

# COOL EARTH ACTION

## Annual Report 2020

Cool Earth Action  
Company number: 06053314  
Charity number: 1117978

This Annual Report includes the Trustees' Annual Report, the Auditor's Report and the Financial Statements for the year ended 31 January 2020.

COOL EARTH ACTION  
TRUSTEES' ANNUAL REPORT  
for the year ended 31 January 2020

The trustees present their report and the financial statements for Cool Earth Action (also known as and referred to as "Cool Earth") for the year ended 31 January 2020.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association of the charitable company, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

## OBJECTIVES AND ACTIVITIES

Cool Earth is a network of community led conservation partnerships. It works alongside people living in rainforests to demand and deliver its protection. Cool Earth's founding principle is that people who live in rainforests must determine its future. Without this, rainforest destruction will remain a key driver of the climate crisis.

Cool Earth was created in 2007 to provide grant funding to rainforest communities and NGOs that work alongside them. The charity has worked to protect at-risk forest and ensure the voices of people who live in rainforest lead decisions that affect their future.

The essential role that rainforest protection plays in addressing the climate crisis becomes clearer each year. So too does the realisation that the conservation sector has contributed to the abuse and disenfranchisement of people who live in rainforest.

Cool Earth has strived to put its planning, its decisions and its spending in the hands of people who live in rainforests and to ensure power lies within communities themselves. Progress has been made but there is still much to do.

Above all, six core values must become embedded into everything Cool Earth does:

- People who live in rainforest determine its future;
- Funding decisions are planned, led and implemented by rainforest communities;
- Conservation leadership is from the ground up and is not imposed by Cool Earth or partner NGOs;
- Conservation funding is a transaction that has consequences beyond its monetary value. As such, each transaction must be fair and transparent;
- The use of evaluation and monitoring technologies must serve communities, to enhance our understanding of emerging threats to the forest through an equal exchange of knowledge.
- When Cool Earth is privileged to have a presence in a community, it keeps intervention to a minimum.

### *Public Benefit*

Under Section 17 of the Charities Act 2011, the trustees have followed the Charity Commission's guidance on public benefit. Cool Earth aims to achieve the following objectives:

- To provide grant funding to rainforest communities to support their work in protecting at-risk forest, and ensure their voice is heard in agreements that affect the future of rainforest; and
- To promote a greater recognition that local leaders and communities must lead and be rewarded for the development of strategies to address the role destruction of the natural world plays in the climate crisis.

*Benefits and beneficiaries*

The charity strives to promote sustainable development for the benefit of the public. In doing so, the charity provides the following range of benefits:

- Preventing the destruction of rainforest through community-led conservation;
- Protecting habitats for rainforest biodiversity;
- Mitigating climate change through preventing the release of CO<sub>2</sub> from deforestation;
- Building capacity in rainforest communities; and
- Educating the general public on the importance of rainforest protection.

These benefits are, in particular, provided to the following range of beneficiaries:

- Rainforest communities in South America, the Democratic Republic of the Congo and Papua New Guinea; and
- The general public, schools and educators across the UK and internationally.

*Trustees' assessment of public benefit*

In monitoring the progress of the charity in terms of delivery of public benefit, the trustees use the following measures of success and gather evidence accordingly:

- Participating in partnerships to protect rainforest at risk of destruction and degradation;
- Evaluating the effectiveness of community investments in livelihoods, access to healthcare and education and participation in civil society; and
- Assessing and measuring the amounts of forest protected and quantities of carbon stored by each partnership through satellite mapping and ground surveying.

ACHIEVEMENTS AND PERFORMANCE

Consolidation was the key feature of 2019 for Cool Earth. Recently created partnerships were bedded down through considerable investment in financial sustainability, safe-guarding and evaluation. The funding base of the organisation and its US affiliate grew and diversified to prepare for further partnership additions in 2020. Above all, the conclusions of the strategic review that was completed in 2018 was implemented across the organisation.

This review reiterated four key assumptions that have guided Cool Earth since its establishment:

- Protecting rainforest is an essential climate action and one of the only strategies that can feasibly be delivered by 2030 to avoid catastrophic climate change.
- The impact of rainforest conservation must be improved, and research conducted to establish what works, in what context and at what price.
- "Community-led" must mean "community-controlled."
- Evaluated approaches drive scale and replication.

Of these, the reorganisation of planning, spending and implementation to ensure power and leadership sit within communities remains the most urgent and the most challenging. As the review of partnership activities demonstrates, much progress has been made and much remains to be done. A particular priority has been the agreement between Cool Earth and people living in rainforests. The structure of the agreements that bind the partnerships together have always protected the rights of communities. Providing the resources and capacity to have these rights exercised is equally important however and this is the subject of growing investment.

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Each year sees the quality of satellite data available to Cool Earth's Forest Impact team grow. This provides greater insights into the threats that the rainforest canopy faces and the impact of the conservation partnerships. The data can however be complex to process and unwieldy to use at village meetings. Training in how satellite data can be used and how it must be "ground-truthed" was carried out in Peru and Papua New Guinea. This helped introduce the datasets that Cool Earth is using and calibrate the canopy analysis models.

For its income Cool Earth continues to depend on a diverse range of supporters from over 30 nations. A focus on community centric strategies and data rich evidence of impact remains at the heart of Cool Earth's case for support. This approach continues to appeal to the Effective Altruist community who remain generous and growing supporters of Cool Earth. Trusts and foundations have also grown as a proportion of funders thanks in part to the compelling record of impact across partnerships.

## PARTNERSHIP DEVELOPMENT

### PERU

In 2019, Cool Earth's Peru team embarked on a strategic journey to accelerate its move away from traditional development conservation models and address rainforest conservation through more holistic approaches. Although most of Cool Earth's historic projects remain active, projects need to be co-designed with indigenous partners to enhance their resilience, rights and wellbeing. This prerequisite is fundamental in the search for more efficient and impactful rainforest conservation.

#### ASHANINKA

*Location: Rio Tambo, Junin Province, Peru*  
*Forest type: Tropical rainforest*  
*Villages: 20*

#### Camantavishi

In 2019, Camantavishi received £5,000 from Cool Earth, which they invested in health and emergencies, education, community infrastructure (water access and electricity), administrative support and loans to community members. The bridge fund is the only active project in Camantavishi and, as such, monthly financial training (planning, accounting and reporting) is facilitated by Cool Earth staff.

#### Cutivireni

In 2019, Cutivireni received £29,000 from Cool Earth, which they invested in health and emergencies, education, institutional strengthening of the community association (TSIMI) and producer association (AYOMPARI), community infrastructure and services, administrative support, agricultural activities (cacao and coffee) and unforeseen expenses.

During the year, field teams conducted surveys and evaluations of its cacao and coffee projects to assess beneficiary buy-in. As a result, of the 202 participants in the cacao project in 2018, only 100 were identified as active. 81 cacao producers attended workshops on plot diagnosis and 68 received training on pruning techniques. The coffee technician facilitated 100 one-to-one training sessions and conducted 6 group workshops with 26 coffee producers in Cutivireni.

#### Oviri

In 2019, Oviri received £17,400 from Cool Earth, which they invested in health and emergencies, education, institutional strengthening of the community association (IYARE), community support and services, agricultural activities and administrative support and loans. As per Camantavishi, Oviri only receives support from the bridge fund. Monthly financial training and support is facilitated by Cool Earth's field officer.

