

FINANCIAL STATEMENTS



FOR THE YEAR ENDED DECEMBER 31, 2019

AMAZON CONSERVATION ASSOCIATION

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Amazon Conservation Association (the Organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to 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 audit. We conducted our audit 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 the Organization as of December 31, 2019, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, reading 'Gelman Rosenberg & Freedman'. The signature is written in a cursive, flowing style.

July 31, 2020

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AMAZON CONSERVATION ASSOCIATION

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019

ASSETS

CURRENT ASSETS

| | |
|-------------------------------------|------------------|
| Cash and cash equivalents | \$ 2,426,273 |
| Contributions and grants receivable | 467,604 |
| Due from related parties | 24,812 |
| Prepaid expenses | <u>3,048</u> |
| Total current assets | <u>2,921,737</u> |

FIXED ASSETS

| | |
|---|----------------|
| Equipment | 22,315 |
| Website in progress | <u>45,000</u> |
| | 67,315 |
| Less: Accumulated depreciation and amortization | <u>(6,457)</u> |
| Net fixed assets | <u>60,858</u> |

OTHER ASSETS

| | |
|---|----------------|
| Contributions and grants receivable, net of current portion | 100,000 |
| Deposits | <u>6,558</u> |
| Total other assets | <u>106,558</u> |

TOTAL ASSETS **\$ 3,089,153**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|--|--------------|
| Accounts payable and accrued liabilities | \$ 43,000 |
| Accrued salaries and related benefits | 30,145 |
| Grants payable | 39,158 |
| Deferred rent | <u>3,874</u> |
| Total current liabilities | 116,177 |

NONCURRENT LIABILITIES

| | |
|---------------------------------------|----------------|
| Deferred rent, net of current portion | <u>52,290</u> |
| Total liabilities | <u>168,467</u> |

NET ASSETS

| | |
|----------------------------|------------------|
| Without donor restrictions | 1,285,557 |
| With donor restrictions | <u>1,635,129</u> |
| Total net assets | <u>2,920,686</u> |

TOTAL LIABILITIES AND NET ASSETS **\$ 3,089,153**

AMAZON CONSERVATION ASSOCIATION
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---|------------------------------------|----------------------------|
| SUPPORT AND REVENUE | | | |
| Contributions and grants | \$ 2,388,406 | \$ 2,339,034 | \$ 4,727,440 |
| Contributed services | 62,549 | - | 62,549 |
| Rental income | 2,700 | - | 2,700 |
| Other revenue | 1,648 | 2,320 | 3,968 |
| Net assets released from donor restrictions | <u>3,740,554</u> | <u>(3,740,554)</u> | <u>-</u> |
| Total support and revenue | <u>6,195,857</u> | <u>(1,399,200)</u> | <u>4,796,657</u> |
| EXPENSES | | | |
| Program Services: | | | |
| Protecting Habitat | 1,760,233 | - | 1,760,233 |
| Science and Education | 1,286,781 | - | 1,286,781 |
| Sustainable Livelihood | 634,063 | - | 634,063 |
| Threats and Solutions | <u>1,058,790</u> | <u>-</u> | <u>1,058,790</u> |
| Total program services | <u>4,739,867</u> | <u>-</u> | <u>4,739,867</u> |
| Supporting Services: | | | |
| Management and General | 364,509 | - | 364,509 |
| Fundraising | <u>242,934</u> | <u>-</u> | <u>242,934</u> |
| Total supporting services | <u>607,443</u> | <u>-</u> | <u>607,443</u> |
| Total expenses | <u>5,347,310</u> | <u>-</u> | <u>5,347,310</u> |
| Change in net assets | 848,547 | (1,399,200) | (550,653) |
| Net assets at beginning of year | <u>437,010</u> | <u>3,034,329</u> | <u>3,471,339</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 1,285,557</u> | <u>\$ 1,635,129</u> | <u>\$ 2,920,686</u> |

