

RAINFOREST PARTNERSHIP
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

December 31, 2010

RAINFOREST PARTNERSHIP
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

December 31, 2010

INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report.....	1
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Functional Expenses.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6

Allman & Associates

CERTIFIED PUBLIC ACCOUNTANTS

9600 GREAT HILLS TRAIL
SUITE 150W
AUSTIN, TX 78759
(512) 502-3077
FAX: 888-512-7990
WWW.ALLMANCPAS.COM

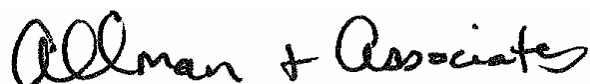
INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Rainforest Partnership
Austin, Texas

We have audited the accompanying statement of financial position of Rainforest Partnership (a nonprofit corporation) as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Rainforest Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, financial statements referred to above present fairly, in all material respects, the financial position of Rainforest Partnership as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.



Austin, Texas
April 15, 2011

RAINFOREST PARTNERSHIP
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

As of December 31, 2010

Assets

Current Assets:

Cash and cash equivalents	\$	59,639
Investments held at Austin Community Foundation		19,988
Accounts receivable		<u>4,500</u>

Total Current Assets 84,127

Property and Equipment, net of accumulated depreciation 28,879

Total Assets \$ 113,006

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$	<u>1,400</u>
---------------------------------------	----	--------------

Total Current Liabilities 1,400

Total Liabilities 1,400

Net Assets:

Unrestricted Net Assets	69,880
Temporarily Restricted Net Assets	41,726
Permanently Restricted Net Assets	<u>-</u>

Total Net Assets 111,606

Total Liabilities and Net Assets \$ 113,006

See accompanying auditors' report and notes to financial statements.

RAINFOREST PARTNERSHIP
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenues:				
Grants	\$ -	\$ 30,000	\$ -	\$ 30,000
In-kind contributions	246,080	-	-	246,080
Contributions	61,561	5,000	-	66,561
Special events	43,123	-	-	43,123
Investment income	1,239	940	-	2,179
Totals	352,003	35,940	-	387,943
 Released from restrictions	 8,262	 (8,262)	 -	 -
 Total Revenues	 360,265	 27,678	 -	 387,943
 Expenses				
Program Services				
Rainforest Partnership	283,246	-	-	283,246
Management and general	24,065	-	-	24,065
Fundraising	21,318	-	-	21,318
Totals	328,629	-	-	328,629
 Change in Net assets	 31,636	 27,678	 -	 59,314
Net assets, beginning of the year	38,244	14,048	-	52,292
Net assets, end of year	\$ 69,880	\$ 41,726	\$ -	\$ 111,606

See accompanying auditors' report and notes to financial statements.

RAINFOREST PARTNERSHIP
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010

Expense Category	Program Services		Fundraising	Totals
	Rainforest Partnership	Management & General		
Personnel costs	\$ 56,099	\$ 6,152	\$ 1,867	\$ 64,118
Fundraising services	-	-	15,328	15,328
Professional fees	136,155	12,103	3,026	151,284
Advertising & promotion	3,677	327	82	4,086
Office expenses	2,688	280	195	3,163
Information technology	1,053	118	23	1,194
Occupancy	26,548	3,647	590	30,785
Travel	6,897	976	115	7,988
Conferences & meetings	968	86	22	1,076
Depreciation	2,486	376	55	2,917
Insurance	427	-	15	442
Project Chipaota	25,945	-	-	25,945
Project Pampa Hermosa	3,008	-	-	3,008
Project Sani Isla	15,286	-	-	15,286
Outreach/education in U.S.	2,009	-	-	2,009
Totals	\$ 283,246	\$ 24,065	\$ 21,318	\$ 328,629

See accompanying auditors' report and notes to financial statements.

RAINFOREST PARTNERSHIP
(A Nonprofit Corporation)

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2010

Cash Flows From Operating Activities	
Increase (decrease) in net assets	\$ 59,314
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,917
Donated furniture and computers	(23,155)
Decrease (increase) in:	
Accounts receivable	(4,500)
Increase (decrease) in:	
Accounts payable and accrued expenses	1,032
	<hr/>
Net Cash Provided by Operating Activities	35,608
	<hr/>
Cash Flows From Investing Activities:	
Transfers to Endowment fund	(19,048)
Investment income reinvested	(940)
	<hr/>
Net Cash Used by Investing Activities	(19,988)
	<hr/>
Net Increase in Cash	15,620
Cash, beginning of the year	44,019
	<hr/>
Cash, end of the year	<u>\$ 59,639</u>

See accompanying auditors' report and notes to financial statements.

