

**AMAZON CONSERVATION ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**DECEMBER 31, 2017 AND 2016**

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the Amazon Conservation Association (a nonprofit organization which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risk 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.

Amazon Conservation Association  
Independent Auditor's Report  
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**Opinion**

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Amazon Conservation Association as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Janis Munnich & McQuade PA*

July 9, 2018  
Washington, DC

**AMAZON CONSERVATION ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016**

	2017	2016
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,333,729	\$ 3,086,158
Investments	8,509	670
Accounts receivable	81,341	96,035
Due from ACCA	-	36,695
Grants receivable	1,029,292	1,735,416
Prepaid expense	4,777	13,095
Total Current Assets	3,457,648	4,968,069
<b>PROPERTY AND EQUIPMENT, NET</b>	2,139	2,744
<b>OTHER ASSETS</b>		
Grants receivable, non-current	964,917	1,444,232
Security deposits	6,558	6,558
Total Other Assets	971,475	1,450,790
<b>TOTAL ASSETS</b>	\$ 4,431,262	\$ 6,421,603
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 39,164	\$ 33,030
Accrued expenses	46,410	30,718
Due to ACCA	19,034	127,832
Deferred rent	54,681	50,628
Total Current Liabilities	159,289	242,208
<b>NET ASSETS</b>		
Unrestricted	(156,360)	106,328
Temporarily restricted	4,428,333	6,073,067
Total Net Assets	4,271,973	6,179,395
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 4,431,262	\$ 6,421,603

The accompanying notes are an integral part of these financial statements.

**AMAZON CONSERVATION ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Grants	\$ 3,114	\$ 1,321,734	\$ 1,324,848
Contributions	679,154	368,879	1,048,033
Contracts revenue	426,064	-	426,064
Research facility income	184,951	-	184,951
Program services	25,252	79,817	105,069
In-kind contributions	855	-	855
Rental income	20,888	-	20,888
Interest and other income	14,340	7,325	21,665
Net assets released from restrictions	<u>3,422,489</u>	<u>(3,422,489)</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>4,777,107</u>	<u>(1,644,734)</u>	<u>3,132,373</u>
<b>EXPENSES</b>			
Program services:			
Protecting habitat	1,552,823	-	1,552,823
Science and education	1,650,541	-	1,650,541
Sustainable livelihoods	512,256	-	512,256
Threats and solutions	<u>887,299</u>	<u>-</u>	<u>887,299</u>
Total program services	4,602,919	-	4,602,919
Support services:			
Fundraising	111,993	-	111,993
Management and general	<u>324,883</u>	<u>-</u>	<u>324,883</u>
Total support services	436,876	-	436,876
<b>TOTAL EXPENSES</b>	<u>5,039,795</u>	<u>-</u>	<u>5,039,795</u>
<b>CHANGE IN NET ASSETS</b>	(262,688)	(1,644,734)	(1,907,422)
<b>NET ASSETS</b> , beginning of year	<u>106,328</u>	<u>6,073,067</u>	<u>6,179,395</u>
<b>NET ASSETS</b> , end of year	<u><u>\$ (156,360)</u></u>	<u><u>\$ 4,428,333</u></u>	<u><u>\$ 4,271,973</u></u>

The accompanying notes are an integral part of these financial statements.

**AMAZON CONSERVATION ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Grants	\$ 1,000	\$ 5,915,746	\$ 5,916,746
Contributions	700,465	214,509	914,974
Contracts revenue	478,168	-	478,168
Research facility income	397,384	7,631	405,015
Program services	43,904	42,120	86,024
In-kind contributions	12,242	-	12,242
Rental income	19,465	-	19,465
Interest and other income	11,597	1,227	12,824
Net assets released from restrictions	<u>2,552,051</u>	<u>(2,552,051)</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>4,216,276</u>	<u>3,629,182</u>	<u>7,845,458</u>
<b>EXPENSES</b>			
Program services:			
Protecting habitat	1,284,511	-	1,284,511
Science and education	1,510,130	-	1,510,130
Sustainable livelihoods	373,984	-	373,984
Threats and solutions	<u>784,218</u>	<u>-</u>	<u>784,218</u>
Total program services	3,952,843	-	3,952,843
Support services:			
Fundraising	111,152	-	111,152
Management and general	<u>245,373</u>	<u>-</u>	<u>245,373</u>
Total support services	356,525	-	356,525
<b>TOTAL EXPENSES</b>	<u>4,309,368</u>	<u>-</u>	<u>4,309,368</u>
<b>CHANGE IN NET ASSETS</b>	(93,092)	3,629,182	3,536,090
<b>NET ASSETS</b> , beginning of year	<u>199,420</u>	<u>2,443,885</u>	<u>2,643,305</u>
<b>NET ASSETS</b> , end of year	<u><u>\$ 106,328</u></u>	<u><u>\$ 6,073,067</u></u>	<u><u>\$ 6,179,395</u></u>

The accompanying notes are an integral part of these financial statements.

