

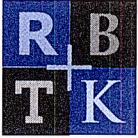
FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

June 30, 2010 and 2009

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
INDEX OF FINANCIAL STATEMENTS
For the Years Ended June 30, 2010 and 2009

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Floresta U.S.A. Incorporated, dba Plant with Purpose
San Diego, California

We have audited the accompanying statements of financial position of Floresta U.S.A. Incorporated, dba Plant with Purpose (the Organization), as of June 30, 2010 and 2009, and the related statements of activities and change in net assets, and cash flows, and the schedule of functional expenses for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from Floresta U.S.A. Incorporated, dba Plant With Purpose's 2009 financial statements and, in our report dated February 4, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Rosner Brown Touchstone & Keller, LLP

December 15, 2010

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

ASSETS

	2010	2009
Cash and cash equivalents	\$ 697,573	228,014
Property and equipment, net (Note 3)	30,855	44,038
Investments (Note 4)	81,566	83,857
Prepaid expenses	30,040	25,677
Other current assets	9,137	7,317
 Total assets	 \$ 849,171	 388,903

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	\$ 29,476	33,096
Note payable (Note 5)	30,000	30,000
 Total liabilities	 59,476	 63,096

Net assets:

Unrestricted	486,201	203,029
Temporarily restricted	247,944	67,228
Permanently restricted	55,550	55,550
 Total net assets	 789,695	 325,807
 Total liabilities and net assets	 \$ 849,171	 388,903

See Accompanying Notes to Financial Statements

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2010

With Summarized Financial Information for the Year Ended June 30, 2009

	2010			2009	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Changes in net assets:					
Support and revenue:					
Donations from individuals, corporations and foundations	\$ 1,832,085	2,038,505	-	3,870,590	2,432,958
Interest and dividend income	278	-	-	278	5,576
Net assets released from restrictions	1,857,789	(1,857,789)	-	-	-
Total support and revenue	<u>3,690,152</u>	<u>180,716</u>	<u>-</u>	<u>3,870,868</u>	<u>2,438,534</u>
Expenditures:					
Program activities:					
Floresta Haiti	1,504,879	-	-	1,504,879	615,266
Floresta Dominican Republic	364,648	-	-	364,648	375,527
Floresta Tanzania	313,909	-	-	313,909	236,396
Floresta Mexico	247,968	-	-	247,968	256,908
Constituency education	287,071	-	-	287,071	327,674
Floresta Thailand	136,430	-	-	136,430	106,875
Floresta Burundi	101,864	-	-	101,864	91,623
Other countries	18,392	-	-	18,392	31,750
Total program activities	<u>2,975,161</u>	<u>-</u>	<u>-</u>	<u>2,975,161</u>	<u>2,042,019</u>
Supporting activities:					
General and administrative	195,285	-	-	195,285	184,396
Fund raising	236,534	-	-	236,534	295,765
Total supporting activities	<u>431,819</u>	<u>-</u>	<u>-</u>	<u>431,819</u>	<u>480,161</u>
Total expenditures	<u>3,406,980</u>	<u>-</u>	<u>-</u>	<u>3,406,980</u>	<u>2,522,180</u>
Change in net assets	<u>283,172</u>	<u>180,716</u>	<u>-</u>	<u>463,888</u>	<u>(83,646)</u>
Net assets, beginning of year	<u>203,029</u>	<u>67,228</u>	<u>55,550</u>	<u>325,807</u>	<u>409,453</u>
Net assets, end of year	<u>\$ 486,201</u>	<u>247,944</u>	<u>55,550</u>	<u>789,695</u>	<u>325,807</u>

See Accompanying Notes to Financial Statements

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 463,888	(83,646)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,112	6,892
Amortization	10,204	3,853
Changes in assets and liabilities:		
Prepaid expenses	(4,363)	(274)
Other current assets	(1,820)	(4,050)
Accounts payable and accrued expenses	(3,620)	3,941
	470,401	(73,284)
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(3,133)	(30,334)
Proceeds from liquidation of investments	2,291	175,000
Purchase of permanently restricted investments	-	(55,550)
	(842)	89,116
Net cash (used in) provided by investing activities		
Net increase in cash	469,559	15,832
Cash, beginning of year	228,014	212,182
Cash, end of year	\$ 697,573	228,014

See Accompanying Notes to Financial Statements

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2010
(With Comparative Totals for the Year Ended June 30, 2009)

