

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

June 30, 2014

With Comparative Summarized Information for June 30, 2013

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
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With Comparative Summarized Information for June 30, 2013

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Floresta U.S.A. Incorporated, dba Plant with Purpose
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of Floresta U.S.A. Incorporated, dba Plant with Purpose (the Organization), which comprise the statements of financial position as of June 30, 2014, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2014, and the results of its operations and cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited the Organization's 2013 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 28, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent in all material respects with the audited financial statements from which it has been derived.

RBTK, LLP

April 20, 2015

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
STATEMENTS OF FINANCIAL POSITION

June 30, 2014

With Comparative Summarized Information at June 30, 2013

ASSETS

	2014	2013
Cash and cash equivalents:		
Unreserved cash and cash equivalents	\$ 76,789	196,060
Board designated operating reserves	359,857	672,291
Total cash and cash equivalents	436,646	868,351
Unconditional promises to give (Note 3)	-	119,833
Prepaid expenses	88,204	16,085
Other assets	10,269	8,198
Property and equipment, net (Note 4)	13,502	7,089
Investments - other, at fair value (Note 5)	33,399	29,872
Endowment investments, at fair value (Note 5)	62,589	55,960
Total assets	\$ 644,609	1,105,388

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 56,429	55,353
Notes payable (Note 6)	50,000	100,000
Total liabilities	106,429	155,353
Net assets:		
Unrestricted	316,952	360,124
Temporarily restricted	164,678	533,361
Permanently restricted	56,550	56,550
Total net assets	538,180	950,035
Total liabilities and net assets	\$ 644,609	1,105,388

See Accompanying Notes to Financial Statements

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2014

With Comparative Summarized Information for the Year Ended June 30, 2013

	2014			Total	2013
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
Changes in net assets:					
Support and revenue:					
Contributions and grants	\$ 1,023,439	1,731,044	-	2,754,483	2,920,461
Special events:					
Revenues	333,730	-	-	333,730	221,050
Expenses	(65,928)	-	-	(65,928)	(52,479)
Net special event revenue	267,802	-	-	267,802	168,571
Interest and dividend income	1,556	1,232	-	2,788	2,952
Net realized and unrealized gain on investments	1,476	3,855	-	5,331	337
Net assets released from restrictions	2,104,814	(2,104,814)	-	-	-
Total support and revenue	3,399,087	(368,683)	-	3,030,404	3,092,321
Expenditures:					
Program activities:					
Floresta Haiti	610,297	-	-	610,297	563,546
Floresta Dominican Republic	487,196	-	-	487,196	456,212
Floresta Tanzania	436,630	-	-	436,630	475,693
Floresta Mexico	417,523	-	-	417,523	376,626
Floresta Burundi	407,150	-	-	407,150	202,223
Constituency education	269,712	-	-	269,712	362,494
Floresta Thailand	215,933	-	-	215,933	218,398
Other countries	17,271	-	-	17,271	18,589
Total program activities	2,861,712	-	-	2,861,712	2,673,781
Supporting activities:					
Fundraising	388,607	-	-	388,607	277,690
General and administrative	151,351	-	-	151,351	212,113
Expansion campaign	40,589	-	-	40,589	-
Total supporting activities	580,547	-	-	580,547	489,803
Total expenditures	3,442,259	-	-	3,442,259	3,163,584
Change in net assets	(43,172)	(368,683)	-	(411,855)	(71,263)
Net assets, beginning of year	360,124	533,361	56,550	950,035	1,021,298
Net assets, end of year	\$ 316,952	164,678	56,550	538,180	950,035

See Accompanying Notes to Financial Statements

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2014

(With Comparative Summarized Totals for the Year Ended June 30, 2013)

