

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2005

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the **2005** calendar year, or tax year beginning **7/1/2005**, 2005, and ending **6/30/2006**, 20

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization FLORESTA USA INCORPORATED	D Employer identification number 33 : 0052976
		Number and street (or P.O. box if mail is not delivered to street address) Room/suite 4903 Morena Blvd, Ste 1215	E Telephone number (858) 274-3718
		City or town, state or country, and ZIP + 4 San Diego, CA 92117	F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) ▶

G Website: ▶ www.floresta.org

J Organization type (check only one) ▶ 501(c) (**3**) ◀ (insert no.) 4947(a)(1) or 527

K Check here ▶ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization chooses to file a return, be sure to file a complete return. **Some states require a complete return.**

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **1,329,774**

H and **I** are not applicable to section 527 organizations.
H(a) Is this a group return for affiliates? Yes No
H(b) If "Yes," enter number of affiliates ▶
H(c) Are all affiliates included? Yes No (If "No," attach a list. See instructions.)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No
I Group Exemption Number ▶

M Check ▶ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

		(A) Securities	(B) Other		
Revenue	1 Contributions, gifts, grants, and similar amounts received:				
	a Direct public support	1a	1,281,346		
	b Indirect public support	1b	0		
	c Government contributions (grants)	1c	0		
	d Total (add lines 1a through 1c) (cash \$ 1,281,346 noncash \$ 0)				1d 1,281,346
	2 Program service revenue including government fees and contracts (from Part VII, line 93)				2 0
	3 Membership dues and assessments				3 0
	4 Interest on savings and temporary cash investments				4 10,131
	5 Dividends and interest from securities				5 0
	6a Gross rents	6a	0		
	b Less: rental expenses	6b	0		
	c Net rental income or (loss) (subtract line 6b from line 6a)				6c 0
7 Other investment income (describe ▶)				7 0	
8a Gross amount from sales of assets other than inventory		0	0		
	b Less: cost or other basis and sales expenses	0	0		
	c Gain or (loss) (attach schedule)	0	0		
	d Net gain or (loss) (combine line 8c, columns (A) and (B))				8d 0
9 Special events and activities (attach schedule). If any amount is from gaming, check here ▶ <input type="checkbox"/>					See Statement 1
a Gross revenue (not including \$ 66,178 of contributions reported on line 1a)	9a	30,632			
b Less: direct expenses other than fundraising expenses	9b	0			
c Net income or (loss) from special events (subtract line 9b from line 9a)				9c 30,632	
10a Gross sales of inventory, less returns and allowances Stmt 2	10a	7,665			
	b Less: cost of goods sold	10b	5,237		
c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)				10c 2,428	
11 Other revenue (from Part VII, line 103)				11 0	
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)				12 1,324,537	
Expenses	13 Program services (from line 44, column (B))			13 988,525	
	14 Management and general (from line 44, column (C))			14 77,594	
	15 Fundraising (from line 44, column (D))			15 85,589	
	16 Payments to affiliates (attach schedule)			16 0	
	17 Total expenses (add lines 16 and 44, column (A))			17 1,151,708	
Net Assets	18 Excess or (deficit) for the year (subtract line 17 from line 12)			18 172,829	
	19 Net assets or fund balances at beginning of year (from line 73, column (A))			19 235,728	
	20 Other changes in net assets or fund balances (attach explanation) Stmt 3			20 -36,130	
	21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)			21 372,427	

