

Financial Statements



Trees for the Future, Inc.

**For the Years Ended
December 31, 2024 and 2023**

Trees for the Future, Inc.

Table of Contents
For the Years Ended December 31, 2024 and 2023

Independent Auditor's Report	2
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Trees for the Future, Inc.
Silver Spring, Maryland

Opinion

We have audited the financial statements of Trees for the Future, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, and the results of its changes in net assets and its cash flows 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 (GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the 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 opinion.

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.

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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 the Organization'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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

December 2, 2025

Trees for the Future, Inc.

Statements of Financial Position
As of December 31, 2024 and 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,004,820	\$ 5,613,652
Investments	1,519,138	-
Certificate of deposit	254,862	-
Contributions and grants receivable	1,433,115	2,157,134
Other receivables	34,516	-
Prepaid expenses	207,176	126,453
Total current assets	<u>9,453,627</u>	<u>7,897,239</u>
FIXED ASSETS		
Furniture	29,338	17,294
Vehicles	386,572	285,036
	<u>415,910</u>	<u>302,330</u>
Less: Accumulated depreciation	(272,765)	(214,310)
Net fixed assets	<u>143,145</u>	<u>88,020</u>
NONCURRENT ASSETS		
Contributions and grants receivable, net	252,333	-
Deposits	18,150	19,517
Intangible assets, net	88,899	129,440
Total noncurrent assets	<u>359,382</u>	<u>148,957</u>
TOTAL ASSETS	<u><u>\$ 9,956,154</u></u>	<u><u>\$ 8,134,216</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 465,515	\$ 209,604
Accrued salaries and related benefits	155,836	60,327
Refundable advances	-	830,981
Total liabilities	<u>621,351</u>	<u>1,100,912</u>
NET ASSETS		
Without donor restrictions	8,137,764	6,978,965
With donor restrictions	1,197,039	54,339
Total net assets	<u>9,334,803</u>	<u>7,033,304</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 9,956,154</u></u>	<u><u>\$ 8,134,216</u></u>

See accompanying notes to financial statements.

Trees for the Future, Inc.

**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 13,186,033	\$ 2,222,127	\$ 15,408,160
Interest	183,800	-	183,800
Other revenue	3,034	-	3,034
Net assets released from donor restrictions	1,079,427	(1,079,427)	-
Total support and revenue	<u>14,452,294</u>	<u>1,142,700</u>	<u>15,594,994</u>
EXPENSES			
Program Services	<u>10,219,678</u>	<u>-</u>	<u>10,219,678</u>
Supporting Services:			
Management and General	1,989,947	-	1,989,947
Fundraising	1,080,816	-	1,080,816
Total supporting services	<u>3,070,763</u>	<u>-</u>	<u>3,070,763</u>
Total expenses	<u>13,290,441</u>	<u>-</u>	<u>13,290,441</u>
Changes in net assets before other item	<u>1,161,853</u>	<u>-</u>	<u>1,161,853</u>
OTHER ITEM			
Loss on foreign currency transactions	<u>(3,054)</u>	<u>-</u>	<u>(3,054)</u>
Total other item	<u>(3,054)</u>	<u>-</u>	<u>(3,054)</u>
Changes in net assets	1,158,799	1,142,700	2,301,499
Net assets at beginning of year	<u>6,978,965</u>	<u>54,339</u>	<u>7,033,304</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 8,137,764</u></u>	<u><u>\$ 1,197,039</u></u>	<u><u>\$ 9,334,803</u></u>

See accompanying notes to financial statements.

Trees for the Future, Inc.

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 9,463,479	\$ 3,427,107	\$ 12,890,586
Interest	139,267	-	139,267
Other revenue	8,695	-	8,695
Net assets released from donor restrictions	3,427,107	(3,427,107)	-
Total support and revenue	<u>13,038,548</u>	<u>-</u>	<u>13,038,548</u>
EXPENSES			
Program Services	<u>8,299,907</u>	<u>-</u>	<u>8,299,907</u>
Supporting Services:			
Management and General	2,015,920	-	2,015,920
Fundraising	759,620	-	759,620
Total supporting services	<u>2,775,540</u>	<u>-</u>	<u>2,775,540</u>
Total expenses	<u>11,075,447</u>	<u>-</u>	<u>11,075,447</u>
Changes in net assets before other items	<u>1,963,101</u>	<u>-</u>	<u>1,963,101</u>
OTHER ITEMS			
Loss on disposal of intangible assets	(9,612)	-	(9,612)
Loss on foreign currency transactions	(13,115)	-	(13,115)
Total other items	<u>(22,727)</u>	<u>-</u>	<u>(22,727)</u>
Changes in net assets	1,940,374	-	1,940,374
Net assets at beginning of year	<u>5,038,591</u>	<u>54,339</u>	<u>5,092,930</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 6,978,965</u></u>	<u><u>\$ 54,339</u></u>	<u><u>\$ 7,033,304</u></u>

See accompanying notes to financial statements.

