

AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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Independent Auditors' Report

To the Board of Directors of the
Amazon Conservation Association and Affiliate
Washington, D.C.

We have audited the accompanying consolidated statements of financial position of the Amazon Conservation Association (ACA) and the Asociacion para la Conservation de la Cuenca Amazonia (ACCA), collectively referred to as the Association, a nonprofit organization, as of December 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of ACCA, an affiliated entity of ACA under common control and management, which statements reflect total assets of \$3,349,314 and \$2,415,349 as of December 31, 2010 and 2009, respectively, and total revenue of \$3,496,349 and \$1,944,166 and total expenses of \$2,481,278 and \$2,017,735, for the years ended December 31, 2010 and 2009, respectively. Those statements were audited by other auditors whose qualified opinion and report has been furnished to us, and our opinion, insofar as it relates to the amounts included for ACCA, is based solely on the report of the other auditors.

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Amazon Conservation Association and Affiliate's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Amazon Conservation Association and the Asociacion para la Conservacion de la Cuenca Amazonica as of December 31, 2010 and 2009, and the consolidated changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The USAID Expenditures and Matching Funds Report on page 16 along with the other supplemental information on pages 17 - 20 is presented for purposes of additional analysis 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Ribis, Jones & Maresca, P.A.

August 31, 2011

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009**

	2010	2009
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,287,555	\$ 1,348,294
Accounts receivable	1,064,953	1,163,765
Grants receivable	2,221,504	2,264,783
Prepaid expenses	12,305	19,653
Total Current Assets	4,586,317	4,796,495
PROPERTY AND EQUIPMENT		
Property and equipment, net	2,082,745	896,127
OTHER ASSETS		
Grants receivable, net of current portion	586,704	673,315
Security deposits	250	250
Intangible assets	1,507	1,945
Total Other Assets	588,461	675,510
TOTAL ASSETS	\$ 7,257,523	\$ 6,368,132
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 1,296,351	\$ 1,696,397
Accrued expenses	6,247	10,640
Accrued taxes	125,833	116,588
Deferred revenue	197,441	466,576
Total Current Liabilities	1,625,872	2,290,201
NET ASSETS		
Unrestricted net assets	2,011,400	1,239,335
Temporarily restricted net assets	3,620,251	2,838,596
Total Net Assets	5,631,651	4,077,931
TOTAL LIABILITIES AND NET ASSETS	\$ 7,257,523	\$ 6,368,132

See independent auditors' report and accompanying notes to financial statements.

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants	\$ 40,000	\$ 3,173,085	\$ 3,213,085
Contributions	1,597,682	105,914	1,703,596
Program services	70,815	-	70,815
Research facility income	113,537	-	113,537
Other income	13,581	-	13,581
Rental income	16,830	-	16,830
Interest income	576	-	576
Net assets released from restrictions	2,497,344	(2,497,344)	-
Total Revenue and Support	<u>4,350,365</u>	<u>781,655</u>	<u>5,132,020</u>
EXPENSES			
Program services			
Conservation	1,601,927	-	1,601,927
Research	434,995	-	434,995
Sustainable livelihoods	708,009	-	708,009
Education and training	322,009	-	322,009
Total program services	<u>3,066,940</u>	<u>-</u>	<u>3,066,940</u>
Support services			
Fundraising	27,518	-	27,518
Management and general	699,460	-	699,460
Total support services	<u>726,978</u>	<u>-</u>	<u>726,978</u>
Total Expenses	<u>3,793,918</u>	<u>-</u>	<u>3,793,918</u>
CHANGE IN NET ASSETS FROM OPERATIONS	556,447	781,655	1,338,102
OTHER CHANGES			
Realized foreign currency exchange gain	139,408	-	139,408
Unrealized foreign currency exchange gain	76,210	-	76,210
Total Other Changes	<u>215,618</u>	<u>-</u>	<u>215,618</u>
CHANGE IN NET ASSETS	772,065	781,655	1,553,720
NET ASSETS, beginning of year	<u>1,239,335</u>	<u>2,838,596</u>	<u>4,077,931</u>
NET ASSETS, end of year	<u>\$ 2,011,400</u>	<u>\$ 3,620,251</u>	<u>\$ 5,631,651</u>

See independent auditors' report and accompanying notes to financial statements.

