

Audited Financial Statements



June 30, 2023

Quigley & Miron

Amazon Watch
Audited Financial Statements
Table of Contents
June 30, 2023

	<u>Page</u> <u>Number</u>
Independent Auditor’s Report	1
Audited Financial Statements	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7

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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, 2023, 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, 2023, 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:

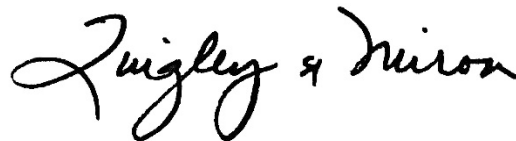
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Campbell, California
February 14, 2024

A handwritten signature in black ink that reads "Ziegler & Miron". The signature is written in a cursive, flowing style.

Amazon Watch
Statement of Financial Position
June 30, 2023
(with summarized comparative totals for 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
Assets				
Cash and cash equivalents	\$ 213,103	\$ 239,140	\$ 452,243	\$ 4,593,342
Investments—Note 3	2,729,152		2,729,152	1,586,349
Grants and contributions receivable—Note 4	21,054	1,101,000	1,122,054	1,301,565
Prepaid expenses	10,188		10,188	9,800
Operating lease right-to-use asset—Note 6	196,170		196,170	
Other assets	5,245		5,245	12,355
Total Assets	<u>\$ 3,174,912</u>	<u>\$ 1,340,140</u>	<u>\$ 4,515,052</u>	<u>\$ 7,503,411</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 96,508	\$	\$ 96,508	\$ 128,944
Employee-related accrued expenses	457,792		457,792	176,312
Line of credit—Note 5	251,832		251,832	
Operating lease liability—Note 6	212,205		212,205	
Deferred lease incentive				21,838
Total Liabilities	<u>1,018,337</u>		<u>1,018,337</u>	<u>327,094</u>
Net Assets				
Without donor restrictions	2,156,575		2,156,575	5,727,154
With donor restrictions—Note 8		1,340,140	1,340,140	1,449,163
Total Net Assets	<u>2,156,575</u>	<u>1,340,140</u>	<u>3,496,715</u>	<u>7,176,317</u>
Total Liabilities and Net Assets	<u>\$ 3,174,912</u>	<u>\$ 1,340,140</u>	<u>\$ 4,515,052</u>	<u>\$ 7,503,411</u>

See notes to financial statements.

Amazon Watch
Statement of Activities
Year Ended June 30, 2023
(with summarized comparative totals for 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
Operating Activities				
Public Support and Revenue				
Grants	\$ 115,944	\$ 1,238,070	\$ 1,354,014	\$ 2,735,423
Contributions	2,151,682		2,151,682	3,490,673
Interest and dividend income	73,715		73,715	4,403
	Total Public Support and Revenue	1,238,070	3,579,411	6,230,499
Net assets released from restrictions	1,347,093	(1,347,093)		
	Total Public Support, Revenue, and Releases from Restrictions	(109,023)	3,579,411	6,230,499
Expenses				
Environmental and indigenous rights advocacy services	6,035,683		6,035,683	5,134,992
Management and general	610,189		610,189	215,601
Fundraising	519,709		519,709	322,371
	Total Expenses		7,165,581	5,672,964
	Change in Net Assets from Operations	(109,023)	(3,586,170)	557,535
Nonoperating Activities				
Investment return, net	(93,432)		(93,432)	8,216
	Total Nonoperating Activities		(93,432)	8,216
	Change in Net Assets	(109,023)	(3,679,602)	565,751
Net Assets at Beginning of Year	5,727,154	1,449,163	7,176,317	6,610,566
	Net Assets at End of Year	\$ 1,340,140	\$ 3,496,715	\$ 7,176,317

See notes to financial statements.

Amazon Watch
Statement of Functional Expenses
Year Ended June 30, 2023
(with summarized comparative totals for 2022)

	Environmental and Indigenous Rights Advocacy Services	Management and General	Fundraising	2023 Total	2022 Total
Salaries and wages	\$ 2,228,091	\$ 400,002	\$ 328,290	\$ 2,956,383	\$ 2,000,219
Employee benefits	333,979	60,318	48,019	442,316	396,348
Payroll taxes	161,103	29,056	23,172	213,331	164,865
Total Personnel	2,723,173	489,376	399,481	3,612,030	2,561,432
Accounting and audit fees		77,940		77,940	74,416
Bank and finance charges	47,285	4,905	5,135	57,325	71,786
Communications and publicity	13,632		245	13,877	26,631
Equipment	4,263	59	101	4,423	24,099
Grants awarded	1,969,795			1,969,795	1,621,410
Insurance	39,505	4,062	3,293	46,860	39,372
Interest expense	2,101	222	218	2,541	
Miscellaneous	20,120	11,645	67,299	99,064	15,108
Occupancy	124,145	11,383	8,622	144,150	143,390
Outside services	731,720	1,639	11,318	744,677	816,348
Postage and delivery	1,324	22	1,174	2,520	1,951
Printing and copying	14,657	197		14,854	25,402
Supplies	7,397	322	2,605	10,324	9,151
Telephone and internet	27,318	1,166	897	29,381	25,528
Travel and meetings					
Conferences and meetings	52,267	4,276	2,609	59,152	16,015
Delegations	20,398	4	374	20,776	
Organization travel	206,208	2,966	15,472	224,646	125,431
Partner organizations	30,375	5	866	31,246	75,494
Total Non-Personnel	3,312,510	120,813	120,228	3,553,551	3,111,532
Total Expenses	\$ 6,035,683	\$ 610,189	\$ 519,709	\$ 7,165,581	\$ 5,672,964

See notes to financial statements.

