

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

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

June 30, 2015

With Comparative Summarized Information for June 30, 2014

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
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With Comparative Summarized Information for June 30, 2014

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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 statement of financial position as of June 30, 2015, 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, 2015, 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 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 20, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent in all material respects with the audited financial statements from which it has been derived.

RBTK, LLP

December 11, 2015

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

June 30, 2015

With Comparative Summarized Information at June 30, 2014

ASSETS

	2015	2014
Cash and cash equivalents:		
Unreserved cash and cash equivalents	\$ 37,180	76,789
Operating reserves	893,941	359,857
Total cash and cash equivalents	931,121	436,646
Unconditional promises to give (Note 3)	250,000	-
Prepaid expenses	194,987	88,204
Other assets	10,998	10,269
Property and equipment, net (Note 4)	18,067	13,502
Investments - other, at fair value (Note 5)	59,306	33,399
Endowment investments, at fair value (Note 5)	64,964	62,589
Total assets	\$ 1,529,443	644,609

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 51,052	56,429
Note payable (Note 6)	-	50,000
Total liabilities	51,052	106,429
Net assets:		
Unrestricted	(138,885)	316,952
Temporarily restricted	1,560,726	164,678
Permanently restricted	56,550	56,550
Total net assets	1,478,391	538,180
Total liabilities and net assets	\$ 1,529,443	644,609

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, 2015

With Comparative Summarized Information for the Year Ended June 30, 2014

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Changes in net assets:					
Support and revenue:					
Contributions and grants	\$ 1,092,730	3,208,979	-	4,301,709	2,754,483
Special events:					
Revenues	386,701	-	-	386,701	333,730
Expenses	(80,191)	-	-	(80,191)	(65,928)
Net special event revenue	306,510	-	-	306,510	267,802
Interest and dividend income	5,456	1,633	-	7,089	2,788
Net realized and unrealized gain on investments	(3,422)	742	-	(2,680)	5,331
Net assets released from restrictions	1,815,306	(1,815,306)	-	-	-
Total support and revenue	3,216,580	1,396,048	-	4,612,628	3,030,404
Expenditures:					
Program activities:					
Floresta Haiti	612,741	-	-	612,741	610,297
Floresta Dominican Republic	506,490	-	-	506,490	487,196
Floresta Tanzania	435,539	-	-	435,539	436,630
Floresta Mexico	415,565	-	-	415,565	417,523
Floresta Burundi	343,035	-	-	343,035	407,150
Floresta Thailand	199,057	-	-	199,057	215,933
Floresta Congo	122,908	-	-	122,908	-
Other countries	2,509	-	-	2,509	17,271
Constituency education	352,118	-	-	352,118	269,712
Total program activities	2,989,962	-	-	2,989,962	2,861,712
Supporting activities:					
Fundraising	391,339	-	-	391,339	388,607
General and administrative	163,314	-	-	163,314	151,351
Expansion campaign	127,802	-	-	127,802	40,589
Total supporting activities	682,455	-	-	682,455	580,547
Total expenditures	3,672,417	-	-	3,672,417	3,442,259
Change in net assets	(455,837)	1,396,048	-	940,211	(411,855)
Net assets, beginning of year	316,952	164,678	56,550	538,180	950,035
Net assets, end of year	\$ (138,885)	1,560,726	56,550	1,478,391	538,180

