

DOGWOOD ALLIANCE, INC.

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022



CORLISS &
SOLOMON
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Dogwood Alliance, Inc.

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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, 2022, 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, 2022, 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 2021 financial statements, and our report dated May 24, 2022, 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, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Solomon, PLLC

Asheville, North Carolina
May 10, 2023

Dogwood Alliance, Inc.
Statement of Financial Position
As of December 31, 2022

(With summarized comparative totals as of December 31, 2021)

	2022	2021
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 3,340,955	\$ 3,307,709
Contributions Receivable	1,303,040	1,200,205
Grants Receivable	50,000	155,000
Security Deposit	-	7,000
Total Current Assets	\$ 4,693,995	\$ 4,669,914
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 71,843	\$ 33,869
Accrued Salaries	51,299	53,965
Payroll Tax and Benefit Liabilities	10,085	10,662
Total Current Liabilities	133,227	98,496
<u>Net Assets</u>		
Without Donor Restrictions	3,093,078	2,716,230
With Donor Restrictions	1,467,690	1,855,188
Total Net Assets	4,560,768	4,571,418
Total Liabilities and Net Assets	\$ 4,693,995	\$ 4,669,914

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

Dogwood Alliance, Inc.

Statement of Activities

Year Ended December 31, 2022

(With summarized comparative totals from the prior year)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Support				
Foundation Grants	\$ 729,000	\$ 175,300	\$ 904,300	\$ 698,000
Governmental Grants (PPP Forgiveness)	-	-	-	207,835
Contributions	427,463	1,303,040	1,730,503	2,077,933
Other Income	44	-	44	-
Interest Income	19,075	-	19,075	8,041
In-Kind Contributions	180	-	180	240
Net Assets Released from Restrictions				
By Expiration of Time	1,355,000	(1,355,000)	-	-
By Expenditure	510,838	(510,838)	-	-
Total Support	3,041,600	(387,498)	2,654,102	2,992,049
Expenses				
Program Services				
Forests and Climate	702,652	-	702,652	199,582
Community Solutions	468,467	-	468,467	449,209
Our Forests Aren't Fuel	795,277	-	795,277	790,404
Total Program Services	1,966,396	-	1,966,396	1,439,195
Management and General	384,008	-	384,008	383,810
Fundraising	314,348	-	314,348	320,548
Total Expenses	2,664,752	-	2,664,752	2,143,553
Change in Net Assets	376,848	(387,498)	(10,650)	848,496
Net Assets Beginning of Year	2,716,230	1,855,188	4,571,418	3,722,922
Net Assets at End of Year	\$ 3,093,078	\$ 1,467,690	\$ 4,560,768	\$ 4,571,418

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

Dogwood Alliance, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

(With summarized comparative totals from the prior year)

	Program Services			Supporting Services		Total 2022	Total 2021	
	Forests and Climate	Community Solutions	Our Forests Aren't Fuel	Total Programs	Management and General			Fundraising
<u>Personnel Expenses</u>								
Salaries	\$ 329,296	\$ 249,511	\$ 393,313	\$ 972,120	\$ 217,208	\$ 195,141	\$ 1,384,469	\$ 1,126,129
Payroll Taxes	25,305	19,008	29,645	73,958	17,585	15,180	106,723	85,680
Retirement Plan	5,076	3,771	5,731	14,578	6,831	3,231	24,640	22,103
Health Insurance and HSA	44,584	35,841	64,707	145,132	25,331	20,445	190,908	150,204
Total Personnel	404,261	308,131	493,396	1,205,788	266,955	233,997	1,706,740	1,384,116
<u>Marketing and Education</u>								
Publication Design	6,100	1,470	6,240	13,810	-	1,190	15,000	13,761
Public Relations	6,191	6,809	9,118	22,118	260	2,880	25,258	43,032
Research and Consulting	11,363	6,344	18,509	36,216	1,872	11,082	49,170	14,060
Events	21,235	15,871	1,892	38,998	-	1,559	40,557	18,882
Website	1,434	1,030	1,499	3,963	-	796	4,759	8,409
Printed Materials	713	753	2,673	4,139	67	1,834	6,040	9,904
Video Production	2,275	4,937	2,296	9,508	-	864	10,372	4,450
Supplies	562	203	8,237	9,002	10	1,793	10,805	3,338
Total Marketing and Education	49,873	37,417	50,464	137,754	2,209	21,998	161,961	115,836
<u>Professional Services</u>								
Consulting	75,152	21,280	59,399	155,831	37,241	11,194	204,266	159,916
Information Technology	1,649	1,348	2,529	5,526	933	808	7,267	3,513
Accounting and Human Resources	-	-	-	-	38,528	-	38,528	35,471
Legal	-	-	20	20	3,907	-	3,927	2,212
Total Professional Services	76,801	22,628	61,948	161,377	80,609	12,002	253,988	201,112

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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, 2022

(With summarized comparative totals from the prior year)

