

**RAINFOREST TRUST**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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RAINFOREST TRUST

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Rainforest Trust  
Warrenton, VA

We have audited the accompanying financial statements of the Rainforest Trust (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, 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**

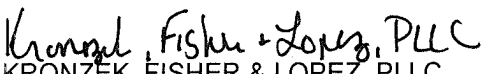
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Rainforest Trust as of December 31, 2013, 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  
June 2, 2014

RAINFOREST TRUST  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2013

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 1,893,156
Receivables	16,020
Prepaid expense	3,945
	<u>1,913,121</u>
FIXED ASSETS	
Equipment	6,075
Accumulated depreciation	3,044
	<u>3,031</u>
OTHER ASSETS	
Security deposit	<u>1,300</u>
TOTAL ASSETS	<u><u>\$ 1,917,452</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable & accrued expenses	<u>\$ 43,890</u>
TOTAL LIABILITIES	43,890
NET ASSETS	
Unrestricted - Non Designated	393,061
- Board Designated - Conservation	<u>49,273</u>
Temporarily restricted	<u>1,431,228</u>
	1,873,562
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,917,452</u></u>

See accompanying notes to financial statements.

RAINFOREST TRUST

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Grants & contributions	\$352,989	\$4,250,005	\$4,602,994
Investment income	2,496	-	2,496
	<u>355,485</u>	<u>4,250,005</u>	<u>4,605,490</u>
Net assets released from:			
Satisfaction of program restrictions	4,086,800	(4,086,800)	-
	<u>4,442,285</u>	<u>163,205</u>	<u>4,605,490</u>
Total revenue			
EXPENSES			
Program:			
World Land and Biodiversity Conservation	4,064,735	-	4,064,735
Support:			
General & Administrative	119,669	-	119,669
Fundraising	93,384	-	93,384
Total support	<u>213,053</u>	<u>-</u>	<u>213,053</u>
Total expenses	<u>4,277,788</u>	<u>-</u>	<u>4,277,788</u>
CHANGE IN NET ASSETS	164,497	163,205	327,702
Beginning net assets	<u>277,837</u>	<u>1,268,023</u>	<u>1,545,860</u>
Ending net assets	<u><u>\$442,334</u></u>	<u><u>\$1,431,228</u></u>	<u><u>\$1,873,562</u></u>

See accompanying notes to financial statements.

RAINFOREST TRUST  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	World Land and Biodiversity Conservation	General & Adminstrative	Fundraising	Total
Payroll, payroll taxes & benefits	\$ 212,079	\$ 73,293	\$ 72,306	\$ 357,678
Rent & utilities	20,778	539	426	21,743
Project grants & expense	3,674,122	-	-	3,674,122
Conservation outreach	14,070	-	-	14,070
Consultants	31,853	12,011	1,116	44,980
Professional fees	1,155	13,269	3,708	18,132
Travel & meals & entertainment	35,676	728	935	37,339
Meeting expense	1,900	916	134	2,950
Telephone & communications	11,496	2,062	265	13,823
Insurance	1,491	35	27	1,553
Printing & reproduction	21,752	197	1,156	23,105
Advertising & promotional	18,686	1,673	3,105	23,464
Office supplies & expense	7,654	4,457	1,059	13,170
Website	8,389	4,054	3	12,446
Postage & delivery	2,800	1,222	300	4,322
Bank & other fees	555	3,793	7,707	12,055
Depreciation	-	620	-	620
Miscellaneous expense	279	800	1,137	2,216
Totals	<u>\$ 4,064,735</u>	<u>\$ 119,669</u>	<u>\$ 93,384</u>	<u>\$ 4,277,788</u>

See accompanying notes to financial statements.

RAINFOREST TRUST  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash flows from operating activities:	
Cash received from grants & contributions	\$4,367,995
Cash received from interest & dividends	1,919
Cash paid to employees & vendors	<u>(4,274,126)</u>
Net cash provided by operating activities	95,788
Cash flows from investing activities	
Purchase of fixed assets	(1,350)
Sale of donated stocks	<u>246,220</u>
Net cash provided by investing activities	244,870
Net increase in cash and cash equivalents	340,658
Cash and cash equivalents - January 1, 2013	<u>1,552,498</u>
Cash and cash equivalents - December 31, 2013	<u><u>\$ 1,893,156</u></u>
Reconciliation of increase in net assets to net cash provided by operating activities:	
Change in net assets	\$ 327,702
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	620
Donated stock	(234,999)
Realized gain/loss on investments	(577)
Changes in assets and liabilities:	
Increase in receivables	(16,020)
Increase in prepaid expense	(3,047)
Increase in accounts payable & accrued expenses	<u>22,109</u>
Net cash provided by operating activities	<u><u>\$ 95,788</u></u>

See accompanying notes to financial statements.



