

**CONSOLIDATED FINANCIAL STATEMENTS**



**AMAZON CONSERVATION ASSOCIATION  
AND SUBSIDIARY**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

# AMAZON CONSERVATION ASSOCIATION AND SUBSIDIARY

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

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

#### Opinion

We have audited the accompanying consolidated financial statements of the Amazon Conservation Association and Subsidiary (the Organizations), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the report of the other auditor, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organizations as of December 31, 2021, and the consolidated 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.

We did not audit the financial statements of Amazon Journeys, whose statements reflect total assets of \$123,322 as of December 31, 2021, and total support and revenue of \$384,228 for the year then ended. Those statements, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, were audited by other auditors, whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the consolidated financial statements of the Organizations, which conform those consolidated financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for Amazon Journeys, prior to these conversion adjustments is based solely on the report of the other auditors.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organizations and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Consolidated Financial Statements

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

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In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organizations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position on page 16 and Consolidating Schedule of Activities and Change in Net Assets on page 17 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



August 9, 2022

## AMAZON CONSERVATION ASSOCIATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2021

## ASSETS

## CURRENT ASSETS

Cash and cash equivalents	\$ 2,259,327
Accounts receivable	10,369
Contributions and grants receivable	304,712
Loan receivable	230,000
Prepaid expenses and other assets	<u>21,285</u>
Total current assets	<u>2,825,693</u>

## FIXED ASSETS

Equipment and furniture	95,301
Website	<u>45,000</u>
	140,301
Less: Accumulated depreciation and amortization	<u>(60,159)</u>
Net fixed assets	<u>80,142</u>

## OTHER ASSETS

Deposits	<u>6,558</u>
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**TOTAL ASSETS** **\$ 2,912,393**

## LIABILITIES AND NET ASSETS

## CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 128,211
Refundable advances	200,439
Accrued salaries and related benefits	66,229
Deferred rent	<u>8,994</u>
Total current liabilities	403,873

## NONCURRENT LIABILITIES

Deferred rent, net of current portion	<u>36,779</u>
Total liabilities	<u>440,652</u>

## NET ASSETS

Without donor restrictions:	
Undesignated	1,401,178
Board designated	<u>300,000</u>
Without donor restrictions net assets	1,701,178
With donor restrictions	<u>770,563</u>
Total net assets	<u>2,471,741</u>

**TOTAL LIABILITIES AND NET ASSETS** **\$ 2,912,393**

**AMAZON CONSERVATION ASSOCIATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 1,604,347	\$ 1,253,869	\$ 2,858,216
Sales	384,228	-	384,228
Other revenue	59,019	-	59,019
Net assets released from donor restrictions	<u>1,928,935</u>	<u>(1,928,935)</u>	<u>-</u>
Total support and revenue	<u>3,976,529</u>	<u>(675,066)</u>	<u>3,301,463</u>
<b>EXPENSES</b>			
Program Services:			
Protect Wild Places	1,319,513	-	1,319,513
Empower People	655,377	-	655,377
Put Science and Technology to Work	1,324,799	-	1,324,799
Ecotourism	<u>476,481</u>	<u>-</u>	<u>476,481</u>
Total program services	<u>3,776,170</u>	<u>-</u>	<u>3,776,170</u>
Supporting Services:			
Management and General	171,573	-	171,573
Fundraising	<u>341,452</u>	<u>-</u>	<u>341,452</u>
Total supporting services	<u>513,025</u>	<u>-</u>	<u>513,025</u>
Total expenses	<u>4,289,195</u>	<u>-</u>	<u>4,289,195</u>
Change in net assets before other items	<u>(312,666)</u>	<u>(675,066)</u>	<u>(987,732)</u>
<b>OTHER ITEMS</b>			
Extinguishment of debt	111,547	-	111,547
Transfer of beginning net (deficit) from Amazon Journeys	<u>(269,885)</u>	<u>-</u>	<u>(269,885)</u>
Total other items	<u>(158,338)</u>	<u>-</u>	<u>(158,338)</u>
Change in net assets	(471,004)	(675,066)	(1,146,070)
Net assets at beginning of year	<u>2,172,182</u>	<u>1,445,629</u>	<u>3,617,811</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,701,178</u></b>	<b><u>\$ 770,563</u></b>	<b><u>\$ 2,471,741</u></b>