	Program Activities								Supporting Activities				Total Year Ended June 30, 2014	Total Year Ended June 30, 2013	
	Haiti	Dominican	Tanzania	Mexico	Burundi	Thailand	Other	Constituency	Total Program	Expansion	Fund	General and Administrative			Total Supporting
	Expense	Expense	Expense	Expense	Expense	Expense	Countries	Education							
Allocations to international programs	\$ 517,513	422,490	328,924	336,690	302,253	142,060	2,408	-	2,052,338	-	-	-	-	2,052,338	1,848,668
Salary, wages, taxes and benefits	78,160	53,375	93,902	70,760	83,472	62,940	14,136	151,192	607,937	-	270,132	112,175	382,307	990,244	959,096
Development, public relations and events	-	-	-	-	-	-	-	15,039	15,039	40,589	7,175	-	47,764	62,803	25,871
Mission and vision trips	-	-	-	-	-	-	-	33,222	33,222	-	-	-	-	33,222	54,224
Office and postage	1,326	1,023	1,436	1,256	1,333	915	231	11,361	18,881	-	8,499	6,813	15,312	34,193	36,156
Rent	2,472	1,515	2,936	2,764	2,639	1,814	451	7,445	22,036	-	13,822	6,678	20,500	42,536	45,692
Professional / consultant fees	277	275	277	253	277	275	-	4,659	6,293	-	43,373	17,144	60,517	66,810	63,526
Printing and publications	152	98	179	168	161	115	25	23,708	24,606	-	7,880	1,297	9,177	33,783	28,892
Travel	7,797	4,963	7,116	3,014	15,152	6,061	-	12,555	56,658	-	4,544	247	4,791	61,449	62,011
Financial fees, taxes and state registration	150	108	187	121	157	121	20	328	1,192	-	20,890	1,154	22,044	23,236	17,045
Merchandise for resale	-	-	-	-	-	-	-	6,143	6,143	-	7,081	-	7,081	13,224	4,556
Staff development, conferences and meetings	2,450	3,349	1,673	2,497	1,706	1,632	-	4,060	17,367	-	5,211	5,843	11,054	28,421	17,847
Total year ended June 30, 2014	<u>\$ 610,297</u>	<u>487,196</u>	<u>436,630</u>	<u>417,523</u>	<u>407,150</u>	<u>215,933</u>	<u>17,271</u>	<u>269,712</u>	<u>2,861,712</u>	<u>40,589</u>	<u>388,607</u>	<u>151,351</u>	<u>580,547</u>	<u>3,442,259</u>	<u>3,163,584</u>
Total year ended June 30, 2013	<u>\$ 563,546</u>	<u>456,212</u>	<u>475,693</u>	<u>376,626</u>	<u>202,223</u>	<u>218,398</u>	<u>18,589</u>	<u>362,494</u>	<u>2,673,781</u>	<u>-</u>	<u>277,690</u>	<u>212,113</u>	<u>489,803</u>		

See Accompanying Notes to Financial Statements

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2014

With Comparative Summarized Information for the Year Ended June 30, 2013

	2014	2013
Cash flows from operating activities:		
Decrease in net assets	\$ (411,855)	(71,263)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Donated investments	(4,798)	(1,301)
Proceeds from sale of donated investments	4,445	1,308
Net investment return	(6,402)	(677)
Depreciation and amortization	2,919	3,788
Forgiveness of note payable	(100,000)	-
Changes in assets and liabilities:		
Unconditional promises to give	119,833	60,167
Prepaid expenses	(72,119)	(1,552)
Other assets	(2,071)	(2,296)
Accounts payable and accrued expenses	1,076	(1,241)
Net cash used in operating activities	(468,972)	(13,067)
Cash flows from investing activities:		
Purchase of property and equipment	(9,332)	(2,864)
Donated investments, net	(3,401)	(616)
Net cash used in investing activities	(12,733)	(3,480)
Cash flows from financing activities:		
Issuance of note payable	50,000	-
Net cash provided by financing activities	50,000	-
Net decrease in cash	(431,705)	(16,547)
Cash, beginning of year	868,351	884,898
Cash, end of year	\$ 436,646	868,351

See Accompanying Notes to Financial Statements

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS

June 30, 2014

With Comparative Summarized Information for June 30, 2013

1. Organization

Floresta U.S.A. Incorporated, dba Plant with Purpose (the Organization) is a non-profit California Corporation, which incorporated on July 1, 1984, and was organized to raise funds for and provide intentionally holistic solutions to meet the economic, environmental, and spiritual needs of poor farmers in developing countries. Working in areas where poverty is caused by deforestation, the Organization restores the environment and empowers the poor. Current work includes projects in the Dominican Republic, Haiti, Mexico, Tanzania, Burundi, and Thailand.

