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<th>Page</th>
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</thead>
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</tr>
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</tr>
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Alliance for Climate Protection
DBA The Climate Reality Project

We have audited the accompanying financial statements of The Alliance for Climate Protection DBA The Climate Reality Project (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, 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 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 Alliance for Climate Protection DBA The Climate Reality Project as of December 31, 2016 and 2015, 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.

Bethesda, Maryland
July 3, 2017
## STATEMENTS OF FINANCIAL POSITION
### DECEMBER 31, 2016 AND 2015

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating accounts</td>
<td>$ 878,644</td>
<td>$ 509,279</td>
</tr>
<tr>
<td>Money market funds</td>
<td>893,032</td>
<td>2,018,218</td>
</tr>
<tr>
<td>Total cash and cash equivalents</td>
<td>1,771,676</td>
<td>2,527,497</td>
</tr>
<tr>
<td>Contributions receivable, current portion</td>
<td>5,108,251</td>
<td>4,997,745</td>
</tr>
<tr>
<td>Other receivables</td>
<td>185,528</td>
<td>238,677</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>315,807</td>
<td>199,739</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>7,381,262</td>
<td>7,963,658</td>
</tr>
<tr>
<td>Contributions receivable, noncurrent portion</td>
<td>-</td>
<td>4,953,251</td>
</tr>
<tr>
<td>Property and equipment, net of accumulated depreciation</td>
<td>50,949</td>
<td>163,148</td>
</tr>
<tr>
<td>Other assets and security deposit</td>
<td>315,586</td>
<td>94,637</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 7,747,797</td>
<td>$13,174,694</td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$ 919,588</td>
<td>$ 848,388</td>
</tr>
<tr>
<td>Accrued compensation and benefits</td>
<td>377,612</td>
<td>304,717</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>1,297,200</td>
<td>1,153,105</td>
</tr>
<tr>
<td>Deferred lease incentive and accrued rent</td>
<td>37,254</td>
<td>159,806</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,334,454</td>
<td>1,312,911</td>
</tr>
<tr>
<td><strong>Net assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,310,092</td>
<td>1,910,787</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>5,103,251</td>
<td>9,950,996</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>6,413,343</td>
<td>11,861,783</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$ 7,747,797</td>
<td>$13,174,694</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
THE ALLIANCE FOR CLIMATE PROTECTION  
DBA THE CLIMATE REALITY PROJECT  
(A Nonprofit Organization)  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th></th>
<th>2015</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily Restricted</td>
<td>Total</td>
<td>Unrestricted</td>
</tr>
<tr>
<td>Revenues, gains and other support:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$10,286,761</td>
<td>$150,000</td>
<td>$10,436,761</td>
<td>$11,259,576</td>
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<tr>
<td>Special events</td>
<td>118,000</td>
<td>-</td>
<td>118,000</td>
<td>71,150</td>
</tr>
<tr>
<td>Other income</td>
<td>3,273</td>
<td>-</td>
<td>3,273</td>
<td>9,737</td>
</tr>
<tr>
<td>Realized loss on sale of donated securities</td>
<td>(5,548)</td>
<td>-</td>
<td>(5,548)</td>
<td>(117,899)</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>4,997,745</td>
<td>(4,997,745)</td>
<td>-</td>
<td>10,064,254</td>
</tr>
<tr>
<td>Total revenues, gains and other support</td>
<td>15,400,231</td>
<td>(4,847,745)</td>
<td>10,552,486</td>
<td>21,286,818</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td>711,944</td>
<td>-</td>
<td>711,944</td>
<td>802,217</td>
</tr>
<tr>
<td>General and administrative</td>
<td>776,728</td>
<td>-</td>
<td>776,728</td>
<td>674,880</td>
</tr>
<tr>
<td>Total expenses</td>
<td>16,000,926</td>
<td>-</td>
<td>16,000,926</td>
<td>19,589,852</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(600,695)</td>
<td>(4,847,745)</td>
<td>(5,448,440)</td>
<td>1,696,966</td>
</tr>
<tr>
<td>Net assets - beginning</td>
<td>1,910,787</td>
<td>9,950,996</td>
<td>11,861,783</td>
<td>213,821</td>
</tr>
<tr>
<td><strong>NET ASSETS - ENDING</strong></td>
<td><strong>$1,310,092</strong></td>
<td><strong>$5,103,251</strong></td>
<td><strong>$6,413,343</strong></td>
<td><strong>$1,910,787</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
**THE ALLIANCE FOR CLIMATE PROTECTION**  
**DBA THE CLIMATE REALITY PROJECT**  
**(A Nonprofit Organization)**

