



*Rainforest Trust*

Financial Statements  
and  
Independent Auditor's Report

December 31, 2023



## Table of Contents

Independent Auditor's Report.....	1 - 2
<i>Audited Financial Statements</i>	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements.....	7 - 20

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## Independent Auditor's Report

To the Board of Directors  
Rainforest Trust  
Warrenton, Virginia

### Opinion

We have audited the accompanying financial statements of Rainforest Trust (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rainforest Trust as of December 31, 2023, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rainforest Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rainforest Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rainforest Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rainforest Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Sibich CPA LLC*

Alexandria, Virginia  
June 7, 2024

**Rainforest Trust**  
**Statement of Financial Position**  
**December 31, 2023**

**Assets**

Current assets:

Cash and cash equivalents	\$ 9,648,253
Contributions receivable, net	2,785,582
Notes receivable	254
Prepaid expenses	186,222
Other assets	<u>1,060</u>

Total current assets 12,621,371

Cash and cash equivalents with donor restrictions	24,687,498
Contributions receivable, non-current	989,598
Investments with donor restrictions	83,477,673
Property and equipment, net	133,249
Right-of-use asset for financing lease, net	<u>3,756</u>

Total assets \$ 121,913,145

**Liabilities and Net Assets**

Current liabilities:

Accounts payable and accrued expenses	\$ 293,915
Lease liability for financing lease	<u>3,715</u>

Total current liabilities 297,630

Net assets:

Without donor restrictions	10,131,611
With donor restrictions	<u>111,483,904</u>

Total net assets 121,615,515

Total liabilities and net assets \$ 121,913,145

**Rainforest Trust**  
**Statement of Activities**  
**For the Year Ended December 31, 2023**

	Without donor restrictions	With donor restrictions	Total
Revenues:			
Contributions	\$ 2,827,923	\$ 38,579,947	\$ 41,407,870
Investment income, net	4,473,973	684,940	5,158,913
In-kind contributions	50,600	-	50,600
Other income	3,090	-	3,090
Loss on disposal of assets	(20,810)	-	(20,810)
Net assets released from restrictions:			
Satisfaction of donor restrictions	<u>31,377,016</u>	<u>(31,377,016)</u>	<u>-</u>
Total revenues	<u>38,711,792</u>	<u>7,887,871</u>	<u>46,599,663</u>
Expenses:			
Program services:			
World Land and Biodiversity Conservation	<u>31,258,661</u>	<u>-</u>	<u>31,258,661</u>
Support services:			
Fundraising	2,040,361	-	2,040,361
General and administrative	<u>839,166</u>	<u>-</u>	<u>839,166</u>
Total support services	<u>2,879,527</u>	<u>-</u>	<u>2,879,527</u>
Total expenses	<u>34,138,188</u>	<u>-</u>	<u>34,138,188</u>
Change in net assets	4,573,604	7,887,871	12,461,475
Net assets, beginning of year	<u>5,558,007</u>	<u>103,596,033</u>	<u>109,154,040</u>
Net assets, end of year	<u>\$ 10,131,611</u>	<u>\$ 111,483,904</u>	<u>\$ 121,615,515</u>

See accompanying notes to the financial statements.

**Rainforest Trust**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2023**

	World Land and Biodiversity <u>Conservation</u>	<u>Fundraising</u>	General and <u>administrative</u>	Total support <u>services</u>	<u>Total expenses</u>
Partnership grant distributions	\$ 28,384,795	\$ -	\$ -	\$ -	\$ 28,384,795
Payroll, payroll taxes and benefits	1,966,160	1,345,167	632,241	1,977,408	3,943,568
Professional fees	367,550	106,965	93,663	200,628	568,178
Advertising and promotional	66,062	295,124	-	295,124	361,186
License and fees	162,162	29,457	44,598	74,055	236,217
IT services and equipment	46,359	109,747	22,945	132,692	179,051
Occupancy and insurance	33,538	22,877	8,949	31,826	65,364
Travel	165,354	46,519	16,824	63,343	228,697
Depreciation and amortization	30,495	20,802	8,137	28,939	59,434
Supplies, postage and telephone	16,515	21,220	4,534	25,754	42,269
Printing	2,885	20,310	3,740	24,050	26,935
Staff development	13,665	19,070	2,575	21,645	35,310
Meals and entertainment	<u>3,121</u>	<u>3,103</u>	<u>960</u>	<u>4,063</u>	<u>7,184</u>
Total expenses	<u>\$ 31,258,661</u>	<u>\$ 2,040,361</u>	<u>\$ 839,166</u>	<u>\$ 2,879,527</u>	<u>\$ 34,138,188</u>

