



FLORESTA U.S.A.  
INCORPORATED DBA  
PLANT WITH PURPOSE

Financial Statements  
With Independent Auditors Report

June 30, 2021 and 2020

# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Floresta U.S.A. Incorporated, d.b.a. Plant With Purpose  
San Diego, California

We have audited the accompanying financial statements of Floresta U.S.A. Incorporated, d.b.a. Plant With Purpose, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 accounting principles generally accepted in the United States of America; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 risks 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 entity'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 entity'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.

Board of Directors  
Floresta U.S.A. Incorporated, d.b.a. Plant With Purpose  
San Diego, California

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Floresta U.S.A. Incorporated, d.b.a. Plant With Purpose as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

San Diego, California  
October 29, 2021

# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Statements of Financial Position

	June 30,	
	2021	2020
<b>ASSETS:</b>		
Unreserved cash and cash equivalents	\$ 558,554	\$ 345,181
Unconditional promises to give, net	1,962,700	2,270,884
Prepaid expenses and other assets	61,436	41,641
Operating reserves - cash	217,288	691,207
Operating reserves - investments	2,801,736	1,324,881
Property and equipment - net	36,271	31,093
Investment - other	28,307	28,307
Endowment investments, at fair value	83,274	66,353
	<u>\$ 5,749,566</u>	<u>\$ 4,799,547</u>
<b>Total Assets</b>	<b>\$ 5,749,566</b>	<b>\$ 4,799,547</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Accounts payable	\$ 58,134	\$ 13,058
Accrued expenses	142,251	103,708
Note payable	-	31,247
	<u>200,385</u>	<u>148,013</u>
<b>Net assets:</b>		
Without donor restrictions	3,114,618	2,294,099
With donor restrictions	2,434,563	2,357,435
	<u>5,549,181</u>	<u>4,651,534</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,749,566</b>	<b>\$ 4,799,547</b>

See notes to financial statements

# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Statements of Activities

	Year Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 2,791,200	\$ 4,032,945	\$ 6,824,145	\$ 2,024,970	\$ 2,117,123	\$ 4,142,093
Federal grant	-	31,247	31,247	-	281,823	281,823
	2,791,200	4,064,192	6,855,392	2,024,970	2,398,946	4,423,916
Special events:						
Gala income	332,249	285,036	617,285	258,144	146,683	404,827
Less: Costs of direct benefits to donor	(49,949)	-	(49,949)	(71,807)	-	(71,807)
Net revenues from special events	282,300	285,036	567,336	186,337	146,683	333,020
Other income	398	-	398	75,630	-	75,630
Investment income	25,702	-	25,702	23,192	-	23,192
Net assets released from:						
Purpose restrictions	3,669,400	(3,669,400)	-	2,569,162	(2,569,162)	-
Time restrictions	602,700	(602,700)	-	1,265,190	(1,265,190)	-
Total Support, Revenue, and Reclassifications	7,371,700	77,128	7,448,828	6,144,481	(1,288,723)	4,855,758

(continued)

See notes to financial statements

## FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

### Statements of Activities (continued)

	Year Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>EXPENSES:</b>						
Program activities:						
Haiti	587,111	-	587,111	625,258	-	625,258
Dominican Republic	574,482	-	574,482	611,968	-	611,968
Burundi	659,668	-	659,668	541,445	-	541,445
Tanzania	609,471	-	609,471	531,219	-	531,219
Mexico	654,769	-	654,769	474,672	-	474,672
Ethiopia	317,558	-	317,558	298,790	-	298,790
Congo	927,281	-	927,281	234,000	-	234,000
Thailand	228,348	-	228,348	213,349	-	213,349
Constituency education	520,928	-	520,928	687,759	-	687,759
Total program activities	5,079,616	-	5,079,616	4,218,460	-	4,218,460
Supporting activities:						
Fundraising	929,283	-	929,283	645,162	-	645,162
General and administration	542,282	-	542,282	467,013	-	467,013
Total supporting activities	1,471,565	-	1,471,565	1,112,175	-	1,112,175
Total expenses	6,551,181	-	6,551,181	5,330,635	-	5,330,635
Change in Net Assets	820,519	77,128	897,647	813,846	(1,288,723)	(474,877)
Net Assets, Beginning of Year	2,294,099	2,357,435	4,651,534	1,480,253	3,646,158	5,126,411
Net Assets, End of Year	\$ 3,114,618	\$ 2,434,563	\$ 5,549,181	\$ 2,294,099	\$ 2,357,435	\$ 4,651,534

