

Greenpeace, Inc.

Financial Statements

Years Ended December 31, 2018 and 2017

Greenpeace, Inc.

Financial Statements
December 31, 2018 and 2017

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Independent Auditors' Report

Board of Directors
Greenpeace, Inc.
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of Greenpeace, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to 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.

Auditors' 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 auditors' 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.

Board of Directors
Greenpeace, Inc.


Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2018 and 2017, 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.

Other Matters

Effect of Adopting New Accounting Standard

As discussed in Note 2 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to that matter.



CliftonLarsonAllen LLP

Arlington, Virginia
June 20, 2019

Greenpeace, Inc.
Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 2,801,118	\$ 4,721,223
Advances and other receivables	5,598	1,612
Investments	78,589	83,798
Due from Greenpeace Fund, Inc.	2,871,531	529,104
Due from Stichting Greenpeace Council	570,682	1,312,498
Due from other Greenpeace affiliates	1,356	26,067
Prepaid expenses and deposits	619,005	388,527
Property and equipment, net	864,174	882,592
Total assets	\$ 7,812,053	\$ 7,945,421
Liabilities and Net Assets (Deficit)		
Liabilities		
Accounts payable and accrued expenses	\$ 2,648,166	\$ 2,755,024
Deferred rent	409,397	469,661
Loan Payable - Stichting Greenpeace Council	932,783	961,000
Line of credit - Other	-	401,044
Total liabilities	3,990,346	4,586,729
Net Assets		
Without donor restrictions	3,692,504	3,211,757
With donor restrictions	129,203	146,935
Total net assets	3,821,707	3,358,692
Total liabilities and net assets	\$ 7,812,053	\$ 7,945,421

See Notes.

Greenpeace, Inc.
Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 27,032,305	\$ 13,000	\$ 27,045,305
Grants - Greenpeace Fund, Inc.	-	6,892,536	6,892,536
Grants - Stichting Greenpeace Council	739,000	1,126,287	1,865,287
Grants from Other NROs	-	148,961	148,961
Net investment income	(5,208)	-	(5,208)
Other income	87,234	-	87,234
Net assets released from restrictions	8,198,516	(8,198,516)	-
Total revenue and support	36,051,847	(17,732)	36,034,115
Expenses			
Program services:			
Climate campaign	7,409,592	-	7,409,592
Forests campaign	4,862,982	-	4,862,982
Public information and education	3,427,330	-	3,427,330
Oceans campaign	4,748,153	-	4,748,153
Action resources	3,179,607	-	3,179,607
Outreach campaign	2,636,632	-	2,636,632
Total program services	26,264,296	-	26,264,296
Supporting services:			
Fundraising	6,108,186	-	6,108,186
Management and general	3,198,618	-	3,198,618
Total supporting services	9,306,804	-	9,306,804
Total expenses	35,571,100	-	35,571,100
Change in Net Assets	480,747	(17,732)	463,015
Net Assets, beginning of year	3,211,757	146,935	3,358,692
Net Assets, end of year	\$ 3,692,504	\$ 129,203	\$ 3,821,707

See Notes.

Greenpeace, Inc.
Statement of Activities
For the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 28,219,930	\$ 6,976	\$ 28,226,906
Grants - Greenpeace Fund, Inc.	-	7,920,000	7,920,000
Grants - Stichting Greenpeace Council	1,450,000	1,973,289	3,423,289
Grants from Other NROs	-	17,718	17,718
Net investment income	12,435	-	12,435
Other income	96,226	-	96,226
Net assets released from restrictions	9,902,932	(9,902,932)	-
Total revenue and support	39,681,523	15,051	39,696,574
Expenses			
Program services:			
Climate campaign	7,395,643	-	7,395,643
Forests campaign	4,326,507	-	4,326,507
Public information and education	3,159,272	-	3,159,272
Oceans campaign	5,292,945	-	5,292,945
Action resources	3,053,698	-	3,053,698
Outreach campaign	3,319,423	-	3,319,423
Total program services	26,547,488	-	26,547,488
Supporting services:			
Fundraising	6,423,402	-	6,423,402
Management and general	3,027,361	-	3,027,361
Total supporting services	9,450,763	-	9,450,763
Total expenses	35,998,251	-	35,998,251
Change in Net Assets	3,683,272	15,051	3,698,323
Net Assets (Deficit), beginning of year	(471,515)	131,884	(339,631)
Net Assets, end of year	\$ 3,211,757	\$ 146,935	\$ 3,358,692

See Notes.