	Program Services			Supporting Services		Total 2022	Total 2021	
	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	3,802	3,177	5,976	12,955	2,345	2,129	17,429	5,650
Other Meetings	1,496	1,941	2,791	6,228	777	3,216	10,221	2,175
Total Meetings	<u>5,298</u>	<u>5,118</u>	<u>8,767</u>	<u>19,183</u>	<u>3,122</u>	<u>5,345</u>	<u>27,650</u>	<u>7,825</u>
<u>Database</u>								
Growth	20,000	-	-	20,000	-	-	20,000	-
Maintenance	13,915	9,741	14,843	38,499	-	12,940	51,439	51,226
Total Database	<u>33,915</u>	<u>9,741</u>	<u>14,843</u>	<u>58,499</u>	<u>-</u>	<u>12,940</u>	<u>71,439</u>	<u>51,226</u>
<u>Telephone and Internet</u>								
Mobile and VoIP	3,987	2,549	4,294	10,830	2,186	1,815	14,831	16,284
Internet	3,015	1,770	2,560	7,345	1,200	1,110	9,655	10,709
Total Telephone and Internet	<u>7,002</u>	<u>4,319</u>	<u>6,854</u>	<u>18,175</u>	<u>3,386</u>	<u>2,925</u>	<u>24,486</u>	<u>26,993</u>
<u>Occupancy</u>								
Rent	8,966	6,987	13,117	29,070	5,506	4,384	38,960	66,535
Utilities	472	374	704	1,550	252	231	2,033	3,932
Maintenance	471	373	701	1,545	271	231	2,047	4,533
Total Occupancy	<u>9,909</u>	<u>7,734</u>	<u>14,522</u>	<u>32,165</u>	<u>6,029</u>	<u>4,846</u>	<u>43,040</u>	<u>75,000</u>

(Continued on next page)

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

Dogwood Alliance, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

(With summarized comparative totals from the prior year)

	Program Services			Supporting Services		Total 2022	Total 2021	
	Forests and Climate	Community Solutions	Our Forests Aren't Fuel	Total Programs	Management and General			Fundraising
<i>(Continued from previous page)</i>								
Operating and Other Expenses								
Dues and Subscriptions	1,994	1,905	3,041	6,940	610	1,355	8,905	9,727
License and Fees	325	49	91	465	34	4,067	4,566	3,971
Insurance	1,342	1,098	2,067	4,507	10,183	655	15,345	8,032
IT Hardware and Software	12,295	1,760	7,165	21,220	4,083	2,610	27,913	15,382
Office Supplies and Postage	2,043	1,252	4,059	7,354	2,112	4,730	14,196	13,410
Travel	38,875	4,604	43,605	87,084	2,636	4,914	94,634	27,547
Trainings and Conferences	4,219	3,711	6,755	14,685	2,040	1,964	18,689	6,725
Total Operating and Other	61,093	14,379	66,783	142,255	21,698	20,295	184,248	84,794
Sub-total Expenses	648,152	409,467	717,577	1,775,196	384,008	314,348	2,473,552	1,946,902
Grant Disbursements	54,500	59,000	77,700	191,200	-	-	191,200	194,500
Depreciation Expense	-	-	-	-	-	-	-	2,151
Total Expenses	\$ 702,652	\$ 468,467	\$ 795,277	\$ 1,966,396	\$ 384,008	\$ 314,348	\$ 2,664,752	\$ 2,143,553

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

Dogwood Alliance, Inc.
Statement of Cash Flows
Year Ended December 31, 2022

(With summarized comparative totals from the prior year)

	2022	2021
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ (10,650)	\$ 848,496
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities		
Depreciation Expense	-	2,151
PPP Proceeds Recognized	-	(207,835)
(Increase)/Decrease in Operating Assets		
Grants Receivable	105,000	6,000
Contributions Receivable	(102,835)	(195,320)
Security Deposit	7,000	-
Prepaid Expenses	-	708
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	37,974	4,993
Grants Payable	-	(35,000)
Accrued Salaries	(2,666)	11,170
Payroll Tax and Benefit Liabilities	(577)	2,996
Net Cash Provided by Operating Activities	33,246	438,359
<u>Cash Flows from Investing Activities</u>		
Sales/(Purchases) of Investments, Net	-	395,828
Net Cash Provided by Investing Activities	-	395,828
Net Change in Cash and Cash Equivalents	33,246	834,187
Cash and Cash Equivalents at Beginning of Year	3,307,709	2,473,522
Cash and Cash Equivalents at End of Year	\$ 3,340,955	\$ 3,307,709

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

Dogwood Alliance, Inc.

