

Financial Statements and Independent Auditors' Report



Prepared for

Greenpeace Fund, Inc.

Years Ended December 31, 2004 and 2003

Greenpeace Fund, Inc

Financial Statements
and Independent Auditors' Report

December 31, 2004 and 2003

Greenpeace Fund, Inc.

Financial Statements
December 31, 2004 and 2003

Contents

Report of Independent Auditors.....	1
<i>Audited Financial Statements</i>	
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Cash Flows.....	4
Notes to Financial Statements.....	5-10
<i>Supplemental Information</i>	
Schedule of Program Services.....	11

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Greenpeace Fund, Inc.

We have audited the accompanying statement of financial position of Greenpeace Fund, Inc. as of December 31, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Greenpeace Fund, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Greenpeace Fund, Inc. as of December 31, 2003, were audited by other auditors whose report dated March 19, 2004 expressed an unqualified opinion of those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2004 financial statements referred to above present fairly, in all material respects, the financial position of Greenpeace Fund, Inc. at December 31, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information included at page 11 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 audit 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.



McLean, Virginia
March 17, 2005

Greenpeace Fund, Inc.

Statements of Financial Position December 31, 2004 and 2003

	2004	2003
Assets		
Cash and cash equivalents	\$ 1,493,342	\$ 3,175,773
Contributions and grants receivable, net	2,653,688	3,332,411
Investments	3,538,266	3,019,781
Prepaid expenses and deferred charges	20,472	16,800
Due from Greenpeace International	99,543	-
Note receivable – Greenpeace, Inc.	1,456,672	2,041,255
	<hr/>	<hr/>
Total assets	\$ 9,261,983	\$ 11,586,020
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 272,366	\$ 40,922
Gift annuities payable	638,000	529,921
Due to Greenpeace International	-	1,801,589
Due to Greenpeace, Inc.	178,467	865,816
Grants payable to Greenpeace, Inc.	472,132	167,500
Grants payable to Greenpeace International	-	67,000
Grants payable to other Greenpeace affiliates	169,000	50,000
	<hr/>	<hr/>
Total liabilities	1,729,965	3,522,748
	<hr/>	<hr/>
Net Assets		
Unrestricted	7,322,518	7,580,772
Temporarily restricted	209,500	482,500
	<hr/>	<hr/>
Total net assets	7,532,018	8,063,272
	<hr/>	<hr/>
Total liabilities and net assets	\$ 9,261,983	\$ 11,856,020
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Greenpeace Fund, Inc.

Statements of Activities For the Years Ended December 31, 2004 and 2003

	2004	2003
Unrestricted Revenue and Support		
Contributions	\$ 6,375,845	\$ 7,764,422
Grants	296,689	457,667
Investment income	191,443	163,827
Net assets released from restrictions	467,000	-
	<hr/>	<hr/>
Total revenue and support	7,330,977	8,385,916
	<hr/>	<hr/>
Expenses		
Program services:		
Grants to Greenpeace International	3,165,755	3,160,551
Grants to Greenpeace affiliates	219,000	128,750
Grants to Greenpeace, Inc.	2,596,300	3,597,500
	<hr/>	<hr/>
Total program services	5,981,055	6,886,801
	<hr/>	<hr/>
Fund-raising	1,244,974	1,005,871
Management and general	363,202	413,028
	<hr/>	<hr/>
Total expenses	7,589,231	8,305,700
	<hr/>	<hr/>
Change in unrestricted net assets	(258,254)	80,216
	<hr/>	<hr/>
Temporarily Restricted Net Assets		
Grants	194,000	482,500
Release from restrictions	(467,000)	-
	<hr/>	<hr/>
Change in temporarily restricted net assets	(273,000)	482,500
	<hr/>	<hr/>
Change in Net Assets	(531,254)	562,716
	<hr/>	<hr/>
Net Assets, beginning of year	8,063,272	7,500,556
	<hr/>	<hr/>
Net Assets, end of year	\$ 7,532,018	\$ 8,063,272
	<hr/> <hr/>	<hr/> <hr/>

Greenpeace Fund, Inc.

Statements of Cash Flows
For the Years Ended December 31, 2004 and 2003

	2004	2003
Cash Flows from Operating Activities		
Change in net assets	\$ (531,254)	\$ 562,716
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized (gain) loss on investments	(49,410)	4,241
Change in operating assets and liabilities:		
(Increase) decrease in assets		
Contributions and grants receivable	678,723	(697,855)
Note receivable from Greenpeace, Inc.	584,583	668,069
Due from Greenpeace International	(99,543)	-
Interest receivable – Greenpeace, Inc.	-	440,750
Prepaid expenses and deferred charges	(3,672)	7,282
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	339,523	208,765
Due to Greenpeace International	(1,801,589)	1,577,028
Due to Greenpeace, Inc.	(687,349)	716,939
Grants payable to Greenpeace, Inc.	304,632	(594,880)
Grants payable to Greenpeace International	(67,000)	-
Grants payable to other Greenpeace affiliates	119,000	20,000
	(1,213,356)	2,913,055
Cash Flows from Investing Activities		
Purchase of investments	(2,244,837)	(2,172,549)
Sale of investments	1,775,762	1,474,973
	(469,075)	(697,576)
Net (Decrease) Increase in Cash and Cash Equivalents	(1,682,431)	2,215,479
Cash and Cash Equivalents, beginning of year	3,175,773	960,294
Cash and Cash Equivalents, end of year	\$ 1,493,342	\$ 3,175,773

Greenpeace Fund, Inc.