Amazon Watch
Statement of Cash Flows
Year Ended June 30, 2023
(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (3,679,602)	\$ 565,751
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Investment (gains) losses	93,432	(9,264)
Noncash lease expenses	(196,170)	
Changes in operating assets and liabilities:		
Grants and contributions receivable	179,511	(1,183,401)
Prepaid expenses	(388)	(9,800)
Other assets	7,110	4,755
Accounts payable and accrued expenses	(32,436)	60,110
Employee-related accrued expenses	281,480	31,490
Operating lease liability	212,205	
Deferred lease incentive	(21,838)	(1,764)
	<u>(3,156,696)</u>	<u>(542,123)</u>
Net Cash Used in Operating Activities		
Cash Flows from Investing Activities		
Purchases of investments	(1,768,202)	(1,599,155)
Proceeds from sales and maturities of investments	531,967	26,779
	<u>(1,236,235)</u>	<u>(1,572,376)</u>
Net Cash Used in Investing Activities		
Cash Flows from Financing Activities		
Proceeds from use of line of credit	252,541	
Repayment of line of credit	(709)	
	<u>251,832</u>	
Net Cash Provided by Financing Activities		
Net Decrease in Cash and Cash Equivalents	<u>(4,141,099)</u>	<u>(2,114,499)</u>
Cash and Cash Equivalents at Beginning of Year	<u>4,593,342</u>	<u>6,707,841</u>
Cash and Cash Equivalents at End of Year	<u>\$ 452,243</u>	<u>\$ 4,593,342</u>
Supplementary Disclosures		
Cash paid during the year for:		
Income taxes	<u>\$</u>	<u>\$</u>
Interest	<u>\$ 2,541</u>	<u>\$</u>

See notes to financial statements.

Amazon Watch
Notes to Financial Statements
June 30, 2023
(with comparative totals for 2022)

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, 2023 and 2022. 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.

Amazon Watch

Notes to Financial Statements—Continued

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, 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, 2023 and 2022 amounted to \$317,485 and \$84,318, 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, 2023 and 2022 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments. However, due to the current risk and uncertainties affecting financial institutions (see Note 11), the potential related impact cannot be reasonably estimated at this time.

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 an allowance for potentially uncollectible amounts is not necessary.

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.

Donated Goods and Services—Donated services are not reflected in the accompanying financial statements as they do not meet the criteria for recognition under current accounting standards. In order to expand the reach of its programs, the Organization utilizes the services of a substantial number of volunteers who have donated a significant number of hours to the Organization's program services, management, and fundraising activities. Contributed goods are recorded at fair value at the date of donation. There were no contributions of such goods received during the years ended June 30, 2023 and 2022.

Recently Adopted Accounting Principles

Leases—In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02 (ASU 2016-02), *Leases (Topic 842)*. This standard is applicable to leases with terms exceeding 12 months and requires lessees to recognize the assets and related liabilities that arise from leases in the statement of financial position. Additionally, in July 2018, FASB issued ASU 2018-11 *Leases (Topic 842)—Targeted Improvements*, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative effect adjustment to the opening balance of net assets without donor restrictions in the period of adoption. The Organization adopted ASU 2016-02 and its related amendments using a modified retrospective approach as of July 1, 2022, which resulted in the recognition of an operating right-of-use asset totaling \$322,253, and an operating lease liability totaling \$344,102. The Organization elected to adopt the transition relief provisions from ASU 2018-11 as of July 1, 2022, without restating any prior year amounts or disclosures.

Gifts-in-Kind—In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity's policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. The Organization has adopted ASU No. 2020-07 for the year ended June 30, 2022 on a retrospective basis which resulted in no change to revenue previously reported and also had no effect on the revenue reported for the year ended June 30, 2023 and June 30, 2022.

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.

Amazon Watch
Notes to Financial Statements—Continued

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

Functional Expenses—The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, certain expenses require allocation on a reasonable basis that is consistently applied. Such expenses include occupancy which is allocated on a square footage basis, as well as personnel expenses (consisting of salaries and wages, employee benefits, and payroll taxes) and insurance, which are allocated on the basis of estimates of time and effort.

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 2022 have been reclassified to conform with the 2023 financial statement presentation.

