

American Forests

Financial Statements
Including Uniform Guidance Reports
and Independent Auditor's Report

September 30, 2023 and 2022

American Forests

Financial Statements
September 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
American Forests

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of American Forests (AF), which comprise the statements of financial position as of September 30, 2023 and 2022; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AF as of September 30, 2023 and 2022, and the changes in its 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AF 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.

Responsibilities of Management for the Financial Statements (continued)

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 AF'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AF'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 AF's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2024, on our consideration of AF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AF's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AF's internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "Rogers & Company PLLC". The signature is stylized, with a large, looped initial 'R'.

Vienna, Virginia
January 30, 2024

American Forests

Statements of Financial Position September 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 602,113	\$ 4,209,752
Certificates of deposit	1,171,050	1,472,479
Investments	3,617,369	3,260,391
Federal government grants receivable	1,054,425	1,036,787
Non-federal government grants receivable	791,541	494,998
Grants and contributions receivable, net	10,182,946	7,971,007
Prepaid expenses	331,497	304,261
Deposits	57,375	57,375
Property and equipment, net	106,795	215,303
	\$ 17,915,111	\$ 19,022,353
Total assets		
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 3,636,715	\$ 2,019,880
Grants payable	1,241,033	2,471,582
Deferred revenue	-	123,273
Deferred rent	-	172,354
	4,877,748	4,787,089
Total liabilities		
 Net Assets		
Without donor restrictions	(1,509,948)	1,879,134
With donor restrictions	14,547,311	12,356,130
	13,037,363	14,235,264
Total net assets		
Total liabilities and net assets	\$ 17,915,111	\$ 19,022,353

See accompanying notes.

American Forests

Statement of Activities For the Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 2,219,515	\$ 16,402,957	\$ 18,622,472
Federal government grants	2,785,951	-	2,785,951
Non-federal government grants	2,479,005	-	2,479,005
In-kind contributions	166,767	-	166,767
Investment return, net	437,533	-	437,533
Conferences, events, and sales	167,759	-	167,759
Miscellaneous revenue	97,857	-	97,857
Released from restrictions	14,211,776	(14,211,776)	-
Total revenue and support	<u>22,566,163</u>	<u>2,191,181</u>	<u>24,757,344</u>
Expenses			
Program services:			
Programs	20,582,579	-	20,582,579
Communications	2,003,424	-	2,003,424
Total program services	<u>22,586,003</u>	<u>-</u>	<u>22,586,003</u>
Supporting services:			
Development	2,609,867	-	2,609,867
Finance and administration	759,375	-	759,375
Total supporting services	<u>3,369,242</u>	<u>-</u>	<u>3,369,242</u>
Total expenses	<u>25,955,245</u>	<u>-</u>	<u>25,955,245</u>
Change in Net Assets	(3,389,082)	2,191,181	(1,197,901)
Net Assets, beginning of year	<u>1,879,134</u>	<u>12,356,130</u>	<u>14,235,264</u>
Net (Deficit) Assets, end of year	<u>\$ (1,509,948)</u>	<u>\$ 14,547,311</u>	<u>\$ 13,037,363</u>

See accompanying notes.

American Forests

Statement of Activities For the Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 2,926,310	\$ 17,081,590	\$ 20,007,900
Federal government grants	447,665	-	447,665
Non-federal government grants	1,269,977	-	1,269,977
In-kind contributions	224,795	-	224,795
Investment return, net	(824,404)	-	(824,404)
Conferences, events, and sales	4,879	-	4,879
Miscellaneous revenue	65,338	-	65,338
Released from restrictions	12,712,552	(12,712,552)	-
Total revenue and support	16,827,112	4,369,038	21,196,150
Expenses			
Program services:			
Programs	14,128,767	-	14,128,767
Communications	1,976,930	-	1,976,930
Total program services	16,105,697	-	16,105,697
Supporting services:			
Development	2,162,898	-	2,162,898
Finance and administration	457,971	-	457,971
Total supporting services	2,620,869	-	2,620,869
Total expenses	18,726,566	-	18,726,566
Change in Net Assets	(1,899,454)	4,369,038	2,469,584
Net Assets, beginning of year	3,778,588	7,987,092	11,765,680
Net Assets, end of year	\$ 1,879,134	\$ 12,356,130	\$ 14,235,264

See accompanying notes.

