

RAINFOREST TRUST
FINANCIAL STATEMENTS
DECEMBER 31, 2014

KRONZEK, FISHER & LOPEZ, PLLC
Certified Public Accountants

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DECEMBER 31, 2014

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, 2014, 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, 2014, 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
May 12, 2015

RAINFOREST TRUST
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 2,372,648
Investments	634,181
Prepaid expense	13,150
	<u>3,019,979</u>
FIXED ASSETS	
Equipment	12,105
Accumulated depreciation	4,500
	<u>7,605</u>
OTHER ASSETS	
Security deposit	<u>1,300</u>
TOTAL ASSETS	<u><u>\$ 3,028,884</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable & accrued expenses	<u>\$ 10,223</u>
TOTAL LIABILITIES	10,223
NET ASSETS	
Unrestricted	917,144
Temporarily restricted - Grants	1,409,587
- Sustainability Fund	<u>691,930</u>
	<u>2,101,517</u>
TOTAL NET ASSETS	<u>3,018,661</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,028,884</u></u>

See accompanying notes to financial statements.

RAINFOREST TRUST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Grants & contributions	\$990,610	\$4,793,445	\$5,784,055
Investment income	4,835	46,533	51,368
	<u>995,445</u>	<u>4,839,978</u>	<u>5,835,423</u>
Net assets released from:			
Satisfaction of program restrictions	<u>4,169,689</u>	<u>(4,169,689)</u>	<u>-</u>
Total revenue	<u>5,165,134</u>	<u>670,289</u>	<u>5,835,423</u>
EXPENSES			
Program:			
World Land and Biodiversity Conservation	4,360,210	-	4,360,210
Support:			
General & Administrative	155,585	-	155,585
Fundraising	174,529	-	174,529
Total support	<u>330,114</u>	<u>-</u>	<u>330,114</u>
Total expenses	<u>4,690,324</u>	<u>-</u>	<u>4,690,324</u>
CHANGE IN NET ASSETS	474,810	670,289	1,145,099
Beginning net assets	<u>442,334</u>	<u>1,431,228</u>	<u>1,873,562</u>
Ending net assets	<u><u>\$917,144</u></u>	<u><u>\$2,101,517</u></u>	<u><u>\$ 3,018,661</u></u>

See accompanying notes to financial statements.

RAINFOREST TRUST
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	World Land and Biodiversity Conservation	General & Adminstrative	Fundraising	Total
Payroll, payroll taxes & benefits	\$ 314,297	\$ 115,946	\$ 151,475	\$ 581,718
Rent & utilities	22,898	701	651	24,250
Project grants & expense	3,817,025	-	-	3,817,025
Consultants	30,661	2,932	2,420	36,013
Professional fees	94	12,518	3,630	16,242
Travel	40,020	274	1,874	42,168
Meeting & meals/entertainment expense	4,462	519	505	5,486
Telephone & communications	5,619	1,051	918	7,588
Insurance	2,545	80	78	2,703
Printing & reproduction	25,136	4	3,012	28,152
Advertising & promotional	25,197	80	4,416	29,693
Office supplies & expense	14,076	1,249	2,123	17,448
Dues & subscriptions	3,586	408	595	4,589
Website	24,501	1,313	261	26,075
Postage & delivery	9,814	105	620	10,539
Bank & other fees	14,539	1,935	194	16,668
Depreciation	1,360	36	60	1,456
Bad debt expense	-	16,020	-	16,020
Miscellaneous expense	4,380	414	1,697	6,491
Totals	<u>\$ 4,360,210</u>	<u>\$ 155,585</u>	<u>\$ 174,529</u>	<u>\$ 4,690,324</u>

See accompanying notes to financial statements.

RAINFOREST TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

Cash flows from operating activities:	
Cash received from grants & contributions	\$5,099,225
Cash received from interest & dividends	4,192
Cash paid to employees & vendors	(4,720,439)
Net cash provided by operating activities	<u>382,978</u>
Cash flows from investing activities	
Purchase of fixed assets	(6,030)
Net sale/purchase of donated securities & other securities	102,544
Net cash provided by investing activities	<u>96,514</u>
Net increase in cash and cash equivalents	479,492
Cash and cash equivalents - January 1, 2014	<u>1,893,156</u>
Cash and cash equivalents - December 31, 2014	<u><u>\$ 2,372,648</u></u>
Reconciliation of increase in net assets to net cash provided by operating activities:	
Change in net assets	\$ 1,145,099
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	1,456
Donated stock	(689,549)
Reinvested investment income	(39,834)
Realized gain/loss on investments	(7,342)
Changes in assets and liabilities:	
Decrease in receivables	16,020
Increase in prepaid expense	(9,205)
Decrease in accounts payable & accrued expenses	<u>(33,667)</u>
Net cash provided by operating activities	<u><u>\$ 382,978</u></u>

See accompanying notes to financial statements.

RAINFOREST TRUST
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

NOTE 1 - ORGANIZATION

Rainforest Trust is a nonprofit organization organized in the state of New York as World Parks Endowment 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.

Rainforest Trust 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.)

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

RAINFOREST TRUST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments- Investments consist of certificates of deposits (90 days or greater), equities, mutual funds, and loans which 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, 2014, the organization's cash balance in excess of FDIC insurance totaled \$1,837,990.