See notes to financial statements

# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Statement of Functional Expenses

Year Ended June 30, 2021

	Overseas	Education	Total Program	General and Administration	Fundraising	Total Supporting	Total
International grants	\$ 3,795,901	\$ -	\$ 3,795,901	\$ -	\$ -	\$ -	\$ 3,795,901
Salary, wages, taxes & benefits	579,108	434,365	1,013,473	475,182	747,713	1,222,895	2,236,368
Services and professional fees	146,855	14,471	161,326	37,012	28,141	65,153	226,479
Rent and occupancy	31,154	23,846	55,000	25,217	42,142	67,359	122,359
Development and events	107	38,274	38,381	252	49,387	49,639	88,020
Finance fees, taxes, state registrations	1,310	27	1,337	1,128	45,237	46,365	47,702
Depreciation	3,894	2,914	6,808	3,256	5,140	8,396	15,204
Printing and publications	-	3,769	3,769	-	10,627	10,627	14,396
Travel	361	3,260	3,621	235	896	1,131	4,752
Total Expenses	<u>\$ 4,558,690</u>	<u>\$ 520,926</u>	<u>\$ 5,079,616</u>	<u>\$ 542,282</u>	<u>\$ 929,283</u>	<u>\$ 1,471,565</u>	<u>\$ 6,551,181</u>

See notes to financial statements



# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Statement of Functional Expenses

Year Ended June 30, 2020

	Overseas	Education	Total Program	General and Administration	Fundraising	Total Supporting	Total
International grants	\$ 2,881,198	\$ -	\$ 2,881,198	\$ -	\$ -	\$ -	\$ 2,881,198
Salary, wages, taxes & benefits	515,539	575,952	1,091,491	367,396	490,295	857,691	1,949,182
Services and professional fees	64,212	13,586	77,798	58,089	23,151	81,240	159,038
Rent and occupancy	31,172	19,744	50,916	27,188	25,979	53,167	104,083
Development and events	892	26,416	27,308	238	38,743	38,981	66,289
Finance fees, taxes, state registrations	1,106	103	1,209	1,750	26,923	28,673	29,882
Printing and publications	-	18,839	18,839	798	7,471	8,269	27,108
Travel	23,779	6,704	30,483	479	16,562	17,041	47,524
Office and postage	12,804	8,947	21,751	11,075	16,038	27,113	48,864
Vision trips	-	17,467	17,467	-	-	-	17,467
Total Expenses	<u>\$ 3,530,702</u>	<u>\$ 687,758</u>	<u>\$ 4,218,460</u>	<u>\$ 467,013</u>	<u>\$ 645,162</u>	<u>\$ 1,112,175</u>	<u>\$ 5,330,635</u>

See notes to financial statements

# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 897,647	\$ (474,877)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	17,110	19,143
Realized and unrealized gain on investments	(24,284)	(21,656)
Paycheck Protection Program loan forgiveness	(31,247)	(281,823)
Net change in:		
Unconditional promises to give, net	308,184	1,135,190
Prepaid expenses and other assets	18,748	14,655
Accounts payable	45,076	(10,975)
Net Cash Provided by Operating Activities	1,231,234	379,657
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(1,469,492)	(500,000)
Proceeds from sale of investments	-	625,828
Purchases of property and equipment	(22,288)	(24,287)
Net Cash (Used in) Provided by Investing Activities	(1,491,780)	101,541
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program loan	-	313,070
Net Cash Provided by Financing Activities	-	313,070
Change in Cash and Cash Equivalents	(260,546)	794,268
Cash and Cash Equivalents, Beginning of Year	1,036,388	242,120
Cash and Cash Equivalents, End of Year	\$ 775,842	\$ 1,036,388
<b>SUMMARY OF CASH AND CASH EQUIVALENTS</b>		
Unreserved cash and cash equivalents	\$ 558,554	\$ 345,181
Operating reserves - cash	217,288	691,207
	\$ 775,842	\$ 1,036,388
<b>NON-CASH TRANSACTIONS AND SUPPLEMENTAL DISCLOSURE:</b>		
Paycheck Protection Program loan forgiveness	\$ 31,247	\$ 281,823