American Forests

Statement of Functional Expenses For the Year Ended September 30, 2023

	Program Services			Supporting Services			Total Expenses
	Programs	Communications	Total Program Services	Development	Finance and Administration	Total Supporting Services	
Salaries and benefits	\$ 6,124,941	\$ 998,307	\$ 7,123,248	\$ 974,407	\$ 2,089,611	\$ 3,064,018	\$ 10,187,266
Grants	8,150,545	-	8,150,545	-	-	-	8,150,545
Consulting	1,956,026	484,544	2,440,570	1,270,759	1,008,906	2,279,665	4,720,235
Travel and events	1,046,585	51,040	1,097,625	82,117	157,721	239,838	1,337,463
Advertising	-	141,426	141,426	-	-	-	141,426
Memberships and subscriptions	48,179	60,455	108,634	37,123	76,820	113,943	222,577
Supplies and materials	434,030	272	434,302	126	40,574	40,700	475,002
Mailing and production	15,860	88,507	104,367	12,266	7,072	19,338	123,705
Depreciation and amortization	-	-	-	-	108,508	108,508	108,508
Occupancy	2,337	-	2,337	-	218,696	218,696	221,033
Other	45,584	2,248	47,832	40,027	179,626	219,653	267,485
Total direct expenses	17,824,087	1,826,799	19,650,886	2,416,825	3,887,534	6,304,359	25,955,245
Indirect cost allocation	2,758,492	176,625	2,935,117	193,042	(3,128,159)	(2,935,117)	-
Total Expenses	\$ 20,582,579	\$ 2,003,424	\$ 22,586,003	\$ 2,609,867	\$ 759,375	\$ 3,369,242	\$ 25,955,245

See accompanying notes.

American Forests

Statement of Functional Expenses For the Year Ended September 30, 2022

	Program Services			Supporting Services			Total Expenses
	Programs	Communications	Total Program Services	Development	Finance and Administration	Total Supporting Services	
Salaries and benefits	\$ 4,417,203	\$ 704,316	\$ 5,121,519	\$ 852,922	\$ 1,616,004	\$ 2,468,926	\$ 7,590,445
Grants	5,553,765	-	5,553,765	-	-	-	5,553,765
Consulting	1,642,487	528,044	2,170,531	777,300	834,631	1,611,931	3,782,462
Travel and events	283,337	44,993	328,330	137,972	153,136	291,108	619,438
Advertising	23,053	185,413	208,466	-	53,220	53,220	261,686
Memberships and subscriptions	76,240	49,765	126,005	11,024	66,883	77,907	203,912
Supplies and materials	11,070	6,654	17,724	451	159,820	160,271	177,995
Mailing and production	1,846	53,519	55,365	13,005	11,384	24,389	79,754
Depreciation and amortization	-	-	-	-	102,693	102,693	102,693
Occupancy	2,628	-	2,628	-	216,924	216,924	219,552
Other	16,342	2,139	18,481	33,607	82,776	116,383	134,864
Total direct expenses	12,027,971	1,574,843	13,602,814	1,826,281	3,297,471	5,123,752	18,726,566
Indirect cost allocation	2,100,796	402,087	2,502,883	336,617	(2,839,500)	(2,502,883)	-
Total Expenses	\$ 14,128,767	\$ 1,976,930	\$ 16,105,697	\$ 2,162,898	\$ 457,971	\$ 2,620,869	\$ 18,726,566

See accompanying notes.

