

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

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

June 30, 2016

With Comparative Summarized Information for June 30, 2015

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
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With Comparative Summarized Information for June 30, 2015

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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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 11, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent in all material respects with the audited financial statements from which it has been derived.

RBTK, LLP

May 1, 2017

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

June 30, 2016

With Comparative Summarized Information at June 30, 2015

ASSETS

	2016	2015
Cash and cash equivalents:		
Unreserved cash and cash equivalents	\$ 50,713	37,180
Operating reserves	590,547	893,941
Total cash and cash equivalents	641,260	931,121
Unconditional promises to give (Note 3)	125,000	250,000
Prepaid expenses	97,048	194,987
Other assets	7,344	10,998
Property and equipment, net (Note 4)	22,871	18,067
Investments - other, at fair value (Note 5)	28,307	59,306
Endowment investments, at fair value (Note 5)	63,149	64,964
Total assets	\$ 984,979	1,529,443

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 67,375	51,052
Total liabilities	67,375	51,052
Net assets:		
Unrestricted	(313,492)	(138,885)
Temporarily restricted	1,174,546	1,560,726
Permanently restricted	56,550	56,550
Total net assets	917,604	1,478,391
Total liabilities and net assets	\$ 984,979	1,529,443

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, 2016

With Comparative Summarized Information for the Year Ended June 30, 2015

	2016			Total	2015
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
Changes in net assets:					
Support and revenue:					
Contributions and grants	\$ 1,139,423	2,133,715	-	3,273,138	4,301,709
Special events:					
Revenues	336,713	-	-	336,713	386,701
Expenses	(85,073)	-	-	(85,073)	(80,191)
Net special event revenue	251,640	-	-	251,640	306,510
Interest and dividend income	2,011	1,488	-	3,499	7,089
Net realized and unrealized gain on investments	1,034	(3,303)	-	(2,269)	(2,680)
Unrelated business income	75	-	-	75	-
Net assets released from restrictions	2,518,080	(2,518,080)	-	-	-
Total support and revenue	3,912,263	(386,180)	-	3,526,083	4,612,628
Expenditures:					
Program activities:					
Floresta Haiti	612,296	-	-	612,296	612,741
Floresta Dominican Republic	543,490	-	-	543,490	506,490
Floresta Tanzania	465,992	-	-	465,992	435,539
Floresta Mexico	430,295	-	-	430,295	415,565
Floresta Burundi	364,131	-	-	364,131	343,035
Floresta Congo	200,542	-	-	200,542	122,908
Floresta Thailand	195,309	-	-	195,309	199,057
Other countries	740	-	-	740	2,509
Constituency education	564,544	-	-	564,544	352,118
Total program activities	3,377,339	-	-	3,377,339	2,989,962
Supporting activities:					
Expansion campaign	318,200	-	-	318,200	127,802
Fundraising	223,541	-	-	223,541	391,339
General and administrative	167,790	-	-	167,790	163,314
Total supporting activities	709,531	-	-	709,531	682,455
Total expenditures	4,086,870	-	-	4,086,870	3,672,417
Change in net assets	(174,607)	(386,180)	-	(560,787)	940,211
Net assets, beginning of year	(138,885)	1,560,726	56,550	1,478,391	538,180
Net assets, end of year	\$ (313,492)	1,174,546	56,550	917,604	1,478,391