Greenpeace, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ 463,015	\$ 3,698,323
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized investment loss (gain)	7,597	(11,148)
Depreciation and amortization	297,495	306,833
Loss on disposal of fixed assets	5,250	49,656
Change in operating assets and liabilities:		
(Increase) decrease in:		
Advances and other receivables	(3,986)	3,801
Due from Greenpeace Fund, Inc.	(2,342,427)	1,393,503
Due from Stichting Greenpeace Council	741,816	(429,471)
Due from other Greenpeace affiliates	24,711	(4,985)
Prepaid expenses and deposits	(230,478)	270,830
Increase (decrease) in:		
Accounts payable and accrued expenses	(106,858)	81,591
Due to Stichting Greenpeace Council	-	(31,774)
Deferred rent	(60,264)	(139,173)
Net cash (used in) provided by operating activities	(1,204,129)	5,187,986
Cash Flows from Investing Activities		
Proceeds from maturities and sales of investments	9,808	-
Purchases of investments	(9,265)	(1,288)
Purchases of property and equipment	(284,327)	(168,227)
Net cash used in investing activities	(283,784)	(169,515)
Cash Flows from Financing Activity		
Proceeds from Loan Payable -		
Stichting Greenpeace Council	368,852	960,000
Principal and accrued interest payments on Loan Payable -		
Stichting Greenpeace Council	(400,000)	(302,033)
Proceeds from borrowing under line of credit -		
Greenpeace Fund, Inc.	-	500,000
Principal and accrued interest payments on line of credit -		
Greenpeace Fund, Inc.	-	(2,535,228)
Principal payments on line of credit - Other	(401,044)	(400,690)
Net cash used in financing activity	(432,192)	(1,777,951)
Net (Decrease) Increase in Cash and Cash Equivalents	(1,920,105)	3,240,520
Cash and Cash Equivalents, beginning of year	4,721,223	1,480,703
Cash and Cash Equivalents, end of year	\$ 2,801,118	\$ 4,721,223
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 2,301	\$ 49,117

See Notes.

Greenpeace, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services						Supporting Services			
	Climate Campaign	Forests Campaign	Public			Outreach Campaign	Total Programs	Fundraising	Management and General	Total
			Information and Education	Oceans Campaign	Action Resources					
Salaries, taxes, and employee benefits	\$ 4,497,863	\$ 2,966,428	\$ 2,358,005	\$ 2,916,634	\$ 1,869,712	\$ 1,822,570	\$ 16,431,212	\$ 2,663,784	\$ 1,774,299	\$ 20,869,295
Professional fees	757,681	513,892	320,642	523,421	261,211	192,317	2,569,164	1,787,160	481,246	4,837,570
Office expenses	566,373	446,037	130,490	394,546	146,411	113,588	1,797,445	375,615	121,062	2,294,122
Information Technology	158,518	81,183	174,400	87,272	133,746	82,160	717,279	248,044	450,107	1,415,430
Travel	401,751	197,624	79,749	211,710	252,242	112,238	1,255,314	100,845	40,388	1,396,547
Direct Mail-Printing	382,526	364,335	69,049	308,982	-	62,886	1,187,778	193,989	-	1,381,767
Occupancy	182,802	96,844	149,157	103,126	328,700	88,493	949,122	210,359	121,082	1,280,563
Conferences and meetings	212,323	103,922	49,950	122,766	72,067	67,583	628,611	73,826	50,604	753,041
Advertising and Promotion	86,434	19,208	3,781	5,364	752	2,595	118,134	329,358	352	447,844
Depreciation and amortization	28,825	9,555	29,410	13,473	55,073	18,503	154,839	35,816	86,509	277,164
Insurance	24,805	8,113	29,682	11,668	50,075	17,327	141,670	37,581	51,228	230,479
List rental expenses	45,603	43,434	8,232	36,835	-	7,497	141,601	33,039	-	174,640
Grants	34,329	-	-	-	-	36,706	71,035	-	-	71,035
Books and Publications	7,366	1,836	20,247	2,821	5,947	3,130	41,347	11,413	5,816	58,576
Taxes/ permits/ fees	7,704	5,710	3,133	5,264	2,272	2,196	26,279	6,691	10,895	43,865
Penalties and fines	4,482	4,270	808	3,621	-	5,221	18,402	-	2,258	20,660
Shipping expenses	9,167	365	264	339	785	1,146	12,066	303	740	13,109
Interest	450	152	331	208	403	248	1,792	363	2,032	4,187
Miscellaneous	590	74	-	103	211	228	1,206	-	-	1,206
Total Expenses	\$ 7,409,592	\$ 4,862,982	\$ 3,427,330	\$ 4,748,153	\$ 3,179,607	\$ 2,636,632	\$ 26,264,296	\$ 6,108,186	\$ 3,198,618	\$ 35,571,100