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Statements of Cash Flows For the Years Ended September 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ (1,197,901)	\$ 2,469,584
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Donated securities	(17,966)	(28,393)
Realized and unrealized (gain) loss on investments and certificates of deposit	(374,411)	886,605
Depreciation and amortization	108,508	102,693
Change in present value discount on grants and contributions receivable	91,076	46,953
Change in allowance for doubtful grants and contributions receivable	(19,894)	(153)
Change in operating assets and liabilities:		
Increase in:		
Federal government grants receivable	(17,638)	-
Non-federal government grants receivable	(296,543)	(831,881)
Grants and contributions receivable	(2,283,121)	(2,923,784)
Prepaid expenses	(27,236)	(32,265)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,616,835	779,403
Grants payable	(1,230,549)	226,122
Deferred revenue	(123,273)	123,273
Deferred rent	(172,354)	(75,672)
Net cash (used in) provided by operating activities	(3,944,467)	742,485
Cash Flows from Investing Activities		
Purchases of property and equipment	-	(157,873)
Purchases of certificates of deposit	(32,478)	(25,728)
Proceeds from maturities of certificates of deposit	333,907	-
Purchases of investments	(7,725)	(133,150)
Proceeds from sales of investments	43,124	-
Net cash provided by (used in) investing activities	336,828	(316,751)
Net (Decrease) Increase in Cash and Cash Equivalents	(3,607,639)	425,734
Cash and Cash Equivalents, beginning of year	4,209,752	3,784,018
Cash and Cash Equivalents, end of year	\$ 602,113	\$ 4,209,752

See accompanying notes.

American Forests

Notes to Financial Statements
September 30, 2023 and 2022

1. Nature of Operations

American Forests (AF) is the oldest national nonprofit conservation organization in the United States. Since its founding in 1875, AF has been the pathfinders for creating healthy forests from coast to coast. Now AF is largely driven by the important role of forests in solving two critical issues: climate change and social inequities that people in socioeconomically disadvantaged communities face. AF is also driven by the need to protect America's water and wildlife.

AF works with a diverse group of entities, such as forestry practitioners, government agencies, foundations, corporations, and community advocates, to achieve several goals by 2030. These goals include ensuring that cities have enough trees so that under-resourced neighborhoods have tree equity, helping reforest millions of acres of public land, and more people join the forestry workforce, particularly those from marginalized communities.

AF's approach to reaching its goals is three-pronged: AF incubates new tools and scientific research to help solve complicated puzzles and empower the forestry field; AF creates place-based partnerships in cities and large natural landscapes; and AF builds movements that inspire and empower actions at a large scale.

AF's revenue consists primarily of contributions, grants, and contracts with various government entities. A substantial portion of total revenue is derived from voluntary arrangements with donors whose contributions and grants are designated to specific programs.

AF raises awareness about the American Forests brand and programmatic work through a variety of communications and marketing tools and tactics, such as the American Forests website, *American Forests* magazine (published three times a year), periodic e-newsletters, social media channels, and earned media.

American Forests

Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

AF's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor or grantor restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash Equivalents

For the purpose of the statements of cash flows, AF considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase.

Certificates of Deposit

At September 30, 2023 and 2022, AF held certificates of deposit with original maturity dates greater than a period of 90 days that are carried at amortized cost. Interest earned on the certificates of deposit is included in investment return in the accompanying statements of activities.

These certificates of deposit do not qualify as securities as defined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, *Investments – Debt and Equity Securities*. Therefore, these investments are not included in the fair value disclosures required by FASB ASC 820, *Fair Value Measurements and Disclosures*.

Investments

Investments are recorded at fair value based on quoted market prices. Interest and dividends, realized and unrealized gains and losses, and investment management fees are reported as a component of net investment return in the accompanying statements of activities.

American Forests

Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Federal and Non-Federal Government Grants Receivable

Federal and non-federal government grants receivable consist primarily of amounts to be reimbursed to AF for expenses incurred under agreements with various government agencies of the United States, including federal, state, and local agencies. AF uses the allowance method to account for amounts that are considered uncollectible, based on prior years' experience and management's current estimates of potentially uncollectible accounts. No allowance for doubtful government grants receivable is recorded at September 30, 2023 and 2022, as management believes that all amounts are fully collectible.

