RAINFOREST ALLIANCE

STICHTING RAINFOREST ALLIANCE

Consolidated Annual Financial Report

For the year ended December 31, 2018

With Independent Auditors' Report

HLB VAN DAAL AUDIT
FOR IDENTIFICATION PURPOSES ONLY
June 25, 2019

STICHTING RAINFOREST ALLIANCE
Consolidated Annual Financial Report
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FOR IDENTIFICATION PURPOSES ONLY
June 25, 2019

De Ruyterkade 6, 1013 AA Amsterdam,
The Netherlands

Tel.: +31 20 530 8000 - Fax: +31 20 530 8099

info@utz.org - www.utz.org

Consolidated Annual Financial Report

1.1 General Information

The organization consists of two legal entities: Stichting Rainforest Alliance (the "Foundation" formerly known as Stichting UTZ), founded on 3rd July 2001 (articles amended 1st January 2018) and Rainforest Alliance BV (the "BV" formerly known as UTZ Certified BV), founded on 3rd December 2012 (articles amended 1st January 2018). Both companies registered their office at the De Ruyterkade 6, 1013 AA in Amsterdam, The Netherlands.

At the end of 2012, for technical reasons the Foundation set up as a daughter limited company (in Dutch "BV"). The Foundation is full-owner of the BV and all profits made by the BV (program fees minus expenses) flow entirely back into the Foundation. The organization as a whole remains a non-profit and retains its charity status (in Dutch: "Algemeen Nut Beogende Instelling", "ANBI" status). This status has certain tax advantages and is a pre-requisite for some potential donors considering subsidies or sponsorship. The change of model was a logical step.

The Supervisory Board meets a minimum of three times a year, oversees the Leadership Team and, for a number of important matters, the Supervisory Board's approval is required before the Leadership Team can pass resolutions. The Leadership Team is formed by the Chief Executive Officer (Foundation), Chief Innovation and Technology Officer (Foundation), and Chief Sustainable Supply Chains Officer (Foundation) , Chief Financial Officer (RA, Inc.), General Counsel (RA, Inc), Chief External Relations Officer (RA, Inc), Chief Markets Officer (RA, Inc.), Chief Regional Officer, Chief Program Officer, who together are responsible for day-to-day affairs.

In 2011 the Standards Committee was set up. Their task is to adopt, on the basis of information and data provided by the stakeholders, new Codes of Conduct as well as revise existing codes. The composition of the Standards Committee consists of representatives of producers or other supply chain actors, NGO's or other experts in the field of specific sustainable subjects (e.g. employees' rights, women's rights, good agricultural practice, and biodiversity), experts in the field of certification and sustainability and the Rainforest Alliance Standards Director (non-voting member) representing the category of employees of the Rainforest Alliance.

Supervisory Board Members 2018
Ana Paula de Sousa Nimpuno
Johanna Wijn
Antonius van der Laan (Vice Chairman)
Anurag Priyadarshi
Dan Houser (joined September 2018)
Daniel Couvreur
Daniel Katz (Chairman)
Eric Rothenberg
Juan Esteban Orduz Trujillo
Kerri Smith
Labeeb Abboud
Marilu Hernandez de Bosoms
Nalin Miglani
Nina Haase
Peter Lehner

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1.1 General Information (cont.)

Supervisory Board Members 2018 (cont.)
Peter Schulte (Treasurer)
Seth Cohen (resigned January 2019)
Sonila Cook
Stefanie Miltenburg
Tasso Azevedo
Vanusia Nogueira
Wendy Gordon

Leadership Team Members 2018:
Han de Groot, Chief Executive Officer (Director Stichting Rainforest Alliance)
Daan de Vries, Chief Innovation & Technology Officer
Britta Wyss-Bisang, Chief Sustainable Supply Chains Officer
Alik Hinckson, Chief Financial Officer
Leslie Park, General Counsel (Secretary)
Susan Tressler, Chief External Relations Officer
Alex Morgan, Chief Markets Officer
Ria Stout, Chief Regional Officer
Nigel Sizer, Chief Program Officer

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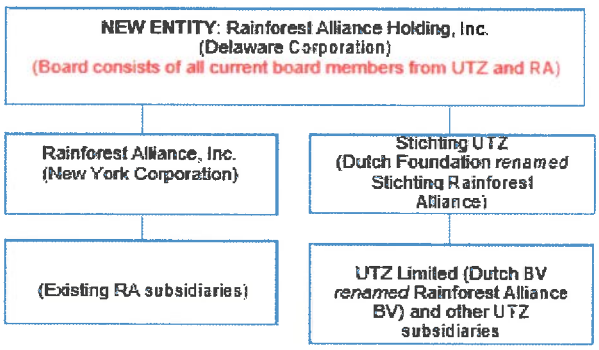
1.2 Board Report

The Merger and Legal Structure

On 1st January 2018, UTZ (hereafter Stichting Rainforest Alliance or the "Foundation") merged with Rainforest Alliance Inc., both consolidated under a newly formed parent company named Rainforest Alliance Holding Inc., a US nonprofit.

The merger is driven by our collective vision to have greater environmental and social impact, and to be a stronger partner to the many stakeholders with whom we work. A new standard, in which a new chain of custody, a new fee structure, and a new labeling policy for companies sourcing certified products, will be developed. The merger will reduce the complexity of the certification process for producers that are now working with both programs and increase efficiency and flexibility. We plan to publish a new combined certification standard at the end of 2019, until which time there will be two certification standards and programs (Rainforest Alliance and UTZ).

On 1st January 2018, the structure and Articles of the Foundation and BV were amended to reflect the merger.



The Rainforest Alliance Holding Board is responsible for appointing the Supervisory Board of the Foundation. The Supervisory Board (being equal to and mirroring the Holding Board) is responsible for supervising and advising the Leadership Team, overseeing the general course of affairs, strategy and operational performance of the organization. In 2018 the Supervisory Board met 3 times, in January, May, and September.

Board Agenda 2018

In 2018, the Board had the pleasure of guiding the Leadership team in the areas of: Post-merger integration, 2019-21 Strategy Development, a new Corporate Identity, Reimagining Certification, Annual Plan & Budget and Technology Strategy among other key strategic topics.

Board Governance

The Board has one permanent (Executive) Committee, which, in between Board meetings, may exercise all powers of the Board that may be delegated in connection with the management of the affairs of the Foundation, except as restricted by law or the Articles of Association. The Holding Board additionally conducts business through several committees: Nominating and Governance, Development, Human Resources, Finance, and Audit & Risk. A summary of the directive of each committee follows:

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1.2 Board Report (cont.)

Board Governance (cont.)

Nominating & Governance (N&G): oversee organizational structure and functioning of the Board as well as policies related to board governance.

Development Committee: Oversee and review Rainforest Alliance's fundraising program, including foundations, government and multilateral agencies, corporations, individuals, special events, cause marketing, capital campaign, areas of potential growth and any other financial opportunities to support the organization that may arise.

Human Resources Committee: Oversee Rainforest Alliance human resources policies, programs, and practices. Periodically review employee benefit and compensation surveys and assess competitiveness and effectiveness of Rainforest Alliance benefits and compensation.

Finance Committee: Oversees and pre-approves the annual budget, business results, financial statements and reporting, and management of investments. In 2018, the Finance Committee approved the CY2019 budget for the Foundation.

Audit & Risk (A&R) Committee: Oversee the legal and operational risks over the organization, system of internal business controls, including conflicts of interest at board and staff level. The A&R Committee also reviews and pre-approves the audited financial statements of the Foundation. In 2018, the A&R committee, along with the Leadership Team invited the external auditor to review and approve the 2017 audited financial statements. The A&R Committee discussed the financial statements at length, including the relevant reports and the findings of the external auditor. Extensive attention was devoted to the income and risk exposures, in particular IT risk exposures. The Audit Committee concluded that the Leadership Team gave sufficient attention to the findings and recommendations set out in the management letter and that the annual financial report 2017 and the summary budget 2018 are clear and responsible. It therefore advised the Supervisory and Holding Boards to approve the audited financial statements for 2017.

On 7th May 2019, the Board reviewed and approved the report of the Leadership Team and financial results presented in this consolidated annual report 2018.

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Daniel Katz
Chair of the Board
Rainforest Alliance
May 7, 2019

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1.3 Report of the Leadership Team

Mission

The Rainforest Alliance is an international non-profit organization working at the intersection of business, agriculture, and forests to make responsible business the new normal. We are an alliance of companies, farmers, foresters, communities, and consumers committed to creating a world where people and nature thrive in harmony.

We achieve this through:
- Field development: Enabling producers (farmers and forest communities) to become entrepreneurs
- Standards & Certification: Making the improvements visible
- Traceability: Connecting parties in a transparent supply chain
- Market development: Tell the story and create demand
- Through certification, brands can make credible claims and trace their products back to farms that have introduced better practices, based on the UTZ standard (which remains in place until there is a single Rainforest Alliance Standard at the end of 2019).

In 2018, we developed a new three-year Strategic Plan (2019 – 2021), acknowledging that consumers, companies and governments are increasingly involved in the sustainability agenda, finding new ways to make their contribution to sustainability, and they are looking for trustworthy organizations to work with. The 5 strategic goals 2019 – 2021 are:

1. Producers have the skills knowledge and incentives to adopt sustainable management practices
2. Local Civil Society Organizations (CSOs), producers and governments build capacity to drive systemic change
3. Companies increase sustainability commitments, asses and map sustainability risks
4. Public and Consumers demand improved company sustainability performance
5. Partner with CSOs and the finance sector to influence government and company policies

Stichting Rainforest Alliance (the "Foundation" formerly known as Stichting UTZ) focuses on innovative partnerships with companies, farmers, NGOs, governments and others. In line with this approach, we are proud to have formed a strategic partnership with the Dutch Ministry of Foreign Affairs. Funding for this "Sector Partnership" program entails €18 million over five years, starting in 2016. The program enables us to tackle issues that require a sector wide approach, with a focus on building the capacity of civil society.

