

**RAINFOREST
ACTION NETWORK**



**Rainforest
Action
Network**

Financial Statements

**For the Year Ended
June 30, 2025**

With Independent Auditors' Report Thereon

Rainforest Action Network

(A California Not-for-Profit Corporation)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Rainforest Action Network

Opinion

We have audited the accompanying financial statements of Rainforest Action Network (a nonprofit organization), which comprise the statement of financial position as June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rainforest Action Network as of June 30, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rainforest Action Network and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rainforest Action Network's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rainforest Action Network's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Rainforest Action Network's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

October 1, 2025
Danville, California



Rainforest Action Network

Statements of Financial Position June 30, 2025 and 2024

ASSETS

	2025	2024
Current assets:		
Cash and cash equivalents	\$ 5,683,698	\$ 8,880,297
Investments	3,174,114	2,163,795
Grants, pledges, and contributions receivable	1,386,785	2,018,920
Other receivables	14,919	17,865
Prepaid expenses and other current assets	159,237	96,215
Total current assets	<u>10,418,753</u>	<u>13,177,092</u>
Noncurrent assets:		
Grants, pledges, and contributions receivable, long-term (net)	176,073	864,963
Right of use asset - premises	416,799	173,218
Deposits	40,909	40,909
Total noncurrent assets	<u>633,781</u>	<u>1,079,090</u>
	<u>\$ 11,052,534</u>	<u>\$ 14,256,182</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 174,244	\$ 173,418
Accrued payroll liabilities	541,230	526,284
Other accrued liabilities	60,243	30,072
Lease liability - current	153,428	224,910
Total current liabilities	<u>929,145</u>	<u>954,684</u>
Lease liability - noncurrent	<u>276,090</u>	-
Total liabilities	<u>1,205,235</u>	<u>954,684</u>
Net assets:		
Without donor restrictions	8,031,206	9,055,364
With donor restrictions	1,816,093	4,246,134
Total net assets	<u>9,847,299</u>	<u>13,301,498</u>
	<u>\$ 11,052,534</u>	<u>\$ 14,256,182</u>

Rainforest Action Network

Statement of Activities and Changes in Net Assets Year Ended June 30, 2025

(with Summarized Financial Information for the Year Ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
<i>Changes in net assets:</i>				
Revenue and support:				
Individuals	\$ 2,064,217	\$ 241,693	\$ 2,305,910	\$ 1,979,790
Major gifts	2,910,302	55,102	2,965,404	3,983,083
Foundations	1,937,097	1,583,222	3,520,319	5,241,521
Contributed nonfinancial assets	454,548	-	454,548	351,689
Other miscellaneous revenue	2,393	-	2,393	5,232
Change in unamortized discount	-	161,110	161,110	(26,154)
Net assets released from restriction	4,471,168	(4,471,168)	-	-
Total revenue and support	11,839,725	(2,430,041)	9,409,684	11,535,161
Special events:				
Special events income	-	-	-	215,337
Special events expense	-	-	-	(67,282)
Total special events	-	-	-	148,055
Investment returns:				
Investment income	363,759	-	363,759	208,719
Total investment returns	363,759	-	363,759	208,719
Total revenue and support	12,203,484	(2,430,041)	9,773,443	11,891,935
Expenses:				
Program	10,643,603	-	10,643,603	10,180,380
Management and general	1,061,480	-	1,061,480	877,745
Fundraising	1,522,559	-	1,522,559	1,340,744
Total expenses	13,227,642	-	13,227,642	12,398,869
Decrease in net assets	(1,024,158)	(2,430,041)	(3,454,199)	(506,934)
Net assets at beginning of year	9,055,364	4,246,134	13,301,498	13,808,432
Net assets at end of year	\$ 8,031,206	\$ 1,816,093	\$ 9,847,299	\$13,301,498