AMAZON CONSERVATION ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Program Services | | | | Supporting Services | | | | Total Expenses |
|-------------------------------|---------------------|-----------------------|------------------------|-----------------------|------------------------|------------------------|-------------------|---------------------------|---------------------|
| | Protecting Habitat | Science and Education | Sustainable Livelihood | Threats and Solutions | Total Program Services | Management and General | Fundraising | Total Supporting Services | |
| Salaries and benefits | \$ 88,965 | \$ 132,906 | \$ 76,733 | \$ 120,677 | \$ 419,281 | \$ 171,792 | \$ 150,376 | \$ 322,168 | \$ 741,449 |
| Payroll taxes | 6,182 | 9,235 | 5,332 | 8,385 | 29,134 | 11,937 | 10,449 | 22,386 | 51,520 |
| Grant awards | 1,608,521 | 1,059,885 | 502,586 | 867,476 | 4,038,468 | - | - | - | 4,038,468 |
| Professional fees | 15,059 | 22,498 | 12,989 | 20,428 | 70,974 | 91,629 | 25,455 | 117,084 | 188,058 |
| Occupancy | 10,173 | 15,199 | 8,775 | 13,800 | 47,947 | 19,645 | 17,196 | 36,841 | 84,788 |
| Travel and entertainment | 16,023 | 22,652 | 11,762 | 6,149 | 56,586 | 9,447 | 9,879 | 19,326 | 75,912 |
| Office expense | 6,328 | 9,454 | 5,458 | 8,584 | 29,824 | 12,220 | 10,697 | 22,917 | 52,741 |
| Meetings and conferences | 3,145 | 4,698 | 2,713 | 4,266 | 14,822 | 6,073 | 5,316 | 11,389 | 26,211 |
| Business insurance | 2,913 | 4,352 | 2,513 | 3,951 | 13,729 | 5,625 | 4,924 | 10,549 | 24,278 |
| Accounting | - | - | - | - | - | 21,131 | - | 21,131 | 21,131 |
| Supplies and equipment | 424 | 2,168 | 3,046 | 1,683 | 7,321 | 6,819 | 5,969 | 12,788 | 20,109 |
| Phone and communications | 1,141 | 1,705 | 984 | 1,548 | 5,378 | 650 | 376 | 1,026 | 6,404 |
| Postage and delivery | 705 | 1,053 | 608 | 956 | 3,322 | 1,362 | 1,192 | 2,554 | 5,876 |
| Printing and copying | 654 | 976 | 564 | 887 | 3,081 | 1,262 | 1,105 | 2,367 | 5,448 |
| Depreciation and amortization | - | - | - | - | - | 2,557 | - | 2,557 | 2,557 |
| Miscellaneous | - | - | - | - | - | 2,360 | - | 2,360 | 2,360 |
| TOTAL | \$ 1,760,233 | \$ 1,286,781 | \$ 634,063 | \$ 1,058,790 | \$ 4,739,867 | \$ 364,509 | \$ 242,934 | \$ 607,443 | \$ 5,347,310 |

See accompanying notes to financial statements.

AMAZON CONSERVATION ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|----------------|
| Change in net assets | \$ (550,653) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation and amortization | 2,557 |
| Decrease (increase) in: | |
| Contributions and grants receivable | 1,006,134 |
| Prepaid expenses | (3,048) |
| (Decrease) increase in: | |
| Accounts payable and accrued liabilities | (52,103) |
| Accrued salaries and related benefits | 16,835 |
| Grants payable | 39,158 |
| Due to related parties | (44,034) |
| Deferred rent | <u>(382)</u> |
| Net cash provided by operating activities | <u>414,464</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|----------------------------|
| Purchases of fixed assets | <u>(46,178)</u> |
| Net cash used by investing activities | <u>(46,178)</u> |
| Net increase in cash and cash equivalents | 368,286 |
| Cash and cash equivalents at beginning of year | <u>2,057,987</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 2,426,273</u> |

AMAZON CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Amazon Conservation Association (the Organization) is a non-profit organization, incorporated and located in the District of Columbia. The Organization's mission is to unite science, innovation and people to protect the western Amazon - the greatest wild forest on earth. This mission is accomplished through the following:

- Empowering people to become champions for conservation while improving their quality of life by education initiatives, building local partnerships and knowledge, and promoting forest-friendly livelihoods;
- Protecting wild places through creating new conservation areas, managing lands and natural resources for a changing climate, and connecting vital areas for species conservation; and
- Putting science and conservation to work by managing premier biological research stations, and using cutting-edge technology to detect, analyze and stop deforestation.

Through employing this holistic approach to conservation, the Organization aims to achieve its vision of a thriving Amazon that sustains the full diversity of life. These activities are funded primarily through contributions and grants from foundations, government agencies, and individuals.

Program Services -

Protecting Habitat - The Organization protects vital ecosystems in Peru and Bolivia by supporting the creation of new conservation areas, as well as supporting communities and governments in the sustainable management of natural resources in existing conservation areas. The Organization also promotes forest-friendly land-use planning, and develops and supports the creation of conservation corridors that ensure the connectivity of lands, key for species' survival. The Organization currently protects a total of 4.8 million acres of Amazonian forest. In 2001, the Organization 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 southwestern Peru. In 2008, the Organization, in collaboration with Haramba Querós, established the first conservation concession in Peru run by an indigenous community. In subsequent years, the Organization supported the creation of community-run private conservation areas as well as municipal and regional conservation areas in partnerships with governments, covering more than 2 million acres of vital forests.

