



the  
**Amazon  
Conservation  
Team**

## **THE AMAZON CONSERVATION TEAM AND AFFILIATES**

### **Consolidated Financial Statements and Supplementary Information**

*For the Year Ended December 31, 2023*

*(With Summarized Financial Information for the Year Ended December 31, 2022)*



**and  
Report Thereon**



# THE AMAZON CONSERVATION TEAM AND AFFILIATES

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**The Amazon Conservation Team and Affiliates**

### ***Opinion***

We have audited the consolidated financial statements of The Amazon Conservation Team (ACT-U.S.) and Affiliates (collectively referred to as ACT), which comprise the consolidated statement of financial position as of December 31, 2023, 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.

In our opinion, based on our audit and the report of the other auditors, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ACT as of December 31, 2023, 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.

We did not audit the financial statements of Amazon Conservation Team Colombia (ACT-Colombia), Amazon Conservation Team Brasil (ACT-Brasil) or Amazon Conservation Team Suriname (ACT-Suriname), whose statements reflect total assets of \$963,206, \$72,637, and \$471,379, respectively, as of December 31, 2023, and total revenue and support of \$5,471,071, \$1,218,564 and \$1,966,271, respectively, for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for ACT-Colombia, ACT-Brasil and ACT-Suriname, are based solely on the reports of the other auditors.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ACT and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ACT's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 ACT's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACT's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position, activities and cash flows (supplementary information) are presented for purposes of additional analysis 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 supplementary 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.

***Report on Prior Year Summarized Comparative Information***

We and the other auditors have previously audited ACT's 2022 consolidated financial statements, and in our report dated August 7, 2023 and the reports of the other auditors', we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Marcum LLP*

Washington, DC  
August 14, 2024

**THE AMAZON CONSERVATION TEAM AND AFFILIATES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**December 31, 2023**

**(With Summarized Financial Information as of December 31, 2022)**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,637,432	\$ 1,620,882
Grants and pledges receivable	5,388,896	1,792,423
Field operating advances	574	28,290
Due from related party	-	1,940
Prepaid expenses	141,406	79,570
Investments	14,075,770	16,664,723
Property and equipment, net	3,539,360	2,943,468
Security deposit and other	<u>35,428</u>	<u>30,558</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 24,818,866</u></u>	<u><u>\$ 23,161,854</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 312,308	\$ 282,980
Refundable advances	<u>640,878</u>	<u>76,220</u>
<b>TOTAL LIABILITIES</b>	<u>953,186</u>	<u>359,200</u>
<b>Net Assets</b>		
Without donor restrictions	17,059,173	21,241,736
With donor restrictions	<u>6,806,507</u>	<u>1,560,918</u>
<b>TOTAL NET ASSETS</b>	<u>23,865,680</u>	<u>22,802,654</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 24,818,866</u></u>	<u><u>\$ 23,161,854</u></u>

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

**THE AMAZON CONSERVATION TEAM AND AFFILIATES**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2023**

**(With Summarized Financial Information For the Year Ended December 31, 2022)**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 1,755,914	\$ 294,919	\$ 2,050,833	\$ 1,771,872
Grants	765,257	8,165,122	8,930,379	2,635,584
In-kind contributions	834,977	-	834,977	108,500
Interest and investment income (loss), net	1,251,873	-	1,251,873	(3,297,757)
Other	30,965	-	30,965	14,003
Foreign currency valuation (loss) gain	65,950	13,920	79,870	(158,206)
Net assets released from restrictions:				
Satisfaction of program restrictions	2,946,867	(2,946,867)	-	-
Satisfaction of time restrictions	281,505	(281,505)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>7,933,308</b>	<b>5,245,589</b>	<b>13,178,897</b>	<b>1,073,996</b>
<b>EXPENSES</b>				
Program Services:				
Land management	5,106,916	-	5,106,916	3,352,084
Governance and culture	3,417,090	-	3,417,090	3,593,245
Sustainable alternatives livelihoods	1,562,633	-	1,562,633	1,798,862
Total Program Services	10,086,639	-	10,086,639	8,744,191
Supporting Services:				
General and administrative	1,420,874	-	1,420,874	1,531,320
Fundraising	618,313	-	618,313	431,678
Total Supporting Services	2,039,187	-	2,039,187	1,962,998
<b>TOTAL EXPENSES</b>	<b>12,125,826</b>	<b>-</b>	<b>12,125,826</b>	<b>10,707,189</b>
Change in Net Assets Before Translation				
Adjustment and Change in Control	(4,192,518)	5,245,589	1,053,071	(9,633,193)
Translation adjustment	9,955	-	9,955	(3,081)
<b>CHANGE IN NET ASSETS</b>	<b>(4,182,563)</b>	<b>5,245,589</b>	<b>1,063,026</b>	<b>(9,636,274)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>21,241,736</b>	<b>1,560,918</b>	<b>22,802,654</b>	<b>32,438,928</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 17,059,173</b>	<b>\$ 6,806,507</b>	<b>\$ 23,865,680</b>	<b>\$ 22,802,654</b>