Rainforest Action Network

Statements of Cash Flows Years Ended June 30, 2025 and 2024

	2025	2024
<i>Operating activities:</i>		
Decrease in net assets	\$ (3,454,199)	\$ (506,934)
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	-	5,081
Change in unamortized discount	(161,110)	26,154
Changes in:		
Grants, pledges, and contributions receivable	1,482,135	981,791
Other receivables	2,946	(16,701)
Prepaid expenses and other current assets	(63,022)	80,071
Operating lease assets and liabilities	(38,973)	(96,738)
Accounts payable	826	(114,007)
Accrued payroll liabilities	14,946	(36,872)
Other accrued liabilities	30,171	(78,253)
	(2,186,280)	243,592
<i>Investing activities:</i>		
Proceeds from disposition of investments	10,126	1,967,417
Acquisition of investments	(1,020,445)	(2,153,450)
	(1,010,319)	(186,033)
Cash used for investing activities	(1,010,319)	(186,033)
Net (decrease) increase in cash and cash equivalents	(3,196,599)	57,559
Cash and cash equivalents at beginning of year	8,880,297	8,822,738
Cash and cash equivalents at end of year	\$ 5,683,698	\$ 8,880,297
<i>Additional cash flow information:</i>		
Interest paid	\$ -	\$ -
State registration taxes paid	\$ 400	\$ 400

Rainforest Action Network

Statement of Functional Expenses

Year Ended June 30, 2025

(with Summarized Financial Information for the Year Ended June 30, 2024)

	Program Services				Supporting Services		2025 Total	2024 Total
	Climate and Energy	Forests and Finance	Other	Total Program	Management and General	Fund- Raising		
Bank charges and transaction fees	\$ -	\$ -	\$ -	\$ -	\$ 38,132	\$ 48,234	\$ 86,366	\$ 71,632
Campaign supplies	5,083	20,158	3,335	28,576	-	-	28,576	34,180
Contract services	348,647	1,665,485	210,254	2,224,386	273,898	30,364	2,528,648	2,385,068
Digital campaign advertising	32,905	67,818	21,967	122,690	-	216,530	339,220	383,549
Direct mail	-	-	-	-	-	219,785	219,785	240,747
Employee development and training	2,021	7,533	1,532	11,086	3,172	695	14,953	33,631
Equipment maintenance and repair	9	15	6	30	2	3	35	34
Grants to third parties	-	25,219	525,750	550,969	-	-	550,969	630,305
In-kind expenses - advertising	123,153	227,038	104,214	454,405	-	143	454,548	351,689
Insurance	6,728	11,922	5,020	23,670	1,730	2,608	28,008	27,572
Legal services	972	68,095	-	69,067	14,732	-	83,799	74,389
Meetings, conferences and conventions	23,572	75,478	4,712	103,762	39,347	7,284	150,393	251,221
Miscellaneous	6,036	17,217	34,914	58,167	445	495	59,107	27,028
Newsletters	631	1,163	534	2,328	-	20,950	23,278	18,023
Office supplies and equipment	15,865	36,359	11,840	64,064	6,684	7,391	78,139	59,812
Other events	-	-	-	-	-	21,455	21,455	-
Photography and videography	1,417	14,415	692	16,524	-	-	16,524	75,787
Postage and shipping	5,453	1,305	281	7,039	235	11,337	18,611	19,679
Printing and copying	5,721	9,490	633	15,844	131	7,816	23,791	17,187
Publications and subscriptions	-	6,147	-	6,147	1,500	7,417	15,064	17,825
Recruitment services	-	-	-	-	2,786	-	2,786	23,908
Rent, depreciation and utilities	79,542	140,948	59,351	279,841	20,446	30,833	331,120	432,535
Salaries, payroll taxes and benefits	2,018,607	2,551,580	1,419,580	5,989,767	536,787	786,547	7,313,101	6,345,329
Software and online platforms	74,902	26,689	7,660	109,251	20,445	37,332	167,028	157,049
Taxes, fees and related costs	91	163	69	323	13,433	36	13,792	16,908
Telecommunications	14,510	26,534	10,828	51,872	3,750	5,632	61,254	53,132
Travel	101,412	276,333	18,132	395,877	83,825	25,217	504,919	531,540
Website	13,313	33,339	11,266	57,918	-	34,455	92,373	119,110
	\$ 2,880,590	\$ 5,310,443	\$ 2,452,570	\$ 10,643,603	\$ 1,061,480	\$ 1,522,559	\$ 13,227,642	\$ 12,398,869

See accompanying Independent Auditors' Report and notes to financial statements

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1. Organization

Rainforest Action Network (“RAN”) was established in 1985 as a California nonprofit publicly-supported charitable corporation to conduct research and educate the public about environmental issues. RAN’s mission is to preserve forests, protect the climate and uphold human rights by challenging corporate power and systemic injustice through frontline partnerships and strategic campaigns. RAN’s primary campaigns are as follows:

Climate and Energy Campaign

RAN’s climate and energy campaign is focused on educating our community, mobilizing support, and organizing efforts to convince the biggest banks and financial institutions in the world to stop worsening our climate change crisis. Climate change is the single biggest environmental threat facing our planet and the extraction, transportation and burning of fossil fuels is a major source of greenhouse gases. Climate change is causing significant negative impacts on the planet’s ecosystems, including forests, and creating extreme weather events. The worst impacts of climate change most greatly affect the communities least responsible for this crisis, and those least able to respond to this crisis. RAN works to strengthen the global movement to stop climate change by pressuring banks that are underwriting dangerous fossil fuel projects.