Rainforest Alliance BV (the "BV" formerly known as UTZ BV) program fee income consists of UTZ certified coffee, cocoa, tea and hazelnuts and is produced in 42 countries and the UTZ name appears on more than 15,000 products in 130 countries.

Our presence in origin has been continuously growing, as well as our staff capacity at headquarters in Amsterdam. New markets, such as China have got serious attention and Foundation activities have been started up there. The new programs in hazelnuts and herbs are still promising. The UTZ Academy has been improving our training in the field

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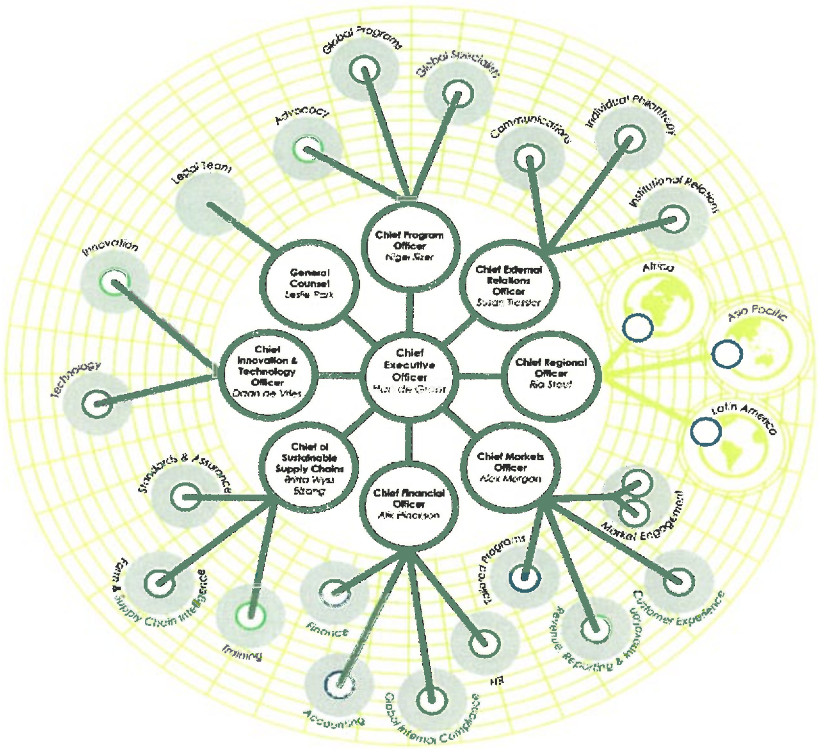
1.3 Report of the Leadership Team (cont.)

and enabling even more partners to work with our concepts. Throughout the whole world a very large number of volunteers contribute to the success of the program.

The internal organization structure is matrixed, allowing for cross-organizational connections between our teams around the globe. There is special attention paid to diversity at all levels of the organization, which is reflected in the Leadership team, which reflects multiple ethnicities, languages and is well balanced from a gender perspective.



Employees

In 2018, the Foundation staff grew from 192 in 2017 (142 in Amsterdam, and 50 in the Regions) to 211 (171 in Amsterdam and 40 in the Regions). An internal rules of conduct (IRC) applies to all staff during working hours and after working hours while travelling on official Rainforest Alliance business. The term "staff" in this code refers to all Rainforest Alliance employees, associates, consultants, interns, trainees and volunteers. Each member of staff is responsible for ensuring that he/she has read and understood the IRC. Staff members must report any breach of this code to Stichting Rainforest Alliance. The Foundation reserves the right to impose appropriate penalties in respect of employees who infringe the IRC, including the possibility of instant dismissal. Also, Stichting Rainforest Alliance reserves the right to withhold legal assistance in such cases.

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1.3 Report of the Leadership Team (cont.)

Corporate Social Responsibility
Sustainability is part of our DNA and visibly reflected in our daily work. Our premises are furnished with recycled and environmentally friendly materials. Every day, our Netherlands based employees commute by train, bus or bicycle to work. We aim to be a paperless office and when we do have to use paper we make sure it is recycled and chlorine-free and we use environmentally friendly inks for our printing. And all necessary flights to meet with members, supporters, partners and other stakeholders or to attend conferences are compensated via the Green Seat program, meaning that Climate Neutral Group offsets 100% of our CO2 emissions by planting trees.
By implementing the UTZ Code of Conduct, over a million farmers and workers' lives are changed through better crop, better income, better environment, which lead to better lives. Please see https://utz.org/what-weve-achieved/ for the impact the Foundation has around the world.

Volunteers
On 6th November 2012, the Dutch tax authorities gave their written approval regarding the application of the fundraising deduction for UTZ Certified B.V. (now named Rainforest Alliance BV). With regard to the approval the tax authorities state that based on the received information all the conditions are fulfilled. Especially the recognizability of the activities, the use of volunteers and the run-through- obligation are fulfilled (statement in the written approval: "Uit de mij ter beschikking staande gegevens blijkt dat UTZ Certified B.V.voldoet aan de in artikel 9aWet VPB '69 gestelde voorwaarden. Met name het kenbaarheid vereiste, de vrijwilligerstoets en de doorstootverplichting"). Based on the summary and the additional consultation,the tax authorities agreed that there is a participation of at least 30% volunteers. As long as the activities of the Rainforest Alliance B.V. (and Stichting Rainforest Alliance) are performed the same way as ruled with the tax authorities the criteria regarding the volunteers is fulfilled. This means that it is not necessary to review the precise amount of volunteers each years. Nevertheless it is essential to keep the criteria regarding the "fondswerver"-benefits in mind in case of substantial changes in the activities etc.

Risks and uncertainties
Risks are the consequences of uncertainties on the achievement of objectives. The following five categories can be distinguished:

1. Strategy risks (often external),
2. Operational activities (internal processes, organisation and administration)
3. Financial position (foreign exchange rate, interest rate, acquiring financing),
4. Finance reporting (reliability, allocation issues, subjectivity in valuations, reporting systems), and
5. Rules and regulations (internally) and laws (externally).

Based on these five categories the following selection of risks for the Foundation are disclosed:

- IT disruption of critical business processes may result in non-availability of products for members and stakeholders.
- Therefore, the Foundation continues to maintain and invest in IT related business continuity strategies, management plans and a Business continuity framework.

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1.3 Report of the Leadership Team (cont.)

Risks and uncertainties (cont.)

- There is a risk of currency differences in times of USD exchange rate decreases. Conservative budgeting of USD income and keeping sufficient reserves will be sufficient to absorb the exchange rate fluctuations.
- There is a lot of cash handling in the origin countries. Cash handling is closely monitored and avoided wherever possible. There are yearly audits in origin countries when the yearly expenses are above Euro 50K
- Accounts receivable needs always extra attention. The risks of overdue payments is always there. Therefore the accounts receivable are daily monitored and monthly evaluated. Reminders are sent and finally members with payments overdue can be excluded from business.

Consolidated Budget 2018 & 2019

	2018 Actuals	2018 Budget	2017 Actuals	2019 Budget
01 Fees	€ 19,845,810	€ 18,475,000	€ 19,838,837	€ 19,447,080
02 Grant revenue	€ 4,787,808	€ 4,539,000	€ 3,060,669	€ 4,974,583
03 Contract revenue	€ 990,228	€ 525,000	€ 590,182	€ 0
04 Contributions	€ 1,088,479	€ 980,000	€ 943,854	€ 0
Other income	€ 450	€ 0	€ 0	€ 0
TOTAL INCOME	**€ 26,712,775**	**€ 24,519,000**	**€ 24,433,542**	**€ 24,421,663**
08 Personnel expenses	€ 11,699,860	€ 10,979,000	€ 9,523,669	€ 11,250,000
Other expenses	€ 9,728,741	€ 11,327,000	€ 8,856,936	€ 12,490,284
Total Operating expenses	**€ 21,428,601**	**€ 22,306,000**	**€ 18,380,605**	**€ 23,740,284**
EBITDA	**€ 5,284,174**	**€ 2,213,000**	**€ 6,052,937**	**€ 681,379**
Depreciation	€ 1,211,914	€ 1,200,000	€ 957,574	€ 1,431,379
EBIT	**€ 4,072,260**	**€ 1,013,000**	**€ 5,095,363**	**€ -750,000**
TOTAL FINANCIAL RESULT	€ 167,026	€ 0	(€ 252,783)	€ 0
RESULT OF THE YEAR	**€ 4,239,286**	**€ 1,013,000**	**€ 4,842,580**	**€ -750,000**

Consolidated current year results & future outlook

The consolidated net result for 2018 is €4.2M which is a 12.5% decrease compared to the 2017 result of €4.8M. Total income is €26.7M which represents a 9% increase compared to the 2017 result of €24.4M due to a significant increase in grant activities. Total operating expenses are €21.4M which represents a 16% increase compared to the 2017 operating expenses of €18.4M due primarily to increase in personnel costs of €2.2M, a significant increase in subgrant expense of €1.0M and an increase in depreciation expense of €0.3M.

