

**WORLD RAINFOREST MOVEMENT FOUNDATION**

**WRM**

**AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31  
DECEMBER 2020**

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## INDEPENDENT AUDITOR'S REPORT

Foundation Directors

World Rainforest Movement-WRM

We have audited the attached financial statements of the World Rainforest Movement Foundation-WRM, which comprise the Comparative Consolidated Financial Statement as of 31 December 2020, the Consolidated Statement of Comprehensive Income, the Cash Flow Statement for the period ended on that date, significant accounting policy notes and other explanatory notes to the consolidated financial statements.

### Opinion

In our opinion, the aforementioned consolidated financial statements reasonably present, in all material respects, the financial situation of the World Rainforest Movement Foundation-WRM as of 31 December 2020, the consolidated statement of comprehensive income of its operations and the cash flow movements corresponding to the period ended on that date, in accordance with adopted Accounting Standards and in compliance with the provisions established in the agreements signed with funders.

### Management's Responsibility for Financial Statements

The Management of the World Rainforest Movement Foundation-WRM is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for the internal control it deems necessary to allow for the preparation of financial statements free from material misstatement, whether caused by fraud or error.

### Auditor's Responsibility

It is our responsibility to express an opinion, based on our audit, of the Financial Statements and related notes of the World Rainforest Movement Foundation-WRM, for the period ended on 31 December 2020.

We have performed our audit according to the International Standards on Auditing (with the application of ISA 800/805).

This standard requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

An audit also involves evaluating the appropriateness of the accounting policies used, and the reasonableness of the Management's accounting estimates; as well as evaluating the general

presentation of the financial report.

The procedures selected depend on the auditor's judgment, which includes assessing the risks of material misstatement of the financial statements, whether caused by fraud or error.

### **Organization's Internal Control System**

In performing the risk assessment, the auditor considers internal control to be relevant in the preparation and fair presentation of the organization's financial statements; this is in order to design audit procedures that are appropriate for the circumstances, but not to express an opinion about the efficacy of the organization's internal control. We share the findings of the audit with those in charge of the organization's administration, as well as any weakness, or recommendations on how to improve internal controls that we identify in the course of our work. The Management's Letter is attached to this Report.

Our conclusions are based on the audit evidence obtained to date from our audit report. We evaluated the overall presentation, structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a reasonable way.

Our report is intended for WRM and its funders only, and should not be distributed to third parties other than those mentioned above.

Montevideo, 6 May 2021



Cra Marcela Beramendi  
Partner, Auditores Asociados SRL

## **GENERAL INFORMATION ABOUT THE FOUNDATION:**

**NAME:** WORLD RAINFOREST MOVEMENT FOUNDATION-WRM

**ADDRESS:** Avda Bolivia 1962- Montevideo-Uruguay

**E-mail:** [teresap@wrm.org.uy](mailto:teresap@wrm.org.uy)

**Tel/Fax:** + 598 2605 69 43

**CP:** 11500

**DATE OF FINANCIAL STATEMENTS:** 31/12/2020

**MAIN PURPOSE:** To support, initiate and coordinate activities aimed to conserve tropical forests, and all that is directly or tangentially related to this objective, or that may be favourable to the task.

**OPERATING CURRENCY OF ACCOUNTING STATEMENTS:** US DOLLARS

**PRESENTATION CURRENCY OF ACCOUNTING STATEMENTS:** PESOS URUGUAYOS

**EXCHANGE RATE AT CLOSE:** 42,340

**FOUNDATION REPRESENTATION:** The Foundation's representative in Uruguay is Mr. Winfridus Gerardus Johannes Overbeek, Passport #BL9DF53H2. On December 16, 2010, in the city of Oxford, England, he was granted sufficient faculties to validly represent the foundation. This took place through certification, translation, legalization and the following of all protocols by Notary Jorge Masner.

