital<br/>Communications</b> | <b>Strategic<br/>Partnerships</b> | <b>Climate<br/>Speakers<br/>Network</b> | <b>Reality<br/>Programs</b> | <b>Climate<br/>Leadership<br/>Corps</b> |
| Salaries                                  | \$ 976,704                        | \$ 79,238                         | \$ 330,356                              | \$ 817,517                  | \$ 2,175,943                            |
| Payroll taxes                             | 67,296                            | 5,477                             | 23,034                                  | 55,182                      | 147,265                                 |
| Other employee benefits                   | 99,064                            | 8,665                             | 28,673                                  | 80,047                      | 210,853                                 |
| Professional services                     | 65,169                            | 4,366                             | 19,036                                  | 63,839                      | 207,931                                 |
| Consultants                               | 616,311                           | -                                 | -                                       | 151,903                     | 33,081                                  |
| Media production, design and transmission | 12,332                            | -                                 | -                                       | 530,612                     | 530                                     |
| Audio, visual, website                    | 44,890                            | -                                 | 20                                      | -                           | 66,416                                  |
| Rent                                      | 67,399                            | 5,468                             | 22,797                                  | 56,414                      | 150,155                                 |
| Office expenses and maintenance           | 3,538                             | 277                               | 1,418                                   | 2,869                       | 10,886                                  |
| Equipment and computers                   | 246,996                           | 1,143                             | 5,154                                   | 11,832                      | 53,238                                  |
| Sponsorship                               | -                                 | -                                 | 1,500                                   | 500,000                     | -                                       |
| Telephone                                 | 16,654                            | 2,673                             | 5,279                                   | 13,854                      | 59,035                                  |
| Postage and printing                      | 3,953                             | 161                               | 1,251                                   | 1,881                       | 5,308                                   |
| Publications and subscriptions            | 10,718                            | 5,287                             | 225                                     | 556                         | 1,480                                   |
| Rights and licenses                       | 499                               | -                                 | -                                       | 15,743                      | 57,438                                  |
| Depreciation and amortization             | 12,908                            | 1,047                             | 4,366                                   | 10,804                      | 28,758                                  |
| Travel expenses                           | 4,830                             | 7,271                             | 63,350                                  | 50,544                      | 419,765                                 |
| Meeting and workshops                     | 112,866                           | 246                               | 20,305                                  | 3,131,955                   | 1,855,802                               |
| Grants to international partners          | -                                 | -                                 | -                                       | 3,000                       | -                                       |
| Insurance                                 | 11,994                            | 973                               | 4,057                                   | 10,039                      | 51,635                                  |
| Bank and interest expense                 | 8                                 | -                                 | 74                                      | 19                          | 280                                     |
| Advertising                               | 26,333                            | -                                 | 2,228                                   | 219,004                     | 121,580                                 |
| Miscellaneous                             | 46                                | -                                 | 199                                     | 418                         | 3,458                                   |
| Sustainability                            | 4,070                             | 330                               | 1,377                                   | 8,374                       | 24,123                                  |
| <b>TOTAL</b>                              | <b>\$ 2,404,578</b>               | <b>\$ 122,622</b>                 | <b>\$ 534,699</b>                       | <b>\$ 5,736,406</b>         | <b>\$ 5,684,960</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, 2018