See Notes.

Greenpeace, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Services						Supporting Services			
	Climate Campaign	Forests Campaign	Public			Outreach Campaign	Total Programs	Fundraising	Management and General	Total
			Information and Education	Oceans Campaign	Action Resources					
Salaries, taxes, and employee benefits	\$ 4,733,842	\$ 2,658,832	\$ 2,241,500	\$ 3,486,753	\$ 1,770,765	\$ 2,419,228	\$ 17,310,920	\$ 2,873,013	\$ 1,566,458	\$ 21,750,391
Professional fees	600,040	534,187	207,663	433,064	249,276	164,737	2,188,967	1,493,637	426,862	4,109,466
Office expenses	671,722	401,471	120,697	492,020	173,778	148,728	2,008,416	420,951	115,761	2,545,128
Occupancy	205,443	101,822	198,095	127,450	344,867	184,478	1,162,155	295,235	181,588	1,638,978
Information Technology	108,636	60,991	161,135	58,416	131,700	80,167	601,045	336,107	456,979	1,394,131
Direct Mail-Printing	384,918	240,250	45,536	344,549	-	77,477	1,092,730	190,411	-	1,283,141
Travel	354,871	159,819	46,754	159,894	215,332	83,384	1,020,054	74,690	35,168	1,129,912
Advertising and Promotion	58,627	22,389	15,339	36,405	453	5,398	138,611	564,978	387	703,976
Conferences and meetings	138,908	77,543	38,484	74,188	65,676	50,818	445,617	49,554	86,531	581,702
Depreciation and amortization	26,136	12,241	32,613	11,986	45,368	26,714	155,058	45,529	82,945	283,532
Insurance	19,278	11,094	25,833	8,516	41,951	20,380	127,052	35,449	39,442	201,943
List rental expenses	45,915	28,658	5,432	41,100	-	9,242	130,347	28,384	-	158,731
Grants	27,000	-	-	-	-	41,079	68,079	-	-	68,079
Interest	4,159	2,217	3,537	1,835	4,325	3,324	19,397	5,312	23,340	48,049
Taxes/permits/fees	11,479	6,958	2,192	9,899	1,203	2,750	34,481	6,562	3,634	44,677
Books and Publications	4,518	6,341	14,151	1,748	3,951	1,519	32,228	3,590	7,817	43,635
Miscellaneous	-	1,694	311	5,122	-	-	7,127	-	162	7,289
Penalties and fines	151	-	-	-	5,053	-	5,204	-	287	5,491
Total Expenses	\$ 7,395,643	\$ 4,326,507	\$ 3,159,272	\$ 5,292,945	\$ 3,053,698	\$ 3,319,423	\$ 26,547,488	\$ 6,423,402	\$ 3,027,361	\$ 35,998,251

See Notes.

Greenpeace, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

1. Nature of Operations

Greenpeace, Inc. (“the Organization”) was established in 1987 as a non-profit corporation to promote the protection and preservation of the environment through lobbying, education, advocacy, and peaceful direct action. Its activities are carried out through various programs and campaigns in support of this mission. The Organization’s primary sources of revenues are contributions from individuals, grants from the Greenpeace Fund, Inc. (“the Fund”), and grants from Stichting Greenpeace Council (“the Council”).