<b>LEGAL NAME:</b>	<b>World Rainforest Movement -WRM</b>
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<b>DATE OF FINANCIAL STATEMENTS:</b>	<b>31/12/20</b>
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ASSET	31/12/19		Note	31/12/20	
	US\$	Uruguayan Pesos		US\$	Uruguayan Pesos
<b>CURRENT ASSET</b>		<b>XR=37,336</b>			<b>XR=42,340</b>
<b>CASH AND CASH EQUIVALENTS</b>					
Cash	304	11.368		89,42	3.786
Banks	151.37	5.651.398		237.044	10.036.459
<b>Total Cash and Cash Equivalents</b>	<b>151.670</b>	<b>5.662.766</b>	<b>3.1</b>	<b>237.134</b>	<b>10.040.245</b>
<b>FUNDER DEBIT BALANCES</b>					
Misereor					
SSNC					
BFA				10.000	423.431
GRAIN					
<b>Total Funder Debits</b>			<b>3.2</b>	<b>10.000</b>	<b>423.431</b>
<b>OTHER ACCOUNTS RECEIVABLE</b>					
Advance payments	356	13.310			
Line items to settle	1.100	41.070		119,75	5.070
<b>Total accounts receivable</b>	<b>1.456</b>	<b>54.380</b>		<b>119,75</b>	<b>5069,8</b>
<b>TOTAL CURRENT ASSETS</b>	<b>153.127</b>	<b>5.717.146</b>		<b>237.254</b>	<b>10.045.315</b>
<b>TOTAL ASSETS</b>	<b>153.127</b>	<b>5,717.146</b>		<b>247.254</b>	<b>10.468.745</b>

LIABILITY	31/12/19			31/12/20	
	US\$	Uruguayan Pesos		US\$	Uruguayan Pesos
<b>CURRENT LIABILITY</b>		<b>XR=37,336</b>			<b>XR=42,340</b>
<b>COMMERCIAL CREDITORS</b>					
Sundry creditors			4.1	1.889	79.962
Creditors in foreign currency	9.304	347.358		8.072	341.751
<b>Total Commercial Creditors</b>	<b>9.304</b>	<b>347.358</b>		<b>9.961</b>	<b>421.713</b>
<b>LIABILITY WITH FUNDING AGENCIES</b>					
<b>IN DOLLARS</b>	<b>36.685</b>	<b>13.696.795</b>	3.2	<b>97.105</b>	<b>4.535.073</b>
SSNC	15.777	589.080		57.032	2.414.972
MISEREOR	1.292	48.215		1.438	60.866
BFA	19.616	732.383		35.683	1.510.847
GRAIN				2.952	124.988
SWIFT				10.000	423.400
<b>IN EUROS</b>	<b>4.725</b>	<b>176.535</b>		<b>3.790</b>	<b>160.459</b>
OLIN	4.725	176.535		3.790	160.459
<b>Total Financial Liabilities</b>	<b>41.504</b>	<b>1.502.511</b>		<b>110.895</b>	<b>4.695.532</b>
<b>OTHER ACCOUNTS PAYABLE</b>					
Fees to pay	14.638	546.524	4.2	13.916	589.203
Salaries and wages to pay	329	12.271		11.492	486.571
Payees for social contributions	1.952	72.867		2.006	84.930
Other debts	1.740	64.955		3.060	129.560
<b>Total Other Accounts Payable</b>	<b>18.658</b>	<b>696.616</b>		<b>30.474</b>	<b>1.290.265</b>
<b>CONTINGENCY FUNDS</b>					
Available reserves fund	25.402	948.407	4.3	32.691	1.384.137
<b>Total Contingency Funds</b>	<b>25.402</b>	<b>948.407</b>		<b>32.691</b>	<b>1.384.137</b>
<b>TOTAL CURRENT LIABILITY</b>	<b>153.050</b>	<b>3.538.595</b>		<b>184.021</b>	<b>7.791.648</b>
<b>NON-CURRENT LIABILITY</b>					
<b>RESERVE FUNDS</b>					
Reserve funds with specific allocation	58.183	2.172.307	4,4	58.182	2.463.426
<b>Total Financial Liability</b>	<b>58.183</b>	<b>2.172.307</b>		<b>58.182</b>	<b>2.463.426</b>
<b>TOTAL NON-CURRENT LIABILITY</b>	<b>58.183</b>	<b>2.172.307</b>		<b>58.182</b>	<b>2.463.426</b>
<b>TOTAL LIABILITY</b>	<b>152.956</b>	<b>5.710.902</b>	4.5	<b>242.203</b>	<b>10.255.116</b>