Science and Education - Amazon Conservation employs a science-based approach to all of its conservation solutions. The Organization has established the tropic's most premier research stations, which host thousands of students, researchers and ecotourists every year, acting as a gateway for ecologically-safe exploration of the Amazon. In 2004, Amazon Conservation established its first research station – Los Amigos – as part of its 360,000-acre Conservation Concession. A year later, the Organization established Peru's only permanent research station focused on Andean cloud forest ecology and management, Wayqecha. Villa Carmen, Amazon Conservation's third station in Peru, was established in the foothills of the Andes in 2010 to create a presence throughout the Andes-to-Amazon altitudinal gradient. In Bolivia, the Organization also supports the local university of Pando and the local community of Santa Rosa in the management of two growing research stations, Tahuamanu and Santa Rosa de Abuná. All of these research stations are educational centers not only for international scientists but also for local communities and schoolchildren. For example, in a heavily deforested area, local schools learn to use camera traps to monitor biodiversity, thereby, training the next generation of conservationists to protect forests.

AMAZON CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

Program Services (continued) -

Sustainable Livelihoods - Amazon Conservation empowers local communities to improve their quality of life through livelihoods that protect forests and grow local economies. Since 1997, Amazon Conservation's sustainable livelihoods programs have empowered more than 500 Brazil nut harvesters, trained over 3,000 individuals, and supported indigenous communities in using sustainable income-generating activities that raised their profits and protected over 1.8 million acres of forests. The Organization offers technical support, training, certification and helps connect local producers to market networks. Amazon Conservation also supports conservation-appropriate reforestation and agroforestry, microenterprises such as native fish farming, and community-based ecotourism, all while working to mitigate the impact of infrastructure development on the environment.

Threats and Solutions – Protecting the health of the Amazon requires understanding the larger forces at work in the region, identifying trends, analyzing data, monitoring threats as they emerge, and reporting on them in real time to enable authorities to take actions to halt deforestation. In 2015, Amazon Conservation launched the Monitoring of the Andean Amazon Project (MAAP), which merged a number of cutting-edge technologies to monitor deforestation in the Amazon in real time. The images, data and trends are analyzed and findings are disseminated in an accessible, easy-to-understand format to policy makers, local authorities, civil society, the media and the general public in a timely manner. The Organization's successful practice using satellite-imagery for conservation and its long-standing positive relationship with the Peruvian government, resulted in Amazon Conservation supporting the creation and training of municipal GIS offices throughout Peru that now use Amazon Conservation's methodology to prosecute illegal activities against forests. In 2017, Amazon Conservation launched the Southwest Amazon Drone Center, based out of the organization's Los Amigos Research Station, a center for education, training and certification for the use of drones in conservation as a method of finding and reporting on illicit deforestation activities. The Organization continues to innovate by employing new technologies like acoustic monitoring, eDNA and web platforms into the field of conservation.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net asset are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net assets categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions.

AMAZON CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

Basis of presentation (continued) -

- **Net Assets With Donor Restrictions (continued)** - When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncements adopted -

During 2019, the Organization adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. The Organization adopted the ASU using a modified prospective basis.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Contributions and grants receivable -

Contributions and grants receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2019 totaled \$2,557.

Income taxes -

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2019, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

AMAZON CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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

Contributions and grants -

For contributions and grants, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributed services -

Contributed services consist of pro bono legal services. Contributed services are recorded at their fair value as of the date of the gift.

Use of estimates -

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

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort.

Foreign operations -

A significant portion of the Organization's activities and programs are in foreign operating environments, and any disruption could adversely affect the Organization.

New accounting pronouncement not yet adopted -

FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. During 2020, the FASB delayed the implementation date under ASU 2020-05 for an additional year. Organizations may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019 and for interim periods within annual reporting periods beginning after December 15, 2020. Early adoption is still permitted.

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year.

AMAZON CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

New accounting pronouncement not yet adopted (continued) -

The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Organization plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standards on its accompanying financial statements.

