

CONSOLIDATED FINANCIAL STATEMENTS

**WORLD COCOA FOUNDATION, INC.
AND AFFILIATE**

FOR THE YEAR ENDED DECEMBER 31, 2024

WORLD COCOA FOUNDATION, INC. AND AFFILIATE

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
World Cocoa Foundation, Inc. and Affiliate
Washington, D.C.

Opinion

We have audited the accompanying consolidated financial statements of World Cocoa Foundation, Inc. and Affiliate (WCF), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of WCF as of December 31, 2024, and the consolidated change in its 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of WCF 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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 consolidated 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 consolidated 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 consolidated 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 WCF'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WCF'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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

June 17, 2025

WORLD COCOA FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024

ASSETS

Cash and cash equivalents	\$ 4,973,877
Contributions receivable, net	427,451
Accounts receivable, net	30,587
Prepaid expenses	191,462
Property and equipment, net	107,854
Security deposits	34,592
Right-of-use asset, net	<u>432,054</u>

TOTAL ASSETS **\$ 6,197,877**

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 1,555,327
Deferred revenue	152,089
Operating lease liability	<u>466,064</u>

Total liabilities 2,173,480

NET ASSETS

Without donor restrictions	2,866,568
With donor restrictions	<u>1,157,829</u>

Total net assets 4,024,397

TOTAL LIABILITIES AND NET ASSETS **\$ 6,197,877**

WORLD COCOA FOUNDATION, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 2,285,958	\$ 1,278,760	\$ 3,564,718
Membership	2,685,663	-	2,685,663
Registrations and sponsorships	485,250	-	485,250
Interest income	183,077	-	183,077
Contributed nonfinancial assets	15,000	-	15,000
Other income	2,146	-	2,146
Net assets released from donor restrictions	<u>1,034,470</u>	<u>(1,034,470)</u>	<u>-</u>
Total support and revenue	<u>6,691,564</u>	<u>244,290</u>	<u>6,935,854</u>
EXPENSES			
Program Services:			
Field Programs	1,422,832	-	1,422,832
Monitoring & Evaluation	1,013,388	-	1,013,388
Grants	878,474	-	878,474
Partnership Meetings	<u>476,006</u>	<u>-</u>	<u>476,006</u>
Total program services	<u>3,790,700</u>	<u>-</u>	<u>3,790,700</u>
Supporting Services:			
Management and General	2,946,915	-	2,946,915
Corporate Affairs	<u>2,407,880</u>	<u>-</u>	<u>2,407,880</u>
Total supporting services	<u>5,354,795</u>	<u>-</u>	<u>5,354,795</u>
Total expenses	<u>9,145,495</u>	<u>-</u>	<u>9,145,495</u>
Change in net assets before other items	<u>(2,453,931)</u>	<u>244,290</u>	<u>(2,209,641)</u>
OTHER ITEMS			
Lease modification costs	(270,104)	-	(270,104)
Gain on foreign currency exchange	<u>38,712</u>	<u>-</u>	<u>38,712</u>
Total other items	<u>(231,392)</u>	<u>-</u>	<u>(231,392)</u>
Change in net assets	(2,685,323)	244,290	(2,441,033)
Net assets at beginning of year	<u>5,551,891</u>	<u>913,539</u>	<u>6,465,430</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,866,568</u>	<u>\$ 1,157,829</u>	<u>\$ 4,024,397</u>

WORLD COCOA FOUNDATION, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services					Supporting Services			
	Field Programs	Monitoring & Evaluation	Grants	Partnership Meetings	Total Program Services	Management and General	Corporate Affairs	Total Supporting Services	Total Expenses
Personnel	\$ 1,037,141	\$ 229,206	\$ 54,763	\$ 18,003	\$ 1,339,113	\$ 835,528	\$ 1,182,309	\$ 2,017,837	\$ 3,356,950
Consultants	164,685	753,307	797,093	90,903	1,805,988	355,640	787,546	1,143,186	2,949,174
Travel	136,875	27,119	26,537	279,430	469,961	120,505	329,401	449,906	919,867
Legal fees	-	-	-	-	-	494,423	12,187	506,610	506,610
Office expenses	29,737	3,745	81	72,587	106,150	254,029	10,059	264,088	370,238
Occupancy	5,690	-	-	-	5,690	351,355	9,453	360,808	366,498
Information technology	-	11	-	-	11	282,588	76,925	359,513	359,524
Credit losses	-	-	-	-	-	240,905	-	240,905	240,905
Supplies	48,704	-	-	15,083	63,787	30	-	30	63,817
Uncollectable contributions	-	-	-	-	-	11,912	-	11,912	11,912
TOTAL	\$ 1,422,832	\$ 1,013,388	\$ 878,474	\$ 476,006	\$ 3,790,700	\$ 2,946,915	\$ 2,407,880	\$ 5,354,795	\$ 9,145,495

