



STICHTING RAINFOREST ALLIANCE

Consolidated Annual Financial Report

For the year ended December 31, 2020

With Independent Auditors' Report

STICHTING RAINFOREST ALLIANCE
Consolidated Annual Financial Report
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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 (RA Inc.), Chief Program Officer (RA Inc.), 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 2020

Johanna Wijn
 Antonius van der Laan (Vice Chairman)
 Anurag Priyadarshi
 Dan Houser
 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
 Peter Schulte (Treasurer)

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1.1 General Information (cont.)

Supervisory Board Members 2020 (cont.)

Sonila Cook

Tasso Azevedo

Vanusia Nogueira

Wendy Gordon Rockefeller

Leadership Team Members 2020:

Han de Groot, Chief Executive Officer (resigned March 27, 2020)

Britta Wyss-Bisang, Chief Sustainable Supply Chains Officer (Director Stichting Rainforest Alliance as of March 27, 2020 and resigned June 30, 2020)

Margriet Glazenborg, Chief HR Officer (Director Stichting Rainforest Alliance as of July 1, 2020)

Alik Hinckson, Chief Financial Officer

Leslie Park, General Counsel (Secretary) (resigned February 2020)

Susan Tressler, Chief External Relations Officer

Alex Morgan, Chief Markets Officer

Ria Stout, Chief Regional Officer

Nigel Sizer, Chief Program Officer

Maarten Kleyn, Chief Innovations & Technology Officer (consultant, a.i.)

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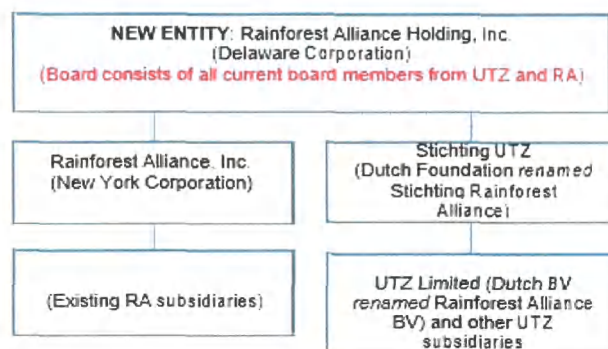
1.2 Board Report

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 was 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. The merger reduced the complexity of the certification process for producers that worked with both previous standards and programs and increased efficiency and flexibility. A new combined standard, with a new chain of custody, a new fee structure, and a new labeling policy for companies sourcing certified products, was launched in July 2020. However, the UTZ standard and the RA standard remained in place in 2020 until we begin auditing against the new combined Rainforest Alliance Standard in 2021.

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 2020, the Supervisory Board met 4 times for regular meetings in January, May, October and November with special meetings in February and March to address issues around the COVID-19 pandemic.

Board Agenda 2020

In 2020, the Board had the pleasure of guiding the Leadership team in the areas of: Strategy Execution, Post-Merger Integration, Standards Development, Re-imagining Certification, Annual Plan & Budget and Technology Strategy among other key strategic topics. Additionally, the Board helped guide the organization through the health and economic challenges of the COVID-19 pandemic.

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 revenue 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 remuneration surveys and assess competitiveness and effectiveness of Rainforest Alliance benefits and remuneration.

Finance Committee: Oversees and pre-approves the annual budget, business results, financial statements and reporting, and management of investments. In 2020, the Finance Committee approved the CY2021 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 2020, the A&R committee, along with the Leadership Team invited the external auditor to review and approve the 2019 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 2019 and the summary budget 2020 are clear and responsible. It therefore advised the Supervisory and Holding Boards to approve the audited financial statements for 2019.

On 13th May 2020, the Board reviewed and approved the report of the Leadership Team and financial results presented in this consolidated annual report 2019.

Daniel Katz
Chair of the Board
Rainforest Alliance
August 6, 2021

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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 building an alliance to protect forests, improve the livelihoods of farmers and forest communities, promote their human rights, and help them mitigate and adapt to climate crisis.

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 remained in place in 2020 until we begin auditing against the new combined Rainforest Alliance Standard in 2021).

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, started in 2016 and ended in 2020. 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 over 40 countries and the program operates in more than 130 countries, working with approximately 1 million farmers and over 250,000 workers.

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 and enabling even more partners to work with our concepts.



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1.3 Report of the Leadership Team (cont.)

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.

Portfolio	External Relations	Finance & Administration	Innovation & Technology	Programs	Legal	Markets	Regions	Sustainable Supply Chains	Executive Office
Departments	Individual Philanthropy	Accounting	Technology	Themes & Partnerships	Legal	Customer Experience	Africa	Standards & Assurance	Executive Office
	Institutional Relations	Human Resources	Innovation	Global Programs		Core Markets	Asia-Pacific	Farm & Supply Chain Intelligence	
	Communications	Finance		Advocacy		Core Sectors	Latin America	Training	
		Global Internal Compliance				Revenue, Reporting, & Innovation			
						Tailored Programs			

Employees

In 2020, the Foundation staff increased from 137 in 2019 (111 in Amsterdam, and 26 in the Regions) to 148 (102 in Amsterdam and 46 in the Regions). In 2020, the BV staff increased from 33 in 2019 (30 in Amsterdam, and 3 in the Regions) to 44 (39 in Amsterdam and 5 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.

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 year. 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

Consolidated Results 2020 & 2019

	2020 Actuals	2020 Budget *	2019 Actuals	2019 Budget
	*based on updated budget			
01 Fees	€ 26.200.946	€ 21.785.808	€ 21.977.964	€ 21.274.025
02 Grant & contract revenue	€ 4.650.073	€ 4.056.628	€ 4.195.314	€ 5.744.892
Other income	€ 100	€ 0	€ 721	€ 0
TOTAL INCOME	€ 30.851.119	€ 25.842.436	€ 26.173.999	€ 27.018.917
08 Personnel expenses	€ 13.348.674	€ 14.214.294	€ 12.336.486	€ 12.414.284
Other expenses	€ 10.738.799	€ 12.792.945	€ 10.349.894	€ 12.184.870
Total Operating expenses	€ 24.087.473	€ 27.007.239	€ 22.686.380	€ 24.599.154
EBITDA	€ 6.763.646	(€ 1.164.803)	€ 3.487.619	€ 2.419.763
Depreciation	€ 1.356.495	€ 971.011	€ 1.310.091	€ 1.536.167
EBIT	€ 5.407.151	(€ 2.135.814)	€ 2.177.528	€ 883.596
TOTAL FINANCIAL RESULT	(€ 51.674)	€ 0	€ 90.473	€ 0
Donation to RA Inc.	(€ 13.186.784)	€ 0	(€ 6.676.623)	€ 0
RESULT OF THE YEAR	(€ 7.831.307)	(€ 2.135.814)	(€ 4.408.622)	€ 883.596

