

GREENPEACE CANADA
FINANCIAL STATEMENTS
DECEMBER 31, 2012

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April 7, 2013

Independent Auditors' Report

To the Board of Directors of Greenpeace Canada

Report on the financial statements

We have audited the accompanying financial statements of Greenpeace Canada, which comprise the balance sheet as at December 31, 2012 and the statements of operations and changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, and for such internal control as management determines is necessary to enable the preparation 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 our 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, we consider 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 qualified audit opinion.

Basis for qualified opinion

In common with many not-for-profit organizations, Greenpeace Canada derives revenue from donor contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues were limited to the amounts recorded in the records of Greenpeace Canada. Therefore, we were not able to determine whether any adjustments might be necessary to total revenue, excess of revenues over expenses for the year, and net assets.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Greenpeace Canada as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities.

Roger Chaplin CA MA [Oxon] Gail Bergman CA B Comm

Comparative information

Without modifying our opinion, we draw attention to note 2 to the financial statements which describes that Greenpeace Canada adopted International Financial Reporting Standards for Small and Medium-sized Entities on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheet as at December 31, 2011 and January 1, 2011 and the statements of operations and changes in net assets, and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Chaplin & Co.

Chartered Accountants
Licensed Public Accountants

	Notes	December 31 2012	December 31 2011 (unaudited)	January 1 2011 (unaudited)
ASSETS				
Current assets				
Cash and marketable securities	4	\$ 2,206,041	\$ 1,624,606	\$ 1,717,065
Accounts receivable		28,185	23,458	94,529
Receivable from other Greenpeace organizations	5	80,931	2,522	13,369
Prepaid expenses and inventory		150,229	148,256	246,114
Total current assets		<u>2,465,386</u>	<u>1,798,842</u>	<u>2,071,077</u>
Fixed assets	6	817,038	960,584	1,101,723
Total assets		<u>\$ 3,282,424</u>	<u>\$ 2,759,426</u>	<u>\$ 3,172,800</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued liabilities		\$ 276,457	\$ 253,294	\$ 138,239
Payroll and government remittance payable		234,183	152,407	307,859
Payable to Stichting Greenpeace Council	7	12,118	2,032	5,655
Payable to other Greenpeace organizations	8	-	9,745	4,528
Unexpended campaign funds	9	202,298	247,480	240,571
Total current liabilities		<u>725,056</u>	<u>664,958</u>	<u>696,852</u>
Net assets				
Invested in fixed assets		817,038	960,584	1,101,723
Unrestricted net assets		1,740,330	1,133,884	1,374,225
Total net assets		<u>2,557,368</u>	<u>2,094,468</u>	<u>2,475,948</u>
Total liabilities and net assets		<u>\$ 3,282,424</u>	<u>\$ 2,759,426</u>	<u>\$ 3,172,800</u>

Approved on behalf of the Board of
Directors of Greenpeace Canada

Sue Birge, Chair

Brigid Rowan, Treasurer

GREENPEACE CANADA

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2012

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	Note	2012	2011 (unaudited)
REVENUE			
Donor contributions		\$ 9,833,848	\$ 9,584,700
Bequests		411,677	328,601
Contributions from Stichting Greenpeace Council		591,923	612,485
Campaign grants	9	635,656	645,961
Investment income		21,830	25,328
Total revenue		<u>11,494,934</u>	<u>11,197,075</u>
EXPENSES			
Campaign expenses			
Oceans		462,421	366,383
Forests		964,959	1,146,310
Sustainable agriculture		34,361	39,645
Climate change and energy		1,747,096	1,820,920
Contributions to international campaigns		2,270,004	2,297,882
Support services to Stichting Greenpeace Council		449,882	486,194
Public outreach and education		1,421,230	1,511,796
Total campaign expenses		<u>7,349,953</u>	<u>7,669,130</u>
Finance and administration costs		855,778	877,617
Fundraising costs		2,826,303	3,031,808
Total expenses		<u>11,032,034</u>	<u>11,578,555</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) FOR THE YEAR		462,900	(381,480)
Net assets, beginning of year		2,094,468	2,475,948
NET ASSETS, END OF YEAR		<u>\$ 2,557,368</u>	<u>\$ 2,094,468</u>

