



the  
**Amazon  
Conservation  
Team**

**THE AMAZON CONSERVATION TEAM  
AND AFFILIATE**

**Consolidated Financial Statements and  
Supplemental Information**

*For the Year Ended December 31, 2017*

*(With Summarized Financial Information for the Year Ended December 31, 2016)*



**and  
Report Thereon**



**THE AMAZON CONSERVATION TEAM AND AFFILIATE**

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**For the Year Ended December 31, 2017**

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*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

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

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, 2017, 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 did not audit the financial statements of Amazon Conservation Team Colombia (ACT-Colombia), which statements reflect total assets of \$401,448 as of December 31, 2017, and total revenue and support of \$3,679,221 for the year then ended. 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 for ACT-Colombia, is based solely on the report of the other auditors. 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.

**Continued**

## **Opinion**

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

## **Other Matters**

### *Report on Summarized Comparative Information*

We have previously audited ACT's 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 2, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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 shown on pages 15 through 17 are presented for the purpose of additional analysis of the consolidated financial statements 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 statements of financial position, activities and cash flows have 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 consolidating statements of financial position, activities and cash flows, which insofar as they relate to ACT-Colombia, are based on the report of other auditors, are 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 17, 2018

**THE AMAZON CONSERVATION TEAM AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**December 31, 2017**  
**(With Summarized Financial Information as of December 31, 2016)**

	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,421,603	\$ 5,631,005
Grants and pledges receivable	1,466,986	1,078,813
Field operating advances	42,669	-
Prepaid expenses	18,419	29,578
Property and equipment, net	217,418	77,890
Security deposit and other	9,314	9,092
	<u>\$ 8,176,409</u>	<u>\$ 6,826,378</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 120,881	\$ 109,307
Deferred revenue	142,034	3,967
Due to related party	62,611	1,697
Deferred rent and lease incentives	4,466	3,063
Other liabilities	-	450
	<u>329,992</u>	<u>118,484</u>
<b>Net Assets</b>		
Unrestricted	4,788,519	4,039,072
Temporarily restricted	3,057,898	2,668,822
	<u>7,846,417</u>	<u>6,707,894</u>
<b>TOTAL NET ASSETS</b>		
	<u>\$ 8,176,409</u>	<u>\$ 6,826,378</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		
	<u>\$ 8,176,409</u>	<u>\$ 6,826,378</u>

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, 2017**

**(With Summarized Financial Information for the Year Ended December 31, 2016)**

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 4,322,262	\$ 299,380	\$ 4,621,642	\$ 5,243,452
Grants	271,919	2,753,223	3,025,142	3,739,724
In-kind contributions	174,020	-	174,020	48,977
Investment income	13,303	-	13,303	6,890
Other	3,058	-	3,058	2,052
Foreign currency valuation gain (loss)	(36,451)	-	(36,451)	30,197
Net assets released from restrictions:				
Satisfaction of program restrictions	2,310,072	(2,310,072)	-	-
Satisfaction of time restrictions	353,455	(353,455)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>7,411,638</b>	<b>389,076</b>	<b>7,800,714</b>	<b>9,071,292</b>
<b>EXPENSES</b>				
<b>Program Services:</b>				
Biodiversity	3,423,653	-	3,423,653	2,130,215
Culture	1,349,168	-	1,349,168	1,234,186
Health	594,320	-	594,320	400,036
<b>Total Program Services</b>	<b>5,367,141</b>	<b>-</b>	<b>5,367,141</b>	<b>3,764,437</b>
<b>Supporting Services:</b>				
General and administrative	963,437	-	963,437	698,069
Fundraising	329,741	-	329,741	277,439
<b>Total Supporting Services</b>	<b>1,293,178</b>	<b>-</b>	<b>1,293,178</b>	<b>975,508</b>
<b>TOTAL EXPENSES</b>	<b>6,660,319</b>	<b>-</b>	<b>6,660,319</b>	<b>4,739,945</b>
<b>CHANGE IN NET ASSETS BEFORE TRANSLATION ADJUSTMENT</b>	<b>751,319</b>	<b>389,076</b>	<b>1,140,395</b>	<b>4,331,347</b>
Translation adjustment	(1,872)	-	(1,872)	-
<b>CHANGE IN NET ASSETS</b>	<b>749,447</b>	<b>389,076</b>	<b>1,138,523</b>	<b>4,331,347</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>4,039,072</b>	<b>2,668,822</b>	<b>6,707,894</b>	<b>2,376,547</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 4,788,519</b>	<b>\$ 3,057,898</b>	<b>\$ 7,846,417</b>	<b>\$ 6,707,894</b>

