

TREES FOR THE FUTURE, INC.

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**Year Ended December 31, 2009**

**TREES FOR THE FUTURE, INC.**  
Year Ended December 31, 2009  
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# **ANGELO P BACHINI**

CERTIFIED PUBLIC ACCOUNTANT  
1234 MASSACHUSETTS AVE., NW, STE 122  
WASHINGTON, D.C. 20037  
PHONE: 571-238-4561; 703-978-8478  
FACSIMILE: 703-978-9134

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Trees For The Future, Inc.  
Silver Spring, Maryland

We have audited the accompanying statement of financial position of Trees For The Future, Inc. (a not-for-profit organization) as of December 31, 2009, and the related statements of activity, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards established by the American Institute of Certified Public. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, except that project expenses were not verified as well as project inventories, and, in all material respects, the financial position of Trees For The Future, Inc. as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Washington, D.C.  
JUNE 28, 2010

**TREES FOR THE FUTURE, INC.**

Statement of Financial Position

As of December 31, 2009

ASSETS

CURRENT ASSETS

Cash in bank	\$ 258,632
Other Investment (Note 1)	123,456
Project Inventory (Note 1)	<u>0</u>

Total Current Assets 382,088

PROPERTY AND EQUIPMENT (Note 1)

Office building	222,508
Furniture and equipment	2,808
Less accumulated depreciation	<u>(68,148)</u>

Property and Equipment, Net 157,168

Total Assets \$ 539,256  
=====

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Notes payable – portion due within one year (Note 3) 13,998

Total Current Liabilities \$ 13,998

LONG TERM LIABILITIES

Notes payable – long-term portion (Note 3) 140,191

Total Liabilities \$154,189

NET ASSETS

Unrestricted net assets 385,067

Temporary restricted net assets (Note 5) 0

Total Net Assets 539,256

Total Liabilities and Net Assets \$ 539,256  
=====

See accompanying notes to financial statements and independent auditor's report

**ANGELO P BACHINI**  
 Certified Public Accountant  
**TREES FOR THE FUTURE, INC.**  
 Statement of Activity  
 Year Ended December 31, 2009

UNRESTRICTED NET ASSETS		
<u>Support and Revenues:</u>		
Individual donations	\$ 413,514	
Business and foundation donations	<u>763,593</u>	
Total Unrestricted Support	\$1,177,107	
<u>Net Assets Released from Restrictions:</u>		
Restrictions satisfied by payments	<u>0</u>	
Total Unrestricted Support and Revenues	\$1,177,107	
Functional Expenses	<u>1,236,465</u>	
Decrease in Unrestricted Net Assets	<u>(\$ 59,358)</u>	
TEMPORARILY RESTRICTED NET ASSETS		
Support from businesses and foundations	0	
Net assets released from restrictions	<u>0</u>	
Increase in Temporarily Restricted Net Assets	<u>0</u>	
DECREASE IN NET ASSETS	(\$ 59,358)	
OTHER INCOME		
INVESTMENT LOSSES	(\$41,229)	
INTEREST EARNED	1,450	
DIVIDEND EARNED	<u>2,893</u>	
TOTAL OTHER INCOME	( 36,886)	
NET ASSETS AT BEGINNING OF YEAR	<u>481,311</u>	
NET ASSETS AT END OF YEAR	\$ 385,067	=====

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Certified Public Accountant  
**TREES FOR THE FUTURE, INC.**  
Statement of Cash Flows  
Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets for the year (\$ 96,244)

Adjustment to reconcile changes in net assets to net cash  
Provided by operating activities

Non-cash items:

Depreciation expense 5,697

Net cash Used by operating activities ( 90,547)

CASH FLOWS PROVIDED ON NOTES ACTIVITIES

Paydown of notes payable (6,205)

Net cash provided on notes activities (6,205)

NET INCREASE IN CASH FOR THE YEAR ( 96,752)

CASH BALANCE AT BEGINNING OF YEAR 478,840

CASH BALANCE AT END OF YEAR \$ 382,088

=====

SUPPLEMENTAL DISCLOSURES

Mortgage interest paid in year 2009 \$ 12,045

Other interest paid in year 2009 \$ 138

**ANGELO P BACHINI**  
Certified Public Accountant  
**TREES FOR THE FUTURE, INC.**  
Notes To Financial Statements  
Year Ended December 31, 2009

Note 1 – SIGNIFICANT ACCOUNTING POLICIES

Organization

Trees for the Future, Inc. was incorporated under the laws of the State of Maryland in 1989 as a tax-exempt membership organization, whose purpose is to plant trees in developing nations as part of worldwide reforestation project that reduce global warming in the earth's climate.

Donor Pledges

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible donor pledges receivable. As of December 31, 2009, no allowance was established for uncollectible donor pledges receivable because all donor pledges receivable were deposited in January of the year following the fiscal year end.

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the time of donation.

Other Investment

Market value as of 12-31-09 \$123,456.

Project Inventory

The Organization maintains a supply of educational materials and tree-planting products to perform reforestation projects, and reports the value at the lower of cost or market value is not determined as 12/31/2009.

## **TREES FOR THE FUTURE, INC.**

Notes To Financial Statements  
Year Ended December 31,2009

### Note 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Property and Equipment

Purchases and donation of property and equipment are recorded at their actual original cost or donated fair values, respectively. Depreciation expense is provided for using the straight-line method over the useful life of the assets, which is 37 years for the office building and ranges from 5 to 7 years for the furniture and equipment.

#### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standard Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*.

Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets. Unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

#### Expense Allocation

The cost of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services, management and general, and fundraising.

#### Contributed Services

During the years ended December 31, 2009, the fair value of continued services by volunteers, including officers and board members, was not recognized as support in accordance with generally accepted accounting principles.

#### Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization had no unrelated taxable business income for the year ended December 31, 2009

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**TREES FOR THE FUTURE, INC.**  
 Notes To Financial Statements  
 Year Ended December 31, 2009

Note 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Note 3 – NOTES PAYABLE

As of December 31, 2009, the following notes payable were outstanding:

Mortgage payable – United Bank; secured by office building; \$1,489.42 in principal and interest at 8.125% payable monthly until maturity on August 6, 2032 original amount \$180,000, note was signed August 6, 2002	<u>\$160,394</u>
Total mortgage payable	154,189
Less: portion due within one-year	<u>13,998</u>
Long-term portion	\$140,191 =====

Note 4 – TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2009, temporarily net assets were held for:

\$ \_\_\_\_\_ 0

During the year ended December 31, 2009, net assets were released from donor restrictions by incurring expenses satisfying the following purposes as specified by donors:

Other	\$ _____ 0
Total	\$ _____ 0 =====

TREES FOR THE FUTURE, INC.  
Statement of Functional Expenses  
Year Ended December 31, 2009

	Program Services	Management & General	Fundraising	Total 2009
Salaries and contracted labor	\$188,208	\$188,208	\$188,208	\$564,624
Direct project expenses	371,558	0	0	371,558
Travel	27,548	40,401	23,877	91,826
Legal and accounting	0	2,500	0	2,500
Interest expense	8,650	3,533	0	12,183
Insurance - group health	1,145	21,748	0	22,893
Postage	11,507	0	0	11,507
Depreciation expense	3,987	855	855	5,697
Payroll taxes	12,598	12,598	11,856	37,052
Telephone	5,709	1,223	1,223	8,155
Office expense	19,275	4,123	4,123	27,521
Insurance expense	1,415	303	303	2,021
Utilities	3,570	764	764	5,098
Public information costs	31,529	0	0	31,529
Repairs and maintenance	3,550	761	761	5,072
Bank and credit card charges	0	3,643	1,561	5,204
Taxes and licenses	0	10,878	0	10,878
Tools and Equipment	1,026	1,026	0	2,052
Equipment lease expense	0	797	0	797
Payroll Processing	0	2,171	0	2,171
Website expense	0	0	11,307	11,307
Employee benefits	1,171	1,171	1,172	3,514
Dues and subscriptions	0	1,306	0	1,306
Contribution	0	0	0	-
<b>Total Functional Expenses</b>	<b>\$692,446</b>	<b>\$298,009</b>	<b>\$246,010</b>	<b>\$1,236,465</b>

See accompanying notes to financial statements and independent auditor's report  
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