



THE AMAZON CONSERVATION TEAM AND AFFILIATE

Consolidated Financial Statements and Supplemental Information

For the Year Ended December 31, 2013

(With Summarized Financial Information for the Year Ended December 31, 2012)



**and
Report Thereon**



THE AMAZON CONSERVATION TEAM AND AFFILIATE

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For the Year Ended December 31, 2013

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Amazon Conservation Team and Affiliate

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Amazon Conservation Team (ACT-U.S.) and Affiliate (collectively referred to as ACT), which comprise the consolidated statement of financial position as of December 31, 2013, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ACT as of December 31, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited ACT's 2012 consolidated financial statements, and our report dated July 31, 2013, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities and cash flows are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities, 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 consolidating 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.

Raffa, P.C.

Raffa, P.C.

Washington, DC

July 22, 2014

THE AMAZON CONSERVATION TEAM AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2013
(With Summarized Financial Information as of December 31, 2012)

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 1,230,465	\$ 1,431,171
Grants and pledges receivable	647,805	388,751
Field operating advances	38,335	35,471
Prepaid expenses	13,668	11,906
Property and equipment, net	141,062	151,614
Security deposit and other	3,916	3,916
TOTAL ASSETS	\$ 2,075,251	\$ 2,022,829
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 71,349	\$ 67,773
Deferred revenue	31,410	45,591
Deferred rent and lease incentives	100,457	147,552
Other liabilities	-	1,176
TOTAL LIABILITIES	203,216	262,092
Net Assets		
Unrestricted	486,450	1,070,613
Temporarily restricted	1,385,585	690,124
TOTAL NET ASSETS	1,872,035	1,760,737
TOTAL LIABILITIES AND NET ASSETS	\$ 2,075,251	\$ 2,022,829

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

THE AMAZON CONSERVATION TEAM AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

(With Summarized Financial Information for the Year Ended December 31, 2012)

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT				
Contributions	\$ 907,172	\$ 525,859	\$ 1,433,031	\$ 1,472,911
Grants	513,758	1,142,010	1,655,768	1,437,742
Investment income	41,410	-	41,410	17,442
Other	3,695	-	3,695	4,079
Net assets released from restrictions:				
Satisfaction of program restrictions	915,860	(915,860)	-	-
Satisfaction of time restrictions	56,548	(56,548)	-	-
TOTAL REVENUE AND SUPPORT	2,438,443	695,461	3,133,904	2,932,174
EXPENSES				
Program Services:				
Biodiversity	1,084,769	-	1,084,769	1,611,593
Culture	642,765	-	642,765	688,247
Health	545,272	-	545,272	495,272
Total Program Services	2,272,806	-	2,272,806	2,795,112
Supporting Services:				
General and administrative	573,683	-	573,683	512,478
Fundraising	176,117	-	176,117	133,286
Total Supporting Services	749,800	-	749,800	645,764
TOTAL EXPENSES	3,022,606	-	3,022,606	3,440,876
CHANGE IN NET ASSETS	(584,163)	695,461	111,298	(508,702)
NET ASSETS, BEGINNING OF YEAR	1,070,613	690,124	1,760,737	2,269,439
NET ASSETS, END OF YEAR	\$ 486,450	\$ 1,385,585	\$ 1,872,035	\$ 1,760,737

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

THE AMAZON CONSERVATION TEAM AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2013
(With Summarized Financial Information for the Year Ended December 31, 2012)

