



Rainforest Trust

Financial Statements
and
Independent Auditor's Report

December 31, 2019



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Independent Auditor's Report

To the Board of Directors
Rainforest Trust
Vint Hill, Virginia

We have audited the accompanying financial statements of Rainforest Trust (the Organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding Adoption of New Accounting Standards

As discussed in Note 2 to the financial statements, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Additionally, as discussed in Note 12 to the financial statements, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2016-02, *Leases*, which supersedes or replaces nearly all accounting principles generally accepted in the United States of America lease guidance. Our opinion is not modified with respect to these matters.

Sikich LLP

Alexandria, Virginia
July 17, 2020

Rainforest Trust
Statement of Financial Position
December 31, 2019

Assets

Current assets:

Cash and cash equivalents	\$ 55,260,567
Accounts receivable	11,260
Contributions receivable	5,055,944
Notes receivable	45,379
Investments	199,637
Prepaid expenses	<u>65,598</u>

Total current assets 60,638,385

Contributions receivable, non-current	1,084,677
Notes receivable, non-current	3,642
Investments, Sustainability Fund	1,337,458
Property and equipment, net	111,621
Right-of-use asset for operating lease, net	<u>335,738</u>

Total assets \$ 63,511,521

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued expenses	\$ 239,131
Lease liability for operating lease	<u>222,728</u>

Total current liabilities 461,859

Lease liability for operating lease, non-current 113,010

Total liabilities 574,869

Net (deficit) assets:

Without donor restrictions	(2,806,330)
With donor restrictions	<u>65,742,982</u>

Total net assets 62,936,652

Total liabilities and net assets \$ 63,511,521

Rainforest Trust
Statement of Activities
For the Year Ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
Revenues:			
Contributions	\$ 1,375,445	\$ 21,528,068	\$ 22,903,513
Investment income, net	925,338	238,081	1,163,419
In-kind contributions	2,796	-	2,796
Net assets released from restrictions:			
Satisfaction of donor restrictions	<u>17,397,835</u>	<u>(17,397,835)</u>	<u>-</u>
Total revenues	<u>19,701,414</u>	<u>4,368,314</u>	<u>24,069,728</u>
Expenses:			
Program services:			
World Land and Biodiversity Conservation	<u>19,135,187</u>	<u>-</u>	<u>19,135,187</u>
Support services:			
Fundraising	1,123,734	-	1,123,734
General and administrative	<u>291,617</u>	<u>-</u>	<u>291,617</u>
Total support services	<u>1,415,351</u>	<u>-</u>	<u>1,415,351</u>
Total expenses	<u>20,550,538</u>	<u>-</u>	<u>20,550,538</u>
Change in net assets	(849,124)	4,368,314	3,519,190
Net (deficit) assets, beginning of year	<u>(1,957,206)</u>	<u>61,374,668</u>	<u>59,417,462</u>
Net (deficit) assets, end of year	<u>\$ (2,806,330)</u>	<u>\$ 65,742,982</u>	<u>\$ 62,936,652</u>

See accompanying notes to the financial statements.

Rainforest Trust
Statement of Functional Expenses
For the Year Ended December 31, 2019

	World Land and Biodiversity Conservation	Fundraising	General and administrative	Total support services	Total expenses
Advertising and promotional	\$ 181,812	\$ 42,173	\$ 12	\$ 42,185	\$ 223,997
Bank fees	163,545	7,409	16,285	23,694	187,239
Conferences, conventions and meetings	70,272	21,948	2,994	24,942	95,214
Consultants	122,384	5,987	18,711	24,698	147,082
Depreciation and amortization	64,395	875	183	1,058	65,453
Dues and subscriptions	24,820	26,264	901	27,165	51,985
Insurance	9,318	114	24	138	9,456
Legal fees	49,489	1,042	141	1,183	50,672
Miscellaneous expense	1,310	105	89	194	1,504
Office supplies	72,352	13,808	8,558	22,366	94,718
Partnerships - rapid response & feasibility studies	138,893	-	-	-	138,893
Payroll, payroll taxes and benefits	2,234,014	826,381	229,375	1,055,756	3,289,770
Postage and shipping	1,405	17,362	109	17,471	18,876
Printing and publications	63,122	40,526	12	40,538	103,660
Professional fees	4,234	56,302	1,244	57,546	61,780
Project grants	15,610,723	-	-	-	15,610,723
Rent and utilities	121,634	40,145	11,346	51,491	173,125
Staff development	25,328	1,880	674	2,554	27,882
Telephone and communication	12,565	156	33	189	12,754
Travel	135,782	20,880	847	21,727	157,509
Website	27,790	377	79	456	28,246
Total expenses	<u>\$ 19,135,187</u>	<u>\$ 1,123,734</u>	<u>\$ 291,617</u>	<u>\$ 1,415,351</u>	<u>\$ 20,550,538</u>

