TILTH ALLIANCE

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2025 AND 2024

TILTH ALLIANCE

Years Ended December 31, 2025 and 2024

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FINNEY, NEILL & COMPANY, P.S.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of Tilth Alliance, a Washington state nonprofit organization (the Organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and 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 accompanying financial statements present fairly, in all material respects, the financial position of Tilth Alliance as of December 31, 2025 and 2024, 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Finney, Hill & Company, P.S.

Seattle, Washington
October 7, 2026

TILTH ALLIANCE
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 417,779	147,683
Grants and accounts receivable, net	451,172	595,152
Prepaid and other assets	12,444	29,858
Total current assets	881,395	772,693
Operating lease right-of-use asset, net	175,569	254,241
Finance lease right-of-use asset, net	15,908	28,635
Property and equipment, net	146,338	164,046
Total assets	$ 1,219,210	1,219,615
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 179,017	57,800
Accrued liabilities	173,641	122,367
Unearned grant revenue	14,742	20,728
Operating lease liability, current portion	84,926	78,746
Finance lease liability, current portion	13,295	12,963
Total current liabilities	465,621	292,604
Operating lease liability, net of current portion	99,273	184,199
Finance lease liability, net of current portion	3,377	16,672
Total liabilities	568,271	493,475
Net assets:		
Net assets without donor restrictions	398,827	499,432
Net assets with donor restrictions	252,112	226,708
Total net assets	650,939	726,140
Total liabilities and net assets	$ 1,219,210	1,219,615

See accompanying notes and independent auditors' report.

TILTH ALLIANCE
Statement of Activities
Year ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Government grants	$ 2,428,008	307,000	2,735,008
Contributions	1,314,503	318,159	1,632,662
Classes and other program income	409,243	-	409,243
Sales, net of costs of goods sold	304,839	-	304,839
In-kind contributions	75,000	-	75,000
Other income	5,374	-	5,374
Net assets released from restriction	599,755	(599,755)	-
Total support and revenue	5,136,722	25,404	5,162,126
Expenses:			
Program services	4,166,472	-	4,166,472
Management and administration	706,280	-	706,280
Fundraising and development	364,575	-	364,575
Total expenses	5,237,327	-	5,237,327
Change in net assets	(100,605)	25,404	(75,201)
Beginning net assets	499,432	226,708	726,140
Ending net assets	$ 398,827	252,112	650,939

See accompanying notes and independent auditors' report.

TILTH ALLIANCE
Statement of Activities
Year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Government grants	$ 2,374,645	260,222	2,634,867
Contributions	1,297,855	160,073	1,457,928
Classes and other program income	421,349	-	421,349
Sales, net of costs of goods sold	217,460	-	217,460
In-kind contributions	75,000	-	75,000
Other income	18,204	-	18,204
Net assets released from restriction	490,351	(490,351)	-
Total support and revenue	4,894,864	(70,056)	4,824,808
Expenses:			
Program services	4,274,681	-	4,274,681
Management and administration	694,839	-	694,839
Fundraising and development	283,396	-	283,396
Total expenses	5,252,916	-	5,252,916
Change in net assets	(358,052)	(70,056)	(428,108)
Beginning net assets	857,484	296,764	1,154,248
Ending net assets	$ 499,432	226,708	726,140

See accompanying notes and independent auditors' report.