GREENPEACE CANADA

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012	2011 (unaudited)
CASH PROVIDED FOR (USED IN) IN OPERATIONS		
Excess of revenue over expenses (expenses over revenue) for the year	\$ 462,900	\$ (381,480)
Depreciation (non-cash item)	207,818	242,816
Changes in working capital items:		
Decrease (increase) in accounts receivable	(4,727)	71,071
Decrease (increase) in receivable from other Greenpeace organizations	(78,409)	10,847
Decrease (increase) in prepaid expenses	(1,973)	97,858
Increase (decrease) in accounts payable and accrued liabilities		23,163
Increase (decrease) in payroll and government remittances payable	81,776	(155,452)
Increase (decrease) in Payable to Stichting Greenpeace Council	10,086	(3,623)
Increase (decrease) in payable to other Greenpeace organizations	(9,745)	5,217
Increase (decrease) in unexpended campaign funds	(45,182)	6,909
Net cash provided from (used in) operations	<u>645,707</u>	<u>9,218</u>
CASH USED IN INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(64,272)</u>	<u>(101,677)</u>
NET CASH ACTIVITY FOR THE YEAR	581,435	(92,459)
Cash and marketable securities, beginning of year	<u>1,624,606</u>	<u>1,717,065</u>
CASH AND MARKETABLE SECURITIES, END OF YEAR	<u>\$ 2,206,041</u>	<u>\$ 1,624,606</u>
Composed of the following:		
Cash	\$ 496,113	\$ 328,727
Term deposits less than one year	1,504,776	1,293,151
Term deposits greater than one year	202,318	-
Marketable securities	2,834	2,728
	<u>\$ 2,206,041</u>	<u>\$ 1,624,606</u>

1. Incorporation and nature of organization

Greenpeace Canada is a not-for-profit organization incorporated under the Canada Corporation Act by letters patent without share capital, Greenpeace Canada is an independent, campaigning organization that uses non-violent, creative confrontation to expose global environmental problems, and to force solutions that are essential to a green and peaceful future.

Greenpeace Canada works closely with Stichting Greenpeace Council and other Greenpeace organizations worldwide. Stichting Greenpeace Council funds the organization with respect to various campaigns undertaken on its behalf each year. In addition, Greenpeace Canada makes contributions to Greenpeace's international campaigns.

Greenpeace Canada is exempt from income tax as a not-for-profit organization under Section 149 (1) (l) of the Income Tax Act (Canada).

Greenpeace Canada's principal place of business is 33 Cecil Street, Toronto, Ontario.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared using the standards of International Financial Reporting Standards for Small and Medium-sized Entities (IFRS-SME) issued by the International Accounting Standards Board. The financial statements are presented in Canadian dollars. Greenpeace Canada has chosen to adopt these standards with the preparation of these financial statements effective January 1, 2012 with a transition date of January 1, 2011. The application of these standards had the effect of changing disclosures previously presented under Canadian generally accepted accounting policies.

Outlined below are those policies considered particularly significant.

Cash and cash equivalents

Cash and cash equivalents are recorded at cost plus accrued interest and include all term deposits regardless of term as these term deposits are viewed as highly liquid.

Financial instruments

Financial instruments are measured at cost, except for marketable securities which are carried at market value. Changes in market value during the year are recorded in the statement of operations.

Fixed assets

Fixed assets are recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method at rates calculated to write-off the assets over their estimated useful lives as follows:

Computer equipment	33% (16% in the year of acquisition)
Furniture and equipment	33% (16% in the year of acquisition)
Action equipment	33% (16% in the year of acquisition)
Vehicles	over 5 years from the model year
Leasehold improvements	over the remaining term of the lease

Fully-depreciated assets with no further useful life are written-off.

2. Summary of significant accounting policies (continued)

Revenue recognition

Donor contributions, including bequests, are recorded when funds are received.

Contributions from Stichting Greenpeace Council are recognized when earned.

Funding received for specific campaigns is recognized as revenue in the year in which the related expenses are incurred. Funding received that relates to future periods is deferred as unexpended campaign funds, and recognized as revenue in the period the expense is incurred.

Investment income includes realized income as well as changes in market value during the year.

Leases

Rentals payable under operating bases are charged to the Statement of Operations as incurred.

Expenses recognition and allocation

Expenses are recorded when goods or services are received.

In the accompanying statement of operations and changes in net assets, costs for various campaigns and other activities have been summarized by management on a functional basis. Costs that cannot be identified with a particular campaign, and that benefit more than one campaign category, have been allocated proportionately on the basis of direct costs.

Fundraising costs include expenses for fundraising coordination, donor database and processing fees and donor canvassing, education and marketing. Public outreach and education represent thirty percent of these costs and are allocated as such.

Contributed services

Volunteers contribute many hours per year to assist the organization in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange prevailing at year end. Revenue and expense items are translated at the daily exchange rate.

Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could vary from these estimates.

Variances from the estimate are adjusted, if necessary, and they are reported in the period in which they become known.

3. Change in accounting policy

At the same time as adopting IFRS-SME, Greenpeace Canada decided to change its accounting policies with respect to bequests. Previously bequests were recorded as net assets when received and recorded over a period of 4 years. These financial statements reflects the policy of recognizing bequests when received.

As a result of this accounting change, there was no change to unrestricted net assets as at January 1, 2011. However, the excess of expenses over revenue for the year ended December 31, 2011 was increased from \$99,724 to \$381,480.

