

**WORLD LAND TRUST - US
D/B/A RAINFOREST TRUST**

FINANCIAL STATEMENTS

DECEMBER 31, 2012

WORLD LAND TRUST – US
D/B/A RAINFOREST TRUST

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
World Land Trust – US
D/B/A Rainforest Trust

We have audited the accompanying financial statements of the World Land Trust – US, D/B/A Rainforest Trust (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, 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; 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 World Land Trust – US, D/B/A Rainforest Trust as of December 31, 2012, 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.


KRONZEK, FISHER & LOPEZ, PLLC
Washington, DC
November 12, 2013

WORLD LAND TRUST - US
D/B/A RAINFOREST TRUST

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,552,498
Investments	10,643
Prepaid expense	898
	<u>1,564,039</u>

FIXED ASSETS

Equipment	4,726
Accumulated depreciation	2,424
	<u>2,302</u>

OTHER ASSETS

Security deposit	<u>1,300</u>
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TOTAL ASSETS

\$ 1,567,641

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable & accrued expenses	<u>\$ 21,781</u>
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TOTAL LIABILITIES

21,781

NET ASSETS

Unrestricted	277,837
Temporarily restricted	1,268,023
	<u>1,545,860</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 1,567,641

See accompanying notes to financial statements.

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STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Grants & contributions	\$383,557	\$1,602,607	\$1,986,164
Investment income	2,010	-	2,010
Miscellaneous income	3,203	-	3,203
	<u>388,770</u>	<u>1,602,607</u>	<u>1,991,377</u>
Net assets released from:			
Satisfaction of program restrictions	<u>1,100,406</u>	<u>(1,100,406)</u>	<u>-</u>
Total revenue	<u>1,489,176</u>	<u>502,201</u>	<u>1,991,377</u>
EXPENSES			
Program:			
World Land and Biodiversity Conservation	1,161,121	-	1,161,121
Support:			
General & Administrative	137,211	-	137,211
Fundraising	56,764	-	56,764
Total expenses	<u>1,355,096</u>	<u>-</u>	<u>1,355,096</u>
CHANGE IN NET ASSETS	134,080	502,201	636,281
Beginning net assets	<u>143,757</u>	<u>765,822</u>	<u>909,579</u>
Ending net assets	<u><u>\$277,837</u></u>	<u><u>\$1,268,023</u></u>	<u><u>\$1,545,860</u></u>

See accompanying notes to financial statements.

WORLD LAND TRUST - US
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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	World Land and Biodiversity Conservation	General & Adminstrative	Fundraising	Total
Payroll, payroll taxes & benefits	\$ 179,194	\$ 79,412	\$ 48,861	\$ 307,467
Rent & utilities	20,000	2,245	-	22,245
Project grants & expense	885,378	-	-	885,378
Consultants	28,790	291	-	29,081
Professional fees	-	10,000	-	10,000
Travel & meals & entertainment	32,312	1,150	830	34,292
Telephone & communications	3,354	4,326	-	7,680
Insurance	453	1,292	-	1,745
Printing & reproduction	6,623	8,478	4,562	19,663
Postage & delivery	242	2,833	1,422	4,497
Office supplies & expense	4,018	17,025	473	21,516
Website	399	3,035	-	3,434
Bank & other fees	300	5,006	616	5,922
Depreciation	-	738	-	738
Miscellaneous expense	58	1,380	-	1,438
Totals	<u>\$ 1,161,121</u>	<u>\$ 137,211</u>	<u>\$ 56,764</u>	<u>\$ 1,355,096</u>

See accompanying notes to financial statements.

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

Cash flows from operating activities:	
Cash received from grants & contributions	\$1,869,333
Cash received from program activities & other income	3,203
Cash received from interest	1,252
Cash paid to employees & vendors	(1,339,971)
Net cash provided by operating activities	<u>533,817</u>
Cash flows from investing activities	
Purchase of fixed assets	(2,762)
Sale of donated stocks	106,946
Net cash provided by investing activities	<u>104,184</u>
Net increase in cash and cash equivalents	638,001
Cash and cash equivalents - January 1, 2012	<u>914,497</u>
Cash and cash equivalents - December 31, 2012	<u>\$ 1,552,498</u>
Reconciliation of increase in net assets to net cash provided by operating activities:	
Change in net assets	\$ 636,281
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	738
Donated stock	(116,831)
Realized gain/loss on investments	(758)
Changes in assets and liabilities:	
Decrease in prepaid expense	482
Increase in accounts payable & accrued expenses	<u>13,905</u>
Net cash provided by operating activities	<u>\$ 533,817</u>

See accompanying notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

NOTE 1 - ORGANIZATION

World Parks Endowment is a nonprofit organization organized in the state of New York on May 19, 1989. During 2006, it adopted the doing-business-as name of World Land Trust – US. In 2013, the organization adopted the doing-business-as name of Rainforest Trust.

World Land Trust – US 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. The organization is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. The organization is a public foundation under Section 509(a)(1) of the Internal Revenue Code, Subsection 170(b)(A)(vi).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Standard – The organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 105-10, *FASB Codification*. The FASB Codification is the single source of authoritative U.S. generally accepted accounting principles (GAAP). Accordingly, references to GAAP have been updated for the appropriate Codification reference.

Basis of accounting - The financial statements of the organization have been prepared on the accrual basis of accounting.

Revenue recognition – Unconditional grants and contributions are recognized when the grant or contribution has been awarded. Restricted revenue is classified in the temporarily restricted fund until the provisions of the restriction are satisfied. Unrestricted grants & contributions are recognized in the unrestricted fund when awarded. The organization had no permanently restricted assets in 2012.

