



Rainforest Alliance

Rainforest Alliance, Inc.

Financial Statements

June 30, 2009 and 2008

With Independent Auditors' Reports

Rainforest Alliance, Inc.
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June 30, 2009 and 2008

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Independent Auditors' Report

To the Board of Directors,
Rainforest Alliance, Inc.:

We have audited the accompanying statement of financial position of the Rainforest Alliance, Inc., ("RA") as of June 30, 2009, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the RA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from RA's 2008 financial statements and, in our report dated January 21, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RA as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "WithumSmith+Brown, PC". The signature is written in a cursive, flowing style.

April 21, 2010

Rainforest Alliance, Inc.
Statements of Financial Position
June 30, 2009 and 2008

	2009	2008
Assets		
Current assets		
Cash and cash equivalents	\$ 4,499,792	\$ 2,919,002
Grants and contributions receivables	2,191,823	2,073,217
SmartWood and other receivables, net of allowances for doubtful accounts of \$412,152 in 2009 and \$-0- in 2008	2,636,737	1,968,842
Advances and prepaid expenses	<u>305,749</u>	<u>358,113</u>
Total current assets	9,634,101	7,319,174
Security deposits	186,338	118,366
Investments	1,064,677	33,746
Property and equipment, net	<u>141,936</u>	<u>135,332</u>
	<u>\$ 11,027,052</u>	<u>\$ 7,606,618</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 3,988,204	\$ 3,502,088
Deferred rent liability	<u>22,899</u>	<u>14,037</u>
Total current liabilities	4,011,103	3,516,125
MacArthur loan	956,700	956,700
Ford recoverable grant	1,435,050	1,435,050
Deferred rent liability	<u>113,782</u>	<u>12,060</u>
	<u>2,505,532</u>	<u>2,403,810</u>
Total liabilities	6,516,635	5,919,935
Net assets (deficiency)		
Unrestricted		
General	1,126,446	718,459
Special grants and loans	<u>(2,391,750)</u>	<u>(2,391,750)</u>
	(1,265,304)	(1,673,291)
Temporarily restricted	4,775,721	3,359,974
Permanently restricted	<u>1,000,000</u>	<u>--</u>
Total net assets	<u>4,510,417</u>	<u>1,686,683</u>
	<u>\$ 11,027,052</u>	<u>\$ 7,606,618</u>

The Notes to Financial Statements are an integral part of these statements.

Rainforest Alliance, Inc.
Statements of Activities and Changes in Net Assets
Year Ended June 30, 2009
(With Summarized Comparative Totals for June 30, 2008)