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, 2023 and 2022 to cover operating expenses for the next fiscal year:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents	\$ 452,243	\$ 4,593,342
Investments	2,729,152	1,586,349
Grants and contributions receivable	1,122,054	1,301,565
	<u>4,303,449</u>	<u>7,481,256</u>
Total Financial Assets		
Less amounts purpose-restricted or not available within one year:		
Cash and cash equivalents	(239,140)	(152,498)
Grants and contributions receivable	(275,000)	(745,000)
	<u>(514,140)</u>	<u>(897,498)</u>
Total Amounts Not Available to be Used Within One Year		
	<u>(514,140)</u>	<u>(897,498)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 3,789,309</u>	<u>\$ 6,583,758</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, 2023 and 2022.

Investment activity for the years ended June 30, 2023 and 2022 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Realized investment gains (losses)	\$ 7,385	\$ (105)
Unrealized investment gains (losses)	(100,817)	9,369
Investment fees		(1,048)
Investment Return, Net	(93,432)	8,216
Interest and dividend income	73,715	4,403
Total Return on Investments	<u>\$ (19,717)</u>	<u>\$ 12,619</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	4,021	4,021		
Totals	<u>\$ 2,729,152</u>	<u>\$ 4,021</u>	<u>\$ 2,725,131</u>	<u>\$</u>

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Marketable debt securities	\$ 1,582,762	\$	\$ 1,582,762	\$
Marketable equity securities	3,587	3,587		
Totals	<u>\$ 1,586,349</u>	<u>\$ 3,587</u>	<u>\$ 1,582,762</u>	<u>\$</u>

Amazon Watch
Notes to Financial Statements—Continued

Note 4—Grants and Contributions Receivable

Grants and contributions receivable at June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Grants from foundations		
Without donor restrictions	\$ 11,000	\$ 2,500
With donor restrictions	676,000	1,296,665
Contributions from individuals		
Without donor restrictions	10,052	2,400
With donor restrictions	425,002	
Totals	<u>\$ 1,122,054</u>	<u>\$ 1,301,565</u>

For detail on the composition of net assets with donor restrictions, see Note 9.

Note 5—Line of Credit

During the year ended June 30, 2020, the Organization renegotiated its bank line of credit with Infinex Financial Group, increasing the maximum borrowing amount of \$2,300,000. The line of credit carried a variable rate of interest at the Prime Rate, as published by the Wall Street Journal, plus 3% with a minimum per annum rate of no less than 7.75%. Interest was payable monthly. The outstanding balance at June 30, 2023 was \$251,832. The Organization did not use the line during the year ended June 30, 2022.

Note 6—Commitments

The Organization rents its Oakland office under a non-cancelable operating lease which expires on December 31, 2024. The office lease offers the Organization the option of extending the agreement for an additional five-year period from January 1, 2025 to December 31, 2029. 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 2.38%. Future minimum rental payments due on this operating lease is as follows:

<u>Year Ending June 30,</u>		
2024		\$ 143,177
2025		72,646
	Gross Rental Payments	<u>215,823</u>
Less effect of discounting at 2.38%		(3,618)
	Total	<u>\$ 212,205</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, 2023, the operating lease right-of-use and the related liability amounted to \$196,170 and \$212,205. Rent expense totaled \$144,150 and \$143,390 for the years ended June 30, 2023 and 2022, respectively.

Amazon Watch
Notes to Financial Statements—Continued

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.

Note 8—Net Assets with Donor Restrictions

Net assets with donor restrictions for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Environmental and Indigenous rights advocacy services		
Ecuador	\$ 107,890	\$ 47,500
Climate Finance Program	72,917	104,998
Brazil	58,333	
Promises to give, the proceeds from which have been restricted by donors:		
Environmental and Indigenous rights advocacy services		
Brazil	275,000	300,000
Climate Finance Program		80,000
Ecuador		340,000
Peru		25,000
Support for future periods	826,000	551,665
Total Net Assets with Donor Restrictions	<u>\$ 1,340,140</u>	<u>\$ 1,449,163</u>

Net assets released from donor restrictions for the year ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions:		
Environmental and Indigenous rights advocacy services		
Brazil	\$ 209,578	\$ 474,064
Climate Finance Program	287,083	
Colombia		17,460
Ecuador	465,268	611,561
Peru	32,500	164,579
Communications	2,000	
Satisfaction of timing restrictions	350,664	21,110
Total Net Assets Released from Donor Restrictions	<u>\$ 1,347,093</u>	<u>\$ 1,288,774</u>

Note 10—Employee Benefit 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 \$73,280 and \$46,760 during the years ended June 30, 2023 and 2022, respectively.

Amazon Watch

Notes to Financial Statements—Continued

Note 11—Risks and Uncertainties

In March 2023, the shut-down of certain financial institutions raised economic concerns over disruption in the U.S. banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system, however, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy, which may include limits on access to short-term liquidity in the near term or other adverse effects. As disclosed in Note 1, at times, the Organization maintains cash and cash equivalents and investment balances in excess of federally-insured limits. Given the uncertainty of the situation, the potential related financial impact cannot be reasonably estimated at this time.

Note 12—Subsequent Events

Management has evaluated subsequent events through February 14, 2024, the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.