#### Parijaro

In 2019, Parijaro received £8,200 from Cool Earth, which they invested in health and emergencies, education, community and administrative support, agricultural activities and unforeseen expenses. The coffee technician facilitated 22 one-to-one training sessions and conducted 6 workshops with 17 coffee producers.

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AWAJUN

*Location: Amazonas Province, North Peru*

*Forest type: Tropical rainforest*

*Villages: 6*

Huaracayo

In 2019, Huaracayo received £9,500 from Cool Earth, which they invested in health, education, administrative and community support and agricultural support. Additionally, 75 one-to-one training sessions were conducted by the cacao technician, as well as 12 workshops. Similarly, the fish farming technician conducted 78 one-to-one training sessions and 12 workshops. The inga technician provided support to six beneficiaries and assessed its evolution. Support was also provided to the women's handicrafts cooperative, TEESH, the agricultural school and the fish reproduction centre.

Urakuza

In 2019, Urakuza received £17,000 from Cool Earth, which they invested in education, administrative and community support, agricultural activities and handicrafts. The cacao technician conducted 263 one-to-one training sessions and ran 13 workshops. Fish farmers benefited from 159 one-to-one training sessions and 12 workshops. The inga technician continued providing assistance to the 11 inga beneficiaries in Urakuza. Additionally, Cool Earth continued supporting the women's handicrafts cooperative, AMARNO, so that they could participate in national fairs to sell their products.

Although each context is specific, many of Cool Earth's challenges in the field can be seen in all its partnerships. 2019 was disruptive in terms of staff turnover at all levels (Lima, regional offices and field technicians) which meant that activities were delayed or readjusted. Additionally, support to communities, especially cash giving, had to be reassessed to comply with Peruvian law and mitigate any risks of corruption, which meant that payments from 2018 had not reached communities and had to be budgeted and accounted for in 2019. Reassuring Peruvian institutions whilst explaining these issues to indigenous partners was particularly strenuous for Cool Earth's field teams.

A specific challenge to the Asháninka partnerships is their remoteness which makes income generation and access to basic services particularly difficult. The Awajún have their own set of challenges. One in particular is the divisions within their committees as to whether they wish to continue collaborating with Cool Earth (i.e. Kayants wishing to exit partnership before coming back on their decisions), mainly because small-scale commercial logging is, for many community members, a source of income but not encouraged by Cool Earth projects.

One of the greatest challenges, which also makes these projects incredibly appealing, is the field's unpredictability and dynamism. Each day is different and brings a new set of ideas and obstacles (i.e. poisoning in Parijaro in September 2019) which often need to be addressed intuitively.

Research shows that small scale agriculture is the largest driver of deforestation in the Amazon. It also shows that indigenous self-determination, -empowerment and -sufficiency is the key to greater conservation action. As a result, 2020 will look to improve Cool Earth's agricultural projects to include regenerative concepts, explore food sovereignty and co-design its implementation with indigenous partners, and build a self-sustaining network of local partners to promote indigenous rights and advocacy. Cool Earth hopes that these three objectives will further increase indigenous resilience to threats.

## PAPUA NEW GUINEA

### MILNE BAY

*Location: Milne Bay, South East PNG*

*Forest type: Tropical rainforest*

*Villages: 17*

#### Gadaisu

Work on the Forest Agreement project has been developing in Gadaisu through 2019 and into 2020. After concerns were raised by some residents about the committee mispending funds, Forest Agreement cash was distributed to each household in May 2019, instead of to the committee. This allowed people to address their individual needs and ensure that marginalised people were recognised in the Cool Earth partnership. 65% of households spent this on basic necessities and health care for their families; these are two of the biggest cash needs in Gadaisu, which without Cool Earth may be met through logging or selling palm oil.

After working closely to improve committee governance, Forest Agreement cash was given to them in the second half of 2019. This was spent on school and college fees and given to small businesses to start up or grow. However, little progress has been made by the businesses and they have requested that Cool Earth provides business and financial management training in 2020.

Assessment of the committee spend, and interviews with residents revealed that families not connected to the committee were not included in decision making. Therefore in 2020, we will be exploring working with the Ward Development Committee, an elected body in the local government structure, to develop infrastructure that will benefit more of the families in Gadaisu. Under consideration is financing an aid post, which the Public Health Authority have been planning for several years. This would address a shared need for the people in Gadaisu and strengthen their relationship with the local government and administration, who can support conservation and land use decisions. The Aid Post would also serve Sololo, so promote integration between wards, including clans and ward councillors.

#### Wabumari

Ongoing water and sanitation work in Wabumari was supported in 2019 with three community members travelling to Goroka to learn to build pit toilets. The committee had previously used the forest agreement cash to build eight water tanks in the villages, so following this up with waste management training was the next step to improve health in the area. Since the training, the builders are now able to gain employment by building the toilets in other villages and recently have been asked to use their skills to help build a new sanitation block at the local health centre. This block is being financed by Cool Earth and the Public Health Authority to address the outbreak of Covid19 in PNG.

In 2019, the intact nature and biological diversity of Wabumari's forest attracted interest from ecology researchers from the University of Goroka, and biology students from Port Moresby International School. Visits from these people brought income to 27 families in Wabumari from hosting and guiding. Two landowners took steps to mark areas of their land for protecting – not gardening. Youths in particular were motivated to be more involved with conservation since they were involved in this skill sharing between local knowledge and academia.

The success of these visits led to the community requesting help to establish conservation plots and an opportunity for us to support people to develop this model of conservation, learning and income generation. This model of parabiology and research-based ecotourism has been successful in other areas in PNG, and we are seeking experts and collaborators to help deliver this to our partners in Wabumari. From 2020 onwards, mapping and research will help determine the plots to designate for conservation in terms of their value to the ecosystem, carbon protection and scientific interest to research visitors.

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Sololo and Wadauda

From spring 2019 to summer 2020 the first year of the Education project was completed. This provided adults with primary level literacy and numeracy and valuable life skills of sewing, cooking, keeping livestock and maintaining a healthy family and environment. This project, delivered by local organisation Community Service Consultancy Inc (CSC), improves the skills, access to services and support networks for people in Sololo. This increases their capability to strengthen livelihoods and improves wellbeing by supporting the basic human necessities of feeling capable to determine one's own path.

Of the 14 people that enrolled, 13 graduated and 38% of learners scored A-C in literacy and numeracy tests. CSC Inc. aims to increase this to 50% in the next year of training. The graduation ceremony in June involved the whole village, residents from other Cool Earth partnerships and local level government representatives.

We will be continuing this for five years, to allow adults to get primary level literacy and numeracy. Learners can re-take years or join at any point to allow inclusion of groups who have other responsibilities. The life skills sessions, in particular, often have a lot of people joining and working together.

In 2020 onwards, with the advice from staff in the new role of Forest Project Coordinator, environmental awareness will be added to the modules delivered by CSC. This will help people in Sololo understand the core aims of Cool Earth and their role in the partnership. Teaching will be at a level accessible to the people living there, designed with practical aspects to enhance conservation in gardening and waste management practices. A strong relationship has been developed between CSC and people in Sololo and outreach from here has led to a neighbouring village, Wadauda, wanting to join a Cool Earth partnership. Despite motivation in Sololo to resist logging, there is still a risk that people might turn to timber trade if poverty cannot be alleviated and they do not feel empowered to refuse extractive companies. Sololo village is small and does not hold much influence in the area without the rest of the Ward's villages and voices to work with. Expanding our work to include Wadauda will increase the power of local voices opposing timber extraction within the Ward. This expansion will be explored over the next 2-3 years, starting with consultation to build an agreement aligning conservation with livelihood improvement aims.

