

## **FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED DECEMBER 31, 2020  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 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, 2020, 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, 2020, 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.

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### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 31, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gelman Rosenberg & Friedman*

July 12, 2021

**AMAZON CONSERVATION ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,041,367	\$ 2,426,273
Contributions and grants receivable	462,519	467,604
Loan receivable	150,000	-
Due from related parties	-	24,812
Prepaid expenses	<u>324,368</u>	<u>3,048</u>
Total current assets	<u>3,978,254</u>	<u>2,921,737</u>
<b>FIXED ASSETS</b>		
Equipment	28,221	22,315
Website in progress	<u>45,000</u>	<u>45,000</u>
	73,221	67,315
Less: Accumulated depreciation and amortization	<u>(21,147)</u>	<u>(6,457)</u>
Net fixed assets	<u>52,074</u>	<u>60,858</u>
<b>OTHER ASSETS</b>		
Contributions and grants receivable, net of current portion	-	100,000
Deposits	<u>6,558</u>	<u>6,558</u>
Total other assets	<u>6,558</u>	<u>106,558</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,036,886</u></b>	<b><u>\$ 3,089,153</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Loan payable	\$ 111,547	\$ -
Accounts payable and accrued liabilities	43,053	43,000
Accrued salaries and related benefits	46,400	30,145
Grants payable	165,785	39,158
Deferred rent	<u>6,516</u>	<u>3,874</u>
Total current liabilities	373,301	116,177
<b>NONCURRENT LIABILITIES</b>		
Deferred rent, net of current portion	<u>45,774</u>	<u>52,290</u>
Total liabilities	<u>419,075</u>	<u>168,467</u>
<b>NET ASSETS</b>		
Without donor restrictions	2,172,182	1,285,557
With donor restrictions	<u>1,445,629</u>	<u>1,635,129</u>
Total net assets	<u>3,617,811</u>	<u>2,920,686</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,036,886</u></b>	<b><u>\$ 3,089,153</u></b>

## AMAZON CONSERVATION ASSOCIATION

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Contributions and grants	\$ 1,970,276	\$ 2,361,197	\$ 4,331,473	\$ 4,727,440
Contributed services	-	-	-	62,549
Rental income	2,775	-	2,775	2,700
Other revenue	7,958	-	7,958	3,968
Net assets released from donor restrictions	<u>2,550,697</u>	<u>(2,550,697)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>4,531,706</u>	<u>(189,500)</u>	<u>4,342,206</u>	<u>4,796,657</u>
<b>EXPENSES</b>				
Program Services:				
Protect Wild Places	1,021,964	-	1,021,964	-
Empower People	829,452	-	829,452	-
Put Science and Technology to Work	1,245,232	-	1,245,232	-
Protecting Habitat	-	-	-	1,760,233
Science and Education	-	-	-	1,286,781
Sustainable Livelihood	-	-	-	634,063
Threats and Solutions	-	-	-	1,058,790
Total program services	<u>3,096,648</u>	<u>-</u>	<u>3,096,648</u>	<u>4,739,867</u>
Supporting Services:				
Management and General	236,005	-	236,005	364,509
Fundraising	<u>312,428</u>	<u>-</u>	<u>312,428</u>	<u>242,934</u>
Total supporting services	<u>548,433</u>	<u>-</u>	<u>548,433</u>	<u>607,443</u>
Total expenses	<u>3,645,081</u>	<u>-</u>	<u>3,645,081</u>	<u>5,347,310</u>
Change in net assets	886,625	(189,500)	697,125	(550,653)
Net assets at beginning of year	<u>1,285,557</u>	<u>1,635,129</u>	<u>2,920,686</u>	<u>3,471,339</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 2,172,182</u></b>	<b><u>\$ 1,445,629</u></b>	<b><u>\$ 3,617,811</u></b>	<b><u>\$ 2,920,686</u></b>

