

**AMAZON CONSERVATION TEAM**

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Consolidated Financial Statements

December 31, 2009

# Amazon Conservation Team

## Table of Contents

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	Page
<b>Independent Auditors' Report</b>	1
<b>Audited Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position	2
Consolidated Statement of Activities and Changes in Net Assets	3
Consolidated Statement of Functional Expenses	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 11



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## Independent Auditors' Report

The Board of Directors  
**Amazon Conservation Team**  
Arlington, VA

We have audited the accompanying Consolidated Statement of Financial Position of **Amazon Conservation Team (ACT)** as of December 31, 2009, and the related Statements of Activities and Changes in Net Assets, Functional Expenses, and Cash Flows for the year then ended. These consolidated financial statements are the responsibility of ACT's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Equipo para la Conservacion de la Amazonia (ACT-Colombia), a foreign subsidiary. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in ACT-Colombia, is based solely on the report of the other auditors. The prior year summarized comparative information has been derived from ACT's 2008 consolidated financial statements, and in our report dated August 26, 2009, we expressed an unqualified opinion on those consolidated financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of **Amazon Conservation Team** as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Berry Group, CPAs*

Alexandria, Virginia  
July 14, 2010

# AMAZON CONSERVATION TEAM

## Consolidated Statement of Financial Position

Year Ended December 31, 2009 (With comparative totals for 2008)	ACT	Colombia	Eliminations	Total 2009	Total 2008
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 2,478,068	\$ 46,333	-	\$ 2,524,401	\$ 2,367,876
Grants and accounts receivable	1,145,276	36,004	-	1,181,280	2,494,041
Prepaid expenses	28,523	-	-	28,523	27,870
<b>Total current assets</b>	<b>3,651,867</b>	<b>82,337</b>	<b>-</b>	<b>3,734,204</b>	<b>4,889,787</b>
<b>Other assets</b>					
Property and equipment, net	1,091	-	-	1,091	3,134
Field operating advances	262,649	-	(62,077)	200,572	197,047
Security deposit and others	3,917	-	-	3,917	4,605
<b>Total other assets</b>	<b>267,657</b>	<b>-</b>	<b>(62,077)</b>	<b>205,580</b>	<b>204,786</b>
<b>Total assets</b>	<b>\$ 3,919,524</b>	<b>\$ 82,337</b>	<b>\$ (62,077)</b>	<b>\$ 3,939,784</b>	<b>\$ 5,094,573</b>
<b>Liabilities and Net Assets</b>					
<b>Current liabilities</b>					
Accounts payable and accrued expenses	\$ 37,871	\$ 19,967	-	\$ 57,838	\$ 59,378
Other liabilities	55,000	62,370	(62,077)	55,293	8,651
<b>Total current liabilities</b>	<b>92,871</b>	<b>82,337</b>	<b>(62,077)</b>	<b>113,131</b>	<b>68,029</b>
<b>Total liabilities</b>	<b>92,871</b>	<b>82,337</b>	<b>(62,077)</b>	<b>113,131</b>	<b>68,029</b>
<b>Net assets</b>					
Unrestricted	1,283,174	-	-	1,283,174	2,144,585
Temporarily restricted	2,543,479	-	-	2,543,479	2,881,959
<b>Total net assets</b>	<b>3,826,653</b>	<b>-</b>	<b>-</b>	<b>3,826,653</b>	<b>5,026,544</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,919,524</b>	<b>\$ 82,337</b>	<b>\$ (62,077)</b>	<b>\$ 3,939,784</b>	<b>\$ 5,094,573</b>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