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, 2015

With Comparative Summarized Totals for the Year Ended June 30, 2014

	Program Activities									Total Program Activities	Supporting Activities				Total Year Ended June 30, 2015	Total Year Ended June 30, 2014
	Haiti Expense	Dominican Expense	Tanzania Expense	Mexico Expense	Burundi Expense	Thailand Expense	Congo Expense	Other Countries	Constituency Education		Fund Raising	General and Administrative	Expansion Campaign	Total Supporting Activities		
Allocations to international programs	\$ 526,291	432,692	364,569	340,887	264,059	142,000	64,365	1,077	-	2,135,940	-	-	-	-	2,135,940	2,052,338
Salary, wages, taxes and benefits	69,749	58,795	54,081	60,013	61,514	45,930	56,212	1,263	201,117	608,674	276,849	113,263	6,714	396,826	1,005,500	990,244
Development, public relations and events	-	-	-	-	-	-	-	-	17,566	17,566	8,442	-	88,560	97,002	114,568	62,803
Mission and vision trips	-	-	-	-	-	-	-	-	60,102	60,102	-	-	-	-	60,102	33,222
Office and postage	2,448	1,822	1,861	1,860	1,943	1,437	732	41	10,832	22,976	12,429	9,179	-	21,608	44,584	34,193
Rent	4,760	4,603	4,186	4,710	4,855	3,519	1,088	116	16,030	43,867	21,446	9,831	-	31,277	75,144	42,536
Professional / consultant fees	25	24	22	25	25	18	6	1	2,084	2,230	30,113	22,998	14,889	68,000	70,230	66,810
Printing and publications	156	150	137	154	159	115	36	4	25,141	26,052	2,342	321	-	2,663	28,715	33,783
Travel	4,713	4,362	5,819	4,483	5,035	1,339	-	-	10,524	36,275	9,421	1,263	-	10,684	46,959	61,449
Financial fees, taxes and state registration	383	341	335	316	394	260	229	5	983	3,246	24,175	1,508	12,267	37,950	41,196	23,236
Merchandise for resale	-	-	-	-	-	-	-	-	3,174	3,174	3,419	-	-	3,419	6,593	13,224
Staff development, conferences and meetings	4,216	3,701	4,529	3,117	5,051	4,439	240	2	4,565	29,860	2,703	4,951	5,372	13,026	42,886	28,421
Total year ended June 30, 2015	\$ 612,741	506,490	435,539	415,565	343,035	199,057	122,908	2,509	352,118	2,989,962	391,339	163,314	127,802	682,455	3,672,417	3,442,259
Total year ended June 30, 2014	\$ 610,297	487,196	436,630	417,523	407,150	215,933	-	17,271	269,712	2,861,712	388,607	151,351	40,589	580,547		

See Accompanying Notes to Financial Statements

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015
With Comparative Summarized Information for the Year Ended June 30, 2014

	2015	2014
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 940,211	(411,855)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Donated investments	(542,190)	(4,798)
Proceeds from sale of donated investments	531,230	4,445
Net investment return	8,301	(6,402)
Depreciation and amortization	5,140	2,919
Forgiveness of note payable	(50,000)	(100,000)
Changes in assets and liabilities:		
Unconditional promises to give	(250,000)	119,833
Prepaid expenses	(106,783)	(72,119)
Other assets	(729)	(2,071)
Accounts payable and accrued expenses	(5,377)	1,076
Net cash provided by (used in) operating activities	529,803	(468,972)
Cash flows from investing activities:		
Purchase of property and equipment	(9,705)	(9,332)
Donated investments, net	(25,623)	(3,401)
Net cash used in investing activities	(35,328)	(12,733)
Cash flows from financing activities:		
Issuance of note payable	-	50,000
Net cash provided by financing activities	-	50,000
Net increase (decrease) in cash	494,475	(431,705)
Cash, beginning of year	436,646	868,351
Cash, end of year	\$ 931,121	436,646

See Accompanying Notes to Financial Statements

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

June 30, 2015

With Comparative Summarized Information for June 30, 2014

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, Thailand, and Congo.

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, 2015

With Comparative Summarized Information for June 30, 2014

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. Net investment return 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, 2015

With Comparative Summarized Information for June 30, 2014

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, 2015

With Comparative Summarized Information for June 30, 2014

2. Summary of Significant Accounting Policies, Continued

Reclassifications

The 2014 financial statements have been reclassified, where appropriate, to conform to classifications used in the 2015 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, 2014, 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, depreciable lives of property and equipment, 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 December 11, 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.

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

June 30, 2015

With Comparative Summarized Information for June 30, 2014

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. Unconditional promises to give in one year or more are measured using the present value of future cash flows using risk-adjusted discount rates, established in the year the gift was received. The fair value of unconditional 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).

Unconditional promises to give were as follows at June 30:

<u>Unconditional Promises to Give</u>	<u>2015</u>	<u>2014</u>
Less than one year	\$ 125,000	-
One to five years	<u>125,000</u>	<u>-</u>
Total unconditional promises to give	<u>\$ 250,000</u>	<u>-</u>

Management believes that all unconditional promises to give are fully collectible; therefore, no allowance for doubtful accounts was recorded as of June 30, 2015.

4. Property and Equipment

A summary of property and equipment at June 30, 2015 and 2014, is as follows:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 103,002	93,297
Less accumulated depreciation	<u>(84,935)</u>	<u>(79,795)</u>
	<u>\$ 18,067</u>	<u>13,502</u>

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

June 30, 2015

With Comparative Summarized Information for June 30, 2014

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, 2015 and 2014.

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: Valued at the closing price reported on the active market on which the individual securities are traded.

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.