# RAINFOREST TRUST

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

### 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 and then changed their name to 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

Basis of accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America for not-for-profit organizations.

Basis of Presentation – The financial statement presentation follows the provisions of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue Recognition – Grants and contributions are recognized when an unconditional grant or contribution has been awarded, or when the organization has satisfied the requirements of the condition. Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence of any donor restrictions.

Unrestricted grants & contributions are recognized in the unrestricted fund when awarded. Grants and contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets. When the provisions of the restriction have been met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The organization had no permanently restricted grants.

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.)

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NOTES TO FINANCIAL STATEMENTS

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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 8 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.

NOTE 3 - 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, 2013, the organization's cash balance in excess of FDIC insurance totaled \$1,535,111.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

BTMacaw/Armonia	\$ 6,862
Borneo-Orangutan	4,167
CEDIA	374,142
Jocotoco General	82,934
Antisana/Jocotoco	65,855
Canande/Jocotoco	9,900
Don Carr/Jocotoco	43,702
Tapichalaca/Jocotoco	19,715
Yanacochoa/Jocotoco	45,450
Legacy Fund	52,197
Madagascar	21,305
Mindo	9,440
Palawan-Phillipines	4,370
Pantanal	233,411
ProAves General	79,771
Cotton-top/ProAves	36,715
GPF/ProAves	89,309
Magdalena/ProAves	3,480
Perija/ProAves	92,312
Tangaras/ProAves	15,816
REGUA	4,605
Revolving Land Fund	57,388
Rio Pucuno	450
Serra Bonita	<u>77,932</u>
TOTAL	\$1,431,228

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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:

Armonia/Jocotoco	\$ 3,440
BTMacaw/Jocotoco	285,226
Cotinga/Jocotoco	5,000
RFMacaw/ Jocotoco	1,560
Borneo-Orangutan	255,157
CEDIA	186,171
Cosanga	1,200
Ecominga	37,500
Jocotoco General	311,187
Antisana/Jocotoco	1,110,545
Ayampe/Jocotoco	66,113
Buenaventura/Jocotoco	90,029
Canande/Jocotoco	1,100
Don Carr/Jocotoco	4,856
Yanacochoa/Jocotoco	5,050
Legacy Fund	5,803
Madagascar	30,145
Mindo	22,477
Nature & Culture	3,150
Palawan-Phillipines	111,597
Pantanal	26,067
Parque Condor	85,601
ProAves General	96,647
Cotton-top/ProAves	473,687
Ecoturs/ProAves	341,811
El Dorado/ProAves	3,330
GPF/ProAves	38,329
Magdalena/ProAves	364
Pangan/ProAves	100
Perija/ProAves	10,257
Tangaras/ProAves	151,727
REGUA	21,014
Rio Pucuno	9,950
Sadiri	118,000
San Rafael, PY	148
Serra Bonita	153,785
Sierra Caral	100
WLT-UK	<u>18,577</u>
 TOTAL	 \$4,086,800

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NOTES TO FINANCIAL STATEMENTS

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NOTE 5 – 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 6 – RETIREMENT PLAN

The organization matches the employee's contributions up to 3% of their salary for all eligible employees into a SIMPLE IRA. The organization's retirement expense for the period ending December 31, 2013 was \$1,932.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The organization leases two office spaces, one in Sandwich, NH and the other in Warrenton, VA. Both leases are on month to month basis. The current monthly rent for the office space in Sandwich is \$300 and in Warrenton is \$1,600.

NOTE 8 – 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, 2013:

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Assets Measured at Fair Value

<u>Description</u>	<u>12/31/13</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	\$161	\$161	\$ -	\$ -

**NOTE 9 – 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, 2013, as the Organization had no net unrelated business income.

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, 2013, 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, 2013, the statute of limitations for tax years 2010 through 2012 remains open with federal and state authorities.

**NOTE 10 – SUBSEQUENT EVENTS**

The organization's management has evaluated subsequent events through June 2, 2014, the date of the financial statements were available to be issued. There were no subsequent events identified through June 2, 2014 which were required to be disclosed in these financial statements.