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

**THE AMAZON CONSERVATION TEAM AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2023**  
**(With Summarized Financial Information for the Year Ended December 31, 2022)**

	Program Services				Supporting Services				
	Land Management	Governance and Culture	Sustainable Alternatives Livelihoods	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	2023 Total	2022 Total
Salaries and benefits	\$ 1,618,499	\$ 1,309,102	\$ 590,476	\$ 3,518,077	\$ 833,940	\$ 329,523	\$ 1,163,463	\$ 4,681,540	\$ 3,820,102
Support and activities with communities and local organizations	1,478,044	892,934	343,970	2,714,948	-	-	-	2,714,948	1,772,577
Field logistics and transportation	643,929	417,891	218,542	1,280,362	-	-	-	1,280,362	1,601,407
Project and field based consultants	575,261	245,873	170,167	991,301	-	-	-	991,301	881,199
Consulting services	166,617	221,996	115,439	504,052	58,381	118,277	176,658	680,710	673,299
Occupancy and equipment	77,920	60,592	19,106	157,618	132,432	-	132,432	290,050	180,262
Technology	39,001	39,390	25,559	103,950	151,098	9,145	160,243	264,193	194,617
Subgrants	161,135	49,999	2,672	213,806	-	-	-	213,806	289,832
Travel	26,296	38,373	12,276	76,945	53,048	72,226	125,274	202,219	242,838
Other	33,113	42,944	25,633	101,690	51,746	17,444	69,190	170,880	162,174
Publications	18,770	25,239	3,953	47,962	33,276	66,699	99,975	147,937	257,727
Telecommunications and office	41,250	34,306	16,884	92,440	42,882	3,090	45,972	138,412	162,826
Project and field equipment	86,081	20,487	10,724	117,292	-	-	-	117,292	100,865
Organizational meetings and workshops	9,088	17,964	7,232	34,284	64,071	1,909	65,980	100,264	258,964
Subtotal	4,975,004	3,417,090	1,562,633	9,954,727	1,420,874	618,313	2,039,187	11,993,914	10,598,689
Donated satellite imaging	131,912	-	-	131,912	-	-	-	131,912	108,500
<b>TOTAL EXPENSES</b>	<b>\$ 5,106,916</b>	<b>\$ 3,417,090</b>	<b>\$ 1,562,633</b>	<b>\$ 10,086,639</b>	<b>\$ 1,420,874</b>	<b>\$ 618,313</b>	<b>\$ 2,039,187</b>	<b>\$ 12,125,826</b>	<b>\$ 10,707,189</b>