Forests and Finance Campaign

RAN’s forest team is focused on keeping forests intact and standing by supporting Indigenous rights, working with local communities, and pressuring corporations that are driving deforestation and worsening climate change. Any real solution to our climate crisis must involve the protection of forests, and protecting Indigenous rights has been proven to be one of the most effective ways to protect forests. RAN has been working with local communities for decades to stop profit driven industries – like the palm oil industry and the pulp and paper industry, for example – from destroying rainforests, violating human rights, land grabbing, and pushing species to extinction through the destruction of disappearing habitats. RAN educates our community, mobilizes support, and organizes efforts to reduce market demand for environmentally and socially irresponsible products in order to transform global supply chains.

RAN is also focused on connecting the relationships between companies that are driving the crises of deforestation and human rights abuses and the financial institutions that underwrite these activities. By educating our community, mobilizing support, and organizing efforts to raise awareness about the financial underpinnings of this crisis, RAN will hold financial institutions accountable for these practices and convince them to stop investing in companies engaged in deforestation, habitat destruction, species extinction, climate pollution, and human rights violations.

Community Action Grants

RAN’s community action grants program is focused on strengthening the capacity of Indigenous and frontline communities and supporting grassroots leadership through direct grants to organizations that are working to save our planet. The community action grant program provides crucial and rapid funding for people fighting in their own communities across the globe to protect millions of acres of forest, to keep millions of tons of carbon in the ground, and to protect the rights and self-determination of local communities.

Notes to Financial Statements
June 30, 2025

2. Summary of Significant Accounting Policies

Basis of Presentation – The financial statements of RAN have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP"); consequently, revenues and gains are recognized when earned, and expense and losses are recognized when incurred regardless of the timing of cash flows.

Measure of Operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to RAN's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Comparative Financial Information - The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional category. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Cash and Cash Equivalents – All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Financial Instruments and Credit Risk – Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by RAN to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2025, RAN held cash deposits of \$243,317 in excess of FDIC insurance limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of RAN's mission.

Reclassifications – Certain prior year amounts have been reclassified to conform to fiscal year 2024 presentation. These changes had no impact on previously reported changes in net assets.

Notes to Financial Statements
June 30, 2025

2. Summary of Significant Accounting Policies (*continued*)

Receivables – RAN records receivables that are expected to be collected within one year at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities and changes in net assets. Any allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Historically, RAN has collected all of its promises to give, and as a result management has determined that no allowance for doubtful accounts is necessary as of June 30, 2025.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions or net assets with donor restrictions depending if their use is restricted by donor stipulations or law. Net investment return is reported in the statement of activities and changes in net assets.

Property and Equipment – RAN's policy is to record acquisitions of property and equipment at cost or, if donated, at fair market value on the date of donation. The cost of property and equipment greater than \$3,000 is capitalized. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities.

Costs of maintenance and repairs are expensed currently. RAN reviews the carrying values of all assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated economic utility and/or future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. RAN has determined that no long-lived assets were impaired during the years ended June 30, 2025 and 2024.

Right of Use Leased Assets and Liabilities - Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent RAN's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

2. Summary of Significant Accounting Policies (*continued*)

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Thus, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent funds which are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for any particular purpose (such as an operating reserve), but has not opted to do so as of June 30, 2025 or 2024.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent funds which are subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of Nonfinancial Assets – Contributed services and in-kind contributions are reflected at the fair value of the contribution received in accordance with *ASC 958-605, Not-for-Profit Entities – Revenue Recognition*. The contributions of services, equipment and other materials are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

In addition to contributed nonfinancial assets, volunteers may contribute time to RAN's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Revenue and Revenue Recognition – Revenue is recognized in accordance with authoritative guidance, including *ASC 958-605, Not-for-Profit Entities – Revenue Recognition and ASC 606, Revenue from Contracts with Customers*. When applicable, revenue from exchange transactions with customers is recognized when RAN's related performance obligations are satisfied, either over time or at a point in time. Collections in advance of revenue recognition are recorded as deferred revenue. Contributions are recognized as revenue upon receipt and are recorded based on the existence and/or nature of any donor restrictions.

