

**AMAZON CONSERVATION TEAM**

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Consolidated Financial Statements

December 31, 2008

# Amazon Conservation Team

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## Independent Auditors' Report

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, 2008, and the related Statements of Activities and Changes in Net Assets, Functional Expenses, and Cash Flows for the year then ended. These 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 2007 financial statements, and in our report dated August 11, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 financial position of **Amazon Conservation Team** as of December 31, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2009, on our consideration of **Amazon Conservation Team's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Berry Group, CPA's*

Alexandria, Virginia  
August 26, 2009

# AMAZON CONSERVATION TEAM

## Consolidated Statement of Financial Position

<i>Year Ended December 31, 2008 (with comparative totals for 2007)</i>	ACT	ACT Colombia	Eliminations	Total 2008	Total 2007
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 2,360,014	\$ 7,862	\$ -	\$ 2,367,876	\$ 1,642,270
Grants and accounts receivable	2,494,041	-	-	2,494,041	1,619,432
Prepaid expenses	17,019	10,851	-	27,870	17,050
<b>Total current assets</b>	<b>4,871,074</b>	<b>18,713</b>	<b>-</b>	<b>4,889,787</b>	<b>3,278,752</b>
<b>Other assets</b>					
Property and equipment, net	3,134	-	-	3,134	5,821
Field operating advances	202,913	-	(5,866)	197,047	33,772
Security deposit and others	4,605	-	-	4,605	3,917
<b>Total other assets</b>	<b>210,652</b>	<b>-</b>	<b>(5,866)</b>	<b>204,786</b>	<b>43,510</b>
<b>Total assets</b>	<b>\$ 5,081,726</b>	<b>\$ 18,713</b>	<b>\$ (5,866)</b>	<b>\$ 5,094,573</b>	<b>\$ 3,322,262</b>
<b>Liabilities and Net Assets</b>					
<b>Current liabilities</b>					
Accounts payable and accrued expenses	\$ 53,122	\$ 6,256	\$ -	\$ 59,378	\$ 47,015
Other liabilities	2,060	12,457	(5,866)	8,651	2,826
<b>Total current liabilities</b>	<b>55,182</b>	<b>18,713</b>	<b>(5,866)</b>	<b>68,029</b>	<b>49,841</b>
<b>Total liabilities</b>	<b>55,182</b>	<b>18,713</b>	<b>(5,866)</b>	<b>68,029</b>	<b>49,841</b>
<b>Net assets</b>					
Unrestricted	2,144,585	-	-	2,144,585	1,115,950
Temporarily restricted	2,881,959	-	-	2,881,959	2,156,471
<b>Total net assets</b>	<b>5,026,544</b>	<b>-</b>	<b>-</b>	<b>5,026,544</b>	<b>3,272,421</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,081,726</b>	<b>\$ 18,713</b>	<b>\$ (5,866)</b>	<b>\$ 5,094,573</b>	<b>\$ 3,322,262</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, 2008 (With comparative totals for 2007)</i>	<b>2008</b>	<b>2007</b>
<b>Unrestricted net assets</b>		
Support and revenue		
Grants-private	\$ 1,015,000	\$ 494,920
Contributions	1,724,686	1,239,797
Grants-government	949,504	1,352,911
Investment income	21,577	47,150
Other income	9,093	6,789
Satisfaction of program restrictions	2,672,634	1,826,864
<b>Total support and revenue</b>	<b>6,392,494</b>	<b>4,968,431</b>
<b>Expenses</b>		
Program services		
Biodiversity	3,335,279	2,142,528
Culture	523,218	842,889
Health	490,717	694,093
<b>Total program services</b>	<b>4,349,214</b>	<b>3,679,510</b>
Supporting services		
General and administrative	741,698	700,847
Fundraising	272,947	170,365
<b>Total supporting services</b>	<b>1,014,645</b>	<b>871,212</b>
<b>Total expenses</b>	<b>5,363,859</b>	<b>4,550,722</b>
<b>Change in unrestricted net assets</b>	<b>1,028,635</b>	<b>417,709</b>
<b>Temporarily restricted net assets</b>		
Grants-private	3,244,166	1,091,538
Contributions	153,956	347,525
Net assets released from restrictions	(2,672,634)	(1,826,864)
<b>Change in temporarily restricted net assets</b>	<b>725,488</b>	<b>(387,801)</b>
<b>Change in net assets</b>	<b>1,754,123</b>	<b>29,908</b>
<b>Net assets, beginning of year</b>	<b>3,272,421</b>	<b>3,242,513</b>
<b>Net assets, end of year</b>	<b>\$ 5,026,544</b>	<b>\$ 3,272,421</b>