|   | Program Services (Continued) |                        | Supporting Services |                            |                           | Total Expenses       |
|---|------------------------------|------------------------|---------------------|----------------------------|---------------------------|----------------------|
|   | International Branches       | Total Program Services | Development         | General and Administrative | Total Supporting Services |                      |
| Salaries                                  | \$ 324,569                   | \$ 4,704,327           | \$ 480,657          | \$ 270,451                 | \$ 751,108                | \$ 5,455,435         |
| Payroll taxes                             | 22,074                       | 320,328                | 33,080              | 18,316                     | 51,396                    | 371,724              |
| Other employee benefits                   | 31,803                       | 459,105                | 49,037              | 26,981                     | 76,018                    | 535,123              |
| Professional services                     | 45,685                       | 406,026                | 27,483              | 81,827                     | 109,310                   | 515,336              |
| Consultants                               | 10,029                       | 811,324                | 66,127              | 29,463                     | 95,590                    | 906,914              |
| Media production, design and transmission | -                            | 543,474                | 6,174               | -                          | 6,174                     | 549,648              |
| Audio, visual, website                    | -                            | 111,326                | 254                 | 4,787                      | 5,041                     | 116,367              |
| Rent                                      | 22,398                       | 324,631                | 33,169              | 102,484                    | 135,653                   | 460,284              |
| Office expenses and maintenance           | 1,135                        | 20,123                 | 1,728               | 5,195                      | 6,923                     | 27,046               |
| Equipment and computers                   | 4,874                        | 323,237                | 7,506               | 21,431                     | 28,937                    | 352,174              |
| Sponsorship                               | -                            | 501,500                | -                   | -                          | -                         | 501,500              |
| Telephone                                 | 5,687                        | 103,182                | 8,643               | 18,048                     | 26,691                    | 129,873              |
| Postage and printing                      | 721                          | 13,275                 | 2,435               | 3,022                      | 5,457                     | 18,732               |
| Publications and subscriptions            | 221                          | 18,487                 | 4,093               | 1,010                      | 5,103                     | 23,590               |
| Rights and licenses                       | -                            | 73,680                 | -                   | -                          | -                         | 73,680               |
| Depreciation and amortization             | 4,290                        | 62,173                 | 6,352               | 19,628                     | 25,980                    | 88,153               |
| Travel expenses                           | 44,204                       | 589,964                | 109,516             | 63,367                     | 172,883                   | 762,847              |
| Meeting and workshops                     | 3,374                        | 5,124,548              | 47,047              | 14,630                     | 61,677                    | 5,186,225            |
| Grants to international partners          | 882,512                      | 885,512                | -                   | -                          | -                         | 885,512              |
| Insurance                                 | 3,986                        | 82,684                 | 5,902               | 18,237                     | 24,139                    | 106,823              |
| Bank and interest expense                 | 127                          | 508                    | 91                  | 31,607                     | 31,698                    | 32,206               |
| Advertising                               | 1,450                        | 370,595                | 1,400               | 3,875                      | 5,275                     | 375,870              |
| Miscellaneous                             | 55                           | 4,176                  | 412                 | 15,036                     | 15,448                    | 19,624               |
| Sustainability                            | 1,354                        | 39,628                 | 2,003               | 6,189                      | 8,192                     | 47,820               |
| <b>TOTAL</b>                              | <b>\$ 1,410,548</b>          | <b>\$ 15,893,813</b>   | <b>\$ 893,109</b>   | <b>\$ 755,584</b>          | <b>\$ 1,648,693</b>       | <b>\$ 17,542,506</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, 2019 AND 2018**