Trees for the Future, Inc.

**Statement of Functional Expenses
For the Year Ended December 31, 2024**

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total Supporting Services	
Personnel costs	\$ 4,039,116	\$ 822,682	\$ 797,128	\$ 1,619,810	\$ 5,658,926
Direct program supplies	3,713,069	-	-	-	3,713,069
Professional fees	272,389	542,417	91,416	633,833	906,222
Travel	594,652	59,963	27,883	87,846	682,498
Other expenses	557,791	97,008	5,000	102,008	659,799
Insurance	164,167	137,529	43,841	181,370	345,537
Meals and entertainment	203,653	1,772	-	1,772	205,425
Occupancy	121,197	68,510	-	68,510	189,707
Business licenses and permits	64,355	99,152	9,908	109,060	173,415
Telecommunications	143,086	310	82	392	143,478
Advertising and promotion	21,415	42,686	74,749	117,435	138,850
Office supplies	95,921	9,362	4,981	14,343	110,264
Depreciation and amortization	52,170	40,440	6,388	46,828	98,998
Printing and publication	83,215	-	454	454	83,669
Credit card and other service charges	25,531	30,368	873	31,241	56,772
Facilities	48,397	-	-	-	48,397
Repairs and maintenance	15,620	27,413	850	28,263	43,883
Subscriptions and publications	3,934	10,335	17,263	27,598	31,532
TOTAL	\$ 10,219,678	\$ 1,989,947	\$ 1,080,816	\$ 3,070,763	\$ 13,290,441

See accompanying notes to financial statements.

Trees for the Future, Inc.

**Statement of Functional Expenses
For the Year Ended December 31, 2023**

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Personnel costs	\$ 3,678,052	\$ 1,240,074	\$ 544,188	\$ 1,784,262	\$ 5,462,314
Direct program supplies	2,353,674	-	-	-	2,353,674
Professional fees	438,960	247,373	146,682	394,055	833,015
Travel	557,617	68,191	6,450	74,641	632,258
Other expenses	213,581	7,646	7,576	15,222	228,803
Insurance	140,371	120,196	-	120,196	260,567
Meals and entertainment	136,492	604	-	604	137,096
Occupancy	99,281	70,325	-	70,325	169,606
Business licenses and permits	63,788	31,166	9,168	40,334	104,122
Telecommunications	148,400	255	-	255	148,655
Advertising and promotion	16,661	80,271	27,489	107,760	124,421
Office supplies	246,419	273	143	416	246,835
Depreciation and amortization	49,987	52,805	-	52,805	102,792
Printing and publication	23,651	2,151	-	2,151	25,802
Credit card and other service charges	53,311	12,054	-	12,054	65,365
Facilities	44,509	-	-	-	44,509
Repairs and maintenance	14,121	63,863	-	63,863	77,984
Subscriptions and publications	21,032	2,291	17,924	20,215	41,247
Bad debt	-	16,382	-	16,382	16,382
TOTAL	\$ 8,299,907	\$ 2,015,920	\$ 759,620	\$ 2,775,540	\$ 11,075,447

See accompanying notes to financial statements.

Trees for the Future, Inc.

Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 2,301,499	\$ 1,940,374
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	98,998	102,792
Loss on disposal of intangible assets	-	9,612
Change in allowance for bad debt	-	(65,000)
Change in discount on long-term contributions and grants receivables	18,925	-
Decrease (increase) in:		
Contributions and grants receivable	452,761	(870,440)
Other receivables	(34,516)	-
Prepaid expenses	(80,723)	157,778
Deposits	1,367	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	255,911	(58,633)
Accrued salaries and related benefits	95,509	(71,656)
Refundable advances	(830,981)	(1,141,787)
Net cash provided by operating activities	<u>2,278,750</u>	<u>3,040</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(113,582)	(47,153)
Payment for intangible assets	-	(875)
Purchase of investments	(1,519,138)	-
Purchase of certificates of deposits	(254,862)	-
Net cash used by investing activities	<u>(1,887,582)</u>	<u>(48,028)</u>
CASH FLOWS FROM FINANCIAL ACTIVITIES		
Proceeds from line of credit	-	125,000
Payments on line of credit	-	(125,000)
Net cash used by financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	391,168	(44,988)
Cash and cash equivalents at beginning of year	5,613,652	5,658,640
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 6,004,820</u></u>	<u><u>\$ 5,613,652</u></u>
SUPPLEMENTAL INFORMATION		
Interest Paid	<u><u>\$ 118</u></u>	<u><u>\$ 475</u></u>

See accompanying notes to financial statements.