Grants and Contributions Receivable

Grants and contributions receivable represent unconditional promises to give reported at fair value at the date the grant or contribution is received. Grants and contributions that are expected to be collected within one year are recorded at their net realizable amount. Grants and contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount rate used for contributions receivable due in more than one year was 4.88% and 4.02% at September 30, 2023 and 2022, respectively, which approximates the risk-free rate of U.S. Treasury notes for similar maturities. Conditional promises to give are not recorded as grants and contributions receivable until such time as the conditions are substantially met. Management determines the allowance for doubtful grants and contributions by identifying troubled donors and by using historical experience applied to an aging of receivables. AF's allowance for doubtful grants and contributions totaled \$0 and \$19,894 at September 30, 2023 and 2022, respectively.

Property and Equipment

Property and equipment acquisitions totaling over \$3,000 with a projected life exceeding one year are capitalized and recorded at cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Additionally, the cost of leasehold improvements is amortized over the life of the lease following the straight-line method. Maintenance and repairs are expensed as incurred.

American Forests

Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Grants Payable

Grants made by AF are recorded in the accompanying statements of financial position as grants payable and as an expense at the time written acceptance of the grant application is awarded to the recipient. The grant is considered unconditional once awarded, and paid to the recipient over the term of the project. Grants that are expected to be paid within one year are recorded at their net realizable amount. Grants that are expected to be paid in future years are recorded at the present value of their estimated future cash flows. Grants payable expected to be paid in more than one year at September 30, 2023 are not discounted to present value due to immateriality. Grants payable are all expected to be paid within one year at September 30, 2022.

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Grants and contributions that are nonreciprocal are recognized as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. AF reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of AF's programs or to a future year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional contributions contain a donor-imposed condition that represents a barrier that must be overcome before AF is entitled to the assets transferred or promised. Failure to overcome the barrier gives the donor a right of return of the assets it has transferred, or gives the promisor a right of release from its obligation to transfer its assets. Additionally, AF has agreements with government agencies. The agreements contain substantial conditions that must be met prior to recognition of revenue. The donor-imposed conditions primarily consist of qualifying expenditures that must be incurred by AF before the governmental agency will reimburse those expenditures. Conditional contributions are recognized as revenue, either with or without donor restrictions, when donor-imposed conditions are substantially met, and any barriers are overcome. Donor restrictions are also satisfied when qualifying expenditures are incurred for the donor-specified program.

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Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for in Accordance with Contribution Accounting (continued)

AF receives certain promises to give, collected over multiple accounting periods, and classifies the portion receivable in future accounting periods as restricted revenue. AF discounts the promises to give using an appropriate discount rate over the contribution period.

Contributions of services that meet the criteria for recognition are recognized at fair value at the time of donation. Contributions of services are recognized when services (a) create or enhance nonfinancial assets, or (b) require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services principally consist of legal, web hosting, membership, and restoration planning services, and totaled \$0 and \$68,780 for the years ended September 30, 2023 and 2022, respectively.

In addition, AF was awarded a grant for free online advertising services. These services are valued at fair market value and are recognized in contributions revenue and advertising expenses. The total value of donated advertising services was \$166,767 and \$156,015 for the years ended September 30, 2023 and 2022, respectively.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when AF satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration AF expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, AF combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Revenue from conferences and events is recognized when the events are held and performance obligations are met. Revenue received in advance for registrations to attend the events is recorded as deferred revenue until the events occur. At September 30, 2023 and 2022, deferred revenue related to events totaled \$0 and \$123,273, respectively, and is reflected as deferred revenue in the accompanying statements of financial position.

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Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Advertising Costs

Costs associated with advertising are charged to expenses as incurred. Advertising expenses were \$141,426 and \$261,686 for the years ended September 30, 2023 and 2022, respectively.

