

The Pachamama Alliance
Audited Financial Statements

For Year Ended December 31, 2008

Rubian Moss, CPA
A Professional Corporation

The Pachamama Alliance

Financial Statements

Year ended December 31, 2008

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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, 2008 and the related statement of activities and changes in net assets, and statement of cash flows for the year 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, 2008 and the results of its activities and changes in net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Rubian Moss, CPA

Oakland, California
May 1, 2009

The Pachamama Alliance

Statement of Financial Position

As of December 31, 2008

Assets

Current assets:

Cash and cash equivalents	\$	359,420
Investments (Note 2)		7,529
Pledges receivable, short-term (Note 3)		1,330,296
Grants receivable (Note 4)		47,500
Loans receivable		-
Prepaid expenses		24,116
Other assets		143

Total current assets 1,769,004

Pledges receivable, long-term, net (Note 3) 833,306

Deposits 3,800

Fixed assets, net (Note 5) 15,249

Total assets \$ 2,621,359

Liabilities and net assets

Current liabilities:

Accounts payable and accrued liabilities	\$	120,095
Deferred revenue		58,366

Total current liabilities 178,461

Note payable 400,000

Net assets:

Unrestricted	(175,100)
Temporarily restricted (Note 6)	2,217,998

Total net assets 2,042,898

Total liabilities and net assets \$ 2,621,359

See accompanying notes.

The Pachamama Alliance

Statement of Activities and Changes in Net Assets

For the year ended December 31, 2008

	Unrestricted	Temporarily Restricted	Total
Changes in net assets:			
Support and revenue:			
Contributions	\$ 2,287,764	\$ 367,997	\$ 2,655,761
Trip income	345,119	-	345,119
Event income	108,470	-	108,470
Investment income	(4,987)	-	(4,987)
Other income	2,029	-	2,029
Net assets released from restrictions	373,393	(373,393)	-
Total support and revenue	3,111,788	(5,396)	3,106,392
Expenses:			
Program expenses	2,933,636	-	2,933,636
Management and general	413,021	-	413,021
Fundraising	236,475	-	236,475
Total expenses	3,583,132	-	3,583,132
Change in net assets	(471,344)	(5,396)	(476,740)
Net assets, beginning of year	296,244	2,223,394	2,519,638
Net assets, end of year	\$ (175,100)	\$ 2,217,998	\$ 2,042,898

See accompanying notes.

The Pachamama Alliance

Statement of Cash Flows

For the year ended December 31, 2008

Cash flows from operating activities:	
Change in net assets	\$ (476,740)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	6,709
Decrease in pledges receivable	50,830
Decrease in grants receivable	25,847
Decrease in loans receivable	26,994
Increase in prepaid expenses	(16,007)
Increase in other assets	(143)
Increase in accounts payable and accrued liabilities	65,191
Increase in deferred revenue	16,570
	<hr/>
Net cash provided by operating activities	(300,749)
 Investing activities	
Net change in investments	12,823
Acquisition of fixed assets	(1,477)
	<hr/>
Net cash used in investing activities	11,346
 Financing activities	
Net change in loans payable	400,000
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Net cash used in investing activities	400,000
 Net change in cash	110,597
Cash, beginning of year	248,823
	<hr/>
Cash, end of year	<u><u>\$ 359,420</u></u>

See accompanying notes.

The Pachamama Alliance

Statement of Functional Expenses

For the year ended December 31, 2008

	Program Services	Management and General	Fundraising	Total
Grants and allocations	\$ 1,048,406	\$ -	\$ -	\$ 1,048,406
Wages	545,690	104,101	107,412	757,203
Employee benefits	40,279	8,131	8,090	56,500
Payroll taxes	46,846	9,457	9,409	65,712
Supplies	23,813	11,663	2,870	38,346
Telephone	6,380	10,953	5	17,338
Postage and shipping	6,317	1,472	229	8,018
Occupancy	38,910	17,023	12,159	68,092
Printing and publications	16,043	4,447	7,087	27,577
Travel	44,580	1,719	3,511	49,810
Depreciation	-	6,709	-	6,709
Bank fees and charges	1,503	32,369	-	33,872
Outside services	753,607	113,174	46,422	913,203
Accommodation	233,214	3,977	1,914	239,105
Meals and catering	50,407	17,952	28,485	96,844
Other	-	18,003	-	18,003
Interest	-	12,717	-	12,717
Payroll services	1,991	871	622	3,484
Training	2,993	2,382	-	5,375
Workers compensation	810	354	253	1,417
Online databases	9,915	1,809	-	11,724
Bad debt	-	25,000	-	25,000
Facility rental	54,283	2,150	8,007	64,440
Small equipment	7,649	2,959	-	10,608
Insurance	-	3,629	-	3,629
Total	\$ 2,933,636	\$ 413,021	\$ 236,475	\$ 3,583,132

See accompanying notes.

The Pachamama Alliance

Notes to Financial Statements

For the year ended December 31, 2008

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. Investments

Investments at December 31, 2008 consist of the following:

	<u>Cost Basis</u>	<u>Fair Market Value</u>	<u>Aggregate Gain</u>
Cash	\$ 5,014	\$ 5,014	\$ -
Corporate stocks	2,413	2,515	102
Total	\$ 7,427	\$ 7,529	\$ 102

3. Pledges Receivable

Pledges receivable at December 31, 2008 consist of the following:

	<u>Amount</u>
Pledges due within one year	\$ 1,330,296
Long-term pledges	937,264
Discount to present value	<u>(103,958)</u>
Net	\$ 2,163,602

4. Grants Receivable

On occasion, Pachamama receives notice of a grant award in one year for a grant that will be received during the following year. Pachamama records grants receivable upon receipt of notices of award. At December 31, 2008 the Pachamama grants receivable balance was \$47,500.

The Pachamama Alliance

Notes to Financial Statements (continued)

5. 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, 2008 consist of the following:

	<u>Amount</u>
Furniture and equipment	\$ 39,145
Software	3,115
Accumulated depreciation	<u>(27,011)</u>
Net	\$ 15,249

6. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2008 consist of the following:

	<u>Amount</u>
Contributions restricted for use	\$ 48,157
Contributions restricted by time	<u>2,169,841</u>
Total	\$ 2,217,998

7. 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.