**STATEMENT OF FUNCTIONAL EXPENSES**  
FOR THE YEAR ENDED DECEMBER 31, 2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$589,820</td>
<td>$203,105</td>
<td>$201,357</td>
<td>$735,449</td>
<td>$900,600</td>
<td>$166,456</td>
<td>$3,218,424</td>
<td>$327,221</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>43,920</td>
<td>15,136</td>
<td>53,209</td>
<td>30,121</td>
<td>66,051</td>
<td>11,317</td>
<td>234,807</td>
<td>23,422</td>
</tr>
<tr>
<td>Other employee benefits</td>
<td>60,764</td>
<td>19,793</td>
<td>19,970</td>
<td>72,050</td>
<td>41,750</td>
<td>88,015</td>
<td>319,154</td>
<td>31,302</td>
</tr>
<tr>
<td>Professional services</td>
<td>-</td>
<td>846</td>
<td>21,325</td>
<td>-</td>
<td>15,144</td>
<td>20,615</td>
<td>57,930</td>
<td>-</td>
</tr>
<tr>
<td>Consultants</td>
<td>642,879</td>
<td>24,732</td>
<td>20,820</td>
<td>250,305</td>
<td>243,092</td>
<td>82,418</td>
<td>1,272,539</td>
<td>50,131</td>
</tr>
<tr>
<td>Media production, design and transmission</td>
<td>7,465</td>
<td>-</td>
<td>-</td>
<td>388,392</td>
<td>-</td>
<td>395,857</td>
<td>1,241</td>
<td>-</td>
</tr>
<tr>
<td>Audio/visual/website</td>
<td>146,489</td>
<td>-</td>
<td>-</td>
<td>40,000</td>
<td>-</td>
<td>186,489</td>
<td>-</td>
<td>31,611</td>
</tr>
<tr>
<td>Rent/occupancy</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>348,107</td>
</tr>
<tr>
<td>Office expenses/maintenance</td>
<td>-</td>
<td>4,118</td>
<td>148</td>
<td>1,867</td>
<td>25,325</td>
<td>108</td>
<td>31,566</td>
<td>-</td>
</tr>
<tr>
<td>Equipment and computers</td>
<td>123,451</td>
<td>75</td>
<td>1,198</td>
<td>10,000</td>
<td>41,453</td>
<td>-</td>
<td>176,177</td>
<td>4,278</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Telephone/mobile phones</td>
<td>4,993</td>
<td>4,144</td>
<td>750</td>
<td>4,055</td>
<td>7,208</td>
<td>5,239</td>
<td>592</td>
<td>26,981</td>
</tr>
<tr>
<td>Postage and printing</td>
<td>215</td>
<td>315</td>
<td>2,195</td>
<td>316</td>
<td>11,454</td>
<td>35,380</td>
<td>44</td>
<td>49,919</td>
</tr>
<tr>
<td>Publications and subscriptions</td>
<td>1,603</td>
<td>5,225</td>
<td>-</td>
<td>21,876</td>
<td>-</td>
<td>3,702</td>
<td>2,675</td>
<td>9,714</td>
</tr>
<tr>
<td>Rights and licenses</td>
<td>15,297</td>
<td>-</td>
<td>19,244</td>
<td>-</td>
<td>50,523</td>
<td>-</td>
<td>85,064</td>
<td>357</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>144,124</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>32,543</td>
<td>37,427</td>
<td>25,756</td>
<td>51,377</td>
<td>35,741</td>
<td>447,793</td>
<td>22,383</td>
<td>653,020</td>
</tr>
<tr>
<td>Meeting and workshops</td>
<td>2,962</td>
<td>3,934</td>
<td>84,263</td>
<td>2,933,075</td>
<td>11,672</td>
<td>1,387,874</td>
<td>2,645</td>
<td>4,426,425</td>
</tr>
<tr>
<td>Grant to others</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>164</td>
<td>627,366</td>
<td>627,530</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30,128</td>
<td>30,128</td>
<td>-</td>
</tr>
<tr>
<td>Bank and interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>24,711</td>
<td>24,471</td>
</tr>
<tr>
<td>Promotion</td>
<td>572,207</td>
<td>842</td>
<td>32,058</td>
<td>24,182</td>
<td>21,327</td>
<td>650,616</td>
<td>253</td>
<td>650,869</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>7,170</td>
<td>2,887</td>
<td>875</td>
<td>475</td>
<td>525</td>
<td>358</td>
<td>12,290</td>
<td>-</td>
</tr>
<tr>
<td>Sustainability/offset</td>
<td>-</td>
<td>17,929</td>
<td>-</td>
<td>29,302</td>
<td>-</td>
<td>47,231</td>
<td>-</td>
<td>24,736</td>
</tr>
<tr>
<td>Allocation of program-related general and administrative expenses</td>
<td>362,441</td>
<td>124,807</td>
<td>123,732</td>
<td>451,929</td>
<td>259,425</td>
<td>533,081</td>
<td>102,286</td>
<td>201,075</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$2,614,219</td>
<td>$441,422</td>
<td>$500,735</td>
<td>$5,054,410</td>
<td>$1,099,214</td>
<td>$3,823,332</td>
<td>$978,922</td>
<td>$14,512,254</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## Statement of Functional Expenses