MOZAMBIQUE

MOUNT NUMALI

*NGO Partner(s): Legado, Nitidae, LUPA*

*Location: Gurue District, Zambezia Province*

*Forest type: Tropical dry forest*

*Community members: 10,000*

*Villages: 10*

Project activities have included technical training sessions in beekeeping and conservation agriculture, meetings and workshops to help establish conservation agreements, Legacy leadership training, and educational and awareness raising activities for conservation.

Four Natural Resource Management Committees were trained, involving 219 people of whom 69 were women. These were held with the local District Government and local leaders. This included capacity building covering topics such as Leadership, Mozambican Land and Conservation Law, and Natural Resource Management. Natural Resource Committee leaders have initiated the planting of 40 acacias in public areas in Mucunha and Murrabue.

Alternative livelihood generation and sustainable agriculture: Beekeeping training has resulted in 16 successfully occupied beehives. Two participatory workshops including 40 tomato producers were conducted to better understand production costs and market access constraints. 51 bean producers were given technical support and completed market access surveys. Six participatory trainings with 26 producers to better understand traditional conservation practices and provide them with the tools they need to independently design solutions to their problems.

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An innovative Agrarian Diagnostic was conducted in 2019 providing a robust understanding of alternative crops to increase incomes while decreasing deforestation risk. This has informed the identification and implementation of technical interventions to help local producers reduce deforestation. These findings will be shared with the Agricultural Research Institute of Mozambique, a great example of the way the Cool Earth's Rainforest Network hopes to share knowledge and scale impact.

The main challenge has been the resistance of community members from two villages to participate in programme activities. We will work with them via our Legacy Leadership programming to determine what would signify commitment from the project to have them support the forest.

The installation of apiaries was found to be logistically difficult, due to the topography of the Namuli mountain communities, resulting in 20 instead of 40 beneficiaries receiving training.

In 2020 we will work with communities to develop a community vision that will be used in defining land-use planning, leadership, and management of the potential Community Conservation Area. The objective of this is to delimit the boundaries of Namuli, including four key communities for a community conservation area, as well as the delimitation of 4000 individuals' household plots.

DEMOCRATIC REPUBLIC OF THE CONGO

LUBUTU

*NGO partner: Fauna and Flora International (FFI)*

*Location: Maniema Province*

*Forest type: Tropical rainforest*

*Community members: 12,900*

*Villages: 46*

The Lubutu partnership has a 30-year long-term goal of creating *'Stable or increasing populations of Grauer's gorilla and other key species in a connected healthy landscape, protected in effectively managed designated areas by empowered local stakeholders in alignment with the Eastern DRC Great Ape Conservation Action Plan.'*

Cool Earth has supported this work since 2013 to empower local communities to protect their forest. In the last few years this has particularly focused on much needed fuel-efficient stove programmes. These aim to reduce degradation of forest from fuel wood collection, as well as helping to improve health and wellbeing of families across the partner villages.

Work continues to scale up use of fuel-efficient stoves among the local communities of REGOLU and REGOMUKI, and the demand is still high. Over 611 households were reached in 2019 with training on the construction and use of fuel-efficient stoves in DRC, surpassing the target of 500. Training in construction and use of the stoves this year has been successful at engaging men to highlight the benefits of the stoves, a necessity which the project relies on as men lead in the construction of the stoves within their households.

Recent challenges have included lack of equipment to support construction, and destruction of houses due to rambling wildlife and weather conditions. This has led to an additional focus on coal-efficient portable braziers, allowing women to take them to markets. Currently ten individuals have been trained on their fabrication, which ultimately will create employment and therefore create additional benefits and incentives for perpetuity. The target is to produce an initial 200 stoves.

In 2020 we will continue the expansion of energy-efficient stoves to the largest town in the area and a major user of firewood, and development of coal-efficient portable braziers which has recently started. The ultimate aim of the training is to equip local people with the skills they need such that the fabrication and sale of fuel-efficient stoves, and ultimately portable braziers, can become a viable livelihood option.

## CAMEROON

### MUANENGUBA

*Location: Bakossi Reserve and Banyang-Mbo, Koupe-Muanenguba Division, Southwest Region*

*Forest type: Tropical mountain system*

*Community members: 10,000*

*Villages: 5*

The Muanenguba partnership, described locally as the *Rise for Nature* programme, aims to improve indigenous livelihoods, conserve biodiversity, and protect rainforests.

Follow-up training in agroforestry for livelihood improvement and rainforest protection and restoration was provided by CCREAD and the Ministry of Agriculture and Rural Development to 30 representatives across the 5 communities. They were educated as potential trainers expected to pass on the knowledge to their community members.

Farming tools were distributed, benefiting at least 1,500 people directly. This is intended to increase farmers' profits by enabling better yields to sell crops at market.

In April 2019 a training workshop on beekeeping initially planned for 50 participants, had 117 participants, of which 46 were women while 71 were men. Later in the year a further 53 participants were trained. A total of 107 families were supported with two hives each in this initial phase of the project totalling 214 hive installations. A total of 145 hives have fully colonized and produced honey. Evaluation results found that the number of women and youth taking an interest in beekeeping is on the rise in the communities.

A total of 278 cocoa farms covering over 12,680 hectares are being regenerated to contribute to the restoration of rainforests and the revamping of farms of economic importance within the communities. By June 2019, more than 11,986 cocoa and fruit trees had been transplanted into farms by 157 households from nurseries established in 2018. A further 4-5,000 additional cocoa and fruit trees were planted in nurseries. According to interviews during the evaluation meetings, all 157 households involved indicated to have stopped clearing the forest for farmland expansion. The heads of households confirmed to have saved at least two hectares each from annual clearing.

Due to awareness raising workshops on hunting of endangered wildlife species, a group of young hunters dropped their hunting guns within the community. This was a big success for the partnership as it demonstrated the willingness of community members to protect local wildlife.

An ongoing conflict between separatist groups and government forces continued to cause difficulties in the project area, but CCREAD continue to work hard alongside local communities.

Unfortunately, 40 colonised beehives lost their bees due to excessive rains. The project team were however encouraged that the 145 fully colonised out of 214 is a sign of progress and there is hope that more than 98% of the hives will colonise in 2020.

The success of CREEAD's activities in the area has created popularity and made it difficult for staff to deal with the pressure from other communities and even those within the project communities who have not yet benefited from the activities. Each visit of the project team or experts is mistaken for a trip to select or support new households.

With all projects now set up and designed to be self-sustaining within a few years, 2020 is focused mostly on carrying out frequent monitoring and evaluation to determine outcomes of the activities and to enable top-up support to be provided where needed. The success of the partnership has resulted in a strong call from more than 35 neighbouring communities to join the programme. Cool Earth is now working with CCREAD to determine how best to make the most of the last 2 year's many successes and expand the support.

## CAMBODIA

### CARDAMON MOUNTAINS

*Location: Trat Province, Cambodia*

*Forest type: Tropical rainforest*

*Community members: 3,291*

*Villages: 12*

Cool Earth's newest partnership focuses on the indigenous Khmer Daeum people living in the Cardamom Mountains. It is addressing both human development and biodiversity challenges to strengthen food and income security through non-forest dependent means, and to protect important rainforest habitats and species such as Siamese Crocodiles and Asian Elephants.