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, 2017**  
**(With Summarized Financial Information for the Year Ended December 31, 2016)**

	Program Services			Supporting Services			2017 Total	2016 Total	
	Biodiversity	Culture	Health	Total Program Services	General and Administrative	Fundraising			Total Supporting Services
Project-related	\$ 2,071,550	\$ 505,265	\$ 95,218	\$ 2,672,033	\$ -	\$ -	\$ -	\$ 2,672,033	\$ 1,499,049
Salaries and benefits	549,287	324,463	224,732	1,098,482	311,184	254,200	565,384	1,663,866	1,511,600
Consulting services	239,858	114,436	108,777	463,071	344,948	28,349	373,297	836,368	481,834
Local communities support	192,732	236,573	53,552	482,857	-	-	-	482,857	393,805
Travel	35,392	29,303	36,407	101,102	95,143	-	95,143	196,245	147,575
Occupancy and equipment	46,994	13,123	8,059	68,176	56,163	29,140	85,303	153,479	170,883
Telecommunications and office expense	19,565	39,159	16,165	74,889	17,314	5,300	22,614	97,503	72,013
Technology	9,743	17,237	7,482	34,462	52,242	8,183	60,425	94,887	101,140
Other	22,096	15,130	25,714	62,940	25,910	2,309	28,219	91,159	106,718
Organizational meetings and workshops	2,076	1,705	1,944	5,725	56,026	2,260	58,286	64,011	119,831
Publications	15,819	32,635	10,898	59,352	4,278	-	4,278	63,630	18,920
Project and field equipment	44,521	11,404	5,372	61,297	229	-	229	61,526	32,607
Subgrants	-	8,735	-	8,735	-	-	-	8,735	34,993
Subtotal	3,249,633	1,349,168	594,320	5,193,121	963,437	329,741	1,293,178	6,486,299	4,690,968
Donated services	174,020	-	-	174,020	-	-	-	174,020	48,977
<b>TOTAL EXPENSES</b>	<b>\$ 3,423,653</b>	<b>\$ 1,349,168</b>	<b>\$ 594,320</b>	<b>\$ 5,367,141</b>	<b>\$ 963,437</b>	<b>\$ 329,741</b>	<b>\$ 1,293,178</b>	<b>\$ 6,660,319</b>	<b>\$ 4,739,945</b>

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, 2017**

**(With Summarized Financial Information for the Year Ended December 31, 2016)**

**Increase (Decrease) in Cash and Cash Equivalents**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets before translation adjustment	\$ 1,140,395	\$ 4,331,347
Translation adjustment	(1,872)	-
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	54,884	33,669
Changes in assets and liabilities:		
Grants and pledges receivable	(388,173)	(735,875)
Field operating advances	(42,669)	56,426
Prepaid expenses	11,159	17,171
Security deposit and other	(222)	(5,176)
Accounts payable and accrued expenses	11,574	4,852
Deferred revenue	138,067	3,967
Due to related party	60,914	1,697
Deferred rent and lease incentives	1,403	3,063
Other liabilities	(450)	(1,700)
	985,010	3,709,441
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(194,412)	(32,923)
	(194,412)	(32,923)
NET CASH USED IN INVESTING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	790,598	3,676,518
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,631,005	1,954,487
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,421,603	\$ 5,631,005

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, 2017**

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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 (the IRC).

The mission of ACT-U.S. is to partner with indigenous and other local communities to protect the tropical forest and strengthen traditional culture. ACT works in Colombia, Suriname and Brazil, where each project is managed in partnership with local communities sharing knowledge and experience.

Amazon Conservation Team Colombia (ACT-Colombia) is a nonprofit charitable organization registered under Colombia's law as a subsidiary 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. Building and improvements are recorded at cost and are depreciated using the straight-line method over their useful lives of 45 years. 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.

**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 \$639,967 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 specific purposes or use in future periods.

**THE AMAZON CONSERVATION TEAM AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017**

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

**Revenue Recognition**

Grants and contributions are recognized as revenue in the period in which they are received or when unconditional promises to give 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.

**Donated Services**

ACT received donated services primarily consisting of commercial satellite imagery to strengthen ACT's community-based conservation efforts in the diverse ecosystems of the Amazon rainforest. The value of these donated services is reflected in the accompanying consolidated statement of activities as in-kind contributions and is recorded at their estimated fair value.

