

CALIFORNIA FARMLINK

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

YEARS ENDED DECEMBER 31, 2025 AND 2024

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of California FarmLink, a California nonprofit public benefit corporation, 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 financial statements present fairly, in all material respects, the financial position of California FarmLink as of December 31, 2025 and 2024, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California FarmLink 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 California FarmLink's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on pages 34 through 36, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2026 on our consideration of California FarmLink's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of California FarmLink's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California FarmLink's internal control over financial reporting and compliance.

Lindquist, von Husen and Joyce LLP

May 19, 2026

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Current assets:		
Cash:		
Operating cash	\$ 4,402,701	\$ 4,255,410
Loan funds (Note 3)	10,560,679	2,886,976
Restricted cash – credit loss reserves (Note 4)	1,874,845	833,306
Total cash	16,838,225	7,975,692
Contributions and contracts receivable – current portion (Note 5)	560,986	2,982,016
Prepaid expenses and other current assets (Note 13)	118,670	534,245
Notes and interest receivable, net – current portion (Note 6)	5,248,008	3,353,939
Total current assets	22,765,889	14,845,892
Contributions and contracts receivable – net of current portion (Note 5)	135,000	-
Notes receivable, net – net of current portion (Note 6)	26,693,195	26,341,005
Property and equipment – net of accumulated depreciation (Note 7)	729,308	506,018
Right-of-use asset – operating leases (Note 9)	230,296	266,156
Total assets	\$50,553,688	\$ 41,959,071
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses (Note 13)	987,437	\$ 1,138,643
Interest payable (Note 8)	148,848	175,501
Notes payable – term loans – current portion (Note 8)	6,175,046	307,550
Deferred revenue (Notes 2 and 3)	1,108,771	1,161,289
Operating lease liability – current portion (Note 9)	40,740	35,859
Total current liabilities	8,460,842	2,818,842
Notes payable – term loans – net of current portion (Note 8)	24,337,580	22,651,293
Notes payable – equity-equivalent loan (Note 8)	1,000,000	1,000,000
Operating lease liability – net of current portion (Note 9)	189,556	230,296
Refundable borrower advance liabilities (Note 13)	264,776	150,000
Total liabilities	34,252,754	26,850,431
Net assets:		
Without grantor restrictions	14,634,849	9,764,163
With grantor restrictions (Note 10)	1,666,085	5,344,477
Total net assets	16,300,934	15,108,640
Total liabilities and net assets	\$50,553,688	\$ 41,959,071

The accompanying notes are an integral part of these financial statements.

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	<i>Without Grantor Restrictions</i>	<i>With Grantor Restrictions</i>	<i>Total</i>	<i>Without Grantor Restrictions</i>	<i>With Grantor Restrictions</i>	<i>Total</i>
Support and revenue:						
Grant funds – operating	\$ 2,563,482	\$ 2,778,191	5,341,673	\$ 2,148,246	\$ 2,583,612	\$ 4,731,858
Grant funds – loan fund equity	-	200,000	200,000	-	100,000	100,000
Donations – cash	104,696	-	104,696	49,839	-	49,839
Interest income	1,782,086	-	1,782,086	1,354,019	-	1,354,019
Program revenue	453,649	-	453,649	426,061	-	426,061
Interest income – savings	401,583	-	401,583	201,999	-	201,999
Other (Note 13)	23,292	-	23,292	1,920	-	1,920
Net assets released from restriction (Note 10)	6,656,583	(6,656,583)	-	3,808,969	(3,808,969)	-
Total support and revenue	<u>11,985,371</u>	<u>(3,678,392)</u>	<u>8,306,979</u>	<u>7,991,053</u>	<u>(1,125,357)</u>	<u>6,865,696</u>
Expenses:						
Program services:						
Lending	2,614,352	-	2,614,352	2,121,871	-	2,121,871
Land and Business	2,588,887	-	2,588,887	2,408,634	-	2,408,634
Supporting services:						
Management and general	965,118	-	965,118	742,373	-	742,373
Fundraising	946,328	-	946,328	1,191,582	-	1,191,582
Total expenses	<u>7,114,685</u>	<u>-</u>	<u>7,114,685</u>	<u>6,464,460</u>	<u>-</u>	<u>6,464,460</u>
Change in net assets	4,870,686	(3,678,392)	1,192,294	1,526,593	(1,125,357)	401,236
Net assets, beginning of year	<u>9,764,163</u>	<u>5,344,477</u>	<u>15,108,640</u>	<u>8,237,570</u>	<u>6,469,834</u>	<u>14,707,404</u>
Net assets, end of year	<u>\$14,634,849</u>	<u>\$ 1,666,085</u>	<u>\$16,300,934</u>	<u>\$ 9,764,163</u>	<u>\$ 5,344,477</u>	<u>\$15,108,640</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025						Total
	Program Services			Supporting Services			
	Lending Program	Land and Business Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 1,123,108	\$ 1,295,377	\$ 2,418,485	\$ 580,994	\$ 472,905	\$ 1,053,899	\$ 3,472,384
Employee benefits and payroll taxes	304,343	351,024	655,367	157,439	128,150	285,589	940,956
Professional fees	141,353	580,939	722,292	74,942	190,908	265,850	988,142
Interest	424,708	-	424,708	-	-	-	424,708
Computer and IT	94,193	40,982	135,175	22,165	41,607	63,772	198,947
Office expenses	41,383	49,464	90,847	11,215	33,587	44,802	135,649
Travel	39,210	42,165	81,375	24,066	12,525	36,591	117,966
Accounting and legal	36,585	28,607	65,192	37,334	11,663	48,997	114,189
Occupancy	28,103	50,181	78,284	13,915	11,761	25,676	103,960
Conferences and training	22,801	31,631	54,432	25,061	10,628	35,689	90,121
Loan service fees	63,226	-	63,226	-	-	-	63,226
Insurance	15,824	19,853	35,677	11,183	5,855	17,038	52,715
Advertising and promotion	3,131	6,204	9,335	2,532	23,312	25,844	35,179
Grants	31,729	-	31,729	-	-	-	31,729
Program incentives	7,400	15,900	23,300	-	-	-	23,300
Supplies	518	6,061	6,579	-	139	139	6,718
Total operating expenses before depreciation and increase (decrease) in provision for credit losses	2,377,615	2,518,388	4,896,003	960,846	943,040	1,903,886	6,799,889
Increase (decrease) in provision for credit losses (Note 6)	228,038	-	228,038	-	-	-	228,038
Depreciation	8,699	70,499	79,198	4,272	3,288	7,560	86,758
Total expenses	<u>\$ 2,614,352</u>	<u>\$ 2,588,887</u>	<u>\$ 5,203,239</u>	<u>\$ 965,118</u>	<u>\$ 946,328</u>	<u>\$ 1,911,446</u>	<u>\$ 7,114,685</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2024						Total
	Program Services			Supporting Services			
	Lending Program	Land and Business Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 1,050,608	\$ 866,586	\$ 1,917,194	\$ 460,274	\$ 751,641	\$ 1,211,915	\$ 3,129,109
Employee benefits and payroll taxes	275,848	218,594	494,442	40,443	176,903	217,346	711,788
Professional fees	109,378	906,147	1,015,525	78,735	60,874	139,609	1,155,134
Interest	356,157	-	356,157	-	-	-	356,157
Computer and IT	85,875	70,833	156,708	35,717	61,438	97,155	253,863
Office expenses	30,330	25,020	55,350	13,153	21,701	34,854	90,204
Travel	30,397	65,266	95,663	12,990	16,615	29,605	125,268
Accounting and legal	37,085	42,519	79,604	22,022	14,287	36,309	115,913
Occupancy	50,247	41,446	91,693	21,362	35,948	57,310	149,003
Conferences and training	23,553	19,427	42,980	10,319	16,428	26,747	69,727
Loan service fees	22,302	-	22,302	-	-	-	22,302
Insurance	15,450	12,744	28,194	6,323	11,053	17,376	45,570
Advertising and promotion	355	2,315	2,670	-	18,098	18,098	20,768
Grants	40,000	-	40,000	-	-	-	40,000
Program incentives	3,500	115,625	119,125	-	-	-	119,125
Supplies	33	14,109	14,142	-	-	-	14,142
Recruiting	23,167	1,112	24,279	37,627	619	38,246	62,525
Total operating expenses before depreciation and increase (decrease) in provision for credit losses	2,154,285	2,401,743	4,556,028	738,965	1,185,605	1,924,570	6,480,598
Increase (decrease) in provision for credit losses (Note 6)	(40,760)	-	(40,760)	-	-	-	(40,760)
Depreciation	8,346	6,891	15,237	3,408	5,977	9,385	24,622
Total expenses	<u>\$ 2,121,871</u>	<u>\$ 2,408,634</u>	<u>\$ 4,530,505</u>	<u>\$ 742,373</u>	<u>\$ 1,191,582</u>	<u>\$ 1,933,955</u>	<u>\$ 6,464,460</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 1,192,294	\$ 401,236
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	86,758	24,622
Amortization of right-of-use asset – operating leases	35,860	25,206
(Increase) decrease in assets:		
Contributions and contracts receivable	2,286,030	(303,060)
Prepaid expenses and other current assets	415,575	(76,491)
Interest receivable	(103,777)	(56,149)
Provision for credit losses	203,831	(111,356)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(204,920)	147,280
Interest payable	(26,653)	47,015
Deferred revenue	(52,518)	(3,909)
Operating lease liability	(35,859)	(25,542)
Refundable borrower advance liabilities	114,776	(60,000)
Net cash provided by operating activities	3,911,397	8,852
Cash flows from investing activities:		
Purchase of property and equipment	(256,334)	(265,407)
Notes receivable disbursed	(13,368,512)	(15,525,281)
Collection of notes receivable	11,022,199	7,211,647
Net cash used in investing activities	(2,602,647)	(8,579,041)
Cash flows from financing activities:		
Payment of notes payable	(592,672)	(1,639,440)
Proceeds from notes payable	8,146,455	4,301,973
Payment of line of credit	-	(1,400,000)
Proceeds from line of credit	-	1,400,000
Net cash provided by financing activities	7,553,783	2,662,533
Net increase (decrease) in cash	8,862,533	(5,907,656)
Cash, beginning of year	7,975,692	13,883,348
Cash, end of year	\$16,838,225	\$ 7,975,692
Supplementary information:		
Cash paid for interest	\$ 450,346	\$ 309,142
Noncash investing and financing activities:		
Assets acquired by assuming short-term liabilities	\$ 53,714	\$ 218,896

