

**Greenpeace, Inc.**

Financial Statements  
and Independent Auditors' Report

December 31, 2007 and 2006

**Greenpeace, Inc.**

Financial Statements  
December 31, 2007 and 2006

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Greenpeace, Inc.

We have audited the accompanying statements of financial position of Greenpeace, Inc. as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Greenpeace, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greenpeace, Inc. at December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information included at page 12 is presented for purposes of additional analysis of the financial statements and is not required as part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Vienna, Virginia  
April 29, 2008

## Greenpeace, Inc.

### Statements of Financial Position December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 253,340	\$ 395,398
Contributions and other receivables	342,049	390,375
Grants receivable from Greenpeace Fund, Inc.	319,373	113,223
Investments	236,996	55,603
Prepaid expenses and other assets	307,265	415,339
Due from other Greenpeace affiliates	72,177	42,510
Due from Stichting Greenpeace Council	43,089	1,340,340
Property and equipment, net	<u>843,272</u>	<u>1,033,949</u>
 Total assets	 <u><u>\$ 2,417,561</u></u>	 <u><u>\$ 3,786,737</u></u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,143,269	\$ 1,034,723
Deferred rent	304,038	385,613
Interest payable to Stichting Greenpeace Council	-	16,405
Note payable to Greenpeace Fund, Inc.	-	519,939
Note payable to Stichting Greenpeace Council	<u>-</u>	<u>497,310</u>
 Total liabilities	 <u>1,447,307</u>	 <u>2,453,990</u>
 <b>Net Assets</b>		
Unrestricted	970,254	482,747
Temporarily restricted	<u>-</u>	<u>850,000</u>
 Total net assets	 <u>970,254</u>	 <u>1,332,747</u>
 Total liabilities and net assets	 <u><u>\$ 2,417,561</u></u>	 <u><u>\$ 3,786,737</u></u>

See accompanying notes

## Greenpeace, Inc.

### Statements of Activities For the Years Ended December 31, 2007 and 2006

	2007	2006
<b>Unrestricted Revenue and Support</b>		
Contributions	\$ 15,190,358	\$ 10,779,707
Grants from Greenpeace Fund, Inc.	3,401,800	3,494,065
Grants from Stichting Greenpeace Council	800,000	600,000
Licensing, royalties and merchandise sales	39,913	99,747
Investment and other income	33,489	11,438
Net assets released from restrictions	850,000	-
	<u>20,315,560</u>	<u>14,984,957</u>
<b>Expenses</b>		
Program services:		
Oceans campaign	3,659,431	2,494,628
Climate campaign	3,544,753	2,589,096
Public information and education	2,803,586	2,098,470
Forests campaign	2,507,719	1,771,443
Action resources	1,597,603	1,725,620
Toxics campaign	1,442,231	621,273
Outreach campaign	743,310	833,384
Other campaigns	10,724	-
	<u>16,309,357</u>	<u>12,133,914</u>
Total program services		
Supporting services:		
Fund-raising	3,161,940	2,965,650
Management and general	356,756	456,876
	<u>3,518,696</u>	<u>3,422,526</u>
Total supporting services		
	<u>19,828,053</u>	<u>15,556,440</u>
Total expenses		
	<u>19,828,053</u>	<u>15,556,440</u>
Change in unrestricted net assets	487,507	(571,483)
	<u>487,507</u>	<u>(571,483)</u>
<b>Temporarily Restricted Net Assets</b>		
Contributions	-	850,000
Net assets released from restrictions	(850,000)	-
	<u>(850,000)</u>	<u>850,000</u>
Change in temporarily restricted net assets		
	<u>(850,000)</u>	<u>850,000</u>
<b>Change in Net Assets</b>	(362,493)	278,517
<b>Net Assets, beginning of year</b>	1,332,747	1,054,230
	<u>1,332,747</u>	<u>1,054,230</u>
<b>Net Assets, end of year</b>	<u>\$ 970,254</u>	<u>\$ 1,332,747</u>

