Rare and Affiliates

Consolidated Financial Report
September 30, 2020

Contents

RSM

Independent Auditor's Report

RSM US LLP

Board of Trustees
Rare

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Rare and Affiliates (Rare), which comprise the consolidated balance sheets as of September 30, 2020 and 2019, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rare and Affiliates as of September 30, 2020 and 2019, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

McLean, Virginia
April 27, 2021

Rare and Affiliates

Consolidated Balance Sheets
September 30, 2020 and 2019

		2020		2019
Assets				
Operating assets:				
Cash and cash equivalents	**$**	**12,003,349**	$	7,491,342
Grants and contributions receivable, net		**13,322,597**		19,092,688
Prepaid expenses and other assets		**484,891**		452,624
Program related investment loan		**527,305**		239,108
Investments		**9,249,635**		9,064,092
Investments, Meloy Fund I G.P.		**-**		34,938
Assets held for deferred compensation		**1,312,504**		1,376,255
Property and equipment, net		**98,896**		205,565
Total operating assets		**36,999,177**		37,956,612
Portfolio assets – Meloy Fund I L.P. (Notes 1 and 3):				
Cash and cash equivalents		**5,010,823**		2,153,985
Investments held by Meloy Fund I G.P.		**-**		3,268,750
Capital call receivable		**-**		100,000
Other assets		**158,571**		124,079
Investment in privately held securities, at fair value (cost $3,895,016 and $1,813,542, respectively)		**2,762,016**		1,813,542
Total portfolio assets		**7,931,410**		7,460,356
Total assets	**$**	**44,930,587**	$	45,416,968
Liabilities and Net Assets				
Operating liabilities:				
Accounts payable and accrued expenses	**$**	**1,226,792**	$	2,109,171
SBA loan payable		**1,673,982**		-
Refundable advances		**5,388,192**		4,794,135
Deferred rent		**1,130,251**		1,254,912
Deferred compensation liabilities		**1,312,504**		1,376,255
Total operating liabilities		**10,731,721**		9,534,473
Portfolio liabilities – Meloy Fund I L.P. (Notes 1 and 3):				
Accounts payable and accrued expenses		**130,406**		35,350
Capital paid in advance		**4,566,750**		5,148,750
Line of credit		**200,000**		60,000
Total portfolio liabilities		**4,897,156**		5,244,100
Total liabilities		**15,628,877**		14,778,573
Commitments and contingencies (Notes 9, 10 and 13)				
Net assets:				
Without donor restrictions:				
Undesignated		**896,359**		654,746
Designated by the Board		**9,463,983**		9,238,944
Total Rare net assets without donor restrictions		**10,360,342**		9,893,690
Noncontrolling interest in Meloy Fund I L.P. (Note 3)		**2,930,295**		2,083,705
Total net assets without donor restrictions		**13,290,637**		11,977,395
With donor restrictions		**16,011,073**		18,661,000
Total net assets		**29,301,710**		30,638,395
Total liabilities and net assets	**$**	**44,930,587**	$	45,416,968

See notes to consolidated financial statements.

Rare and Affiliates

Consolidated Statements of Activities
Years Ended September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restriction	With Donor Restrictions	Total
Operating support and revenue:						
Grants and contributions	**$ 1,917,754**	**$ 19,149,808**	**$ 21,067,562**	$ 861,479	$ 34,753,696	$ 35,615,175
Program service revenue	**1,051,660**	**-**	**1,051,660**	976,581	-	976,581
Contributed services and materials	**64,043**	**-**	**64,043**	133,449	-	133,449
Other income	**18,000**	**-**	**18,000**	-	-	-
Net assets released from purpose restrictions	**17,831,401**	**(17,831,401)**	**-**	19,863,544	(19,863,544)	-
Net assets released from time restrictions	**3,968,334**	**(3,968,334)**	**-**	5,198,333	(5,198,333)	-
Total operating support and revenue	**24,851,192**	**(2,649,927)**	**22,201,265**	27,033,386	9,691,819	36,725,205
Operating expenses:						
Sustainable Fisheries	**10,911,521**	**-**	**10,911,521**	12,405,938	-	12,405,938
Climate Change	**3,598,879**	**-**	**3,598,879**	3,842,760	-	3,842,760
Innovative Finance	**3,326,248**	**-**	**3,326,248**	3,208,395	-	3,208,395
Center for Behavior and Environment	**3,026,536**	**-**	**3,026,536**	3,155,127	-	3,155,127
Fundraising	**2,066,921**	**-**	**2,066,921**	2,337,340	-	2,337,340
Administrative	**2,363,135**	**-**	**2,363,135**	2,438,001	-	2,438,001
Total operating expenses	**25,293,240**	**-**	**25,293,240**	27,387,561	-	27,387,561
Other income:						
Rental income	**169,602**	**-**	**169,602**	168,393	-	168,393
Investment income	**287,756**	**-**	**287,756**	924,765	-	924,765
	457,358	**-**	**457,358**	1,093,158	-	1,093,158
Changes in net assets before noncontrolling interest	**15,310**	**(2,649,927)**	**(2,634,617)**	738,983	9,691,819	10,430,802
Meloy Fund I L.P. :						
Portfolio interest	**287,239**	**-**	**287,239**	218,315	-	218,315
Change in unrealized (loss) gain on privately held securities	**(1,133,007)**	**-**	**(1,133,007)**	142,044	-	142,044
	(845,768)	**-**	**(845,768)**	360,359	-	360,359
Changes in net assets before contributions by limited partners	**(830,458)**	**(2,649,927)**	**(3,480,385)**	1,099,342	9,691,819	10,791,161
Contributions by limited partners	**2,143,700**	**-**	**2,143,700**	663,000	-	663,000
Change in net assets	**1,313,242**	**(2,649,927)**	**(1,336,685)**	1,762,342	9,691,819	11,454,161
Net assets:						
Beginning	**11,977,395**	**18,661,000**	**30,638,395**	10,215,053	8,969,181	19,184,234
Ending	**$ 13,290,637**	**$ 16,011,073**	**$ 29,301,710**	$ 11,977,395	$ 18,661,000	$ 30,638,395

See notes to consolidated financial statements.

