Equitable Food Initiative (EFI)

Financial Statements
And
Independent Auditor's Report

For The Year Ended December 31, 2025

(With summarized comparative financial information for the year ended December 31, 2024)

TABLE OF CONTENTS

Independent Auditor's Report

To the Board of Directors
Equitable Food Initiative (EFI)
Washington, DC 20001

Opinion

We have audited the accompanying financial statements of the Equitable Food Initiative (EFI), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the EFI as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the EFI 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 EFI's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the EFI 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 EFI 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 EFI's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 18, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Abercrombie & Associates, LLC

Abercrombie & Associates, LLC
May 27, 2026
Silver Spring, MD

Equitable Food Initiative
Statement of Financial Position
December 31, 2025
(With summarized comparative financial information as of December 31, 2024)

	2025	2024
ASSETS		
Cash & cash equivalents	$ 950,574	$ 1,454,912
Grants & accounts receivable, net	45,659	322,298
Prepaid expenses	11,277	14,099
Unbilled revenue	133,023	-
Fixed assets (net)	1,582,685	1,111,081
Deposits	1,700	1,700
Other assets	20,352	-
TOTAL ASSETS	$ 2,745,270	$ 2,904,090
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	318,471	273,973
Deferred revenue	806,955	678,655
Total Liabilities	$ 1,125,426	$ 952,628
NET ASSETS		
Without donor restrictions	951,944	844,829
With donor restrictions	667,900	1,106,633
Total Net Assets	$ 1,619,844	$ 1,951,462
TOTAL LIABILITIES AND NET ASSETS	$ 2,745,270	$ 2,904,090

Equitable Food Initiative
Statement of Activities
For The Year Ended December 31, 2025
(With summarized comparative financial information for the year ended December 31, 2024)

Revenue	**Without Donor Restrictions**	**With Donor Restrictions**	**2025 Total**	**2024 Total**
Contributions and grants	$ 396,307	$ 550,000	$ 946,307	$ 2,123,657
In-kind contributions	226,000	-	226,000	-
Program income	2,401,265		2,401,265	2,157,959
Interest income	29,667	-	29,667	36,332
Other income	5,230	-	5,230	2,864
Net assets released from restrictions	988,733	(988,733)	-	-
Total Revenue and Support	4,047,203	(438,733)	3,608,469	4,320,811
Expenses				
Program service	2,868,444	-	2,868,444	2,402,566
Management and general	1,032,351	-	1,032,351	1,024,517
Fundraising	39,293	-	39,293	26,271
Total Expenses	3,940,088	-	3,940,088	3,453,354
Change in Net Assets	107,115	(438,733)	(331,618)	867,457
Net Assets, Beginning of Year	844,829	1,106,633	1,951,462	1,084,005
Net Assets, End of Year	$ 951,944	$ 667,900	$ 1,619,844	$ 1,951,463

The accompanying notes are an integral part of the financial statements

Equitable Food Initiative
Statement of Functional Expenses
For The Year Ended December 31, 2025
(With summarized comparative financial information for the year ended December 31, 2024)

	Program Expenses	Management & General Expenses	Fundraising Expenses	2025 Total Expenses	2024 Total Expenses
Salaries & benefits	$ 1,569,085	$ 814,090	$ 36,809	$ 2,419,984	$ 2,327,581
Consultants & professional fees	585,818	80,122	720	666,660	531,363
Rent	11,587	6,011	272	17,870	17,374
Information technology	57,118	43,996	-	101,114	11,927
Office supplies & equipment	48,702	37,899	281	86,882	68,126
Bad debt	10	-	-	10	3,066
Memberships & subscriptions	1,710	8,220	-	9,930	113,420
Depreciation	378,396	-	-	378,396	212,135
Insurance	13,098	6,795	307	20,200	22,466
Meetings	60,464	20,245	903	81,612	56,533
Travel	98,727	11,238	-	109,965	89,363
Other expenses	43,730	3,735	-	47,465	-
Total	$ 2,868,444	$ 1,032,351	$ 39,293	$ 3,940,088	$ 3,453,354