See accompanying notes

## Greenpeace, Inc.

### Statements of Cash Flows For the Years Ended December 31, 2007 and 2006

	2007	2006
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (362,493)	\$ 278,517
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gain on investments	(10,831)	(5,789)
Depreciation	261,394	325,730
Donated property and equipment	-	(250,000)
Loss on disposal of property and equipment	-	18,465
Change in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions and other receivables	48,326	73,277
Grants receivable from Greenpeace Fund, Inc.	(206,150)	1,065,579
Prepaid expenses and other assets	108,074	(29,720)
Due from other Greenpeace affiliates	(29,667)	3,438
Due from Stichting Greenpeace Council	1,297,251	(1,340,340)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	108,546	371,378
Deferred rent	(81,575)	(36,873)
Interest payable to Stichting Greenpeace Council	(16,405)	(15,916)
Net cash provided by operating activities	1,116,470	457,746
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(70,717)	(100,251)
Net purchase of investments	(170,562)	(1,518)
Net cash used in investing activities	(241,279)	(101,769)
<b>Cash Flows from Financing Activities</b>		
Principal payments on notes payable	(1,017,249)	(494,162)
Net cash used in financing activities	(1,017,249)	(494,162)
<b>Net Decrease in Cash and Cash Equivalents</b>	(142,058)	(138,185)
<b>Cash and Cash Equivalents, beginning of year</b>	395,398	533,583
<b>Cash and Cash Equivalents, end of year</b>	\$ 253,340	\$ 395,398

See accompanying notes

# Greenpeace, Inc.

Notes to Financial Statements  
December 31, 2007 and 2006

## 1. Nature of Operations

Greenpeace, Inc. (the "Organization"), was organized 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 and grants from Greenpeace Fund, Inc.

## 2. Summary of Significant Accounting Policies

### Classification of Net Assets

*Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's operations.

*Temporarily restricted net assets* represent funds that are subject to donor-imposed restrictions that are met through specific actions of the Organization or through the passage of time. There were no temporary restricted net assets at December 31, 2007. Temporarily restricted assets of \$850,000 at December 31, 2006 were all time-restricted for use in 2007.

### Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments with original maturities of 90 days or less that are easily convertible to known amounts of cash. Excluded from this definition are funds designated by the Board for investment reserves.

### Investments

Investments consist of money market funds, stocks and certificates of deposit and are carried at fair value as determined by quoted market prices. Unrealized gains and losses are reported within investment and other income in the accompanying statements 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. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets or lease terms, if shorter. The useful lives range from three to ten years. Repairs and maintenance costs are expensed as incurred.

# Greenpeace, Inc.

Notes to Financial Statements  
December 31, 2007 and 2006

## 2. Summary of Significant Accounting Policies (continued)

### Deferred Rent

The Organization has several office leases that contain rent abatements and provisions for scheduled fixed-rent increases. Accordingly, the Organization recognizes rent expense under these operating lease agreements on the straight-line basis over the lease terms. The difference between these expenses and the actual rent paid is reflected as deferred rent in the accompanying statements of financial position.

### Revenue Recognition

All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports grants and contributions as temporarily restricted 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. However, restrictions met in the same accounting period in which the related contribution was received are treated as unrestricted. Contributions receivable at December 31, 2007 and 2006 are comprised mainly of pledges received through telemarketing programs and are recorded net of an allowance. Revenue from all other sources is recognized when earned.

### Donated Services

A number of volunteers have donated significant time to develop and assist with the Organization's programs and activities. However, these donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under Statement of Financial Accounting Standard No. 116, "*Accounting for Contributions Received and Contributions Made.*"

### Functional Allocation of Expenses

The costs of the Organization's programs and administration have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs or functions benefited.