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants	\$ 9,260	\$ 1,284,170	\$ 1,293,430
Contributions	500,066	1,434,696	1,934,762
Program services	104,997	-	104,997
Research facility income	79,769	-	79,769
Interest income	325	-	325
Other income	14,625	-	14,625
Net assets released from restrictions	<u>1,860,805</u>	<u>(1,860,805)</u>	<u>-</u>
Total Revenue and Support	2,569,847	858,061	3,427,908
EXPENSES			
Program services:			
Conservation	1,036,076	-	1,036,076
Research	687,275	-	687,275
Sustainable livelihoods	623,811	-	623,811
Education and training	<u>402,646</u>	<u>-</u>	<u>402,646</u>
Total program services	2,749,808	-	2,749,808
Support services:			
Fundraising	154,352	-	154,352
Management and general	<u>203,423</u>	<u>-</u>	<u>203,423</u>
Total support services	357,775	-	357,775
Total Expenses	<u>3,107,583</u>	<u>-</u>	<u>3,107,583</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(537,736)	858,061	320,325
OTHER CHANGES			
Loss on disposal of fixed assets	(20,515)	-	(20,515)
Realized foreign currency exchange gain	118,560	-	118,560
Unrealized foreign currency exchange loss	<u>(5,793)</u>	<u>-</u>	<u>(5,793)</u>
Total Other Changes	92,252	-	92,252
CHANGE IN NET ASSETS	(445,484)	858,061	412,577
NET ASSETS:			
Beginning of year	<u>1,684,819</u>	<u>1,980,535</u>	<u>3,665,354</u>
End of year	<u>\$ 1,239,335</u>	<u>\$ 2,838,596</u>	<u>\$ 4,077,931</u>

See independent auditors' report and accompanying notes to financial statements.

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2010**

	PROGRAM SERVICES					SUPPORT SERVICES		
	CONSERVATION	RESEARCH	SUSTAINABLE LIVELIHOOD	EDUCATION AND TRAINING	TOTAL PROGRAM SERVICES	FUNDRAISING	MANAGEMENT AND GENERAL	TOTAL
Personnel								
Salaries	\$ 268,437	\$ 167,776	\$ 177,572	\$ 90,284	\$ 704,069	\$ 14,518	\$ 248,057	\$ 966,644
Payroll taxes	3,841	1,331	2,541	1,292	9,005	1,079	3,748	13,832
Employee benefits	71,176	42,985	47,083	23,939	185,183	1,663	69,460	256,306
Employer pension expense	19,248	11,400	12,733	6,474	49,855	675	18,783	69,313
Sub-total personnel	362,702	223,492	239,929	121,989	948,112	17,935	340,048	1,306,095
Accounting	-	-	-	-	-	-	37,549	37,549
Bad debt	-	-	-	-	-	-	56,234	56,234
Business insurance	-	-	-	-	-	-	11,812	11,812
Depreciation	23,667	14,619	15,656	7,960	61,902	228	23,095	85,225
Dues and subscriptions	844	32	-	-	876	-	407	1,283
Finance charges	-	-	-	-	-	-	25,293	25,293
Grant award	424,577	33,203	92,308	36,960	587,048	2,068	850	589,966
Licenses and permits	19	-	-	-	19	-	1,204	1,223
Meetings and conferences	216,675	32,155	46,935	19,908	315,673	492	16,371	332,536
Miscellaneous	28,835	16,861	17,230	10,566	73,492	1,481	22,047	97,020
Office expense	11,008	11,008	11,008	11,008	44,032	-	11,119	55,151
Office supplies and equipment	64,096	36,340	7,239	4,439	112,114	491	9,255	121,860
Outreach services	-	-	-	1,690	1,690	550	-	2,240
Phone and communications	15,310	9,521	9,145	5,620	39,596	237	11,701	51,534
Postage and delivery	3,737	4,406	883	678	9,704	451	4,696	14,851
Printing and copying	371	-	427	-	798	-	685	1,483
Professional fees	249,786	1,893	175,127	72,922	499,728	200	72,728	572,656
Rent	21,450	10,637	14,190	7,214	53,491	2,820	20,931	77,242
Travel and entertainment	178,631	40,715	77,801	20,976	318,123	538	33,270	351,931
Website	219	113	131	79	542	27	165	734
TOTAL EXPENSES	\$ 1,601,927	\$ 434,995	\$ 708,009	\$ 322,009	\$ 3,066,940	\$ 27,518	\$ 699,460	\$ 3,793,918

See independent auditors' report and accompanying notes to financial statements.