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation, and Accounting Standards Update (ASU 2016-14)

The Organization’s financial statements are prepared on the accrual basis of accounting and are in accordance with generally accepted accounting principles for not-for-profit organizations. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization’s operations.
- *Net assets with donor restrictions* represent funds that are subject to donor-imposed restrictions that are met through specific actions of the Organization or through the passage of time. Net assets with donor restrictions include funds subject to donor imposed stipulations that they be maintained in perpetuity by the Organization. The Organization did not have any net assets under donor-imposed stipulations that they be maintained in perpetuity at December 31, 2018 and 2017.

As of December 31, 2018, the Organization adopted ASU 2016-14 which improves the usefulness of the net asset classification presentation and the information presented in financial statements and notes about a nonprofit entity’s liquidity, financial performance, and cash flows. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The amendments in this update have been applied on a retrospective basis to the December 31, 2017, presentation in accordance with the requirements of the ASU 2016-14. As a result of the adoption, amounts previously reported as “unrestricted net assets” have been presented as “net assets without donor restrictions (\$3,211,757)” and “temporarily restricted net assets (\$146,935)” as “net assets with donor restrictions”.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Greenpeace, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Cash Equivalents

The Organization considers as cash equivalents demand deposits and all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase. However, cash equivalents occasionally held in the Organization's investment portfolio are included as a component of investments.

Investments

Investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. All unrealized gains and losses, realized gains and losses, and interest and dividend income, net of investment management fees are included in investment income in the accompanying statement of activities.

Property and Equipment

Property and equipment with a cost in excess of \$3,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the lease term. Software development costs are recorded at cost. Once software projects are substantially complete and ready for intended use, the cost is amortized using the straight-line method over the estimated useful life of five years.

Depreciation and amortization on all other property and equipment is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Repairs and maintenance costs are expensed as incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in revenues or expenses.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Greenpeace, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions, including unconditional promises to give, are recognized at fair value when received or pledged, whichever is earlier. All grants and contributions are considered to be available for without donor restricted use unless specifically restricted by the donor. The Organization reports grants and contributions as with donor restriction support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Other income consists of licensing, royalties, merchandise sales, and revenues from training sessions, and is recognized when earned.

Donated Services

The Organization utilizes volunteer services in several areas of operations. Volunteer services that require special skills and would otherwise need to be purchased are recorded as support and expense in the period provided. Non-professional volunteer hours are not recorded as revenue or expense in the accompanying financial statements.

Functional Allocation of Expenses

The costs of the Organization's programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Those expenses include occupancy, the Executive Director's office, human resources, and information technology. Occupancy costs are allocated based on personnel salaries, the executive director's office to the extent it constitutes direct conduct and supervision of program personnel is allocated based on estimates of time and effort, human resources to the extent it constitutes direct conduct and supervision of program personnel are allocated based on FTEs, and information technology department is allocated based on estimates of time and costs of specific technology utilized.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 20, 2019, the date the financial statements were available to be issued.

Greenpeace, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

3. Liquidity

The Organization has \$6,250,285 of financial assets available within one year of the balance sheet date consisting of cash of \$2,801,118, balances due from affiliates of \$3,443,569, and accounts receivable of \$5,598. None of the financial assets are subject to time, donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets, which consist of cash and balances due from affiliates, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$8,385,000. As more fully described in Notes 7 and 12, the Organization also has committed lines of credit totaling \$2,800,000, which it could draw upon in the event of an unanticipated liquidity need.

4. Concentrations

Revenue Risk

Approximately 19% and 20% of the Organization's support was provided by the Fund for the years ended December 31, 2018 and 2017, respectively. Any reduction in the level of support from the Fund could affect the Organization's program activities.

Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and investments. The Organization maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Depository Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any credit losses on its cash and cash equivalents and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Market Risk

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position and activities.

Greenpeace, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

5. Investments and Fair Value Measurements

A fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value is established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under generally accepted accounting principles are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2018 and 2017.

Equities: Valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year end.