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

June 30, 2015

With Comparative Summarized Information for June 30, 2014

5. Investments, at Fair Value, Continued

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2015 and 2014:

Assets at Fair Value as of June 30, 2015

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 77,995	-	-	77,995
Bonds	11,830	-	-	11,830
Other	1,268	3,180	-	4,448
Money market funds	1,690	-	-	1,690
Investment in Los Arbolitos	-	-	28,307	28,307
	<u>92,783</u>	<u>3,180</u>	<u>28,307</u>	<u>124,270</u>
Total investments at fair value	\$ <u>92,783</u>	<u>3,180</u>	<u>28,307</u>	<u>124,270</u>

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
	<u>64,746</u>	<u>2,935</u>	<u>28,307</u>	<u>95,988</u>
Total investments at fair value	\$ <u>64,746</u>	<u>2,935</u>	<u>28,307</u>	<u>95,988</u>

Net investment return is as follows for the year ended June 30:

	2015	2014
Dividend and interest income	\$ 7,089	1,232
Realized and unrealized gains	8,466	5,331
Investment fees	<u>(7,254)</u>	<u>(161)</u>
	<u>\$ 8,301</u>	<u>6,402</u>

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

June 30, 2015

With Comparative Summarized Information for June 30, 2014

6. Note 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 carried an interest rate of 0.35%, due in interest only annual installments, and matures on April 30, 2017. During the year ended June 30, 2015, the entire principal balance of the note payable and unpaid interest was forgiven by the holder and was recorded as a contribution during the year ended June 30, 2015.

7. Commitments

Leases

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 \$68,468 and \$38,234 for the years ended June 30, 2015 and 2014, respectively.

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

2016	\$	58,700
2017		72,600
2018		74,800
2019		77,100
2020		<u>6,500</u>
Total	\$	<u>289,700</u>

Future Program Grant Commitments

The Organization makes commitments to certain charitable organizations for future program grants, which are contingent future installments of a current grant. The grants are contingent upon the continued fulfillment of the original conditions in the grant request. Subsequent to June 30, 2015, the Organization made such commitments for future program grants totaling approximately \$1,929,000.

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

June 30, 2015

With Comparative Summarized Information for June 30, 2014

8. Retirement 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 \$34,236 and \$39,234 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014, contributions received by the Organization from the ten largest donors represented 49% and 44% of total revenues, respectively, representing a concentration of risk.

Credit Risk

At June 30, 2015, the Organization had approximately \$931,000 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.

Investment Risk

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization's account balances and the amounts reported in the statement of financial position.

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

June 30, 2015

With Comparative Summarized Information for June 30, 2014

10. Temporarily Restricted Net Assets

Restricted Net Assets

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

	<u>2015</u>	<u>2014</u>
Expansion Campaign	\$ 1,290,741	62,403
Mexico	151,232	29,902
Tanzania	100,000	-
Other countries	10,000	-
Unappropriated endowment earnings	8,414	6,039
Dominican Republic	339	17,544
Burundi	-	41,511
Haiti	-	7,279
	<u>\$ 1,560,726</u>	<u>164,678</u>

Net Assets Released From Restrictions

Net assets were released from donor restrictions during the years ended June 30, 2015 and 2014, by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2015</u>	<u>2014</u>
Haiti	\$ 346,774	440,820
Dominican Republic	336,288	415,997
Mexico	314,056	363,341
Tanzania	263,956	321,722
Burundi	224,571	341,582
Expansion campaign	213,314	42,597
Thailand	91,347	135,280
Congo	25,000	-
Reforestation	-	43,075
Other countries	-	400
	<u>\$ 1,815,306</u>	<u>2,104,814</u>

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

June 30, 2015

With Comparative Summarized Information for June 30, 2014

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 are reported as losses in unrestricted net assets. As values recover, the increases are reported as unrestricted gains. At June 30, 2015 and 2014, the Organization had no such declines in values.

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.

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

June 30, 2015

With Comparative Summarized Information for June 30, 2014

11. Permanently Restricted Net Assets, Continued

Endowments consist of the following assets as of June 30:

	2015	2014
Mutual funds and other	\$ 63,274	59,228
Money market funds	1,690	3,361
	\$ 64,964	62,589

Changes in endowment net assets for the years ended June 30, 2015 and 2014 are as follows:

June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	6,039	56,550	62,589
Contributions	-	-	-	-
Investment income	-	2,375	-	2,375
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	\$ -	8,414	56,550	64,964

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

June 30, 2015

With Comparative Summarized Information for June 30, 2014

11. Permanently Restricted Net Assets, Continued

June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Endowment net assets, end of year	 \$ <u>-</u>	 <u>6,039</u>	 <u>56,550</u>	 <u>62,589</u>

All endowments at June 30, 2015 and 2014, are donor restricted endowment funds.

12. Supplemental Cash Flow Information

During the years ended June 30, 2015 and 2014, the Organization paid no interest and no income taxes.

During the years ended June 30, 2015 and 2014, the Organization received donated securities with a total fair value of \$572,671 and \$9,824, respectively, on the date of donation.