Notes to Financial Statements
December 31, 2004 and 2003

1. Nature of Operations

Greenpeace Fund, Inc. (the "Organization"), is a non-profit corporation whose activities are directed primarily at protecting and preserving the environment. Activities are executed mainly through the consideration and funding of grants to other organizations. The Organization's primary sources of revenues are contributions from individuals and grants from organizational donors.

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.

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.

Investments

Investments consist of debt and equity securities, which are recorded at fair value as determined by quoted market prices. Donated investments are recorded at their fair value on the date of receipt. Unrealized gains and losses are reported as a component of investment income in the accompanying statements of activities

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 statement 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.

Greenpeace Fund, Inc.

Notes to Financial Statements
December 31, 2004 and 2003

2. Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Contributions pledged through wills and estates are recorded as contributions at the time of notification from the estate at the anticipated amount to be received. Such amounts are generally collected within one year.

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 Standards 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 and 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.

Reclassifications

Certain amounts in the 2003 financial statements have been reclassified to conform to the 2004 presentation.

3. Related-Party Transactions

Greenpeace International

The Stichting Greenpeace Council (Greenpeace International), comprised of 12 voting members, develops general policies regarding environmental programs known as campaigns. Although the Organization is not a voting member of Greenpeace International, all Greenpeace entities are influenced by decisions of Greenpeace International. However, the Organization has ultimate responsibility for and control over its own activities and decisions.

Greenpeace Fund, Inc.

Notes to Financial Statements
December 31, 2004 and 2003

3. Related-Party Transactions (continued)

Grants to Greenpeace Organizations

The Organization made grants to Greenpeace International for use in its worldwide activities. During 2004 and 2003, total grants to Greenpeace International and other Greenpeace affiliates (except Greenpeace, Inc.) were \$3,384,755 and \$3,289,301, respectively. As of December 31, 2004 and 2003, grants payable to Greenpeace International and other Greenpeace affiliates were \$169,000 and \$117,000, respectively.

The Organization also provided grants to Greenpeace, Inc., to fund research and educational activities. Grants awarded to Greenpeace, Inc. totaled \$2,596,300 and \$3,597,500 in 2004 and 2003, respectively. As of December 31, 2004 and 2003, grants payable to Greenpeace, Inc. were \$472,132 and \$167,500, respectively.

Note Receivable – Greenpeace, Inc.

The Organization has loaned funds to Greenpeace, Inc. to support its operations. The note had the following activity for the years ended December 31:

	<u>2004</u>	<u>2003</u>
Note receivable from Greenpeace, Inc – beginning	\$ 2,041,255	\$ 2,709,324
Less: principal payments	<u>(584,583)</u>	<u>(668,069)</u>
Note receivable from Greenpeace, Inc. – ending	<u>\$ 1,456,672</u>	<u>\$ 2,041,255</u>

During 2003, Greenpeace, Inc. made payments totaling \$1,150,000, which paid previously accrued interest and reduced the principal by \$668,069. Interest is currently being accrued and paid at the applicable Federal rates.

Expenses Shared with Greenpeace, Inc. and Greenpeace International

The Organization shares certain management and general costs with Greenpeace, Inc. 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 support services included in the accompanying statements of activities. The Organization pays certain expenses on behalf of Greenpeace International, and has certain expenses paid on its behalf by Greenpeace International.

Greenpeace Fund, Inc.

Notes to Financial Statements
December 31, 2004 and 2003

3. Related-Party Transactions (continued)

Expenses Shared with Greenpeace, Inc. and Greenpeace International (continued)

The result of these transactions is an amount receivable from and payable to, respectively, Greenpeace International of \$99,543 and \$1,801,589 at December 31, 2004 and 2003, respectively. The amount due to Greenpeace, Inc. was \$178,467 and \$865,816 at December 31, 2004 and 2003, respectively.