Equitable Food Initiative
Statement of Cash Flows
For The Year Ended December 31, 2025
(With summarized comparative financial information for the year ended December 31, 2024)

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	$ (331,618)	$ 867,457
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Bad debt expense	10	3,066
Depreciation and amortization	378,396	212,135
(Increase) decrease in:		
Grants and accounts receivable	276,628	46,623
Prepaid expenses	2,822	(6,702)
Unbilled revenue	(133,023)	-
Accounts payable & accrued expenses	44,498	(207,309)
Deferred revenue	128,300	44,471
Other assets	(20,352)	-
Net cash provided (used) by operating activities	345,662	959,742
Cash Flows from Investing Activities		
Purchase of fixed assets	(850,000)	(727,750)
Net cash provided (used) by investing activities	(850,000)	(727,750)
Increase (decrease) in Cash and Cash Equivalents	(504,338)	231,992
Cash and Cash Equivalents, Beginning of Year	1,454,912	1,222,920
Cash and Cash Equivalents, End of Year	$ 950,574	$ 1,454,912
Cash paid for interest	-	-

Note 1 – Organization and Summary of Accounting Policies

Organization

The Equitable Food Initiative (EFI) is a 501(c)(3) organization incorporated in 2015 under the laws of California. EFI brings together workers, growers and retailers in the effort to produce better fruits and vegetables. As produce farms comply with the EFI Standard – for improved working conditions, pesticide management, and food safety – the entire food system sees benefits, all the way from farm workers to consumers.

Basis of accounting

The financial statements of EFI have been prepared on the accrual basis of accounting in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 Presentation of Financial Statements for Not-for-Profit Entities.

Tax status

EFI has been granted exemption by the Internal Revenue Service (IRS) from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the EFI is not a private foundation. EFI is required to report unrelated business income to the Internal Revenue Service and the District of Columbia.

Uncertain tax positions

The Financial Accounting Standards Board (FASB) has released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the year ended December 31, 2025, EFI has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. The Federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service generally for three years after it is filed. Tax years ending December 31, 2024, 2023 and 2022 remain open with both Federal and state taxing authorities.

Cash and Cash equivalents

For financial statement purposes, cash and cash equivalents include operating cash accounts, petty cash and highly liquid, short-term instruments with original maturities of three months or less.

Functional Allocation of Expenses

The cost of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administrative costs have been allocated, when appropriate, to the programs and supporting services proportionately based on direct personnel costs.

Note 1 – Organization and Summary of Accounting Policies (continued)

Net Assets

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entitie*s. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than EFI's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Revenue recognition

The majority of EFI's revenue is received through contributions. EFI performs an analysis of the contribution to determine if the revenue stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or not reciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.

For contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are show as net assets with donor restrictions in the accompanying financial statements.

Property and equipment

Property and equipment consist of furniture, office equipment, computer equipment and intangible assets recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. EFI's capitalization policy currently records property and equipment acquisitions over $5,000 with an expected life of more than a year.

Note 1 – Organization and Summary of Accounting Policies (continued)

Donated services, goods and facilities

Donated professional services are reflected in the statement of activities at their fair value. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Fair value measurement

EFI adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurement. EFI accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 the revenue and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses

The cost of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administrative costs have been allocated, when appropriate, to the programs and supporting services proportionately based on direct personnel costs.

Note 2 – Liquidity

Financial assets available for general expenditure, that is, without donor or restrictions limiting their use, within one year of the statement of financial position, comprise the following:

	2025	2024
Cash & cash equivalents	$ 950,574	$ 1,454,912
Grants & accounts receivable, net	45,659	322,298
Less: Amount restricted for donor designations	(667,900)	(1,106,633)
Net Financial Assets Available within one year	$ 328,334	$ 670,577

As noted above, the assets available are at a point in time. Organization commitments, budgeted projects and operating leases need to be considered when evaluating the financial resources of the organization. As part of EFI's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3 - Concentration of Credit Risk

Financial instruments that potentially expose EFI to concentrations of credit risk consist primarily of cash and cash equivalents. Bank deposit accounts at one institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. Management believes the risk is managed by maintaining all deposits with high quality financial institutions. EFI has not experienced, nor does it anticipate any loss of funds from its current concentration of risk.