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, 2016

With Comparative Summarized Totals for the Year Ended June 30, 2015

	Program Activities									Supporting Activities				Total Year Ended June 30, 2016	Total Year Ended June 30, 2015	
	Haiti Expense	Dominican Expense	Tanzania Expense	Mexico Expense	Burundi Expense	Congo Expense	Thailand Expense	Other Countries	Constituency Education	Total Program Activities	Expansion Campaign	Fund Raising	General and Administrative			Total Supporting Activities
Allocations to international programs	\$ 539,680	454,066	392,680	362,193	290,807	109,598	144,667	740	-	2,294,431	-	-	-	-	2,294,431	2,135,940
Salary, wages, taxes and benefits	56,086	71,075	52,484	54,401	61,168	77,875	43,774	-	404,433	821,296	286,953	131,295	115,624	533,872	1,355,168	1,005,500
Development, public relations and events	36	-	-	-	-	-	-	-	6,995	7,031	(18,157)	8,784	-	(9,373)	(2,342)	114,568
Mission and vision trips	-	-	-	-	-	-	-	-	26,238	26,238	-	-	-	-	26,238	60,102
Office and postage	940	1,099	942	848	1,007	1,179	619	-	9,689	16,323	-	8,761	8,724	17,485	33,808	44,584
Rent / occupancy	2,488	3,092	2,346	2,204	2,737	3,591	1,813	-	21,647	39,918	12,837	8,124	6,658	27,619	67,537	75,144
Professional / consultant fees	-	-	-	-	-	-	-	-	53,765	53,765	31,068	20,000	26,500	77,568	131,333	70,230
Printing and publications	161	141	94	141	86	134	39	-	21,706	22,502	-	3,844	234	4,078	26,580	28,715
Travel	1,578	6,996	6,477	3,124	542	5,629	1,575	-	11,037	36,958	-	6,011	796	6,807	43,765	46,959
Financial fees, taxes and state registration	172	242	171	212	208	187	195	-	-	1,387	1,375	28,261	458	30,094	31,481	41,196
Merchandise for resale	-	-	-	-	-	-	-	-	-	-	-	5,644	-	5,644	5,644	6,593
Learning and development, global	11,155	6,779	10,798	7,172	7,575	2,349	2,627	-	9,034	57,489	4,124	2,817	8,796	15,737	73,226	42,886
Total year ended June 30, 2016	\$ 612,296	543,490	465,992	430,295	364,131	200,542	195,309	740	564,544	3,377,339	318,200	223,541	167,790	709,531	4,086,870	3,672,417
Total year ended June 30, 2015	\$ 612,741	506,490	435,539	415,565	343,035	122,908	199,057	2,509	352,118	2,989,962	127,802	391,339	163,314	682,455		

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, 2016
With Comparative Summarized Information for the Year Ended June 30, 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ (560,787)	940,211
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Donated investments	(139,721)	(542,190)
Proceeds from sale of donated investments	138,052	531,230
Net investment return	2,953	8,301
Depreciation and amortization	6,736	5,140
Forgiveness of note payable	-	(50,000)
Changes in assets and liabilities:		
Unconditional promises to give	125,000	(250,000)
Prepaid expenses	97,939	(106,783)
Other assets	3,654	(729)
Accounts payable and accrued expenses	16,323	(5,377)
Net cash (used in) provided by operating activities	(309,851)	529,803
Cash flows from investing activities:		
Purchase of property and equipment	(11,540)	(9,705)
Donated investments, net	31,530	(25,623)
Net cash provided by (used in) investing activities	19,990	(35,328)
Net (decrease) increase in cash	(289,861)	494,475
Cash, beginning of year	931,121	436,646
Cash, end of year	\$ 641,260	931,121

See Accompanying Notes to Financial Statements

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

June 30, 2016

With Comparative Summarized Information for June 30, 2015

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 counties. 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, Congo, and Ethiopia.

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, 2016

With Comparative Summarized Information for June 30, 2015

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.

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

June 30, 2016

With Comparative Summarized Information for June 30, 2015

2. Summary of Significant Accounting Policies, Continued

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

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.

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

June 30, 2016

With Comparative Summarized Information for June 30, 2015

2. Summary of Significant Accounting Policies, Continued

Income Taxes, Continued

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.

Reclassifications

The 2015 financial statements have been reclassified, where appropriate, to conform to classifications used in the 2016 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, 2015, 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.

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

June 30, 2016

With Comparative Summarized Information for June 30, 2015

2. Summary of Significant Accounting Policies, Continued

Subsequent Events

Management has evaluated subsequent events through May 1, 2017, 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. 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 at June 30, 2016 and 2015, were as follows:

<u>Unconditional Promises to Give</u>	<u>2016</u>	<u>2015</u>
Less than one year	\$ 125,000	125,000
One to five years	<u>-</u>	<u>125,000</u>
Total unconditional promises to give	\$ <u>125,000</u>	<u>250,000</u>

Management believes that all unconditional promises to give are fully collectible; therefore, no allowance for doubtful accounts was recorded as of June 30, 2016.

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

June 30, 2016

With Comparative Summarized Information for June 30, 2015

4. Property and Equipment

A summary of property and equipment at June 30, 2016 and 2015, is as follows:

	2016	2015
Furniture and equipment	\$ 114,542	103,002
Less accumulated depreciation	(91,671)	(84,935)
	\$ 22,871	18,067

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, 2016 and 2015.

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

Bonds, U.S. Equities, International Equities, and Emerging Markets: 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.