**For the Year Ended December 31, 2015**

**Communications and Creative**
- Salaries: $623,149
- Payroll taxes: $40,967
- Other employee benefits: $46,768
- Professional services: $2,663
- Consultants: $579,401
- Media production, design and transmission: $318,555
- Audio/visual/website: $292,500
- Rent/occupancy: $-0-
- Office expenses/maintenance: $115
- Equipment and computers: $88,707
- Sponsorship: $-0-
- Postage and printing: $695
- Publications and subscriptions: $-0-
- Rights and licenses: $42,351
- Depreciation and amortization: $-0-
- Travel expenses: $16,417
- Meeting and workshops: $512
- Grant to others: $-0-
- Insurance: $-0-
- Bank and interest: $-0-
- Promotion: $3,719
- Miscellaneous: $-0-
- Sustainability/offset: $-0-

**Strategic Partnerships**
- Salaries: $92,948
- Payroll taxes: $6,859
- Other employee benefits: $9,983
- Professional services: $1,774
- Consultants: $40,294
- Media production, design and transmission: $600
- Audio/visual/website: $31,250
- Rent/occupancy: $115
- Equipment and computers: $1,786
- Sponsorship: $-0-
- Postage and printing: $959
- Publications and subscriptions: $265
- Rights and licenses: $2,000
- Depreciation and amortization: $-0-
- Travel expenses: $23,692
- Meeting and workshops: $890
- Grant to others: $-0-
- Insurance: $-0-
- Bank and interest: $-0-
- Promotion: $10,000
- Miscellaneous: $700
- Sustainability/offset: $230

**Climate Speakers Network**
- Salaries: $191,974
- Payroll taxes: $14,520
- Other employee benefits: $16,581
- Professional services: $1,774
- Consultants: $68,368
- Media production, design and transmission: $600
- Audio/visual/website: $31,250
- Rent/occupancy: $-0-
- Equipment and computers: $9,979
- Sponsorship: $-0-
- Postage and printing: $959
- Publications and subscriptions: $265
- Rights and licenses: $2,000
- Depreciation and amortization: $-0-
- Travel expenses: $23,692
- Meeting and workshops: $890
- Grant to others: $-0-
- Insurance: $-0-
- Bank and interest: $-0-
- Promotion: $10,000
- Miscellaneous: $700
- Sustainability/offset: $230

**Reality Programs**
- Salaries: $1,439,393
- Payroll taxes: $81,288
- Other employee benefits: $95,595
- Professional services: $39,340
- Consultants: $3,253,511
- Media production, design and transmission: $279,026
- Audio/visual/website: $203,217
- Rent/occupancy: $-0-
- Equipment and computers: $26,579
- Sponsorship: $3,000,000
- Postage and printing: $35,883
- Publications and subscriptions: $26,218
- Rights and licenses: $13,316
- Depreciation and amortization: $-0-
- Travel expenses: $480,947
- Meeting and workshops: $575,505
- Grant to others: $425,000
- Insurance: $28,747
- Bank and interest: $919
- Promotion: $535,280
- Miscellaneous: $1,055
- Sustainability/offset: $981