4. Banking arrangements

Greenpeace Canada has arranged a demand operating credit facility to a maximum of \$275,000, which is secured by a general security agreement on all property belonging to the organization, bears interest at prime plus 1.5% per annum, and is repayable monthly.

The bank line of credit at year-end was \$nil (2011 - \$nil) as the organization did not draw on the facility during the year.

Greenpeace Canada also has \$76,000 (2011 - \$76,000) of credit available through its corporate credit cards.

5. Receivable from other Greenpeace organizations

These amounts are unsecured, non-interest bearing assets and receivable during the current fiscal year.

6. Fixed assets

	Computer equipment	Furniture and equipment	Action equipment	Vehicles	Leasehold improvements	Total
Cost						
Balance, beginning of year	\$ 178,064	\$ 217,791	\$ 104,573	\$ 171,192	\$ 1,388,743	\$ 2,060,363
Additions	38,057	586	1,490	24,139	-	64,272
Disposals	(19,585)	-	(17,058)	(29,332)	-	(65,975)
Balance, end of year	<u>\$ 196,536</u>	<u>\$ 218,377</u>	<u>\$ 89,005</u>	<u>\$ 165,999</u>	<u>\$ 1,388,743</u>	<u>\$ 2,058,660</u>
Accumulated depreciation						
Balance, beginning of year	\$ 153,038	\$ 207,425	\$ 99,616	\$ 152,324	\$ 487,376	\$ 1,099,779
Depreciation	21,238	6,936	2,988	21,031	155,625	207,818
Depreciation on disposals	(19,585)	-	(17,058)	(29,332)	-	(65,975)
Balance, end of year	<u>\$ 154,691</u>	<u>\$ 214,361</u>	<u>\$ 85,546</u>	<u>\$ 144,023</u>	<u>\$ 643,001</u>	<u>\$ 1,241,622</u>
Net book value						
January 1, 2011	<u>\$ 31,700</u>	<u>\$ 22,562</u>	<u>\$ 12,217</u>	<u>\$ 55,970</u>	<u>\$ 979,274</u>	<u>\$ 1,101,723</u>
December 31, 2011	<u>\$ 25,026</u>	<u>\$ 10,366</u>	<u>\$ 4,957</u>	<u>\$ 18,868</u>	<u>\$ 901,367</u>	<u>\$ 960,584</u>
December 31, 2012	<u>\$ 41,845</u>	<u>\$ 4,016</u>	<u>\$ 3,459</u>	<u>\$ 21,976</u>	<u>\$ 745,742</u>	<u>\$ 817,038</u>

7. Payable to Stichting Greenpeace Council

This amount is an unsecured, non-interest bearing liability and repayable during the current fiscal year.

8. Payable to other Greenpeace organizations

These amounts are unsecured, non-interest bearing liabilities and repayable during the current fiscal year.

9. Unexpended campaign funds

	2012	2011 (unaudited)
Unexpended campaign funds, beginning of year	\$ 247,480	\$ 240,571
Campaign funds received during the year	590,474	652,870
Campaign funds expended during the year		
Climate change and energy	(464,835)	(359,503)
Forests	(170,821)	(286,458)
	<u>(635,656)</u>	<u>(645,961)</u>
Unexpended campaign funds, end of year	<u>\$ 202,298</u>	<u>\$ 247,480</u>

	December 31 2012	2011 (unaudited)	January 1 2011 (unaudited)
Represented by the following campaigns			
Climate and energy	\$ 119,763	\$ 202,099	\$ 136,313
Forests	82,535	45,381	101,258
	<u>\$ 202,298</u>	<u>\$ 247,480</u>	<u>\$ 240,571</u>

10. Contingent liabilities

One corporation has commenced proceedings against Greenpeace Canada for damages and injunctive relief. Neither the possible outcome nor the amount of possible settlement from these proceedings can be foreseen. No provision for them has been made in the financial statements.

11. Lease commitments

Greenpeace Canada is committed to lease office and storage space in seven Canadian cities, under leases expiring from January 31, 2013 to May 31, 2018. The lease commitments, included estimates for realty taxes, utilities, common operating costs and annual cost escalation increases, are as follows:

2013	\$ 440,358
2014	294,046
2015	294,618
2016	274,266
2017	216,867
Subsequent years	85,988
	<u>\$ 1,606,143</u>

12. Related party transactions

During the year, the total remuneration for seven members of the senior management team was \$560,976 (2011 - \$552,388).

No remuneration was paid to any of the directors in 2012 and 2011.

13. Financial instruments

It is management's opinion that Greenpeace Canada is not exposed to significant interest, currency or credit risks relating to its financial instruments.

14. Approval of financial statements

These financial statements were approved by the Board of Directors and authorized for issue on April 7, 2013.