See accompanying notes to the financial statements

Rainforest Trust
Statement of Cash Flows
For the Year Ended December 31, 2019

Cash flows from operating activities:	
Change in net assets	\$ <u>3,519,190</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	65,453
Deferred rent	(1,266)
Right-of-use asset amortization	115,655
Realized gain on investments	(24,912)
Unrealized gain on investments	(186,009)
Donated investments	(537,110)
Decrease (increase) in assets:	
Accounts receivable	3,197
Contributions receivable	(3,372,336)
Prepaid expenses	374
Deposits	7,083
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	75,258
Lease liability for operating lease	<u>(115,655)</u>
Total adjustments	<u>(3,970,268)</u>
Net cash used in operating activities	<u>(451,078)</u>
Cash flows from investing activities:	
Proceeds from sales of investments	1,532,847
Purchases of property and equipment	(113,945)
Purchases of investments	(1,347,408)
Payments on notes receivable	<u>94,314</u>
Net cash provided by investing activities	<u>165,808</u>
Net decrease in cash and cash equivalents	(285,270)
Cash and cash equivalents, beginning of year	<u>55,545,837</u>
Cash and cash equivalents, end of year	\$ <u><u>55,260,567</u></u>
Non-cash investing and financing transactions:	
Right-of-use asset obtained in exchange for new operating lease liability	\$ <u><u>451,393</u></u>

See accompanying notes to the financial statements.

Rainforest Trust
Notes to the Financial Statements
December 31, 2019

1. Organization

Rainforest Trust (the Organization) is a nonprofit organization incorporated under the laws of New York and established exclusively for charitable purposes. Originally incorporated as World Parks Endowment on December 8, 1988, the Organization changed its name to Rainforest Trust in 2013.

The Organization was established in order to provide funds for conservation of parks and protected areas around the world that are of international importance for the conservation of biological diversity. Its program emphasizes the conservation of private lands, especially through acquisitions of critical sites for conservation.

2. Summary of Significant Accounting Policies

a. Basis of presentation

The Organization's financial statements are presented in accordance with generally accepted accounting principles for nonprofit organizations. Under those principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* represent resources that are not subject to donor imposed restrictions and are available for operations at management's discretion.
- *Net Assets With Donor Restrictions* represent resources restricted by donors. Some donor restrictions are temporary in nature and those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, donor restricted net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the accompanying statement of activities.

b. Basis of accounting

The Organization's financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses when obligations are incurred.

Rainforest Trust
Notes to the Financial Statements
December 31, 2019

c. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

d. Fair value measurements

GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

Rainforest Trust
Notes to the Financial Statements
December 31, 2019

Valuation Techniques

Following is a description of the valuation techniques used for assets and liabilities measured at fair value on a recurring basis. There have been no changes to the techniques used during the year ended December 31, 2019.

- Mutual and exchange-traded funds: Valued at the NAV of shares on the last trading day of the year.
- Domestic equity securities: Valued at the closing quoted price in an active market.

e. Income taxes

The Organization is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. The Organization is not classified as a private foundation.

f. Cash and cash equivalents

For financial statement purposes, the Organization classifies demand deposits and short-term investments with an original maturity of three months or less as cash equivalents.

g. Accounts and notes receivable

Accounts receivable are due in less than one year and stated at their net realizable value. Notes receivable represent the unpaid principal balance plus accrued interest due on the loan. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At December 31, 2019, all accounts and notes receivable are fully collectible, therefore, no allowance for doubtful accounts has been recognized.

h. Contributions receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value.