Rare and Affiliates

Consolidated Statement of Functional Expenses
Year Ended September 30, 2020

	Program Services							
	Sustainable Fisheries	Climate Change	Innovative Finance	Center for Behavior and the Environment	Program Services	Fundraising	Administrative	Total
Salaries and benefits	$ 6,206,858	$ 2,010,053	$ 2,197,597	$ 2,147,454	$ 12,561,962	$ 1,700,648	$ 1,624,746	$ 15,887,356
Consulting and professional fees	1,811,163	1,263,811	580,686	377,885	4,033,545	154,703	256,373	4,444,621
Travel and meetings	1,155,571	106,994	121,528	150,529	1,534,622	35,492	58,340	1,628,454
Subgrants and awards	658,445	15,606	87,160	49,612	810,823	-	-	810,823
Occupancy costs	653,803	161,600	248,511	257,154	1,321,068	152,038	59,730	1,532,836
Supplies	178,535	427	918	2,651	182,531	2,043	16,595	201,169
Professional development	21,986	9,426	9,426	9,576	50,414	7,789	18,874	77,077
Equipment and materials	98,286	1,745	7,225	4,486	111,742	795	38,228	150,765
Communications	62,892	2,049	6,377	3,459	74,777	6,792	34,842	116,411
Depreciation and amortization	26,869	20,567	19,958	19,296	86,690	4,593	15,386	106,669
Miscellaneous	3,287	5,186	5,788	411	14,672	659	170,790	186,121
Postage and printing	19,265	1,398	889	3,549	25,101	1,369	10,802	37,272
Bank fees	9,732	17	52	474	10,275	-	27,424	37,699
Insurance	4,829	-	40,133	-	44,962	-	31,005	75,967
Total	$ 10,911,521	$ 3,598,879	$ 3,326,248	$ 3,026,536	$ 20,863,184	$ 2,066,921	$ 2,363,135	$ 25,293,240

See notes to consolidated financial statements.

Rare and Affiliates

Consolidated Statement of Functional Expenses
Year Ended September 30, 2019

	Program Services							
	Sustainable Fisheries	Climate Change	Innovative Finance	Center for Behavior and the Environment	Program Services	Fundraising	Administrative	Total
Salaries and benefits	$ 6,212,524	$ 2,852,207	$ 2,236,270	$ 1,670,580	$ 12,971,581	$ 1,763,497	$ 1,690,989	$ 16,426,067
Consulting and professional fees	1,968,218	439,634	450,566	746,667	3,605,085	294,124	247,069	4,146,278
Travel and meetings	2,078,275	309,072	199,821	266,568	2,853,736	91,899	54,763	3,000,398
Subgrants and awards	907,051	-	-	183,045	1,090,096	-	-	1,090,096
Occupancy costs	789,040	94,213	208,101	196,127	1,287,481	137,056	176,471	1,601,008
Supplies	139,222	7,618	556	9,528	156,924	2,136	20,894	179,954
Professional development	36,572	8,872	11,372	13,906	70,722	10,319	15,444	96,485
Equipment and materials	130,683	18,813	16,246	22,681	188,423	14,590	41,934	244,947
Communications	62,854	12,380	4,029	2,396	81,659	10,372	36,125	128,156
Depreciation and amortization	32,459	23,990	23,849	25,610	105,908	5,955	21,512	133,375
Miscellaneous	11,220	58,430	5,237	965	75,852	1,455	69,943	147,250
Postage and printing	23,471	12,090	767	17,014	53,342	5,601	11,097	70,040
Bank fees	7,673	5,441	344	40	13,498	336	5,163	18,997
Insurance	6,676	-	51,237	-	57,913	-	46,597	104,510
Total	$ 12,405,938	$ 3,842,760	$ 3,208,395	$ 3,155,127	$ 22,612,220	$ 2,337,340	$ 2,438,001	$ 27,387,561

See notes to consolidated financial statements.

Rare and Affiliates

Consolidated Statements of Cash Flows
Years Ended September 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets before contributions by limited partners	$ (3,480,385)	$ 10,791,161
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	106,669	133,375
Bond premium amortization	17,171	(25,087)
(Decrease) increase in the allowance for doubtful accounts	(114,898)	159,235
(Decrease) increase in discount on pledges	(122,355)	45,231
Net realized and unrealized losses	(78,397)	(597,921)
Change in unrealized loss on privately held securities	1,133,007	(142,046)
Changes in assets and liabilities:		
(Increase) decrease in:		
Grants and contributions receivable, net	6,025,461	(7,826,735)
Prepaid expenses and other assets	(32,267)	165,204
Program related investment loan	(288,197)	(239,108)
Assets held for deferred compensation	63,751	188,980
Increase (decrease) in:		
Accounts payable and accrued expenses	(871,902)	227,898
Refundable advances	594,057	(3,510,455)
Deferred rent	(124,661)	(103,048)
Deferred compensation liabilities	(63,751)	(188,980)
Net cash provided by (used in) operating activities	2,763,303	(922,296)
Cash flows from investing activities:		
Purchase of property and equipment	-	(52,840)
Purchase of investments	(4,213,267)	(13,152,233)
Proceeds from sale of investments	4,123,888	13,069,162
Net cash used in investing activities	(89,379)	(135,911)
Cash flows from financing activities:		
Proceeds from SBA loan	1,673,982	-
Changes in operating assets and liabilities for Meloy Fund I L.P.	2,726,030	1,663,955
Principal repayments related to privately held securities	295,419	633,431
Purchase of investments in privately held securities	(2,284,210)	(1,639,108)
Principal repayments related to privately held securities	-	663,000
Contribution by limited partners	2,143,700	833,000
Proceeds from line of credit	140,000	60,000
Net cash provided by financing activities	4,694,921	2,214,278
Net increase in cash and cash equivalents	7,368,845	1,156,071
Cash and cash equivalents:		
Beginning	9,645,327	8,489,256
Ending	$ 17,014,172	$ 9,645,327
Cash and cash equivalents – Operating	$ 12,003,349	$ 7,491,342
Cash and cash equivalents – Portfolio	5,010,823	2,153,985
	$ 17,014,172	$ 9,645,327

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Rare is a nonprofit conservation organization that is solution-oriented and focused on inspiring change so people and nature thrive. Rare is incorporated under the laws of the state of Virginia and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a public charity under sections 509(a)(1) and 170(b)(1)(A)(vi).