### Use of Estimates

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

## Greenpeace, Inc.

Notes to Financial Statements  
December 31, 2007 and 2006

### 3. Related-Party Transactions

The Organization has entered into various agreements and transactions with Stichting Greenpeace Council, Greenpeace Fund, Inc., and other Greenpeace affiliates as follows:

#### Stichting Greenpeace Council

Stichting Greenpeace Council, comprised of 16 voting members, develops general policies regarding environmental programs known as campaigns. The Organization is a voting member of Stichting Greenpeace Council. All Greenpeace entities are influenced by decisions of Stichting Greenpeace Council; however, the Organization has ultimate responsibility for and control over its own activities and decisions. Stichting Greenpeace Council made grants to the Organization totaling \$800,000 and \$600,000 for the years ended December 31, 2007 and 2006, respectively.

In May 2006, the Organization entered into a note agreement with Stichting Greenpeace Council in the amount of \$497,310. The note carried interest at 3.25% compounded quarterly. Principal payments were due in annual installments equaling 10% of certain Organization net assets, unless modified by mutual consent. All outstanding principal and interest was originally due on December 31, 2009. However, during the year ended December 31, 2007, all outstanding principal and interest on the note were paid in full.

#### Grants from Greenpeace Fund, Inc.

Greenpeace Fund, Inc. provided funding for various program activities performed by the Organization. Total grants awarded were \$3,401,800 and \$3,494,065 for the years ended December 31, 2007 and 2006, respectively. The Organization also held a note payable due to Greenpeace Fund, Inc., which was paid in full during the year ended December 31, 2007. The following summarizes the note activity for the years ended December 31:

	<u>2007</u>	<u>2006</u>
Note payable to Greenpeace Fund, Inc. - beginning	\$ 519,939	\$ 1,014,101
Less: principal payments	<u>(519,939)</u>	<u>(494,162)</u>
Note payable to Greenpeace Fund, Inc. - ending	<u>\$ -</u>	<u>\$ 519,939</u>

Total interest expense under the note was \$38,132 and \$73,522 for the years ended December 31, 2007 and 2006, respectively.

## Greenpeace, Inc.

Notes to Financial Statements  
December 31, 2007 and 2006

### 3. Related-Party Transactions (continued)

#### Expenses Shared with Greenpeace Fund, Inc. and Stichting Greenpeace Council

The Organization shares certain management and general costs with Greenpeace Fund, Inc. and Stichting Greenpeace 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 statements of activities.

The Organization pays certain expenses on behalf of Greenpeace Fund, Inc. and Stichting Greenpeace Council, and has certain expenses paid on its behalf by other Greenpeace affiliates. The net result of these transactions was as follows at December 31:

	<u>2007</u>	<u>2006</u>
Receivable from Greenpeace affiliates	\$ 72,177	\$ 42,510
Receivable from Stichting Greenpeace Council	<u>43,089</u>	<u>1,340,340</u>
Net receivable from related parties	<u>\$ 115,266</u>	<u>\$ 1,382,850</u>

### 4. Contributions and Other Receivables

Accounts and pledges receivable, which are expected to be collected within one year and are recorded at net realizable value, consist of the following at December 31:

	<u>2007</u>	<u>2006</u>
Contributions in transit	\$ 201,959	\$ 312,530
Contributions from telemarketing, net	41,321	73,000
Web income	89,479	-
Other receivables	<u>24,189</u>	<u>4,845</u>
Total contributions and other receivables	<u>\$ 342,049</u>	<u>\$ 390,375</u>

It is the Organization's policy to reduce the amount of contributions expected to be received from telemarketing efforts by 40% before recording the receivable. Contributions from telemarketing are recorded net of an allowance of \$27,547 and \$48,667 at December 31, 2007 and 2006, respectively.

## Greenpeace, Inc.

Notes to Financial Statements  
December 31, 2007 and 2006

### 5. Concentration of Credit Risk

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

Approximately 17% and 22% of the Organization's support was provided by Greenpeace Fund, Inc. for the years ended December 31, 2007 and 2006, respectively. Any reduction in the level of support from Greenpeace Fund, Inc. could affect the Organization's program activities.

