THE ALLIANCE FOR CLIMATE PROTECTION
DBA THE CLIMATE REALITY PROJECT
(A Nonprofit Organization)

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
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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, 2017 and 2016, 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, 2017 and 2016, 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 9, 2018
### STATEMENTS OF FINANCIAL POSITION  
**DECEMBER 31, 2017 AND 2016**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating accounts</td>
<td>$1,154,422</td>
<td>$878,644</td>
</tr>
<tr>
<td>Money market funds</td>
<td>626,210</td>
<td>893,032</td>
</tr>
<tr>
<td>Total cash and cash equivalents</td>
<td>1,780,632</td>
<td>1,771,676</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>299,663</td>
<td>5,242,959</td>
</tr>
<tr>
<td>Other receivables</td>
<td>26,321</td>
<td>50,820</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>223,537</td>
<td>315,807</td>
</tr>
<tr>
<td>Total current assets</td>
<td>2,330,153</td>
<td>7,381,262</td>
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<tr>
<td>Property and equipment, net of accumulated depreciation</td>
<td>141,934</td>
<td>50,949</td>
</tr>
<tr>
<td>Other assets and security deposit</td>
<td>311,925</td>
<td>315,586</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$2,784,012</td>
<td>$7,747,797</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND NET ASSETS** |                  |                    |
| Current liabilities:         |                    |                    |
| Accounts payable and accrued expenses | $690,358         | $919,588           |
| Accrued compensation and benefits | 380,339           | 377,612            |
| Total current liabilities   | 1,070,697          | 1,297,200          |
| Deferred lease incentive and accrued rent | 32,933        | 37,254             |
| Total liabilities           | 1,103,630          | 1,334,454          |
| Net assets:                 |                    |                    |
| Unrestricted                | 1,505,382          | 1,310,092          |
| Temporarily restricted      | 175,000            | 5,103,251          |
| Total net assets            | 1,680,382          | 6,413,343          |
| **TOTAL LIABILITIES AND NET ASSETS** | $2,784,012       | $7,747,797         |

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, 2017 and 2016

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th></th>
<th>2016</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><strong>Revenues, gains and other support:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Contributions</td>
<td>$10,704,490</td>
<td>$1,218,834</td>
<td>$11,923,324</td>
<td>$10,286,761</td>
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<tr>
<td>Special events</td>
<td>277,442</td>
<td>-</td>
<td>277,442</td>
<td>118,000</td>
</tr>
<tr>
<td>Other income</td>
<td>15,887</td>
<td>-</td>
<td>15,887</td>
<td>3,273</td>
</tr>
<tr>
<td>Realized loss on sale of donated securities</td>
<td>(26,988)</td>
<td>-</td>
<td>(26,988)</td>
<td>(5,548)</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>6,147,085</td>
<td>(6,147,085)</td>
<td>-</td>
<td>4,997,745</td>
</tr>
<tr>
<td><strong>Total revenues, gains and other support</strong></td>
<td>17,117,916</td>
<td>(4,928,251)</td>
<td>12,189,665</td>
<td>15,400,231</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program</td>
<td>15,494,163</td>
<td>-</td>
<td>15,494,163</td>
<td>14,512,254</td>
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<tr>
<td>Development</td>
<td>787,674</td>
<td>-</td>
<td>787,674</td>
<td>711,944</td>
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<tr>
<td>General and administrative</td>
<td>640,789</td>
<td>-</td>
<td>640,789</td>
<td>776,728</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>16,922,626</td>
<td>-</td>
<td>16,922,626</td>
<td>16,000,926</td>
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<tr>
<td><strong>Change in net assets</strong></td>
<td>195,290</td>
<td>(4,928,251)</td>
<td>(4,732,961)</td>
<td>(600,695)</td>
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<tr>
<td><strong>Net assets - beginning</strong></td>
<td>1,310,092</td>
<td>5,103,251</td>
<td>6,413,343</td>
<td>1,910,787</td>
</tr>
<tr>
<td><strong>NET ASSETS - ENDING</strong></td>
<td>$1,505,382</td>
<td>$175,000</td>
<td>$1,680,382</td>
<td>$1,310,092</td>
</tr>
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</table>