**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 proportionately among the programs and supporting services to which they relate on the basis of direct labor costs.

**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 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 AMAZON CONSERVATION TEAM AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017**

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

**Foreign Currency Translation (continued)**

The balances for ACT-Colombia reported in the consolidated statement of financial position are translated at \$1 USD to 2,984 Colombian Peso (COP) based on the market representative rate, the *Tasa de Cambio Representativa del Mercado*, at December 31, 2017. This is the official exchange rate published by the Central Bank of Colombia on a daily basis. The balances for ACT-Colombia reported in the consolidated statement of activities are translated at \$1 USD to 2,951 COP.

**Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Grants and Pledges Receivable

As of December 31, 2017, \$1,439,986 of grants and pledges receivable were expected to be received in less than one year and the remaining \$27,000 was expected to be received in one to five years. No discount was recorded on grants and pledges receivable due in future years as the discount is considered immaterial to the consolidated financial statements taken as a whole. All grants and pledges receivable are deemed fully collectible.

During the year ended December 31, 2017, ACT was awarded a multiyear grant totaling \$1,000,000. \$500,000 of the total grant is contingent upon ACT's achievement of certain conditions. As of December 31, 2017, revenue of \$500,000 was not recognized related to this grant since the related conditions had not been met.

3. Property and Equipment and Accumulated Depreciation and Amortization

ACT held the following property and equipment as of December 31, 2017:

	ACT-U.S.	ACT- Colombia	Total
Leasehold improvements	\$ 210,329	\$ -	\$ 210,329
Building	-	150,804	150,804
Computer equipment	15,712	15,919	31,631
Furniture, fixtures and equipment	-	19,024	19,024
Software and software development	114,636	-	114,636
Total Property and Equipment	340,677	185,747	526,424
Less: Accumulated Depreciation and Amortization	(292,292)	(16,714)	(309,006)
Property and Equipment, Net	\$ 48,385	\$ 169,033	\$ 217,418

THE AMAZON CONSERVATION TEAM AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017

3. Property and Equipment and Accumulated Depreciation and Amortization (continued)

During the year ended December 31, 2017, ACT purchased office space to improve staff working conditions in Colombia. This amount is included in building in the schedule above.

Depreciation and amortization expense was \$54,884 for the year ended December 31, 2017.

4. Temporarily Restricted Net Assets

As of December 31, 2017, temporarily restricted net assets were available for the following purposes:

Program restrictions:	
Biodiversity:	
Land management and protection	\$ 2,250,978
Land use documentation	60,195
Program management	<u>2,171</u>
Total Biodiversity	<u>2,313,344</u>
Culture:	
Program management	116,937
Educational opportunities	28,422
Women’s programs	<u>18,644</u>
Total Culture	<u>164,003</u>
Health:	
Program management	<u>31,171</u>
Total Health	<u>31,171</u>
Total Program Restrictions	2,508,518
Time restrictions:	
General support for future periods	<u>549,380</u>
Total Temporarily Restricted Net Assets	<u>\$ 3,057,898</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. The lease was amended several times and currently is set to expire on December 31, 2020. The amended lease also provides ACT-U.S. with an option to extend the lease term for an additional 48 months through December 31, 2024. The base rent increases annually based on scheduled increases provided for in the noncancelable operating

THE AMAZON CONSERVATION TEAM AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017

5. Commitments and Risks (continued)

**Operating Lease (continued)**

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 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, is reflected as deferred rent and lease incentives in the accompanying consolidated statement of financial position.

Future minimum lease payments required under this lease are as follows:

<u>For the Year Ending December 31,</u>	
2018	\$ 76,051
2019	77,572
2020	<u>79,124</u>
Total	<u>\$ 232,747</u>

Total rent expense attributable to ACT-U.S.’s office space was \$76,093 for the year ended December 31, 2017, and is included in occupancy and equipment in the accompanying consolidated statement of functional expenses.

**Credit Risk**

ACT-U.S. maintains its cash and cash equivalents with several U.S. commercial financial institutions, 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, 2017, ACT-U.S. had approximately \$6,262,000 composed of demand deposits, which exceeded the maximum limit insured by FDIC by approximately \$5,512,000. ACT-U.S. monitors the creditworthiness of these institutions 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. 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, 2017, assets in these countries totaled approximately \$436,000, which represents approximately 5% of ACT’s total consolidated assets.

