

DOGWOOD ALLIANCE, INC.

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021



CORLISS &
SOLOMON
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Dogwood Alliance, Inc.

Table of Contents

Year Ended December 31, 2021

Independent Auditor's Report.....	1 - 2
Financial Statements:	
<i>Statement of Financial Position</i>	3
<i>Statement of Activities</i>	4
<i>Statement of Functional Expenses</i>	5-7
<i>Statement of Cash Flows</i>	8
Disclosures to the Financial Statements	9 - 14



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Dogwood Alliance, Inc.
Asheville, North Carolina

Opinion

We have audited the accompanying financial statements of Dogwood Alliance, Inc. (a nonprofit organization), which comprise the statement of financial position as December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related disclosures to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dogwood Alliance, Inc. as December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Dogwood Alliance, Inc. and to meet our other ethical responsibilities in accordance with the 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 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.

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 Dogwood Alliance, Inc.'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 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, including omissions, 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, 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 Dogwood Alliance, Inc.'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 Dogwood Alliance, Inc.'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 Summarized Comparative Information

We have previously audited Dogwood Alliance, Inc.'s 2020 financial statements, and our report dated June 4, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Solomon, PLLC

Asheville, North Carolina

May 24, 2022

Dogwood Alliance, Inc.
Statement of Financial Position

As of December 31, 2021

(With summarized comparative totals as of December 31, 2020)

	2021	2020
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 3,307,709	\$ 2,473,522
Contributions Receivable	1,200,205	1,004,885
Grants Receivable	155,000	161,000
Investments	-	395,828
Security Deposit	7,000	7,000
Prepaid Expenses	-	708
Total Current Assets	4,669,914	4,042,943
<u>Long-Term Assets</u>		
Property and Equipment, Net	-	2,151
Total Long-Term Assets	-	2,151
Total Assets	\$ 4,669,914	\$ 4,045,094
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 33,869	\$ 28,876
Accrued Salaries	53,965	42,795
Payroll Tax and Benefit Liabilities	10,662	7,666
Grants Payable	-	35,000
Note Payable (PPP Loan)	-	207,835
Total Current Liabilities	98,496	322,172
<u>Net Assets</u>		
Without Donor Restrictions	2,716,230	1,769,800
With Donor Restrictions	1,855,188	1,953,122
Total Net Assets	4,571,418	3,722,922
Total Liabilities and Net Assets	\$ 4,669,914	\$ 4,045,094

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

Dogwood Alliance, Inc.

Statement of Activities

Year Ended December 31, 2021

(With summarized comparative totals from the prior year)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Support				
Foundation Grants	\$ 332,500	\$ 365,500	\$ 698,000	\$ 1,010,400
Governmental Grants (PPP Forgiveness)	-	207,835	207,835	-
Contributions	827,933	1,250,000	2,077,933	1,496,023
Interest Income	8,041	-	8,041	17,142
In-Kind Contributions	240	-	240	240
Net Assets Released from Restrictions				
By Expiration of Time	1,161,000	(1,161,000)	-	-
By Expenditure	760,269	(760,269)	-	-
Total Support	3,089,983	(97,934)	2,992,049	2,523,805
Expenses				
Program Services				
Forests and Climate	630,515	-	630,515	447,195
Community Solutions	327,525	-	327,525	222,406
Our Forests Aren't Fuel	578,110	-	578,110	611,585
Total Program Services	1,536,150	-	1,536,150	1,281,186
Management and General	299,365	-	299,365	276,432
Fundraising	308,038	-	308,038	288,873
Total Expenses	2,143,553	-	2,143,553	1,846,491
Change in Net Assets	946,430	(97,934)	848,496	677,314
Net Assets Beginning of Year	1,769,800	1,953,122	3,722,922	3,045,608
Net Assets at End of Year	\$ 2,716,230	\$ 1,855,188	\$ 4,571,418	\$ 3,722,922

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

Dogwood Alliance, Inc.
Statement of Functional Expenses
Year Ended December 31, 2021

(With summarized comparative totals from the prior year)