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009**

	PROGRAM SERVICES					SUPPORT SERVICES			TOTAL
	CONSERVATION	RESEARCH	SUSTAINABLE LIVELIHOOD	EDUCATION AND TRAINING	TOTAL PROGRAM SERVICES	FUNDRAISING	MANAGEMENT AND GENERAL		
Personnel									
Salaries	\$ 349,618	\$ 216,198	\$ 204,512	\$ 122,708	\$ 893,036	\$ 58,938	\$ 21,895	\$ 973,869	
Payroll taxes	20,519	12,689	12,003	7,202	52,413	3,459	1,285	57,157	
Employee benefits	97,398	60,229	56,974	34,185	248,786	16,419	6,099	271,304	
Employer pension expense	11,357	7,023	6,644	3,986	29,010	1,915	711	31,636	
Total personnel expenses	478,892	296,139	280,133	168,081	1,223,245	80,731	29,990	1,333,966	
Accounting	-	-	-	-	-	-	82,586	82,586	
Business insurance	2,427	1,282	1,420	852	5,981	608	171	6,760	
Depreciation	33,807	19,825	19,776	11,866	85,274	8,468	428	94,170	
Dues and subscriptions	-	-	-	-	-	-	6,222	6,222	
Finance charges	-	-	-	-	-	-	13,774	13,774	
Grant awards	41,815	25,858	24,460	14,676	106,809	-	9,669	116,478	
Licenses and permits	5,070	4,527	4,436	2,662	16,695	1,900	2,529	21,124	
Meetings and conferences	73,825	45,652	43,184	25,911	188,572	-	17,068	205,640	
Miscellaneous	16,672	9,681	9,753	5,852	41,958	4,176	307	46,441	
Office supplies and equipment	20,789	18,563	18,190	10,914	68,456	7,789	10,374	86,619	
Outreach services	-	-	-	27,833	27,833	-	2,486	30,319	
Phone and communications	12,610	13,559	13,240	7,944	47,353	5,670	10,027	63,050	
Postage and delivery	10,354	6,195	5,186	3,634	25,369	2,593	879	28,841	
Printing and copying	9,493	7,805	7,383	4,430	29,111	3,162	2,886	35,159	
Professional fees	178,334	140,581	104,318	62,591	485,824	-	10,929	496,753	
Rent	27,099	17,374	16,435	9,861	70,769	7,038	455	78,262	
Travel and entertainment	123,758	79,535	75,236	45,142	323,671	32,217	2,381	358,269	
Website	1,131	699	661	397	2,888	-	262	3,150	
TOTAL EXPENSES	\$ 1,036,076	\$ 687,275	\$ 623,811	\$ 402,646	\$ 2,749,808	\$ 154,352	\$ 203,423	\$ 3,107,583	

See independent auditors' report and accompanying notes to financial statements.

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,553,720	\$ 412,577
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	85,225	94,170
Loss on disposal of fixed assets	-	20,515
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	98,812	(1,008,895)
Grants receivable	129,890	(957,563)
Prepaid expense	7,348	288,130
Intangible asset	438	18
Increase (decrease) in liabilities:		
Accounts payable	(400,046)	1,119,188
Accrued expenses	(4,393)	(18,069)
Accrued taxes	9,245	(27,829)
deferred revenue	(269,135)	278,055
Net Cash Provided (Used) by Operating Activities	1,211,104	(10,194)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	(1,101,393)	(33,253)
Proceeds from disposal of property and equipment	-	210,274
Realized gain on foreign currency exchange rate	(94,240)	(236,581)
Unrealized (gain) loss on foreign currency exchange rate	(76,210)	5,793
Net Cash Provided (Used) by Investing Activities	(1,271,843)	182,814
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(60,739)	172,620
 CASH AND CASH EQUIVALENTS - beginning of year	1,348,294	1,175,674
 CASH AND CASH EQUIVALENTS - end of year	\$ 1,287,555	\$ 1,348,294

See independent auditors' report and accompanying notes to financial statements.