**AMAZON CONSERVATION ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020							2019	
	Program Services				Supporting Services			Total Expenses	Total Expenses
	Protect Wild Places	Empower People	Put Science and Technology to Work	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and benefits	\$ 149,403	\$ 149,403	\$ 312,653	\$ 611,459	\$ 142,148	\$ 228,201	\$ 370,349	\$ 981,808	\$ 741,449
Payroll taxes	10,590	10,590	22,162	43,342	10,076	16,175	26,251	69,593	51,520
Grant awards	810,710	618,763	796,125	2,225,598	-	-	-	2,225,598	4,038,468
Professional fees	12,674	12,674	26,523	51,871	12,059	19,359	31,418	83,289	188,058
Occupancy	13,794	13,794	28,866	56,454	13,124	21,069	34,193	90,647	84,788
Travel and entertainment	3,189	2,575	803	6,567	-	970	970	7,537	75,912
Office expense	4,111	4,111	8,603	16,825	3,911	6,279	10,190	27,015	52,741
Meetings and conferences	2,065	2,065	4,321	8,451	1,964	3,153	5,117	13,568	26,211
Business insurance	883	883	1,847	3,613	840	1,348	2,188	5,801	24,278
Accounting	-	-	-	-	24,294	-	24,294	24,294	21,131
Supplies and equipment	7,061	7,061	32,227	46,349	6,718	10,786	17,504	63,853	20,109
Phone and communications	1,503	1,503	3,146	6,152	1,430	2,296	3,726	9,878	6,404
Postage and delivery	640	640	1,338	2,618	609	977	1,586	4,204	5,876
Printing and copying	1,188	1,188	2,487	4,863	1,131	1,815	2,946	7,809	5,448
Depreciation and amortization	4,153	4,202	4,131	12,486	2,204	-	2,204	14,690	2,557
Miscellaneous	-	-	-	-	15,497	-	15,497	15,497	2,360
<b>TOTAL</b>	<b>\$ 1,021,964</b>	<b>\$ 829,452</b>	<b>\$ 1,245,232</b>	<b>\$ 3,096,648</b>	<b>\$ 236,005</b>	<b>\$ 312,428</b>	<b>\$ 548,433</b>	<b>\$ 3,645,081</b>	<b>\$ 5,347,310</b>

See accompanying notes to financial statements.

**AMAZON CONSERVATION ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 697,125	\$ (550,653)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	14,690	2,557
Decrease (increase) in:		
Contributions and grants receivable	105,085	1,006,134
Due from related parties	24,812	-
Prepaid expenses	(321,320)	(3,048)
Increase (decrease) in:		
Accounts payable and accrued liabilities	53	(52,103)
Accrued salaries and related benefits	16,255	16,835
Grants payable	126,627	39,158
Due to related parties	-	(44,034)
Deferred rent	(3,874)	(382)
Net cash provided by operating activities	<u>659,453</u>	<u>414,464</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(5,906)	(46,178)
Issuance of loan receivable	<u>(150,000)</u>	<u>-</u>
Net cash used by investing activities	<u>(155,906)</u>	<u>(46,178)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan payable	<u>111,547</u>	<u>-</u>
Net cash provided by financing activities	<u>111,547</u>	<u>-</u>
Net increase in cash and cash equivalents	615,094	368,286
Cash and cash equivalents at beginning of year	<u>2,426,273</u>	<u>2,057,987</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 3,041,367</u></b>	<b><u>\$ 2,426,273</u></b>



# AMAZON CONSERVATION ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### 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 -

**Protect Wild Places** - The Organization protects critical ecosystems and biodiversity in Peru and Bolivia by creating and strengthening protected areas; ensuring landscape connectivity essential for species survival and climate adaptation; and directly addressing threats to local habitats. We further help protect the entire Amazon basin by employing the latest in remote sensing technologies to identify, analyze, and report threats to the forest across all nine Amazonian countries in real-time. Examples of this work include our support in the creation of over 24 conservation areas protecting 9 million acres of irreplaceable ecosystems across Peru and Bolivia, providing indigenous federations real-time satellite data on incursions into their ancestral territories, and helping local communities and governments develop "life plans" to ensure enduring conservation efforts and continued protection in protected areas.

**Empower People** - The Organization empowers local people and governments by building sustainable and resilient livelihoods that protect standing forests; strengthening the environmental governance that improves the long-term protection and management of natural resources; and educating and inspiring citizens of all countries on the importance, needs, and threats to the Amazon. Examples of this work include providing environmental prosecutors training and technology tools to combat forest crimes, giving local producer groups tools to sustainably market forest products like açai berries and Brazil nuts as an alternative to destructive livelihoods like logging, and developing workshops and training for local communities on a wide variety of conservation-related topics, such as fire prevention, human-wildlife conflict mitigation, climate change adaptation, and more.

**Put Science and Technology to Work** - The Organization develops innovative conservation solutions through science and technology by employing our network of conservation hubs in Peru and Bolivia as living laboratories where we carry out and host robust scientific research, develop and test cutting-edge technologies to be used to advance understanding and protection of the Amazon, and facilitate learning and education of the next generation of scientists and conservationists.

# AMAZON CONSERVATION ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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

Program Services (continued) -

Put Science and Technology to Work (continued) - Furthermore, our real-time remote sensing program utilizes the latest in satellite, radar, and drone technology to detect and report deforestation and fires across the Amazon in real-time. Examples of this work include monitoring biodiversity health with camera traps, hosting scientists and students from around the world to conduct studies on the impacts of climate change in the Andean Amazon at our premier biological stations, and developing a fire monitoring app that can be used by the public and media to track fires happening in any Amazonian nation in real-time.