## AMAZON CONSERVATION TEAM

### Consolidated Statement of Activities and Changes in Net Assets

<i>Year Ended December 31, 2009 (With comparative totals for 2008)</i>	<b>2009</b>	2008
<b>Unrestricted net assets</b>		
Support and revenue		
Grants-private	\$ -	\$ 1,015,000
Contributions	1,228,789	1,724,686
Grants-government	-	949,504
Investment income	6,607	21,577
Other income	8,868	9,093
Satisfaction of program restrictions	2,006,354	2,672,634
<b>Total support and revenue</b>	<b>3,250,618</b>	<b>6,392,494</b>
<b>Expenses</b>		
Program services		
Biodiversity	1,939,801	3,335,279
Culture	771,350	523,218
Health	523,661	490,717
<b>Total program services</b>	<b>3,234,812</b>	<b>4,349,214</b>
Supporting services		
General and administrative	684,317	741,698
Fundraising	192,900	272,947
<b>Total supporting services</b>	<b>877,217</b>	<b>1,014,645</b>
<b>Total expenses</b>	<b>4,112,029</b>	<b>5,363,859</b>
<b>Change in unrestricted net assets</b>	<b>(861,411)</b>	<b>1,028,635</b>
<b>Temporarily restricted net assets</b>		
Grants-private	1,624,226	3,244,166
Contributions	43,648	153,956
Net assets released from restrictions	(2,006,354)	(2,672,634)
<b>Change in temporarily restricted net assets</b>	<b>(338,480)</b>	<b>725,488</b>
<b>Change in net assets</b>	<b>(1,199,891)</b>	<b>1,754,123</b>
<b>Net assets, beginning of year</b>	<b>5,026,544</b>	<b>3,272,421</b>
<b>Net assets, end of year</b>	<b>\$ 3,826,653</b>	<b>\$ 5,026,544</b>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

# AMAZON CONSERVATION TEAM

## Consolidated Statement of Functional Expenses

	Program Services					Supporting Services			Total 2009	Total 2008
	Biodiversity	Culture	Health	Total Program Services	General and Administrative	Fundraising	Supporting Services			
<i>Year Ended December 31, 2009 (With comparative totals for year ended December 31, 2008)</i>										
<b>Expenses</b>										
Salaries and benefits	\$ 639,172	\$ 454,545	\$ 198,129	\$ 1,291,846	\$ 432,422	\$ 109,500	\$ 541,922	\$ 1,833,768	\$ 1,878,079	
Consulting services	330,033	65,625	52,411	448,069	43,048	31,819	74,867	522,936	512,979	
Project related	348,500	20,994	27,193	396,687	-	-	-	396,687	494,839	
Indigenous support	151,266	115,908	52,463	319,637	-	-	-	319,637	777,486	
Travel	90,997	56,159	51,152	198,308	19,956	20,976	40,932	239,240	358,410	
Occupancy and equipment	87,884	19,121	21,649	128,654	73,596	-	73,596	202,250	276,113	
Administrative	43,753	22,324	15,874	81,951	23,947	6,777	30,724	112,675	148,533	
Project and field equipment	102,737	2,627	6,487	111,851	-	-	-	111,851	147,422	
Publications	58,526	4,161	2,198	64,885	17,794	6,655	24,449	89,334	149,007	
Other	17,896	4,655	18,615	41,166	20,099	5,683	25,782	66,948	68,598	
Construction	64,005	-	-	64,005	-	-	-	64,005	259,346	
Contingency reserve	-	-	60,542	60,542	-	-	-	60,542	109,932	
Meetings, trainings and workshops	205	2,583	10,129	12,917	28,711	2,525	31,236	44,153	117,896	
Technology	4,676	2,648	5,666	12,990	22,521	1,325	23,846	36,836	58,920	
Unallowable	151	-	1,153	1,304	2,223	7,640	9,863	11,167	6,299	
<b>Total expenses</b>	<b>\$ 1,939,801</b>	<b>\$ 771,350</b>	<b>\$ 523,661</b>	<b>\$ 3,234,812</b>	<b>\$ 684,317</b>	<b>\$ 192,900</b>	<b>\$ 877,217</b>	<b>\$ 4,112,029</b>	<b>\$ 5,363,859</b>	