See notes to financial statements

# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Notes to Financial Statements

June 30, 2021 and 2020

### 1. NATURE OF ORGANIZATION:

Floresta U.S.A. Incorporated, d.b.a. Plant With Purpose (the Organization) is a nonprofit California Corporation, which incorporated on July 1, 1984. As a nonprofit organization, the Organization is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3). As such, it is also exempt from state income taxes. However, the Organization is subject to federal income tax on any unrelated business taxable income. In addition, the Organization has been classified as a publicly supported organization, which is not a private foundation under Section 509(a)(1) of the IRC.

The purpose of the Organization is to reverse deforestation and poverty around the world by transforming the lives of the rural poor. The Organization has over thirty-five years of experience partnering with indigenous community groups and organizations to mobilize farming families to regenerate entire watersheds, reverse rural poverty, and gain a broader sense of hope.

The Organization currently works in Burundi, the Democratic Republic of the Congo, the Dominican Republic, Ethiopia, Haiti, Mexico, Tanzania, and Thailand. The Organization works through a closely-knit, global collaboration of independent organizations led by Plant With Purpose. This structure allows them to be locally responsive, cost effective, and ensure the maximum impact in each unique location. The Organization is primarily funded by private foundations and individuals within the United States.

The Organization has measured substantial reversals of deforestation, increased crop yields, and progressively healthier ecosystems. This watershed restoration also sequesters large amounts of additional carbon stored in trees, vegetation, and soil.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies adopted by the Organization are described below.

#### CASH AND CASH EQUIVALENTS

For statements of financial position and cash flow purposes, cash and cash equivalents consist primarily of cash on hand and cash on deposit. At June 30, 2021 and 2020, the Organization's cash balances exceeded insured limits by approximately \$349,000 and \$715,000, respectively. The Organization does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

#### INVESTMENTS

The Organization accounts for investments pursuant to U.S. generally accepted accounting principles (GAAP) under which investments with readily determinable fair values are reported at their fair values in the statements of financial position. Donated securities are recorded at fair market value on the date of the gift. The realized and unrealized gains and losses are reflected in without donor restriction in other income in the statements of activities unless a donor restricts its use.

# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Notes to Financial Statements

June 30, 2021 and 2020

### 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.

#### PAYCHECK PROTECTION PROGRAM LOAN

The Organization was approved for a Paycheck Protection Program (PPP) loan of approximately \$313,000 through the Coronavirus Aid, Relief, and Economic Security Act. The loan accrued interest at 1.00% per annum and was to mature two years from the date it was funded. The Organization received notice from the Small Business Administration (SBA) in May 2021 that the full amount of the PPP loan was forgiven because relevant SBA requirements were met.

#### NET ASSETS

The financial statements report amounts by class of net assets:

*Net assets without donor restrictions* are currently available at the discretion of the board for use in the Organization's operations.

*Net assets with donor restrictions* are stipulated by donors for specific operating purposes or projects or time restrictions.

All contributions are considered available for use without donor restriction unless specifically restricted by the donor.

#### SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises to give have been received, or ownership of donated assets is transferred to the Organization. Conditional promises to give are recognized as revenue when the conditions on which they depend are substantially met.

Contributions are recorded as with donor restrictions if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Notes to Financial Statements

June 30, 2021 and 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE, AND EXPENSES, continued

Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities of the Organization have been summarized on a functional basis on the statement of expenses by functional and natural classification. Costs are directly applied to the related program and supporting activity category when identified. The expenses that are allocated include depreciation, supplies and equipment, and office and occupancy, as well as salaries and benefits, which are all allocated on the basis of estimates of time and benefit to each department. General operating costs across nearly all natural categories are allocated on the basis of estimates of time and effort. Currently, there are no joint costs that have been allocated among program, general and administration, and fundraising functions.

#### USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### 3. RISKS AND UNCERTAINTIES:

The Organization's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Organization's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Organization's contribution revenue, absenteeism in the workforce, and a decline in value of assets held. Any financial impact cannot be estimated at this time.

# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Notes to Financial Statements

June 30, 2021 and 2020

### 4. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the financial assets of the Organization as of the balance sheet date, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due, with a goal to maintain financial assets to meet 90 days of operating expenditures. Board designated funds may be drawn upon for general expenditure with approval of the board.

	June 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 775,842	\$ 1,036,388
Operating reserves - investments	2,801,736	1,324,881
Unconditional promises to give, net	1,962,700	2,270,884
Investment - other	28,307	28,307
Endowment investments, at fair value	83,274	66,353
Financial assets, at year-end	<u>5,651,859</u>	<u>4,726,813</u>
Less those unavailable for general expenditure within one year, due to:		
Funds restricted by donors for specific purpose	(1,425,000)	(1,800,000)
Operating reserves - cash	(217,288)	(691,207)
Operating reserves - investments	(2,801,736)	(1,324,881)
Investment - other	(28,307)	(28,307)
Endowment investments, at fair value	<u>(83,274)</u>	<u>(66,353)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,096,254</u>	<u>\$ 816,065</u>

# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Notes to Financial Statements

June 30, 2021 and 2020

5. UNCONDITIONAL PROMISES TO GIVE:

Unconditional promises to give consist of:

	June 30,	
	<u>2021</u>	<u>2020</u>
Unconditional promises to give before discount for present value of cash flows	\$ 1,990,000	\$ 2,315,000
Less discount for present value of cash flows	<u>(27,300)</u>	<u>(44,116)</u>
Total promises to give	<u>\$ 1,962,700</u>	<u>\$ 2,270,884</u>
Amounts as of June 30, 2021, are due in:		
Less than one year	\$ 565,000	
One to five years	<u>1,425,000</u>	
	<u>\$ 1,990,000</u>	

Based on past history and assessment of the donors involved, management expects all of the unconditional promises to give to be collected as promised. Therefore, no allowance for uncollectible receivables has been established.

Unconditional promises to give consist primarily of a one-time bequest made to the Organization during the year ending June 30, 2018 to be received in seven annual installments from the estate of one of the Organization's most longstanding donors. At June 30, 2021, the remaining unconditional promise to give from this donor, before discount to net present value, was \$1,800,000.

6. FURNITURE AND EQUIPMENT:

Furniture and equipment consists of:

	June 30,	
	<u>2021</u>	<u>2020</u>
Office equipment	\$ 183,662	\$ 161,374
Less accumulated depreciation and amortization	<u>(147,391)</u>	<u>(130,281)</u>
Furniture and equipment, net	<u>\$ 36,271</u>	<u>\$ 31,093</u>

# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Notes to Financial Statements

June 30, 2021 and 2020

7. INVESTMENTS:

Investments consist of:

	June 30,	
	2021	2020
Money market	\$ 510,661	\$ 107,007
Mutual funds	2,291,075	1,217,874
Investment in Los Arbolitos	28,307	28,307
Endowment investments	83,274	66,353
	\$ 2,913,317	\$ 1,419,541

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

**Level 1 Fair Value Measurements**

The fair values of money market and mutual funds are based on quoted market prices, when available.

**Level 2 Fair Value Measurements**

Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

	Total	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2021:				
Money market	\$ 510,661	\$ 510,661	\$ -	\$ -
Mutual funds	2,343,975	2,343,975	-	-
Total investments at fair value	2,854,636	\$ 2,854,636	\$ -	\$ -
Assets not measured at fair value:				
Investment in Los Arbolitos				
-measured at cost	28,307			
Endowment investments				
-measured at net asset value	30,374			
Total investments	\$ 2,913,317			



# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Notes to Financial Statements

June 30, 2021 and 2020

7. INVESTMENTS, continued:

	Total	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2020:				
Money market	\$ 107,007	\$ 107,007	\$ -	\$ -
Mutual funds	1,217,874	1,217,874	-	-
Total investments at fair value	1,324,881	\$ 1,324,881	\$ -	\$ -
Assets not measured at fair value:				
Investment in Los Arbolitos				
-measured at cost	28,307			
Endowment investments				
-measured at net asset value	66,353			
Total investments	\$ 1,419,541			

8. COMMITMENTS:

The Organization leases its main office space and additional office space under an operating lease agreement extending through October 31, 2024. This lease requires monthly rental payments of \$8,014 with annual increases thereafter. Rent expense, excluding other costs of occupancy, under this lease was \$90,554 and \$92,226, for the years ended June 30, 2021 and 2020, respectively.