**Climate Leadership Corps**
- Salaries: $808,820
- Payroll taxes: $61,119
- Other employee benefits: $66,996
- Professional services: $7,114
- Consultants: $145,155
- Media production, design and transmission: $73,150
- Audio/visual/website: $307,617
- Rent/occupancy: $-0-
- Equipment and computers: $26,153
- Sponsorship: $942,160
- Postage and printing: $35,987
- Publications and subscriptions: $4,365
- Rights and licenses: $136,730
- Depreciation and amortization: $427,719
- Travel expenses: $942,160
- Meeting and workshops: $1,358,383
- Grant to others: $427,719
- Insurance: $28,747
- Bank and interest: $919
- Promotion: $581,641
- Miscellaneous: $89
- Sustainability/offset: $3,170

**Total Program Expenses**
- Salaries: $3,156,284
- Payroll taxes: $204,753
- Other employee benefits: $235,023
- Professional services: $7,114
- Consultants: $4,086,729
- Media production, design and transmission: $598,181
- Audio/visual/website: $307,617
- Rent/occupancy: $-0-
- Equipment and computers: $26,153
- Sponsorship: $427,719
- Postage and printing: $35,987
- Publications and subscriptions: $4,365
- Rights and licenses: $136,730
- Depreciation and amortization: $427,719
- Travel expenses: $942,160
- Meeting and workshops: $1,358,383
- Grant to others: $427,719
- Insurance: $28,747
- Bank and interest: $919
- Promotion: $581,641
- Miscellaneous: $89
- Sustainability/offset: $3,170

**General and Administrative Expenses**
- Salaries: $1,092,698
- Payroll taxes: $27,794
- Other employee benefits: $32,449
- Professional services: $50,891
- Consultants: $280,942
- Media production, design and transmission: $598,181
- Audio/visual/website: $307,617
- Rent/occupancy: $-0-
- Equipment and computers: $26,153
- Sponsorship: $88,748
- Postage and printing: $35,987
- Publications and subscriptions: $4,365
- Rights and licenses: $136,730
- Depreciation and amortization: $427,719
- Travel expenses: $280,942
- Meeting and workshops: $280,942
- Grant to others: $88,748
- Insurance: $28,747
- Bank and interest: $919
- Promotion: $581,641
- Miscellaneous: $89
- Sustainability/offset: $3,170

**Totals**
- Salaries: $4,613,834
- Payroll taxes: $75,853
- Other employee benefits: $356,220
- Professional services: $280,942
- Consultants: $331,833
- Media production, design and transmission: $598,181
- Audio/visual/website: $307,617
- Rent/occupancy: $351,542
- Equipment and computers: $175,068
- Sponsorship: $3,001,000
- Postage and printing: $16,639
- Publications and subscriptions: $6,020
- Rights and licenses: $136,730
- Depreciation and amortization: $70,401
- Travel expenses: $84,279
- Meeting and workshops: $2,020,513
- Grant to others: $49,966
- Insurance: $10,136,128
- Bank and interest: $1,036,128
- Promotion: $582,290
- Miscellaneous: $53,338
- Sustainability/offset: $64,158

**Allocation of Program-Related General and Administrative Expenses**
- Salaries: $384,872
- Payroll taxes: $57,407
- Other employee benefits: $118,568
- Professional services: $889,007
- Consultants: $499,548
- Media production, design and transmission: $1,142,772
- Audio/visual/website: $1,142,772
- Rent/occupancy: $-0-
- Equipment and computers: $1,142,772
- Sponsorship: $1,142,772
- Postage and printing: $1,142,772
- Publications and subscriptions: $1,142,772
- Rights and licenses: $1,142,772
- Depreciation and amortization: $1,142,772
- Travel expenses: $1,142,772
- Meeting and workshops: $1,142,772
- Grant to others: $1,142,772
- Insurance: $1,142,772
- Bank and interest: $1,142,772
- Promotion: $1,142,772
- Miscellaneous: $1,142,772
- Sustainability/offset: $1,142,772

**TOTAL EXPENSES**
- Salaries: $2,155,034
- Payroll taxes: $236,059
- Other employee benefits: $545,534
- Professional services: $11,468,888
- Consultants: $3,706,772
- Media production, design and transmission: $18,112,755
- Audio/visual/website: $802,217
- Rent/occupancy: $674,880
- Equipment and computers: $19,589,852

