

**WORLD RAINFOREST MOVEMENT FOUNDATION**

(Summary version)

**AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED  
DECEMBER 31, 2018-  
(TRANSLATED)**

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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 December 31, 2018, 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.

### Our 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 December 31, 2018, the consolidated statement of comprehensive results of its operations and the cash flow movements corresponding to the period ended on that date, in accordance with International Financial Reporting Standards (IFRS) and with the Agreements signed with its Funding agencies.

### 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 their related notes of the World Rainforest Movement Foundation-WRM, for the period ended on 31 December 2018.

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 accounting estimates performed by the Management; 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.

### **Internal Control of the Organization**

In performing the risk assessment, the auditor considers that internal control is relevant to the preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion about the efficacy of the entity's internal control. We communicate the findings of the audit with those charged with governance in the entity, 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 manner that achieves fair presentation.

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

Montevideo, March 11, 2019

## INFORMACIÓN GENERAL DE LA FUNDACION

<b>INFORMACIÓN GENERAL DE LA FUNDACION</b>			
<b>NOMBRE O RAZÓN SOCIAL:</b>	Fundación Movimiento Mundial por los Bosques Tropicales WRM		
<b>DIRECCION:</b>	Avda Gral Paz 615 Oficina 3 - Montevideo - Uruguay - E-mail-teresap@wrm.org.uy - Tel/Fax: +598 2605 5943 CP 11400		
<b>FECHA DE ESTADOS FINANCIEROS:</b>	31/12/18		
<b>GIRO PRINCIPAL:</b>	Apoyar, iniciar y coordinar actividades orientadas a la conservación de los bosques tropicales y todo aquello que se relacione con ello en forma directa o tangencial que pueda ser favorable al cometido.		
<b>ESTADO DE LA CONTABILIDAD:</b>			
<input checked="" type="checkbox"/> Contabilidad Suficiente sin Libros Certificados	SI	<input checked="" type="checkbox"/> Moneda de los Estados Contable	PESOS URUGUAYOS
		<input checked="" type="checkbox"/> Tipo de Cambio de Cierre	1 USD = \$ 32,39
<b>INTEGRACIÓN: Apoderados</b>			
<p>El representante de la Fundación en Uruguay es el Sr. Winfridus Gerardus Johannes Overbeek, PASAPORTE BYK5HP314 quien por instrumento realizado en la Ciudad de Oxford, Inglaterra, Certificado, Traducido, Legalizado y protocolizado por el Escribano Jorge Masner con fecha 6 de diciembre de 2010, se le otorga facultades suficientes para representar válidamente a la Fundación.</p>			

NAME:

World Rainforest Movement Foundation -WRM

 COMPARATIVE FINANCIAL STATEMENTS OF FINANCIAL  
 POSITION:

ASSET	31/12/17		nota	31/12/18	
	US\$	Pesos Uruguayos		US\$	Pesos Uruguayos
<b>CURRENT ASSET</b>		<b>TC=28,807</b>			<b>TC=32,39</b>
<b>CASH AND CASH EQUIVALENTS</b>					
Cash	740	21.317		982	31.793
Banks	102.937	2.965.306		76.488	2.477.444
<b>Total Cash and Cash Equivalents</b>	<b>103.677</b>	<b>2.986.623</b>	<b>3.1</b>	<b>77.469</b>	<b>2.509.237</b>
<b>CREDIT WITH AGENCIES</b>					
Misereor	8.644	249.008		19.960	646.504
BFA				12.968	420.024
<b>Total Credit with Agencies</b>	<b>8.644</b>	<b>249.008</b>	<b>3.2</b>	<b>32.928</b>	<b>1.066.529</b>
<b>SUNDRY CREDITS</b>					
Advance Payments	424	12.214		374	12.100
Expenses to be reimbursed	6.049	174.254		206	6.672
<b>Total Credits</b>	<b>6.473</b>	<b>186.468</b>		<b>580</b>	<b>18.772</b>
<b>TOTAL CURRENT ASSET</b>	<b>118.794</b>	<b>3.422.099</b>	<b>3.3</b>	<b>110.977</b>	<b>3.594.538</b>
<b>NON CURRENT ASSET</b>					
<b>PROPERTIES AND EQUIPMENT</b>					
Original values and revaluation					
<i>less:</i>					
Accumulated amortization					
<b>Total Properties and Equipment</b>	<b>-</b>	<b>-</b>	<b>3.4</b>	<b>-</b>	<b>-</b>
<b>TOTAL NON CURRENT ASSET</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>118.794</b>	<b>3.422.099</b>		<b>110.977</b>	<b>3.594.538</b>

NAME :

World Rainforest Movement Foundation -WRM

DATE:

COMPARATIVE FINANCIAL STATEMENTS OF  
FINANCIAL POSITION:

