

**RAINFOREST FOUNDATION, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2015 AND 2014**

**RAINFOREST FOUNDATION, INC.**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Rainforest Foundation, Inc.

We have audited the accompanying financial statements of Rainforest Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 Rainforest Foundation, Inc. as of December 31, 2015 and 2014, and the change in its net asset and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Lotz + Carr, LLP*

New York, New York  
October 14, 2016

**RAINFOREST FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash (Note 7)	\$ 697,137	\$ 258,452
Investments (Notes 1b, 1c and 3)	13,626	10,250
Unconditional promises to give (Notes 1d and 4)		
Restricted	996,639	875,351
Prepaid expenses and other assets	2,424	88
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 5)	4,522	2,525
Security deposit	<u>13,500</u>	<u>14,249</u>
<b>Total Assets</b>	<u><u>\$1,727,848</u></u>	<u><u>\$1,160,915</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 38,702	\$ 38,547
Grants payable (Note 1f)	<u>-</u>	<u>27,100</u>
Total Liabilities	<u>38,702</u>	<u>65,647</u>
Commitments (Note 6)		
Net Assets		
Unrestricted (deficit)	(60,903)	(44,698)
Temporarily restricted (Note 2)	<u>1,750,049</u>	<u>1,139,966</u>
Total Net Assets	<u>1,689,146</u>	<u>1,095,268</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$1,727,848</u></u>	<u><u>\$1,160,915</u></u>

See notes to financial statements.

**RAINFOREST FOUNDATION, INC.**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Changes in Unrestricted Net Assets</b>		
Revenue and Support		
Contributions	\$ 288,961	\$ 375,900
Special event income	86,609	-
Direct benefit expenses	(62,684)	-
Donated services (Note 8)	2,934	-
Investment income (loss)	(1,079)	3,374
	<u>314,741</u>	<u>379,274</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	<u>961,870</u>	<u>1,168,004</u>
 Total Revenue and Support	 <u>1,276,611</u>	 <u>1,547,278</u>
Expenses		
Program Services	<u>1,051,858</u>	<u>1,314,110</u>
Supporting Services		
Management and general	156,657	90,335
Fundraising	84,301	61,409
Total Supporting Services	<u>240,958</u>	<u>151,744</u>
 Total Expenses	 <u>1,292,816</u>	 <u>1,465,854</u>
 Increase (Decrease) in Unrestricted Net Assets	 <u>(16,205)</u>	 <u>81,424</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	1,571,953	1,692,749
Net assets released from restrictions	<u>(961,870)</u>	<u>(1,168,004)</u>
 Increase in Temporarily Restricted Net Assets	 <u>610,083</u>	 <u>524,745</u>
 Increase in net assets	 593,878	 606,169
Net assets, beginning of year	<u>1,095,268</u>	<u>489,099</u>
 <b>Net Assets, End of Year</b>	 <u><u>\$1,689,146</u></u>	 <u><u>\$1,095,268</u></u>

See notes to financial statements.

## RAINFOREST FOUNDATION, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 593,878	\$ 606,169
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,673	3,263
Deferred rent	-	(3,747)
Unrealized (gain) loss on investments	1,594	(3,211)
(Increase) decrease in:		
Unconditional promises to give	(121,288)	(517,881)
Prepaid expenses and other assets	(2,336)	435
Security deposit	749	(280)
Increase (decrease) in:		
Accounts payable and accrued expenses	155	11,968
Grants payable	(27,100)	27,100
Net Cash Provided By Operating Activities	<u>447,325</u>	<u>123,816</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments and donated stock	(4,970)	(281)
Acquisition of property and equipment	(3,670)	-
Net Cash Used By Investing Activities	<u>(8,640)</u>	<u>(281)</u>
Net increase in cash	438,685	123,535
Cash, beginning of year	<u>258,452</u>	<u>134,917</u>
<b>Cash, End of Year</b>	<u>\$ 697,137</u>	<u>\$ 258,452</u>

See notes to financial statements.

**RAINFOREST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

Rainforest Foundation, Inc. (the "Organization") was incorporated in 1988 in accordance with State of California Not-For-Profit Corporation Law. The mission of the Organization is to support indigenous people and traditional populations of the rainforest in their efforts to protect their environment and fulfill their rights.

The Organization assists them in securing and controlling the natural resources necessary for their long term well-being and managing these resources in ways which do not harm their environment, violate their culture or compromise their future. The Organization also assists in developing the means to protect their individual and collective rights and obtain, shape and control basic services.

b - Investments

The Organization reflects investments at fair value in the statement of financial position. Investment income, including unrealized gains and losses on investments, are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

c - Fair Value Measurements

Generally accepted accounting principles establish a fair value measurement hierarchy that prioritizes the inputs to valuation techniques. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority. The Organization uses the higher priority valuation techniques based on available inputs to measure fair values. The fair value of the Organization's investments in common stock is measured using Level 1 inputs, quoted prices in active markets.

d - Unconditional Promises to Give and Contributions

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance, if necessary, is based on management's analysis of specific promises made.



**RAINFOREST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

e - Property and Equipment

Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Property and equipment are depreciated using the straight-line method over the estimated useful life of the related asset.

f - Grants

Grants are accrued when authorized for activities in the current year. Grants approved for future years are reflected as commitments (Note 6b).

g - Advertising

The Organization expenses the cost of advertising as incurred. Advertising expense for the years ended December 31, 2015 and 2014 was \$2,722 and \$37,650, respectively.

h - Financial Statement Presentation

Organization reports 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.

i - 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.

j - Tax Status

The Organization is a not-for-profit corporation, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

k - Subsequent Events

The Organization has evaluated subsequent events through October 14, 2016, the date that the financial statements are considered available to be issued.