See accompanying notes to consolidated financial statements.

WORLD COCOA FOUNDATION, INC. AND AFFILIATE

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (2,441,033)
Adjustments to reconcile changes in net assets to net cash used by operating activities:	
Change in allowance for uncollectable contributions	4,166
Change in allowance for credit loss	240,905
Depreciation and amortization of property and equipment	44,840
Loss on disposal of property and equipment	33,325
Amortization of right-of-use asset	123,199
Loss on lease modification	107,601
(Increase) decrease in:	
Contributions receivable, net	(142,129)
Accounts receivable, net	(6,385)
Prepaid expenses	20,457
Increase (decrease) in:	
Accounts payable and accrued liabilities	470,320
Deferred revenue	77,089
Operating lease liability	<u>(321,889)</u>
Net cash used by operating activities	<u>(1,789,534)</u>
Net decrease in cash and cash equivalents	(1,789,534)
Cash and cash equivalents at beginning of year	<u>6,763,411</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 4,973,877</u></u>

SUPPLEMENTAL INFORMATION

Taxes Paid	<u><u>\$ 42,416</u></u>
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SCHEDULE OF NONCASH TRANSACTIONS

Right-of-Use Asset	<u><u>\$ 460,360</u></u>
Operating Lease Liability for Right-of-Use Asset	<u><u>\$ 460,360</u></u>

WORLD COCOA FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

World Cocoa Foundation, Inc. (WCF) was incorporated in 1994 in accordance with the laws and regulations of the Commonwealth of Virginia. WCF is an international membership organization whose vision is to be a catalyst for a thriving and equitable cocoa sector that collaborates to improve farmer income, reverse deforestation, and combat child labor. WCF's members include farmer cooperatives, cocoa processors, chocolate manufacturers and supply chain companies worldwide, and represent more than 80% of the cocoa sector.

WCF's mission is to promote collaboration among its members and beyond to strengthen the sustainability of the cocoa sector and improve the livelihoods of cocoa farmers and cocoa farming communities. WCF's mission is accomplished through the pursuit of the following three key strategies:

- facilitating and convening stakeholders within the cocoa and chocolate sector;
- supporting members' sustainability programs; and
- co-creating and leading collaborative programs to address systemic issues and enable WCF members to deliver more impact at scale.

WCF's unique position at the centre of the cocoa and chocolate sector enables the creation of strategic relationships and collaborative programs with cocoa farming communities, Governments and civil society that deliver transformative impact and systemic reform. WCF's activities are funded primarily through contributions and membership dues. WCF operates in the United States of America, West Africa, Europe, and South America. In West Africa, WCF has branch offices in Ghana and Côte d'Ivoire.

Stichting World Cocoa Foundation, Inc. (Stichting) was incorporated in 2023 as a non-profit corporation in accordance with the laws and regulations of the Netherlands. Stichting is controlled by WCF through common management.

Program Services -

Field Programs: Field programs include various country engagement and policy dialogue such as Cocoa Forest Initiative, Greenhouse gas studies, Social development, and gender policy.

WCF's flagship program is the Cocoa and Forests Initiative (the initiative), which is the first and largest sector wide public-private partnership in the cocoa sector. The initiative represents a ground-breaking commitment to transforming the cocoa industry by stopping and reversing deforestation and increasing forest restoration.

