

Urban Tilth

Financial Statements

December 31, 2024 and 2023

Urban Tilth

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Independent Auditors' Report

To the Board of Directors of
Urban Tilth

Opinion

We have audited the accompanying financial statements of Urban Tilth (the Organization), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 the Organization as of December 31, 2024 and 2023, 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 within 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 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 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.

Baker Tilly US, LLP

Los Angeles, California
August 29, 2025

Urban Tilth

Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash	\$ 168,082	\$ 8,793,179
Accounts receivable	425,243	68,777
Contributions and grants receivable, net	5,167,472	1,516,458
Prepaid expenses	117,457	113,625
Property and equipment, net	23,902,527	13,891,820
Note receivable from related party	1,659,819	1,696,666
Other assets	18,750	18,750
	<u>31,459,350</u>	<u>26,099,275</u>
Total assets	<u>\$ 31,459,350</u>	<u>\$ 26,099,275</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 490,804	\$ 1,731,951
Accrued liabilities	851,502	159,093
Notes payable	11,500,000	10,000,000
	<u>12,842,306</u>	<u>11,891,044</u>
Total liabilities	<u>12,842,306</u>	<u>11,891,044</u>
Net Assets		
Without donor restrictions	11,751,056	8,428,923
With donor restrictions	6,865,988	5,779,308
	<u>18,617,044</u>	<u>14,208,231</u>
Total net assets	<u>18,617,044</u>	<u>14,208,231</u>
Total liabilities and net assets	<u>\$ 31,459,350</u>	<u>\$ 26,099,275</u>

See notes to financial statements

Urban Tilth

Statement of Activities

Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support			
Revenue:			
Memberships	\$ 149,977	\$ -	\$ 149,977
Product sales	205,300	-	205,300
Other income	98,014	-	98,014
Total revenue	<u>453,291</u>	<u>-</u>	<u>453,291</u>
Support:			
Foundation grants	2,431,856	7,448,923	9,880,779
Government grants	1,056,814	296,246	1,353,060
Individual and corporate contributions	983,787	1,354,541	2,338,328
Total support	<u>4,472,457</u>	<u>9,099,710</u>	<u>13,572,167</u>
Net assets released from restrictions	<u>8,013,030</u>	<u>(8,013,030)</u>	<u>-</u>
Total revenue and support	<u>12,938,778</u>	<u>1,086,680</u>	<u>14,025,458</u>
Expenses			
Program services	7,213,690	-	7,213,690
Management and general	2,244,065	-	2,244,065
Fundraising	158,890	-	158,890
Total expenses	<u>9,616,645</u>	<u>-</u>	<u>9,616,645</u>
Change in net assets	3,322,133	1,086,680	4,408,813
Net Assets, Beginning	<u>8,428,923</u>	<u>5,779,308</u>	<u>14,208,231</u>
Net Assets, Ending	<u>\$ 11,751,056</u>	<u>\$ 6,865,988</u>	<u>\$ 18,617,044</u>

See notes to financial statements

Urban Tilth

Statement of Activities

Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support			
Revenue:			
Memberships	\$ 166,417	\$ -	\$ 166,417
Product sales	46,856	-	46,856
Other income	87,833	-	87,833
	<u>301,106</u>	<u>-</u>	<u>301,106</u>
Total revenue			
Support:			
Foundation grants	1,474,374	1,773,578	3,247,952
Government grants	339,168	10,100	349,268
Individual and corporate contributions	1,002,788	2,277,208	3,279,996
	<u>2,816,330</u>	<u>4,060,886</u>	<u>6,877,216</u>
Total support			
Net assets released from restrictions	9,286,775	(9,286,775)	-
	<u>12,404,211</u>	<u>(5,225,889)</u>	<u>7,178,322</u>
Total revenue and support			
Expenses			
Program services	7,978,786	-	7,978,786
Management and general	1,246,100	-	1,246,100
Fundraising	121,603	-	121,603
	<u>9,346,489</u>	<u>-</u>	<u>9,346,489</u>
Total expenses			
Change in net assets	3,057,722	(5,225,889)	(2,168,167)
Net Assets, Beginning	<u>5,371,201</u>	<u>11,005,197</u>	<u>16,376,398</u>
Net Assets, Ending	<u>\$ 8,428,923</u>	<u>\$ 5,779,308</u>	<u>\$ 14,208,231</u>