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	2013 Total	2012 Total
	Biodiversity	Culture	Health		General and Administrative	Fundraising			
Salaries and benefits	\$ 282,637	\$ 223,923	\$ 233,977	\$ 740,537	\$ 252,246	\$ 96,791	\$ 349,037	\$ 1,089,574	\$ 1,292,189
Project related	364,466	155,669	26,820	546,955	-	15,574	15,574	562,529	275,252
Indigenous support	182,738	112,941	116,106	411,785	-	45	45	411,830	629,562
Consulting services	138,468	66,286	96,147	300,901	95,326	4,994	100,320	401,221	305,608
Travel	38,483	36,257	28,738	103,478	21,495	17,542	39,037	142,515	173,130
Occupancy and equipment	24,197	14,272	12,378	50,847	89,063	10	89,073	139,920	169,706
Technology	10,365	5,063	5,924	21,352	50,906	6,363	57,269	78,621	59,528
Telecommunications and office expense	16,387	11,584	16,469	44,440	17,251	7,038	24,289	68,729	69,923
Other	8,683	9,473	7,350	25,506	16,449	21,206	37,655	63,161	57,442
Meetings, trainings and workshops	472	2,630	257	3,359	25,383	6,554	31,937	35,296	28,669
Project and field equipment	15,473	682	1,106	17,261	-	-	-	17,261	20,411
Publications	2,400	3,985	-	6,385	5,564	-	5,564	11,949	30,784
Subgrants	-	-	-	-	-	-	-	-	328,672
TOTAL EXPENSES	\$ 1,084,769	\$ 642,765	\$ 545,272	\$ 2,272,806	\$ 573,683	\$ 176,117	\$ 749,800	\$ 3,022,606	\$ 3,440,876

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

THE AMAZON CONSERVATION TEAM AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2013

(With Summarized Financial Information for the Year Ended December 31, 2012)

Increase (Decrease) in Cash and Cash Equivalents

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 111,298	\$ (508,702)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	54,725	60,885
Changes in assets and liabilities:		
Grants and pledges receivable	(259,054)	100,846
Field operating advances	(2,864)	162,603
Prepaid expenses	(1,762)	8,481
Security deposit and other	-	371
Accounts payable and accrued expenses	3,576	22,662
Deferred revenue	(14,181)	(161,905)
Deferred rent and lease incentives	(47,095)	(45,086)
Other liabilities	(1,176)	(13,311)
	<u>(156,533)</u>	<u>(373,156)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	<u>(44,173)</u>	<u>(25,540)</u>
	<u>(44,173)</u>	<u>(25,540)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(200,706)	(398,696)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,431,171</u>	<u>1,829,867</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,230,465</u>	<u>\$ 1,431,171</u>

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

THE AMAZON CONSERVATION TEAM AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2013**

1. Organization and Summary of Significant Accounting Policies

Organization

The Amazon Conservation Team (ACT-U.S.) was incorporated under the laws of Virginia in 1998 as a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

The mission of ACT-U.S. is to partner with indigenous people to protect the rainforest. ACT-U.S. works hand-in-hand with local indigenous communities of tropical South America to devise and implement conservation strategies. To date, we have partnered with over 30 tribes to map, manage and improve protection of more than 70 million acres of ancestral forests in Colombia, Suriname and Brazil.

ACT-Colombia, which is also known as *Equipo para la Conservación de la Amazonia*, is a nonprofit charitable organization registered under Colombia's law as an affiliate of ACT-U.S.

Principles of Consolidation

The consolidated financial statements include the accounts and transactions of ACT-U.S. and ACT-Colombia (collectively referred to as ACT). ACT-U.S. and ACT-Colombia have been consolidated due to the presence of common control and economic interest. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

ACT considers demand deposits and money market funds to be cash and cash equivalents.

Property and Equipment and Related Depreciation and Amortization

All acquisitions of furniture, property and equipment greater than \$5,000 are capitalized at cost and are being depreciated using the straight-line method over estimated useful lives of three to seven years. Leasehold improvements are amortized over the lesser of their estimated useful lives or the remaining life of the lease. Expenditures for major additions and improvements are capitalized; expenditures for maintenance and repairs are charged to expense when incurred. Upon the retirement or disposal of the assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue or expenses, as appropriate.

THE AMAZON CONSERVATION TEAM AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2013**

1. Organization and Summary of Significant Accounting Policies (continued)

Classification of Net Assets

ACT's net assets are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for ACT's general support. Unrestricted net assets also include \$635,061 that has been designated by ACT's Board of Directors as a contingency reserve.
- Temporarily restricted net assets represent amounts that are restricted by donors for a specific purpose or use in future periods.