Trees for the Future, Inc.

Notes to Financial Statements December 31, 2024 and 2023

1. Summary of Significant Accounting Policies

Organization

Trees for the Future, Inc. (the Organization) was incorporated under the laws of the State of Maryland in 1989 as a tax-exempt charitable organization. The Organization's purpose is to improve the livelihoods of impoverished families by planting trees that return prosperity to degraded lands. The Organization aims to end hunger and poverty for a million people using its Forest Garden Approach, a four-year training program that lifts subsistence farmers out of extreme poverty and provides opportunities, productivity, and income never before imaginable.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-profit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all cash and other highly liquid investments with maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

The Organization had approximately \$488,376 and \$303,794 of cash and cash equivalents held at financial institutions in foreign countries as of December 31, 2024 and 2023, respectively. Funds held at financial institutions in foreign countries are subject to local deposit insurance regulations and may be uninsured.

Trees for the Future, Inc.

**Notes to Financial Statements
December 31, 2024 and 2023**

1. Summary of Significant Accounting Policies (Continued)

Investments

Investments are recorded at their readily determinable fair value. Interest earned on investments is presented in the accompanying Statements of Activities and Changes in Net Assets.

Certificate of Deposit

As of December 31, 2024, the Organization holds a non-negotiable certificate of deposit (CD) with a principal value of \$250,000 and accrued interest of \$4,862, for a total carrying value of \$254,862. The CD bears interest at 4.16% and matured in January 2025. The CD is fully insured by the FDIC. Interest income of \$4,862 was recognized during the year and is included in Interest on the Statements of Activities and Changes in Net Assets.

Contributions and Grants Receivable

Contributions and grants receivable include unconditional promises to give that are expected to be collected in future years. Contributions and grants receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term contributions and grants receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions and grants. Management considers all amounts fully collectable within one year; accordingly, an allowance has not been established.

Fixed Assets and Intangible Assets

Fixed assets in excess of \$2,500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense totaled \$58,457 and \$51,454 for the years ended December 31, 2024 and 2023, respectively.

Intangible assets consisted of website domain, accounting software, and website development costs. Website domain and accounting software were disposed of during the year. The Organization accounts for development costs under ASC 350-40, *Accounting for Internal Use Software*. Under ASC-650-40, all costs related to the planning activities of software and website development costs are expensed as incurred. Costs incurred as part of the application development stage can be capitalized and costs associated with post implementation should be expensed as incurred. These purchases are stated at cost and are amortized over an estimated useful life of five years. Total website development cost was \$202,703 as of December 31, 2024 and 2023, respectively. Total accumulated amortization was \$113,804 and \$73,263 as of December 31, 2024 and 2023, respectively. Amortization expense totaled \$40,541 and \$51,338 for the years ended December 31, 2024 and 2023, respectively.

Trees for the Future, Inc.

Notes to Financial Statements December 31, 2024 and 2023

1. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code (IRC), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is not a private foundation.

Support from Contributions and Grants

Contributions include individual contributions, corporate donations, and grants presented in the Statements of Activities and Changes in Net Assets. Contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. The Organization had no refundable advance as of December 31, 2024 and the refundable advance totaled \$830,981 as December 31, 2023.

In addition, the Organization may obtain funding source agreements related to conditional contributions, which will be recognized in future years. The Organization's unrecognized conditional contributions totaled \$2,705,000 and \$12,778,393 as of December 31, 2024 and 2023, respectively.

Foreign Currency Translation

The U.S. Dollar is the functional currency for the Organization's worldwide operations. Transactions in currencies other than U.S. Dollars are converted into U.S. Dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into U.S. Dollars at the exchange rate in effect at the dates of the Statements of Financial Position.

Trees for the Future, Inc.

Notes to Financial Statements December 31, 2024 and 2023

1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense was \$138,850 and \$124,421 as of December 31, 2024 and 2023, respectively.

Functional Allocation of Expenses

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefited more than one functional area, such as personnel costs, were allocated based on estimated time and effort.

2. Investments and Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the accompanying Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Trees for the Future, Inc.