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE A – NATURE OF ORGANIZATION

The Amazon Conservation Association (ACA) was incorporated as a non-profit organization on December 27, 1999, in the District of Columbia. Its mission is to conserve the biological diversity of the Amazon Basin. In pursuit of this goal, ACA fosters the sustainable use of natural resources, healthy local communities, ecological understanding, and habitat protection. The mission is accomplished through the implementation of field-based scientific and socio-economic programs that integrate research with natural resource management, conservation, training, education, and policy development. These activities are funded primarily through contributions and grants from foundations and individuals. ACA also operates an office in Bolivia, enabling it to have a dedicated direct presence in that country.

The Asociación para la Conservación de la Cuenca Amazónica (ACCA) is a non-profit organization incorporated under the laws of Peru, also founded in December 1999. ACCA works with ACA toward the achievement of ACA's organizational goals and objectives in Peru. ACA's president, vice president, and treasurer serve on ACCA's board of directors along with two other directors who also sit on ACA's Board of Directors. ACCA's programs are largely funded through contributions received from ACA, plus several grants it has obtained directly.

Program Services

Conservation – ACA protects vital ecosystems by creating and managing alternative conservation areas (such as community or civil society-managed conservation concessions), promoting ecosystem-based land-use planning, and developing and supporting the creation of conservation corridors. ACA currently protects over 1.5 million acres of Amazonian rainforest through these mechanisms.

In 2001, ACA established Los Amigos, the world's first private conservation concession, which protects 360,000 acres of old-growth Amazonian forest at the base of the Andes in southeastern Peru. Then, in 2008, ACA, in collaboration with the Amazonian Haramba Queros native community, established the first conservation concession in Peru run by an indigenous community. In 2010, ACCA purchased a 7,576-acre property within the Manu Biosphere Reserve called Hacienda Villa Carmen to create a private reserve and biological station.

Research – ACA believes the world's most diverse forests should also be its best-studied forests. Since 2004, ACA's Los Amigos Biological Station, commonly known as CICRA, has been the most active research station in the Amazon Basin, hosting an average of 27 researchers and assistants per day. In 2005, ACA also created the Wayqecha Cloud Forest Research Center, Peru's only permanent biological station focused on Andean cloud forest ecology and management. Since 2003, ACA has granted more than 140 scholarships to support scientific research in Peru. In the Pampas del Heath ecosystem in northern Bolivia, ACA monitors flora and fauna, studies fire ecology and traditional indigenous management, and works to ensure the long-term survival of savannas in and around Madidi National Park.

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(continued)**

NOTE A – NATURE OF ORGANIZATION - continued

Program Services - continued

Sustainable Livelihoods – ACA works to support communities' abilities to earn a living while protecting their natural resources. For example, ACA's Brazil nut program supports over 500 Brazil nut harvesters to ensure a sustainable livelihood while protecting over 800,000 acres of rainforest through technical support, training and certification. ACA also supports conservation-appropriate reforestation, microenterprise, carbon projects, and community-based ecotourism.

Education and Training – ACA aims to build the technical capacity of local citizens for conservation and sustainable management of natural resources, to strengthen the regional capacity for environmental governance, and to ensure that the scientific results generated in its research stations reach decision-makers and the public. ACA's field stations, CICRA and Wayqecha, have become centers for educational trips by local school children as well as leading training sites for local and international university groups. ACA's focus on training reflects its conviction that saving the greatest forests on earth requires supercharging a new generation of South American scientists and conservationists.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of ACA and ACCA (collectively referred to as the "Association"). Because they are under common control, these organizations have been consolidated as required under accounting principles generally accepted in the United States of America. All material inter-company accounts and transactions have been eliminated in the process of consolidation.

Basis of Accounting

The Association prepares its financial statements on the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded when the related obligations are incurred.

Cash and Cash Equivalents

The Association considers demand deposits, money market funds and investments purchased with an original maturity of three months or less to be cash and cash equivalents.

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign Currency Transactions

The Association records transactions of ACCA denominated in a foreign currency at the United States dollar equivalent as of the date of the transaction. Assets and liabilities of ACCA denominated in a foreign currency are revalued by the Association in United States dollars at the current exchange rate as of the consolidated statement of financial position date. Any resulting foreign currency gain or loss is recorded in the accompanying consolidated statement of activities as net unrealized foreign currency exchange gain or loss, as applicable. Realized and unrealized foreign currency exchange gain is considered non-operating and is presented separately in the statements of activities.

Financial Statement Presentation

Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein, are classified and reported as followed:

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may or will be met by either actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. As of December 31, 2010, and 2009, the Association had no permanently restricted net assets.

