

**The Pachamama Alliance**  
**Audited Financial Statements**

For Seven Months Ended December 31, 2010

Rubian Moss, CPA  
A Professional Corporation

The Pachamama Alliance

Financial Statements

Seven months ended December 31, 2010

**Contents**

Independent Auditor's Report.....	1
Audited Financial Statements	
Statement of Financial Position .....	2
Statement of Activities and Changes in Net Assets.....	3
Statement of Cash Flows .....	4
Statement of Functional Expenses .....	5
Notes to Financial Statements.....	6

**RUBIAN MOSS, CPA**

A PROFESSIONAL CORPORATION

675 SIXTY FIRST STREET  
OAKLAND, CA 94609

(510) 595-7360 PHONE

(510) 595-7361 FAX

WWW.MOSSCPA.COM



## Independent Auditor's Report

Board of Directors  
The Pachamama Alliance  
San Francisco, California

We have audited the accompanying statement of financial position of The Pachamama Alliance, a nonprofit organization, as of December 31, 2010 and the related statement of activities and changes in net assets, and statement of cash flows for the seven month period then ended. These financial statements are the responsibility of The Pachamama Alliance's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Pachamama Alliance at December 31, 2010 and the results of its activities and changes in net assets, and its cash flows for the seven month period then ended in conformity with accounting principles generally accepted in the United States of America.

*Rubian Moss, CPA*

Oakland, California  
August 2, 2011

# The Pachamama Alliance

## Statement of Financial Position

As of December 31, 2010

### Assets

#### Current assets:

Cash and cash equivalents	\$	391,529
Investments		11,423
Pledges receivable, short-term ( <i>Note 2</i> )		2,833,917
Prepaid expenses		54,299
Other assets		2,858

Total current assets 3,294,026

Pledges receivable, long-term, net (*Note 2*) 1,409,290

Deposits 7,561

Fixed assets, net (*Note 3*) 10,530

Total assets \$ 4,721,407

### Liabilities and net assets

#### Current liabilities:

Accounts payable and accrued liabilities	\$	80,832
Deferred revenue		109,900
Note payable		-

Total current liabilities 190,732

#### Net assets:

Unrestricted		184,278
Temporarily restricted ( <i>Note 4</i> )		4,346,397

Total net assets 4,530,675

Total liabilities and net assets \$ 4,721,407

*See accompanying notes.*

## The Pachamama Alliance

### Statement of Activities and Changes in Net Assets

For the seven month period ended December 31, 2010

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Changes in net assets:</b>			
Support and revenue:			
Contributions	\$ 1,990,095	\$ 1,677,776	\$ 3,667,871
Trip income	191,087	-	191,087
Event income	20,700	-	20,700
Investment income	118	-	118
Other income	16,412	-	16,412
Net assets released from restrictions	51,403	(51,403)	-
Total support and revenue	2,269,815	1,626,373	3,896,188
Expenses:			
Program expenses	1,567,028	-	1,567,028
Management and general	112,138	-	112,138
Fundraising	328,817	-	328,817
Total expenses	2,007,983	-	2,007,983
Change in net assets	261,832	1,626,373	1,888,205
Net assets, beginning of period	(77,554)	2,720,024	2,642,470
Net assets, end of period	\$ 184,278	\$ 4,346,397	\$ 4,530,675

*See accompanying notes.*

# The Pachamama Alliance

## Statement of Cash Flows

For the seven month period ended December 31, 2010

### **Cash flows from operating activities:**

Change in net assets	\$ 1,888,205
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,277
Increase in pledges receivable	(1,552,000)
Increase in prepaid expenses	(38,644)
Decrease in other assets	2,243
Increase in deposits	(966)
Increase in accounts payable and accrued liabilities	27,106
Increase in deferred revenue	72,475
	<hr/>
Net cash provided by operating activities	401,696

### **Investing activities**

Net change in investments	(11,423)
Acquisition of fixed assets	(1,390)
	<hr/>
Net cash used in investing activities	(12,813)

### **Financing activities**

Net change in loans payable	(125,000)
	<hr/>
Net cash used in investing activities	(125,000)

Net change in cash	263,883
Cash, beginning of period	127,646
	<hr/>
Cash, end of period	<u>\$ 391,529</u>

*See accompanying notes.*

## The Pachamama Alliance

### Statement of Functional Expenses

For the seven month period ended December 31, 2010

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Grants and allocations	\$ 344,000	\$ -	\$ -	\$ 344,000
Wages	333,498	41,687	145,905	521,090
Employee benefits	21,401	3,019	11,337	35,757
Payroll taxes	29,451	3,681	12,885	46,017
Supplies	1,732	4,436	762	6,930
Communication	5,922	6,486	2,211	14,619
Postage and shipping	508	532	1,378	2,418
Occupancy	32,840	13,379	14,596	60,815
Printing and publications	8,054	221	2,758	11,033
Travel	89,542	2,581	6,686	98,809
Depreciation	-	3,277	-	3,277
Bank fees and charges	9,327	2,315	15,725	27,367
Outside services	463,347	17,668	78,784	559,799
Accommodation	130,896	-	-	130,896
Meals and catering	56,172	5,277	28,164	89,613
Other	19,909	1,113	-	21,022
Interest	-	1,832	-	1,832
Workers compensation	1,891	236	827	2,954
Databases	-	-	2,164	2,164
Facility rental	18,538	-	4,635	23,173
Insurance	-	4,398	-	4,398
<b>Total</b>	<b>\$ 1,567,028</b>	<b>\$ 112,138</b>	<b>\$ 328,817</b>	<b>\$ 2,007,983</b>

*See accompanying notes.*

# The Pachamama Alliance

## Notes to Financial Statements

For the seven month period ended December 31, 2010

### **1. Organization and Summary of Significant Accounting Policies**

#### **Organization**

The Pachamama Alliance (“Pachamama”) is a California nonprofit public benefit corporation that was organized in 1997 to preserve the Earth’s tropical rainforests by empowering the indigenous people who are its natural custodians and to contribute to the creation of a new global vision of equality and sustainability for all. The Internal Revenue Service and the California Franchise Tax Board have determined that Pachamama is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d).

#### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### **Functional Allocation of Operating Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

#### **Cash**

Cash consists of checking accounts with an original maturity of three months or less. Financial instruments that potentially subject Pachamama to concentrations of credit risk include cash and cash equivalents. Cash deposits are generally federally insured in limited amounts. Cash is stated at fair market value.

# The Pachamama Alliance

## Notes to Financial Statements (continued)

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

#### Net Assets

Pachamama reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Pachamama reports using two classifications of net assets. A description of each classification of net assets is as follows:

Temporarily restricted net assets carry restrictions that expire upon passage of a prescribed period or upon occurrence of a stated event as specified by the donor.

Unrestricted net assets are composed of all resources not included in temporarily restricted net assets. All expenses are recorded as a reduction to unrestricted net assets.

#### Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted net support that increase that net asset class. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as temporarily restricted net assets.

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a specific purpose restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are reported as unrestricted contributions.

## The Pachamama Alliance

### Notes to Financial Statements (continued)

#### 2. Pledges Receivable

Pachamama discounts pledges that are receivable at a date more than one year in the future at 4%. Pledges receivable at December 31, 2010 consist of the following:

	<u>Amount</u>
Pledges due within one year	\$ 2,833,917
Long-term pledges	1,488,243
Discount to present value	<u>(78,953)</u>
Net	\$ 4,243,207

#### 3. Fixed Assets

Pachamama follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,000. Depreciation is computed on a straight-line basis over the useful lives of the assets.

Fixed assets at December 31, 2010 consist of the following:

	<u>Amount</u>
Furniture and equipment	\$ 41,924
Accumulated depreciation	<u>(31,394)</u>
Net	\$ 10,530

Depreciation expense for the seven month period ended December 31, 2010 was \$3,277.

#### 4. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2010 consist of the following:

	<u>Amount</u>
Contributions restricted for use	\$ 103,190
Contributions restricted by time	<u>4,243,207</u>
Total	\$ 4,346,397

## The Pachamama Alliance

### Notes to Financial Statements (continued)

#### **5. Concentration of Credit Risk**

##### **Cash**

Financial instruments which potentially subject Pachamama to concentrations of credit risk, as defined by SFAS No. 105, consist principally of cash. Pachamama maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. Pachamama has not experienced any losses in such accounts.

#### **6. Subsequent Events**

Pachamama has evaluated all subsequent events through August 2, 2011, the date through which the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.