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

June 30, 2016

With Comparative Summarized Information for June 30, 2015

5. Investments, at Fair Value, Continued

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, 2016 and 2015:

Assets at Fair Value as of June 30, 2016

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 44,406	-	-	44,406
Bonds	7,029	-	-	7,029
U.S. equities	6,892	-	-	6,892
International equities	4,002	-	-	4,002
Emerging markets	820	-	-	820
Investment in Los Arbolitos	-	-	28,307	28,307
Total investments at fair value	\$ 63,149	-	28,307	91,456

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
Total investments at fair value	\$ 92,783	3,180	28,307	124,270

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

June 30, 2016

With Comparative Summarized Information for June 30, 2015

5. Investments, at Fair Value, Continued

Net investment return for the year ended June 30, 2016 and 2015, is as follows:

	<u>2016</u>	<u>2015</u>
Dividend and interest income	\$ 3,499	7,089
Realized and unrealized gains	1,626	8,466
Investment fees	<u>(2,172)</u>	<u>(7,254)</u>
	\$ <u><u>2,953</u></u>	<u><u>8,301</u></u>

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 leases its main office space and additional office space under an operating lease agreement extending through July 31, 2019. This lease requires monthly rental payments of \$5,819 through February 28, 2016, with annual increases thereafter. Rent expense, excluding other costs of occupancy, under this lease was \$58,710 and \$68,468 for the years ended June 30, 2016 and 2015, respectively.

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

June 30, 2016

With Comparative Summarized Information for June 30, 2015

7. Commitments, Continued

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

2017	\$	72,600
2018		74,800
2019		77,100
2020		<u>6,500</u>
Total	\$	<u>231,000</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. As of June 30, 2016, such commitments for future program grants totaled approximately \$117,000. Subsequent to June 30, 2016, the Organization made additional such commitments for future program grants totaling approximately \$1,970,000.

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 \$50,203 and \$34,236 for the years ended June 30, 2016 and 2015, 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, 2016 and 2015, contributions received by the Organization from the ten largest donors represented 48% and 49% of total revenues, respectively, representing a concentration of risk.

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

June 30, 2016

With Comparative Summarized Information for June 30, 2015

9. Concentration of Risk, Continued

Credit Risk

At June 30, 2016, the Organization had approximately \$641,000 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.

10. Temporarily Restricted Net Assets

Restricted Net Assets

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

	<u>2016</u>	<u>2015</u>
Expansion Campaign	\$ 897,974	1,290,741
Mexico	80,300	151,232
Ethiopia	77,810	-
Dominican Republic	51,863	339
Tanzania	50,000	100,000
Other countries	10,000	10,000
Unappropriated endowment earnings	<u>6,599</u>	<u>8,414</u>
	<u>\$ 1,174,546</u>	<u>1,560,726</u>

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

June 30, 2016

With Comparative Summarized Information for June 30, 2015

10. Temporarily Restricted Net Assets, Continued

Net Assets Released from Restrictions

Net assets were released from donor restrictions during the years ended June 30, 2016 and 2015, by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2016	2015
Expansion campaign	\$ 1,029,698	213,314
Haiti	372,558	346,774
Mexico	242,680	314,056
Dominican Republic	306,773	336,288
Tanzania	200,366	263,956
Burundi	171,121	224,571
Congo	100,010	25,000
Thailand	94,134	91,347
Ethiopia	740	-
	\$ 2,518,080	1,815,306

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.

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

June 30, 2016

With Comparative Summarized Information for June 30, 2015

11. Permanently Restricted Net Assets, Continued

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, 2016 and 2015, 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.

Endowments consist of the following assets as of June 30:

	2016	2015
Equities, bonds, mutual funds and other	\$ 18,743	63,274
Money market funds	44,406	1,690
	\$ 63,149	64,964

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June 30, 2016

With Comparative Summarized Information for June 30, 2015

11. Permanently Restricted Net Assets, Continued

Changes in endowment net assets for the years ended June 30, 2016 and 2015 are as follows:

June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	8,414	56,550	64,964
Contributions	-	-	-	-
Investment loss	-	(1,815)	-	(1,815)
Appropriation of endowment assets for expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Endowment net assets, end of year	 \$ <u>-</u>	 <u>6,599</u>	 <u>56,550</u>	 <u>63,149</u>

June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Endowment net assets, end of year	 \$ <u>-</u>	 <u>8,414</u>	 <u>56,550</u>	 <u>64,964</u>

All endowments at June 30, 2016 and 2015, are donor restricted endowment funds.

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June 30, 2016

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12. Supplemental Cash Flow Information

During the years ended June 30, 2016 and 2015, the Organization paid no interest and no income taxes.

During the years ended June 30, 2016 and 2015, the Organization received donated securities with a total fair value of \$139,721 and \$572,671, respectively, on the date of donation.