Property and Equipment

Property and equipment with a legal life greater than one year and are valued in excess of \$1,000 are capitalized and recorded at cost, if purchased, and estimated fair value, if donated. Leasehold improvements are capitalized at cost and amortized over the lesser of the remaining life of the lease or the life of the asset. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Computer software	3	years
Furniture and equipment	5 – 7	years
Vehicle	5	years
Building/leasehold improvements	15 – 39	years

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(continued)**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Grants and Contributions

Grants and unconditional contributions are recorded when awarded or pledged and classified as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted grants and contributions whose restrictions are fulfilled in the same period are recorded as unrestricted support in the statements of activities. Contributions to be received after one year are discounted using risk-free interest rates (2.5%) and used in accordance with donor-imposed restrictions, if any, on the contributions. Allowance is made for uncollectible contributions based upon management's judgment, past collection experience and other relevant factors. Management believes all promises to give are fully collectible and no provision for doubtful promises to give is necessary.

Use of Estimates

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

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the over-all support and management of the Association.

NOTE C - INCOME TAXES

ACA is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. ACA is, however, subject to tax on business income unrelated to their exempt purpose. No provision for income taxes is reflected in the accompanying financial statements for the years ended December 31, 2010 and 2009 since ACA had no taxable income from unrelated business activities.

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**
(continued)

NOTE C - INCOME TAXES - continued

The tax returns of ACCA for the years 2001 through 2008 period are pending review by the tax authority. ACCA is subject to income tax laws in Peru. In 2006, ACCA's management became aware that ACCA was not covered by certain benefits established by the tax laws of Peru, and that the research facility revenue earned in Peru is subject to general sales tax. Until that date, ACCA had not considered this income as subject to tax, and therefore, sales tax was not paid on such revenue earned for the years 2001 through August 2008. The Association recorded an accrued liability for the estimated tax plus potential interest and penalties that may be assessed totaling approximately \$125,833 and \$116,588 as of December 31, 2010 and 2009, respectively. The Peruvian taxing authority has the power to review and, as applicable, make a new determination of the taxes as filed by the Association within four years after the tax returns have been filed. It is possible that the estimated tax liability will change and the effect of that change could be material pending the outcome of the review. Management believes that matters arising from the possible tax authority's review will not have a material effect on the consolidated financial position of the Association.

The Association recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Association does not believe its financial statements include any uncertain tax positions.

NOTE D – GRANTS RECEIVABLE

The following schedule summarizes the grants receivable as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Expected payments from long-term grants receivable:		
Greater than one year	\$ 601,748	\$ 688,813
Less unamortized discount (2.25%)	<u>(15,044)</u>	<u>(15,498)</u>
Total long-term grants receivable	586,704	673,315
Less than one year	<u>2,221,504</u>	<u>2,264,783</u>
	<u>\$ 2,808,208</u>	<u>\$ 2,938,098</u>

The Association believes that all amounts will be received when due. Therefore, no allowance for doubtful accounts was established as of December 31, 2010 and 2009.

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**
(continued)

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Land	\$ 736,553	\$ 275,480
Buildings and leasehold improvements	1,214,054	507,886
Furniture and equipment	529,574	502,162
Construction in progress	48,833	-
Vehicles	<u>102,890</u>	<u>74,532</u>
	2,631,904	1,360,060
Less: accumulated depreciation and amortization	<u>(549,158)</u>	<u>(463,933)</u>
Property and equipment, net	<u>\$ 2,082,746</u>	<u>\$ 896,127</u>

Depreciation expense totaled \$85,225 and \$94,170 for the years ended December 31, 2010 and 2009, respectively.

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were designated by donors for the following purposes as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Conservation	\$ 3,462,727	\$ 2,745,767
Sustainable livelihoods	22,224	49,564
Education and training	5,300	10,000
Organizational strengthening	100,000	-
Research	-	3,265
Time restrictions	<u>30,000</u>	<u>30,000</u>
Total	<u>\$ 3,620,251</u>	<u>\$ 2,838,596</u>

NOTE G - OPERATING LEASES

The Association leases facilities in the United States, Bolivia and Peru with varying lease terms. Rent expense for the years ended December 31, 2010 and 2009 totaled \$77,242 and \$78,262, respectively. The future minimum payments of operating leases under non-cancelable lease agreements exceeding one year are as follows:

December 31, 2011	\$ 70,714
2012	74,130
2013	80,255
2014	84,987
2015	<u>89,897</u>
Total	<u>\$ 399,983</u>

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(continued)**

NOTE H – CONCENTRATION OF RISK

The Association's cash is comprised of amounts in accounts at various financial institutions both in the United States, Peru and Bolivia. Although the amount at a United States bank may exceed the amount guaranteed by the Federal Deposit Insurance Corporation (FDIC) at times, the Association has not experienced nor does it anticipate any loss of funds. As of December 31, 2010 and 2009, the amount in excess of the United States FDIC limit was \$719,196 and \$647,153, respectively.