At the November 2017 United Nations Climate Change Conference (COP23), in coordination with the Prince of Wales (now King Charles III), the Governments of Côte d'Ivoire and Ghana and leading chocolate and cocoa companies signed the Cocoa & Forests Initiative Frameworks for Action, which established the groundwork for the public-private partnership platform by outlining commitments to drive sector wide progress toward zero deforestation as well as alignment to ensure common definitions, data and regulations. Thirty-six WCF member companies, representing 85% of global cocoa use, have signed the Frameworks for Action for Côte d'Ivoire and Ghana.

Field programs in West Africa include public-private engagement and investment, sector-wide systemic intervention, and active involvement from the Governments of cocoa-producing countries.

WORLD COCOA FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Program Services (continued) -

Monitoring & Evaluation: Monitoring and evaluation activities occur in various countries and include climate focused programs, forest impact monitoring, household income study, land use mapping, and sustainability benchmarks.

Grants: – With support from WCF, in October 2018, leading members of Brazil's chocolate and cocoa sector launched CocoaAction Brazil to address a range of sustainability issues in that country's cocoa sector. CocoaAction Brazil is a coalition that works to find solutions that increase productivity, improve the quality of Brazil's cocoa, control pests and diseases, improve farmers' living and working conditions, strengthen farmers' organizations, and support sustainable forest-positive cocoa production systems.

Partnership Meeting: The Partnership meeting unites cocoa farmers and experts from companies, Governments, academia, civil society, and media in a single forum for discussion on shared challenges, progress, and learnings on sustainability in a conducive dialogue centered on alignment for global action. The conference takes place each year in a different country, one with either producer or consumer ties to cocoa. The Partnership Meeting is the leading global event focused on cocoa sustainability and provides a platform for all representatives of the cocoa supply chain. However, because of political tensions in the host country of Ghana, WCF did not hold a partnership meeting during the year ended December 31, 2023.

Supporting Services -

Management and General: Management and general services include expenditures related to administrative and governance activities, maintaining the organization's infrastructure and human assets, and managing the organization's financial responsibilities.

Corporate Affairs: Corporate affairs services include communications to the membership, stakeholders, and the general public about the efforts of the organization to promote collaboration amongst our members and beyond, building impactful solutions for a more sustainable cocoa sector.

Principles of consolidation -

The accounts of WCF and Stichting (collectively, WCF) have been consolidated in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-profit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

WORLD COCOA FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Basis of presentation (continued) -

- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and cash equivalents -

WCF considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000 per bank. WCF typically maintains cash balances in excess of the FDIC insurance limits. However, management believes the risk of loss due to bank failure to be minimal as the deposits are held with reputable financial institutions with low risk of insolvency.

WCF had approximately \$178,000 of cash and cash equivalents held at financial institutions in foreign countries as of December 31, 2024. The majority of cash and cash equivalents held in foreign countries are uninsured.

Contributions receivable, net -

Contributions receivable include unconditional promises to give that are expected to be collected within one year. Contributions receivable are recorded at net realizable value, which approximates fair value. WCF reviews contributions receivable for collectability on a periodic basis. Each receivable balance is assessed based on management's knowledge of and relationship with the donor and the age of the receivable balance. As a result of these reviews, receivable balances for which collection is deemed doubtful are charged to loss on uncollectible contributions and an allowance is recorded. The allowance for doubtful contributions receivable totaled \$4,166 as of December 31, 2024.

Accounts receivable, net -

Accounts receivable primarily consists of amounts due within one year related to 2024 membership dues for services performed through December 31, 2024. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. The allowance for credit losses totaled \$240,905 as of December 31, 2024.

Property and equipment -

Property and equipment in excess of \$5,000 are capitalized and stated at cost. Property and equipment are depreciated or amortized on a straight-line basis over the estimated useful lives of the related assets, generally five to seven years.

WORLD COCOA FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Property and equipment (continued) -

Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense is included in Occupancy in the Consolidated Statement of Functional Expenses and totaled \$44,840 for the year ended December 31, 2024.

Income taxes -

World Cocoa Foundation, Inc. WCF is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code (IRC), as an organization described in IRC Section 501(c)(3). WCF is a qualifying domestic private foundation under Section 509(a) of the IRC. Therefore, WCF is subject to excise tax on its net investment income, which consists of interest income earned on cash and cash equivalents. WCF's tax expense totaled \$42,416 as of December 31, 2024.