**THE AMAZON CONSERVATION TEAM AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

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5. Commitments and Risks (continued)

**Concentration of Revenue Risk**

For the year ended December 31, 2017, ACT recognized revenue of \$6,085,000 from six donors, which represents approximately 78% of ACT's total consolidated revenue and support, excluding the foreign currency valuation loss.

6. Related Party Transactions

ACT works through partnerships with the following organizations: Stichting Amazon Conservation Team Suriname (ACT-Suriname), which is located in Suriname, and Synbio Consultoria Em Medio Ambiente (Synbio), which is located in Brazil. These foreign entities are separately incorporated nonprofit organizations. ACT provides significant financial support to these organizations. However, ACT does not have control of ACT-Suriname and Synbio, which would require 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 these organizations, which share a similar mission and philosophy. The purpose of these MOAs are for ACT and its related parties to collaborate with local communities in conserving tropical forest in South America and strengthening its traditional culture. Under the MOAs, ACT provides a majority of the foreign nonprofit organizations' 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, 2017, ACT provided \$770,186 to ACT-Suriname, and \$265,000 to Synbio 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, 2017, Synbio had an outstanding field operating advance of \$42,669. The outstanding balance corresponds to restricted funds advanced to the country program for activities that were delayed until 2018 and are included in field operating advances in the accompanying consolidated statement of financial position.

As of December 31, 2017, ACT owed ACT-Suriname \$62,611, corresponding to expenses incurred during the year ended December 31, 2017. The amount is included in due to related party 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

**THE AMAZON CONSERVATION TEAM AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

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7. Pension Plans (continued)

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 \$30,833 for the year ended December 31, 2017, 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 \$33,282 for the year ended December 31, 2017.

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, 2017, 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) for programs developing its corporate objective in the year following the year in which the earnings or surplus is obtained.

ACT has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial 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. evaluated its uncertainty in income taxes for the year ended December 31, 2017, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2017, the statute of limitations for tax years 2014 through 2016 remained 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.' policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense.

**THE AMAZON CONSERVATION TEAM AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

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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 GAAP. Accordingly, such information should be read in conjunction with ACT's consolidated financial statements for the year ended December 31, 2016, from which the summarized information was derived.

10. Reclassifications

Certain 2016 amounts have been reclassified to conform with the 2017 financial statement presentation.

11. Subsequent Events

ACT's management has evaluated subsequent events through July 17, 2018, the date the consolidated financial statements were available to be issued. There were no subsequent events identified that require recognition or disclosure in these consolidated financial statements.



**SUPPLEMENTAL INFORMATION**

**THE AMAZON CONSERVATION TEAM AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**December 31, 2017**

	<u>ACT-U.S.</u>	<u>ACT-Colombia</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,246,211	\$ 175,392	\$ -	\$ 6,421,603
Grants and pledges receivable	1,416,729	51,626	(1,369)	1,466,986
Field operating advances	107,804	-	(65,135)	42,669
Prepaid expenses	18,419	-	-	18,419
Property and equipment, net	48,385	169,033	-	217,418
Security deposit and other	3,917	5,397	-	9,314
	<u>\$ 7,841,465</u>	<u>\$ 401,448</u>	<u>\$ (66,504)</u>	<u>\$ 8,176,409</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 89,252	\$ 32,998	\$ (1,369)	\$ 120,881
Deferred revenue	-	207,169	(65,135)	142,034
Due to related party	62,611	-	-	62,611
Deferred rent and lease incentives	4,466	-	-	4,466
	<u>156,329</u>	<u>240,167</u>	<u>(66,504)</u>	<u>329,992</u>
<b>Net Assets</b>				
Unrestricted	4,640,731	147,788	-	4,788,519
Temporarily restricted	3,044,405	13,493	-	3,057,898
	<u>7,685,136</u>	<u>161,281</u>	<u>-</u>	<u>7,846,417</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 7,841,465</u>	<u>\$ 401,448</u>	<u>\$ (66,504)</u>	<u>\$ 8,176,409</u>

THE AMAZON CONSERVATION TEAM AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

