Montemayor Hill & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

LA CRUZ HABITAT PROTECTION PROJECT, INC.

INDEPENDENT AUDITOR’S REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2012
INDEPENDENT AUDITOR’S REPORT

We have audited the accompanying financial statements of La Cruz Habitat Protection Project, Inc. (La Cruz), which comprise the statement of assets, liabilities, and net assets—cash basis as of December 31, 2012, and the related statement of support, revenue and expenses—cash basis for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.
Basis for Qualified Opinion
We were unable to obtain sufficient audit evidence about the validity of expenses for the Haiti nursery project (shown as $32,893 in the attached financial statements for the year ended December 31, 2012). Consequently, we were unable to determine whether any adjustments to those amounts were necessary.

Qualified Opinion
In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of La Cruz as of December 31, 2012, and its support, revenue, expenses and changes in net assets for the year then ended, in accordance with the basis of accounting as described in Note 2.

Basis of Accounting
As discussed in Note 2 of the financial statements, which describes the basis of accounting, the financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

25 October 2013
Austin, Texas
LA CRUZ HABITAT PROTECTION PROJECT, INC.

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS-CASH BASIS

DECEMBER 31, 2012

ASSETS

Cash $40,980

LIABILITIES AND NET ASSETS

Liabilities $0

Unrestricted net assets 40,980

$40,980

The accompanying notes are an integral part of this financial statement presentation.
LA CRUZ HABITAT PROTECTION PROJECT, INC.

STATEMENT OF SUPPORT, REVENUE AND EXPENSES-CASH BASIS

YEARS ENDED DECEMBER 31, 2012

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$117,946</td>
<td>$0</td>
<td>$117,946</td>
</tr>
<tr>
<td>Other</td>
<td>1,958</td>
<td>0</td>
<td>1,958</td>
</tr>
<tr>
<td>Net assets released from restriction</td>
<td>32,265</td>
<td>(32,265)</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>152,169</td>
<td>(32,265)</td>
<td>119,904</td>
</tr>
</tbody>
</table>

| EXPENSES                                       |              |                        |           |
| Seedling production                            | 73,000       | 0                      | 73,000    |
| Haiti nursery project                          | 32,893       | 0                      | 32,893    |
| Transportation and distribution                | 27,850       | 0                      | 27,850    |
| Contract labor                                 | 24,290       | 0                      | 24,290    |
| Office supplies                                | 3,167        | 0                      | 3,167     |
| Professional fees                              | 2,950        | 0                      | 2,950     |
| Other                                         | 7,265        | 0                      | 7,265     |
|                                               | 171,415      | 0                      | 171,415   |

| CHANGE IN NET ASSETS                           | (19,246)     | (32,265)               | (51,511)  |

| BEGINNING NET ASSETS                           | 60,226       | 32,265                 | 92,491    |

| ENDING NET ASSETS                              | $40,980      | $0                     | $40,980   |

The accompanying notes are an integral part of this financial statement presentation.
NOTE 1: ORGANIZATION

La Cruz Habitat Protection Project Inc. (La Cruz) is a non-profit organization incorporated in the State of Texas in 2007. La Cruz provides support to programs focused on forest restoration and promoting sustainable forest management in Central Mexico and other areas of Latin America. La Cruz protects and restores other watersheds and water resources of the reforested sites, and undertakes environmental education activities to inform others of the ecosystem damage caused by deforestation. La Cruz is supported primarily by contributions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

La Cruz 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. La Cruz currently has no permanently restricted net assets.

Unrestricted Net Assets
Unrestricted net assets result from operating revenues, unrestricted contributions, and unrestricted dividend and interest income; less expenses incurred in operations, to raise contributions and for administrative functions.

Temporarily Restricted Net Assets
Support that is restricted by the donor is recorded as an increase in temporarily restricted net assets. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

BASIS OF ACCOUNTING

La Cruz uses the cash basis of accounting. Revenues are recorded when cash is received and expenses are recognized when paid.

EXPENSE ALLOCATION

Expenses that benefit several functional areas (program, fundraising and administrative) have been allocated based on actual personnel time spent on each area as estimated by management.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. As donor or time restrictions are satisfied, net assets are reclassified to unrestricted net assets.
NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INCOME TAXES

La Cruz is exempt from income taxes under IRS Code Section 501(c)(3). Therefore, no provision has been made for Federal income taxes in the accompanying financial statements.

ESTIMATES

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 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 and expenses during the reporting period. Actual results could differ from those estimates.

SUBSEQUENT EVENTS

La Cruz has evaluated subsequent events as of October 25, 2013, the date the financial statements were available to be issued.

NOTE 3: FUNCTIONAL EXPENSE ALLOCATION

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program</td>
<td>$143,614</td>
</tr>
<tr>
<td>Administrative</td>
<td>22,674</td>
</tr>
<tr>
<td>Fundraising</td>
<td>5,127</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$171,415</strong></td>
</tr>
</tbody>
</table>

NOTE 4: CONCENTRATIONS

Contributions from two donors represented 92% of revenue during 2012.

NOTE 5: RELATED PARTY TRANSACTIONS

Payments to Board members for services amounted to approximately $28,000 during the year.