See accompanying notes to the financial statements

**Rainforest Trust**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2023**

Cash flows from operating activities:	
Change in net assets	\$ <u>12,461,475</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	59,434
Unrealized gain on investments	(1,163,266)
Realized gain on investments	(78,327)
Loss on disposal of assets	(10,994)
Noncash contributions of securities	(3,925,200)
Proceeds from sales of contributed securities	3,948,811
Decrease (increase) in assets:	
Contributions receivable	(122,651)
Right-of-use asset for operating lease	50,271
Prepaid expenses	(31,944)
Other assets	(1,060)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(39,434)
Lease liability for operating lease	<u>(54,720)</u>
Total adjustments	<u>(1,369,080)</u>
Net cash provided by operating activities	<u>11,092,395</u>
Cash flows from investing activities:	
Proceeds from sales of investments	33,628,707
Purchases of investments	(114,301,350)
Proceeds from disposals of property and equipment	<u>(3,342)</u>
Net cash used in investing activities	<u>(80,675,985)</u>
Cash flows from financing activities:	
Principal payment on lease liability for financing lease	<u>(4,423)</u>
Net cash used in financing activities	<u>(4,423)</u>
Net decrease in cash and cash equivalents	(69,588,013)
Cash and cash equivalents and cash with donor restrictions, beginning of year	<u>103,923,764</u>
Cash and cash equivalents and cash with donor restrictions, end of year	\$ <u><u>34,335,751</u></u>
Cash and cash equivalents reconciliation:	
Cash and cash equivalents, undesignated	\$ 9,648,253
Cash with donor restrictions	<u>24,687,498</u>
Total cash and cash equivalents	\$ <u><u>34,335,751</u></u>

See accompanying notes to the financial statements.



**Rainforest Trust**  
**Notes to the Financial Statements**  
**December 31, 2023**

**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 focuses on the creation and expansion of protected areas in the tropics and subtropics with local partners and communities through three mechanisms: establishment of government parks and protected areas, purchase of land and establishment of private reserves, and land titling and other mechanisms for delivering Indigenous and local community ownership and management.

**2. Summary of Significant Accounting Policies**

**a. Basis of presentation**

The Organization's financial statements are presented in accordance with generally accepted accounting principles in the United States of America (US GAAP) 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, whereby the donor has stipulated the funds be maintained in perpetuity.

During 2023, the Board of Directors adopted a Unrestricted Net Assets Management Policy to maintain an adequate level of unrestricted net assets available to support non-project costs in the event of unforeseen shortfalls. The General Operating Reserve target balance is approximately 12 months, with any excess funds categorized as the Board Designated Action Fund to be used for programmatic purposes or other approved initiatives. As of the year ended December 31, 2023 there were no funds designated by the board for the Board Designated Action Fund as it will be funded in subsequent years.

**Rainforest Trust**  
**Notes to the Financial Statements**  
**December 31, 2023**

**b.** Basis of accounting

The Organization's financial statements are prepared on the accrual basis of accounting in accordance with US GAAP.

**c.** Use of estimates

The preparation of financial statements in conformity with US GAAP 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

US 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. US 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, 2023**

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, 2023.

- Money market funds: Valued at net asset value of shares on the last trading day of the fiscal year.
- Common stock: Valued at the closing quoted price in an active market.
- Corporate debt securities: The investment grade corporate bonds held by the Organization generally do not trade in active markets on the measurement date. Therefore, corporate debt securities are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.
- U.S. government securities: U.S. Treasury bonds and notes in which the Organization invests are usually “off the run” on the measurement date. Thus, they are valued by a pricing service using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. U.S. Treasury bonds and notes that are “on the run” are measured at quoted prices in active markets for the same security.

**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.

The Organization is not aware of any activities that would jeopardize their tax-exempt status that would require recognition in the accompanying financial statements. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. If material omissions of income exist, tax returns may be subject to examination for up to six years. It is the Organization's policy to disclose interest and/or penalties related to uncertain tax positions, if any, in the accompanying financial statements. As of December 31, 2023, the Organization had no uncertain tax positions which should be disclosed. The Organization is no longer subject to U.S. federal or state examinations by tax authorities for tax years prior to 2020.

**Rainforest Trust**  
**Notes to the Financial Statements**  
**December 31, 2023**

**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.** Contributions receivable, net

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. 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. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At December 31, 2023, all contributions receivable are fully collectible, therefore no allowance for doubtful accounts has been recognized. However, actual write-offs may occur.

**h.** 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.

During 2022, the Board of Directors adopted a new Investments Policy Statement to allow for the conservative investment of cash with an emphasis on capital preservation. The portfolio is focused on low risk short-term fixed income securities in pursuit of a reasonable rate of return to support the operations of the Organization. The portfolio was funded in 2023. Separately, endowment investments are discussed in Notes 6 and 7 of this report.

**Rainforest Trust**  
**Notes to the Financial Statements**  
**December 31, 2023**

i. Property and equipment, net

Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation and amortization. The Organization follows a practice of capitalizing property and equipment with a cost of over \$1,000 and an estimated useful life of more than one year. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 7 years for furniture and 3 to 5 years for computer equipment. Leasehold improvements are amortized over the shorter of the lease life or useful life of the asset, which is 2 years. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

j. Revenue recognition

*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.

*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, 2023**

**k.** 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 following summarizes the allocation methodology for 2023:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll, payroll taxes and benefits	Estimated time and effort allocation by role
Partnership grant disbursements, advertising and promotional, licenses and fees, IT services and equipment, professional fees, printing, conference registration, travel, staff development, meals and entertainment	Direct charge to the cost center benefiting from the expense
Shared IT services and equipment, occupancy and insurance, depreciation and amortization, supplies, and telephone	Allocated based on level of effort charged to each functional class relative to total effort

**l.** Leases

The Organization leases equipment. The Organization determines if an arrangement is a lease at the inception of the arrangement based on the terms and conditions in the contract. A contract contains a lease if there is an identified asset and the Organization has the right to control the asset.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

**Rainforest Trust**  
**Notes to the Financial Statements**  
**December 31, 2023**

**3. Liquidity and Availability**

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

Financial assets at year end:	2023
Cash and cash equivalents	\$ 9,648,253
Cash and cash equivalents with donor restrictions	24,687,498
Contributions receivable, net	3,775,180
Notes receivable	254
Investments with donor restrictions	83,477,673
Total financial assets	121,588,858
Less amounts not available for unrestricted purposes within one year:	
Net assets with donor restrictions	111,483,904
Financial assets available to meet general expenditures within one year	\$ 10,104,954

Most of the Organization's financial assets are restricted for conservation projects that span multiple years. Donations are solicited at the launch of each project to assure that the financial commitment contracted with the implementing partner can be met. Funds are then disbursed to the partner as milestones are met through the life of the project. Thus, significant financial assets are held on the statement of financial position during project implementation, though our agreements to our partners exceed the assets held. Seasonal variability in contributions can also lead to higher balances during peak giving periods. The Organization structures its financial assets to be available as its conservation partner payments, general expenditures, liabilities, and other obligations become due. Unrestricted cash is maintained in liquid accounts and is available to meet general operating needs.

**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, 2023, the Organization had bank deposits in excess of FDIC limits of \$33,585,690. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

**Rainforest Trust**  
**Notes to the Financial Statements**  
**December 31, 2023**

**5. Contributions Receivable**

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

Unconditional promises to give expected to be collected in:	Contributions receivable - partner commitments	Contributions receivable - other	Total
Less than one year	\$ 955,603	\$ 1,948,255	\$ 2,903,858
One to three years	<u>989,598</u>	<u>-</u>	<u>989,598</u>
Total contributions receivable	1,945,201	1,948,255	\$ 3,893,456
Less:			
Allowance for uncollectible receivables	-	-	-
Discount to present value (discount rate of 5.12%)	<u>(118,276)</u>	<u>-</u>	<u>(118,276)</u>
Contributions receivable, net	<u>\$ 1,826,925</u>	<u>\$ 1,948,255</u>	<u>\$ 3,775,180</u>

**6. Investments and Fair Value Measurements**

Assets measured at fair value on a recurring basis at December 31, 2023 are as follows:

Assets:	Level 1	Level 2	Level 3	Total
Money market funds	\$ 3,187,436	\$ -	\$ -	\$ 3,187,436
Common Stock	9,777	-	-	9,777
U.S. government securities	-	41,655,348	-	41,655,348
Corporate debt securities	<u>-</u>	<u>38,625,112</u>	<u>-</u>	<u>38,625,112</u>
Total investments	<u>\$ 3,197,213</u>	<u>\$ 80,280,460</u>	<u>\$ -</u>	<u>\$ 83,477,673</u>

**7. Sustainability Endowment**

In 2014, the Organization received an investment portfolio worth \$496,743. Once the fund reached \$1.4 million dollars, or after five years, whichever came first, the Organization was to start disbursing the amounts in excess of the original corpus for land acquisition and protection, with up to 50% of disbursements for land reclamation and reforestation. Under US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. These funds are reported as net assets with restrictions. In 2022, the Organization decided that funds immediately invested in excellent conservation will yield a greater conservation return than those invested in capital markets. As such, the major donor to the endowment agreed to disendow their portion of the funds, and in 2023, the Board of Directors passed a resolution to pursue the disendowment of the remaining funds.



**Rainforest Trust**  
**Notes to the Financial Statements**  
**December 31, 2023**

Management has interpreted the 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.

Change in endowment net assets for the year ended December 31, 2023 was:

	With donor restrictions
Endowment net assets, beginning of year	\$ 581,832
Investment return	
Investment income	13,500
Net appreciation	42,412
Total investment return	55,912
Contributions	25,000
Donor release of restriction	(109,780)
Endowment net assets, end of year	\$ 552,964

**Rainforest Trust**  
**Notes to the Financial Statements**  
**December 31, 2023**

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Organization is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. Such endowments are often referred to as “underwater” endowments. Though the Organization is not required by donor-imposed restriction or law to use its unrestricted resources to restore the endowments to their historic dollar value, accounting guidance for not-for-profit organization require that such losses and subsequent gains be reflected as changes in net assets with donor restriction until the fair values again reach their historical dollar values. In accordance with US GAAP, deficiencies of this nature are reported in net assets with donor restriction. There were no such deficiencies at December 31, 2022.

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.

**8. Property and Equipment, Net**

The following is a summary of property and equipment held at December 31, 2023:

Furniture and computer equipment	\$ 268,372
Accumulated depreciation and amortization	<u>(135,123)</u>
Total property and equipment, net	<u>\$ 133,249</u>

**9. Net Assets with Donor Restrictions**

At December 31, 2023, net assets with donor restrictions were available for the following programs:

Pooled Funds for conservation projects that will be allocated to multiple countries and regions:

Conservation Action Fund	\$ 4,579,070
Rainforest Climate Action Fund	273,815
Sustainability Fund	<u>607,831</u>
Subtotal	<u>5,460,716</u>

Pooled Funds for specific purposes within multiple countries and regions:

Guardians of the Rainforest	<u>163,042</u>
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Project Funds specific to the following countries and regions:

Andes-Amazon	6,328,350
Argentina	2,662,485

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**Rainforest Trust**  
**Notes to the Financial Statements**  
**December 31, 2023**