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total	2008 Total
	General	Special Grants and Loans	Total				
Support and revenues							
Contributions	\$ 1,270,352	\$ --	\$ 1,270,352	\$ 870,591	\$ 1,000,000	\$ 3,140,943	\$ 1,849,914
Foundations and corporate grants	40,660	--	40,660	6,566,026	--	6,606,686	5,756,257
Government grants and contracts	8,127,923	--	8,127,923	530,219	--	8,658,142	8,598,725
Membership dues	626,338	--	626,338	--	--	626,338	680,600
Certification fees	12,023,803	--	12,023,803	--	--	12,023,803	8,980,102
Special events - net	1,254,767	--	1,254,767	--	--	1,254,767	1,240,422
Other income	236,066	--	236,066	264,236	--	500,302	159,614
In-kind contributions	793,410	--	793,410	--	--	793,410	590,876
Net assets released from restrictions	<u>6,815,325</u>	<u>--</u>	<u>6,815,325</u>	<u>(6,815,325)</u>	<u>--</u>	<u>--</u>	<u>--</u>
	31,188,644	--	31,188,644	1,415,747	1,000,000	33,604,391	27,856,510
Expenses							
Program services							
Sustainable agriculture	7,279,610	--	7,279,610	--	--	7,279,610	6,384,885
SmartWood	10,929,590	--	10,929,590	--	--	10,929,590	9,067,869
Trees	3,803,153	--	3,803,153	--	--	3,803,153	3,565,376
Sustainable tourism	1,834,186	--	1,834,186	--	--	1,834,186	2,504,700
Communications/education	2,263,688	--	2,263,688	--	--	2,263,688	2,226,368
Special projects	<u>2,869,324</u>	<u>--</u>	<u>2,869,324</u>	<u>--</u>	<u>--</u>	<u>2,869,324</u>	<u>1,353,056</u>
	28,979,551	--	28,979,551	--	--	28,979,551	25,102,254
Management and general	275,191	--	275,191	--	--	275,191	188,069
Fundraising	<u>1,525,915</u>	<u>--</u>	<u>1,525,915</u>	<u>--</u>	<u>--</u>	<u>1,525,915</u>	<u>1,537,659</u>
	<u>30,780,657</u>	<u>--</u>	<u>30,780,657</u>	<u>--</u>	<u>--</u>	<u>30,780,657</u>	<u>26,827,982</u>
Change in net assets	407,987	--	407,987	1,415,747	1,000,000	2,823,734	1,028,528
Net assets (deficiency), beginning of year, as originally stated	2,116,577	(2,391,750)	(275,173)	3,359,974	--	3,084,801	1,755,830
Restatement of foreign taxes	<u>(1,398,118)</u>	<u>--</u>	<u>(1,398,118)</u>	<u>--</u>	<u>--</u>	<u>(1,398,118)</u>	<u>(1,097,675)</u>
Net assets (deficiency), beginning of year, as restated	<u>718,459</u>	<u>(2,391,750)</u>	<u>(1,673,291)</u>	<u>3,359,974</u>	<u>--</u>	<u>1,686,683</u>	<u>658,155</u>
Net assets (deficiency), end of year	<u>\$ 1,126,446</u>	<u>\$ (2,391,750)</u>	<u>\$ (1,265,304)</u>	<u>\$ 4,775,721</u>	<u>\$ 1,000,000</u>	<u>\$ 4,510,417</u>	<u>\$ 1,686,683</u>

The Notes to Financial Statements are an integral part of this statement.

Rainforest Alliance, Inc.
Statement of Functional Expenses
Year Ended June 30, 2009
(With Summarized Comparative Totals for June 30, 2008)

	Program Services							Support Services			2009 Grand Total	2008 Grand Total
	Sustainable Agriculture	SmartWood	TREES	Sustainable Tourism	Communications/ Education	Special Projects	Total	Management and General	Fund- Raising	Total		
Salaries and benefits	\$ 2,829,370	\$ 4,048,941	\$ 1,812,159	\$ 924,261	\$ 1,184,609	\$ 811,894	\$ 11,611,234	\$ 203,812	\$ 915,269	\$ 1,119,081	\$ 12,730,315	\$ 11,833,366
Sub-grants	894,095	299	350	34,906	39,594	792,333	1,761,577	8	42	50	1,761,627	2,370,928
Consultants	1,496,569	1,461,866	809,258	296,227	513,128	520,170	5,097,218	10,128	113,146	123,274	5,220,492	2,811,527
Telephone	44,070	117,737	46,373	17,914	11,387	30,129	267,610	4,398	13,538	17,936	285,546	251,631
Printing	27,952	14,673	1,174	4,010	67,337	1,061	116,207	26	53,314	53,340	169,547	208,578
Postage/shipping	43,648	23,954	10,277	9,919	114,665	8,931	211,394	1,718	102,413	104,131	315,525	303,530
Office supplies	44,207	55,535	41,675	16,255	10,470	22,387	190,529	1,834	5,983	7,817	198,346	146,138
Office equipment	52,535	90,019	56,519	27,170	12,856	31,683	270,782	560	8,277	8,837	279,619	326,200
Certification	341,995	3,125,227	10,681	(15)	(19)	5,179	3,483,048	(2)	18	16	3,483,064	3,169,895
Occupancy	308,893	525,001	220,595	88,591	76,923	200,779	1,420,782	8,194	46,121	54,315	1,475,097	1,048,946
Travel	696,664	345,825	502,856	208,401	56,445	203,907	2,014,098	11,227	42,973	54,200	2,068,298	2,119,344
Workshops	128,428	65,255	102,111	86,299	28,727	54,675	465,495	295	1,995	2,290	467,785	538,735
Other office expenses	170,028	727,219	84,684	69,542	86,117	107,389	1,244,979	25,524	171,795	197,319	1,442,298	873,916
Depreciation	9,762	14,656	5,100	2,460	3,035	3,848	38,861	368	11,657	12,025	50,886	50,974
Tax expense	3,753	31,659	1,307	967	67	997	38,750	8	45	53	38,803	183,398
	<u>7,091,969</u>	<u>10,647,866</u>	<u>3,705,119</u>	<u>1,786,907</u>	<u>2,205,341</u>	<u>2,795,362</u>	<u>28,232,564</u>	<u>268,098</u>	<u>1,486,586</u>	<u>1,754,684</u>	<u>29,987,248</u>	<u>26,237,106</u>
In-Kind services and supplies	<u>187,641</u>	<u>281,724</u>	<u>98,034</u>	<u>47,279</u>	<u>58,347</u>	<u>73,962</u>	<u>746,987</u>	<u>7,093</u>	<u>39,329</u>	<u>46,422</u>	<u>793,409</u>	<u>590,876</u>
	<u>\$ 7,279,610</u>	<u>\$ 10,929,590</u>	<u>\$ 3,803,153</u>	<u>\$ 1,834,186</u>	<u>\$ 2,263,688</u>	<u>\$ 2,869,324</u>	<u>\$ 28,979,551</u>	<u>\$ 275,191</u>	<u>\$ 1,525,915</u>	<u>\$ 1,801,106</u>	<u>\$ 30,780,657</u>	<u>\$ 26,827,982</u>