	Unrestricted		Temporarily Restricted		Eliminations	Total
	ACT-U.S.	ACT-Colombia	ACT-U.S.	ACT-Colombia		
REVENUE AND SUPPORT						
Contributions	\$ 4,322,262	\$ 152,483	\$ 299,380	\$ -	\$ (152,483)	\$ 4,621,642
Grants	-	3,509,586	2,736,280	16,943	(3,237,667)	3,025,142
In-kind contributions	174,020	-	-	-	-	174,020
Investment income	13,094	209	-	-	-	13,303
Other	3,058	-	-	-	-	3,058
Foreign currency valuation loss	(33,142)	-	-	-	(3,309)	(36,451)
Net assets released from restrictions:						
Satisfaction of program restrictions	2,306,622	3,450	(2,306,622)	(3,450)	-	-
Satisfaction of time restrictions	353,455	-	(353,455)	-	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>7,139,369</b>	<b>3,665,728</b>	<b>375,583</b>	<b>13,493</b>	<b>(3,393,459)</b>	<b>7,800,714</b>
EXPENSES						
Program Services:						
Biodiversity	3,203,456	2,455,391	-	-	(2,235,194)	3,423,653
Culture	1,394,825	1,055,679	-	-	(1,101,336)	1,349,168
Health	646,251	4,998	-	-	(56,929)	594,320
<b>Total Program Services</b>	<b>5,244,532</b>	<b>3,516,068</b>	<b>-</b>	<b>-</b>	<b>(3,393,459)</b>	<b>5,367,141</b>
Supporting Services:						
General and administrative	963,437	-	-	-	-	963,437
Fundraising	329,741	-	-	-	-	329,741
<b>Total Supporting Services</b>	<b>1,293,178</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,293,178</b>
<b>TOTAL EXPENSES</b>	<b>6,537,710</b>	<b>3,516,068</b>	<b>-</b>	<b>-</b>	<b>(3,393,459)</b>	<b>6,660,319</b>
CHANGE IN NET ASSETS BEFORE TRANSLATION ADJUSTMENT	601,659	149,660	375,583	13,493	-	1,140,395
Translation adjustment	-	(1,872)	-	-	-	(1,872)
CHANGE IN NET ASSETS	601,659	147,788	375,583	13,493	-	1,138,523
NET ASSETS, BEGINNING OF YEAR	4,039,072	-	2,668,822	-	-	6,707,894
NET ASSETS, END OF YEAR	\$ 4,640,731	\$ 147,788	\$ 3,044,405	\$ 13,493	\$ -	\$ 7,846,417

**THE AMAZON CONSERVATION TEAM AND AFFILIATE**

**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2017**  
**Increase (Decrease) in Cash and Cash Equivalents**

	<u>ACT-U.S.</u>	<u>ACT-Colombia</u>	<u>Eliminations</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in net assets before translation adjustment	\$ 977,242	\$ 163,153	\$ -	\$ 1,140,395
Translation adjustment	-	(1,872)	-	(1,872)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization	40,075	14,809	-	54,884
Changes in assets and liabilities:				
Grants and pledges receivable	(349,118)	(40,424)	1,369	(388,173)
Field operating advances	(67,199)	-	24,530	(42,669)
Prepaid expenses	11,159	-	-	11,159
Security deposit and other	-	(222)	-	(222)
Accounts payable and accrued expenses	41,567	(28,624)	(1,369)	11,574
Deferred revenue	-	162,597	(24,530)	138,067
Due to related party	60,914	-	-	60,914
Deferred rent and lease incentives	1,403	-	-	1,403
Other liabilities	(450)	-	-	(450)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>715,593</u>	<u>269,417</u>	<u>-</u>	<u>985,010</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of property and equipment	<u>(24,000)</u>	<u>(170,412)</u>	<u>-</u>	<u>(194,412)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(24,000)</u>	<u>(170,412)</u>	<u>-</u>	<u>(194,412)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	691,593	99,005	-	790,598
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>5,554,618</u>	<u>76,387</u>	<u>-</u>	<u>5,631,005</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 6,246,211</u>	<u>\$ 175,392</u>	<u>\$ -</u>	<u>\$ 6,421,603</u>



*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTAL 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, 2017, and our report thereon dated July 17, 2018, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary combined information shown on pages 19 and 20 is presented for the purpose of additional analysis of the consolidated financial statements and is 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 and 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 17, 2018