|  | <u>2019</u>                | <u>2018</u>                |
|--|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                            |                            |
| Changes in net assets  | \$ 1,815,199               | \$ 9,226,548               |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: |                            |                            |
| Depreciation and amortization  | 85,181                     | 88,153                     |
| Receipt of contributed securities  | (5,055,399)                | (5,341,715)                |
| Proceeds from the sale of donated securities   | 5,108,580                  | 5,353,535                  |
| Realized gain on sale of donated securities  | (53,181)                   | (11,819)                   |
| Change in discount on long-term contributions receivable                                     | (226,390)                  | 369,547                    |
| Change in the measurement of operating lease   | 251,052                    | -                          |
| Decrease (increase) in:  |                            |                            |
| Contributions receivable   | 3,418,620                  | (8,648,854)                |
| Due from related party   | (19,785)                   | (221)                      |
| Prepaid expenses   | (106,973)                  | (79,618)                   |
| Other assets   | 188,575                    | 21,547                     |
| (Decrease) increase in:  |                            |                            |
| Accounts payable and accrued liabilities   | (179,032)                  | (152,403)                  |
| Accrued salaries and related benefits  | 54,851                     | 43,835                     |
| Deferred rent abatement  | <u>(6,876)</u>             | <u>(26,057)</u>            |
| Net cash provided by operating activities  | <u>5,274,422</u>           | <u>842,478</u>             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                            |                            |
| Purchases of fixed assets  | <u>(192,926)</u>           | <u>(2,338)</u>             |
| Net cash used by investing activities  | <u>(192,926)</u>           | <u>(2,338)</u>             |
| Net increase in cash and cash equivalents  | 5,081,496                  | 840,140                    |
| Cash and cash equivalents at beginning of year   | <u>2,620,772</u>           | <u>1,780,632</u>           |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>  | <b><u>\$ 7,702,268</u></b> | <b><u>\$ 2,620,772</u></b> |
| <b>SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:</b>                             |                            |                            |
| Right of Use Asset, Net of Landlord Allowance in the Amount of \$93,780                      | <b><u>\$ 1,939,317</u></b> | <b><u>\$ -</u></b>         |
| Operating Lease Liability for Right of Use Asset   | <b><u>\$ 2,033,097</u></b> | <b><u>\$ -</u></b>         |

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**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, 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 give people a means of taking action for the climate, including targeted micro-campaigns taking aim at specific policy goals, as well as macro-level campaigns aiming to change how people see and talk about the crisis in the media and mainstream culture.

*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.

*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, 2019 AND 2018**

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

Organization (continued) -

Description of program and supporting services (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. For nearly a decade, The Organization hosted an annual 24-hour broadcast that educated and inspired viewers around the world about the urgency of the climate crisis and the importance of implementing the clean energy solutions that are available today. In 2019, the broadcast underwent an overhaul, reflecting the great progress and momentum the climate movement has gained over the past decade. Rather than a global media event, *24 Hours of Reality* is now a global day of education and action. During the 2019 event, the Climate Reality Leaders delivered over 2,000 climate change presentations worldwide, reaching audiences on all 7 continents, and all 50 US states.

*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.

After 14 years and 43 trainings, 21,594 trained Climate Reality Leaders are mobilizing communities for climate solutions, shaping public opinion and driving change in countries around the world. In 2019, the Organization trained 4,527 new Climate Leaders in four major Climate Reality Leadership Corps trainings: Atlanta, Georgia; Brisbane, Australia; Minneapolis, Minnesota; and Tokyo, Japan.

Climate Reality Leaders completed over 41,000 climate actions in 2019, 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 150 chapters in 38 states powered by more than 7,500 members.

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

Organization (continued) -

Description of program and supporting services (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.

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

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. 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 improve guidance to better distinguish between conditional and unconditional contributions. The Organization adopted the ASU using a modified prospective basis.

During 2019, the Organization also adopted ASU 2019-01, *Leases* (Topic 842). The ASU changed the accounting treatment for operating leases by recognizing a right of use 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. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. The Organization early adopted this ASU in fiscal year 2019 as it entered into a new operating lease arrangement for its headquarters office space.

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.

Contributions receivable -

Contributions receivable 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 contributions receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(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, 2019 and 2018 totaled \$85,181 and \$88,153, 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, 2019 and 2018, 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.

Contributions -

The majority of the Organization's revenue is received through contributions. 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 contributions rules or if considered an exchange transaction depending on whether the transaction is reciprocal or nonreciprocal. For contributions qualifying under the contributions rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional contributions are not recognized until the condition on which they depend are substantially met. Contributions that are unconditional that 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; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Events -

Revenue received for events is recorded as revenue when the performance obligation is met which is when the related event has occurred. Transaction price is determined based on cost and/or sales price.

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, 2019 and 2018 totaled \$32,355 and \$229,708, respectively and are included in contributions revenue in the accompanying Statements of Activities. 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.