The accompanying notes are an integral part of these financial statements.

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

California FarmLink (FarmLink), a California nonprofit public benefit corporation, was formed in 1999. As a Community Development Financial Institution, its mission is to invest in the prosperity and well-being of farmers, ranchers, and fishers who have limited access to financial resources. FarmLink's programs promote just and resilient economies and natural resource conservation. FarmLink offers fair financing, business education, and support for owning or managing agricultural land.

FarmLink works throughout California, with particular focus on the Central Coast and in the Sacramento and San Joaquin valleys, and the North Bay region.

FarmLink's work is accomplished through a Lending Program, and Land and Business Programs.

Lending Program. The Lending Program provides flexibly structured financing to underserved, low income, beginning farmers, ranchers and fishers across California for operating, equipment, infrastructure, and land purchases. This program began in 2005 when FarmLink identified a lack of access to financing as one of the top obstacles faced by small-scale and low-income farmers. Through partnerships with lenders, FarmLink initially developed a farm loan fund to provide financing to underserved growers.

During the first five years of the program, FarmLink raised lending capital and lent it to partnering lending institutions who acted as the lender of record to make loans to small farmers. In 2010, FarmLink obtained its lending license from the California Department of Corporations, and secured guaranteed lender status from the United States Department of Agriculture (USDA) Farm Service Agency (FSA) in 2011. In 2013, FarmLink received certification from the U.S. Department of the Treasury as a Community Development Financial Institution (CDFI). A CDFI is a specialized financial institution that works in markets that are underserved by traditional financial institutions. With this certification, FarmLink is eligible to access financial and technical assistance awards from the U.S. Department of Treasury's CDFI Fund. To maintain good standing under this program, FarmLink is required to make at least 60% of its annual loan originations and dollar volume to an eligible "target market" of business borrowers. In 2013, FarmLink identified low-income and Latine business borrowers as its target market.

FarmLink's Lending Program serves borrowers who would otherwise have a difficult time securing financing due to limited history as entrepreneurs, limited traditional collateral, little or no credit history, small loan size, language barriers, or non-traditional marketing and business models. FarmLink also directs farmers to other appropriate sources of financing suited to the scale and type of the business.

In 2025, FarmLink originated 55 loans (\$11,512,166 in total volume) with an average size of \$209,312. In 2024, FarmLink originated 40 loans (\$13,388,874 in total volume) with an average size of \$334,721. In 2025, 78% of loan originations served its target market, comprising 65% of annual loan volume. In 2024, 80% of loan originations served its target market, comprising 82% of annual loan volume deployed.

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FarmLink also focuses on generating pathways to land ownership and helping farmers, and ranchers plan for lower-interest land loans and other means to establish secure long-term land tenure. With secure land tenure, farmers can build financial equity by investing in improvements to soil health, farm infrastructure and on-farm housing. Of the \$6.04 million FarmLink deployed in 12 land loans to businesses in 2025, 83% of loan originations supported land financing for low-income farm businesses, and farm businesses owners of color.

FarmLink also manages the California Fisheries Fund (CFF), with funding and oversight from the California Ocean Protection Council. In 2025, FarmLink deployed \$506,910 through six loans through the program, with 83% of loan originations supporting low-income fishing businesses and fisher business owners of color. At the end of 2025, FarmLink was servicing an outstanding portfolio of 27 loans and \$2,750,489. FarmLink prioritizes loans to beginning, low-income and disadvantaged small-scale fishers. Fishers from the coastal communities of the Monterey Bay and Southern California regions are diverse in ethnicity (Latino, Sicilian, Vietnamese), and many come from multi-generational fishing families. Similar to small-scale agriculture, the average age of fishers is 55-60, there are considerable barriers to starting a business, a complex regulatory environment, and a challenge to retain these businesses for the next generation. In 2024, FarmLink deployed \$944,093 through seven loans to small-scale fishers.

Land and Business (LAB) Programs: There are three related Land and Business Programs: Equity and Conservation on Working Lands (ECWL), Resilience and Wealth Building (RWB), and Business and Innovation (B&I). In 2025, FarmLink staff provided direct, individualized technical assistance to 460 farmers and ranchers across these programs. Throughout its programming, FarmLink uses a client-centric service philosophy to harness the organizational pillars of land, capital and education toward the overall goal of business stability, operational advancement, and overall risk management of the organization's growing loan portfolio.

Equity and Conservation on Working Lands:

Land Access: FarmLink increases opportunities for California's small-scale and beginning farmers to obtain secure, affordable, long-term access to farmland through lease or purchase. FarmLink applies proven strategies to help landholders work with beginning and small-scale farmers, including ways to identify a qualified tenant, how to assess a property, and best practices for developing an equitable lease agreement. FarmLink's Land Portal offers a bilingual online community to connect qualified businesses with land available for lease or sale, and staff facilitate the development and negotiation of strong and equitable lease agreements, and support farmers with financing and negotiating land purchases. Since 2011, FarmLink staff have developed 648 successful leases or purchases tailored to the needs of landholders and growers.