Since the partnership began in May 2019, 166 farmers (of which 103 were women) have been trained in chicken raising techniques across two communities to continue to improve food supplies and income.

Farmer Field Schools have undertaken 13 rice farming training sessions in 5 villages reaching 328 farmers (68% women) to improve rice production practices, to increase yields, reduce hunger months and support local seed purification producers. Chicken paravet networks have been set up in two new villages, where trained paravets support their fellow community members to raise chickens. The lemongrass essential oils community enterprise benefited from the preparation of a new distillation unit, to allow them to produce oils to sell to a private buyer.

This work has led to livelihood improvements, with monitoring results showing that between July – September 2019 farmers were earning an extra \$53 on average over three months, to add to their standard household income. One farmer raised \$381 during this period.

To protect and conserve important biodiversity and forest habitats, seven Community Elephant Wardens patrolled more than 732km across three core sites over 46 patrol days and Siamese Crocodile wardens were trained in SMART data collection and supported to patrol the crocodile sanctuaries and surrounding areas.

42 people attended conservation awareness training, including: eight farmers (three women), who are beneficiaries from livelihoods activities (paravets, agri-suppliers, lemongrass enterprise members); and 34 community wardens.

One of the main challenges has been to engage with the community of Jaram (a sub-village of Po Bung). Because of its isolation, the village is very hard to reach in the rainy season.

Plans for 2020 include technical training on rice and poultry, data collection and design of training on nutrition, food safety and sanitation practices. Training for the former, and new, paravets and agricultural suppliers on technical skills, facilitation and business management. Improving the lemongrass essential oil unit. Training advanced farmers on production plans and business management. Continuation of the community-led patrolling and monitoring of key crocodile and elephant habitats. Delivering conservation materials and classes to local schools. Designing and conducting research on the connection between livelihoods and conservation. Releasing more captive bred Siamese crocodiles, to boost the wild population.

## GOVERNANCE, STRUCTURE AND MANAGEMENT

The charitable company is governed by the rules and regulations set down in its Memorandum and Articles of Association dated 15 January 2007.

Cool Earth has two operational hubs in Peru and Papua New Guinea that operate as locally registered organisations. They are regional partnerships that work to ensure local people's rights over the rainforest are exercised. Each hub is led by an in-country senior manager who are members of the Global Leadership Team.

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The Peru Hub is made up of six regional partnerships that include two indigenous nations. It has a team of 18. The PNG Hub is composed of three regional partnerships and has a team of 17.

The Cool Earth network also includes six exceptional locally led organisations that are designing and delivering people-led approaches to forest protection, shaping the future of rainforest conservation in Cameroon, Cambodia, the Democratic Republic of the Congo, Ecuador and Mozambique.

Cool Earth provides support, funding and evaluation for the members of this network. The overall strategic direction of the charity is determined by the trustees, who meet formally two times a year and periodically to address exceptional issues. The trustees are responsible for planning and policy making, and accordingly, all key decisions are referred to and taken by the board of trustees. Day to day management is provided by an executive director based in the UK who is supported by a senior leadership group and a team of 14.

*Company Information*

The trustees of the charity, also the directors of the company, who have held office since 1 February 2019 are as follows:

Ms. Samantha Cohen	(appointed 24 October 2019)
The Rt. Hon. Lord Deben	
Mr. Johan Eliasch	
Mr. Mark Ellingham	
The Rt. Hon. Frank Field MP DL	
The Baroness Jenkin of Kennington	
Mr. Anthony Juniper	(appointed 1 June 2020)
Mr. Johan Rockström	

The principal address of the charity is Tremough Innovation Centre, Penryn, Cornwall, TR10 9TA and the registered office address of the company is 27 Old Gloucester Street, London, WC1N 3AX.

The charity is registered under the charity number 1117978, and the company is incorporated with the company registration number 06053314.

The trustees have made the following professional appointments:

Solicitor:	Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London, EC4R 9HA
Banker:	Barclays Bank, Turro Group, Leicester, LE87 2BB
Auditor:	RSM UK Audit LLP, Highfield Court, Tollgate, Chandlers Ford, Eastleigh, Hampshire SO53 3TY
Accountant:	RSM Tax and Accounting Limited, 3rd Floor, One London Square, Cross Lanes, Guildford, Surrey, GU1 1UN

Mr. Matthew Owen acts in an executive capacity as the Executive Director of Cool Earth Action and is responsible for the day-to-day management of the charitable company. The key management personnel of Cool Earth Action are considered to be Matthew Owen, Dr. Hannah Peck (Deputy Director), Sarb Remphry (HR and Operations Manager) and Lauren Howard (Fundraising and Communications Senior Manager). The remuneration of the key management personnel is decided upon by the board of trustees taking account of performance and the levels of pay in a representative peer group of similar Non-Governmental Organisations.

The trustees are assisted by an Advisory Board of individuals that are neither trustees nor directors.

### *Trustees' Responsibilities*

The trustees, who are the directors of Cool Earth for the purposes of company law, are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company, and of the incoming resources and application of resources, including the income and expenditure of the charitable company, for that period. In preparing those financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

### *Disclosure of Information to the Auditor*

The trustees at the date of approval of this trustees' annual report confirm that so far as each of them is aware, there is no relevant audit information of which the charity's auditor is unaware, and the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that audit information.

### *Method of Recruitment, Appointment, Election, Induction and Training of Trustees*

The original trustees were the founders of the organisation with particular personal interests in attempting to find a way to actively tackle worldwide climate change issues. As and when a future vacancy arises, or should the required mix of skills, experience and knowledge required with the board of trustees change over time, such matters will be considered when recruiting suitable candidates.

In accordance with the company Memorandum and Articles of Association, the minimum number of trustees should not be less than three, but no maximum limit is dictated. It is likely in the future suitable trustee candidates will be identified by the existing trustees or be referred to the existing trustees through the Advisory Board and/or other interested third parties. Appointment as a trustee is by election and requires an ordinary resolution of the members of the charitable company.

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All trustees are made aware of and have access to relevant Charity Commission publications and are regularly briefed by their professional advisers on significant developments within the charity sector that are applicable to the charity's circumstances.

New trustees are provided with both an introduction to the charity, its work and their role within it, and with pertinent copies of paperwork.

*Relationship with Related Parties*

In order to maximise the impact of Cool Earth's activities to support communities to protect rainforest, it is the policy of Cool Earth to develop partnerships with local communities and NGOs. On occasions, Cool Earth has become a significant co-funder of conservation projects with a range of organisations who have been selected on the basis of their experience, record of community engagement and commitment to the aims of Cool Earth. Key partners of Cool Earth over the past year have included Fauna and Flora International, Jempe, Tsimi, Yakolima and Umukai.

A trading subsidiary of Cool Earth exists (Cool Earth Limited) but has never traded and remains inactive.

Cool Earth Action USA Inc. is an affiliated non-profit organisation in the USA that is registered as tax-exempt under section 501 (c)(3) of the federal law of the United States. Cool Earth Action USA Inc. does not share trustees or offices with Cool Earth Action but does contribute directly to Cool Earth Action's programmes.

FINANCIAL REVIEW

*Income and Fundraising*

Cool Earth's income for the year was £3.2 million (2018/2019: £2.5 million) and individuals, businesses and foundations continue to be the primary funding source.

*Financial Results of Activities and Events*

Total income for the year amounted to £3,223,113 (2018/2019: £2,493,609), and total expenditure was £2,697,847 (2018/2019: £2,055,831) resulting in net income of £525,266 (2018/2019: £437,778).