Headquartered in Arlington, Virginia, Rare has offices in Brazil, China, Philippines, Mozambique, Indonesia, Colombia, Germany, Honduras, Myanmar and Mexico.

Rare is the global leader in driving social change to protect the environment. We have helped thousands of people across hundreds of communities in over 60 countries shift their behaviors and practices to protect the nature that sustains their lives, livelihoods, and communities.

Rare inspires change so people and nature thrive. Using insights from behavioral and social science and design thinking, we empower shifts in individual and community behavior that benefit people and nature, and ensure that change lasts. And we train local leaders to lead change, leaving a legacy of increased capacity and a sense of ownership, responsibility, and pride in the protection of our shared environment.

Today, Rare is merging decades of experience from the frontlines of conservation, strong global partnerships, and expertise in translating behavioral research into action to build the social, ecological and political networks to scale our impact across regions, nations, and the world. To learn more, go to rare.org.

Unique Impact, LLC (formerly Rare Ventures, LLC), Meloy Fund I, G.P. and Meloy Fund I, L.P.: Unique Impact, LLC (the Management Company), a Delaware limited liability company, was formed in 2010 as a wholly owned subsidiary of Rare to provide contract services on behalf of Rare.

During 2017, Rare authorized the formation of The Meloy Fund I, L.P., (the Fund), a Delaware limited partnership as an independent partnership entity. The Fund was formed to generate measurable social and environmental outcomes and to provide financial returns for investors by making debt and equity investments in fishing and fisheries-related enterprises that have operations in Indonesia and the Philippines.

The Meloy Fund I G.P., LLC (the General Partner), a Delaware limited liability company, was formed in 2017 as a wholly owned subsidiary of Rare and the general partner of the Fund. Under the management agreement, the General Partner utilizes Rare’s expertise in the development, support and management of marine common pool resources and sustainable fisheries to provide management services to the Fund. For the purposes of financial reporting, the General Partner, the Fund and the Management Company are consolidated with Rare.

A summary of Rare’s significant accounting policies follows:

Principles of consolidation: All transactions between Rare, the Management Company, the General Partner, and the Fund, have been eliminated in consolidation. For the purpose of this report, the entities are collectively referred to as Rare.

Basis of presentation: The financial statement presentation follows the recommendation of the Not-for Profit Entities Topic of the FASB Accounting Standards Codification (ASC). Under this ASC, Rare is required to report information regarding its financial position and activities according to the two classes of net assets, net assets without donor restrictions and net assets with donor restrictions.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Net assets: Net assets without donor restrictions may be expended for any purpose in performing the primary objectives of Rare. All contributions are considered to be available for undesignated use, unless specifically designated by the Board of Trustees or given with donor restrictions or internally designated by management.

The Board of Trustees has designated a portion of Rare's net assets to build and maintain an adequate level of liquidity to support Rare's day-to-day operations in the event of unforeseen shortfalls. Earnings from the designated funds are reinvested in the fund. The board designated fund totaled $9,463,983 and $9,238,944 at September 30, 2020 and 2019, respectively.

Net assets with donor restrictions are contributions with donor-imposed time and/or program restrictions. The time and purpose restrictions require that resources be used for specific purposes and/or in a specific period or after a specified date. Net assets with donor restrictions become net assets without donor restrictions when the time restrictions expire or when the funds are used for their restricted purposes, at which time they are reported in the consolidated statements of activities as net assets released from restrictions. There are no net assets that are permanently restricted.

Although the noncontrolling interest in Meloy Fund I L.P. is shown on the consolidated balance sheets as part of net assets without donor restrictions, these funds are designated for the Meloy Fund L.P. and cannot be used for Rare unrestricted expenditures.

Cash and cash equivalents: Rare considers all cash and highly-liquid investments with initial maturities of three months or less and which present insignificant risk of change in value to be cash and cash equivalents. As of September 30, 2020 and 2019, this balance included cash and demand bank deposits.

Foreign operations: The accompanying consolidated financial statements include the worldwide operations of Rare (headquarter and branch offices). At September 30, 2020 and 2019, assets held in non-US countries totaled $651,485 and $284,861, respectively.

Financial and credit risk: Rare maintains its cash in bank accounts which, at times, may exceed insured limits. Rare has not experienced any losses in such accounts. Rare believes it is not exposed to any significant financial risk on cash.

Grants, contributions and contributions receivable: Grants and contributions are recognized as revenue and receivables in the year unconditional promises to give are received and increase the appropriate revenue category of net assets. Grants and contributions receivable that will not be collected within one year are discounted at a rate commensurate with the risks involved at the time the gift was pledged, based upon anticipated payment dates. Rare has established an allowance for uncollectible grants and contributions receivable in the amount of $185,672 and $300,570 at September 30, 2020 and 2019, respectively. Conditional promises to give are not reported as revenue until the conditions are substantially met.

Revenue: Revenue is recorded based on the accrual basis of accounting. Revenue from contracts with customers is derived primarily from program service fees.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Rare's contract services that fall within the scope of Accounting Standards Codification (ASC) 606 are included in program service fees on the statements of activities. Program service fees represent performance obligations where the customer has contracted with Rare to provide a service in exchange for a transaction price. Rare allocates the transaction price to the performance obligations and recognizes the revenue when each performance obligation is met. Current contracts include services to develop programs, manuals, feasibility studies, and training materials and have a duration of less than 1 year.

For the year ended September 30, 2020 and 2019, $1,051,660 and $976,581, respectively, was recognized as program service fees. Revenue is recognized over the period the services are provided in an amount that reflects the consideration Rare is entitled to in exchange for those services. Typically, services are billed monthly based on either a contracted fixed fee schedule or actual expense incurred.