	Program Services			Supporting Services			Total 2021	Total 2020
	Forests and Climate	Community Solutions	Our Forests Aren't Fuel	Total Programs	Management and General	Fundraising		
<u>Personnel Expenses</u>								
Salaries	\$ 322,411	\$ 150,010	\$ 296,756	\$ 769,177	\$ 181,370	\$ 175,582	\$ 1,126,129	\$ 959,980
Payroll Taxes	25,004	11,540	22,719	59,263	12,486	13,931	85,680	71,569
Retirement Plan	6,217	2,952	5,841	15,010	3,625	3,468	22,103	19,134
Health Insurance and HSA	46,065	22,806	41,083	109,954	20,986	19,264	150,204	120,822
Total Personnel	399,697	187,308	366,399	953,404	218,467	212,245	1,384,116	1,171,505
<u>Marketing and Education</u>								
Publication Design	3,172	81	3,154	6,407	-	7,354	13,761	11,775
Public Relations	11,210	4,154	16,719	32,083	1,118	9,830	43,031	21,183
Research and Consulting	6,438	3,284	3,539	13,261	-	799	14,060	12,920
Events	2,911	7,463	4,183	14,557	-	4,325	18,882	11,716
Website	3,262	1,279	2,393	6,934	-	1,475	8,409	9,981
Printed Materials	2,761	892	4,941	8,594	-	1,310	9,904	1,691
Video Production	177	18	4,220	4,415	15	21	4,451	13,168
Supplies	411	197	374	982	21	2,335	3,338	3,919
Total Marketing and Education	30,342	17,368	39,523	87,233	1,154	27,449	115,836	86,353
<u>Professional Services</u>								
Consulting	62,182	28,562	46,921	137,665	9,520	12,731	159,916	131,950
Information Technology	961	527	1,022	2,510	523	480	3,513	4,268
Accounting and Human Resources	-	-	-	-	35,471	-	35,471	33,043
Legal	86	47	90	223	1,948	41	2,212	6,806
Total Professional Services	63,229	29,136	48,033	140,398	47,462	13,252	201,112	176,067

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

Dogwood Alliance, Inc.
Statement of Functional Expenses
Year Ended December 31, 2021

(With summarized comparative totals from the prior year)

	Program Services			Supporting Services		Total 2021	Total 2020	
	Forests and Climate	Community Solutions	Our Forests Aren't Fuel	Total Programs	Management and General			Fundraising
<i>(Continued from previous page)</i>								
<u>Meetings</u>								
Board of Directors	1,552	854	1,639	4,045	848	757	5,650	5,395
Other Meetings	664	271	739	1,674	156	345	2,175	3,022
Total Meetings	2,216	1,125	2,378	5,719	1,004	1,102	7,825	8,417
<u>Database</u>								
Growth	-	-	-	-	-	-	-	328
Maintenance	12,837	6,059	11,493	30,389	-	20,837	51,226	106,313
Total Database	12,837	6,059	11,493	30,389	-	20,837	51,226	106,641
<u>Telephone and Internet</u>								
Mobile and VoIP	4,751	1,922	3,803	10,476	3,434	2,374	16,284	15,648
Internet	3,426	1,333	2,629	7,388	1,908	1,413	10,709	8,270
Total Telephone and Internet	8,177	3,255	6,432	17,864	5,342	3,787	26,993	23,918
<u>Occupancy</u>								
Rent	17,448	10,144	19,660	47,252	9,987	9,296	66,535	66,472
Utilities	1,830	434	842	3,106	430	396	3,932	3,330
Maintenance	1,151	648	1,194	2,993	961	579	4,533	3,093
Total Occupancy	20,429	11,226	21,696	53,351	11,378	10,271	75,000	72,895

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

Dogwood Alliance, Inc.
Statement of Functional Expenses
Year Ended December 31, 2021

(With summarized comparative totals from the prior year)

	Program Services			Supporting Services		Total 2021	Total 2020	
	Forests and Climate	Community Solutions	Our Forests Aren't Fuel	Total Programs	Management and General			Fundraising
<i>(Continued from previous page)</i>								
<u>Operating and Other Expenses</u>								
Dues and Subscriptions	2,531	1,420	3,814	7,765	640	1,322	9,727	7,300
License and Fees	85	46	89	220	98	3,653	3,971	4,184
Insurance	1,216	664	1,306	3,186	4,219	627	8,032	11,221
IT Hardware and Software	3,807	1,357	3,483	8,647	4,028	2,707	15,382	9,133
Office Supplies and Postage	1,421	448	969	2,838	1,123	9,449	13,410	6,462
Travel	15,527	2,786	8,201	26,514	27	1,006	27,547	14,783
Trainings and Conferences	1,501	1,127	1,494	4,122	2,272	331	6,725	1,166
Total Operating and Other	<u>26,088</u>	<u>7,848</u>	<u>19,356</u>	<u>53,292</u>	<u>12,407</u>	<u>19,095</u>	<u>84,794</u>	<u>54,249</u>
Sub-total Expenses	<u>563,015</u>	<u>263,325</u>	<u>515,310</u>	<u>1,341,650</u>	<u>297,214</u>	<u>308,038</u>	<u>1,946,902</u>	<u>1,700,045</u>
Grant Disbursements	67,500	64,200	62,800	194,500	-	-	194,500	141,500
Depreciation Expense	-	-	-	-	2,151	-	2,151	4,946
Total Expenses	<u>\$ 630,515</u>	<u>327,525</u>	<u>578,110</u>	<u>1,536,150</u>	<u>299,365</u>	<u>308,038</u>	<u>2,143,553</u>	<u>1,846,491</u>

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

Dogwood Alliance, Inc.
Statement of Cash Flows
Year Ended December 31, 2021

(With summarized comparative totals from the prior year)

	2021	2020
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 848,496	\$ 677,314
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities		
Depreciation Expense	2,151	4,946
Interest Earned on Investments	-	(6,686)
PPP Proceeds Recognized	(207,835)	-
(Increase)/Decrease in Operating Assets		
Grants Receivable	6,000	3,600
Contributions Receivable	(195,320)	26,019
Prepaid Expenses	708	10,235
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	4,993	17,279
Grants Payable	(35,000)	35,000
Accrued Salaries	11,170	(4,584)
Payroll Tax and Benefit Liabilities	2,996	(843)
Net Cash Provided by Operating Activities	438,359	762,280
<u>Cash Flows from Investing Activities</u>		
Sales/(Purchases) of Investments, Net	395,828	267,054
Net Cash Provided by Investing Activities	395,828	267,054
<u>Cash Flows from Financing Activities</u>		
Proceeds from Note Payable (PPP Loan)	-	207,835
Net Cash Provided by Financing Activities	-	207,835
Net Change in Cash and Cash Equivalents	834,187	1,237,169
Cash and Cash Equivalents at Beginning of Year	2,473,522	1,236,353
Cash and Cash Equivalents at End of Year	\$ 3,307,709	\$ 2,473,522

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

Dogwood Alliance, Inc.

Disclosures to the Financial Statements

Year Ended December 31, 2021

1. **Description of the Organization, Corporate and Tax-Exempt Status**

Dogwood Alliance, Inc. (Dogwood) is a non-profit, charitable organization. Its mission is "mobilizes diverse voices to defend the unique forests and communities of the Southern U.S. from destruction by industrial forestry."

Our Forests Aren't Fuel (OFAF) – Biomass energy has emerged as a new threat to Southern forests. Despite the fact that deforestation is the third largest cause of carbon pollution, just behind cars and power plants, European policymakers are promoting the burning of Southern forests for electricity to meet their "clean energy" targets. Our standing forests gather and store carbon, which makes them a key solution for carbon pollution. In response, Dogwood Alliance has a major campaign; Our Forests Aren't Fuel, supporting alternative and competitive energy sources like solar and wind while pressuring companies who stand to gain from this practice to put a stop to it. We're educating and activating citizens, policymakers, and industry on both sides of the Atlantic to the dangers of this false energy solution.

Community Solutions (CS) – In 2021, Dogwood expanded their focus work to protect wetland forests through the Wetland Forest Initiative into a more inclusive and strategic approach of expanding wetland conservation, community organizing and environmental justice throughout the US South. Dogwood continues to work to protect wetland forests in the US South spanning nearly 35 million acres across 14 states and are critical for community health and safety.

Forests and Climate (F&C) – The Paris Climate Agreement gave the world a charge: decarbonize all energy sectors and simultaneously remove carbon dioxide from the air. The best and most cost-effective technology we have to remove carbon from our atmosphere right now lies in the power of forests. Standing forests are the natural life support that we need to mitigate the worst impacts of climate change. Logging in the U.S. releases large amounts of carbon into the atmosphere while simultaneously degrading the nation's forests' ability to provide critical climate benefits. Despite these facts, forest protection continues to remain on the sidelines of the national climate agenda, and renewable energy policy in the U.S. Dogwood Alliance's new forest and climate program is designed to shift this dynamic and make forest protection a national priority by building support for the Stand4Forests national platform, developing new partnerships, and educating policymakers that lays the groundwork for new progressive forest policy.