See accompanying notes to financial statements.
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<tr>
<th>Expenses:</th>
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<th>Strategic Partnerships</th>
<th>Climate Speakers Network</th>
<th>Reality Programs</th>
<th>Campaigns</th>
<th>Volunteer Training and Engagement</th>
<th>International Projects</th>
<th>Total Program Expenses</th>
<th>Development</th>
<th>General and Administrative</th>
<th>Totals</th>
<th>Comparative Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$658,301</td>
<td>$107,000</td>
<td>$150,221</td>
<td>$924,720</td>
<td>$338,235</td>
<td>$1,093,380</td>
<td>$386,649</td>
<td>$3,658,506</td>
<td>$372,914</td>
<td>$1,194,931</td>
<td>$5,226,351</td>
<td>$4,809,663</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>44,770</td>
<td>7,535</td>
<td>10,296</td>
<td>61,816</td>
<td>23,219</td>
<td>71,104</td>
<td>25,281</td>
<td>244,021</td>
<td>25,192</td>
<td>78,899</td>
<td>348,112</td>
<td>343,722</td>
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<td>Other employee benefits</td>
<td>66,968</td>
<td>11,467</td>
<td>15,253</td>
<td>92,738</td>
<td>34,599</td>
<td>108,817</td>
<td>36,668</td>
<td>366,510</td>
<td>37,772</td>
<td>121,174</td>
<td>525,456</td>
<td>464,815</td>
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<tr>
<td>Professional services</td>
<td>59,460</td>
<td>2,754</td>
<td>-</td>
<td>39,831</td>
<td>-</td>
<td>2,449</td>
<td>7,317</td>
<td>111,811</td>
<td>533</td>
<td>404,274</td>
<td>516,638</td>
<td>319,537</td>
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<td>Consultants</td>
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<td>3,750</td>
<td>183,049</td>
<td>170,827</td>
<td>31,819</td>
<td>913</td>
<td>1,334,287</td>
<td>72,453</td>
<td>43,652</td>
<td>1,450,392</td>
<td>1,545,302</td>
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<td>Media production, design and transmission</td>
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<td>783,231</td>
<td>-</td>
<td>2,022</td>
<td>-</td>
<td>828,916</td>
<td>6,712</td>
<td>38</td>
<td>835,666</td>
<td>397,098</td>
<td>544,058</td>
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<tr>
<td>Audio/visual/website</td>
<td>177,197</td>
<td>-</td>
<td>18,059</td>
<td>110,238</td>
<td>-</td>
<td>305,494</td>
<td>-</td>
<td>-</td>
<td>5,975</td>
<td>311,469</td>
<td>218,100</td>
<td>528,592</td>
</tr>
<tr>
<td>Rent/occupancy</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>424,814</td>
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<td>Office expenses/maintenance</td>
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<td>1,414</td>
<td>279</td>
<td>5,930</td>
<td>1,701</td>
<td>553</td>
<td>11,475</td>
<td>775</td>
<td>29,346</td>
<td>41,596</td>
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<td>Equipment and computers</td>
<td>18,616</td>
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<td>446</td>
<td>-</td>
<td>5,204</td>
<td>688</td>
<td>24,954</td>
<td>2,411</td>
<td>97,313</td>
<td>127,065</td>
<td>274,456</td>
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<td>Sponsorship</td>
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<td>146,500</td>
<td>10,000</td>
<td>-</td>
<td>159,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>159,000</td>
</tr>
<tr>
<td>Telephone/mobile phones</td>
<td>6,210</td>
<td>1,766</td>
<td>803</td>
<td>4,265</td>
<td>16,498</td>
<td>7,834</td>
<td>2,272</td>
<td>39,648</td>
<td>3,815</td>
<td>84,100</td>
<td>127,563</td>
<td>103,396</td>
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<tr>
<td>Postage and printing</td>
<td>139</td>
<td>76</td>
<td>863</td>
<td>315</td>
<td>1,640</td>
<td>17,623</td>
<td>1,136</td>
<td>21,792</td>
<td>1,877</td>
<td>16,469</td>
<td>40,138</td>
<td>62,464</td>