Rare records deferred revenue in situations when amounts are invoiced or received but the performance obligation is not met. Such revenue is recognized when the performance obligation is subsequently met. Rare did not have any deferred revenue related to program services as of September 30, 2020 and 2019.

Rare did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no financing components.

Finally, there are no significant changes in the judgements affecting the determination of the amount and timing of revenue from contracts with customers.

Investments: Investments consist primarily of fixed income securities carried at fair value based on quoted market prices as described in Note 2. To adjust the carrying value of these investments, the change in fair value is recorded as a component of investment income on the consolidated statements of activities.

Allowable investments are stipulated in Rare's investment policy. These investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is possible that changes in risks in the near term would materially affect investment balances and amounts reported in the consolidated financial statements. As of September 30, 2020 and 2019, the net realized and unrealized gain was $78,397 and $455,875, respectively.

Property and equipment: Property and equipment with a unit cost greater than $5,000 is initially recorded at cost and thereafter depreciated on a straight-line basis over the estimated useful lives of the related depreciable assets, generally three to ten years. The cost of maintenance and repairs is recorded as an expense.

Sub-grants and awards: Rare recognizes expenses for sub-grants and awards at the time the sub-grantee meets the conditions of the grant agreement and submits a request for payment. Conditions of a grant agreement include program milestones and documented expenses.

Refundable advances: Represents cash received on grants and contributions for which some condition was not yet met. Conditions of a grant or contribution may include future funds availability, matching funding or the completion of project tasks and related expenditures.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Deferred rent: Rare's lease agreements include certain rent abatements and an escalation clause. Minimum rent is expensed on a straight-line basis over the term of the lease. Therefore, a deferred rent liability is reflected in the balance sheets for rent expensed in excess of rent paid under the lease. The deferred amount is amortized equally over the life of the lease as a reduction of rent expense. Rare amortized $124,661, and $103,048 of deferred rent for the years ended September 30, 2020 and 2019.

Contributed goods and services: Contributions of services are recognized when they are received if the services either: (a) create or enhance non-financial assets, or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Contributed noncash goods and services are recognized at fair value per the contracts with Rare partners, or as provided by donors.

Use of estimates: The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Foreign currency transactions: The functional currency of Rare is the U.S. dollar. The consolidated financial statements and transactions of Rare's non-US countries operations are maintained in the local currency.

Foreign currency translation: Where local currencies are used, assets and liabilities are translated into U.S. dollars at the consolidated balance sheets dates at the exchange rate in effect at the fiscal year-end. Gains and losses resulting from these translations are recognized on the consolidated statements of activities. Monthly expenses that are incurred by field offices in foreign countries are paid in local currency and then translated into U.S. dollars at the rate of exchange in effect during the month of the transaction. Foreign currency translation loss for the years ended September 30, 2020 and 2019, was $127,940 and $37,708, respectively. Gains and losses from foreign currency translation are included in the miscellaneous expenses in the consolidated statement of functional expenses.

Allocation of functional expenses: The costs of providing programs and other supporting services have been summarized on a functional basis on the consolidated statements of activities. Expenses that relate directly to program or supporting services are allocated to that program or supporting service. Expenses related to subscription, travel and board meetings are allocated based on the activities performed by the staff members within each area. Other expenses that require allocation such as rent, utilities and supplies are allocated based on headcount.

Noncontrolling interest: Rare follows Accounting Standards Update (ASU) 2010-07, which provides guidance related to not-for-profit mergers and acquisitions. In addition, ASU 2010-07 provides accounting guidance on how a not-for-profit parent organization accounts for noncontrolling interests in the equity (net assets) of consolidated subsidiaries. The guidance requires: (i) noncontrolling interest to be reported as a separate component of the appropriate class of net assets in the consolidated balance sheets; and (ii) a not-for-profit (parent) that has one or more consolidated subsidiaries with a noncontrolling interest shall provide a schedule of changes in consolidated net assets attributable to the parent and the noncontrolling interest either in the notes of the consolidated financial statements or on the face of the consolidated financial statements, if practicable. That schedule shall reconcile beginning and ending balances of the parent's controlling interest and the noncontrolling interests for each class of net assets for which a noncontrolling interest exists during the reporting period. This standard also requires that the noncontrolling interests continue to be attributed their share of losses even if that the attribution results in a deficit noncontrolling interest balance.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Tax-exempt status: Rare is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Rare is subject to unrelated business income taxes under Section 511 of the IRC; however, in the opinion of management, no provision for income taxes is required to be made. Net operating loss for the year ended September 30, 2020 and 2019 was $149,823 and $36,027, respectively.

Rare follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, Rare may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes and accounting in interim periods. As of September 30, 2019, Rare had no cumulative unrelated business taxable loss.

Management evaluated Rare's tax positions and concluded that Rare had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. Generally, Rare is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2017.

The General Partner is a limited liability company and the Fund is a limited partnership, registered in the state of Delaware. For federal tax filing purposes, the General Partner is considered a disregarded entity. The limited partners of the Fund report their respective portions of the Fund income and expense on their income tax returns.

Reclassification: Certain summarized 2019 amounts have been reclassified to conform to the 2020 presentation. These reclassifications had no effect on previously reported change in net assets or net assets.

Recent accounting pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated balance sheets for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statements of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Rare is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021, and for interim periods within annual periods beginning after June 15, 2022. This ASU is effective for Rare beginning on October 1, 2022. Rare is currently evaluating the impact of this new guidance on its consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Subsequent events: Rare evaluated subsequent events through April 27, 2021, which is the date the consolidated financial statements were available to be issued.