**Note 2 - Temporarily Restricted Net Assets**

Temporarily restricted net assets are restricted for future periods and programs.

**RAINFOREST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**Note 3 - Investments**

Investments are classified within Level 1 of the fair value hierarchy and consist of the following:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash equivalents	\$ 131	\$ 131	\$ 124	\$ 124
Common stock	<u>6,761</u>	<u>13,495</u>	<u>1,496</u>	<u>10,126</u>
	<u>\$6,892</u>	<u>\$13,626</u>	<u>\$1,620</u>	<u>\$10,250</u>

Investment income consists of the following for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 515	\$ 163
Unrealized gains and (losses)	<u>(1,594)</u>	<u>3,211</u>
Net Investment Income (Loss)	<u>\$(1,079)</u>	<u>\$3,374</u>

**Note 4 - Unconditional Promises to Give**

Unconditional promises to give are due as follows:

	<u>2015</u>	<u>2014</u>
Due within one year	\$ 900,400	\$684,004
Due within two to three years	<u>100,000</u>	<u>200,000</u>
	1,000,400	884,004
Less: Discount to present value	<u>(3,761)</u>	<u>(8,653)</u>
Total	<u>\$ 996,639</u>	<u>\$875,351</u>

Uncollectible promises to give are expected to be insignificant. Unconditional promises to give due after one year are discounted to net present value using a discount rate of 3% per annum.

**RAINFOREST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**Note 5 - Property and Equipment**

Property and equipment consist of the following:

	<u>Life</u>	<u>2015</u>	<u>2014</u>
Computer equipment	5 years	\$47,604	\$43,934
Computer software	3 years	<u>26,346</u>	<u>26,346</u>
		73,950	70,280
Less: Accumulated depreciation		<u>(69,428)</u>	<u>(67,755)</u>
Total		<u>\$ 4,522</u>	<u>\$ 2,525</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$1,673 and \$3,263, respectively.

**Note 6 - Commitments**

a - Lease

The Organization occupies office space under a lease agreement which expires May 31, 2020. Approximate minimum annual obligations for rent under this lease agreement are as follows:

<u>Year Ending December 31,</u>	
2016	\$54,000
2017	57,387
2018	59,107
2019	60,882
Thereafter, through May 31, 2020	25,680

Rent expense for the years ended December 31, 2015 and 2014 was \$54,825 and \$54,600, respectively.

b - Grants Awarded

As of December 31, 2015, the Organization had committed \$396,000 in grant awards for future years. All are expected to be distributed in 2016.

**Note 7 - Concentration of Credit Risk**

The Organization maintains its cash balances in a financial institution located in New York City. The cash balances, at times, may exceed federally insured limits.

**RAINFOREST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**Note 8 - Donated Services**

The Organization recorded donated services in connection with the design of its office space.

**Note 9 - Functional Allocation of Expenses**

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and the supporting services benefited.

**Note 10 - Subsequent Event**

During November 2015, the Organization was advised by an agency of the Norwegian government that it was the recipient of a grant of approximately \$4.2 million over a five-year period, 2016 to 2020, toward a project designed to protect the forests in Guyana. A formal contract for the 2016 portion of the project in the amount of \$1,115,073 was signed in April 2016. Because the formal contract was not signed at December 31, 2015, no portion of the grant was reflected in the accompanying financial statements.

The grant was awarded in Norwegian krone and is subject to fluctuations in currency exchange rates.

**SUPPLEMENTARY INFORMATION**



**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
Rainforest Foundation, Inc.

We have audited the financial statements of Rainforest Foundation, Inc. as of and for the years ended December 31, 2015 and 2014, and our report thereon dated October 14, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended December 31, 2015 with comparative totals for 2014 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Lutz + Carr, LLP*

New York, New York  
October 14, 2016

## RAINFORREST FOUNDATION, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE TOTALS FOR 2014

	Program Services	Supporting Services		2015	2014
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$ 228,432	\$ 61,245	\$ 53,415	\$ 343,092	\$ 260,000
Payroll taxes and employee benefits	50,498	13,539	11,808	75,845	67,952
Grants	493,389	-	-	493,389	677,764
Professional fees	98,776	54,142	15,859	168,777	185,502
Information technology	815	551	-	1,366	844
Printing and copying	947	28	410	1,385	1,886
Office expense	22,032	16,315	2,549	40,896	31,671
Repairs and maintenance	1,500	247	-	1,747	9,591
Occupancy	54,825	6,282	-	61,107	64,897
Insurance	-	353	-	353	1,052
Advertising	2,562	160	-	2,722	37,650
Travel	96,250	3,100	-	99,350	115,475
Miscellaneous	718	396	-	1,114	8,307
Total expenses before depreciation	1,050,744	156,358	84,041	1,291,143	1,462,591
Depreciation	1,114	299	260	1,673	3,263
Total Expenses, 2015	<u>\$1,051,858</u>	<u>\$ 156,657</u>	<u>\$ 84,301</u>	<u>\$1,292,816</u>	
Total Expenses, 2014	<u>\$1,314,110</u>	<u>\$ 90,335</u>	<u>\$ 61,409</u>		<u>\$1,465,854</u>

See independent auditors' report on supplementary information.