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

# AMAZON CONSERVATION TEAM

## Consolidated Statement of Cash Flows

Year Ended December 31, 2009 (With comparative totals for 2008)	ACT	Colombia	Eliminations	Total	Total 2008
<b>Cash flows from operating activities</b>					
Change in net assets	\$ (1,199,891)	\$ -	\$ -	\$ (1,199,891)	\$ 1,754,123
<b>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</b>					
Depreciation	2,043	-	-	2,043	2,687
(Increase) decrease in:					
Grants and accounts receivable	1,348,765	(36,004)	-	1,312,761	(874,609)
Prepaid expenses	(11,504)	10,851	-	(653)	(10,820)
Field operating advances	(59,736)	-	62,077	2,341	(163,275)
Security deposit and others	688	-	-	688	(688)
Increase (decrease) in:					
Accounts payable and accrued expenses	(15,251)	13,711	-	(1,540)	12,363
Other liabilities	52,940	49,913	(62,077)	40,776	5,825
<b>Net cash provided by operating activities</b>	<b>118,054</b>	<b>38,471</b>	<b>-</b>	<b>156,525</b>	<b>725,606</b>
<b>Net increase in cash and cash equivalents</b>	<b>118,054</b>	<b>38,471</b>	<b>-</b>	<b>156,525</b>	<b>725,606</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,360,014</b>	<b>7,862</b>	<b>-</b>	<b>2,367,876</b>	<b>1,642,270</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,478,068</b>	<b>\$ 46,333</b>	<b>\$ -</b>	<b>\$ 2,524,401</b>	<b>\$ 2,367,876</b>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

# Amazon Conservation Team

## Notes to Consolidated Financial Statements

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- 1. Organization and nature of activities**      **Organization and Nature of Activities: Amazon Conservation Team (ACT)** is a not-for-profit organization incorporated under the laws of Virginia in 1998. ACT's mission is to work in partnership with indigenous people to conserve biodiversity, health, and culture in tropical America. It has long been ACT's conviction that the people who best know, use, and protect biodiversity are the indigenous people who live in tropical forests. This is reflected in the Amazon, where the most traditional indigenous groups are found within the largest, most intact expanses of remaining forest. To date, ACT has partnered with over 35 indigenous groups across the Amazon Basin in Brazil, Colombia, and Suriname.

ACT has a subsidiary located in Colombia, "Equipo para la Conservación de la Amazonia" (ACT-Colombia). The financial statements present the consolidated activity for ACT and ACT-Colombia.

ACT also works through partnerships with the following affiliates: "Equipe de Conservação Da Amazônia" (ACT-Brazil) located in Brazil and "Stichting Amazon Conservation Team" (ACT-Suriname) located in Suriname. These foreign entities are separately incorporated nonprofit organizations, and although ACT provides significant financial support for these organizations, it does not have a controlling vote interest. Accordingly, ACT presents only the required disclosures for these foreign entities (note 9). Memoranda of agreement have been signed between ACT and the above-mentioned organizations. The Memoranda of agreement outline the shared mission and respective responsibilities for executing that mission. These agreements also indicate that the majority of the fundraising will be executed by ACT, in collaboration with its partners, and are subject to modification at any time by mutual consent of both parties.

- 2. Summary of significant accounting policies**      **Basis of presentation:** The financial statements of ACT are presented on the accrual basis of accounting and also present the consolidated financial statements for ACT and ACT-Colombia. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, ACT is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. ACT has no permanently restricted net assets.

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ACT's financial statements for the year ended December 31, 2008 from which the summarized information was derived.



## Amazon Conservation Team

### Notes to Consolidated Financial Statements

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2. Summary of significant accounting policies (continued)

**Contributions:** ACT also elected to adopt SFAS No. 116, *Accounting for Contributions Received and Contributions Made* in 1994. In accordance with SFAS No. 116, contributions received are recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Donated materials and equipment are recorded at their fair market value.

**Functional currency conversion of the financial statements:** ACT-Colombia's functional currency is the Colombian peso. The conversion of the financial statements into U.S. Dollars follows the recommendation of the Financial Standards Accounting Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 52, *Foreign Currency Translations*, which permits an entity to present its financial statements in any currency. If the currency in the financial statements differs from the entity's functional currency, it translates the *statement of financial position* accounts at the closing rate at the date of that *statement of financial position* for all monetary assets, and at historical rates for non-monetary assets; revenue and expense accounts shall be translated at exchange rates at the dates of the transactions or using an average rate for the period of the transactions.