4. Investments

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

	<u>2004</u>	<u>2003</u>
<u>Investments</u>		
Money market funds	\$ 1,432,152	\$ 748,304
Stocks and equity funds	925,983	1,009,774
Government obligations	897,593	1,261,703
Certificates of deposit	267,328	-
Corporate bonds	15,210	-
Total investments	<u>\$ 3,538,266</u>	<u>\$ 3,019,781</u>
<u>Investment Income</u>		
Interest and dividends	\$ 101,616	\$ 126,886
Net realized and unrealized gains (losses)	49,410	(4,241)
Interest on note receivable	40,417	41,182
Total investment income	<u>\$ 191,443</u>	<u>\$ 163,827</u>

5. Contributions and Grants Receivable

Contributions and grants receivable consist of the following at December 31:

	<u>2004</u>	<u>2003</u>
Estates and wills, net	\$ 2,151,905	\$ 2,881,054
Grants	110,000	50,000
Other receivables	391,783	401,357
Contributions, net	<u>\$ 2,653,688</u>	<u>\$ 3,332,411</u>

Greenpeace Fund, Inc.

Notes to Financial Statements
December 31, 2004 and 2003

5. Contributions and Grants Receivable (continued)

All contributions and grants receivable are expected to be collected within one year and are recorded at net realizable value. It is the Organization's policy to reduce the amount of contributions pledged from estates and wills by approximately 10% before recording the receivable. Estates and wills are recorded net of an allowance of \$239,101 and \$299,000 at December 31, 2004 and 2003, respectively.

6. Split-Interest Agreements

The Organization has entered into irrevocable agreements with donors whereby in exchange for the gift from the donor, the Organization is obligated to provide an annuity to the donor or other designated beneficiaries over the life of the annuitant.

A liability is recognized for the estimated present value of the annuity obligation and the assets are recorded at their gross market value. The discount rate and actuarial assumptions used in calculating the annuity are those provided in Internal Revenue Service guidelines and actuarial tables.

Assets of the Organization that are derived from split-interest agreements are as follows at December 31:

	2004	2003
Investments	\$ 1,064,890	\$ 841,032
Annuity receivable	25,000	60,000
Total split-interest agreement assets	<u>\$ 1,089,890</u>	<u>\$ 901,032</u>

Liabilities under split-interest agreements included in the accompanying statements of financial position were \$638,000 and \$529,921 at December 31, 2004 and 2003, respectively. Net contributions under split interest agreements were approximately \$104,628 and \$281,577 for the years ended December 31, 2004 and 2003, respectively.

7. Concentration of Credit Risk

The Organization maintains cash deposits with major banks which from time to time may exceed federally insured limits. Management periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

Greenpeace Fund, Inc.

Notes to Financial Statements
December 31, 2004 and 2003

8. Temporarily Restricted Net Assets

Net assets were restricted for the following purposes at December 31:

	2004	2003
Sustainable Agriculture	\$ 75,000	\$ -
Great Bear Rainforest	70,000	-
Web-based communications	25,000	-
Sakhalin Journalism Tour	24,000	-
One World Expedition	15,500	-
Take Back the Earth	-	150,000
Tongass Ship Tour	-	300,000
Global Warming/Renewable Energy	-	32,500
Total temporarily restricted net assets	<u>\$ 209,500</u>	<u>\$ 482,500</u>

9. Income Taxes

The Organization 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. No tax expense is recorded in the accompanying financial statements for the years ended December 31, 2004 and 2003 as there were no unrelated business activities.

SUPPLEMENTAL INFORMATION

Greenpeace Fund, Inc.

Supplemental Schedule of Program Services Years Ended December 31, 2004 and 2003

	2004	2003
Grants to Greenpeace International		
Oceans campaign	1,199,555	-
Forest campaign	714,400	357,881
Genetic engineering campaign	75,000	737,550
Nuclear campaign	-	590,040
Toxics campaign	-	1,180,080
Research unit	356,100	-
Climate campaign	795,700	295,000
Greenpeace Planet - Web site	25,000	-
	3,165,755	3,160,551
 Grants to Greenpeace affiliates		
Sustainable agriculture in China - Greenpeace China	75,000	75,000
Sakhalin Journalism Tour - Greenpeace Russia	24,000	-
Great Bear Rainforest - Greenpeace Canada	120,000	50,000
Outreach - Greenpeace Canada	-	3,750
	219,000	128,750
 Grants to Greenpeace, Inc.		
Campaigns:		
Toxics campaign	-	259,794
Forest campaign	494,190	324,820
Climate campaign	214,355	586,031
Genetic engineering campaign	-	335,876
Oceans campaign	-	145,979
Disarmament	-	17,938
Policy and issues monitoring	840,122	-
Research	135,902	-
Outreach	185,321	415,670
Action resources	71,410	406,392
Campaign support:		
Web site	180,000	140,000
Publications	155,000	240,000
Photo/video documentation	165,000	135,000
Media	155,000	250,000
Public Relations	-	340,000
	2,596,300	3,597,500
 Total grants to Greenpeace, Inc.		
	2,596,300	3,597,500
 Total Program Services		
	5,981,055	6,886,801