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

## AMAZON CONSERVATION TEAM

### Consolidated Statement of Functional Expenses

<i>Year Ended December 31, 2008 (With comparative totals for year ended December 31, 2007)</i>	Program Services				Supporting Services			Total 2008	Total 2007
	Biodiversity	Culture	Health	Total Program Services	General and Administrative	Fundraising	Total Supporting Services		
Expenses									
Salaries and benefits	\$ 164,225	\$ 115,424	\$ 127,938	\$ 407,587	\$ 367,812	\$ 99,269	\$ 467,081	\$ 874,668	\$ 700,802
Field operations and supplies	3,146,149	398,930	317,693	3,862,772	-	33,650	33,650	3,896,422	3,326,987
Travel	10,629	5,405	8,927	24,961	66,883	47,621	114,504	139,465	135,753
Consulting services	8,418	-	-	8,418	54,270	63,371	117,641	126,059	135,734
Occupancy and equipment	-	420	-	420	77,081	-	77,081	77,501	64,417
Meetings, trainings and workshops	3,921	776	3,777	8,474	63,219	992	64,211	72,685	11,221
Administrative	1,396	1,304	2,262	4,962	31,653	12,499	44,152	49,114	41,337
Publications	-	-	29,786	29,786	14,424	217	14,641	44,427	29,010
Technology	398	293	293	984	41,241	903	42,144	43,128	69,404
Other	143	666	41	850	24,406	8,896	33,302	34,152	29,155
Unallowable	-	-	-	-	709	5,529	6,238	6,238	6,902
<b>Total expenses</b>	<b>\$ 3,335,279</b>	<b>\$ 523,218</b>	<b>\$ 490,717</b>	<b>\$ 4,349,214</b>	<b>\$ 741,698</b>	<b>\$ 272,947</b>	<b>\$ 1,014,645</b>	<b>\$ 5,363,859</b>	<b>\$ 4,550,722</b>

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

# AMAZON CONSERVATION TEAM

## Consolidated Statement of Cash Flows

<i>Year Ended December 31, 2008 (with comparative totals for 2007)</i>	ACT	ACT Colombia	Eliminations	Total 2008	Total 2007
<b>Cash flows from operating activities</b>					
Change in net assets	\$ 1,754,123	\$ -	\$ -	\$ 1,754,123	\$ 29,908
<b>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</b>					
Depreciation	2,687	-	-	2,687	4,779
(Increase) decrease in:					
Grants and accounts receivable	(874,609)	-	-	(874,609)	(257,131)
Prepaid expenses	31	(10,851)	-	(10,820)	(16,506)
Field operating advances	(169,141)	-	5,866	(163,275)	157,774
Security deposit and others	(688)	-	-	(688)	-
Increase (decrease) in:					
Accounts payable and accrued expenses	6,107	6,256	-	12,363	7,277
Other liabilities	(766)	12,457	(5,866)	5,825	(1,338)
<b>Net cash provided by (used in) operating activities</b>	<b>717,744</b>	<b>7,862</b>	<b>-</b>	<b>725,606</b>	<b>(75,237)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>717,744</b>	<b>7,862</b>	<b>-</b>	<b>725,606</b>	<b>(75,237)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,642,270</b>	<b>-</b>	<b>-</b>	<b>1,642,270</b>	<b>1,717,507</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,360,014</b>	<b>\$ 7,862</b>	<b>\$ -</b>	<b>\$ 2,367,876</b>	<b>\$ 1,642,270</b>

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

# Amazon Conservation Team

## Notes to Consolidated Financial Statements

### 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 Conservation 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, 2007 from which the summarized information was derived.