See accompanying notes to financial statements.
## THE ALLIANCE FOR CLIMATE PROTECTION
DBA THE CLIMATE REALITY PROJECT
(A Nonprofit Organization)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(5,448,440)</td>
<td>6,567,044</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>144,124</td>
<td>165,492</td>
</tr>
<tr>
<td>Amortization of discount - contribution receivable</td>
<td>102,255</td>
<td>130,222</td>
</tr>
<tr>
<td>Deferred lease incentive and accrued rent</td>
<td>(122,552)</td>
<td>(130,640)</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and other receivables</td>
<td>4,793,639</td>
<td>(5,135,796)</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>(337,017)</td>
<td>40,769</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>71,200</td>
<td>514,291</td>
</tr>
<tr>
<td>Accrued compensation and benefits</td>
<td>72,895</td>
<td>31,565</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>(723,896)</td>
<td>2,182,947</td>
</tr>
</tbody>
</table>

|                                |           |           |
| Cash used in investing activities: |           |           |
| Acquisitions of property and equipment | (31,925)  | (4,648)   |

|                                |           |           |
| Cash flows from financing activities: |           |           |
| Payment of line of credit | -         | (500,000) |
| Payment of loan from affiliate | -         | (225,000) |
| Net cash used in financing activities | -         | (725,000) |

|                                | 2016      | 2015      |
| Net change in cash and cash equivalents | (755,821) | 1,453,299 |
| Cash and cash equivalents - beginning | 2,527,497 | 1,074,198 |

**CASH AND CASH EQUIVALENTS - ENDING**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 1,771,676</td>
<td>$ 2,527,497</td>
<td></td>
</tr>
</tbody>
</table>

Supplemental disclosures of cash flow information:

|                                | 2016      | 2015      |
| Cash paid during the year for interest | -         | $ 3,158   |

See accompanying notes to financial statements.
NOTE 1. ORGANIZATION AND NATURE OF BUSINESS

The Alliance for Climate Protection DBA The Climate Reality Project (the "Alliance") 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 Alliance 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.

Founded in 2005 by Al Gore, former U.S. Vice President and 2007 Nobel Peace Prize Laureate, the Alliance is a unique, single-purpose organization for the purpose of igniting public action to solve the climate crisis. The challenge is clear: recruit a critical mass of citizens from an overwhelming majority of people around the globe who accept the reality of the climate crisis and transform them into advocates who demand urgent action to solve the crisis and seize the exciting opportunities it presents for a sustainable future with peace and prosperity.

The Alliance's mission is to catalyze a global solution to the climate crisis by making urgent action a necessity across every level of society.

The Alliance strives to be a storyteller of climate change by connecting lively social media outreach with engaging blogs, webinars, chats, and other content to translate abstract science into daily realities and make climate matter to communities around the planet.

As people come to understand what climate change means for them, they want to take action. By creating graphics, posts, and other media, the Alliance supporters can easily adapt and share with their networks and online audiences are transformed into offline activists everywhere, building a powerful movement for climate solutions.

Description of program and supporting services

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

Communications and creative

The Alliance develops and shares dynamic digital media across a range of channels and platforms from email to Twitter to Facebook to tell the story of climate change and solutions and empower audiences to take action by spreading the word within their social networks. This is accomplished using a comprehensive toolkit of traditional organizing activities, coupled with modern media initiatives, to aid the Alliance programs in communicating the reality - and the costs - of climate change clearly to audiences around the world.
NOTE 1. ORGANIZATION AND NATURE OF BUSINESS (CONTINUED)

Description of program and supporting services (continued)

Strategic partnerships

The Alliance 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 Alliance partners with grasstops and grasstops organizations across the U.S. to train influential voices from a range of constituencies including African American, faith, Latino, and conservation communities to act as trusted messengers on climate change to their communities.

International Branches

The Alliance is working with several key countries to maintain and strengthen their commitments under the Paris Agreement. Through partnerships with local organizations, branches have been established in 10 key regions: Africa, Australia, Brazil, Canada, China, Europe, India, Indonesia, Mexico & Latin America, and the Philippines. Each branch office supports local Climate Reality Leaders with programs, campaigns and policy targets to combat the climate crisis.

Campaigns

The Alliance'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 Alliance trains proven citizen leaders from all walks of life to spread message of climate hope and build overwhelming support for action in their communities. During Climate Reality Leadership Corps trainings, participants hear from former Vice President Al Gore and renowned climate scientists and communicators. After three days, trainees can effectively deliver Mr. Gore’s slideshow presentation, speak about climate science and solutions, and inspire others in their community to take action.

A decade after its founding, over 10,800 trained Climate Reality Leaders are mobilizing communities for climate solutions, shaping public opinion and driving change in countries around the world. In 2016, the Alliance trained 1,648 new Climate Leaders in three major Climate Reality Leadership Corps trainings: Manila, Philippines; Shenzhen, China; and Houston, Texas.

