

AMAZON CONSERVATION ASSOCIATION

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2018

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Independent Auditor's Report

To the Board of Directors of the
Amazon Conservation Association
Washington, DC

We have audited the accompanying financial statements of the Amazon Conservation Association (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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

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

Amazon Conservation Association
Independent Auditor's Report
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amazon Conservation Association as of December 31, 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Janice Maurice & McQuade PA

June 24, 2019
Washington, DC

**AMAZON CONSERVATION ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	2,057,987
Grants receivable		1,289,404
Total Current Assets		<u>3,347,391</u>

PROPERTY AND EQUIPMENT, NET		17,237
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OTHER ASSETS

Grants receivable, non-current		284,334
Security deposits		6,558
Total Other Assets		<u>290,892</u>

TOTAL ASSETS	\$	<u><u>3,655,520</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	95,103
Accrued expenses		13,310
Due to ACCA		19,222
Deferred rent		382
Total Current Liabilities		<u>128,017</u>

NON-CURRENT LIABILITIES

Deferred rent, non-current portion		56,164
Total Liabilities		<u>184,181</u>

NET ASSETS

Without donor restrictions		437,010
With donor restrictions		3,034,329
Total Net Assets		<u>3,471,339</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>3,655,520</u></u>
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The accompanying notes are an integral part of these financial statements.

AMAZON CONSERVATION ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUE AND SUPPORT			
Grants	\$ -	\$ 1,416,776	\$ 1,416,776
Contributions	1,382,642	686,750	2,069,392
Program services	600	52,735	53,335
Rental income	21,244	-	21,244
Interest and other income	24,910	-	24,910
Net assets released from restrictions	3,550,265	(3,550,265)	-
Total Revenue and Support	<u>4,979,661</u>	<u>(1,394,004)</u>	<u>3,585,657</u>
EXPENSES			
Program services:			
Protecting habitat	1,312,208	-	1,312,208
Science and education	1,424,885	-	1,424,885
Sustainable livelihoods	444,446	-	444,446
Threats and solutions	776,802	-	776,802
Total program services	<u>3,958,341</u>	<u>-</u>	<u>3,958,341</u>
Support services:			
Fundraising	114,536	-	114,536
Management and general	313,414	-	313,414
Total support services	<u>427,950</u>	<u>-</u>	<u>427,950</u>
Total Expenses	<u>4,386,291</u>	<u>-</u>	<u>4,386,291</u>
CHANGE IN NET ASSETS	593,370	(1,394,004)	(800,634)
NET ASSETS , beginning of year	<u>(156,360)</u>	<u>4,428,333</u>	<u>4,271,973</u>
NET ASSETS , end of year	<u>\$ 437,010</u>	<u>\$ 3,034,329</u>	<u>\$ 3,471,339</u>

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

**AMAZON CONSERVATION ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	PROGRAM SERVICES				SUPPORT SERVICES				
	PROTECTING HABITAT	SCIENCE AND EDUCATION	SUSTAINABLE LIVELIHOODS	THREATS AND SOLUTIONS	TOTAL PROGRAM SERVICES	FUNDRAISING	MANAGEMENT AND GENERAL	TOTAL	
Personnel									
Salaries	\$ 76,152	\$ 88,140	\$ 51,637	\$ 105,395	\$ 321,324	\$ 59,208	\$ 170,906	\$ 551,438	
Payroll taxes	5,742	11,006	3,893	7,946	28,587	4,464	8,526	41,577	
Employee benefits	10,062	19,289	6,823	13,926	50,100	7,823	14,941	72,864	
Employer pension expense	4,485	8,598	3,041	6,208	22,332	3,487	6,661	32,480	
Sub-total personnel	96,441	127,033	65,394	133,475	422,343	74,982	201,034	698,359	
Accounting	-	-	-	-	-	-	28,415	28,415	
Bad debt	-	-	-	-	-	-	895	895	
Business insurance	1,453	2,786	986	2,012	7,237	1,130	2,158	10,525	
Depreciation	307	589	208	425	1,529	239	457	2,225	
Grant award	1,139,135	1,147,643	327,088	537,268	3,151,134	-	-	3,151,134	
Meetings and conferences	8,999	17,251	6,102	12,455	44,807	6,997	13,362	65,166	
Office expense	4,588	8,795	3,111	6,350	22,844	3,567	6,814	33,225	
Office supplies and equipment	1,681	3,221	1,140	2,326	8,368	1,307	2,494	12,169	
Phone and communications	2,509	4,809	1,701	3,472	12,491	1,950	3,724	18,165	
Postage and delivery	576	1,104	391	797	2,868	448	856	4,172	
Printing and copying	1,337	2,563	907	1,850	6,657	1,040	1,985	9,682	
Professional fees	16,740	32,089	11,351	23,168	83,348	13,015	24,855	121,218	
Rent	12,257	23,496	8,311	16,964	61,028	9,530	18,199	88,757	
Repairs and maintenance	125	239	85	173	622	97	185	904	
Travel and entertainment	26,060	53,267	17,671	36,067	133,065	234	7,981	141,280	
Total Expenses	<u>\$ 1,312,208</u>	<u>\$ 1,424,885</u>	<u>\$ 444,446</u>	<u>\$ 776,802</u>	<u>\$ 3,958,341</u>	<u>\$ 114,536</u>	<u>\$ 313,414</u>	<u>\$ 4,386,291</u>	

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

**AMAZON CONSERVATION ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	(800,634)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation and amortization expense		2,225
Decrease (increase) in assets:		
Accounts receivable		81,341
Grants receivable		420,471
Prepaid expenses		4,777
Increase (decrease) in liabilities:		
Accounts payable		55,939
Accrued expenses		(33,100)
Due to ACCA		188
Deferred rent		1,865
Net Cash Used for Operating Activities		(266,928)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments		8,509
Purchase of property and equipment		(17,323)
Net Cash Used for Investing Activities		(8,814)

NET CHANGE IN CASH AND CASH EQUIVALENTS (275,742)

CASH AND CASH EQUIVALENTS, beginning of year 2,333,729

CASH AND CASH EQUIVALENTS, end of year \$ 2,057,987

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

**AMAZON CONSERVATION ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE A – NATURE OF ORGANIZATION

The Amazon Conservation Association (“Amazon Conservation”) was incorporated as a 501(c)(3) nonprofit organization on December 27, 1999, in the District of Columbia. Its mission is to unite science, innovation and community to protect the western Amazon - the greatest wild forest on Earth. This mission is accomplished through the following:

- a) empowering people to become champions for conservation while improving their quality of life by education initiatives, building local partnerships and knowledge, and promoting forest-friendly livelihoods;
- b) protecting wild places through creating new conservation areas, managing lands and natural resources for a changing climate, and connecting vital areas for species conservation; and
- c) putting science and conservation to work by managing premier biological research stations, and using cutting-edge technology to detect, analyze and stop deforestation.

Through employing this holistic approach to conservation, Amazon Conservation aims to achieve its vision of a thriving Amazon that sustains the full diversity of life. These activities are funded primarily through contributions and grants from foundations, government agencies, and individuals.

Program Services

Protecting Habitats – Amazon Conservation protects vital ecosystems in Peru and Bolivia by supporting the creation of new conservation areas, as well as supporting communities and governments in the sustainable management of natural resources in existing conservation areas. Amazon Conservation also promotes forest-friendly land-use planning, and develops and supports the creation of conservation corridors that ensure the connectivity of lands, key for species’ survival. Amazon Conservation currently protects a total of 4.8 million acres of Amazonian forests. In 2001, Amazon Conservation established Los Amigos, the world’s first private conservation concession, which protects 360,000 acres of old-growth Amazonian forest at the base of the Andes in southeastern Peru. In 2008, Amazon Conservation, in collaboration with the Haramba Queros, established the first conservation concession in Peru run by an indigenous community. In subsequent years, Amazon Conservation supported the creation of community-run private conservation areas as well as municipal and regional conservation areas in partnerships with governments, covering more than 2 million acres of vital forests.

Science and Education – Amazon Conservation employs a science-based approach to all of its conservation solutions. The organization has established the tropic’s most premier research stations, which host thousands of students, researchers, and ecotourists every year, acting as a gateway for ecologically-safe exploration of the Amazon. In 2004, Amazon Conservation established its first research station - Los Amigos - as part of its 360,000-acre Conservation

AMAZON CONSERVATION ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(continued)

NOTE A – NATURE OF ORGANIZATION - continued

Science and Education (continued) - Concession. A year later the organization established Peru's only permanent research station focused on Andean cloud forest ecology and management. Wayqecha. Villa Carmen, Amazon Conservation's third station in Peru, was established in the foothills of the Andes in 2010 to create a presence throughout the Andes-to-Amazon altitudinal gradient. In Bolivia, the organization also supports the local university of Pando and the local community of Santa Rosa in the management of two growing research stations, Tahuamanu and Santa Rosa de Abuná. All of these research stations are educational centers not only for international scientists but also for local communities and schoolchildren. For example, in a heavily deforested area, local schools learn to use camera traps to monitor biodiversity, thereby, training the next generation of conservationists to protect forests.

Sustainable Livelihoods – Amazon Conservation empowers local communities to improve their quality of life through livelihoods that protect forests and grow local economies. Since 1997, Amazon Conservation's sustainable livelihoods programs have empowered more than 500 Brazil nut harvesters, trained over 3,000 individuals, and supported indigenous communities in using sustainable income-generating activities that raised their profits and protected over 1.8 million acres of forests. The organization offers technical support, training, certification and helps connect local producers to market networks. Amazon Conservation also supports conservation-appropriate reforestation and agroforestry, microenterprises such as native fish farming, and community-based ecotourism, all while working to mitigate the impact of infrastructure development on the environment.

Threats and Solutions – Protecting the health of the Amazon requires understanding the larger forces at work in the region, identifying trends, analyzing data, monitoring threats as they emerge, and reporting on them in real time to enable authorities to take actions to halt deforestation. In 2015, Amazon Conservation launched the Monitoring of the Andean Amazon Project ("MAAP"), which merged a number of cutting-edge technologies to monitor deforestation in the Amazon in real time. The images, data, and trends are analyzed and findings are disseminated in an accessible, easy-to-understand format to policy makers, local authorities, civil society, the media, and the general public in a timely manner. The organization's successful practice using satellite-imagery for conservation and its long-standing, positive relationship with the Peruvian government, resulted in Amazon Conservation supporting the creation and training of municipal GIS offices throughout Peru that now use Amazon Conservation's methodology to prosecute illegal activities against forests. In 2017, Amazon Conservation launched the Southwest Amazon Drone Center, based out of the organization's Los Amigos Research Station, a center for education, training, and certification for the use of drones in conservation as a method of finding and reporting on illicit deforestation activities. The organization continues to innovate by employing new technologies like acoustic monitoring, eDNA and web platforms into the field of conservation.

AMAZON CONSERVATION ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Amazon Conservation prepares its financial statements on the accrual basis of accounting. Revenue and related assets are recognized when earned, and expenses and related liabilities are recognized as the obligations are incurred.

Adoption of New Accounting Pronouncement

For the year ended December 31, 2018, Amazon Conservation adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities.

A key change required by ASU 2016-14 is related to the net assets classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Financial Statement Presentation

Financial statement preparation follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") topic *Not-for-Profit Entities*. In accordance with topic ASU NO. 2016-14, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Amazon Conservation and changes therein, are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed restrictions

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met by either actions of Amazon Conservation and/or the passage of time or that must be maintained permanently by Amazon Conservation. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

AMAZON CONSERVATION ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

Amazon Conservation considers demand deposits, money market funds and investments purchased with an original maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents in non-interest bearing accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At times, the accounts may exceed this limit; however, Amazon Conservation believes it is not exposed to any significant credit risk on cash or cash equivalents.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection of information, and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. As of December 31, 2018, management believes all receivables are fully collectible within one year or less; and therefore, no provision for allowance for doubtful accounts is deemed necessary.

Property and Equipment

Property and equipment purchased with a useful life greater than one year and are valued in excess of \$500 are capitalized and recorded at cost, and estimated fair value, if donated. Leasehold improvements are capitalized at cost and amortized over the lesser of the remaining life of the lease or the life of the asset. Depreciation is recorded using the straight-line method over the

estimated

useful lives of Computers

3 years

the assets as Furniture and equipment

5-7 years

follows:

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenue in the period in which they are made. Grants are recognized as revenue in the period in which such promises or agreements are made, generally when the agreement has been received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Grants and contributions received with donor restrictions are recorded as revenue with donor restrictions based on the donor's intent. When a time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

AMAZON CONSERVATION ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition (continued)

Program services revenue is recognized in the year in which the program activity occurs.

Rental income is derived from the sub-leasing of office space and is recognized when earned.

Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, rent and office expense, which are allocated based on salaries and benefits, which are allocated on the basis of estimates of time and effort.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

NOTE C – INCOME TAXES

Amazon Conservation is a 501(c)(3) organization, and is recognized as exempt from federal income tax, under Section 501(a) of the internal revenue code. Amazon Conservation is, however, subject to tax on business income unrelated to its exempt purpose.

Amazon Conservation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Amazon Conservation's information returns are subject to examination by the Internal Revenue Service ("IRS") for a period of three years from the date they were filed, except under certain circumstances. The Association's Form 990 information returns for the years 2015 through 2017 are open for a tax examination by the IRS, although no request has been made as of the date of these financial statements.

**AMAZON CONSERVATION ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(continued)**

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

Amazon Conservation’s management regularly monitors liquidity requirements to ensure that on-going operating needs and other contractual commitments are met. Timing of revenue receipts also ensures the availability of necessary operational funds. Sources of liquidity available to Amazon Conservation include financial assets consisting of cash and cash equivalents and current grants receivables. In addition, Amazon Conservation anticipates receiving additional grants and contributions that will sufficiently cover its operating expenses over 12-month period.

In determining the adequacy of liquidity sources to cover general operating expenditures over a 12-month period, Amazon Conservation considers all expenditures related to its ongoing programs protecting habitat, science and education, sustainable livelihoods, threats and solutions, as well as services undertaken to support its programs, such as fundraising activities, to be general operating expenditures.

As of December 31, 2018, total financial assets held by Amazon Conservation and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures were as follows:

Cash and cash equivalents	\$2,057,987
Grants receivable	<u>1,289,404</u>
Total Financial Assets	3,347,391
Less cash encumbered by donor restrictions	(3,034,329)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u><u>\$ 313,062</u></u>

NOTE E – GRANTS RECEIVABLE

The following schedule summarizes the grants receivable as of December 31, 2018:

Expected payments from grants receivable:	
Amount due in one year or less	\$ 1,289,404
Amount due between one year and five years	<u>284,334</u>
Total Grants Receivable	<u><u>\$ 1,573,738</u></u>

AMAZON CONSERVATION ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(continued)

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2018:

Furniture and equipment	\$ 21,137
Accumulated depreciation and amortization	<u>(3,900)</u>
Property and Equipment, Net	<u>\$ 17,237</u>

Depreciation and amortization expense totaled \$2,225 for the year ended December 31, 2018.

NOTE G –NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted by donors for the following purposes as of December 31, 2018:

Protecting habitat	\$ 1,334,462
Science and education	1,015,936
Sustainable livelihoods	306,436
Threats and solutions	<u>377,495</u>
Total	<u>\$ 3,034,329</u>

NOTE H – OPERATING LEASES

Amazon Conservation entered into a lease agreement commencing on February 1, 2015, which expires on August 1, 2025. Rent expense totaled \$88,757 for the year ending December 31, 2018.

The future minimum lease payments under a non-cancelable lease agreements are as follows for years ending December 31:

2019	\$ 83,994
2020	87,486
2021	90,128
2022	92,606
2023	95,153
2024 and thereafter	<u>164,592</u>
Total	<u>\$ 613,959</u>

AMAZON CONSERVATION ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(continued)

NOTE I – CONCENTRATION OF RISK

Amazon Conservation’s cash is composed of amounts in accounts at various financial institutions. Although the amount at a United States bank may exceed the amount guaranteed by the Federal Deposit Insurance Corporation (“FDIC”) at times, Amazon Conservation has not experienced, nor does it anticipate, any loss of funds. As of December 31, 2018, the amount in excess of the United States FDIC limit was approximately \$1,340,000.

NOTE J – RELATED PARTY TRANSACTIONS

The Asociación para la Conservación de la Cuenca Amazónica (“ACCA”) is a non-profit organization incorporated under the laws of Peru, also founded in December 1999. ACCA works with Amazon Conservation toward the achievement of Amazon Conservation’s organizational goals and objectives in Peru. ACCA’s programs are largely funded through contributions received from Amazon Conservation plus a number of grants it has obtained directly.

The Asociación para la Conservación e Investigación de Ecosistemas Andino Amazónicos (“ACEAA”) is a non-profit organization incorporated under the laws of Bolivia, founded in 2011. ACEAA works with Amazon Conservation toward the achievement of Amazon Conservation’s organizational goals and objectives in Bolivia. Amazon Conservation provides some funding to ACEAA to support its programs.

Adrian Forsyth and Enrique Ortiz are Amazon Conservation’s co-founders and members of Amazon Conservation’s board of directors. Mr. Forsyth is also the Executive Director of the Amazon Andes Fund, and Mr. Ortiz serves as the Program Director of the Amazon Andes Fund. Amazon Conservation’s co-founders and board members do not derive any personal benefit from these relationships, and have not and do not exert any unfair influence on the allocation of funds donated to Amazon Conservation by either of the two entities.

NOTE K – FISCAL SPONSOR OF THE AMAZON BIODIVERSITY CENTER

On December 1, 2013, Amazon Conservation entered into a Memorandum of Understanding (“MOU”) with Dr. Thomas Lovejoy, who is a member of Amazon Conservation’s board of directors, to serve as the fiscal sponsor for the Amazon Biodiversity Center Program (“TL-ABC”). Dr. Lovejoy transferred funds belonging to the program to Amazon Conservation from the H. John Heinz III Center for Science, Economics and the Environment. According to the MOU, the funds were to be treated as part of Amazon Conservation’s assets and only expended for purposes related to the TL-ABC program.

During 2019, the Amazon Biodiversity Center received its 501(c)(3) tax-exempt status, resulting in the termination of the fiscal sponsorship agreement with Amazon Conservation. A transfer of all funds remaining in the bank account that was established for the TL-ABC program and any other property of the program was completed on May 31, 2019. As of December 31, 2018, the TL-ABC program had a bank balance totaling \$904,425.

AMAZON CONSERVATION ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(continued)

NOTE L – AMAZON JOURNEYS

On February 23, 2017, Amazon Conservation's board of directors passed a resolution to purchase shares in Turismo y Conservacion SAC (Amazon Journeys), a for profit entity established by ACCA. Amazon Journey was formalized under Peruvian law, and is responsible for the management of operations of ACCA's biological stations in Peru. On January 26, 2018, Amazon Conservation acquired 3,000 shares at a price of 1 Peruvian Sol for each share, which equates to \$934. As a result of the purchase, Amazon Conservation retains a one percent interest in Amazon Journeys, which is operated under a shareholders agreement between Amazon Conservation and ACCA. Amazon Conservation's financial interest in Amazon Journeys is deemed immaterial, and therefore, is not reflected on the financial statements.

NOTE M – RETIREMENT PLAN

Amazon Conservation established a qualified 403(b) Savings Plan covering eligible employees. Amazon Conservation matches dollar for dollar of up to five percent of deferred compensation on behalf of each participant subject to the limitations established by the Internal Revenue Code. Amazon Conservation's matching contributions totaled \$32,480 for the year ended December 31, 2018.

NOTE N – SUBSEQUENT EVENTS

In preparing these financial statements, Amazon Conservation's management has evaluated events and transactions for potential recognition or disclosure through June 24, 2019, the date the financial statements were available to be issued. Other than the termination of the fiscal sponsorship referenced in Note K, there were no additional events or transactions that were discovered during the evaluation that required further disclosure or recognition.