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising	
22	Grants and allocations (attach schedule) Stmt 4 (cash \$ <u>666,026</u> noncash \$ <u>0</u>) If this amount includes foreign grants, check here <input checked="" type="checkbox"/>	22	666,026	666,026		
23	Specific assistance to individuals (attach schedule)	23	0	0		
24	Benefits paid to or for members (attach schedule)	24	0	0		
25	Compensation of officers, directors, etc.	25	78,000	56,160	7,800	14,040
26	Other salaries and wages	26	165,097	117,998	27,808	19,291
27	Pension plan contributions	27	6,836	5,576	482	778
28	Other employee benefits	28	16,877	11,822	2,735	2,320
29	Payroll taxes	29	20,552	14,546	2,951	3,055
30	Professional fundraising fees	30	0	0	0	0
31	Accounting fees	31	7,000	0	7,000	0
32	Legal fees	32	0	0	0	0
33	Supplies	33	2,526	1,465	884	177
34	Telephone	34	2,231	1,495	535	201
35	Postage and shipping	35	3,638	2,573	757	308
36	Occupancy	36	24,002	12,481	9,601	1,920
37	Equipment rental and maintenance	37	0	0	0	0
38	Printing and publications	38	9,461	7,496	428	1,537
39	Travel	39	45,819	43,047	1,898	874
40	Conferences, conventions, and meetings	40	9,677	6,107	1,927	1,643
41	Interest	41	273	0	273	0
42	Depreciation, depletion, etc. (attach schedule)	42	0	0	0	0
43	Other expenses not covered above (itemize): a <u>See Statement 6</u>	43a	93,693	41,733	12,515	39,445
	b	43b				
	c	43c				
	d	43d				
	e	43e				
	f	43f				
	g	43g				
44	Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	1,151,708	988,525	77,594	85,589

Stmt 5

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____; (ii) the amount allocated to Program services \$ _____; (iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ► Transformational Development	Program Service Expenses
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	(Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
a <u>See Statement 7</u> (Grants and allocations \$ _____) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
b (Grants and allocations \$ _____) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
c (Grants and allocations \$ _____) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
d (Grants and allocations \$ _____) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
e Other program services (attach schedule) (Grants and allocations \$ _____) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services). ►	988,525

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A)		(B)
		Beginning of year		End of year
Assets	45 Cash—non-interest-bearing	16,956	45	112,321
	46 Savings and temporary cash investments	151,735	46	217,092
	47a Accounts receivable	0		
	b Less: allowance for doubtful accounts	0	47c	0
	48a Pledges receivable	0		
	b Less: allowance for doubtful accounts	0	48c	0
	49 Grants receivable	35,000	49	0
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)	0	50	0
	51a Other notes and loans receivable (attach schedule)	0		
	b Less: allowance for doubtful accounts	0	51c	0
	52 Inventories for sale or use	0	52	0
	53 Prepaid expenses and deferred charges	0	53	0
	54 Investments—securities (attach schedule) Stmt 8 ▶ <input type="checkbox"/> Cost <input type="checkbox"/> FMV	28,307	54	28,307
	55a Investments—land, buildings, and equipment: basis	0		
	b Less: accumulated depreciation (attach schedule)	0	55c	0
	56 Investments—other (attach schedule)	0	56	0
	57a Land, buildings, and equipment: basis	28,494		
	b Less: accumulated depreciation (attach schedule) Stmt 9	12,142	57c	16,352
	58 Other assets (describe ▶ See Statement 10)	1,850	58	1,850
59 Total assets (must equal line 74). Add lines 45 through 58.	244,961	59	375,922	
Liabilities	60 Accounts payable and accrued expenses	9,233	60	3,495
	61 Grants payable	0	61	0
	62 Deferred revenue	0	62	0
	63 Loans from officers, directors, trustees, and key employees (attach schedule)	0	63	0
	64a Tax-exempt bond liabilities (attach schedule)	0	64a	0
	b Mortgages and other notes payable (attach schedule)	0	64b	0
	65 Other liabilities (describe ▶)	0	65	0
66 Total liabilities. Add lines 60 through 65	9,233	66	3,495	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	84,228	67	257,057
	68 Temporarily restricted	151,500	68	115,370
	69 Permanently restricted	0	69	0
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)	235,728	73	372,427
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73.	244,961	74	375,922

Part VI Other Information <i>(continued)</i>		Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		<input checked="" type="checkbox"/>
	b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		
	82b		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?		<input checked="" type="checkbox"/>
	b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	<input checked="" type="checkbox"/>	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	<input checked="" type="checkbox"/>	
	b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<input checked="" type="checkbox"/>	
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?		
	b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
	c Dues, assessments, and similar amounts from members	85c	
	d Section 162(e) lobbying and political expenditures	85d	
	e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	
	f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	
	g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	
	h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12	86a	
	b Gross receipts, included on line 12, for public use of club facilities	86b	
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders	87a	
	b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	<input checked="" type="checkbox"/>
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0 ; section 4912 ▶ 0 ; section 4955 ▶ 0		
	b 501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	<input checked="" type="checkbox"/>
	c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0
	d Enter: Amount of tax on line 89c, above, reimbursed by the organization		0
90a	List the states with which a copy of this return is filed ▶ <u>CA,OR</u>		
	b Number of employees employed in the pay period that includes March 12, 2005 (See instructions.)	90b	7
91a	The books are in care of ▶ <u>Scott Sabin</u> Telephone no. ▶ <u>858-274-3718</u> Located at ▶ <u>4903 Morena Blvd, Ste 1215, San Diego, CA</u> ZIP + 4 ▶ <u>92117</u>		
	b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	91b	<input checked="" type="checkbox"/>
	If "Yes," enter the name of the foreign country ▶		
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1 , Report of Foreign Bank and Financial Accounts.		
	c At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country ▶	91c	<input checked="" type="checkbox"/>
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 —Check here and enter the amount of tax-exempt interest received or accrued during the tax year ▶	92	<input type="checkbox"/>

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	10,131	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events			01	30,632	
102 Gross profit or (loss) from sales of inventory			05	2,428	
103 Other revenue: a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))		0		43,191	\$0
105 Total (add line 104, columns (B), (D), and (E))					43,191

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
▼	

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here

Signature of officer _____ Date _____

Type or print name and title. _____

Paid Preparer's Use Only

Preparer's signature _____ Date _____ Check if self-employed

Firm's name (or yours if self-employed), address, and ZIP + 4 _____ Preparer's SSN or PTIN (See Gen. Inst. W) _____

EIN _____ Phone no. _____

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n),
or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information—(See separate instructions.)

OMB No. 1545-0047

2005

Department of the Treasury
Internal Revenue Service

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

FLORESTA USA INCORPORATED

Employer identification number

33 0052976

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
Armando Osorio 4903 Morena Blvd, Ste 1215, San Diego, CA 92140	Programs Director	46,580	5,314	0
Total number of other employees paid over \$50,000 . . . ▶		0		

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
None		
Total number of others receiving over \$50,000 for professional services . . . ▶		0

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
None		
Total number of other contractors receiving over \$50,000 for other services . . . ▶		0

Part III Statements About Activities (See page 2 of the instructions.)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)		✓
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?		✓
b Lending of money or other extension of credit?		✓
c Furnishing of goods, services, or facilities?		✓
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	✓	
e Transfer of any part of its income or assets?		✓
3a Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.)		✓
b Do you have a section 403(b) annuity plan for your employees?		✓
c During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?		✓
4a Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?		✓
b Do you provide credit counseling, debt management, credit repair, or debt negotiation services?		✓

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5** A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6** A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7** A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8** A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9** A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state ▶**
- 10** An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a** An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b** A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12** An organization that normally receives: **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13** An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: **(1)** lines 5 through 12 above; or **(2)** sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). Check the box that describes the type of supporting organization: Type 1 Type 2 Type 3
Provide the following information about the supported organizations. (See page 6 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14** An organization organized and operated to test for public safety. Section 509(a)(4). (See page 6 of the instructions.)

Part V Private School Questionnaire (See page 7 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)		
32 Does the organization maintain the following:		
a Records indicating the racial composition of the student body, faculty, and administrative staff?		
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d Copies of all material used by the organization or on its behalf to solicit contributions?		
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)		
33 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?		
b Admissions policies?		
c Employment of faculty or administrative staff?		
d Scholarships or other financial assistance?		
e Educational policies?		
f Use of facilities?		
g Athletic programs?		
h Other extracurricular activities?		
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)		
34a Does the organization receive any financial aid or assistance from a governmental agency?		
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.		
35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

Check **a** if the organization belongs to an affiliated group. Check **b** if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred.)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount. Enter the amount from the following table—		
	If the amount on line 40 is— The lobbying nontaxable amount is—		
	Not over \$500,000 20% of the amount on line 40		
	Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000		
	Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000	41	
	Over \$1,500,000 but not over \$17,000,000. \$225,000 plus 5% of the excess over \$1,500,000		
	Over \$17,000,000 \$1,000,000		
42	Grassroots nontaxable amount (enter 25% of line 41).	42	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36.	43	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38.	44	

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.
 See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in) ►	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers		✓	
b Paid staff or management (Include compensation in expenses reported on lines c through h).		✓	
c Media advertisements.		✓	
d Mailings to members, legislators, or the public		✓	
e Publications, or published or broadcast statements		✓	
f Grants to other organizations for lobbying purposes		✓	
g Direct contact with legislators, their staffs, government officials, or a legislative body.		✓	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		✓	
i Total lobbying expenditures (Add lines c through h).			0

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Statement 1

Form: 990

Page: 1

Part: I

Question: 9

FLORESTA USA INCORPORATED**33-0052976****Schedule of Special Events**

Description	Gross Receipts	Contributions	Gross Revenue	Direct Costs	Net Income (Loss)
Annual Banquet & Silent Auction	\$95,360.00	\$65,306.00	\$30,054.00	\$0.00	\$30,054.00
Home Receptions	\$1,450.00	\$872.00	\$578.00	\$0.00	\$578.00
Total:	\$96,810.00	\$66,178.00	\$30,632.00	\$0.00	\$30,632.00

Statement 2

Form: 990

Page: 1

Part: I

Question: 10

FLORESTA USA INCORPORATED

33-0052976

Sales of Inventory

Description	Gross Sales	COGS	Gross Profit
Coffee & Merchandise	\$7,665.00	\$5,237.00	\$2,428.00
Total:	\$7,665.00	\$5,237.00	\$2,428.00

Statement 3

Form: 990

Page: 1

Part: I

Question: 20

FLORESTA USA INCORPORATED**33-0052976****Other changes in Net Assets or Fund Balances**

Explanation	Amount
Contributions	\$375,335.00
Net Assets Released from Restrictions	-\$411,465.00
Total:	-\$36,130.00

Statement 4

Form: 990
Page: 2
Part: II
Question: 22

FLORESTA USA INCORPORATED
33-0052976

Grants and Allocations

Date:		Name and Address:
Type:	Cash	Robert Morikawa
Number of individuals:		1812-400 McLevin Ave
Grant Amount	\$53,824.00	Scarborough, Ontario M1B 5J4
Classification	Consulting Fees & International	Canada
Relationship:	Agroforestry Consultant	
Description of Property:		

How Determined

Book Value of Property:
FMV of Property:

Date:		Name and Address:
Type:	Cash	Floresta Incorporada - Republica
Number of individuals:		Calle Rafael Ramos No.56 a Esq. F
Grant Amount	\$192,621.00	Sector San Geronimo, Santo Domingo .
Classification	transformational development	Dominican Republic
Relationship:	Partner Organization	
Description of Property:		

How Determined

Book Value of Property:
FMV of Property:

Date:		Name and Address:
Type:	Cash	Floresta Haiti
Number of individuals:		3402 SW 9th Ave
Grant Amount	\$191,832.00	Fort Lauderdale, FL 33315
Classification	transformational development	Haiti
Relationship:	Partner Organization	
Description of Property:		

How Determined

Book Value of Property:
FMV of Property:

Date:		Name and Address:
Type:	Cash	Mision Integral para el Desarrollo a Mexico
Number of individuals:		Calle Las Palmas #504
Grant Amount	\$160,986.00	Candiani, Oaxaca 68130
Classification	transformational development	Mexico
Relationship:	Partner Organization	
Description of Property:		

How Determined

Book Value of Property:
FMV of Property:

Date:		Name and Address:
Type:	Cash	Upland Holistic Development Project
Number of individuals:		PO Box 43

Grant Amount	\$2,160.00	Fang, Chiang Mai 50110
Classification	Research on Program Initiation	Thailand
Relationship:	Potential Partnership Org	
Description of Property:		

How Determined

Book Value of Property:
FMV of Property:

Date:		Name and Address:
Type:	Cash	Floresta USA - Tanzania
Number of individuals:		PO Box 7764
Grant Amount	\$59,103.00	Moshi, Tanzania .
Classification	transformational development	Tanzania
Relationship:	Extension Program	
Description of Property:		

How Determined

Book Value of Property:
FMV of Property:

Date:		Name and Address:
Type:	Cash	Care of Creation Inc
Number of individuals:		PO Box 44582
Grant Amount	\$500.00	Madison, WI 53744
Classification	Scholarship Donation for God &	United States
Relationship:	Partnerships	
Description of Property:		

How Determined

Book Value of Property:
FMV of Property:

Date:		Name and Address:
Type:	Cash	Kageno Worldwide - Kenya Project
Number of individuals:		261 Broadway, Ste 10D
Grant Amount	\$5,000.00	New York, NY 10007
Classification	Sustainable Development	United States
Relationship:	Potential Partnership	
Description of Property:		

How Determined

Book Value of Property:
FMV of Property:

Total Grants:	\$666,026.00	
----------------------	---------------------	--

Statement 5

Form: 990

Page: 2

Part: II

Question: 25

FLORESTA USA INCORPORATED

33-0052976

Compensation Detail

Description	Total:	Pgm Services	Mgt and General	Fundraising
Scott C Sabin				
Compensation	\$78,000.00	\$56,160.00	\$7,800.00	\$14,040.00
Benefits	\$0.00	\$0.00	\$0.00	\$0.00
Expenses	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$78,000.00	\$56,160.00	\$7,800.00	\$14,040.00
Total:	\$78,000.00	\$56,160.00	\$7,800.00	\$14,040.00

Statement 6

Form: 990

Page: 2

Part: II

Question: 43

FLORESTA USA INCORPORATED

33-0052976

Attachment listing other expenses for Part II

Description	Total:	Pgm Services	Mgt and General	Fundraising
Office Expenses	\$7,149.00	\$3,174.00	\$3,585.00	\$390.00
Professional Consultant Fees	\$12,701.00	\$8,299.00	\$750.00	\$3,652.00
Development & Public Relations	\$58,451.00	\$27,805.00	\$0.00	\$30,646.00
Commission & Bank Fees	\$9,793.00	\$1,926.00	\$7,867.00	\$0.00
Other	\$5,599.00	\$529.00	\$313.00	\$4,757.00
Total:	\$93,693.00	\$41,733.00	\$12,515.00	\$39,445.00

Statement 7

Form: 990

Page: 3

Part: III

Question:

FLORESTA USA INCORPORATED**33-0052976****Program Services**

Achievement	Pgm. Svc. Exp.
<p>International Development Programs, General/Other: DOMINICAN REPUBLIC: Working through Floresta Incorporada, a Dominican nonprofit, Floresta has provided loans, training, and marketing services to farmers in 47 villages of central Dominican Republic. A unique aspect of this program is the direct and active involvement of the Dominican government in our projects, thus greatly contributing to the program's growth and success. Floresta is facilitating conversion from slash-and-burn agriculture to agroforestry. Farmers planted 126,339 trees covering an area of 246 acres, bringing the lifetime total of trees planted in the Dominican Republic to 2,405,928. Training was provided to rural farmers in agroforestry, soil conservation, and vegetable gardening. 93 new micro-enterprise loans were granted, and 49 prior loans repaid. Together with staff from Floresta Haiti, a team from Floresta Incorporada conducted Participatory Rural Appraisals (PRAs) along the Haitian border, for the purpose of establishing Floresta's newest initiative, the Trans-Border Project. Floresta continued its partnership with USAID, providing farmers with tools and teaching to prevent and control forest fires. In collaboration with the Dominican Agroforestry Institute (IDIAF), Floresta initiated an agroforestry experiment to find new systems for improving the value of farmlands, increasing product diversity, reducing soil erosion, and meeting the short-term economic needs of farmers. Floresta conducted a farmer-based experiment to improve the management of a high-value timber tree, <i>Grevilea robusta</i>, resulting in better management techniques that will allow farmers to incorporate tree plantations into their farming systems. Floresta staff worked with 28 women in the community of La Lomita to form an association called "Women's New Hope." The association provides women with sustainable economic and farming opportunities such as chicken raising and soil conservation. (47 Villages)</p> <p>Grants and Allocations: \$203,952.00 This amount includes foreign grants: Yes</p>	\$247,088.00
<p>International Development Programs, General/Other: HAITI: Floresta has provided education in sustainable agriculture, agroforestry, reforestation, micro-credit, discipleship, and marketing assistance to 25 communities consisting of approximately 1,019 participants in the St. Mathias Parish, south of Leogane in Haiti. Floresta cooperatives granted 282 micro-enterprise loans to farmers. The loan program's repayment rate remained consistently above 97%. More than 28,533 trees have been planted, bringing the lifetime total to 166,798 trees. 1,995 fruit trees were grafted for improved quality of fruit, for the purpose of selling at local markets, thus bringing the life-time total of grafted fruit trees to 8,106. Participants in the Floresta program built 33 miles of anti-erosion barriers, and constructed 53 ravines to mitigate soil erosion along steep hillsides. 261 compost systems were established. These systems provide a ready supply of nutrient-rich organic soil for use as fertilizer on farms and in family gardens. 2,160 animals received veterinary care. Floresta officially began its Transborder Project in the areas of Foret des Pins and Fonds Verrettes, on the Dominican border. (25 Communities)</p> <p>Grants and Allocations: \$203,162.00 This amount includes foreign grants: Yes</p>	\$231,339.00
<p>International Development Programs, General/Other: OAXACA, MEXICO: Floresta has collaborated with Misión Integral de Desarrollo en Mexico in its work in Oaxaca, where it has established projects in 42 communities. This year, work expanded from the Santo Domingo Nuxaá and San Andres Nuxiño municipalities of Oaxaca to include communities in Santa Ines Zaragoza, San Juan Tamazola, and Nochixtlan. Participants in Floresta's programs planted 60,686 trees in reforestation projects, covering an area of 135 acres. In addition to trees planted through reforestation efforts, participants produced an additional 35,602 seedlings in tree nurseries. 1,206 fruit trees were grafted. Credit cooperatives granted 38 new micro-enterprise loans to members, totaling \$5,831. 52 previously existing loans were repaid. Floresta established 27 agroforestry farms. Farmers utilizing Floresta's agroforestry techniques are seeing a significant increase in crop yields due to improved soil conditions created by mutually beneficial relationships between trees and crops. 36 program participants received and are utilizing new fuel efficient stoves, which require less wood and create 50% less smoke in the home, thereby reducing wood use and improving the overall health of community members. 5 new cisterns were constructed, each with the capacity to hold 16,000 gallons of water, providing a reliable water source for approximately 25 families during the dry season. Floresta farmers in Nuxiño worked cooperatively to build a greenhouse for growing tomatoes, which yielded a large first harvest. These tomatoes provide a new</p>	\$198,655.00

Achievement**Pgm. Svc. Exp.**

source of income for community members and are helping to diversify and improve local nutrition. The project was so successful that plans for a second greenhouse began quickly afterward. Floresta provided community members with 58 ecological latrines, which keep waste from seeping into the soil and contaminating local water resources. By improving water and soil quality, these latrines contributed to a reduction in disease and improved community sanitation overall. The latrines also provide a source of safe, organic fertilizer. (42 Communities)

Grants and Allocations: \$166,652.00 This amount includes foreign grants: Yes

International Development Programs, General/Other: TANZANIA: Floresta's newest program in Tanzania expanded rapidly in all facets during its second year of operation, going from only 80 participating farmers to 1,519. As the program continued to grow and develop, new projects were introduced and outreach efforts were extended to include 5 communities in the Kilimanjaro region. Participants in reforestation projects planted 63,393 trees. Floresta worked with community members to establish 28 tree nurseries, in which 53,633 seedlings were grown for reforestation and agroforestry efforts. 402 bio-intensive vegetable gardens were established. Food grown in these gardens provides nutrition for community members, and the surplus is typically taken to market. Families often use the extra income provided by their gardens to improve their farms and homes, or to send their children to school. Floresta worked with Tanzanian communities to establish 4 Village Community Banking (VICOBA) systems. These groups are managed by the members themselves, who raise and distribute their own funds. Group members collectively raised nearly \$2,000, and were able to grant 44 small loans to members. Farmers in Floresta's programs constructed 586 contours to help control erosion along steep hillsides. 109 compost heaps were established, creating a steady source of fertilizer for farms, tree nurseries, and family gardens. (5 Communities)

\$122,905.00

Grants and Allocations: \$64,588.00 This amount includes foreign grants: Yes

International Development Programs, General/Other: Other Countries: Expenses granted to other countries Floresta is considering expanding our program into, including collaborations with other organizations already established there. These countries include Thailand and Kenya. (2 Countries)

\$43,671.00

Grants and Allocations: \$22,006.00 This amount includes foreign grants: Yes

Unknown/Unclassified: Constituency communication and education to contribute to public awareness of the issues of deforestation and poverty, as well as their potential solutions; and also to educate the public concerning the programs of Floresta, including newsletters, professional services, curriculum development, and related costs. (5000 Donors, approx.)