NOTE 4 – 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 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Armonia	\$ 1,110
Armonia: BTMacaw	54,293
Borneo-Orangutan	204,393
CEDIA	302,635
Cosanga	1,009
DRC	101,439
Ecominga	4,882
Atewa-Ghana	16,148
Indonesia	14,891
Jocotoco	80,846
Antisana/Jocotoco	40,455
Yanacochoa/Jocotoco	9,450
Madagascar	233,178
Other Restricted	24,711
Palawan – Philippines	57,474
ProAves	37,699
Cotton-Top/ProAves	37,358
EcoTurs/ProAves	886
GPF/ProAves	87,556
REGUA	4,404
Revolving Land Fund	59,989
Rio Pucuno	1,800
Serra Bonita	32,957
WLT-UK	<u>24</u>
Grants	\$1,409,587
Sustainability Fund	<u>691,930</u>
TOTAL	\$2,101,517

RAINFOREST TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

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	\$ 2,829
BTMacaw/Armonia	10,305
RFMacaw/Armonia	20,000
Avaaz	100,000
Borneo-Orangutan	377,246
CEDIA	640,580
Cosanga	138
DRC	74,978
Ecominga	29,133
Atewa-Ghana	95,731
Indonesia	31,204
Jaguar Initiative	5,412
Jocotoco	173,094
Antisana/Jocotoco	29,400
Ayampe/Jocotoco	13,500
Buenaventura/Jocotoco	34,000
Canande/Jocotoco	279,393
Don Carr/Jocotoco	122,591
Tapichalaca/Jocotoco	19,715
Yanacochoa/Jocotoco	36,000
Yunguilla/Jocotoco	73,000
Madagascar	81,737
Mindo	25,040
Other Restricted	31,592
Palawan-Philippine	6,794
Pantanal	270,029
Parque Condor	52,965
ProAves	157,526
Cotton-Top/ProAves	14,827
EcoTurs/ProAves	465,114
El Dorado/ProAves	122,797
El Jaguar/ProAves	78,758
GPF/ProAves	3,633
Magdalen a/Paujil/ProAves	42,184
Perija/ProAves	181,087
Tangaras/ProAves	90,296
REGUIA	173,055
Revolving Land Fund	316
Rio Pucuno	11,150
Serra Bonita	127,920
Sierra Santa Cruz	7,296
Sumatra	55,000
WLT-UK	974
	<hr/>
Grants	\$4,168,339
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Sustainability Fund	1,350
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TOTAL	\$4,169,689

RAINFOREST TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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, 2014 was \$9,027.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

During the audit period the organization leased two office spaces, one in Sandwich, NH and the other in Warrenton, VA. Both leases were on month to month basis. The current monthly rent for the office space in Sandwich was \$300 and in Warrenton was \$1,600. See Note 12.

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, 2014:

RAINFOREST TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 8 – FAIR VALUE MEASUREMENTS (CONTINUED)

<u>Assets Measured at Fair Value</u>				
<u>Description</u>	<u>12/31/14</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	\$63,571	\$63,571	\$ -	\$ -
Stocks	3,198	3,198	-	-
Mutual Funds	458,301	458,301	-	-
Unsecured Consumer Credit Loan Notes	<u>172,682</u>	<u>172,682</u>	<u>-</u>	<u>-</u>
TOTAL	\$697,752	\$697,752	\$ -	\$ -

NOTE 9 - DONATED SERVICES

The organization received donated services of \$11,420, including \$11,303 from a web service company during the year. The income and related expense of these donated services are recognized on these financial statements respectively under contributions and website & miscellaneous expense.

NOTE 10 – SUSTAINABILITY FUND

During the year the organization received an investment portfolio worth approximately \$495,000. The vision of this fund is to provide a source a 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 funds. Disbursements shall be used for land acquisition protection. Up to, but no more than 50% of disbursements in given year may be for land reclamation and reforestation. Recipients of the disbursements will be deemed by the Board to be responsible stewards of the land and funds, and financially sound and sustainable.

NOTE 11 – INCOME TAXES

The organization is exempt from income taxes under Internal Revenue Code 501 (c)(3) and applicable state statutes. No provision for income taxes is required at December 31, 2014, 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

RAINFOREST TRUST
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 – INCOME TAXES (CONTINUED)

December 31, 2014, 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, 2014, the statute of limitations for tax years 2011 through 2013 remains open with federal and state authorities.

NOTE 12 – SUBSEQUENT EVENTS

The organization's management has evaluated subsequent events through May 12, 2015, the date of the financial statements were available to be issued. There were no subsequent events identified through May 12, 2015 which were required to be disclosed in these financial statements, except for the following.

Subsequent to December 31, 2014, the organization signed a lease and moved to 7078 Airlie Road, Warranton, VA with the following terms-

	Monthly base rent	Annual base rent
4/1/15-3/31/16	\$7,083	\$85,000
4/1/16-3/31/17	7,260	87,125
4/1/17-3/31/18	7,442	89,303
4/1/18-3/31/19	7,628	91,536

There will be 50% rent abatement the first two months and up to \$20,000 of abatements for Landlord approved improvements made by the organization. The organization is responsible for increases in real estate taxes and insurance for the property.