**AMAZON CONSERVATION ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
DECEMBER 31, 2017**

	<b>PROGRAM SERVICES</b>				<b>SUPPORT SERVICES</b>			
	<b>PROTECTING HABITAT</b>	<b>SCIENCE AND EDUCATION</b>	<b>SUSTAINABLE LIVELIHOODS</b>	<b>THREATS AND SOLUTIONS</b>	<b>TOTAL PROGRAM SERVICES</b>	<b>FUNDRAISING</b>	<b>MANAGEMENT AND GENERAL</b>	<b>TOTAL</b>
Personnel								
Salaries	\$ 83,340	\$ 88,140	\$ 56,511	\$ 115,342	\$ 343,333	\$ 64,796	\$ 195,355	\$ 603,484
Payroll taxes	6,073	11,641	4,118	8,404	30,236	4,721	9,016	43,973
Employee benefits	8,434	16,168	5,719	11,673	41,994	6,557	12,522	61,073
Employer pension expense	2,833	5,430	1,921	3,920	14,104	2,202	4,206	20,512
Sub-total personnel	100,680	121,379	68,269	139,339	429,667	78,276	221,099	729,042
Accounting	-	-	-	-	-	-	31,755	31,755
Bad debt	-	-	-	-	-	-	4,611	4,611
Business insurance	1,361	2,608	923	1,883	6,775	1,058	2,020	9,853
Depreciation	84	160	57	116	417	65	123	605
Grant award	1,383,018	1,393,347	397,115	652,295	3,825,775	-	-	3,825,775
Meetings and conferences	2,805	5,377	1,902	3,882	13,966	2,181	4,164	20,311
Miscellaneous	354	678	240	490	1,762	275	525	2,562
Office expense	1,340	2,568	908	1,854	6,670	1,042	1,989	9,701
Office supplies and equipment	1,411	2,705	957	1,953	7,026	1,097	2,097	10,220
Phone and communications	953	1,826	646	1,318	4,743	741	1,414	6,898
Postage and delivery	309	592	209	427	1,537	240	458	2,235
Printing and copying	1,152	2,208	781	1,594	5,735	896	1,710	8,341
Professional fees	20,661	39,606	14,010	28,595	102,872	16,064	30,677	149,613
Rent	12,532	24,023	8,498	17,344	62,397	9,744	18,607	90,748
Repairs and maintenance	103	197	70	142	512	80	153	745
Travel and entertainment	26,060	53,267	17,671	36,067	133,065	234	3,481	136,780
<b>TOTAL EXPENSES</b>	<b>\$ 1,552,823</b>	<b>\$ 1,650,541</b>	<b>\$ 512,256</b>	<b>\$ 887,299</b>	<b>\$ 4,602,919</b>	<b>\$ 111,993</b>	<b>\$ 324,883</b>	<b>\$ 5,039,795</b>

The accompanying notes are an integral part of these financial statements.



**AMAZON CONSERVATION ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
DECEMBER 31, 2016**

	<b>PROGRAM SERVICES</b>				<b>SUPPORT SERVICES</b>			
	<b>PROTECTING HABITAT</b>	<b>SCIENCE AND EDUCATION</b>	<b>SUSTAINABLE LIVELIHOODS</b>	<b>THREATS AND SOLUTIONS</b>	<b>TOTAL PROGRAM SERVICES</b>	<b>FUNDRAISING</b>	<b>MANAGEMENT AND GENERAL</b>	<b>TOTAL</b>
Personnel								
Salaries	\$ 51,518	\$ 88,140	\$ 29,175	\$ 115,588	\$ 284,421	\$ 62,815	\$ 144,473	\$ 491,709
Payroll taxes	4,028	8,401	2,281	9,038	23,748	4,912	9,789	38,449
Employee benefits	5,750	11,992	3,256	12,901	33,899	7,011	13,970	54,880
Employer pension expense	1,833	3,822	1,038	4,112	10,805	2,235	4,453	17,493
Sub-total personnel	63,129	112,355	35,750	141,639	352,873	76,973	172,685	602,531
Accounting	-	-	-	-	-	-	38,885	38,885
Bad debt	-	-	-	-	-	-	2,825	2,825
Business insurance	1,170	2,439	662	2,624	6,895	1,426	2,841	11,162
Depreciation	47	99	27	106	279	58	115	452
Grant award	1,156,322	1,244,305	305,005	539,486	3,245,118	-	-	3,245,118
Meetings and conferences	9,360	14,807	6,025	3,605	33,797	444	573	34,814
Miscellaneous	287	784	16	40	1,127	28	515	1,670
Office expense	720	2,648	272	1,365	5,005	1,943	-	6,948
Office supplies and equipment	2,072	2,341	1,940	4,226	10,579	288	1,136	12,003
Phone and communications	618	1,362	242	994	3,216	647	256	4,119
Postage and delivery	174	3,022	5	128	3,329	2,592	-	5,921
Printing and copying	573	3,932	763	191	5,459	3,200	1	8,660
Professional fees	10,026	25,081	11,690	53,703	100,500	11,686	1,403	113,589
Rent	9,428	20,040	5,105	20,227	54,800	11,323	23,226	89,349
Repairs and maintenance	362	755	205	1,176	2,498	440	880	3,818
Travel and entertainment	30,223	76,160	6,277	14,708	127,368	104	32	127,504
<b>TOTAL EXPENSES</b>	<b>\$ 1,284,511</b>	<b>\$ 1,510,130</b>	<b>\$ 373,984</b>	<b>\$ 784,218</b>	<b>\$ 3,952,843</b>	<b>\$ 111,152</b>	<b>\$ 245,373</b>	<b>\$ 4,309,368</b>

The accompanying notes are an integral part of these financial statements.

**AMAZON CONSERVATION ASSOCIATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,907,422)	\$ 3,536,090
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization expense	605	452
Decrease (increase) in assets:		
Accounts receivable	14,694	74,540
Grants receivable	1,185,439	(2,276,244)
Prepaid expenses	8,318	5,853
Due from ACCA	36,695	(11,526)
Increase (decrease) in liabilities:		
Accounts payable	6,134	17,307
Accrued expenses	15,692	18,516
Due to ACCA	(108,798)	97,615
Deferred rent	4,053	(775)
Net Cash (Used for) Provided by Operating Activities	(744,590)	1,461,828
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(7,839)	-
Proceeds from sale of investments	-	21,267
Purchase of property and equipment	-	(2,267)
Net Cash (Used for) Provided by Investing Activities	(7,839)	19,000
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(752,429)	1,480,828
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	3,086,158	1,605,330
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 2,333,729	\$ 3,086,158

The accompanying notes are an integral part of these financial statements.

**AMAZON CONSERVATION ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE A – NATURE OF ORGANIZATION**

The Amazon Conservation Association (“ACA”) was incorporated as a non-profit organization on December 27, 1999, in the District of Columbia. Its mission is to conserve the biological diversity of the Amazon Basin. This mission is accomplished through the implementation of field-based scientific and socio-economic programs that integrate research with natural resource management, conservation, training, education, and policy development to foster the sustainable use of natural resources, healthy local communities, ecological understanding, and habitat protection. These activities are funded primarily through contributions and grants from foundations and individuals.

Program Services

**Protecting Habitat** – ACA protects vital ecosystems by creating and managing conservation areas, including conservation areas managed by local, regional and national governments in Peru and Bolivia as well as alternative conservation areas, such as community or civil society-managed conservation concessions. ACA also promotes ecosystem-based land-use planning, and developing and supporting the creation of conservation corridors. ACA currently protects nearly one million acres of Amazonian rainforest through these mechanisms.

For example, in 2001, ACA established Los Amigos, the world’s first private conservation concession, which protects 360,000 acres of old-growth Amazonian forest at the base of the Andes in southeastern Peru. Then, in 2008, ACA, in collaboration with the Amazonian Haramba Queros native community, established the first conservation concession in Peru run by an indigenous community. In 2012, ACA supported the creation of four new community-run private conservation areas covering more than 46,700 acres, and helped to train these communities to patrol and monitor their reserves. Currently, ACA is supporting declaration of new protected areas in Peru and Bolivia.