	Program Activities								Supporting Activities			Total Year Ended June 30, 2010	Total Year Ended June 30, 2009	
	Haiti Expense	Dominican Expense	Tanzania Expense	Mexico Expense	Constituency Education	Thailand Expense	Burundi Expense	Other Countries	Total Program Activities	General and Administrative	Fund Raising			Total Supporting Activities
Allocations to International Programs	\$ 1,411,867	296,525	236,496	206,105	-	93,383	65,305	11,308	2,320,989	-	-	-	2,320,989	1,356,979
Salary, Wages, Taxes and Benefits	57,186	49,446	47,355	31,587	169,013	32,197	11,744	874	399,402	159,601	138,448	298,049	697,451	691,921
International Training & Consultants	22,977	7,936	16,832	1,262	529	1,236	19,085	6,210	76,067	-	-	-	76,067	74,148
Development, Public Relations, & Events	793	-	-	-	12,450	-	-	-	13,243	-	47,390	47,390	60,633	71,186
Mission & Vision Trips	-	-	-	-	51,109	-	-	-	51,109	-	-	-	51,109	31,295
Office & Postage	3,609	3,411	3,298	3,176	8,786	3,034	3,001	-	28,315	4,949	8,124	13,073	41,388	41,595
Rent	3,082	2,311	2,696	1,926	8,860	1,541	770	-	21,186	10,015	7,319	17,334	38,520	41,419
Professional/Consultant Fees	3,452	2,562	2,005	1,782	8,276	779	557	-	19,413	13,500	-	13,500	32,913	106,637
Printing & Publications	-	-	-	-	17,947	-	-	-	17,947	3,951	6,360	10,311	28,258	27,925
Travel	1,355	2,093	4,763	1,860	4,209	4,083	1,335	-	19,698	-	1,867	1,867	21,565	29,718
Financial Fees, Taxes, State Registration	212	120	165	105	-	105	15	-	722	1,347	15,258	16,605	17,327	20,226
Merchandise for Resale	-	-	-	-	4,050	-	-	-	4,050	-	8,855	8,855	12,905	10,459
Conferences, Trainings, Meetings, etc.	321	238	266	165	1,780	72	52	-	2,894	1,809	2,070	3,879	6,773	17,187
Automobile Expense	25	6	33	-	62	-	-	-	126	113	843	956	1,082	1,485
Total year ended June 30, 2010	\$ 1,504,879	364,648	313,909	247,968	287,071	136,430	101,864	18,392	2,975,161	195,285	236,534	431,819	3,406,980	2,522,180
Total year ended June 30, 2009	\$ 615,266	375,527	236,396	256,908	327,674	106,875	91,623	31,750	2,042,019	184,396	295,765	480,161		

See Accompanying Notes to Financial Statements

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

1. Organization

Floresta U.S.A. Incorporated, dba Plant with Purpose (the Organization) is a non-profit California Corporation, which incorporated on July 1, 1984, and was organized to raise funds for and provide intentionally holistic solutions to meet the economic, environmental, and spiritual needs of poor farmers in developing countries. Working in areas where poverty is caused by deforestation, the Organization restores the environment and empowers the poor. Current work includes projects in the Dominican Republic, Haiti, Mexico, Tanzania, Burundi, Kenya and Thailand.

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and similar California state law, and contributions to it are deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The significant accounting policies followed are discussed below.

Financial Reporting

The Organization's net assets and its revenues, expenses, gains, and losses are reported based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets - permanently restricted, temporarily restricted and unrestricted - be displayed in a statement of financial position and that the amounts of changes in each of those classes of net assets be displayed in a statement of activities.

Comparative Information

The financial statements include certain summarized comparative information from the prior year. This information is presented in total and not by net asset class and does not include sufficient detail to be in conformity with generally accepted accounting principles. Such information should be read together with the Organization's financial statements for the year ended June 30, 2009, from which the summarized information was extracted. Certain amounts in the prior year financial statements have been reclassified for comparison purposes to conform to the current year presentation.

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2010 and 2009

2. Summary of Significant Accounting Policies, Continued

Contributions

Generally accepted accounting principles require that the Organization reports information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted contributions are recognized as an increase in unrestricted net assets when received. Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the donor-imposed restriction. When restrictions are satisfied, either by the passage of time or by accomplishing the purpose, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the activity statement as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all financial instruments with original maturities of three months or less to be cash equivalents.