### 6. Investments

Investments and related investment income consists of the following as of and for the years ended December 31:

	<u>2007</u>	<u>2006</u>
<u>Investments</u>		
Certificates of deposit	\$ 189,993	\$ -
Stocks	46,788	32,854
Money market funds	<u>215</u>	<u>22,749</u>
Total investments	<u>\$ 236,996</u>	<u>\$ 55,603</u>
<u>Investment Income</u>		
Net realized and unrealized gains	\$ 10,831	\$ 5,789
Interest and dividends	<u>22,658</u>	<u>1,190</u>
Total investment income	<u>\$ 33,489</u>	<u>\$ 6,979</u>

Total investment income is included as a component within investment and other income in the accompanying statements of activities.

## Greenpeace, Inc.

Notes to Financial Statements  
December 31, 2007 and 2006

### 7. Property and Equipment

The Organization held the following property and equipment at December 31:

	<u>2007</u>	<u>2006</u>
Leasehold improvements	\$ 1,422,590	\$ 1,378,352
Office equipment	920,176	896,766
Action equipment	505,587	505,587
Vehicles	<u>138,377</u>	<u>135,308</u>
Total property and equipment	2,986,730	2,916,013
Less: accumulated depreciation	<u>(2,143,458)</u>	<u>(1,882,064)</u>
Property and equipment, net	<u>\$ 843,272</u>	<u>\$ 1,033,949</u>

### 8. Allocation of Joint Costs

The Organization achieves some of its programmatic, management and general goals by direct mail, telemarketing, and similar campaigns that include requests for contributions. In 2007 and 2006, the cost of conducting those campaigns was \$5,207,045 and \$4,001,378, respectively. Those joint costs were allocated as follows for the years ended December 31:

	<u>2007</u>	<u>2006</u>
Program expenses	\$ 4,636,122	\$ 2,803,671
Fund-raising	<u>570,923</u>	<u>1,197,707</u>
Total joint costs	<u>\$ 5,207,045</u>	<u>\$ 4,001,378</u>

### 9. Commitments and Contingencies

#### Operating Leases

The Organization leases office facilities, warehouse space, and equipment under various operating leases with restrictive cancellation clauses, which continue through 2010. During 2006, the Organization restructured the operating lease for its headquarters in Washington, DC. As a result, certain leasehold improvements with a net book value of \$18,465 were written off, and the deferred rent balance was adjusted to reflect the revised lease terms. Certain leases require the Organization to pay its proportionate share of real estate taxes and other operating expenses. Rent expense was \$1,158,226 and \$1,122,657 for the years ended December 31, 2007 and 2006, respectively.

## Greenpeace, Inc.

Notes to Financial Statements  
December 31, 2007 and 2006

### 9. Commitments and Contingencies (continued)

#### Operating Leases (continued)

Future minimum lease payments on all operating leases are as follows for the years ending December 31:

2008	\$ 993,176
2009	891,186
2010	<u>358,277</u>
Total future minimum payments	<u>\$ 2,242,639</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.

### 10. 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, 2007 and 2006 as there were no unrelated business activities.

### 11. Pension Plan

The Organization established a qualified section 401(k) plan effective January 1, 1997. All employees with three months of regular full-time service, as defined in the plan, are eligible to participate. Employees may contribute up to 15% of their salaries, and employee deferrals are immediately 100% vested. Organization contributions are discretionary and vest over three years. Pension expense was \$197,293 and \$174,746 for the years ended December 31, 2007 and 2006, respectively.

### 12. Supplemental Disclosure of Cash Flow Information

The Organization paid cash for interest totaling \$60,616 and \$105,843 for the years ended December 31, 2007 and 2006, respectively.