Bangladesh	10,999
Belize	1,262,325
Bolivia	1,421,597
Brazil	16,748,438
Cambodia	103,664
Cameroon	265,898
Central African Republic	4,535,701
Colombia	7,055,881
Congo Basin	3,121,979
Costa Rica	305,999
Cote d'Ivoire	80,785
Cuba	142,378
Democratic Republic of Congo	5,094,354
Dominican Republic	183,715
Ecuador	5,049,356
Equatorial Guinea	1,200,538
Gabon	357,893
Ghana	565,510
Guinea	1,049,872
Guyana	734,639
India	489,943
Indonesia	5,390,755
Kenya	2,126,477
Laos	2,557,623
Liberia	2,635,130
Madagascar	3,266,606
Malaysia	512,048
Mexico	1,186,767
Mozambique	2,064,926
Multi-Regional Projects	1,374,527
Myanmar	646,511
Nepal	1,086,974
New Caledonia	276,898
Nigeria	175,956
Panama	18,800
Peru	11,379,866
Philippines	3,768,889
Republic of the Congo	1,256,887
Republic of the Congo	1,256,887
Rwanda	946,962
Sao Tome and Principe	405,471
Solomon Islands	148,598
South Africa	1,052,607
South Sudan	2,783,672
Tanzania	83,647
Thailand	723,709
Uganda	42,965
Vietnam	198,398
Zambia	976,178
	<u>105,860,146</u>
Subtotal	<u>105,860,146</u>
Total net assets with donor restrictions	<u>\$ 111,483,904</u>

**Rainforest Trust**  
**Notes to the Financial Statements**  
**December 31, 2023**

**10. Related Party Transactions**

In 2017, the Organization entered into a brand sharing and license agreement with Rainforest Trust UK. Rainforest Trust UK is a separately incorporated and governed Charitable Incorporated Organization registered in England and Wales. The agreement permits Rainforest Trust UK to use the Organization's brand documentation, licensed marks, license territory and marks with the review and approval of the Organization. There is no financial consideration associated with the agreement. Currently, one staff member of the Organization is a Board member of Rainforest Trust UK. The Organization received total contributions from Rainforest Trust UK of \$2,388,537 for the year ended December 31, 2023.

The Organization received total contributions from board members of \$7,041,845 for the year ended December 31, 2023.

**11. Concentrations of Revenue Risk**

During the year ended December 31, 2023, the Organization received \$13,000,000 from two donors which is approximately 28% of its total revenue and support. Any significant reduction in revenue and support may adversely impact the Organization financial position and operations.

**12. In-Kind Contributions**

The Organization's financial statements include in-kind contributions revenue and support, and associated expense for legal services that would typically be solicited if not provided as an in-kind contribution. These services require specialized skill and are recognized at the fair value when pledged, and expenses when services are rendered. The Organization did not monetize any contributed nonfinancial assets. The donated services were utilized in the fiscal year and allocated to the programs benefited. The fair value of these services is provided by the service provider and verified based on the date and the current rates for legal services in the market in which the service is rendered. The Organization received \$50,600 in contributed legal services for the year ended December 31, 2023. There were no donor restrictions associated with the donated services.

**Rainforest Trust**  
**Notes to the Financial Statements**  
**December 31, 2023**

**13. 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. For the year ended December 31, 2023, retirement plan expense was \$73,889.

**14. Finance lease**

In November 2021, the Organization entered into an agreement to lease a copier for three years. The lease commenced on November 10, 2021, with a base monthly payment of \$380. The lease asset and liability were calculated utilizing the risk-free discount rate (.83%).

Aggregate future minimum lease payments are as follows for the years ending December 31:

2024	\$	3,729
Interest		<u>(14)</u>
Present value of financing lease liability	\$	<u><u>3,715</u></u>

The following summarizes the line items in the statement of financial position which include amounts for financing leases as of December 31:

		<u>2023</u>
Financing lease right-of-use asset	\$	3,756
Financing lease liability, current	\$	3,715

As of December 31, 2023, assets recorded under finance leases were \$13,523 and accumulated depreciation associated with finance leases was \$9,767. Financing lease amortization expense, included in program services in the accompanying statement of activities, for the year ended December 31, 2023 was \$4,508. Cash paid for amounts included in the measurement of lease liabilities included in operating cash flows on the statement of cash flows for the year ended December 31, 2023 was \$4,475, which includes \$51 of interest expense.

Weighted Average Remaining Lease Term		<u>2023</u>
Financing lease		1.83 years
Weighted Average Discount Rate		
Financing lease		0.83%

**Rainforest Trust**  
**Notes to the Financial Statements**  
**December 31, 2023**

**15. Subsequent Events**

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 7, 2024, which is the date the financial statements were available to be issued. There were no additional subsequent events that require recognition or disclosure in these financial statements.