



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

Financial Statements
With Independent Auditors' Report

June 30, 2023 and 2022

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

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Floresta U.S.A. Incorporated, d.b.a. Plant With Purpose and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Floresta U.S.A. Incorporated, d.b.a. Plant With Purpose's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Floresta U.S.A. Incorporated, d.b.a. Plant With Purpose's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Floresta U.S.A. Incorporated, d.b.a. Plant With Purpose's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLP

San Diego, California
November 13, 2023

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

Statements of Financial Position

	June 30,	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 1,441,805	\$ 931,113
Unconditional promises to give, net	1,405,545	2,723,948
Prepaid expenses and other assets	86,095	124,580
Operating reserves - investments	649,719	3,155,734
Operating lease—right-of-use assets	135,023	-
Property and equipment - net	54,751	42,005
Investment - other	-	28,307
Endowment investments, at fair value	81,538	74,880
	\$ 3,854,476	\$ 7,080,567
Total Assets	\$ 3,854,476	\$ 7,080,567
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 82,443	\$ 163,793
Accrued expenses	254,618	194,380
Operating lease obligations	143,136	-
Total liabilities	480,197	358,173
Net assets:		
Without donor restrictions	1,825,862	3,545,605
With donor restrictions	1,548,417	3,176,789
Total net assets	3,374,279	6,722,394
Total Liabilities and Net Assets	\$ 3,854,476	\$ 7,080,567

See notes to financial statements

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

Statements of Activities

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 4,270,341	\$ 4,255,318	\$ 8,525,659	\$ 3,857,897	\$ 5,775,285	\$ 9,633,182
	<u>4,270,341</u>	<u>4,255,318</u>	<u>8,525,659</u>	<u>3,857,897</u>	<u>5,775,285</u>	<u>9,633,182</u>
Special events:						
Gala income	330,738	11,479	342,217	583,736	54,229	637,965
Less: Costs of direct benefits to donors	(85,504)	-	(85,504)	(55,372)	-	(55,372)
Net revenues from special events	<u>245,234</u>	<u>11,479</u>	<u>256,713</u>	<u>528,364</u>	<u>54,229</u>	<u>582,593</u>
Other income	12,211	-	12,211	26,288	-	26,288
Investment income (loss)	28,591	-	28,591	(60,605)	-	(60,605)
Loss on project operations	(129,197)	-	(129,197)	-	-	-
Net assets released from:						
Purpose restrictions	4,398,393	(4,398,393)	-	3,091,442	(3,091,442)	-
Time restrictions	<u>1,496,776</u>	<u>(1,496,776)</u>	<u>-</u>	<u>1,995,846</u>	<u>(1,995,846)</u>	<u>-</u>
Total Support, Revenue, and Reclassifications	<u>10,322,349</u>	<u>(1,628,372)</u>	<u>8,693,977</u>	<u>9,439,232</u>	<u>742,226</u>	<u>10,181,458</u>

(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,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program activities:						
Haiti	1,273,459	-	1,273,459	893,931	-	893,931
Dominican Republic	1,199,986	-	1,199,986	741,316	-	741,316
Congo	1,017,559	-	1,017,559	841,477	-	841,477
Burundi	992,057	-	992,057	816,918	-	816,918
Tanzania	982,889	-	982,889	771,412	-	771,412
Mexico	953,361	-	953,361	758,123	-	758,123
Ethiopia	833,814	-	833,814	1,179,962	-	1,179,962
Constituency education	660,298	-	660,298	726,756	-	726,756
Malawi	637,547	-	637,547	37,517	-	37,517
Thailand	568,076	-	568,076	293,790	-	293,790
Total program activities	9,119,046	-	9,119,046	7,061,202	-	7,061,202
Supporting activities:						
Fundraising	2,041,023	-	2,041,023	1,309,458	-	1,309,458
General and administration	882,023	-	882,023	637,585	-	637,585
Total supporting activities	2,923,046	-	2,923,046	1,947,043	-	1,947,043
Total expenses	12,042,092	-	12,042,092	9,008,245	-	9,008,245
Change in Net Assets	(1,719,743)	(1,628,372)	(3,348,115)	430,987	742,226	1,173,213
Net Assets, Beginning of Year	3,545,605	3,176,789	6,722,394	3,114,618	2,434,563	5,549,181
Net Assets, End of Year	\$ 1,825,862	\$ 1,548,417	\$ 3,374,279	\$ 3,545,605	\$ 3,176,789	\$ 6,722,394