2. **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2019:

Subject to expenditure for specified purpose:

| | |
|------------------------|----------------|
| Protecting Habitat | \$ 849,903 |
| Science and Education | 225,893 |
| Sustainable Livelihood | 67,994 |
| Threats and Solutions | <u>491,339</u> |

TOTAL NET ASSETS WITH DONOR RESTRICTIONS **\$ 1,635,129**

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished:

| | |
|------------------------|----------------|
| Protecting Habitat | \$ 1,714,026 |
| Science and Education | 982,246 |
| Sustainable Livelihood | 319,787 |
| Threats and Solutions | <u>724,495</u> |

TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS **\$ 3,740,554**

3. **LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

| | |
|-------------------------------------|---------------|
| Cash and cash equivalents | \$ 2,426,273 |
| Contributions and grants receivable | 467,604 |
| Due from related parties | <u>24,812</u> |

Subtotal financial assets available within one year 2,918,689
Less: Donor restricted funds (1,635,129)

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR
GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 1,283,560**

AMAZON CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

3. LIQUIDITY AND AVAILABILITY (Continued)

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2019, the Organization had financial assets equal to approximately three months of operating expenses.

4. LEASE COMMITMENTS

The Organization leases office space in Washington, D.C. The lease commenced during February 2015 and will expire August 2025. Base monthly rent is \$6,308, increasing by a factor of 2.75% each lease year.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statement of Financial Position.

The following is a schedule of the future minimum lease payments:

| <u>Year Ending December 31,</u> | |
|---------------------------------|--------------------------|
| 2020 | \$ 87,486 |
| 2021 | 90,128 |
| 2022 | 92,606 |
| 2023 | 95,153 |
| 2024 | 97,770 |
| Thereafter | <u>66,822</u> |
| | <u>\$ 529,965</u> |

Occupancy expense for the year ended December 31, 2019 totaled \$84,788. The deferred rent liability as of December 31, 2019 totaled \$56,164.

The Organization subleases a portion of its office space. The agreement commenced on June 10, 2019 and will continue on a month-to-month basis. Rental income for the year ended December 31, 2019 totaled \$2,700.

5. RETIREMENT PLAN

The Organization provides retirement benefits to its employees through a defined contribution plan covering all employees working twenty or more hours per week and after three months of service. The Organization provides a 100% match of each eligible employee's contribution, up to 5% of covered compensation. Contributions to the plan during the year ended December 31, 2019 totaled \$22,183.

6. RELATED PARTY

The Asociacion para la Conservacion de la Cuenca Amazonica (ACCA) is a non-profit organization incorporated under the laws of Peru, also founded in December 1999. ACCA works with the Organization toward the achievement of the Organization's goals and objectives in Peru.

ACCA's programs are largely funded through contributions received from the Organization plus a number of grants it has obtained directly.

AMAZON CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

6. RELATED PARTY (Continued)

The Asociacion para la Conservacion e Investigacion de Ecosistemas Andino Amazonicos (ACEAA) is a non-profit organization incorporated under the laws of Bolivia. It was founded in 2011. ACEAA works with the Organization toward the achievement of the Organization's goals and objectives in Bolivia. The Organization provides some funding to ACEAA to support its programs.

During the year ended December 31, 2019, two members of the Organization's board of directors, who are also the Organization's co-founders, served as Executive Director and Program Director of Amazon Andes Fund, respectively. The Organization's co-founders and board members do not derive any personal benefit from these relationships, and have not and do not exert any unfair influence on the allocation of funds donated to the Organization.

During the year ended December 31, 2019, the Organization made payments of \$2,462,841 and \$440,373 to ACCA and ACEAA, respectively. As of December 31, 2019, \$22,513 and \$2,299 were due to the Organization from ACCA and ACEAA, respectively.

7. AMAZON JOURNEYS

During February 2017, the Organization's board of directors passed a resolution to purchase shares in Turismo y Conservacion SAC (Amazon Journeys), a for-profit entity for the management of operations of ACCA's biological stations in Peru. During January 2018, the Organization acquired 3,000 shares at a price of 1 Peruvian Sol for each share. As a result of the purchase, the Organization retains a 1% interest in Amazon Journeys. The Organization's financial interest in Amazon Journeys at December 31, 2019, is deemed immaterial and is not reflected in the accompanying Statement of Financial Position.

8. AMAZON BIODIVERSITY CENTER

On December 31, 2013, the Organization entered into a Memorandum of Understanding (MOU) with a member of the Organization's board of directors, whereby funds were transferred to the Organization for expenditure only for purposes related to the Amazon Biodiversity Center Program (TL-ABC). During 2019, the Amazon Biodiversity Center received its own separate tax-exempt status and terminated the agreement with the Organization. The transfer of all funds related to the TL-ABC program and any other property of the program was completed on May 31, 2019.

9. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 31, 2020, the date the financial statements were issued.

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Organization's operations. The overall potential impact is unknown at this time.

On April 18, 2020, the Organization entered into a two-year promissory note agreement in the amount of \$111,547 with a 1% fixed interest rate under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note, unless otherwise forgiven. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part.