**AMAZON CONSERVATION ASSOCIATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services				Supporting Services				Total Expenses
	Protect Wild Places	Empower People	Put Science and Technology to Work	Ecotourism	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Grant awards	\$ 1,075,056	\$ 411,538	\$ 836,693	\$ -	\$ 2,323,287	\$ -	\$ -	\$ -	\$ 2,323,287
Salaries and benefits	191,463	191,463	387,623	191,283	961,832	93,300	260,245	353,545	1,315,377
Office supplies and equipment	16,169	16,169	32,735	76,777	141,850	7,879	21,978	29,857	171,707
Office expense	4,826	4,826	9,770	51,798	71,220	2,352	6,559	8,911	80,131
Occupancy	13,008	13,008	26,334	2,868	55,218	6,338	17,681	24,019	79,237
Repairs and maintenance	-	-	-	73,219	73,219	-	-	-	73,219
Accounting	-	-	-	11,909	11,909	35,203	-	35,203	47,112
Professional fees	5,925	5,925	11,996	11,382	35,228	2,884	8,054	10,938	46,166
Travel and entertainment	1,656	1,037	1,037	17,978	21,708	-	17,383	17,383	39,091
Depreciation and amortization	-	-	-	7,540	7,540	20,192	-	20,192	27,732
Meetings and conferences	2,527	2,527	5,115	-	10,169	1,231	3,434	4,665	14,834
Miscellaneous	-	-	-	13,294	13,294	-	-	-	13,294
Field supplies	4,382	4,383	4,383	-	13,148	-	-	-	13,148
Construction	-	-	-	12,186	12,186	-	-	-	12,186
Postage and delivery	1,030	1,030	2,085	4,054	8,199	502	1,400	1,902	10,101
Phone and communications	1,694	1,694	3,430	-	6,818	826	2,303	3,129	9,947
Printing and copying	759	759	1,538	2,193	5,249	370	1,032	1,402	6,651
Business insurance	1,018	1,018	2,060	-	4,096	496	1,383	1,879	5,975
<b>TOTAL</b>	<b>\$ 1,319,513</b>	<b>\$ 655,377</b>	<b>\$ 1,324,799</b>	<b>\$ 476,481</b>	<b>\$ 3,776,170</b>	<b>\$ 171,573</b>	<b>\$ 341,452</b>	<b>\$ 513,025</b>	<b>\$ 4,289,195</b>

See accompanying notes to consolidated financial statements.

## AMAZON CONSERVATION ASSOCIATION AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (1,146,070)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	27,732
Extinguishment of debt	(111,547)
Transfer of fixed assets	(29,577)
(Increase) decrease in:	
Accounts receivable	(10,369)
Contributions and grants receivable	157,807
Prepaid expenses and other assets	303,083
Increase (decrease) in:	
Accounts payable and accrued liabilities	85,158
Refundable advances	200,439
Accrued salaries and related benefits	19,829
Grants payable	(165,785)
Deferred rent	<u>(6,517)</u>
Net cash used by operating activities	<u>(675,817)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of fixed assets	(26,223)
Issuance of loan proceeds	(230,000)
Repayments on loan receivable	<u>150,000</u>
Net cash used by investing activities	<u>(106,223)</u>
Net decrease in cash and cash equivalents	(782,040)
Cash and cash equivalents at beginning of year	<u>3,041,367</u>

**CASH AND CASH EQUIVALENTS AT END OF YEAR** **\$ 2,259,327**

**SCHEDULE OF NONCASH FINANCING TRANSACTIONS:**

Extinguishment of Debt	<b>\$ <u>111,547</u></b>
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## AMAZON CONSERVATION ASSOCIATION AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

#### 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.

During the year ended December 31, 2021, the Organization increased ownership to 51% interest in Turismo Y Conservacion SAC (Amazon Journeys), a for-profit entity for the management of operations of biological stations in Peru. The ownership was also formalized when the shares were issued by Amazon Journeys. Accordingly, the Organization acquired Amazon Journeys' accumulated net deficit in the amount of (\$269,885). Amazon Journeys' mission is to develop ecotourist activities in the Amazon area in which the Organization operates as an alternate source of development and preservation of the natural resources.

The Amazon Conservation Association and Amazon Journeys will collectively be referred to as "the Organizations".