**THE AMAZON CONSERVATION TEAM AND AFFILIATE**

**COMBINED STATEMENT OF FINANCIAL POSITION**  
**December 31, 2017**

	<u>ACT-U.S.</u>	<u>ACT-Colombia</u>	<u>ACT-Suriname</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,246,211	\$ 175,392	\$ 63,876	\$ -	\$ 6,485,479
Grants and pledges receivable	1,416,729	51,626	81,224	(76,088)	1,473,491
Field operating advances	107,804	-	-	(65,135)	42,669
Prepaid expenses	18,419	-	2,687	-	21,106
Property and equipment, net	48,385	169,033	32,267	-	249,685
Security deposit and other	3,917	5,397	10,743	-	20,057
	<u>7,841,465</u>	<u>401,448</u>	<u>190,797</u>	<u>(141,223)</u>	<u>8,292,487</u>
<b>TOTAL ASSETS</b>	<b>\$ 7,841,465</b>	<b>\$ 401,448</b>	<b>\$ 190,797</b>	<b>\$ (141,223)</b>	<b>\$ 8,292,487</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 89,252	\$ 32,998	\$ 79,098	\$ (13,477)	\$ 187,871
Deferred revenue	-	207,169	77,238	(65,135)	219,272
Due to related party	62,611	-	-	(62,611)	-
Deferred rent and lease incentives	4,466	-	-	-	4,466
	<u>156,329</u>	<u>240,167</u>	<u>156,336</u>	<u>(141,223)</u>	<u>411,609</u>
<b>TOTAL LIABILITIES</b>	<b>156,329</b>	<b>240,167</b>	<b>156,336</b>	<b>(141,223)</b>	<b>411,609</b>
<b>Net Assets</b>					
Unrestricted	4,640,731	147,788	34,461	-	4,822,980
Temporarily restricted	3,044,405	13,493	-	-	3,057,898
	<u>7,685,136</u>	<u>161,281</u>	<u>34,461</u>	<u>-</u>	<u>7,880,878</u>
<b>TOTAL NET ASSETS</b>	<b>7,685,136</b>	<b>161,281</b>	<b>34,461</b>	<b>-</b>	<b>7,880,878</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,841,465</b>	<b>\$ 401,448</b>	<b>\$ 190,797</b>	<b>\$ (141,223)</b>	<b>\$ 8,292,487</b>

**THE AMAZON CONSERVATION TEAM AND AFFILIATE**

**COMBINED STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2017**

	<u>ACT-U.S.</u>	<u>ACT-Colombia</u>	<u>ACT-Suriname</u>	<u>Eliminations</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>					
Contributions	\$ 4,621,642	\$ 152,483	\$ -	\$ (152,483)	\$ 4,621,642
Grants	2,736,280	3,526,529	1,079,823	(4,068,770)	3,273,862
In-kind contributions	174,020	-	-	-	174,020
Investment income	13,094	209	110	-	13,413
Other	3,058	-	7,878	-	10,936
Foreign currency valuation loss	<u>(33,142)</u>	<u>-</u>	<u>-</u>	<u>(3,309)</u>	<u>(36,451)</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>7,514,952</u>	<u>3,679,221</u>	<u>1,087,811</u>	<u>(4,224,562)</u>	<u>8,057,422</u>
<b>EXPENSES</b>					
Program Services:					
Biodiversity	3,203,456	2,455,391	595,860	(2,612,630)	3,642,077
Culture	1,394,825	1,055,679	44,517	(1,116,336)	1,378,685
Health	<u>646,251</u>	<u>4,998</u>	<u>492,543</u>	<u>(495,596)</u>	<u>648,196</u>
<b>Total Program Services</b>	<u>5,244,532</u>	<u>3,516,068</u>	<u>1,132,920</u>	<u>(4,224,562)</u>	<u>5,668,958</u>
Supporting Services:					
General and administrative	963,437	-	-	-	963,437
Fundraising	<u>329,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>329,741</u>
<b>Total Supporting Services</b>	<u>1,293,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,293,178</u>
<b>TOTAL EXPENSES</b>	<u>6,537,710</u>	<u>3,516,068</u>	<u>1,132,920</u>	<u>(4,224,562)</u>	<u>6,962,136</u>
<b>CHANGE IN NET ASSETS BEFORE TRANSLATION ADJUSTMENT</b>	977,242	163,153	(45,109)	-	1,095,286
Translation adjustment	<u>-</u>	<u>(1,872)</u>	<u>-</u>	<u>-</u>	<u>(1,872)</u>
<b>CHANGE IN NET ASSETS</b>	977,242	161,281	(45,109)	-	1,093,414
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>6,707,894</u>	<u>-</u>	<u>79,570</u>	<u>-</u>	<u>6,787,464</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 7,685,136</u>	<u>\$ 161,281</u>	<u>\$ 34,461</u>	<u>\$ -</u>	<u>\$ 7,880,878</u>