The Notes to Financial Statements are an integral part of this statement.

Rainforest Alliance, Inc.
Statements of Cash Flow
Years Ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities		
Changes in net assets	\$ 2,823,734	\$ 1,028,528
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	50,886	50,974
Permanently restricted contributions	(1,000,000)	--
Allowance for bad debt	412,152	--
Unrealized gains	(24,079)	7,735
Changes in assets and liabilities		
Grants and contributions receivable	(118,606)	(692,051)
SmartWood and other receivables	(1,080,047)	(1,230,499)
Advances and prepaid expenses	52,364	(205,622)
Security deposits	(67,972)	
Accounts payable and accrued expenses	486,116	1,401,151
Deferred rent liability	110,584	(9,997)
Deferred income	--	50,621
Net cash provided by operating activities	<u>1,645,132</u>	<u>400,840</u>
Cash flows from investing activities		
Purchase of property and equipment	(57,490)	(1,685)
Permanently restricted endowment contributions	1,000,000	--
Purchase of investments	(1,315,205)	--
Proceeds from sale of securities	<u>308,353</u>	<u>--</u>
Net cash used by investing activities	(64,342)	(1,685)
Cash flows from financing activities		
Repayment of Ford loan	<u>--</u>	<u>(13,378)</u>
Net cash used by financing activities	<u>--</u>	<u>(13,378)</u>
Net increase in cash and cash equivalents	1,580,790	385,777
Cash and cash equivalents		
Beginning of year	<u>2,919,002</u>	<u>2,533,225</u>
End of year	<u>\$ 4,499,792</u>	<u>\$ 2,919,002</u>
Supplemental disclosure of cash flow information		
Interest paid	\$ --	\$ --
Foreign taxes paid	\$ 38,801	\$ 183,398

The Notes to Financial Statements are an integral part of these statements.

Rainforest Alliance, Inc.
Notes to Financial Statements
June 30, 2009 and 2008

1. Organization and Nature of Activities

The Rainforest Alliance, Inc. ("RA") is an international non-profit organization with branches and affiliates in various countries. Its mission is to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behavior.

Significant sources of revenues are received from governmental grants, foundation and corporate grants and certification fees.

2. Summary of Significant Accounting Policies

Basis of Presentation

Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions.

The net assets of RA are reported as follows:

Unrestricted: Unrestricted net assets are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations and are available for the general operations of RA. Unrestricted net assets also include a Special Grants Fund.

The Special Grants Fund represents SmartWood program activity expenses that were funded by a recoverable grant and an interest-free loan. Activities funded by these monies are shown on the statements of financial position as a deficit under net assets – special grants. This deficit will decrease at such time when SmartWood revenues exceed expenses. Unrestricted assets will fund any SmartWood expenses in excess of revenues. Repayments will be made from cash flow from operations from the funded SmartWood activities and unrestricted assets.