See notes to financial statements

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

Statement of Functional Expenses

Year Ended June 30, 2023

	<u>Overseas</u>	<u>Education</u>	<u>Total Program</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total Supporting</u>	<u>Total</u>
International grants	\$ 6,793,990	\$ -	\$ 6,793,990	\$ -	\$ -	\$ -	\$ 6,793,990
Salary, wages, taxes & benefits	1,311,997	435,157	1,747,154	752,983	1,642,914	2,395,897	4,143,051
Development and events	154,423	83,821	238,244	33,107	101,980	135,087	373,331
Services and professional fees	79,943	24,393	104,336	54,130	61,371	115,501	219,837
Printing and publications	1,152	82,071	83,223	2,100	85,120	87,220	170,443
Rent and occupancy	48,923	17,329	66,252	32,131	64,757	96,888	163,140
Travel	59,289	14,745	74,034	1,089	20,400	21,489	95,523
Finance fees, taxes, state registrations	1,374	120	1,494	1,721	54,418	56,139	57,633
Depreciation and amortization	7,654	2,665	10,319	4,762	10,063	14,825	25,144
Total Expenses	<u>\$ 8,458,745</u>	<u>\$ 660,301</u>	<u>\$ 9,119,046</u>	<u>\$ 882,023</u>	<u>\$ 2,041,023</u>	<u>\$ 2,923,046</u>	<u>\$ 12,042,092</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, 2022

	<u>Overseas</u>	<u>Education</u>	<u>Total Program</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total Supporting</u>	<u>Total</u>
International grants	\$ 5,208,986	\$ -	\$ 5,208,986	\$ -	\$ -	\$ -	\$ 5,208,986
Salary, wages, taxes & benefits	938,522	568,141	1,506,663	545,512	986,321	1,531,833	3,038,496
Development and events	5,717	42,434	48,151	2,005	75,348	77,353	125,504
Services and professional fees	62,564	20,730	83,294	22,077	40,125	62,202	145,496
Printing and publications	897	14,572	15,469	555	17,986	18,541	34,010
Rent and occupancy	42,420	31,297	73,717	29,673	65,728	95,401	169,118
Travel	69,506	45,392	114,898	33,222	63,134	96,356	211,254
Finance fees, taxes, state registrations	806	29	835	1,087	53,210	54,297	55,132
Depreciation and amortization	5,028	4,161	9,189	3,454	7,606	11,060	20,249
Total Expenses	<u>\$ 6,334,446</u>	<u>\$ 726,756</u>	<u>\$ 7,061,202</u>	<u>\$ 637,585</u>	<u>\$ 1,309,458</u>	<u>\$ 1,947,043</u>	<u>\$ 9,008,245</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,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (3,348,115)	\$ 1,173,213
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	25,145	20,249
Noncash effect of change in accounting principle	8,113	-
Realized and unrealized (gain) loss on investments	(27,446)	61,125
Net change in:		
Unconditional promises to give, net	1,318,403	(761,248)
Prepaid expenses and other assets	38,485	(63,144)
Accounts payable	(81,350)	105,659
Accrued expenses	60,238	52,129
Net Cash Provided by (Used in) Operating Activities	(2,006,527)	587,983
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	2,555,110	-
Purchases of investments	-	(406,729)
Purchases of property and equipment	(37,891)	(25,983)
Net Cash Provided by (Used in) Investing Activities	2,517,219	(432,712)
Change in Cash and Cash Equivalents	510,692	155,271
Cash and Cash Equivalents, Beginning of Year	931,113	775,842
Cash and Cash Equivalents, End of Year	\$ 1,441,805	\$ 931,113
NON-CASH TRANSACTIONS AND SUPPLEMENTAL DISCLOSURE:		
Right-of-use assets obtained in exchange for operating lease obligations	\$ 234,247	\$ -

See notes to financial statements

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

Notes to Financial Statements

June 30, 2023 and 2022

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, 2023 and 2022, the Organization's cash balances exceeded insured limits by approximately \$944,000 and \$400,000, respectively.