Notes to Financial Statements
June 30, 2025

2. Summary of Significant Accounting Policies (*continued*)

Revenue and Revenue Recognition (*continued*) – RAN recognizes all contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received, regardless of whether any related donor-imposed restrictions have been fulfilled. Contributions without donor-imposed restrictions are reported as net assets without donor restrictions. Contributions with donor-imposed restrictions are reported as net assets with donor restrictions. When a donor-imposed time or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restriction. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Certain payments received include both elements of contributed income and earned income, and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. Special events revenue is recognized as the fair value of the direct benefits to the donors when the event takes place. The contribution element of special event revenue is treated as a restricted contribution when received and is recognized when the event takes place.

Functional Allocation of Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statement of activities in accordance with the requirements of *ASC 958-205 - Not-for-Profit Entities - Presentation of Financial Statements*. The statement of functional expenses presents the natural classification detail of expenses by function.

Every natural expense must be broken out into individual functional categories on an analysis of expenses by their nature and function. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as salaries, payroll taxes and benefits, rent, depreciation and utilities, and other overhead) have been allocated based on headcount, time, and effort using RAN's payroll allocations. Certain expenses (such as certain contract services and legal services) have been allocated in accordance with the specific services received.

Advertising Costs – Advertising costs are expensed as incurred. Advertising expenses amounted to \$339,220 and \$383,549 during the years ended June 30, 2025 and 2024, respectively.

Income Taxes – RAN is organized as California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. RAN is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. RAN is not required to file an Exempt Organization Business Income Tax Return (Form 990-T) because it had no unrelated business taxable income for the years ended June 30, 2025 and 2024.

RAN has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that RAN continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

Rainforest Action Network

Notes to Financial Statements June 30, 2025

2. Summary of Significant Accounting Policies *(continued)*

Recently Issued Accounting Pronouncements – Adopted - Effective July 1, 2023, RAN adopted *ASC 326, Financial Instruments – Credit Losses*, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost. CECL requires entities to measure all expected credit losses for applicable financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The impact of adoption of this standard was not material to the financial statements.

3. Cash and Cash Equivalents

The composition of cash and cash equivalents is as follows at June 30:

	2025	2024
Checking and demand deposits (non-interest bearing)	\$ 383,805	\$ 1,170,193
Cash sweep (interest-bearing)	5,190,381	6,813,130
Money market (interest-bearing)	109,512	896,974
Total cash and cash equivalents	\$ 5,683,698	\$ 8,880,297

Funds in interest-bearing accounts bear interest at rates ranging from 0.05% to 4.25% per annum as of June 30, 2025. Interest income earned from such accounts amounted to \$238,249 and \$136,003 for the years ended June 30, 2025 and 2024, respectively, and is included in investment income in the statement of activities.

4. Receivables

Grants, pledges, and contributions receivable are expected to be collected as follows at June 30:

	2025	2024
Due in less than one year	\$ 1,386,785	\$ 2,018,920
Due in two to five years	200,000	1,050,000
Less: Unamortized discount	(23,927)	(185,037)
Subtotal	1,562,858	2,883,883
Total current	(1,386,785)	(2,018,920)
Total noncurrent (net)	\$ 176,073	\$ 864,963

Grants, pledges, and contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using discount rates ranging from 3.90% to 4.71%. The change in the unamortized discount during the years ended June 30, 2025 and 2024 amounted to \$161,110 and (\$26,154), respectively, and is reflected as a component of income impacting net assets with donor restrictions on the statement of activities and changes in net assets.

Rainforest Action Network

Notes to Financial Statements June 30, 2025

4. Receivables *(continued)*

Other receivables of \$14,919 and \$17,865 at June 30, 2025 and 2024, respectively, are stated at the amount management expects to collect from outstanding balances. Management believes that all receivables are fully collectible due to the financial strength of the entities and therefore no provision for estimated losses has been made at June 30, 2025 and 2024.