Consolidated current year results & future outlook

The consolidated net result for 2020 decreased to (€7.8M) from the 2019 result of (€4.4M). Mostly due to increased royalty revenue, the operational result increased. However, it was offset by donations made from the Foundation to RA Inc., also an ANBI organization, for the purpose of supporting RA's operations such as mission-driven grants and related work. Total income is €30.8M which represents a 18% increase compared to the 2019's income of €26.2M due to increased royalty revenue driven by demand for certified products during the COVID-19 pandemic. Total operating expenses are €24.1M which represents a 6% increase compared to the 2019 operating expenses of €22.7M due primarily to increase in personnel costs of €1.0M with increased hiring.

The continuity reserve at the end of 2020 is €5.3M compared to €15.3M in 2019 as we transferred €10M from the continuity reserve to the general reserve due to the donation transfer from the Foundation to RA Inc. of approximately €13M. In 2021, we will continue to monitor the health of our reserve and ensure that the company has sufficient funds to cover its operating expenses.

Consolidated Annual Financial Report

1.3 Report of the Leadership Team (cont.)

Consolidated current year results & future outlook (cont.)

In 2021, we expect a slight decrease in budgeted income as compared to 2020 actual income as we expect a return to normal demand after the extraordinary market demand for certified products in 2020, especially as companies made additional sustainability and net-zero commitments. We expect operating expenses to increase significantly in 2021 through investments in our strategy in the areas of certification and credibility, advocacy, and further developments to our certification & traceability software. We expect that these projects will require additional hiring and a substantial increase in consultancy costs.

Foundation current year results & future outlook

The Foundation net result for 2020 is a loss of €6.8M which is a 28% increase compared to the 2019 loss result of €9.5M due to increased grant income and decreased spending during the COVID-19 pandemic. Total 2020 income is €4.3M which represents a 13% increase compared to the 2019 result of €3.8M due to an increase in grant activities during the final year of 2 major projects. Total operating expenses are €9.7M which represents a 19% decrease compared to the 2019 operating expenses of €12.0M due to an increase in the shared services cost reduction.

In 2021, we expect a decrease in income as compared to 2020 actual income down to 2018 levels as 2 major projects have ended in 2020 and therefore had high spending rates towards the end of the projects. We expect operating expenses to increase significantly in 2021 through investments in our strategy in the areas of certification and credibility, advocacy, and further developments to our certification & traceability software. We expect that these projects will require additional hiring and a substantial increase in consultancy costs.

At the time of preparation of the annual accounts, the COVID-19 health crisis continues in both the Netherlands and the world. While our operations have not been negatively impacted by the pandemic to date, we will continue to monitor the situation and its potential impact on the company. We recognize that we may still experience impediments to the company's business operations which may affect negatively the company's future financial position.

Margriet Glazenborg
 Director Stichting Rainforest Alliance
 Rainforest Alliance
 August 6, 2021



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Consolidated Annual Accounts

2.1 Consolidated Balance Sheet as of December 31, 2020

	2020	2019
ASSETS		
B01 & B02 Intangible fixed assets	€ 2.829.313	€ 1.401.752
B03 & B04 Tangible fixed assets	€ 120.315	€ 212.998
B05 Financial fixed assets	€ 1.304	€ 1.304
Total fixed assets	€ 2.950.932	€ 1.616.054
B06 Accounts receivable	€ 7.145.332	€ 8.711.953
B07 Taxes	€ 0	€ 0
B08 Other receivables and prepaid expenses	€ 1.038.896	€ 1.948.201
B09 Cash at banks	€ 3.334.622	€ 10.592.190
Total current assets	€ 11.518.850	€ 21.252.344
Total assets	€ 14.469.782	€ 22.868.398
DISPOSABLE RESERVES AND LIABILITIES		
B10 Paid in capital	€ 3.325	€ 3.325
B11 General reserve	€ 1.140.555	(€ 1.028.138)
B12-14 Continuity reserve	€ 5.300.000	€ 15.300.000
Total disposable reserves	€ 6.443.880	€ 14.275.187
B15 Accounts payable	€ 4.253.285	€ 5.548.512
B16 Taxes and social premiums	€ 300.723	€ 345.343
B17 Subsidies received	€ 1.810.689	€ 1.673.528
B18 Other liabilities	€ 1.661.205	€ 1.025.828
Total current liabilities	€ 8.025.902	€ 8.593.211
Total disposable reserves and liabilities	€ 14.469.782	€ 22.868.398

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2.2 Consolidated Income Statement for the Year Ended December 31, 2020

	2020	2020 Budget *	2019
		<i>*See note page C10</i>	
Fees cocoa	€ 9.579.160	€ 10.164.205	€ 10.001.256
Fees coffee	€ 12.825.107	€ 7.849.479	€ 8.730.654
Fees palmoil	€ 3.171.512	€ 2.976.704	€ 2.681.835
Fees tea	€ 221.922	€ 313.894	€ 301.979
Fees hazelnuts	€ 403.246	€ 481.526	€ 262.240
01 Fees	€ 26.200.946	€ 21.785.808	€ 21.977.964
02 Grant & contract revenue	€ 4.650.073	€ 4.056.628	€ 4.195.314
Other income	€ 100	€ 0	€ 721
TOTAL INCOME	€ 30.851.119	€ 25.842.436	€ 26.173.999
08 Personnel expenses	€ 13.348.674	€ 14.214.294	€ 12.336.486
09 Grants strategic partnership	€ 1.923.235	€ 2.271.533	€ 2.129.294
10 Travel costs	€ 540.319	€ 1.339.991	€ 1.657.537
11 Consultancy & professional services	€ 5.735.189	€ 4.677.656	€ 2.569.436
12 IT services & licenses	€ 829.484	€ 1.514.202	€ 1.501.761
13 Office costs	€ 839.646	€ 792.977	€ 908.664
14 Equipment & materials	€ 150.572	€ 343.342	€ 141.318
15 Marketing & subscription fees	€ 245.920	€ 183.659	€ 189.381
16 Trainings & workshops	€ 527.797	€ 1.592.721	€ 992.095
17 Insurance expenses	€ 61.212	€ 76.864	€ 58.695
19 Bad debt expense	-€ 114.575	€ 0	€ 201.713
TOTAL OPERATING EXPENSES	€ 24.087.473	€ 27.007.239	€ 22.686.380
EBITDA	€ 6.763.646	(€ 1.164.803)	€ 3.487.619
18 Depreciation	€ 1.356.495	€ 971.011	€ 1.310.091
EBIT	€ 5.407.151	(€ 2.135.814)	€ 2.177.528
20 Exchange result	-€ 52.222	€ 0	€ 76.848
21 Interest received	€ 548	€ 0	€ 13.625
TOTAL FINANCIAL RESULT	(€ 51.674)	€ 0	€ 90.473
RESULT Foundation and BV	€ 5.355.477	(€ 2.135.814)	€ 2.268.001
Donation to RA Inc.	€ 13.186.784	€ 0	€ 6.676.623
RESULT OF THE YEAR	(€ 7.831.307)	(€ 2.135.814)	(€ 4.408.622)
B11 General reserve	(€ 7.831.307)	(€ 2.135.814)	(€ 4.408.622)
Distribution reserve	(€ 7.831.307)	(€ 2.135.814)	(€ 4.408.622)