Recently Issued Accounting Pronouncement

In 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. This ASU addresses measurement and reporting of credit losses related to accounts receivable, notes receivable, leases receivable, and held-to-maturity debt securities. The ASU mandates the current expected credit loss (CECL) model, which measures and reports expected losses over the contractual life of an asset. The measurement of expected life credit losses will be based on relevant information, not just past events (including historical experience and current conditions), but also the “reasonable and supportable” forecasts that affect collectability of the reported amount. This guidance is effective for AF beginning in fiscal year 2024. Management is evaluating the potential impact of this update on AF’s financial statements.

Reclassifications

Certain amounts in the fiscal year 2022 financial statements have been reclassified to conform to the fiscal year 2023 presentation. These reclassifications have no effect on the change in net assets previously reported.

American Forests

Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing these financial statements, AF has evaluated events and transactions for potential recognition or disclosure through January 30, 2024, the date the financial statements were available to be issued.

3. Liquidity and Availability

AF strives to maintain liquid financial assets sufficient to cover its general expenditures. Management periodically reviews AF's liquid asset needs and adjusts the cash and cash equivalents balances as necessary. Amounts in excess of operating liquidity are invested in various short-term and highly liquid securities.

Additionally, AF considers net assets with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

Financial assets that are available for general expenditures within one year of the statements of financial position date comprise the following at September 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 602,113	\$ 4,209,752
Certificates of deposit – maturities within one year	1,064,570	1,068,048
Investments	3,617,369	3,260,391
Federal government grants receivable	1,054,425	1,036,787
Non-federal government grants receivable	791,541	494,998
Grants and contributions receivable – current portion due within one year	<u>7,189,222</u>	<u>6,281,262</u>
Total available for general expenditures	<u>\$ 14,319,240</u>	<u>\$ 16,351,238</u>

American Forests

Notes to Financial Statements
September 30, 2023 and 2022

4. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject AF to significant concentrations of credit risk consist of cash and cash equivalents, certificates of deposit, and investments. AF maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). AF has not experienced any credit losses on its cash and cash equivalents, certificates of deposit, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

AF received a substantial portion of its revenue and support from two sources during the year ended September 30, 2023, which represented 29% of AF's total revenue and support. There was no revenue concentration in sources for the year ended September 30, 2022.

5. Grants and Contributions Receivable

Grants and contributions receivable consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Due in less than one year	\$ 7,189,222	\$ 6,281,262
Due in one to five years	<u>3,173,400</u>	<u>1,798,239</u>
Total grants and contributions receivable	10,362,622	8,079,501
Less: present value discount	(179,676)	(88,600)
Less: allowance for doubtful grants and contributions	<u>-</u>	<u>(19,894)</u>
Grants and contributions receivable, net	<u>\$ 10,182,946</u>	<u>\$ 7,971,007</u>

American Forests

Notes to Financial Statements
September 30, 2023 and 2022

6. Investments and Fair Value Measurements

AF follows FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. AF recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, AF uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The following table presents AF's fair value hierarchy for those investments measured on a recurring basis at September 30:

	Level 1	Level 2	Level 3	Total
<u>2023:</u>				
Mutual funds:				
Corporate bonds	\$ 1,405,240	\$ -	\$ -	\$ 1,405,240
U.S. equities	1,400,402	-	-	1,400,402
International indexes	811,727	-	-	811,727
Total investments	\$ 3,617,369	\$ -	\$ -	\$ 3,617,369
<u>2022:</u>				
Mutual funds:				
Corporate bonds	\$ 1,404,387	\$ -	\$ -	\$ 1,404,387
U.S. equities	1,181,606	-	-	1,181,606
International indexes	673,867	-	-	673,867
Exchange-traded funds	531	-	-	531
Total investments	\$ 3,260,391	\$ -	\$ -	\$ 3,260,391

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Notes to Financial Statements
September 30, 2023 and 2022