Rainforest Trust
Notes to the Financial Statements
December 31, 2019

Amounts that are expected to be collected in more than one year are recorded at the present value of their estimated future cash flows. The cash flows are discounted at a discount rate commensurate with the risk involved. Amortization of the resulting discount is recognized as additional contribution revenue. The discount on those amounts expected to be collected in more than one year was determined to be immaterial to the financial statements and accordingly no adjustment has been made to reflect the discount. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At December 31, 2019, all contributions receivable are fully collectible, therefore, no allowance for doubtful accounts has been recognized.

i. Investments

Investments are reported at fair value and realized and unrealized gains and losses are reported in the accompanying statement of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor restrictions or law. The Organization invests in a variety of investments that are exposed to various risks, such as fluctuations in market value and credit risk. It is reasonably possible that changes in risks in the near term could materially affect investment balances and amounts reported in the accompanying financial statements. Investment income is reported net of external and direct internal investment expenses.

j. Property and equipment, net

Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation and amortization. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and computer equipment	5 - 7 years
Leasehold improvements	Shorter of life of asset or lease life

The Organization's policy is to capitalize major additions and improvements over \$2,000. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

Rainforest Trust
Notes to the Financial Statements
December 31, 2019

k. Revenue recognition

i. Contributions

Unconditional contributions are recognized as revenue when received or promised and are recorded net of any current year allowance or discount activity. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional gifts received prior to the satisfaction of conditions are recorded as refundable advances. The Organization reports gifts of cash and other assets as donor restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to the Organization's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

ii. In-kind contributions

Donated materials, services and use of facilities are recorded at fair value when an unconditional commitment is received and are recognized as in-kind contributions as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of such services is recorded based on the estimated fair value of services provided and is classified as in-kind contributions revenue and expense charged to programs and supporting services based on the program or support services directly benefited.

Rainforest Trust
Notes to the Financial Statements
December 31, 2019

I. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Office expenses	Percentage of total direct expenses (including allocated salaries and benefits) allocated to each functional class to total expenses
Depreciation and amortization	Percentage of total direct expenses (including allocated salaries and benefits) allocated to each functional class to total expenses

Included in office expenses are rent and utilities, dues and subscriptions, insurance, office supplies, postage and shipping, and printing and publications.

m. Adoption of new accounting standards

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard is intended to address questions stemming from ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), regarding its implications on grants and contracts of not-for-profit organizations. The Organization adopted the requirements of the new guidance as of January 1, 2019 and the adoption of the ASU did not have an effect on previously recorded amounts; as such, no cumulative effect adjustment was recorded.

Rainforest Trust
Notes to the Financial Statements
December 31, 2019

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position. The Organization elected to adopt this ASU effective January 1, 2019, the effect of which is discussed in Note 12.

3. Liquidity and Availability

The following represents the Organization's financial assets at December 31:

Financial assets at year end:	<u>2019</u>
Cash and cash equivalents	\$ 55,260,567
Accounts receivable	11,260
Contributions receivable	6,140,621
Notes receivable	49,021
Investments	<u>1,537,095</u>
Total financial assets	62,998,564
Less amounts not available within one year:	
Net assets with donor restrictions	<u>65,742,983</u>
Financial assets available to meet general expenditures within one year	\$ <u><u>(2,744,419)</u></u>

The Organization's goal is generally to maintain financial assets to meet 9 months of operating expenses (approximately \$15,000,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. For the year ended December 31, 2019, the Organization did not maintain the appropriate composition of assets to comply with donor restrictions.

4. Concentrations of Credit Risk

The Organization maintains bank deposits that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At December 31, 2019, the Organization had bank deposits in excess of FDIC limits of \$3,267,895.

Rainforest Trust
Notes to the Financial Statements
December 31, 2019

5. Contributions Receivable

Contributions receivable consist of unconditional promises to give and are summarized as follows:

	<u>Contributions receivable - partner commitments</u>	<u>Contributions receivable - other</u>	<u>Total</u>
Unconditional promises to give expected to be collected in:			
Less than one year	\$ 4,866,453	\$ 189,491	\$ 5,055,944
One to five years	<u>1,084,677</u>	<u>-</u>	<u>1,084,677</u>
Total contributions receivable	<u>\$ 5,951,130</u>	<u>189,491</u>	<u>\$ 6,140,621</u>

6. Notes receivable

The Organization makes loans to consumers over terms between 1 and 5 years with interest rates ranging from 2% to 15%. The purpose of these loans is to provide consumers loans with more favorable terms. All of the notes receivable are unsecured and are due as follows:

Years ended December 31:

2020	\$ 45,379
2021	<u>3,642</u>
Total notes receivable	<u>\$ 49,021</u>

7. Investments and Fair Value Measurements

Investments are comprised of the following at December 31, 2019. All investments are valued as Level 1 investments.