Property and Equipment

Furniture and equipment are recorded at cost. Depreciation is computed principally by the straight-line method based on the estimated useful lives of related assets, generally between three and seven years.

Investments

The Organization accounts for investments pursuant to U.S. generally accepted accounting principles under which marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair value is determined based on quoted prices on a national exchange. Unrealized gains and losses are included in the statement of activities as a change in net assets.

The investment in Los Arbolitos is recorded at cost, which approximates fair market value (see Note 4).

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2010 and 2009

2. Summary of Significant Accounting Policies, Continued

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.

Reclassifications

The 2009 financial statements have been reclassified, where appropriate, to conform to classifications used in the 2010 financial statements.

Estimates and Assumptions

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

3. Property and Equipment

A summary of property and equipment at June 30, 2010 and 2009, is as follows:

	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$ 76,440	73,307
Less accumulated depreciation	<u>(45,585)</u>	<u>(29,269)</u>
	<u>\$ 30,855</u>	<u>44,038</u>

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2010 and 2009

4. Investments, at Fair Value

U.S. generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under U.S. generally accepted accounting principles are described as follows:

- Level 1 – Quoted prices in active markets (NYSE, NASDAQ, etc) for identical assets or liabilities. These are typically obtained from real-time quotes for transactions in active exchange markets involving identical assets.
- Level 2 – Inputs, other than quoted prices included within level 1, which are observable for the asset or liability, either directly or indirectly. These are typically obtained from readily-available pricing sources for comparable instruments and inputs derived from observable market data by correlation or other means.
- Level 3 – Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's own assumptions of the data that market participants would use in pricing the asset or liability, based on the best information available in the circumstances.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2010.

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

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2010 and 2009

4. Investments, at Fair Value, Continued

Investment in Los Arbolitos: A for-profit Dominican Republic corporation, operating as a tree nursery with significant land holdings, jointly owned by the Organization, Floresta D.R., Inc., and private investors. The Organization holds stock of Los Arbolitos that is valued at cost, which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2010 and 2009.

Assets at Fair Value as of June 30, 2010

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bond and money market funds	\$ 53,259	-	-	53,259
Investment in Los Arbolitos	<u>-</u>	<u>-</u>	<u>28,307</u>	<u>28,307</u>
Total investments at fair value	\$ <u>53,259</u>	<u>-</u>	<u>28,307</u>	<u>81,566</u>

Assets at Fair Value as of June 30, 2009

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bond and money market funds	\$ 55,550	-	-	55,550
Investment in Los Arbolitos	<u>-</u>	<u>-</u>	<u>28,307</u>	<u>28,307</u>
Total investments at fair value	\$ <u>55,550</u>	<u>-</u>	<u>28,307</u>	<u>83,857</u>

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2010 and 2009

5. Note Payable

At June 30, 2010 and 2009 the Organization had a note with an original principal amount of \$30,000 payable to an unrelated party. The note payable carried an interest rate of 1.00%, due in interest only annual installments, and matured on November 28, 2010. The note principal plus any unpaid interest was payable upon maturity. Subsequent to June 30, 2010, the Organization paid the note in full.

Subsequent to June 30, 2010, the Organization issued a new note payable in the amount of \$100,000 to an unrelated party. The note payable carries an interest rate of 0.35%, due in interest only annual installments, and matures on November 23, 2013.

6. Lease Commitment

The Organization has a lease agreement for its office premises extending through December 31, 2010. Rent was \$38,521 and \$41,419 for the years ended June 30, 2010 and 2009, respectively.

Future minimum lease payments under the agreements are as follows:

2011	\$ <u>12,018</u>
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7. Retirement Plan

Effective through December 31, 2008, the Organization had a Simple IRA plan covering all employees who received at least \$5,000 in compensation during any two preceding calendar years and who would receive at least \$5,000 in compensation during the current year and each preceding year. The Organization matched the employee's contribution up to 3%. Organization contributions were approximately \$13,452 for the year ended June 30, 2009.

Effective January 1, 2009 the Organization adopted a 403(b) plan covering all employees who have completed six consecutive months of employment. The Organization matches the employee's contribution up to 8%. Organization contributions were approximately \$35,900 and \$17,906 for the years ended June 30, 2010 and June 30, 2009, respectively.

