

**THE PACHAMAMA ALLIANCE  
SAN FRANCISCO, CALIFORNIA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Pachamama Alliance  
San Francisco, California

### **Opinion**

I have audited the accompanying financial statements of The Pachamama Alliance (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Pachamama Alliance 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.

### **Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The Pachamama Alliance and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 The Pachamama Alliance'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 financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Pachamama Alliance's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

#### **Report on Summarized Comparative Information**

I have previously audited The Pachamama Alliance' 2022 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated July 13, 2023. In my 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 financial statements from which it has been derived.

*Hiep Pham, CPA Inc.*

Fremont, California  
August 22, 2024

THE PACHAMAMA ALLIANCE  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2023  
(With Comparative Totals for December 31, 2022)

	2023	2022
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 4,489,621	\$ 3,905,726
Investments	2,131	2,115
Accounts receivable	350,754	127,466
Prepaid expenses and other current assets	61,696	91,971
Total current assets	4,904,202	4,127,278
Non-current assets:		
Operating lease right-of-use asset, net of accumulated amortization	134,176	36,021
Total non-current assets	134,176	36,021
Total assets	\$ 5,038,378	\$ 4,163,299
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 85,442	\$ 207,346
Accrued vacation	165,349	153,532
Deferred revenue	6,111	221,326
Operating lease liability, current portion	37,049	36,021
Total current liabilities	293,951	618,225
Long-term liabilities:		
Operating lease liability, net of current portion	98,792	-
Total long-term liabilities	98,792	-
Total liabilities	392,743	618,225
Net assets:		
Net assets without donor restrictions	3,888,570	2,935,763
Net assets with donor restrictions	757,065	609,311
Total net assets	4,645,635	3,545,074
Total liabilities and net assets	\$ 5,038,378	\$ 4,163,299

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

THE PACHAMAMA ALLIANCE  
STATEMENTS OF ACTIVITIES  
For the Year Ended December 31, 2023  
(With Comparative Totals for the Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Revenues:				
Grants and donations	\$ 5,347,443	\$ 1,868,224	\$ 7,215,667	\$ 5,849,491
Trip income	754,648	-	754,648	419,536
Investment return, net	137,747	-	137,747	858
Other income	12,486	-	12,486	17,670
Net assets released from restrictions	<u>1,720,470</u>	<u>(1,720,470)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>7,972,794</u>	<u>147,754</u>	<u>8,120,548</u>	<u>6,287,555</u>
Expenses:				
Program services	<u>5,862,654</u>	<u>-</u>	<u>5,862,654</u>	<u>5,471,457</u>
Support services:				
Management and general	566,897	-	566,897	399,137
Development and fundraising	<u>590,436</u>	<u>-</u>	<u>590,436</u>	<u>485,660</u>
Total supportive services	<u>1,157,333</u>	<u>-</u>	<u>1,157,333</u>	<u>884,797</u>
Total expenses	<u>7,019,987</u>	<u>-</u>	<u>7,019,987</u>	<u>6,356,254</u>
Change in net assets	952,807	147,754	1,100,561	(68,699)
Net assets, beginning of period	<u>2,935,763</u>	<u>609,311</u>	<u>3,545,074</u>	<u>3,613,773</u>
Net assets, end of period	<u>\$ 3,888,570</u>	<u>\$ 757,065</u>	<u>\$ 4,645,635</u>	<u>\$ 3,545,074</u>

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

THE PACHAMAMA ALLIANCE  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2023  
(With Comparative Totals for the Year Ended December 31, 2022)

	<u>Support Services</u>				<u>Total 2023</u>	<u>Total 2022</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Development and Fundraising</u>	<u>Subtotal Support Services</u>		
Expenses:						
Salaries	\$ 1,373,053	\$ 206,048	\$ 423,206	\$ 629,254	\$ 2,002,307	\$ 1,661,425
Payroll taxes	114,538	15,050	35,303	50,353	164,891	137,877
Employee benefits	193,018	48,590	58,816	107,406	300,424	253,385
Trip expenses	708,099	-	-	-	708,099	440,282
Grants and awards	1,490,706	-	-	-	1,490,706	1,563,266
Bank fees and charges	468	65,521	440	65,961	66,429	59,631
Contract services	329,704	126,506	5,939	132,445	462,149	361,530
Occupancy	46,436	6,968	14,313	21,281	67,717	84,807
Insurance	3,193	480	984	1,464	4,657	4,552
Office expenses	547	9,963	2,036	11,999	12,546	32,899
Website and database	75,566	22,357	40	22,397	97,963	94,592
Advertising and promotion	58,887	-	148	148	59,035	64,165
Telephone and telecommunications	4,699	7,105	-	7,105	11,804	11,290
Travel	8,604	28,673	1,842	30,515	39,119	22,244
Conferences, conventions and meetings	38,742	17,795	44,524	62,319	101,061	97,430
Project expenses	1,415,631	-	-	-	1,415,631	1,460,110
Other expenses	763	11,841	2,845	14,686	15,449	6,769
	<u>\$ 5,862,654</u>	<u>\$ 566,897</u>	<u>\$ 590,436</u>	<u>\$ 1,157,333</u>	<u>\$ 7,019,987</u>	<u>\$ 6,356,254</u>
Total expenses						

