

**TREES FOR LIFE, INC.**  
Financial Statements  
With Independent Auditors' Report  
December 31, 2008

**Adams, Brown, Beran & Ball, Chtd.**  
Certified Public Accountants  
Wichita, Kansas

**TREES FOR LIFE, INC.**  
Financial Statements  
With Independent Auditors' Report  
December 31, 2008

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**TABLE OF CONTENTS**

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b> .....	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position .....	2
Statement of Activities .....	3
Statement of Functional Expenses .....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6 - 9

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Certified  
Public  
Accountants

### Independent Auditors' Report

To the Board of Trustees  
**Trees For Life, Inc.**  
Wichita, Kansas

We have audited the accompanying statement of financial position of **Trees For Life, Inc.** (a nonprofit organization) as of December 31, 2008, and the related statements of activities, functional expenses and cash flows 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 generally accepted auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides 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 **Trees For Life, Inc.** as of December 31, 2008, and the results of its activities and changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Adams, Brown, Beran & Ball, Chtd.*

**Adams, Brown, Beran & Ball, Chtd.**  
Certified Public Accountants

September 29, 2009

**TREES FOR LIFE, INC.**  
Statement of Financial Position  
December 31, 2008  
(With Summarized Financial Information for 2007)

<b><u>ASSETS</u></b>		
	<b>2008</b>	<b>2007</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 123,594	40,367
Employee Advance	2,705	-
Inventories	830	1,125
<b>Total Current Assets</b>	<b>127,129</b>	<b>41,492</b>
<b>Property and Equipment</b>		
Automobiles	22,459	16,600
Office Equipment	466,995	464,207
Software	87,166	24,699
<b>Total Property and Equipment</b>	<b>576,620</b>	<b>505,506</b>
Accumulated Depreciation	<b>(485,228)</b>	<b>(461,039)</b>
<b>Net Property and Equipment</b>	<b>91,392</b>	<b>44,467</b>
<b>Other Assets</b>		
Restricted Long-Term Investments	268,728	257,436
Other Investments	456,321	732,469
Intangibles, Net of Amortization	7,293	-
<b>Total Other Assets</b>	<b>732,342</b>	<b>989,905</b>
<b>Total Assets</b>	<b>\$ 950,863</b>	<b>1,075,864</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities</b>		
Payroll and Sales Tax	\$ 370	295
<b>Long-Term Liabilities</b>		
Present Value of Gift Annuity	2,497	3,236
<b>Total Liabilities</b>	<b>2,867</b>	<b>3,531</b>
<b>Net Assets</b>		
Unrestricted	438,760	522,596
Temporarily Restricted	504,236	544,737
Permanently Restricted	5,000	5,000
<b>Total Net Assets</b>	<b>947,996</b>	<b>1,072,333</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 950,863</b>	<b>1,075,864</b>

The accompanying notes are an integral part of the financial statements.

**TREES FOR LIFE, INC.**  
Statement of Activities  
For the Year Ended December 31, 2008  
(With Summarized Financial Information for 2007)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2008	2007
<b>Revenues and other Support</b>					
Contributions	\$ 918,331	30,147	-	\$ 948,478	702,883
Sales to Public, Less Expenses of \$1,365	-	-	-	-	14,919
Contributed Services	8,048	-	-	8,048	1,502
Interest Income	26,802	-	-	26,802	22,328
Gain on Investments	-	-	-	-	47,502
Net Assets Released From Restriction	70,648	(70,648)	-	-	-
<b>Total Revenues and other Support</b>	<b>1,023,829</b>	<b>(40,501)</b>	<b>-</b>	<b>983,328</b>	<b>789,134</b>
<b>Expenses and Losses</b>					
Program Services					
U.S. Program	178,613	-	-	178,613	172,735
World Program	594,895	-	-	594,895	461,120
<b>Total Program Services</b>	<b>773,508</b>	<b>-</b>	<b>-</b>	<b>773,508</b>	<b>633,855</b>
Supporting Services					
Fund Raising	40,731	-	-	40,731	39,557
General and Administrative	81,683	-	-	81,683	85,580
<b>Total Supporting Services</b>	<b>122,414</b>	<b>-</b>	<b>-</b>	<b>122,414</b>	<b>125,137</b>
<b>Total Expenses</b>	<b>895,922</b>	<b>-</b>	<b>-</b>	<b>895,922</b>	<b>758,992</b>
Loss on Investments	211,743	-	-	211,743	-
<b>Total Expenses and Losses</b>	<b>1,107,665</b>	<b>-</b>	<b>-</b>	<b>1,107,665</b>	<b>758,992</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(83,836)</b>	<b>(40,501)</b>	<b>-</b>	<b>(124,337)</b>	<b>30,142</b>
<b>Net Assets, Beginning of Year</b>	<b>522,596</b>	<b>544,737</b>	<b>5,000</b>	<b>1,072,333</b>	<b>1,042,191</b>
<b>Net Assets, End of Year</b>	<b>\$ 438,760</b>	<b>504,236</b>	<b>5,000</b>	<b>\$ 947,996</b>	<b>1,072,333</b>

The accompanying notes are an integral part of the financial statements.

**TREES FOR LIFE, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2008**  
(With Summarized Financial Information for 2007)

	Program Services		Total
	U.S. Program	World Program	
Salaries	\$ 68,667	76,252	144,919
Payroll Taxes	5,428	5,878	11,306
Health Insurance	4,395	4,395	8,790
Education	-	98	98
<b>Total Salaries and Related Expenses</b>	<b>78,490</b>	<b>86,623</b>	<b>165,113</b>
Transfers to Other Countries	-	457,191	457,191
Accounting	2,781	2,781	5,562
Advertising and Media	384	98	482
Contract Labor	25,000	20,000	45,000
Insurance	2,902	2,902	5,804
Meetings and Exhibits	1,992	-	1,992
Office Supplies and Expense	769	206	975
Postage	4,208	454	4,662
Printing	2,766	520	3,286
Repairs - Office	242	242	484
Service Contracts	-	-	-
Supplies	716	503	1,219
Taxes - Other	24	-	24
Telephone	651	1,412	2,063
Utilities	5,206	5,206	10,412
Travel	1,927	11,186	13,113
Volunteers	31,494	40	31,534
Retirement Plan Contributions	-	-	-
Miscellaneous	2,346	1,825	4,171
<b>Total Expenses Before Depreciation and Amortization</b>	<b>161,898</b>	<b>591,189</b>	<b>753,087</b>
Depreciation and Amortization	16,715	3,706	20,421
<b>Total Expenses</b>	<b>\$ 178,613</b>	<b>594,895</b>	<b>773,508</b>
<b>Percent</b>	<b>19.9%</b>	<b>66.4%</b>	<b>86.3%</b>

The accompanying notes are an integral part of the financial statements.

<u>Supporting Services</u>					
	<u>Fund</u>	<u>General and</u>			
	<u>Raising</u>	<u>Administrative</u>	<u>Total</u>	<u>2008</u>	<u>2007</u>
\$	7,729	31,475	39,204	\$ <b>184,123</b>	\$ 203,318
	566	2,775	3,341	<b>14,647</b>	16,234
	4,395	4,395	8,790	<b>17,580</b>	23,470
	-	60	60	<b>158</b>	684
	<u>12,690</u>	<u>38,705</u>	<u>51,395</u>	<b>216,508</b>	<u>243,706</u>
	-	-	-	<b>457,191</b>	306,107
	2,781	2,781	5,562	<b>11,124</b>	10,500
	1,325	2,087	3,412	<b>3,894</b>	-
	5,000	-	5,000	<b>50,000</b>	58,067
	2,902	2,902	5,804	<b>11,608</b>	8,292
	-	156	156	<b>2,148</b>	234
	95	-	95	<b>1,070</b>	2,694
	1,111	2,578	3,689	<b>8,351</b>	16,140
	2,765	862	3,627	<b>6,913</b>	7,051
	242	242	484	<b>968</b>	3,388
	-	-	-	-	11
	818	3,124	3,942	<b>5,161</b>	3,962
	-	-	-	<b>24</b>	223
	124	3,075	3,199	<b>5,262</b>	6,323
	5,206	5,206	10,412	<b>20,824</b>	20,200
	-	(115)	(115)	<b>12,998</b>	15,643
	-	-	-	<b>31,534</b>	19,051
	-	5,152	5,152	<b>5,152</b>	4,890
	<u>1,402</u>	<u>11,222</u>	<u>12,624</u>	<b>16,795</b>	<u>16,517</u>
	36,461	77,977	114,438	<b>867,525</b>	742,999
	<u>4,270</u>	<u>3,706</u>	<u>7,976</u>	<b>28,397</b>	<u>15,993</u>
	<u>40,731</u>	<u>81,683</u>	<u>122,414</u>	<b>895,922</b>	<u>758,992</u>
\$	<u>4.5%</u>	<u>9.1%</u>	<u>13.7%</u>	\$ <b>100.0%</b>	<u>100.0%</u>

**TREES FOR LIFE, INC.**  
**Statements of Cash Flows**  
For the Year Ended December 31, 2008  
(With Summarized Financial Information for 2007)

	<u>2008</u>	<u>2007</u>
<b>Cash Flows From Operating Activities</b>		
Increase (Decrease) in Net Assets	<u>\$ (124,337)</u>	<u>30,142</u>
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</b>		
Depreciation and Amortization	28,397	15,993
Unrealized (Gain) Loss on Endowment	211,743	(47,502)
(Increase) Decrease in Accounts Receivable	(2,705)	-
(Increase) Decrease in Inventories	295	(834)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	75	21
Fair Value of Donated Equipment and Intangibles	(24,499)	(9,800)
Fair Value of Donated Investments	<u>(7,030)</u>	<u>-</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>81,939</u>	<u>(11,980)</u>
<b>Cash Flows From Investment Activities</b>		
Purchase of Property, Equipment and Intangibles	(58,115)	(31,650)
Purchase of Investments	174,176	(79,330)
Proceeds from Sales/Maturity of Investments	(102,743)	107,502
Purchases of Restricted Long-Term Investments	(11,291)	(13,236)
Proceeds from Restricted Long-Term Investments	<u>-</u>	<u>7,000</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>2,027</u>	<u>(9,714)</u>
<b>Cash Flows From Financing Activities</b>		
Payout of Gift Annuity	<u>(739)</u>	<u>(964)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>83,227</b>	<b>(22,658)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>40,367</u>	<u>63,025</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 123,594</u></u>	<u><u>40,367</u></u>

The accompanying notes are an integral part of the financial statements.

**TREES FOR LIFE, INC.**  
Notes to Financial Statements  
December 31, 2008

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

**Trees For Life, Inc.** was incorporated on March 15, 1984, in the State of Kansas as a not-for-profit entity. It is a people-to-people grassroots movement that empowers people by demonstrating that in helping each other, we can unleash extraordinary power that impacts our lives. This movement started by enabling people around the world to help plant fruit trees in developing countries. Now it has matured to where **Trees for Life, Inc.** provides a platform for people of various disciplines to work on long-term fundamental solutions to problems in the areas of education, health and environment.

Funds raised in the United States pay for development and organizational support by the U.S. staff of international affiliates, as well as for the development of current and future programs. Such programs are funded by individual contributions as well as some foundation grants.

**Trees For Life, Inc.** has been recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Contributions**

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received, are reported as unrestricted revenue and net assets.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

**TREES FOR LIFE, INC.**  
Notes to Financial Statements  
December 31, 2008

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions (Continued)**

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

**Investments**

Investments consist of certificates of deposits and corporate stocks. Investments in debt and equity securities with readily determinable fair values are reported at fair value, which approximates cost. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in unrestricted net assets, unless the income or loss is restricted by donor stipulation or law.

**Inventory**

Inventory consisting of T-shirts is stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

**Property and Equipment**

Equipment is stated at cost for purchased items and market value at the date of gift for donated items. Depreciation is provided over the estimated useful lives of the assets, generally three to five years, using the straight-line method.

**Transfers to Other Countries**

Costs associated with the support of other **Trees For Life, Inc.** entities are recognized in the accompanying financial statements as World programs. Transfers totaling \$356,474 were made in support of Books For Life International, an educational branch of **Trees For Life, Inc.** that was formed in 2005 and transfers totaling \$100,717 were made in support of various other World program costs. Books For Life has program activities in several countries including Ethiopia, India, Nicaragua, Pakistan and Zimbabwe. These funds are used to provide training, education, books and educational materials.

**Prior-Year Summarized Totals**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

**Cash and Cash Equivalents**

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

**TREES FOR LIFE, INC.**  
Notes to Financial Statements  
December 31, 2008

**NOTE 2 - INVESTMENTS**

Investments at December 31, 2008, consisted of the following:	<u>Fair Market Value</u>
Long-Term	
Mutual funds (including money market accounts)	\$ 437,190
Stocks	<u>19,131</u>
<b>Total Long-Term Investments</b>	<b><u>456,321</u></b>
Investments return (loss) during 2008 consisted of the following:	
Investment income	26,802
Realized and unrealized gain (loss) on sale of investments	<u>(211,743)</u>
<b>Total</b>	<b>\$ <u>(184,941)</u></b>

**NOTE 3 - PROPERTY AND EQUIPMENT**

At December 31, 2008, costs of property and equipment were as follows:

Automobiles	3 years	\$ 22,459
Office equipment	3-5 years	282,294
Leasehold improvements	5 years	184,701
Software	3 years	<u>87,166</u>
		576,620
Accumulated depreciation and amortization		<u>(485,228)</u>
<b>Net Property and Equipment</b>		<b>\$ <u>91,392</u></b>

**NOTE 4 - CONTRIBUTED GOODS AND SERVICES**

Contributions of service are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contribution revenue recognized from contributed goods and services in 2008 consists of:

Professional services	\$ 7,898
Freight and storage	<u>150</u>
<b>Total Services</b>	<b><u>8,048</u></b>
Equipment	735
Vehicle	9,859
Volunteer support	375
Education/Training	<u>353,978</u>
<b>Total Goods</b>	<b><u>364,947</u></b>
<b>Total Goods and Services</b>	<b>\$ <u>372,995</u></b>

**TREES FOR LIFE, INC.**  
Notes to Financial Statements  
December 31, 2008

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**NOTE 5 - RESTRICTED NET ASSETS**

Temporarily restricted net assets as of December 31, 2008 are available for the following purposes:

General tree planting	\$ 7,185
Guatemala	11,719
Global Circle of Knowledge	410,353
India	<u>74,979</u>
<b>Total Temporarily Restricted Net Assets</b>	<b>\$ <u>504,236</u></b>

Permanently restricted net assets as of December 31, 2008 are available for the following purposes:

Global Circle of Knowledge	\$ <u>5,000</u>
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**NOTE 6 - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. These amounts released during the year ended December 31, 2008 are as follows:

Purpose restrictions:	
India	\$ <u>70,648</u>

**NOTE 7 - RESTRICTED LONG-TERM INVESTMENTS**

Assets of \$250,000 plus fifty percent of any capital gains on those assets were originally restricted in perpetuity. The net income and fifty percent of any capital gains were to be expendable to support charitable, educational and scientific purposes only after the organization had raised and deposited matching funds of \$250,000. The terms of the endowment were revised during 2004 by the donor to allow for the use of the funds as needed to fund the Global Circle of Knowledge project. Funds are to be returned to the endowment when able.

**NOTE 8 - EMPLOYEE BENEFIT PLAN**

In October 1999, a Simple IRA employee benefit plan was adopted. The employer matches each eligible employee's Simple IRA contribution up to a limit of 3% of the employee's compensation for the calendar year. The expense for this benefit plan for the year ended December 31, 2008 was \$5,152.

**NOTE 9 - GIFT ANNUITIES**

In 2001, the organization received a gift annuity contribution of \$5,000 cash. With this receipt of cash, the organization agreed to pay the donor semi-annual payments of \$263, beginning on November 15, 2001 for the life of the donor. The rate used to discount the future payments was 10.5% set by the American Council on Gift Annuities.

In 2002, the organization received a gift annuity contribution of \$10,000 cash. With this receipt of cash, the organization agreed to pay the donor annual payments of \$820, beginning on September 1, 2003 for the life of the donor. The rate used to discount the future payments was 8.2% set by the American Council on Gift Annuities.