See notes to financial statements

Urban Tilth

Statement of Functional Expenses

Year Ended December 31, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits	\$ 4,015,127	\$ 1,004,778	\$ 81,625	\$ 5,101,530
Contribution expense	1,166,769	-	-	1,166,769
Professional fees	852,356	221,880	58,869	1,133,105
Depreciation expense	92,424	332,466	-	424,890
Occupancy	123,778	266,377	-	390,155
Other supplies	383,876	1,925	-	385,801
Insurance	845	196,967	-	197,812
Cost of goods sold	185,417	-	-	185,417
Events	166,074	11,724	-	177,798
Computer expense	33,868	77,154	11,856	122,878
Advertising	86,480	17,667	5,000	109,147
Office supplies	29,665	69,028	671	99,364
Vehicle expense	23,252	25,967	113	49,332
Travel	37,036	2,377	756	40,169
Licenses and fees	16,723	9,145	-	25,868
Interest expense	-	6,610	-	6,610
	<u>\$ 7,213,690</u>	<u>\$ 2,244,065</u>	<u>\$ 158,890</u>	<u>\$ 9,616,645</u>

See notes to financial statements

Urban Tilth

Statement of Functional Expenses
Year Ended December 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits	\$ 3,549,073	\$ 591,160	\$ 84,409	\$ 4,224,642
Contribution expense	2,744,180	-	-	2,744,180
Events	659,405	39,953	-	699,358
Occupancy	122,350	156,847	-	279,197
Professional fees	42,105	218,497	15,392	275,994
Other supplies	330,163	1,292	-	331,455
Cost of goods sold	152,035	-	-	152,035
Depreciation expense	116,344	34,487	-	150,831
Licenses and fees	125,663	9,484	-	135,147
Computer expense	44,017	44,974	14,549	103,540
Insurance	13,649	72,795	4,550	90,994
Office supplies	41,190	36,109	1,058	78,357
Advertising	36,222	13,135	1,645	51,002
Vehicle expense	2,390	25,702	-	28,092
Interest expense	-	1,290	-	1,290
Bad debt expense	-	375	-	375
	<u>\$ 7,978,786</u>	<u>\$ 1,246,100</u>	<u>\$ 121,603</u>	<u>\$ 9,346,489</u>

See notes to financial statements

Urban Tilth

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 4,408,813	\$ (2,168,167)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	424,890	150,831
Bad debt expense	-	375
Noncash contributions to related party	-	2,744,180
Changes in operating assets and liabilities:		
Accounts receivable	(356,466)	383,947
Contributions and grants receivable, net	(3,651,014)	369,714
Prepaid expenses	(3,832)	(52,899)
Accounts payable	(1,241,147)	1,585,824
Accrued liabilities	692,409	151,316
	<u>273,653</u>	<u>3,165,121</u>
Net cash provided by operating activities		
Cash Flows From Investing Activities		
Purchases of property and equipment	(10,435,597)	(12,584,352)
Payments on related party note receivable	36,847	-
	<u>(10,398,750)</u>	<u>(12,584,352)</u>
Net cash used in investing activities		
Cash Flow From Financing Activities		
Proceeds from notes payable	1,500,000	-
	<u>1,500,000</u>	<u>-</u>
Net cash provided by financing activities		
Net decrease in cash	(8,625,097)	(9,419,231)
Cash, Beginning	<u>8,793,179</u>	<u>18,212,410</u>
Cash, Ending	<u>\$ 168,082</u>	<u>\$ 8,793,179</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	<u>\$ 6,610</u>	<u>\$ 1,290</u>
Noncash Investing Activities		
Transfer of properties to related party in exchange for note receivable	<u>\$ -</u>	<u>\$ 2,196,666</u>

See notes to financial statements

Urban Tilth

Notes to Financial Statements
December 31, 2024 and 2023

1. Description of Business

Organization

Urban Tilth (the Organization) is a California nonprofit organization committed to educate diverse communities about organic gardening and to support a network of gardens dedicated to sustainable, local food production. Urban Tilth inspires, hires, and trains local residents to cultivate agriculture, feed our community, and restore relationships to land to build a more sustainable food system, within a just and healthier community.