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<td>Publications and subscriptions</td>
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<td>2,733</td>
<td>-</td>
<td>7,343</td>
<td>-</td>
<td>4,494</td>
<td>-</td>
<td>14,570</td>
<td>2,941</td>
<td>8,401</td>
<td>25,912</td>
<td>44,795</td>
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<td>Rights and licenses</td>
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<td>65,019</td>
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<td>46,298</td>
<td>-</td>
<td>111,792</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>111,792</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>99,819</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>11,493</td>
<td>6,741</td>
<td>47,505</td>
<td>204,777</td>
<td>29,214</td>
<td>336,185</td>
<td>59,677</td>
<td>695,592</td>
<td>50,581</td>
<td>46,234</td>
<td>792,407</td>
<td>750,836</td>
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<td>Meeting and workshops</td>
<td>16,883</td>
<td>743</td>
<td>37,324</td>
<td>3,071,296</td>
<td>14,643</td>
<td>1,338,095</td>
<td>4,880</td>
<td>4,483,864</td>
<td>5,246</td>
<td>11,836</td>
<td>4,500,946</td>
<td>4,655,735</td>
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<tr>
<td>Grant to international partners</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>674</td>
<td>913,821</td>
<td>914,495</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>914,495</td>
<td>627,530</td>
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<td>Insurance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16,637</td>
<td>-</td>
<td>16,637</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>188,845</td>
<td>118,849</td>
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<td>Bank and interest</td>
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<td>41</td>
<td>6</td>
<td>305</td>
<td>10</td>
<td>392</td>
<td>(372)</td>
<td>(10)</td>
<td>3</td>
<td>21,525</td>
<td>21,518</td>
<td>24,475</td>
</tr>
<tr>
<td>Promotion</td>
<td>9,245</td>
<td>563</td>
<td>369</td>
<td>62,825</td>
<td>7,736</td>
<td>84,860</td>
<td>39</td>
<td>165,637</td>
<td>1,761</td>
<td>2,101</td>
<td>169,499</td>
<td>650,869</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,038</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,838</td>
<td>-</td>
<td>2,876</td>
<td>304</td>
<td>19,068</td>
<td>22,248</td>
<td>43,548</td>
<td>71,976</td>
</tr>
<tr>
<td>Sustainability/offset</td>
<td>-</td>
<td>-</td>
<td>(4,559)</td>
<td>-</td>
<td>24,965</td>
<td>-</td>
<td>20,406</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>38,425</td>
</tr>
<tr>
<td>Allocation of program-related general and administrative expenses</td>
<td>353,017</td>
<td>57,379</td>
<td>80,557</td>
<td>495,885</td>
<td>181,380</td>
<td>886,330</td>
<td>207,342</td>
<td>1,961,890</td>
<td>199,977</td>
<td>(2,161,867)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$2,412,764</td>
<td>$199,036</td>
<td>$350,861</td>
<td>$6,158,140</td>
<td>$835,759</td>
<td>$3,809,739</td>
<td>$1,646,864</td>
<td>$15,494,163</td>
<td>$787,674</td>
<td>$640,789</td>
<td>$16,922,626</td>
<td>$16,000,926</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
### Communications and Creative
- **Salaries**: $589,820
- **Payroll taxes**: $43,920
- **Other employee benefits**: $60,764
- **Consultants**: $642,879
- **Media production, design and transmission**: $7,465
- **Office expenses/maintenance**: $15,297
- **Equipment and computers**: $123,451
- **Telephone/mobile phones**: $4,993
- **Postage and printing**: $1,603
- **Rights and licenses**: $15,297
- **Insurance**: $32,543
- **Travel expenses**: $2,962
- **Meeting and workshops**: $2,962
- **Grant to international partners**: $2,962
- **Bank and interest**: $572,207
- **Promotion**: $572,207
- **Miscellaneous**: $7,170
- **Allocation of program-related expenses**: $362,441

**Total Expenses**: $2,614,219

### Strategic Partnerships
- **Salaries**: $203,105
- **Payroll taxes**: $15,053
- **Other employee benefits**: $19,793
- **Consultants**: $24,149
- **Office expenses/maintenance**: $4,118
- **Equipment and computers**: $75
- **Telephone/mobile phones**: $700
- **Postage and printing**: $5,225
- **Rights and licenses**: $19,244
- **Insurance**: $37,427
- **Travel expenses**: $3,934
- **Meeting and workshops**: $84,263
- **Grant to international partners**: $315
- **Bank and interest**: $1,198
- **Promotion**: $842
- **Miscellaneous**: $2,887
- **Allocation of program-related expenses**: $124,807

**Total Expenses**: $441,422

### Climate Speakers Network
- **Salaries**: $201,357
- **Payroll taxes**: $15,136
- **Other employee benefits**: $19,970
- **Consultants**: $846
- **Office expenses/maintenance**: $1,867
- **Equipment and computers**: $1,198
- **Telephone/mobile phones**: $4,055
- **Postage and printing**: $1,295
- **Rights and licenses**: $37,427
- **Insurance**: $37,427
- **Travel expenses**: $3,934
- **Meeting and workshops**: $84,263
- **Grant to international partners**: $315
- **Bank and interest**: $1,198
- **Promotion**: $842
- **Miscellaneous**: $2,887
- **Allocation of program-related expenses**: $123,732

**Total Expenses**: $500,735

### Reality Programs
- **Salaries**: $735,449
- **Payroll taxes**: $53,209
- **Other employee benefits**: $72,050
- **Consultants**: $21,325
- **Office expenses/maintenance**: $11,454
- **Equipment and computers**: $75
- **Telephone/mobile phones**: $4,055
- **Postage and printing**: $1,295
- **Rights and licenses**: $37,427
- **Insurance**: $37,427
- **Travel expenses**: $3,934
- **Meeting and workshops**: $84,263
- **Grant to international partners**: $315
- **Bank and interest**: $1,198
- **Promotion**: $842
- **Miscellaneous**: $2,887
- **Allocation of program-related expenses**: $451,929

**Total Expenses**: $5,054,410

### Campaigns
- **Salaries**: $422,177
- **Payroll taxes**: $30,121
- **Other employee benefits**: $41,750
- **Consultants**: $15,144
- **Office expenses/maintenance**: $11,454
- **Equipment and computers**: $75
- **Telephone/mobile phones**: $4,055
- **Postage and printing**: $1,295
- **Rights and licenses**: $37,427
- **Insurance**: $37,427
- **Travel expenses**: $3,934
- **Meeting and workshops**: $84,263
- **Grant to international partners**: $315
- **Bank and interest**: $1,198
- **Promotion**: $842
- **Miscellaneous**: $2,887
- **Allocation of program-related expenses**: $239,425

**Total Expenses**: $1,099,214

### Volunteer Training and Engagement
- **Salaries**: $166,456
- **Payroll taxes**: $66,051
- **Other employee benefits**: $88,015
- **Consultants**: $20,615
- **Office expenses/maintenance**: $11,454
- **Equipment and computers**: $75
- **Telephone/mobile phones**: $4,055
- **Postage and printing**: $1,295
- **Rights and licenses**: $37,427
- **Insurance**: $37,427
- **Travel expenses**: $3,934
- **Meeting and workshops**: $84,263
- **Grant to international partners**: $315
- **Bank and interest**: $1,198
- **Promotion**: $842
- **Miscellaneous**: $2,887
- **Allocation of program-related expenses**: $533,081

**Total Expenses**: $3,823,332

### International Projects
- **Salaries**: $3,218,424
- **Payroll taxes**: $11,317
- **Other employee benefits**: $8,298
- **Consultants**: $1,272,539
- **Office expenses/maintenance**: $11,454
- **Equipment and computers**: $75
- **Telephone/mobile phones**: $4,055
- **Postage and printing**: $1,295
- **Rights and licenses**: $37,427
- **Insurance**: $37,427
- **Travel expenses**: $3,934
- **Meeting and workshops**: $84,263
- **Grant to international partners**: $315
- **Bank and interest**: $1,198
- **Promotion**: $842
- **Miscellaneous**: $2,887
- **Allocation of program-related expenses**: $102,286

**Total Expenses**: $978,922

### Total Program Expenses
- **Salaries**: $2,164,018
- **Payroll taxes**: $85,493
- **Other employee benefits**: $114,359
- **Consultants**: $261,607
- **Office expenses/maintenance**: $11,454
- **Equipment and computers**: $75
- **Telephone/mobile phones**: $4,055
- **Postage and printing**: $1,295
- **Rights and licenses**: $37,427
- **Insurance**: $37,427
- **Travel expenses**: $3,934
- **Meeting and workshops**: $84,263
- **Grant to international partners**: $315
- **Bank and interest**: $1,198
- **Promotion**: $842
- **Miscellaneous**: $2,887
- **Allocation of program-related expenses**: $3,218,424

**Total Expenses**: $14,512,254

### Development
- **Salaries**: $1,264,018
- **Payroll taxes**: $85,493
- **Other employee benefits**: $114,359
- **Consultants**: $261,607
- **Office expenses/maintenance**: $11,454
- **Equipment and computers**: $75
- **Telephone/mobile phones**: $4,055
- **Postage and printing**: $1,295
- **Rights and licenses**: $37,427
- **Insurance**: $37,427
- **Travel expenses**: $3,934
- **Meeting and workshops**: $84,263
- **Grant to international partners**: $315
- **Bank and interest**: $1,198
- **Promotion**: $842
- **Miscellaneous**: $2,887
- **Allocation of program-related expenses**: $3,218,424

**Total Expenses**: $711,944

### General and Administrative
- **Salaries**: $1,264,018
- **Payroll taxes**: $85,493
- **Other employee benefits**: $114,359
- **Consultants**: $261,607
- **Office expenses/maintenance**: $11,454
- **Equipment and computers**: $75
- **Telephone/mobile phones**: $4,055
- **Postage and printing**: $1,295
- **Rights and licenses**: $37,427
- **Insurance**: $37,427
- **Travel expenses**: $3,934
- **Meeting and workshops**: $84,263
- **Grant to international partners**: $315
- **Bank and interest**: $1,198
- **Promotion**: $842
- **Miscellaneous**: $2,887
- **Allocation of program-related expenses**: $3,218,424

**Total Expenses**: $776,728

**Total Expenses**: $16,000,926

See accompanying notes to financial statements.
### Statements of Cash Flows

#### For the Years Ended December 31, 2017 and 2016

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(4,732,961)</td>
<td>(5,448,440)</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>99,819</td>
<td>144,124</td>
</tr>
<tr>
<td>Amortization of discount - contribution receivable</td>
<td>46,749</td>
<td>102,255</td>
</tr>
<tr>
<td>Deferred lease incentive and accrued rent</td>
<td>(4,321)</td>
<td>(122,552)</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and other receivables</td>
<td>4,921,046</td>
<td>4,793,639</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>95,931</td>
<td>(337,017)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(229,230)</td>
<td>71,200</td>
</tr>
<tr>
<td>Accrued compensation and benefits</td>
<td>2,722</td>
<td>72,895</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>199,760</td>
<td>(723,896)</td>
</tr>
<tr>
<td>Cash used in investing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions of property and equipment</td>
<td>(190,804)</td>
<td>(31,925)</td>
</tr>
<tr>
<td>Net change in cash and cash equivalents</td>
<td>8,956</td>
<td>(755,821)</td>
</tr>
<tr>
<td>Cash and cash equivalents - beginning</td>
<td>1,771,676</td>
<td>2,527,497</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS - ENDING</strong></td>
<td>$ 1,780,632</td>
<td>$ 1,771,676</td>
</tr>
</tbody>
</table>

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

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

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

Climate Reality 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, Climate Reality 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*

Climate Reality 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 Climate Reality 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

Climate Reality 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, Climate Reality 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. In 2017, Climate Reality partnered with the World Economic Forum’s Global Shapers to train the program’s extraordinary young leaders to make climate outreach a strong part of their work and to increase the activism of young leaders throughout the world.

Reality programs

Each year, Climate Reality 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 2017, the program was entitled "24 Hours of Reality: Be the Voice of Reality a - 24-Hour live event," empowering millions watching worldwide to use their voices to speak up for solutions, science, and truth at this decisive point in history.

Campaigns

Climate Reality'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.

Volunteer training and engagement

Climate Reality trains proven citizen leaders from all walks of life to spread the 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. The intensive three-day event provides citizens concerned for the future of our planet with a strong understanding of climate science, as well as the critical organizing, media strategy, and grassroots communication skills necessary to mobilize communities and push for solutions at this vital time.
NOTE 1. ORGANIZATION AND NATURE OF BUSINESS (CONTINUED)

Description of program and supporting services (continued)

Volunteer training and engagement (continued)

Twelve years after its founding, over 14,000 trained Climate Reality Leaders are mobilizing communities for climate solutions, shaping public opinion and driving change in countries around the world. In 2017, Climate Reality trained 2,950 Climate Leaders in Denver, Seattle and Pittsburgh.

In 2017, Climate Reality Leaders made over 3,500 presentations on climate change and its solutions in 59 countries. In addition, they completed 22,350 other Acts of Leadership, such as contacting influencers, organizing events, and writing online and printed content.

In 2017, Climate Reality piloted a chapters model, forming over 50 chapters led by a Climate Reality Leader or other activist. Each chapter connects local students, parents, professionals and others to target the climate issues that matter in the community. For some chapters, this means pressuring their school or town council to shift to renewable electricity with Climate Reality’s 100% Committed campaign. For others, this means working to close dirty power plants or block dangerous fossil fuel infrastructure. Climate Reality provides chapters with ongoing campaign support, training programs, and mentoring opportunities. All backed by a proven team of world-class organizers, policy experts, and communicators. Plus, each chapter links up with the national network of fellow chapters, together driving change across the country.

International projects

Climate Reality is working with several key countries to maintain and strengthen their commitments under the Paris Agreement by engaging and supporting local Climate Reality Leaders with programs, campaigns and policy targets. Branches have been established in 10 key regions: Africa, Australia, Brazil, Canada, China, Europe, India, Indonesia, Mexico & Latin America, and the Philippines. Climate Reality provides grants to local partner organizations in each of those branch locations. Each branch office also supports Climate Reality Leaders in their own presentations and endeavors to combat the climate crisis.

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 Climate Reality’s program strategy; secure proper administrative functioning of the board of directors; maintain competent supporting services for the program administration of Climate Reality; and manage the financial and budgetary responsibilities of Climate Reality.
NOTE 1. ORGANIZATION AND NATURE OF BUSINESS (CONTINUED)

Description of program and supporting services (continued)

General and administrative (continued)

Climate Reality engages the services of a variety of consultants for services that cannot be performed by paid staff in a cost-effective manner, such as: communication strategy, public relations, special event production, information technology development and management, fundraising and compensation analysis.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

Climate Reality 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.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by Climate Reality. Generally, the donors of these assets permit Climate Reality to use the income earned on related investments for specific purposes. During the years ended December 31, 2017 and 2016, Climate Reality 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.
NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Climate Reality’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, 2017 and 2016, management deemed all accounts receivable to be collectible.

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:

- Furniture and equipment: 3 years
- Computer equipment: 3 years
- Office equipment: 3 years
- Leasehold improvements: Shorter of lease term or useful life

Depreciation and amortization expense totaled $99,819 and $144,124 for the years ended December 31, 2017 and 2016, respectively. It is Climate Reality’s policy to capitalize only those individual purchases of property and equipment of $2,000 or greater.
NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017, Climate Reality received shares of stocks with an estimated fair value of $5,101,834 and cost of catering with an estimated fair value of $39,250. During the year ended December 31, 2016, Climate Reality 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. The shares of stocks are valued using the closing price at the date of donation. It is the policy of Climate Reality 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 Climate Reality. During the years ended December 31, 2017 and 2016, Climate Reality received satellite services of $194,985 and $107,997, respectively. These donations are reflected in "Contributions" and "Program expenses" in the accompanying statements of activities.

Promotion costs

Climate Reality follows the policy of charging promotion costs to expenses as incurred. Promotion expenses were $169,499 and $650,869 for the years ended December 31, 2017 and 2016, respectively.

Grants and scholarships

Climate Reality 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 Climate Reality'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.
NOTE 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent accounting pronouncements**

In August 2016, 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 Climate Reality’s financial statements and related disclosures has not yet been determined.

In February 2016, FASB issued ASU No. 2016-02, *Leases*. This update requires all leases with terms 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. Climate Reality 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, 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 guidance is effective for years beginning after December 15, 2018. Climate Reality is currently evaluating the effect that ASU 2014-09 will have on its financial statements and related disclosures.

**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 Climate Reality’s previously reported change in net assets.

**Subsequent events**

In accordance with FASB ASC 855, *Subsequent Events*, Climate Reality has evaluated subsequent events through July 9, 2018, the date on which these financial statements were available to be issued.

NOTE 3. **CONCENTRATIONS**

**Cash and equivalents**

Climate Reality 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, 2017, Climate Reality had $899,174 temporarily on deposit in its operating account in excess of FDIC limit. Climate Reality has not experienced losses related to these accounts.
NOTE 3. CONCENTRATIONS (CONTINUED)

Major donors

In 2017, two donors contributed 74% and, in 2016, two donors contributed 84%, of the total revenues, gains and other support to Climate Reality.

NOTE 4. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31, 2017 and 2016, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross pledges</td>
<td>$ 299,663</td>
<td>$ 5,289,708</td>
</tr>
<tr>
<td>expected to be</td>
<td></td>
<td></td>
</tr>
<tr>
<td>collected in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>$ 299,663</td>
<td>$ 5,242,959</td>
</tr>
<tr>
<td>Less: discount on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>pledges receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(discounted at 1.04%)</td>
<td></td>
<td>$ 46,749</td>
</tr>
<tr>
<td>Net contributions</td>
<td>$ 299,663</td>
<td></td>
</tr>
<tr>
<td>receivable</td>
<td>$ 299,663</td>
<td>$ 5,242,959</td>
</tr>
</tbody>
</table>

As of December 31, 2017 and 2016, one donor accounted for 86% and 97%, respectively, of Climate Reality's contributions receivable.

NOTE 5. RELATED-PARTY TRANSACTIONS

Climate Reality Action Fund ("Action Fund")

Climate Reality 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, 2017 and 2016, were $7,962 and $29,944, respectively.

The outstanding receivable from the Action Fund as of December 31, 2017 and 2016, was $7,962 and $29,944, 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.

NOTE 6. PROPERTY AND EQUIPMENT

As of December 31, 2017 and 2016, the components of property and equipment are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$ 427,377</td>
<td>$ 329,515</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>272,512</td>
<td>252,807</td>
</tr>
<tr>
<td>Office equipment</td>
<td>114,575</td>
<td>114,575</td>
</tr>
<tr>
<td>Leasehold improvement</td>
<td>470,136</td>
<td>396,897</td>
</tr>
<tr>
<td></td>
<td>1,284,600</td>
<td>1,093,794</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>1,142,666</td>
<td>1,042,845</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$ 141,934</td>
<td>$ 50,949</td>
</tr>
</tbody>
</table>
NOTE 7.  TEMPORARILY RESTRICTED NET ASSETS
As of December 31, 2017 and 2016, temporarily restricted net assets are available for the following purposes:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Released for purpose</td>
<td>$175,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>Released for time</td>
<td></td>
<td>4,953,251</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$175,000</td>
<td>$5,103,251</td>
</tr>
</tbody>
</table>

During the years ended December 31, 2017 and 2016, net assets were released from restrictions for the following purposes:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Released for expiration of time</td>
<td>$4,953,251</td>
<td>$4,897,745</td>
</tr>
<tr>
<td>Released for restrictions met</td>
<td>1,193,834</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$6,147,085</td>
<td>$4,997,745</td>
</tr>
</tbody>
</table>

NOTE 8.  LEASE OBLIGATIONS

Basic terms
As of December 31, 2017, 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>$26,792 per month, March 1, 2017 to January 31, 2019. An allowance toward leasehold improvements of $29,725 was provided by the lessor.</td>
</tr>
<tr>
<td>1360 LLC</td>
<td>Office space in Boulder, Colorado</td>
<td>$5,243 per month, August 1, 2016 to November 1, 2019, plus pro rata operating expenses of $3,985 per month. Rent abatement for three months and a tenant allowance towards leasehold improvements of $9,580 was provided by lessor.</td>
</tr>
</tbody>
</table>
NOTE 8. LEASE OBLIGATIONS (CONTINUED)

Future minimum annual lease payments under the terms of existing lease/sublease at December 31, 2017, are as follows:

<table>
<thead>
<tr>
<th>Year ending December 31:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$ 441,396</td>
</tr>
<tr>
<td>2019</td>
<td>85,695</td>
</tr>
<tr>
<td>Total</td>
<td>$ 527,091</td>
</tr>
</tbody>
</table>

Rent expense for the years ended December 31, 2017 and 2016, was $424,814 and $348,107, respectively.

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, 2017 and 2016, deferred lease incentive and accrued rents were $32,933 and $37,254, respectively.

NOTE 9. RETIREMENT PLAN

Climate Reality 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, Climate Reality matches up to 6% of the employee's eligible earnings. The cost to Climate Reality was $239,922 and $199,481 for the years ended December 31, 2017 and 2016, respectively.

NOTE 10. INCOME TAXES

Climate Reality is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except for income taxes on unrelated business income. Climate Reality 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 2017 or 2016. In addition, Climate Reality 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.

Climate Reality recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, Income Taxes. Under that guidance, Climate Reality 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 Climate Reality's tax positions and has concluded that Climate Reality has taken no uncertain tax positions that require adjustments to the financial statements.