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 value on the date of the gift. The realized and unrealized gains and losses are reflected in without donor restriction in investment 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, 2023 and 2022

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. The discount rate was 1.00% as of June 30, 2023 and 2022, respectively. 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. Management expects all unconditional promises to be fully collectible as of June 30, 2023 and 2022, respectively.

OPERATING LEASE–RIGHT-OF-USE ASSETS AND OBLIGATIONS

The Organization adopted Accounting Standards Update (ASU) 2016-02 (see recently adopted accounting standard below) and its related amendments as of January 1, 2022, which resulted in the recognition of operating lease right-of-use asset totaling \$135,023 as of June 30, 2023, as well as operation lease obligation totaling \$143,136. The Organization elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of July 1, 2022 without restating prior year amounts. The additional lease disclosures can be found in Note 7.

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.

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

Notes to Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued:

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.

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.

RECENTLY ADOPTED ACCOUNTING STANDARD

In 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842 of the ASC). The amendments in this update require organizations that lease assets to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by the leases. The amendments are effective for fiscal years beginning after December 15, 2021. The Organization adopted this update for the year ended June 30, 2023. Some of the Organization's contracts contain the right to control the use of property or assets and are therefore considered leases. The Organization elected to adopt the transition relief provisions from ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements* and recorded the impact of adoption as of July 1, 2022, without restating any prior-year amounts. The additional lease disclosures can be found in Note 7. The effect of the adjustment to the opening balance of net assets totaled \$8,113. This amount is reported as a noncash effect of change in accounting principle on the statements of cash flows.

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

Notes to Financial Statements

June 30, 2023 and 2022

3. 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,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 1,441,805	\$ 931,113
Unconditional promises to give, net	1,405,545	2,723,948
Operating reserves - investments	649,719	3,155,734
Investment - other	-	28,307
Endowment investments, at fair value	81,538	74,880
Financial assets, at year-end	3,578,607	6,913,982
Less those unavailable for general expenditure within one year, due to:		
Unconditional promises to give due in greater than one year, net	(450,000)	(1,282,717)
Operating reserves - investments	(649,719)	(3,155,734)
Investment - other	-	(28,307)
Endowment investments, at fair value	(81,538)	(74,880)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,397,350	\$ 2,372,344

4. UNCONDITIONAL PROMISES TO GIVE:

Unconditional promises to give consist of:

	June 30,	
	2023	2022
Unconditional promises to give before discount for present value of cash flows	\$ 1,410,000	\$ 2,741,231
Less discount for present value of cash flows	(4,455)	(17,283)
Total promises to give	\$ 1,405,545	\$ 2,723,948

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

Notes to Financial Statements

June 30, 2023 and 2022

4. UNCONDITIONAL PROMISES TO GIVE, continued:

Amounts as of June 30, 2023, are due in:

Less than one year	\$ 960,000
One to five years	<u>450,000</u>
	<u>\$ 1,410,000</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.

5. INVESTMENTS:

Investments consist of:

	June 30,	
	<u>2023</u>	<u>2022</u>
Money market	\$ 518,551	\$ 504,126
Mutual funds	131,168	2,651,608
Investment in Los Arbolitos	-	28,307
Endowment investments	<u>81,538</u>	<u>74,880</u>
	<u>\$ 731,257</u>	<u>\$ 3,258,921</u>

Summary of investments per statement of financial position:

Operating reserves - investments	\$ 649,719	\$ 3,155,734
Investment - other	-	28,307
Endowment investments, at fair value	<u>81,538</u>	<u>74,880</u>
	<u>\$ 731,257</u>	<u>\$ 3,258,921</u>

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

Notes to Financial Statements

June 30, 2023 and 2022

5. INVESTMENTS, continued:

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 whose fair value is estimated using other securities, the parameters of which can be directly observed.

	<u>Total</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
June 30, 2023:				
Money market	\$ 518,551	\$ 518,551	\$ -	\$ -
Mutual funds	<u>212,706</u>	<u>184,001</u>	<u>-</u>	<u>28,705</u>
Total investments	<u>\$ 731,257</u>	<u>\$ 702,552</u>	<u>\$ -</u>	<u>\$ 28,705</u>

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

Notes to Financial Statements

June 30, 2023 and 2022

5. 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, 2022:				
Money market	\$ 504,126	\$ 504,126	\$ -	\$ -
Mutual funds	2,726,488	2,699,638	-	26,850
Total investments at fair value	3,230,614	\$ 3,203,764	\$ -	\$ 26,850
Assets not measured at fair value:				
Investment in Los Arbolitos -measured at cost	28,307			
Total investments	\$ 3,258,921			

6. OPERATING LEASE—RIGHT-OF-USE ASSETS AND OBLIGATIONS:

The Organization leases office space under a noncancelable operating lease expiring in October 2024. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. The lease requires monthly payments ranging from \$8,014 to \$9,290 with a discount rate of 1.68%. Total expenses incurred under the operating lease for the year ended June 20, 2023 was \$102,557.