2. Summary of Significant Accounting Policies

The summary of significant accounting policies presented below is designed to assist in understanding the Organization's financial statements. The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America for Not-for-Profit Organizations (GAAP).

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the functional allocation of expenses.

Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. The Organization did not have any net assets designated by the Board of Directors at December 31, 2024 and 2023.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, or are required to be maintained permanently by the Organization.

Cash and Cash Equivalents

The Organization considers all highly liquid short-term investments, with original maturity dates of three months or less when purchased to be cash equivalents. The Organization did not have any cash equivalents at December 31, 2024 and 2023.

Contributions, Grants and Accounts Receivable

Contributions and grants receivable are unconditional promises to give that are recognized as contributions or grants when the promise is received. Contributions and grants receivable that are expected to be collected in less than one year are reported at a net realizable value. Contributions and grants receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution or grant revenue.

Accounts receivable are stated at the amount management expects to collect from outstanding customer balances. Accounts are written off when it has been determined that all available collection avenues have been exhausted.

The Organization recognizes an allowance for credit losses for trade receivables to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on management's expectation as of the statement of financial position date. Receivables are written off when the Organization determines that such receivables are deemed uncollectible. The Organization pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Organization measures those receivables individually. The Organization also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Organization utilizes the loss rate method when determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Organization's historical loss experience. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions, and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and reasonable and supportable forecast period consider all the following: past due receivables, historical collection rates, the federal reserve projected change in real Gross Domestic Product (GDP) and National Credit Union Administration (NCUA's) most current loan loss to average asset ratio. For receivables that are not expected to be collected within the normal business cycle, the Organization considers current and forecasted direction of the economic and business environment.

During the years ended December 31, 2024 and 2023, the Organization experienced no credit losses. As of December 31, 2024 and 2023, accounts receivable are expected to be collected in full and no adjustments are considered necessary.

Property and Equipment

Property and equipment in excess of \$2,500, if purchased, are recorded at cost or, if donated, at fair market value at the time of receipt. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the related assets, ranging from three to twenty-eight years. Expenditures for major renewals and improvements that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Revenue Recognition

Support

Unconditional contributions and grants are recognized as revenue when the promise to give is made by the donor. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are excluded from support and revenues until the conditions are substantially met. At December 31, 2024 and 2023, the Organization had outstanding conditional promises to give in the amount of \$1,659,819 and \$1,696,666, respectively (refer to Note 9).

Contracts with Customers

Product sales, membership fees and service fee revenue are accounted for as contracts with customers. The Organization collects service fees for various events held and revenue is recorded as the event is held. Product sale revenue is recognized at the time of sale. Membership fee is recognized when dues are received from members on a weekly or monthly basis over the membership term. Amounts received in advance are recorded as deferred revenue.

Revenue recognition for services, membership and product sales is evaluated under Accounting Standards Codification (ASC) No. 606 through the following five steps:

- 1) identification of the contract or contracts with a customer;
- 2) identification of the performance obligations in the contract;
- 3) determination of the transaction price;
- 4) allocation of the transaction price in the contract; and
- 5) recognition of revenue when or as a performance obligation is satisfied. The Organization assesses the contract term as the period in which the parties to the contract have presently enforceable rights and obligations.

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 and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefits based on factors such as employee time and square footage.

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code, Section 23701d. Accordingly, it has not provided for income taxes in these financial statements.

Each year, management considers whether any material tax position the Organization has taken is more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any positions the Organization has taken are supported by substantial authority and, hence, do not need to be measured or disclosed in these financial statements.

Urban Tilth

Notes to Financial Statements
December 31, 2024 and 2023

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to current year presentation. Such reclassifications had no effect on previously ending net assets.

Subsequent Events

The Organization has evaluated subsequent events through August 29, 2025, which is the date the financial statements were approved and available to be issued.

3. Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash, accounts receivable and contributions receivable. The table below presents financial assets available to fund general operating expenditures within one year at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash	\$ 168,082	\$ 8,793,179
Accounts receivable	425,243	68,777
Contributions and grants receivable	5,167,472	1,516,458
Total financial assets	5,760,797	10,378,414
Donor restricted assets not available for use within one year	(4,390,000)	(331,000)
Total financial assets available to meet general expenditures within one year	<u>\$ 1,370,797</u>	<u>\$ 10,047,414</u>

4. Contributions and Grants Receivable

At December 31, 2024 and 2023, contributions and grants receivable consist of unconditional promises to give and have been recorded at their present values. Those receivables that are due in future periods have been discounted to their present values, using a discount rates ranging from 3 - 5% at December 31, 2024 and 2023. The receivables are expected to be collected as follows:

	<u>2024</u>	<u>2023</u>
Due in less than one year	\$ 1,783,500	\$ 1,208,577
Due in one to five years	2,600,000	331,000
Due in more than five years	1,790,000	-
Total contributions and grants receivable	6,173,500	1,539,577
Less discount to present value	(1,006,028)	(23,119)
Total	<u>\$ 5,167,472</u>	<u>\$ 1,516,458</u>

Urban Tilth

Notes to Financial Statements
December 31, 2024 and 2023

5. Property and Equipment

At December 31, 2024 and 2023, property and equipment consist of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 1,700,094	\$ 1,700,094
Land improvements	970,389	-
Building	5,625,767	3,636,485
Furniture and equipment	393,529	241,667
Vehicle	270,075	270,075
	<u>8,959,854</u>	<u>5,848,321</u>
Accumulated depreciation	<u>(679,732)</u>	<u>(254,842)</u>
	8,280,122	5,593,479
Construction in progress	<u>15,622,405</u>	<u>8,298,341</u>
Total	<u>\$ 23,902,527</u>	<u>\$ 13,891,820</u>

6. Notes Payable

In June 2022, the Organization entered into a loan agreement for \$6,000,000 with an unrelated party. The loan is noninterest bearing and has no specific timetable for it to be repaid.

In November 2022, the Organization entered into a loan agreement with an unrelated party, for a total borrowing of \$2,000,000. In December 2024, the Organization amended the loan agreement increasing the total available borrowing to \$5,000,000 and borrowed an additional \$1,500,000. The total amount borrowed of \$3,500,000 is to be repaid in full on or before December 2029 and is noninterest bearing.

In November 2022, the Organization entered into a loan agreement with the same unrelated party, for a total borrowing of \$1,000,000. The loan is to be repaid in full on or before November 2027 and is noninterest bearing.

In November 2022, the Organization entered into a loan agreement with an unrelated party for \$1,000,000. The loan is to be repaid in full on or before September 30, 2026 and is noninterest bearing.

At December 31, 2024 and 2023, outstanding notes payable amount to \$11,500,000 and \$10,000,000, respectively.

Future maturities of notes payable outstanding at December 31, 2024 were as follows:

Years ending December 31:	
2025	\$ -
2026	1,000,000
2027	1,000,000
2028	-
2029	3,500,000
Thereafter	<u>6,000,000</u>
Total	<u>\$ 11,500,000</u>

Urban Tilth

Notes to Financial Statements
December 31, 2024 and 2023

7. Net Assets With Donor Restrictions

At December 31, 2024 and 2023, net assets with donor restriction consists of the following:

	<u>2024</u>	<u>2023</u>
Time restricted	\$ 3,457,483	\$ 600,000
Time and purpose restricted:		
Richmond Our Power Coalition	1,259,682	496,500
Cooperation Richmond	450,307	-
Purpose restricted:		
Rich City Rides	519,595	1,207,252
Cooperation Richmond	452,188	216,726
Richmond Our Power Coalition	389,865	1,528,569
Wellness Fund	113,500	113,500
Magic Cabinet	77,241	101,968
Watersheds	69,706	46,915
ADA Garden Project	67,860	-
Greenway Gardens	7,400	234,967
RGrows	1,161	-
NRF Capital Campaign	-	1,169,444
Richmond High School Gardens	-	34,500
Verde Partnership Garden	-	24,000
Various Projects	-	4,967
Total	<u>\$ 6,865,988</u>	<u>\$ 5,779,308</u>