The following table presents the Organization's fair value hierarchy for those investments measured on a recurring basis at December 31:

Greenpeace, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

5. Investments and Fair Value Measurements (continued)

	2018			
	Level 1	Level 2	Level 3	Total
Equities:				
Domestic	\$ 45,907	\$ -	\$ -	\$ 45,907
International	10,091	-	-	10,091
Money market funds	22,591	-	-	22,591
Total investments	\$ 78,589	\$ -	\$ -	\$ 78,589
	2017			
	Level 1	Level 2	Level 3	Total
Equities:				
Domestic	\$ 56,871	\$ -	\$ -	\$ 56,871
International	12,547	-	-	12,547
Money market funds	14,380	-	-	14,380
Total investments	\$ 83,798	\$ -	\$ -	\$ 83,798

Investment income consists of the following for the years ended December 31:

	2018	2017
Net realized and unrealized (loss) gain	\$ (7,597)	\$ 11,148
Interest and dividends, net of investment fees of \$415 and \$522	2,389	1,287
Total investment (loss) income	\$ (5,208)	\$ 12,435

Greenpeace, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

6. Property and Equipment

Property and equipment consist of the following at December 31:

	2018	2017
Leasehold improvements	\$ 1,364,489	\$ 1,350,714
Action equipment	669,761	669,761
Office equipment	463,180	447,420
Vehicles	250,486	217,154
Software	701,147	486,687
 Total property and equipment	 3,449,063	 3,171,736
Accumulated depreciation and amortization	(2,584,889)	(2,289,144)
 Property and equipment, net	 \$ 864,174	 \$ 882,592

Depreciation and amortization expense for the years ended December 31, 2018 and 2017, was \$297,495 and \$306,833, respectively. Of the depreciation and amortization expense, \$20,331 and \$23,302 was allocated to the Fund for the years ended December 31, 2018 and 2017, respectively.

7. Related Party Transactions

The Organization has entered into various agreements and transactions with the Fund; the Council; and other Greenpeace affiliates as follows:

Greenpeace Fund, Inc.

The Fund provides funding for various program activities performed by the Organization. Grants from the Fund totaled \$6,892,536 and \$7,920,000 for the years ended December 31, 2018 and 2017, respectively, and are included in the accompanying statement of activities.

In addition, the Organization has a \$2 million line of credit arrangement with the Fund to help support its operations at interest rate of 7.25%. Interest expense was \$-0- and \$26,414 for 2018 and 2017, respectively, and is included in the accompanying schedules of functional expenses. The line of credit's balance was \$-0- at December 31, 2018 and 2017, respectively, and is included in the accompanying statements of financial position.

Greenpeace, Inc.
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7. Related Party Transactions (continued)

Stichting Greenpeace Council

Greenpeace is a global environmental organization, consisting of Greenpeace International (Stichting Greenpeace Council – “the Council”) in Amsterdam, and 27 independent national and regional offices across the world covering operations in more than 55 countries. These national/regional offices are independent in carrying out global campaign strategies within the local context they operate within, and in seeking the necessary financial support from donors to fund this work. Greenpeace International's main legal entity is "Stichting Greenpeace Council" (SGC). It is a Dutch Stichting -a foundation-type non-profit entity- based in Amsterdam, the Netherlands. The Organization is a voting member of the Council. All Greenpeace entities are influenced by decisions of the Council; however, the Organization has ultimate responsibility for and control over its own activities and decisions.

During 2018 and 2017, the Organization received contributions and grants from the Council of \$1,865,287 and \$3,423,289, respectively.

In August 2015, the Organization entered into a loan agreement with the Council in which the Council provided \$400,000 to support fundraising initiatives. The loan has a fixed interest rate of 0.30% per year, calculated monthly. The loan was originally negotiated to be due in four equal installments with final payment including all accrued outstanding interest, set on December 31, 2016. During 2016, the Organization renegotiated the loan extending its maturity term through December 31, 2017, and all outstanding balances were repaid in November, 2017. Interest expense in 2017 was \$654. At December 31, 2017, the loan's outstanding balance was \$-0-.