Cash and Cash Equivalents – The organization considers cash equivalents to be highly liquid investments with original maturities at time of purchase of less than 90 days.

Furniture and equipment - Furniture and equipment are recorded at cost. Depreciation is determined by the straight-line method based on an estimated useful life of five or seven years.

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 and disclosures. Accordingly, actual results could differ from those estimates.

Functional expenses – The organization accounts for its expenses on a functional basis. Functional expenses include certain allocated overhead costs (rent, telephone, etc.)

Fair Value of Financial Instruments – The financial instruments of the organization are reported on the statement of financial position at market or fair values, or at a carrying amounts that approximate fair values because of the short maturity of the instruments. See Note 7 for a description of financial instruments carried at fair value

Investments- Investments consist of certificates of deposits (90 days or greater), equities, and mutual funds and are reported at fair value. Unrealized gains or losses are determined by comparison of cost to fair value at the beginning and end of the reporting period. Realized gains and losses are reflected in the accompanying statement of activities.

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NOTE 3 – LAND

In performing its exempt purpose, the organization may acquire and distribute various land plots in order to facilitate the conservation of those lands. It is not the policy of the organization to own and hold land, therefore the organization does not recognize the income and the distribution of the above land in the financial statements.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The organization maintains cash balances in excess of \$250,000 in accounts, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2012, the organization's cash balance in excess of FDIC insurance totaled \$911,774.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The organization leases two office spaces, one in Sandwich, NH on a month to month basis for \$400 a month and the other in Warrenton, Virginia. The organization signed an office space lease for the Warrenton, Virginia space through November 2012 for \$1,300 a month with renewal through November 2013 for \$1,400.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Cotton-top/ ProAves	\$317,859
Antisana/ Jocotoco	218,187
Serra Bonita	141,873
Tangaras/ ProAves	130,235
Jocotoco General	124,389
Ecoturs/ ProAves	83,000
Ayampe/ Jocotoco	59,821
Revolving Land Fund	52,211
WLT-UK	17,500
BTMacaw/ Armonia	25,715
ProAves Geneal	25,798
GPF/ ProAves	22,662
Tapichalaca/ Jocotoco	19,715
Rio Pucuno	9,900
REGUA	8,032
Nature & Culture	3,150
Mindo	2,591
Buenaventura/ Jocotoco	2,385
RFMacaw. Armonia	1,560
Armonia General	<u>1,440</u>
TOTAL	\$1,268,023

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Net assets were released from donor restrictions by incurring expenses satisfying the purpose of time restrictions specified by donors as follows:

Purpose restriction accomplished:

Land protection of the following:

Jocotoco General	\$ 273,384
Tangaras/ ProAves	104,664
Sadiri	90,000
El Dorado/ ProAves	87,221
Antisana/ Jocotoco	86,167
Narupa/ Jocotoco	67,000
Sierra Caral	60,081
ProAves General	57,645
Ayampe/ Jocotoco	44,595
Cotton-top/ ProAves	35,318
WLT-UK	25,216
CEDIA	25,026
Rio Pucuno	24,200
San Rafael, PY	22,249
Serra Bonita	21,319
GPF/ ProAves	20,131
Cinclodes/ Armonia	16,436
Revolving Land Fund	13,594
Jorupe/ Jocotoco	7,010
Mindo	6,954
Beneficia Planning (Internally Restricted)	1,022
BTMacaw/ Armonia	4,192
ProBosque	3,840
REGUA	893
Tapichalaca/ Jocotoco	560
Nature & Culture	350
RFMacaw/ Armonia	315
Tucuman Parrot/ Armonia	300
Buenaventur/ Jocotocoa	265
Armonia General	210
Panama Discovery	100
Other Restricted	52
Cosanga	48
Orangutan	24
Magdalena/ ProAves	15
Pangan/ ProAves	<u>10</u>

TOTAL \$1,100,406

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NOTES TO FINANCIAL STATEMENTS

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NOTE 7 – FAIR VALUE MEASUREMENTS

The organization follows FASB ASC 820-10 for financial assets (and liabilities) measured on a recurring basis, as amended. FASB ASC 820-10 clarifies fair value, establishes a framework for measuring fair value under generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FASB ASC 820-10 emphasizes that fair value is a market based measurement, not an entity-specific measurement and, therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, FASB ASC 820-10 established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby the market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 – inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly or indirectly, through corroboration with observable market data (market corroborated inputs).

Level 3 – unobservable inputs for the asset or liability including inputs that reflect the reporting entity's own assumptions in determining the fair value measurements.

The following table summarizes the Organization's assets (and liabilities) measured at fair value on a recurring basis as of December 31, 2012:

Assets Measured at Fair Value

<u>Description</u>	<u>12/31/12</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>Recurring Basis</u>				
Money Market	\$151,270	\$151,270	\$ -	\$ -
Stock	<u>10,643</u>	<u>10,643</u>	<u>-</u>	<u>-</u>
	\$161,913	\$161,913	\$ -	\$ -

NOTE 8 – INCOME TAXES

The organization is exempt from income taxes under Internal Revenue Code 501 (c) (3) and applicable DC statutes. No provision for income taxes is required at December 31, 2012, as the Organization had no net unrelated business income.

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The organization follows FASB ASC 740 Income Taxes the authoritative guidance relating to accounting for uncertainty in income taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2012, and determined that there were no matters that would require recognition in the financial statements or which may have any affect on its tax-exempt status. As of December 31, 2012, the statute of limitations for tax years 2009 through 2011 remains open with federal and state authorities.

NOTE 9 – SUBSEQUENT EVENTS

The organization's management has evaluated subsequent events through November 12, 2013 the date of the financial statements were available to be issued. There were no subsequent events identified through November 12, 2013 which were required to be disclosed in these financial statements.