Temporarily Restricted: Temporarily restricted net assets include gifts of cash and other assets received with donor stipulations that limit the use of the donated assets. When a donor restriction expires or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Permanently Restricted: Permanently restricted net assets include gifts of cash and other assets received with donor stipulations that cannot be satisfied by either the actions of RA or through the passage of time.

Restricted and Unrestricted Revenue

RA recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

RA accounts for those contract and grant revenue which have been determined to be exchange transactions, in the statement of activities and changes in net assets to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance. All monies not expended in accordance with the grant or contract are recorded as a liability to the funding source as RA does not maintain any equity in the grant or contract.

In addition, these contracts are subject to audit by the awarding agencies. Each funding source, at its discretion, can request reimbursement for expenses or return of funds, or both, as a result of noncompliance by RA with the terms of the grants/contracts.

Unrestricted revenue is obtained from membership dues and certification fees. Membership dues are allocated to the appropriate period when earned. Certification fees are recognized as revenue as the service is provided. Dues and certification fees received before the related service or program provided by RA are netted with SmartWood receivables.

Rainforest Alliance, Inc.
Notes to Financial Statements
June 30, 2009 and 2008

Estimates

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

Cash Equivalents

RA considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment is recorded at cost, except for donated items which are recorded at fair value on the date of donation. When donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided using the straight-line method over the estimated useful lives of the property and equipment. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs and minor renewals are charged to operations as incurred.

The principal rates for computing depreciation by major asset category are as follows:

Description	Estimated Life (Years)
Furniture and equipment	10
Software	5
Leasehold improvements	Shorter of term of lease or life of asset

Receivables and Credit Policies

In the normal course of business, RA grants credit directly to certain customers after a credit analysis based on financial and other criteria and generally requires no collateral. RA reviews the receivables and has established an allowance for uncollectible accounts.

Donated Goods and Services

RA receives donated services. RA does not recognize the value of volunteer support provided to program and support services if an objective basis for valuing the services is not available. However, RA does recognize goods and services provided which have an ascertainable value and are an integral part of RA's program services.

Allocation of Expenses

Expenses are allocated to the various program and supporting services based on the ratio of direct expense for function to total direct expenses.

Prior Year Summarized Comparative Information

Information as of and for the year ended June 30, 2008, is presented for comparative purposes only. The notes to the financial statements and certain activity by net asset classification are not included in this report. Accordingly, such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with RA's financial statements as of and for the year ended June 30, 2008, from which the summarized comparative information was derived.

Income Taxes

RA is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

RA has deferred the application of the accounting pronouncement on accounting for uncertainty in income taxes until its first fiscal year beginning after December 15, 2008. RA's accounting policy is to evaluate uncertain tax positions in accordance with FASB No. 5 "Accounting for Contingencies".

Rainforest Alliance, Inc.
Notes to Financial Statements
June 30, 2009 and 2008

RA has operations in other countries and is subject to the laws and regulations of those countries. Accordingly, RA pays income taxes based on their legal standing within the country.

Valuation of Long-Lived Assets

In accordance with the provisions of the pronouncement on accounting for the impairment or disposal of long-lived assets, RA reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable.

Reclassifications

Certain amounts in the 2008 financial statements have been reclassified to conform to the 2009 presentation. These reclassifications had no effect on net assets.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, grants and contracts, contributions and other receivables, accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments. Loans approximate their fair value due to the maturity date.

Concentration of Credit Risk

Financial instruments that potentially expose RA to concentration of credit risk consist primarily of cash and cash equivalents. RA places its cash and cash equivalents with high quality financial institutions and at times during the year, the amount on deposit may exceed the Federal Deposit Insurance Corporation's \$250,000 insured limit. As of June 30, 2009 and 2008 RA had approximately \$876,000 and \$212,000, respectively, in foreign banks which are not insured by the FDIC or any Federal or State agency. Management monitors the soundness of these institutions and has not experienced any losses.

Economic Dependency

During the year ended June 30, 2009, 12.28 percent of RA's total support and revenues were received from United States Agency for International Development. During the year ended June 30, 2008, 12.15 percent of RA's total support and revenues were received from United States Agency for International Development.

3. Investments

At June 30, investments, recorded at current value, consist of the following:

	2009		2008	
	Cost	Market	Cost	Market
Money funds	\$ 109,492	\$ 109,492	\$ 376	\$ 376
Government bonds	24,000	24,605	33,264	33,370
Certificate of deposits, maturing 11/12/09 - 5/12/11	907,000	930,580	--	--
	\$ 1,040,492	\$ 1,064,677	\$ 33,640	\$ 33,746

Rainforest Alliance, Inc.
Notes to Financial Statements
June 30, 2009 and 2008

Investment income related to these investments and interest earned on cash accounts and is included in other income in the statement of activities and changes in net assets at June 30, 2009 and 2008 and was comprised of the following:

	2009	2008
Unrealized gains	\$ 24,079	\$ 7,735
Interest income	47,828	47,929
	<u>\$ 71,907</u>	<u>\$ 55,664</u>

4. Fair Value Measurements

Pursuant to the requirements of the pronouncement on fair value measurements, which is effective for years beginning after November 15, 2007, RA has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes assets which have been accounted for at fair value on a recurring basis as of June 30, 2009, along with the basis for the determination of fair value:

	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Money funds	\$ 109,492	\$ 109,492	\$ --	\$ --
Government bonds	24,605	24,605	--	--
Certificate of deposits	930,580	--	930,580	--
Total investments	<u>\$ 1,064,677</u>	<u>\$ 134,097</u>	<u>\$ 930,580</u>	<u>\$ --</u>

For applicable assets subject to this pronouncement, RA will value such assets using quoted market prices in active markets (Level 1) for identical assets to the extent possible. To the extent possible that such markets are not available, RA will next attempt to value such assets using observable measurement criteria (Level 2), including quoted market prices of similar assets in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, RA will develop measurement criteria based on the best information available (Level 3).

5. Property and Equipment

Property and equipment consists of the following as of June 30:

	2009	2008
Furniture and equipment	\$ 530,844	\$ 487,729
Software	132,506	132,506
Leasehold improvements	<u>60,275</u>	<u>45,900</u>
	723,625	666,135
Less: Accumulated depreciation	<u>581,689</u>	<u>530,803</u>
	<u>\$ 141,936</u>	<u>\$ 135,332</u>

Depreciation expense amounted to \$50,886 and \$50,974 for the years ended June 30, 2009 and 2008, respectively.

Rainforest Alliance, Inc.
Notes to Financial Statements
June 30, 2009 and 2008

6. Long-Term Debt

In July 1998, RA was awarded a recoverable grant of \$1,500,000 by the Ford Foundation to fund certain SmartWood program activities. Grant repayments are tied to cash flows from operations from funded activities which began in 2004 and continue through December 2010.

In April 1999, RA received an interest-free loan of \$1,000,000 from the MacArthur Foundation for the same SmartWood program activities. In December 2007, there was a loan modification deferring all payments to October 31, 2010, at which time the remaining principal balance is due.

Aggregate maturities of long-term debt due in the next five years are as follows:

Year	Amount
2009	\$ --
2010	--
2011	<u>2,391,750</u>
	<u>\$ 2,391,750</u>

7. In-Kind Contributions

In-kind contributions consist of the following for the year ended June 30:

	2009	2008
Legal services	\$ 655,096	\$ 205,338
Annual gala services	38,339	224,346
Imputed interest	<u>99,975</u>	<u>161,192</u>
	<u>\$ 793,410</u>	<u>\$ 590,876</u>

The contribution (imputed interest) inherent in the interest-free loans has been recorded at fair value, based on an imputed interest rate of 4.18 percent and 6.75 percent for fiscal years ended June 30, 2009 and 2008, respectively, which is the average prime rate of the fiscal year.

8. Commitments

RA leases office space in New York under leases that expire through September 2012. RA also has entered into leases for several foreign offices. The commitment of rent under these lease agreements for the next five years and in the aggregate is as follows:

Year	Amount
2010	\$ 757,372
2011	777,559
2012	786,880
2013	171,057

Rent expense for the above leases totaled \$1,145,055 and \$751,165, for the years ended June 30, 2009 and 2008, respectively, which is included in occupancy expense in the statement of functional expenses. Annual rent expense paid under the leases include the basic rent for plus charges for common area management costs and real estate tax escalation charges.

Rainforest Alliance, Inc.
Notes to Financial Statements
June 30, 2009 and 2008

9. Retirement Plan

RA has a qualified tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code for eligible employees. RA offers all eligible employees working more than 20 hours per week a matching contributory retirement plan. Employees can begin making contributions immediately upon hire and are eligible for an employer matching contribution of up to 5 percent of salary after one year of employment. Plan expenses totaled \$203,717 and \$161,752 for the years ended June 30, 2009 and 2008, respectively.

10. Net Assets

Temporarily restricted net assets were comprised of the following at June 30:

	2009	2008
Sustainable Forestry	\$ 1,109,121	\$ 657,723
Sustainable Agriculture	1,008,189	802,921
Sustainable Tourism	229,422	75,000
Climate Change	89,386	--
Education	96,198	55,996
Communications	535,997	478,039
Special Projects	1,373,782	817,946
Capital Campaign	256,571	267,692
Charitable Trusts	46,778	46,778
Operations	30,277	157,879
	<u>\$ 4,775,721</u>	<u>\$ 3,359,974</u>

The following is a schedule of the net assets that were released from donor restrictions at June 30:

	2009	2008
Sustainable Forestry	\$ 1,535,365	\$ 1,278,207
Sustainable Agriculture	2,044,472	708,944
Sustainable Tourism	280,807	358,315
Climate Change	164,510	--
Education	224,937	312,897
Communications	854,572	439,717
Special Projects	1,490,535	599,403
Capital Campaign	115,612	139,558
Operations	104,515	479,216
	<u>\$ 6,815,325</u>	<u>\$ 4,316,257</u>

Endowment Funds

RA's endowment is comprised of a donor-restricted endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

Under the New York Not-For-Profit Corporation Law, a charitable organization can only spend amounts of an endowment fund above "historic dollar value" that it deems to be prudent. With respect to its existing endowment fund, RA has followed the donor instrument in classifying as permanently restricted net assets at the original value of the gift.

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RA has followed the donor instrument in classifying as permanently restricted, with respect to its existing endowment fund, net assets at the original value of the gift donated to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by RA pursuant to its obligations under the agreement with the donor and applicable law. RA conducts an annual analysis of the endowment fund with respect to:

- (1) Its historic value
- (2) Donor restrictions on the use of income or appreciation and the effect of the restriction
- (3) Any loss affecting the historic dollar value
- (4) The amount of the fund's appreciation held in non-readily marketable securities
- (5) The amount of appreciation in the fund attributable to an inflation factor since the inception of the fund

RA is currently developing an investment policy that will determine return objectives and risk parameters, strategies employed for achieving objectives, and a spending policy.

The following table provides information regarding the change in endowment net assets for the year ended June 30, 2009:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ --	\$ --	\$ --
Contributions received	--	1,000,000	1,000,000
Investment return			
Investment income	15,651	--	15,651
Unrealized gain	23,580	--	23,580
	<u>39,231</u>	<u>--</u>	<u>39,231</u>
Endowment assets, end of year	<u>\$ 39,231</u>	<u>\$ 1,000,000</u>	<u>\$ 1,039,231</u>
Permanently restricted net assets			
Required to be maintained in perpetuity		<u>\$ 1,000,000</u>	

11. Prior Period Adjustment

In 2009 RA determined that the methodology used for the calculation of employment taxes for certain employees working in foreign countries may result in additional taxes and related charges payable to foreign governments. RA has performed a calculation of the amount payable and has determined that the potential maximum exposure could be approximately \$3,800,000. However, RA has recorded approximately \$1,400,000 as its reasonable estimate of the potential liability, which takes into account employee personal liability and management's risk assessment. The accompanying financial statements for 2008 have been restated to reflect the potential liability owed for 2008 and earlier. The effect of the restatement has been to decrease the change in net assets for 2008 by \$300,443. Net assets at the beginning of 2008 have been adjusted for the effects of the restatement in prior years.

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12. Subsequent Events

RA has evaluated subsequent events occurring after the statement of financial position date through the date of April 21, 2010. Based upon this evaluation, RA has determined that no subsequent events have occurred, which require disclosure in the financial statements.