Stichting World Cocoa Foundation, Inc. (Stichting) operates as a business in the Netherlands that is generally subject to corporate income tax. However, not all stichtingen are required to pay corporate income tax, particularly those without commercial activities or with very small profits. Exemptions exist for foundations with taxable profits not exceeding €15,000 in a year, or exceeding €15,000 but with a total of €75,000 over the last five years. Additionally, foundations that are registered as a public benefit organization and are primarily involved in philanthropic activities may be exempt from corporate income taxes in the Netherlands.

Support -

WCF receives contributions from members and other donors. Contributions are recognized in the appropriate category of net assets in the period received. WCF performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For amounts qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed purpose restrictions or satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are reported as net assets with donor restrictions in the accompanying consolidated financial statements.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. WCF had no refundable advances as of December 31, 2024.

In addition, WCF also obtains funding source agreements related to conditional contributions, which will be received in future years. WCF had no unrecognized conditional contributions to be received in future years as of December 31, 2024.

WORLD COCOA FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Revenue from contracts with customers -

WCF's most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606 include 1) membership and 2) registration fees and sponsorships. Revenue from contracts with customers is recorded when the performance obligations are met. WCF has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on sales price.

Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. WCF's contracts with customers generally have initial terms of one year or less.

Membership dues are on a calendar year basis and are recognized ratably over the membership period since there are no distinct performance obligations and the general member benefits are considered a bundled group of performance obligations that are delivered to members throughout the membership period.

Revenue from registrations and sponsorships is recognized over the period of time when the related events are held.

Contributed nonfinancial assets -

Contributed nonfinancial assets are recorded at their fair value as of the date of the gift and consisted entirely of contributed consulting services, which are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by WCF. None of the contributed nonfinancial assets were restricted by donors. The consulting services were provided to support the partnership meetings program and has been included in Consultants expense in the Consolidated Statement of Functional Expenses.

Foreign currency -

The U.S. Dollar is the functional currency for WCF's worldwide operations. Transactions in currencies other than U.S. Dollars are converted into U.S. Dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into U.S. Dollars at the exchange rate in effect at the date of the Consolidated Statement of Financial Position.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing WCF's programs and supporting services have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services that benefited. Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefited more than one functional area, such as personnel costs, were allocated based on estimated time and effort.

WORLD COCOA FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

2. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets consisted of accounts receivable related to exchange transaction revenue. Accounts receivable consisted of the following as of December 31, 2024:

Membership	\$ 271,492
Less: Allowance for credit losses	<u>(240,905)</u>
ACCOUNTS RECEIVABLE, NET	<u>\$ 30,587</u>

The beginning balance of accounts receivable also related to membership dues which totaled \$265,107 as of January 1, 2024.

The allowance for credit losses consisted of the following as of and for the year ended December 31, 2024:

Additions (charges to expenses)	\$ <u>240,905</u>
ALLOWANCE FOR CREDIT LOSSES, END OF YEAR	<u>\$ 240,905</u>

Contract liabilities consisted of deferred revenue related to registrations and sponsorships which totaled \$152,089 as of December 31, 2024. The beginning balance of deferred revenue also related to registrations and sponsorships which totaled \$75,000 as of January 1, 2024.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2024:

Equipment	\$ 40,567
Vehicles	<u>199,515</u>
Total property and equipment	240,082
Less: Accumulated depreciation and amortization	<u>(132,228)</u>
PROPERTY AND EQUIPMENT, NET	<u>\$ 107,854</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2024:

Subject to expenditure for specified purpose:	
Cocoa Action Brazil	\$ 756,161
ILO	281,250
ProForest	79,472
Ghana	22,133
Social Development	<u>18,813</u>
NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 1,157,829</u>

WORLD COCOA FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

4. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets released from donor restrictions consisted of the following during the year ended December 31, 2024:

Purpose restrictions accomplished:	
Cocoa Action Brazil	\$ 855,520
ProForest	75,776
VSLA	60,641
Ghana	41,550
Social Development	<u>983</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 1,034,470</u>

5. LIQUIDITY AND AVAILABILITY

WCF's working capital and cash flows mainly come from contributions and membership dues. WCF manages its liquidity and reserves by following these guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves in cash and cash equivalents to provide reasonable assurance that its obligations will be discharged. Annual cash receipts have been fairly consistent year-to-year and may be affected by the timing of collections of contributions receivable.