**EQUITY**

Equity Capital	2.299	66.227	2.299	97.340
<b>Retained Earnings</b>				
Previous Years Earnings		8.229	(959)	(40.585)
Net income for the year	-2.128	-68.213	3.711	156.875
<b>TOTAL EQUITY</b>	<b>171</b>	<b>6.243</b>	<b>5.051</b>	<b>213.630</b>
<b>TOTAL LIABILITY AND EQUITY</b>	<b>153.127</b>	<b>5.717.145</b>	<b>247.254</b>	<b>10.468.746</b>



### 3-COMPARATIVE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**LEGAL NAME: World Rainforest Movement**

**PROFIT AND LOSS STATEMENT FOR THE FISCAL YEAR ENDED AT:**

	31/12/19		31/12/20	
	US\$	\$	US\$	\$
<b>INCOME</b>				
SSNC	203.342	7.302.702	183.264	7.759.064
Misereor	25.647	900.411	28.872	1.222.466
OLIN 2019	18.379	641.965	4.725	195.677
OLIN 2020			12.069	423.400
BFA	25.028	902.677	15.271	646.560
Grain Contributions	8.963	334.635		
Own Funds	166	6.162	1.675	70.894
Donations			93	3.916
<b>TOTAL INCOME</b>	<b>281.525</b>	<b>10.091.957</b>	<b>245.968</b>	<b>10.321.978</b>
<b>OPERATIONAL EXPENDITURES</b>				
Payments to Personnel	(124.986)	(4.418.654)	(139.584)	(5.857.445)
Capacity Building	(1.022)	(38.627)		
Team training			(2.752)	(117.392)
Accounting Services	(7.692)	(271.935)	(6.924)	(290.582)
Annual Audit	(3.506)	(124.420)	(3.432)	(144.080)
Communications and Distribution	(9.323)	(342.925)	(4.070)	(171.499)
Travel and Meeting costs	(18.635)	(690.000)	(3.934)	(158.808)
Infrastructure, building and equipment	(4.255)	(147.264)	(4.266)	(218.184)
Operating Costs	(5.348)	(175.778)	(5.715)	(241.050)
Translations	(28.489)	(1.018.426)	(33.025)	(1.391.409)
Case studies, exchanges and research	(34.736)	(1.270.211)	(20.476)	(829.215)
Other activities-GE Trees meeting	(8.046)	(267.997)		
Materials and Publications	(4.977)	(186.420)	(7.907)	(326.057)
Gap Funding	(21.548)	(804.665)	(11.442)	(484.454)
Increase Reserve Fund	(8.963)	(334.635)		
Purchase Fixed Asset			(2,349)	(99.431)
<b>TOTAL OPERATIONAL EXPENDITURES</b>	<b>(281.525)</b>	<b>(10.091.957)</b>	<b>(245.876)</b>	<b>(10.329.608)</b>

<b>OPERATING INCOME</b>	<b>0</b>	<b>0</b>	<b>92</b>	<b>(7.630)</b>
<b>FINANCIAL PROFIT AND LOSS</b>				
Various financial profit and loss	-2.128	-20.898	3.619	(149.245)
<b>TOTAL FINANCIAL PROFIT AND LOSS</b>	<b>-2.128</b>	<b>-20.898</b>	<b>3.619</b>	<b>(149.245)</b>
<b>PROFIT OR LOSS</b>	<b>-2.128</b>	<b>-20.898</b>	<b>3.711</b>	<b>(156.875)</b>

**Statement of Analytical Results for the year ended  
December 31, 2020-**

In american dollars	SSNC	MISEREOR	BFA	OLIN 2019	OLIN 2020	Own Funds	TOTAL
<b>OPERATIONAL EXPENDITURES</b>							
Payments to Personnel	110.993	15.876	12.715				<b>139.584</b>
Team training					2.752		<b>2.752</b>
Accounting Services	6.924						<b>6.924</b>
Annual Audit	2.688	744					<b>3.432</b>
Communications and Distribution	2.531				1.539		<b>4.070</b>
Travel and Meeting costs	1.822		2.112				<b>3.934</b>
Infrastructure, building and equipment	3.918		348				<b>4.266</b>
Operating Costs	5.476		96		143		<b>5.715</b>
Translations	17.048	12.252		3.725			<b>33.025</b>
Case studies, exchanges and research	12.515			1.000	6.961		<b>20.476</b>
Materials and Publications	7.907						<b>7.907</b>
Gap Funding	11.442						<b>11.442</b>
Purchase one computer					674	1675	<b>2,349</b>
							-
<b>TOTAL OPERATIONAL EXPENDITURES</b>	<b>183.264</b>	<b>28.872</b>	<b>15.271</b>	<b>4.725</b>	<b>12.069</b>	<b>1.675</b>	<b>245.876</b>