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Conservation: FarmLink increases opportunities for California’s small-scale and beginning farmers to participate in programs designed to help them adopt practices that protect and improve natural resources, soil health, water quality and biodiversity. Important aspects of the work include deepening partnerships with land trusts, Resource Conservation Districts (RCDs) and other conservation organizations, and originating loans designed to support regenerative farming practices. In 2025, FarmLink deployed \$1,133,331 in nine conservation loans to eight borrowers. Conservation Loans are designed to help farmers implement conservation and climate-smart practices, and serve as the financial bridge between Federal, State, or local programs that require upfront out-of-pocket costs as reimbursement-based grants. FarmLink’s financing helps cover those costs until the farmer is reimbursed.

Succession: The California Department of Conservation estimates that close to 50,000 acres of California’s agricultural land is taken out of production each year, most of it converted to urban, highly developed, and low-density residential uses. Most agricultural land leaves agriculture in the years immediately following the death of the primary operator, often because the family has not made a plan to ensure the land will remain in the family or in agriculture. “The Regenerator: A Year of Farm Succession Planning” is designed to support farm families in planning to ensure that their lands can remain in productive agriculture. Participants convene monthly to learn from professionals, compare notes with their peers, and work step-by-step to plan for their estate’s future, and the health and continuity of their working farms and ranches. Each family receives substantial mediation and facilitation support from California Agricultural Mediation Program, and \$1,800 is provided for legal and accounting fees. At the end of the program, each member of the senior generation is expected to have a current will, trust, power of attorney, and advanced medical directive, and each family has a detailed plan for transitioning knowledge, access and authority in daily operations.

Resilience and Wealth Building:

FarmLink’s Resilience and Wealth Building program assists farmers, ranchers and fishers in understanding the legal and financial structure of their businesses, and helps them establish practices that will ensure the farm, ranch or fishing business is resilient to financial and legal risks, and able to remain viable over the long-term.

The two main Resilience and Wealth Building programs are the English-language *Resilerator*[™] and the Spanish-language *Resilerador*[™]. Both programs are cohort-based and include group learning and one-on-one technical assistance. The goal is to build financial stability, including the ability to recover from short-term setbacks, the ability to save for retirement and the ability to pass wealth to future generations. During 2025, a total of 47 farm, ranch and fisher businesses completed the two programs. Due to high demand from applicants in the *Resilerator*[™] program, and demonstrated skill levels by applicants, FarmLink hosted two parallel tracks in its English-language offering, one for beginners and one for more advanced business owners.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

Both the English and Spanish language programs utilize a comprehensive self-assessment tool, the FarmLink Business Resilience Self-Assessment, to help participants set learning goals and to assist in long-term evaluation of how educational programming supports future business success. FarmLink engages leadership from agricultural business advisors from the communities FarmLink serves, as well as program alumni serving as peer-based guest instructors, to design and deliver programming that is responsive to how a cohort of participants learn new skills and behaviors.

FarmLink also offers an advanced business education program called the Employment Resilerator™ and *Resilerador Labora*™. These programs are cohort-based and available to graduates of the Resilerator™ and *Resilerador*™. Participants receive ten weeks of instruction on labor management for farm business employers as well as financial incentives to help them adopt new practices. The programs are designed with an emphasis on helping participants to become high-quality employers, and make improvements in the workplace to create high-quality jobs. Between 2023-25, FarmLink supported 49 small businesses in implementing job quality improvements.

In 2025, FarmLink offered its first Bookkeeping in Practice training program, designed to help farmers, ranchers, and fishers strengthen their financial management skills using QuickBooks accounting tools. Participants learn how to set up or clean up their bookkeeping systems, enter income and expenses, track assets, and complete monthly reconciliations. Coursework focuses on practical application, empowering participants to build reliable systems that support cash flow management and long-term business resilience through practical application of the software. In 2025, a total of nine businesses set up or improved their business bookkeeping.

Business and Innovation:

FarmLink's Business and Innovation program houses new and emerging programs.

SolarFresco™ is a new program to help small-scale farmers and farmers of color to lead the transition to climate-smart cooling. The SolarFresco program helps low-income farmers acquire low, or no-cost solar-powered coolers to build wealth, profitability, and sustainability, while lowering their carbon footprint. These investments strengthen food systems by helping farmers reduce food waste and reliance on conventional power, build equity in real assets, and sustain sales in more profitable markets. Affordable solar coolers free farmers from reliance on coolers owned by others, allowing them to decrease costs, realize higher prices, and manage time more efficiently. Solar coolers also lower a farms' carbon footprint by reducing food waste and decreasing reliance on conventional energy.

The SolarFresco program includes access to substantial education and other direct support to help farmers manage the coolers as strategic assets to improve long-term operational sustainability and profitability. FarmLink will expand and sustain the program utilizing investments and grant funds from foundations, and applicable state cost-share and tax credit programs. From 2024-25, FarmLink installed six (6) on-farm units, with additional units to be installed in early 2026. (see Note 7).

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Disaster Response and Preparedness: In 2025, FarmLink directly supported 19 farm businesses in accessing relief grants in collaboration with local community foundations. Since 2023, FarmLink has provided seasonal storm and drought relief in collaboration with local community foundations. Extreme events such as the 2023 flooding, particularly in the Pajaro Valley and surrounding region, can have deleterious impacts on small-scale mixed vegetable and berry producers across multiple seasons. From 2023-25, FarmLink has provided relief to 29 businesses that were ineligible for available public programs.

Business Skills Development: In 2024, FarmLink established the Business Skills Development Program to provide individual technical assistance for aspirant loan applicants to consider financing, and overall borrower business health and resilience once they obtain a FarmLink loan. Due to their size and scale, many clients face unique challenges—particularly in accessing capital, maintaining consistent financial records, and planning for growth. Addressing these barriers is essential to ensuring their long-term sustainability and financial resilience. This program assesses client capacities during intake, supports streamlined processes for client referral across the organization, and helps clients chart a course towards identifying and accomplishing their goals for business skills development.

In 2025, FarmLink established an initial cohort of four businesses to participate in the “2025 Tax Pilot,” which supports the collection and organization of financial information needed to complete their 2025 tax returns using our Farm Tax Organizer. Once tax filings are complete, California FarmLink will conduct tax reviews focused on wealth-building strategies and use the results to support the client in developing their business and personal financial goals. Additionally, these four clients (along with a 5th) will participate in a “2026 Bookkeeping Pilot,” which includes working closely with an experienced bookkeeper to accurately record day-to-day business transactions and conduct month-end reviews. These reviews support wealth building by helping clients better understand cash inflows and outflows, plan for upcoming capital needs, and determine when to reinvest or set aside as business savings.

Also central to the Business Skills Development approach is a newly developed curricula called Paso a Paso. Paso a Paso is designed primarily for developing foundational business skills to prepare clients to access loans, grants, and other programs and services both within and outside of FarmLink—all while adhering to FarmLink policies and procedures in a way that is both transparent, consistent, and collaborative. In 2025, FarmLink supported 65 businesses in developing new business skills to support their ability to use financial records to consider applying for credit, and actively plan and manage a successful farm business.

Train the Trainer Programs: In developing a growing ecosystem of business support to serve agriculture and fishing businesses, FarmLink convened a cohort of 26 business service providers and professionals from across California, and an additional six states, to learn how to best support farmer and fisher entrepreneurs across business management topics. Participants learn how to address common questions, and what questions to ask, in order to dig deeper into a client’s unique situation. This series addresses business structures, accounting and bookkeeping, taxation, cash flow management, labor and insurance, and environmental regulation.