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

THE PACHAMAMA ALLIANCE  
STATEMENTS OF CASH FLOWS  
For the Year Ended December 31, 2023  
(With Comparative Totals for the Year Ended December 31, 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 1,100,561	\$ (68,699)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of operating lease	(98,155)	-
Changes in certain assets and liabilities:		
Accounts receivable	(223,288)	(73,716)
Prepaid expenses and other current assets	30,275	36,571
Accounts payable and accrued expenses	(121,904)	95,563
Accrued vacation	11,817	20,166
Deferred revenue	(215,215)	179,921
Operating lease liability	99,820	-
Net cash provided (used) by operating activities	583,911	189,806
Cash flows from investing activities:		
Purchase of investments	(16)	(7)
Net cash provided (used) by investing activities	(16)	(7)
Net increase (decrease) in cash	583,895	189,799
Cash and cash equivalents, beginning of period	3,905,726	3,715,927
Cash and cash equivalents, end of period	\$ 4,489,621	\$ 3,905,726
Supplemental disclosures of cash flow information:		
Noncash activities:		
Acquisition of right-of-use asset under operating lease	\$ 159,566	\$ 143,616

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



THE PACHAMAMA ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

NOTE 1 - GENERAL

The Pachamama Alliance (the Organization) is a California nonprofit public benefit corporation that was organized in 1997. The Organization's mission is to partner with indigenous people of the Amazon Rainforest to preserve their lands and culture and, using insights gained from that work, to educate and inspire individuals everywhere to bring forth a thriving, just and sustainable world. The Organization's main source of support is contributions, gifts and grants from foundations, corporations, and individuals.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements and records of the Organization are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of the period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement. Donations are recognized at their fair value as revenues in the period received.

B. Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Organization of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations*. Under the provisions, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets with Donor Restrictions - Net assets are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

C. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions and highly liquid investments with a maturity of three months or less.

THE PACHAMAMA ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Investments

Investments are recorded at current market value on the statement of financial position. The Organization's investments are valued in accordance with fair value measurements. The Organization invests in a social investment fund. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur as part of net assets without donor restrictions. Realized gains or losses resulting from sales or maturities are the differences between the investment's cost basis and the sale or maturity settlement of this investment. Dividend and interest income are accrued when earned. Investment return is presented net of investment fees.

In addition, the Organization occasionally receives donations in the form of marketable securities. Donated marketable securities are sold within a short period after receipt. Investments are recorded at current market value on the statement of financial position.

E. Accounts Receivable

Accounts receivable represent amounts earned but not yet collected. The Organization has not accrued an allowance for doubtful accounts, as it is the opinion of management that all receivables will be realized. The Organization will accrue an allowance for doubtful accounts when management considers that the receivables cannot be fully collected.

F. Fixed Assets

It is the Organization's policy to capitalize all items which have a unit cost greater than \$5,000. Items purchased with a value or cost less than \$5,000 will be expensed in the year purchased. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged to expense as incurred. Any impaired assets will be written down to their actual value.

G. Deferred Revenue

Deferred revenue represents funds received in advance for journeys to the Amazon Rainforest, organized and conducted by Pachamama Alliance regularly throughout the year.

H. Grants

Grants awarded by government agencies or passed through to the Organization from another donor that received funding from the government agencies are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

THE PACHAMAMA ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Revenue Recognition

Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605)* and *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute are accounted for as a refundable advance until the conditions have been substantially met. Certain payments received include both elements of contributed income and earned income, and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided in accordance with Topic 606.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

J. Trip Income

Trip income represents fees paid to Pachamama Alliance by participants in journeys to the Amazon Rainforest that are organized and conducted by Pachamama Alliance regularly throughout the year.

K. Donated Goods and Services

In-kind contributions are recognized as follows: Donated goods are recorded at their estimated fair market value on the date of donation. Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met.

L. Advertising and Promotion Costs

The production costs of advertising and promotion are an expensed as incurred. During the years ended December 31, 2023 and December 31, 2022, advertising and promotion expenses totaled \$59,035 and \$64,165, respectively.

THE PACHAMAMA ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Functional Allocation of Expenses

The Organization's expenses are allocated and presented on a functional basis, showing programmatic activities, fundraising, and administrative services. The Organization allocates expenses based on the organizational cost centers in which expenses are incurred. In certain instances, specifically major events, expenses are allocated between fundraising and program services based upon a systematic methodology. Administrative costs are allocated on the basis of usage.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel expenses	Time and effort
Bank fees and charges	Function and usage
Contract services	Function and usage
Office expenses	Function and usage
Website and database	Function and usage
Advertising and promotion	Function and usage
Telephone and telecommunications	Function and usage
Travel	Function and usage
Conferences, conventions and meetings	Function and usage
Other expenses	Function and usage

N. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and cash equivalents, investments and accounts receivable.

The Organization maintains cash and cash equivalents and investments with commercial banks and other major financial institutions. Cash equivalents include overnight investments, and money market funds. At times, such amounts might exceed Federal Deposit Insurance Corporation (FDIC) limits. The Organization invests in a social investment fund which potentially exposes the Organization to concentrations of investment risk. To limit the amount of risk exposure the Organization invests a small portion of their monies in the social investment fund. Subject to market fluctuations, management does not consider this risk a particular concern at this time.

The Organization is vulnerable to the inherent risk associated with revenue that is substantially dependent on public support and contributions. The continued growth and well being of the Organization are contingent upon successful achievement of its long-term revenue-raising goals. Management is taking steps to address potential changes in funding levels and reduce Organization's exposure to these fluctuations.

THE PACHAMAMA ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

O. Contingencies

The Organization participates in numerous grants. Disbursement of funds received under these grants requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed costs resulting from such an audit could become a liability of the general fund or other applicable funds.

P. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

Q. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

R. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 22, 2024, the date the financial statements were available to be issued.

S. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with The Pachamama Alliance's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

NOTE 3 - INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors, and grantors may obtain tax benefits. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

THE PACHAMAMA ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

NOTE 3 - INCOME TAXES (concluded)

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2023 and December 31, 2022. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - CASH AND CASH EQUIVALENTS

The cash balances as of December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Amalgamated Bank	\$ 92,622	\$ 185,629
Charles Schwab*	3,785,974	-
First Republic Bank*	458,690	3,425,483
PayPal Bank	27,191	26,128
WeTravel Bank	39,067	216,331
Payment processing centers (Stripe)	85,246	51,324
Petty cash	<u>831</u>	<u>831</u>
Total	<u>\$ 4,489,621</u>	<u>\$ 3,905,726</u>

The account balances were insured under the \$250,000 blanket umbrella by the Federal Deposit Insurance Corporation (FDIC). The remaining balances were uninsured and held by the financial institutions in the Organization's name.

\*It is the opinion of management that the safety of deposits in excess of the \$250,000 FDIC insured limit is not of concern at this time. Subsequent to the date of this audit, management adopted the policy that all such funds be held in registered money-market mutual funds invested only in short-term US government securities.

THE PACHAMAMA ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

NOTE 5 - INVESTMENTS

The investment activity for the year ended December 31 is as follows:

	2023	2022
Account balances, beginning of period	\$ 2,115	\$ 2,108
Interest and dividends	16	7
Account balances, end of period	<u>\$ 2,131</u>	<u>\$ 2,115</u>
 Social investment fund	 <u>\$ 2,131</u>	 <u>\$ 2,115</u>

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE

FASB ASC 820-10 and subsections, *Fair Value Measurements and Disclosures* clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted FASB ASC 820-10 for its financial assets and liabilities measured on a recurring and nonrecurring basis.

FASB ASC 820-10 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)
- Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those investments.

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of December 31:

	2023	2022
Level 1: Quoted prices	\$ -	\$ -
Level 2: Other significant observable inputs	2,131	2,115
Level 3: Significant unobservable inputs	-	-
Total	<u>\$ 2,131</u>	<u>\$ 2,115</u>

THE PACHAMAMA ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE (concluded)

FSP FAS 157-4, which supersedes FSP FAS 157-3, provides further clarification on SFAS 157 in determining an inactive market and a non-distressed transaction. The above investments for December 31 are further classified in accordance with FSP FAS 157-4 as follows:

2023	Total Investment	Level 1	Level 2	Level 3
Social investment fund	<u>\$ 2,131</u>	<u>\$ -</u>	<u>\$ 2,131</u>	<u>\$ -</u>

  

2022	Total Investment	Level 1	Level 2	Level 3
Social investment fund	<u>\$ 2,115</u>	<u>\$ -</u>	<u>\$ 2,115</u>	<u>\$ -</u>

NOTE 7 - ACCRUED VACATION

Regular full-time employees accrue paid vacation time and paid time off (PTO) at a rate depending on their length of service. Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$165,349 and \$153,532 as of December 31, 2023 and December 31, 2022, respectively.

NOTE 8 - OPERATING LEASE RIGHT-OF-USE ASSET AND LIABILITY

The Organization has entered into an operating lease to rent the facility in San Francisco, California pursuant to a lease agreement that expires on April 30, 2027. The rent expense is currently \$3,379 per month.

The total expenses for rent were \$58,023 and \$76,889 for the years ended December 31, 2023 and December 31, 2022, respectively.

Amounts recognized as right-of-use assets related to operating leases are included in the accompanying Statement of Financial Position, while related lease liabilities are included in the operating lease liabilities. As of December 31, right-of-use assets and lease liabilities related to operating leases were as follows:

	2023	2022
Operating lease right-of-use asset	\$ 159,566	\$ 143,616
Less accumulated amortization	(25,390)	(107,595)
Operating lease right-of-use asset, net	<u>\$ 134,176</u>	<u>\$ 36,021</u>
Operating lease liability:		
Operating lease liability, current portion	\$ 37,049	\$ 36,021
Operating lease liability, net of current portion	98,792	-
Total	<u>\$ 135,841</u>	<u>\$ 36,021</u>



THE PACHAMAMA ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

NOTE 8 - OPERATING LEASE RIGHT-OF-USE ASSET AND LIABILITY (concluded)

During the year ended December 31, 2023, the Organization had the following cash and non-cash activities associated with the leases:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 63,108

Future minimum lease payments under these agreements are as follows:

Year Ending December 31 2024	\$ 41,625
Year Ending December 31 2025	43,289
Year Ending December 31 2026	45,019
Year Ending December 31 2027	<u>15,201</u>
Total	145,134
Less effects of discounting	<u>(9,293)</u>
Lease liabilities recognized	<u>\$ 135,841</u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31 were available for the following purposes:

	Beginning Balance 12/31/22	Contributions	Releases	Ending Balance 12/31/23
<b>Subject to Expenditure for Specified Purpose</b>				
Amazon Sacred Headquarters Initiative	\$ 221,479	\$ 1,446,387	\$ (1,344,516)	\$ 323,350
Business Engagement Initiative	15,009	-	(561)	14,448
Global Alliance for Rights of Nature	328,501	409,837	(329,570)	408,768
Other Programs	<u>44,322</u>	<u>12,000</u>	<u>(45,823)</u>	<u>10,499</u>
Total	<u>\$ 609,311</u>	<u>\$ 1,868,224</u>	<u>\$ (1,720,470)</u>	<u>\$ 757,065</u>

THE PACHAMAMA ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

NOTE 10 - AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of December 31, reduced by amounts not available for general use within one year of the year end date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the operating and other reserves that could be drawn upon if the governing board approves that action.

	2023	2022
Cash and cash equivalents	\$ 4,489,621	\$ 3,905,726
Investments	2,131	2,115
Accounts receivable	350,754	127,466
Total financial assets	4,842,506	4,035,307
Donor-imposed restrictions	(757,065)	(609,311)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,085,441	\$ 3,425,996

NOTE 11 - RELATED PARTY TRANSACTIONS

A former Board member of the Organization also holds an executive position with the business that provided event services in the amount of \$60,707 and \$71,329 for the Organization’s annual outreach events for the years ended December 31, 2023 and December 31, 2022, respectively. Of this amount, \$18,000 and \$10,000 was paid to the board member’s business for services for the years ended December 31, 2023 and December 31, 2022, respectively, and the remainder was for payment to vendors contracted by the board member’s business. The balances owed by the Organization at December 31, 2023 and December 31, 2022 were \$0 and \$71,329, respectively.