The trustees are satisfied with the financial performance of the charitable company and its financial position at the balance sheet date.

*Reserves Policy*

As of 31 January 2020, the charity had "free reserves" of £3,566,446 (31 January 2019: £2,946,986). Beyond the requirements of a prudent working capital base, since 2011 Cool Earth has been developing a Reserves Fund, so it can realise its commitments to community partners even in the event of an income shortfall.

An initial project reserve of £2.1 million was set as a five-year target, calculated on the basis of 18 months of project funding from 2016. This target had been achieved by 31 January 2017. Since then an assessment has been made each year of the funding requirements of each partnership. The duration of each partnership is assessed in consultation with community partners, their allies and Cool Earth's programming teams and range from two to eight years. The 'free reserves' fulfils the funding requirements for every partnership that Cool Earth has entered in to and allows for additional partnerships to be added in the current year.

At the reporting date, Cool Earth was also holding £79,810 (31 January 2019: £150,341) of restricted funds in reserve.

### *Investments Policy*

The trustees have wide ranging powers to invest the funds of the charity at their discretion and as they think fit. The charity makes use of a Sterling bank account and a US Dollar bank account to hold all the non-reserve funds of the charity as cash so that they are readily available to expend in support of the charity's activities as and when required by the trustees. Reserves are currently held in high interest deposit accounts and should significant funds be received in the future, the trustees will consider suitable investment opportunities.

### *Risk and Corporate Governance Matters*

The trustees recognise that Cool Earth's range of operations in the UK and overseas expose it to a range of risks. In order to manage these risks appropriately and mitigate their impact on the operation and effectiveness of Cool Earth, the trustees have developed a risk strategy that details categories of risk and appropriate management strategies. A risk register is maintained by the Executive Director, which summarises key risks and which the board reviews.

As identified on the risk register, the main risks and the measures taken to mitigate them are as follows:

Risk 1: Natural or human induced hazards, such as floods, forest fires, epidemics and internal conflict impact on Cool Earth's ability to deliver parallel programmes and complete existing partnerships resulting in risk to personal security of staff, partners, assets and resources in country.

Mitigation Action 1: Country Security plans, and escalation processes, are in place to respond, adapt programmes and prepare contingency plans. During this year Hostile Environment Awareness Training was undertaken by key staff and in-country emergency procedures were updated for all Cool Earth's partnerships.

Risk 2: Failure to sustain levels of overall funding for Cool Earth's partnership commitments.

Mitigation Action 2: Cool Earth undertakes annual reviews of our fundraising and communications strategy. These have put in place strategies to diversify income by geography (an increase in non-sterling funds) and source (a more even division between business, individual and trust funders). Regular giving now accounts for 43% of total income (up from 30% in 2018/19) and no single funder represents more than 12% of total income.

Risk 3: Ineffective information flow, failure of internal controls, and a dispersed geography of programmes leads to a risk that funds could be misappropriated or incorrectly recorded and information not being available to make informed decisions.

Mitigation Action 3: Investments in improved accounting systems and the development of standard accounting policies, procedures and definitions are currently being rolled out across all partnerships.

### POST BALANCE SHEET EVENTS

As the 2019/20 financial year closed, Covid-19 was not yet talked of in terms of a pandemic. The pace and virulence of its spread were quickly apparent and thanks to bold decisions by rainforest communities and Cool Earth's local teams, much was done to prepare for the threats it posed. Peru has been the worst hit nation amongst those where Cool Earth operates. Those communities with road links have been affected far more than those able to self-isolate. Tragically, even the rapid responses of people from indigenous communities who are very familiar with the threat posed from infections for which they have no immunity have been hit.

COOL EARTH ACTION  
TRUSTEES' ANNUAL REPORT (Continued)  
for the year ended 31 January 2020

The responses from Cool Earth has been two-fold.

Funds were immediately made available in every partnership to reinforce the resilience of households and villages to the pandemic and its inevitable economic fallout. Personal protective equipment, medical supplies and food have been delivered often through collaboration with local federation and authorities. Seeds and tools have also been distributed in response to requests for help with food security. This is work that Cool Earth is unfamiliar with. As such, the speed and effectiveness of the effort owe much to the advice of/from the organisation's supporters and, in particular, Paul Valentin, former International Director at Christian Aid.

The economic consequences of the pandemic are still unclear, but it can be certain that the global south will be hit hard. The World Bank has estimated that at least 100 million will fall into extreme poverty with a disproportionate number from nations with rainforest. Furthermore, recessions and weakening currencies have consistently triggered spikes in rainforest destruction. One of the biggest contributions Cool Earth can make is therefore consistency of approach and funding.

The second part of Cool Earth response has therefore been to reassure that there will be no impact on the grants, programmes and commitments made to partnerships from the pandemic. This is thanks to Cool Earth's unique reserves policy that pre-funds all partnership work many years in advance. Such a policy was put in place to guarantee that commitments to economically marginal communities would not be rescinded in the face of funding shortfalls. It has served Cool Earth's partnerships well during this difficult period and will continue to set the organisation apart from the troubled legacy of undependable conservation funding.

The effects of the pandemic have inevitably extended to Cool Earth's income. Event driven donations have been hit hardest but the exceptional support of trusts and foundations, combined with an overwhelming response to a Rainforest Resilience Campaign, means revenue exceeds that of last year at the six-month mark. Cool Earth's income is heavily weighted to the final quarter of the year so there is no room for complacency and UK costs have been reduced accordingly without any change to the size of the team.

FUNDS HELD AS CUSTODIAN

Although the charity will maintain restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors, sponsors, and other funders, the charity does not currently hold, and does not intend to hold, any funds as custodian for any third party.

This report was approved by the trustees on 17th Sept..... 2020, and was signed for and on behalf of the board by:

  
..... Trustee  
Ms Samantha Cohen CVO

17.09..... 2020

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COOL EARTH ACTION

### *Opinion*

We have audited the financial statements of Cool Earth Action (the 'charitable company') for the year ended 31 January 2020, which comprise the statement of financial activities, the balance sheet and the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 January 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Conclusions relating to going concern*

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### *Other information*

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Opinion on other matters prescribed by the Companies Act 2006*

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

*Matters on which we are required to report by exception*

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Annual Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

*Responsibilities of trustees*

As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

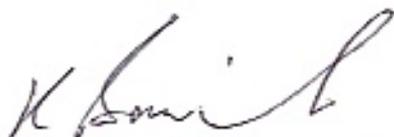
*Auditor's responsibilities for the audit of the financial statements*

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

*Use of our report*

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kevin Barwick (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Highfield Court,  
Tollgate,  
Chandlers Ford,  
Eastleigh,  
Hampshire, SO53 3TY

29 September 2020

COOL EARTH ACTION  
STATEMENT OF FINANCIAL ACTIVITIES  
(including Income and Expenditure Account)  
for the year ended 31 January 2020