**Science and Education** – ACA believes the world’s most diverse forests should also be its best-studied forests. Since 2004, ACA’s Los Amigos Biological Station, has been one of the most active research stations in the Amazon Basin. In 2005, ACA also created the Wayqecha Cloud Forest Biological Station, Peru’s only permanent research center focused on Andean cloud forest ecology and management. In 2010, ACA created the Villa Carmen Biological Station focused on tropical sustainable agriculture research and extension programs for surrounding communities. To date, ACA has granted more than 225 research scholarships, and generally hosts over 400 researchers annually at ACA’s stations in Peru.

ACA also aims to build the technical capacity of local citizens for conservation and sustainable management of natural resources, to strengthen regional capacity for environmental governance, and to ensure that the scientific results generated in its research stations reach decision-makers and the public. ACA’s three biological stations have become centers for educational trips by local school children as well as leading training sites for local and international university groups.

**AMAZON CONSERVATION ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016  
(continued)**

**NOTE A – NATURE OF ORGANIZATION - continued**

Program Services – continued

**Sustainable Livelihoods** – ACA works to support communities’ abilities to earn a living while protecting their natural resources. For example, since 1997, ACA’s Brazil nut program has aided more than 500 Brazil nut harvesters, including many indigenous families, in gaining sustainable livelihoods while protecting over 1.8 million acres of rainforest through technical support, training, and certification. ACA also supports conservation-appropriate reforestation and agroforestry, microenterprises such as native fish farming, and community-based ecotourism. ACA is working to mitigate the impacts of infrastructure development in the southwest Amazon through the creation of the Manu-Tambopata Conservation Corridor, composed of a mosaic of conservation areas and sustainable use zones in the Madre de Dios region of Peru.

**Threats and Solutions** – Protecting the health of the Amazon requires understanding the larger forces at work in the region, identifying trends, and following threats as they emerge and develop. In 2015, ACA launched Monitoring of the Andean Amazon Project (“MAAP”), which merges a number of cutting-edge technologies to monitor deforestation in the Amazon in real time. The images are analyzed and findings are disseminated in an accessible, easy-to-understand format to policy makers, civil society, the media and the general public in a timely manner.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

ACA prepares its financial statements on the accrual basis of accounting. Revenue and related assets are recognized when earned, and expenses and related liabilities are recognized as the obligations are incurred.

Cash and Cash Equivalents

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

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection of information, and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. As of December 31, 2017 and 2016, management believes all receivables are fully collectible within a year or less; and therefore, no provision for allowance for doubtful accounts is deemed necessary.

**AMAZON CONSERVATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Financial Statement Presentation

Financial statement preparation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) topic Not-for-Profit entities. In accordance with the topic, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

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

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

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by ACA. As of December 31, 2017 and 2016, ACA had no permanently restricted net assets.

Property and Equipment

Property and equipment purchased with a useful life greater than one year and are valued in excess of \$500 are capitalized and recorded at cost, and estimated fair value, if donated. Leasehold improvements are capitalized at cost and amortized over the lesser of the remaining life of the lease or the life of the asset. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Computers	3 years
Furniture and equipment	5-7 years

Revenue Recognition

Grants and unconditional contributions are recorded when awarded or pledged and classified as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted grants and contributions whose restrictions are fulfilled in the same period are recorded as unrestricted support in the Statements of activities. Allowance is made for uncollectible contributions based upon management's judgment, past collection experience and other relevant factors. Management believes all promises to give are fully collectible and no provision for doubtful promises to give is necessary.

**AMAZON CONSERVATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Revenue Recognition – continued

Contracts revenue is treated as exchange transactions, in which revenue is earned when eligible expenditures, as defined in each contract, are incurred. Funds received but not yet earned are recorded as deferred revenue.

Research facility income is recognized upon the rental of space in the research facility.

Program services revenue is recognized in the year in which the program activity occurs.

In-kind Contributions

ACA recognizes in-kind contributions that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions are recorded at fair value. For the years ended December 31, 2017 and 2016, in-kind contributions for services totaled \$855 and \$10,829, respectively. Additionally, for the years ended December 31, 2017 and 2016, donated goods totaled \$0 and \$1,413, respectively.

Use of Estimates

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

Functional Allocation of Expenses

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

**NOTE C – INCOME TAXES**

ACA is a 501(c)(3) organization, and is recognized as exempt from federal income tax, under Section 501(a) of the internal revenue code. ACA is, however, subject to tax on business income unrelated to its exempt purpose.

**AMAZON CONSERVATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**  
(continued)

**NOTE C – INCOME TAXES – continued**

ACA believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

ACA's information returns are subject to examination by the Internal Revenue Service (“IRS”) for a period of three years from the date they were filed, except under certain circumstances. The Association's Form 990 information returns for the years 2013 through 2015 are open for a tax examination by the IRS, although no request has been made as of the date of these financial statements.

**NOTE D – GRANTS RECEIVABLE**

The following schedule summarizes the grants receivable as of December 31:

	<u>2017</u>	<u>2016</u>
Expected payments from grants receivable:		
Less than one year	\$ 1,029,292	\$ 1,735,416
One through five years	964,917	1,444,232
Total Grants Receivable	<u>\$ 1,994,209</u>	<u>\$ 3,179,648</u>

The Association believes that all amounts will be received when due. Therefore, no allowance for doubtful accounts was established as of December 31, 2017 and 2016.

**NOTE E – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 3,814	\$ 3,814
Accumulated depreciation and amortization	<u>(1,675)</u>	<u>(1,070)</u>
Property and Equipment, Net	<u>\$ 2,139</u>	<u>\$ 2,744</u>

Depreciation and amortization expense totaled \$605 and \$452 for the years ended December 31, 2017 and 2016, respectively.

**AMAZON CONSERVATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**  
(continued)

**NOTE F – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were designated by donors for the following purposes as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Protecting habitat	\$ 1,249,509	\$ 1,655,395
Science and education	1,046,015	1,059,848
Sustainable livelihoods	263,472	464,452
Threats and solutions	<u>1,869,337</u>	<u>2,893,372</u>
Total	<u>\$ 4,428,333</u>	<u>\$ 6,073,067</u>

**NOTE G – OPERATING LEASES**

ACA entered into a lease agreement commencing on February 1, 2015, which expires on August 1, 2025. The future minimum payments of operating leases the lease agreements is as follows for years ending:

December 31,	
2018	\$ 82,489
2019	84,994
2020	88,513
2021	90,947
2022	93,448
2023 and thereafter	<u>278,766</u>
	<u>\$ 719,157</u>

Rent expense for the years ending December 31, 2017 and 2016 totaled, \$90,748 and \$89,349, respectively.

**NOTE H – CONCENTRATION OF RISK**

ACA's cash is composed of amounts in accounts at various financial institutions. Although the amount at a United States bank may exceed the amount guaranteed by the Federal Deposit Insurance Corporation ("FDIC") at times, the Association has not experienced, nor does it anticipate, any loss of funds. As of December 31, 2017 and 2016, the amount in excess of the United States FDIC limit was \$2,044,047 and \$2,736,508, respectively.



**AMAZON CONSERVATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**  
(continued)

**NOTE I – RELATED PARTY TRANSACTIONS**

The Asociación para la Conservación de la Cuenca Amazónica (“ACCA”) is a non-profit organization incorporated under the laws of Peru, also founded in December 1999. ACCA works with ACA toward the achievement of ACA’s organizational goals and objectives in Peru. ACCA’s programs are largely funded through contributions received from ACA plus a number of grants it has obtained directly.

The Asociación para la Conservación e Investigación de Ecosistemas Andino Amazónicos (“ACEAA”) is a non-profit organization incorporated under the laws of Bolivia, founded in 2011. ACEAA works with ACA toward the achievement of ACA’s organizational goals and objectives in Bolivia.

ACA’s co-founder and board member is also the Executive Director of the Andes Amazon Fund. ACA’s co-founder and board member does not derive any personal benefit from these relationships, and has not and does not exert any unfair influence on the allocation of funds donated to ACA by either of the two entities.

During 2016, ACA’s Board Treasurer was a program officer at the MacArthur Foundation, however the Board Treasurer recused herself from any decisions relating to ACA. ACA has received grants from the MacArthur Foundation for both years ended December 31, 2017 and 2016.

**NOTE J – RETIREMENT PLAN**

ACA established a qualified 403(b) Savings Plan covering eligible employees. ACA matches dollar for dollar of up to five percent of deferred compensation on behalf of each participant subject to the limitations established by the Internal Revenue Code. The Association's matching contributions for the years ended December 31, 2017 and 2016, totaled \$16,572 and \$17,493, respectively.

**NOTE K – SUBSEQUENT EVENTS**

In preparing these financial statements, ACA's management has evaluated events and transactions for potential recognition or disclosure through July 9, 2018, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further disclosure or recognition.