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and similar California state law, and contributions to it are deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code.

2. Summary of Significant Accounting Policies

The financial statements of the Organization have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The significant accounting policies followed are discussed below.

Contributions

U.S. generally accepted accounting principles require that the Organization report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted contributions are recognized as an increase in unrestricted net assets when received. Contributions restricted by donors may be reported as increases in temporarily or permanently restricted net assets, depending on the nature of the donor-imposed restriction. When restrictions are satisfied, either by the passage of time or by accomplishing the purpose, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the activity statement as net assets released from restrictions.

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2014

With Comparative Summarized Information for June 30, 2013

2. Summary of Significant Accounting Policies, Continued

Unconditional Promises to Give

Unconditional promises to give, including contributions and foundation grants that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Unconditional promises to give are reviewed for collectability and reserves for uncollectible amounts are recorded based on established policies.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all financial instruments with original maturities of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed principally by the straight-line method based on the estimated useful lives of related assets, generally between three and seven years.

Investments

The Organization accounts for investments pursuant to U.S. generally accepted accounting principles under which investments with readily determinable fair values are reported at their fair values in the statement of financial position. Donated investments are recorded at their fair value on the date of receipt. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statement of activities as a change in net assets.

Fair Value Measurements

U.S. generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using best information available when there is little or no market

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2014

With Comparative Summarized Information for June 30, 2013

2. Summary of Significant Accounting Policies, Continued

Fair Value Measurements, Continued

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization is required to measure certain financial instruments at fair value in accordance with U.S. generally accepted accounting principles. The technique used to measure the fair value of the unconditional promises to give is described in Note 3. The technique used to measure the fair value of investments is described in Note 5.

Donated Services

A number of unpaid volunteers have made contributions of their time to perform services on behalf of the Organization. Also, certain individuals have provided equipment for the Organization's use at no charge. The value of this contributed time and use of equipment is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

Income Taxes

The Organization is exempt from federal and state income tax liability, and therefore, no provision is made for current or deferred taxes. The Organization uses the same accounting methods for tax and financial reporting.

U.S. generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. If it is probable that an uncertain tax position will result in a material liability and the amount of the liability can be estimated, then the estimated liability is accrued. If the Company were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2014

With Comparative Summarized Information for June 30, 2013

2. Summary of Significant Accounting Policies, Continued

Reclassifications

The 2013 financial statements have been reclassified, where appropriate, to conform to classifications used in the 2014 financial statements.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to be in conformity with U.S. generally accepted accounting principles. Such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Estimates and Assumptions

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results may differ from these estimates. Significant estimates used in preparing these financial statements include the fair value of unconditional promises to give, the fair value of investments, accrued expenses, and the allocation of functional expenses. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. It is reasonably possible that changes may occur in the near term that would affect such estimates.

Subsequent Events

Management has evaluated subsequent events through April 20, 2015, the date on which the financial statements were available to be issued. There have been no material subsequent events which would require recognition in the financial statements or disclosure in the notes to the financial statements.

3. Unconditional Promises to Give

An unconditional promise to give is a promise to give that depends only on the passage of time or demand by the promisee for performance. The fair value of conditional promises to give is measured on a nonrecurring basis using an income approach with estimates of future cash flows and based on previous experience (Level 3 inputs).

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2014

With Comparative Summarized Information for June 30, 2013

3. Unconditional Promises to Give, Continued

Unconditional promises to give were as follows at June 30:

Unconditional Promises to Give	2014	2013
Less than one year	\$ -	119,833
One to five years	-	-
Total unconditional promises to give	\$ -	119,833

Management believes that all unconditional promises to give are fully collectible; therefore, no allowance for doubtful accounts was recorded as of June 30, 2013.

4. Property and Equipment

A summary of property and equipment at June 30, 2014 and 2013, is as follows:

	2014	2013
Furniture and equipment	\$ 93,297	83,965
Less accumulated depreciation	(79,795)	(76,876)
	\$ 13,502	7,089

5. Investments, at Fair Value

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2014 and 2013.

Money Market Funds: Valued on a per unit market value basis as determined by quoted prices in active markets, which reflects the fair value.