5. Investments and Fair Value Measurements

Investments consist of the following at June 30:

	June 30, 2025		June 30, 2024	
	Cost	Fair Value	Cost	Fair Value
Certificates of deposit	\$ 3,173,397	\$ 3,174,114	\$ 2,153,670	\$ 2,153,670
Stocks	-	-	10,245	10,125
Total investments	<u>\$ 3,173,397</u>	<u>\$ 3,174,114</u>	<u>\$ 2,163,915</u>	<u>\$ 2,163,795</u>

Investments are reported at fair value in the financial statements with gains and losses included on the statement of activities and changes in net assets. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). RAN groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3: Unobservable inputs that cannot be corroborated by observable market data. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Rainforest Action Network

Notes to Financial Statements June 30, 2025

5. Investments and Fair Value Measurements *(continued)*

Composition of assets utilizing fair value measurements at June 30, 2025 is as follows:

	Totals	Level 1	Level 2	Level 3
Certificates of deposit	\$ 3,174,114	\$ -	\$ 3,174,114	\$ -

Composition of assets utilizing fair value measurements at June 30, 2024 is as follows:

	Totals	Level 1	Level 2	Level 3
Certificates of deposit	\$ 2,153,670	\$ -	\$ 2,153,670	\$ -
Stocks	10,125	10,125	-	-
	\$ 2,163,795	\$ 10,125	\$ 2,153,670	\$ -

Net investment income (excluding interest earned on cash and cash equivalents) amounted to \$125,510 and \$72,716 for the years ended June 30, 2025 and 2024, respectively.

6. Liquidity

RAN regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. RAN has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and other sources (including the future collection of receivables).

For purposes of analyzing resources available to meet general expenditures over a 12-month period, RAN considers all expenditures related to its ongoing activities of preserving forests, protecting the climate, and upholding human rights as well as the conduct of services undertaken to support those activities to be general expenditures.

The following table shows the total financial assets held by RAN and the amounts of those financial assets readily available to meet general expenditures:

	2025	2024
Cash and cash equivalents	\$ 5,683,698	\$ 8,880,297
Investments	3,174,114	2,163,795
Grants, pledges and contributions receivable, current portion	1,386,785	2,018,920
Other receivables	14,919	17,865
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs	(790,020)	(2,431,171)
Financial assets available to meet general expenditures over the next twelve months	\$ 9,469,496	\$ 10,649,706

Rainforest Action Network

Notes to Financial Statements June 30, 2025

6. Liquidity *(continued)*

On a monthly basis, the Finance Committee reviews RAN's financial position and is provided an update regarding the cash position to be maintained. RAN's Finance Committee has established a minimum cash reserve totaling 90 days of operating expenses. At June 30, 2025, RAN has financial assets available to cover over eight months of operating expenses based on the fiscal year 2026 budget with an average monthly expense of approximately \$1,103,000.

7. Leases

RAN rents its corporate office space in San Francisco, California under a multi-year lease agreement expiring December 31, 2027. The lease stipulates a monthly rental payment of \$15,080 as of June 30, 2025 with annual increases of 3% every January 1st. The lease includes two months of rent abatement. Pursuant to the lease, RAN is also responsible for a prorated portion of building utilities and janitorial expenses. RAN also leases office space in various locations under separate short-term agreements.

The weighted average discount rate is based on the discount rate implicit in the lease. RAN has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. RAN has applied the risk-free rate option to the premises and office equipment classes of assets. When applicable, RAN has elected the short-term lease exemption for all leases with a term of 12 months or fewer for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

RAN had no finance leases in effect during the years ended June 30, 2025 and 2024. Total operating lease cost recognized on the statement of functional expenses is \$299,625 and \$370,105 for the years ended June 30, 2025 and 2024.

The following summarizes cash flow information related to operating leases for the years ended June 30:

	2025	2024
Cash paid for amounts included in measurement of lease liabilities	\$ 303,601	\$ 449,755
Cash paid for short-term lease agreements	34,997	17,088
Total cash paid for operating leases	\$ 338,598	\$ 466,843
	2025	2024
Operating right-of-use assets obtained in exchange for lease liabilities	\$ 496,907	\$ -

The following table represents the weighted-average remaining lease term and discount rate for the operating lease as of June 30:

	2025	2024
Weighted-average remaining lease term (in months)	30	6
Weighted-average discount rate	4.09%	5.00%

Notes to Financial Statements
June 30, 2025

7. Leases *(continued)*

As of June 30, 2025, future minimum payments under lease agreements are as follows:

Year Ending:	Total
June 30, 2026	\$ 168,140
June 30, 2027	189,183
June 30, 2028	95,990
Total lease payments	453,313
Less: Interest	(23,795)
Present value of lease liabilities	\$ 429,518

8. Related Party Transactions

During the years ended June 30, 2025 and 2024, RAN's executive director was a board member of an organization to which RAN issued grants in the amount of \$10,000 and \$52,000, respectively. During the years ended June 30, 2025 and 2024, RAN also issued grants of \$88,000 and \$86,500, respectively, to an organization whose executive director is a board member of RAN.

