

**RAINFOREST PARTNERSHIP**

(A Nonprofit Organization)

FINANCIAL STATEMENTS

WITH INDEPENDENT ACCOUNTANTS'

REVIEW REPORT

For the Year Ended December 31, 2020

RAINFOREST PARTNERSHIP  
(A Nonprofit Organization)  
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For the Year Ended December 31, 2020

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nonprofit & business advisors

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Rainforest Partnership

We have reviewed the accompanying financial statements of Rainforest Partnership (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Avenson Hamann CPAs, LLP".

Avenson Hamann CPAs, LLP

January 27, 2021

## **FINANCIAL STATEMENTS**

RAINFOREST PARTNERSHIP  
(A Nonprofit Organization)  
Statement of Financial Position  
As of December 31, 2020

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 85,023
Prepaid Expenses	-
Total Current Assets	85,023

**Property and Equipment**

Computer Hardware/Software	31,880
Furniture/Equipment	13,607
Less: Accumulated Depreciation	(45,487)
Total Property and Equipment	-

<b>TOTAL ASSETS</b>	<b>\$ 85,023</b>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts Payable	\$ 2,348
Accrued Expenses	3,660
Total Current Liabilities	6,008

Notes Payable, long term	149,900
Total Liabilities	155,908

**Net Assets**

Without Donor Restrictions	(70,885)
With Donor Restrictions	-
Total Net Assets	(70,885)

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 85,023</b>
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See accompanying notes and accountants' report

**RAINFOREST PARTNERSHIP**  
 (A Nonprofit Organization)  
 Statement of Activities  
 For the Year Ended December 31, 2020

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<b>Revenue and Other Support</b>			
Contributions	\$ 98,520	\$ 35,000	\$ 133,520
Fundraising Events	10,000		10,000
Donated Goods and Services	559,376		559,376
Federal Grant Income	15,300		15,300
Other Income	(634)		(634)
Net Assets Released from Restriction	35,000	(35,000)	-
<b>Total Revenue and Net Assets Releases</b>	<u>717,562</u>	<u>-</u>	<u>717,562</u>
<b>Expenses</b>			
Program Services	713,369		713,369
Management and General	67,053		67,053
Fundraising	15,119		15,119
<b>Total Expenses</b>	<u>795,541</u>	<u>-</u>	<u>795,541</u>
Change in Net Assets	(77,979)	-	(77,979)
Net Assets at Beginning of Year	<u>7,094</u>	<u>-</u>	<u>7,094</u>
Net Assets at End of Year	<u><u>\$ (70,885)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (70,885)</u></u>

See accompanying notes and accountants' report

**RAINFOREST PARTNERSHIP**  
 (A Nonprofit Organization)  
 Statement of Cash Flows  
 For the Year Ended December 31, 2020

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in Net Assets	\$ (77,979)
<b>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</b>	
(Increase)/ Decrease in Operating Assets:	
Depreciation	191
Security Deposit	1,791
Prepaid Expenses	2,261
Increase/ (Decrease) in Operating Liabilities:	
Accounts Payable	(21,705)
Accrued Expenses	<u>(11,464)</u>
<b>Net cash provided (used) by operating activities</b>	<u>(106,905)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of Property and Equipment	<u>-</u>
<b>Net cash provided (used) by operating activities</b>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Receipt of Notes Payable	165,200
Forgiveness of Notes Payable	<u>(15,300)</u>
<b>Net cash provided (used) by operating activities</b>	<u>149,900</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	42,995
Cash and Cash Equivalents at Beginning of Year	<u>42,028</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 85,023</u></u>

See accompanying notes and accountants' report

**RAINFOREST PARTNERSHIP**  
 (A Nonprofit Organization)  
 Statement of Functional Expenses  
 For the Year Ended December 31, 2020

	Program Services	General & Administrative	Fundraising	Total
Payroll & Related Expenses	\$ 47,409	\$ 7,706	\$ 4,674	\$ 59,789
Project Activities	164,200			164,200
Contract Services	5,798	4,377		10,175
Occupancy	8,378	1,542	522	10,442
Travel	10,036			10,036
Office Expenses	270	595		865
Information Technology	4,566	344		4,910
Marketing			99	99
Interest Expense		1,697		1,697
Insurance	1,549	106	105	1,760
Depreciation		191		191
Other	17,914	589	3,498	22,001
In-Kind Goods	754	1,664	-	2,418
In-Kind Services	452,495	48,242	6,221	506,958
Total Expenses	<u>\$ 713,369</u>	<u>\$ 67,053</u>	<u>\$ 15,119</u>	<u>\$ 795,541</u>

See accompanying notes and accountants' report.



**NOTES TO THE  
FINANCIAL STATEMENTS**

RAINFOREST PARTNERSHIP  
(A Nonprofit Organization)  
Notes to Financial Statements  
For the Year Ended December 31, 2020

## 1. NATURE OF OPERATIONS

Rainforest Partnership conserves and restores tropical rainforests by working with communities to develop sustainable livelihoods that empower and respect both people and nature.