The continuity reserve at the end of 2018 is €15.3M compared to €6.8M in 2017. This increase is representative of the increase fees and grant and contract revenue during the year. In 2019, we expect to use some of this reserve to cover losses expected due to investments in aligning methodologies across the merged organization, in investing in a global financial system and aligning our standards.

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1.3 Report of the Leadership Team (cont.)

Consolidated current year results & future outlook (cont.)
In 2019, we expect a decrease in income as compared to 2018 actual income due to a change in pricing of fees as a result of the merger and related fees alignment. We expect operating expenses to increase in 2019 by investing reserves in our strategy in the areas of reimagining certification and advocacy. We are also still operationalizing the merger with Rainforest Alliance Inc. and therefore expect an increase in integration expenses related to IT system alignment and further developments to our traceability software.

Foundation current year results & future outlook
The Foundation net result for 2018 is a loss of €7.4M which is a 37% increase compared to the 2017 loss result of €5.4M. Total income is €5.8M which represents a 61% increase compared to the 2017 result of €3.6M due to a significant increase in grant activities. Total operating expenses are €12.0M which represents a 48% increase compared to the 2017 operating expenses of €8.1M due primarily to increase in personnel costs of €2.1M, a significant increase in subgrant expense of €1.0M for our grant activities and an increase in depreciation expense of €0.3M.

In 2019, we expect a slight decrease in income as compared to 2018 actual income. We expect operating expenses to increase in 2019 by investing reserves in our strategy in the areas of reimagining certification and advocacy. We are also still operationalizing the merger with Rainforest Alliance Inc. and therefore expect an increase in integration expenses related to IT system alignment.

Han de Groot
CEO (Director Stichting Rainforest Alliance)
Rainforest Alliance
May 7, 2019

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Consolidated Annual Accounts

2.1 Consolidated Balance Sheet as of December 31, 2018

	2018	2017
ASSETS		
B01 & B02 Intangible fixed assets	€ 1,813,550	€ 1,758,442
B03 & B04 Tangible fixed assets	€ 251,504	€ 301,187
B05 Financial fixed assets	€ 1,304	€ 1,304
Total fixed assets	**€ 2,066,358**	**€ 2,060,933**
B06 Accounts receivable	€ 5,022,403	€ 6,784,613
B07 Taxes	€ 2,303	€ 6,316
B08 Other receivables and prepaid expenses	€ 1,604,248	€ 2,235,385
B09 Cash at banks	€ 17,332,264	€ 13,358,655
Total current assets	**€ 23,961,218**	**€ 22,384,969**
Total assets	**€ 26,027,576**	**€ 24,445,902**
DISPOSABLE RESERVES AND LIABILITIES		
B10 Paid in capital	€ 3,325	€ 3,325
B11 General reserve	€ 3,380,484	€ 7,641,198
B12-14 Continuity reserve	€ 15,300,000	€ 6,800,000
Total disposable reserves	**€ 18,683,809**	**€ 14,444,523**
B15 Accounts payable	€ 4,507,176	€ 5,231,965
B16 Taxes and social premiums	€ 313,522	€ 494,890
B17 Subsidies received	€ 1,533,809	€ 3,345,648
B18 Other liabilities	€ 989,260	€ 928,876
Total current liabilities	**€ 7,343,767**	**€ 10,001,379**
Total disposable reserves and liabilities	**€ 26,027,576**	**€ 24,445,902**

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2.2 Consolidated Income Statement for the Year Ended December 31, 2018

	2018	*2018 Budget*	2017
Fees cocoa	€ 8,543,405	*€ 9,000,000*	€ 10,321,025
Fees coffee	€ 7,431,255	*€ 6,000,000*	€ 6,079,671
Fees palmoil	€ 3,508,776	*€ 3,000,000*	€ 3,098,076
Fees tea	€ 224,217	*€ 275,000*	€ 303,949
Fees hazelnuts	€ 138,157	*€ 200,000*	€ 36,116
01 Fees	**€ 19,845,810**	***€ 18,475,000***	**€ 19,838,837**
02 Grant revenue	€ 4,787,808	*€ 4,539,000*	€ 3,060,669
03 Contract revenue	€ 990,228	*€ 525,000*	€ 590,182
04 Contributions	€ 1,088,479	*€ 980,000*	€ 943,854
Other income	€ 450	*€ 0*	€ 0
TOTAL INCOME	**€ 26,712,775**	**€ 24,519,000**	**€ 24,433,542**
08 Personnel expenses	€ 11,699,860	*€ 10,979,000*	€ 9,523,669
09 Grants strategic partnership	€ 1,498,666	*€ 1,500,000*	€ 528,188
10 Travel costs	€ 1,669,320	*€ 1,563,000*	€ 1,563,626
11 Consultancy & professional services	€ 3,249,133	*€ 3,459,000*	€ 3,055,945
12 IT services & licenses	€ 1,042,352	*€ 1,288,000*	€ 1,172,883
13 Office costs	€ 926,301	*€ 1,396,000*	€ 838,238
14 Equipment & materials	€ 62,764	*€ 232,000*	€ 90,225
15 Marketing & subscription fees	€ 166,588	*€ 431,000*	€ 143,993
16 Trainings & workshops	€ 907,628	*€ 1,378,000*	€ 934,958
17 Insurance expenses	€ 77,579	*€ 80,000*	€ 77,788
19 Bad debt expense	€ 128,412	*€ 0*	€ 451,092
TOTAL OPERATING EXPENSES	**€ 21,428,601**	***€ 22,306,000***	**€ 18,380,605**
EBITDA	**€ 5,284,174**	***€ 2,213,000***	**€ 6,052,937**
18 Depreciation	€ 1,211,914	*€ 1,200,000*	€ 957,574
EBIT	**€ 4,072,260**	***€ 1,013,000***	**€ 5,095,363**
20 Exchange result	€ 155,128	*€ 0*	(€ 259,669)
21 Interest received	€ 11,897	*€ 0*	€ 6,886
TOTAL FINANCIAL RESULT	**€ 167,026**	***€ 0***	**(€ 252,783)**
RESULT OF THE YEAR	**€ 4,239,286**	***€ 1,013,000***	**€ 4,842,580**
B11 General reserve	*€ 4,239,286*	*€ 1,013,000*	*€ 4,842,580*
Distribution result	**€ 4,239,286**	***€ 1,013,000*** **0**	**€ 4,842,580**

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2.3 Consolidated Statement of Cash Flows as of December 31, 2018

	2018	2017
Operating Income (EBIT)	€ 4,072,260	€ 5,095,363
Depreciation	€ 1,211,914	€ 957,574
Accounts receivable	€ 1,762,210	(€ 3,129,163)
Taxes and social premiums	(€ 177,354)	€ 319,467
Other receivables and prepaid expenses	€ 631,137	(€ 2,600,827)
Accounts payable	(€ 724,790)	€ 2,636,329
Subsidies received	(€ 1,811,839)	€ 1,724,345
Other liabilities	€ 60,385	€ 298,387
Net Cash Flow from Operating Activities	**€ 5,023,923**	**€ 5,301,475**
Intangible fixed assets	(€ 1,100,418)	(€ 1,558,375)
Tangible fixed assets	(€ 116,921)	(€ 206,038)
Net Cash Flow from Investing Activities	**(€ 1,217,339)**	**(€ 1,764,413)**
Financial result	€ 167,026	(€ 252,783)
Net Cash Flow from Financing Activities	**€ 167,026**	**(€ 252,783)**
Net change in Cash / Net Cash Flow	**€ 3,973,610**	**€ 3,284,280**
Cash and cash equivalents at 1 January	€ 13,358,655	€ 10,074,375
Cash at period end	€ 17,332,264	€ 13,358,655
Net change in Cash / Net Cash Flow	**€ 3,973,610**	**€ 3,284,280**
Result of the year	**€ 4,239,286**	**€ 4,842,580**
(= EBIT +/- net cashflow from financing activities)		

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2.4 Notes to the Consolidated Accounts

Ownership structure

The organization consists of two legal entities: Stichting Rainforest Alliance (the "Foundation" formerly known as Stichting UTZ), founded on 3rd July 2001 (articles amended 1st January 2018) and Rainforest Alliance B.V. (the "BV" formerly known as UTZ Certified B.V.), founded on 3rd December 2012 (articles amended 1st January 2018). Both companies registered their office at the De Ruyterkade 6, 1013 AA in Amsterdam, The Netherlands. At the end of 2012, for technical reasons the Foundation set up the BV as a subsidiary limited company. The Foundation is full-owner of the B.V. and all profits made by the B.V. (program fees minus expenses) flow entirely back into the Foundation. The organization as a whole remains a non-profit and retains its charity status (in Dutch: "Algemeen Nut Beogende Instelling", "ANBI" status). This status has certain tax advantages and is a pre-requisite for some potential donors considering subsidies or sponsorship.

On 1st January 2018, the Foundation (and therefore, the BV) merged with Rainforest Alliance Inc., with both consolidating under a newly formed parent company named Rainforest Alliance Holding Inc., a US nonprofit. Rainforest Alliance as a whole remains a non-profit organization and retains its charity status (in Dutch: "Algemeen Nut Beogende Instelling", "ANBI" status). The financial information of the BV subsidiary has been recorded in the consolidated financial statements of the Foundation. Copies are available at the registered office at the Ruyterkade 6, 1013 AA Amsterdam, The Netherlands. The Chamber of Commerce registration number is 31459275.