TILTH ALLIANCE
Statement of Functional Expenses
Year ended December 31, 2025

	Food and gardening	Farm and Agriculture	Market	Natural Yard Care	Rainier Beach Urban Farm	Youth and Family	Other	Program Services	Management and General	Fundraising	Total
Salaries and contractor expenses	$ 482,122	246,058	307,819	330,233	230,961	415,990	57,219	2,070,402	382,372	326,214	2,778,988
Supplies	71,611	2,595	209,098	19,983	21,447	19,078	136,345	480,157	5,757	9,011	494,925
Professional services	37,338	204,889	3,761	126,669	54,631	20,555	309,873	757,716	50,454	10,143	818,313
Grants paid to other organizations	-	545,240	-	-	-	-	50,000	595,240	-	-	595,240
Occupancy	2,035	4,390	120	4,709	44,065	1,664	7,045	64,028	95,484	-	159,512
In-kind rent	-	-	-	-	40,000	-	-	40,000	35,000	-	75,000
Permits, licenses, and fees	3,261	31,193	6,351	92	712	6,195	23,650	71,454	18,016	2,636	92,106
Telecommunications	-	144	191	2,288	4,617	717	126	8,083	18,260	3,061	29,404
Equipment and maintenance	466	-	3,364	-	1,207	-	15,524	20,561	6,983	281	27,825
Depreciation and amortization	-	-	-	-	-	-	-	-	40,576	-	40,576
Printing, postage, and shipping	685	2,690	1,263	-	-	47	6,079	10,764	1,272	11,040	23,076
Insurance	-	-	121	-	-	-	-	121	37,129	-	37,250
Travel	7,496	14,376	897	4,019	75	1,440	16,242	44,545	1,631	367	46,543
State and local taxes	-	-	-	-	-	-	-	-	11,594	-	11,594
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-
Other	571	33	-	460	-	1,225	1,112	3,401	1,752	1,822	6,975
Total expenses	605,585	1,051,608	532,985	488,453	397,715	466,911	623,215	4,166,472	706,280	364,575	5,237,327
Cost of Goods Sold	-	-	202,826	-	-	-	-	202,826	-	-	202,826
Total functional expenses	$ 605,585	1,051,608	735,811	488,453	397,715	466,911	623,215	4,369,298	706,280	364,575	5,440,153

See accompanying notes and independent auditors' report.

TILTH ALLIANCE
Statement of Functional Expenses
Year ended December 31, 2024

	Food and gardening	Farm and Agriculture	Market	Natural Yard Care	Rainier Beach Urban Farm	Youth and Family	Other	Program Services	Management and General	Fundraising	Total
Salaries and contractor expenses	$ 502,162	301,922	260,500	381,245	365,496	406,916	68,871	2,287,112	351,574	248,935	2,887,621
Supplies	60,071	8,860	191,091	15,087	43,350	19,363	79,717	417,539	3,695	2,755	423,989
Professional services	27,327	285,396	3,424	123,097	18,557	20,127	251,853	729,781	62,953	9,614	802,348
Grants paid to other organizations	-	550,196	-	-	-	-	29,265	579,461	-	-	579,461
Occupancy	-	-	495	3,909	46,227	1,511	5,449	57,591	94,920	-	152,511
In-kind rent	-	-	-	-	40,000	-	-	40,000	35,000	-	75,000
Permits, licenses, and fees	2,554	4,756	4,250	350	1,524	5,940	27,388	46,762	20,645	2,694	70,101
Telecommunications	-	27,265	132	116	6,696	-	480	34,689	18,159	945	53,793
Equipment and maintenance	-	470	136	-	2,902	741	14,515	18,764	6,098	-	24,862
Depreciation and amortization	-	-	-	-	-	-	-	-	37,838	-	37,838
Printing, postage, and shipping	161	3,639	2,529	2,029	-	73	6,194	14,625	1,570	16,675	32,870
Insurance	-	-	-	-	-	-	-	-	33,830	-	33,830
Travel	8,550	7,087	981	3,667	5,291	3,869	13,895	43,340	1,308	123	44,771
State and local taxes	-	-	-	-	-	-	-	-	16,687	-	16,687
Bad debt expense	-	-	-	-	-	-	-	-	10,012	-	10,012
Other	-	1,472	-	438	13	2,165	929	5,017	550	1,655	7,222
Total expenses	600,825	1,191,063	463,538	529,938	530,056	460,705	498,556	4,274,681	694,839	283,396	5,252,916
Cost of Goods Sold	-	-	183,641	-	-	-	-	183,641	-	-	183,641
Total functional expenses	$ 600,825	1,191,063	647,179	529,938	530,056	460,705	498,556	4,458,322	694,839	283,396	5,436,557

See accompanying notes and independent auditors' report.