In 2020, Rainforest Partnership (RP) spent \$286,165 to conserve and better protect 1,324,485 acres of rainforests by working in direct partnership with 14 indigenous, countless local communities, 5 protected areas, 3 regional governments in Peru, and many other partners.

RP's work benefited 550,612 people across 6 regions of Peru, 2 provinces of Ecuador, and 3 ecosystems: the Tropical Andes Biodiversity Hotspot, the Western Amazon Rainforest, and the Pacific Tropical Forest. Through our World Rainforest Day and Films for the Forest Initiatives, RP engaged people from all six populated continents.

It took a team of 5 board members, 10 advisors, 4 employees, and 9 in-country team members as well as 91 dedicated volunteers and interns in the US, Peru, and around the world; our volunteers and interns contributed 11,110 hours and pro bono services, valued at \$509,376, creating outsized impact in rainforest conservation. Highlights from 2020 are:

### Peru Impact:

#### Protected Areas:

- RP began the process of creating a protected area spanning 50,000 acres with the Amahuaca people in the Amazon on the Peru-Brazil border, while also creating a comprehensive natural resource management plan.
- RP coordinated strategic plans for the creation of a community-led Regional Conservation Area, which encompasses over 130,000 acres of cloudforests in Junín.

#### Conservation Education:

- RP's Peru team curated over 15 webinars on Facebook Live, engaging over 50,000 viewers during the pandemic with panels from scientists and national, regional and local governments.

#### Capacity Building:

- Through virtual workshops and innovative partnerships with the conservation group Red AMA, RP's teams began work with 10 communities to strengthen management of their protected areas, spanning 316,830 acres.
- Developed an immersive biodiversity conservation management course for the Regional Government of Ayacucho in Peru and trained 66 local and regional government officials and community leaders to enact long term conservation of the region.

#### Biodiversity:

- RP published Guides for Amphibian and Reptiles of Pampa Hermosa in Peru and distributed to local communities as well as two photo books covering different regions in Peru, in partnership with the National Park Service of Peru.

RAINFOREST PARTNERSHIP  
(A Nonprofit Organization)  
Notes to Financial Statements  
For the Year Ended December 31, 2020

## 1. NATURE OF OPERATIONS (Continued)

### Biodiversity:

- Achieved official approval of the Regional Action Plan for the Yellow Tailed Monkey and the Nocturnal Andean Monkey in Amazonas to protect these two endangered species and their forest habitat across 13 protected areas.
- Completed a comprehensive diagnosis of research in Forestry, Flora and Fauna in the Amazonas Region in Peru, an area spanning 9.7 million acres, which will inform future conservation efforts as well as management plans and conservation education.

### Mexico Impact:

- Formed RP's first partnership in Mexico with Amigos de Sian Ka'an to conserve and better protect the Maya Forest and the 17 ecosystems coexisting within the state of Quintana Roo on the Yucatan Peninsula.

### Ecuador Impact:

- Launched agroforestry and sustainable production projects with 70 indigenous women in the Ecuadorian Amazon across 6 communities to establish long-term and sustainable incomes.

### Global Engagement and Outreach:

- World Rainforest Day (WRD) was created by Rainforest Partnership on June 22nd, 2017 as a collaborative effort to raise awareness and encourage action to save one of Earth's most precious resources: rainforests. In 2020, RP convened over 100 partners (including other rainforest-protection organizations) across 6 continents.
- Gen Z for the Trees was launched on World Rainforest Day, 2020. This youth-led initiative has a clear, bold vision: zero-deforestation by 2030. The team has already reached hundreds of young people, begun long-term work on corporate transparency, and established itself as a beacon of hope for the future of the world's forests.
- Films for the Forest (F3), RP's international short film competition, went global in 2020. As a result of Covid-19-related shutdowns, Films for the Forest pivoted to being 100% virtual. RP successfully live streamed films from 20 countries to an audience spanning six continents on Earth Day.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Accordingly, revenue is recognized when earned and expenses when the obligation is incurred.

RAINFOREST PARTNERSHIP  
(A Nonprofit Organization)  
Notes to Financial Statements  
For the Year Ended December 31, 2020

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Classification of Net Assets**

Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets with donor restrictions - Net assets the use of which is subject to stipulation that can be fulfilled by actions of the Organization pursuant to those stipulations.

Net assets without donor restrictions - Net assets that are not subject to stipulations. Net assets without donor stipulations may be used for any purpose or designated for specific purposes by action of the Board of Directors of the Organization.

**Contributions Revenue**

Contributions, including unconditional promises to give, are recorded at fair value when promises are made by the respective donors. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Conditional promises to give are recognized only when the conditions on which they are dependent are substantially met. The Organization considers all contributions to be unrestricted unless there is a donor-imposed stipulation specifying a use for the contribution that is more specific than the broad limits resulting from the nature and purpose of the Organization and its continuing programs.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Functional Expense Allocation**

The cost of providing various programs and other activities has been summarized on a functional basis in the accompanying financial statements. 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.

