



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

Financial Statements
With Independent Auditors' Report

June 30, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, 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
October 28, 2024

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

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS:		
Cash and cash equivalents	\$ 2,340,658	\$ 1,441,805
Unconditional promises to give–net	3,485,895	1,405,545
Prepaid expenses and other assets	269,144	86,095
Operating reserves–investments	96,586	649,719
Operating lease–right-of-use assets	34,045	135,023
Property and equipment–net	38,599	54,751
Endowment investments–at fair value	92,088	81,538
Total Assets	\$ 6,357,015	\$ 3,854,476
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 119,446	\$ 82,443
Accrued expenses	303,994	254,618
Grant advances	300,110	-
Operating lease obligations	36,751	143,136
Total liabilities	760,301	480,197
Net assets:		
Without donor restrictions	2,018,731	1,825,862
With donor restrictions	3,577,983	1,548,417
Total net assets	5,596,714	3,374,279
Total Liabilities and Net Assets	\$ 6,357,015	\$ 3,854,476

See notes to financial statements

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

Statements of Activities

	Year Ended June 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 1,365,736	\$ 12,986,257	\$ 14,351,993	\$ 4,276,999	\$ 4,248,660	\$ 8,525,659
Special events:						
Gala income	402,583	7,200	409,783	330,738	11,479	342,217
Less: Costs of direct benefits to donors	(87,327)	-	(87,327)	(85,504)	-	(85,504)
Net revenues from special events	315,256	7,200	322,456	245,234	11,479	256,713
Other income	-	-	-	12,211	-	12,211
Investment income	12,840	10,550	23,390	21,933	6,658	28,591
Loss on project operations	-	-	-	(129,197)	-	(129,197)
Net assets released from:						
Purpose restrictions	7,721,340	(7,721,340)	-	4,398,393	(4,398,393)	-
Time restrictions	3,253,101	(3,253,101)	-	1,496,776	(1,496,776)	-
Total Support, Revenue, and Reclassifications	12,668,273	2,029,566	14,697,839	10,322,349	(1,628,372)	8,693,977

(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,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program activities:						
Dominican Republic	1,390,971	-	1,390,971	1,199,986	-	1,199,986
Haiti	1,199,925	-	1,199,925	1,273,459	-	1,273,459
Burundi	1,184,457	-	1,184,457	992,057	-	992,057
Tanzania	1,103,408	-	1,103,408	982,889	-	982,889
Mexico	979,536	-	979,536	953,361	-	953,361
Ethiopia	957,807	-	957,807	833,814	-	833,814
Democratic Republic of Congo	872,657	-	872,657	1,017,559	-	1,017,559
Constituency education	643,919	-	643,919	660,298	-	660,298
Thailand	535,875	-	535,875	568,076	-	568,076
Malawi	328,538	-	328,538	637,547	-	637,547
Total program activities	9,197,093	-	9,197,093	9,119,046	-	9,119,046
Supporting activities:						
Fundraising	2,279,285	-	2,279,285	2,041,023	-	2,041,023
General and administration	999,026	-	999,026	882,023	-	882,023
Total supporting activities	3,278,311	-	3,278,311	2,923,046	-	2,923,046
Total expenses	12,475,404	-	12,475,404	12,042,092	-	12,042,092
Change in Net Assets	192,869	2,029,566	2,222,435	(1,719,743)	(1,628,372)	(3,348,115)
Net Assets, Beginning of Year	1,825,862	1,548,417	3,374,279	3,545,605	3,176,789	6,722,394
Net Assets, End of Year	\$ 2,018,731	\$ 3,577,983	\$ 5,596,714	\$ 1,825,862	\$ 1,548,417	\$ 3,374,279

See notes to financial statements

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

Statement of Functional Expenses

Year Ended June 30, 2024

	Overseas	Education	Total Program	General and Administration	Fundraising	Total Supporting	Total
International grants	\$ 6,815,306	\$ -	\$ 6,815,306	\$ -	\$ -	\$ -	\$ 6,815,306
Salary, wages, taxes, and benefits	1,192,239	497,985	1,690,224	879,210	1,959,222	2,838,432	4,528,656
Services and professional fees	402,080	12,410	414,490	67,358	77,742	145,100	559,590
Development and events	51,455	50,975	102,430	12,414	51,498	63,912	166,342
Rent and occupancy	34,389	14,381	48,770	25,073	56,692	81,765	130,535
Printing and publications	4,653	54,620	59,273	976	51,264	52,240	111,513
Travel	45,915	11,067	56,982	6,918	18,309	25,227	82,209
Finance fees, taxes, and state registrations	1,677	156	1,833	3,023	55,391	58,414	60,247
Depreciation and amortization	5,460	2,325	7,785	4,054	9,167	13,221	21,006
Total Expenses	<u>\$ 8,553,174</u>	<u>\$ 643,919</u>	<u>\$ 9,197,093</u>	<u>\$ 999,026</u>	<u>\$ 2,279,285</u>	<u>\$ 3,278,311</u>	<u>\$ 12,475,404</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, 2023