6. Investments and Fair Value Measurements (continued)

Net investment return consists of the following for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 85,760	\$ 84,701
Realized gain	30,322	65,039
Unrealized gain (loss)	344,089	(951,644)
Less: investment management fees	<u>(22,638)</u>	<u>(22,500)</u>
Total investment return, net	<u>\$ 437,533</u>	<u>\$ (824,404)</u>

7. Property and Equipment

Property and equipment consists of the following at September 30:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 481,364	\$ 481,364
Furniture, fixtures, and equipment	368,018	368,018
Software	<u>244,056</u>	<u>244,056</u>
Total property and equipment	1,093,438	1,093,438
Less: accumulated depreciation and amortization	<u>(986,643)</u>	<u>(878,135)</u>
Property and equipment, net	<u>\$ 106,795</u>	<u>\$ 215,303</u>

8. Grants Payable

Grants payable consists of the following at September 30:

	<u>2023</u>	<u>2022</u>
Payable in less than one year	\$ 212,509	\$ 2,471,582
Payable in one to two years	<u>1,028,524</u>	<u>-</u>
Total grants payable	<u>\$ 1,241,033</u>	<u>\$ 2,471,582</u>

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Notes to Financial Statements
September 30, 2023 and 2022

9. Line of Credit

In August 2023, AF opened a line of credit with a financial institution with an available credit limit of \$1,000,000. Certain assets are pledged as collateral under the line of credit, including accounts, equipment, and general intangibles. Interest rates are variable based on current market rates plus a 2.25% amount over the margin, and are determined by the amount borrowed against the credit line. There was no outstanding balance on the line of credit at September 30, 2023.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes at September 30:

	2023	2022
Tree Equity	\$ 6,432,704	\$ 3,609,761
Resilient Forests	3,025,963	3,990,919
Career Pathways	2,278,245	936,448
Landscapes and Other Landscapes	49,766	154,176
Work in Specific Cities	284,208	816,903
Other programs	401,567	1,495,209
GIS and Mapping	776,814	873,592
Forest Soils	9,748	102,420
1T.ORG	584,800	351,334
Policy	703,496	25,368
Net assets with donor restrictions	<u>\$ 14,547,311</u>	<u>\$ 12,356,130</u>

11. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Where feasible, AF allocates its expenses directly to specific functions. The expenses that are allocated indirectly include salaries and benefits, which are allocated on the basis of estimates of time and effort. Additionally, other expenses are allocated utilizing an overhead cost allocation methodology based on estimates of staff time and effort spent on the specific function.

American Forests

Notes to Financial Statements
September 30, 2023 and 2022

12. Retirement Plan

AF sponsors a defined contribution pension plan for all salaried employees who meet the one month of entry service requirement and are at least 18 years of age. The plan requires AF to match up to 6% of each eligible employee's salary subject to plan and Internal Revenue Service limits, and participants become fully vested in employer contributions after five years. For the years ended September 30, 2023 and 2022, AF recorded contributions to the plan of \$387,674 and \$308,017, respectively.

13. Commitments and Contingencies

Federal Grants

Funds received from the USDA are subject to an audit under the provisions of the grant agreements. The ultimate determination of amounts received under these grants is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grants are closed out, a potential contingency exists to refund any amounts received in excess of allowable costs. Management is of the opinion that no material liability exists.

Operating Lease

During 2014, AF entered into an agreement to lease office space in Washington, DC that expires on August 31, 2024. The terms of the lease contain provisions for a free rent period and future rent increases of 2.5% per year. In addition, AF was provided a build-out allowance totaling \$387,465 as an incentive to lease the office space. The unamortized portion of the leasehold improvement allowance, and the cumulative difference between the actual rent paid and the straight-line rent, is reflected as deferred rent in the accompanying statements of financial position under ASC 840 through September 30, 2022.

The operating lease for office space was a short-term lease at September 30, 2023, and AF has not elected to report short-term leases less than one year in the statements of financial position under ASU 2016-02, ASC 842, *Leases*, which requires the lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments.