Note 2. Investments and Fair Value Measurements

Investments at September 30, 2020 and 2019, consist of the following:

	2020	2019
Corporate bonds	$ 4,240,270	$ 4,057,729
Mutual funds – fixed income	5,009,365	5,041,301
	9,249,635	9,099,030
Investments held for Meloy Fund I L.P.	-	(34,938)
	$ 9,249,635	$ 9,064,092

Investment income for the years ended September 30, 2020 and 2019 consists of the following:

	2020	2019
Dividends and interest	$ 513,017	$ 702,783
Net realized and unrealized gains	78,397	455,875
Unrealized (loss) gain on privately held securities	(1,133,007)	142,046
Investment fees	(16,419)	(15,580)
	$ (558,012)	$ 1,285,124

The unrealized loss on privately held securities was recorded by the Fund as a bad debt allowance against outstanding loans for the year ending September 30, 2020. The amount of the allowance is higher than in previous years due to the increased risk attributed to the global pandemic.

The ASC Topic on Fair Value Measurement establishes a framework for measuring fair value in accordance with U.S. GAAP, and expands disclosures about fair value measurements. This enables the reader of the consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking quality and reliability of the information used to determine fair value.

The provision applies to all assets and liabilities that are being measured and reported on a fair value basis, and are disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, Rare performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurement Topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by Rare at September 30, 2020 and 2019.

Note 2. Investments and Fair Value Measurements (Continued)

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy at September 30, 2020 and 2019:

	2020			
Description	Total	Level 1	Level 2	Level 3
Corporate bonds	$ 4,240,270	$ -	$ 4,240,270	$ -
Mutual funds	5,009,365	5,009,365	-	-
Other investments measured at net asset value (a)	2,762,016	-	-	-
	12,011,651	5,009,365	4,240,270	-
Employee benefit plan:				
Mutual funds	1,312,504	1,312,504	-	-
Total assets	$ 13,324,155	$ 6,321,869	$ 4,240,270	$ -
Deferred compensation liabilities	$ 1,312,504	$ -	$ 1,312,504	$ -
	$ 1,312,504	$ -	$ 1,312,504	$ -

	2019			
Description	Total	Level 1	Level 2	Level 3
Corporate bonds	$ 4,057,729	$ -	$ 4,057,729	$ -
Mutual funds	5,041,301	5,041,301	-	-
Other investments measured at net asset value (a)	1,813,542	-	-	-
Money market	3,268,750	3,268,750	-	-
	14,181,322	8,310,051	4,057,729	-
Employee benefit plan:				
Mutual funds	1,376,255	1,376,255	-	-
Total assets	$ 15,557,577	$ 9,686,306	$ 4,057,729	$ -
Deferred compensation liabilities	$ 1,376,255	$ -	$ 1,376,255	$ -
	$ 1,376,255	$ -	$ 1,376,255	$ -

(a) In accordance with ASC Topic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

Mutual funds included in Level 1 assets are actively traded, and fair value s for identical assets are readily obtainable.

Note 2. Investments and Fair Value Measurements (Continued)

Corporate bonds are included in Level 2 assets as they are not actively traded. The fair value s are based on quoted prices for similar assets in active markets or quoted prices for identical assets in markets that are not active. Deferred compensation liabilities are also Level 2 as they are based on Level 1 fair values but only indirectly.

Note 3. Meloy Fund I L.P.

Debt investment receivables (Investments held for Meloy Fund I L.P.): The Meloy Fund I L.P. makes debt and equity investments designed to catalyze the development and adoption of sustainable fisheries in related enterprises that support the recovery of coastal fisheries. In addition to providing a financial return, these debt investments are designed to have a positive impact on the lives of fishers and their households by placing approximately 1.2 million hectares of coastal habitats under improved fisheries management.

Management reviewed the collectability of the debt investment receivables and recorded an allowance for bad debt of $1,133,007. Allowance was $0 for the year ended September 30, 2019. The fair value of the debt investment receivables at September 30, 2020 and 2019, were $2,762,016 and $1,813,542, respectively.

Scheduled repayments of debt investment receivables, at cost as of September 30, 2020, are as follows:

Years ending September 30:	
2021	$ 1,006,000
2022	800,000
2023	800,000
2024	800,000
2025	300,000
2026	189,023
	3,895,023
Allowance for bad debt	(1,133,007)
	$ 2,762,016

Interest income on debt investments is recognized when earned. During the years ended September 30, 2020 and 2019, interest earned on debt investments was $287,239 and $218,315, respectively.

Capital paid in advance – Meloy Fund I L.P.: The Fund received capital contributions in advance in the amount of $5,328,750 as of September 30, 2018. $180,000 was called during 2019 and $582,000 during 2020, leaving a balance of $4,566,750. The capital paid in advance is shown on the consolidated balance sheet as a portfolio liability held by Meloy Fund I L.P.

Note 3. Meloy Fund I L.P. (Continued)

Contribution by limited partners to Meloy Fund I L.P.: The changes in the noncontrolling partners' interests in the Fund at September 30, 2020 and 2019, are as follows:

	2020	2019
Beginning balance – Noncontrolling limited partners' interest in Meloy Fund I L.P.	$ 2,083,705	$ 1,443,528
Capital contribution by noncontrolling limited partners	2,143,700	663,000
Net loss attributed to noncontrolling limited partners	(1,297,110)	(22,823)
Noncontrolling limited partners' interest in Meloy Fund I L.P.	$ 2,930,295	$ 2,083,705

The schedule of changes in consolidated net assets without donor restrictions related to Rare and noncontrolling interest in Meloy Fund I L.P. is as follows:

	Rare	Noncontrolling Interest	Total
Net Assets without donor restrictions			
Balance, September 30, 2018	$ 8,771,525	$ 1,443,528	$ 10,215,053
Change in net assets without donor restrictions	1,122,165	640,177	1,762,342
Distributions to noncontrolling interest	-	-	-
Balance, September 30, 2019	9,893,690	2,083,705	11,977,395
Change in net assets without donor restrictions	466,652	846,590	1,313,242
Distributions to noncontrolling interest	-	-	-
Balance, September 30, 2020	$ 10,360,342	$ 2,930,295	$ 13,290,637

Although the noncontrolling interest in Meloy Fund I L.P. is shown on the consolidated balance sheets as part of net assets without donor restrictions, these funds are designated for the Meloy Fund L.P. and cannot be used for Rare unrestricted expenditures.