	<u>2019 Cost</u>	<u>2019 Fair Value</u>
Mutual funds	\$ 192,497	\$ 244,168
Exchange-traded funds	1,152,006	1,288,640
Domestic equity securities	<u>1,197</u>	<u>4,287</u>
Total investments	<u>\$ 1,345,700</u>	<u>\$ 1,537,095</u>

Rainforest Trust
Notes to the Financial Statements
December 31, 2019

8. Sustainability Fund

In 2014, the Organization received an investment portfolio worth \$496,743. The vision of this fund is to provide a source of funding for habitat preservation in tropical regions throughout the world for endangered and threatened species. Once the fund reaches \$1.4 million dollars, or after five years, whichever comes first, the Organization can start disbursing these funds. Disbursements shall be used for land acquisition protection. Up to 50% of disbursements for the given year can be used for land reclamation and reforestation. Recipient of the disbursements will be deemed by the board to be responsible stewards of the land and funds, and financially sound and sustainable. Under accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Management has interpreted Virginia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as net assets with donor restriction, held temporarily until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) duration and preservation of the fund; (2) purposes of the Organization and the donor-restricted endowment fund; (3) general economic conditions; (4) possible effect of inflation and deflation; (5) expected total return from income and the appreciation or depreciation of investments; (6) other resources of the Organization; and (7) investment policies of the Organization.

Rainforest Trust
Notes to the Financial Statements
December 31, 2019

Change in endowment net assets for the year ended December 31, 2019 was:

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 1,077,109
Investment return	
Investment income	18,058
Net appreciation	179,999
Total investment return	198,057
Contributions	62,292
Endowment net assets, end of year	\$ 1,337,458

The Organization follows a conservative investment policy for endowment assets that attempts to fully preserve the original corpus and optimize returns. Should significant new donations be made to the endowment assets, the Organization's investment policy would permit a strategy of long-term growth of the endowment assets. Under such a policy, the endowment assets would be invested in a manner that is intended to produce favorable results while taking a prudent approach to risk.

9. Property and Equipment, Net

The following is a summary of property and equipment held at December 31, 2019:

Furniture and computer equipment	\$ 146,541
Leasehold improvements	68,954
Property and equipment	215,495
Accumulated depreciation and amortization	(103,874)
Total property and equipment, net	\$ 111,621

Depreciation and amortization expense for the year ended December 31, 2019 was \$65,453.

Rainforest Trust
Notes to the Financial Statements
December 31, 2019

10. Net Assets with Donor Restrictions

Net assets were released from donor restrictions during the year ended December 31, 2019 for the following purposes:

Alan'Ankafobe - Madagascar	\$ 7,706
Amathole - Eastern Highlands South Africa	14,685
Anjiabe - Madagascar	31,724
Bagwa Mbo/ Mak-Betchou - (ERDF) Cameroon	61,111
Bengangai (Chimps) - South Sudan	71,563
Bigal Biological Reserve - Ecuador	33,029
Blue Eyed Ground Dove - Brazil	18,740
Bugun - India	26,667
Bull Run PA - Belize	4,400,000
CEDIA - Peru	644,473
Cerro Amay - Guatemala	753,365
Cerro Chucanti - Panama	9,900
Coatepec Protected Area - Mexico	14,410
Conservation Action Fund (CAF)	96,466
Dinagat - Philippines	1,889
Douala Edea Gaz. - Cameroon	44,916
Dumarao-Mendoza Palawan - Forest Pond Turtle - Philippines	25,257
EThekwini KwaZulu - South Africa	36,358
Eastern Annamites - Saving Gibbons - Vietnam	20
Ecominga - Ecuador	157,208
Efatsy - Madagascar	20,975
Ekolo ys Bonobo - DRC	88,331
El Tallonal - Puerto Rico	27
Embera Siapiadara (GPF) - Colombia	33,000
Endangered Parrots - Mexico	31,322
Feasibility Studies	108,893
Forest of Hope - Palau	22,580
Geometric Tortoise - South Africa	30,151
Gola Expansion - Liberia	2
Gola Forest - Liberia	5,736
Golfo Dulce - Costa Rica	89,112
Grand Bereby First Marine Protected Area - Costa Rica	25,847
Guardian of the Rainforest	63,365
Guimbalete (Bolson 2) - Mexico	419,441
Hirola - Kenya	175,549
ICFC Initiative	4,337
Imawbum NP - Myanmar	39,902
Jocotoco - Ecuador	1,359,914
Kaempfer's Woodpecker - Brazil	30,769
Kenyir State Park - Malaysia	488,668
Khoun Xe Nong Ma - Laos	89,146
Kim Bang - Vietnam	67,712