**WORLD RAINFOREST MOVEMENT FOUNDATION-WRM**

CASH FLOW STATEMENT AS AT:

31/12/20

DENOMINATED IN US DOLLARS

DEFINITION OF FUNDS: CASH FLOW	31/12/20	31/12/19
<b>OPERATIONAL ACTIVITIES</b>		
Net Income for the Year	3.711	(2.128)
<b>Adjustments from:</b>		
Other reserves/allowances		
Accounting restatements	1.169	
Net income from investments		
<b>Operating income after adjustments</b>		
<b>Changes in assets and liabilities</b>		
Incoming donations from funders	305.362	331.461
Payment for project expenditures funded through donations	(245.876)	(272.562)
Increase/(Decrease) in other accounts receivable	1.336	(877)
Increase/(Decrease) in commercial creditors	656	4.219
Increase/(Decrease) in accounts payable	11.816	1.966
<i>Cash generated from / (used in) operations</i>		
<b>Cash from operations</b>	<b>78.174</b>	<b>62.079</b>
<b>INVESTMENT ACTIVITIES</b>		
Acquisitions of property, plant and equipment		
Cash applied to investments		-
<b>FINANCING ACTIVITIES</b>		
Refund of retained earnings		
Modification to Dismissals and Contingency Reserve Balance	7.289	12.123
<b>Cash from financing</b>	<b>7.289</b>	<b>12.123</b>
<b>NET CASH VARIATION</b>	<b>85.463</b>	<b>74.202</b>
INITIAL CASH BALANCE	151.671	77.469
ADJUSTMENT DUE TO CONVERSION		
<b>FINAL CASH BALANCE</b>	<b>237.134</b>	<b>151.671</b>

## Summarized version of the “Notes to the Financial Statements”.

### Note 1- Basic Information on the Organization.

#### 1.1 Legal Status

The World Rainforest Movement Foundation was created on 15 July 1999 and is based in Amsterdam (Netherlands). Its Board of Directors has four members. The Foundation was registered in the registry of legal entities on 9 January 2001 with the number 8561, Page 63 of Book 17. A Ministry of Education and Culture resolution from 21 December 2000 granted the Foundation recognition to act within the national territory.

#### 1.2 Main Activity

The objective of the Foundation is to support, initiate and coordinate activities aimed to conserve tropical forests, and everything that is directly or tangentially related to this objective, or that may be favourable to the task.

There are no legal, regulatory or contractual provisions that give the Foundation special status.

#### 1.3 Main Accounting Policies

The main accounting policies used to prepare these financial statements are summarized below. They have been applied in a manner consistent with the previous year.

## NOTE 2-BASES OF PREPARATION OF THE FINANCIAL STATEMENTS

### 2.1 Accounting Standards Applied

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small- and Medium-Sized Entities (IFRS for SMEs), issued by the International Accounting Standards Board (IASB). WRM uses the accrual method to record its financial transactions.

### 2.2 Operating Currency and Presentation Currency

The operating currency of the Company's financial statements is the US dollar, considering that it reflects the economic substance of the relevant events and transactions of the WORLD RAINFOREST MOVEMENT FOUNDATION-WRM.

The financial statements are maintained in the same unit of measurement, and are translated into

National Currency for purposes of presentation.

Assets and liabilities are converted at the closing exchange rate; income and expenditures are converted at the exchange rate of each transaction; Capital is converted at the exchange rate of origin of the effective contribution, having considered the exchange rate at the time in which the US dollar was adopted as the operating currency. The income due to conversion is classified in net equity and is disclosed in Other Comprehensive Income.

### **2.3- Bases of Measurement**

The financial statements have been prepared following the historical cost accounting principle. Consequently, assets, liabilities, income and expenses are valued at the cash amounts effectively agreed upon in the originating transactions. These financial statements have been prepared in accordance with the International Financial Reporting Standards for SMEs.

### **2.4-Available Funds**

Available cash funds, as well as deposits to checking account maintained in financial institutions, are considered to be available funds.

