

Financial Statements for the Inception Period Ended December 31, 2007 and Independent Auditors' Report





Accountants and Consultants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Whole Planet Foundation:

We have audited the accompanying statement of financial position of Whole Planet Foundation (the "Foundation") as of December 31, 2007, and the related statements of activities and cash flows for the period from inception (February 18, 2005) through December 31, 2007 (the "inception period then ended"). These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 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 the Foundation as of December 31, 2007, and the changes in its net assets and its cash flows for the inception period then ended in conformity with accounting principles generally accepted in the United States of America.

maxwell Tocke + Ritter LLP April 25, 2008

 $\begin{tabular}{ll} Affiliated Companies \\ ML\&R \ PERSONNEL \ SOLUTIONS \ LLC \end{tabular}$

"The Resource for Direct Hire & Project Staffing"

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2007

ASSETS	
CURRENT ASSETS: Cash and cash equivalents Pledges receivable, net Banrural receivable	\$ 337,930 1,330,747 820,873
Total current assets	2,489,550
FIXED ASSETS, net OTHER ASSETS	 37,899 56,747
TOTAL ASSETS	\$ 2,584,196
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES: Accrued expenses Line of credit	\$ 3,804 178,672
Total current liabilities	182,476
NET ASSETS: Unrestricted net assets Temporarily restricted net assets Permanently restricted net assets	 1,119,470 1,280,250 2,000
Total net assets	 2,401,720
TOTAL LIABILITIES AND NET ASSETS	\$ 2,584,196

See notes to financial statements.

STATEMENT OF ACTIVITIES INCEPTION PERIOD ENDED DECEMBER 31, 2007

CHANGES IN UNRESTRICTED NET ASSETS REVENUES:		
Whole Foods Market contributions	\$	2,780,377
Corporate contributions		949,909
Prosperity campaign contributions		682,983
Individual donor contributions		97,238
Other revenue		1,680
		4,512,187
Net assets released from restrictions		530,000
Total revenues and net assets released from restrictions		5,042,187
EXPENSES:		
Program		3,029,277
Management and general		681,550
Fundraising and communications		211,890
Total expenses		3,922,717
Increase in unrestricted net assets		1,119,470
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Whole Foods Market contribution		1,056,747
Supplier Alliance for Micro-credit contributions		723,503
Individual donor contributions		30,000
Net assets released from restrictions		(530,000)
Increase in temporarily restricted net assets		1,280,250
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions		2,000
Increase in permanently restricted net assets		2,000
CHANGE IN NET ASSETS		2,401,720
NET ASSETS, beginning of period	-	-
NET ASSETS, end of period	\$	2,401,720

See notes to financial statements.

STATEMENT OF CASH FLOWS INCEPTION PERIOD ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 2,401,720
Adjustments to reconcile change in net assets to net cash	
provided by operating activities:	
Depreciation	5,949
Changes in operating assets and liabilities that provided (used) cash:	
Pledges receivable, net	(1,330,747)
Banrural receivable	(820,873)
Other assets	(56,747)
Accrued expenses	3,804
Net cash provided by operating activities	 203,106
CASH FLOWS FROM INVESTING ACTIVITIES-	
Purchases of fixed assets	 (43,848)
CASH FLOWS FROM FINANCING ACTIVITIES-	
Proceeds from line of credit	178,672
NET CHANGE IN CASH AND CASH EQUIVALENTS	337,930
CASH AND CASH EQUIVALENTS, beginning of period	 _
CASH AND CASH EQUIVALENTS, end of period	\$ 337,930

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS INCEPTION PERIOD ENDED DECEMBER 31, 2007

1. NATURE OF OPERATIONS

The Whole Planet Foundation (the "Foundation") is a nonprofit organization that was established on February 18, 2005 by Whole Foods Market, Inc. ("Whole Foods Market"). The Foundation's mission is to create economic partnerships with the poor in the developing-world communities that supply Whole Foods Market's stores with product. Through innovative assistance for entrepreneurship—including direct micro-credit loans and tangible support for other community partnership projects—the Foundation seeks to expand the energy and creativity of every person with whom it works in order to create wealth and prosperity in emerging economies. Micro-credit is a system pioneered by Professor Muhammad Yunus, founder of the Grameen Bank in Bangladesh and recipient of the 2006 Nobel Peace Prize. The philosophy behind micro-credit is to provide the poor access to credit without requiring contracts or collateral, enabling them to rise out of poverty through their own efforts. The Foundation believes micro-credit is one of the best methods to help individuals lift themselves out of poverty through their own ingenuity. The Foundation is partnered with Grameen Trust in Costa Rica, Guatemala, India and soon Indonesia to support micro-lending programs in communities where Whole Foods Market sources products. The Foundation also supports micro-lending programs with other outstanding micro-finance institutions such as Adelante Foundation and Pro Mujer Nicaragua with hopes to expand their portfolio to include other partners over time.