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date consisted of the following as of December 31, 2024:

Cash and cash equivalents	\$ 4,973,877
Contributions receivable, net	427,451
Accounts receivable, net	<u>30,587</u>
Subtotal financial assets available within one year	5,431,915
Less: Net assets with donor restrictions	<u>(1,157,829)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 4,274,086</u>

6. LEASE COMMITMENTS

WCF has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. WCF has also elected to use a risk-free rate as the discount rate as allowed under FASB ASC 842. WCF has also elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing leases and has not recognized the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

WCF amended its operating lease for office space in Washington, D.C. and the amended terms of the leases were effective on August 1, 2024. The amended office lease expires in December 2031. The office lease includes escalation of base rentals which is being amortized on a basis to achieve straight-line rent expense over the life of the lease.

WORLD COCOA FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

6. LEASE COMMITMENTS (Continued)

As a result of the amendment, WCF recorded lease modification costs which included the following for the year ended December 31, 2024:

Termination fee	\$ 118,903
Loss on termination	107,601
Loss on disposal of property and equipment	33,325
Moving costs	<u>10,275</u>

LEASE MODIFICATION COSTS	<u>\$ 270,104</u>
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In addition to writing off the old right-of-use asset and operating lease liability as a result of the amendment, WCF recorded a new right-of-use asset and operating lease liability each totaling \$460,360 as of December 31, 2024. The net present value of the new operating lease liability was determined using a discount rate of 3.70%.

WCF also has operating leases for its branch offices in Ghana and Côte d'Ivoire. Rent for the branch office in Ghana was paid in advance and the lease terminates September 30, 2025. Rent for the branch office in Côte d'Ivoire was also paid in advance and the lease terminates March 1, 2025.

For all leases, WCF's lease cost is included in occupancy expense in the Consolidated Statement of Functional Expenses and totaled \$145,355 for the year ended December 31, 2024. For all leases, cash paid totaled \$124,929 for the year ended December 31, 2024.

The following is a schedule of the future minimum lease payments due under the operating lease for the office in Washington, D.C., net of imputed interest, as of December 31, 2024:

Year Ending December 31,

2025	\$ 22,642
2026	92,077
2027	95,763
2028	99,593
2029	103,577
Thereafter	<u>116,903</u>
Subtotal	530,555
Less: Imputed interest	<u>(64,491)</u>

OPERATING LEASE LIABILITY	<u>\$ 466,064</u>
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7. RETIREMENT PLAN

WCF sponsors a defined contribution plan (the Plan) covering all U.S. employees at least 21 years of age with at least six months of service. Eligible employees may elect to defer and contribute to the Plan a portion of their compensation in amounts up to the maximum permitted by law. WCF currently matches elective employee contributions to the Plan each year up to 4% of the participant's compensation. In addition, WCF makes a profit-sharing contribution of 10% of all eligible employees' compensation on a five-year graded vesting schedule. WCF's contributions to the Plan totaled \$58,500 for the year ended December 31, 2024.

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8. CONCENTRATION OF SUPPORT AND REVENUE

A substantial portion of WCF's support and revenue is derived from seven of WCF's largest members, which provide both membership dues and contributions. Approximately 96% of WCF's total support and revenue for the year ended December 31, 2024, was provided by the seven largest members. WCF has no reason to believe that these relationships with its members will be discontinued in the foreseeable future. However, any interruption of these relationships would adversely affect WCF's ability to finance ongoing operations.

9. FOREIGN OPERATIONS

WCF has branch offices and conducts operations in Ghana and Côte d'Ivoire. WCF maintains cash accounts and property and equipment in each country. The future of these operations may be adversely affected by a number of potential factors, such as currency devaluations, terrorist activity or changes in the political climate. WCF assets, such as cash and property and equipment, located in these countries totaled approximately \$378,000 as of December 31, 2024. In addition, WCF's gain on foreign currency exchange totaled \$38,712 for the year ended December 31, 2024.

10. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, WCF has evaluated events and transactions for potential recognition or disclosure through June 17, 2025, the date the consolidated financial statements were issued.