	Notes	Unrestricted Funds £	Restricted Funds £	TOTAL 2020 £	TOTAL 2019 £
INCOME FROM:					
Donations and legacies	3	2,879,830	190,450	3,070,280	2,481,657
Charitable activities	4	-	82,983	82,983	1,184
Other trading activities	5	40,647	-	40,647	10,294
Investments	6	29,203	-	29,203	474
TOTAL		2,949,680	273,433	3,223,113	2,493,609
EXPENDITURE ON:					
Raising funds	7	(463,687)	(35,242)	(498,929)	(493,263)
Charitable activities: Project Work	8	(1,811,245)	(387,673)	(2,198,918)	(1,562,568)
TOTAL		(2,274,932)	(422,915)	(2,697,847)	(2,055,831)
NET INCOME/(EXPENDITURE)		674,748	(149,482)	525,266	437,778
Transfer between funds		(78,951)	78,951	-	-
NET MOVEMENT IN FUNDS		595,797	(70,531)	525,266	437,778
RECONCILIATION OF FUNDS					
Fund balances brought forward at 1 February 2019		3,009,960	150,341	3,160,301	2,722,523
FUND BALANCES CARRIED FORWARD AT 31 JANUARY 2020	16	3,605,757	79,810	3,685,567	3,160,301
		=====	=====	=====	=====

COOL EARTH ACTION  
STATEMENT OF FINANCIAL ACTIVITIES  
(including Income and Expenditure Account)  
for the year ended 31 January 2019

	Notes	Unrestricted Funds £	Restricted Funds £	TOTAL 2019 £	TOTAL 2018 £
INCOME FROM:					
Donations and legacies	3	2,323,957	157,700	2,481,657	2,250,743
Charitable activities	4	1,184	-	1,184	1,693
Other trading activities	5	10,294	-	10,294	2,575
Investments	6	474	-	474	7,261
TOTAL		<u>2,335,909</u>	<u>157,700</u>	<u>2,493,609</u>	<u>2,262,272</u>
EXPENDITURE ON:					
Raising funds	7	(493,263)	-	(493,263)	(453,618)
Charitable activities: Project Work	8	(1,455,209)	(107,359)	(1,562,568)	(1,340,432)
TOTAL		<u>(1,948,472)</u>	<u>(107,359)</u>	<u>(2,055,831)</u>	<u>(1,794,050)</u>
NET INCOME AND NET MOVEMENT IN FUNDS					
		387,437	50,341	437,778	468,222
RECONCILIATION OF FUNDS					
Fund balances brought forward at 1 February 2018		<u>2,622,523</u>	<u>100,000</u>	<u>2,722,523</u>	<u>2,254,301</u>
FUND BALANCES CARRIED FORWARD AT 31 JANUARY 2019	16	<u>3,009,960</u>	<u>150,341</u>	<u>3,160,301</u>	<u>2,722,523</u>
		=====	=====	=====	=====

COOL EARTH ACTION  
BALANCE SHEET  
as at 31 January 2020

Company Number: 06053314

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Intangible assets	11	4,635	32,313
Tangible assets	12	34,676	30,661
		<u>39,311</u>	<u>62,974</u>
<b>CURRENT ASSETS</b>			
Investments	13	2,700,000	2,750,000
Debtors	14	42,426	14,011
Cash at bank and in hand		996,322	415,426
		<u>3,738,748</u>	<u>3,179,437</u>
<b>LIABILITIES</b>			
Creditors: Amounts falling due within one year	15	(92,492)	(82,110)
<b>NET CURRENT ASSETS</b>		<u>3,646,256</u>	<u>3,097,327</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES &amp; NET ASSETS</b>		<u>3,685,567</u> =====	<u>3,160,301</u> =====
<b>THE FUNDS OF THE CHARITY</b>			
<i>Restricted income funds</i>	16	79,810	150,341
<i>Unrestricted funds</i>	16	3,605,757	3,009,960
<b>TOTAL CHARITY FUNDS</b>		<u>3,685,567</u> =====	<u>3,160,301</u> =====

The financial statements on pages 18 to 31 were approved by the trustees and authorised for issue on ~~17.11~~ *Sept* 2020, and are signed on their behalf by

  
..... Trustee  
Ms Samantha Cohen CVO

*17.09*..... 2020

COOL EARTH ACTION  
STATEMENT OF CASH FLOWS  
for the year ended 31 January 2020

	Notes	2020 £	2019 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net cash provided by operating activities	18	526,237	463,048
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Dividends, interest and rents from investments		29,203	474
Purchase of intangible fixed assets		-	(1,806)
Purchase of tangible fixed assets		(24,544)	(20,048)
Short term investment withdrawn/(deposited)		50,000	(2,750,000)
Net cash provided by/(used in) investing activities		<u>54,659</u>	<u>(2,771,380)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD</b>		<u>580,896</u>	<u>(2,308,332)</u>
Cash and cash equivalents at the beginning of the reporting period		415,426	2,723,758
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD</b>	19	<u>996,322</u> =====	<u>415,426</u> =====

COOL EARTH ACTION  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 January 2020

1. ACCOUNTING POLICIES

*Company Information*

Cool Earth Action is a private company limited by guarantee incorporated in England and Wales. The registered office is 27 Old Gloucester Street, London WC1N 3AX and the principal place of business is Tremough Innovation Centre, Penryn, Cornwall TR10 9TA.

The company's principal activity is disclosed in the Trustees' Annual Report.

*Basis of Accounting*

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the requirements of the Companies Act 2006 and under the historical cost convention.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

Within the definitions of FRS 102, the charitable company, which is limited by guarantee, is a public benefit entity.

The financial statements have also been prepared in accordance with the accounting policies set out in more detail below, to comply with the charitable company's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

The financial statements are prepared in Sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £1.

*Going Concern*

The charitable company is fundamentally dependent upon the continuing financial support of sponsors, supporters and other key funders to remain a going concern. The trustees have formulated financial plans for the future, and despite the global economic impact of Covid-19, as at the date of adoption of these financial statements and on the basis of estimated future cash flows, the trustees are of the opinion that the charitable company will be able to continue its activities and meet all of its liabilities as they fall due for a period of at least twelve months from the date of the adoption of these financial statements. Therefore, these financial statements have been prepared on the going concern basis.

*Income*

All income is included in the statement of financial activities when the charitable company is entitled to the funds, receipt is probable, and the amount can be quantified with reasonable accuracy. Donations are normally brought into account when received and are stated gross of any attributable tax recoverable.

Government and institutional grants are accounted for on a receivable basis. Donations and grants given for specific purposes are treated as restricted income.

All other income, including investment income, is accounted for on a receivable basis as and when earned by the charity.

1. ACCOUNTING POLICIES (Continued)

*Gifts In Kind*

The value of gifts in kind is recognised as income where the gross value to the charitable company can be assessed with reasonable accuracy. Where this is not the case, the nature of the gift is disclosed.

*Foreign Currencies*

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. All exchange gains or losses are included in the statement of financial activities in the period to which they relate.

*Expenditure*

All expenditure is accounted for on an accruals basis inclusive of any irrecoverable Value Added Tax and is allocated as direct costs in the statement of financial activities where the costs can be identified as being directly related to raising funds or to charitable activity. Where costs cannot be directly attributed, they are allocated to categories on a basis consistent with the budgeted use of the resources concerned or in proportions based upon a suitable ratio applicable to the nature of the cost involved.

Grants payable are recognised in the period in which the approved offer is conveyed to the recipient in those cases where the offer is conditional, such grants being recognised only when the conditions attaching to the award are fulfilled. Grants offered subject to conditions, which have not been met at the balance sheet date, are noted as a potential commitment, but are not treated as a liability.

Governance costs comprise specific direct costs incurred by the charity in relation to operating the charitable company as a charitable company, which includes audit fees, and a proportion of certain other support costs allocated to governance by the trustees.