	31/12/17		31/12/18	
	US\$	\$	US\$	\$
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>		<b>TC=28,807</b>		<b>TC=32,39</b>
<b>ACCOUNT PAYABLE</b>				
Sundry Creditors	2.137	61.561	818	26.495
Creditors in Foreign currency			4.267	138.199
<b>Total Account Payable</b>	<b>2.137</b>	<b>61.561</b>	<b>5.085</b>	<b>164.694</b>
<b>LIABILITIES WITH FUNDING AGENCIES</b>				
<b>In DOLLARS</b>				
SSNC	5.383	155.068	15.438	500.069
<b>In EUROS</b>				
OLIN	24.028	692.175		
<b>Total Liabilities with Funding Agencies</b>	<b>29.411</b>	<b>847.243</b>	<b>15.438</b>	<b>500.069</b>
<b>SUNDRY LIABILITIES</b>				
Fees to pay	6.820	196.464	12.292	398.138
Salaries to Pay	2.251	64.845	2.212	71.657
Social Security	1.626	46.840	2.116	68.537
Others	9.718	279.946	73	2.332
<b>Total Other Liabilities</b>	<b>20.415</b>	<b>588.095</b>	<b>16.692</b>	<b>540.665</b>
<b>TOTAL CURRENT LIABILITIES</b>	<b>51.963</b>	<b>1.496.898</b>	<b>37.216</b>	<b>1.205.428</b>
<b>NON CURRENT LIABILITIES</b>				
Reserve funds for specific allocation	58.183	1.676.078	58.183	1.884.535
Free Reserve Funds	7.531	216.946	13.279	430.118
<b>Total Financial Liabilities</b>	<b>65.714</b>	<b>1.893.023</b>	<b>71.462</b>	<b>2.314.654</b>
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>65.714</b>	<b>1.893.023</b>	<b>71.462</b>	<b>2.314.654</b>
<b>TOTAL LIABILITIES</b>	<b>117.677</b>	<b>3.389.921</b>	<b>108.678</b>	<b>3.520.081</b>
<b>CAPITAL</b>				
Share capital	2.299	66.227	2.299	66.227
<b>Accumulated Results</b>				
Results of the financial year	(1.182)	(34.050)		8.229
<b>TOTAL CAPITAL</b>	<b>1.117</b>	<b>32.177</b>	<b>2.299</b>	<b>74.456</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>118.794</b>	<b>3.422.099</b>	<b>110.977</b>	<b>3.594.538</b>

**NAME:**

**World Rainforest Movement Foundation -WRM**

**DATE**

**YEAR**

**COMPREHENSIVE STATEMENT OF  
INCOME AND EXPENDITURE**

<b>31/12/17</b>	
US\$	\$
	<b>TC prom.=29,074</b>
SSNC	176.914
Misereor	29.544
OLIN 2017	15.691
OLIN 2018	-
ASN Foundation	
BFA	
GRAIN Contribution	
Use of Reserve Funds	50
<b>222.199</b>	<b>6.460.214</b>

<b>31/12/18</b>	
US\$	\$
	<b>TC prom.=30,03</b>
	208.272
	29.468
	21.502
	24.216
	1.704
	12.968
	9.818
	3.567
<b>311.515</b>	<b>9.354.803</b>

**OPERATIONAL EXPENSES**

Personnel costs	(126.861)	(3.688.357)
Capacity Building		
Accounting services	(6.513)	(189.359)
Annual Audit	(3.913)	(113.767)
Communications and Distribution	(2.836)	(82.454)
Travel and Meeting costs	(12.277)	(356.941)
Infraestructure, building and equipments	(4.933)	(143.422)
Operating costs	(5.199)	(151.156)
Translations	(29.036)	(844.193)
Case Studies, Exchanges and Research	(15.128)	(439.831)
Other activities	(8.801)	(255.880)
Materials and Publications	(6.702)	(194.854)
Increase Free Reserve Fund		
<b>TOTAL OPERATIONAL EXPENSES</b>	<b>(222.199)</b>	<b>(6.460.214)</b>
<b>OPERATIONAL RESULT</b>	<b>-</b>	<b>-</b>

	(129.438)	(3.887.017)
	(1.387)	(41.652)
	(8.315)	(249.699)
	(3.562)	(106.967)
	(3.797)	(114.013)
	(15.849)	(475.945)
	(5.020)	(150.760)
	(7.762)	(233.112)
	(27.583)	(828.324)
	(66.394)	(1.993.814)
	(29.964)	(899.832)
	(2.625)	(78.823)
	(9.818)	(294.844)
<b>(311.515)</b>	<b>(9.354.803)</b>	
<b>0</b>	<b>0</b>	

**FINANCIAL RESULTS**

Sundry financial results	(1.182)	(34.049)
<b>Total Financial Results</b>	<b>(1.182)</b>	<b>(34.049)</b>

	-	

**RESULT**

	<b>(1.182)</b>	<b>(34.049)</b>
<b>OTHER COMPREHENSIVE RESULTS</b>		
<b>COMPREHENSIVE RESULT</b>	<b>(1.182)</b>	<b>(34.049)</b>