Consolidated Annual Financial Report

2.3 Consolidated Statement of Cash Flows as of December 31, 2020

	2020	2019
Operating Income (EBIT)	€ 5.407.151	€ 2.177.528
Depreciation	€ 1.356.495	€ 1.310.091
Accounts receivable	€ 1.566.621	(€ 3.689.550)
Taxes and social premiums	(€ 44.619)	€ 34.123
Other receivables and prepaid expenses	€ 949.244	(€ 382.347)
Accounts payable	(€ 1.295.227)	€ 1.041.336
Subsidies received	€ 137.161	€ 139.719
Other liabilities	€ 595.437	€ 74.962
Net Cash Flow from Operating Activities	€ 8.672.263	€ 705.862
Intangible fixed assets	(€ 2.670.459)	(€ 768.754)
Tangible fixed assets	(€ 20.915)	(€ 91.032)
Net Cash Flow from Investing Activities	(€ 2.691.374)	(€ 859.786)
Financial result	(€ 51.674)	€ 90.473
Donation to RA Inc	(€ 13.186.784)	(€ 6.676.623)
Net Cash Flow from Financing Activities	(€ 13.238.458)	(€ 6.586.150)
Net change in Cash / Net Cash Flow	(€ 7.257.569)	(€ 6.740.074)
Cash and cash equivalents at 1 January	€ 10.592.190	€ 17.332.264
Cash at period end	€ 3.334.622	€ 10.592.190
Net change in Cash / Net Cash Flow	(€ 7.257.568)	(€ 6.740.074)
Result of the year	(€ 7.831.307)	(€ 4.408.622)
(= 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.

The BV program fee income consists of UTZ certified coffee, cocoa, tea and hazelnuts and is produced in over 40 countries and the program operates in more than 130 countries, working with approximately 1 million farmers and over 250,000 workers.

Consolidated Annual Financial Report

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.

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.

Leases

The company has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis as applicable, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

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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.

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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 separately 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	€ 4.306.035	€ 4.306.035
Accumulated depreciation	€ 2.904.283	€ 2.904.283
Book value 1st January 2020	€ 1.401.752	€ 1.401.752
Disposal	€ 0	€ 0
Acquisitions	€ 2.670.459	€ 2.670.459
Depreciation acquisitions	€ 1.242.898	€ 1.242.898
Changes in the book value 2020	€ 1.427.561	€ 1.427.561
Cost	€ 6.976.494	€ 6.976.494
Accumulated depreciation	€ 4.147.181	€ 4.147.181
Book value 31st December 2020	€ 2.829.313	€ 2.829.313
Depreciation %	33%	

Intangible investments have been in traceability software and some financial software.

B03 Tangible fixed assets	Hardware	Inventory	Office	Total
Cost	€ 370.376	€ 133.827	€ 60.231	€ 564.434
Accumulated depreciation	€ 246.497	€ 74.226	€ 30.714	€ 351.436
Book value 1st January 2020	€ 123.879	€ 59.601	29.517	212.998
Disposals	€ 0	€ 0	€ 0	€ 0
Acquisitions	€ 18.683	€ 2.232	€ 0	€ 20.915
Depreciation acquisitions	€ 74.631	€ 27.742	€ 11.225	€ 113.598
Changes in the book value 2019	(€ 55.948)	(€ 25.510)	(€ 11.225)	(€ 92.683)
Cost	€ 389.059	€ 136.059	€ 60.231	€ 585.349
Accumulated depreciation	€ 321.127	€ 101.968	€ 41.939	€ 465.034
Book value 31st December 2019	€ 67.932	€ 34.091	€ 18.292	€ 120.315
Depreciation %	33%	20%	20%	

The main investments in tangible fixed assets have been in office acquisitions and extra workspaces.

B05 Financial fixed assets

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.)

	2020	2019
Accounts receivable	€ 4.756.637	€ 5.508.187
Accounts receivable to RSPO	€ 1.353.024	€ 1.874.837
Accounts receivable to RSPO Broker	€ 1.260.589	€ 1.712.248
Bad debt provision	(€ 224.917)	(€ 383.319)
B06 Accountants receivable	€ 7.145.332	€ 8.711.953
Prepaid expenses	€ 251.210	€ 1.300.055
Advances in Africa	€ 87.578	€ 343.144
Advances in Asia	€ 145.285	€ 105.655
Advances in America	€ 92.025	€ 87.923
Advances strategic partnership	€ 0	€ 30.277
Advances to employees	€ 256	€ 2.973
Prepaid pensions	€ 65.825	€ 70.252
Intercompany Rainforest Alliance Inc	€ 173.883	€ 0
To be invoiced	€ 219.166	€ 0
Other receivables and prepaid expenses	€ 3.668	€ 7.922
B08 Other receivables and prepaid expenses	€ 1.038.896	€ 1.948.201

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)	€ 3.334.622	€ 10.592.190
B09 Cash at banks	€ 3.334.622	€ 10.592.190
Balance as at 1st January General reserve	(€ 1.028.138)	€ 3.380.484
Result of the year	(€ 7.831.307)	(€ 4.408.622)
From Continuity reserve	€ 10.000.000	€ 0
B11 General reserve	€ 1.140.555	(€ 1.028.138)

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	€ 15.300.000	€ 15.300.000
Transfer to General reserve	(€ 10.000.000)	€ 0
B12 Continuity reserve	€ 5.300.000	€ 15.300.000

The Continuity reserve is not subject to expenditure restrictions other than resulting from statutory goals of the Foundation. In 2020, we transferred €10M from the Continuity reserve to General reserve due to the donation transfer that the Foundation made to RA Inc. of approximately €13M. In 2021, we will continue to monitor the health of our reserve and ensure that the company has sufficient funds to cover its operating expenses.