### **2.5- Employee Benefits**

Legal or voluntary obligations generated by employee benefits are recognized in liability accounts, charged to losses in the period in which they accrue.

### **2.6-Capital**

The capital maintained in order to determine the year's income has been defined as the financial capital invested or received in the form of capital contributions.

### **2.7- Definition of Funds**

In order to prepare the Cash Flow Statement, available funds in the form of cash and bank deposits have been considered.

### **2.8- Revenue Recognition**

#### **Income from Funders' Contributions**

A period's income is considered to be the total of the funds awarded from Funders, according to the agreement or budget signed with each one of them. If there are items pending receipt, they are included in assets, and the balance of received funds not yet applied towards the entity's activity are included in liabilities.

#### **Income from Exchange Rate Differences**

Income from updating balances of assets and/or liabilities in a foreign currency (different from the operating currency) are considered to be income for the fiscal year.

The financial statements in national currency for this fiscal year show a net gain of USD 3.619, due to

exchange rate differences from the use of pesos and Euros.

## **2.9- Determination of Net Income**

Revenues thus recognized, minus the costs of providing the services agreed upon between the entity and its funders, minus the costs of depreciation of fixed assets and the financial income susceptible to allocation in this period, have been computed to obtain the net income.

Funders' contributions correspond to the remittances received from foreign institutions during the year in order to carry out the projects; these were accounted for applying the accrual method.

All expenses recognized in the year, including Expenses and Financial Income, were allocated based on the actual accrual in the year in question.

## **Nota 3 - Analysis of the year's expenditures**

Expenditures made with funds received from each funder are itemized, as well as expenditures made with WRM's own funds.

### **3.1 - Case Studies, Exchanges and Research/Other Activities**

The line items for Case Studies, Exchange and Research, totalling USD 20.476, come from expenditures made to carry out the following activities, classified by funder:

#### **SSNC Case Studies:**

- Field visit in the State of Maranhão, Brazil, to communities that face the Suzano company's plans to expand large-scale tree plantations, as well as the impacts of the company's already existing plantations and pulp mills. The visit was jointly organized by WRM, Forum Carajás, Friends of the Earth Brazil, MIQCB (Interstate Movement of Women who work with and depend on babassu nuts) and members of the Imperatriz University.
- In Ghana, together with the national organization, JVE – Young Volunteers for the Environment, a field trip was organized to communities that are facing the impacts of a large-scale tree plantation to produce biomass. The company that owns the plantations is the Norwegian company, APSD.
- In Mozambique, following up on the work that has been undertaken alongside the Mozambican organizations -Justicia Ambiental, ADECRU and Misión Tabita- and in support of communities resisting the plantations of the companies, Green Resources and Portucel, WRM provided support to print a popular publication about the impact of large-scale tree plantations.
- In Uganda, together with the organization Global Witness, a series of visits were made to communities displaced from their territories by the New Forest Company, from the United Kingdom. These communities are in the process of discussing and developing a strategy to reclaim their lands, more than 10 years after they were forced to leave them.

#### **BFA Case Studies:**

- There are no allocated expenditures in the reporting period

**OLIN Case Study:**

- A discussion paper entitled “What Kind of Future for the World Rainforest Movement (WRM)?” by the organization Corner House was completed. The document is a critical reflection on the last 20 years of WRM’s work, based on an evaluation of WRM’s commitment to and involvement in the United Nations process to identify and address the direct and underlying causes of deforestation. The paper also reflects on some of the main challenges for the future of WRM’s work. To produce this document, interviews were conducted with different organizations and activists with whom WRM has worked in recent years.
- In India, together with the organization, Bajkul Gram Bharati, and the All India Forum for Forest Movement, a series of field visits were made to communities affected by the creation of protected areas and tiger conservation areas. The visits were used to complement the information gathered in 2019 on the same subject, as part of a process of exchange of experiences and strategy discussions among communities that live in and around the protected areas. A report was drafted and will be published in 2021.



#### **Note 4- Statements on Corporate Governance** -

WRM management comprises the following members:

- Larry Lohmann – Chair
- Ivonne Yañez – Treasurer
- Premrudee Daoroung – Member
- Silvia Ribeiro – Secretary



Cra Marcela Beramendi

Partner, Auditores Asociados SRL