*Intangible Fixed Assets*

All intangible assets purchased costing more than £1,000 that have a useful economic life that exceeds one year are capitalised and classified as intangible fixed assets. Intangible fixed assets are stated at historical cost less amortisation. Amortisation is provided on all intangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Website on a 33% straight-line basis

*Tangible Fixed Assets*

All tangible assets purchased costing more than £1,000 that have a useful economic life that exceeds one year are capitalised and classified as tangible fixed assets. Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Office & computer equipment on a 33% straight-line basis

*Financial Instruments*

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are therefore classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities.

COOL EARTH ACTION  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 for the year ended 31 January 2020

1. ACCOUNTING POLICIES (Continued)

*Financial Assets and Liabilities*

The charitable company's debtors and creditors that meet the definition of either a financial asset or a financial liability are initially recognised at the transaction value and thereafter are stated at amortised cost using the effective interest method.

*Fund Accounting*

The general fund comprises the accumulated surpluses of unrestricted income over expenditure, which is available for use in furtherance of the general objectives of the charitable company.

Designated funds are a particular form of unrestricted funds consisting of amounts, which have been allocated or designated for specific purposes by the trustees. The use of designated funds remains at the discretion of the trustees.

Restricted funds are funds subject to specific conditions imposed by donors. The purpose and use of the restricted funds are set out in the notes to the financial statements. Amounts unspent at the period end are carried forward in the balance sheet.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no specific judgements, estimates and assumptions that were critical to the preparation of these financial statements.

3. DONATIONS AND LEGACIES	Unrestricted Funds £	Restricted Funds £	TOTAL 2020 £	TOTAL 2019 £
Donations received from individuals and on-line through the charity's website	1,621,370	-	1,621,370	1,310,229
Other donations received from corporate and other similar supporters	1,253,960	190,450	1,444,410	1,162,228
Donations in kind:				
Event costs	-	-	-	3,500
Accommodation costs	4,500	-	4,500	5,700
	2,879,830	190,450	3,070,280	2,481,657
	2,879,830	190,450	3,070,280	2,481,657

COOL EARTH ACTION  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
for the year ended 31 January 2020

4. CHARITABLE ACTIVITIES	Unrestricted Funds £	Restricted Funds £	TOTAL 2020 £	TOTAL 2019 £
Project grant income	-	82,983	82,983	-
Forest produce sales	-	-	-	1,184
	-	82,983	82,983	1,184
=====				
5. OTHER TRADING ACTIVITIES	Unrestricted Funds £	Restricted Funds £	TOTAL 2020 £	TOTAL 2019 £
Shop sales and other similar income	40,647	-	40,647	10,294
=====				
6. INVESTMENTS	Unrestricted Funds £	Restricted Funds £	TOTAL 2020 £	TOTAL 2019 £
Bank interest receivable on short term cash deposits	29,203	-	29,203	474
=====				
7. RAISING FUNDS	Unrestricted Funds £	Restricted Funds £	TOTAL 2020 £	TOTAL 2019 £
Direct costs	133,382	1,070	134,452	178,940
Donations in kind:				
Event costs	-	-	-	3,500
Support costs - see note 9 (30%)	330,305	34,172	364,477	310,823
	463,687	35,242	498,929	493,263
=====				
8. PROGRAMMES	Unrestricted Funds £	Restricted Funds £	TOTAL 2020 £	TOTAL 2019 £
Direct costs	1,040,533	307,939	1,348,472	837,313
Support costs - see note 9 (70%)	770,712	79,734	850,446	725,255
	1,811,245	387,673	2,198,918	1,562,568
=====				

COOL EARTH ACTION  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 for the year ended 31 January 2020

9. SUPPORT & GOVERNANCE	<u>Unrestricted Funds</u>		Restricted Funds £	TOTAL 2020 £	TOTAL 2019 £
	Support costs £	Governance costs £			
Donations in kind:					
Accommodation costs	4,500	-	-	4,500	5,700
Staff costs (15%) - note 10	596,096	117,659	70,639	784,394	618,025
Staff recruitment, training and welfare (30%)	15,331	6,570	-	21,901	26,910
Travel and subsistence expenses (15%)	51,766	9,259	703	61,728	64,483
Premises operating lease costs (30%)	46,521	24,576	10,822	81,919	74,975
Other premises costs (40%)	4,083	2,722	-	6,805	3,866
Communications costs (60%)	17,031	26,908	907	44,846	33,066
Other costs (50%)	37,976	39,903	1,927	79,806	28,740
Legal and professional fees (10%)	19,199	5,321	28,690	53,210	54,179
Auditor's remuneration:					
Audit fee (100%)	-	12,900	-	12,900	12,300
Accountancy and advisory services (100%)	-	6,471	-	6,471	6,123
Amortisation (25%)	20,758	6,920	-	27,678	62,922
Depreciation - owned assets (25%)	15,397	5,132	-	20,529	33,217
Exchange losses	8,018	-	218	8,236	11,572
	<u>836,676</u>	<u>264,341</u>	<u>113,906</u>	<u>1,214,923</u>	<u>1,036,078</u>
	=====	=====	=====	=====	=====

In the prior year, all support and governance costs were incurred wholly for unrestricted purposes. Support costs are allocated directly based on activity and thereafter using the ratios, which are based on estimated assessed impact of the costs involved. The percentage of costs allocated as governance is disclosed above where relevant. Support costs are currently split 30:70 between raising funds and programmes.

COOL EARTH ACTION  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 for the year ended 31 January 2020

10. STAFF COSTS	2020	2019
	No.	No.
The average monthly number of persons employed by the charitable company (excluding trustees) during the year was, as follows:		
Support staff	22	18
	==	==
	£	£
Staff costs for the above persons:		
Wages and salaries	713,164	567,260
Social security costs	54,643	47,331
Pension contribution pension scheme costs	16,587	3,434
	<u>784,394</u>	<u>618,025</u>
	=====	=====

During the year, one employee earned total emoluments in the range £60,001 to £70,000 (2018/2019: one employee in the range £60,001 to £70,000).

During the year, the total amount of employee benefits received by key management personnel for their services to the charitable company amounted to £225,945 (2018/2019: £188,794).

No trustee received any remuneration for services provided to the charity as a trustee during the current or previous year. No trustee was reimbursed in respect of expenses incurred on behalf of the charity during the current or previous year.

11. INTANGIBLE ASSETS	Website £
Cost:	
1 February 2019 and 31 January 2020	208,479
	-----
Amortisation:	
1 February 2019	176,166
Charge for the year	27,678
	-----
31 January 2020	203,844
Net book value:	
31 January 2020	4,635
	=====
31 January 2019	32,313
	=====

COOL EARTH ACTION  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 for the year ended 31 January 2020

12. TANGIBLE ASSETS		Office & computer equipment £
Cost:		
1 February 2019		321,342
Additions		24,544
31 January 2020		<u>345,886</u>
Depreciation:		
1 February 2019		290,681
Charge for the year		20,529
31 January 2020		<u>311,210</u>
Net book value:		
31 January 2020		34,676 =====
31 January 2019		30,661 =====
13. INVESTMENTS	2020	2019
	£	£
Short term cash deposit	2,700,000	2,750,000
	=====	=====
14. DEBTORS	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	39,394	12,403
Other debtors	54	428
Prepayments and accrued income	2,978	1,180
	<u>42,426</u>	<u>14,011</u>
	=====	=====
15. CREDITORS	2020	2019
	£	£
Amounts falling due within one year:		
Trade creditors	46,269	36,559
Other taxation and social security costs	10,017	13,717
Other creditors	8,266	3,894
Accruals	27,940	27,940
	<u>92,492</u>	<u>82,110</u>
	=====	=====