Activities

The Rainforest Alliance is an international non-profit organization working at the intersection of business, agriculture, and forests to make responsible business the new normal. We are an alliance of companies, farmers, foresters, communities, and consumers committed to creating a world where people and nature thrive in harmony.

The Foundation focuses on innovative partnerships with companies, farmers, NGOs, governments and others. In line with this approach, we are proud to have formed a strategic partnership with the Dutch Ministry of Foreign Affairs. Funding for this "Sector Partnership" program entails €18 million over five years, starting in 2016. The program enables us to tackle issues that require a sector wide approach, with a focus on building the capacity of civil society.

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2.4 Notes to the Consolidated Accounts (cont.)

Principles of consolidation
The consolidated financial statements include all of the assets, liabilities, reserves, income and expenses of all branches and affiliates of the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation. Where needed the figures for 2017 have been reclassified to enable comparison with 2018.

Accounting principles
The consolidated financial statements are prepared according to the stipulations in Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving') and in accordance with the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards. Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet and income statement references are made to the notes.

Financial instruments
Financial instruments are primary financial instruments (such as receivables and debts). The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet the information on the fair value is disclosed in the notes to the 'Contingent assets and liabilities'.

Estimates
The financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial report, and the reported amounts of income and expense during the reporting period. Significant estimates include those required in the valuation of deferred taxes, accounting for provisions and the depreciation and impairment of tangible fixed assets. Accrued results could differ from those estimates. All assumptions, expectations and forecasts used as a basis for certain estimates within the financial statements represent good-faith assessments of the company's future performance, for which it believes there is a reasonable basis. It involves known and unknown risks, uncertainties and other factors that could cause the company's actual future results, performance and achievements to differ from those forecasted.

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2.4 Notes to the Consolidated Accounts (cont.)

Translation of foreign currency
Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing as at balance sheet date. Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at the transaction dates. The exchange differences resulting from the translation as at the balance sheet date are recorded in the income statement.

Foreign group companies and non-consolidated associated companies outside the Netherlands qualify to carry on business operations in a foreign country, with a functional currency different from that of the company. For the translation of the financial statements of these foreign entities the balance sheet items are translated at the exchange rate as at the balance sheet date and the income statement items at the exchange rate rate at transaction date. The exchange rate differences that arise are directly deducted from or added to group equity and recognized in the translation differences reserve.

Related parties
All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the company are considered to be a related party. In addition, statutory directors, other key management of the Foundation or the Rainforest Alliance Holding, Inc. parent company and close relatives are regarded as related parties. Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Principles of valuation of assets and liabilities

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year. For the costs of research and development, a statutory reserve is formed in the amount of the capitalized amount.

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the expected future useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use. Land is not depreciated. Tangible fixed assets are capitalised if the economic ownership held by the company, and its group companies, is governed by a financial lease agreement. The commitment arising from the financial lease agreement is accounted for as a liability. The interest included in the future lease instalments is charged to the result over the term of the financial lease agreement. Tangible fixed assets under construction are valued at manufacturing price and, if applicable, impairments are deducted. The manufacturing price comprises the cost of materials, direct labor and an attributable part of the production overheads. Periodical major maintenance is capitalised according to the components approach, with which the aggregate expenditures are allocated to the component parts.

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2.4 Notes to the Consolidated Accounts (cont.)

Financial fixed assets
Where significant influence is exercised, associated companies are valued under the net asset value method, but not lower than a nil value. This net asset value is based on the same accounting principles as applied by Rainforest Alliance BV. Associated companies with a negative net equity value are valued at nil. This likewise takes into account other long-term interests that should effectively be considered as part of the net investment in the associated company. If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account. Where no significant influence is exercised associated companies are valued at cost and if applicable less impairments in value.

Accounts receivable
Upon initial recognition the receivables are valued at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Cash at Banks
The cash is valued at face value. If cash is not freely disposable, then this has been taken into account upon valuation.

Intercompany accounts
The intercompany accounts represent the balances of amounts payable and receivable between the parent company and the subsidiary company.

Current liabilities
On initial recognition, current liabilities are recognised at fair value. After initial recognition, current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

Income
Income represents amounts invoiced for services supplied during the financial year reported on, net of discounts and value added taxes.

Fees
All fees are based on a price per KG, converted into a EUR price per metric ton (MT) for cocoa and tea or an USD price per MT for coffee and palm oil. The prices differ per product because of the different services provided. For every product the prices are agreed upon with the product stakeholder.

Result of the year
The result represents income minus costs based on accrual accounting during the year minus the payable settlement of funding activities for the Foundation. The result on transactions are recognized in the year they are realized; losses are taken as soon as they are foreseeable.

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2.4 Notes to the Consolidated Accounts (cont.)

Personnel pension plans

Rainforest Alliance has various pension plans. The Dutch plans are financed through contributions to pension providers, i.e., insurance companies and industry pension funds. The foreign pension plans can be compared to how the Dutch pension system has been designed and functions. 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 at balance sheet 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 balance sheet. With final salary pension plans an obligation (provision) for (upcoming) past service is included if future salary increases have already been defined as at balance sheet date.

The valuation of the obligation is the best estimate of the amounts required to settle this as at balance sheet 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 balance sheet 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.

Rainforest Alliance BV has a pension plan for all employees, working in The Netherlands, who are subject to Dutch law. It is a Defined Contribution scheme. These schemes have no influence on the balance sheet for Rainforest Alliance. 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 insure 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.

Interest income and interest expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

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2.4 Notes to the Consolidated Accounts (cont.)

Corporate income tax
The activities of the Foundation are exempt from corporate income tax. The result of the BV will be transferred to the Foundation through as a payable settlement of funding activities and therefore the BV is not liable to corporate income tax.

Principles for preparation of the cash flow statement
The consolidated cash flow statement is prepared according to the indirect method. The funds in the cash flow statement consist of cash. Cash flows in foreign currencies are translated at an average rate. Exchange rate differences concerning finances are shown seperately in the cash flow statement. Interest received are presented under the cash flow from operating activities. Interest paid and dividend paid are presented under the cash flow from financing activities.

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2.5 Explanation to the Consolidated Balance Sheet

B01 Intangible fixed assets	Software	Total
Cost	€ 3,702,602	€ 3,702,602
Accumulated depreciation	€ 1,944,160	€ 1,944,160
Book value 1st January 2018	**€ 1,758,442**	**€ 1,758,442**
Acquistions	€ 1,100,418	€ 1,100,418
Depreciation	€ 1,045,310	€ 1,045,310
Changes in the book value 2018	**€ 55,108**	**€ 55,108**
Cost	€ 4,803,020	€ 4,803,020
B02 Accumulated depreciation	€ 2,989,470	€ 2,989,470
Book value 31st December 2018	**€ 1,813,550**	**€ 1,813,550**
Depreciation %	33,33%	

B03 Tangible fixed assets	Hardware	Inventory	Office	Total
Cost	€ 566,257	€ 254,082	€ 211,235	€ 1,031,574
Accumulated depreciation	€ 396,869	€ 185,773	€ 147,745	€ 730,387
Book value 1st January 2018	**€ 169,388**	**€ 68,309**	**63,490**	**301,187**
Acquistions	€ 64,872	€ 52,049	€ 0	€ 116,921
Depreciation	€ 114,120	€ 30,063	€ 22,421	€ 166,604
Changes in the book value 2018	**(€ 49,248)**	**€ 21,986**	**(€ 22,421)**	**(€ 49,683)**
Cost	€ 631,129	€ 306,131	€ 211,235	€ 1,148,495
B04 Accumulated depreciation	€ 510,989	€ 215,836	€ 170,166	€ 896,991
Book value 31st December 2018	**€ 120,140**	**€ 90,295**	**€ 41,069**	**€ 251,504**
Depreciation %	33.33%	20%	20%	

Intangible investments have been in traceability software and some financial software.
The main investments in tangible fixed assets have been in housing and extra workplaces.

B05 Financial fixed assets

	2018	2017
Shares India	€ 1,304	€ 1,304
B05 Financial fixed assets	**€ 1,304**	**€ 1,304**

The share capital is € 1.304 in UTZ Certified India Ltd, which is a 99,98 % subsidiary of the BV.
From the 10.000 shares there are 2 shares (0,02%) in hands of two shareholders.

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2.5 Explanation to the Consolidated Balance Sheet (cont.)

	2018	2017
Accounts receivable	€ 3,232,700	€ 4,218,004
Accounts receivable to RSPO	€ 1,305,257	€ 2,098,274
Accounts receivable to RSPO Broker	€ 1,061,453	€ 1,132,929
Bad debt provision	(€ 577,007)	(€ 664,594)
B06 Accountants receivable	**€ 5,022,403**	**€ 6,784,613**

Interest to be received	€ 7,506	€ 0
Prepaid expenses	€ 970,149	€ 1,814,364
Advances in Africa	€ 246,856	€ 87,289
Advances in Asia	€ 69,827	€ 158,307
Advances in America	€ 114,230	€ 46,278
Advances strategic partnership	€ 185,961	€ 106,069
Advances to employees	€ 1,797	€ 11,268
Prepaid pensions	€ 0	€ 5,444
Intercompany Rainforest Alliance Inc	€ 1,545	€ 0
Other receivables and prepaid expenses	€ 7,922	€ 6,367
B08 Other receivables and prepaid expenses	**€ 1,605,793**	**€ 2,235,385**

The fair value of the receivables approximates the carrying value due to their short-term character and the fact that provisions for bad debt are recognized where necessary.