During the years ended June 30, 2025 and 2024, certain members of the executive team and Board of Directors remitted \$125,277 and \$131,440, respectively, in contributions to RAN. These amounts are reflected with individual contributions on the statement of activities and changes in net assets.

9. Contributed Nonfinancial Assets

RAN received contributed advertising valued at \$454,548 and \$351,689 during the years ended June 30, 2025 and 2024, respectively. Contributed services, such as advertising, are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or if they require specialized skills that would need to be purchased if they were not donated. These contributed services are reported in the financial statements at the estimated fair value based on current rates for similar services. None of the contributed advertising had donor-imposed restrictions.

10. Retirement Plan

RAN offers eligible employees the opportunity for participation in a salary reduction retirement plan qualified under provision of the Internal Revenue Code permitting Savings Incentive Match Plan for Employees of Small Employers (SIMPLE). An eligible employee may make an election to have their compensation for each pay period reduced, not to exceed the applicable amount per year. For each calendar year, RAN will contribute a matching contribution to each employee's SIMPLE IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's annual salary. RAN contributed \$116,726 and \$93,065 for the years ended June 30, 2025 and 2024, respectively.

Notes to Financial Statements
June 30, 2025

11. Allocation of Joint Costs

RAN incurred allocable joint costs of \$97,311 and \$18,023 during the years ended June 30, 2025 and 2024, respectively, for the informational materials and activities that included fundraising appeals. Following the provisions of *ASC 958-720 Other Expenses of Not-for-Profit Entities*, RAN allocated \$40,510 and \$16,220 of those costs to program services and \$56,801 and \$1,803 to fundraising services during the years ended June 30, 2025 and 2024, respectively. These allocations were based on management’s analyses of the costs pertaining to the underlying direct program and fundraising expenses which were associated with various campaigns.

12. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of *ASC 710.25, Compensated Absences*. Under ASC 710.25, RAN is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Annual leave accruals are recorded in the financial statements as an accrued liability based on hourly rates in effect at the end of the fiscal year. Total accrued payroll liabilities amounted to \$541,230 and \$526,284 at June 30, 2025 and 2024, respectively.

13. Net Assets with Donor Restrictions

RAN recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or expired. Net assets with donor restrictions consist of the following at June 30:

Purpose	2025	2024
Climate campaign	\$ -	\$ 126,000
Forests campaign	125,000	1,312,920
Community Action Grants	466,520	492,251
Forest finance	-	500,000
General operations – time restricted	1,050,000	2,000,000
Fundraising event	198,500	-
Unamortized discount	(23,927)	(185,037)
Totals	<u>\$ 1,816,093</u>	<u>\$ 4,246,134</u>

During the years ended June 30, 2025 and 2024, contributions to net assets with donor restrictions amounted to \$1,880,017 and \$4,615,131, respectively. During the years ended June 30, 2025 and 2024, RAN recognized \$4,471,168 and \$4,950,312, respectively, of revenue from net assets released from restriction. Such amounts are reflected on the statement of activities and changes in net assets as transfers from net assets with donor restrictions to net assets without donor restrictions.

14. Commitments and Contingencies

In the normal course of business, RAN could be subject to certain commitments and contingencies which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) grant restrictions and donor conditions which obligate RAN to fulfill certain requirements as set forth in grant instruments, (b) funding levels which vary based on factors beyond RAN's control, such as generosity of donors and general economic conditions, (c) employment and service agreements with key management personnel, including executive officers of the organization, and (d) financial risks associated with funds on deposit in accounts at financial institutions. Certain of the grants and contracts (including current and prior costs) are subject to adjustment upon review and final acceptance by the granting agencies. Management believes that such commitments, contingencies, and risks will not have a material adverse effect on the financial statements.

15. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, RAN has evaluated subsequent events through October 1, 2025, the date the financial statements were available to be issued. In the opinion of management, there are no subsequent events which necessitate disclosure.