Consolidated Annual Financial Report

2.5 Explanation to the Consolidated Balance Sheet (cont.)

Current liabilities	2020	2019
Accounts payable	€ 245.765	€ 1.385.945
Payable to RSPO	€ 3.063.111	€ 3.370.051
Invoices to be received	€ 944.409	€ 792.516
B15 Accounts payable	€ 4.253.285	€ 5.548.512
Value added tax	€ 18.360	€ 55.007
Wage tax/social securities	€ 0	€ 7.025
Payroll taxes	€ 282.363	€ 283.311
B16 Taxes and social premiums	€ 300.723	€ 345.343
Strategic Partnership received and not yet spent	(€ 68.499)	€ 1.281.848
Other donor funds received and not yet spent	€ 1.879.188	€ 391.680
B17 Subsidies received	€ 1.810.689	€ 1.673.528
Provision vacation allowance	€ 389.888	€ 366.922
Untaken vacation days	€ 563.329	€ 483.422
Prepaid expenses Strategic Partnership	€ 256.821	€ 0
Audit accruals	€ 51.438	€ 56.564
Employees payable	€ 2.195	€ 0
Projects advances received	€ 395.090	€ 85.239
Intercompany RA Inc.	€ 0	€ 33.681
Other	€ 2.442	€ 0
B18 Other liabilities	€ 1.661.205	€ 1.025.828

Contingent liabilities

The Foundation office lease contract amounts to € 360K per annum ending 31th March 2024. The total engagement on 31st December 2020 therefore amounting to €1.530K:

< 1 year amount to € 360K

< 5 year amount to € 1.170K

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.

Consolidated Annual Financial Report

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.

	2020	2019
Fees cocoa	€ 9.579.160	€ 10.001.256
Fees coffee	€ 12.825.107	€ 8.730.654
Fees palm oil	€ 3.171.512	€ 2.681.835
Fees tea	€ 221.922	€ 301.979
Fees hazelnut	€ 403.246	€ 262.240
01 Fees	€ 26.200.946	€ 21.977.964
Fees palm oil	€ 8.945.960	€ 8.167.767
Donations to RSPO	(€ 5.774.448)	(€ 5.485.932)
01 Fees palm oil	€ 3.171.512	€ 2.681.835

Cocoa fees

Total cocoa program fee income in 2020 is 4% lower than 2019 actual mainly because of decreased production in Africa.

Coffee fees

The actual income from coffee program fees continued to grow compared to the past years and in 2020 is 45% higher than 2019 actual, mainly because of higher volumes and increased demand during the COVID-19 pandemic.

Palm oil fees

The palm oil fees are 18% higher than actuals in 2019. This increase is the result of higher registered volumes of RSPO Palm Trace and Credit Trade volumes than expected. In 2019, there was less palm oil being purchased for export, but that has picked up in 2020. RA does not control drive for demand and only gets a transactional volume.

Tea fees

The total program fee income in 2020 is 27% lower than 2019 actuals because of a decrease in the number of Latin/South American countries featuring UTZ certified tea farms.

Hazelnut fees

The hazelnut program fees for 2020 is 32% higher than actuals in 2019 as this is the third year of this program and it continues to grow.

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2.6 Explanation to the Consolidated Income Statement (cont.)

	2020	2019
Strategic partnership	€ 3.252.497	€ 2.974.462
Sat4farming	€ 781.676	€ 677.472
G4AWGC	€ 0	€ 108.943
RVO Uganda	€ 48.694	€ 0
RVO Cote d' Ivoire	€ 23.919	€ 0
RVO SDGP	€ 52.304	€ 0
Ikea	€ 30.572	€ 0
Customized program coffee	€ 236.948	€ 173.557
Customized program palm oil	€ 97.000	€ 135.200
Customized program cocoa	€ 18.000	€ 58.000
Customized program vanilla	€ 7.315	€ 3.425
Other (diverse small donor fundings)	€ 101.148	€ 64.255
02 Grant Revenue	€ 4.650.073	€ 4.195.314

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.

Other grant revenue

The other grant revenue amount to €1.38M as the Foundation continued to work on existing grants, primarily SAT4Farming. In 2020, there were several new granted subsidies received from RVO. Other new industrial support activities were partly budgeted under contract revenue. €359K of actual 2020 income came mainly from customized (extra) services for palm oil from Unilever, coffee from JDE and cocoa from Mars. Those extra services were reduced in 2020 as demand decreased a bit.

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

Global	€ 1.124.048	€ 963.778
Africa	€ 1.429.953	€ 1.684.450
America	€ 291.219	€ 531.800
Asia	€ 407.277	€ 412.284
Strategic partnership prepaid expenses	€ 0	(€ 617.850)
Strategic partnership (regions)	€ 3.252.497	€ 2.974.462
Monitoring and evaluation	€ 1.061.427	€ 604.547
Knowledge management	€ 367.840	€ 505.738
Lobby & advocacy	€ 845.955	€ 952.202
Capacity building	€ 977.275	€ 1.529.825
Strategic partnership prepaid expenses	€ 0	(€ 617.850)
Strategic partnership (strategy)	€ 3.252.497	€ 2.974.462

Consolidated Annual Financial Report

2.6 Explanation to the Consolidated Income Statement (cont.)

	2020	2019
Gross salaries	€ 8.121.811	€ 7.091.352
Temporary/interim/consultancy	€ 125.252	€ 274.211
Social premiums	€ 1.278.434	€ 1.127.823
Holiday allowance	€ 612.572	€ 546.338
Pension premiums	€ 644.618	€ 583.000
Vacation days reserve	€ 79.907	€ 228.668
Direct personnel expenses	€ 10.862.596	€ 9.851.392
Remote offices	€ 2.273.676	€ 2.128.348
Commute cost	€ 88.647	€ 218.887
Internship cost	€ 10.823	€ 10.186
Lunch/meals & entertainment	€ 30.156	€ 187.118
Other personnel expenses	€ 82.777	(€ 59.444)
Indirect personnel expenses	€ 2.486.078	€ 2.485.094
08 Total personnel expenses	€ 13.348.674	€ 12.336.486

Total personnel expenses of €13.3M are €1.012K or 8% higher than the 2019 actuals of €12.3M. This can be mainly explained by the increase in salary costs from increased hiring and the payments of several transition payments in the Netherlands.

