

Audited Financial Statements



June 30, 2024

Quigley & Miron

Amazon Watch
Audited Financial Statements
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Independent Auditor's Report

Board of Directors
Amazon Watch
Oakland, California

Opinion

We have audited the accompanying financial statements of Amazon Watch (Organization), a nonprofit organization, which comprise the statement of financial position as of June 30, 2024, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Organization as of June 30, 2024, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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 GAAS 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.

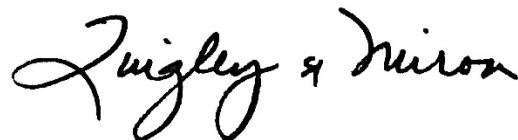
In performing an audit in accordance with GAAS, we:

- 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 Organization'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Organization's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Amazon Watch's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, reading "Twiggley & Miron". The signature is written in a cursive, flowing style.

Campbell, California
April 16, 2025

Amazon Watch
Statement of Financial Position
June 30, 2024
(with summarized comparative totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Assets				
Cash and cash equivalents	\$ 446,468	\$ 239,472	\$ 685,940	\$ 452,243
Investments—Note 3	1,720,577		1,720,577	2,729,152
Grants and contributions receivable—Note 4		1,502,496	1,502,496	1,122,054
Prepaid expenses	52,362		52,362	10,188
Operating lease right-of-use asset—Note 6	393,035		393,035	196,170
Other assets	12,378		12,378	5,245
Total Assets	\$ 2,624,820	\$ 1,741,968	\$ 4,366,788	\$ 4,515,052
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 73,927	\$	\$ 73,927	\$ 96,508
Employee-related accrued expenses	384,989		384,989	457,792
Line of credit—Note 5	237,662		237,662	251,832
Operating lease liability—Note 6	427,267		427,267	212,205
Total Liabilities	1,123,845		1,123,845	1,018,337
Net Assets				
Without donor restrictions	1,500,975		1,500,975	2,156,575
With donor restrictions—Note 8		1,741,968	1,741,968	1,340,140
Total Net Assets	1,500,975	1,741,968	3,242,943	3,496,715
Total Liabilities and Net Assets	\$ 2,624,820	\$ 1,741,968	\$ 4,366,788	\$ 4,515,052

See notes to financial statements.

Amazon Watch
Statement of Activities
Year Ended June 30, 2024
(with summarized comparative totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Operating Activities				
Public Support and Revenue				
Grants	\$ 1,171,281	\$ 2,450,526	\$ 3,621,807	\$ 1,354,014
Contributions	1,232,832		1,232,832	2,151,682
Interest and dividend income	72,593		72,593	73,715
Total Public Support and Revenue	2,476,706	2,450,526	4,927,232	3,579,411
Net assets released from restrictions	2,048,698	(2,048,698)		
Total Public Support, Revenue, and Releases from Restrictions	4,525,404	401,828	4,927,232	3,579,411
Expenses				
Environmental and indigenous rights advocacy services	4,292,968		4,292,968	6,035,683
Management and general	577,491		577,491	610,189
Fundraising	365,975		365,975	519,709
Total Expenses	5,236,434		5,236,434	7,165,581
Change in Net Assets from Operations	(711,030)	401,828	(309,202)	(3,586,170)
Nonoperating Activities				
Investment return, net	55,430		55,430	(93,432)
Total Nonoperating Activities	55,430		55,430	(93,432)
Change in Net Assets	(655,600)	401,828	(253,772)	(3,679,602)
Net Assets at Beginning of Year	2,156,575	1,340,140	3,496,715	7,176,317
Net Assets at End of Year	\$ 1,500,975	\$ 1,741,968	\$ 3,242,943	\$ 3,496,715

See notes to financial statements.

Amazon Watch
Statement of Functional Expenses
Year Ended June 30, 2024
(with summarized comparative totals for 2023)

	Environmental and Indigenous Rights Advocacy Services	Management and General	Fundraising	2024 Total	2023 Total
Salaries and wages	\$ 1,569,448	\$ 359,973	\$ 246,307	\$ 2,175,728	\$ 2,956,383
Employee benefits	331,760	76,591	52,683	461,034	442,316
Payroll taxes	125,218	28,896	19,744	173,858	213,331
Total Personnel	2,026,426	465,460	318,734	2,810,620	3,612,030
Accounting and audit fees		83,430		83,430	77,940
Bank and finance charges	37,557	5,560	4,571	47,688	57,325
Communications and publicity	6,432		10	6,442	13,877
Equipment	2,548	61	40	2,649	4,423
Grants awarded	1,042,450			1,042,450	1,969,795
Insurance	35,724	5,219	3,457	44,400	46,860
Interest expense	31,043	4,491	3,001	38,535	2,541
Miscellaneous	10,953	1,671	9,154	21,778	99,064
Occupancy	101,855	7,671	4,710	114,236	144,150
Outside services	688,429	466	3,559	692,454	744,677
Postage and delivery	454	2	576	1,032	2,520
Printing and copying	16,145		19	16,164	14,854
Supplies	3,391	491	762	4,644	10,324
Telephone and internet	22,803	1,396	894	25,093	29,381
Travel and meetings					
Conferences and meetings	12,530	32	3,876	16,438	59,152
Delegations	44,022			44,022	20,776
Organization travel	188,829	1,541	12,610	202,980	224,646
Partner organizations	21,377		2	21,379	31,246
Total Non-Personnel	2,266,542	112,031	47,241	2,425,814	3,553,551
Total Expenses	\$ 4,292,968	\$ 577,491	\$ 365,975	\$ 5,236,434	\$ 7,165,581

See notes to financial statements.

Amazon Watch
Statement of Cash Flows
Year Ended June 30, 2024
(with comparative totals for 2023)

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ (253,772)	\$ (3,679,602)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Investment (gains) losses	(55,430)	93,432
Noncash lease expenses	(196,865)	(196,170)
Changes in operating assets and liabilities:		
Grants and contributions receivable	(380,442)	179,511
Prepaid expenses	(42,174)	(388)
Other assets	(7,133)	7,110
Accounts payable and accrued expenses	(22,581)	(32,436)
Employee-related accrued expenses	(72,803)	281,480
Operating lease liability	215,062	212,205
Deferred lease incentive		(21,838)
Net Cash Used in Operating Activities	(816,138)	(3,156,696)
Cash Flows from Investing Activities		
Purchases of investments	(30,309)	(1,768,202)
Proceeds from sales and maturities of investments	1,094,314	531,967
Net Cash Provided by (Used in) Investing Activities	1,064,005	(1,236,235)
Cash Flows from Financing Activities		
Proceeds from use of line of credit	57,713	252,541
Repayment of line of credit	(71,883)	(709)
Net Cash Provided by (Used in) Financing Activities	(14,170)	251,832
Net Increase (Decrease) in Cash and Cash Equivalents	233,697	(4,141,099)
Cash and Cash Equivalents at Beginning of Year	452,243	4,593,342
Cash and Cash Equivalents at End of Year	\$ 685,940	\$ 452,243
Supplementary Disclosures		
Cash paid during the year for:		
Income taxes	\$	\$
Interest	\$ 38,535	\$ 2,541

See notes to financial statements.

Amazon Watch
Notes to Financial Statements
June 30, 2024
(with comparative totals for 2023)

Note 1—Nature of Activities and Significant Accounting Policies

Nature of Activities—Amazon Watch (Organization) is a California nonprofit corporation, established in 1996 for the purpose of protecting the rainforest and advancing the rights of Indigenous peoples in the Amazon Basin. The Organization partners with Indigenous and environmental organizations in campaigns for human rights, corporate accountability, and the preservation of the Amazon’s ecological systems. With global deforestation contributing 20-25 percent of all greenhouse gas emissions, the Organization works for Indigenous self-determination as a critical component toward a successful conservation strategy for the Amazon. The Organization receives grants from foundations, as well as contributions from individuals and corporations. Through the growth of the number of these contributors, the Organization has increased its unrestricted public support.

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization’s net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the Organization and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, 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.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization’s ongoing environmental and indigenous rights advocacy services and interest and dividends earned on investments. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

Income Taxes—The Organization is a California nonprofit public benefit corporation that serves charitable and educational purposes and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and from California franchise tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for federal or state income taxes is included in the financial statements. 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.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered ‘more likely than not’ to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for tax liability is not necessary for the years ended June 30, 2024 and 2023. Generally, the Organization’s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Note 1—Nature of Activities and Significant Accounting Policies—Continued

Cash and Cash Equivalents—The Organization considers highly liquid investments with a maturity of less than three months when purchased to be cash equivalents.

Investments—Investments in securities are initially recorded at cost, if purchased, or fair market value, if received as a contribution. Subsequent to acquisition, investments in securities are reported at fair value. Investment income, gains, and losses are reported as unrestricted income unless use of the earnings is restricted by the donor. As part of the Organization's advocacy efforts, it holds five shares or less of common stock in five different energy-related, publicly-traded corporations. These small amounts of stock holdings allow the Organization to attend shareholder meetings and to receive information as to the business activities of these energy companies.

Property and Equipment—Property and equipment is stated at cost when purchased, or at estimated fair market value at the date of bequest or gift. Depreciation is provided using the straight-line method over the estimated useful life of the related asset, principally 5 years. Amortization of equipment purchased under capital lease obligations is included in depreciation expense. It is the Organization's policy to expense items purchased or donated with values less than \$2,000. As of June 30, 2024 and 2023, the Organization did not have any property or equipment obtained pursuant to gifts or capital leases.

Accrued Sabbatical Leave—Full-time employees are entitled to five weeks of paid sabbatical leave every five years. Sabbatical leave is not a vested benefit and is not payable to employees upon termination of employment. It is the Organization's policy to accrue salary-related sabbatical leave expense. The salary-related accrued sabbatical leave liability at June 30, 2024 and 2023 amounted to \$253,926 and \$317,485, respectively.

Concentrations of Credit Risk—Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, investments in securities, and grants and contributions receivable.

The Organization places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, such balances of cash and cash equivalents are in excess of the FDIC coverage limits. Management regularly reviews the financial stability of its cash depositories and deems the risk of loss due to these concentrations to be minimal.

Cash held in investment accounts at securities brokerage firms are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000, per institution. At times, such balances are in excess of the FDIC and SIPC coverage limits. Management regularly reviews the financial stability of its cash and money market fund depositories and its allocation of investments and deems the risk of loss due to these concentrations to be minimal.

While the Organization is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf, the Organization's management has assessed the credit risk associated with its cash deposits and investments at June 30, 2024 and 2023 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments.

Grants and contributions receivable are due from a variety of foundations, corporations and individuals well-known to the Organization, with favorable past payment histories. The Organization's management has assessed the credit risk associated with these contributions and grants receivable and has determined that no allowance for credit losses is required.

Amazon Watch
Notes to Financial Statements—Continued

Note 1—Nature of Activities and Significant Accounting Policies—Continued

Contributions—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. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

In-kind contributions—The Organization records the value of donated materials and services, which includes use of facilities, at their fair value at the date of donation. In-kind services are recorded only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no contributions of such goods received during the years ended June 30, 2024 and 2023.

Recently Adopted Accounting Principle—In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, which requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The new guidance affects organizations that hold financial assets and net investments in leases that are not accounted for at fair value with changes in fair value reported in net income, including loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The Organization adopted ASU No. 2016-13 on a retrospective basis for the year ended June 30, 2024 with no resulting impact on the financial statement presentation.

Interest and Dividend Income—Bank and investment interest income and dividends earned on investments are recognized when received and is reported as interest and dividend income under public support and revenue in the statement of activities.

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly certain costs have been allocated between program services and supporting services benefitted. Salaries and wages, employee benefits, payroll taxes, and insurance are allocated based on time and effort of employees and are used to allocate all indirect expenses. Occupancy is allocated based on space estimates. All other expenses are charged directly to the program function or supporting service benefitted.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications—Certain amounts in 2023 have been reclassified to conform with the 2024 financial statement presentation.

Comparative Totals for 2023—The accompanying financial statements include certain prior-year summarized comparative financial 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 Organization's audited financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Amazon Watch
Notes to Financial Statements—Continued

Note 2—Availability and Liquidity

The Organization's goal is generally to maintain financial assets to meet six-months of operating expenses (approximately \$2.5 million). The Organization operates within a prudent range of financial soundness and stability to support the ongoing fulfillment of its mission.

The following represents the availability and liquidity of the Organization's financial assets at June 30, 2024 and 2023 to cover operating expenses for the next fiscal year:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 685,940	\$ 452,243
Investments	1,720,577	2,729,152
Grants and contributions receivable	1,502,496	1,122,054
Total Financial Assets	3,909,013	4,303,449
Less amounts purpose-restricted or not available within one year:		
Cash and cash equivalents	(429,968)	(239,140)
Grants and contributions receivable	(95,000)	(1,101,000)
Total Amounts Not Available to be Used Within One Year	(524,968)	(1,340,140)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 3,384,045</u>	<u>\$ 2,963,309</u>

Note 3—Investments and Fair Value Measurements

In determining the fair value of assets and liabilities, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Organization determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Organization at the measurement date.

Level 2—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment.

The Organization may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by the Organization to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. The Organization had no assets or liabilities classified at NAV as a practical expedient during the years ended June 30, 2024 and 2023.

Amazon Watch
Notes to Financial Statements—Continued

Note 3—Investments and Fair Value Measurements—Continued

Investment activity for the years ended June 30, 2024 and 2023 is summarized as follows:

	<u>2024</u>	<u>2023</u>
Realized investment gains	\$ 15,927	\$ 7,385
Unrealized investment gains (losses)	<u>39,503</u>	<u>(100,817)</u>
Investment Return, Net	55,430	(93,432)
Interest and dividend income	<u>72,593</u>	<u>73,715</u>
Total Return on Investments	<u>\$ 128,023</u>	<u>\$ (19,717)</u>

Fair values of assets measured on a recurring basis at June 30, 2024 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Marketable debt securities	\$ 1,716,043	\$	\$ 1,716,043	\$
Marketable equity securities	<u>4,534</u>	<u>4,534</u>		
Totals	<u>\$ 1,720,577</u>	<u>\$ 4,534</u>	<u>\$ 1,716,043</u>	<u>\$</u>

Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Marketable debt securities	\$ 2,725,131	\$	\$ 2,725,131	\$
Marketable equity securities	<u>4,021</u>	<u>4,021</u>		
Totals	<u>\$ 2,729,152</u>	<u>\$ 4,021</u>	<u>\$ 2,725,131</u>	<u>\$</u>

Note 4—Grants and Contributions Receivable

Grants and contributions receivable at June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Grants from foundations, corporations and organizations		
Without donor restrictions	\$ 5,000	\$ 11,000
With donor restrictions	737,000	676,000
Contributions from individuals		
Without donor restrictions	5,496	10,052
With donor restrictions	<u>755,000</u>	<u>425,002</u>
Totals	<u>\$ 1,502,496</u>	<u>\$ 1,122,054</u>

For detail on the composition of net assets with donor restrictions, see Note 8.

Amazon Watch
Notes to Financial Statements—Continued

Note 5—Line of Credit

The Organization has a bank line of credit which is secured by the investments held in marketable securities. The maximum borrowing limit is equal to the balance of investments in marketable securities, which totaled \$1,720,577 and \$2,729,152 for the year ended June 30, 2024 and 2023, respectively. The line of credit carries a variable rate of interest, payable monthly, of prime plus 3%, as published by the Wall Street Journal, with a minimum per annum rate of no less than 7.75%. The outstanding balance at June 30, 2024 and 2023 was \$237,662 and \$251,832, respectively.

Note 6—Operating Lease Liability

During the year ended June 30, 2024, the Organization renewed their Oakland office under a non-cancelable operating lease which expires December 31, 2030. The office lease offers the Organization the option of extending the agreement for an additional five-year period from January 1, 2031 to June 30, 2035. With the adoption of ASU 2016-02, an operating right-of-use asset and an operating lease liability were recorded related to this operating lease using lease term and monthly rental amounts, and a discount rate of 4.69%. Future minimum rental payments due on this operating lease are as follows:

<u>Year Ending June 30,</u>		
2025		\$ 79,560
2026		85,504
2027		88,069
2028		90,711
2029		93,432
Thereafter		48,829
	Gross Rental Payments	486,105
Less effect of discounting at 2.38%		(58,838)
	Total	<u>\$ 427,267</u>

Rent expense is recognized on a straight-line basis over the office lease terms based on the total payments required under the lease. At June 30, 2024, the operating lease right-of-use asset and the related liability amounted to \$393,035 and \$427,267. At June 30, 2023, the operating lease right-of-use asset and the related liability amounted to \$196,170 and \$212,205. Rent expense totaled \$114,236 and \$144,150 for the years ended June 30, 2024 and 2023, respectively.

Note 7—Contingencies

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, the Board deems the contingency remote since, by accepting the gifts and their terms, the Board is acknowledging the requirements of the grantor at the time of receipt of the grant.

Amazon Watch
Notes to Financial Statements—Continued

Note 8—Net Assets with Donor Restrictions

Net assets with donor restrictions for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Environmental and Indigenous rights advocacy services		
End Amazon Crude	\$ 300,833	\$
Ecuador	84,524	107,890
Peru	16,389	
Climate Finance Program	13,889	72,917
Brazil	11,000	58,333
Development	3,333	
Promises to give, the proceeds from which have been restricted by donors:		
Environmental and Indigenous rights advocacy services		
Development	737,000	826,000
Amazon Defenders Fund	480,000	
Brazil	50,000	275,000
End Amazon Crude	20,000	
Ecuador	12,500	
Peru	12,500	
Total Net Assets with Donor Restrictions	<u>\$ 1,741,968</u>	<u>\$ 1,340,140</u>

Net assets released from donor restrictions for the year ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Satisfaction of purpose restrictions:		
Environmental and Indigenous rights advocacy services		
Brazil	\$ 842,362	\$ 209,578
Development	427,469	350,664
End Amazon Crude	229,167	
Amazon Defenders Fund	177,000	
Ecuador	154,393	465,268
Climate Finance Program	100,694	287,083
Peru	84,611	32,500
Mujeres Amazonicas	25,502	
Colombia	7,500	
Communications		2,000
Total Net Assets Released from Donor Restrictions	<u>\$ 2,048,698</u>	<u>\$ 1,347,093</u>

Note 9—Retirement Plan

Under the Organization's SIMPLE IRA retirement plan (Plan), the Organization matches 100% of employee contributions to the Plan, up to 3% of annual salary. All employees are eligible to participate in the Plan after 90 days of employment. Each participant may elect to contribute up to the maximum limit by federal law. Participants are vested immediately upon entering the Plan with 100% non-forfeitability of all employer-matched contributions. The Organization's matching contributions totaled \$62,059 and \$73,280 during the years ended June 30, 2024 and 2023, respectively.

Note 10—Risks and Uncertainties

In late January 2025, the new administration introduced sweeping policy changes designed to specifically target a number of government departments and agencies. Under the new administration's directive, certain government contracts have been cancelled, and steps were taken to immediately reshape or eliminate certain departments and agencies of the government. The eliminations and restructurings resulted in reductions to the governmental infrastructure of several departments leading to the lay-off of a large number of government employees. Nonprofit partners of the government are also being impacted by these developments, and now face uncertainty regarding current and future government funding and contract agreements. At the time of this reporting, the cumulative financial impact of these policy shifts on the Organization, if any, cannot be fully determined, therefore no related adjustment has been made to these financial statements.

Note 11—Subsequent Events

Management has evaluated subsequent events through April 16, 2025, the date the financial statements were available to be issued, and concluded that, other than the matter mentioned above in Note 10, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.