	Overseas	Education	Total Program	General and Administration	Fundraising	Total Supporting	Total
International grants	\$ 6,793,990	\$ -	\$ 6,793,990	\$ -	\$ -	\$ -	\$ 6,793,990
Salary, wages, taxes, and benefits	1,311,997	435,157	1,747,154	752,983	1,642,914	2,395,897	4,143,051
Services and professional fees	79,943	24,393	104,336	54,130	61,371	115,501	219,837
Development and events	154,423	83,821	238,244	33,107	101,980	135,087	373,331
Rent and occupancy	48,923	17,329	66,252	32,131	64,757	96,888	163,140
Printing and publications	1,152	82,071	83,223	2,100	85,120	87,220	170,443
Travel	59,289	14,745	74,034	1,089	20,400	21,489	95,523
Finance fees, taxes, and 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

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,222,435	\$ (3,348,115)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	21,006	25,144
Noncash effect of change in accounting principle	-	8,114
Noncash lease expense	(5,407)	-
Realized and unrealized gain on investments	(20,712)	(27,446)
Net change in:		
Unconditional promises to give–net	(2,080,350)	1,318,403
Prepaid expenses and other assets	(183,049)	38,485
Accounts payable	37,003	(81,350)
=sfp!C23	49,376	60,238
=sfp!C24	300,110	-
Net Cash Provided (Used) by Operating Activities	340,412	(2,006,527)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	686,776	2,555,110
Purchases of investments	(123,481)	-
Purchases of property and equipment	(4,854)	(37,891)
Net Cash Provided by Investing Activities	558,441	2,517,219
Change in Cash and Cash Equivalents	898,853	510,692
Cash and Cash Equivalents, Beginning of Year	1,441,805	931,113
Cash and Cash Equivalents, End of Year	\$ 2,340,658	\$ 1,441,805
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, 2024 and 2023

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, Malawi, 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, 2024 and 2023, the Organization's cash balances on deposit exceeded insured limits by approximately \$1,564,000 and \$944,000, 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, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, respectively.

GRANT ADVANCES

Deferred revenue consists of money the Organization received through grants but has not yet overcome the barriers to recognize the revenue in the current period. Contributions from these advances are recognized as revenue when the barrier has been met.

OPERATING LEASE–RIGHT-OF-USE ASSETS AND OBLIGATIONS

Some of the Organization's contracts contain the right to control the use of property or assets and are therefore considered leases. The Organization records right-of-use assets and lease obligations on the statements of financial position for the rights and obligations created by leases with initial terms of more than twelve months. The Organization has elected to not separate lease and non-lease components.

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, 2024 and 2023

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.

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

Notes to Financial Statements

June 30, 2024 and 2023

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the financial assets of the Organization as of the statement of financial position 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,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 2,340,658	\$ 1,441,805
Unconditional promises to give—net	3,485,895	1,405,545
Operating reserves—investments	96,586	649,719
Endowment investments—at fair value	92,088	81,538
Financial assets, at year-end	6,015,227	3,578,607
Less those unavailable for general expenditure within one year, due to:		
Unconditional promises to give due in greater than one year—net	(1,470,000)	(450,000)
Operating reserves—investments	(96,586)	(649,719)
Endowment investments—at fair value	(92,088)	(81,538)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,356,553	\$ 2,397,350

4. UNCONDITIONAL PROMISES TO GIVE:

Unconditional promises to give consist of:

	June 30,	
	2024	2023
Unconditional promises to give before discount for present value of cash flows	\$ 3,506,821	\$ 1,410,000
Less discount for present value of cash flows	(20,926)	(4,455)
Total promises to give	\$ 3,485,895	\$ 1,405,545

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

Notes to Financial Statements

June 30, 2024 and 2023

4. UNCONDITIONAL PROMISES TO GIVE, continued:

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

Less than one year	\$ 2,036,821
One to five years	<u>1,470,000</u>
	<u>\$ 3,506,821</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>2024</u>	<u>2023</u>
Money market	\$ 24,457	\$ 518,551
Mutual funds	<u>164,217</u>	<u>212,706</u>
	<u>\$ 188,674</u>	<u>\$ 731,257</u>

Summary of investments per statement of financial position:

Operating reserves–investments	\$ 96,586	\$ 649,719
Endowment investments, at fair value	<u>92,088</u>	<u>81,538</u>
	<u>\$ 188,674</u>	<u>\$ 731,257</u>

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

Notes to Financial Statements

June 30, 2024 and 2023

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.