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Notes to Financial Statements
September 30, 2023 and 2022

13. Commitments and Contingencies (continued)

Operating Lease (continued)

Occupancy expense totaled \$221,033 and \$219,552 for the years ended September 30, 2023 and 2022, respectively.

Future minimum lease payments under this operating lease are \$292,566 for the year ending September 30, 2024.

Letter of Credit

AF provides funding to the USDA to be used under its Resilient Forests program. As a result, AF was required to establish an irrevocable letter of credit to secure the payment terms of the grant agreement. A \$410,700 letter of credit, which originally expired on December 31, 2013 and has since been renewed annually, was submitted to the USDA in July 2010 and is collateralized by a certificate of deposit. The required letter of credit was \$748,659 and \$743,712 as of September 30, 2023 and 2022, respectively, and is included in certificates of deposit in the accompanying statements of financial position.

Employment Agreement

AF has a signed employment agreement with the President and Chief Executive Officer that contains terms that require a severance payment upon the occurrence of certain contractual events.

14. Income Taxes

AF is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements, as there was no significant net unrelated business taxable income. Contributions to AF are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management evaluated AF's tax positions and concluded that the financial statements do not include any uncertain tax positions.

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Notes to Financial Statements
September 30, 2023 and 2022

15. Results of Operations

During the year ended September 30, 2023, AF experienced a net operating loss of \$1,197,901, reducing the net assets balance to \$13,037,363 at September 30, 2023. AF's total net assets remains positive; however, the loss is mainly recognized in the net assets without donor restrictions, resulting in a net deficit in net assets without donor restrictions of \$1,509,948 at September 30, 2023. AF's net assets with donor restrictions at September 30, 2023 retain a positive balance, and management continues to adhere to proper spending on the restricted funds. As AF continues to grow and expand its sources of revenue, it is expected to rebuild all of its reserves in future years to positive levels of reserves and net asset balances. The financial statements do not include any adjustments that may be necessary if AF is unable to continue as a going concern.

**SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED
BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
American Forests

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of American Forests (AF), which comprise the statement of financial position as of September 30, 2023; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements, and have issued our report thereon dated January 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered AF’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AF’s internal control. Accordingly, we do not express an opinion on the effectiveness of AF’s internal control.

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

Report on Internal Control over Financial Reporting (continued)

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether AF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Vienna, Virginia
January 30, 2024

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
American Forests

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited American Forests’ (AF) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of AF’s major federal programs for the year ended September 30, 2023. AF’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, AF complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of AF and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of AF’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding AF's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of AF's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of AF's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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



Vienna, Virginia
January 30, 2024

American Forests

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity	Agency or Pass- Through Grant Number	Assistance Listing Number	Subrecipient Awards	Total Federal Expenditures
<u>Department of Agriculture:</u>					
Collaborative Reforestation Strategy Development and Cone Collection	N/A	23-PA-11021000-023	10.699	\$ 1,101	\$ 20,927
Reforestation Implementation – Post-fire Reforestation and Fuels Management	N/A	22-PA-11060200-025	10.699	-	439,175
Containerized Conifer Seedling Production	N/A	23-CS-11062754-021	10.699	413,972	556,584
Reforestation Implementation Plan Support	N/A	23-CS-11132425-149	10.699	-	138,822
Roots of Rocks	N/A	19-CS-11132420-333	10.699	4,624	38,202
Caldor Fire Recovery Reforestation	N/A	23-SA-11050300-013	10.699	18,174	32,678
<i>Subtotal 10.699 Partnership Agreements</i>				<u>437,871</u>	<u>1,226,388</u>
Youth Climate Summits and Women’s Forest Congress	N/A	22-CA-11132544-055	10.675	-	256,805
Vibrant Cities Lab Update and Outreach	N/A	23-CA-11094200-187	10.675	-	32,325
<i>Subtotal 10.675 Urban and Community Forestry Program</i>				<u>-</u>	<u>289,130</u>
State, Private, and Tribal Forestry, Forest Health Protection	N/A	20-CA-11132546-003	10.680	49,071	66,073
<i>Subtotal 10.680 Forest Health Protection</i>				<u>49,071</u>	<u>66,073</u>
King Fire Partnership	N/A	20-SA-11050300-015	10.701	31,001	96,008
California Reforestation Pipeline Partnership	N/A	23-SA-11052007-040	10.701	45,000	75,214
Sequoia Wildfire Reforestation and Recovery Project	N/A	22-SA-11051300-002	10.701	225,245	243,818
<i>Subtotal 10.701 Stewardship Agreements</i>				<u>301,246</u>	<u>415,040</u>
Support Climate Smart Forest Health Activities Across the Region	N/A	22-SA-11051300-011	10.717	234,892	318,604
<i>Subtotal 10.717 Infrastructure Investment and Jobs Act Restoration</i>				<u>234,892</u>	<u>318,604</u>