As of December 31, 2007, the Foundation had committed approximately \$6 million in grants to six micro-lending projects. These projects are in Costa Rica, where Whole Foods Market sources bananas and pineapples; Guatemala, Nicaragua, and Indonesia where Whole Foods Market has relationships with coffee farmers; Honduras, where Whole Foods Market sources bananas and buys coffee; India, where Whole Foods Market buys tea. To date, the Foundation's implementing partners have supported over 14,000 micro-entrepreneurs and their families. It is estimated that each woman with whom the Foundation works in the developing world supports a family of five, which means our support is indirectly contributing to the prosperity of 70,000 individuals. Micro-entrepreneurs supported by the Foundation's implementing partners are utilizing the loans for home-based businesses such as poultry and pig farming, agriculture, furniture making, tailoring, and selling handicrafts, homemade and bakery-made foods, clothing and footwear. The Foundation hopes to expand its projects in 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation - The Foundation 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.

Unrestricted contributions are those available for use in the operations of the Foundation.

Temporarily restricted net assets are subject to donor-imposed stipulations that will be met by either actions of the Foundation and/or the passage of time. Temporarily restricted net assets at December 31, 2007, are restricted for the passage of time until their collection in future years.

Permanently restricted contributions are those restricted by donors in perpetuity as endowments. The income earned by the related assets is considered unrestricted.

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable - Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Conditional promises to give are not included in revenue until the conditions are substantially met. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Pledges receivable are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are expected to be received. Amortization of the discounts is included in contribution revenue.

Banrural Receivable - This receivable is due from Banrural, a Guatemalan bank that acquired an existing loan portfolio from Asociacion Civil Guatemalteca Grameen Credit, originally funded by the Foundation.

Allowance for Doubtful Accounts - Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to the account receivable. The Foundation recorded no allowance for doubtful accounts as of December 31, 2007.

Credit Risk - Financial instruments which potentially subject the Foundation to credit risk consist principally of cash and cash equivalents and accounts receivable. There was approximately \$183,000 in cash and cash equivalents that exceeded the maximum federal deposit insurance limits at year end. The Foundation generally does not maintain collateral for its accounts receivable, and does not believe significant credit risk exists at year end. As of and for the inception period ended December 31, 2007, the Foundation received 63% of its revenue from Whole Foods Market and 23% of total receivables are due from Whole Foods Market.

Fixed Assets - The Foundation capitalizes fixed assets purchased for over \$500 at cost value. Lesser amounts are included in expense. Depreciation of fixed assets is computed using the straight-line method over the assets' estimated useful lives (two years for computers and three years for the website). Maintenance and repairs are charged to expense as incurred.

Functional Expense Allocation - The costs of providing the program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated based on estimates provided by management.

Taxes - The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Code imposes an excise tax of 2% (reduced to 1% if certain requirements are met) on net investment income of private foundations. Excise tax expense for the inception period ended December 31, 2007 was \$79.

3. PLEDGES RECEIVABLE

Included in pledges receivable at December 31, 2007 are the following unconditional promises to give:

Whole Foods Market	\$ 510,040
Supplier Alliance	734,778
Promotions in Whole Foods Market stores	105,926
Individuals	 7,277
	1,358,021
Less unamortized discount	 (27,274)
Net pledges receivable	\$ 1,330,747
Amounts due in:	
Less than one year	\$ 858,021
One to five years	 500,000
Total	\$ 1,358,021

At December 31, 2007, the three-year risk-free treasury bill rate as of the pledge date (ranging from 3.19% to 4.09%) was used to discount the anticipated cash flows for unconditional promises to give. Management has determined that the pledges receivable are fully collectible; therefore, no allowance for uncollectible pledges receivable is recorded at December 31, 2007.

4. FIXED ASSETS

Fixed assets consisted of the following at December 31, 2007:

Website	\$ 34,650
Computers and equipment	 9,198
Total	43,848
Accumulated depreciation	 (5,949)
Fixed assets, net	\$ 37,899

5. LINE OF CREDIT

At December 31, 2007, the Foundation had a \$2,000,000 bank line of credit, which matures January 8, 2009. Amounts borrowed under this agreement bear interest at the bank's prime rate minus 2.25% (5% at December 31, 2007). The line is secured by the personal guaranty of a Foundation Board member. At December 31, 2007, \$178,672 was outstanding on this line of credit.

6. COMMITMENTS

As of December 31, 2007, the Foundation has authorized approximately \$6 million in funding for micro-finance projects. The Foundation has dispersed approximately \$2.4 million for the inception period ended December 31, 2007. The total outstanding commitments at December 31, 2007 are as follows:

India	\$	1,333,000
Indonesia		780,000
Costa Rica		776,144
Honduras		496,478
Nicaragua		200,000
Guatemala		46,000
Total unexpended authorized funds	<u>\$</u>	3,631,622

7. RELATED PARTY TRANSACTIONS

The Foundation received the following contributions from Whole Foods Market during the inception period ended December 31, 2007:

	Contributions				
		for the			
	inception			Pledge	
	period ended		rec	receivable at	
	December 31, 2007		Dec	December 31, 2007	
Cash and other assets	\$	2,361,570	\$	510,040	
Funded services including expenses such as salaries, benefits, travel, and external legal counsel		970,679		_	
Professional services including accounting, legal, information technology, marketing,		,			
facilities and communication services		504,875		_	
Total included in financial statements	\$	3,837,124	\$	510,040	