Note 4. Property and Equipment

Property and equipment, net of accumulated depreciation, at September 30, 2020 and 2019, consists of the following:

	2020	2019
Office furniture and equipment	$ 761,438	$ 761,438
Leasehold improvements	258,515	258,515
Website	413,340	413,340
	1,433,293	1,433,293
Less accumulated depreciation and amortization	(1,334,397)	(1,227,728)
	$ 98,896	$ 205,565

Depreciation expense for the years ended September 30, 2020 and 2019, was $106,669 and $133,375, respectively.

Note 5. Grants and Contributions Receivable

As of September 30, 2020 and 2019, grants and contributions receivable are due as follows:

	2020	2019
Within one year	$ 7,897,797	$ 9,668,640
1 to 2 years	5,749,499	9,986,000
Gross grants and contributions receivable	13,647,296	19,654,640
Less present value discount at 1.3%	(139,027)	(261,382)
Less allowance for doubtful accounts	(185,672)	(300,570)
Net grants and contributions receivable	$ 13,322,597	$ 19,092,688

Conditional grants: In addition to the above balances, Rare received conditional promises to give that have not yet being recognized as of the end of the year. Those promises were $9,414,830 and $19,974,460, as of September 30, 2020 and 2019, respectively. Rare did not receive a cash advance payment from the grantor and the specified conditions of the grant agreement were not yet met. As such, these amounts are not reported in the accompanying consolidated balance sheets or consolidated statements of activities. Conditional pledges are recognized as revenue when the specified conditions of the grant are met such as documented expenses or program deliverables. A refundable advance is recorded when a grantor makes a cash advance payment on a conditional pledge and Rare has not yet met the condition.

Note 6. Payroll Protection Loan

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES) was signed into law to provide emergency assistance and health care response for individuals, families and businesses affected by the 2020 coronavirus pandemic. Under CARES, certain small businesses and organizations are eligible to receive loan funds under Section 7(a) of the Small Business Act. Loans made under this section of CARES, known as the Paycheck Protection Program (PPP), are forgivable to the extent certain requirements are met. The loan program is administered by the Small Business Administration (SBA).

Rare made an analysis of the adverse economic effect the pandemic would likely have on its operations and determined that it was eligible to apply for a PPP loan, submitted the required application and supporting documentation, and received PPP loan funds in the amount of $1,673,982 on May 2, 2020. Rare intends to apply for forgiveness during the year ended September 30, 2021. These funds are considered to be a loan under ASC 470 until Rare receives formal forgiveness notification from SBA. On September 30, 2020, the funds are included on the consolidated balance sheet as a note payable.

If the loan is not forgiven it would mature on May 2, 2022, and can be prepaid without penalty. The loan has a fixed interest rate of 1%. Principal and interest payments commence August 17, 2021, which is ten months after the 24-week covered period.

Future principal and interest payments on the loan in accordance with the loan agreement would be $140,956, $845,736 and $704,780 for the years ending September 30, 2021, 2022 and 2023, respectively.

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at September 30, 2020 and 2019:

	2020	2019
Program restricted:		
Sustainable Fisheries	$ 4,990,438	$ 7,086,850
Center for Behavior and the Environment	4,018,234	4,514,414
Climate Change	924,016	1,888,198
Innovative Finance	75,088	395,111
Public Education	148,000	110,000
Time restricted	5,855,297	4,666,427
	$ 16,011,073	$ 18,661,000

During the years ended September 30, 2020 and 2019, net assets with donor restrictions were released from restriction as follows:

	2020	2019
Program restricted:		
Sustainable Fisheries	$ 9,044,653	$ 10,764,925
Climate Change	2,043,240	3,245,956
Innovative Finance	3,265,288	3,184,542
Center for Behavior and Environment	3,478,220	2,668,121
Time restricted	3,968,334	5,198,333
	$ 21,799,735	$ 25,061,877

Note 8. Board Designated Fund

The primary investment objective of the Board Designated Fund is capital preservation. The Board of Trustees reviews performance of related investments on an annual basis. Future fund growth comes from surplus net assets without donor restrictions and investment earnings from the fund. All earnings are reinvested in the Fund.

Under the terms of the governing documents, the Board of Trustees has the ability to distribute so much of the corpus of the Board Designated Fund as the Board of Trustees in its sole discretion shall determine. As a result of the ability to distribute corpus, all Board Designated contributions are classified as net assets without donor restrictions for financial statement purposes. The Board Designated account contains no contributions that are classified as either temporarily restricted or permanently restricted.

The Board designated fund is net assets without donor restrictions. Changes in the Board designated fund are as follows for the years ended September 30, 2020 and 2019:

	2020	2019
Board designated fund, beginning of year	$ 9,238,944	$ 8,486,598
Investment income	155,526	419,646
Management account fees	(16,419)	(15,580)
Net unrealized/realized gains	85,932	348,280
Board designated fund, end of year	$ 9,463,983	$ 9,238,944

Note 9. Line of Credit

The line of credit was renewed in January 2020 and 2021 for $3,000,000 with a variable interest rate equal to London Interbank Offered Rate (LIBOR) plus 1.35% and an expiration date of January 31, 2022. Investments are used as a collateral for this line of credit. As of September 30, 2020 and 2019, there were no balances due on the line of credit.

Note 10. Lease Commitments

On September 1, 2015, Rare entered into an operating lease agreement for office space in Arlington, Virginia. The lease term commenced on December 1, 2015, and ends on November 30, 2025.

Rare also leases office space at other locations, as well as storage and miscellaneous furnishings and equipment under various non-cancelable operating leases. All lease expenditures are recognized on a straight-line basis ratably over the term of the lease. The difference between the straight-line expense and the required lease payment is reflected as deferred rent and is included in the liabilities in the accompanying consolidated balance sheets.