Note 4 – Accounts Receivable, Net

Accounts receivable consists of multiple contracts that are recognized in the period where the service is performed, less any applicable allowance for doubtful accounts. EFI uses the allowance method to account for uncollectible receivables. Receivables are determined uncollectible based on management's review.

	2025	2024
Accounts recievable due in less than one year	$ 45,659	$ 275,780
Less: Present value discount	-	-
Accounts receivable, net of PV discount	$ 45,659	$ 275,780

Note 5 – Fixed Assets

Fixed Assets consist of the following at December 31, 2025:

	2025	2024
Fixed asset software	$ 2,193,750	$ 1,343,750
Less: Accumulated depreciation	(611,065)	(232,669)
Fixed Assets, Net	$ 1,582,685	$ 1,111,081

Depreciation expense for the year ended December 31, 2025, was $378,396.

Note 6 - Net Assets Released From Restrictions

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors for the year ended December 31, 2025.

	2025	2024
Program purpose	$ 988,733	$ 1,270,889
Total Net Assets Released	$ 988,733	$ 1,270,889

Note 7 – Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31, 2025:

	2025	2024
Program purpose	$ 667,900	$ 1,106,633
Total Net Assets Restricted	$ 667,900	$ 1,106,633

Note 8 - Commitments

EFI leases their office space in Washington, DC under a month-to-month operating lease. Rent expense for the year ended December 31, 2025, was $17,870.

Note 9 - Retirement Plan

EFI will make a fixed contribution to a recognized 403b or 401k plan equivalent to 5% of salary for full-time employees. Employees are 40% vested after one year, 60% after two years, 80% after three years, and full vested four years after the initial hire date.

EFI's contribution was $105,203 for 2025.

Note 10 - In-kind Contributions

In kind contributions for the year ended December 31, 2025, were used in the following functional areas:

	Program Expenses	Management & General Expenses	Fundraising Expenses	Total Expenses
Legal expenses	$ 226,000	$ -	$ -	$ 226,000
	$ 226,000	$ -	$ -	$ 226,000

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or require specialized skills that would need to be purchased if not donated. Contributed services comprised of legal expenses. Such services are valued and reported at the estimated fair value in the financial statements based on current rates for similar services.

Note 11 – Revenue from Contracts

Program revenue is derived from contracts with licensees and is recognized when the programs are provided to the customers or usage of licensed “Marks” and / or “Materials” via licensing agreements. Contracts with licensees were evaluated using the practical expedient of a portfolio approach because each contract is with an individual licensee with similar characteristics that is carried out on a consistent basis. The following table disaggregates EFI’s revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2025:

	2025	2024
Performance obligations satisfied at a point in time		
Programs with licensees	$ 1,837,458	$ 1,668,567
Performance obligations satisfied over time		
Licensing agreements	563,808	489,392
Total	$ 2,401,265	$ 2,157,959

Note 12 – Deferred Revenue

Deferred Revenue (also called Unearned Revenue) is generated by receiving payment for goods and/or services that have not been delivered or completed. In accrual accounting, revenue is only recognized when it is earned. The Deferred Revenue account is comprised of advance payments for the Program Income: Grower/Licensing fees. Deferred Revenue for the year ended December 31, 2025, was $806,955.

Note 13 – Unbilled Revenue

Unbilled receivables represent revenue recognized for services performed or goods delivered that have not yet been invoiced to the customer as of the balance sheet date. These amounts are transitioned to accounts receivable when the right to billing becomes unconditional, typically upon the achievement of specific milestones or at periodic intervals defined in the contract. Unbilled Revenue for the year ended December 31, 2025, was $133,023.

Note 14 - Subsequent Events

In preparing these financial statements, EFI has evaluated events and transactions for potential recognition or disclosure through May 27, 2026, the date the financial statements were issued.