

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

For 17 Months Ended May 31, 2010

Rubian Moss, CPA  
A Professional Corporation

The Pachamama Alliance

Financial Statements

17 months ended May 31, 2010

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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 May 31, 2010 and the related statement of activities and changes in net assets, and statement of cash flows for the 17 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 May 31, 2010 and the results of its activities and changes in net assets, and its cash flows for the 17 month period then ended in conformity with accounting principles generally accepted in the United States of America.

*Rubian Moss, CPA*

Oakland, California  
October 11, 2010

# The Pachamama Alliance

## Statement of Financial Position

As of May 31, 2010

### Assets

#### Current assets:

Cash and cash equivalents	\$	127,646
Pledges receivable, short-term ( <i>Note 2</i> )		920,462
Grants receivable ( <i>Note 3</i> )		-
Prepaid expenses		15,655
Other assets		5,101

Total current assets 1,068,864

Pledges receivable, long-term, net (*Note 2*) 1,770,745

Deposits 6,595

Fixed assets, net (*Note 4*) 12,417

Total assets \$ 2,858,621

### Liabilities and net assets

#### Current liabilities:

Accounts payable and accrued liabilities	\$	53,726
Deferred revenue		37,425

Total current liabilities 91,151

Note payable 125,000

#### Net assets:

Unrestricted	(77,554)
Temporarily restricted ( <i>Note 5</i> )	2,720,024

Total net assets 2,642,470

Total liabilities and net assets \$ 2,858,621

*See accompanying notes.*

## The Pachamama Alliance

### Statement of Activities and Changes in Net Assets

For the 17 month period ended May 31, 2010

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Changes in net assets:</b>			
Support and revenue:			
Contributions	\$ 3,474,767	\$ 615,235	\$ 4,090,002
Trip income	676,958	-	676,958
Event income	103,731	-	103,731
Investment income	1,703	-	1,703
Other income	55,115	-	55,115
Net assets released from restrictions	113,209	(113,209)	-
Total support and revenue	4,425,483	502,026	4,927,509
Expenses:			
Program expenses	3,463,208	-	3,463,208
Management and general	387,555	-	387,555
Fundraising	477,174	-	477,174
Total expenses	4,327,937	-	4,327,937
Change in net assets	97,546	502,026	599,572
Net assets, beginning of period	(175,100)	2,217,998	2,042,898
Net assets, end of period	\$ (77,554)	\$ 2,720,024	\$ 2,642,470

*See accompanying notes.*

# The Pachamama Alliance

## Statement of Cash Flows

For the 17 month period ended May 31, 2010

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 599,572
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	8,466
Increase in pledges receivable	(527,605)
Decrease in grants receivable	47,500
Decrease in prepaid expenses	8,461
Increase in other assets	(4,958)
Increase in deposits	(2,795)
Decrease in accounts payable and accrued liabilities	(66,369)
Decrease in deferred revenue	(20,941)
Net cash provided by operating activities	<u>41,331</u>
<b>Investing activities</b>	
Net change in investments	7,529
Acquisition of fixed assets	(5,634)
Net cash used in investing activities	<u>1,895</u>
<b>Financing activities</b>	
Net change in loans payable	(275,000)
Net cash used in investing activities	<u>(275,000)</u>
Net change in cash	(231,774)
Cash, beginning of period	<u>359,420</u>
Cash, end of period	<u><u>\$ 127,646</u></u>

*See accompanying notes.*

## The Pachamama Alliance

### Statement of Functional Expenses

For the 17 month period ended May 31, 2010

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Grants and allocations	\$ 894,682	\$ 2,500	\$ -	\$ 897,182
Wages	812,717	95,817	225,807	1,134,341
Employee benefits	49,475	39,791	6,820	96,086
Payroll taxes	70,332	8,045	20,180	98,557
Supplies	21,476	7,486	4,330	33,292
Communication	4,436	23,097	535	28,068
Postage and shipping	15,373	6,586	274	22,233
Occupancy	95,886	38,707	9,471	144,064
Printing and publications	9,008	4,869	9,102	22,979
Travel	138,897	8,441	6,852	154,190
Depreciation	-	8,466	-	8,466
Bank fees and charges	2,037	42,410	1,782	46,229
Outside services	898,381	29,472	116,188	1,044,041
Accommodation	348,782	4,391	303	353,476
Meals and catering	53,009	6,103	50,528	109,640
Other	14,029	1,897	7,992	23,918
Interest	-	17,109	-	17,109
Payroll services	-	4,662	-	4,662
Training	4,254	12,220	-	16,474
Workers compensation	1,975	2,049	272	4,296
Technology and databases	15,052	18,591	2,016	35,659
Facility rental	13,407	-	14,722	28,129
Insurance	-	4,846	-	4,846
<b>Total</b>	<b>\$ 3,463,208</b>	<b>\$ 387,555</b>	<b>\$ 477,174</b>	<b>\$ 4,327,937</b>

*See accompanying notes.*

# The Pachamama Alliance

## Notes to Financial Statements

For the 17 month period ended May 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 May 31, 2010 consist of the following:

	<u>Amount</u>
Pledges due within one year	\$ 920,462
Long-term pledges	1,845,758
Discount to present value	<u>(75,013)</u>
Net	\$ 2,691,207

#### 3. 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 May 31, 2010 the Pachamama grants receivable balance was \$0.

#### 4. 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 May 31, 2010 consist of the following:

	<u>Amount</u>
Furniture and equipment	\$ 37,418
Software	3,115
Accumulated depreciation	<u>(28,116)</u>
Net	\$ 12,417

## The Pachamama Alliance

### Notes to Financial Statements (continued)

#### 5. Temporarily Restricted Net Assets

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

	<u>Amount</u>
Contributions restricted for use	\$ 25,000
Contributions restricted by time	<u>2,695,024</u>
Total	\$ 2,720,024

#### 6. 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.