As of December 31, 2010 and 2009, the Association maintained a total of \$390,907 and \$451,141 in foreign financial institutions, respectively, which is not insured and is subject to foreign currency fluctuations and potential bank failure. The Association periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

NOTE I – RELATED PARTY TRANSACTIONS

The Association's president is also the president of Friends of the Osa who leases office space from the Association. The president also leases office space from the Association. Both leases are on a month-to-month basis. For the years ended December 31, 2010 and 2009, rental income totaled \$16,830 and \$9,236, respectively.

NOTE J – RETIREMENT PLAN

The Association has a 403(b) Savings Plan covering employees. The Association matches dollar for dollar of up to five percent of deferred compensation on behalf of each participant subject to the limitations established by the Internal Revenue Code. The Association's matching contributions for the years ended December 31, 2010 and 2009 totaled \$8,654 and \$8,639, respectively.

NOTE K - SUBSEQUENT EVENTS

In preparing these financial statements, the Association's management has evaluated events and transactions for potential recognition or disclosure through August 31, 2011, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.

SUPPLEMENTAL INFORMATION

Amazon Conservation Association
 USAID Expenditures and Matching Funds Report
 December 31, 2010

January through December 2010

	Expenditures of USAID Funds	Matching Funds from the Gordon & Betty Moore Foundation
Balance forward ACA-DC 12/31/2009	22,541	
Matching funds applied to the USAID grant		60,366
Income		
US Govt contracts (total received from WCS/USAID in 2010)	624,660	
Receivables for ACA-DC from earlier yrs	(84,655)	
Amounts transferred to Bolivia & ACCA	(474,278)	
Total available for ACA-DC in 2010	\$ 65,727	\$ 60,366
Expense		
Salaries	34,599	4,467
Fringe	7,354	1,431
Total Salaries & benefits	41,953	5,898
Misc. Administrative Fees	221	
Organizational costs	100	
Bank Fees	21	
Total Business Expenses	342	-
Audit & Related	1,000	64
Rent, Parking, Utilities	4,610	
Books, Subscriptions, Reference	75	15
Postage, mailing service	45	9
Printing and Copying	53	
Office Supplies	569	923
Telephone, Telecommunications	545	315
Total Operations	1,286	1,262
Airfare	2,710	
Ground transportation	149	
Hotels & Lodging	842	
Meals & incidentals, per diems, other	674	
Total Travel	4,376	-
Program-related mtgs & confs.	17	
Board meeting expense	102	51
Staff Training and Development	360	90
Total Meetings and conferences	479	141
Subgrant awards		53,000
Overhead Allocation	10,007	
Total Expense	\$ 64,052	\$ 60,366
Cash balance ACA-DC 12/21/2010	1,675	-