Climate Reality Leaders made over 2,665 presentations on climate change and solutions in 2016 in 68 countries. In addition, they completed 8,500 other Acts of Leadership, such as contacting influencers, organizing events, and writing online and printed content.
NOTE 1. ORGANIZATION AND NATURE OF BUSINESS (CONTINUED)

Description of program and supporting services (continued)

Reality programs

Each year, the Alliance produces and participates in a number of programs to inform and inspire action to avert the climate crisis. The signature program is the annual 24 Hours of Reality global broadcast which is hosted by former Vice President Al Gore and brings together artists, policymakers, business leaders, scientists, and influencers to focus the world's attention on the reality of climate change and the solutions the organizations have today for a full 24 hours. In 2016, the program was entitled 24 Hours of Reality: The Road Forward and focused on the 24 countries with the highest greenhouse gas emissions in the world, the unique challenges each of them face related to the climate crisis, their commitments to take action and the solutions that are being implemented in communities around the globe.

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 equitable employment program; ensure an adequate working environment, provide coordination and articulation of the Alliance's program strategy; secure proper administrative functioning of the board of directors; maintain competent supporting services for the program administration of the Alliance; and manage the financial and budgetary responsibilities of the Alliance.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Alliance presents its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis of presentation

Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met by the passage of time.
NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of presentation (continued)

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Alliance. Generally, the donors of these assets permit the Alliance to use the income earned on related investments for specific purposes. During the years ended December 31, 2016 and 2015, the Alliance had no permanently restricted net assets.

Revenues and gains are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions or time. Losses and expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash on deposit and money market accounts that are readily convertible into cash and purchased with original maturities of three months or less.

Contributions receivable

Contributions, including pledges (unconditional promises to give), are recognized at fair value as support in the period the donation is made. Conditional promises to give are recognized at the time when the conditions on which they depend are substantially met. Restricted contributions that are received and used within the same time period are recorded as unrestricted contributions in the statements of activities. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided, if necessary, based upon management's judgment of potential defaults.

Accounts receivable

Accounts receivable are stated at their outstanding balances, reduced by an allowance for doubtful accounts, if any. Management periodically evaluates the adequacy of the allowance for doubtful accounts by considering the Alliance's past receivables loss experience, known and inherent risks in the accounts receivable population, adverse situations that affect a debtor's ability to pay and current economic conditions.

The allowance for doubtful accounts is increased by charges to bad debt expense and decreased by write-offs of accounts receivable balances. Accounts receivable are written off based on management's case-to-case determination that they are uncollectible. As of December 31, 2016 and 2015, management deemed all accounts receivable to be collectible.
NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation expense is computed using the straight-line method over their estimated useful lives as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture</td>
<td>3 years</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>3 years</td>
</tr>
<tr>
<td>Office equipment</td>
<td>3 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Shorter of lease term</td>
</tr>
<tr>
<td></td>
<td>or useful life</td>
</tr>
</tbody>
</table>

Depreciation and amortization expense totaled $144,124 and $165,492 for the years ended December 31, 2016 and 2015, respectively. It is the Alliance's policy to capitalize only those individual purchases of property and equipment of $2,000 or greater.

Donated assets

Donated noncash contributions are recorded as contributions at their estimated fair values at the date of donation. During the year ended December 31, 2016, the Alliance received shares of stocks with an estimated fair value of $4,877,632 and cost of catering with an estimated fair value of $11,202. During the year ended December 31, 2015, the Alliance received shares of stocks with an estimated fair value of $5,013,431 and cost of catering with an estimated fair value of $16,209. The shares of stocks are valued using the closing price at the date of donation. It is the policy of the Alliance to immediately liquidate all noncash contributions, which at times may result in losses. These donations are reflected in "Contributions" and "Development expenses" in the accompanying statements of activities.

Donated services

Donated services are recognized as contributions in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, Not-for-Profit Entities, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Alliance. During the year ended December 31, 2016, the Alliance received satellite services of $107,997. There were no reportable donated services received during the year ended December 31, 2015. The donation was reflected in "Contributions" and "Program expenses" in the accompanying statements of activities.

Promotion costs

The Alliance follows the policy of charging promotion costs to expenses as incurred. Promotion expenses were $650,869 and $582,290 for the years ended December 31, 2016 and 2015, respectively.
NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and scholarships
The Alliance has partnered with several other not-for-profit organizations to help further the message of climate protection and as a result made grants to some of these organizations. Grants are recorded as expenses at the time an unconditional promise to give is made. Scholarships have also been awarded to aid worthy attendees of the Climate Reality Leadership Trainings.