COOL EARTH ACTION  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 for the year ended 31 January 2020

16. THE FUNDS OF THE CHARITY

	Balance at 1 February 2019 £	Income £	Expenditure £	Transfer between funds £	Balance at 31 January 2020 £
Restricted income funds:					
Peru fund	-	42,293	(42,293)	-	-
PNG fund	150,341	120,715	(191,246)	-	79,810
MEL fund	-	82,983	(161,934)	78,951	-
QCC fund	-	529	(529)	-	-
Cameroon fund	-	26,913	(26,913)	-	-
	<u>150,341</u>	<u>273,433</u>	<u>(422,915)</u>	<u>78,951</u>	<u>79,810</u>
Unrestricted income funds:					
General fund	3,009,960	2,949,680	(2,274,932)	(78,951)	3,605,757
	<u>3,160,301</u>	<u>3,223,113</u>	<u>(2,697,847)</u>	<u>-</u>	<u>3,685,567</u>
	=====	=====	=====	=====	=====

The Peru fund was originally set up in 2009 to conserve not less than 1,000 acres of endangered rainforest through the Ashaninka project in Peru and to provide support to the local communities. The Peru restricted fund is still used to account for specific donation income received for the benefit of Cool Earth's projects in Peru and the related restricted expenditure.

The PNG fund was originally set up in 2017 to account for specific donation income received for the benefit of Cool Earth's projects in Papua New Guinea (PNG) and the related restricted expenditure.

The MEL fund was set up in 2019 with funding for Deep Forest Insight projects used to support Cool Earth's new Monitoring, Evaluation and Learning (MEL) team. These projects included the development of several new processes to guide Cool Earth's utilisation of earth observation data and geolocation data to predict and then try to prevent tropical deforestation. The excess of expenditure over income has been funded by a transfer from General fund reserves.

The QCC fund was set up in 2019 in respect of the Queen's Commonwealth Canopy (QCC) initiative led by Cool Earth in collaboration with the Royal Households to celebrate forest protection across the 54 members of the Commonwealth. As well as some of Cool Earth's projects in Papua New Guinea being dedicated to the QCC by the PNG government, Cool Earth also supported new dedications in Namibia, Botswana, Angola and Cambodia.

The Cameroon fund was set up in 2019 in respect of Cool Earth's partnership with a local NGO, the Centre for Community Regeneration and Development (CCREAD), which is offering communities an alternative to the logging and bushmeat trades. This project aims to provide alternative sustainable livelihoods that reduce pressure on the wildlife-rich rainforest.

COOL EARTH ACTION  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
for the year ended 31 January 2020

16. THE FUNDS OF THE CHARITY (Continued)

	Balance at 1 February 2018 £	Income £	Expenditure £	Balance at 31 January 2019 £
Restricted income funds:				
PNG fund	100,000	157,500	(107,359)	150,341
Unrestricted income funds:				
General fund	2,622,523	2,335,909	(1,948,472)	3,009,960
	<u>2,722,523</u>	<u>2,493,609</u>	<u>(2,055,831)</u>	<u>3,160,301</u>
	=====	=====	=====	=====

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed assets £	Current assets £	Current liabilities £	Total £
As at 31 January 2020:				
Restricted income funds:				
PNG fund	-	79,810	-	79,810
Unrestricted income funds:				
General fund	39,311	3,566,446	(92,492)	3,605,757
NET ASSETS	<u>39,311</u>	<u>3,646,256</u>	<u>(92,492)</u>	<u>3,685,567</u>
	=====	=====	=====	=====
As at 31 January 2019:				
Restricted income funds:				
PNG fund	-	150,341	-	150,341
Unrestricted income funds:				
General fund	62,974	3,029,096	(82,110)	3,009,960
NET ASSETS	<u>62,974</u>	<u>3,179,437</u>	<u>(82,110)</u>	<u>3,160,301</u>
	=====	=====	=====	=====

18. RECONCILIATION OF NET INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

	2020 £	2019 £
Net income for the reporting period	525,266	437,778
Adjustments for:		
Dividends, interest and rents from investments	(29,203)	(474)
Amortisation charges	27,678	62,922
Depreciation charges	20,529	33,217
(Increase)/decrease in debtors	(28,415)	30,682
Increase/(decrease) in creditors	10,382	(101,077)
Net cash provided by operating activities	<u>526,237</u>	<u>463,048</u>
	=====	=====

COOL EARTH ACTION  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 for the year ended 31 January 2020

19. ANALYSIS OF CASH AND CASH EQUIVALENTS	2020	2019
	£	£
Cash at bank and in hand	996,322	415,426
	=====	=====

20. RELATED PARTY TRANSACTIONS

During the current and previous year, the trustees provided donations-in-kind to the charity by way of incurring expenses personally and not seeking reimbursement from the charity in respect of those expenses. These expenses have not been quantified.

A gift valued at £60 was given to a trustee in recognition of a personal achievement during the year. There were no other related party transactions during the current year (2018/2019: None).

21. POST BALANCE SHEET EVENTS

As the 2019/20 financial year closed, Covid-19 was not yet talked of in terms of a pandemic. The pace and virulence of its spread were quickly apparent and thanks to bold decisions by rainforest communities and Cool Earth's local teams, much was done to prepare for the threats it posed. Peru has been the worst hit nation amongst those where Cool Earth operates. Those communities with road links have been affected far more than those able to self-isolate. Tragically, even the rapid responses of people from indigenous communities who are very familiar with the threat posed from infections for which they have no immunity have been hit.

The responses from Cool Earth has been two-fold.

Funds were immediately made available in every partnership to reinforce the resilience of households and villages to the pandemic and its inevitable economic fallout. Personal protective equipment, medical supplies and food have been delivered often through collaboration with local federation and authorities. Seeds and tools have also been distributed in response to requests for help with food security. This is work that Cool Earth is unfamiliar with. As such, the speed and effectiveness of the effort owe much to the advice of/from the organisation's supporters and, in particular, Paul Valentin, former International Director at Christian Aid.

The economic consequences of the pandemic are still unclear, but it can be certain that the global south will be hit hard. The World Bank has estimated that at least 100 million will fall into extreme poverty with a disproportionate number from nations with rainforest. Furthermore, recessions and weakening currencies have consistently triggered spikes in rainforest destruction. One of the biggest contributions Cool Earth can make is therefore consistency of approach and funding.

The second part of Cool Earth response has therefore been to reassure that there will be no impact on the grants, programmes and commitments made to partnerships from the pandemic. This is thanks to Cool Earth's unique reserves policy that prefunds all partnership work many years in advance. Such a policy was put in place to guarantee that commitments to economically marginal communities would not be rescinded in the face of funding shortfalls. It has served Cool Earth's partnerships well during this difficult period and will continue to set the organisation apart from the troubled legacy of undependable conservation funding.

The effects of the pandemic have inevitably extended to Cool Earth's income. Event driven donations have been hit hardest but the exceptional support of trusts and foundations, combined with an overwhelming response to a Rainforest Resilience Campaign, means revenue exceeds that of last year at the six-month mark. Cool Earth's income is heavily weighted to the final quarter of the year so there is no room for complacency and UK costs have been reduced accordingly without any change to the size of the team.