



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

Financial Statements
With Independent Auditors Report

June 30, 2020

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

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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 statement of financial position as of June 30, 2020 and the related statements of activities, 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Floresta U.S.A. Incorporated, d.b.a. Plant With Purpose has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and ASU No. 2014-09, *Revenue from Contracts with Customers*, as described in Note 2. Adoption of ASU 2018-08 and ASU 2014-09 had no impact on net assets previously reported in the prior year financial statements. Our opinion is not modified with respect to these matters.

Capin Crouse LLP

San Diego, California
October 30, 2020

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

Statement of Financial Position

Year Ended June 30, 2020

ASSETS:

Unreserved cash and cash equivalents	\$ 345,181
Operating reserves - cash	691,207
Operating reserves - investments	1,324,881
Unconditional Promises to give, net	2,270,884
Prepaid expenses and other assets	41,641
Property and equipment - net	31,093
Investment - other	28,307
Endowment investments, at fair value	66,353

Total Assets \$ 4,799,547

LIABILITIES AND NET ASSETS:

Accounts payable	\$ 13,058
Accrued expenses	103,708
Note payable	31,247
	<u>148,013</u>

Net assets:

Without donor restrictions	2,294,099
With donor restrictions	2,357,435
	<u>4,651,534</u>

Total Liabilities and Net Assets \$ 4,799,547

See notes to financial statements

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

Statement of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:			
Contributions	\$ 2,024,970	\$ 2,117,123	\$ 4,142,093
Federal grant	-	281,823	281,823
	2,024,970	2,398,946	4,423,916
Special events:			
Gala income	258,144	146,683	404,827
Less: Costs of direct benefits to donor	(71,807)	-	(71,807)
Net revenues from special events	186,337	146,683	333,020
Other income	75,630	-	75,630
Investment income	23,192	-	23,192
Net assets released from:			
Purpose restrictions	2,569,162	(2,569,162)	-
Time restrictions	1,265,190	(1,265,190)	-
Total Support, Revenue, and Reclassifications	6,144,481	(1,288,723)	4,855,758
EXPENSES:			
Program activities:			
Haiti	625,258	-	625,258
Dominican Republic	611,968	-	611,968
Burundi	541,445	-	541,445
Tanzania	531,219	-	531,219
Mexico	474,672	-	474,672
Ethiopia	298,790	-	298,790
Congo	234,000	-	234,000
Thailand	213,349	-	213,349
Constituency education	687,759	-	687,759
Total program activities	4,218,460	-	4,218,460
Supporting activities:			
Fundraising	645,162	-	645,162
General and admin	467,013	-	467,013
Total supporting activities	1,112,175	-	1,112,175
Total expenses	5,330,635	-	5,330,635
Change in Net Assets	813,846	(1,288,723)	(474,877)
Net Assets, Beginning of Year	1,480,253	3,646,158	5,126,411
Net Assets, End of Year	\$ 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, 2020

	Overseas	Education	Total Program	General and Admin	Fundraising	Total Supporting	Total
International grants	\$ 2,881,198	\$ -	\$ 2,881,198	\$ -	\$ -	\$ -	\$ 2,881,198
Vision trips	-	17,467	17,467	-	-	-	17,467
Salary, wages, taxes & benefits	515,539	575,952	1,091,491	367,396	490,295	857,691	1,949,182
Learning and capacity development	55,470	1,786	57,256	6,323	11,872	18,195	75,451
Professional fees	8,742	11,800	20,542	51,766	11,279	63,045	83,587
Marketing and development	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
Travel	23,779	6,704	30,483	479	16,562	17,041	47,524
Rent and occupancy	31,172	19,744	50,916	27,188	25,979	53,167	104,083
Printing and publications	-	18,839	18,839	798	7,471	8,269	27,108
Office and postage	12,804	8,947	21,751	11,075	16,038	27,113	48,864
 Total expenses by function for the year ended June 30, 2020	 <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

Statement of Cash Flows

Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (474,877)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	19,143
Realized and unrealized gain on investments	(21,656)
Paycheck Protection Program loan forgiveness	(281,823)
Net change in:	
Unconditional promises to give, net	1,135,190
Prepaid expenses and other assets	14,655
Accounts payable	(10,975)
Net Cash Provided by Operating Activities	<u>379,657</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments	(500,000)
Proceeds from sale of investments	625,828
Purchases of property and equipment	(24,287)
Net Cash Provided by Investing Activities	<u>101,541</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from Paycheck Protection Program loan	<u>313,070</u>
Net Cash Provided by Financing Activities	<u>313,070</u>

Change in Cash and Cash Equivalents 794,268

Cash and Cash Equivalents, Beginning of Year 242,120

Cash and Cash Equivalents, End of Year \$ 1,036,388

SUMMARY OF CASH AND CASH EQUIVALENTS

Unreserved cash and cash equivalents	\$ 345,181
Operating reserves - cash	691,207
	<u>\$ 1,036,388</u>

See notes to financial statements

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

Notes to Financial Statements

June 30, 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 not-for-profit 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 35 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.

Families who partner with the Organization have experienced a 63 percent reduction in poverty levels (using a multidimensional approach to measuring poverty). The spiritual renewal impact of the Organization's work has helped families gain hope and purpose, empowering them to work for the betterment of their community. 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, 2020, the Organization's cash balances exceeded insured limits by approximately \$715,000. 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 under which investments with readily determinable fair values are reported at their fair values in the statement of financial position. Donated securities are recorded at 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 statement 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, 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 loan of approximately \$314,000 through the Coronavirus Aid, Relief, and Economic Security Act. The loan accrues interest at 1.00% per annum and matures two years from the date it was funded. This loan may be forgiven up to the full amount if requirements set by the Small Business Administration are met. During the year ended June 30, 2020, the Organization has incurred \$281,823 of expenses that qualify for loan forgiveness, and this amount is reflected as Federal Grants on the Statement of Activities.