	Year Ended June 30,	
	2023	2022
Operating lease right-of-use assets	\$ 135,023	\$ -
Operating lease liabilities	\$ 143,136	\$ -
Operating lease costs	\$ 102,557	\$ -
Weighted-average discount rate	1.68 %	- %
Weighted-average remaining lease term	1.33 years	-

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

Notes to Financial Statements

June 30, 2023 and 2022

6. OPERATING LEASE–RIGHT-OF-USE ASSETS AND OBLIGATIONS, continued:

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ending June 30,</u>	
2024	\$ 107,966
2025	36,889
	<u>144,855</u>
Less: imputed interest	<u>(1,719)</u>
	<u>\$ 143,136</u>

Prior to the adoption of ASUs 2016-02 and 2018-11 under Topic 842 as described in Note 2, the Organization was applying Topic 840 in relation to operating leases. During the year ended June 30, 2022, the Organization had operating lease expenses of approximately \$94,000.

7. FURNITURE AND EQUIPMENT:

Furniture and equipment consists of:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Office equipment	\$ 247,536	\$ 209,645
Less accumulated depreciation and amortization	<u>(192,785)</u>	<u>(167,640)</u>
Furniture and equipment, net	<u>\$ 54,751</u>	<u>\$ 42,005</u>

8. 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.

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Notes to Financial Statements

June 30, 2023 and 2022

8. ENDOWMENT FUNDS, continued:

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, 2023:				
Donor restricted endowment funds	\$ -	\$ 56,550	\$ 24,988	\$ 81,538
June 30, 2022:				
Donor restricted endowment funds	\$ -	\$ 56,550	\$ 18,330	\$ 74,880

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June 30, 2023 and 2022

8. 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, 2023:				
Endowment net assets, beginning of year	\$ -	\$ 56,550	\$ 18,330	\$ 74,880
Investment gain	-	-	6,658	6,658
Endowment net assets, end of year	\$ -	\$ 56,550	\$ 24,988	\$ 81,538
Year ended June 30, 2022:				
Endowment net assets, beginning of year	\$ -	\$ 56,550	\$ 26,724	\$ 83,274
Investment loss	-	-	(8,394)	(8,394)
Endowment net assets, end of year	\$ -	\$ 56,550	\$ 18,330	\$ 74,880

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, 2023 and 2022, 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.

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Notes to Financial Statements

June 30, 2023 and 2022

8. 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 considers the long-term expected return on its endowment.

9. NET ASSETS:

Net assets consist of:

	June 30,	
	2023	2022
Net assets without donor restrictions:		
Undesignated	\$ 1,176,143	\$ 389,871
Board designated		
Operating reserves - investments	649,719	3,155,734
	<u>\$ 1,825,862</u>	<u>\$ 3,545,605</u>
Net assets with donor restrictions:		
Time restricted unconditional promises to give	\$ 1,405,545	\$ 2,723,948
Net assets restricted for specific purpose:		
Thailand	61,334	-
Unappropriated endowment earnings	24,988	18,330
Congo	-	377,961
In perpetuity:		
Endowment	56,550	56,550
	<u>\$ 1,548,417</u>	<u>\$ 3,176,789</u>

10. 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 \$184,014 and \$122,769, for the years ended June 30, 2023 and 2022, respectively.

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Notes to Financial Statements

June 30, 2023 and 2022

11. CONCENTRATION:

For the years ended June 30, 2023 and 2022, five donors provided approximately 42% and 34% of total revenue, respectively.

12. RELATED PARTY TRANSACTIONS:

The Organization received contributions from certain members of its board of directors. Contributions totaled approximately \$621,000 and \$506,000, for the years ended June 30, 2023 and 2022, respectively.

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through November 13, 2023, which represents the date the financial statements were available to be issued.