TILTH ALLIANCE
Statements of Cash Flows
Years ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants, contributions, and member dues	$ 4,505,664	4,029,357
Cash received from contracts, classes, and sales	916,908	822,450
Cash received from other sources	5,374	18,204
Cash paid to employees	(2,727,714)	(2,881,042)
Cash paid to suppliers and vendors	(1,811,792)	(1,891,833)
Cash paid in grants to other organizations	(595,240)	(579,461)
Net cash provided by (used in) operating activities	293,200	(482,325)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(10,141)	(55,546)
Net cash provided by (used in) investing activities	(10,141)	(55,546)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on financing leases	(12,963)	(12,638)
Net cash provided by (used in) financing activities	(12,963)	(12,638)
Net increase (decrease) in cash	270,096	(550,509)
Cash and cash equivalents at beginning of year	147,683	698,192
Cash and cash equivalents at end of year	$ 417,779	147,683
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest - leases	$ 573	898
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (75,201)	(428,108)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and Amortization	40,576	37,838
(Increase) decrease in assets:		
Accounts receivable	143,980	(84,166)
Prepaid expenses and other assets	17,340	3,308
Increase (decrease) in liabilities:		
Accounts payable	121,217	(38,504)
Other accrued liabilities	51,274	6,579
Unearned grant revenue	(5,986)	20,728
	368,401	(54,217)
Net cash provided (used) by operating activities	$ 293,200	(482,325)

See accompanying notes and independent auditors' report.

1. DESCRIPTION OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Tilth Alliance (the Organization) is nurturing a more vibrant and sustainable food culture in Washington state by using farms, gardens, and kitchens as classrooms to teach people about growing and eating fresh nourishing food while regenerating healthy ecosystems. The Organization's vision is that everyone be able to eat healthy food, every day, regardless of where they live or their income level. Through the Organization, farmers and eaters, gardeners, cooks, and environmental advocates are uniting to nourish ourselves, our families, our communities, and the earth.

In 2016, Seattle Tilth, Tilth Producers, and Cascade Harvest Coalition merged to become Tilth Alliance, realizing that the most effective way to get more people growing and eating healthy food is to unify these similar nonprofits into one more impactful organization. Since its grassroots beginnings in 1974, the Tilth movement has matured, and the Organization's programs are recognized nationally in sustainable agriculture education, natural resource conservation, and food security.

The Organization deploys hundreds of volunteers and reaches many thousands of participants through a broad variety of programs, classes, and direct services.

The Organization fiscally sponsors three groups formed for charitable purposes, each of which relates to the Organization's main mission. As the fiscal sponsor for these groups, the Organization receives and maintains custody of contributions, performs recordkeeping, and monitors compliance with the contractual obligations as set forth in the fiscal sponsorship agreement. As part of the agreement, these groups pay an administrative fee between 8-12% based on the cash received by the Organization. Due to the specialized nature of the groups, donations to the fiscal sponsorships are recorded as donor restricted revenue. Disbursements are considered Organization expenses. Expenses related to the entities being sponsored are recorded in the appropriate natural category in the statement of functional expenses.

When an agency is brought on as a fiscally sponsored group by the Organization, total assets, net of total liabilities, of the group as of the date of the fiscal sponsorship commencement are recorded as donor-restricted income in the Organization's statement of activities. When an agency terminates their fiscal sponsorship with the Organization, the net assets of the group as of the date of the termination are recorded as expenses in the Organization's statement of activities.

Programs offered by the Organization and fiscally sponsored groups include:

- Hands-on science-based educational experiences so people can get their hands in the soil and shift their understanding of how food is grown.
- Resources that help people grow, source, cook and enjoy food in a way that doesn't degrade the planet and that reduces waste.
- Access to healthy, nutritious food for low-income families, people of color, children and youth, immigrants, and refugees.
- A vision for the future of food that is built upon sustainability, tradition, equity, and celebration.
- Community outreach to prevent consumption of toxic fish taken from the Duwamish River.

1. DESCRIPTION OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

Classes or programs for adults focus on topics such as organic gardening and farming, building healthy soil, raising urban livestock, cooking, nutrition, and food preservation. Children participate in garden education through schools, childcare centers, community groups and summer camps, and learn about soil, plants and living creatures, growing food, nutrition and taking care of the earth. People of all ages who participated in these activities are encouraged to increase their understanding and knowledge, while incorporating new practices at home and in their communities.

The Organization also offers programming on job and life skills development for homeless and underserved youth, and farm business development for new farmers, with a focus on immigrants, refugees, and people with limited resources. Youth learn to grow and harvest food which they sell as part of Tilth Alliance's CSA, while earning a wage and learning teamwork, punctuality, customer service and other crucial job skills.