Revenue Recognition

Grants and contributions are recognized as revenue in the period in which they are received or when unconditional promises are made. Grants and contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted revenue and support in the accompanying consolidated statement of activities. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and released from restrictions. Grants and pledges receivable represent amounts unconditionally committed by grantors that ACT has not received as of year-end.

Grants and contracts treated as exchange transactions are recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. Revenue recognized on these grants and contracts for which billings have not been presented to, or collected from, the awarding agency is included in grants and pledges receivable in the accompanying consolidated statement of financial position. Conversely, amounts that have been collected in advance but have not been earned are included in deferred revenue in the accompanying consolidated statement of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Foreign Currency Translation

The conversion of financial statement balances into U.S. dollars (USD) follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 830, *Foreign Currency Matters*, which permits an entity to present its consolidated financial statements in any currency. If the currency in the financial statements differs from the entity's

THE AMAZON CONSERVATION TEAM AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2013**

1. Organization and Summary of Significant Accounting Policies (continued)

Foreign Currency Translation (continued)

functional currency, ACT translates all assets and liabilities at the current rate at the date of the statement of financial position. Revenue and expense balances are translated at exchange rates at the transaction date or using an average rate for the period of the transactions.

The balances for ACT-Colombia reported in the consolidated statement of financial position are translated at \$1 USD to 1,927 Colombian Peso (COP) based on the market representative rate, the *Tasa de Cambio Representativa del Mercado*, at December 31, 2013. This is the official exchange rate published by the Central Bank on a daily basis. The balances for ACT-Colombia reported in the consolidated statement of activities are translated at \$1 USD to 1,751 COP.

Estimates

The preparation of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Change in Accounting Principle

ACT adopted the FASB Accounting Standards Update (ASU) 2012-05, *Statement of Cash Flows: Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*, which requires the recognition of donated securities that have no donor-imposed restriction and that are nearly immediately converted into cash, as cash from operating activities. During the year ended December 31, 2013, ACT received \$20,155 of donated securities that were nearly immediately converted into cash and recognized as cash from operating activities in the accompanying consolidated statement of cash flows. The statement of cash flows for the year ended December 31, 2012, which previously reported \$14,495 of donated securities as investing activities, has been adjusted to report this amount in operating activities.

2. Grants and Pledges Receivable

As of December 31, 2013, \$612,805 of grants and pledges receivable are expected to be received in less than one year and the remaining \$35,000 is expected to be received in more than one year. All grants and pledges receivable are deemed fully collectible.

THE AMAZON CONSERVATION TEAM AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

3. Property and Equipment and Accumulated Depreciation and Amortization

ACT held the following property and equipment as of December 31, 2013:

	ACT-U.S.	ACT- Colombia	Total
Leasehold improvements	\$ 210,329	\$ -	\$ 210,329
Computer equipment	30,665	42,197	72,862
Furniture, fixtures and equipment	19,133	20,538	39,671
Software and software development	47,583	-	47,583
Total Property and Equipment	307,710	62,735	370,445
Less: Accumulated Depreciation and Amortization	(166,648)	(62,735)	(229,383)
Property and Equipment, Net	\$ 141,062	\$ -	\$ 141,062

Depreciation and amortization expense was \$54,725 for the year ended December 31, 2013.

4. Temporarily Restricted Net Assets

As of December 31, 2013, temporarily restricted net assets were available for the following purposes:

Program restrictions:

Biodiversity:

Land management and protection	\$ 410,155
Program management	138,106
Total Biodiversity	548,261

Culture:

Educational opportunities	151,398
Women's programs	38,000
Traditional knowledge and culture preservation	35,000
Program management	15,106
Total Culture	239,504

Continued

THE AMAZON CONSERVATION TEAM AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

4. Temporarily Restricted Net Assets (continued)

Health:	
Healthcare knowledge capture and transmission	\$ 87,854
Program management	25,969
Integrated health care access	<u>12,255</u>
Total Health	<u>126,078</u>
Board of Directors:	
Succession planning and strengthening of the fundraising efforts	<u>85,483</u>
Total Program Restrictions	<u>999,326</u>
Time restrictions:	
General support for future periods	<u>386,259</u>
Total Temporarily Restricted Net Assets	<u>\$ 1,385,585</u>