Common Stock and Preferred Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2014

With Comparative Summarized Information for June 30, 2013

5. Investments, at Fair Value, Continued

Mutual Funds: Valued at the quoted market prices, which represent the net asset value of shares held at year end.

Investment in Los Arbolitos: A for-profit Dominican Republic corporation, operating as a tree nursery with significant land holdings, jointly owned by the Organization, Floresta D.R., Inc., and private investors. The Organization holds a minority interest in Los Arbolitos that is valued at cost, which approximates fair value.

Other: Value based on quoted market price of the underlying assets in active or non-active markets, which reflects the fair value of the investment.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2014 and 2013:

Assets at Fair Value as of June 30, 2014

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 44,874	-	-	44,874
Bonds	10,409	-	-	10,409
Common stock – services	5,092	-	-	5,092
Other	1,010	2,935	-	3,945
Money market funds	3,361	-	-	3,361
Investment in Los Arbolitos	-	-	28,307	28,307
Total investments at fair value	\$ 64,746	2,935	28,307	95,988

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2014

With Comparative Summarized Information for June 30, 2013

5. Investments, at Fair Value, Continued

Assets at Fair Value as of June 30, 2013

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 27,737	-	-	27,737
Money market funds	18,733	-	-	18,733
Bonds	5,878	-	-	5,878
Other	461	3,151	-	3,612
Common stock – technology	1,565	-	-	1,565
Investment in Los Arbolitos	-	-	28,307	28,307
	<u>54,374</u>	<u>3,151</u>	<u>28,307</u>	<u>85,832</u>
Total investments at fair value	\$ <u>54,374</u>	<u>3,151</u>	<u>28,307</u>	<u>85,832</u>

6. Notes Payable

During the year ended June 30, 2014, the Organization issued a note payable to an unrelated party with an original principal amount of \$50,000. The note payable carries an interest rate of 0.35%, due in interest only annual installments, and matures on April 30, 2017.

At June 30, 2013, the Organization had a note payable to an unrelated party with an original principal amount of \$100,000 maturing on November 23, 2013. The note payable carried an interest rate of 0.35%, due in interest only annual installments. During the year ended June 30, 2014, the entire principal balance of the note payable and unpaid interest of \$700 was forgiven by the holder and was recorded as a contribution during the year ended June 30, 2014.

7. Lease Commitment

The Organization leased its main office space and additional office space under operating lease agreements that required aggregate monthly rental payments of \$4,059 and expired on February 28, 2014. Upon expiration, the Organization signed a new lease agreement for its main office space extending through July 31, 2019. This new lease requires monthly rental payments of \$5,649 through February 28, 2015, with annual increases thereafter. Rent expense, excluding other costs of occupancy, under these leases was \$38,234 and \$45,692 for the years ended June 30, 2014 and 2013, respectively.

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2014

With Comparative Summarized Information for June 30, 2013

7. Lease Commitment, Continued

Approximate future minimum rental payments under the agreement are as follows:

2015	\$	62,600
2016		64,500
2017		72,600
2018		74,800
2019		77,100
Thereafter		<u>6,500</u>
Total	\$	<u>358,100</u>

8. Retirement Plans

Effective January 1, 2009, the Organization adopted a 403(b) plan covering all employees who have completed six consecutive months of employment. The Organization matches the employee's contribution up to 8%. During the year ended June 30, 2013, the Organization suspended contributions to the 403(b) plan and adopted a new 401(k) plan. Organization contributions to the 403(b) plan were \$13,414 for the year ended June 30, 2013. During the year ended June 30, 2014, the Organization terminated the 403(b) plan.

Effective September 12, 2012, the Organization adopted a 401(k) plan covering all employees who have completed six consecutive months of employment. The Organization matches the employee's contribution up to 8%. Organization contributions to the 401(k) Plan were \$39,234 and \$33,891 for the years ended June 30, 2014 and 2013, respectively.

9. Concentration of Risk

Donor Concentration

The Organization's revenue activity is derived from individual, corporate and foundation contributions. During the fiscal years ended June 30, 2014 and 2013, contributions received by the Organization from the ten largest donors represented 44% and 52% of total contributions, respectively, representing a concentration of risk.