The organization was incorporated in 1998 as a not-for-profit corporation under the laws of the state of North Carolina and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code in July 1999. Contributions to the organization qualify for the charitable contribution deduction under Section 170(b)(1)(a). The organization is classified as a publicly supported organization under Section 509(a)(1). The organization receives its support principally through contributions and grants.

2. **Summary of Significant Accounting Policies**

Basis of Accounting

The financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations.

Financial Statement Presentation

The classification of the organization's net assets, and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – without donor restrictions and with donor restrictions – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

Net Assets Without Donor Restrictions – Includes net assets that are not subject to donor-imposed restrictions and that may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and board of directors.

Net Assets With Donor Restrictions - Includes net assets that are subject to restrictions imposed by donors or grantors. Some donor and grantor restrictions are temporary in nature, such as those with a specified purpose or a timeframe for expenditure established by the donor or grantor. Other donor-imposed restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

The organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Concentration of Credit Risk

Financial instruments that potentially subject the organization to concentrations of credit risk consist principally of cash and cash equivalents. The organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed FDIC federally insured limits. The organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments

The organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, net of investment expenses.

Accounts Receivable

Accounts receivable represent uncollected amounts for program services carried out on a fee-for-service basis. An allowance for doubtful accounts is established for amounts deemed uncollectible, if needed.

Contributions and Grants Receivable

Contributions and grants receivable, without conditions, and expected to be collected within one year are recorded at net realizable value; those expected to be collected in more than one year are recorded at the present value of their future cash flows, using a risk adjusted interest rate. Any provision for uncollectible receivables is estimated by management based on historical collection experience.

Property and Equipment

Property and equipment purchases are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The organization has adopted a capitalization threshold of \$2,500 per item. Expenses for repairs and maintenance that do not improve or extend the life of an asset are expensed as incurred.

Contributions and Grants

Contributions and grants are recognized in support: (1) when the organization receives cash, securities or other assets from a donor or grantor, (2) when a donor conveys a promise to make a donation in the future, on an unconditional basis, and (3) when a grantor awards a grant to be paid in the future, on an unconditional basis. Contributions and grants with conditions, such as performance requirements, are not recognized until the conditions on which they depend have been substantially met.

In-Kind Contributions

The organization recognizes contributed goods and the use of facilities at estimated fair value on the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. When recognized, contributed services are reported at fair value.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. Certain valuation techniques are used to measure fair value. There are three broad levels as follows:

Level 1 – (the highest level) inputs are based on quoted prices in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date. For example, securities traded in an active market are valued using Level 1 inputs.

Level 2 – inputs are observable inputs other than quoted prices, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term.

Level 3 – inputs are unobservable inputs for the asset or liability, meaning the inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability, including inputs related to risk, which have been developed based on the best information available in the circumstances.

Use of Estimates

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

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses that are attributable to more than one program or supporting function require management's allocation on a

reasonable basis that is consistently applied. The primary allocation basis used by management for personnel expenses and applicable overhead expenses is estimated based on employee time and effort.

Income Taxes/Uncertain Tax Positions

Dogwood Alliance is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities not related to the organization's tax-exempt purpose may be subject to taxation as unrelated business income. The organization had no income from unrelated business activities in 2021 and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). The organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Summarized Comparative Data

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended December 31, 2020, from which the summarized information was derived. Certain amounts in the prior-year financial statements have been reclassified to conform to the current year presentation.

3. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

<u>As of December 31:</u>	<u>2021</u>	<u>2020</u>
Financial Assets at year end:		
Cash and Cash Equivalents	\$ 3,307,709	\$ 2,473,522
Contributions Receivable	1,200,205	1,004,885
Grants Receivable	155,000	161,000
Investments	-	395,828
Total Financial Assets available for general expenditures within one year	<u>\$ 4,662,914</u>	<u>\$ 4,035,235</u>

The total net assets with donor restrictions detailed in Disclosure 10 are projected to be satisfied in the coming year through passage of time, achievement of program objectives, and operating expenditures.