Year Ending December 31,

2022	\$ 101,772
2023	104,825
2024	107,970
2025	36,889
	\$ 351,456

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, 2021, there were no such commitments for future program grants. Subsequent to June 30, 2021, the Organization made additional such commitments for future program grants totaling approximately \$5,211,000.

# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Notes to Financial Statements

June 30, 2021 and 2020

9. NET ASSETS:

Net assets consist of:

	June 30,	
	2021	2020
Net assets without donor restrictions		
Undesignated	\$ 95,594	\$ 278,011
Operating reserves - cash	217,288	691,207
Operating reserves - investments	2,801,736	1,324,881
	\$ 3,114,618	\$ 2,294,099
Net assets with donor restrictions:		
Time restricted unconditional promises to give	\$ 1,962,700	\$ 2,270,884
Net assets restricted for specific purpose:		
Congo	373,322	-
Unappropriated endowment earnings	26,724	9,803
Dominican Republic	15,267	-
COVID relief	-	20,198
In perpetuity:		
Endowment	56,550	56,550
	\$ 2,434,563	\$ 2,357,435

# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Notes to Financial Statements

June 30, 2021 and 2020

### 10. ENDOWMENT FUNDS:

The Organization's endowment consists of a fund established for the expansion and enlargement of the ministry of the Organization. Its endowment includes donor-restricted endowment funds to function as the endowment. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restriction (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund
2. The purposes of the institution and the endowment fund
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the institution
7. The investment policy of the institution

The endowment net asset composition by type of fund consists of:

	Without Donor Restriction	With Donor Restrictions:		Total
		Original Gift Amount	Accumulated Gains (Losses)	
June 30, 2021:				
Donor restricted endowment funds	\$ -	\$ 56,550	\$ 26,724	\$ 83,274
June 30, 2020:				
Donor restricted endowment funds	\$ -	\$ 56,550	\$ 9,803	\$ 66,353

# FLORESTA U.S.A. INCORPORATED d.b.a. PLANT WITH PURPOSE

## Notes to Financial Statements

June 30, 2021 and 2020

10. ENDOWMENT FUNDS, continued:

Changes in endowment net assets were:

	Without Donor Restriction	With Donor Restrictions:		Total
		Original Gift Amount	Accumulated Gains (Losses)	
Year ended June 30, 2021:				
Endowment net assets, beginning of year	\$ -	\$ 56,550	\$ 9,803	\$ 66,353
Investment gain	-	-	16,921	16,921
Endowment net assets, end of year	\$ -	\$ 56,550	\$ 26,724	\$ 83,274
Year ended June 30, 2020:				
Endowment net assets, beginning of year	\$ -	\$ 56,550	\$ 10,713	\$ 67,263
Investment loss	-	-	(910)	(910)
Endowment net assets, end of year	\$ -	\$ 56,550	\$ 9,803	\$ 66,353

### FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no funds with deficiencies for the years ending June 30, 2021 and 2020, respectively.

### RETURN OBJECTIVES AND RISK PARAMETERS

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 d.b.a. PLANT WITH PURPOSE

## Notes to Financial Statements

June 30, 2021 and 2020

### 10. ENDOWMENT FUNDS, continued:

#### STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

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.

#### SPENDING POLICIES AND HOW INVESTMENT OBJECTIVES RELATE TO THE POLICY

The board of directors will, near the end of each fiscal year, recommend an amount, if any, to be appropriated from the endowment for general operating needs in the forthcoming year. In establishing this policy, the Organization considered the long-term expected return on its endowment.

### 11. RETIREMENT PLAN:

The Organization has 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%. The Organization's contributions to the 401(k) Plan were \$103,408 and \$91,686, for the years ended June 30, 2021 and 2020, respectively.

### 12. CONCENTRATION:

For the years ended June 30, 2021 and 2020, five donors provided approximately 37% and 22% of total revenue, respectively.

### 13. RELATED PARTY TRANSACTIONS:

The Organization received contributions from certain members of its board of directors. Contributions totaled approximately \$522,000 and \$501,000, for the years ended June 30, 2021 and 2020, respectively.

### 14. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 29, 2021, which represents the date the financial statements were available to be issued.