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Rainforest Trust
Notes to the Financial Statements
December 31, 2019

Net assets released from donor restrictions (continued)

Kluet - Sumatra	850,224
Kosnipata - Peru	108,115
La Carranchia - Colombia	215,427
Lake Nyaguo - Uganda	56,426
Los Santos Reyes - Bolivia	98,781
Los Tities de San Juan - Colombia	61,875
Lost Rainforest - Madagascar	46,263
Lumbasumba - Nepal	67,912
Mae Nyaw Kee - Myanmar	11,111
Magombera - Tanzania	79,093
Maleo - Sulawesi - Indonesia	103,368
Mangabe - Madagascar	18,049
Marine Protected Areas - Bangladesh	117,799
Marsabit Meru Corridor - Kenya	2,351
Mbe Mnts CW - Nigeria	33,309
Mnt. Manengouba - Cameroon	123,395
Mnt. Namuli - Phase II - Mozambique	88,965
Monitoring & Evaluation MFCC 2019 - Madagascar	10,000
Monte Mojino - Mexico	168,645
Morne - Haiti	50,600
Nakanacagi Bat Cave - Fiji	69,930
Nan Thar Island - Myanmar	18,642
Nantu Wildlife Sanctuary - Indonesia	53,925
Numbala - Ecuador	194,067
OBO NP Buffer Zone - Sao Tome	27,556
Oku Comm. Res. (Grauer's Gorilla) - DRC	265,716
Onepone 2019 - Ghana	70,041
Onpone/ Amedzofe - Ghana	79,038
Other Restricted	15,731
Pak Thale - Thailand	214,702
Palawan - Philippines	49,471
Papung Snow Leopards - Nepal	920,126
Philippine Eagle - Philippines	92,762
Plateau Bateke Nat. Park - Gabon	49,541
Prachitgad (AERF) - India	52,610
ProAves - Colombia	868,923
REGUA - Brazil	201,894
Red Panda PCF - Nepal	67,744
River Dolphin - Indonesia	74,140
Rungan River Peat Swamp Forest - Borneo	156,723
Sabah Protected Areas - Malaysia	225,519
Salina Reserve - Cayman Islands	212,614
Selva Maya - Guatemala	161,405
Selva de Ventanas - Colombia	11,776
Sierra Santa Cruz - Guatemala	16,667
Soutpansberg Mnt - South Africa	355,419
Spix's Macaw - Brazil	941

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Rainforest Trust
Notes to the Financial Statements
December 31, 2019

Net assets released from donor restrictions (continued)

Sre Ambel - Cambodia	50,279
Taita Apalis - Kenya	57,942
Sustainability Fund	841
TMJ Rhoddodendron - Nepal	131,542
Taita Apalis - Kenya	57,942
Tanoe - Cote d'Ivoire	4,794
Tecpan de Galeana - Mexico	8,118
Tofala Hills - Cameroon	36,264
Tree Kangaroo - PNG	22,522
Tsinjoarivo - 10.5% - Madagascar	157,685
Ulpiano Casal Palm Rainforests - Puerto Rico	286,846
Valle Tranquilo - Mexico	4,501
West Java Protected Area Network - 10.5% - Indonesia	136,347
Zalon-Tuang (Pangolins) - Myanmar	<u>16,557</u>
Total net assets released from restrictions	<u>\$ 17,397,835</u>

At December 31, 2019, net assets with donor restrictions were available for the following programs:

African Parks - Chad	\$ 16,444
Alan'Ankafobe-Madagascar	3,412
Amathole - Eastern Highlands South Africa	17,842
Ana Guassa - Ethiopia	158,656
Anjiabe - Madagascar	428,661
Atewa - Ghana	22,222
Bagwa Mbo/ Mak-Betchou - (ERDF) Cameroon	275,727
Bakan - Cambodia	194,543
Balanga - DRC	404,444
Bengangai (Chimps) - South Sudan	379,118
Bigal Biological Reserve - Ecuador	181
Blue Eyed Ground Dove - Brazil	2,684
Bugun - India	105,868
Bukit - Sumatra	384,845
CEDIA - Peru	3,522,403
Cerro Amay - Guatemala	3,462,371
Cerro Chucanti - Panama	173,504
Coatepec Protected Area - Mexico	45,191
Conservation Action Fund (CAF)	8,254,037
Dinagat - Philippines	6,644
Dodo River - Cote d'Ivoire	113,846
Dumarao-Mendoza Palawan - Forest Pond Turtle - Philippines	107,171
EThekwini KwaZulu - South Africa	26,317
Eastern Annamites - Saving Gibbons - Vietnam	157,480
Ecominga - Ecuador	319,139
Efatsy - Madagascar	299,278
Ekolo ys Bonobo - DRC	352,903
El Tallonal - Puerto Rico	109,424

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Net assets with donor restrictions available (continued)

Embera Siapiadara (GPF) - Colombia	274,925
Endangered Parrots - Mexico	15,589
Forest of Hope - Palau	123,791
Francois's Langur - Vietnam	86,497
Gola Expansion - Liberia	379,396
Golfo Dulce - Costa Rica	145,448
Guardian of the Rainforest	112,353
Guimbalete (Bolson 2) - Mexico	48,059
Hirola - Kenya	143,701
Grand Bereby First Marine Protected Area - Costa Rica	498,564
ICFC Initiative	112
Imawbum NP - Myanmar	93,431
Ivato - Madagascar	134,598
Jocotoco - Ecuador	5,190,559
Kaiga Wildlife Sanctuary - India	96,316
Imawbum NP - Myanmar	93,431
Kenyir State Park - Malaysia	807,184
Khoun Xe Nong Ma - Laos	1,229,749
Kien Luong Karst - Vietnam	32,966
Kim Bang - Vietnam	304,616
Kluet - Sumatra	741,622
Kolombangara - Solomon Isl.	371,494
Kon Ha Comm PA - Vietnam	98,746
Kosnipata - Peru	185,270
Kumbira Forest - Angola	202,371
La Carranchia - Colombia	39,283
Lake Nyaguo - Uganda	112,313
Lewa Will Craig - Kenya	2,700,000
Los Santos Reyes - Bolivia	121,671
Los Tities de San Juan - Colombia	194,820
Lost Rainforest - Madagascar	495,743
Lumbasumba - Nepal	46,099
Magombera - Tanzania	192,998
Mahamyaing WS - Myanmar	54,822
Maleo - Sulawesi - Indonesia	61,511
Mangabe - Madagascar	1,641
Marine Protected Areas - Bangladesh	404,904
Marsabit Meru Corridor - Kenya	1,875,861
Maya Forest - Belize	4,400,000
Mbe Mnts CW - Nigeria	233,162
Mnt. Manengouba - Cameroon	180,609
Mnt. Namuli - Phase II - Mozambique	10,436
Monitoring & Evaluation MFCC 2019 - Madagascar	640
Mono Tocon - Peru	25,887
Monte Mojino - Mexico	2,200
Morne - Haiti	7,280
Nakanacagi Bat Cave - Fiji	132,956

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Notes to the Financial Statements
December 31, 2019

Net assets with donor restrictions available (continued)