At year end the total number of FTE (including interns) for the Netherlands is 102 (in 2019 111).
For the remote offices the total number of headcount is 46 FTE (in 2019 26 FTE).

Remuneration of (former) directors and supervisory directors

In accordance with article 2:383 paragraph 1 BW, the emoluments of directors are not mentioned because the statement can be traced back to a single natural person as director. Supervisory board members participate on a voluntary basis. They receive no remuneration and are only reimbursed for travel expenses to attend board meetings.

Consolidated Annual Financial Report

2.6 Explanation to the Consolidated Income Statement (cont.)

	2020	2019
Grant agreements strategic partnership	€ 1.545.163	€ 1.447.688
Grant agreements	€ 378.072	€ 681.606
09 Grants strategic partnership	€ 1.923.235	€ 2.129.294

Grant agreement expenses in 2020 were €206K lower than in 2019 due to increased implementation activities.

Regional development (global)	€ 2.455	€ 5.867
Africa	€ 166.937	€ 364.682
Asia	€ 21.974	€ 105.369
America	€ 18.861	€ 99.488
Standards & assurance	€ 122.631	€ 353.373
Training	€ 7.695	€ 31.416
Themes	€ 5.683	€ 53.481
Technology	€ 27.375	€ 70.912
Monitoring & evaluation	€ 33.574	€ 58.002
Communication	€ 2.376	€ 21.102
Partnerships	€ 9.421	€ 36.040
Strategic partnership	€ 70.582	€ 186.727
General	€ 2.597	€ 62.065
Market development	€ 20.657	€ 110.503
Membership support	€ 12.896	€ 57.545
Product management	€ 14.608	€ 40.965
10 Travel costs	€ 540.319	€ 1.657.537

Travel costs were €1.117K lower in 2020 compared to 2019 due to COVID-19 travel restrictions.

Recruitment costs	€ 0	€ 110.014
Translation costs	€ 326.906	€ 76.911
Auditors costs	€ 117.145	€ 40.440
Tax advise costs	€ 11.961	€ 34.841
Legal costs	€ 90.014	€ 57.724
Admin and salary costs	€ 38.035	€ 44.258
Arbo costs	€ 33.378	€ 33.656
Consultancy & research	€ 5.117.751	€ 2.171.592
11 Consultants & professional services	€ 5.735.189	€ 2.569.436

Consultant & professional services expenses in 2020 were €3.166K higher than in 2019 due to increased in consultants & research costs mainly due to the implementation of the new seal, the new financial system and other system improvements.

Consolidated Annual Financial Report

2.6 Explanation to the Consolidated Income Statement (cont.)

	2020	2019
Technology	€ 802.915	€ 1.219.135
General	€ 22.913	€ 100.432
Customer experience	€ 3.656	€ 182.194
12 IT services & Licenses	€ 829.484	€ 1.501.761

IT services & licenses expenses in 2020 were €672K lower than in 2019 due to decreased spending on IT systems in line with the strategic plan and alignment of IT systems.

Office rent	€ 311.108	€ 274.089
General & office	€ 30.301	€ 36.702
Service costs	€ 66.698	€ 60.810
Regional offices expenses	€ 216.499	€ 332.500
Cleaning	€ 46.591	€ 49.076
Catering	€ 375	€ 7.540
Office materials/maintenance	€ 19.884	€ 15.637
Telephone costs	€ 41.370	€ 50.003
Postage	€ 3.819	€ 4.468
Other general costs	€ 12.220	€ 7.761
Board costs (travel)	€ 5.418	€ 5.168
Bank charges	€ 85.363	€ 64.910
13 Office costs	€ 839.646	€ 908.664

Office costs remained relatively flat in 2020 as compared to 2019 with a slight decrease due to COVID-19 restrictions.

Africa	€ 32.485	€ 20.245
Asia	€ 31	€ 1.951
America	€ 0	€ 6.125
Standards & assurance	€ 29.768	€ 8.346
Training	€ 3.133	€ 11.357
Themes	€ 9	€ 562
Technology	€ 53.330	€ 54.585
Monitoring & evaluation	€ 4.678	€ 7.933
Communication	€ 4.932	€ 7.415
Partnerships	€ 812	€ 441
Strategic Partnership	€ 10.559	€ 6.071
General	€ 5.777	€ 2.885
Market development	€ 4.728	€ 12.334
Membership support	€ 114	€ 726
Product management	€ 218	€ 342
14 Equipment & materials	€ 150.572	€ 141.318

Equipment & materials expenses remained relatively flat in 2020 as compared to 2019.

Consolidated Annual Financial Report

2.6 Explanation to the Consolidated Income Statement (cont.)

	2020	2019
Brand & advertising	€ 111.294	€ 74.017
Membership fee	€ 134.627	€ 115.364
15 Marketing & subscription fees	€ 245.920	€ 189.381

Marketing & subscription fees in 2020 increased by €56K, remaining relatively flat with 2019 due to work in 2019 and 2020 on the new brand launch that occurred in 2019 and seal launch in 2020.

Africa	€ 76.721	€ 211.005
Asia	€ 10.188	€ 62.056
America	€ 22.419	€ 68.209
Standards & assurance	€ 66.713	€ 163.175
Training	€ 10.993	€ 8.070
Themes	€ 23.577	€ 49.789
Technology	€ 114.951	€ 24.967
Legal	€ 245	€ 0
Monitoring & evaluation	€ 29.955	€ 22.380
Communication	€ 4.975	€ 65.368
Partnerships	€ 18.958	€ 26.989
Strategic partnership	€ 39.250	€ 105.399
General	€ 73.892	€ 32.942
Market development	€ 9.409	€ 140.066
Membership support	€ 4.547	€ 0
Product management	€ 21.002	€ 11.680
16 Trainings & workshops	€ 527.797	€ 992.095

Training & workshop expenses decreased in 2020 by €464K due to decreased training activities in Africa, Standard & Assurance, Strategic Partnership and Markets development.