The Organization supports the farming community in Washington state through Farm Walks and the Farm Walks podcast, by connecting consumers to farmers through the Eat Local First Collaborative and the Washington Food and Farm Finder, by conducting an annual conference for farmer education and networking, and by awarding grants to farms in support of sustainable agricultural practices through the Washington State Organic and Sustainable Farming Fund.

The Organization actively pursues community partnerships to engage diverse audiences. The Organization works with city, county, and state governments, schools, community centers, parks, and community-based organizations, to offer classes, training, and educational opportunities. Tilth Alliance is involved with a number of policy coalitions to address issues of food security and environmental equity for all. The Organization's programs and services demonstrate the relationship between healthy food, soil, waterways, plants, and the ecosystem on one hand, and personal, family, and community health on the other. Tackling these important issues strengthens communities, supports farmers, bolsters the sustainability movement, and provides solutions to the important issues of food security and environmental concerns.

Basis of Accounting
The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Financial Presentation
The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of FASB Accounting Standards Codification Topic 958*, Not-for-profit Entities*. This Topic establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset classes according to donor-imposed restrictions.

Accordingly, the net assets of the Organization have been reported as follows:

- *Net assets without donor restrictions* are those available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net assets with donor restrictions* are those stipulated by donors for specific operating purposes or for future periods. Other donor restrictions may be perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

1. DESCRIPTION OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and cash equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents. At December 31, 2025 and 2024, cash and cash equivalents consist of checking, savings, and petty cash accounts.

At times, cash deposits, including amounts held in reserves, exceed the federally insured limits of the financial institution and expose the Organization to credit risk. At December 31, 2025, the Organization's deposits were ~$206,000 over federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Grants and Accounts Receivable

The Organization recognizes revenue as earned as services are provided. Accounts receivable are unsecured and are stated at the amount management expects to collect from outstanding balances. Government grants receivable are stated at the amount management expects to collect from government agencies for services provided. An allowance for doubtful accounts is based on prior experience and a review of existing receivables. It is the Organization's policy to charge off uncollectible grants and accounts receivable when management determines the receivable will not be collected. At December 31, 2025 and 2024, the allowance for doubtful accounts was $1,000 and $1,000, respectively.

At December 31, 2025, 61% of the grants and accounts receivable balance was due from three grantors, and at December 31, 2024, 63% of the grants and accounts receivable balance was due from four grantors.

Fixed Assets

Fixed assets are recorded at cost if purchased or at fair market value if donated. Expenditures for repairs and maintenance that prolong the useful lives of assets are also capitalized. The Organization capitalized assets with a value of more than $3,000 and a useful life in excess of one year. Depreciation begins when the assets are placed in service. Repairs and maintenance of fixed assets are expensed as incurred. Depreciation expense for the years ended December 31, 2025 and 2024 was $27,849 and $25,111, respectively. Depreciation is computed using the straight-line method over the following estimated useful lives:

Greenhouse and improvements	20 to 30 years
Equipment	3 to 15 years

Leasehold improvements are depreciated over the life of the lease or over the estimated useful life of the improvement, whichever is shorter.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation techniques. There were no impairment losses recognized for the years ended December 31, 2025 and 2024.

1. DESCRIPTION OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

Support and Revenue Recognition

Contributed support is recorded when cash is received or when ownership of donated assets is transferred. The Organization has adopted the FASB Accounting Standards Codification Topic 958, *Not-for-profit Entities*. In accordance with this Topic, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

The Organization recognizes contributions when cash, securities, or other assets are received; an unconditional promise to give is made; or a notification of beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Conditional contributions whose conditions had not been met at December 31, 2025 totaled $1.3 million, and included barriers such as requiring expenditures to be incurred on various projects, including: running a garden hotline, conducting composting training, purchasing and distributing free or discounted produce from local farmers, developing food forests and nurseries in the King County region, and providing trainings on environmental hazards in local communities.

Contributions received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions. 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 statement of activities as net assets released from restrictions. Restricted and conditional resources, whose restrictions or conditions are met in the reporting period received, are recorded as net assets without donor restrictions.

At December 31, 2025 and 2024, net assets with donor restrictions consisted of cash and cash equivalents and property and equipment and are available for use in subsequent years' program services.

Program service revenues, such as from contract revenue, sales, and classes, are recognized in the period in which the related educational instruction or service is performed or when the sale is made. Accordingly, fees received in advance for future program services are deferred until service is performed. As of December 31, 2025 and 2024, there were $0 and $0 advance program service fees recorded in the statements of financial position.