In July 2017, the Organization entered into two new loan agreements with the Council, totaling \$960,000, to support fundraising operations. The new loans carry a fixed interest rate of 0.25% per year, calculated monthly. Maturities for both loans were set at August 1, 2019, by which time all outstanding balances and accrued interest become due. At December 31, 2018 and 2017, the loans' outstanding balance was \$563,239. In April 2018, the Organization entered into one new loan agreement with the Council, whereby the Council provided \$368,852 to support fundraising initiatives. The new loan carries a fixed interest rate of 0.25% per year, calculated monthly. Maturity for the 2018 loan was set for March 2020, by which time all outstanding balances and accrued interest become due. At December 31, 2018, the loan's outstanding balance was \$369,544.

Greenpeace Fund, Inc.

The Fund is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is exempt from income taxes except for taxes on unrelated business activities and receives management services from the Organization.

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7. Related Party Transactions (continued)

Expenses Shared with Greenpeace Fund, Inc. and Stichting Greenpeace Council; Support from Other Greenpeace Affiliates

The Organization shares certain management and general costs with the Fund and the Council. All shared costs are charged to the appropriate entity based upon specific identification or are allocated based on time incurred. The Organization's share of such costs is then allocated to the various programs and supporting services included in the accompanying statement of activities. Total costs allocated to Fund were \$238,947 and \$270,863 for 2018 and 2017, respectively. Total costs allocated to the Council were \$602,623 and \$569,696 for 2018 and 2017, respectively. During 2017, the Organization received \$128,961 from Greenpeace East Asia, and \$20,000 from Greenpeace UK, in support of a common Oceans project.

The Organization pays certain expenses on behalf of the Fund, the Council, and other Greenpeace affiliates. The Organization also has certain expenses paid on its behalf by the Fund, the Council, and other Greenpeace affiliates. A summary of the net result of these transactions as well as contribution balances due from or to the Fund, the Council, and other Greenpeace affiliates, are as follows at December 31:

	2018	2017
Due from Greenpeace Fund, Inc.:		
Expense sharing	\$ 463,996	\$ 529,104
Grants Receivable	2,407,535	-
Due from Greenpeace Fund, Inc.	\$ 2,871,531	\$ 529,104
Due from Stichting Greenpeace Council:		
Expense sharing - billed	\$ 551,130	\$ 1,250,112
Expense sharing - unbilled	19,552	62,386
Due from Stichting Greenpeace Council	\$ 570,682	\$ 1,312,498
Due from other Greenpeace affiliates	\$ 1,356	\$ 26,067

8. Net Assets with Donor Restrictions

At December 31, 2018, net assets with donor restrictions consisted of \$146,935 restricted to supporting a Climate & Energy project. At December 31, 2017, the Organization carried \$129,203 in net assets with donor restrictions in support of two Oceans projects. Releases of net assets with donor restrictions represent satisfaction of purpose restrictions and totaled \$8,198,516 and \$9,902,932 for the years ended December 31, 2018 and 2017, respectively.

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9. Allocation of Joint Costs

The Organization achieves some of its programmatic goals by direct mail, telemarketing, canvassing, and similar campaigns that include requests for donations. The cost of conducting those campaigns was allocated as follows for the years ended December 31:

	2018	2017
Program expenses	\$ 11,936,918	\$ 12,660,592
Fundraising	5,254,882	5,388,430
Total joint costs	\$ 17,191,800	\$ 18,049,022

10. Commitments and Contingencies

Operating Leases

The Organization leases office facilities, warehouse space, and equipment under various operating leases with restrictive cancellation clauses. Certain leases require the Organization to pay its proportionate share of real estate taxes and other operating expenses.

On June 30, 2009, the Organization renegotiated the terms of the existing office lease in Washington, DC and entered into two new lease agreements for existing and additional office space for 11 years, commencing July 1, 2009. The leases call for certain rent abatements and a fixed base rent with annual rental increases of 2.5% of the base rent. During 2017, the Organization renegotiated the two leases and entered into a new agreement, whereby the additional office space was abandoned while the term of the existing lease agreement was extended by 2.5 years to December 31, 2022.

During 2012, the Organization entered into an agreement to lease office space in San Francisco, California, which commenced on October 1, 2012, and expiration date, September 30, 2019. The lease called for certain rent abatements and a fixed base rent with annual rental increases of approximately 3% of the base rent. During 2017, the Organization entered into a surrender agreement, whereby the landlord agreed to the early termination of the lease. The office space was vacated in August 2017. The Organization entered into a new agreement to lease office space in San Francisco, California commencing on September 1, 2017. This lease expires August 31, 2019.