Bank accounts (free at disposal)	€ 17,332,264	€ 13,358,655
B09 Cash at banks	**€ 17,332,264**	**€ 13,358,655**

Balance as at 1st January General reserve	€ 7,641,198	€ 2,798,618
Result of the year	€ 4,239,286	€ 4,842,580
To continuity reserve	(€ 8,500,000)	€ 0
B11 General reserve	**€ 3,380,484**	**€ 7,641,198**

The result of the year is added to the general reserve. The continuity reserve is built from the general reserve to cover risks in the short term.

Balance as at 1st January Continuity reserve	€ 6,800,000	€ 6,800,000
Transfer from General reserve	€ 8,500,000	€ 0
B12 Continuity reserve	**€ 15,300,000**	**€ 6,800,000**

The continuity reserve is not subject to expenditure restrictions other than resulting from statutory goals of the Foundation.

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2.5 Explanation to the Consolidated Balance Sheet (cont.)

Current liabilities	**2018**	**2017**
Accounts payable	€ 1,635,228	€ 1,155,059
Suspense account payments	€ 0	€ 0
Payable to RSPO	€ 2,753,636	€ 3,966,097
Rent free period	€ 10,193	€ 50,967
Invoices to be received	€ 108,118	€ 59,842
B15 Accounts payable	**€ 4,507,176**	**€ 5,231,965**

The rent free period is built up in the first 12 months of a 72 months rent contract, during which period no rent is charged by contract. As a result the total rent discount divided over the 72 months.

Value added tax	€ 62,653	€ 218,233
Wage tax/social securities	€ 250,869	€ 233,896
Payroll taxes	€ 0	€ 42,761
B16 Taxes and social premiums	€ 313,522	€ 494,890
Strategic Partnership received and not yet spent	€ 1,171,040	€ 2,391,576
Nationale Postcode Loterij received and not yet spent	€ 0	€ 765,000
Other donor funds received and not yet spent	€ 362,769	€ 189,072
B17 Subsidies received	€ 1,533,809	€ 3,345,648
Grants obligations strategic partnership	€ 0	€ 0
Provision vacation allowance	€ 344,873	€ 313,850
Untaken vacation days	€ 254,754	€ 203,949
Pension accruals	€ 3,745	€ 0
Audit accruals	€ 106,642	€ 108,000
Employees payable	€ 115,699	€ 1,677
Projects advances received	€ 163,037	€ 301,400
Other	€ 510	€ 0
B18 Other liabilities	€ 989,260	€ 928,877

Contingent liabilities

The Foundation office lease contract amounts to € 360K per annum ending 31th March 2019. The lease contract will be tacitly renewed for 5 years. The total engagement on 31st December 2018 therefore amounting to € 1.890K:

< 1 year amount to € 360K
< 5 year amount to € 1.800K
> 5 year amount to € 90K

The following bank guarantee has been issued : REAAL De Ruyterkade B.V. in the amount of € 94,294 concerning the rental agreement. The Foundation has to charge reasonable costs to the BV for shared services: usage of office, IT infra structure, reception, administration and services of teams.

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2.6 Explanation to the Consolidated Income Statement

Contingent liabilities (cont.)

VAT - For the value added tax the Foundation and the BV are a fiscal unit.

	2018	2017
Fees cocoa	€ 8,543,405	€ 10,321,025
Fees coffee	€ 7,431,255	€ 6,079,671
Fees palm oil	€ 3,508,776	€ 3,098,076
Fees tea	€ 224,217	€ 303,949
Fees hazelnut	€ 138,157	€ 36,116
01 Fees	**€ 19,845,810**	**€ 19,838,837**
Fees palm oil	€ 8,030,313	€ 7,977,548
Donations to RSPO	(€ 4,521,537)	(€ 4,879,472)
01 Fees palm oil	**€ 3,508,776**	**€ 3,098,076**

Cocoa fees
Total cocoa program fee income 2018 is 5% lower than budgeted mainly because of lower volumes.

Coffee fees
The actual income from coffee program fees continued to grow compared to the past years and in 2018 is 24% higher than budgeted, mainly because of higher volumes.

Palm oil fees
The palm oil fees are 17% higher than budgeted in 2018. This is the result of mainly substantial higher volumes of palm kernel oil (PKO) volumes with considerable lower tariffs than budgeted.

Tea fees
The total program fee income of € 224K was € 51k lower than budgeted.

Hazelnut fees
The hazelnut program fees budgeted for 2018 amount to € 200K. This was the first full year for the program fee income. The total income 2018 is 31% lower than budgeted.

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2.6 Explanation to the Consolidated Income Statement (cont.)

	2018	2017
Strategic partnership	€ 3,369,045	€ 2,467,424
Postcode loterij (NPL)	€ 765,000	€ 435,000
Sat4farming	€ 509,178	€ 0
G4AWGC	€ 124,000	€ 91,345
Other (diverse small donor fundings)	€ 20,585	€ 66,900
02 Grant Revenue	**€ 4,787,808**	**€ 3,060,669**

Strategic Partnership (SP)
The Dutch Ministry of Foreign Affairs granted a subsidy of € 18 million for the period 2016 -2020 for the Sector Partnerships (SP) program, which is included in the budget for € 3.600K per year was reported to the Ministry. Note the actual subsidy spend in 2018 is € 3.884K exclusive the reported € 515K prepaid expenses to the Ministry.

The National Postcode Lottery (NPL)
The NPL granted a subsidy of € 1.5 million for the period 2016-2018, which is in the budget for € 500K per year. In 2018 the total subsidy income for hazelnuts, first mile and rice that can be accounted for is € 765K.

Other grant revenue
The other grant revenue amount to € 654K (against 174K budget) as the Foundation won grants that were not budgeted, primarily Sat4Farming.

The actual Strategic partnership subsidy can be divided per region and per strategy as follows:

Global	€ 843,916	€ 1,039,494
Africa	€ 1,928,153	€ 1,907,187
America	€ 841,656	€ 643,313
Asia	€ 270,049	€ 328,921
Strategic partnership prepaid expenses	(€ 514,730)	(€ 1,451,491)
Strategic partnership (regions)	**€ 3,369,045**	**€ 2,467,424**
Monitoring and evaluation	€ 604,028	€ 383,161
Knowledge management	€ 959,048	€ 889,346
Lobby & advocacy	€ 765,411	€ 1,222,239
Capacity building	€ 1,555,289	€ 1,424,169
Strategic partnership prepaid expenses	(€ 514,730)	(€ 1,451,491)
Strategic partnership (strategy)	**€ 3,369,045**	**€ 2,467,424**

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2.6 Explanation to the Consolidated Income Statement (cont.)

	2018	2017
Customized program coffee	€ 407,300	€ 85,000
Customized program palm oil	€ 370,300	€ 300,000
Other	€ 28,628	€ 0
03 Contract revenue	**€ 990,228**	**€ 590,182**

In 2018 the industrial support activities were partly budgeted under contract revenue consisted. The actual income of € 990K came mainly from customized (extra) services for Palm oil from Unilever, coffee from JDE and cacao from Mars.

	2018	2017
Membership fee cacao	€ 1,006,416	€ 886,479
Membership fee hazelnuts	€ 82,062	€ 57,375
Contribution tea	€ 0	€ 0
Other	€ 0	€ 0
04 Contributions	**€ 1,088,479**	**€ 943,854**

The contributions in 2018 amount to € 1.088K membership fees (budget € 980K). This amount consists of cacao membership fee of € 1.006K (budget € 900K) and hazelnut membership fee of € 82K (budgeted € 80K).

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2.6 Explanation to the Consolidated Income Statement (cont.)

	2018	2017
Gross salaries	€ 6,281,447	€ 5,675,592
Temporary/interim/consultancy	€ 766,857	€ 101,633
Social premiums	€ 1,087,211	€ 960,870
Holiday allowance	€ 507,851	€ 447,163
Pension premiums	€ 564,913	€ 374,937
Vacation days reserve	€ 50,805	€ 20,727
Direct personnel expenses	**€ 9,259,084**	**€ 7,580,920**
Remote offices	€ 2,038,640	€ 1,629,009
Commute cost	€ 309,578	€ 172,194
Internship cost	€ 28,040	€ 1,283
Lunch/meals & entertainment	€ 142,591	€ 94,242
Other personnel expenses	(€ 78,074)	€ 46,021
Indirect personnel expenses	**€ 2,440,776**	**€ 1,942,749**
08 Total personnel expenses	**€ 11,699,860**	**€ 9,523,669**

Total personnel expenses of €11.699K are €721K or 6,6% higher than the budget of €10.979K. This can be mainly explained by the higher average FTEs and higher merger related temporary consultancy expenses.

At year end the total number of FTE (excluding interns) is 133,9 (in 2017 128,6).

Supervisory Board members participate on a voluntary basis. They receive no remuneration and are only reimbursed for travel expenses to attend board meetings.

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2.6 Explanation to the Consolidated Income Statement (cont.)

	2018	2017
Grant agreements strategic partnership	€ 1,275,061	€ 528,188
Grant agreements	€ 223,605	€ 0
09 Grants strategic partnership	**€ 1,498,666**	**€ 528,188**

The budgeted grant agreement expenses of € 1,5 million are € 1K lower than budgeted.