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2010**

	ACA DC Office	ACA Bolivia Office	Total ACA	ACCA	Consolidated Total
CURRENT ASSETS					
Cash and cash equivalents	\$ 996,311	\$ 53,652	\$ 1,049,963	\$ 237,592	\$ 1,287,555
Accounts receivable	5,178	21,598	26,776	1,038,177	1,064,953
Grants receivable	2,221,504	-	2,221,504	-	2,221,504
Prepaid expenses and taxes	5,678	-	5,678	6,627	12,305
Total Current Assets	<u>3,228,671</u>	<u>75,250</u>	<u>3,303,921</u>	<u>1,282,396</u>	<u>4,586,317</u>
PROPERTY AND EQUIPMENT					
Property, plant and equipment, net	2,964	12,863	15,827	2,066,918	2,082,745
OTHER ASSETS					
Grants receivable, net of current	586,704	-	586,704	-	586,704
Security deposit	250	-	250	-	250
Intangible asset	-	1,507	1,507	-	1,507
Total Other Assets	<u>586,954</u>	<u>1,507</u>	<u>588,461</u>	<u>-</u>	<u>588,461</u>
TOTAL ASSETS	<u>\$ 3,818,589</u>	<u>\$ 89,620</u>	<u>\$ 3,908,209</u>	<u>\$ 3,349,314</u>	<u>\$ 7,257,523</u>
CURRENT LIABILITIES					
Accounts payable	\$ 42,118	\$ 59,754	\$ 101,872	\$ 1,194,479	\$ 1,296,351
Due to/from affiliate	32,367	-	32,367	(32,367)	-
Accrued expenses	6,247	-	6,247	-	6,247
Accrued taxes	-	-	-	125,833	125,833
Deferred revenue	10,765	-	10,765	186,676	197,441
Total Current Liabilities	<u>91,497</u>	<u>59,754</u>	<u>151,251</u>	<u>1,474,621</u>	<u>1,625,872</u>
NET ASSETS					
Unrestricted net assets	106,841	29,866	136,707	1,874,693	2,011,400
Temporarily restricted net assets	3,620,251	-	3,620,251	-	3,620,251
Total Net Assets	<u>3,727,092</u>	<u>29,866</u>	<u>3,756,958</u>	<u>1,874,693</u>	<u>5,631,651</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,818,589</u>	<u>\$ 89,620</u>	<u>\$ 3,908,209</u>	<u>\$ 3,349,314</u>	<u>\$ 7,257,523</u>

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2009**

	ACA DC Office	ACA Bolivia Office	Total ACA	ACCA	Consolidated Total
CURRENT ASSETS					
Cash and cash equivalents	\$ 897,153	\$ 16,489	\$ 913,642	\$ 434,652	\$ 1,348,294
Accounts receivable	9,060	50,045	59,105	1,104,660	1,163,765
Grants receivable	2,264,783	-	2,264,783	-	2,264,783
Prepaid expenses and taxes	8,289	-	8,289	11,364	19,653
Total Current Assets	<u>3,179,285</u>	<u>66,534</u>	<u>3,245,819</u>	<u>1,550,676</u>	<u>4,796,495</u>
PROPERTY AND EQUIPMENT					
Property, plant and equipment, net	18,837	12,617	31,454	864,673	896,127
OTHER ASSETS					
Grants receivable, net of current	673,315	-	673,315	-	673,315
Security deposit	250	-	250	-	250
Intangible asset	-	1,945	1,945	-	1,945
Total Other Assets	<u>673,565</u>	<u>1,945</u>	<u>675,510</u>	<u>-</u>	<u>675,510</u>
TOTAL ASSETS	<u>\$ 3,871,687</u>	<u>\$ 81,096</u>	<u>\$ 3,952,783</u>	<u>\$ 2,415,349</u>	<u>\$ 6,368,132</u>
CURRENT LIABILITIES					
Accounts payable	\$ 104,749	\$ 73,049	\$ 177,798	\$ 1,518,599	\$ 1,696,397
Due to/from affiliate	275,814	-	275,814	(275,814)	-
Accrued expenses	10,640	-	10,640	-	10,640
Accrued taxes	-	-	-	116,588	116,588
Deferred revenue	-	-	-	466,576	466,576
Total Current Liabilities	<u>391,203</u>	<u>73,049</u>	<u>464,252</u>	<u>1,825,949</u>	<u>2,290,201</u>
NET ASSETS					
Unrestricted net assets	641,888	8,047	649,935	589,400	1,239,335
Temporarily restricted net assets	2,838,596	-	2,838,596	-	2,838,596
Total Net Assets	<u>3,480,484</u>	<u>8,047</u>	<u>3,488,531</u>	<u>589,400</u>	<u>4,077,931</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,871,687</u>	<u>\$ 81,096</u>	<u>\$ 3,952,783</u>	<u>\$ 2,415,349</u>	<u>\$ 6,368,132</u>