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

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 \$424,106 and \$375,870 for the years ended December 31, 2019 and 2018, 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.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

**2. CONTRIBUTIONS RECEIVABLE**

As of December 31, 2019 and 2018, contributors to the Organization have made unconditional written promises to give, of which \$5,529,897 and \$8,948,517, respectively, remained due and outstanding. Amounts due beyond one year of the Statement 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, 2019 and 2018:

|  | <u>2019</u>                | <u>2018</u>                |
|--|----------------------------|----------------------------|
| Less than one year                                   | \$ 4,029,897               | \$ 3,948,517               |
| One to five years                                    | <u>1,500,000</u>           | <u>5,000,000</u>           |
| Total  | 5,529,897                  | 8,948,517                  |
| Less: Allowance to discount balance to present value | <u>(143,157)</u>           | <u>(369,547)</u>           |
| <b>NET CONTRIBUTIONS RECEIVABLE</b>                  | <b><u>\$ 5,386,740</u></b> | <b><u>\$ 8,578,970</u></b> |

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**2. CONTRIBUTIONS RECEIVABLE (Continued)**

As of December 31, 2019 and 2018, one donor accounted for 90% and 98%, 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, 2019 and 2018:

|   | <b>2019</b>         | <b>2018</b>         |
|---|---------------------|---------------------|
| Subject to expenditure for specified purpose    | \$ 1,762,434        | \$ 435,266          |
| Subject to passage of time                      | 4,856,843           | 8,130,453           |
| <b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b> | <b>\$ 6,619,277</b> | <b>\$ 8,565,719</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:

|  | <b>2019</b>         | <b>2018</b>         |
|--|---------------------|---------------------|
| Purpose restrictions accomplished                        | \$ 3,693,164        | \$ 1,865,484        |
| Timing restrictions accomplished                         | 3,500,000           | 175,000             |
| <b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b> | <b>\$ 7,193,164</b> | <b>\$ 2,040,484</b> |

**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>2019</b>          | <b>2018</b>         |
|---|----------------------|---------------------|
| Cash and cash equivalents   | \$ 7,702,268         | \$ 2,620,772        |
| Contributions receivable  | 5,386,740            | 8,578,970           |
| Due from related party  | 46,327               | 26,542              |
| Subtotal financial assets available   | 13,135,335           | 11,226,284          |
| Less: Donor restricted funds  | (3,119,277)          | (5,065,718)         |
| <b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b> | <b>\$ 10,016,058</b> | <b>\$ 6,160,566</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.

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**5. LEASE COMMITMENTS (Continued)**

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. 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, 2019, the unamortized right-of-use asset was \$1,580,447 and the unamortized operating lease liability was \$1,831,499. The lease cost, including imputed interest and amortization of the right-of-use asset for the year ended December 31, 2019, was \$532,949 and is included in rent expense in the accompanying Statement of Functional Expenses. Straight-line rent expense for the years ended December 31, 2019 and 2018 was \$38,991 and \$460,284, respectively, and is also included in rent 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,**

|      |                            |
|------|----------------------------|
| 2020 | \$ 513,221                 |
| 2021 | 526,051                    |
| 2022 | 539,203                    |
| 2023 | <u>460,381</u>             |
|      | <b><u>\$ 2,038,856</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, 2019 and 2018 totaled \$255,799 and \$219,869, respectively, and are included in other employee benefits in the accompanying Statements of Functional Expenses.

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**7. RELATED PARTY**

The Organization shares common facilities, personnel and operating activities with the Climate Reality Action Fund (the Action Fund), an affiliated organization. Total costs allocated to the Action Fund for the years ended December 31, 2019 and 2018 were \$11,299 and \$15,028, respectively.

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. The purpose of the loan is to be used for working capital and general business. The balance of the loan receivable was \$20,000 and \$10,000 as of December 31, 2019 and 2018, respectively, and is included in due from related party in the accompanying Statements of Financial Position. Subsequent to year end, the full balance of the loan was repaid to the Organization.

As of December 31, 2019 and 2018, the Action Fund owed the Organization \$46,327 and \$26,542, respectively.

**8. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 8, 2020, the date the financial statements were issued.

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.