Disclosures to the Financial Statements

Year Ended December 31, 2022

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

Dogwood Alliance, Inc. (Dogwood) is a non-profit, charitable organization. Its mission is "To advance environmental justice and climate action through mobilizing diverse voices to protect the unique forests and communities of the Southern U.S. from destruction by industrial forestry." The three programs in place to achieve the mission are as follows:

Our Forests Aren't Fuel (OFAF) – Dogwood Alliance launched the Our Forests Aren't Fuel program to expose the impacts and activate the public to protect southern forests and communities from the rapid expansion of the wood pellet export industry. Over the past decade, the South has become the world's largest exporter of wood pellets to Europe. These wood pellets are being burned in place of coal under the guise of "renewable energy" even though scientists have warned that burning wood for energy – or "biomass" – will make climate change worse. A major focus of this work is equipping local communities directly impacted by the pollution and forest destruction with the evidence, information and resources necessary to push back on this dirty industry. From the local front-lines to the state, national and international level, we educate and activate citizens, scientists, media and policymakers to stop this false solution and change the policies that enable the industry.

Community Solutions (CS) – In addition to stopping the threat of the wood pellet biomass industry, Dogwood Alliance works to advance forest protection climate solutions that are just and equitable. In 2021, Dogwood adapted its forest protection work to center communities in the Coastal Plain of the South that live at the epicenter of global industrial logging. These rural communities - most of which are low-wealth and predominantly black and/or indigenous - are being disproportionately negatively impacted by industrial logging. Through our Community Solutions Program we are providing resources and tools for local communities to lead in protecting wetland forests along the rivers and acquiring community-owned forests as a means of transitioning their local economy away from industrial logging while building climate resiliency.

Forests and Climate (F&C) – Dogwood Alliance's Forest and Climate program is designed to elevate the climate and environmental justice impacts of industrial logging and the need to protect forests as a vital solution in the US. Through this program, we are laying the groundwork for new progressive forest policy at the national and state levels.

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.

Leases

The organization has adopted Accounting Standards Update (ASU) *No. 2016-02 Leases* (Topic 842) as management believes the standard improves the usefulness and understandability of the organization's financial reporting. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases, except for short-term leases less than 12 months. The new standard represents an improvement over the previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. The standard was effective for annual reporting periods beginning after December 15, 2021. During the transition period, implementation is presented retrospectively at the beginning of the period of adoption through a cumulative-effective adjustment and no adjustment to the prior year financial statements presented. The Organization adopted (ASU) *No. 2016-02 Leases* (Topic 842) effective January 1, 2022 and utilized all of the available practical expedients. The adoption can have a material impact on the Organization's statement of financial position but does not have a material impact on the statement of activities and cash flows. The organization has no applicable leases, and accordingly, no impact on the financial statements presented.

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 2022 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, 2021, 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>2022</u>	<u>2021</u>
Financial Assets at year end:		
Cash and Cash Equivalents	\$ 3,340,955	\$ 3,307,709
Contributions Receivable	1,303,040	1,200,205
Grants Receivable	50,000	155,000
Total Financial Assets available for general expenditures over the following year	<u>\$ 4,693,995</u>	<u>\$ 4,662,914</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>2022</u>	<u>2021</u>
Checking Account	\$ 89,693	\$ 62,826
Money Market Accounts	3,223,496	3,219,323
Undeposited Funds	27,766	25,560
Total Cash and Cash Equivalents	<u>\$ 3,340,955</u>	<u>\$ 3,307,709</u>

As of December 31, 2022, the organization had exceeded the federally insured limit in cash accounts by \$2,830,426. Management believes the organization is not exposed to any significant credit risk on its cash balances.

5. Contributions Receivable

The contributions receivable balance of \$1,303,040 as of December 31, 2022 consists almost entirely of one pledge from an individual in the amount of \$1,200,000. The pledge is time restricted to use in 2023 and is therefore included in net assets with donor restrictions as of December 31, 2022. (See Disclosure 10). Dogwood received payment on the pledge in January 2023. 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, 2022, grants receivable balance of \$50,000 is comprised of one grant in the amount of \$50,000. The grant is time restricted to use in 2023. (See Disclosure 10). Dogwood received payment on the receivable in early 2023. 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, 2022, Dogwood received notifications of several multi-year grants and contributions from foundations and donors, totaling \$260,000. 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 2023 and 2024, in the amounts of \$150,000 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 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>2022</u>	<u>2021</u>
Computer and Telephone Equipment	\$ 43,823	\$ 43,823
Less: Accumulated Depreciation	(43,823)	(43,823)
Property and Equipment, Net	<u>\$ -</u>	<u>\$ -</u>

9. Leases

Dogwood leases office space on a lease that expired July 31, 2022 and was not renewed. Rent expense for this lease commitment was \$38,960 and \$66,535 for the years ended December 31, 2022 and 2021, respectively.

10. Net Assets With Donor Restrictions

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

<u>As of December 31:</u>	<u>2022</u>	<u>2021</u>
Forest Justice	\$ 17,903	\$ -
Our Forests Aren't Fuel	96,247	499,688
Other	500	500
Time Restricted for Operations	<u>1,353,040</u>	<u>1,355,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,467,690</u>	<u>\$ 1,855,188</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 \$24,640 and \$22,103 for the years ended December 31, 2022 and 2021, respectively.

12. Subsequent Events

Subsequent events have been evaluated through May 10, 2023, which is the date the financial statements were available to be issued.