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2014

With Comparative Summarized Information for June 30, 2013

9. Concentration of Risk, Continued

Credit Risk

At June 30, 2014, the Organization had approximately \$437,000 of cash deposits within financial institutions, a portion of which may be in excess of the federally insured limit. The Organization has not experienced any such losses and management believes it is not exposed to any significant credit risk on these cash deposits.

10. Temporarily Restricted Net Assets

Restricted Net Assets

Temporarily restricted net assets are donor-restricted for use as follows at June 30:

	2014	2013
Expansion campaign	\$ 62,403	100,000
Burundi	41,511	95,000
Mexico	29,902	266,831
Dominican Republic	17,544	10,944
Haiti	7,279	16,159
Unappropriated endowment earnings	6,039	952
Reforestation	-	43,075
Other countries	-	400
	\$ 164,678	533,361

Net Assets Released From Restrictions

Net assets were released from donor restrictions during the years ended June 30, 2014 and 2013, by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2014

With Comparative Summarized Information for June 30, 2013

10. Temporarily Restricted Net Assets, Continued

	2014	2013
Haiti	\$ 440,820	381,804
Dominican Republic	415,997	394,202
Mexico	363,341	317,835
Burundi	341,582	127,955
Tanzania	321,722	347,239
Thailand	135,280	119,298
Reforestation	43,075	-
Expansion campaign	42,597	-
Other countries	400	-
Staff fund	-	42,730
	\$ 2,104,814	1,731,063

11. Permanently Restricted Net Assets

In accordance with California state law (UPMIFA), the Organization has classified as permanently restricted the fair value of donations restricted by donors to be held as endowment in perpetuity. The Organization has interpreted the state law as requiring preservation of the fair value of the original endowment gift, as of the gift date, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted the original value of gifts made to the permanent endowment.

Any unappropriated earnings of the permanently restricted endowment fund are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization. Under the terms of the gifts, funds received are to be held in perpetuity and income earned from the donated funds is to be appropriated for expenditure in accordance with the Organization's Endowment Spending Policy.

From time to time, the fair value of endowment assets may, due to unfavorable market fluctuations, fall below the level that donors require to be retained as a fund of perpetual duration. In accordance with U.S. generally accepted accounting principles, declines of this nature reported in unrestricted net assets were \$1,542 at June 30, 2013. As values recover, the increases are reported as unrestricted gains. At June 30, 2014, the Organization had no such declines in values.

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2014

With Comparative Summarized Information for June 30, 2013

11. Permanently Restricted Net Assets, Continued

The Organization has adopted investment and spending policies for endowment assets to provide a predictable stream of revenues for operating activities and to preserve the purchasing power of the endowment assets. Under these policies, endowment assets are invested to produce a steady and secure rate of return that is expected to meet or exceed the rate of inflation as measured by the Consumer Price Index. Actual results during any period may vary from these expectations. The Organization relies on a total return strategy which allows the earnings objective to be achieved through both capital appreciation and current yield. The Organization's spending policy was established considering the long-term expected return on assets and the long-term growth of the assets.

Permanently restricted endowments consist of the following assets as of December 31:

	2014	2013
Mutual funds and other	\$ 59,228	37,227
Money market funds	3,361	18,733
	\$ 62,589	55,960

Changes in endowment net assets for the years ended June 30, 2014 and 2013 are as follows:

June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (1,542)	952	56,550	55,960
Contributions	-	-	-	-
Investment income	1,542	5,087	-	6,629
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	\$ -	6,039	56,550	62,589

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2014

With Comparative Summarized Information for June 30, 2013

11. Permanently Restricted Net Assets, Continued

June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ (1,115)	-	56,550	55,435
Contributions	-	-	-	-
Investment income	(427)	952	-	525
Appropriation of endowment assets for expenditure	-	-	-	-
 Endowment net assets, end of year	 \$ <u>(1,542)</u>	 <u>952</u>	 <u>56,550</u>	 <u>55,960</u>

All endowments at June 30, 2014 and 2013, are donor restricted endowment funds.

12. Supplemental Cash Flow Information

During the years ended June 30, 2014 and 2013, the Organization paid no interest and no income taxes.

During the years ended June 30, 2014 and 2013, the Organization received donated securities with a total fair value of \$9,824 and \$1,917, respectively, on the date of donation.