

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

Marion, Iowa

Consolidated Financial Statements

Years Ended December 31, 2025 and 2024



FORGE

FINANCIAL & MANAGEMENT CONSULTING

TREES FOREVER, INC. AND ITS AFFILIATE

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Independent Auditor's 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 nonprofit organization) and its Affiliate, which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities and changes in net assets, 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, 2025 and 2024, 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.

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 judgment 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 judgment 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.
- Obtain 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 judgment, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than present the financial position, changes in net assets, and cash flows of the individual entities, and it is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the consolidated financial statements. The consolidating information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information and schedule of expenditure of federal awards have been subjected to the auditing procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2026 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.

Forge Financial and Management Consulting, Inc.

West Des Moines, Iowa
April 21, 2026

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidated Statements of Financial Position
December 31, 2025 and 2024

Assets		
	2025	2024
Current assets:		
Cash and cash equivalents	\$ 1,910,522	915,500
Certificates of deposit	657,481	509,597
Grants receivable	346,194	1,054,632
Unconditional promises to give, current portion	13,190	344,539
Prepaid expense	25,987	26,071
Total current assets	<u>2,953,374</u>	<u>2,850,339</u>
Property and equipment:		
Land	111,100	111,100
Buildings	1,126,815	1,126,815
Furniture and fixtures	56,889	56,889
Equipment	458,648	381,812
Total	<u>1,753,452</u>	<u>1,676,616</u>
Less accumulated depreciation	520,698	428,511
Net property and equipment	<u>1,232,754</u>	<u>1,248,105</u>
Other assets:		
Long-term unconditional promises to give, net	10,151	12,644
Beneficial interest in assets held by community foundation	831,694	740,379
Total other assets	<u>841,845</u>	<u>753,023</u>
Total assets	\$ <u>5,027,973</u>	<u>4,851,467</u>

See accompanying notes to consolidated financial statements.

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidated Statements of Financial Position
December 31, 2025 and 2024

Liabilities and Net Assets		
	2025	2024
Current liabilities:		
Accounts payable	\$ 24,279	30,969
Accrued expenses	109,279	72,184
Deferred revenue	213,811	18,322
Refundable advance (ARPA)	204,947	382,572
Funds held in trust	10,706	15,294
Current portion of long-term debt	14,980	19,840
Grants payable	615,445	302,689
Total current liabilities	<u>1,193,447</u>	<u>841,870</u>
Long-term liabilities:		
Mortgage payable, net of current portion	<u>218,480</u>	<u>235,416</u>
Total long-term liabilities	<u>218,480</u>	<u>235,416</u>
 Total liabilities	 <u>1,411,927</u>	 <u>1,077,286</u>
Net assets:		
Without donor restrictions:		
Undesignated	984,704	953,400
Board-designated for endowment	679,476	615,269
With donor restrictions	<u>1,951,866</u>	<u>2,205,512</u>
Total net assets	<u>3,616,046</u>	<u>3,774,181</u>
 Total liabilities and net assets	 \$ <u><u>5,027,973</u></u>	 <u><u>4,851,467</u></u>

See accompanying notes to consolidated financial statements.

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and revenue:						
Contributions	\$ 341,664	57,406	399,070	673,112	45,364	718,476
Program administration revenue	1,569,700	-	1,569,700	1,335,918	-	1,335,918
Program grant revenue	553,748	-	553,748	335,279	-	335,279
Federal grants	433,693	-	433,693	577,860	-	577,860
State grants	578,028	-	578,028	570,017	-	570,017
Investment income	26,622	-	26,622	12,860	-	12,860
Change in beneficial interest in assets held by community foundation	77,395	18,631	96,026	55,726	11,957	67,683
Contributed services and materials	88,783	-	88,783	3,015	-	3,015
Gain on disposal of assets	2,500	-	2,500	-	-	-
Other	151	-	151	-	-	-
Net assets released from restrictions	329,683	(329,683)	-	405,936	(405,936)	-
Total support and revenue	4,001,967	(253,646)	3,748,321	3,969,723	(348,615)	3,621,108
Expenses:						
Program services:						
Water quality	2,282	-	2,282	5,120	-	5,120
Community forestry	2,760,289	-	2,760,289	2,645,330	-	2,645,330
Roadways	440,926	-	440,926	441,154	-	441,154
Education	113,797	-	113,797	56,800	-	56,800
Total program services	3,317,294	-	3,317,294	3,148,404	-	3,148,404
Supporting activities:						
Administrative	347,662	-	347,662	201,487	-	201,487
Fundraising	241,500	-	241,500	285,524	-	285,524
Total supporting activities	589,162	-	589,162	487,011	-	487,011
Total expenses	3,906,456	-	3,906,456	3,635,415	-	3,635,415
Change in net assets	95,511	(253,646)	(158,135)	334,308	(348,615)	(14,307)
Net assets, beginning of year	1,568,669	2,205,512	3,774,181	1,234,361	2,554,127	3,788,488
Net assets, end of year	\$ 1,664,180	1,951,866	3,616,046	1,568,669	2,205,512	3,774,181

See accompanying notes to consolidated financial statements.

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating activities:		
Change in net assets	\$ (158,135)	(14,307)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in beneficial interest in assets held by community foundation	(96,026)	(67,683)
Noncash (in-kind) additions of property and equipment	(80,201)	-
Gain on disposal of assets	(2,500)	-
Interest income on certificates of deposit	(26,622)	(9,597)
Grants given from beneficial interest in assets held by community foundation	22,355	4,508
Depreciation and amortization	95,552	93,999
(Increase) decrease in:		
Accounts and grants receivable	708,438	(700,676)
Unconditional promises to give	333,842	327,636
Prepaid expenses	84	78,283
Increase (decrease) in:		
Accounts payable	(6,690)	(23,705)
Refundable advance	(177,625)	(291,438)
Deferred revenue	195,489	(23,790)
Grants payable	312,756	195,907
Accrued expenses	37,095	23,777
Funds held in trust	(4,588)	(8,263)
Net cash provided (used) by operating activities	<u>1,153,224</u>	<u>(415,349)</u>
Investing activities:		
Purchase of certificates of deposit	(635,119)	(500,000)
Redemptions of certificates of deposit	513,857	-
Purchase of property and equipment	-	(39,375)
Proceeds from sale of property and equipment	2,500	-
Contributions to beneficial interest in assets held by community foundation	(17,644)	(17,863)
Net cash provided (used) by investing activities	<u>(136,406)</u>	<u>(557,238)</u>
Financing activities:		
Principal payments on long term debt	(21,796)	(21,016)
Net cash provided (used) by financing activities	<u>(21,796)</u>	<u>(21,016)</u>
Net increase (decrease) in cash and cash equivalents	995,022	(993,603)
Cash and cash equivalents, beginning of year	915,500	1,909,103
Cash and cash equivalents, end of year	\$ <u>1,910,522</u>	<u>915,500</u>

See accompanying notes to consolidated financial statements.

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Services					Total		
	Water Quality	Community Forestry	Roadways	Education	Program Services	Management and General	Fundraising	Total
Contract labor	\$ -	183,548	1,788	-	185,336	1,679	352	187,367
Depreciation	-	48,999	11,780	-	60,779	28,743	6,030	95,552
Equipment and furniture purchase	-	28,938	492	-	29,430	1,200	252	30,882
Meetings and receptions	-	21,724	29,833	587	52,144	5,853	6,671	64,668
Postage and shipping	-	2,660	1,204	3,520	7,384	458	4,024	11,866
Professional fees	-	40,961	9,499	-	50,460	23,177	16,749	90,386
Publication educational materials	-	4,522	2,035	7,838	14,395	349	5,285	20,029
Occupancy	-	43,602	3,757	-	47,359	7,400	1,923	56,682
Supplies	244	575,487	16,429	16,240	608,400	-	8,626	617,026
Telephone	-	10,210	1,757	-	11,967	7,392	899	20,258
Travel expense	95	34,462	39,428	3,136	77,121	-	4,077	81,198
Wages and salaries	1,943	1,188,166	319,067	82,476	1,591,652	261,297	184,638	2,037,587
Miscellaneous expenses	-	74,871	3,857	-	78,728	10,114	1,974	90,816
Grant expenses	-	502,139	-	-	502,139	-	-	502,139
Total	\$ 2,282	2,760,289	440,926	113,797	3,317,294	347,662	241,500	3,906,456

See accompanying notes to consolidated financial statements.

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services					Total		
	Water Quality	Community Forestry	Roadways	Education	Program Services	Management and General	Fundraising	Total
Contract labor	\$ -	186,955	1,189	2,714	190,858	133	28,036	219,027
Depreciation	97	52,335	13,760	312	66,504	20,571	6,924	93,999
Equipment and furniture purchase	-	5,705	197	4	5,906	294	99	6,299
Meetings and receptions	309	17,757	21,294	227	39,587	1,875	8,984	50,446
Postage and shipping	20	1,623	814	3,495	5,952	221	3,227	9,400
Professional fees	161	93,300	22,951	521	116,933	34,312	21,879	173,124
Publication educational materials	11	6,026	2,475	8,307	16,819	168	10,606	27,593
Occupancy	36	45,157	5,093	115	50,401	7,614	2,563	60,578
Supplies	415	321,015	8,613	12,125	342,168	10,686	7,005	359,859
Telephone	23	13,854	3,248	74	17,199	4,855	1,634	23,688
Travel expense	18	37,284	29,805	1,595	68,702	988	3,418	73,108
Wages and salaries	1,996	1,142,867	326,870	27,201	1,498,934	108,365	188,711	1,796,010
In-kind expenses	3	1,679	441	10	2,133	660	222	3,015
Miscellaneous expenses	31	39,765	4,404	100	44,300	10,745	2,216	57,261
Grant expenses	2,000	680,008	-	-	682,008	-	-	682,008
Total	\$ 5,120	2,645,330	441,154	56,800	3,148,404	201,487	285,524	3,635,415

See accompanying notes to consolidated financial statements.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

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 entities. 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. Revenues with donor-imposed restrictions that are met in the same period are recorded as revenue without donor restrictions.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

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 Entities operate 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 Entities' 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 Entities' deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank for the years ended December 31, 2025 and 2024.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

The Entities have 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 Entities' deposits are FDIC insured. The Entities have not experienced any losses in such accounts and believe they are not exposed to any significant credit risk on cash.

Certificates of Deposit – The Entities maintain certificates of deposit with its financial institution as part of its cash management strategy. Certificates of deposit with original maturities greater than three months are not considered cash equivalents and are presented separately in the consolidated statement of financial position. Certificates of deposit are stated at cost, which approximates fair value. Interest earned is recorded as interest income when earned.

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 and will be collected in the following fiscal year. The Entities evaluate grants receivable and determine if an allowance is necessary based on history of past write-offs and collections, current credit conditions, and reasonable forecasts.

Property and Equipment - Furniture, office equipment, computers and other capital expenditures greater than \$10,000 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 27-30 years for the building and related improvements and 3-7 years for all furniture and fixtures and other equipment. Depreciation expense was \$95,552 and \$93,999 for the years ended December 31, 2025 and 2024, respectively.

Contributed Services - Contributed services are recognized as contributions in accordance with accounting standards and are recorded as in-kind contributions 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 entities.

Funds Held in Trust - The Entities act as an agent for various nonprofit organizations. Funds held on behalf of these organizations have been classified as a liability in the accompanying financial statements.

Grants Payable – Amounts recorded as grants payable are amounts received by the Entities to be paid to other organizations.

Functional Allocation of Expenses - The costs of providing various programs 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 are 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.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Reclassifications - Certain prior period amounts have been reclassified to conform with the current year presentation.

Date of Management's Review - Management has evaluated subsequent events through April 21, 2026, the date which the financial statements were available to be issued.

Note 2 - Conditional Grant Awards

The Entities have 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, 2025 and 2024, amounts remaining to be utilized in future years under these grant awards were \$4,007,015 and \$5,049,353, respectively. The remaining grant awards are not recognized as an asset or support in the financial statements until such time as qualifying expenses are incurred. In addition, the Entities received funds for a conditional grant prior to incurring qualifying expenses, which is discussed further at Note 14.

The Entities have 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, 2025 and 2024, the amounts remaining to be utilized in future years under these agreements were \$9,000 and \$9,000, respectively. 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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,910,522	915,500
Certificates of deposit	657,481	509,597
Grants receivable	346,194	1,054,632
Unconditional promises to give	23,341	357,183
Beneficial interest in assets held by community foundation	831,694	740,379
Total financial assets	<u>3,769,232</u>	<u>3,577,291</u>
Less financial assets not available to be used for general expenditures within one year:		
Funds held in trust	10,706	15,294
Net assets with donor restrictions	1,951,866	2,205,512
Board designated endowment funds	679,476	615,269
	<u>2,642,048</u>	<u>2,836,075</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,127,184</u>	<u>741,216</u>

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Note 3 - Availability and Liquidity (Continued)

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 Entities have committed lines of credit (see Note 7) in the amount of \$250,000. 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, 2025 and 2024 consisted of the following:

	2025	2024
Gross unconditional promises to give due in:		
Less than one year	\$ 13,190	356,973
One to five years	10,700	14,000
Gross unconditional promises to give	<u>23,890</u>	<u>370,973</u>
Less: Allowance for uncollectible promises	-	(12,434)
Less: Unamortized discount	(549)	(1,356)
Net unconditional promises to give	<u>\$ 23,341</u>	<u>357,183</u>

Unconditional promises to give due in more than one year are recognized at the net realizable discounted cash flow value, using present value techniques and discount rates of 7 to 8.5% based on the Entities' incremental borrowing rate at the time donors make each unconditional promise to give to the Entities. Management has recorded an allowance for uncollectible promises based on the history of past write-offs and collections, current credit conditions, and reasonable forecasts.

Note 5 - Fair Value Measurement

The fair value hierarchy 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.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Note 5 - Fair Value Measurement (Continued)

The following tables present by level, within the fair value hierarchy, the assets at fair value, as of December 31, 2025 and 2024. Assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

Description	December 31, 2025	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	\$ 831,694	-	831,694	-

Description	December 31, 2024	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	\$ 740,379	-	740,379	-

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.

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, 2025 and 2024 was \$831,694 and \$740,379, respectively. During the years ended December 31, 2025 and 2024, the Foundation received distributions of \$22,355 and \$4,508, respectively, from these funds.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Note 6 - Beneficial Interest in Assets Held by Community Foundation (Continued)

In addition, other funds for the benefit of Trees Forever, Inc. have 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 as income in the accompanying financial statements. The balance of these funds at December 31, 2025 and 2024 was \$325,169 and \$300,553, respectively. For the years ended December 31, 2025 and 2024, the Organization received distributions of \$11,609 and \$10,995, respectively, from these funds.

Note 7 - Line of Credit

The Entities entered into an agreement with Hills Bank and Trust for a line of credit most recently renewed in September 2024 and August 2025 for \$250,000. The current line has a variable interest rate of 6.5% at December 31, 2025 (0.25% under Prime rate) with a floor of 5.5% annually. All principal and interest on this line are due August 21, 2026. At December 31, 2025 and 2024, there were no outstanding borrowings on the line of credit.

Note 8 - Long Term Debt

The Entities have a mortgage note payable to Hills Bank and Trust, collateralized by a first mortgage on the Entities' building. The note has been refinanced twice since origination, most recently on February 2, 2026, at which time the outstanding balance of \$229,807 was refinanced into a new agreement requiring monthly principal payments of \$2,474 plus interest at 5.25% per annum, with a balloon payment for all remaining principal and interest due February 3, 2031. The February 2, 2026 refinance constitutes a recognized subsequent event.

The outstanding balance as of December 31, 2025 and 2024 was \$233,460 and \$255,256, respectively, and reflects amounts outstanding under the prior refinanced agreement with Hills Bank and Trust dated March 25, 2021, which bore interest at 3.25% per annum with monthly principal payments of \$2,334.

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

2026	\$	14,980
2027		18,861
2028		19,875
2029		20,944
2030		22,071
2031		136,729
Total	\$	<u>233,460</u>

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

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

Net assets with donor restrictions at December 31, 2025 and 2024 are available for the following purposes:

	2025	2024
Endowment	\$ 129,035	129,035
Unappropriated earnings from endowment	23,183	6,493
Endowment: underwater portion – see Note 12	-	(418)
Growing Futures – Cedar Rapids	15,972	14,944
Buffers	1,203	1,448
ReLeaf CR	1,769,713	1,995,052
Greening a Grove	6,840	11,762
Granting a Better Tomorrow	2,724	3,010
Rooted in Central Iowa	3,196	39,020
WDM Urban Forestry	-	5,166
Total	\$ 1,951,866	2,205,512

Net assets that were released from donor restrictions during the years ended December 31, 2025 and 2024, were as follows:

	2025	2024
ReLeaf CR	\$ 259,973	270,471
Greening a Grove	11,622	-
Planting Hope	-	95,772
Brenton Fund	1,523	1,500
Tree City	-	1,000
Granting a Better Tomorrow	286	453
Growing Futures – Des Moines (Lauridsen Park)	-	21,677
GreenState – The Green Initiative	-	879
Rooted in Central Iowa	35,924	-
WDM Urban Forestry	5,166	13,167
Growing Futures – Cedar Rapids	14,944	-
Buffers	245	1,017
Net assets released from restrictions	\$ 329,683	405,936

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

	2025	2024
Beginning net assets with donor restrictions	\$ 2,205,512	2,554,127
Restricted additions	78,138	289,333
Change in donor-restricted portion of beneficial interest	18,631	11,957
Restrictions met in same period	(20,732)	(243,969)
Releases from restrictions	(329,683)	(405,936)
Ending net assets with donor restrictions	\$ 1,951,866	2,205,512

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Note 10 - Disclosures About Certain Concentrations

The Entities have certain concentrations of support and revenue. For the years ended December 31, 2025 and 2024, the source, amount of support and revenue, and the approximate percentage of support and revenue are listed below:

	2025		2024	
	Amount	Percentage	Amount	Percentage
Department of Natural Resources	\$413,489	11%	\$291,194	8%

The Entities have certain concentrations of outstanding grants receivable. For the years ended December 31, 2025 and 2024 the source, amount of grants receivable, and the approximate percentage of accounts receivable are listed below:

	2025		2024	
	Amount	Percentage	Amount	Percentage
Department of Natural Resources	\$94,118	27%	\$602,094	43%
Iowa State University	\$51,097	15%	\$68,048	5%
Living Roadway Trust Fund	\$54,608	16%	-	-
City of Cedar Rapids and Des Moines	\$84,851	25%	\$287,502	21%

Given the history of collection of receivables, management believes the related credit risk is minimal. Future funding from government-sponsored programs may be subject to change by acts of Congress and the administration.

Note 11 - Pension Plan

The Entities have a defined contribution pension plan established under 403(b) of the Internal Revenue Code which covers substantially all employees. The Entities contribute, 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, 2025 and 2024 totaled \$67,633 and \$58,270, respectively.

Note 12 - Endowments

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 Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Note 12 - Endowments (Continued)

The Board of Directors of the Entities has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as 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.

Investment Return Objectives, Risk Parameters and Strategies - The Entities have adopted investment and spending policies, approved by the Board of Directors, 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 Directors. 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 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 the charitable disbursement rate 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 strategy is similar to that adopted by most major endowments. The disbursement rate is generally around five percent.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Note 12 - Endowments (Continued)

Underwater Endowments - From time to time, certain individual donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by UPMIFA. The Entities have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2025, there were no underwater funds. At December 31, 2024, one fund with original gift value of \$100,000, fair value of \$99,582, and a deficiency of \$418 was reported in net assets with donor restrictions. This deficiency resulted from unfavorable market fluctuation. During the years ended December 31, 2025 and 2024, the Entities appropriated \$-0- from underwater endowments.

Endowment net asset composition by type of fund as of December 31, 2025 and 2024 are as follows:

December 31, 2025	Without Donor Restriction	With Donor Restrictions	Total Endowment Net Assets
Donor-restricted endowment funds	\$ -	152,218	152,218
Board-designated endowment funds	679,476	-	679,476
Total	\$ 679,476	152,218	831,694

December 31, 2024	Without Donor Restriction	With Donor Restrictions	Total Endowment Net Assets
Donor-restricted endowment funds	\$ -	135,110	135,110
Board-designated endowment funds	605,269	-	605,269
Total	\$ 605,269	135,110	740,379

Changes in endowment net assets as of December 31, 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 605,269	135,110	740,379
Contributions	17,644	-	17,644
Change in beneficial interest in assets held by community foundation	77,395	18,631	96,026
Amounts appropriated for expenditure	(20,832)	(1,523)	(22,355)
Endowment net assets, end of year	\$ 679,476	152,218	831,694

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Note 12 - Endowments (Continued)

Changes in endowment net assets as of December 31, 2024 are as follows:

		Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$	534,688	124,653	659,341
Contributions		17,863	-	17,863
Change in beneficial interest in assets held by community foundation		55,726	11,957	67,683
Amounts appropriated for expenditure		(3,008)	(1,500)	(4,508)
Endowment net assets, end of year	\$	605,269	135,110	740,379

Note 13 - Contributed Services and Materials

During the years ended December 31, 2025 and 2024, the Entities received the following donated goods and services (none were restricted by donors):

		2025	2024
Professional services	\$	720	-
Specialized program services		-	326
Space usage		4,725	-
Vehicles		80,201	-
Other		3,137	2,689
Total	\$	88,783	3,015

Vehicle donations are recorded as property and equipment in the consolidated statements of financial position. In-kind expenses are reflected in the consolidated statements of functional expenses as professional fees, occupancy, supplies, and in-kind expenses for the years ended December 31, 2025 and 2024.

Note 14 - Refundable Advance (ARPA)

During the year ended December 31, 2023, the Entities received government assistance under the American Rescue Plan Act (ARPA) in the amount of \$800,000. The Entities incurred eligible costs and recognized an amount of \$177,625 and \$291,438 as revenue in years ending December 31, 2025 and 2024, respectively. The amounts received but not spent has been recorded as a refundable advance of \$204,947 and \$382,572 at December 31, 2025 and 2024, respectively.

Note 15 - Supplemental Cash Flow Information

Cash paid for interest on outstanding notes payable for the years ended December 31, 2025 and 2024 was \$8,092 and \$8,841, respectively.

TREES FOREVER, INC. AND ITS AFFILIATE

Supplementary Information

December 31, 2025

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidating Statement of Financial Position
December 31, 2025

	Assets				Consolidating Eliminations	Consolidated
	Trees Forever, Inc.	Trees Forever Foundation	Total			
Current assets:						
Cash and cash equivalents	\$ 1,910,522	-	1,910,522	-	-	1,910,522
Certificates of deposit	657,481	-	657,481	-	-	657,481
Grants receivable	346,194	-	346,194	-	-	346,194
Unconditional promises to give, current portion	13,190	-	13,190	-	-	13,190
Prepaid expense	25,987	-	25,987	-	-	25,987
Total current assets	2,953,374	-	2,953,374	-	-	2,953,374
Property and equipment:						
Furniture and fixtures	56,889	-	56,889	-	-	56,889
Land	111,100	-	111,100	-	-	111,100
Buildings	1,126,815	-	1,126,815	-	-	1,126,815
Equipment	458,648	-	458,648	-	-	458,648
Total	1,753,452	-	1,753,452	-	-	1,753,452
Less accumulated depreciation	520,698	-	520,698	-	-	520,698
Net property and equipment	1,232,754	-	1,232,754	-	-	1,232,754
Other assets:						
Long-term unconditional promises to give, net	10,151	-	10,151	-	-	10,151
Beneficial interest in assets held by community foundation	-	831,694	831,694	-	-	831,694
Total other assets	10,151	831,694	841,845	-	-	841,845
Total assets						
	\$ 4,196,279	831,694	5,027,973	-	-	5,027,973

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidating Statement of Financial Position
December 31, 2025

Liabilities and Net Assets				
	Trees Forever, Inc.	Trees Forever Foundation	Total	Consolidating Eliminations
Consolidated				
Current liabilities:				
Accounts payable	\$ 24,279	-	24,279	-
Accrued expenses	109,279	-	109,279	-
Deferred revenue	213,811	-	213,811	-
Refundable advance (ARPA)	204,947	-	204,947	-
Current portion of long-term liabilities	14,980	-	14,980	-
Funds held in trust	10,706	-	10,706	-
Grants payable	615,445	-	615,445	-
Total current liabilities	1,193,447	-	1,193,447	-
Long-term liabilities:				
Mortgage payable	218,480	-	218,480	-
Total long-term liabilities	218,480	-	218,480	-
Total liabilities	1,411,927	-	1,411,927	-
Net assets:				
Without donor restrictions	984,704	679,476	1,664,180	-
With donor restrictions	1,799,648	152,218	1,951,866	-
Total net assets	2,784,352	831,694	3,616,046	-
Total liabilities and net assets	\$ 4,196,279	831,694	5,027,973	-

TREES FOREVER, INC. AND ITS AFFILIATE
Consolidating Statement of Activities
For the Year Ended December 31, 2025

	Trees Forever, Inc.	Trees Forever Foundation	Total	Consolidating Eliminations	Consolidated
Support and revenue:					
Contributions	\$ 413,781	7,644	421,425	(22,355)	399,070
Program administration revenue	1,569,700	-	1,569,700	-	1,569,700
Program grant revenue	553,748	-	553,748	-	553,748
Federal grants	433,693	-	433,693	-	433,693
State grants	578,028	-	578,028	-	578,028
Investment income	26,622	-	26,622	-	26,622
Change in beneficial interest in assets held by community foundation	-	96,026	96,026	-	96,026
Contributed services and materials	88,783	-	88,783	-	88,783
Gain on disposal of assets	2,500	-	2,500	-	2,500
Other	151	-	151	-	151
Total support and revenue	3,667,006	103,670	3,770,676	(22,355)	3,748,321
Expenses:					
Program services:					
Water quality	2,282	-	2,282	-	2,282
Community forestry	2,760,289	22,355	2,782,644	(22,355)	2,760,289
Roadways	440,926	-	440,926	-	440,926
Education	113,797	-	113,797	-	113,797
Total program services	3,317,294	22,355	3,339,649	(22,355)	3,317,294
Supporting activities:					
Administrative	347,662	-	347,662	-	347,662
Fundraising	241,500	-	241,500	-	241,500
Total supporting activities	589,162	-	589,162	-	589,162
Total expenses	3,906,456	22,355	3,928,811	(22,355)	3,906,456
Change in net assets	(239,450)	81,315	(158,135)	-	(158,135)
Net assets, beginning of year	3,023,802	750,379	3,774,181	-	3,774,181
Net assets, end of year	\$ 2,784,352	831,694	3,616,046	-	3,616,046

TREES FOREVER, INC. AND ITS AFFILIATE
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Grant ID	Federal Expenditures
<i>Other Programs</i>			
U.S. Department of Agriculture			
Direct Programs:			
Cooperative Forestry Assistance	10.664	25-DG-11094200-220	\$ <u>2,919</u>
Indirect Programs:			
Passed through the State of Illinois DNR Urban and Community Forestry Program	10.675	22-DG-11094200-126	<u>59,404</u>
Passed through the State of Illinois Inflation Reduction Act Urban & Community Forestry Program	10.727	23-DG-11094200-327	405,874
Passed through the City of Des Moines Inflation Reduction Act Urban & Community Forestry Program	10.727	24-DG-11094200-208	<u>539,580</u>
Total Inflation Reduction Act Urban & Community Forestry Program			<u>945,454</u>
Total U.S. Department of Agriculture			<u>1,007,777</u>
Department of the Treasury			
Indirect Programs:			
Passed through the City of Des Moines Coronavirus State and Local Fiscal Recovery Funds	COVID-19 21.027		<u>177,625</u>
Total Department of the Treasury			<u>177,625</u>
<i>Total Other Programs</i>			<u>1,185,402</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 1,185,402</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

TREES FOREVER, INC. AND ITS AFFILIATE
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Trees Forever, Inc. and its Affiliate under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the *requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Trees Forever and its Affiliate, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Trees Forever, Inc. and its Affiliate.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Note 3 - Pass-Through Awards

Trees Forever, Inc. and its Affiliate did not pass through any awards to subrecipients.

Note 4 - Indirect Cost Rate

Trees Forever, Inc. and its Affiliate elected not to use the 10 or 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.



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FINANCIAL & MANAGEMENT CONSULTING

Independent Auditor's 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, 2025, 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 April 21, 2026.

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. 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 or significant deficiencies may exist that were not identified.

Report on 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 Entities' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entities' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forge Financial and Management Consulting, Inc.

West Des Moines, Iowa
April 21, 2026



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FINANCIAL & MANAGEMENT CONSULTING

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for a Major Federal Program

Opinion on Each Major Federal Program

We have audited Trees Forever, Inc. and its Affiliate's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Trees Forever, Inc. and its Affiliate's major federal program for the year ended December 31, 2025. Trees Forever, Inc. and its Affiliate's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Trees Forever, Inc. and its Affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each its major federal program for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Trees Forever, Inc. and its Affiliate's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Trees Forever, Inc. and its Affiliate's federal program.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Trees Forever, Inc. and its Affiliate's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Trees Forever, Inc. and its Affiliate's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Trees Forever, Inc. and its Affiliate's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Trees Forever, Inc. and its Affiliate's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Trees Forever, Inc. and its Affiliate's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures did not disclose any instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Forge Financial and Management Consulting, Inc.

West Des Moines, Iowa
April 21, 2026

TREES FOREVER, INC. AND ITS AFFILIATE
Schedule of Findings and Questioned Costs
Year Ended December 31, 2025

Part I: Summary of independent Auditor's results:

1. An unmodified opinion was issued on the consolidated financial statements.
2. The audit of the consolidated financial statements did not disclose any material weaknesses in internal control over financial reporting. However, material weaknesses or significant deficiencies may exist that have not been identified.
3. The audit did not disclose any non-compliance that is material to the consolidated financial statements.
4. There were no deficiencies in internal control disclosed during the audit of compliance over major programs. Material weaknesses or significant deficiencies may exist that have not been identified.
5. Auditor issued an unmodified opinion on compliance of major programs.
6. There were no compliance findings relative to the major federal award program.
7. The following program was considered to be a major program:
 - a. Inflation Reduction Act – Urban & Community Forestry Program, **ALN 10.727**
8. The threshold between a Type A and Type B program was \$1,000,000.
9. The auditee did not qualify as a low-risk auditee.

Part II: Finding(s) related to the consolidated financial statements in accordance with generally accepted government auditing standards:

None.

Part III: Finding(s) related to the federal awards:

None.

TREES FOREVER, INC. AND ITS AFFILIATE
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2025

Findings	Status
2024-001 – Review of Expense Details for Compliance	Corrected



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