

TreesCharlotte

Financial Statements

Year Ended June 30, 2026

TreesCharlotte
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June 30, 2026

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
TreesCharlotte
Charlotte, North Carolina

Opinion

We have audited the accompanying financial statements of TreesCharlotte (the "Organization" - a nonprofit organization), which comprise the statement of financial position as of June 30, 2026, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TreesCharlotte as of June 30, 2026, 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 of 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 TreesCharlotte 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 TreesCharlotte'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 auditors' 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 purposes of expressing an opinion on the effectiveness of TreesCharlotte'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 TreesCharlotte'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 the Organization's 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 20, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Foard & Company, P.A.

August 28, 2026

TreesCharlotte

Statement of Financial Position

June 30, 2026, with prior year comparative totals

	June 30,	
	2026	2025
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 893,831	\$ 792,282
Beneficial interest in assets held in trust	459,239	412,834
Sales tax receivable	2,347	911
Prepaid expenses and other assets	10,062	3,409
<u>Total Current Assets</u>	<u>1,365,479</u>	<u>1,209,436</u>
Fixed Assets:		
Vehicles	67,395	57,395
Equipment	1,581	1,581
Less - accumulated depreciation	(59,976)	(58,976)
<u>Total Property and Equipment (net)</u>	<u>9,000</u>	<u>-</u>
Long-Term Assets:		
Beneficial interest in assets held in trust	8,986,774	6,922,216
Right-of-use asset operating lease	79,320	111,265
<u>Total Long-Term Assets</u>	<u>9,066,094</u>	<u>7,033,481</u>
<u>TOTAL ASSETS</u>	<u>\$ 10,440,573</u>	<u>\$ 8,242,917</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 9,602	\$ 1,012
Operating lease liability	29,842	27,636
<u>Total Current Liabilities</u>	<u>39,444</u>	<u>28,648</u>
Long-Term Liabilities:		
Operating lease liability, net of current portion	54,290	87,795
<u>Total Long-Term Liabilities</u>	<u>54,290</u>	<u>87,795</u>
<u>Total Liabilities</u>	<u>93,734</u>	<u>116,443</u>
Net Assets:		
Without Donor Restrictions:		
Undesignated	1,340,065	1,204,258
Designated	2,598,873	993,900
<u>Total Net Assets Without Donor Restrictions</u>	<u>3,938,938</u>	<u>2,198,158</u>
With donor restrictions	6,407,901	5,928,316
<u>Total Net Assets</u>	<u>10,346,839</u>	<u>8,126,474</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 10,440,573</u>	<u>\$ 8,242,917</u>

TreesCharlotte**Statement of Activities****Year Ended June 30, 2026, with prior year comparative totals**

	Year Ended June 30, 2026			Prior Year
	Without Donor	With Donor	TOTALS	Comparative
	Restrictions	Restrictions		Totals
<u>SUPPORT AND REVENUE</u>				
Contributions	\$ 1,282,280	\$ 857,756	\$ 2,140,036	\$ 1,455,649
In-kind contributions	10,000	-	10,000	1,644
Investment income	1,556,613	-	1,556,613	1,082
Other income	688	-	688	2,169
Net assets released from restriction	378,171	(378,171)	-	-
TOTAL SUPPORT AND REVENUE	3,227,752	479,585	3,707,337	1,460,544
<u>EXPENSES</u>				
Program services	1,155,019	-	1,155,019	1,419,355
Management and general	233,296	-	233,296	174,651
Fundraising	98,657	-	98,657	147,867
TOTAL EXPENSES	1,486,972	-	1,486,972	1,741,873
CHANGE IN NET ASSETS	1,740,780	479,585	2,220,365	(281,329)
NET ASSETS, BEGINNING	2,198,158	5,928,316	8,126,474	8,407,803
NET ASSETS, ENDING	\$ 3,938,938	\$ 6,407,901	\$ 10,346,839	\$ 8,126,474

TreesCharlotte**Statement of Functional Expenses****Year Ended June 30, 2026, with prior year comparative totals**