##### Principles of consolidation -

The accounts of the Organization have been consolidated with Amazon Journeys in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated and under common control organizations be consolidated. All intercompany transactions and balances have been eliminated.

##### Program services -

Protect Wild Places - The Organizations protect 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.

## AMAZON CONSERVATION ASSOCIATION AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

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

Program services (continued) -

**Empower People** - The Organizations empower 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 Organizations develop 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. 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 consolidated 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 Consolidated 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.

## AMAZON CONSERVATION ASSOCIATION AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

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

##### Cash and cash equivalents -

The Organizations consider 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 Organizations maintain cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

The Organizations had approximately \$63,503 of cash and cash equivalents held at financial institutions in foreign countries at December 31, 2021. The majority of funds invested in foreign countries are uninsured.

##### Accounts, contributions and grants receivable -

Accounts, contributions and grants receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible within one year. 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, 2021 totaled \$27,732.

##### 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 consolidated financial statements. The Organization is not a private foundation.

Amazon Journeys is incorporated as a private limited company in Peru. Amazon Journeys is subject to income taxes under the Peruvian tax code. Amazon Journeys did not generate income during the year ended December 31, 2021; accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. Amazon Journey made an advance payment of \$3,748 and is reflected under prepaid expenses and other assets in the accompanying Consolidated Statement of Financial Position.

##### Uncertain tax positions -

For the year ended December 31, 2021, the Organizations have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and have determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

## AMAZON CONSERVATION ASSOCIATION AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

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

##### Contributions and grants -

The Organizations receive contributions, including unconditional promises to give, from many sources as well as grants from foundations, corporations and other private entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. The Organizations perform an analysis of the individual contribution and 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*.

For contributions and grants qualifying under the contribution rules, 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 qualifying as contributions 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 consolidated financial statements.

Contributions and grants qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and awards from foundations, corporations and other private entities are for direct and indirect program costs. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional. The Organizations recognize revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred).

Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as contributions, the Organizations had \$2,510,241 in unrecognized conditional awards as of December 31, 2021.

##### Sales revenue -

Sales revenue is classified as exchange transactions following ASU 2014-09, *Revenue from Contracts With Customers*. Sales is mostly comprised of facilities fees and touristic programs. Facilities fees are recorded as revenue as the users complete their utilization of the facilities. Touristic programs are recorded as revenue when the related courses and trainings are completed. The Organizations have elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is determined based on the contracted/agreed-upon sales price. Any amounts received in advance are recorded as deferred revenue.

##### Use of estimates -

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

## AMAZON CONSERVATION ASSOCIATION AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

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

##### Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated 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 Organizations 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 Organizations' activities and programs are in foreign operating environments, and any disruption could adversely affect the Organizations.

##### Foreign currency translation -

The U.S. Dollar is the functional currency for the Organizations' 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 Consolidated 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 Consolidated Statement of Financial Position and disclosure of key information about leasing arrangements.

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 Organizations plan 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 their accompanying consolidated financial statements.

#### 2. LOAN RECEIVABLE

During December 2021, 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 9), whereby ACEAA borrowed \$230,000 on an interest-free, unsecured basis. The total sum of \$230,000 is payable to the Organization on or before July 31, 2022.

**AMAZON CONSERVATION ASSOCIATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**3. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2021:

Subject to expenditure for specified purpose:	
Protect Wild Places	\$ 216,255
Empower People	201,892
Put Science and Technology to Work	<u>352,416</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 770,563</u></b>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished:	
Protect Wild Places	\$ 666,258
Empower People	381,087
Put Science and Technology to Work	<u>881,590</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 1,928,935</u></b>

**4. LIQUIDITY AND AVAILABILITY**

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

Cash and cash equivalents	\$ 2,259,327
Accounts receivable	10,369
Contributions and grants receivable	304,712
Loan receivable	<u>230,000</u>
Subtotal financial assets available within one year	2,804,408
Less: Donor restricted funds	(770,563)
Less: Board designated funds	<u>(300,000)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 1,733,845</u></b>

The Organizations have a policy to structure their financial assets to be available and liquid as their obligations become due. As of December 31, 2021, the Organizations had financial assets equal to approximately five months of operating expenses. In addition, the Organizations have a line of credit agreement (as further discussed in Note 6) which allows for additional available borrowings up to \$150,000.