The exchange rate used to translate the Statement of Financial Position of ACT-Colombia was \$1.7412 Colombian pesos per 1 U.S. dollar, which was the official rate published by the Central Bank of Colombia as of December 31, 2009. The Statement of Activities was translated using an average exchange rate of \$1.9974 Colombian pesos per 1 U.S. dollar.

**Cash and cash equivalents:** For the purposes of reporting cash flows, ACT considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Property and equipment:** Property and equipment are stated at cost if purchased, and at fair market value if donated. Property and equipment is depreciated using the straight-line method over the useful lives of the property of between three and seven years.

**Functional allocation of expenses:** The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## Amazon Conservation Team

### Notes to Consolidated Financial Statements

- 2. Summary of significant accounting policies (continued)**      **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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes:** ACT is exempt from income taxes as a non-profit organization under section 501(c)(3) of the Internal Revenue Code. ACT does not generate unrelated business income.

**Reclassification:** Certain amounts from the prior year have been reclassified to conform to the current year financial statement presentation.

- 3. Cash and cash equivalents**      A summary of ACT's cash and cash equivalents at December 31, 2009 and 2008 consisted of the following:

	2009	2008
Money market	\$ 2,290,599	\$ 2,158,784
Operating account	233,333	208,599
Petty cash and other	469	493
Total	\$ 2,524,401	\$ 2,367,876

- 4. Grants and accounts receivable**      ACT had grants and accounts receivable totaling \$1,181,280 and \$2,494,041 at December 31, 2009 and 2008, respectively.

- 5. Retirement plan**      ACT maintains a 403(b) annuity plan in which all employees are eligible to participate. As of August of 2008, ACT increased its contribution to the plan from 1% to 5% of the participant's salary. The retirement match totaled \$35,070 and \$29,632 for the year ended December 31, 2009 and 2008, respectively.

- 6. Operating reserve**      As of December 31, 2009 and 2008, ACT had an operating reserve balance of \$595,749 and \$592,048, respectively.

## Amazon Conservation Team

### Notes to Consolidated Financial Statements

- 7. Property and equipment** Property and equipment and accumulated depreciation at December 31, 2009 and 2008 consisted of the following:

Asset Category	Cost			
	12/31/08	Additions	Deletions	12/31/09
Furniture and fixtures	\$ 6,664	\$ -	\$ -	\$ 6,664
Office equipment	15,265	-	-	15,265
Computer equipment	11,868	-	-	11,868
Computer software	5,995	-	-	5,995
Government Assets	1,812	-	-	1,812
Total	\$ 41,604	\$ -	\$ -	\$ 41,604

Asset Category	Accumulated Depreciation			
	12/31/08	Additions	Deletions	12/31/09
Furniture and fixtures	\$ 5,838	\$ 488	\$ -	\$ 6,326
Office equipment	13,154	1,356	-	14,510
Computer equipment	11,671	199	-	11,870
Computer software	5,995	-	-	5,995
Government Assets	1,812	-	-	1,812
Total	\$ 38,470	\$ 2,043	\$ -	\$ 40,513

At December 31, 2009, ACT-Colombia had furniture and computer equipment cost and accumulated depreciation totaling \$9,714 for a net book value of zero.

- 8. Lease commitments** In May of 2006, ACT entered into a four and a half-year office lease for its Arlington, Virginia location, which expires on December 31, 2010. Rent expense totaled \$52,998 and \$51,887 for the years ended December 31, 2009 and 2008, respectively.

Minimum annual rental commitments at December 31, 2009 were as follows:

Year	Amount
2010	\$ 55,046
Total	\$ 55,046

- 9. Concentration of risk** ACT maintains bank deposit accounts which, at times, may exceed federally insured limits. ACT has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

## Amazon Conservation Team

### Notes to Consolidated Financial Statements

#### 10. Foreign operations

ACT has entered into memoranda of agreement (MOA's) with the following organizations which share a similar mission and philosophy: "Equipe de Conservação Da Amazônia," located in Brazil and "Stitching Amazon Conservation Team," located in Suriname. The purpose of these agreements is for ACT and its affiliate organizations to collaborate with indigenous people in conserving biodiversity, health, and culture in tropical America. Under the MOA's, ACT provides the majority of the financial resources and technical assistance to the foreign nonprofit organizations.