Program services may give rise to performance obligations for the Organization. Revenue from contracts with performance obligations is recognized when the Organization satisfies a performance obligation by transferring a promised good or service to a customer at a point in time or over time. For the Organization, these revenues consist of program service fees. The contracts do not have a significant financing component, and the consideration amount is not variable. For the related performance obligations, control of the promised good or service transfers to the customer at a point in time. Payment is typically due in full when the customer completes registration or the purchase of goods, and revenue is recognized in the period in which the service is rendered or the goods are delivered. The Organization records program service revenue in the period in which the related program activity is performed.

1. DESCRIPTION OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

Donated Goods and Services

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services meeting these criteria and donated supplies are recorded at estimated fair market value as support and expense or capitalized as fixed assets, based on the nature of the supplies and services.

Leases

The Organization leases office space, outdoor garden space, and equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the Organization's statements of financial position. Finance leases are included in finance lease right-of-use assets and finance lease liabilities in the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments.

The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The lease agreements do not contain any material residual value guarantees or material restricted covenants.

The Organization has elected to apply the short-term lease exemption to all classes of underlying assets. In 2025, there was one short-term lease in effect whose lease term is month-to-month.

Functional Allocation of Expenses

The costs of providing the various program services and other activities have been summarized on a functional basis in the statements of activities. Accordingly, costs have been allocated directly to their functional categories on the basis of benefits received. Employees record time sheets allocating time to specific programs, administration, development, or events. These time sheets are used to allocate labor expense to each functional area. Program expenses are allocated to specific programs or departments using purchase orders that require codes specific to a program or department. Utilities, office expenses, occupancy expense, human resources expense, and other general overhead costs are allocated on the basis of employee time and effort.

Income Tax Status

Pursuant to a letter of determination from the Internal Revenue Service, the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation under Section 509(a)(1). Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

1. DESCRIPTION OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

The Organization accounts for tax positions in accordance with the FASB Accounting Standards Codification Topic 740, *Income Taxes*. With few exceptions, the Organization is subject to federal and state income tax examinations by tax authorities for the prior three years. The Organization recognizes income tax related interest in interest expense and penalties in operating expenses. During the years ended December 31, 2025 and 2024, the Organization recognized no income tax related interest or penalties.

Accounting 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 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 reporting period. Actual results could differ from those estimates.

Date of Management's Review
Subsequent events have been evaluated through October 7, 2026, which is the date the financial statements were available to be issued.

2. LIQUIDITY

The following represents the availability of the Organization's financial assets at December 31:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	$ 417,779	147,683
Accounts and grants receivable, net	451,172	595,152
Total financial assets at year-end	868,951	742,835
Less: Amounts not available for general expenditures within one year:		
Liquid net assets with donor purpose restrictions	(231,129)	(202,707)
Financial assets available for general expenditures within one year:	$ 637,822	540,128

To help manage unanticipated liquidity needs, the Organization has cash and cash equivalents on hand of approximately $418,000 as of December 31, 2025. The Organization's revenues are derived from a variety of sources including program service fees, grant funding, donations, and events. Management maintains detailed cash flow projections in order to anticipate liquidity needs throughout the year. The Organization also closely tracks expenditures in order to ensure it has the cash available to meet cash needs. The Organization has a $35,000 credit limit on credit cards that can be utilized in the event of an unanticipated critical cash flow situation, and the Organization has a line of credit for up to $200,000, of which $200,000 is available to draw on to meet cash flow needs as of December 31, 2025.

3. CONCENTRATIONS

The Organization received approximately 38% of its total revenue and support from three grantors in 2025, and approximately 39% of its total support and revenue from three grantors in 2024.

The Organization operates primarily in Washington state. Future operations could be affected by changes in economic or other conditions in that geographical area.

These notes are an integral part of the financial statements.

4. GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable consists of the following at December 31:

	2025	2024
Grants receivable	$ 452,172	596,152
Total	452,172	596,152
Less: Allowance for bad debts	(1,000)	(1,000)
	$ 451,172	595,152

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2025	2024
Greenhouse and improvements	$ 44,906	44,906
Leasehold improvements	205,950	195,809
Equipment	137,838	137,838
	388,694	378,553
Less: Accumulated depreciation	(242,356)	(214,507)
	$ 146,338	164,046

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	2025	2024
Subject to time restrictions:		
Time restricted - for use in subsequent year	$ -	-
Subject to purpose restrictions:		
Coalition for Organic and Regenerative Agriculture	28,760	-
Greenhouse renovations	25,250	-
Youth and family partnerships	75,000	94,652
Fiscally sponsored group - April Joy Farm	79,629	79,804
Fiscally sponsored group - April Joy Farm, property & equipment	20,983	24,001
Fiscally sponsored group - Grupo Asesor Latino & Vietnamese Team	3,244	3,251
WA State Organic and Sustainable Farmer Fund grants	13,744	25,000
Other	5,502	-
Total net assets with donor restrictions	$ 252,112	226,708

These notes are an integral part of the financial statements.

7. SALES

Sales consist of the following for the years ended December 31:

	2025	2024
Gross sales	$ 507,665	401,101
Less cost of sales	(202,826)	(183,641)
	$ 304,839	217,460

8. LEASES

Tilth Alliance has operating and finance leases for office space and certain equipment. These leases have remaining lease terms of 2 to 3 years and require monthly payments. The operating lease payments escalate by 3 percent annually. As of December 31, 2025 and 2024, right-of-use assets recorded under finance leases were $63,633 in both years, and accumulated amortization of right-of-use assets was $47,725 and $34,998, respectively. The Organization also has short-term operating leases for storage space and other equipment.

The Organization has entered into two agreements with the City of Seattle Department of Parks and Recreation for the use of certain garden and outdoor spaces. These agreements expire in 2027 and 2031 and are conditional upon the Organization providing certain types of programming and activities in the spaces. The agreements require annual payments totaling $75,000 for the use of space, which are forgivable in their entirety if the Organization provides at least that amount of benefits to the public in the leased space annually.

Lease contributions in future years are considered conditional on meeting annual performance barriers and, therefore, no future lease contributions have been recognized. Management has determined that the fair value of the space occupied during the years ended December 31, 2025 and 2024 was $75,000 and $75,000, respectively, of which $0 was paid in cash, and $75,000 was donated by the City of Seattle. Fair value measurements were based on similar rentals available in the same geographic region's marketplace.

The components of lease expense were as follows for the years ended December 31:

	2025	2024
Operating lease cost	$ 88,303	88,175
Short-term lease cost	11,516	3,090
In-kind lease expense	75,000	75,000
Finance lease costs:		
Amortization of ROU asset	12,727	12,727
Interest on lease liabilities	573	898
Total lease expense	$ 188,119	179,890

These notes are an integral part of the financial statements.

8. LEASES, continued

Other information related to leases was as follows for the years ended December 31:

	2025	2024
Weighted Ave. discount rate used - operating	4.32%	4.32%
Weighted Ave. discount rate used - finance	2.54%	2.54%
Remaining lease term (months) - operating	25 months	37 months
Remaining lease term (months) - finance	15 months	27 months
ROU asset - operating leases	$ 175,569	254,241
ROU asset - finance leases	15,908	28,635
Supplemental Cash Flow Information:		
Operating cash flows used by operating leases	$ 88,249	85,675
Operating cash flows used by finance leases	573	898
Financing cash flows used by finance leases	12,963	12,638

Future minimum lease payments under non-cancellable leases as of December 31, 2025 were as follows:

Years ending December 31:	Operating	Finance
2026	90,895	13,536
2027	93,613	3,384
2028	7,820	-
Total future minimum lease payments	192,328	16,920
Less: imputed interest	(8,129)	(248)
Total	$ 184,199	16,672

9. LINE OF CREDIT

In 2020, the Organization entered into a line of credit agreement for up to $200,000, which requires monthly interest-only payments and is due on demand. No amounts were drawn on the line of credit during 2025 or 2024, and the outstanding balance was $0 at December 31, 2025 and 2024.

10. COMMITMENTS AND CONTINGENCIES

The Organization periodically receives grants and contracts funded by local agencies. These grants and contracts are awarded for periods of up to three years. There is no assurance that grants and contracts currently awarded to the Organization will be awarded in the future. Revenues from these awards and contracts are subject to audits, which could result in adjustments to revenues or the potential for funds advanced to the Organization to be required to be returned to the grantor agencies.

These notes are an integral part of the financial statements.