

Earthworks

Financial Statements
and Independent Auditor's Report

December 31, 2025 and 2024

Earthworks

Financial Statements
December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Earthworks

Opinion

We have audited the accompanying financial statements of Earthworks, which comprise the statements of financial position as of December 31, 2025 and 2024; 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 referred to above present fairly, in all material respects, the financial position of Earthworks as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Earthworks 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.

Responsibilities of Management for the Financial Statements (continued)

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 Earthworks' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, flowing style.

McLean, Virginia
May 15, 2026

Earthworks

Statements of Financial Position December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 9,535,959	\$ 9,705,291
Grants and contributions receivable	3,863,003	966,561
Accounts receivable	6,489	9,356
Due from affiliate	95,783	8,478
Prepaid expenses	27,595	19,290
Right-of-use assets – operating leases	20,024	94,643
Property and equipment, net	59,516	109,362
Website development, net	-	9,726
	<u>\$ 13,608,369</u>	<u>\$ 10,922,707</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 266,278	\$ 144,608
Refundable advance	-	406,258
Lease liabilities – operating leases	16,172	74,899
	<u>282,450</u>	<u>625,765</u>
Total liabilities		
Net Assets		
With donor restrictions	7,359,382	5,275,987
Without donor restrictions:		
Undesignated	3,558,537	2,612,955
Board-designated	2,408,000	2,408,000
	<u>5,966,537</u>	<u>5,020,955</u>
Total net assets without donor restrictions		
Total net assets	<u>13,325,919</u>	<u>10,296,942</u>
Total liabilities and net assets	<u>\$ 13,608,369</u>	<u>\$ 10,922,707</u>

See accompanying notes.

Earthworks

Statement of Activities For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Corporate and foundation grants and contributions	\$ 967,000	\$ 9,466,044	\$ 10,433,044
Individual contributions	1,180,707	266,687	1,447,394
Other income	37,730	-	37,730
Interest income	241,889	-	241,889
Net assets released from restrictions	7,649,336	(7,649,336)	-
Total revenue and support	10,076,662	2,083,395	12,160,057
Expenses			
Program services:			
Energy	3,363,328	-	3,363,328
Mining	2,113,481	-	2,113,481
General programming	1,392,106	-	1,392,106
Total program services	6,868,915	-	6,868,915
Supporting services:			
Management and general	1,391,648	-	1,391,648
Fundraising	870,517	-	870,517
Total supporting services	2,262,165	-	2,262,165
Total expenses	9,131,080	-	9,131,080
Change in Net Assets	945,582	2,083,395	3,028,977
Net Assets, beginning of year	5,020,955	5,275,987	10,296,942
Net Assets, end of year	\$ 5,966,537	\$ 7,359,382	\$ 13,325,919

See accompanying notes.

Earthworks

Statement of Activities For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Corporate and foundation grants and contributions	\$ 442,105	\$ 7,597,140	\$ 8,039,245
Individual contributions	822,064	330,395	1,152,459
Registrations	11,000	-	11,000
Other income	67,254	12,400	79,654
Interest income	322,553	-	322,553
Net assets released from restrictions	7,502,774	(7,502,774)	-
Total revenue and support	9,167,750	437,161	9,604,911
Expenses			
Program services:			
Energy	3,466,026	-	3,466,026
Mining	2,295,725	-	2,295,725
General programming	1,454,232	-	1,454,232
Total program services	7,215,983	-	7,215,983
Supporting services:			
Management and general	1,179,085	-	1,179,085
Fundraising	796,644	-	796,644
Total supporting services	1,975,729	-	1,975,729
Total expenses	9,191,712	-	9,191,712
Change in Net Assets	(23,962)	437,161	413,199
Net Assets , beginning of year	5,044,917	4,838,826	9,883,743
Net Assets , end of year	\$ 5,020,955	\$ 5,275,987	\$ 10,296,942

See accompanying notes.