"Equipo para la Conservacion de la Amazonia" (ACT-Colombia), located in Colombia is a subsidiary of ACT. ACT provided the following support to the foreign organizations during 2009 and 2008:

2009				
Support Source	ACT Brazil	ACT Colombia	ACT Suriname	Total
<i>Support &amp; revenue:</i>				
ACT (USA)	\$ 1,307,328	\$ 894,581	\$ 502,731	\$ 2,704,640
Other sources	218,178	69,543	259,632	547,353
Total support & revenue	\$ 1,525,506	\$ 964,124	\$ 762,363	\$ 3,251,993
<i>Program expenses:</i>				
ACT (USA)	1,307,328	894,581	507,481	2,709,390
Other sources	205,165	69,543	270,141	544,849
Total program expenses	1,512,493	964,124	777,622	3,254,239
<b>Surplus (Deficit)</b>	<b>\$ 13,013</b>	<b>\$ -</b>	<b>\$ (15,259)</b>	<b>\$ (2,265)</b>

2008				
Support Source	ACT Brazil	ACT Colombia	ACT Suriname	Total
<i>Support &amp; revenue:</i>				
ACT (USA)	\$ 1,529,160	\$ 1,738,922	\$ 628,340	\$ 3,896,422
Other sources	573,900	50,000	242,593	866,493
Total support & revenue	\$ 2,103,060	\$ 1,788,922	\$ 870,933	\$ 4,762,915
<i>Program expenses:</i>				
ACT (USA)	1,529,160	1,738,922	628,340	3,896,422
Other sources	127,230	-	63,450	190,680
Total program expenses	1,656,390	1,738,922	691,790	4,087,102
Surplus (Deficit)	\$ 446,670	\$ 50,000	\$ 179,143	\$ 675,813

## Amazon Conservation Team

### Notes to Consolidated Financial Statements

**10. Foreign operations (continued)** At December 31, 2008, ACT-Colombia had received funding commitments totaling \$50,000 which were not reflected in the consolidated financial statements of ACT and ACT-Colombia. Such funding is available for future program activities. ACT-Colombia was a separate affiliated organization in 2007, becoming a subsidiary of ACT effective January 1, 2008. There were no such funding received at December 31, 2009.

The 2009 and 2008 “surplus” for ACT-Brazil and ACT-Suriname affiliates represent funding available for their future program activities. At December 31, 2009 and 2008, ACT- Brazil had total assets of \$200,467 and \$115,347, total liabilities of \$99,399 and \$49,585, and total net assets of \$101,069 and \$65,762, respectively. At December 31, 2009 and 2008, ACT-Suriname had total assets of \$305,801 and \$286,974, total liabilities of \$56,404 and \$82,859, and total net assets of \$249,397 and \$204,115, respectively.

The ACT-Brazil and ACT-Suriname operations were audited by other auditors, whose reports expressed unqualified opinions.

**11. Temporarily restricted net assets** As of December 31, 2009 and 2008, temporarily restricted net assets were available for the following purposes:

Purpose	2008 Balance	Additions	Releases	2009 Balance
Land use documentation (mapping)	\$ -	\$ 374,325	\$ 107,500	\$ 266,825
Land management and protection	2,480,441	599,476	1,443,400	1,636,517
Material self-sustainability	-	25,000	14,521	10,479
Integrated healthcare access	118,161	90,000	113,190	94,971
Healthcare knowledge capture and transmission	-	139,393	-	139,393
Healthcare and nutrition research	4,488	(3,005)	1,483	-
Traditional knowledge and culture preservation	20,627	54,000	44,627	30,000
Educational opportunities	-	75,250	36,491	38,759
Women’s programs	-	27,931	10,031	17,900
Land and IP’s rights	-	110,782	-	110,782
General support	258,242	174,722	235,111	197,853
<b>Total</b>	<b>\$ 2,881,959</b>	<b>\$1,667,874</b>	<b>\$2,006,354</b>	<b>\$ 2,543,479</b>