RAINFOREST PARTNERSHIP  
(A Nonprofit Organization)  
Notes to Financial Statements  
For the Year Ended December 31, 2020

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

The organization is a nonprofit organization exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation. Therefore, no provision for income taxes was made in the accompanying financial statements. The Organization files IRS Form 990 and is subject to routine audits by taxing jurisdictions; all tax filings are current and there are no examinations currently in progress. The Organization believes it is no longer subject to Internal Revenue Service examinations for tax years ending prior to 2017. The Organization is subject to taxes on unrelated trade or business income.

**Property and Equipment**

Purchases of property and equipment are reported at cost. Donated assets are reported at estimated fair market value as of the date of donation. The Organization capitalizes all acquisitions of property and equipment with a value of \$1,000 or more and a useful life of more than one year. Depreciation expense is calculated using the straight-line method over the following estimated useful lives:

Furniture and Fixtures	5-7 years
Computer & Related Equipment	3 years

**Subsequent Events**

Management has evaluated subsequent events through the date of the Independent Accountants' Review Report, the date the financial statements were available to be issued. The PPP loan (see Note 7) was forgiven in full on January 15, 2021.

**3. CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization's deposits did not exceed the federal depository insurance limits as of December 31, 2020.

**4. LEASE COMMITMENTS**

The Organization leased its administration office under a 15-month operating lease agreement that began February 25, 2015. The lease was extended on June 17, 2016 to June 30, 2017 and again on June 27, 2017 to June 30, 2018. The lease was extended again in 2018 to April 30, 2020. The lease was terminated early by the landlord effective April 2, 2020. Lease expense, including common area maintenance, taxes and insurance, for the year ending December 31, 2020 was \$10,042. As of December 31, 2020, future minimum operating lease payments, including common area maintenance, taxes and insurance, are \$0.

RAINFOREST PARTNERSHIP  
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Notes to Financial Statements  
For the Year Ended December 31, 2020

**5. LIQUIDITY**

As of December 31, 2020, the Organization had cash on hand equal to approximately three months of operating expenses. All net assets are without donor restrictions. An SBA EIDL loan of \$149,900 was received in July 2020 to help fund certain operating expenses. Management believes there is sufficient capital required to fund operations for the next twelve months.

**6. DONATED SERVICES, SUPPLIES AND FACILITIES**

The Organization recognized the following in-kind revenue and expense for the year ended December 31, 2020:

Skilled Professional Services	\$ 506,958
Other	<u>52,418</u>
Total In-Kind Contributions	<u>\$ 559,376</u>

The above is based on management's estimate of fair market value based on grant guidance or from professional appraisers. Services are valued using the Independent Sector estimated value of volunteer time per hour for 2020 unless the service provider submitted an invoice documenting the value donated based on standard billing rates.

**7. PPP LOAN/REFUNDABLE ADVANCE**

In May 2020, Rainforest Partnership entered into an unsecured loan agreement in the amount of \$15,300 with a financial institution, pursuant to the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief and Economic Security ("CARES") Act, which was enacted on March 27, 2020. Under the terms of the PPP program, the note is forgivable if the loan is used for qualifying expenses as described in the CARES Act and the Paycheck Protection Flexibility Act. Rainforest Partnership has elected to account for the PPP loan as a conditional grant in accordance with FASB ASC 985-605. The portion spent during the covered period ending in October 2020 on qualifying expenditures, totaling \$15,300, has been recognized as Federal grant income on the statement of activities. As of December 31, 2020, the refundable advance balance is \$0.

**8. PROMISSORY NOTE**

In July 2020, the Organization entered into an Economic Injury Disaster Loan (EIDL) agreement with the U.S. Small Business Administration for \$150,000. The loan is collateralized with all tangible and intangible personal property, including equipment, deposit accounts, and receivables. Interest accrues at 2.75% per annum, and monthly payments of \$641, including principal and interest, are due starting in July 2021, with the balance payable in July 2050. Proceeds from the loan may only be used as working capital to alleviate economic injury caused by disaster occurring in the month of January 2020 and continuing thereafter. The balance of the loan as of December 31, 2020 is \$149,900.

RAINFOREST PARTNERSHIP  
(A Nonprofit Organization)  
Notes to Financial Statements  
For the Year Ended December 31, 2020

**9. RISKS AND UNCERTAINTIES**

On March 13, 2020, the Government of the United States declared the COVID-19 Pandemic ("COVID-19") as a national emergency, which continues to spread throughout the world. COVID-19 has caused a significant impact on the United States economy, affecting various businesses in different ways. COVID-19 may have an impact on future events being held, and future grants and contributions are uncertain. No adjustments have been made to these financial statements as a result of this uncertainty. A PPP loan and EIDL loan were received in 2020 in response to COVID-19 (see Notes 7 and 8).