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



**THE AMAZON CONSERVATION TEAM AND AFFILIATES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2023**

**(With Summarized Financial Information for the Year Ended December 31, 2022)**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,063,026	\$ (9,636,274)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	223,353	34,280
Unrealized and realized (gain) loss on investments	(777,724)	3,855,831
Donated land	(703,065)	-
Changes in assets and liabilities:		
Grants and pledges receivable	(3,596,473)	1,546,626
Field operating advances	27,715	11,561
Due from related party	1,940	(1,940)
Prepaid expenses	(61,836)	(6,713)
Security deposit and other	(4,870)	9,709
Accounts payable and accrued expenses	29,329	(7,631)
Refundable advances	<u>564,658</u>	<u>(237,584)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(3,233,947)</u>	<u>(4,432,135)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(10,163,410)	(7,167,036)
Proceeds from sales of investments	13,530,087	8,756,604
Purchases of assets held for sale	-	(814,686)
Purchases of property and equipment	<u>(116,180)</u>	<u>(1,458,763)</u>
NET PROVIDED BY (CASH USED) IN INVESTING ACTIVITIES	<u>3,250,497</u>	<u>(683,881)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,550	(5,116,016)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,620,882</u>	<u>6,736,898</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,637,432</u></u>	<u><u>\$ 1,620,882</u></u>

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

## THE AMAZON CONSERVATION TEAM AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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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.

Outside of the United States, ACT-U.S. operates through branch offices that are locally registered in Colombia (ACT-Colombia), Brazil (ACT-Brasil), the Netherlands (ACT-Europe), Suriname (ACT-Suriname) and Costa Rica (ACT-Costa Rica). These entities are dependent on ACT-U.S. for funding; participate in ACT-U.S.'s activities and decision-making; and carry out the general mission and international activities of ACT-U.S.

ACT has on-the-ground presence in Colombia, Suriname, Brazil and Costa Rica, where each project is managed in partnership with local communities sharing knowledge and experience. ACT-Europe was established to support fundraising activities in Europe.

##### **Principles of Consolidation**

The consolidated financial statements include the accounts and transactions of ACT-U.S., ACT-Colombia, ACT-Brasil, ACT-Europe, ACT-Suriname and ACT-Costa Rica (collectively referred to as ACT).

ACT-U.S., ACT-Brasil, ACT-Europe, ACT-Colombia, ACT-Suriname and ACT-Costa Rica have been consolidated due to the presence of control and economic interest in ACT-Brasil, ACT-Europe, ACT-Colombia, ACT-Costa Rica, and ACT-Suriname by ACT-U.S., as required under accounting principles general accepted in the United States of America.

The activities of ACT-Europe and ACT-Costa Rica were deemed to be insignificant for separate presentation and these activities have been included with ACT-U.S. in these consolidated financial statements.

##### **Basis of Presentation**

The consolidated financial statements of ACT have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

##### **Cash and Cash Equivalents**

ACT considers demand deposits, money market funds and all deposits with original maturities of three months or less when acquired to be cash and cash equivalents.

## THE AMAZON CONSERVATION TEAM AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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

##### **Investments**

Investments consist of fixed-income and equity mutual funds and money market funds. The investments are recorded in the accompanying consolidated financial statements at their fair value, with gains and losses included in investment income in the consolidated statement of activities. Fair value is the price that would be received to sell an asset or liability through an orderly transaction between market participants at the measurement date.

##### **Fair Value Measurement**

Accounting standards define fair value and establish a framework for measuring fair value for those assets and liabilities that are measured at fair value on a recurring basis. In accordance with the fair value measurement standards, ACT has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized on the basis of the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that ACT has the ability to access.

*Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

*Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of December 31, 2023, only ACT's investments, as described in Note 4 of these consolidated financial statements, were measured at fair value on a recurring basis.

##### **Property and Equipment and Related Depreciation and Amortization**

All acquisitions of property, equipment and software greater than \$5,000 and an estimated useful life in excess of more than a year are capitalized at cost and are being depreciated or amortized 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, except for those

## THE AMAZON CONSERVATION TEAM AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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

##### **Property and Equipment and Related Depreciation and Amortization (continued)**

related assets in Suriname, whose useful lives are 15 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. During the year ended December 31, 2022, ACT purchased a building in Falls Church, VA, with the intent to use the space as ACT-U.S.'s office space. After this purchase, a neighboring building in Falls Church, VA, became available and ACT determined that this new building was a better option to serve as ACT-U.S.'s office space and executed the purchase of this second building during the year ended December 31, 2022. As a result, ACT has classified this as a building held for sale within property and equipment on the accompanying consolidated statement of financial position. No impairment was recognized, as the estimated fair value of the building less costs to sell exceeds the carrying value.

##### **Impairment of Long-Lived Assets**

ACT reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of December 31, 2023, ACT has not recognized an impairment loss.

##### **Classification of Net Assets**

ACT's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of ACT at the discretion of ACT's management and the Board of Directors. From time to time, the Board designates a portion of these net assets for specific purposes, which makes that portion unavailable for use at management's discretion.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or future time periods. These donor restrictions can be temporary in nature in that they will be met by actions of ACT or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2023, ACT had no net assets with donor restrictions that are required to be maintained in perpetuity.

##### **Revenue Recognition**

Unconditional grants and contributions are recognized as revenue and support in the accounting period in which they are received or when the unconditional promise to give is made. Unconditional grants and contributions are considered available for general 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 revenue and support with donor

## THE AMAZON CONSERVATION TEAM AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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

##### **Revenue Recognition (continued)**

restrictions 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), net assets with donor restrictions are reclassified to net assets without donor restrictions and released from restrictions. Grants and pledges receivable represent amounts unconditionally committed by grantors that ACT has not received as of year-end.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at net present value when the discount is significant to the consolidated financial statements. Amortization of the discount is included in grants in the accompanying consolidated statement of activities.

ACT also has conditional grants where revenue is recognized upon the completion of certain milestones and or the occurrence of certain events. A grant is considered conditional if the agreement includes a measureable performance or barrier and a right of return. Amounts that have been collected in advance but have not been earned are included in refundable advances in the accompanying consolidated statement of financial position.

##### **Donated Services and Land**

ACT received donated services 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 recorded at their fair value through a calculation based on the donated graphing data provided, which is then multiplied by the effective market rates for the SecureWatch platform. Additionally, ACT received a donation of land in Costa Rica in the amount of \$703,065 during the year ended December 31, 2023. This land donation was valued based on publicly available real estate information in Costa Rica. Donated services and land are reflected in the accompanying consolidated statement of activities as in-kind contributions.

##### **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 functional expenses.

The consolidated statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area have been reported as an expense of that function. Direct salaries and benefits are allocated on the basis of time sheets. Costs such as occupancy, depreciation and amortization, and other administrative costs that benefit multiple functions are allocated proportionally on the basis of total direct costs incurred.

## THE AMAZON CONSERVATION TEAM AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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

##### **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 balances for ACT-Colombia reported in the consolidated statement of financial position are translated at \$1 USD to 3,882 Colombian Peso (COP) on the basis of the market representative rate at December 31, 2023. The balances for ACT-Colombia reported in the consolidated statement of activities are translated at \$1 USD to 4,325 COP.

The balances for ACT-Brasil reported in the consolidated statement of financial position are translated at \$1 USD to 4.84 Brazilian Real (BRL) on the basis of the market representative rate at December 31, 2023. The balances for ACT-Brasil reported in the consolidated statement of activities are translated at \$1 USD to 4.86 BRL.

The balances for ACT-Suriname reported in the consolidated statement of financial position are translated at \$1 USD to 37.688 Suriname Dollars (SRD) on the basis of the market representative rate at December 31, 2023. The balances for ACT-Suriname reported in the consolidated statement of activities are translated at \$1 USD to 37.688 SRD.

##### **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, 2023, grants and pledges receivable were expected to be collected as follows:

Due in less than one year	\$ 2,649,023
Due in one to five years	<u>2,824,000</u>
Total	5,473,023
Less: Present value discount (3%)	<u>(84,127)</u>
Grants and Pledges Receivable, Net	<u>\$ 5,388,896</u>

# THE AMAZON CONSERVATION TEAM AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 3. Conditional Grants

During the year ended December 31, 2021, ACT-U.S. received a conditional grant totaling approximately \$537,000, which required certain milestones and/or the incurrence of other conditions to be met prior to revenue recognition. During the year ended December 31, 2023, ACT-U.S. had recognized approximately \$537,000 under this award. As of December 31, 2023, ACT-U.S. had recognized approximately \$54,000 as a receivable under this award as associated milestones had been met.