	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, 2024:				
Money market	\$ 24,457	\$ 24,457	\$ -	\$ -
Mutual funds	164,217	132,926	-	31,291
Total investments	\$ 188,674	\$ 157,383	\$ -	\$ 31,291

	Total	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
June 30, 2023:				
Money market	\$ 518,551	\$ 518,551	\$ -	\$ -
Mutual funds	212,706	184,001	-	28,705
Total investments	\$ 731,257	\$ 702,552	\$ -	\$ 28,705

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

Notes to Financial Statements

June 30, 2024 and 2023

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 a monthly payment of approximately \$9,000.

	Year Ended June 30,	
	2024	2023
Operating lease right-of-use assets	\$ 34,045	\$ 135,023
Operating lease liabilities	\$ 36,751	\$ 143,136
Operating lease costs	\$ 102,547	\$ 102,558
Weighted-average discount rate	1.79%	1.68%
Weighted-average remaining lease term	.33 years	1.33 years

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>	
2025	\$ 36,889
Less: imputed interest	(138)
	\$ 36,751

7. FURNITURE AND EQUIPMENT—NET:

Furniture and equipment—net consists of:

	June 30,	
	2024	2023
Office equipment	\$ 252,390	\$ 247,536
Less accumulated depreciation and amortization	(213,791)	(192,785)
Furniture and equipment—net	\$ 38,599	\$ 54,751

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

Notes to Financial Statements

June 30, 2024 and 2023

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.

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	
June 30, 2024:				
Donor restricted endowment funds	\$ -	\$ 56,550	\$ 35,538	\$ 92,088
June 30, 2023:				
Donor restricted endowment funds	\$ -	\$ 56,550	\$ 24,988	\$ 81,538

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

Notes to Financial Statements

June 30, 2024 and 2023

8. ENDOWMENT FUNDS, continued:

Changes in endowment net assets were:

	Without Donor Restriction	With Donor Restrictions:		Total
		Original Gift Amount	Accumulated Gains	
Year ended June 30, 2024:				
Endowment net assets,				
beginning of year	\$ -	\$ 56,550	\$ 24,988	\$ 81,538
Investment gain	-	-	10,550	10,550
	-	-	10,550	10,550
Endowment net assets, end of year	\$ -	\$ 56,550	\$ 35,538	\$ 92,088
Year ended June 30, 2023:				
Endowment net assets,				
beginning of year	\$ -	\$ 56,550	\$ 18,330	\$ 74,880
Investment gain	-	-	6,658	6,658
	-	-	6,658	6,658
Endowment net assets, end of year	\$ -	\$ 56,550	\$ 24,988	\$ 81,538

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, 2024 and 2023, 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, 2024 and 2023

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,	
	2024	2023
Net assets without donor restrictions:		
Undesignated	\$ 1,922,145	\$ 1,176,143
Board designated		
Operating reserves–investments	96,586	649,719
	<u>\$ 2,018,731</u>	<u>\$ 1,825,862</u>
Net assets with donor restrictions:		
Time restricted unconditional promises to give	\$ 3,485,895	\$ 1,405,545
Net assets restricted for specific purpose:		
Unappropriated endowment earnings	35,538	24,988
Thailand	-	61,334
In perpetuity:		
Endowment	56,550	56,550
	<u>\$ 3,577,983</u>	<u>\$ 1,548,417</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 approximately \$192,000 and \$184,000 for the years ended June 30, 2024 and 2023, respectively.

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11. CONCENTRATION:

For the years ended June 30, 2024 and 2023, five donors provided approximately 28% and 42% of total revenue, respectively.

12. RELATED PARTY TRANSACTIONS:

The Organization received contributions from certain members of its board of directors. Contributions totaled approximately \$432,000 and \$621,000, for the years ended June 30, 2024 and 2023, respectively.

13. SUBSEQUENT EVENTS:

Subsequent to year-end, the Organization entered into an office space rental agreement. Monthly rent fees will range from approximately \$14,300 to \$17,300. The lease expires in March 2032.

Subsequent events have been evaluated through October 28, 2024, which represents the date the financial statements were available to be issued.