During 2013, the Organization entered into an extension to continue to lease warehouse space in Landover, Maryland. The original lease began in February 2000. This addendum commenced on September 1, 2013, and expires on May 31, 2020. The extension calls for certain rent abatements and a fixed base rent with annual rental increases defined in the agreement. In addition, the lease provided for allowances of improvements in the years 2014 and 2015.

Greenpeace, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

10. Commitments and Contingencies (continued)

During 2013, the Organization entered into an agreement to lease warehouse space in Oakland, California, which commenced on November 1, 2013, and expires on September 30, 2019. The lease calls for certain rent abatements and a fixed base rent with annual rental increases of approximately 3% of the base rent.

During 2014, the Organization entered into a two-year agreement to lease office space in Oakland, California, which commenced on July 1, 2014. The lease calls for an annual rental increases of approximately 3% of the base rent. The lease was extended until December 31, 2017. During 2017, the Organization entered into a new one-year agreement to sublease additional office space in Oakland, California commencing August 28, 2017, and extended until August 2019.

During 2015, the Organization entered into a two-year agreement to lease office space in San Diego, California, which commenced on April 1, 2015. The lease calls for an annual rental increases of approximately 3% of the base rent. During 2018, the Organization signed an extension through September 1, 2019.

During 2016, the Organization entered into a one-year agreement to sublease office space in Portland, Oregon, which commenced on July 5, 2016, and ended in May 2017.

During 2018, the Organization entered into a two-year agreement to lease office space in Portland, Oregon, which commenced in January 2018. The lease calls for an annual 3% of the base rent. In addition, during 2018, the Organization entered into a two-year agreement to lease office space in San Jose, California, which commenced in April 2018 and provides for a fixed base rent.

The effects of the scheduled rent increases and rent abatements are being recognized by the Organization on a straight-line basis over the lease terms, in accordance with U.S. GAAP. The difference between rent paid and straight-line rent expense is reflected as deferred rent in the accompanying statement of financial position. Rent expense and other occupancy costs totaled \$1,280,562 and \$1,638,978 for the years ended December 31, 2018 and 2017, respectively. Losses from early terminations of the Washington DC and San Francisco office lease agreements during 2017 totaled \$129,115. These losses are reported in the accompanying 2017 statement of functional expenses as a component of occupancy expenses.

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10. Commitments and Contingencies (continued)

As of December 31, 2018 future minimum lease payments on all operating leases are as follows for the years ending December 31:

2019	\$ 1,328,969
2020	1,001,126
2021	949,853
2022	<u>949,274</u>
Future minimum lease payments	<u>\$ 4,229,222</u>

General Contingencies

From time to time, the Organization may be a party to lawsuits or have claims pending against it. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims will not materially affect the financial position of the Organization.

11. Retirement Plan

The Organization maintains a 401(k) plan open to all employees after three months of full-time employment. Employees contribute by payroll deductions on a pre-tax basis up to the amount allowable by Federal law. Employee deferrals are immediately 100% vested. The Organization contributes to the 401(k) plan under a Safe Harbor matching provision, which requires the Organization to match 100% of employee contributions up to the first 6% of the eligible employee's salary. Employer contributions totaled \$880,178 and \$867,243 for the years ended December 31, 2018 and 2017, respectively.

12. Line of Credit

During 2014, the Organization entered into an \$800,000 revolving line-of-credit in the event there is a need to manage temporary shortfalls in working capital. The line is unsecured and the terms include an interest rate of LIBOR plus 1.67% for all outstanding balances. Accrued interest is payable on the 1st day of each month beginning on December 1, 2014, with all unpaid accrued interest and principal due on September 30, 2015. This line-of-credit is indefinite, on-demand, auto-renewable credit facility. At December 31, 2018 and 2017, the amount due on the line-of-credit totaled \$-0- and \$401,044, respectively.

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13. Income Taxes

The Organization is recognized as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code, and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is reflected in the accompanying financial statements for the years ended December 31, 2018 and 2017, as there were no significant unrelated business activities. Management evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements.