



RAINFOREST ALLIANCE HOLDING, INC. AND AFFILIATES
Consolidated Financial Statements
December 31, 2024
(With Summarized Comparative Consolidated Information
For the Year Ended December 31, 2023)
With Independent Auditor's Report

Rainforest Alliance Holding, Inc. and Affiliates
Table of Contents
December 31, 2024 and 2023

Independent Auditor's Report	1-3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities and Changes in Net Assets	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8-26
Supplementary Information	
Consolidating Statement of Financial Position	27
Consolidating Statement of Activities and Changes in Net Assets	28

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rainforest Alliance Holding, Inc. and Affiliates:

Opinion

We have audited the consolidated financial statements of Rainforest Alliance Holding, Inc. and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the report of, and additional audit procedures performed by, the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Rainforest Alliance Holding, Inc. and Affiliates as of December 31, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Stichting Rainforest Alliance, a controlled affiliate, whose statements reflect total assets constituting 19% and 17%, of consolidated total assets at December 31, 2024 and 2023, respectively and total revenues constituting 7% and 8%, respectively, of consolidated total revenues for the years then ended. Those statements, which were prepared in accordance with the Guideline for annual reporting RJ 640 "Not-for-profit organisations" of the Dutch Accounting Standards, were audited by other auditors, whose report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of Stichting Rainforest Alliance, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for Stichting Rainforest Alliance, prior to these conversion adjustments, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Summarized Comparative Consolidated Information

We have previously audited the Organization's December 31, 2023, consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 12, 2024. In our opinion, the summarized comparative consolidated information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position as of December 31, 2024, and consolidating statement of activities and changes in net assets for the year ended December 31, 2024, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

A handwritten signature in blue ink that reads 'Withum Smith & Brown, PC'.

August 8, 2025

Rainforest Alliance Holding, Inc. and Affiliates
Consolidated Statement of Financial Position
December 31, 2024 (With Summarized Comparative Totals as of December 31, 2023)

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 17,711,141	\$ 17,338,573
Grants and contributions receivable, net	11,526,507	10,318,515
Royalty and other contract receivables, net of allowance for doubtful accounts of \$1,551,471 and \$332,000 at December 31, 2024 and 2023, respectively	16,437,638	16,485,732
Contract assets	283,000	525,000
Advances and prepaid expenses	2,332,845	2,755,857
Investments	<u>33,564,275</u>	<u>35,870,942</u>
Total current assets	<u>81,855,406</u>	<u>83,294,619</u>
Noncurrent assets		
Intangible assets, net	5,792,949	5,680,429
Property and equipment, net	871,185	742,763
Right-of-use assets, net	2,418,335	859,994
Grants and contributions receivable - net of current portion	-	410,368
Security deposits	325,744	230,372
Investments	<u>1,137,728</u>	<u>1,034,160</u>
Total noncurrent assets	<u>10,545,941</u>	<u>8,958,086</u>
Total assets	<u><u>\$ 92,401,347</u></u>	<u><u>\$ 92,252,705</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 13,568,941	\$ 17,985,661
Contract liabilities	1,890,293	1,713,747
Refundable advances payable	7,675,781	8,079,573
Derivative liability	1,113,137	-
Lease liabilities	<u>717,217</u>	<u>490,008</u>
Total current liabilities	24,965,369	28,268,989
Long-term liabilities		
Lease liabilities, net of current portion	1,687,539	414,054
Foreign severance payable	<u>5,065,171</u>	<u>4,791,104</u>
Total liabilities	<u>31,718,079</u>	<u>33,474,147</u>
Net assets		
Without donor restrictions	57,159,079	53,889,486
With donor restrictions	<u>3,524,189</u>	<u>4,889,072</u>
Total net assets	<u>60,683,268</u>	<u>58,778,558</u>
Total liabilities and net assets	<u><u>\$ 92,401,347</u></u>	<u><u>\$ 92,252,705</u></u>

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

Rainforest Alliance Holding, Inc. and Affiliates
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2024
(With Summarized Comparative Totals for the Year Ended December 31, 2023)

	December 31, 2024					
	Without Donor Restrictions					
	Undesignated Operating	Designated for Capital and Investments	Total	With Donor Restrictions	Total	2023
Support and revenues						
Contributions						
Major donors and individuals	\$ 2,730,772	\$ -	\$ 2,730,772	\$ 400,000	\$ 3,130,772	\$ 3,141,822
Foundations and corporate grants	-	-	-	6,470,229	6,470,229	4,371,736
Government grants and contracts	-	-	-	21,964,866	21,964,866	22,799,107
Special events - net	26,675	-	26,675	-	26,675	-
Contributions of nonfinancial assets	897,079	-	897,079	-	897,079	1,334,880
Revenue from contracts with customers						
Royalty revenue	63,994,980	-	63,994,980	-	63,994,980	55,641,447
Other contract revenue	10,098,706	-	10,098,706	-	10,098,706	6,162,050
Net investment return	552,417	3,306,421	3,858,838	124,480	3,983,318	4,846,711
Other income (loss)	(27,531)	694,578	667,047	-	667,047	463,996
Transfers	1,365,733	(1,365,733)	-	-	-	-
Net assets released from restrictions	30,324,458	-	30,324,458	(30,324,458)	-	-
Total support and revenues	109,963,289	2,635,266	112,598,555	(1,364,883)	111,233,672	98,761,749
Expenses						
Program services						
Landscapes and communities	44,286,197	445,978	44,732,175	-	44,732,175	47,663,861
Markets transformation	32,612,901	3,931,723	36,544,624	-	36,544,624	33,303,048
Total program services	76,899,098	4,377,701	81,276,799	-	81,276,799	80,966,909
Supporting services						
Management and general	21,913,999	328,721	22,242,720	-	22,242,720	21,076,282
Fundraising	4,058,508	3,164	4,061,672	-	4,061,672	3,419,148
Total supporting services	25,972,507	331,885	26,304,392	-	26,304,392	24,495,430
Total expenses	102,871,605	4,709,586	107,581,191	-	107,581,191	105,462,339
Changes in net assets from continuing operations	7,091,684	(2,074,320)	5,017,364	(1,364,883)	3,652,481	(6,700,590)
Nonoperating activity						
Unrealized loss on derivative transactions	(1,113,137)	-	(1,113,137)	-	(1,113,137)	-
Foreign currency translation losses	(634,634)	-	(634,634)	-	(634,634)	(579,737)
Total nonoperating activity	(1,747,771)	-	(1,747,771)	-	(1,747,771)	(579,737)
Changes in net assets	5,343,913	(2,074,320)	3,269,593	(1,364,883)	1,904,710	(7,280,327)
Net assets						
Beginning of year	11,615,797	42,273,689	53,889,486	4,889,072	58,778,558	66,058,885
End of year	\$ 16,959,710	\$ 40,199,369	\$ 57,159,079	\$ 3,524,189	\$ 60,683,268	\$ 58,778,558

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

Rainforest Alliance Holding, Inc. and Affiliates
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024
(With Summarized Comparative Totals for the Year Ended December 31, 2023)

	2024						2023	
	Program Services			Supporting Services			Total	Total
	Landscapes and Communities	Markets Transformation	Total Program Services	Management and General	Fund-Raising	Total Supporting Services		
Salaries and benefits	\$ 18,223,900	\$ 20,308,387	\$ 38,532,287	\$ 9,581,757	\$ 3,205,880	\$ 12,787,637	\$ 51,319,924	\$ 51,005,342
Sub-grants	12,417,783	2,239,190	14,656,973	-	-	-	14,656,973	12,753,006
Consultants and professional fees	5,166,256	3,013,862	8,180,118	2,564,799	261,131	2,825,930	11,006,048	11,505,623
IT services and licenses	209,212	3,325,565	3,534,777	6,119,995	1,937	6,121,932	9,656,709	10,385,188
Marketing and subscription fees	351,209	985,982	1,337,191	177,130	210,307	387,437	1,724,628	1,969,986
Bank and other fees	240,268	(139,594)	100,674	756,291	57,920	814,211	914,885	1,014,010
Insurance expenses	54,609	9,484	64,093	498,293	978	499,271	563,364	505,054
Equipment and materials	618,297	69,081	687,378	85,104	441	85,545	772,923	573,217
Office costs	1,260,088	892,876	2,152,964	679,047	180,750	859,797	3,012,761	3,233,582
Travel	2,607,680	1,327,228	3,934,908	454,145	130,357	584,502	4,519,410	4,538,766
Training and workshops	2,891,264	555,295	3,446,559	85,445	8,807	94,252	3,540,811	2,702,996
Bad debt expense	245,631	25,545	271,176	14,914	-	14,914	286,090	(570,810)
	44,286,197	32,612,901	76,899,098	21,016,920	4,058,508	25,075,428	101,974,526	99,615,960
Professional services - in-kind	-	-	-	897,079	-	897,079	897,079	1,317,543
	44,286,197	32,612,901	76,899,098	21,913,999	4,058,508	25,972,507	102,871,605	100,933,503
Depreciation and amortization	445,978	3,931,723	4,377,701	328,721	3,164	331,885	4,709,586	4,528,836
Total expenses	\$ 44,732,175	\$ 36,544,624	\$ 81,276,799	\$ 22,242,720	\$ 4,061,672	\$ 26,304,392	\$ 107,581,191	\$ 105,462,339

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

Rainforest Alliance Holding, Inc. and Affiliates
Consolidated Statement of Cash Flows
Year Ended December 31, 2024
(With Summarized Comparative Totals for the Year Ended December 31, 2023)

	<u>2024</u>	<u>2023</u>
Operating activities		
Changes in net assets	\$ 1,904,710	\$ (7,280,327)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	4,709,586	4,528,836
Change in allowance	1,219,471	(570,810)
Net present value adjustment	(46,353)	22,597
Realized and unrealized gains on investments	(2,698,649)	(3,659,390)
Amortization of right-of-use assets	691,145	1,387,508
Unrealized loss on derivative transactions	1,113,137	-
Changes in assets and liabilities		
Grants and contributions receivable	(751,271)	(3,091,007)
Royalty and other contract receivables	(1,171,377)	5,310,367
Contract assets	242,000	1,442,642
Advances and prepaid expenses	423,012	528,310
Security deposits	(95,372)	241,039
Accounts payable and accrued expenses	(4,416,720)	2,292,273
Foreign severance payable	274,067	848,176
Contract liabilities	176,546	779,643
Refundable advances payable	(403,792)	(1,204,062)
Lease liabilities	(748,792)	(1,472,706)
Net cash provided by operating activities	<u>421,348</u>	<u>103,089</u>
Investing activities		
Acquisition of intangible assets	(4,582,010)	(3,924,522)
Acquisition of property and equipment	(368,518)	(439,312)
Sale of investments	12,376,204	8,402,525
Purchase of investments and reinvested income	(7,474,456)	(9,167,652)
Net cash used in investing activities	<u>(48,780)</u>	<u>(5,128,961)</u>
Net change in cash and cash equivalents	372,568	(5,025,872)
Cash and cash equivalents		
Beginning of year	<u>17,338,573</u>	<u>22,364,445</u>
End of year	<u>\$ 17,711,141</u>	<u>\$ 17,338,573</u>
Supplemental disclosure of non-cash information		
Right or use assets obtained in exchange for operating lease liabilities	<u>\$ 2,249,486</u>	<u>\$ -</u>

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

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

1. ORGANIZATION AND NATURE OF ACTIVITIES

Rainforest Alliance Holding, Inc. ("RA Holding") is an international non-profit organization, organized on January 1, 2018, in the State of Delaware to serve as the common parent nonprofit corporation providing centralized governance and oversight over Rainforest Alliance, Inc. ("RA") and Stichting Rainforest Alliance ("Stichting RA"). RA Holding is the sole member of RA. RA Holding appoints the board of Stichting RA.

RA is an international non-profit organization, organized in 1987 in the State of New York 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. All the activities of its branches and affiliates are included in these consolidated financial statements. RA conducts the majority of its activities throughout North America, Central America, South America, Africa, Europe and Southeast Asia.

Stichting RA consists of two legal entities: Stichting Rainforest Alliance (a non-profit organization, formerly known as Stichting UTZ), founded on July 3, 2001, and Rainforest Alliance B.V. (the "B.V.") (a for-profit organization, formerly known as UTZ Certified B.V.), founded on December 3, 2012. Both companies are registered in Amsterdam, Netherlands. Stichting Rainforest Alliance owns 100% of Rainforest Alliance B.V.

Significant sources of revenues are received from contributions and royalties and other contract revenues.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include all of the assets, liabilities, net assets, revenues and expenses of RA Holding, RA and Stichting RA and their subsidiaries, branches and affiliates (collectively the "Organization"). The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. All significant intercompany accounts and transactions have been eliminated in consolidation.

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 the Organization are reported as follows:

Net assets without donor restrictions: Net assets that are not restricted by donor-imposed stipulations and are available for the general operations of the Organization.

Net assets with donor restrictions: Net assets with donor restrictions include gifts of cash and other assets received with donor stipulations that limit the use of the donated assets or that cannot be satisfied by either the actions of the Organization or through the passage of time. These net assets include donor restricted endowments, unconditional contributions and contributions with programmatic restrictions.

Operating Measure

The Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. This measure of operations provides a presentation that depicts the manner in which the Organization manages its financial activities. Activities presented outside the operating measure include items that are infrequent or nonrecurring. The Organization classifies foreign currency translation gains (losses) and changes to derivative liabilities outside the operating measure.

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

Prior Year Summarized Comparative Consolidated Information

Consolidated information as of and for the year ended December 31, 2023, is presented for comparative purposes only. Certain activity by net asset classification in the consolidated statement of activities and changes in net assets and consolidated statement of functional expenses is not included in this report. 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 the Organization's consolidated financial statements as of and for the year ended December 31, 2023, from which the summarized comparative consolidated information was derived.

Estimates

The presentation of consolidated 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. Significant estimates included in these consolidated financial statements consist of the foreign severance payable (see Note 11), the derivative liability (Note 7) and the allowance for doubtful accounts (Note 2). There is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Income Taxes

RA Holding is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code ("IRC") and exempt from state taxes under state charities registration law.

RA is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code and no provision for such income tax has been reflected in the accompanying consolidated financial statements. RA has evaluated uncertain tax positions with respect to its U.S. operations and concluded there are no such positions at December 31, 2024 and 2023. RA has operations in other countries and is subject to the laws and regulations of those countries. RA did not recognize any tax related interest or penalties during the periods presented in these consolidated financial statements.

Stichting RA is established as a foundation under the laws of the Netherlands. Rainforest Alliance B.V. was established as a daughter limited company. Stichting RA is the full owner of the B.V. and all profits earned by the B.V. (program fees minus expenses) flow entirely back to Stichting RA. Stichting RA as a whole remains a non-profit and retains its charity status in the Netherlands as an "Algemeen Nut Beogende Instelling" or "ANBI" status. The ANBI status has certain tax advantages and is a pre-requisite for some potential donors considering subsidies or sponsorship. Stichting RA is required to meet certain criteria to maintain this structure. For the years ended December 31, 2024 and 2023, Stichting RA met these criteria and therefore, no income tax was assessed.

The Organization has evaluated uncertain tax positions and concluded there are no such positions at December 31, 2024 and 2023. The Organization has operations in other countries and is subject to the laws and regulations of those countries. The Organization did not recognize any tax related interest or penalties during the periods in question.

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

Contribution Revenue

The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received or pledged. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met. Revenue from government and private grant and contract agreements, which are generally considered non-exchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Payments received in advance of conditions being met are recorded as refundable advances payable on the consolidated statement of financial position. Included in refundable advances payable at December 31, 2024 and 2023, is \$7,675,781 and \$8,079,573, respectively, of grant and contract receipts in advance of expenditures. Future funding from government and private grant and contract agreements is dependent on fiscal funding clauses and available appropriations from granting agencies and organizations.

Contributions, net assets and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

The Organization recognizes donated goods and services provided which have an ascertainable value and were an integral part of the Organization's program services at the fair market value of the services or goods received. The Organization received donated services in the form of legal, advertising and professional fees. These donated goods and services are included in contributions of nonfinancial assets on the consolidated statement of activities and changes in net assets and as professional services - in-kind on the consolidated statement of functional expenses.

Special Events

Special event revenues are presented net of the direct costs of the event. For the years ended December 31, 2024 and 2023, direct costs netted in special event revenue were \$26,675 and \$0, respectively.

Revenue from Contracts with Customers

Royalty Revenues

The Organization has determined that royalty revenues shall be accounted for as revenue from contracts with customers in accordance with Accounting Standards Codification ("ASC") 606. The Organization enters into contracts with customers whereby the Organization licenses its Rainforest Alliance Certified Seal (the "Seal") to customers by granting them the non-exclusive non-transferable right to reproduce the Seal on their own product packaging and off-product promotional materials for products which Rainforest Alliance has issued a transaction certificate. Certified products carry the Organization's green frog logo. The green frog certification seal indicates that a farm, forest, or tourism enterprise has been audited to meet standards that require environmental, social, and economic sustainability.

In order to become certified, farms must meet criteria of the Rainforest Alliance Sustainable Agriculture Standard (the "Standard"). The Standard encompasses all three pillars of sustainability-social, economic, and environmental. Rainforest Alliance Certified farms are audited regularly to verify that farmers are complying with the Standard's comprehensive requirements, which require continual improvement on the journey to sustainable agriculture.

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

The Standard is built on these important principles of sustainable farming:

- Biodiversity conservation
- Improved livelihoods and human well-being
- Natural resource conservation
- Effective planning and farm management systems

The Organization enables purchasers of certified farm product to be eligible to become an authorized licensee of the Seal with respect to the certified farm product. Royalties are assessed based on the volume (weight) of the certified farm product purchased for which the Organization has issued a Transaction Certificate at the applicable rate for the product as set forth in the contract, which varies based on the products that the Organization certifies which fall into the following main buckets: coffee, tea, cocoa, bananas, coconut oil, juice, nuts, other perishables, and herbs and spices. Generally, invoices are issued quarterly, and payments are due within 45 days. Contract assets include royalties that are calculated and earned but not yet invoiced to the customer.

The Organization accounts for royalty revenue as a sales and/or usage based royalty arrangement. Revenue is recognized at the later of the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated or satisfied at the point in time when the subsequent sale or usage occurs. The Organization recognizes revenue when the purchase of certified product occurs, which is the time at which the royalty accrues per the contract and also represents the fulfillment of the performance obligations which involve the Organization certifying farms and tracking the certified farm product through the supply chain utilizing the Organization's Multitrace System.

Other Contract Revenue

The Organization performs various engagements for clients whereby they perform specialized technical projects, such as sustainable supply chain consulting, process auditing, training, research and other advisory related services and has classified revenues into advisory contracts and risk assessment engagements. These services are performed for companies all over the world and each contract is evaluated individually for revenue recognition in accordance with ASC 606. Revenue from risk assessment engagements is recognized at a point in time. Revenue from advisory engagements is recognized over time as the contracts are either cost-reimbursable grant contracts that RA is paid based on allowable expenditures incurred and the benefit derived by the customer is through the time spent by RA employees and the materials they purchase to carry out the project or based upon work that is consumed over time by the customer. Contract liabilities include billings in excess of revenue recognized.

Receivables and Credit Policies

Receivables represent unsecured, non-interest bearing obligations due from customers. In the normal course of business, the Organization grants credit directly to certain customers after a credit analysis based on financial and other criteria and generally requires no collateral.

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

Customers typically are provided with payment terms of 15 days. The Organization has tracked historical loss information for its trade receivables and compiled historical credit loss percentages for different aging categories (current, 1-30 days past due, 31-60 days past due, 61-90 days past due, and more than 90 days past due). Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Organization separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the consolidated statement of financial position date, the Organization develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. The following represents a roll forward of the allowance for doubtful accounts for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 332,000	\$ 1,049,828
Cumulative effect of adoption - ASU 2016-13	-	(584,187)
Provision for credit losses	1,219,471	(130,907)
Receivables written off	<u>-</u>	<u>(2,734)</u>
Balance, end of the year	<u>\$ 1,551,471</u>	<u>\$ 332,000</u>

Grants and Contributions Receivable

Grants and contributions receivable consist of government grant receivables and unconditional contribution receivables. Grants and contributions receivable with expected collection past 1 year are discounted at net present value based on current risk-free rates. The discount rate used at both December 31, 2024 and 2023, was 3.88%. The Organization monitors the collectability of these receivables and has determined that no allowance for uncollectible accounts was necessary at December 31, 2024 and 2023.

Subgrants

The Organization recognizes grants made, classified as subgrants on the consolidated statement of functional expenses, including unconditional promises, as expenses in the period made. Conditional promises, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized in expense until the conditions on which they depend have been substantially met.

Cash and Cash Equivalents

The Organization considers all highly liquid financial instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

Investments

Investments in equity securities with readily determinable values and all investments in debt securities are measured at fair value. Gains and losses, both realized and unrealized, resulting from changes in the fair value of investments are reflected in the consolidated statement of activities and changes in net assets as increases or decreases in net assets without restrictions unless the use is restricted by explicit donor stipulations or by law.

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

Fair Value Measurements

The Organization has reviewed investments within the framework for measuring fair value which establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 - Inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability (the unobservable inputs should be developed based on the best information available in the circumstances and may include the Organization's own data).

Derivatives and Financial Instruments

RA enters into derivative financial instruments, such as foreign exchange contracts, to manage exposure to foreign currency risk arising from its international operations. In accordance with ASC 815, *Derivatives and Hedging*, all derivative instruments are recognized as either assets or liabilities on the consolidated statement of financial position and measured at fair value, as determined under ASC 820, *Fair Value Measurement*. The Organization does not elect hedge accounting for its derivative instruments. Accordingly, changes in the fair value of derivatives are recognized in the consolidated statement of activities and changes in net assets within other income (expense).

The fair value of derivative instruments is estimated using market-based inputs, such as spot exchange rates, interest rates, and implied volatilities, and may incorporate unobservable inputs for complex features, such as barrier levels or leverage components. Valuation techniques, including option pricing models (e.g., Black-Scholes or binomial models), are used to determine fair value. The Organization assesses counterparty credit risk and may apply a credit valuation adjustment ("CVA") when significant.

Cash flows from derivative settlements are classified in the consolidated statement of cash flows based on the purpose of the derivative, typically as operating activities for contracts related to operational cash flows. The Organization discloses the objectives, strategies, and risks associated with its derivative instruments, including market and credit risks, notional amounts, and fair value measurements, in the notes to the consolidated financial statements.

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 support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions. 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.

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

Depreciation is provided using the straight-line method over the estimated useful lives of the property and equipment as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Furniture and equipment	5-10
Leasehold improvements	Shorter of term of lease or life of asset

Intangible Assets

The Organization capitalized certain costs incurred in connection with the development of its software platforms after the preliminary project stage and until such time that the software is ready for its intended use. Amounts related to upgrades and enhancements are capitalized to the extent they will result in added functionality. Capitalized costs are amortized over a three-to-four-year period commencing on the date that the specific module or platform is placed in service. Costs incurred during the preliminary stages of development and ongoing maintenance costs are expensed as incurred.

Valuation of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Organization has determined that no impairment was required for the periods presented in these consolidated financial statements.

Security Deposits

Security deposits represent funds paid to landlords which are held until a lease expires or is terminated. The Organization does not classify these assets as restricted cash.

Leases

The Organization categorizes leases with contractual terms longer than 12 months as either operating or finance. Finance leases are generally those leases that allow the Organization to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the consolidated statement of financial position. The Organization had no finance leases during 2024 and 2023.

Certain lease contracts include obligations to pay for other services, such as operations, property taxes, and maintenance. For leases of property, the Organization accounts for these other services as a component of the lease. For all other leases, the services are accounted for separately and the Organization allocates payments to the lease and other service components based on estimated stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments using a discount rate based on the risk-free rate. Right-of-use assets are recognized based on the initial present value of the fixed lease payments plus any direct costs from executing the lease. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets and in detail on the consolidated statement of functional expenses. Expenses, other than indirect expenses, are directly charged to the program that derives the direct benefit. Indirect expenses are allocated to the various program and supporting services based on the ratio of direct expense for any one function to total direct expenses of all functional areas or programs. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Office costs	Time and effort, headcount, direct expenses
Consultants	Direct expenses
Travel	Time and effort, direct expenses
Insurance	Direct expenses
IT services and licenses	Direct expenses
Depreciation	Direct expenses

Programs

The following is a summary of the Organization's primary programs:

Landscapes and Communities - advances long-term, landscape-level initiatives to support sustainable, community-based development in communities vulnerable to ecological and social destruction including farming certification projects encouraging farmers to use best practices in environmental protection, social equality, and economic viability and forest communities to harvest and manufacture forest products in a sustainable way. This also includes evaluating and communicating program impacts and developing and implementing effective, scientifically-based strategies, programs and projects through monitoring, evaluation, and results-based management that follows industry best practice.

Markets Transformation - helps organizations across the forestry, agriculture and tourism value chains to successfully integrate sustainability into their business practices from sustainable production to sustainable consumption. This also includes outreach and education of the public on certification standards, sustainable practices and producing and publishing studies focused on forestry, agriculture and certification.

Translation of Foreign Currencies

The foreign operations of the Organization occur in functional currencies other than the U.S. dollar. The revenues and expenses occurring in foreign currencies are translated into U.S. dollars using an average monthly rate of exchange. Assets and liabilities are translated using the rate of exchange at the consolidated statement of financial position date. The related translation adjustments of approximately \$(635,000) and \$(580,000) for the years ended December 31, 2024 and 2023, respectively are included in nonoperating revenue (expense) in the consolidated statement of activities and changes in net assets.

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Royalty Revenues

The Organization's royalty revenue is generated from companies around the world, specifically in regions where the certified products are grown. The Organization's contracts and royalties are based on the purchase of certified farm product and are affected by the demand for the products being purchased.

Revenue from royalties was related to the following crops for the years ended December 31, 2024 and 2023, as follows:

	<u>2024</u>	<u>2023</u>
Cocoa	\$ 18,569,958	\$ 18,605,122
Coffee	33,341,940	27,481,756
Tea	3,675,706	1,969,644
Coconut oil	88,709	7,500
Palm oil	3,264,880	4,056,131
Hazelnut	-	483
Juice	1,176,583	706,988
Bananas	2,165,525	1,999,670
Herbs and spices	597,287	337,552
Nuts	573,242	382,793
Other perishables	368,100	93,808
Other royalty fees	173,050	-
	<u>\$ 63,994,980</u>	<u>\$ 55,641,447</u>

Other Contract Revenues

The Organization's other contract revenues represent contracts whereby the customer receives direct commensurate value and comprise risk assessment engagements and advisory engagements. The following represents revenue for these categories at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Advisory and fee for service engagements	<u>\$ 10,098,706</u>	<u>\$ 6,162,050</u>

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

Contract Balances

Royalty and other contract receivables and contract balances from contracts with customers at December 31, 2024 and 2023, were as follows:

	December 31, 2024		
	Royalty and Other Contract Receivables	Contract Assets	Contract Liabilities
Beginning of year	<u>\$ 16,485,732</u>	<u>\$ 525,000</u>	<u>\$ 1,713,747</u>
End of year	<u>\$ 16,437,638</u>	<u>\$ 283,000</u>	<u>\$ 1,890,293</u>

	December 31, 2023		
	Royalty and Other Contract Receivables	Contract Assets	Contract Liabilities
Beginning of year	<u>\$ 21,225,289</u>	<u>\$ 1,967,642</u>	<u>\$ 934,104</u>
End of year	<u>\$ 16,485,732</u>	<u>\$ 525,000</u>	<u>\$ 1,713,747</u>

4. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and fulfillment of liabilities, were as follows:

	2024	2023
Financial assets at year end		
Cash and cash equivalents	\$ 17,711,141	\$ 17,338,573
Grants and contributions receivable, net	11,526,507	10,728,883
Royalty and other contract receivables, net	16,437,638	16,485,732
Contract assets	283,000	525,000
Investments	<u>34,702,003</u>	<u>36,905,102</u>
Total financial assets	80,660,289	81,983,290
Less: Amounts not available for general expenditure within one year		
Net assets with donor restrictions	(3,524,189)	(4,889,072)
Liquidity resources		
Available line of credit	<u>10,000,000</u>	<u>10,000,000</u>
Total financial assets and liquidity resources	<u>\$ 87,136,100</u>	<u>\$ 87,094,218</u>

The Organization manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. The Organization's cash flows have fluctuations during the year attributable to the timing of operations and repayment from funding sources which varies on a funding source basis. Additionally, included within net assets with donor restrictions are funds that are tied to specific projects that can be expended in the subsequent year when the donor purpose is met (Note 17).

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

5. GRANTS AND CONTRIBUTIONS RECEIVABLE

The Organization had outstanding grants and contributions receivable due to be collected as follows at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Grants and contributions expected to be collected		
In one year or less	\$ 11,534,708	\$ 10,042,514
Between one and five years	-	740,923
	<u>11,534,708</u>	<u>10,783,437</u>
Less: Discount to present value	8,201	54,554
Grants and contributions receivable, net	<u>\$ 11,526,507</u>	<u>\$ 10,728,883</u>

6. INVESTMENTS

Investments consist of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
U.S. Equity ETF	\$ 5,617	\$ 5,213
U.S. Fixed Income	11,902,390	13,678,657
U.S. Large Cap Equity	14,356,627	13,974,477
Europe, Australasia, Far East Equity	3,141,460	4,112,247
Global ETF	408,766	480,716
Global Fixed Income	1,250,973	863,978
Global Equity	3,227,019	3,721,757
Certificates of deposit	243,876	-
Other investments	165,275	68,057
	<u>\$ 34,702,003</u>	<u>\$ 36,905,102</u>

Investment income (loss) related to these investments and interest earned on cash accounts is comprised of the following for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Realized and unrealized gains	\$ 2,790,866	\$ 3,672,599
Interest and dividend income	1,343,691	1,277,099
Investment expenses	(151,239)	(102,987)
	<u>\$ 3,983,318</u>	<u>\$ 4,846,711</u>

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

7. FAIR VALUE INFORMATION

The following tables summarize the carrying and fair value information for assets and liabilities at fair value:

2024				
	Level 1	Level 2	Level 3	Total
Assets				
Investments				
U.S. Equity ETF	\$ 5,617	\$ -	\$ -	\$ 5,617
U.S. Fixed Income	11,902,390	-	-	11,902,390
U.S. Large Cap Equity	14,356,627	-	-	14,356,627
Europe, Australasia, Far East Equity	3,141,460	-	-	3,141,460
Global ETF	408,766	-	-	408,766
Global Fixed Income	1,250,973	-	-	1,250,973
Global Equity	3,227,019	-	-	3,227,019
Other investments	-	126,814	-	126,814
Total investments at fair value	<u>\$ 34,292,852</u>	<u>\$ 126,814</u>	<u>\$ -</u>	34,419,666
Certificates of deposit				243,876
Investments at net asset value				38,461
Total investments				<u>\$ 34,702,003</u>
Liabilities				
Derivative liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,113,137</u>	<u>\$ 1,113,137</u>
2023				
	Level 1	Level 2	Level 3	Total
Assets				
Investments				
U.S. Equity ETF	\$ 5,213	\$ -	\$ -	\$ 5,213
U.S. Fixed Income	13,678,657	-	-	13,678,657
U.S. Large Cap Equity	13,974,477	-	-	13,974,477
Europe, Australasia, Far East Equity	4,112,247	-	-	4,112,247
Global Fixed Income	480,716	-	-	480,716
Global Equity	863,978	-	-	863,978
Global Equity	3,721,757	-	-	3,721,757
Other investments	-	68,057	-	68,057
Total investments at fair value	<u>\$ 36,837,045</u>	<u>\$ 68,057</u>	<u>\$ -</u>	<u>\$ 36,905,102</u>

Derivative Liability

As of December 31, 2024, the fair value of the Leveraged Forward Extra ("LFE") contract was \$(1,113,137), reported as a derivative liability in the consolidated statement of financial position. The fair value is classified as a current liability, as all expiries occur within one year. The fair value was determined using a binomial option pricing model, incorporating the following key inputs:

- Spot EUR/USD exchange rate.
- Strike rate of 1.0800.
- Barrier level of 1.0550.
- Time to each expiry.
- Implied volatility of EUR/USD.
- Risk-free interest rates for USD and EUR.

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

Due to the bespoke barrier and leverage features, certain inputs, such as adjustments for the barrier feature, are unobservable, resulting in a Level 3 classification under ASC 820's fair value hierarchy.

8. DERIVATIVE FINANCIAL INSTRUMENTS

Overview and Objectives

RA uses derivative financial instruments to manage foreign currency exchange rate risk associated with its international program activities conducted in euros ("EUR"). As of December 31, 2024, the Organization holds a LFE contract, a foreign exchange derivative combining elements of a forward contract and an option with a barrier feature. The LFE is not designated as a hedging instrument under ASC 815, *Derivatives and Hedging*. The Organization's objective in entering the LFE is to mitigate the risk of adverse EUR/USD exchange rate fluctuations impacting its operational cash flows.

During the year ended December 31, 2024, the Organization entered into EUR/USD LFE contracts amounting to €30,000,000 Notional amounts and €32,400,000 Leveraged amounts with a financial institution as the counterparty. The contracts which expire in 12 months have a 1.08 strike rate, 1.055 Euro barrier level and no upfront costs. If the spot EUR/USD rate at expiry is ≤ 1.0550 , the Organization is obligated to buy €32,400,000 at 1.0800, if the spot EUR/USD rate is between 1.0550 and 1.0800, the contract is worthless, and the Organization may transact at the prevailing spot rate and if the spot EUR/USD rate is ≥ 1.0800 , the Organization has the right to buy €30,000,000 at 1.0800.

The LFE is accounted for as a derivative under ASC 815 and is measured at fair value through changes in net assets in the consolidated statement of activities and changes in net assets.