5. Commitments and Risks

Operating Lease

In June 2006, ACT-U.S. entered into a noncancelable operating lease for its office space in Arlington, Virginia which expired on December 31, 2010. However, the noncancelable operating lease was amended in March and June 2010, and the noncancelable operating lease's term was extended through December 31, 2015. The base rent increases annually based on scheduled increases provided for in the noncancelable operating lease. Under the terms of the amended noncancelable operating lease, the lessor provided lease incentives to build out and renovate the office space. During the year ended December 31, 2011, ACT-U.S. used all of the lease incentives which totaled \$210,329. Under generally accepted accounting principles (GAAP), all rental payments, including fixed rent increases, are recognized on a straight-line basis over the term of the lease. Lease incentives are amortized over the life of the lease on a straight-line basis as an offset to rent expense. The difference between the GAAP rent expense and the required lease payments, as well as any unamortized lease incentives, are reflected as deferred rent and lease incentives in the accompanying consolidated statement of financial position. Total rent expense attributable to ACT-U.S.'s office space was \$21,864 for the year ended December 31, 2013, and is included in occupancy and equipment in the accompanying consolidated statement of functional expenses.

The future minimum rental payments required under this lease are as follows:

For the Year Ending <u>December 31,</u>	
2014	\$ 71,027
2015	<u>73,158</u>
Total	<u>\$ 144,185</u>

Continued

THE AMAZON CONSERVATION TEAM AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2013**

5. Commitments and Risks (continued)

Credit Risk

ACT maintains its cash and cash equivalents with a U.S. commercial financial institution, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2013, ACT had approximately \$1,213,000 composed of demand deposits, which exceeded the maximum limit insured by FDIC by approximately \$702,000. ACT monitors the creditworthiness of this institution and has not experienced any credit losses on its cash and cash equivalents.

Foreign Operations

ACT principally operates in Colombia and Suriname. ACT maintains cash accounts in Colombia for program operations, and the field operating advances in the accompanying consolidated statement of financial position represent cash advances to related parties in Suriname. The future of these programs can be adversely affected by a number of potential factors, such as currency devaluations, terrorist activities or changes in political climate. As of December 31, 2013, assets in these countries totaled approximately \$137,000, which represents approximately 7% of ACT's total consolidated assets.

6. Related Party Transactions

ACT works through partnerships with Stichting Amazon Conservation Team Suriname (ACT-Suriname), which is located in Suriname. This foreign entity is a separately incorporated nonprofit organization. ACT provides significant financial support to this organization. However, ACT does not have control of ACT Suriname, which requires consolidation under GAAP, as defined in FASB ASC Topic 958-810, *Not-for-Profit Entities – Consolidation*.

ACT has entered into a memorandum of agreement (MOA) with ACT Suriname, which shares a similar mission and philosophy. The purpose of this MOA is for ACT and its related party to collaborate with indigenous people in conserving biodiversity, health and culture in tropical America. Under the MOA, ACT provides a majority of the foreign nonprofit organization's financial resources and technical assistance. This MOA also indicates that ACT, in collaboration with its partner, will execute a majority of the fundraising activities and that those fundraising activities are subject to modification at any time by both parties' mutual consent.

For the year ended December 31, 2013, ACT provided \$296,368 to ACT-Suriname for program and operational expenses. These expenses were covered with a combination of restricted and unrestricted funds and are shown in the accompanying supplemental combined statement of activities. ACT records the amounts transferred as field operating advances until the affiliate provides documentation to show that the advances were used in accordance with the applicable grant agreements. As of December 31, 2013, ACT-Suriname had outstanding

THE AMAZON CONSERVATION TEAM AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2013**

6. Related Party Transactions (continued)

field operating advances of \$37,951. The outstanding balance corresponds to restricted funds advanced to the country program for activities that were delayed until 2014 and are included in field operating advances in the accompanying consolidated statement of financial position.