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2010 and 2009

8. Concentration of Risk

Credit Risk

At June 30, 2010, the Organization had approximately \$330,000 of cash deposits within one financial institution, a portion of which may be in excess of the federally insured limit. The Organization has not experienced any such losses and believes it is not exposed to any significant credit risk on these cash deposits.

Donor Concentration

The Organization's revenue activity is derived from individual, corporate and foundation contributions. During the fiscal years ended June 30, 2010 and 2009, donations received by the Organization from the ten largest donors represented 68% and 65% of total donations, respectively, representing a concentration of risk.

9. Temporarily Restricted Net Assets

Restricted Net Assets

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

	<u>2010</u>	<u>2009</u>
Tanzania	\$ 130,904	19,903
Staff Fund	98,180	-
Haiti	16,336	37,467
Other Countries	<u>2,524</u>	<u>9,858</u>
	<u>\$ 247,944</u>	<u>67,228</u>

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2010 and 2009

9. Temporarily Restricted Net Assets, Continued

Net Assets Released From Restrictions

Net assets were released from donor restrictions during the years ended June 30, 2010 and 2009, by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2010</u>	<u>2009</u>
Haiti	\$ 1,181,103	341,568
Dominican Republic	197,379	149,022
Tanzania	189,317	144,000
Mexico	174,826	110,091
Burundi	45,626	1,790
Reforestation	37,087	14,284
Thailand	19,338	20,905
Other Countries	11,293	2,500
Staff Fund	1,820	-
Grant Writer	-	27,740
Public Relations	-	25,210
	<u>\$ 1,857,789</u>	<u>837,110</u>

10. Permanently Restricted Net Assets

In accordance with California state law (UPMIFA), the Organization has classified as permanently restricted the fair value of donations restricted by donors to be held as endowment in perpetuity. The Organization has interpreted the state law as requiring preservation of the fair value of the original endowment gift, as of the gift date, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted the original value of gifts made to the permanent endowment.

Any unappropriated earnings of the permanently restricted endowment fund are classified as temporarily restricted net assets until those amounts are appropriate for expenditure by the Organization. The Organization has established a policy to appropriate for expenditure all interest and dividends paid on investments.

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2010 and 2009

10. Permanently Restricted Net Assets, Continued

From time to time, the fair value of endowment assets may, due to unfavorable market fluctuations, fall below the level that donors require to be retained as a fund of perpetual duration. In accordance with U.S. generally accepted accounting principles, declines of this nature are reported as losses in unrestricted net assets. As values recover, the increases are reported as unrestricted gains. At June 30, 2010 and 2009, the Organization had no such declines in values.

The Organization has adopted investment and spending policies for endowment assets to provide a predictable stream of revenues for operating activities and to preserve the purchasing power of the endowment assets. Under these policies, endowment assets are invested to produce a steady and secure rate of return that is expected to meet or exceed the rate of inflation as measured by the Consumer Price Index. Actual results during any period may vary from these expectations. The Organization relies on a total return strategy which allows the earnings objective to be achieved through both capital appreciation and current yield. The Organization's spending policy was established considering the long-term expected return on assets and the long-term growth of the assets.

Permanently restricted endowments consist of the following assets:

	2010	2009
Bond and money market funds	\$ 53,259	55,550
Interest bearing cash	2,291	-
	\$ 55,550	55,550

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2010 and 2009

10. Permanently Restricted Net Assets, Continued

Changes in endowment net assets for the years ended June 30, 2010 and 2009 are as follows:

June 30, 2010

		<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$	-	55,550	55,550
Investment income		249	-	249
Appropriation of endowment assets for expenditure		<u>(249)</u>	<u>-</u>	<u>(249)</u>
Endowment net assets, end of year	\$	<u>-</u>	<u>55,550</u>	<u>55,550</u>

June 30, 2009

		<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$	-	-	-
Contributions		<u>-</u>	<u>55,550</u>	<u>55,550</u>
Endowment net assets, end of year	\$	<u>-</u>	<u>55,550</u>	<u>55,550</u>

FLORESTA U.S.A. INCORPORATED, dba PLANT WITH PURPOSE
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2010 and 2009

11. Supplemental Cash Flow Information

For the year ended June 30, 2010, the Organization paid no income taxes and no interest.

12. Subsequent Events

Management has evaluated subsequent events through December 15, 2010, the date on which the financial statements were available to be issued.