Future minimum lease payments related to these leases are as follows:

Years ending September 30:	
2021	$ 1,419,093
2022	1,439,373
2023	1,402,262
2024	1,437,319
2025	1,473,252
	$ 7,171,299

During the years ended September 30, 2020 and 2019, rent expense was $1,354,701 and $1,427,876, respectively. The Arlington headquarters office rent charges include standard operating expenses. The decrease in rent expense for 2020 is due to the cancellation of country office leases and a shift to shared work space options.

Note 11. Employee Benefit Plans

Rare sponsors a defined-contribution retirement plan under Section 401(k) of the IRC for all employees who meet certain service requirements. The plan provides for employee contributions not to exceed annual limits as determined by the Internal Revenue Service (IRS). In 2020 and 2019, Rare contributed 3% of base salary for all eligible employees and matched 4% of each employee's contribution. Employees are vested in the employer contributions after two years of service. Retirement plan expense for the years ended September 30, 2020 and 2019, was $585,350 and $506,781, respectively.

During 2003, Rare established a non-qualified deferred compensation plan, the International Retirement Savings Plan (IRSP), to cover all foreign employees who meet certain service requirements. There are no employee contributions allowed under the IRSP plan. Rare contributes 3% of compensation for all eligible employees and increases its contribution to 7% of compensation after completion of two years of service. New participants to the plan vest over five years. At September 30, 2020 and 2019, the value of the IRSP was $910,852 and $806,611, respectively. There is a corresponding deferred compensation liability in the same amount that is included in deferred compensation liabilities on the consolidated balance sheets.

Note 11. Employee Benefit Plans (Continued)

During 2011, Rare established a 457(f), non-qualified compensation plan, for certain key employees. This plan is funded annually based on an amount that is approved by the Board. For the years ended September 30, 2020 and 2019, $104,976 and $97,380, respectively, was approved and funded. During 2020, one of the participants exited Rare and the accumulated balance was forfeited. As of September 30, 2020 and 2019, the 457(f) liability amounted to $288,752 and $373,379, respectively.

Rare also established a Section 457(b) supplemental employee retirement plan (the Plan). Under the terms of the Plan, eligible employees elect to deposit a percentage of their compensation into the Plan, subject to IRS limits. Employee deposits and accumulations are accounted for as an asset and offsetting liability on Rare's consolidated balance sheets until they are distributed to the participants. The amount of deposits and related accumulations were $112,899 and $196,265 at September 30, 2020 and 2019, respectively. As of September 30, 2020 and 2019, the 457(b) liability amounted to $112,899 and $196,265, respectively.

The assets held for deferred compensation and the deferred compensation liabilities at September 30, 2020 and 2019, are as follows:

	2020	
	Asset	Liability
IRSP Plan	$ 910,853	$ 910,853
457(b) Plan	112,899	112,899
457(f) Plan	288,752	288,752
	$ 1,312,504	$ 1,312,504

	2019	
	Asset	Liability
IRSP Plan	$ 806,611	$ 806,611
457(b) Plan	196,265	196,265
457(f) Plan	373,379	373,379
	$ 1,376,255	$ 1,376,255

Note 12. Contributed Service and Materials

During the years ended September 30, 2020 and 2019, the value of contributed services and materials $64,043 and $133,449, respectively. These contributed services were included in the consulting and contract fee line on the accompanying consolidated statement of functional expense.

Direct cash contributions are distinguished from in-kind donations when funds are paid directly in-country by a third-party on behalf of the project, rather than for the provision of goods and services.

Note 13. Contingency

Rare participates in a number of federally-assisted grant programs which are subject to financial and compliance audits by the federal government or its representatives. As such, there exists a contingent liability for potential questioned costs that may result from such audits. Management does not anticipate any significant adjustments as a result of such audits.

From time to time, Rare may be subject to various legal proceedings, which are incidental to the ordinary course of business. In the opinion of the management of Rare, there are no material liabilities for Rare for any of these proceedings.

Management has concluded that the continuing COVID-19 outbreak may have a considerable impact Rare in general, but the full potential impact on Rare is not currently measurable. Due to the level of risk this virus may have on the global economy, it is at least reasonably possible that it could have an impact on the operations of Rare in the near term that could materially impact Rare's financials.

Note 14. Liquidity

As of September 30, 2020 and 2019, the following assets are available to meet annual operating costs for the following fiscal year:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	$ 12,003,349	$ 7,491,342
Grants and contributions receivable, net	13,322,597	19,092,688
Investments	9,249,635	9,064,092
Total financial assets available	34,575,581	35,648,122
Less amounts not available to be used within one year:		
Refundable advances	(5,388,192)	(4,794,135)
Board designated net assets	(9,463,983)	(9,238,944)
Net assets with donor restrictions for specific programs	(10,155,776)	(13,994,573)
Net assets with donor restrictions for time over one year	(288,500)	(1,768,427)
Financial assets available to meet operating needs within one year	$ 9,279,130	$ 5,852,043

Rare's support includes restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, Rare must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. Rare regularly monitors liquidity required to meet its needs for general expenditures, liabilities and other obligations due. Rare has net assets without donor restrictions that are used as reserves to fund program opportunities that are not currently in the budget and to cover unexpected expenses. Additionally, as described in note 9, Rare has a $3,000,000 lie of credit available to draw on to meet its needs for general expenditures, liabilities and other obligations due.