7. Pension Plans

ACT-U.S. sponsors a 403(b) pension plan (the 403(b) Plan). Employees are eligible to participate in the 403(b) Plan immediately after employment and may contribute up to the limits established by the IRC. ACT-U.S. matches employee contributions up to a maximum of 2% of each employee's salary. Employer contributions are 50% vested on the one-year anniversary of the employee's start date and are 100% vested on the second-year anniversary of the employee's start date. ACT-U.S.'s total pension expense was \$8,366 for the year ended December 31, 2013, and is included in salaries and benefits in the accompanying consolidated statement of functional expenses.

The privatized and fully funded pension system in Colombia is controlled by the national government through the Ministry of Social Welfare. The current system is regulated by Law 100, which was issued in December 1993. Under the defined-contribution system, individuals have a choice of six private pension providers with which to open an account and make mandatory contributions (obligatory pensions). Contributions are made jointly by the employee (25% of the contribution) and the employer (75% of the contribution).

Currently, the total pension contribution is 16% of an employee's gross salary. The employee's portion is 4% and the employer's contribution is 12%. Employers are required by law to enroll and to make the contributions on behalf of the employees and themselves. ACT-Colombia's total pension expense was \$22,546 for the year ended December 31, 2013.

8. Income Taxes

ACT-U.S. is exempt from income taxes under Section 501(c)(3) of the IRC, and is only taxed on net unrelated business income. No provision for income taxes has been made in the consolidated financial statements for the year ended December 31, 2013, as there was no significant net unrelated business income.

ACT-Colombia is a taxpayer under the special tax regime laws in Colombia and is not subject to the presumptive income regime. The net earnings or surplus, if any, that is not exempt in nature, will be levied at a 20% rate. The net earnings or surplus will be exempt when the maximum corporate body designates it (directly or indirectly) to programs developing its corporate objective in the year following the year in which the earnings or surplus is obtained.

ACT-U.S. follows the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's consolidated financial

THE AMAZON CONSERVATION TEAM AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

8. Income Taxes (continued)

statements and prescribe a threshold of “more likely than not” for recognition and derecognition of tax positions taken or expected to be taken in a tax return. ACT-U.S. performed an evaluation of uncertain tax positions for the year ended December 31, 2013, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. As of December 31, 2013, the statute of limitations for tax years ended December 31, 2010 through December 31, 2012 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which ACT-U.S. files tax returns. It is ACT-U.S.’s policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2013, ACT-U.S. had no accruals for interest and/or penalties.

9. Prior Year Summarized Financial Information

The accompanying consolidated 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 consolidated financial statements for the year ended December 31, 2012, from which the summarized information was derived.

10. Subsequent Events

ACT’s management has evaluated subsequent events through July 22, 2014, the date the consolidated financial statements were available to be issued. There were no subsequent events identified that require recognition of, or disclosure in, these consolidated financial statements.

SUPPLEMENTAL INFORMATION

THE AMAZON CONSERVATION TEAM AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2013

	<u>ACT-U.S.</u>	<u>ACT-Colombia</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,200,970	\$ 29,495	\$ -	\$ 1,230,465
Grants and pledges receivable	571,715	76,090	-	647,805
Field operating advances	73,301	-	(34,966)	38,335
Prepaid expenses	13,668	-	-	13,668
Property and equipment, net	141,062	-	-	141,062
Security deposit and other	3,916	-	-	3,916
	<u>2,004,632</u>	<u>105,585</u>	<u>(34,966)</u>	<u>2,075,251</u>
TOTAL ASSETS				
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 32,140	\$ 39,209	\$ -	\$ 71,349
Deferred revenue	-	66,376	(34,966)	31,410
Deferred rent and lease incentives	100,457	-	-	100,457
	<u>132,597</u>	<u>105,585</u>	<u>(34,966)</u>	<u>203,216</u>
TOTAL LIABILITIES				
Net Assets				
Unrestricted	486,450	-	-	486,450
Temporarily restricted	1,385,585	-	-	1,385,585
	<u>1,872,035</u>	<u>-</u>	<u>-</u>	<u>1,872,035</u>
TOTAL NET ASSETS				
TOTAL LIABILITIES AND NET ASSETS				
	<u>\$ 2,004,632</u>	<u>\$ 105,585</u>	<u>\$ (34,966)</u>	<u>\$ 2,075,251</u>

THE AMAZON CONSERVATION TEAM AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

	Unrestricted		Temporarily Restricted	Eliminations	Total
	ACT-U.S.	ACT-Colombia	ACT-U.S.		
REVENUE AND SUPPORT					
Contributions	\$ 905,910	\$ 1,262	\$ 525,859	\$ -	\$ 1,433,031
Grants	-	1,483,851	1,142,010	(970,093)	1,655,768
Investment income	39,785	1,625	-	-	41,410
Other	3,695	-	-	-	3,695
Net assets released from restrictions:					
Satisfaction of program restrictions	915,860	-	(915,860)	-	-
Satisfaction of time restrictions	56,548	-	(56,548)	-	-
TOTAL REVENUE AND SUPPORT	1,921,798	1,486,738	695,461	(970,093)	3,133,904
EXPENSES					
Program Services:					
Biodiversity	672,995	906,447	-	(494,673)	1,084,769
Culture	546,553	431,625	-	(335,413)	642,765
Health	536,613	148,666	-	(140,007)	545,272
Total Program Services	1,756,161	1,486,738	-	(970,093)	2,272,806
Supporting Services:					
General and administrative	573,683	-	-	-	573,683
Fundraising	176,117	-	-	-	176,117
Total Supporting Services	749,800	-	-	-	749,800
TOTAL EXPENSES	2,505,961	1,486,738	-	(970,093)	3,022,606
CHANGE IN NET ASSETS	(584,163)	-	695,461	-	111,298
NET ASSETS, BEGINNING OF YEAR	1,070,613	-	690,124	-	1,760,737
NET ASSETS, END OF YEAR	\$ 486,450	\$ -	\$ 1,385,585	\$ -	\$ 1,872,035

THE AMAZON CONSERVATION TEAM AND AFFILIATE

CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013

	<u>ACT-U.S.</u>	<u>ACT-Colombia</u>	<u>Eliminations</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	\$ 111,298	\$ -	\$ -	\$ 111,298
Adjustments to reconcile change in net assets to net used in operating activities:				
Depreciation and amortization	46,740	7,985	-	54,725
Changes in assets and liabilities:				
Grants and pledges receivable	(197,299)	(61,755)	-	(259,054)
Field operating advances	(23,287)	-	20,423	(2,864)
Prepaid expenses	(1,762)	-	-	(1,762)
Security deposit and other	-	-	-	-
Accounts payable and accrued expenses	(22,068)	25,644	-	3,576
Deferred revenue	-	6,242	(20,423)	(14,181)
Deferred rent and lease incentives	(47,095)	-	-	(47,095)
Other liabilities	(1,176)	-	-	(1,176)
	<u>(134,649)</u>	<u>(21,884)</u>	<u>-</u>	<u>(156,533)</u>
NET CASH USED IN OPERATING ACTIVITIES				
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of furniture and equipment	<u>(36,188)</u>	<u>(7,985)</u>	<u>-</u>	<u>(44,173)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(36,188)</u>	<u>(7,985)</u>	<u>-</u>	<u>(44,173)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(170,837)	(29,869)	-	(200,706)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,371,807</u>	<u>59,364</u>	<u>-</u>	<u>1,431,171</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,200,970</u>	<u>\$ 29,495</u>	<u>\$ -</u>	<u>\$ 1,230,465</u>



Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of
The Amazon Conservation Team and Affiliate

We have audited the consolidated financial statements of The Amazon Conservation Team (ACT-U.S.) and Affiliate (collectively referred to as ACT) as of and for the year ended December 31, 2013, and our report thereon dated July 22, 2014, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary combined information on pages 19 and 20, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Raffa, P.C.

Raffa, P.C.