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Inherent Risks

FarmLink is vulnerable to the inherent risks associated with substantial reliance on federal and state funding, federal and state loan guarantee programs, competitive foundation grants, and contributions from individuals, banks, and other corporations.

FarmLink generated fee and interest income of \$2,650,477 in 2025 and \$2,090,332 in 2024, representing 30% of gross revenue for both years. These ratios are calculated and monitored monthly. Additional analysis is performed and monitored quarterly to include revenues invoiced through government contracts and subcontracts.

Revenue from state and federal programs was \$3,326,044 in 2025, and \$1,876,496 in 2024 representing 37% and 27% of gross revenue, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

FarmLink uses the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

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.

Basis of Presentation

FarmLink reports information regarding its financial position and activities according to two classes of net assets, as applicable: Net assets without grantor restrictions and net assets with grantor restrictions.

- Net assets without grantor restrictions include those assets over which the Board of Directors has discretionary control in carrying out the operations of FarmLink.

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- Net assets with grantor restrictions include those assets subject to grantor restrictions and for which the applicable restrictions were not met as of the end of the current reporting period. Some grantor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the grantor. When a grantor restriction expires – that is, when a stipulated time restriction ends or purpose restriction is accomplished – net assets with grantor restrictions are reclassified to net assets without grantor restrictions and reported in the statements of activities as *net assets released from restrictions*. Other grantor-imposed restrictions are perpetual in nature, where the grantor stipulates the resources be maintained in perpetuity. FarmLink has no net assets with non-expiring grantor restrictions as of December 31, 2025 and 2024.

Revenue Recognition

Grants and donations are recognized as income when a grantor communicates an unconditional promise to make a gift. A promise is unconditional if it does not require FarmLink to take any material additional action in order for the gift to be completed. A transaction is considered to be a gift if the funder has no expectation of receiving any value in exchange for work to be performed or assets to be transferred.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Grants are recorded at their fair value as support and revenue and are presented in the statements of activities using a two-column presentation to indicate amounts with and without grantor restrictions.

A restriction expires when the purpose of the restriction is accomplished, or when a stipulated time period has passed. Once a restriction expires, net assets with grantor restrictions are reclassified to net assets without grantor restrictions and are reported in the statements of activities as net assets released from restrictions.

Donated non-cash assets are recognized and recorded as support and revenue at their fair values in the period received. Donated services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded as grants at their fair values in the period received. FarmLink did not receive donations in kind during 2025 and 2024.

Deferred Revenue

FarmLink's deferred revenue balance was \$1,108,771 and \$1,161,289 as of December 31, 2025 and 2024, respectively. The December 2025 balance includes \$1,081,198 of California Ocean Protection Council (OPC) funds, which is a revolving loan fund investment (see Note 3), and \$27,573 of grant funds received in advance of researching and publishing an analyses on financial models, industry dynamics, and market-level risks inherent to aquaculture operations that provides a framework for business development between operators and funders (see Note 3).

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FarmLink manages the CFF portfolio utilizing various funding sources, including an investment of taxpayer funds authorized by the OPC and an unrestricted grant from the Environmental Defense Fund (EDF) (see Note 3).

Unrecognized Conditional Revenue

As of December 31, 2025 FarmLink had signed expense reimbursement awards for work to be performed in 2025 through 2028 totaling \$1,963,030. These amounts will be recognized as revenue when FarmLink performs the agreed-upon work and incurs associated qualifying expenditures in compliance with the contract or grant provisions.

Cash

Cash is defined as cash in demand deposit accounts as well as cash on hand. FarmLink occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance was approximately \$510,000 as of December 31, 2025. FarmLink has not experienced any losses in such accounts.

Loan Funds

FarmLink maintains cash for loan funds in separate bank accounts. Loan funds are received and deposited into their bank accounts based on the investor's requirements. Disbursements of loan funds require approval by FarmLink's loan committee.

Notes and Interest Receivable

Notes receivable consists of loans made to farmers, ranchers, and fishers as part of FarmLink's exempt purpose mission. These loans are carried at their outstanding principal balances, net of an allowance for credit losses. Loan origination fees are recognized immediately, which Management has determined is not materially different from accounting principles generally accepted in the United States of America.

Interest income is accrued on principal loan balances. FarmLink accrues interest on past due loans at the regular rate of interest or at the default rate of interest for loans that are in default. Loans may be placed on nonaccrual status when any portion of the principal or interest is ninety days past due or earlier if there is concern as to the ultimate collectability of the loan. FarmLink continues to make reasonable efforts to work with borrowers to collect interest payments even after loans are placed on nonaccrual status. Loans return to accrual status when principal and interest become current and are anticipated to be fully collectible. Payments received on nonaccrual loans receivable are first applied to outstanding principal, and then to interest. This approach provides maximum opportunity for the borrower to return to accrual status while maximizing principal recapture on troubled loans. As of December 31, 2025 and 2024, there are no loans in nonaccrual status.

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Impaired Loans

FarmLink considers a loan to be impaired when Management deems it probable that FarmLink will be unable to collect all contractual interest and principal payments in accordance with the terms of the original loan agreement. Impaired loans include all loans that: (i) are contractually delinquent 90 days or more; (ii) meet the definition of a troubled debt restructuring; (iii) are classified in part or in whole as either doubtful or loss; and (iv) have been placed on nonaccrual status.

FarmLink may also classify other loans as impaired based upon their specific circumstances.

Loans identified as impaired are evaluated and have a specific loss allowance applied to adjust the loan to fair value, or the impaired amount is charged off. FarmLink accounts for impaired loans at the value of outstanding principal.

There were no loans considered to be impaired as of December 31, 2025 and 2024.

Allowance for Credit Losses

FarmLink calculates an allowance for credit losses in accordance with FASB ASC 326 *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard requires organizations to use reasonable and supportable forecasts to inform stakeholders about their credit loss estimates.

Management determines the allowance for credit losses quarterly. Since FarmLink utilizes a variety of federal, state, and private sector guarantees, the allowance is calculated based on individual loan risk assessments. The specific methodology and the calculations for credit losses as of December 31, 2025 and 2024 are discussed in detail in Note 4.

Management considers the allowance for credit losses adequate to cover losses inherent in loans and loan commitments. However, because of uncertainties associated with these judgments and assumptions, it is reasonably possible that Management's estimate of loan losses and the related allowance may change materially in the near-term. The allowance is increased or decreased by a provision (recapture) for credit losses, which is charged to expense quarterly and reduced by charge-offs, net of recoveries.

FarmLink's longstanding operational goal is to have a charge-off rate of less than 3%. This threshold is consistently met because Management monitors loans closely, offers business technical assistance as needed, and restructures loan payment schedules when necessary. The net charge-off rate is adjusted for recoveries when guarantees are received.

Additionally, FarmLink's institutional guarantors - FSA, SBA and the State of California - mandate regular, timed visits to borrowers as a condition of maintaining the guarantee. There are two elements to this periodic process: loan monitoring, including review of financial information; and risk rating evaluation. Loan monitoring occurs on a quarterly, semi-annual, or annual basis depending on the loan size and the loan officer's perception of potential repayment risk.

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FarmLink uses a loan-loss allowance accounting methodology, maintaining a loan-loss reserve for credit losses in an amount that adequately reflects the risk exposure in the portfolio. Each loan in the portfolio is reviewed and updated quarterly to determine if adjustments are necessary. A funded credit loss reserve is reported on the statements of financial position. Certain government funding sources and other investors require a specific loan loss allocation as part of their investment agreements.

Property and Equipment

Property and equipment is stated at cost of acquisition or fair value, if donated. For self-construction assets, the cost of acquisition includes direct labor and materials as well as the direct costs of site preparation and installation, but do not include capitalized indirect costs or overhead. Assets with a useful life of over one year and an individual or aggregate cost in excess of \$5,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are charged to expense as incurred.

The useful lives of the assets are estimated as follows:

Furniture, fixtures and equipment	3 to 5 years
Leasehold improvements	3 to 5 years
SolarFresco solar equipment (see Note 1)	5 years
SolarFresco coolers (see Note 1)	15 years

Construction in Process

FarmLink incurs costs during the construction phase of the SolarFresco cooler project, including governmental fees, legal and consulting fees, as well as construction costs. FarmLink records these costs as assets (construction in process). Project construction costs are considered to be construction in process until the unit is placed in service, at which time depreciation commences. Construction in process was \$213,442 and \$287,417 for the years ending December 31, 2025 and 2024 respectively.

Leases

The accounting standard on leases, required by accounting principles generally accepted in the United States of America, requires lessees to account for leases as either finance leases or operating leases and to recognize right-of-use (ROU) assets and corresponding lease liabilities on the statement of financial position for all leases other than leases with terms of 12 months or less. For finance leases, lessees would recognize interest expense and amortization of the ROU asset, and for operating leases, lessees would recognize straight-line total rent expense. The accounting standard also requires additional disclosures about the amount, timing, and uncertainty of cash flows arising from leases.

FarmLink accounts for the existing office leases as operating leases (see Note 9).

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Income Taxes

FarmLink is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and the related California code sections. Contributions to FarmLink qualify for the charitable contribution deduction and FarmLink is not classified as a private foundation.

FarmLink believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. FarmLink's federal and state information returns for the years 2021 through 2024 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively.

Functional Expenses Allocation

Expenses that are directly attributable to a program or supporting function are charged directly to the related program or supporting function. The financial statements report certain categories of natural expenses that are attributable to one or more program or supporting function of FarmLink. Those expenses include salaries and benefits, occupancy and office expenses, marketing and communication, meetings, conferences and travel, other operating expenses, and depreciation. Salaries and benefits are allocated based on estimates of time and effort of direct supervision or conduct of the activity. All other expenses are allocated based on headcount.

Subsequent Events

Management has evaluated subsequent events through May 19, 2026, the date on which the financial statements were available to be issued.

Reclassification

Certain amounts previously reported in the 2024 financial statements were reclassified to conform to the 2025 presentation for comparative purposes.

NOTE 3 – LOAN FUNDS

FarmLink's loan fund balance was \$10,560,679 on December 31, 2025 and \$2,886,976 on December 31, 2024.

FarmLink secures lending capital from a diverse group of funders and investors. Approximately 91% of its lending capital is funds that have been borrowed from investors. See Note 6.

FarmLink borrows lending capital from private foundations and investors who are committed to FarmLink's mission and seek social and environmental returns. FarmLink also receives lending capital from commercial banks who are required to make lending capital available to communities in their geographic footprint that they do not serve, as part of their Community Reinvestment Act (CRA) obligations.

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Funds lent or granted by government agencies such as USDA and the CDFI Fund of the Treasury Department make up approximately only 9% of total lending capital. However, the CDFI Fund has been instrumental to the growth of FarmLink's accumulated or "equity" capital. The CDFI Fund makes annual grants of lending capital and operating funds. During the term of the award, the lending capital portion of the award is not fully vested in FarmLink. At the end of the grant period, the lending capital is fully vested in FarmLink and becomes equity capital.

The fisheries component of the loan program is capitalized by private investments, unrestricted grant funds and 0% interest OPC bond funds.

See Note 8 for additional discussion of payment obligations associated with FarmLink's loan fund.

FarmLink's diversified sources of capital allow it to keep interest rates low and stable and less susceptible to changeable public programs and fluctuations in federal and commercial lending rates.

Foundations and other 501(c)(3) organizations with a charitable exemption provide impact investments (low interest loans) that are used as lending capital. Interest rates for these loans are negotiable and have historically ranged from 0% to 3% depending on term, geographical, or other restrictions. Foundations also make grants to support FarmLink's operations and programming.

Impact investors can participate in two promissory note programs that provide loan capital to FarmLink. The FarmLink Investment Notes, for California residents and corporations, are available to non-accredited investors as well as accredited investors. These notes are a "community capital" strategy with a minimum investment of \$1,000 and maximum of \$400,000. FarmLink maintains an annual permit issued by the California Department of Financial Protection and Innovation for the FarmLink investment notes. The National Notes program enables FarmLink to raise up to \$10,000,000 for impact investors in almost all states, including California. These notes are offered under Rule 506(c) of Regulation D under the Securities Act of 1933 and are limited to accredited investors, as well as for-profit investment structures including limited liability companies, limited partnerships, and trusts, as defined in Rule 501 of Regulation D. Each investor in the Rule 506(c) offering must provide documentation of accredited status, and investments range from \$100,000 to \$3,000,000.

Commercial banks provide equity equivalent or "EQ2" funds which count towards the bank's CRA fund credits. These are called equity equivalent because, for recipients like FarmLink, the investment is treated as debt on the statement of financial position, but the banks record it on their balance sheets as equity investments.

FarmLink manages \$2,750,489 within the CFF portfolio utilizing several funding sources: \$907,310 is funded by an investment of taxpayer funds authorized by the OPC, \$904,633 is funded by an unrestricted grant from the Environmental Defense Fund (EDF) and \$938,546 is funded by various private and government funding sources.

The OPC fund is a revolving loan fund investment classified as deferred revenue. In 2027, the OPC fund may be converted to a grant to FarmLink at the OPC's discretion.

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NOTE 4 – CREDIT LOSS RESERVES

FarmLink’s risk management policies ensure FarmLink has sufficient provisions to protect against credit losses. FarmLink’s policy is to maintain funded credit loss reserves to ensure adequate cash is available to replenish the loan fund following any credit losses.

FarmLink’s restricted cash credit loss reserve was capitalized with \$1,874,845 and \$833,306 in cash as of December 31, 2025 and 2024, respectively. This capitalization is in compliance with requirements of the CDFI Fund, the USDA, and the SBA.

NOTE 5 – CONTRIBUTIONS AND CONTRACTS RECEIVABLE

Contributions and contracts receivable as of December 31, 2025 and 2024 are summarized as follows:

	2025	2024
Federal and state expense reimbursement contracts	\$ 511,110	\$ 2,747,708
Other contracts receivable	4,876	483
Contributions from foundations and financial institutions	180,000	233,825
Total	\$ 695,986	\$ 2,982,016
Due within one year	\$ 560,986	\$ 2,982,016
Due within one to five years	\$ 135,000	\$ -

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NOTE 6 – NOTES AND INTEREST RECEIVABLE

FarmLink’s notes receivable accounts represent outstanding loans made in furtherance of its exempt mission. Notes receivable is presented net of an allowance for credit losses. Amounts due within one year are presented as current assets and amounts due more than twelve months from the date of the financial statements are presented as notes receivable, net of current portion.