**5. LOAN PAYABLE**

On April 18, 2020, the Organization received loan proceeds in the amount of \$111,547 under the Paycheck Protection Program (PPP). Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note must be used for certain expenditures within a 24-week period to ultimately be forgiven by the Small Business Administration (SBA).

**AMAZON CONSERVATION ASSOCIATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**5. LOAN PAYABLE (Continued)**

During the year ended December 31, 2021, the Organization expended and tracked the PPP funds for purposes outlined in the CARES Act guidance and met all conditions set forth for full forgiveness.

On January 12, 2021, the Organization received notification the total amount of the PPP funds were forgiven by the SBA. Accordingly, the Organization recorded revenue from extinguishment of debt during the year ended December 31, 2021, in the Consolidated Statement of Activities and Change in Net Assets.

**6. LINE OF CREDIT**

During January 2021, the Organization obtained a \$150,000 bank line of credit which matures January 14, 2023. Amounts borrowed under this agreement bear interest at the Wall Street Journal prime rate (3.25% at December 31, 2021) plus 1.50%. The line is secured by cash held in accounts at the same financial institution. There was no outstanding balance on this line of credit as of December 31, 2021.

**7. 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.

On November 1, 2021, Amazon Journeys also entered into a twelve month agreement to lease office space in Puerto Maldonado, Peru. The agreement began in November 2021 and will expire October 2022. Base rent is 900 Soles per month without an increasing factor.

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 Consolidated Statement of Financial Position.

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

**Year Ending December 31,**

2022	\$	92,606
2023		95,153
2024		97,770
2025		<u>66,822</u>
	<b>\$</b>	<b><u>352,351</u></b>

Occupancy expense for the year ended December 31, 2021 totaled \$79,237. The deferred rent liability as of December 31, 2021 totaled \$45,773.

## AMAZON CONSERVATION ASSOCIATION AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

#### 8. 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, 2021 totaled \$34,567.

#### 9. 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 Organizations toward the achievement of the Organizations' goals and objectives in Peru.

ACCA's programs are largely funded through contributions received from the Organizations 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 Organizations toward the achievement of the Organizations' goals and objectives in Bolivia. The Organizations provide some funding to ACEAA to support its programs.

During the year ended December 31, 2021, the Organization made payments of \$1,584,466 and \$476,334 to ACCA and ACEAA, respectively. The Organization also charged \$112,112 to ACCA for services performed. As of December 31, 2021, there is an amount of \$9,692 due from the Organization to ACCA. ACEAA owed \$230,000 to the Organization at December 31, 2021, under the loan receivable referred to in Note 2.

#### 10. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through August 9, 2022, the date the consolidated financial statements were issued.

During June 2022, the Board of Directors adopted a resolution to transfer or sell the Organization's shareholding in Amazon Journeys to ACCA and authorized management to take such steps and to enter into such agreements as necessary to transfer the shareholding or to otherwise eliminate its shareholding in Amazon Journeys.



## **SUPPLEMENTAL INFORMATION**

## AMAZON CONSERVATION ASSOCIATION AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2021

## ASSETS

	The Organization	Amazon Journeys	Eliminations	Total
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,195,824	\$ 63,503	\$ -	\$ 2,259,327
Accounts receivable	264	10,105	-	10,369
Contribution and grants receivable	304,712	-	-	304,712
Loan receivable	230,000	-	-	230,000
Prepaid expenses and other assets	16,564	4,721	-	21,285
Total current assets	2,747,364	78,329	-	2,825,693
<b>FIXED ASSETS</b>				
Equipment and furniture	31,488	63,813	-	95,301
Website	45,000	-	-	45,000
	76,488	63,813	-	140,301
Less: Accumulated depreciation and amortization	(41,339)	(18,820)	-	(60,159)
Net fixed assets	35,149	44,993	-	80,142
<b>OTHER ASSETS</b>				
Investment in subsidiary	320,000	-	(320,000)	-
Deposits	6,558	-	-	6,558
Total other assets	326,558	-	(320,000)	6,558
<b>TOTAL ASSETS</b>	<b>\$ 3,109,071</b>	<b>\$ 123,322</b>	<b>\$ (320,000)</b>	<b>\$ 2,912,393</b>

## LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 63,790	\$ 64,421	\$ -	\$ 128,211
Refundable advances	200,439	-	-	200,439
Accrued salaries and related benefits	40,190	26,039	-	66,229
Deferred rent	8,994	-	-	8,994
Total current liabilities	313,413	90,460	-	403,873
<b>NONCURRENT LIABILITIES</b>				
Deferred rent, net of current portion	36,779	-	-	36,779
Total liabilities	350,192	90,460	-	440,652
<b>NET ASSETS</b>				
Without donor restrictions:				
Undesignated	1,688,316	32,862	(320,000)	1,401,178
Board designated	300,000	-	-	300,000
Without donor restriction net assets	1,988,316	32,862	(320,000)	1,701,178
With donor restrictions	770,563	-	-	770,563
Total net assets	2,758,879	32,862	(320,000)	2,471,741
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,109,071</b>	<b>\$ 123,322</b>	<b>\$ (320,000)</b>	<b>\$ 2,912,393</b>

**AMAZON CONSERVATION ASSOCIATION AND SUBSIDIARY**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	The Organization			Amazon Journeys			Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
<b>SUPPORT AND REVENUE</b>								
Contributions and grants	\$ 1,604,347	\$ 1,253,869	\$ 2,858,216	\$ -	\$ -	\$ -	\$ -	\$ 2,858,216
Sales	-	-	-	384,228	-	384,228	-	384,228
Other revenue	59,019	-	59,019	-	-	-	-	59,019
Net assets released from donor restrictions	1,928,935	(1,928,935)	-	-	-	-	-	-
Total support and revenue	<u>3,592,301</u>	<u>(675,066)</u>	<u>2,917,235</u>	<u>384,228</u>	<u>-</u>	<u>384,228</u>	<u>-</u>	<u>3,301,463</u>
<b>EXPENSES</b>								
Program Services:								
Protect Wild Places	1,394,513	-	1,394,513	-	-	-	(75,000)	1,319,513
Empower People	655,377	-	655,377	-	-	-	-	655,377
Put Science and Technology to Work	1,324,799	-	1,324,799	-	-	-	-	1,324,799
Ecotourism	-	-	-	476,481	-	476,481	-	476,481
Total program services	<u>3,374,689</u>	<u>-</u>	<u>3,374,689</u>	<u>476,481</u>	<u>-</u>	<u>476,481</u>	<u>(75,000)</u>	<u>3,776,170</u>
Supporting Services:								
Management and General	171,573	-	171,573	-	-	-	-	171,573
Fundraising	341,452	-	341,452	-	-	-	-	341,452
Total supporting services	<u>513,025</u>	<u>-</u>	<u>513,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>513,025</u>
Total expenses	<u>3,887,714</u>	<u>-</u>	<u>3,887,714</u>	<u>476,481</u>	<u>-</u>	<u>476,481</u>	<u>(75,000)</u>	<u>4,289,195</u>
Change in net assets before other items	<u>(295,413)</u>	<u>(675,066)</u>	<u>(970,479)</u>	<u>(92,253)</u>	<u>-</u>	<u>(92,253)</u>	<u>75,000</u>	<u>(987,732)</u>
<b>OTHER ITEMS</b>								
Extinguishment of debt	111,547	-	111,547	-	-	-	-	111,547
Transfer of beginning net (deficit) from Amazon Journeys	-	-	-	125,115	-	125,115	(395,000)	(269,885)
Total other items	<u>111,547</u>	<u>-</u>	<u>111,547</u>	<u>125,115</u>	<u>-</u>	<u>125,115</u>	<u>(395,000)</u>	<u>(158,338)</u>
Change in net assets	<u>(183,866)</u>	<u>(675,066)</u>	<u>(858,932)</u>	<u>32,862</u>	<u>-</u>	<u>32,862</u>	<u>(320,000)</u>	<u>(1,146,070)</u>
Net assets at beginning of year	<u>2,172,182</u>	<u>1,445,629</u>	<u>3,617,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,617,811</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,988,316</u></b>	<b><u>\$ 770,563</u></b>	<b><u>\$ 2,758,879</u></b>	<b><u>\$ 32,862</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 32,862</u></b>	<b><u>\$ (320,000)</u></b>	<b><u>\$ 2,471,741</u></b>