Consolidated Annual Financial Report

2.6 Explanation to the Consolidated Income Statement (cont.)

	2020	2019
Bad Debt provision	(€ 114.575)	€ 201.713
19 Bad debt expense	(€ 114.575)	€ 201.713
Hardware	€ 74.631	€ 87.292
Inventory and furniture	€ 27.742	€ 30.694
Office	€ 11.225	€ 11.552
Software	€ 1.242.897	€ 1.180.553
18 Depreciation & amortization	€ 1.356.495	€ 1.310.091
<p>Depreciation was €46K higher in 2020 than in 2019 due to continued investments in our certification system as RA aligns IT systems.</p>		
Exchange rate differences	€ 52.222	(€ 76.848)
20 Exchange result	€ 52.222	(€ 76.848)
Interest received	(€ 548)	(€ 13.625)
21 Interest received	(€ 548)	(€ 13.625)

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

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2.7 Supplementary Information - Schedule of Expenditures Related to IKEA Mt. Kenya Grant

Project: Mount Kenya Sustainable Landscape and Livelihoods Program

Inception August 1, 2020 to December 31, 2020

Presented in grant budget currency: USD

Category	Total Approved Budget (USD)	Total Claimed/Audited	
		Costs Inception - December 31, 2020 (USD)	Costs Inception - December 31, 2020 (USD)
Personnel costs	\$ 2.234.523	\$ 30.551	\$ 30.551
Capital expenditure	294.000	-	-
Travel	585.169	2.574	2.574
Distributable goods & supplies, infrastructures	34.500	-	-
Reports, assessments & publications	172.946	-	-
Communications & visibility	43.000	-	-
Office costs	187.426	628	628
Conferences & meetings	712.818	-	-
Others: Partners Dedicated Amounts & LMB	1.153.000	-	-
Total Direct Costs	5.417.382	33.753	33.753
Indirect Costs	1.218.846	8.438	8.438
Total Costs	\$ 6.636.228	\$ 42.191	\$ 42.191

Annual Foundation Accounts

3.1 Foundation Balance Sheet as of December 31, 2020

	2020	2019
ASSETS		
B01 & B02 Intangible fixed assets	€ 2.829.313	€ 1.401.752
B03 & B04 Tangible fixed assets	€ 120.315	€ 212.998
B05 Financial fixed assets	€ 200.000	€ 200.000
Total Fixed assets	€ 3.149.628	€ 1.814.750
B06 Accounts receivable	€ 312.399	€ 248.024
B07 Taxes	€ 0	€ 0
B08 Other receivables and prepaid expenses	€ 776.087	€ 1.908.193
B09 Cash at banks	€ 1.084.127	€ 7.457.640
B10 Receivable from BV	€ 4.722.900	€ 7.183.826
Total current assets	€ 6.895.513	€ 16.797.683
Total assets	€ 10.045.141	€ 18.612.433
DISPOSABLE RESERVES AND LIABILITIES		
B11 Paid in capital	€ 3.325	€ 3.325
B12 General reserve	€ 1.140.555	(€ 1.028.139)
B13-15 Continuity reserve	€ 5.300.000	€ 15.300.000
Total disposable reserves	€ 6.443.880	€ 14.275.186
B16 Accounts payable	€ 294.912	€ 1.623.442
B17 Taxes and social premiums	€ 207.469	€ 218.658
B18 Subsidies received	€ 1.810.689	€ 1.666.213
B19 Other liabilities	€ 1.288.191	€ 828.934
Total current liabilities	€ 3.601.261	€ 4.337.247
Total disposable reserves and liabilities	€ 10.045.141	€ 18.612.433

Annual Foundation Accounts

3.2 Foundation Statement of Income and Expenditures for the Year Ended December 31, 2020

	2020	2020 Budget *	2019
		<i>*See note page C10</i>	
01 Grant & Contract revenue	€ 4.290.810	€ 4.056.628	€ 3.825.131
Other income	€ 100	€ 0	€ 721
TOTAL INCOME	€ 4.290.910	€ 4.056.628	€ 3.825.852
02 Personnel expenses	€ 10.270.776	€ 11.672.861	€ 10.009.158
03 Grants strategic partnership	€ 1.858.987	€ 2.271.533	€ 2.105.118
04 Travel costs	€ 492.160	€ 1.197.485	€ 1.447.976
05 Consultancy & professional services	€ 4.685.895	€ 4.416.499	€ 2.348.585
06 IT services & licenses	€ 825.828	€ 1.321.206	€ 1.318.007
07 Office costs	€ 746.422	€ 780.198	€ 824.996
08 Equipment & materials	€ 145.512	€ 311.597	€ 127.917
09 Marketing & subscription fees	€ 119.745	€ 149.881	€ 155.799
10 Trainings & workshops	€ 492.839	€ 1.370.659	€ 840.349
Insurance expenses	€ 63.388	€ 76.864	€ 58.695
11 Shared services	(€ 10.010.677)	(€ 6.750.000)	(€ 7.188.953)
TOTAL OPERATING EXPENSES	€ 9.690.875	€ 16.818.783	€ 12.047.647
EBITDA	(€ 5.399.965)	(€ 12.762.155)	(€ 8.221.795)
Depreciation	€ 1.356.495	€ 971.011	€ 1.310.091
EBIT	(€ 6.756.460)	(€ 13.733.166)	(€ 9.531.886)
Exchange result	€ 110.109	€ 0	(€ 34.916)
Interest received	€ 504	€ 0	€ 289
TOTAL FINANCIAL RESULT	€ 110.613	€ 0	(€ 34.627)
RESULT FOUNDATION	(€ 6.645.847)	(€ 13.733.166)	(€ 9.566.513)
Donation to RA Inc.	(€ 13.186.784)	€ 0	(€ 6.676.623)
Payable settlement of funding activities	€ 12.001.324	€ 13.733.166	€ 11.834.514
RESULT OF THE YEAR	(€ 7.831.307)	€ 0	(€ 4.408.622)
General reserve	€ 0	€ 0	€ 0
Distribution result	€ 0	€ 0	€ 0

Annual Foundation Accounts

3.3 Notes to the Foundation Accounts

For notes to the Annual Foundation accounts, we refer to the notes of the Consolidated Annual Accounts unless stated otherwise.

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.

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.

Annual Foundation Accounts

3.4 Explanation to the Foundation Balance Sheet

2020

2019

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

Share capital BV	€ 200.000	€ 200.000
B05 Financial fixed assets	€ 200.000	€ 200.000

The BV is a 100% subsidiary of the Foundation.

