

AMERICAN FOREST FOUNDATION

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Financial Statements  
for the Years Ended  
December 31, 2008 and 2007  
and  
Report Thereon

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Reports Required in Accordance with  
Office of Management and Budget Circular A-133  
For the Year Ended December 31, 2008

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
Financial Statements	
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Cash Flows.....	4
Notes to Financial Statements.....	5-8
Schedule of Expenditures of Federal Awards.....	9
Schedule of Functional Expenses for the Year Ended December 31, 2008 (With Comparative Totals for 2007).....	10
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	11
Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	12-13
Schedule of Findings and Questioned Costs.....	14-15
Summary Schedule of Prior Audit Findings.....	16

**LANE & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
American Forest Foundation

We have audited the accompanying statement of financial position of American Forest Foundation (AFF), a non-profit organization, for the years ended December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of AFF's management. Our responsibility is to express an opinion on these financial statements based on our audits.

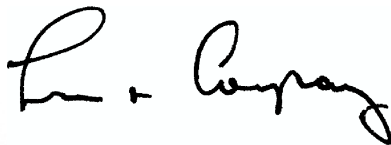
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the financial position of American Forest Foundation as of December 31, 2008 and 2007, and the results of its activities and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2009 on our consideration of AFF's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of AFF taken as a whole. The accompanying schedule of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The supplementary information included in the Schedules of Functional Revenue and Expense is also presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in all these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Washington, D.C.  
March 20, 2009



AMERICAN FOREST FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 208,935	\$ 475,964
Grants and contributions receivable	349,177	275,212
Accounts receivable	148,410	61,946
Other assets	<u>167,660</u>	<u>224,645</u>
Total Current Assets	874,182	1,037,767
Investments	105,363,020	154,958,847
Property, furniture and equipment, net	<u>542,642</u>	<u>111,095</u>
Total Assets	<u>\$ 106,779,844</u>	<u>\$ 156,107,709</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 1,070,193	\$ 546,974
Deferred revenue	<u>2,313</u>	<u>2,604</u>
Total Current Liabilities	<u>1,072,506</u>	<u>549,578</u>
Net Assets		
Unrestricted	105,621,578	155,360,381
Temporarily restricted	<u>85,760</u>	<u>197,750</u>
Total Net Assets	<u>105,707,338</u>	<u>155,558,131</u>
Total Liabilities and Net Assets	<u>\$ 106,779,844</u>	<u>\$ 156,107,709</u>

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

AMERICAN FOREST FOUNDATION  
STATEMENT OF ACTIVITIES  
For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Changes in unrestricted net assets		
Support and revenue		
Contributions	\$ 903,443	\$ 1,280,322
Investment income	(42,246,254)	5,041,196
Sales of educational material	411,984	437,961
Meeting and other revenue	<u>222,554</u>	<u>194,736</u>
Total Support and Revenue	(40,708,273)	6,954,215
Net assets released from restrictions		
Satisfaction of program restrictions	<u>977,330</u>	<u>1,051,628</u>
Total Unrestricted Revenue and Other Support	(39,730,943)	8,005,843
Expenses		
Program services	8,755,320	3,906,188
Management and general	677,979	1,444,014
Fund-raising	<u>574,561</u>	<u>212,102</u>
Total Expenses	<u>10,007,860</u>	<u>5,562,304</u>
Change in Unrestricted Net Assets	(49,738,803)	2,443,539
Changes in temporarily restricted net assets		
Contributions	255,649	412,500
Federal grants	609,691	688,670
Net assets released from restrictions	<u>(977,330)</u>	<u>(1,051,628)</u>
Change in Temporarily Restricted Net Assets	<u>(111,990)</u>	<u>49,542</u>
Change in Net Assets	(49,850,793)	2,493,081
Net Assets, Beginning of Year	<u>155,558,131</u>	<u>153,065,050</u>
Net Assets, End of Year	<u>\$ 105,707,338</u>	<u>\$ 155,558,131</u>

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

AMERICAN FOREST FOUNDATION  
STATEMENT OF CASH FLOWS  
For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (49,850,793)	\$ 2,493,081
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities		
Depreciation and amortization	79,175	25,652
Realized and unrealized losses/(gains)	47,014,709	3,623,737
Changes in assets and liabilities		
Grant receivable from the Government of Canada	--	150,000,000
Other grants receivable	(73,965)	(156,492)
Accounts receivable	(86,464)	(26,215)
Other assets	56,985	(205,246)
Accounts payable	523,219	391,502
Deferred revenue	(291)	(13,202)
Due to AF & PA	--	(452,988)
	<u>                    </u>	<u>                    </u>
Net Cash provided by/(used in)		
Operating Activities	<u>(2,337,425)</u>	<u>155,679,829</u>
Cash Flows provided by/(used) in Investing Activities		
Purchases of investments	(12,971,447)	(266,677,934)
Proceeds from sale of investments	15,552,565	111,562,145
Purchase of furniture and equipment	<u>(510,722)</u>	<u>(106,765)</u>
Net Cash Provided by/(Used in) Investing Activities	<u>2,070,396</u>	<u>(155,222,554)</u>
Net Change in Cash	(267,029)	457,275
Cash, Beginning of Year	<u>475,964</u>	<u>18,689</u>
Cash, End of Year	<u>\$ 208,935</u>	<u>\$ 475,964</u>

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

AMERICAN FOREST FOUNDATION  
Notes to Financial Statements

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1. Organization

American Forest Foundation (AFF) is a publicly supported non-profit organization established to conduct charitable, educational, research and scientific programs aimed at the responsible use and conservation of renewable resources. AFF is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of AFF have been prepared on the accrual basis of accounting.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Cash

AFF maintains cash in one financial institution in Washington D.C. Account balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Investments

AFF carries investments in marketable and debt securities at fair market value in the statement of financial position. Investment income consists of interest, dividends and realized and unrealized gains and losses. See Note 4 for more information on the carrying value of investment securities.

Property, Furniture & Equipment

Fixed assets are stated at cost. Depreciation is calculated on the straight-line method over the estimated useful life of the asset. Major additions and improvements are capitalized while maintenance and repairs are expensed in the year incurred.

Continued

AMERICAN FOREST FOUNDATION  
Notes to Financial Statements

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2. Summary of Significant Accounting Policies (continued)

Net Assets

Net assets, revenue, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the net assets of AFF and changes therein are classified and reported as follows.

Unrestricted net assets - Unrestricted net assets result from revenues and other inflows of assets whose use by AFF is not limited by donor-imposed restrictions.

Temporarily restricted net assets - Temporarily restricted net assets result from contributions and other inflows of assets whose use by AFF is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of AFF pursuant to those stipulations.

Functional Allocation of Expenses

Overhead costs which cannot be specifically identified with a program or supporting service are allocated to the programs and supporting services based on salaries.

3. Taxes

Under Section 501(c)(3) of the Internal Revenue Code, AFF is exempt from federal taxes on income other than unrelated business income. At December 31, 2008 and 2007 no provision was made as AFF had no net taxable unrelated business income.

Continued

AMERICAN FOREST FOUNDATION  
Notes to Financial Statements

4. Investments

At December 31 investments consisted of the following:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Mutual funds				
Bonds	\$ 33,599,651	\$ 32,353,230	\$ 47,389,732	\$ 48,160,972
Equity – Domestic	95,812,039	58,276,421	88,636,074	84,881,470
Equity - International	26,206,321	14,733,369	22,656,215	21,916,405
Total	\$ 155,618,011	\$ 105,363,020	\$ 158,682,021	\$ 154,958,847

Investment income was as follows:

	<u>2008</u>	<u>2007</u>
Interest and dividends	\$ 4,768,455	\$ 8,664,933
Net realized and unrealized (losses) and gains on investments	(47,014,709)	(3,623,737)
Total	\$ (42,246,254)	\$ 5,041,196

5. Property, Furniture and Equipment

At December 31 property, furniture and equipment consisted of the following:

	<u>2008</u>	<u>2007</u>
Property, furniture & equipment	\$ 379,851	\$ 361,624
Leasehold improvements	290,302	120,682
Accumulated depreciation/amortization	(127,511)	(371,211)
Property, furniture & equipment, net	\$ 542,642	\$ 111,095

6. Inventory

Inventory is stated at cost and consists of various publications and merchandise that is used to educate AFF's stakeholders and the general public on various environmental issues. At December 31, 2008 and 2007 inventory was valued at \$128,479 and \$196,329, respectively, and is included in other assets on the Statement of Financial Position.

Continued

AMERICAN FOREST FOUNDATION  
Notes to Financial Statements

7. Temporarily Restricted Net Assets

At December 31 temporarily restricted net assets are available for the following programs:

	<u>2008</u>	<u>2007</u>
Center for Environmental Learning	\$ 33,920	\$ 153,403
Center for Family Forests	19,974	19,974
Center for Conservation Solutions	<u>31,866</u>	<u>24,373</u>
Total	<u>\$ 85,760</u>	<u>\$ 197,750</u>

8. Savings Plan

AFF maintains a defined contribution 401(k) plan that covers substantially all employees. Contributions to the plan were \$186,739 and \$152,921 in 2008 and 2007, respectively.

9. Commitments

On November 20, 2007 AFF entered an agreement to rent office space with a lease term of January 1, 2008 to November 30, 2013. Future payments under this agreement are as follows:

2009	\$ 364,895
2010	374,017
2011	383,368
2012	392,952
Thereafter	<u>402,776</u>
Total	<u>\$ 1,918,008</u>

10. Subsequent Event

In February 2009 AFF entered into agreements with two carbon aggregation organizations as part of AFF's efforts to provide a means for family forest landowners to participate in carbon sequestration markets. These agreements require AFF to provide funding to these two organizations totaling \$1,350,380 over the period January 1, 2009 to December 31, 2011. In addition, AFF has agreed to provide up to \$100,000 to each organization, as needed, for a revolving fund to assist landowners that need financial support for establishing a carbon inventory on their property.

AMERICAN FOREST FOUNDATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
December 31, 2008

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
United States Environmental Protection Agency			
Cooperative agreement with University of Wisconsin - Stevens Point			
Environmental Education and Training Program	N/A	NT-83272501-0	\$ 174,934
United States Department of the Interior - Fish and Wildlife Service			
Restore Longleaf & Southern Pine Forest Habitat for Endangered and Rare Species on Private Lands	N/A	401516G050	11,395
Forest Ecosystem Conservation for Rare and Declining Species on Family Forestlands in South Carolina	N/A	401815J005	49,797
United States Department of Agriculture - Forest Service			
Forest Stewardship	10.664	02-DG-11244225-402	79,907
Forest Stewardship	10.664	07-DG-11242300-094	50,000
Working Forest Carbon Aggregation System	N/A	08-CA-11242306-082	100,000
Green Schools	N/A	08-PA-11132564-223	2,848
United States Department of Agriculture - Natural Resource Conservation Service			
Oak Management on Family Forestlands in the Willamette Valley	N/A	NRCS 68-3A75-6-152	57,249
National Aeronautics and Space Administration			
Earth Care	N/A	NNOG5597G	84,943
Corporation for National and Community Service			
Greenworks	N/A	08KSHDC001	<u>13,666</u>
Total			<u>\$ 624,739</u>

This schedule was prepared on the accrual basis of accounting.

AMERICAN FOREST FOUNDATION  
SCHEDULE OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2008  
(With Comparative Totals for 2007)

	Program Expenses						Management and General Expenses					2008 Totals	2007 Totals
	Center for Family Forests	Center for Environmental Learning	Center for Conservation Solutions	Communication	Policy	Total Program	Canadian Softwood Lumber Agreement	Administrative	Total Management and General	Fund-raising			
Salaries	\$ 544,069	\$ 597,728	\$ 387,062	\$ 40,558	\$ 55,134	\$ 1,624,551	--	289,675	\$ 289,675	\$ 221,696	\$ 2,135,922	\$ 1,745,759	
Temporary Staff	--	--	351	--	--	351	--	97,086	97,086	--	97,437	13,316	
Retirement	51,208	62,639	31,408	--	1,746	147,001	--	24,291	24,291	15,447	186,739	152,922	
Benefits	52,397	52,259	42,859	2,643	7,859	158,017	--	36,243	36,243	26,525	220,785	175,030	
Payroll Taxes	36,128	39,611	25,577	2,688	3,654	107,658	--	19,196	19,196	14,692	141,546	111,172	
Accounting	--	--	--	--	--	--	--	31,850	31,850	--	31,850	52,795	
Legal	65,522	32,084	660	--	--	98,266	--	165,717	165,717	300	264,283	91,755	
Supplies	6,488	6,422	1,675	878	31	15,494	--	16,766	16,766	277	32,537	9,978	
Telephone	9,343	4,307	3,655	426	375	18,106	--	8,421	8,421	1,217	27,744	20,300	
Postage & Shipping	90,803	56,744	18,135	8,852	--	174,534	--	7,414	7,414	20,694	202,642	143,631	
Rent	--	--	--	--	--	--	--	304,696	304,696	--	304,696	183,385	
Equipment Rental/Repair	23,062	2,331	1,919	--	--	27,312	--	4,813	4,813	597	32,722	18,165	
Printing & Publications	198,442	155,022	47,404	32,168	--	433,036	--	16,114	16,114	32,648	481,798	288,182	
Travel	257,498	171,963	69,339	12,904	3,946	515,650	--	56,034	56,034	12,638	584,322	365,656	
Meetings	171,949	75,035	49,991	1,302	--	298,277	--	52,278	52,278	16	350,571	354,722	
Depreciation	--	--	--	--	--	--	--	79,175	79,175	--	79,175	25,651	
Design/Production	29,526	271,668	22,871	25,373	--	349,438	--	2,384	2,384	1,050	352,872	144,712	
Research/Evaluation	1,821	55,200	--	618	--	57,639	--	--	--	1,779	59,418	4,585	
Consultants	326,813	140,397	206,121	38,336	6,048	717,715	--	344,906	344,906	60,218	1,122,839	488,360	
Fulfillment	5,643	6,437	211	53	--	12,344	--	1,526	1,526	1,800	15,670	47,017	
Promotion	22,873	35,681	85,601	2,006	--	146,161	--	175	175	2,399	148,735	19,282	
Pass Through Funding	622,064	2,600	116,401	--	--	741,065	--	--	--	77,493	818,558	510,304	
Awards	6,685	177	315	525	--	7,702	--	--	--	--	7,702	19,349	
Grants	851,121	777,007	290,000	--	--	1,918,128	--	--	--	--	1,918,128	240,612	
Materials	41,850	6,110	2,635	--	--	50,595	--	--	--	--	50,595	35,747	
Special Projects	5,000	--	--	826	--	5,826	--	23,573	23,573	5,000	34,399	186,079	
Investment Expense	--	--	--	--	--	--	86,478	1,986	88,464	--	88,464	23,652	
Bank Charges/Credit Card Fees	--	--	--	--	--	--	--	11,756	11,756	--	11,756	10,049	
Insurance	--	--	--	--	--	--	--	61,292	61,292	--	61,292	36,775	
IT Expense	--	--	--	--	--	--	--	139,492	139,492	--	139,492	34,578	
Miscellaneous	--	861	584	--	--	1,445	--	1,576	1,576	150	3,171	8,784	
Allocation of \$1,298,781 indirect cost	482,990	386,465	220,481	26,706	12,367	1,129,009	--	(1,206,934)	(1,206,934)	77,925	--	--	
<b>Total Expenses</b>	<b>\$ 3,903,295</b>	<b>\$ 2,938,748</b>	<b>\$ 1,625,255</b>	<b>\$ 196,862</b>	<b>\$ 91,160</b>	<b>\$ 8,755,320</b>	<b>86,478</b>	<b>591,501</b>	<b>\$ 677,979</b>	<b>\$ 574,561</b>	<b>\$ 10,007,860</b>		
<b>2007 Totals</b>	<b>\$ 1,860,300</b>	<b>\$ 1,440,850</b>	<b>\$ 580,856</b>	<b>\$ 24,182</b>	<b>\$ --</b>	<b>\$ 3,906,188</b>	<b>\$ 23,652</b>	<b>\$ 1,420,362</b>	<b>\$ 1,444,014</b>	<b>\$ 212,102</b>		<b>\$ 5,562,304</b>	

**LANE & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

To the Board of Trustees of  
American Forest Foundation

We have audited the financial statements of American Forest Foundation (AFF), a non-profit organization, as of and for the year ended December 31, 2008, and have issued our report thereon dated March 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered AFF's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error and fraud in amounts which could be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether AFF's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the board of trustees, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Washington, D.C.  
March 20, 2009



**LANE & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees of  
American Forest Foundation

Compliance

We have audited the compliance of American Forest Foundation (AFF), a non-profit organization, with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 2008. Major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of AFF's management. Our responsibility is to express an opinion on AFF's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AFF's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of AFF's compliance with those requirements.

In our opinion, AFF complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

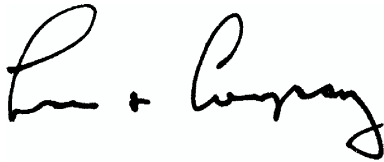
Internal Control Over Compliance

The management of AFF is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered AFF's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of trustees, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Washington, D.C.  
March 20, 2009

A handwritten signature in black ink, appearing to read "P. + Company". The signature is written in a cursive, flowing style with a plus sign between the two parts of the name.

AMERICAN FOREST FOUNDATION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended December 31, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

\* Material weakness identified? No

\* Reportable conditions identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

\* Material weakness identified? No

\* Reportable conditions identified that are not considered to be material weaknesses? No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Identification of major program:

Cooperative Agreement Number/Name of Federal Program

08-CA-11242306-082 U.S. Department of Agriculture-Forest Service, Working Forest Carbon Aggregation System.

NRCS 68-3A75-6-152 Oak Management on Family Forestlands in the Willamette Valley.

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

AMERICAN FOREST FOUNDATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2008

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Section II - Federal Award Findings and Questioned Costs

Nothing is reportable.

AMERICAN FOREST FOUNDATION  
PRIOR YEAR FINDINGS  
For the Year Ended December 31, 2008

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Nothing is reportable