4. Cash and Cash Equivalents

Cash and cash equivalent amounts are shown in the list below.

<u>As of December 31:</u>	<u>2021</u>	<u>2020</u>
Checking Account	\$ 62,826	\$ 35,037
Money Market Accounts	3,219,323	2,414,463
Undeposited Funds	25,560	24,022
Total Cash and Cash Equivalents	<u>\$ 3,307,709</u>	<u>\$ 2,473,522</u>

As of December 31, 2021, the organization had exceeded the federally insured limit in cash accounts by \$2,803,213. Management believes the organization is not exposed to any significant credit risk on its cash balances.

5. Contributions Receivable

The contributions receivable balance of \$1,200,205 as of December 31, 2021 consists almost entirely of one pledge from an individual in the amount of \$1,200,000. The pledge is time restricted to use in 2022 and is therefore included in net assets with donor restrictions as of December 31, 2021. (See Disclosure 10). Dogwood received payment on the pledge in January 2022. The remaining balance consists of various smaller amounts that are believed to be fully collectible within one year. Accordingly, no allowance account or discount to present value has been established for contributions receivable.

6. Grants Receivable

The December 31, 2021 grants receivable balance of \$155,000 is comprised of two grants in the amounts of \$50,000 and \$105,000. Both grants are time restricted to use in 2022. (See Disclosure 10). Dogwood received payment on both receivables in early 2022. Accordingly, no allowance account or discount to present value has been established for this account.

7. Conditional Grants and Pledges

During the year ended December 31, 2021, Dogwood received notifications of several multi-year grants and contributions from foundations and donors, totaling \$300,000. These grants and contributions contain conditions that Dogwood must provide specific reports and achieve certain milestones before the payments will be released from the funders. If conditions are met each year, Dogwood is scheduled to receive payments in fiscal years 2022, 2023, and 2024 in the amounts of \$30,000, \$160,000, and \$110,000, respectively. In accordance with U.S. GAAP, conditional grants and pledges are not recognized in income or in receivables until the applicable conditions are met. Accordingly, the amounts for fiscal years 2022, 2023, and 2024 have not been recognized in the accompanying financial statements.

8. Property and Equipment

Property and equipment consists of the following:

<u>As of December 31:</u>	<u>2021</u>	<u>2020</u>
Computer and Telephone Equipment	\$ 43,823	\$ 43,823
Less: Accumulated Depreciation	(43,823)	(41,672)
Property and Equipment, Net	<u>\$ -</u>	<u>\$ 2,151</u>

9. Leases

Dogwood leases office space on a lease expiring July 31, 2022. Rental payments are adjusted for inflation annually. The rental payment at the end of the audit year was \$5,558 per month. Rent expense for this lease commitment was \$66,535 and \$66,472 for the years ended December 31, 2021 and 2020, respectively. Future minimum lease obligations to be paid in 2022 total \$38,906.

10. Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes:

<u>As of December 31:</u>	<u>2021</u>	<u>2020</u>
Forests and Climate	\$ -	\$ 80,763
Community Solutions	-	91,146
Our Forests Aren't Fuel	499,688	620,213
Other	500	-
Time Restricted for Operations	1,355,000	1,161,000
Total Net Assets With Donor Restrictions	<u>\$ 1,855,188</u>	<u>\$ 1,953,122</u>

11. Retirement Plan

Dogwood provides a SIMPLE IRA account for each eligible employee and makes a non-elective contribution of two percent of their salary. Total retirement plan expense to the organization was \$22,103 and \$19,134 for the years ended December 31, 2021 and 2020, respectively.

12. Note Payable (PPP Loan)

On April 15, 2020, the organization received a Paycheck Protection Program loan in the amount of \$207,835. This loan is potentially forgivable if the organization meets certain criteria. The loan has an interest rate of 1%, is due within two years from the date of origination, and there is no penalty for early payment. There are no collateral nor personal guarantees associated with this loan. On April 14, 2021, Dogwood received confirmation from the Small Business Administration that they granted full forgiveness for the entire loan of \$207,835.

13. Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the effects of the global situation on the organization's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial conditions, or liquidity for the fiscal year 2022.

14. Subsequent Events

Subsequent events have been evaluated through May 24, 2022, which is the date the financial statements were available to be issued.