RSM

RSM US LLP

Independent Auditor's Report on the Supplementary Information

Board of Trustees
Rare

We have audited the consolidated financial statements of Rare and Affiliates as of and for the years ended September 30, 2020 and 2019, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See page 1 to 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating and other supplementary information is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual entities and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating and other supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

McLean, Virginia
April 27, 2021

Rare and Affiliates

Consolidating Balance Sheet
September 30, 2020

	Rare	Unique Impact (prior Rare Ventures, LLC)	Meloy Fund I G.P.	Meloy Fund I L.P.	Elimination	Total
Assets						
Operating assets:						
Cash and cash equivalents	$ 11,200,431	$ 18,000	$ 784,918	$ -	$ -	$ 12,003,349
Grants and contributions receivable, net	13,483,681	-	110,166	-	(271,250)	13,322,597
Contracts receivable, Meloy Fund I G.P.	-	-	-	-	-	-
Prepaid expenses and other assets	484,891	-	-	-	-	484,891
Program related investment loan	527,305	-	-	-	-	527,305
Investments	9,249,635	-	-	-	-	9,249,635
Investments, Meloy Fund I G.P.	-	-	-	-	-	-
Assets held for deferred compensation	1,312,504	-	-	-	-	1,312,504
Property and equipment, net	98,896	-	-	-	-	98,896
Total operating assets	36,357,343	18,000	895,084	-	(271,250)	36,999,177
Portfolio assets – Meloy Fund I L.P.:						
Cash and cash equivalents	-	-	-	5,010,823	-	5,010,823
Invested funds due from Meloy Fund I G.P.	-	-	-	-	-	-
Other receivables due from Meloy Fund I G.P.		-		6,207	(6,207)	-
Capital call receivable	-	-	-	-	-	-
Other assets	-	-	-	158,571	-	158,571
Debt investment receivables, at fair value	-	-	-	2,762,016	-	2,762,016
Total portfolio assets	-	-	-	7,937,617	(6,207)	7,931,410
Total assets	$ 36,357,343	$ 18,000	$ 895,084	$ 7,937,617	$ (277,457)	$ 44,930,587
Liabilities and Net Assets						
Operating liabilities:						
Accounts payable and accrued expenses	$ 1,224,661	$ -	$ 169,422	$ -	$ (167,291)	$ 1,226,792
Refundable advances	5,013,550	-	374,642	-	-	5,388,192
Loan payable	1,673,982	-	-	-	-	1,673,982
Deferred rent	1,130,251	-	-	-	-	1,130,251
Deferred compensation liabilities	1,312,504	-	-	-	-	1,312,504
Total operating liabilities	10,354,948	-	544,064	-	(167,291)	10,731,721
Portfolio liabilities – Meloy Fund I L.P.:						
Accounts payable and accrued expenses	-	-	-	240,572	(110,166)	130,406
Capital paid in advance	-	-	-	4,566,750	-	4,566,750
Line of credit payable	-	-	-	200,000	-	200,000
Total portfolio liabilities	-	-	-	5,007,322	(110,166)	4,897,156
Total liabilities	10,354,948	-	544,064	5,007,322	(277,457)	15,628,877
Net assets:						
Without donor restrictions:						
Undesignated	527,339	18,000	351,020	-	-	896,359
Designated by the Board	9,463,983	-	-	-	-	9,463,983
Total Rare net assets without donor restrictions	9,991,322	18,000	351,020	-	-	10,360,342
Noncontrolling interest in Meloy Fund I L.P. (Note 3)	-	-	-	2,930,295	-	2,930,295
Total net assets without donor restrictions	9,991,322	18,000	351,020	2,930,295	-	13,290,637
With donor restrictions	16,011,073	-	-	-	-	16,011,073
Total net assets	26,002,395	18,000	351,020	2,930,295	-	29,301,710
Total liabilities and net assets	$ 36,357,343	$ 18,000	$ 895,084	$ 7,937,617	$ (277,457)	$ 44,930,587

Rare and Affiliates

Consolidating Statement of Activities
Year Ended September 30, 2020

	Rare	Unique Impact (prior Rare Ventures, LLC)	Meloy Fund I G.P.	Meloy Fund I L.P.	Elimination	Total
Operating support and revenue:						
Grants and contributions	$ 20,953,357	$ -	$ 114,205	$ -	$ -	$ 21,067,562
In-country grants and contributions	-	-	-	-	-	-
Contributed services and materials	64,043	-	-	-	-	64,043
Program service revenue	1,051,660	-	-	-	-	1,051,660
Management fees and other revenue	339,429	40,000	344,419	-	(705,848)	18,000
Total operating support and revenue	22,408,489	40,000	458,624	-	(705,848)	22,201,265
Operating expenses:						
Sustainable Fisheries and Agriculture	10,951,521	22,000	-	-	(62,000)	10,911,521
Climate Change	3,598,879	-	-	-	-	3,598,879
Innovative Finance	3,108,070	-	410,684	451,342	(643,848)	3,326,248
Center for Behavior and Environment	3,026,536	-	-	-	-	3,026,536
Fundraising	2,066,921	-	-	-	-	2,066,921
Administrative	2,363,135	-	-	-	-	2,363,135
Total operating expenses	25,115,062	22,000	410,684	451,342	(705,848)	25,293,240
Other income:						
Rental income	169,602	-	-	-	-	169,602
Investment income	227,415	-	60,341	-	-	287,756
	397,017	-	60,341	-	-	457,358
Changes in net assets before noncontrolling interest	(2,309,556)	18,000	108,281	(451,342)	-	(2,634,617)
Other:						
Meloy Fund I L.P.:						
Portfolio interest	-	-	-	287,239	-	287,239
Change in unrealized loss on privately held securities	-	-	-	(1,133,007)	-	(1,133,007)
	-	-	-	(845,768)	-	(845,768)
Changes in net assets before contributions by limited partners	(2,309,556)	18,000	108,281	(1,297,110)	-	(3,480,385)
Contributions by limited partners	-	-	-	2,143,700	-	2,143,700
Change in net assets	(2,309,556)	18,000	108,281	846,590	-	(1,336,685)
Net assets:						
Beginning	28,311,951	-	242,739	2,083,705	-	30,638,395
Ending	$ 26,002,395	$ 18,000	$ 351,020	$ 2,930,295	$ -	$ 29,301,710

Rare and Affiliates
The Swiss Confederation State Secretariat for Economic Affairs
"Fisheries Ecosystem Technical Assistance Facility"

Schedule of Cash Receipts and Expenditures
For Period October 1, 2019 to September 30, 2020

Cash receipts:	
Cash received	$ 269,020
Total cash receipts	269,020
Expenditures:	
Consultants	107,475
Total expenditures	107,475
Excess of cash receipts over expenditures	161,545
Cash balance:	
Beginning	197,360
Ending	$ 358,905