Accounts receivable	€ 312.399	€ 248.024
B06 Accounts receivable	€ 312.399	€ 248.024

Interest to be received	€ 0	€ 0
Prepaid expenses	€ 291.904	€ 712.204
Advances in Africa	€ 87.578	€ 343.145
Advances in Asia	€ 145.285	€ 105.655
Advances in America	€ 92.025	€ 87.923
Advances Sector Partnership	€ 0	€ 30.277
Other	€ 3.668	€ 11.140
Intercompany Rainforest Alliance Inc	€ 155.627	€ 0
Strategic Partnership prepaid expenses grants	€ 0	€ 617.850
B08 Other receivables and prepaid expenses	€ 776.087	€ 1.908.193

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

Bank accounts (free at disposal)	€ 1.084.127	€ 7.457.640
B09 Cash at banks	€ 1.084.127	€ 7.457.640

The decrease in the 2020 cash balance is due to the donation transfers made from the Foundation to RA Inc.

Annual Foundation Accounts

3.4 Explanation to the Foundation Balance Sheet (cont.)

	2020	2019
Accounts payable	€ 240.304	€ 1.329.118
Invoices to be received	€ 54.608	€ 294.324
B16 Accounts payable	€ 294.912	€ 1.623.442
Wage tax/social securities	€ 0	€ 7.025
Payroll taxes	€ 207.469	€ 211.633
B17 Taxes and social premiums	€ 207.469	€ 218.658
Strategic Partnership already spend	(€ 68.499)	€ 1.281.848
Other donor funds received and not yet spend	€ 1.879.188	€ 384.365
B18 Subsidies received	€ 1.810.689	€ 1.666.213
Provision vacation allowance	€ 288.864	€ 288.849
Untaken vacation days	€ 444.261	€ 393.896
Audit accruals	€ 51.438	€ 56.564
Intercompany Rainforest Alliance Inc	€ 0	€ 73.620
Prepaid expenses Strategic Partnership	€ 256.821	€ 0
Project advances received	€ 244.735	€ 16.005
Employees payable	€ 2.070	€ 0
B19 Other liabilities	€ 1.288.191	€ 828.934
Intercompany current account	(€ 7.278.424)	(€ 4.650.688)
Payable settlement of fundings	€ 12.001.324	€ 11.834.514
B10 Receivable from BV	€ 4.722.900	€ 7.183.826

Receivable from BV is due to be paid before July 1, 2021 due to tax regulations.

Contingent liabilities

The Foundation office lease contract amounts to € 360K per annum ending 31st March 2024. The total engagement on 31st December 2020 therefore amounting to € 1.530K:

< 1 year amount to € 360K

< 5 year amount to € 810K

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.

Annual Foundation Accounts

3.5 Explanation to the Foundation Statement of Income and Expenditures

	2020	2019
Strategic partnership	€ 3.252.497	€ 2.974.462
Sat4farming	€ 781.676	€ 677.472
G4AWGC	€ 0	€ 108.942
RVO Uganda	€ 48.694	€ 0
RVO Cote d'Ivoire	€ 23.919	€ 0
RVO SDGP	€ 52.304	€ 0
Ikea	€ 30.572	€ 0
Other (diverse small donor fundings)	€ 101.148	€ 64.255
01 Grant & Contract Revenue	€ 4.290.810	€ 3.825.131

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.

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

Global	€ 1.124.048	€ 963.778
Africa	€ 1.429.953	€ 1.684.450
America	€ 291.219	€ 531.800
Asia	€ 407.277	€ 412.284
Strategic partnership prepaid expenses	€ 0	(€ 617.850)
Strategic partnership (regions)	€ 3.252.497	€ 2.974.462
Monitoring and evaluation	€ 1.061.427	€ 604.548
Knowledge management	€ 367.840	€ 505.738
Lobby & advocacy	€ 845.955	€ 952.202
Capacity building	€ 977.275	€ 1.529.825
Strategic partnership prepaid expenses	€ 0	(€ 617.850)
Strategic partnership (strategy)	€ 3.252.497	€ 2.974.462

Annual Foundation Accounts

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

	2020	2019
Gross salaries	€ 6.283.609	€ 5.513.878
Temporary/interim/consultancy	€ 124.492	€ 268.222
Social premiums	€ 965.767	€ 857.038
Holiday allowance	€ 466.687	€ 439.845
Pension premiums	€ 522.914	€ 469.414
Vacation days reserve	€ 50.365	€ 191.859
Direct personnel expenses	€ 8.413.834	€ 7.740.256
Remote offices	€ 1.682.175	€ 1.933.179
Commute cost	€ 72.415	€ 187.073
Internship cost	€ 4.782	€ 6.800
Lunch/meals & entertainment	€ 24.154	€ 186.171
Other personnel expenses	€ 73.415	(€ 44.321)
Indirect personnel expenses	€ 1.856.942	€ 2.268.902
02 Total personnel expenses	€ 10.270.776	€ 10.009.158

Total personnel expenses of €10M are €261 or 3% higher than the 2019 actuals of €10M. This can be mainly explained by the increase in salary costs from increased hiring and the payments of several transition payments in the Netherlands.

At year end the total number of FTE (incl. interns) in the Foundation is 101,7 (in 2019 111,2).
For the remote offices the total number of headcount is 46 FTE (in 2019 26 FTE).

Grant agreements Strategic Partnership	€ 1.545.163	€ 1.447.688
Grant agreements	€ 313.824	€ 657.430
04 Grants strategic partnership	€ 1.858.987	€ 2.105.118

Grant agreement expenses in 2020 were €246K lower than in 2019 due to decreased implementation activities and restrictions during the COVID-19 pandemic.

Annual Foundation Accounts

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

	2020	2019
Regional development (global)	€ 2.455	€ 5.868
Africa	€ 166.937	€ 364.682
Asia	€ 21.974	€ 105.369
America	€ 18.861	€ 99.488
Standards & assurance	€ 122.631	€ 353.373
Training	€ 7.695	€ 31.416
Themes	€ 5.683	€ 53.481
Technology	€ 27.375	€ 70.912
Monitoring & evaluation	€ 33.574	€ 58.002
Communication	€ 2.376	€ 21.102
Partnerships	€ 9.421	€ 36.040
Strategic Partnership	€ 70.582	€ 186.727
General	€ 2.597	€ 61.516
04 Travel costs	€ 492.160	€ 1.447.976

Travel costs were €956k lower in 2020 compared to 2019 due to COVID-19 travel restrictions.

Recruitment costs	-	60.243
Translation costs	301.767	54.721
Auditors costs	68.595	76.440
Tax advise costs	11.961	34.841
Legal costs	83.014	50.490
Admin and salary costs	35.482	38.035
Arbo costs	33.378	33.656
Consultancy & research	4.151.700	2.000.159
06 Consultants & professional services	€ 4.685.895	€ 2.348.585

Consultant & professional services expenses in 2020 were €2.337K higher than in 2019 due to increased in consultants & research costs mainly due to the implementation of the new seal, the new financial system and other system improvements.