# Amazon Conservation Team

## Notes to Consolidated Financial Statements

### 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 \$2,243.59 Colombian pesos per 1 U.S. dollar, which was the official rate published by the Central Bank of Colombia as of December 31, 2008. The Statement of Activities was translated using an average exchange rate of \$1,820.22 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, 2008 and 2007 consisted of the following:

	<u>2008</u>	<u>2007</u>
Money market	\$ 2,158,784	\$ 1,481,760
Operating account	208,599	160,146
Petty cash and other	<u>493</u>	<u>364</u>
Total	<u>\$ 2,367,876</u>	<u>\$ 1,642,270</u>

**4. Grants and accounts receivable**      ACT had grants and accounts receivable totaling \$2,494,041 and \$1,619,432 at December 31, 2008 and 2007, respectively.

**5. Retirement plan**      ACT maintains a 403(b) annuity plan in which all employees are eligible to participate. As of August of 2007, ACT increased its contribution to the plan from 1% to 5% of the participant's salary. The retirement match totaled \$29,632 and \$12,345 for the year ended December 31, 2008 and 2007, respectively.

**6. Operating reserve**      As of December 31, 2008 and 2007, ACT had an operating reserve balance of \$592,048 and \$533,649, respectively.

## Amazon Conservation Team

### Notes to Consolidated Financial Statements

- 7. Property and equipment** Property and equipment and accumulated depreciation at December 31, 2008 and 2007 consisted of the following:

Asset Category	Cost			
	12/31/07	Additions	Deletions	12/31/08
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
<b>Total</b>	<b>\$ 41,604</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,604</b>

  

Asset Category	Accumulated Depreciation			
	12/31/07	Additions	Deletions	12/31/08
Furniture and fixtures	\$ 5,350	\$ 488	\$ -	\$ 5,838
Office equipment	11,797	1,357	-	13,154
Computer equipment	10,829	842	-	11,671
Computer software	5,995	-	-	5,995
Government Assets	1,812	-	-	1,812
<b>Total</b>	<b>\$ 35,783</b>	<b>\$ 2,687</b>	<b>\$ -</b>	<b>\$ 38,470</b>

At December 31, 2008, ACT-Colombia had furniture and computer equipment cost and accumulated depreciation totaling \$9,714 for a net book value of zero.

- 8. Temporarily restricted net assets** As of December 31, 2008 and 2007, temporarily restricted net assets were available for the following purposes:

Purpose	2007			2008
	Balance	Additions	Releases	Balance
Land management	\$ 1,170,518	\$ 82,087	\$ 888,445	\$ 364,160
Land protection	453,559	2,966,345	1,303,623	2,116,281
Integrated healthcare access	177,583	-	59,422	118,161
Healthcare knowledge capture and transmission	67,030	-	67,030	-
Healthcare and nutrition research	44,473	-	39,985	4,488
Traditional knowledge and culture preservation	9,942	56,987	46,302	20,627
Women's programs	52,666	10,000	62,666	-
General support	180,700	282,703	205,161	258,242
<b>Total</b>	<b>\$ 2,156,471</b>	<b>\$ 3,398,122</b>	<b>\$ 2,672,634</b>	<b>\$ 2,881,959</b>

## Amazon Conservation Team

### Notes to Consolidated Financial Statements

#### 9. 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 "Stichting 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 2008 and 2007:

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
<b>Total support &amp; revenue</b>	<b>2,103,060</b>	<b>1,788,922</b>	<b>870,933</b>	<b>4,762,915</b>
<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
<b>Total program expenses</b>	<b>1,656,390</b>	<b>1,738,922</b>	<b>691,790</b>	<b>4,087,102</b>
<b>Surplus (Deficit)</b>	<b>\$ 446,670</b>	<b>\$ 50,000</b>	<b>\$ 179,143</b>	<b>\$ 675,813</b>