**Notes to Financial Statements
December 31, 2024 and 2023**

2. Investments and Fair Value Measurements (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the years ended December 31, 2024 and 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

Treasury Bills - Carried at fair value, based on quoted market prices in active markets for identical securities.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Treasury Bills	\$ 1,519,138	\$ -	\$ -	\$ 1,519,138

There were no investments as of December 31, 2023.

Interest consisted of the following for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest on certificate of deposit	\$ 4,862	\$ -
Interest on treasury bills	18,251	-
Interest on cash and cash equivalents	160,687	139,267
TOTAL INTEREST	<u>\$ 183,800</u>	<u>\$ 139,267</u>

3. Contributions and Grants Receivable

The Organization has received written promises to give from various donors totaling \$1,704,373 and \$2,175,134 as of December 31, 2024 and 2023, respectively. Pledges receivable that are due in more than one year have been recorded at the net present value of their estimated future cash flows using a discount rate of 7.50%.

Trees for the Future, Inc.

**Notes to Financial Statements
December 31, 2024 and 2023**

3. Contributions and Grants Receivable (Continued)

Pledges receivables are expected to be collected as follows as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 1,433,115	\$ 2,157,134
One to five years	271,258	-
Total	<u>1,704,373</u>	<u>2,157,134</u>
Less: Allowance to discount balance to present value	(18,925)	-
PLEDGES RECEIVABLES, NET	<u><u>\$ 1,685,448</u></u>	<u><u>\$ 2,157,134</u></u>

4. Line of Credit

The Organization has a \$100,000 line of credit with a bank which is due on demand. Variable rate interest is calculated monthly on the outstanding balance using the prime rate plus 3.50%, which was 11.25% and 11.50% as of December 31, 2024 and 2023, respectively. The terms of the line of credit agreement require that the Organization comply with certain covenants. There was no balance due on the line of credit as of December 31, 2024 and 2023.

5. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specified Purpose	<u><u>\$ 1,197,039</u></u>	<u><u>\$ 54,339</u></u>

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Program Services	<u><u>\$ 1,079,427</u></u>	<u><u>\$ 3,427,107</u></u>

6. Liquidity and Availability

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, the Organization has a line of credit agreement (as further discussed in Note 4) which allows for additional access to resources.

Trees for the Future, Inc.

**Notes to Financial Statements
December 31, 2024 and 2023**

6. Liquidity and Availability (Continued)

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 6,004,820	\$ 5,613,652
Investments	1,519,138	-
Certificate of deposit	254,862	-
Other receivables	34,516	-
Contributions and grants receivable	1,433,115	2,157,134
Subtotal financial assets available within one year	<u>9,246,451</u>	<u>7,770,786</u>
Less: Donor-restricted funds	<u>(1,197,039)</u>	<u>(54,339)</u>
 FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	 <u><u>\$ 8,049,412</u></u>	 <u><u>\$ 7,716,447</u></u>

7. Lease Commitments

The Organization follows FASB ASC 842 for leases. The Organization has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Organization has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

Short-term Leases:

The Organization leases certain assets on an as-needed basis. The Organization has elected the practical expedient for these short-term leases as the lease terms are less than 12 months. Total short-term lease expense included in operating expenses for the years ended December 31, 2024 and 2023 was \$175,466 and \$153,813, respectively, and is included in Occupancy in the accompanying Statements of Functional Expenses.

8. Retirement Plan

The Organization provides retirement benefits to its U.S.-based employees through a 403(b) defined contribution plan (the Plan). In accordance with the provisions of the Plan, the Organization contributes a percentage of a participant's salary to the Plan. The Organization's contributions to the Plan totaled \$62,317 and \$57,133 for the years ended December 31, 2024 and 2023, respectively, and have been included in Personnel cost in the accompanying Statements of Functional Expenses.

Trees for the Future, Inc.

**Notes to Financial Statements
December 31, 2024 and 2023**

9. Concentration and Economic Dependency

As of December 31, 2024 and 2023, respectively, approximately 35% and 25% of support was derived from a single donor. As of December 31, 2024 and 2023, respectively, approximately 49% and 35% of contributions and grants receivable were due from two donors. The Organization has no reason to believe that its relationship with these donors will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Organization's ability to finance ongoing operations.

10. Contingency

The Organization has been named as a defendant in lawsuits based upon activities that occurred in the ordinary course of business. The Organization's policy is to accrue amounts related to litigation when such amounts are probable and can be reasonably estimated based on consultation with outside legal counsel. While legal counsel has indicated that the outcome of these actions is not presently determinable, management believes that any resulting liability will not have a materially adverse impact on the financial position or operations of the Organization.

11. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 2, 2025, the date the financial statements were issued.