Annual Foundation Accounts

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

	2020	2019
Technology	802.915	1.219.135
General	22.913	98.872
06 IT services	€ 825.828	€ 1.318.007

IT services & licenses expenses in 2020 were €492K lower than in 2019 due to decreased spending on IT systems in line with the strategic plan and alignment of IT systems.

Office rent	311.108	274.088
General & Office	22.188	21.481
Service costs	66.698	60.810
Regional offices expenses	216.412	331.919
Cleaning	46.591	49.076
Catering	245	6.669
Office materials/maintenance	11.708	10.001
Telephone costs	32.988	40.476
Postage	3.787	4.346
Other general costs	8.953	4.947
Board costs (travel)	5.418	5.168
Bank charges	20.326	16.015
07 Office costs	€ 746.422	€ 824.996

Office costs remained relatively flat in 2020 as compared to 2019, with a slight decrease due to COVID-19 restrictions.

Africa	€ 32.485	€ 20.244
Asia	€ 31	€ 1.952
America	€ 0	€ 6.125
Standards & assurance	€ 29.768	€ 8.346
Training	€ 3.133	€ 11.358
Themes	€ 9	€ 563
Technology	€ 53.330	€ 54.585
Monitoring & evaluation	€ 4.678	€ 7.933
Communication	€ 4.932	€ 7.415
Partnerships	€ 812	€ 441
Strategic Partnership	€ 10.559	€ 6.071
General	€ 5.777	€ 2.885
08 Equipment & materials	€ 145.512	€ 127.917

Equipment & materials expenses remained relatively flat in 2020 as compared to 2019.

Annual Foundation Accounts

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

	2020	2019
Brand & advertising	€ 32.566	€ 48.124
Membership fee	€ 87.179	€ 107.675
09 Marketing & subscription fees	€ 119.745	€ 155.799

Marketing & subscription fees in 2020 decreased by €36K, remaining relatively flat with 2019 due to work in 2019 and 2020 on the new brand launch that occurred in 2019 and seal launch in 2020.

Africa	€ 76.721	€ 211.004
Asia	€ 10.188	€ 62.056
America	€ 22.419	€ 68.209
Standards & assurance	€ 66.713	€ 163.176
Training	€ 10.993	€ 8.070
Legal	€ 245	€ 0
Themes	€ 23.577	€ 49.789
Technology	€ 114.951	€ 24.967
Monitoring & evaluation	€ 29.955	€ 22.380
Communication	€ 4.975	€ 65.368
Partnerships	€ 18.958	€ 26.989
Strategic partnership	€ 39.250	€ 105.399
General	€ 73.892	€ 32.942
10 Trainings & workshops	€ 492.839	€ 840.349

Training & workshop expenses decreased in 2019 by €347K due to decreased training activities in Africa, Standard & Assurance and Strategic Partnership.

Annual Foundation Accounts

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

	2020	2019
Regional development	€ 800.000	€ 842.000
Standards & certification	€ 1.065.757	€ 989.390
Training and themes	€ 763.000	€ 486.000
Technology	€ 5.450.920	€ 3.289.563
Monitoring and impact	€ 142.000	€ 37.000
Communication	€ 271.000	€ 184.000
Partnerships	€ 426.000	€ 382.000
Sector partnerships	€ 584.000	€ 562.000
General & administration	€ 508.000	€ 417.000
11 Shared services	€ 10.010.677	€ 7.188.953

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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4.1 Other Information

Appropriation of the Result	2020	2019
RESULT FOUNDATION	(€ 19.832.631)	(€ 16.243.136)
RESULT BV	€ 12.001.324	€ 11.834.514
RESULT OF THE YEAR	(€ 7.831.307)	(€ 4.408.622)

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

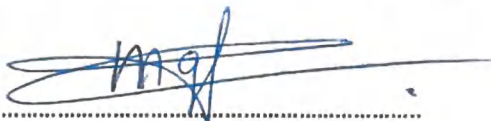
Statutory rules concerning appropriation of result

The articles of association of the Foundation 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 were obtained.

Subsequent events

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

At the time of preparation of the annual accounts, the COVID-19 health crisis continues in both the Netherlands and the world. While our operations have not been negatively impacted by the pandemic to date, we will continue to monitor the situation and its potential impact on the company. We recognize that we may still experience impediments to the company's business operations which may affect negatively the company's future financial position.



.....
 Margriet Glazenborg
 Director Stichting Rainforest Alliance
 August 6, 2021



FOR IDENTIFICATION PURPOSES ONLY

Board Members Rainforest Alliance 2020

Johanna Wijn

Antonius van Der Laan (Vice Chairman)

Anurag Priyadarshi

Dan Houser

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Rainforest Alliance Board Members 2020 (cont.)

Daniel Couvreur
Daniel Katz (Chair)
Eric Rothenberg	.....
Juan Esteban Orduz Trujillo	.....
Kerri Smith	.....
Labeeb Abboud	.....
Marilu Hernandez de Bosoms	.....
Nalin Miglani	.....
Nina Haase	.....
Peter Lehner	.....
Peter Schulte (Treasurer)	.....
Sonila Cook	.....
Tasso Azevedo	.....
Vanusia Nogueira	.....
Wendy Gordon Rockefeller	.....

Consolidated Annual Financial Report

5.1 Independent Auditors' Report

The report of the independent auditor is included hereinafter.

INDEPENDENT AUDITOR'S REPORT

To: The Supervisory Board of Stichting Rainforest Alliance

A. Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the financial statements 2020 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 2020 and of its result for 2020 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 company balance sheet as at 31 December 2020;
2. the consolidated and company statement of income and expenditure for 2020; and
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 of 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 Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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" of the Dutch Accounting Standards;

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" of the Dutch Accounting Standards.

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" of the Dutch Accounting Standards 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" of the Dutch Accounting Standards.

C. Description of responsibilities regarding the financial statements

Responsibilities of management and for the financial statements

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" of the Dutch Accounting Standards. 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 engagement 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 among others:

- 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;
- 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 entity'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, August 6, 2021

HLB van Daal Audit B.V.

drs. E.W. van der Haar

Registeraccountant

Initials for identification purposes:

Handwritten initials in blue ink, appearing to be 'E.W.' followed by a stylized signature.