2007				
Support Source	ACT Brazil	ACT Colombia	ACT Suriname	Total
<i>Support &amp; revenue:</i>				
ACT (USA)	\$ 1,195,185	\$ 1,551,939	\$ 552,317	\$ 3,299,441
Other sources	114,185	-	82,571	196,756
<b>Total support &amp; revenue</b>	<b>1,309,370</b>	<b>1,551,939</b>	<b>634,888</b>	<b>3,496,197</b>
<i>Program expenses:</i>				
ACT (USA)	1,195,185	1,551,939	579,863	3,326,987
Other sources	-	-	88,614	88,614
<b>Total program expenses</b>	<b>1,195,185</b>	<b>1,551,939</b>	<b>668,477</b>	<b>3,415,601</b>
<b>Surplus (Deficit)</b>	<b>\$ 114,185</b>	<b>\$ -</b>	<b>\$ (33,589)</b>	<b>\$ 80,596</b>

# Amazon Conservation Team

## Notes to Consolidated Financial Statements

### 9. 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.

The 2008 "surplus" for ACT-Brazil and ACT-Suriname affiliates represent funding available for their future program activities. At December 31, 2008, ACT-Brazil had total assets of \$115,347, total liabilities of \$49,585, and total net assets of \$65,762. At December 31, 2008, ACT-Suriname had total assets of \$286,974, total liabilities of \$82,859, and total net assets of \$204,115.

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

### 10. 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 \$51,887 and \$50,376 for the years ended December 31, 2008 and 2007, respectively.

Minimum annual rental commitments at December 31, 2008 were as follows:

2009	\$ 53,443
2010	<u>55,046</u>
Total	<u>\$ 108,489</u>

### 11. 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.



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**Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

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

We have audited the financial statements of **Amazon Conservation Team (ACT)** as of and for the year ended December 31, 2008, and have issued our report thereon dated August 26, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered **Amazon Conservation Team's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Amazon Conservation Team's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Amazon Conservation Team's** internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Amazon Conservation Team's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Amazon Conservation Team in a separate letter dated August 26, 2009.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Bery Song, CPA*

Alexandria, VA  
August 26, 2009



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**Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

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

Compliance

We have audited the compliance of **Amazon Conservation Team (ACT)** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. **Amazon Conservation Team's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of **Amazon Conservation Team's** management. Our responsibility is to express an opinion on **Amazon Conservation Team's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Amazon Conservation Team's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **Amazon Conservation Team's** compliance with those requirements.

In our opinion, **Amazon Conservation Team** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

### Internal Control Over Compliance

The management of **Amazon Conservation Team** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **Amazon Conservation Team's** internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Amazon Conservation Team's** internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of **Amazon Conservation Team** as of and for the year ended December 31, 2008, and have issued our report thereon dated August 26, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Bony Singh, CPA*

Alexandria, VA  
August 26, 2009

## Amazon Conservation Team

### Schedule of Expenditures of Federal Awards

*Year Ended December 31, 2008*

Agency/Pass-Through Grantor	Grant Agreement Number	CFDA Number	Federal Expenditures
Pass-through program:			
U.S. Agency for International Development	514-A-00-05-00306-00 (BZN-F-001-08-05)	N/A	\$ 949,504
Total pass-through program			949,504
<b>Total expenditures of federal awards</b>			<b>\$ 949,504</b>

# Amazon Conservation Team

## Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2008

**1. Basis of presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Amazon Conservation Team** and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

**2. Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements**

Grants – government, per financial statements	\$ 949,504
Total revenue from federal awards	\$ 949,504
Total expenditures of federal awards	\$ 949,504

Amazon Conservation Team

Schedule of Findings and Questioned Costs

Year Ended December 31, 2008

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  No

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Type of auditors' report issued on compliance for major programs: Unqualified

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  No

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  Yes  No

Identification of Major Programs:

CFDA Number

Name of Federal Program or Cluster

N/A

U.S. Agency for International Development

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

**Amazon Conservation Team**

**Schedule of Findings and Questioned Costs**

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*Year Ended December 31, 2008*

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**Section II - Findings relating to the financial statements audited in accordance with *Government Auditing Standards***

**None**

**Section III - Findings and Questioned costs for Federal Awards using Section 510 (a).**

**None**