Regional development (global)	€ 9,364	€ 32,205
International week	€ 0	€ 106,705
Africa	€ 247,486	€ 149,157
Asia	€ 127,699	€ 137,393
America	€ 188,686	€ 145,871
Standards & assurance	€ 206,528	€ 122,367
Training	€ 48,229	€ 38,895
Themes	€ 16,721	€ 8,093
Technology	€ 44,693	€ 42,765
Monitoring & evaluation	€ 50,171	€ 46,670
Communication	€ 38,084	€ 34,039
Partnerships	€ 44,821	€ 23,870
Strategic partnership	€ 329,010	€ 342,830
General	€ 140,969	€ 142,989
Market development	€ 80,264	€ 67,943
Membership support	€ 58,460	€ 17,567
Product management	€ 38,134	€ 104,268
10 Travel costs	**€ 1,669,320**	**€ 1,563,626**

The travel and meals budget amounted to € 1.563K. Actual expenses were € 106K or 7% higher, mainly because of travel related to the merger/integration, standards & assurance, training and communication.

Recruitment costs	€ 90,964	€ 110,003
Translation costs	€ 63,529	€ 63,827
Auditors costs	€ 140,085	€ 202,949
Tax advise costs	€ 40,427	€ 0
Legal costs	€ 97,224	€ 294,369
Admin and salary costs	€ 5,538	€ 4,539
Arbo costs	€ 19,978	€ 18,677
Consultancy & research	€ 2,791,388	€ 2,361,579
11 Consultants & professional services	**€ 3,249,133**	**€ 3,055,945**

The budgeted consultants & professional services amount to € 3.459K. The actual expenses are € 210K lower than budgeted. Actual expenses for markets were € 193K under budget.

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2.6 Explanation to the Consolidated Income Statement (cont.)

	2018	2017
Technology	€ 879,633	€ 836,382
General	€ 121,042	€ 177,369
Membership support	€ 41,677	€ 159,132
12 IT services & Licenses	**€ 1,042,352**	**€ 1,172,883**

The IT expenses for services were € 246K or 19% lower than budget. Technology department were 80K lower than budget. Training and themes didn't spent any costs for IT, this budget was 18K. Membership support underspent € 178K.

Office rent	€ 256,284	€ 251,372
Office supply and services	€ 52,607	€ 37,216
Service costs	€ 39,120	€ 39,830
Regional offices expenses	€ 380,452	€ 275,258
Cleaning	€ 36,239	€ 34,094
Catering	€ 2,177	€ 1,153
Office materials/maintenance	€ 25,344	€ 21,875
Telephone costs	€ 48,221	€ 80,899
Postage	€ 3,811	€ 5,287
Other general costs	€ 7,574	€ 2,922
Board costs (travel)	€ 26,072	€ 34,542
Bank charges	€ 48,400	€ 53,791
13 Office costs	**€ 926,301**	**€ 838,238**

The general office expenses were € 491K lower than budgeted. which can be mainly explained by lower expenses at the regional offices, those expenses were € 389K lower than the € 769K budgeted.

Regional development (global)	€ 0	€ 21
Africa	€ 9,732	€ 10,815
Asia	€ 6,577	€ 3,632
America	€ 0	€ 5,200
Standards & assurance	€ 1,172	€ 2,922
Training	€ 12,390	€ 8,337
Themes	€ 13	€ 758
Technology	€ 26	€ 870
Monitoring & evaluation	€ 2,728	€ 1,380
Communication	€ 6,214	€ 6,830
Partnerships	€ 1,058	€ 95
Strategic Partnership	€ 7,701	€ 8,717
General	€ 14,544	€ 34,192
Market development	€ 310	€ 4,369
Membership support	€ 69	€ 686
Product management	€ 231	€ 1,402
14 Equipment & materials	**€ 62,764**	**€ 90,225**

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2.6 Explanation to the Consolidated Income Statement (cont.)

The actual equipment & materials expenses were € 169K or 73% lower than the € 232K budgeted. The deviation can be mainly explained by less than budgeted expenses in the Strategic Partnership program.

	2018	2017
Brand & advertising	€ 63,473	€ 59,395
Membership fee	€ 103,115	€ 84,599
15 Marketing & subscription fees	**€ 166,588**	**€ 143,993**

There were 61% less expenses for marketing & subscription fees than budgeted of € 431K. This is mainly due less brand costs. The new brand launch is expected in 2019.

Regional development (global)	€ 4,674	€ 6,376
Africa	€ 189,071	€ 75,561
Asia	€ 41,464	€ 61,166
America	€ 104,262	€ 88,905
Standards & assurance	€ 50,743	€ 54,159
Training	€ 20,934	€ 27,047
Themes	€ 12,202	€ 2,747
Technology	€ 6,458	€ 40,341
Monitoring & evaluation	€ 17,267	€ 10,918
Communication	€ 13,606	€ 128,055
Partnerships	€ 4,031	€ 11,927
Strategic partnership	€ 200,391	€ 141,633
General	€ 153,860	€ 201,173
Market development	€ 57,437	€ 32,348
Membership support	€ 26,713	€ 18,138
Product management	€ 4,518	€ 34,464
16 Trainings & workshops	**€ 907,628**	**€ 934,958**

The budgeted training & workshop amount to € 1,378K. The actual costs are € 470K or 34% less than budgeted. This is mainly due to less training activities in the Regional Development Asia and Standard & Assurance.

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2.6 Explanation to the Consolidated Income Statement (cont.)

	2018	2017
Bad Debt provision	€ 128,412	€ 451,092
19 Bad debt expense	**€ 128,412**	**€ 451,092**

Hardware	€ 114,120	€ 111,032
Inventory and furniture	€ 30,063	€ 32,453
Office	€ 22,421	€ 33,493
Software	€ 1,045,310	€ 780,596
Other	€ 0	€ 0
18 Depreciation & amortization	**€ 1,211,914**	**€ 957,574**

Depreciation was € 128K higher than the € 1.200K budgeted and increased due to increased investments in our certification system.

Exchange rate differences	(€ 155,128)	€ 259,669
20 Exchange result	**(€ 155,128)**	**€ 259,669**

Interest received	(€ 11,897)	(€ 6,886)
21 Interest received	**(€ 11,897)**	**(€ 6,886)**

Bad debt expense, Exchange result and Interest received were not budgeted.

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Annual Foundation Accounts

3.1 Foundation Balance Sheet as of December 31, 2018

	2018	2017
ASSETS		
B01 & B02 Intangible fixed assets	€ 1,813,550	€ 1,758,442
B03 & B04 Tangible fixed assets	€ 251,504	€ 301,187
B05 Financial fixed assets	€ 200,000	€ 200,000
Total Fixed assets	**€ 2,265,054**	**€ 2,259,630**
B06 Accounts receivable	€ 252,331	€ 399,491
B07 Taxes	€ 2,303	€ 6,228
B08 Other receivables and prepaid expenses	€ 1,588,960	€ 2,206,586
B09 Cash at banks	€ 2,712,880	€ 10,744,128
B19 Receivable from BV	€ 15,406,260	€ 3,806,891
Total current assets	**€ 19,962,734**	**€ 17,163,324**
Total assets	**€ 22,227,788**	**€ 19,422,954**
DISPOSABLE RESERVES AND LIABILITIES		
B10 Paid in capital	€ 3,325	€ 3,325
B11 General reserve	€ 3,380,484	€ 7,641,198
B12-14 Continuity reserve	€ 15,300,000	€ 6,800,000
Total disposable reserves	**€ 18,683,809**	**€ 14,444,523**
B15 Accounts payable	€ 1,133,323	€ 656,535
B16 Taxes and social premiums	€ 193,663	€ 206,969
B17 Subsidies received	€ 1,533,809	€ 3,345,648
B18 Other liabilities	€ 683,184	€ 769,278
Total current liabilities	**€ 3,543,979**	**€ 4,978,430**
Total disposable reserves and liabilities	**€ 22,227,788**	**€ 19,422,953**

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3.2 Foundation Statement of Income and Expenditures for the Year Ended December 31, 2018

	2018	2018 Budget	2017
01 Grant revenue	€ 4,787,808	€ 3,800,000	€ 3,060,669
02 Contract revenue	€ 990,228	€ 25,000	€ 545,182
Other income	€ 450	€ 0	€ 0
TOTAL INCOME	**€ 5,778,486**	**€ 3,825,000**	**€ 3,605,851**
03 Personnel expenses	€ 9,384,614	€ 8,293,000	€ 7,262,159
04 Grants strategic partnership	€ 1,498,666	€ 1,500,000	€ 528,188
05 Travel costs	€ 1,492,416	€ 1,337,000	€ 1,373,848
06 Consultancy & professional services	€ 2,893,846	€ 2,887,000	€ 2,740,208
IT services & licenses	€ 1,000,675	€ 1,068,000	€ 1,013,817
07 Office costs	€ 864,274	€ 1,389,000	€ 762,650
08 Equipment & materials	€ 62,154	€ 207,000	€ 83,768
09 Marketing & subscription fees	€ 152,493	€ 347,000	€ 120,913
10 Trainings & workshops	€ 818,960	€ 1,292,000	€ 850,009
Insurance expenses	€ 77,579	€ 80,000	€ 77,703
11 Shared services	(€ 6,247,237)	(€ 8,768,000)	(€ 6,733,000)
TOTAL OPERATING EXPENSES	**€ 11,998,438**	**€ 9,632,000**	**€ 8,080,263**
EBITDA	**(€ 6,219,952)**	**(€ 5,807,000)**	**(€ 4,474,412)**
Depreciation	€ 1,211,914	€ 1,200,000	€ 957,574
EBIT	**(€ 7,431,866)**	**(€ 7,007,000)**	**(€ 5,431,986)**
Exchange result	(€ 708)	€ 0	(€ 9,813)
Interest received	€ 4,438	€ 0	€ 0
TOTAL FINANCIAL RESULT	**€ 3,730**	**€ 0**	**(€ 9,813)**
RESULT FOUNDATION	**(€ 7,428,136)**	**(€ 7,007,000)**	**(€ 5,441,799)**
Payable settlement of funding activities	€ 11,667,422	€ 8,020,000	€ 10,284,379
RESULT OF THE YEAR	**€ 4,239,286**	**€ 1,013,000**	**€ 4,842,580**
General reserve	€ 4,239,286	€ 1,013,000	€ 4,842,580
Distribution result	**€ 4,239,286**	**€ 1,013,000**	**€ 4,842,580**

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3.3 Notes to the Foundation Accounts

Ownership structure

The Foundation is full-owner of the BV and all profits made by the BV flow back entirely into the Foundation before corporate income tax in order to support the Foundation's work. Rainforest Alliance as a whole remains a non-profit organization and retains its charity status (in Dutch: "Algemeen Nut Beogende Instelling", "ANBI" status). The financial information of this subsidiary has been recorded in the consolidated financial statements of the Foundation. Copies are available at the registered office at the Ruyterkade 6, 1013 AA Amsterdam, The Netherlands. The Chamber of Commerce registration number is 31459275.