	Year Ended June 30, 2026				Prior Year
	Program Services	Management and General	Fundraising	TOTALS	Comparative Totals
<u>PERSONNEL</u>					
Salaries	\$ 628,008	\$ 49,519	\$ 64,745	\$ 742,272	\$ 788,158
Payroll taxes	48,424	3,652	4,794	56,870	61,534
Benefits	40,236	3,173	4,148	47,557	28,385
<i>Total Personnel</i>	716,668	56,344	73,687	846,699	878,077
<u>OTHER EXPENSES</u>					
Reforestation	370,007	67,223	-	437,230	498,923
Communications and marketing	367	6,784	3,766	10,917	160,677
Professional fees	-	35,445	-	35,445	41,485
Occupancy	19,777	9,258	13,045	42,080	42,774
Supplies	39,187	13,401	3,249	55,837	71,396
Insurance	-	8,456	-	8,456	4,784
Travel	85	4,228	-	4,313	2,371
Technology	-	6,705	-	6,705	6,731
Miscellaneous	-	1,356	-	1,356	1,161
Education	5,099	102	-	5,201	3,864
Vehicle	15	16,210	-	16,225	6,435
Staff development	1,203	95	124	1,422	2,400
Dues and subscriptions	1,611	4,834	2,035	8,480	13,477
Bank fees	-	88	2,751	2,839	2,880
Postage	-	2,336	-	2,336	3,335
Events	-	431	-	431	576
<i>Total Other Expenses</i>	437,351	176,952	24,970	639,273	863,269
<u>TOTAL EXPENSES BEFORE DEPRECIATION EXPENSE</u>					
<i>DEPRECIATION EXPENSE</i>	1,154,019	233,296	98,657	1,485,972	1,741,346
Depreciation expense	1,000	-	-	1,000	527
<i>TOTAL EXPENSES</i>	\$ 1,155,019	\$ 233,296	\$ 98,657	\$ 1,486,972	\$ 1,741,873

TreesCharlotte**Statement of Cash Flows****Year Ended June 30, 2026, with prior year comparative totals**

	Year Ended June 30,	
	2026	2025
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 2,220,365	\$ (281,329)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	1,000	527
Donated vehicles	(10,000)	-
Realized and unrealized loss (gain) in value of beneficial interest	(1,523,288)	10,467
Contributions restricted for long term purposes	(857,756)	-
Operating lease assets and liability	646	1,248
Change in operating assets:		
Sales tax receivable	(1,436)	3,876
Promises to give	-	96,500
Prepaid expenses and other assets	(6,653)	(1,230)
Change in operating liabilities:		
Accounts payable and accrued expenses	8,590	(26,321)
<u>Cash Flows from Operating Activities</u>	<u>(168,532)</u>	<u>(196,262)</u>
<u>INVESTING ACTIVITIES</u>		
Purchase of investments	(1,343,500)	(13,712)
Proceeds from the sale of investments	755,825	478,266
<u>Cash Flows from Investing Activities</u>	<u>(587,675)</u>	<u>464,554</u>
<u>FINANCING ACTIVITIES</u>		
Decrease in endowment campaign pledges	-	15,000
Contributions restricted for long-term purposes	857,756	-
<u>Cash Flows from Financing Activities</u>	<u>857,756</u>	<u>15,000</u>
NET CHANGE IN CASH	101,549	283,292
CASH, BEGINNING	792,282	508,990
CASH, ENDING	\$ 893,831	\$ 792,282

TreesCharlotte

Notes to Financial Statements

Year Ended June 30, 2026

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

TreesCharlotte (the “Organization”) was created as a public/private collaboration dedicated to planting trees, primarily through volunteer efforts. The Organization also educates Charlotte’s residents on the importance of the canopy and ways to plant and preserve trees. The Organization is supported primarily through contributions and grants from individuals, businesses, and foundations.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated are those currently available for use in day-to-day operations of the Organization and those resources invested in property and equipment. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives of the Organization. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying statement of financial position. As of June 30, 2026, the Organization had \$2,928,727 of board-endowed investment funds.

Net assets with donor restrictions – These net assets consist of amounts that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization or the passage of time, and net assets that are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue recognition

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash and other assets are considered to be available for undesignated use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash

Cash consists of cash on hand, cash in banks, and money market funds.

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Notes to Financial Statements

Year Ended June 30, 2026

Fixed assets

Fixed assets with a value of \$2,500 or more is recorded at cost if purchased or fair value if donated. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation expense is recorded using the straight-line method of depreciation over the estimated useful lives of the assets, which is assumed to be five to ten years for the vehicles and equipment.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right of use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its lease with a term of 12 months or less; rather they are reported as a lease expense on a straight-line basis over the lease term. The Organization had one operating lease and no finance leases as of the end of the year.

Donated services and goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment or materials, if significant, are included in support at fair value. During the year, the Organization recorded no donated goods or services.

During the year, the Organization received a donated vehicle valued at \$10,000. The donated vehicle was valued at the fair value of vehicles of similar make, model, year and mileage.

Donated vehicles are not restricted in use and the Organization does not sell donated items and instead utilizes them as part of its operations.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various assignments. No amounts have been reflected in the financial statements for these contributions, as they do not meet the criteria for recognition described above.

Functional allocation of expenses

Expenses that are inherently program, management and general, or fundraising, are charged directly to those functions. The major expenses that are allocated are personnel expenses, communications and marketing, supplies, and other various expenses. Personnel expenses are allocated based on an estimate of time and effort. Occupancy expenses are based on estimated use of square footage. Marketing is based on actual expenditures. Supplies were based on an estimate of usage. All other expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent.