\$144,867.00

Grants and Allocations: \$5,666.00 This amount includes foreign grants: Yes

Total:

\$988,525.00

Statement 8

Form: 990

Page: 4

Part: IV

Question: 54

FLORESTA USA INCORPORATED

33-0052976

Investments - Securities

Security	Valuation Type	Amount
Investment in Los Arbolitos, Dominican Republic	Cost	\$28,307.00
Total:		\$28,307.00

Statement 9

Form: 990

Page: 4

Part: IV

Question: 57

FLORESTA USA INCORPORATED

33-0052976

Schedule of Land, Buildings and Equipment

Description	Cost	Depreciation	Book Value
Furniture & Equipment	\$28,494.00	\$12,142.00	\$16,352.00
Total:	\$28,494.00	\$12,142.00	\$16,352.00

Statement 10

Form: 990

Page: 4

Part: IV

Question: 58

FLORESTA USA INCORPORATED

33-0052976

Other Assets

Asset Description	BOY Amount	EOY Amount
Rent Deposit	\$1,850.00	\$1,850.00
Total:	\$1,850.00	\$1,850.00

Statement 11

Form: 990

Page: 5

Part: V

Question:

FLORESTA USA INCORPORATED**33-0052976****Officers, Directors, Trustees, and Key Employees**

Name and Address	Title	Hrs	Comp.	Benefits	Expenses
Scott Sabin 4903 Morena Blvd, Ste 1215 San Diego, CA 92117 United States	Exec Director/CEO	50	\$78,000.00	\$7,969.00	\$0.00
Jeffrey Busby 4903 Morena Blvd, Ste 1215 San Diego, CA 92117 United States	Chairman	0	\$0.00	\$0.00	\$0.00
Cynthia Outlaw 4903 Morena Blvd, Ste 1215 San Diego, CA 92117 United States	Treasurer	0	\$0.00	\$0.00	\$0.00
Martin Gore 4903 Morena Blvd, Ste 1215 San Diego, CA 92117 United States	Secretary	0	\$0.00	\$0.00	\$0.00
Laura Ambrose 4903 Morena Blvd, Ste 1215 San Diego, CA 92117 United States	Board Member	0	\$0.00	\$0.00	\$0.00
Tricia Elisara 4903 Morena Blvd, Ste 1215 San Diego, CA 92117 United States	Board Member	0	\$0.00	\$0.00	\$0.00
Eric Kaiser 4903 Morena Blvd, Ste 1215 San Diego, CA 92117 United States	Board Member	0	\$0.00	\$0.00	\$0.00
Mary King 4903 Morena Blvd, Ste 1215 San Diego, CA 92117 United States	Board Member	0	\$0.00	\$0.00	\$0.00
John McKay 4903 Morena Blvd, Ste 1215 San Diego, CA 92117 United States	Board Member	0	\$0.00	\$0.00	\$0.00
Mark Slomka 4903 Morena Blvd, Ste 1215	Board Member	0	\$0.00	\$0.00	\$0.00

Name and Address	Title	Hrs	Comp.	Benefits	Expenses
San Diego, CA 92117 United States					
Richard Thompson 4903 Morena Blvd, Ste 1215 San Diego, CA 92117 United States	Board Member	0	\$0.00	\$0.00	\$0.00
Robert Witbeck 4903 Morena Blvd, Ste 1215 San Diego, CA 92117 United States	Board Member	0	\$0.00	\$0.00	\$0.00
TOTALS			\$78,000.00	\$7,969.00	\$0.00

Statement 12

Form: 990

Page: None

Part: None

Question: None

FLORESTA USA INCORPORATED

33-0052976

Reasonable Cause Explanation

Reasonable Cause Explanation

Filed extension form 8868 by November 15, 2006 due date.