Principles of consolidation

The financial statements include all of the assets, liabilities, reserves, income and expenses of all branches and affiliates of the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation. Where needed the figures for 2017 have been reclassified to enable comparison with 2018.

Accounting principles

The company-only financial statements are prepared according to the stipulations in Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving') and in accordance with the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards. Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet and income statement references are made to the notes.

Participations in group companies

Participations in group companies in which significant influence is exercised on the business and financial policy, are valued under the net equity value, but not lower than nil. This net asset value is based on the same accounting principles as applied by the BV. If the net asset value is negative, the participating interest is valued at nil. This likewise takes into account other long-term interests that should effectively be considered part of the net investment in the participating interest. If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account.

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3.4 Explanation to the Foundation Balance Sheet

B01-B04 Intangible & Tangible Fixed Assets: reference is made to the notes to the consolidated financial statements.

	2018	2017
Share capital BV	€ 200,000	€ 200,000
B05 Financial fixed assets	**€ 200,000**	**€ 200,000**

The BV is a 100% subsidiary of the Foundation.

	2018	2017
Accounts receivable	€ 252,331	€ 399,491
Bad debt provision	€ 0	€ 0
B06 Accountants receivable	**€ 252,331**	**€ 399,491**

	2018	2017
Interest to be received	€ 47	€ 0
Prepaid expenses	€ 447,555	€ 343,432
Advances in Africa	€ 246,856	€ 87,289
Advances in Asia	€ 69,827	€ 152,207
Advances in America	€ 114,230	€ 46,278
Advances Sector Partnership	€ 185,961	€ 106,069
Other	€ 9,754	€ 19,820
Strategic Partnership prepaid expenses grants	€ 514,730	€ 1,451,491
B08 Other receivables and prepaid expenses	**€ 1,588,960**	**€ 2,206,586**

Cash handling is avoided, wherever possible. There are yearly audits in origin countries in cases where the total yearly expenses are above € 50K.

	2018	2017
Bank accounts (free at disposal)	€ 2,712,880	€ 10,744,128
B09 Cash at banks	**€ 2,712,880**	**€ 10,744,128**

The decrease in the 2018 cash balance is due to the timing of the settlement of the appropriation of results from the BV. The appropriation will be paid to the Foundation by July 1, 2019.

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3.4 Explanation to the Foundation Balance Sheet (cont.)

	2018	2017
Accounts payable	€ 1,015,774	€ 545,726
Suspense account payments	€ 0	€ 0
Rent free period	€ 10,193	€ 50,967
Invoices to be received	€ 107,355	€ 59,842
B15 Accounts payable	**€ 1,133,323**	**€ 656,535**

The rent free period is built up in the first 12 months of a 72 months rent contract, during which period no rent is charged by contract. As a result the total rent discount of 12 months is divided over the 72 months.

Wage tax/social securities	€ 193,663	€ 167,664
Payroll taxes	€ 0	€ 39,305
B16 Taxes and social premiums	**€ 193,663**	**€ 206,969**

Strategic Partnership received and not yet spend	€ 1,171,040	€ 2,391,576
Nationale Postcode Loterij received and not yet spend	€ 0	€ 765,000
Other donor funds received and not yet spend	€ 362,769	€ 189,072
B17 Subsidies received	**€ 1,533,809**	**€ 3,345,648**

Provision vacation allowance	€ 260,205	€ 236,750
Untaken vacation days	€ 202,037	€ 157,451
Pension accruals	€ 3,745	€ 0
Audit accruals	€ 70,642	€ 72,000
Intercompany Rainforest Alliance Inc	€ 2,055	
Project advances received	€ 28,800	€ 301,400
Employees payable	€ 115,699	€ 1,677
B18 Other liabilities	**€ 683,184**	**€ 769,278**

Intercompany current account	€ 3,738,838	(€ 6,477,488)
Payable settlement of fundings	€ 11,667,422	€ 10,284,379
B19 Receivable from BV	**€ 15,406,260**	**€ 3,806,891**

Receivable from BV is due to be paid before July 1, 2019 due to tax regulations.

Contingent liabilities

The Foundation office lease contract amounts to € 360K per annum ending 31th March 2019. The lease contract will be tacitly renewed for 5 years. The total engagement on 31st December 2018 therefore amounting to € 1.890K:

< 1 year amount to € 360K

< 5 year amount to € 1.800K

> 5 year amount to € 90K

The following bank guarantee has been issued : REAAL De Ruyterkade B.V. in the amount of € 94,294 concerning the rental agreement. The Foundation has to charge reasonable costs to the BV for shared services: usage of office, IT infra structure, reception, administration and services of teams.

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3.5 Explanation to the Foundation Statement of Income and Expenditures

	2018	2017
Strategic partnership	€ 3,369,045	€ 2,467,424
Postcode loterij (NPL)	€ 765,000	€ 435,000
Sat4farming	€ 509,178	€ 0
G4AWGC	€ 124,000	€ 91,345
Other (diverse small donor fundings)	€ 20,585	€ 66,900
01 Grant Revenue	**€ 4,787,808**	**€ 3,060,669**

Strategic Partnership (SP)
The Dutch Ministry of Foreign Affairs granted a subsidy of € 18 million for the period 2016 -2020 for the Sector Partnerships (SP) program, which is included in the budget for € 3.600K per year was reported to the Ministry. Note the actual subsidy spend in 2018 is € 3.884K exclusive the reported € 515K prepaid expenses to the Ministry.

The National Postcode Lottery (NPL)
The NPL granted a subsidy of € 1.5 million for the period 2016-2018, which is in the budget for € 500K per year. In 2018 the total subsidy income for hazelnuts, first mile and rice that can be accounted for is € 765K.

Other grant revenue
The other grant revenue amount to € 654K (against € 174K budget) as the Foundation won grants that were not budgeted, primarily Sat4Farming.

The actual Strategic partnership subsidy can be divided per region and per strategy as follows:

Global	€ 843,916	€ 1,039,494
Africa	€ 1,928,153	€ 1,907,187
America	€ 841,656	€ 643,313
Asia	€ 270,049	€ 328,921
Strategic partnership prepaid expenses	(€ 514,730)	(€ 1,451,491)
Strategic partnership (regions)	**€ 3,369,045**	**€ 2,467,424**

Monitoring and evaluation	€ 604,028	€ 383,161
Knowledge management	€ 959,048	€ 889,346
Lobby & advocacy	€ 765,411	€ 1,222,239
Capacity building	€ 1,555,289	€ 1,424,169
Strategic partnership prepaid expenses	(€ 514,730)	(€ 1,451,491)
Strategic partnership (strategy)	**€ 3,369,045**	**€ 2,467,424**

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3.5 Explanation to the Foundation Statement of Income and Expenditures (cont.)

	2018	2017
Customized program coffee	€ 407,300	€ 40,000
Customized program palm oil	€ 370,300	€ 300,000
Customized program cocoa	€ 184,000	€ 170,182
Customized program rice	€ 0	€ 35,000
Other	€ 28,628	€ 0
02 Contract revenue	**€ 990,228**	**€ 545,182**

In 2018, the industrial support activities were partly budgeted under contract revenue consisted. The actual income of € 990K came mainly from customized (extra) services for palm oil from Unilever, coffee from JDE and cacao from Mars.

Gross salaries	€ 4,729,987	€ 4,104,648
Temporary/interim/consultancy	€ 652,224	€ 79,908
Social premiums	€ 815,698	€ 774,340
Holiday allowance	€ 383,468	€ 329,038
Pension premiums	€ 442,495	€ 265,423
Vacation days reserve	€ 44,586	€ 9,545
Direct personnel expenses	**€ 7,068,458**	**€ 5,562,901**
Remote offices	€ 1,949,340	€ 1,407,166
Commute cost	€ 275,923	€ 130,326
Internship cost	€ 27,515	€ 1,283
Lunch/meals & entertainment	€ 141,403	€ 120,372
Other personnel expenses	(€ 78,025)	€ 40,111
Indirect personnel expenses	**€ 2,316,156**	**€ 1,699,258**
03 Total personnel expenses	**€ 9,384,614**	**€ 7,262,159**

Total personnel expenses of € 9,385K are € 1,092K or 13,2% higher than the budget of 8,293K. This can be mainly explained by the higher average FTEs and higher merger related temporary consultancy expenses.