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Notes to Financial Statements

Year Ended June 30, 2026

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income tax status

The Organization is a nonprofit organization and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code with respect to its exempt function income. The Organization is not a private foundation as defined by Section 509(a) of the Internal Revenue Code.

Prior-year comparative totals

The financial statements include certain prior-year summarized information in total, but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with TreesCharlotte's 2025 financial statements, from which the summarized information was derived.

NOTE B – BENEFICIAL INTEREST IN ASSETS HELD IN TRUST

Endowments

TreesCharlotte has endowed funds held with TIFF Centerstone Fund, LP ("TIFF"). These funds are overseen and managed in accordance with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The funds held at TIFF are managed by the Organization's Finance Committee, who has adopted a formal investment and spending policy for the endowed assets that attempt to provide a predictable stream of funding to support the Organization while also maintaining the purchasing power of those endowment assets over the long-term. It is the responsibility of the Finance Committee, in consultation with its investment advisors, to periodically review the spending policy against actual returns in order to make necessary adjustments. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity-oriented assets, diversified strategies, and fixed income funds, which are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions while growing the funds. Actual returns in any given year will vary. The Organization's spending policy is no more than four to six percent of the average market value of the previous twelve quarters.

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Notes to Financial Statements

Year Ended June 30, 2026

The accounts at year-end are comprised of the following:

Current:

Spendable portion of <i>TIFF</i>	\$ 459,239
Total Current	459,239

Long-Term:

<i>TIFF</i>	8,986,774
Total Long-Term	8,986,774

TOTAL	\$ 9,446,013
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NOTE C – FAIR VALUE MEASUREMENTS

GAAP requires fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization's investments are all classified as Level 3 assets. "The Level 3 assets reported are valued using unobservable internal and market-corroborated projections. Significant increases or decreases in these projections could result in a significantly lower or higher fair value measurement. The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30, 2026.

Balance, beginning of year	\$ 7,335,050
Net increase in value	1,523,288
Purchases	1,343,500
Sales	(755,825)
Balance, end of year	\$ 9,446,013

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Notes to Financial Statements

Year Ended June 30, 2026

NOTE D – NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions at June 30, 2026, are as follows:

Temporarily restricted net assets:	
Time restricted	\$ 20,000
Perpetuity restricted net assets:	
Beneficial interest in investments held in trust by a third party:	
Corpus on Endowed Funds held by TIFF	\$ 6,387,901
TOTAL	\$ 6,407,901

NOTE E – LEASES

The Organization leases office space from an unrelated party during the year under long-term non-cancelable operating lease arrangements. The lease contains no significant restrictions. The operating ROU assets represent the Organization's right to use underlying assets for the lease term, and the operating lease liability represents the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate of interest in lieu of its incremental borrowing rate to discount future lease payments. The discount rate represents the weighted average risk-free discount rate using a period comparable with that of the individual lease term. At June 30, 2026, the operating lease ROU asset balance was \$79,320, and the operating lease liability was \$84,132. The total lease costs for the year ended June 30, 2026, was \$32,100.

As of June 30, 2026:

Weighted-average discount rate:	
Operating leases	4.34%
Weighted-average remaining lease term	
Operating leases	2.75

Future minimum lease payments required under the operating lease are as follows:

Year ended June 30:	
2027	\$ 33,063
2028	34,055
2029	22,583
Total lease payment	89,701
Less: present value discount	5,569
Present value of liability	<u>\$ 84,132</u>

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Notes to Financial Statements

Year Ended June 30, 2026

NOTE F – RETIREMENT PLAN

The Organization sponsors a SIMPLE IRA retirement plan (the “Plan”) covering eligible employees. Eligible employees may make pre-tax contributions to the Plan, based on statutory limits. The Organization contributes two percent of all eligible employees to the Plan. The Organization’s contributions to the Plan during the year ended June 30, 2026, was approximately \$24,000.

NOTE G – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$1,355,417 in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$893,831, the spendable portion of the Organization’s investments held by TIFF of \$459,239, and sales tax receivable of \$2,347. None of the financial assets available are subject to donor or other contractual restrictions which make them unavailable for general expenditure within one year of the statement of financial position date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE H – CONCENTRATIONS OF RISK

Cash

Cash held in bank accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). From time to time, the Organization holds cash in excess of the insured limits covered by the FDIC; however, the Organization believes it is not exposed to any risk related to these accounts.

Investments

The Organization provides for investment in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of activities.

Geographic area

The Organization operates in a small geographic area and, accordingly, is sensitive to changes in the local economy.

Revenue concentration

A limited number of funding sources provide a significant portion of the Organization’s revenue. During the year ended June 30, 2026, the Organization received 51 percent from its top three donors. This represents a significant concentration of risk that operations could be affected if any of these donors discontinued giving to the Organization.

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Notes to Financial Statements

Year Ended June 30, 2026

NOTE I – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the independent auditors' report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.