
AMAZON WATCH, INC.

FINANCIAL STATEMENTS

June 30, 2025

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

AMAZON WATCH, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Amazon Watch, Inc.
Oakland, California

Opinion

We have audited the accompanying financial statements of Amazon Watch, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, cash flows and functional expenses, 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 Amazon Watch, Inc. as of June 30, 2025, and the changes in 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the 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 the Organization'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

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 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, including omissions, 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, 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 the 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 the 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.

Crosby + Kaneda CPAs LLP
Alameda, California
January 16, 2026

AMAZON WATCH, INC.

Statement of Financial Position
June 30, 2025

Assets

Assets

Cash and cash equivalents	\$ 418,765
Investments (Note 3)	1,615,052
Contributions receivable (Note 5)	1,080,625
Prepaid expenses and deposits	38,536
Right of use asset - operating lease	401,169
Total Assets	<u>\$ 3,554,147</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 90,166
Accrued paid time off	131,761
Accrued sabbatical	172,056
Operating lease liability (Note 6)	440,883
Total Liabilities	<u>834,866</u>

Net Assets

Without donor restrictions	1,180,135
With donor restrictions (Note 8)	1,539,146
Total Net Assets	<u>2,719,281</u>
Total Liabilities and Net Assets	<u>\$ 3,554,147</u>

See Notes to the Financial Statements

AMAZON WATCH, INC.

Statement of Activities For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Individual contributions	\$ 1,925,564	\$ 168,490	\$ 2,094,054
Foundation and corporate grants	368,022	1,433,485	1,801,507
Interest and investment activity, net	97,935		97,935
Other income	1,880		1,880
Support provided by expiring time and purpose restrictions	1,804,797	(1,804,797)	-
Total Support and Revenue	4,198,198	(202,822)	3,995,376
Expenses			
Programs	3,871,466		3,871,466
Management and general	337,850		337,850
Fundraising	309,722		309,722
Total Expenses	4,519,038	-	4,519,038
Change in Net Assets	(320,840)	(202,822)	(523,662)
Net Assets, beginning of year	1,500,975	1,741,968	3,242,943
Net Assets, end of year	\$ 1,180,135	\$ 1,539,146	\$ 2,719,281

See Notes to the Financial Statements

AMAZON WATCH, INC.

**Statement of Cash Flows
For the Year Ended June 30, 2025**

Cash flows from operating activities:

Change in net assets	\$ (523,662)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:	
Investment activity, net	(93,958)
Change in assets and liabilities:	
Contributions receivable	421,871
Prepaid expenses	26,204
Operating lease assets and liabilities	5,482
Accounts payable and accrued expenses	16,239
Accrued paid time off	698
Accrued sabbatical	(81,870)
Net cash provided (used) by operating activities	<u>(228,996)</u>

Cash flows from investing activities:

Proceeds from investments	<u>230,060</u>
Net cash provided (used) by investing activities	<u>230,060</u>

Cash flows from financing activities:

Repayments of line of credit	<u>(237,662)</u>
Net cash provided (used) by financing activities	<u>(237,662)</u>

Net change in cash and cash equivalents (236,598)

Cash and cash equivalents, beginning of year 655,363

Cash and cash equivalents, end of year \$ 418,765

Supplemental Information

Cash paid on lease	<u>\$ 79,560</u>
Interest paid	<u><u>\$ 7,308</u></u>

See Notes to the Financial Statements

AMAZON WATCH, INC.

Statement of Functional Expenses For the Year Ended June 30, 2025

	Program	Management and General	Fundraising	Total
Salaries	\$ 1,606,070	\$ 182,304	\$ 183,809	\$ 1,972,183
Retirement contributions	45,982	5,208	5,267	56,457
Other employee benefits	253,830	29,226	27,193	310,249
Payroll taxes	128,194	14,484	14,999	157,677
Total Personnel	<u>2,034,076</u>	<u>231,222</u>	<u>231,268</u>	<u>2,496,566</u>
Grants awarded	708,526	-	-	708,526
Fees for service	564,138	88,730	2,715	655,583
Advertising and promotion	10,688	125	435	11,248
Office expenses and supplies	97,414	4,732	37,759	139,905
Information technology	22,741	-	-	22,741
Occupancy	82,463	9,250	5,617	97,330
Travel and meals	320,114	156	28,564	348,834
Interest	6,224	583	501	7,308
Insurance	24,608	2,792	2,816	30,216
Service fees and other	474	260	47	781
Total Expenses	<u>\$ 3,871,466</u>	<u>\$ 337,850</u>	<u>\$ 309,722</u>	<u>\$ 4,519,038</u>

See Notes to the Financial Statements

AMAZON WATCH, INC.

Notes to the Financial Statements For the Year Ended June 30, 2025

NOTE 1: NATURE OF ACTIVITIES

Amazon Watch, Inc. (the 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.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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 (GAAP).

Basis of Accounting

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor restrictions are perpetual in nature; there were no restrictions of this nature as of June 30, 2025.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Accounts Receivable

Accounts receivable are unsecured non-interest bearing trade receivables. The Organization uses historical loss information adjusted for management's expectations about current economic conditions, and the aging of receivables relative to expected payment dates among other factors as the basis to determine expected credit losses. The Organization has adopted the practical expedient that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. The Organization has made the accounting policy election to consider the subsequent collection of amounts prior to the date the financial statements were available to be

AMAZON WATCH, INC.

Notes to the Financial Statements For the Year Ended June 30, 2025

issued in evaluating collectability. If amounts become uncollectible, they are charged to the valuation allowance for credit losses if any, with any excess amounts charged to expense in the period in which that determination is made.

Contributions Receivable

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization considers all contributions receivable to be fully collectible at June 30, 2025. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Accounting for Revenue

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. If the Organization's efforts are expended evenly throughout the performance period, the Organization may recognize revenue on a straight-line basis over such a period. Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met. As a practical expedient, the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less. All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless related to a donor specified restriction for a particular purpose or future period.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of June 30, 2025, and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

AMAZON WATCH, INC.

Notes to the Financial Statements For the Year Ended June 30, 2025

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only 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. There were no contributed services that met the criteria for recognition for the year ended June 30, 2025.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash held in investment accounts is classified with investment balances. For statement of cash flow purposes proceeds from investments represent transfers from investment accounts to operating accounts.

Property and Equipment

All acquisitions of property and equipment in excess of \$2,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment. The Organization had no property and equipment that met this capitalization policy at June 30, 2025.

Leases

The Organization evaluates all contracts to determine if they contain a lease. For leases with terms greater than 12 months, the Organization records a right-of-use asset and lease obligation at the present value of lease payments over the term of the lease. The Organization expenses total lease costs on a straight-line basis over the related lease term. The Organization has elected to exclude leases that (a) have a lease term of 12 months or less and (b) do not contain a reasonably certain purchase option. The Organization has elected to combine non-lease components with related lease components unless non-lease components are billed separately. As the Organization's leases do not generally provide a readily determinable implicit interest rate, the Organization uses the risk-free rate commensurate with the respective terms of the leases to discount the lease payments.

Accrued Sabbatical

The Organization offers eligible employees up to twelve weeks paid sabbatical leave after every five consecutive years of full-time employment. Sabbatical benefits do not vest and are not payable upon termination of employment. The accrued sabbatical leave liability is an estimate based on the percentage of the 5-year service period that has elapsed and an estimate of the likelihood that staff members will reach the required tenure.

AMAZON WATCH, INC.

Notes to the Financial Statements For the Year Ended June 30, 2025

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel. Occupancy, depreciation, and amortization, and interest are allocated on an estimated square foot basis dependent on the programs and supporting activities occupying the space. Office expenses and supplies, insurance, and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Recent Accounting Pronouncements

In July 2025, the FASB issued *ASU No. 2025-05 Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides for a practical expedient in estimating expected credit losses by using current conditions as of the balance sheet date rather than future estimates. An accounting policy election was introduced to allow consider subsequent receipt of receivables in estimating losses. The adoption of this update did not have a material impact on the Organization's financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of January 16, 2026, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: INVESTMENTS

Investments are stated at fair value and consist of the following at June 30, 2025:

Cash and cash equivalents	\$ 1,327
Stock holdings	5,695
US Treasuries (< 2 years)	<u>1,608,030</u>
Total	<u>\$ 1,615,052</u>

Investment activity consisted of the following during the years ended June 30, 2025:

Interest and dividends	\$ 41,964
Realized and unrealized gain (loss)	<u>51,994</u>
Total	<u>\$ 93,958</u>

AMAZON WATCH, INC.

Notes to the Financial Statements For the Year Ended June 30, 2025

NOTE 4: FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair value of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

Fair values of assets measured on a recurring basis were as follows as of June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,327	\$ -	\$ 1,327
Stock holdings	5,695		5,695
US Treasuries	<u>-</u>	<u>1,608,030</u>	<u>1,608,030</u>
Total	<u>\$ 7,022</u>	<u>\$ 1,608,030</u>	<u>\$ 1,615,052</u>

The Organization uses the following methods to determine the fair value of its investments with level 2 inputs.

US Treasuries - Based on the values shown on the Organization's investment statements on the last trading day of the year. The Organization's broker may report such values based on pricing service inputs including inputs from third parties.

NOTE 5: CONTRIBUTIONS RECEIVABLE

Contributions receivables are expected to be realized in the following periods at June 30, 2025:

Less than one year	\$ 771,415
One to two years	330,000
Less discount to present value	<u>(20,790)</u>
Total	<u>\$ 1,080,625</u>

The Organization used a discount rate of 3.72% to determine present value.

NOTE 6: OPERATING LEASE LIABILITY

The Organization leases office space under a non-cancelable lease in Oakland with an expiration date June 2030. The Organization elected to use an estimated risk-free rate as the approximate discount rate for its lease liability. Minimum future payments due under this lease were as follows for the years ending June 30:

AMAZON WATCH, INC.

Notes to the Financial Statements For the Year Ended June 30, 2025

2026	\$ 85,504
2027	88,069
2028	90,711
2029	93,432
2030	96,235
Thereafter	48,829
Less amounts representing interest	<u>(61,897)</u>
Total	<u>\$ 440,883</u>
Weighted-average remaining lease term – operating leases	5.5 years
Weighted avg discount rate	4.69%

Rent expense on operating leases for the year ended June 30, 2025 was \$79,560.

NOTE 7: CONTINGENCIES

Compliance with Donor Restrictions

Grant awards require the fulfillment of certain conditions as set forth in the provisions of the grants. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of June 30, 2025:

Program	\$ 1,121,646
Regranting	122,500
Future use	<u>295,000</u>
Total	<u>\$ 1,539,146</u>

NOTE 9: 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. The line of credit carries a variable rate of interest, payable monthly, of prime plus 3%, with a minimum per annum rate of no less than 7.75%. As of June 30, 2025 there was no outstanding balance.

NOTE 10: CONDITIONAL PROMISES AND INTENTIONS TO GIVE

In addition to the activity reflected on the Organization's statement of activity, the Organization received \$345,000 in conditional promises and intentions to give as of June 30, 2025. The Organization recognizes such promises to give as support once the related conditions are satisfied and expects to receive such funds through April 1, 2029.

AMAZON WATCH, INC.

Notes to the Financial Statements For the Year Ended June 30, 2025

NOTE 11: CONCENTRATIONS

Concentration of Credit Risk – Bank Deposits

At times, the Organization had deposits in excess of federally insured limits of approximately \$126,000 as of June 30, 2025. The Organization may be subject to credit risk or delayed fund access for amounts in excess of insured limits in the event of bank failure.

Accounts Receivable

As of June 30, 2025, approximately 86% of accounts receivable were due from four sources.

NOTE 12: RETIREMENT PLAN

The Organization has a SIMPLE IRA retirement plan (the Plan). The Organization matches 100% of employee contributions to the plan, up to 3% of annual salary, up to IRS defined limits. All employees are eligible to participate in the Plan after 90 days of employment. Participants are vested immediately upon entering the Plan with 100% non-forfeiture of all employer-matched contributions. During the year ended June 30, 2025 retirement contributions totaled \$56,457.

NOTE 13: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2025 are:

Cash and cash equivalents	\$ 418,765
Investments	1,615,052
Contributions receivable	1,080,625
Less contributions receivable, noncurrent	(330,000)
Less purpose-restricted net assets	<u>(1,244,146)</u>
Total	<u>\$ 1,540,296</u>

As part of the Organization's liquidity management plan, the Organization works to maintain operating funds to meet its operational needs and funds in excess of ongoing requirements in conservative investment holdings.