For the years ended December 31, 2024 and 2023, net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

	<u>2024</u>	<u>2023</u>
Time restricted	\$ -	\$ 34,000
NRF Capital Campaign	2,425,823	4,483,088
Rich City Rides	2,205,720	3,579,812
Richmond Our Power Coalition	1,861,547	320,611
HEAL	398,353	-
Greenway Gardens	364,600	17,480
Watersheds	208,152	149,605
Cooperation Richmond	196,127	317,307
Verde Partnership Garden	177,629	25,303
Richmond High School Gardens	34,500	-
ADA Garden Project	30,853	-
Moving Forward	28,182	-
Just Transition	28,150	123,750
Education	27,718	-
Magic Cabinet	24,727	45,360
RGrows	949	-
Various Projects	-	149,459
Wellness Fund	-	30,000
Nebeta Farm Project	-	10,000
Travel to Convening	-	1,000
Total	<u>\$ 8,013,030</u>	<u>\$ 9,286,775</u>

8. Concentrations

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, account receivable and contributions receivable. Cash balances with any one institution may, at times, be in excess of federally insured amounts (currently \$250,000 per depositor). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

At December 31, 2024, approximately 84% of the contributions receivable were from two donors. At December 31, 2023, approximately 73% of the contributions receivable were from four donors.

During the year ended December 31, 2024, the Organization received approximately 63% of its contributions from two donors. During the year ended December 31, 2023, the Organization received approximately 37% of its contributions from two donors.

9. Related Party Transactions

The Organization leases office space on a month-to-month basis from an entity affiliated with the Organization. During the years ended December 31, 2024 and 2023, the Organization paid \$13,200 and \$24,400, respectively.

During 2023, the Organization purchased properties previously being leased to its fiscally sponsored project, Rich City Rides (RCR), for a total purchase price of \$4,440,846. The properties were purchased with the intent to subsequently transfer them to Rich City, a new California nonprofit public benefit corporation formed to take over RCR from the Organization. The Organization purchased the building with cash, of which \$2,224,180 was raised through the RCR project.

On October 18, 2023, the properties were transferred to Rich City in exchange for a promissory note of \$2,196,666. In January 2025, the note was amended to increase the promissory note total to \$3,048,805. The promissory note matures on January 31, 2025, and bears an interest rate of 7%, which will begin to accrue on any unpaid balance after the maturity date. Subsequent to entering into the promissory note, RCR, still a fiscally sponsored project of the Organization at the time, raised an additional \$500,000 on behalf of Rich City to reduce the balance of the promissory note. As of December 31, 2024, the remaining balance on the note receivable was \$1,659,819.

The Organization recognized contribution expense of \$2,744,180 related to the transfer of properties to Rich City during the year ended December 31, 2023, which represents the portion of cash used to fund the initial purchase of the building in the amount of \$2,224,180 and subsequent donations of \$500,000 raised through the RCR project.

The remaining programs and operations of RCR will be transferred to Rich City in phases as Rich City is able to set up critical administrative systems.

In October 2022, the State of California's Strategic Growth Council Awarded the City of Richmond a \$35,000,000 Transformative Climate Communities Grant. The Organization was one of six non-profit organizations named as co-applicants with the City of Richmond in this grant. In November 2022, Urban Tilth's executive director was elected to the Richmond City Council and assumed office in January 2023, at which time the City of Richmond became a related party of the Organization. In August 2023, the Organization and RCR entered into grant agreements as a subgrantee of the Transformative Climate Communities (TCC) grant, for grants amounting to \$7,042,833 and \$3,680,567, respectively. The grants terminate on December 31, 2028. The Organization expended and recognized \$887,911 under these grants for the year ended December 31, 2024, of which \$194,063 is outstanding at December 31, 2024 and included in contributions and grants receivable on the statement of financial position.