As of December 31, 2025 and 2024, notes receivable includes loans with interest rates ranging from 0% to 8%. The calculation and financial statement presentation of notes and interest receivable, net of current portion is summarized as follows:

	2025	2024
Total notes receivable	\$32,636,471	\$30,290,158
Less: allowance for credit losses	(1,177,915)	(974,084)
Net notes receivable	31,458,556	29,316,074
Interest receivable	482,647	378,870
Net notes and interest receivable	31,941,203	29,694,944
Less: current portion	(5,248,008)	(3,353,939)
Long-term portion	\$26,693,195	\$26,341,005

Annual maturities on notes receivable within the next five years are estimated as follows:

2025	\$ 5,248,008
2026	2,964,501
2027	1,882,474
2028	1,675,951
2029	1,729,951

Allowance for Credit Losses

The allowance for credit losses was estimated at \$1,177,951 and \$974,084 as of December 31, 2025 and 2024, respectively, representing 3.6% and 3.2%, respectively, of the outstanding loan portfolio as of December 31, 2025 and 2024, respectively.

Allowance adequacy is re-calculated quarterly on an individual loan basis. Cash reserve and allowance accounts are adjusted accordingly.

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The following summarizes the changes to the allowance for credit losses during the years ended December 31, 2025 and 2024:

	2025	2024
Balance, beginning of year	\$ 974,084	\$ 1,085,440
Provision for credit losses during the year	203,831	(111,356)
Balance, end of year	\$ 1,177,915	\$ 974,084

Estimating the Allowance for Credit Losses

FarmLink re-calculates the allowance for credit losses quarterly using a process that reflects the risk exposure for each individual loan. The process takes into account the amount of the loan protected by a guarantee, and the type or purpose of the loan and associated collateral.

If risk exposure is mitigated by a loan guarantee, the maximum credit loss allowance is the amount of the unguaranteed portion of the loan. If any portion of a loan is deemed uncollectible, a full or partial charge-off against the allowance for credit loss is made to assure that the value of the loan program's assets is stated as accurately as possible when disclosed.

A large portion of the FarmLink portfolio is protected with 50% to 100% guarantees from the USDA Farm Service Agency, the SBA, or private sources. FarmLink seeks guarantees for loans of \$50,000 or more. As of December 31, 2025 and 2024, 67% and 68%, respectively, of the loans receivable portfolio was protected with a guarantee.

In 2025, FarmLink made 23 new guaranteed loans in the total amount of \$8,193,457. In 2024 FarmLink made 22 new guaranteed loans in the total amount of \$10,315,170.

FarmLink groups its loans by type and purpose to determine risk based on fluctuations in the value of the collateral and industry trends. The FarmLink loan portfolio is made up of four major groupings:

	2025	2024
Agriculture real estate loans	\$19,864,086	\$19,294,846
Farm operating loans	9,219,792	7,670,236
Farm equipment loans	802,104	949,985
Fisheries loans	2,750,489	2,375,091
	32,636,471	30,290,158
Less: allowance for credit losses	(1,177,915)	(974,084)
Total net notes receivable	\$31,458,556	\$29,316,074

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Agricultural real estate loans are secured by mortgages on the land, therefore fluctuations in real estate value translate to changes in the net realizable amount of the collateral in the event of foreclosure and liquidation.

Farm operating loans are secured with liens on crops and livestock. The net realizable value of sales of crops and livestock is affected by the local and global market prices for crops and inputs, and the possibility of loss due to disease, weather, or natural disaster. To the extent feasible, crops are insured by available crop insurance programs with FarmLink named as co-insured. For crops not covered by crop insurance, the USDA Non-insured Producer (NAP) program offers limited protection but does not allow for a lender to be named as co-insured.

Farm equipment loans are secured with liens on the subject equipment. Net realizable value is generally 80% or greater for new equipment purchases, and 65% or greater for used equipment. These loans are underwritten and evaluated similarly to farm operating loans with emphasis on the net realizable profit from sale of crops or livestock as a supplement to the net realizable value of secured collateral.

Fisheries loans include secured loans for the purchase of equipment or fishing permits as well as operating loans secured with a lien interest in the catch. Equipment and operating loans are subject to the same risk analysis as farm equipment and operating loans. Permit loans are subject to the additional risk that the value of the permit may decrease in the case of degradation of the health of the underlying fishery. This risk is mitigated at the individual loan level primarily by fishing diverse species, thus building resilience against shocks, such as fisheries closures, by having additional revenue streams. In addition, the use of guarantees also applies to this portion of the loan portfolio and further helps to mitigate regulatory risk.

NOTE 7 - PROPERTY AND EQUIPMENT

The details of amounts presented as property and equipment is summarized as follows:

	2025	2024
Leasehold improvements	\$ 4,303	\$ 4,303
Office equipment and computer hardware	92,177	88,895
Software	989	989
Furniture and fixtures	12,925	12,925
Solar equipment and coolers (SolarFresco, see Note 1)	560,868	180,127
Construction in process (SolarFresco, see Note 1)	213,442	287,417
	884,704	574,656
Less: accumulated depreciation	(155,396)	(68,638)
	\$ 729,308	\$ 506,018

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NOTE 8 – NOTES PAYABLE

Notes Payable – Term Loans

As discussed in Note 3, a significant portion of FarmLink’s lending capital comes from funds FarmLink borrows from community foundations, financial institutions, government agencies and private foundations, trusts, and individuals. These loans are recorded as notes payable and presented on the statements of financial position as current and long-term liabilities. Maturity dates of these loans range from 2026 through 2050. Interest rates on notes payable range from 0.00% to 3.25%. Interest expense on these loans was \$424,708 and \$356,157 in 2025 and 2024, respectively. Interest payable within one year is presented as a current liability on the statements of financial position. The composition and total amount of notes payable and the current and long-term portions are summarized as follows:

	2025	2024
Community foundations	\$ 5,953,000	\$ 3,953,000
Government	2,877,751	2,346,968
Private foundations, trusts and individuals	21,681,875	16,658,875
Total notes payable	30,512,626	22,958,843
Less: notes payable, term loans, current portion	(6,175,046)	(307,550)
Equals: notes payable long-term	\$24,337,580	\$22,651,293

Scheduled principal payments on the notes payable for the next five years are estimated as follows:

2025	\$ 6,175,046
2026	3,647,500
2027	4,772,500
2028	1,250,000
2029	5,027,500

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Notes Payable – Equity-Equivalent Loans (EQ2)

FarmLink receives some lending capital from commercial banks who are required to make lending capital available to CDFIs as part of their CRA obligations. These loans are called “Equity-Equivalent” or “EQ2” by the lenders because lenders record them on their balance sheets as equity investments. As a non-profit, FarmLink has no equity accounts because a non-profit has no owners or shareholders. EQ2 balances as of December 31, 2025 and 2024 are as follows:

	2025		2024	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
Comerica Bank unsecured loan, bears no interest and is due in full on July 13, 2030, with an option to extend to 2040 at FarmLink’s discretion.	\$ -	\$ 500,000	\$ -	\$ 500,000
Comerica Bank unsecured loan, bears no interest and is due in full on January 31, 2032, with an option to extend to 2042 at FarmLink’s discretion.	-	500,000	-	500,000
Total	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000

There are no scheduled principal or interest payments on the EQ2 loans for the next five years.

NOTE 9 – OPERATING LEASES

FarmLink leases office space in Aptos and Sacramento, California, under lease agreements with lease end dates ranging from 2025 to 2029, one of which has an option to extend the term. Lease agreements specify monthly rents subject to annual increases. The lease agreement for office space in Aptos also requires FarmLink to pay a percentage of the operating expenses of the office building.

In April 2024, FarmLink partially terminated the existing lease agreements for office space in Aptos and entered into a new office lease agreement, effective through April 2029, with one 5-year option to extend to April 2034. Management intends to exercise the option to extend the lease.

In accordance with accounting principles generally accepted in the United States of America, the benefit of a long-term lease is reported on the statements of financial position as a “right-of-use asset” and the corresponding liability recorded as “operating lease liability.” The value of this long-term asset and the corresponding liability was calculated utilizing a borrowing rate based on interest rate on the line of credit (see Note 11) as of the date of measurement (8.75% as of May 1, 2024, the effective date of the new lease agreement, and 4.25% as of January 1, 2022, the initial date of application of the leasing standard).