Program development
It is the Alliance's policy to expense program development costs as incurred.

Functional allocation of expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and services benefited based on the approximate time spent on each program or service as reported by staff on timesheets, which are reviewed by management.

Recent accounting pronouncements
In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. This update significantly changes how not-for-profit entities present net assets on the face of the financial statements, as well as requires additional disclosures for expenses by nature and function and for liquidity and availability of resources. ASU 2016-14 is effective for years beginning after December 15, 2017, with early adoption permitted. The effect of adopting this new guidance on the Alliance's financial statements and related disclosures has not yet been determined, nor has management determined the timing of adoption.

In February 2016, the FASB issued ASU No. 2016-02, Leases. This update requires all leases with a term greater than 12 months to be recognized on the balance sheet through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. This new guidance is effective for years beginning after December 15, 2019, with early adoption permitted. The Alliance is evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures, but has not yet determined the timing of adoption.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services. This ASU will replace most existing revenue recognition guidance in GAAP, including industry specific guidance, when it becomes effective. The new guidance is effective for years beginning after December 15, 2018. The Alliance is currently evaluating the effect that ASU 2014-09 will have on its financial statements and related disclosures.
NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassification adjustments had no effect on the Alliance's previously reported change in net assets.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Alliance has evaluated subsequent events through July 3, 2017, the date on which these financial statements were available to be issued.

NOTE 3. CONCENTRATIONS OF RISK

Cash and equivalents

The Alliance places its cash and cash equivalents which may at times be in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits, with high credit quality financial institutions and attempts to limit the amount of credit exposure with any one institution. As of December 31, 2016, the Alliance had $643,699 temporarily on deposit in its operating account in excess of FDIC limit. The Alliance has not experienced losses related to these accounts.

Major donors

In 2016, two donors contributed 84% and, in 2015, three donors contributed 95%, of the total revenues, gains and other support to the Alliance.

NOTE 4. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31, 2016 and 2015, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross pledges expected to be collected in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>$5,155,000</td>
<td>$5,100,000</td>
</tr>
<tr>
<td>One year to five years</td>
<td>-</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>5,155,000</td>
<td>10,100,000</td>
</tr>
<tr>
<td>Less: discount on pledges receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(discounted at 1.04%)</td>
<td>46,749</td>
<td>149,004</td>
</tr>
<tr>
<td>Net contribution receivable</td>
<td>$5,108,251</td>
<td>$9,950,996</td>
</tr>
</tbody>
</table>

As of December 31, 2016 and 2015, one donor accounted for 97% and 99%, respectively, of the Alliance's contributions receivable.
NOTE 5. RELATED-PARTY TRANSACTIONS

Climate Reality Action Fund ("Action Fund")

The Alliance shares common facilities, personnel and operating activities with the Action Fund, an affiliated organization. Total costs allocated to the Action Fund for the years ended December 31, 2016 and 2015, were $29,944 and $6,372, respectively.

The outstanding receivable from the Action Fund as of December 31, 2016 and 2015, was $29,944 and $30,645, respectively, which is included in "Other receivables" in the accompanying statements of financial position. The advances are non-interest bearing and have no stated repayment terms.

Other

In 2015, the Alliance entered into a sponsorship agreement for "Live Earth: Road to Paris," a global climate change event with an entity whose founder/CEO is a former board member of the Alliance. The proposed transaction was reviewed according to the Alliance's conflict of interest policy and approved by the audit committee and the executive committee due to the unique nature of the event. The total sponsorship paid during the year ended December 31, 2015, was $3,000,000.

NOTE 6. PROPERTY AND EQUIPMENT

As of December 31, 2016 and 2015, the components of property and equipment are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$329,515</td>
<td>$299,940</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>252,807</td>
<td>250,458</td>
</tr>
<tr>
<td>Office equipment</td>
<td>114,575</td>
<td>114,575</td>
</tr>
<tr>
<td>Leasehold improvement</td>
<td>396,897</td>
<td>396,897</td>
</tr>
<tr>
<td></td>
<td>1,093,794</td>
<td>1,061,870</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>1,042,845</td>
<td>898,722</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$ 50,949</td>
<td>$ 163,148</td>
</tr>
</tbody>
</table>

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2016 and 2015, temporarily restricted net assets are available for the following purposes:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted for time</td>
<td>$4,953,251</td>
<td>$9,850,996</td>
</tr>
<tr>
<td>Restricted for purpose</td>
<td>150,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Total</td>
<td>$5,103,251</td>
<td>$9,950,996</td>
</tr>
</tbody>
</table>
NOTE 7.  TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

During the years ended December 31, 2016 and 2015, net assets were released from restrictions for the following purposes:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Released for expiration of time</td>
<td>$4,897,745</td>
<td>$9,964,254</td>
</tr>
<tr>
<td>Released for restrictions met</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,997,745</strong></td>
<td><strong>$10,064,254</strong></td>
</tr>
</tbody>
</table>

NOTE 8.  LEASE OBLIGATIONS

Basic terms

As of December 31, 2016, the following real property leases and sublease were in effect:

<table>
<thead>
<tr>
<th>Lessor/Sublessor</th>
<th>Property</th>
<th>Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>750 9th Street, LLC</td>
<td>Office space in Washington, D.C.</td>
<td>$24,152 per month, December 14, 2013 to February 1, 2017. First 60 days were rent free. An allowance toward leasehold improvements of $326,975 was provided by the lessor. The lease was subsequently extended until January 31, 2019.</td>
</tr>
<tr>
<td>1360 LLC</td>
<td>Office space in Boulder, Colorado</td>
<td>$5,089 per month, August 1, 2016 to November 1, 2019, plus pro rata operating expenses of $2,519 per month.</td>
</tr>
</tbody>
</table>

Future minimum annual lease payments under the terms of existing lease/sublease at December 31, 2016, are as follows:

<table>
<thead>
<tr>
<th>Year ending December 31</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$132,966</td>
</tr>
<tr>
<td>2018</td>
<td>63,228</td>
</tr>
<tr>
<td>2019</td>
<td>53,987</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$250,181</strong></td>
</tr>
</tbody>
</table>

Rent expense for the years ended December 31, 2016 and 2015, was $348,107 and $351,542, respectively.
NOTE 8. LEASE OBLIGATIONS (CONTINUED)

Other terms

The office lease agreements contain various incentives which are primarily (1) allowances toward leasehold improvements and (2) rent waivers, which are being amortized ratably over the life of the leases. At December 31, 2016 and 2015, deferred lease incentive and accrued rents were $37,254 and $159,806, respectively.

NOTE 9. RETIREMENT PLAN

The Alliance 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 Alliance matches up to 6% of the employee's eligible earnings. The cost to the Alliance was $199,481 and $128,275 for the years ended December 31, 2016 and 2015, respectively.

NOTE 10. INCOME TAXES

The Alliance is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except for income taxes on unrelated business income. The Alliance is also exempt from California tax under Section 23701 (d) of the Revenue Taxation Code and from District of Columbia tax under Section 47-1802.1 of the Income and Franchise Tax Code. There were no unrelated business income activities in 2016 or 2015. In addition, the Alliance qualifies for the charitable contribution deduction under Internal Revenue Service Code Section 170 and has been classified as an organization other than a private foundation.

The Alliance recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, Income Taxes. Under that guidance, the Alliance assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change.

Management has evaluated the Alliance's tax positions and has concluded that the Alliance has taken no uncertain tax positions that require adjustments to the financial statements.

NOTE 11. CONTINGENCIES

During 2016, the Alliance received a letter from the U.S. House of Representative's Committee on Science, Space and Technology (the "Committee") indicating that they were conducting oversight of an alleged "coordinated attempt" between the Alliance, seven other environmental organizations and 17 state attorneys general "to deprive companies, nonprofit organizations, and scientists of their First Amendment rights and ability to fund and conduct scientific research free from intimidation and threats of prosecution." The Committee requested certain documents to aid in their oversight and management has declined to produce such documents on various legal grounds. Management continues to communicate with the Committee but will vigorously contest this matter.
NOTE 11.  CONTINGENCIES (CONTINUED)

In addition, an individual filed a complaint in the U.S. District Court against 39 defendants, including the Alliance, under the RICO Act, that certain stances and statements about global warming made by these defendants were false. Subsequent to year end, this matter has been dismissed by the court.

The ultimate outcome of the litigation cannot be determined as of December 31, 2016, and management is not able to estimate the amount or range of loss that could result from the unfavorable resolution of this matter. Management believes it has no liability in this matter other than its costs of defense.