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. The Organization receives gifts-in-kind, which are recorded as support at the estimated fair value on the date of the gift.

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 statement 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, 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.

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.

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 and possible. 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 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, management and general, 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.

RECENTLY ISSUED ACCOUNTING STANDARDS

During the year ended June 30, 2020, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606 of the FASB Accounting Standards Codification). ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. This ASU had no impact to revenue or net assets for the Organization.

The Organization also adopted Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 provides guidance on determining whether a transaction should be accounted for as an exchange transaction and provides criteria for when the contribution can be recognized as revenue. This ASU had no impact to revenue or net assets for the Organization.

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

Notes to Financial Statements

June 30, 2020

3. RISKS AND UNCERTANTIES:

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 workforce, and a decline in value of assets held. Any financial impact cannot be estimated at this time.

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.

Financial assets:

Cash and cash equivalents	\$ 1,727,595
Operating reserves - investments	1,324,881
Unconditional Promises to give, net	2,270,884
Investment - other	28,307
Endowment investments, at fair value	66,353
Financial assets, at year-end	<u>5,418,020</u>

Less those unavailable for general expenditure within one year, due to:

Funds restricted by donors for specific purpose	(1,800,000)
Operating reserves - cash, board designated	(691,207)
Operating reserves - investments, board designated	(1,324,881)
Investment - other	(28,307)
Endowment investments, at fair value	<u>(66,353)</u>

Financial assets available to meet cash needs for general expenditures within one year

\$ 1,507,272

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

Notes to Financial Statements

June 30, 2020

5. UNCONDITIONAL PROMISES TO GIVE:

Unconditional promises to give consist of:

Unconditional promises to give before discount for present value of cash flows	\$ 2,315,000
Less discount for present value of cash flows	<u>(44,116)</u>
Total promises to give	<u><u>\$ 2,270,884</u></u>

Amounts as of June 30, 2020, are due in:

Less than one year	\$ 515,000
One to five years	<u>1,800,000</u>
	<u><u>\$ 2,315,000</u></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 consisted mostly 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, 2020, the remaining unconditional promise to give from this donor, before discount to net present value, was \$2,250,000.

6. FURNITURE AND EQUIPMENT:

Furniture and equipment consists of:

Office equipment	\$ 161,374
Less accumulated depreciation and amortization	<u>(130,281)</u>
Furniture and equipment, net	<u><u>\$ 31,093</u></u>

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

Notes to Financial Statements

June 30, 2020

7. INVESTMENTS:

Investments consist of:

Money market	\$ 107,007
Mutual funds	1,217,874
Investment in Los Arbolitos	28,307
Endowment investments	<u>66,353</u>
	<u><u>\$ 1,419,541</u></u>

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

The fair values of corporate bonds, municipal bonds, and other fixed income securities are based on quoted market prices in markets that are not active or quoted prices for similar assets or liabilities in active markets.

	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)
Money market	\$ 107,007	\$ 107,007	\$ -	\$ -
Mutual funds	<u>1,217,874</u>	<u>1,217,874</u>	<u>-</u>	<u>-</u>
Total investments at fair value	1,324,881	<u><u>\$ 1,324,881</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Reconciling items:				
Investment in Los Arbolitos	28,307			
Endowment investments	<u>66,353</u>			
Total investments	<u><u>\$ 1,419,541</u></u>			

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

Notes to Financial Statements

June 30, 2020

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 \$92,226 for the year ended June 30, 2020.

Year Ending December 31,

2021	\$ 98,808
2022	101,772
2023	104,825
2024	107,970
2025	<u>36,889</u>
	<u>\$ 450,264</u>

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, 2020, there were no such commitments for future program grants. Subsequent to June 30, 2020, the Organization made additional such commitments for future program grants totaling approximately \$3,621,000.

9. NET ASSETS

Net assets at June 30, 2020 consists of:

Net assets without donor restrictions

Undesignated	\$ 278,011
Operating reserves - cash	691,207
Operating reserves - investments	<u>1,324,881</u>
	<u>\$ 2,294,099</u>

Net assets with donor restrictions:

Time restricted unconditional promises to give	\$ 2,270,884
Net assets restricted for specific purpose:	
COVID relief	20,198
Unappropriated endowment earnings	9,803
In perpetuity:	
Endowment	<u>56,550</u>
	<u>\$ 2,357,435</u>

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

Notes to Financial Statements

June 30, 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 both donor-restricted endowment funds and funds designated by the board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board to function as endowments, 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, 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, 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, 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, there were no deficiencies that required reporting contained in net assets without donor restrictions as of June 30, 2020. At June 30, 2020, funds with original contribution values of \$56,550 and fair value of \$66,353, respectively, had no such declines in values. As of June 30, 2020, there were no deficiencies included in accumulated losses with donor restriction.

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.

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.

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

Notes to Financial Statements

June 30, 2020

10. ENDOWMENT FUNDS, continued:

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%. Organization contributions to the 401(k) Plan were \$91,686 for the year ended June 30, 2020.

12. RELATED PARTY TRANSACTIONS:

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

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 30, 2020, which represents the date the financial statements were available to be issued.