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

Rent expense in 2025 was \$60,930, of which \$16,508 was not included in the measurement of the right-of-use asset.

Rent expense in 2024 was \$65,864, of which \$13,750 was not included in the measurement of the right-of-use asset.

Rent expense is included in the Occupancy line in the accompanying statement of functional expenses.

Cash paid for amounts included in the measurement of lease liability was \$39,554 and \$55,116 in 2025 and 2024, respectively.

The line items in the statements of financial position, which include amounts for the operating leases as of December 31, 2025 and 2024 are summarized as follows:

	2025	2024
Total right-of-use asset – operating leases	\$ 291,362	\$ 291,362
Less: accumulated amortization	(61,066)	(25,206)
Right-of-use asset – operating leases, net	\$ 230,296	\$ 266,156
Total operating lease liability	\$ 230,296	\$ 266,155
Less: current portion	(40,740)	(35,859)
Long-term portion	\$ 189,556	\$ 230,296

The maturities of lease liability are estimated as follows:

	<i>Year Ending December 31,</i>
2025	\$ 40,740
2026	41,962
2027	43,221
2028	44,518
2029	45,853
Thereafter	162,523
Total lease liability	378,817
Less: amount representing interest	(148,521)
Present value of lease liability	\$ 230,296

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 10 – NET ASSETS WITH GRANTOR RESTRICTIONS

Net assets with grantor restrictions are for the following purposes:

	2025			
	<i>December 31, 2024</i>	<i>Grants</i>	<i>Releases from Restrictions</i>	<i>December 31, 2025</i>
Lending program (see Note 3)	\$ 3,833,535	\$ 1,527,612	\$ (5,141,937)	\$ 219,210
Land and business program operations	1,460,942	650,579	(844,646)	1,266,875
General operations in future years	50,000	800,000	(670,000)	180,000
	<u>\$ 5,344,477</u>	<u>\$ 2,978,191</u>	<u>\$ (6,656,583)</u>	<u>\$ 1,666,085</u>
	2024			
	<i>December 31, 2023</i>	<i>Grants</i>	<i>Releases from Restrictions</i>	<i>December 31, 2024</i>
Lending program (see Note 3)	\$ 5,468,223	\$ 520,000	\$ (2,154,688)	\$ 3,833,535
Land and business program operations	751,611	2,163,612	(1,454,281)	1,460,942
General operations in future years	250,000	-	(200,000)	50,000
	<u>\$ 6,469,834</u>	<u>\$ 2,683,612</u>	<u>\$ (3,808,969)</u>	<u>\$ 5,344,477</u>

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 11 – LIQUIDITY AND AVAILABILITY

On December 31, 2025, FarmLink had \$3,522,602 of unrestricted financial assets available for general expenditures for calendar year 2026. On December 31, 2024, FarmLink had \$2,419,448 of unrestricted financial assets available for general expenditures for calendar year 2025. Unrestricted financial assets consist of the following:

	<i>December 31,</i> <u>2025</u>	<i>December 31,</i> <u>2024</u>
Financial assets at end of year:		
Operating cash	\$ 4,402,701	\$ 4,255,410
Loan fund capital (see Note 3)	10,560,679	2,886,976
Credit loss reserves (see Note 4)	1,874,845	833,306
Contributions and contracts receivable – current portion	560,986	2,982,016
Notes and interest receivable, net – current portion	5,248,008	3,353,939
	22,647,219	14,311,647
Less financial assets at end of year not available for general expenditures within one year due to grantor or contract restrictions:		
Restricted operating cash	(1,396,085)	(2,634,388)
Restricted loan fund	(10,560,679)	(2,886,976)
Credit loss reserves	(1,874,845)	(833,306)
Restricted contributions and contracts receivable	(45,000)	(2,183,590)
Restricted notes and interest receivable	(5,248,008)	(3,353,939)
	\$ 3,522,602	\$ 2,419,448
Financial assets available for general expenditures within one year	\$ 3,522,602	\$ 2,419,448

Financial assets include amounts that will be used to pay accounts payable and accrued expenses and make other distributions for operations in the subsequent year.

To help manage liquidity contingencies associated with loans sold on the secondary market (see Note 13), FarmLink entered into a \$3,000,000 revolving line of credit agreement with West Coast Community Bank. The revolving line of credit bears variable interest rate and matures on December 9, 2026. As of December 31, 2025 and 2024, the balance outstanding was \$-0-. Interest expense was \$-0- in 2025 and \$2,042 in 2024.

NOTE 12 – RETIREMENT PLAN

FarmLink established a defined contribution plan (the Plan) for all eligible employees. Employee contributions are immediately vested. FarmLink may also make employer discretionary contributions to the Plan on behalf of qualifying participants. FarmLink contributed total discretionary contributions of \$152,039 and \$105,318 during 2025 and 2024, respectively.

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 13 – COMMITMENTS, CONTINGENCIES AND OTHER MATTERS

Loan Commitments

FarmLink had approved undisbursed loan commitments totaling \$1,544,515 and \$2,398,718 as of December 31, 2025 and 2024, respectively.

Loans Sold and Servicing Contracts

Depending on interest rates and the availability of capital, among other factors, FarmLink has the option of selling the guaranteed portion to secondary market buyers to leverage private investment and improve liquidity to increase lending volume. To date, FarmLink has used Farmer Mac, as well as philanthropic or impact investors. Secondary markets are used for land loans and, in some cases, larger operating loans. For loans with a 90-95% FSA guarantee, FarmLink's policy is to sell the guaranteed portion to Farmer Mac.

After a loan is sold, it is referred to as an "off-balance-sheet asset." It is owned by another party, however, the servicing duties and the relationship with the borrower are managed by FarmLink.

Servicing and monitoring a loan means staying in touch with the client, patience in working with the client until a feasible payment plan can be negotiated, readiness to provide business technical assistance, and flexibility when restructuring. Retaining servicing duties is an important part of FarmLink's exempt function charitable mission, since servicing involves understanding the specialized needs of farmers, ranchers and fishers and working with them to provide information and education as well as credit.

In prior years, FarmLink transferred participating interest in certain loans and retained the loan servicing responsibilities. These servicing obligations continued during the reporting period. FarmLink transferred \$4,537,960 of participating interest during 2025. FarmLink did not transfer any participating interest in any loan during 2024.

Servicing activities include processing monthly loan payments from borrowers and working with borrowers in the event they have trouble making payments as required. FarmLink charges a servicing fee rate of 1.75% to 4.10% of principal, or up to a 2% spread on interest, which it considers adequate compensation for its servicing activities. FarmLink remits monthly payments, net of the servicing fee, to the third parties who own the loans.

Total servicing fees earned during 2025 and 2024 was \$174,336 and \$133,836, respectively. These amounts are included in program revenue in the accompanying statements of activities.

The outstanding balance of all loans serviced by FarmLink was \$11,572,367 and \$7,314,864 as of December 31, 2025 and 2024, respectively.

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

Conditional Grant for 11th Hour Project

In December 2022, FarmLink received a \$2,044,000 grant from the 11th Hour Project to build "Cooling and Marketing Infrastructure for Central Coast Farmers." The terms of the grant indicated that the full gift would not be consummated until FarmLink accomplished specified tasks. The conditions were substantially met as of December 31, 2024. FarmLink recognized grant income associated with this award in the amounts of \$1,790,700 in 2024 and \$253,300 in 2023.