Washington, DC
July 22, 2014

THE AMAZON CONSERVATION TEAM AND AFFILIATES

COMBINED STATEMENT OF FINANCIAL POSITION
December 31, 2013

	<u>ACT-U.S.</u>	<u>ACT-Colombia</u>	<u>ACT-Suriname</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 1,200,970	\$ 29,495	\$ 82,856	\$ -	\$ 1,313,321
Grants and pledges receivable	571,715	76,090	-	-	647,805
Field operating advances	73,301	-	-	(73,301)	-
Prepaid expenses	13,668	-	7,367	-	21,035
Property and equipment, net	141,062	-	5,400	-	146,462
Security deposit and other	<u>3,916</u>	<u>-</u>	<u>10,999</u>	<u>-</u>	<u>14,915</u>
TOTAL ASSETS	<u><u>\$ 2,004,632</u></u>	<u><u>\$ 105,585</u></u>	<u><u>\$ 106,622</u></u>	<u><u>\$ (73,301)</u></u>	<u><u>\$ 2,143,538</u></u>
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	\$ 32,140	\$ 39,209	\$ 21,722	\$ -	\$ 93,071
Deferred revenue	-	66,376	16,090	(73,301)	9,165
Deferred lease incentives	<u>100,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,457</u>
TOTAL LIABILITIES	<u>132,597</u>	<u>105,585</u>	<u>37,812</u>	<u>(73,301)</u>	<u>202,693</u>
Net Assets					
Unrestricted	486,450	-	-	-	486,450
Temporarily restricted	<u>1,385,585</u>	<u>-</u>	<u>68,810</u>	<u>-</u>	<u>1,454,395</u>
TOTAL NET ASSETS	<u>1,872,035</u>	<u>-</u>	<u>68,810</u>	<u>-</u>	<u>1,940,845</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,004,632</u></u>	<u><u>\$ 105,585</u></u>	<u><u>\$ 106,622</u></u>	<u><u>\$ (73,301)</u></u>	<u><u>\$ 2,143,538</u></u>

THE AMAZON CONSERVATION TEAM AND AFFILIATES

**COMBINED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013**

	<u>ACT-U.S.</u>	<u>ACT-Colombia</u>	<u>ACT-Suriname</u>	<u>Eliminations</u>	<u>Total</u>
REVENUE AND SUPPORT					
Contributions	\$ 1,431,769	\$ 1,262	\$ -	\$ -	\$ 1,433,031
Grants	1,142,010	1,483,851	296,368	(1,266,461)	1,655,768
Investment income	39,785	1,625	156	-	41,566
Other	<u>3,695</u>	<u>-</u>	<u>8,960</u>	<u>-</u>	<u>12,655</u>
 TOTAL REVENUE AND SUPPORT	 <u>2,617,259</u>	 <u>1,486,738</u>	 <u>305,484</u>	 <u>(1,266,461)</u>	 <u>3,143,020</u>
 EXPENSES					
Program Services:					
Biodiversity	672,995	906,447	17,990	(494,673)	1,102,759
Culture	546,553	431,625	51,794	(387,207)	642,765
Health	<u>536,613</u>	<u>148,666</u>	<u>245,449</u>	<u>(367,645)</u>	<u>563,083</u>
 Total Program Services	 <u>1,756,161</u>	 <u>1,486,738</u>	 <u>315,233</u>	 <u>(1,249,525)</u>	 <u>2,308,607</u>
Supporting Services:					
General and administrative	573,683	-	-	-	573,683
Fundraising	<u>176,117</u>	<u>-</u>	<u>16,936</u>	<u>(16,936)</u>	<u>176,117</u>
 Total Supporting Services	 <u>749,800</u>	 <u>-</u>	 <u>16,936</u>	 <u>(16,936)</u>	 <u>749,800</u>
 TOTAL EXPENSES	 <u>2,505,961</u>	 <u>1,486,738</u>	 <u>332,169</u>	 <u>(1,266,461)</u>	 <u>3,058,407</u>
 CHANGE IN NET ASSETS	 111,298	 -	 (26,685)	 -	 84,613
 NET ASSETS, BEGINNING OF YEAR	 <u>1,760,737</u>	 <u>-</u>	 <u>95,495</u>	 <u>-</u>	 <u>1,856,232</u>
 NET ASSETS, END OF YEAR	 <u>\$ 1,872,035</u>	 <u>\$ -</u>	 <u>\$ 68,810</u>	 <u>\$ -</u>	 <u>\$ 1,940,845</u>