Nan Thar Island - Myanmar	227,013
Nantu Wildlife Sanctuary - Indonesia	545,586
Numbala - Ecuador	264,490
OBO NP Buffer Zone - Sao Tome	151,556
Oku Comm. Res. (Grauer's Gorilla) - DRC	776,638
Onepone 2019 - Ghana	120,192
Orangutang/Hutan/Danum - Borneo	62,222
Other Restricted	6,815,652
Pak Thale - Thailand	6,976
Palawan - Philippines	44,253
Panti Seluyut - Malaysia	94,587
Papung Snow Leopards - Nepal	120,738
Philippine Eagle - Philippines	54,162
Plateau Bateke Nat. Park - Gabon	661,431
Prachitgad (AERF) - India	60,846
ProAves - Colombia	5,091,096
REGUA - Brazil	197,853
Red Panda PCF - Nepal	51,889
Kambot Karst Hill	73,260
River Dolphin - Indonesia	201,014
Rungan River Peat Swamp Forest - Borneo	422,478
Sabah Protected Areas - Malaysia	169,021
Salina Reserve - Cayman Islands	6,731
Selva Maya - Guatemala	475,886
Selva de Ventanas - Colombia	26,668
Serra Bonita - Brazil	9,450
Sierra Santa Cruz - Guatemala	11,934
Soutpansberg 2019 - South Africa	331,356
Spix's Macaw - Brazil	828,420
Sre Ambel - Cambodia	284,916
Sustainability Fund	1,634,808
TMJ Rhoddodendron - Nepal	6,549
Taita Apalis - Kenya	179,638
Tanoe - Cote d'Ivoire	14,513
Teanu & Tinakula - Solomon Islands	2,856
Tecpan de Galeana - Mexico	7,293
Thoniê - New Calidonia	636,292
Tofala Hills - Cameroon	36,863
Tree Kangaroo - PNG	95,144
Tsinjoarivo - 10.5% - Madagascar	667,396
Tumbang Tujang - Indonesia	181,932
Ulpiano Casal Palm Rainforests - Puerto Rico	8,020
Valle Tranquilo - Mexico	1,550,794
West Java Protected Area Network - 10.5% - Indonesia	443,248
Zalon-Tuang (Pangolins) - Myanmar	<u>132,774</u>
Total net assets with donor restrictions	<u>\$ 65,742,982</u>

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Notes to the Financial Statements
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11. Retirement Plan

The Organization sponsors a SIMPLE-IRA (Savings Incentive Match Plan for Employees) to its full-time employees who are eligible to participate upon their date of hire. The Organization matches 100% of each eligible participant's elective deferrals up to 3% of each eligible participant's annual compensation. Retirement plan expense was \$55,377 for the year ending December 31, 2019.

12. Commitment

Operating leases

In March 2015, the Organization entered into an agreement to lease office space in Warrenton, Virginia. The four year lease called for base monthly rent payments of \$7,083 with an annual increase of three percent. In addition, rent payments were abated for the first two months of the lease. The agreement expired on March 31, 2019, and continued on a month-to-month basis until June 2019. In April 2019, the Organization entered into a new agreement to lease office space in Vint Hill, Virginia. The lease commenced on June 15, 2019 and expires on June 30, 2021, with a base monthly payment of \$18,286. The Organization has the option to extend the lease for an additional year, but at July 17, 2020, which is the date the financial statements were available to be issued, the Organization has not yet made a decision as to whether they will extend the lease. Lease expense for the year ending December 31, 2019 was \$161,881.

On January 1, 2019, the Organization implemented early adoption of ASU 2016-02, *Leases* (Topic 842), which changes the accounting treatment for operating leases by recognizing a right-of-use asset and lease liability at the present value of the total payments over the life of the lease. The discount rate used to obtain the present value of the lease payments was the incremental borrowing rate at the lease date. The discount on those amounts expected to be collected in more than one year was determined to be immaterial to the financial statements and accordingly no adjustment has been made to reflect the discount.

The modified retrospective method of transition requires the Organization to disclose the effect of applying the new guidance on each item included in the 2019 financial statements. At January 1, 2019 the Organization had a right of use asset in the amount of \$15,256 and a lease liability in the amount of \$14,412. If the new standard had not been applied, then the Organization's statement of financial position at January 1, 2019 would have included deferred rent of \$844 and no right-of-use asset or lease liability would have been recognized. The application of the new standard did not impact lease expense for the year ended December 31, 2019.

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Notes to the Financial Statements
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Aggregate future minimum lease payments are as follows for the years ending December 31:

2020	\$ 222,728
2021	<u>113,010</u>
Total	<u>\$ 335,738</u>

13. Advertising Expense

The Organization expenses the cost of advertising as incurred. Advertising expense was \$98,049 for the year ended December 31, 2019.

14. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 17, 2020, which is the date the financial statements were available to be issued. Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. The Company expects that it is reasonably possible that this matter will negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time. No adjustments have been made to these financial statements as a result of this uncertainty.