<b>0</b>	<b>8.229</b>
	<b>8.229</b>
<b>0</b>	<b>8.229</b>



NAME:  
DATE:

World Rainforest Movement Foundation-WRM  
CASH FLOW STATEMENT:

DEFINITION OF FUNDS: CASH FLOW	31/12/17	31/12/18
<b>OPERATIONAL ACTIVITIES</b>		
<b>RESULT OF THE EXERCISE</b>	-1.182	0
<b>ADJUSTMENTS</b>		
Other provisions		
<i>Operating net result after adjustments</i>	-1.182	0
Changes in assets and liabilities	21.807	
Incoming donations from funders		263.441
Payment for Project expenditures funded through donations		-289.491
Increase / (Decrease) in other accounts receivable		5.893
Increase /(Decrease) in commercial creditors		2.948
Increase /(Decrease) in accounts payable		-14.747
<i>Cash flow generated from /(used in ) operations</i>	-	-31.956
<b>Cash flow from operations</b>	<b>20.625</b>	<b>-31.956</b>
<b>INVESTMENT ACTIVITIES</b>		
Acquisition of property, plant and equipment		
<b>Cash flow applied to investments</b>	-	-
<b>FUNDING/FINANCING ACTIVITIES</b>		
Refund of retained earnings	180	
Modification to Dismissals and Contingency Reserve Balance	-427	5.748
<b>Cash flow stemming from funding/financing</b>	<b>-247</b>	<b>5.748</b>
<b>NET CASH FLOW VARIATION</b>	<b>20.378</b>	<b>-26.208</b>
INITIAL CASH FLOW BALANCE	83.299	103.677
ADJUSTMENT DUE TO CONVERSION		
<b>FINAL CASH FLOW BALANCE</b>	<b>103.677</b>	<b>77.469</b>

## 5-Notes to the Financial Statements

### NOTE 1- Basic information on the organization.

#### 1.1 Legal Status

The World Rainforest Movement Foundation is a Foundation based in Amsterdam (Netherlands). Created on July 15, 1999, its Board of Directors is made up of four members. The Foundation was registered in the register of legal entities on January 9, 2001 with the number 8561, Page 63 of Book 17.

By a resolution on December 21, 2000, the Ministry of Education and Culture granted the Foundation the recognition to act within the national territory.

The Foundation's representative in Uruguay is Mr Winfridus Gerardus Johannes Overbeek, PASSPORT BL9DF53H2. Through Notary Jorge Masner's certification, translation, legalization and protocol in the city of Oxford, England, on December 16, 2010, Mr Overbeek was granted sufficient faculties to validly represent the Foundation.

### **1.2 Main Activity**

The purpose 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 place the Foundation in a special situation.

### **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-Basis of preparation of 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 of accounting to record all its financial movements.

### **2.2 - Functional and Presentation Currency**

The functional 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 kept in the same unit of measurement, and for purposes of presentation in National Currency, they are translated.

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, in this case having considered the exchange rate at the time in which the US dollar was adopted as the functional currency. The result per conversion is classified in net equity and is disclosed in Other Comprehensive Income.

### **2.3- Basis 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.

The only exception to the aforementioned Accounting Standards is the treatment given to fixed assets acquisitions that are considered to be profit for the year, according to the decision made by the organization in previous years. Fixed Assets in use are inventoried and fully amortized.

The preparation of financial statements in compliance with Adequate Accounting Standards in Uruguay require to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

#### **2.4- Available Funds**

Available funds are considered cash, as are checking account deposits maintained in financial institutions.

#### **2.5- Balances in Foreign Currency**

Assets and liabilities in Uruguayan pesos or in a currency other than the functional currency are valued at the year-end exchange rates. Exchange rate differences are allocated to the Income and Expenditure Statement. Balances of assets and liabilities designated in a currency other than the dollar at the end of the year are provided in a subsequent note.

#### **2.6- Fixed Assets**

The Foundation follows the criteria it adopted in previous years, to include—within period expenses—purchases of fixed assets that take place within the period. Although this criterion does not follow what is stipulated in the Financial Reporting Standards, the purpose of adopting it was to make the year's income reflect budget execution.

The Foundation maintains an extra-accounting record of assets being used for management. A physical inventory control is carried out annually; the one made at the end of this fiscal year is included as an annex to these notes.

#### **2.7- 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.

#### **2.8- 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.

## **2.9- Definition of Funds**

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

## **2.10- Revenue Recognition**

### **Income through Funders' Contributions**

The period's income is considered to be the total of the funds agreed upon with 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.

### **Interest Income**

Interest income is recognized on a time proportion basis, using the effective interest method.

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

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

Net results upon updating balances of assets and/or liabilities in a foreign currency (different than the operational currency) are considered to be net results for the year. In this year, there was a loss of this kind of USD 929; in 2017 there was a loss of this kind of USD 1,182. Both items were assumed by the organization, cutting into its free reserves fund for a total of USD 2,111.

## **2.11- Determination of Net Result**

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 of being allocated in this period, have been computed to obtain the net result.

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.