At year end the total number of FTE (excl. interns) in the Foundation is 109,4 (in 2017 94,8).

Grant agreements Strategic Partnership	€ 1,275,061	€ 528,188
Grant agreements	€ 223,605	
04 Grants strategic partnership	**€ 1,498,666**	**€ 528,188**

The budgeted grant agreement expenses of € 1,5 million are € 1K lower than budgeted.

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3.5 Explanation to the Foundation Statement of Income and Expenditures (cont.)

	2018	2017
Regional development (global)	€ 9,364	€ 32,205
International week	€ 0	€ 106,705
Africa	€ 247,486	€ 149,157
Asia	€ 127,699	€ 137,393
America	€ 188,686	€ 145,871
Standards & assurance	€ 206,528	€ 122,367
Training	€ 48,229	€ 38,895
Themes	€ 16,721	€ 8,093
Technology	€ 44,693	€ 42,765
Monitoring & evaluation	€ 50,171	€ 46,670
Communication	€ 38,084	€ 34,039
Partnerships	€ 44,821	€ 23,870
Strategic Partnership	€ 329,010	€ 342,830
General	€ 140,924	€ 142,989
05 Travel costs	**€ 1,492,416**	**€ 1,373,848**

The travel and meals budget amounted to € 1.337K. Actual expenses were € 155K or 12% higher, mainly because of travel related to the merger/integration, standards & assurance, training and communication.

Recruitment costs	90,964	110,003
Translation costs	59,138	58,142
Auditors costs	104,085	166,949
Tax advise costs	40,427	-
Legal costs	96,629	284,355
Admin and salary costs	5,538	4,539
Arbo costs	19,203	17,274
Consultancy & research	2,477,862	2,098,945
06 Consultants & professional services	**€ 2,893,846**	**€ 2,740,208**

The budgeted consultancy & professional servicers amount to € 2,887K. The actual expenses are € 7K higher than budgeted.

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3.5 Explanation to the Foundation Statement of Income and Expenditures (cont.)

	2018	2017
Technology	879,633	836,382
General	121,042	177,435
06 IT services	**€ 1,000,675**	**€ 1,013,817**

The IT expenses for services were € 67K or 6% lower than budget. Technology department were 80k lower than budget. Training and themes didn't spent any costs for IT. This budget was 18K.

	2018	2017
Office rent	256,284	251,372
Office supply and services	26,048	16,533
Service costs	39,120	39,830
Regio offices expenses	380,302	258,373
Cleaning	36,239	34,094
Catering	2,177	1,153
Office materials/maintenance	25,114	21,841
Telephone costs	45,605	78,576
Postage	3,811	5,287
Other general costs	7,200	2,893
Board costs (travel)	26,072	34,542
Bank charges	16,301	18,157
07 Office costs	**€ 864,273**	**€ 762,650**

The general office expenses were € 521K lower than budgeted. Which can be mainly explained by lower expenses at the regional offices, those expenses were € 389K lower than the € 769K budgeted .

	2018	2017
Regional development (global)	€ 0	€ 21
Africa	€ 9,732	€ 10,815
Asia	€ 6,577	€ 3,632
America	€ 0	€ 5,200
Standards & assurance	€ 1,172	€ 2,922
Training	€ 12,390	€ 8,337
Themes	€ 13	€ 758
Technology	€ 26	€ 870
Monitoring & evaluation	€ 2,728	€ 1,380
Communication	€ 6,214	€ 6,830
Partnerships	€ 1,058	€ 95
Strategic Partnership	€ 7,701	€ 8,717
General	€ 14,544	€ 34,192
08 Equipment & materials	**€ 62,154**	**€ 83,768**

The actual equipment & materials expenses were € 144K or 70% lower than the € 207K budgeted. The deviation can be mainly explained by less than budgeted expenses in the Strategic Partnership program.

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3.5 Explanation to the Foundation Statement of Income and Expenditures (cont.)

	2018	2017
Brand & advertising	€ 54,186	€ 42,910
Membership fee	€ 98,307	€ 78,003
09 Marketing & subscription fees	**€ 152,493**	**€ 120,913**

There were 56% less expenses for marketing & subscription fees than budgeted of € 347K. This is mainly due less brand costs. The new brand launch is expected in 2019.

Regional development (global)	€ 4,674	€ 6,376
Africa	€ 189,071	€ 75,561
Asia	€ 41,464	€ 61,166
America	€ 104,262	€ 88,905
Standards & assurance	€ 50,743	€ 54,159
Training	€ 20,934	€ 27,047
Themes	€ 12,202	€ 2,747
Technology	€ 6,458	€ 40,341
Monitoring & evaluation	€ 17,267	€ 10,918
Communication	€ 13,606	€ 128,055
Partnerships	€ 4,031	€ 11,927
Strategic partnership	€ 200,391	€ 141,633
General	€ 153,860	€ 201,173
10 Trainings & workshops	**€ 818,960**	**€ 850,009**

The budgeted training & workshop amount to € 1,292K. The actual costs are € 473K or 37% less than budgeted. This is mainly due to less training activities in the Regional development Asia and Standard & Assurance.

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3.5 Explanation to the Foundation Statement of Income and Expenditures (cont.)

	2018	**2017**
Regional development	€ 947,000	€ 1,403,000
Standards & certification	€ 603,853	€ 558,000
Training and themes	€ 241,000	€ 0
Technology	€ 2,020,384	€ 2,144,000
Monitoring and impact	€ 395,000	€ 312,000
Communication	€ 249,000	€ 270,000
Partnerships	€ 196,000	€ 131,000
Sector partnerships	€ 686,000	€ 924,000
General & administration	€ 909,000	€ 991,000
11 Shared services	**€ 6,247,237**	**€ 6,733,000**

The Foundation charges reasonable costs to the BV for shared services: usage of office, IT infrastructure, reception, administration, program activities and services of teams. The costs for these services are yearly adjusted based on the yearly budget.

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3.6 Appropriation of the Result

RESULT FOUNDATION	(€ 7,428,136)	(€ 5,441,799)
RESULT BV	€ 11,667,422	€ 10,284,379
RESULT OF THE YEAR	**€ 4,239,286**	**€ 4,842,580**

The result of the year will be added to the general reserve.

Statutory rules concerning appropriation of result

The articles of association of the BV do not stipulate any provisions governing the appropriation of profit. Profits obtained from the proceeds of knowable funding activities will totally or mostly be distributed in accordance with Article 9a, paragraph 3 letter a of the Corporate Tax Act 1969 (Wet op de vennootschapsbelasting 1969), within six months after the end of the year in which the proceeds

3.7 Other Information

Subsequent events

The BV has evaluated subsequent events occurring after the balance sheet date through the date of the report of the independent auditors. Based on this evaluation, BV has determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.

Han de Groot
CEO (Director Stichting Rainforest Alliance)
May 7, 2019

Board Members Rainforest Alliance 2018

Ana Paula de Sousa Nimpuno	....
Johanna Wijn	....
Antonius van Der Laan (Vice Chairman)	....
Anurag Priyadarshi	....
Dan Houser	....
Daniel Couvreur	....
Daniel Katz (Chair)	....
Eric Rothenberg	....

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Rainforest Alliance Board Members 2018 (cont.)

Juan Esteban Orduz Trujillo	....
Kerri Smith	....
Labeeb Abboud	....
Marilu Hernandez de Bosoms	....
Nalin Miglani	....
Nina Haase	....
Peter Lehner	....
Peter Schulte (Treasurer)	....
Sonila Cook	....
Stefanie Miltenburg	....
Tasso Azevedo	....
Vanusia Nogueira	....
Wendy Gordon	....

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4.1 Independent Auditors' Report

The report of the independent auditor is included hereinafter.

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HLB VAN DAAL AUDIT

INDEPENDENT AUDITOR'S REPORT

To: the Supervisory Board of Stichting Rainforest Alliance

A. Report on the audit of the financial statements 2018

Our opinion

We have audited the financial statements 2018 of Stichting Rainforest Alliance, based in Amsterdam.
In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Rainforest Alliance as at 31 December 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code and specific in accordance the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards.
The financial statements comprise:

1. The consolidated and stand-alone balance sheet as at December 31, 2018;
2. The consolidated and stand-alone statement of income and expenditure for the year ended December 31, 2018;
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.
We are independent of Stichting Rainforest Alliance in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten ("ViO", Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants ("VGBA", Dutch Code of Ethics).
We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The report of the Supervisory Board;
- The report of the Leadership Team;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code and the Guideline for annual reporting 640 "Not-for-profit organisations".

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by the Guideline for annual reporting 640 "Not-for-profit organisations".

Regiokantoor Tilburg-Waalwijk Prof. Asserweg 8, 5144 NC Waalwijk - Postbus 460, 5140 AL Waalwijk
TEL: +31 (0)41 633 05 05 **EMAIL:** waalwijk@hlb-van-daal.nl **www.hlb-van-daal.nl**

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.
By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.
The Leadership Team is responsible for the preparation of the report of the Leadership Team in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Guideline for annual reporting 640 "Not-for-profit organisations" and other information as required by Part 9 of Book 2 of the Dutch Civil Code and the Guideline for annual reporting 640 "Not-for-profit organisations".

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

The management (Leadership Team) is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Guideline for annual reporting 640 "Not-for-profit organisations". Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.
Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.
Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.
We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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;

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- Obtaining 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 company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Waalwijk, June 25, 2019

HLB Van Daal Audit B.V.

drs. E.W. van der Haar
Registeraccountant

Initialled: