

**TREES FOREVER, INC.
AND ITS AFFILIATE**

Marion, Iowa

Consolidated Financial Statements

December 31, 2021 and 2020

TREES FOREVER, INC. AND ITS AFFILIATE

Contents	Page(s)
Independent Auditors' Report	1-3
Financial Statements:	
Consolidated Statements of Financial Position	4-5
Consolidated Statements of Activities	6
Consolidated Statements of Cash Flows	7
Consolidated Statements of Functional Expenses	8-9
Notes to Consolidated Financial Statements	10-21
Supplementary Information:	
Consolidating Statement of Financial Position	22-23
Consolidating Statement of Activities	24
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26
Schedule of Findings and Responses	27



Independent Auditors' Report

To the Board of Directors of
Trees Forever, Inc. and its Affiliate
Marion, Iowa

Opinions

We have audited the accompanying consolidated financial statements of Trees Forever, Inc. (a non-profit organization) and its Affiliate, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets (deficit), cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Trees Forever, Inc. and its Affiliate as of December 31, 2021 and 2020, and the changes in their net assets, cash flows, and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Trees Forever, Inc. and its Affiliate and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Trees Forever, Inc. and its Affiliate's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Burlington	Cedar Rapids	Centerville	Fairfield	Mt. Pleasant	Oskaloosa	Pella	West Des Moines
319.753.9877	319.393.2374	641.437.4296	641.472.6171	319.385.9718	641.672.2523	641.628.9411	515.657.5800

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtained an understanding of internal control relevant to the audit 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 Trees Forever, Inc. and its Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Trees Forever, Inc. and its Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2022 on our consideration of Trees Forever, Inc. and its Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Trees Forever, Inc. and its Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trees Forever, Inc. and its Affiliate's internal control over financial reporting and compliance.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

TDT CPAs and Advisors, P.C.

Cedar Rapids, Iowa
May 3, 2022

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidated Statements of Financial Position
December 31, 2021 and 2020

Assets		
	2021	2020
Current assets:		
Cash and cash equivalents	\$ 1,802,637	505,127
Accounts receivable	108	3,661
Grants receivable	419,952	374,357
Unconditional promises to give	14,961	2,500
Prepaid expense	39,483	31,717
Total current assets	2,277,141	917,362
Property and equipment:		
Land	111,100	111,100
Buildings	483,796	483,796
Furniture and fixtures	56,889	58,860
Equipment	172,959	161,553
Total	824,744	815,309
Less accumulated depreciation	181,893	150,545
Net property and equipment	642,851	664,764
Other assets:		
Beneficial interest in assets held by community foundation	592,030	403,084
Total assets	\$ 3,512,022	1,985,210

See accompanying notes to consolidated financial statements.

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidated Statements of Financial Position
December 31, 2021 and 2020

Liabilities and Net Assets		
	2021	2020
Current liabilities:		
Accounts payable	\$ 38,453	43,477
Accrued expenses:		
Vacation pay	50,931	35,553
Other	1,353	15,560
Deferred revenue	56,397	29,892
Funds held in trust	34,601	35,679
Current portion of long-term debt	17,999	9,744
Grants payable	319,346	265,770
Total current liabilities	519,080	435,675
Long-term liabilities:		
Mortgage payable, net of current portion	298,220	392,724
Total long-term liabilities	298,220	392,724
Total liabilities	817,300	828,399
Net assets:		
Without donor restrictions:		
Undesignated	391,752	315,026
Board-designated for endowment	456,848	413,652
With donor restrictions	1,846,122	428,133
Total net assets	2,694,722	1,156,811
Total liabilities and net assets	\$ 3,512,022	1,985,210

See accompanying notes to consolidated financial statements.

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidated Statements of Activities
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and revenue:						
Contributions	\$ 644,009	1,747,545	2,391,554	278,499	365,907	644,406
Program administration revenue	497,847	-	497,847	446,058	-	446,058
Program grant revenue	940,721	-	940,721	402,144	-	402,144
Federal grants	177,660	-	177,660	125,783	-	125,783
State grants	503,544	-	503,544	447,897	-	447,897
Investment income	874	-	874	1,413	-	1,413
Change in beneficial interest in assets held by community foundation	51,134	4,165	55,299	25,502	2,140	27,642
Contributed services and materials	24,094	-	24,094	91,177	-	91,177
Paycheck Protection Program grant	180,470	-	180,470	189,900	-	189,900
Other	7,451	-	7,451	17,526	-	17,526
Net assets released from restrictions	333,721	(333,721)	-	54,927	(54,927)	-
Total support and revenue	<u>3,361,525</u>	<u>1,417,989</u>	<u>4,779,514</u>	<u>2,080,826</u>	<u>313,120</u>	<u>2,393,946</u>
Expenses:						
Program services:						
Water quality	169,434	-	169,434	171,874	-	171,874
Community forestry	2,086,375	-	2,086,375	893,257	-	893,257
Roadways	379,293	-	379,293	434,588	-	434,588
Education	147,760	-	147,760	116,113	-	116,113
Total program services	<u>2,782,862</u>	<u>-</u>	<u>2,782,862</u>	<u>1,615,832</u>	<u>-</u>	<u>1,615,832</u>
Supporting activities:						
Administrative	235,254	-	235,254	167,876	-	167,876
Fundraising	223,487	-	223,487	217,020	-	217,020
Total supporting activities	<u>458,741</u>	<u>-</u>	<u>458,741</u>	<u>384,896</u>	<u>-</u>	<u>384,896</u>
Total expenses	<u>3,241,603</u>	<u>-</u>	<u>3,241,603</u>	<u>2,000,728</u>	<u>-</u>	<u>2,000,728</u>
Change in net assets	119,922	1,417,989	1,537,911	80,098	313,120	393,218
Net assets, beginning of year	728,678	428,133	1,156,811	648,580	115,013	763,593
Net assets, end of year	<u>\$ 848,600</u>	<u>1,846,122</u>	<u>2,694,722</u>	<u>728,678</u>	<u>428,133</u>	<u>1,156,811</u>

See accompanying notes to consolidated financial statements.

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating activities:		
Change in net assets	\$ 1,537,911	393,218
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Noncash contributions of property and equipment	(27,270)	(23,135)
Change in beneficial interest in assets held by community foundation	(55,235)	(27,662)
Contributions received by beneficial interest in assets held by community foundation	(108,788)	(500)
Grants received from beneficial interest in assets held by community foundation	17,891	15,738
Depreciation and amortization	47,324	41,680
(Increase) decrease in:		
Accounts and grants receivable	(42,042)	(147,507)
Unconditional promises to give	(12,461)	2,385
Prepaid expenses	(7,766)	(10,700)
Increase (decrease) in:		
Accounts payable	(5,024)	28,526
Deferred revenue	26,505	(6,985)
Grants payable	53,576	182,814
Accrued expenses	1,171	8,885
Funds held in trust	(1,078)	4,830
Net cash provided (used) by operating activities	<u>1,424,714</u>	<u>461,587</u>
Investing activities:		
Proceeds from (transfer to) beneficial interest for construction	(42,814)	(38,613)
Purchase of property and equipment	(1,000)	(16,986)
Proceeds from sale of property and equipment	2,859	-
Net cash provided (used) by investing activities	<u>(40,955)</u>	<u>(55,599)</u>
Financing activities:		
Principal payments on long term debt	(86,249)	(8,958)
Net cash provided (used) by financing activities	<u>(86,249)</u>	<u>(8,958)</u>
Net increase (decrease) in cash and cash equivalents	1,297,510	397,030
Cash and cash equivalents, beginning of year	<u>505,127</u>	<u>108,097</u>
Cash and cash equivalents, end of year	<u>\$ 1,802,637</u>	<u>505,127</u>

See accompanying notes to consolidated financial statements.

TRES FOREVER, INC. AND ITS AFFILIATE
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services					Total		
	Water Quality	Community Forestry	Roadways	Education	Program Services		Management and General	Fundraising
Contract labor	\$ 1,612	170,810	12,555	19,532	204,509	13,476	9,417	227,402
Depreciation	1,645	17,697	7,870	919	28,131	16,269	2,925	47,325
Equipment & furniture purchase	283	12,818	1,356	158	14,615	2,804	504	17,923
Meetings & receptions	24,349	18,822	4,424	41,350	88,945	4,629	13,122	106,696
Postage & shipping	404	1,709	1,784	2,305	6,202	1,153	6,236	13,591
Professional fees	3,825	28,518	11,128	1,299	44,770	23,003	12,064	79,837
Publication educational materials	1,302	9,521	8,164	5,253	24,240	4,098	10,091	38,429
Rent office space	1,444	25,194	4,178	488	31,304	2,155	1,553	35,012
Supplies	19,644	33,910	8,118	9,550	71,222	16,233	15,187	102,642
Telephone	817	8,870	3,909	456	14,052	8,081	1,453	23,586
Travel expense	11,757	20,812	13,959	2,611	49,139	1,900	1,893	52,932
Wages & salaries	66,877	548,660	288,816	62,569	966,922	121,533	144,998	1,233,453
In-kind expenses	691	7,435	3,306	386	11,818	6,835	1,229	19,882
Other admin. miscellaneous	1,583	39,705	7,575	884	49,747	13,085	2,815	65,647
Grant expenses	33,201	1,141,894	2,151	-	1,177,246	-	-	1,177,246
Total	\$ 169,434	2,086,375	379,293	147,760	2,782,862	235,254	223,487	3,241,603

See accompanying notes to consolidated financial statements.

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services					Total		
	Water Quality	Community Forestry	Roadways	Education	Program Services		Management and General	Fundraising
Contract labor	\$ 2,293	30,227	8,469	16,673	57,662	4,492	5,224	67,378
Depreciation	3,619	11,041	10,417	1,074	26,151	10,992	4,538	41,681
Furniture & equipment	413	15,815	1,189	118	17,535	1,254	518	19,307
Meetings & receptions	4,733	5,409	17,706	16,820	44,668	1,754	4,135	50,557
Postage & shipping	715	1,598	2,213	2,187	6,713	1,008	6,754	14,475
Professional fees	4,374	43,343	12,589	1,298	61,604	13,284	11,340	86,228
Educational materials	3,796	15,008	17,698	6,026	42,528	2,898	12,624	58,050
Occupancy	1,861	17,933	5,355	552	25,701	160	2,333	28,194
Supplies	3,015	10,160	15,467	2,376	31,018	8,614	8,959	48,591
Telephone	1,845	5,464	6,699	505	14,513	5,173	2,210	21,896
Travel expenses	4,549	5,996	13,442	1,864	25,851	327	2,090	28,268
Payroll, taxes, & benefits	101,017	309,677	304,533	64,681	779,908	61,164	148,099	989,171
In-kind expenses	2,869	8,753	8,258	851	20,731	48,714	3,598	73,043
Miscellaneous expenses	3,667	43,797	10,553	1,088	59,105	8,042	4,598	71,745
Grant expenses	33,108	369,036	-	-	402,144	-	-	402,144
Total	\$ 171,874	893,257	434,588	116,113	1,615,832	167,876	217,020	2,000,728

See accompanying notes to consolidated financial statements.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies

Nature of Activities - Trees Forever, Inc. (Organization) was incorporated on February 21, 1989 in the state of Iowa for the purpose of education designed to foster the planting and preservation of trees through a volunteer membership organization of individuals and affiliated groups who interface with existing conservation, civic, education, and business organizations. The Organization provides grants and educational support to communities and organizations in Iowa and surrounding states to facilitate the planting and care of trees, woodlands and forests through action-oriented programs that empower people, build community, and promote environmental stewardship.

Trees Forever Foundation (Foundation) was incorporated on June 18, 2001 in the state of Iowa for the benefit of, and to carry out the purposes of, Trees Forever, Inc. The Foundation financially supports Trees Forever, Inc. through contributions, establishing endowments to fund activities of Trees Forever, Inc. and funding special projects.

The Foundation's by-laws result in Trees Forever, Inc. effectively controlling the election of the Foundation's trustees. Accordingly, the financial statements are presented on a consolidated basis.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of Trees Forever, Inc. and its Affiliate, Trees Forever Foundation (Entities). Intercompany transactions and balances have been eliminated in consolidation.

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

Basis of Presentation - The financial statements of Trees Forever, Inc. and its Affiliate have been prepared to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Trees Forever, Inc. and its Affiliate's management and the board of directors.
- *Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Trees Forever, Inc. and its Affiliate or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions with donor-imposed restrictions that are met within the same reporting period are reported as support without donor restrictions.

Contributions of land, buildings, and equipment without donor restrictions concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire land, buildings, and equipment are reported as revenues of the net assets with donor restrictions class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Descriptions of Programs - The Organization operates the following programs:

Water Quality - Establishes streamside plantings of trees, shrubs and grasses to reduce soil erosion, improve water quality by lessening levels of nitrates and pesticides, and increase wildlife habitat. Works with local watershed groups and landowners/farmers to address positive solutions to water quality.

Community Forestry - Funds and encourages community tree planting and care for energy efficiency purposes and protecting and restoring the environment through volunteer involvement.

Roadways - Assists small communities and rural counties with implementing roadside and landscape projects that use native trees, grasses, and wildflowers.

Education - Provides education and outreach to support volunteers, community leaders and landowners dedicated to improving their communities and the environment. Distributes national educational materials on low impact development, the link between trees and forests and Native American cultures and effective approaches to improving water quality.

Revenue - The Organization's revenue is derived from grants and contracts. Revenue is recognized based on the progress of complete satisfaction of the performance obligation (the service stated in the grant/contract) using the input method. Under the input method, revenue is recognized based on resources consumed, labor hours expended, costs incurred, and time elapsed.

Use of Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents include all monies in banks and highly liquid investments with an original maturity date of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. The Organization's deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the year ended December 31, 2021. As of December 31, 2021, the Organization maintained cash balances exceeding the FDIC limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Subsequent to December 31, 2021, the Organization entered in to a deposit placement agreement with its financial institution, which on a daily basis transfers any deposit balances in excess of \$250,000 to other FDIC insured financial institutions. The balances transferred are in increments of approximately \$248,000 per financial institution which ultimately ensures that all of the Organization's deposits are FDIC insured.

Accounts Receivable - The Organization carries its accounts receivable at cost less an allowance for doubtful accounts, if necessary. On a periodic basis, the Organization evaluates its accounts receivable and determines if an allowance is necessary based on history of past write-offs and collections and current credit conditions.

Grants Receivable - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenditures as of the beginning and end of the year. Receivables from grantor agencies represent an excess of expenditures over cash basis reimbursements at year end will be collected in the following fiscal year.

Property and Equipment - Furniture, office equipment, computers and other capital expenditures greater than \$1,000 before tax are generally capitalized and depreciated. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful lives of the assets which are estimated to be 30 years for the building and 3-7 years for all furniture and fixtures and other equipment. Depreciation expense was \$47,325 and \$41,681 for the years ended December 31, 2021 and 2020, respectively.

Contributed Services - Contributed services are recognized as contributions in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with these skills and would otherwise be purchased by the Organization.

Funds Held in Trust - The Organization acts as an agent for various non-profit organizations. Funds held on behalf of these organizations have been classified as a liability in the accompanying financial statements.

Functional Allocation of Expenses - The costs of providing various program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, payroll costs have been allocated among the programs and supporting activities benefited based on the ratio of recorded staff time to the programs benefited. Occupancy costs are allocated based on the same ratio of staff time expended.

Income Taxes - The Entities are nonprofit organizations as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Entities are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Date of Management's Review - Management has evaluated subsequent events through May 3, 2022, the date which the financial statements were available to be issued.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 2 - Conditional Grant Awards

The Organization has been notified of grant awards extending into future years. These promises to give are conditional upon the incurrence of qualifying expenses for projects for which the grants were awarded. As of December 31, 2021, amounts remaining to be utilized in future years under these grant awards were \$1,592,874. The remaining grant awards are not recognized as an asset or support in the financial statements until such time as qualifying expenses are incurred.

The Organization has also entered into agreements with various landowners, promising to reimburse certain future costs the landowners will incur in participating in watershed buffer projects. These promises to give to the landowners are conditional upon the incurrence of qualifying expenses. As of December 31, 2021, the amounts remaining to be utilized in future years under these agreements were \$17,000. The remaining obligations are not recognized as a liability or expense in the financial statements until such time as the landowners incur their qualifying expenses.

Note 3 - Availability and Liquidity

The following represents the Entities' financial assets at December 31, 2021:

Financial assets at year-end:	
Cash and cash equivalents	\$ 1,802,637
Accounts receivable	108
Grants receivable	419,952
Unconditional promises to give	14,961
Beneficial interest in assets held by community foundation	<u>592,030</u>
Total financial assets	<u>2,829,688</u>
Less financial assets not available to be used for general expenditures within one year:	
Net assets with donor restrictions	1,846,122
Board designated endowment funds	<u>456,848</u>
	<u>2,302,970</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 526,718</u>

As part of the Entities' liquidity management, the Entities have a policy to structure their financial assets to be available as general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has committed lines of credit (see Note 7) in the amount of \$150,000. Although the Entities do not intend to spend from their endowment other than amounts appropriated for expenditure as part of the annual budget approval and appropriation process, amounts from the endowment could be made available, if necessary.

Note 4 - Unconditional Promises to Give

Unconditional promises to give for the years ended December 31, 2021 and 2020 were \$14,961 and \$2,500, respectively. These amounts are due in less than one year. Management has not recorded an allowance for uncollectible accounts.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 5 - Fair Value Measurement

Fair value accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under fair value accounting literature are described below:

Basis of Fair Value Measurement

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, assets or liabilities without donor restrictions;
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following tables present by level, within the fair value hierarchy, the assets at fair value, as of December 31, 2021 and 2020. As required by fair value accounting literature, assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

Description	December 31, 2021	Quoted Prices In Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by community foundation	\$ 592,030	-	592,030	-

Description	December 31, 2020	Quoted Prices In Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by community foundation	\$ 403,084	-	403,084	-

Valuation techniques for Level 2 inputs include:

- Beneficial interest in assets held by community foundation is determined by quoted market prices and other relevant information generated by market transactions.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 6 - Beneficial Interest in Assets Held by Community Foundation

The Foundation has contributed funds to The Greater Cedar Rapids Community Foundation (GCRCF) and The Greater Des Moines Community Foundation (GDMCF) in order to establish agency endowment funds. These funds are administered by GCRCF and GDMCF for the benefit of Trees Forever, Inc. A portion of the fund's earnings is made available for distribution to Trees Forever, Inc. periodically. The total fund balance at December 31, 2021 and 2020 was \$592,030 and \$403,084 respectively. During the years ended December 31, 2021 and 2020, the Foundation received distributions of \$17,891 and \$15,738 from these funds.

In addition, other funds for the benefit of Trees Forever, Inc. has been established by separate donors with The Greater Cedar Rapids Community Foundation and The Greater Des Moines Community Foundation. Because the donors explicitly granted variance power to GCRCF and GDMCF, the Organization does not recognize any potential rights to the assets held by GCRCF or GDMCF. Only the distributions received by the Organization from this fund are included in the accompanying financial statements. The balance of these funds at December 31, 2021 and 2020 was \$263,446 and \$222,527, respectively. For the years ended December 31, 2021 and 2020, the Organization received distributions of \$9,060 and \$7,222, respectively, from these funds.

Note 7 - Line of Credit

The Organization entered into an agreement with Hills Bank and Trust for a line of credit of \$150,000 on June 10, 2020 and renewed July 1, 2021. The current line has a variable interest rate that will not fall below 3.25% annually. All principal and interest on this line are due July 1, 2022. At December 31, 2021 and 2020, there were no outstanding borrowings on the line of credit.

Note 8 - Long Term Debt

The Organization entered into an agreement with Hills Bank and Trust on December 3, 2018 to finance the acquisition of its building. The note had an initial principal amount of \$420,000 and a maturity date of December 3, 2023. Monthly payments of \$2,488 plus interest at a rate of 5.06% began on January 3, 2019, with a balloon payment for all remaining principal and interest due December 3, 2023. The note is collateralized by a mortgage on the Organization's building. The outstanding balance on this note as of December 31, 2020 was \$402,468.

The Organization refinanced this loan with Hills Bank and Trust on March 25, 2021. As part of the refinance, the Organization made an additional \$75,000 principal payment. After the additional principal payment, the refinanced note had a balance of \$331,099. The refinance agreement requires monthly payments of \$2,334 plus interest at a rate of 3.25%, with a balloon payment for all remaining principal and interest due March 3, 2026. The note is collateralized by a mortgage on the Organization's building. The outstanding balance on this note as of December 31, 2021 and 2020 was \$316,219 and \$402,468, respectively.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 8 - Long Term Debt (Continued)

The Organization also borrowed from the Foundation's beneficial interest in assets held by community foundation on November 30, 2018. The note had an initial principal amount of \$122,186 and a maturity date of November 30, 2023. Monthly interest only payments were required for 12 months, followed by monthly payments of principal and interest for 48 months at an interest rate of 4.00%. The Organization made extra principal payments in 2020 and 2021. The balance of this loan at December 31, 2021 and 2020 was \$9,905 and \$51,082, respectively. This loan and associated transactions have been eliminated on the Entities' consolidated financial statements.

Future maturities of long-term debt for the Organization and the Foundation are as follows for years ending December 31:

		Trees Forever Inc.	Eliminations	Consolidated
2022	\$	27,904	(9,905)	17,999
2023		18,593	-	18,593
2024		19,206	-	19,206
2025		19,840	-	19,840
2026		240,581	-	240,581
Total	\$	<u>326,124</u>	<u>(9,905)</u>	<u>316,219</u>

Note 9 - Nature and Amount of Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2021 and 2020 are available for the following purposes:

		2021	2020
Endowment	\$	134,449	34,449
Unappropriated earnings from endowment		6,383	5,365
Growing Futures – Des Moines (Lauridsen Park)		26,000	12,000
Growing Futures – Des Moines (Microsoft)		-	70,000
Growing Futures – Cedar Rapids		50,000	30,000
Diamond V		-	5,000
Buffers		32,000	-
OWL		-	10,000
ReLeaf CR		1,195,905	6,730
Campus improvements		165,849	61,352
Planting Hope		233,764	151,571
Greenstate – The Green Initiative		-	11,666
Illinois Buffer Partnership		-	15,000
Working Watersheds: Buffers & Beyond		-	15,000
Total	\$	<u>1,844,350</u>	<u>428,133</u>

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 9 - Nature and Amount of Assets with Donor Restrictions (Continued)

The following is a summary of activity of net assets with donor restrictions:

	<u>2021</u>	<u>2020</u>
Beginning net assets with donor restrictions	\$ 428,133	115,013
Restricted additions	2,063,833	365,907
Change in donor-restricted portion of beneficial interest	4,165	2,140
Restrictions met in same period	(316,288)	-
Releases from restrictions (see below)	(333,721)	(54,927)
Ending net assets with donor restrictions	<u>\$ 1,846,122</u>	<u>428,133</u>

Assets were released from donor restrictions during the years ended December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Diamond V	\$ 5,000	-
Holloway Owl	10,000	-
OWL	-	6,000
Prairie Meadows	-	15,000
REAP SoBL	-	5,170
Program funds	17,110	12,350
Planting Hope	151,571	-
GCRCF Program Grant	-	15,000
Brenton Fund	1,374	1,407
Growing Futures – Des Moines (Microsoft)	70,000	-
Growing Futures – Des Moines (Lauridsen Park)	6,000	-
Greenstate – The Green Initiative	11,666	-
IBP Syngenta	15,000	-
WWBB Syngenta	15,000	-
Growing Futures – Cedar Rapids	30,000	-
ITC Tree City	1,000	-
Net assets released from restrictions	<u>\$ 333,721</u>	<u>54,927</u>

Note 10 - Disclosures About Certain Concentrations

The Organization has certain concentrations of support and revenue. For the years ended December 31, 2021 and 2020 the source, amount of support and revenue, and the approximate percentage of support and revenue are listed below:

	<u>2021</u>		<u>2020</u>	
	Amount	Percentage	Amount	Percentage
Utility companies	\$ 349,844	7 %	\$ 257,805	11 %
IDOT, through Iowa State University	395,081	8 %	446,937	19 %
Growing Futures	474,398	10 %	426,079	18 %
ReLeaf CR	481,416	10 %	40,775	2 %

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 10 - Disclosures About Certain Concentrations (Continued)

At December 31, 2021, 75% of the outstanding accounts receivable balance was due from Iowa State University Sponsored Programs, U.S. Forest Service and the City of Cedar Rapids. At December 31, 2020, 64% of the outstanding receivable balance was due from Iowa State University Sponsored Programs, the U.S. Forest Service and the City of Cedar Rapids. Given the history of collection of receivables, management believes the related credit risk is minimal.

Note 11 - Pension Plan

The Organization has a defined contribution pension plan established under 403(b) of the Internal Revenue Code which covers substantially all employees. The Organization contributes, on behalf of each of the employees who are members of the plan, a percentage of the annual compensation of these employees. Expenses related to the plan for the years ended December 31, 2021 and 2020 totaled \$42,719 and \$32,446, respectively.

Note 12 - Donor-Designated Endowments

FASB ASC 958-205, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FASB ASC 958-205 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the Entities are subject to UPMIFA.

The Entities' endowment consists of two individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Entities has interpreted UPMIFA requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Entities classify as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Entities consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Entities, and (7) the Entities' investment policies.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 12 - Donor-Designated Endowments (Continued)

Investment Return Objectives, Risk Parameters and Strategies - The Entities have adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term.

In order to meet these objectives, the Entities have established Quasi-Endowed Funds with the Greater Cedar Rapids Community Foundation and Community Foundation of Greater Des Moines.. Assets of the Entities are pooled with other Foundation assets for investment management with minimal investment expense. The Investment and Spending policies of the Greater Cedar Rapids Community Foundation and Community Foundation of Greater Des Moines parallel the original objective established by the Trees Forever Foundation Board of Trustees. The investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Entities expect that endowment assets, over time, to produce an average rate of return of approximately 8.75% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy - The Entities have a policy of appropriating for distribution each year a minimum of 5% of Endowment Value as established on December 31. The Investment Manager utilizes the charitable disbursement rate. The charitable disbursement rate, or spending rate, determines the dollar amount available for distribution annually. To determine this amount, the average fund balance at the last three year-ends is multiplied by the charitable disbursement rate. Disbursements for new funds are prorated. This methodology smooths out the peaks and valleys that would be experienced if income and dividends earned (or not earned) by a fund were distributed each year. This is a strategy that has been adopted by most major endowments. The disbursement rate is generally around five percent.

Endowment net asset composition by type of fund as of December 31, 2021 and 2020 are as follows:

December 31, 2021	Without Donor Restriction	With Donor Restrictions	Total Endowment Net Assets
Donor-restricted endowment funds	\$ -	140,832	140,832
Board-designated endowment funds	466,644	-	466,644
Total	\$ 466,644	140,832	607,476

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 12 - Donor-Designated Endowments (Continued)

December 31, 2020		Without Donor Restriction	With Donor Restrictions	Total Endowment Net Assets
Donor-restricted endowment funds	\$	-	39,814	39,814
Board-designated endowment funds		413,652	-	413,652
Total	\$	413,652	39,814	453,466

Changes in endowment net assets as of December 31, 2021 are as follows:

		Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$	413,652	39,814	453,466
Contributions		16,602	100,000	116,602
Change in beneficial interest in assets held by community foundation		52,907	2,392	55,299
Amounts appropriated for expenditure		(16,517)	(1,374)	(17,891)
Endowment net assets, end of year	\$	466,644	140,832	607,476

Changes in endowment net assets as of December 31, 2020 are as follows:

		Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$	399,006	34,889	433,895
Contributions		500	4,193	4,693
Change in beneficial interest in assets held by community foundation		28,206	2,139	30,345
Amounts appropriated for expenditure		(14,060)	(1,407)	(15,467)
Endowment net assets, end of year	\$	413,652	39,814	453,466

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 13 - Donated Goods and Services

During the years ended December 31, 2021 and 2020, the Organization received the following donated goods and services:

	2021	2020
Marketing, printing, and media	\$ 4,800	\$ 38,000
Catering services for events and meetings	-	123
Specialized program services	4,213	7,250
Furniture	3,610	42,784
Travel	251	-
Professional services	11,220	3,020
Total	<u>\$ 24,094</u>	<u>\$ 91,177</u>

Note 14 - Paycheck Protection Program Grant

During the years ended December 31, 2021 and 2020, the Organization received government assistance under the CARES Act in the form of Paycheck Protection Program (PPP) loans. The Organization has applied FASB ASC 958-605 to initially record the loans as refundable advances. Under ASC 958-605-25-13, the loans are to be treated as refundable advances until the conditions on which they depend are substantially met. By December 31, 2021 and 2020 the Organization had incurred eligible costs to qualify for complete forgiveness of the loans and had received notice of complete forgiveness of the loans. As such, the full amount of the PPP loans are recognized as revenue in the statement of activities in the amounts of \$180,470 and \$189,900 for the years ended December 31, 2021 and 2020, respectively.

Note 15 - Supplemental Cash Flow Information

Cash paid for interest on outstanding notes payable for the years ending December 31, 2021 and 2020 was \$11,628 and \$22,823, respectively.

Note 16 - Subsequent Event

Subsequent to December 31, 2021, the Organization has begun discussions with vendors for outdoor improvements to its main campus.

TREES FOREVER, INC. AND ITS AFFILIATE

Supplementary Information

December 31, 2021 and 2020

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidating Statement of Financial Position
December 31, 2021

	Assets				
	Trees Forever, Inc.	Trees Forever Foundation	Total	Consolidating Eliminations	Consolidated
Current assets:					
Cash and cash equivalents	\$ 1,802,637	-	1,802,637	-	1,802,637
Accounts receivable	108	-	108	-	108
Grants receivable	419,952	-	419,952	-	419,952
Unconditional promises to give	14,961	5,541	20,502	(5,541)	14,961
Current portion of notes receivable	-	9,905	9,905	(9,905)	-
Prepaid expense	39,483	-	39,483	-	39,483
Total current assets	<u>2,277,141</u>	<u>15,446</u>	<u>2,292,587</u>	<u>(15,446)</u>	<u>2,277,141</u>
Property and equipment:					
Furniture and fixtures	56,889	-	56,889	-	56,889
Land	111,100	-	111,100	-	111,100
Buildings	483,796	-	483,796	-	483,796
Equipment	172,959	-	172,959	-	172,959
Total	824,744	-	824,744	-	824,744
Less accumulated depreciation	181,893	-	181,893	-	181,893
Net property and equipment	<u>642,851</u>	<u>-</u>	<u>642,851</u>	<u>-</u>	<u>642,851</u>
Other assets:					
Beneficial interest in assets held by community foundation	-	592,030	592,030	-	592,030
Total other assets	<u>-</u>	<u>592,030</u>	<u>592,030</u>	<u>-</u>	<u>592,030</u>
Total assets	<u>\$ 2,919,992</u>	<u>607,476</u>	<u>3,527,468</u>	<u>(15,446)</u>	<u>3,512,022</u>

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidating Statement of Financial Position
December 31, 2021

	Liabilities and Net Assets				
	Trees Forever, Inc.	Trees Forever Foundation	Total	Consolidating Eliminations	Consolidated
Current liabilities:					
Accounts payable	\$ 43,994	-	43,994	(5,541)	38,453
Accrued expenses:					
Vacation pay	50,931	-	50,931	-	50,931
Other	1,353	-	1,353	-	1,353
Deferred revenue	56,397	-	56,397	-	56,397
Current portion of long-term liabilities	27,904	-	27,904	(9,905)	17,999
Funds held in trust	34,601	-	34,601	-	34,601
Grants payable	319,346	-	319,346	-	319,346
Total current liabilities	<u>534,526</u>	<u>-</u>	<u>534,526</u>	<u>(15,446)</u>	<u>519,080</u>
Long-term liabilities:					
Mortgage payable	298,220	-	298,220	-	298,220
Total long-term liabilities	<u>298,220</u>	<u>-</u>	<u>298,220</u>	<u>-</u>	<u>298,220</u>
Total liabilities	<u>832,746</u>	<u>-</u>	<u>832,746</u>	<u>(15,446)</u>	<u>817,300</u>
Net assets:					
Without donor restrictions	383,729	565,119	948,848	-	948,848
With donor restrictions	1,703,517	42,357	1,745,874	-	1,745,874
Total net assets	<u>2,087,246</u>	<u>607,476</u>	<u>2,694,722</u>	<u>-</u>	<u>2,694,722</u>
Total liabilities and net assets	<u>\$ 2,919,992</u>	<u>607,476</u>	<u>3,527,468</u>	<u>(15,446)</u>	<u>3,512,022</u>

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidating Statement of Activities
For the Year Ended December 31, 2021

	Trees Forever, Inc.	Trees Forever Foundation	Total	Consolidating Eliminations	Consolidated
Support and revenue:					
Contributions	\$ 2,301,904	107,541	2,409,445	(17,891)	2,391,554
Program administration revenue	497,847	-	497,847	-	497,847
Program grant revenue	940,721	-	940,721	-	940,721
Federal grants	177,660	-	177,660	-	177,660
State grants	503,544	-	503,544	-	503,544
Investment income	874	-	874	-	874
Change in beneficial interest in assets held by community foundation	-	55,299	55,299	-	55,299
Contributed services and materials	24,094	-	24,094	-	24,094
Paycheck Protection Program grant	180,470	-	180,470	-	180,470
Other	7,451	2,573	10,024	(2,573)	7,451
Total support and revenue	4,634,565	165,413	4,799,978	(20,464)	4,779,514
Expenses:					
Program services:					
Water quality	169,434	17,891	187,325	(17,891)	169,434
Community forestry	2,086,375	-	2,086,375	-	2,086,375
Roadways	379,293	-	379,293	-	379,293
Education	147,760	-	147,760	-	147,760
Total program services	2,782,862	17,891	2,800,753	(17,891)	2,782,862
Supporting activities:					
Administrative	237,827	-	237,827	(2,573)	235,254
Fundraising	223,487	-	223,487	-	223,487
Total supporting activities	461,314	-	461,314	(2,573)	458,741
Total expenses	3,244,176	17,891	3,262,067	(20,464)	3,241,603
Change in net assets	1,390,389	147,522	1,537,911	-	1,537,911
Net assets, beginning of year	696,857	459,954	1,156,811	-	1,156,811
Net assets, end of year	\$ 2,087,246	607,476	2,694,722	-	2,694,722



Independent Auditors' 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 Directors of
Trees Forever, Inc. and its Affiliate
Marion, Iowa

We have audited, 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, the consolidated financial statements of Trees Forever, Inc. and its Affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements and have issued our report thereon dated May 3, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Trees Forever, Inc. and its Affiliate's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Trees Forever, Inc. and its Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entities' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entities' financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Burlington	Cedar Rapids	Centerville	Fairfield	Mt. Pleasant	Oskaloosa	Pella	West Des Moines
319.753.9877	319.393.2374	641.437.4296	641.472.6171	319.385.9718	641.672.2523	641.628.9411	515.657.5800

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trees Forever, Inc. and its Affiliate's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organizations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

TDT CPAs and Advisors, P.C.

Cedar Rapids, Iowa
May 3, 2022

TREES FOREVER, INC. AND ITS AFFILIATE
Schedule of Findings and Responses
Year Ended December 31, 2021 and 2020

Part I: Summary of independent auditors' results

1. An unmodified opinion was issued on the consolidated financial statements.
2. The audit of the consolidated financial statements did not uncover any significant deficiencies or material weaknesses in internal control over financial reporting. However, material weaknesses or significant deficiencies may exist that have not been uncovered.
3. The audit did not disclose any non-compliance that is material to the consolidated financial statements.

Part II: Finding(s) related to the financial statements

NONE