In addition to the conditions placed on the making of the gift, the grant was also made for the explicit restricted purposes of developing cooling and marketing infrastructure for Central Coast farmers. In accordance with revenue recognition policies described in Note 2, FarmLink recognized the award as restricted income when it was received and released the restrictions as funds were used for intended purposes. Respectively, as of December 31, 2025 and 2024, \$567,675 and \$1,107,393 of the funds received retained their use restriction and are included in the balance of net assets with grantor restrictions in the statements of financial position.

Employee Retention Credits Refund

The Employee Retention Credit (ERC), established by the CARES Act and further expanded by the Consolidated Appropriations Act, 2021, P.L. 116-260, is a refundable tax credit for eligible employers against certain employment taxes. To be eligible for the ERC, employers must have (i) sustained a full or partial suspension of operations due to an order from an appropriate governmental authority, (ii) experienced a significant decline in gross receipts during the eligibility periods during 2020 or during the first three quarters of 2021, or (iii) qualified as a recovery startup business for the third or fourth quarters of 2021. The amount of the credit is 50% of qualifying wages paid up to \$10,000 in total. Wages paid after March 12, 2020 and before January 1, 2021 are eligible for the credit.

In June 2023, FarmLink filed amended federal payroll tax returns to claim refunds totaling \$327,206 in employee retention credits under the CARES Act for decline in gross receipts for qualifying tax periods in 2020 and 2021.

The full amount of the refund was accrued as a receivable in 2023 and was included in prepaid expenses and other current assets in the accompanying statements of financial position, and the related revenue was included in other income in 2023 in the accompanying statements of activities.

100% of the refund claims were received during 2025.

Refundable Borrower Advance Liabilities

Through December 31, 2025, FarmLink has accepted a total of \$380,586, and released \$115,810, in cash from certain borrowers as collateral to held in reserve for an agreed-upon period of time, should the borrowers become unable to meet their loan payment obligations. The remaining balance of \$264,776 is categorized as a long-term liability in the accompanying Statements of Financial Position.

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

Federal Interest Payable

During 2025 and 2024, FarmLink respectively earned \$30,682 and \$102,208 on CDFI grant funds received but not deployed or otherwise expensed. In accordance with 2 CFR 200.305(b)(12), FarmLink retains \$500 per year for administrative expenses. The remaining interest earned of \$30,182 and \$101,708 is included in accounts payable and accrued expenses in the accompanying statements of financial position as of December 31, 2025, and 2024 respectively.

SUPPLEMENTARY INFORMATION

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

<i>Federal Grantor/Pass-Through Grantor/Title</i>	<i>Assistance Listing Number</i>	<i>Agency or Pass-Through Number</i>	<i>Federal Expenditures</i>	<i>Expenditures to Subrecipients</i>
<u>U.S. Department of Agriculture:</u>				
Pass-through award: Utah State University – Outreach Education and Technical Assistance	10.147	203916-924	\$ 862,698	\$ -
Pass-through award: The Regents of the University of California – Wholesale Farmers and Alternative Market Development	10.164	23-TMLRF-CA-0012	30,864	-
Pass-through award: Agricultural Institute of Marin – Farmers Market Promotion Program	10.175	23FMPPCA116 5	5,000	-
Direct award: CCOF Foundation – Transition to Organic Partnership Program	10.163	3023-5004	23,864	-
Direct award: National Institute of Food and Agriculture/USDA – Beginning Farmers and Ranchers Development Program	10.311	N/A	14,540	-
Direct award: Regional Food Business Center Grant	10.164	N/A	10,000	-
Direct award: Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers – 2501 Program	10.443	AO232501X443 G003	220,625	-

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

<i>Federal Grantor/Pass-Through Grantor/Title</i>	<i>Assistance Listing Number</i>	<i>Agency or Pass-Through Number</i>	<i>Federal Expenditures</i>	<i>Expenditures to Subrecipients</i>
Pass-through awards:				
San Mateo County Resource Conservation District – Cooperative Agreement	10. 902	N/A	7,200	-
American Farmland Trust – Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers	10. 443	AO232501X443 G027	47,504	-
Washington State University – From Managing Risk to High Quality Employers: Job Quality Training for Farm Owners	10.520	145697 WSU001562	30,945	-
Washington State University – Equitable Access to Capital: Cultivating Business Skills to Manage USDA Credit and Grow Farm Business Wealth	10.520	145167 WSU001460	7,799	-
Direct awards:				
Loan made in prior year for which continuing compliance is required – Intermediary Relending Program	10.767	N/A	902,449	-
Loan made in prior year for which continuing compliance is required – Intermediary Relending Program	10.767	N/A	788,510	-
Loan made in current year – Intermediary Relending Program	10,767		642,455	-
			2,333,414	-

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

<i>Federal Grantor/Pass-Through Grantor/Title</i>	<i>Assistance Listing Number</i>	<i>Agency or Pass-Through Number</i>	<i>Federal Expenditures</i>	<i>Expenditures to Subrecipients</i>
Direct awards:				
Rural Microentrepreneur Assistance Program	10.870	N/A	27,559	-
Loan made in prior year for which continuing compliance is required – Rural Microentrepreneur Assistance Program	10.870	N/A	184,086	-
Loan made in prior year for which continuing compliance is required – Rural Microentrepreneur Assistance Program	10.870	N/A	360,251	-
			571,896	-
<u>U.S. Department of Treasury:</u>				
Direct award:				
Community Development Financial Institutions Fund – Financial Assistance	21.020	N/A	1,350,000	-
<u>U.S. Small Business Administration:</u>				
Direct awards:				
Prime Technical Assistance	59.050	SBAOCAPR230 150-01-00	198,555	-
TOTAL FEDERAL AWARDS			\$ 5,714,904	\$ -

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant and loan activities of California FarmLink and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The purpose of the Schedule is to present a summary of those activities of California FarmLink for the year ended December 31, 2025, which have been financed by the U.S. Government. For purposes of the Schedule, federal awards include all federal assistance entered into directly and indirectly between California FarmLink and the federal government.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – PRIOR YEARS’ EXPENDITURES

The accompanying Schedule includes \$2,346,968 in expenditures from the prior year for which continuing compliance is required.

NOTE 4 – YEAR-END LOAN BALANCE

The loan balance outstanding at year-end is summarized as follows:

U.S. Department of Agriculture, IRP prior year loan	\$ 902,449
U.S. Department of Agriculture, IRP prior year loan	788,510
U.S. Department of Agriculture, IRP current year loan	642,455
U.S. Department of Agriculture, RMAP prior year loan	184,086
U.S. Department of Agriculture, RMAP prior year loan	360,251
Total	\$ 2,877,751

CALIFORNIA FARMLINK
(A California Nonprofit Public Benefit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes ✓ None reported

Noncompliance material to financial statements noted? _____ Yes ✓ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes ✓ None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance? _____ Yes ✓ No

Identification of major programs: Names of Federal Programs or Clusters

AL #10.767 Intermediary Relending Program

AL #21.020 Community Development Financial Institutions Fund – Financial Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$1,000,000

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

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

None noted.

Board of Directors
California FarmLink
Aptos, California

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California FarmLink, 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, and have issued our report thereon dated May 19, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Sindquist, von Husen and Joyce LLP

May 19, 2026

Board of Directors
California FarmLink
Aptos, California

CHARLOTTE SIEW-KUN TAY
CATHY L. HWANG
RITA B. DELA CRUZ
SCOTT K. SMITH
CRISANTO S. FRANCISCO
JOE F. HUIE
KYLE F. GANLEY

SHERMAN G. LEONG

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE,
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited California FarmLink's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of California FarmLink's major federal programs for the year ended December 31, 2025. California FarmLink's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, California FarmLink complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Sindquist, von Husen and Joyce LLP

May 19, 2026