Changes in Fair Value

For the year ended December 31, 2024, the Organization recognized an unrealized loss of \$1,113,137 related to changes in the fair value of the LFE contract, included in nonoperating revenue (expense) in the consolidated statement of activities and changes in net assets.

9. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 2,791,883	\$ 2,400,096
Leasehold improvements	<u>887,174</u>	<u>883,392</u>
	3,679,057	3,283,488
Less: Accumulated depreciation	<u>2,807,872</u>	<u>2,540,725</u>
	<u>\$ 871,185</u>	<u>\$ 742,763</u>

Depreciation expense amounted to approximately \$240,000 and \$268,000 for the years ended December 31, 2024 and 2023, respectively, and is included in depreciation and amortization expense in the consolidated statement of functional expenses.

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

10. INTANGIBLE ASSETS

Intangible assets consisted of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Software	\$ 22,635,940	\$ 20,716,670
Less: Accumulated amortization	<u>16,842,991</u>	<u>15,036,241</u>
	<u>\$ 5,792,949</u>	<u>\$ 5,680,429</u>

Amortization expense amounted to approximately \$4,469,000 and \$4,240,000 for the years ended December 31, 2024 and 2023, respectively and is included in depreciation and amortization expense in the consolidated statement of functional expenses.

11. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the consolidated statement of activities and changes in net assets included the following for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Legal services	\$ 824,036	\$ 1,026,543
Advertising	<u>73,043</u>	<u>291,000</u>
	<u>\$ 897,079</u>	<u>\$ 1,317,543</u>

The Organization recognizes contributed nonfinancial assets within revenue, which includes donated services. Contributed nonfinancial assets do not have donor-imposed restrictions. Donated services recognized comprise professional services from attorneys advising the Organization on various administrative and programmatic legal matters and advertising services related to search engine optimization and marketing. Donated services are valued and are reported at the estimated fair value in the consolidated financial statements based on standard industry pricing for similar services for professional fees and third-party estimates using billing rates in like circumstances for advertising services.

12. RETIREMENT PLANS AND FOREIGN SEVERANCE PAYABLE

RA has a qualified tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code for eligible employees in the United States. 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 a discretionary employer matching contribution of up to 5% of salary after one year of employment. RA made matching contributions totaling approximately \$610,000 and \$585,000 for the years ended December 31, 2024 and 2023, respectively.

The Organization has recorded an obligation for foreign severance payable in accordance with the laws in the locations for employees working in certain foreign jurisdictions of approximately \$5,065,000 and \$4,791,000 at December 31, 2024 and 2023, respectively, which is included in foreign severance payable in the consolidated statement of financial position. The foreign severance reserve is an estimate that is based on the laws of each foreign jurisdiction but generally is computed based on the years of employment for each employee as well as other factors. The obligation is required to be funded when an employee's employment with the Organization terminates.

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

The Dutch plans are financed through contributions to pension providers, i.e., insurance companies and industry pension funds. The pension obligations of both the Dutch and the foreign plans are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account. Based on the administration agreement it is assessed whether and, if so, which obligations exist in addition to the payment of the annual contribution due to the pension provider as of the consolidated statement of financial position date. These additional obligations, including any obligations from recovery plans of the pension provider, lead to expenses for the group and are included in a provision on the consolidated statement of financial position. With final salary pension plans an obligation (provision) for (upcoming) past service is included if future salary increases have already been defined as of the consolidated statement of financial position date.

The valuation of the obligation is the best estimate of the amounts required to settle this as of the consolidated statement of financial position date. If the effect of the time value of money is material, the obligation is valued at the present value. Discounting is based on interest rates of high-quality corporate bonds. Additions to and release of the obligations are recognized in the profit and loss account. A pension receivable is included in the consolidated statement of financial position when the group has the right of disposal over the pension receivable and it is probable that the future economic benefits which the pension receivable holds will accrue to the group, and the pension receivable can be reliably established.

The B.V. has a defined contribution pension plan for all employees, working in the Netherlands, who are subject to Dutch law. Also, the cover factor is not relevant in these schemes, because the guaranteed pension capitals do not constitute a right to a predetermined pension pay. On the pension date, the available capital will be used to provide a pension income, based on the prices for pensions at that time. The premium is calculated over the pension income. This is calculated as the employee's gross annual income including vacation pay, lowered by the "AOW-franchise." This franchise is used to correct for the AOW they will receive from the Dutch government when they retire. Part of the premiums from this premium table are used to ensure continuation of the pension plan in case of disability. Partner pension and orphan pension are insured and included in the pension plan. The premiums for these insurances are paid on top of the premium table. The employer pays 2/3 and the employee pays 1/3 of the premium. Pension premiums were approximately \$822,000 and \$767,000 for the years ended December 31, 2024 and 2023, respectively.

13. CONCENTRATION OF CREDIT RISK AND FOREIGN CURRENCY RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash and cash equivalents, investments in foreign banks, investments, receivables and foreign currency risk. The Organization has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization's financial condition, results of operations, and cash flows. As of December 31, 2024 and 2023, the Organization had approximately \$3,876,000 and \$5,757,000, respectively, in foreign banks which is not insured by the FDIC or any federal or state agency.

The Organization has a long standing history of collecting its receivables which are from corporations, foundations and governmental agencies throughout the world. This limits the Organization's exposure to credit risk.

As the Organization operates internationally, a significant amount of revenues are from foreign sources for the years ended December 31, 2024 and 2023. The Organization received grants from foreign governments and organizations of approximately \$8,370,000 and \$12,031,000 which are included in government grants and contracts at December 31, 2024 and 2023, respectively.

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

Foreign currency risk is the risk to the Organization that arises from fluctuations in foreign currency exchange rates, and the degree of volatility of these rates. Consequently, some assets, liabilities and expenses are exposed to foreign exchange fluctuations. The Organization holds derivative financial instruments to manage the fluctuation of exchange rate risk (see Note 8). The assets and liabilities held in other foreign currencies include cash, receivables, advances and prepaid expenses, property and equipment, intangible assets, accounts payable, refundable advances payable, severance and payroll liabilities.

14. LINE OF CREDIT

The Organization entered into a line of credit with a financial institution in August 2023. The line of credit has a maximum available amount of \$10,000,000 with an interest rate at 115 basis points over the published SOFR rate (6.53% and 5.64% at December 31, 2024 and 2023, respectively), no stated maturity, and is collateralized by certain investments held by the Organization. There were no drawdowns during 2024 and 2023 and there was no outstanding balance at December 31, 2024 and 2023.

15. LEASES

The Organization leases office space in New York and in various other locations in the United States and in several foreign localities under leases that expire through 2029. These leases provide for minimum annual rentals, real estate taxes, parking and other costs. Annual rent expenses paid under the leases include the basic rent plus charges for common area management costs and real estate tax escalation charges.

The renewal options have not been included in the lease liability calculation, since it is not reasonably certain that they will be exercised, based on general uncertainties that come with the passage of time.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of December 31, 2024:

2025	\$ 784,615
2026	615,039
2027	480,578
2028	485,171
2029 and thereafter	<u>206,735</u>
	2,572,138
Less: Imputed interest	<u>(167,382)</u>
Lease liability at December 31, 2024	<u>\$ 2,404,756</u>

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

Lease expense is included in office costs on the consolidated statement of functional expenses and comprises the following for the year ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 888,633	\$ 1,394,563
Sublease income	<u>-</u>	<u>(434,053)</u>
	<u>\$ 888,633</u>	<u>\$ 960,510</u>

Other information related to leases was as follows at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Weighted average discount rate (%)	2.35%	1.51%
Weighted average remaining term (years)	3.38	2.20
Operating cash flows included in measurement of lease liability	\$ 623,557	\$ 1,472,706

16. COMMITMENTS AND CONTINGENCIES

Government Grants and Contracts

The Organization receives funding from various federal and foreign agencies under grants and contracts, many of which have commitments spanning multiple years. The Organization has available funding under federal agency contracts through 2030 of approximately \$41,662,000 as of December 31, 2024. Subsequent to December 31, 2024 the federal government closed USAID and rescinded open contracts (see Subsequent Events Note 19). The Organization's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the consolidated financial position or changes in net assets of the Organization.

General Litigation

The Organization is subject to legal proceedings and claims which arise in the ordinary course of business. Management does not believe that the outcome of any of these matters will have a material adverse effect on the consolidated financial position, operating results or cash flows.

17. NET ASSETS

Net assets with donor restrictions were comprised of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Programmatic restrictions		
Landscapes and communities	\$ 2,361,461	\$ 3,209,410
Markets transformation	-	623,322
Charitable trusts	25,000	22,180
Time restricted for expenditures	137,728	34,160
Donor endowed principal	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 3,524,189</u>	<u>\$ 4,889,072</u>

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

The following is a schedule of the net assets that were released from donor restrictions for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Programmatic restrictions		
Landscapes and communities	\$ 28,209,472	\$ 23,125,268
Markets transformation	<u>2,114,986</u>	<u>3,095,256</u>
	<u>\$ 30,324,458</u>	<u>\$ 29,315,780</u>

18. ENDOWMENT FUNDS

The Organization's endowment is comprised of one 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 Prudent Management of Institutional Funds Act ("NYPMIFA"), a charitable organization can only spend amounts of an endowment funds' 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 with donor restrictions net assets at the original value of the gift donated to the permanent endowment. Investment earnings on the donor-restricted endowment fund are classified as with donor restrictions net assets until those amounts are appropriated for expenditure by RA pursuant to its obligations under the agreement with the donor and applicable law.

The Organization 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 available marketable securities
- 5) The amount of appreciation in the fund attributable to an inflation factor since the inception of the fund

The Organization has developed an investment policy that will determine return objectives and risk parameters, and strategies employed for achieving objectives.

The following table provides information regarding the change in endowment net assets for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Endowment assets at beginning of year	\$ 1,034,160	\$ 893,517
Appropriation for expenditure	<u>(20,912)</u>	<u>(12,245)</u>
Investment return		
Investment income	39,643	34,685
Unrealized gain	<u>84,837</u>	<u>118,203</u>
	<u>124,480</u>	<u>152,888</u>
Endowment assets at end of year	<u>\$ 1,137,728</u>	<u>\$ 1,034,160</u>

Rainforest Alliance Holding, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 (With Summarized Comparative Information for December 31, 2023)

Endowment net assets at December 31, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Donor restricted endowment		
Historical gift value	\$ 1,000,000	\$ 1,000,000
Appreciation	<u>137,728</u>	<u>34,160</u>
Endowment assets at end of year	<u>\$ 1,137,728</u>	<u>\$ 1,034,160</u>

RA invests the endowment fund in a separate investment account. The investment account associated with the endowment is included in investments in the consolidated statement of financial position. Donor-restricted funds released from restrictions in the current year are transferred from the investment account in subsequent years in accordance with RA's spending policy that such funds are used for programmatic purposes.

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or state law requires RA to retain as a fund of perpetual duration. Deficiencies of this nature exist for accumulated donor-restricted endowment funds. There were no underwater endowment funds as of December 31, 2024 and 2023.

19. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the consolidated statement of financial position date through the date of August 8, 2025, which is the date the consolidated financial statements were available for issuance. Based upon this evaluation, the Organization has determined that no events have occurred that require recognition or disclosure in these consolidated financial statements, except as noted below.

On January 27, 2025, the Office of Management and Budget of the United States Federal Government instituted a pause (freeze) on the disbursement of federal grant and loan funds, which became effective on January 28, 2025. The extent to which the funding freeze impacts the Organization's operations, financial results, and cash flows, both current and future, will depend on future developments, which are highly uncertain and cannot be predicted with any measure of certainty or probability.

In February 2025, the Organization was informed that its grants with the United States Agency for International Development ("USAID") was terminated which approximates \$41,662,000 in unrecognized revenue. Following continued discussions with USAID, one project which was originally cancelled has been rescoped and will continue through 2025 with an award amount of \$5,500,000. Other than this termination, the Organization is unable to estimate what impact, if any, the funding freeze has on the December 31, 2024 consolidated financial statements or the Organization's future operations. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

SUPPLEMENTARY INFORMATION

Rainforest Alliance Holding, Inc. and Affiliates
Consolidating Statement of Financial Position
December 31, 2024

	Rainforest Alliance, Inc.	Stichting Rainforest Alliance	Eliminations	2024 Total	2023 Total
Assets					
Current assets					
Cash and cash equivalents	\$ 15,941,648	\$ 1,769,493	\$ -	\$ 17,711,141	\$ 17,338,573
Grants and contributions receivable, current portion, net	11,016,388	510,119	-	11,526,507	10,318,515
Royalty and contract receivables, net	13,277,862	3,159,776	-	16,437,638	16,485,732
Contract assets	283,000	-	-	283,000	525,000
Due from affiliate	-	3,807,561	(3,807,561)	-	-
Advances and prepaid expenses	1,887,172	445,673	-	2,332,845	2,755,857
Investments	33,320,399	243,876	-	33,564,275	35,870,942
Total current assets	<u>75,726,469</u>	<u>9,936,498</u>	<u>(3,807,561)</u>	<u>81,855,406</u>	<u>83,294,619</u>
Noncurrent assets					
Intangible assets, net	23,367	5,769,582	-	5,792,949	5,680,429
Property and equipment, net	323,315	547,870	-	871,185	742,763
Right-of-use assets, net	1,126,552	1,291,783	-	2,418,335	859,994
Grants and contributions receivable, net of current portion	-	-	-	-	410,368
Security deposits	135,485	190,259	-	325,744	230,372
Investments	1,137,728	-	-	1,137,728	1,034,160
Total other assets	<u>2,746,447</u>	<u>7,799,494</u>	<u>-</u>	<u>10,545,941</u>	<u>8,958,086</u>
Total assets	<u>\$ 78,472,916</u>	<u>\$ 17,735,992</u>	<u>\$ (3,807,561)</u>	<u>\$ 92,401,347</u>	<u>\$ 92,252,705</u>
Liabilities and Net Assets					
Current liabilities					
Accounts payable and accrued expenses	\$ 5,349,627	\$ 8,219,314	\$ -	\$ 13,568,941	\$ 17,985,661
Due to affiliate	3,807,561	-	(3,807,561)	-	-
Contract liabilities	1,890,293	-	-	1,890,293	1,713,747
Refundable grants payable	6,042,767	1,633,014	-	7,675,781	8,079,573
Foreign currency hedge liability	1,113,137	-	-	1,113,137	-
Lease liabilities	392,514	324,703	-	717,217	490,008
Total current liabilities	<u>18,595,899</u>	<u>10,177,031</u>	<u>(3,807,561)</u>	<u>24,965,369</u>	<u>28,268,989</u>
Long-term liabilities					
Lease liabilities, net of current portion	720,459	967,080	-	1,687,539	414,054
Foreign severance payable	3,497,989	1,567,182	-	5,065,171	4,791,104
Total liabilities	<u>22,814,347</u>	<u>12,711,293</u>	<u>(3,807,561)</u>	<u>31,718,079</u>	<u>33,474,147</u>
Net assets					
Without donor restrictions	52,134,380	5,024,699	-	57,159,079	53,889,486
With donor restrictions	3,524,189	-	-	3,524,189	4,889,072
Total net assets	<u>55,658,569</u>	<u>5,024,699</u>	<u>-</u>	<u>60,683,268</u>	<u>58,778,558</u>
Total liabilities and net assets	<u>\$ 78,472,916</u>	<u>\$ 17,735,992</u>	<u>\$ (3,807,561)</u>	<u>\$ 92,401,347</u>	<u>\$ 92,252,705</u>

See Independent Auditor's Report.

Rainforest Alliance Holding, Inc. and Affiliates

Consolidating Statement of Activities and Changes in Net Assets

Year Ended December 31, 2024

	Rainforest Alliance, Inc.					Stichting Rainforest Alliance						
	Without Donor Restrictions					Without Donor Restrictions					Eliminations	Total
	Undesignated Operating	Designated for Capital and Investments	Total	With Donor Restrictions	Total	Undesignated Operating	Designated for Capital and Investments	Total	With Donor Restrictions	Total		
Support and revenues												
Contributions												
Major donors and individuals	\$ 2,671,539	\$ -	\$ 2,671,539	\$ 400,000	\$ 3,071,539	\$ 59,233	\$ -	\$ 59,233	\$ -	\$ 59,233	\$ -	\$ 3,130,772
Foundations and corporate grants	-	-	-	4,209,375	4,209,375	-	-	-	2,260,854	2,260,854	-	6,470,229
Government grants and contracts	-	-	-	20,170,767	20,170,767	-	-	-	1,794,099	1,794,099	-	21,964,866
Special events - net	26,640	-	26,640	-	26,640	35	-	35	-	35	-	26,675
Contributions of nonfinancial assets	897,079	-	897,079	-	897,079	-	-	-	-	-	-	897,079
Revenue from contracts with customers												
Royalty revenue	60,730,100	-	60,730,100	-	60,730,100	3,264,880	-	3,264,880	-	3,264,880	-	63,994,980
Other contract revenue	10,098,706	-	10,098,706	-	10,098,706	-	-	-	-	-	-	10,098,706
Net investment (loss) return	464,222	3,306,421	3,770,643	124,480	3,895,123	88,195	-	88,195	-	88,195	-	3,983,318
Other gains (losses)	16,135	242,542	258,677	-	258,677	(43,666)	452,036	408,370	-	408,370	-	667,047
Transfers	5,972,678	(5,972,678)	-	-	-	(4,606,945)	4,606,945	-	-	-	-	-
Net assets released from restrictions	26,269,505	-	26,269,505	(26,269,505)	-	4,054,953	-	4,054,953	(4,054,953)	-	-	-
Total support and revenues	107,146,604	(2,423,715)	104,722,889	(1,364,883)	103,358,006	2,816,685	5,058,981	7,875,666	-	7,875,666	-	111,233,672
Expenses												
Program services												
Landscapes and communities	35,687,456	398,411	36,085,867	-	36,085,867	8,598,741	47,567	8,646,308	-	8,646,308	-	44,732,175
Markets transformation	15,603,801	41,602	15,645,403	-	15,645,403	17,009,100	3,890,121	20,899,221	-	20,899,221	-	36,544,624
Total program services	51,291,257	440,013	51,731,270	-	51,731,270	25,607,841	3,937,688	29,545,529	-	29,545,529	-	81,276,799
Supporting services												
Management and general	13,863,182	77,733	13,940,915	-	13,940,915	8,050,817	250,988	8,301,805	-	8,301,805	-	22,242,720
Fundraising	3,795,373	2,474	3,797,847	-	3,797,847	263,135	690	263,825	-	263,825	-	4,061,672
Total supporting services	17,658,555	80,207	17,738,762	-	17,738,762	8,313,952	251,678	8,565,630	-	8,565,630	-	26,304,392
Total expenses	68,949,812	520,220	69,470,032	-	69,470,032	33,921,793	4,189,366	38,111,159	-	38,111,159	-	107,581,191
Changes in net assets prior to nonoperating activity and contributions to affiliate	38,196,792	(2,943,935)	35,252,857	(1,364,883)	33,887,974	(31,105,108)	869,615	(30,235,493)	-	(30,235,493)	-	3,652,481
Nonoperating activity												
Unrealized loss on derivative transactions	(1,113,137)	-	(1,113,137)	-	(1,113,137)	-	-	-	-	-	-	(1,113,137)
Contribution from (to) affiliate	(38,639,067)	-	(38,639,067)	-	(38,639,067)	38,639,067	-	38,639,067	-	38,639,067	-	-
Foreign currency translation loss	-	-	-	-	-	(634,634)	-	(634,634)	-	(634,634)	-	(634,634)
Total nonoperating revenue (expense)	(39,752,204)	-	(39,752,204)	-	(39,752,204)	38,004,433	-	38,004,433	-	38,004,433	-	(1,747,771)
Changes in net assets	(1,555,412)	(2,943,935)	(4,499,347)	(1,364,883)	(5,864,230)	6,899,325	869,615	7,768,940	-	7,768,940	-	1,904,710
Net assets												
Beginning of year	20,022,711	36,611,016	56,633,727	4,889,072	61,522,799	(8,406,914)	5,662,673	(2,744,241)	-	(2,744,241)	-	58,778,558
End of year	\$ 18,467,299	\$ 33,667,081	\$ 52,134,380	\$ 3,524,189	\$ 55,658,569	\$ (1,507,589)	\$ 6,532,288	\$ 5,024,699	\$ -	\$ 5,024,699	\$ -	\$ 60,683,268

See Independent Auditor's Report.