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010**

	ACA DC Office	ACA Bolivia Office	Total ACA	ACCA	Eliminations	Consolidated Total
REVENUE AND SUPPORT						
Grants and contributions	\$ 3,936,485	\$ -	\$ 3,936,485	\$ 980,196	\$ -	\$ 4,916,681
Grants and contributions received from ACA	-	234,432	234,432	2,500,689	(2,735,121)	-
Program services	70,815	-	70,815	-	-	70,815
Research facility income	-	-	-	113,537	-	113,537
Rental income	16,830	-	16,830	-	-	16,830
Interest income	7,423	-	7,423	576	-	7,999
Other income	4,451	-	4,451	1,707	-	6,158
Total Revenue and Support	4,036,004	234,432	4,270,436	3,596,705	(2,735,121)	5,132,020
EXPENSES						
Program services						
Conservation	579,206	81,171	660,377	941,550	-	1,601,927
Research	64,666	27,974	92,640	342,355	-	434,995
Sustainable livelihoods	142,565	69,498	212,063	495,946	-	708,009
Education and training	50,059	46,001	96,060	225,949	-	322,009
Grants paid to affiliates	2,735,121	-	2,735,121	-	(2,735,121)	-
Total program services	3,571,617	224,644	3,796,261	2,005,800	(2,735,121)	3,066,940
Support services						
Fundraising	27,518	-	27,518	-	-	27,518
Management and general	190,261	33,721	223,982	475,478	-	699,460
Total support services	217,779	33,721	251,500	475,478	-	726,978
Total Expenses	3,789,396	258,365	4,047,761	2,481,278	(2,735,121)	3,793,918
CHANGES IN NET ASSETS FROM OPERATIONS	246,608	(23,933)	222,675	1,115,427	-	1,338,102
OTHER CHANGES						
Realized foreign currency exchange gain	-	-	-	139,408	-	139,408
Unrealized foreign currency exchange gain	-	45,752	45,752	30,458	-	76,210
Total Other Changes	-	45,752	45,752	169,866	-	215,618
CHANGE IN NET ASSETS	246,608	21,819	268,427	1,285,293	-	1,553,720
NET ASSETS:						
Beginning of year	3,480,484	8,047	3,488,531	589,400	-	4,077,931
End of year	\$ 3,727,092	\$ 29,866	\$ 3,756,958	\$ 1,874,693	\$ -	\$ 5,631,651

**AMAZON CONSERVATION ASSOCIATION AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009**

	ACA DC Office	ACA Bolivia Office	Total ACA	ACCA	Eliminations	Consolidated Total
REVENUE AND SUPPORT						
Grants and contributions	\$ 2,928,921	\$ -	\$ 2,928,921	\$ 299,271	\$ -	\$ 3,228,192
Grants received from ACA	-	151,810	151,810	1,681,485	(1,833,295)	-
Program services	104,997	-	104,997	-	-	104,997
Research facility income	-	-	-	79,769	-	79,769
Interest income	-	-	-	325	-	325
Other income	13,288	-	13,288	1,337	-	14,625
Total Revenue and Support	3,047,206	151,810	3,199,016	2,062,187	(1,833,295)	3,427,908
EXPENSES						
Program services						
Conservation	334,207	56,216	390,423	645,653	-	1,036,076
Research	216,393	34,763	251,156	436,119	-	687,275
Sustainable livelihoods	130,625	32,884	163,509	460,302	-	623,811
Education and training	110,461	19,730	130,191	272,455	-	402,646
Grants paid to affiliates	1,833,295	-	1,833,295	-	(1,833,295)	-
Total program services	2,624,981	143,593	2,768,574	1,814,529	(1,833,295)	2,749,808
Support services						
Fundraising	32,226	-	32,226	122,126	-	154,352
Management and general	109,346	12,997	122,343	81,080	-	203,423
Total support services	141,572	12,997	154,569	203,206	-	357,775
Total Expenses	2,766,553	156,590	2,923,143	2,017,735	(1,833,295)	3,107,583
CHANGES IN NET ASSETS FROM OPERATIONS	280,653	(4,780)	275,873	44,452	-	320,325
OTHER CHANGES						
Loss on disposal of fixed assets	(20,515)	-	(20,515)	-	-	(20,515)
Realized foreign currency exchange gain	-	-	-	118,560	-	118,560
Unrealized foreign currency exchange loss	-	(5,793)	(5,793)	-	-	(5,793)
Total Other Changes	(20,515)	(5,793)	(26,308)	118,560	-	92,252
CHANGE IN NET ASSETS	260,138	(10,573)	249,565	163,012	-	412,577
NET ASSETS:						
Beginning of year	3,220,346	18,620	3,238,966	426,388	-	3,665,354
End of year	\$ 3,480,484	\$ 8,047	\$ 3,488,531	\$ 589,400	\$ -	\$ 4,077,931