RAINFOREST PARTNERSHIP
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

1. General Information

The Rainforest Partnership (the Corporation) is an international non-profit social enterprise committed to protecting tropical rainforests. We partner with communities in Latin America to develop sustainable economic alternatives to deforestation, making it more valuable for them to keep their forests standing. By creating a global network – linking people to people, community to community – we act as a catalyst to create long-term economic and environmental sustainability.

Using a root-up approach, Rainforest Partnership matches the needs and desires, culture, knowledge and skill of local communities to economic development opportunities unique to each individual forest.

- Our experienced local teams work directly with our partner communities to help create economically and ecologically long-term sustainable income sources.
- Our partner communities are protecting their forests into the future because it is now more valuable standing than cut down.

Summary of successes to date include:

- Preserved 9,000 acres of rainforest in Peru.
- Helped 40 women create a sustainable income source in Ecuador and Peru.
- Created a community-owned business for 40 families in Peru.
- Projects supported by in-country local team members and partners.
- Four projects in two countries in three years.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Contributions received are recorded as unrestricted, temporarily restricted and permanently restricted support depending on the existence or nature of donor stipulations.

Classification of Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations which expire when the stipulated purpose for which the resource was restricted has been fulfilled.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation.

RAINFOREST PARTNERSHIP
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

Cash and Equivalents

For the purpose of the statements of cash flows, the Corporation considers cash and highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments

Investments consist of debt and equity securities and are recorded at market value.

Property and Equipment

Property and equipment are recorded at cost or fair market value if donated. The costs of significant improvements or renovations are capitalized. Costs of routine repairs and maintenance are charged to expense as incurred. Depreciation is calculated using the straight-line method over estimated lives of three to seven years. Assets purchased with a cost in excess of \$200 are capitalized.

Federal Income Taxes

The Corporation is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3).

Functional Accounting

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or that relate to a specific source of revenue are allocated directly to that program.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Credit Risk

Financial instruments which potentially subject the Corporation to credit risk consist of cash and cash equivalents, and accounts receivable. The Corporation's deposits did not exceed the federal depository insurance limits as of December 31, 2010. The Corporation does not require collateral prior to issuing credit for receivables.

Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued. We have evaluated subsequent events through the issuance date of the audit report, April 15, 2011, and there were no subsequent events to be disclosed.

RAINFOREST PARTNERSHIP
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

3. Fair Value Measurements and Disclosures

The requirements of *Fair Value Measurements and Disclosures* of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. *Fair Value Measurements and Disclosures* also establishes a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following table represents assets and liabilities reported on the statement of financial position at their fair value as of December 31, 2010 by level within the fair value measurement hierarchy.

<u>Description</u>	<u>Amount</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable inputs (Level 3)</u>
Investments held at the Austin Community Foundation	\$19,988	\$19,988	-	-

The fair value of the Corporation's cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate the carrying amounts of such instruments due to their short maturity.

RAINFOREST PARTNERSHIP
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

4. Property and Equipment

Major classes of property and equipment consisted of the following:

Furniture and fixtures	\$	8,547
Computer & related equipment		23,837
Other assets		775
		<u>33,159</u>
Less accumulated depreciation		<u>(4,280)</u>
Property and equipment, net	\$	<u>28,879</u>

Depreciation expense for the year ended December 31, 2009 was \$2,917.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of restricted grant funds for the Rainforest Partnership program in 2011 and the Rainforest Partnership Endowment Fund held at the Austin Community Foundation.

Rainforest Partnership program	\$	21,738
Rainforest Partnership Endowment Fund		19,988
Total	\$	<u>41,726</u>

In 2010, the Rainforest Partnership Endowment Fund (the Fund) was established with the Austin Community Foundation. The Fund is a quasi-endowment fund. Under terms of the agreement, all of the income and principal of the Fund are available for distribution upon request by the Rainforest Partnership. Since the principal is available for distribution, the Fund has been classified as temporarily restricted instead of permanently restricted.

The Rainforest Partnership transferred contributions in the amount of \$19,048 to the Fund in 2010. The Fund had investment income in the amount of \$940 for the year. The balance of the Fund at December 31, 2010 was \$19,988.

RAINFOREST PARTNERSHIP
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

7. Lease Commitments

The Corporation leases its administration office under a month-to-month lease agreement that began May 1, 2009. The monthly lease payments have been waived as a donation from the owner. Total in-kind rental expense for 2010 was \$27,000.

8. In-Kind Contributions

The Corporation received \$246,080 in in-kind contributions during 2010. The in-kind contributions are included in the Rainforest Partnership programs, management and general, and fundraising activities and fixed assets. Below is a breakdown of in-kind contributions for 2010.

Fundraising	\$	15,328
Interns		24,441
Marketing and promotion		2,069
Office supplies		424
Office utilities		800
Professional services		150,813
Rent		27,000
Travel		2,050
Furniture and computer equipment		23,155
Total in-kind contributions	\$	<u>246,080</u>