**SUPPLEMENTAL INFORMATION**

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**Greenpeace, Inc.**

Schedule of Functional Expenses  
Year ended December 31, 2007

	Program Services								Total program services	Fund- raising	Management & general	Total
	Oceans	Climate	Public information & education	Forests	Action resources	Toxics	Outreach	Other				
Salaries and taxes	\$1,740,857	\$2,022,461	\$1,423,432	\$1,408,375	\$862,024	\$770,536	\$424,868	\$5,740	\$8,658,293	\$1,692,389	\$204,708	\$10,555,390
Employee benefits	27,462	22,659	29,375	27,754	1,103	20,006	6,767	149	135,275	43,987	1,959	181,221
External fundraising	72,447	47,834	39,983	76,522	-	57,739	-	431	294,956	126,981	-	421,937
Consultants	240,958	439,505	311,615	209,776	45,028	114,800	26,797	856	1,389,335	252,245	51,505	1,693,085
Travel and meetings	205,072	258,271	78,742	103,472	62,123	32,488	74,484	225	814,877	66,193	13,648	894,718
Telecommunications	43,458	53,846	29,299	27,943	32,871	12,681	16,814	94	217,006	27,770	15,383	260,159
Information	7,075	7,742	130,208	2,920	2,110	853	1,916	6	152,830	1,851	1,661	156,342
Equipment expense	18,355	31,236	24,263	5,170	54,883	258	5,700	-	139,865	263	251	140,379
Equipment rent	372,867	6,355	4,073	403	32,502	128	429	1	416,758	280	79	417,117
Photo and video	80,089	2,256	18,587	1,858	75	69	1,925	-	104,859	148	141	105,148
Postage and courier	184,134	121,866	100,173	177,681	3,701	131,159	3,756	977	723,447	288,006	(232)	1,011,221
Printing	232,397	184,226	193,975	232,157	762	169,039	2,803	1261	1,016,620	371,741	265	1,388,626
Miscellaneous	-	-	18,665	-	-	28	-	-	18,693	63	-	18,756
Other grants	3,255	3,153	2,493	2,230	1,421	1,283	661	9	14,505	2,812	2,683	20,000
Merchandising	322	312	247	221	141	127	4,979	1	6,350	279	266	6,895
Data management	22,272	15,119	12,292	23,525	-	17,750	3,000	132	94,090	39,037	-	133,127
Communications	29,420	34,516	18,826	15,296	43	11,459	653	85	110,298	25,201	34	135,533
Penalties and fines	1,232	3,388	944	701	577	485	250	4	7,581	1,064	1,015	9,660
Taxes, permits, fees	5,345	7,538	3,632	3,386	5,521	1,916	1,057	15	28,410	4,200	3,820	36,430
Bank fees	55,574	40,963	33,654	53,510	6,225	38,628	2,835	288	231,677	84,913	11,501	328,091
Office supplies	56,178	56,676	45,630	21,174	18,134	17,873	36,815	130	252,610	38,476	17,118	308,204
Property costs	179,888	176,804	170,737	127,069	337,351	75,053	40,832	559	1,108,293	164,602	129,379	1,402,274
Depreciation	30,011	29,071	22,993	20,567	90,070	11,828	6,096	88	210,724	25,932	24,738	261,394
Allocated overhead	(36,756)	(21,217)	89,611	(34,114)	24,091	(44,026)	79,837	(327)	57,099	(96,648)	(123,314)	(162,863)
Grants to NROs	179	173	137	123	78	71	36	-	797	155	148	1,100
Ship costs	87,340	-	-	-	16,769	-	-	-	104,109	-	-	104,109
<b>Total</b>	<b>\$3,659,431</b>	<b>\$3,544,753</b>	<b>\$2,803,586</b>	<b>\$2,507,719</b>	<b>\$1,597,603</b>	<b>\$1,442,231</b>	<b>\$743,310</b>	<b>\$10,724</b>	<b>\$16,309,357</b>	<b>\$3,161,940</b>	<b>\$356,756</b>	<b>\$19,828,053</b>