During the year December 31, 2023, ACT-Colombia and ACT-Suriname received conditional grants, which required certain milestones and/or the incurrence of other conditions to be met prior to revenue recognition. ACT-Colombia has a refundable advance of \$601,487 as of December 31, 2023, and ACT-Suriname has a refundable advance of \$39,391 as of December 31, 2023, representing amounts that had been collected but the milestones of the contract had not been met.

### 4. Investments and Fair Value Measurement

The following table summarizes ACT's investments measured at fair value on a recurring basis as of December 31, 2023, aggregated by the fair value hierarchy level with which those measurements were made:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed-income mutual funds <sup>(a)</sup>	\$ 10,494,515	\$ 10,494,515	\$ -	\$ -
Equity mutual funds <sup>(a)</sup>	<u>3,581,255</u>	<u>3,581,255</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 14,075,770</u>	<u>\$ 14,075,770</u>	<u>\$ -</u>	<u>\$ -</u>

<sup>(a)</sup> *Mutual funds* – Level 1 investments include mutual funds and are valued at the net asset value of shares held at year-end. The funds have readily available quoted market prices from an active market where there is significant transparency in the executed/quoted market price.

# THE AMAZON CONSERVATION TEAM AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 5. Property and Equipment and Accumulated Depreciation and Amortization

ACT held the following property and equipment as of December 31, 2023:

	<u>ACT-U.S.</u>	<u>Colombia</u>	<u>Brasil</u>	<u>Suriname</u>	<u>ACT- Total</u>
Building	\$1,411,104	\$ 291,775	\$ -	\$ 167,159	\$1,870,038
Building held for sale	814,685	-	-	-	814,685
Land	703,065	-	-	70,991	774,056
Vehicle	-	-	-	53,220	53,220
Computer equipment	-	112,913	13,955	-	126,868
Furniture, fixtures and equipment	-	80,055	17,724	-	97,779
Software and development	<u>211,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,007</u>
Total Property and Equipment	3,139,861	484,743	31,679	291,370	3,947,653
Less: Accumulated Depreciation and Amortization	<u>(116,844)</u>	<u>(217,155)</u>	<u>(9,544)</u>	<u>(64,750)</u>	<u>(408,293)</u>
Property and Equipment, Net	<u>\$3,023,017</u>	<u>\$ 267,588</u>	<u>\$ 22,135</u>	<u>\$ 226,620</u>	<u>\$3,539,360</u>

Depreciation and amortization expense was \$223,353 for the year ended December 31, 2023.

### 6. Net Assets

#### **Net Assets Without Donor Restrictions**

ACT's net assets without donor restrictions are composed of undesignated amounts and board-designated amounts for a strategic reserve fund. As of December 31, 2023, ACT's net assets without donor restrictions were as follows:

Undesignated – ACT-U.S.	\$ 14,863,483
Undesignated – ACT-Colombia	268,007
Undesignated – ACT-Brasil	(2,280)
Undesignated – ACT-Suriname	232,373
Board-designated strategic reserve fund – ACT-Suriname	31,842
Board-designated strategic reserve fund – ACT-U.S.	<u>1,665,748</u>
Total Net Assets Without Donor Restrictions	<u>\$ 17,059,173</u>

The board-designated strategic reserve fund was created to secure ACT's long-term financial viability and address unforeseen adverse business events. In addition, the reserve may be used for one-time, nonrecurring expenses related to arising new programmatic initiatives that can build long-term capacity for ACT.



## THE AMAZON CONSERVATION TEAM AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

#### 6. Net Assets (continued)

##### **Net Assets With Donor Restrictions**

As of December 31, 2023, net assets with donor restrictions were available as follows:

Subject to expenditure for specified purpose:	
Land management	\$ 3,382,458
Sustainable alternatives livelihoods	60,156
Governance and culture	<u>3,156,171</u>
Total Subject to Expenditure for Specified Purpose	<u>6,598,785</u>
Subject to the passage of time:	
General support for future periods	<u>207,722</u>
Total Subject to the Passage of Time	<u>207,722</u>
Total Net Assets With Donor Restrictions	<u>\$ 6,806,507</u>

#### 7. Commitments and Risks

##### **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, 2023, ACT-U.S. had approximately \$912,000 composed of demand deposits, which exceeded the maximum limit insured by FDIC by approximately \$445,000. 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, Suriname and Brazil. ACT maintains cash accounts in Brazil, Colombia and Suriname 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, 2023, assets in these countries totaled approximately \$1,156,000 which represented approximately 5% of ACT's total consolidated assets.

##### **Concentration of Revenue Risk**

For the year ended December 31, 2023, ACT recognized revenue of approximately \$7,278,000 from five donors, which represents approximately 56% of ACT's total consolidated revenue and support, excluding the foreign currency valuation loss. Additionally, ACT was owed approximately \$4,734,000 from four donors, which accounted for 86% of ACT's grants and pledges receivable as of December 31, 2023.

## THE AMAZON CONSERVATION TEAM AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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#### 8. Availability and Liquidity

ACT regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. ACT's financial assets available within one year of the consolidated statement of financial position date for general expenditures at December 31, 2023, were as follows:

Financial assets at year-end:	
Cash and cash equivalents	\$ 1,637,432
Current grants and pledges receivable	2,649,023
Investments	<u>14,075,770</u>
Total Financial Assets at Year-End	18,362,225
Less amounts not available to be used within one year:	
Amounts restricted by donors with purpose restrictions	(3,774,785)
Amounts unavailable to management without Board approval:	
Board-designated strategic reserve fund	<u>(1,697,590)</u>
Total Financial Assets Available Within One Year	<u>\$ 12,889,850</u>

ACT has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of ACT throughout the year. This is done through monitoring and reviewing ACT's cash flow needs on a monthly basis. As a result, management is aware of the cyclical nature of ACT's cash flow related to ACT's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including mutual funds and equity securities, or to support organizational initiatives. ACT can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs. Additionally, ACT maintains board-designated net assets that ACT does not intend to spend for these purposes, but which could be made available for current operations with Board approval, if necessary.

#### 9. 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. provides matching contributions to employees participating in the pension plan as follows; the first two years of employment, the matching contribution is 2%; years three to five, the matching contribution is 4%; and after five years, the matching contribution is 6%.

## THE AMAZON CONSERVATION TEAM AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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#### 9. Pension Plans (continued)

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 \$74,267 for the year ended December 31, 2023, 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 \$131,834 for the year ended December 31, 2023.

The National Institute of Social Security (INSS, Instituto Nacional do Seguro Social) is the Brazilian agency in charge of the pension and social security systems. Employees' contribution rates range from 8% to 11%, depending on the amount of their compensation. The employer contribution usually ranges from 26.8% to 28.8% (20% allocated to the National Social Security Institute, or INSS, and up to 8.8% to other social security taxes), based on the employee's monthly salary. There is a cap to the individual contribution, which represents 11% applied upon the maximum contribution income. There is no cap to the employer's contribution. ACT-Brasil's total pension expense was \$81,659 for the year ended December 31, 2023.

ACT-Suriname has a defined contribution plan arrangement for their employees with the General Pension Fund of Suriname (Algemeen Pensioenfonds Suriname). ACT-Suriname's total pension expense was \$1,223 for the year ended December 31, 2023.

#### 10. 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, 2023, 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.

## THE AMAZON CONSERVATION TEAM AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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10. Income Taxes (continued)

ACT-Brasil is a private non-profit association and is exempt from income taxes and social contribution on net profits under the terms of Law No. 9,532 / 97, article 15, fulfilling the requirements established in this legislation.

ACT-Suriname is a non-governmental organization under Surinamese law and is exempt from income taxes.

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 evaluated its uncertainty in income taxes for the year ended December 31, 2023, 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, 2023, the statute of limitations for certain tax years remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which ACT-U.S. files tax returns; however, there are currently no audits pending or in progress. It is ACT-U.S.'s policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense.

11. Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 presentation.

12. 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, 2022, from which the summarized information was derived.

13. Subsequent Events

ACT's management has evaluated subsequent events through August 14, 2024 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.

## **SUPPLEMENTARY INFORMATION**

**THE AMAZON CONSERVATION TEAM AND AFFILIATES**

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

**December 31, 2023**

	<u>ACT-U.S.</u>	<u>ACT-Brasil</u>	<u>ACT-Colombia</u>	<u>ACT-Suriname</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 899,374	\$ 40,218	\$ 577,638	\$ 120,202	\$ -	\$ 1,637,432
Grants and pledges receivable	5,325,243	-	2,424	61,229	-	5,388,896
Field operating advances	55,222	-	-	-	(54,648)	574
Due from related party	-	-	91,130	58,960	(150,090)	-
Prepaid expenses	137,756	-	-	3,650	-	141,406
Investments	14,075,770	-	-	-	-	14,075,770
Property and equipment, net	3,023,017	22,135	267,588	226,620	-	3,539,360
Security deposit and other	-	10,284	24,426	718	-	35,428
<b>TOTAL ASSETS</b>	<u><u>\$ 23,516,382</u></u>	<u><u>\$ 72,637</u></u>	<u><u>\$ 963,206</u></u>	<u><u>\$ 471,379</u></u>	<u><u>\$ (204,738)</u></u>	<u><u>\$ 24,818,866</u></u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 82,525	\$ 20,269	\$ 93,712	\$ 115,802	\$ -	\$ 312,308
Refundable advances	-	-	601,487	39,391	-	640,878
Due to related party	150,090	54,648	-	-	(204,738)	-
<b>TOTAL LIABILITIES</b>	<u>232,615</u>	<u>74,917</u>	<u>695,199</u>	<u>155,193</u>	<u>(204,738)</u>	<u>953,186</u>
<b>Net Assets</b>						
Without donor restrictions	16,529,231	(2,280)	268,007	264,215	-	17,059,173
With donor restrictions	6,754,536	-	-	51,971	-	6,806,507
<b>TOTAL NET ASSETS</b>	<u>23,283,767</u>	<u>(2,280)</u>	<u>268,007</u>	<u>316,186</u>	<u>-</u>	<u>23,865,680</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 23,516,382</u></u>	<u><u>\$ 72,637</u></u>	<u><u>\$ 963,206</u></u>	<u><u>\$ 471,379</u></u>	<u><u>\$ (204,738)</u></u>	<u><u>\$ 24,818,866</u></u>

See independent auditors' report on supplementary information.

**THE AMAZON CONSERVATION TEAM AND AFFILIATES**

**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**For the Year Ended December 31, 2023**

	Without Donor Restrictions				With Donor Restrictions					
	ACT-U.S.	ACT-Brasil	ACT-Colombia	ACT-Suriname	ACT-U.S.	ACT-Brasil	ACT-Colombia	ACT-Suriname	Eliminations	Total
REVENUE AND SUPPORT										
Contributions	\$ 1,753,951	\$ -	\$ -	\$ 1,963	\$ 294,919	\$ -	\$ -	\$ -	\$ -	\$ 2,050,833
Grants	1,532	1,218,564	5,449,938	1,754,114	7,969,790	-	-	195,332	(7,658,891)	8,930,379
In-kind contributions	834,977	-	-	-	-	-	-	-	-	834,977
Interest and investment income, net	1,249,070	-	2,771	32	-	-	-	-	-	1,251,873
Other	12,600	-	18,362	3	-	-	-	-	-	30,965
Foreign currency valuation gain (loss)	51,123	-	-	14,827	13,920	-	-	-	-	79,870
Net assets released from restrictions:										
Satisfaction of program restrictions	2,803,506	-	-	143,361	(2,803,506)	-	-	(143,361)	-	-
Satisfaction of time restrictions	281,505	-	-	-	(281,505)	-	-	-	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>6,988,264</b>	<b>1,218,564</b>	<b>5,471,071</b>	<b>1,914,300</b>	<b>5,193,618</b>	<b>-</b>	<b>-</b>	<b>51,971</b>	<b>(7,658,891)</b>	<b>13,178,897</b>
EXPENSES										
Program Services:										
Land management	4,459,549	102,030	3,513,787	598,100	-	-	-	-	(3,566,550)	5,106,916
Sustainable alternatives livelihoods	1,418,787	-	858,388	432,197	-	-	-	-	(1,146,739)	1,562,633
Governance and culture	3,222,563	1,116,554	1,116,826	906,749	-	-	-	-	(2,945,602)	3,417,090
<b>Total Program Services</b>	<b>9,100,899</b>	<b>1,218,584</b>	<b>5,489,001</b>	<b>1,937,046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,658,891)</b>	<b>10,086,639</b>
Supporting Services:										
General and administrative	1,420,874	-	-	-	-	-	-	-	-	1,420,874
Fundraising	618,313	-	-	-	-	-	-	-	-	618,313
<b>Total Supporting Services</b>	<b>2,039,187</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,039,187</b>
<b>TOTAL EXPENSES</b>	<b>11,140,086</b>	<b>1,218,584</b>	<b>5,489,001</b>	<b>1,937,046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,658,891)</b>	<b>12,125,826</b>
CHANGE IN NET ASSETS BEFORE TRANSLATION ADJUSTMENT	(4,151,822)	(20)	(17,930)	(22,746)	5,193,618	-	-	51,971	-	1,053,071
Translation adjustment	-	(2,097)	12,052	-	-	-	-	-	-	9,955
CHANGE IN NET ASSETS	(4,151,822)	(2,117)	(5,878)	(22,746)	5,193,618	-	-	51,971	-	1,063,026
NET ASSETS, BEGINNING OF YEAR	20,681,053	(163)	273,885	286,961	1,560,918	-	-	-	-	22,802,654
NET ASSETS, END OF YEAR	<u>\$ 16,529,231</u>	<u>\$ (2,280)</u>	<u>\$ 268,007</u>	<u>\$ 264,215</u>	<u>\$ 6,754,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,971</u>	<u>\$ -</u>	<u>\$ 23,865,680</u>

See independent auditors' report on supplementary information.

**THE AMAZON CONSERVATION TEAM AND AFFILIATES**

**CONSOLIDATING SCHEDULE OF CASH FLOWS**  
**For the Year Ended December 31, 2023**

	<u>ACT-U.S.</u>	<u>ACT-Brasil</u>	<u>ACT-Colombia</u>	<u>ACT-Suriname</u>	<u>Eliminations</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Change in net assets	\$ 1,041,796	\$ (2,117)	\$ (5,878)	\$ 29,225	\$ -	\$ 1,063,026
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Depreciation and amortization	94,119	4,965	109,500	14,769	-	223,353
Unrealized and realized gain on investments	(777,724)	-	-	-	-	(777,724)
Donated land	(703,065)	-	-	-	-	(703,065)
Changes in assets and liabilities:						
Grants and pledges receivable	(3,570,376)	-	(2,347)	(23,750)	-	(3,596,473)
Field operating advances	(28,823)	-	-	-	56,538	27,715
Due from related party	2,708	-	(75,729)	(13,927)	88,888	1,940
Prepaid expenses	(63,287)	1,250	-	201	-	(61,836)
Security deposit and other	3,998	(741)	(7,409)	(718)	-	(4,870)
Accounts payable and accrued expenses	(34,333)	(7,526)	58,917	12,271	-	29,329
Refundable advances	(71,520)	-	600,724	35,454	-	564,658
Due to related party	150,090	(4,664)	-	-	(145,426)	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>(3,956,417)</u>	<u>(8,833)</u>	<u>677,778</u>	<u>53,525</u>	<u>-</u>	<u>(3,233,947)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchases of investments	(10,163,410)	-	-	-	-	(10,163,410)
Proceeds from sales of investments	13,530,087	-	-	-	-	13,530,087
Purchases of property and equipment	(12,978)	-	(103,202)	-	-	(116,180)
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>	<u>3,353,699</u>	<u>-</u>	<u>(103,202)</u>	<u>-</u>	<u>-</u>	<u>3,250,497</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(602,718)</u>	<u>(8,833)</u>	<u>574,576</u>	<u>53,525</u>	<u>-</u>	<u>16,550</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,502,092</u>	<u>49,051</u>	<u>3,062</u>	<u>66,677</u>	<u>-</u>	<u>1,620,882</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 899,374</u>	<u>\$ 40,218</u>	<u>\$ 577,638</u>	<u>\$ 120,202</u>	<u>\$ -</u>	<u>\$ 1,637,432</u>

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