(continued on next page)

American Forests

Schedule of Expenditures of Federal Awards (continued)
For the Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity	Agency or Pass- Through Grant Number	Assistance Listing Number	Subrecipient Awards	Total Federal Expenditures
Forest Innovation Platform to Advance the Development of Climate Analytical Services	N/A	23-CS-11132400-220	10.729	-	64,940
<i>Subtotal 10.729 Inflation Reduction Act – National Forest System</i>				-	64,940
Post Fire Disaster Recovery Reforestation Pipeline Partnership	N/A	22-DG-11052021-212	10.664	112,460	270,626
<i>Subtotal 10.664 Cooperative Forestry Assistance</i>				112,460	270,626
Total Awards from Department of Agriculture				1,135,540	2,650,801
<u>Department of Interior:</u>					
HQ Restoring Whitebark Pine Communities in BLM-Nominated Core Areas	N/A	L20AC00538	15.246	-	42,118
<i>Subtotal 15.246 Threatened and Endangered Species</i>				-	42,118
Camp Fire Climate Plan	N/A	L19AC00318	15.233	-	102
Camp Fire Implementation	N/A	L19AC00318	15.233	-	76
CA Seed Collection Project	N/A	L21AC10468	15.233	45,743	78,069
<i>Subtotal 15.233 Forests and Woodlands Resource Management</i>				45,743	78,247
Natural Resource Stewardship	N/A	P23AC01530-00	15.944	-	12,973
Climate Smart Reforestation in Sequoia and Kings Canyon National Parks	N/A	P23AC00918-00	15.944	-	614
Restore Federally Threatened Whitebark Pine in Sierra Nevada Parks	N/A	P23AC01428-00	15.944	-	1,198
<i>Subtotal 15.944 Natural Resource Stewardship</i>				-	14,785
Total Awards from Department of Interior				45,743	135,150
Total Expenditures of Federal Awards				\$ 1,181,283	\$ 2,785,951

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

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Notes to the Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2023

1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of AF under the programs of the federal government for the year ended September 30, 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of AF, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of AF.

2. **Summary of Significant Accounting Policies**

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

3. **Indirect Cost Rate**

AF records its expenditures of federal awards using the indirect cost and fringe benefit rate per the nonprofit rate agreement with the federal government, which was approved in accordance with the authority of the Uniform Guidance. In this manner, AF has elected not to use the 10% *de minimis* indirect cost rate, as allowed under the Uniform Guidance.

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Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor’s report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes X No

Identification of the major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster Title</u>
10.699	Department of Agriculture: Partnership Agreements

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

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Schedule of Findings and Questioned Costs (continued)
For the Year Ended September 30, 2023

Section II – Findings – Financial Statement Audit

There were no financial statement findings reported during the fiscal year 2023 audit.

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

There were no findings or questioned costs over major federal awards reported during the fiscal year 2023 audit.

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Corrective Action Plan For the Year Ended September 30, 2023

There were no findings for the year ended September 30, 2023, and therefore, a corrective action plan was not needed.

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Schedule of Prior Audit Findings For the Year Ended September 30, 2023

AF did not require a Single Audit under the Uniform Guidance for the year ended September 30, 2022.