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. 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.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

New accounting pronouncement adopted -

During 2020, the Organization adopted 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. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognized revenue; however, the presentation and disclosures of revenue have been enhanced. The Organization has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

# AMAZON CONSERVATION ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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

#### 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. Loan receivable is recorded at fair value.

#### 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, 2020 totaled \$14,690.

#### 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, 2020, 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.

#### Contributions and grants -

The majority of the Organization's activities are supported by contributions and grants from foundations, corporations and other private entities. These awards are for various activities performed by the Organization. Contributions and grants are recognized in the appropriate category of net assets in the period received.

The Organization performs an analysis of the individual contribution or grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

# AMAZON CONSERVATION ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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

#### Contributions and grants (continued) -

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Contributions and grants qualifying as contributions that are unconditional and 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. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions or grants qualifying as conditional contributions contain a right of return from obligation provision that limits the Organization on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. The Organization had no unrecognized conditional awards as of December 31, 2020.

#### 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.

#### Foreign currency translation -

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

#### New accounting pronouncement not yet adopted -

ASU 2019-01, *Leases* (Topic 842) changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements.

**AMAZON CONSERVATION ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

New accounting pronouncement not yet adopted (continued) -

During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. 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 ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

Economic uncertainties -

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.

**2. LOAN RECEIVABLE**

During November 2020, the Organization entered into a loan receivable agreement with The Asociacion para la Conservacion e Investigacion de Ecosistemas Andino Amazonicos (ACEAA), a related party (Note 8), whereby ACEAA borrowed \$150,000 on an interest-free, unsecured basis. The total sum of \$150,000 is payable to the Organization on or before June 30, 2021.

**3. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2020:

Subject to expenditure for specified purpose:	
Protect Wild Places	\$ 297,538
Empower People	310,163
Put Science and Technology to Work	<u>837,928</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 1,445,629</u></b>

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:	
Protect Wild Places	\$ 868,793
Empower People	664,836
Put Science and Technology to Work	<u>1,017,068</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 2,550,697</u></b>

AMAZON CONSERVATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

4. 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	\$ 3,041,367
Contributions and grants receivable	462,519
Loan receivable	<u>150,000</u>
Subtotal financial assets available within one year	3,653,886
Less: Donor restricted funds	<u>(1,445,629)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 2,208,257</u></b>

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2020, the Organization had financial assets equal to approximately seven months of operating expenses.

5. LOAN PAYABLE

On April 18, 2020, the Organization received loan proceeds in the amount of \$111,547 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. 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. The Organization used the proceeds for purposes consistent with the Paycheck Protection Program and met the conditions for forgiveness of the loan. The loan was fully forgiven during January 2021. The Organization recorded revenue from debt extinguishment during the period that forgiveness was approved.

6. 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:

Year Ending December 31,

2021	\$ 90,128
2022	92,606
2023	95,153
2024	97,770
2025	<u>66,822</u>
	<b><u>\$ 442,479</u></b>

## AMAZON CONSERVATION ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

#### 6. LEASE COMMITMENTS (Continued)

Occupancy expense for the year ended December 31, 2020 totaled \$90,647. The deferred rent liability as of December 31, 2020 totaled \$52,290.

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, 2020 totaled \$2,775.

#### 7. 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, 2020 totaled \$30,588.

#### 8. RELATED PARTIES

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.

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, 2020 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, 2020, the Organization made payments of \$1,530,261 and \$341,945 to ACCA and ACEAA, respectively. As of December 31, 2020, no amounts were due to the Organization from ACCA. ACEAA owed \$150,000 to the Organization at December 31, 2020, under the note receivable referred to in Note 2.

#### 9. AMAZON JOURNEYS

During 2020, the Organization sent funds to Turismo Y Conservacion SAC (Amazon Journeys), a for-profit entity for the management of operations of ACCA's biological stations in Peru. As of December 2020, the total in funds sent was \$320,000 which is set to increase the ownership of the Organization to 51% interest in Amazon Journeys. The funds are included in prepaid expenses on the accompanying Statement of Financial Position. The increase in ownership will ultimately be finalized in 2021 when the shares are issued by Amazon Journeys.

**AMAZON CONSERVATION ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**10. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 12, 2021, the date the financial statements were issued.

During January 2021, the Organization obtained a \$150,000 bank line of credit which matures January 14, 2022. Amounts borrowed under this agreement bear interest at the Wall Street Journal prime rate (3.25% at December 31, 2020) plus 1.50%. The line is secured by cash held in accounts at the same financial institution.