Earthworks

Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Services				Supporting Services				Total
	Energy	Mining	General Programming	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and related expenses	\$ 2,078,150	\$ 1,106,608	\$ 828,715	\$ 4,013,473	\$ 717,199	\$ 496,036	\$ 1,213,235	\$ 5,226,708	
Professional fees	204,397	232,853	137,110	574,360	234,353	87,067	321,420	895,780	
Other employee benefits	251,858	123,782	133,583	509,223	81,409	79,245	160,654	669,877	
Travel	172,593	101,549	3,777	277,919	708	7,861	8,569	286,488	
Occupancy expenses	37,941	26,828	13,567	78,336	11,871	13,169	25,040	103,376	
Payroll taxes	162,816	75,840	64,310	302,966	67,168	38,470	105,638	408,604	
Grants and assistance	126,775	340,152	1,000	467,927	-	-	-	467,927	
Printing, design, and duplication	17,468	13,328	15,226	46,022	3,386	18,056	21,442	67,464	
Retirement plan contributions	65,112	42,401	30,766	138,279	26,927	19,350	46,277	184,556	
Postage and delivery	8,263	245	1,366	9,874	3,335	10,385	13,720	23,594	
Telecommunications	21,301	7,018	7,636	35,955	38,277	4,232	42,509	78,464	
Advertising	3,825	1,148	27,385	32,358	-	50,000	50,000	82,358	
Video and photo	5,313	-	2,008	7,321	-	-	-	7,321	
Supplies	79,992	25,098	20,079	125,169	53,393	12,253	65,646	190,815	
Conferences and meetings	11,460	3,415	1,347	16,222	47,478	1,108	48,586	64,808	
Depreciation and amortization on property, equipment, and website development	52,877	3,463	2,639	58,979	2,309	1,484	3,793	62,772	
Equipment rental and maintenance	25,482	230	176	25,888	153	99	252	26,140	
Insurance	5,883	-	9,025	14,908	43,528	-	43,528	58,436	
List rental	-	-	50,000	50,000	-	-	-	50,000	
Web and e-advocacy	498	1,234	28,000	29,732	527	-	527	30,259	
Employee recruiting and training	19,174	2,451	2,774	24,399	38,355	159	38,514	62,913	
Bank charges and fees	420	2,289	335	3,044	7,760	-	7,760	10,804	
Publication and subscriptions	6,484	2,683	11,282	20,449	852	12,657	13,509	33,958	
Payroll expenses	-	-	-	-	11,560	-	11,560	11,560	
Membership dues	5,000	447	-	5,447	1,010	5,097	6,107	11,554	
State registration fees	246	419	-	665	90	13,789	13,879	14,544	
Total Expenses	\$ 3,363,328	\$ 2,113,481	\$ 1,392,106	\$ 6,868,915	\$ 1,391,648	\$ 870,517	\$ 2,262,165	\$ 9,131,080	

See accompanying notes.

Earthworks

Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services				Supporting Services				Total
	Energy	Mining	General Programming	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and related expenses	\$ 1,970,021	\$ 1,101,682	\$ 719,950	\$ 3,791,653	\$ 674,875	\$ 469,015	\$ 1,143,890	\$ 4,935,543	
Professional fees	214,390	214,369	248,512	677,271	96,108	22,443	118,551	795,822	
Other employee benefits	216,949	139,726	106,753	463,428	69,791	67,760	137,551	600,979	
Travel	266,951	123,455	4,211	394,617	1,382	8,798	10,180	404,797	
Occupancy expenses	38,119	29,130	11,924	79,173	11,924	13,419	25,343	104,516	
Payroll taxes	153,984	81,021	55,936	290,941	65,625	36,468	102,093	393,034	
Grants and assistance	159,001	471,356	122,668	753,025	-	-	-	753,025	
Printing, design, and duplication	2,385	10,387	7,853	20,625	350	19,768	20,118	40,743	
Retirement plan contributions	59,803	49,239	25,289	134,331	22,724	16,630	39,354	173,685	
Postage and delivery	2,058	357	1,524	3,939	2,262	10,631	12,893	16,832	
Telecommunications	28,414	11,027	8,996	48,437	12,860	5,264	18,124	66,561	
Advertising	16,123	5,014	4,018	25,155	-	75,000	75,000	100,155	
Video and photo	19,157	-	20,000	39,157	-	-	-	39,157	
Supplies	72,702	24,190	20,770	117,662	61,849	13,544	75,393	193,055	
Conferences and meetings	139,750	18,605	44,751	203,106	57,690	1,826	59,516	262,622	
Depreciation and amortization on property, equipment, and website development	61,466	8,204	5,221	74,891	5,221	3,729	8,950	83,841	
Equipment rental and maintenance	9,045	250	159	9,454	159	113	272	9,726	
Insurance	5,883	-	9,500	15,383	32,504	-	32,504	47,887	
Web and e-advocacy	232	333	16,349	16,914	48	27	75	16,989	
Employee recruiting and training	22,449	2,025	446	24,920	33,205	5,619	38,824	63,744	
Bank charges and fees	502	2,115	53	2,670	12,327	-	12,327	14,997	
Publication and subscriptions	5,102	2,831	19,249	27,182	906	9,412	10,318	37,500	
Payroll expenses	-	-	-	-	16,401	-	16,401	16,401	
Membership dues	1,200	-	-	1,200	874	4,410	5,284	6,484	
State registration fees	340	409	100	849	-	12,768	12,768	13,617	
Total Expenses	\$ 3,466,026	\$ 2,295,725	\$ 1,454,232	\$ 7,215,983	\$ 1,179,085	\$ 796,644	\$ 1,975,729	\$ 9,191,712	

See accompanying notes.

Earthworks

Statements of Cash Flows For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 3,028,977	\$ 413,199
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization on property, equipment, and website development	62,772	83,841
Amortization of right-of-use assets – operating leases	74,619	73,818
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants and contributions receivable	(2,896,442)	(737,409)
Accounts receivable	2,867	(4,723)
Due from affiliate	(87,305)	97,108
Prepaid expenses	(8,305)	33,233
Increase (decrease) in:		
Accounts payable and accrued expenses	121,670	(35,571)
Refundable advance	(406,258)	406,258
Lease liabilities – operating leases	(58,727)	(56,224)
Net cash (used in) provided by operating activities	(166,132)	273,530
Cash Flows from Investing Activity		
Purchases of property and equipment	(3,200)	(2,768)
Net cash used in investing activity	(3,200)	(2,768)
Net (Decrease) Increase in Cash and Cash Equivalents	(169,332)	270,762
Cash and Cash Equivalents, beginning of year	9,705,291	9,434,529
Cash and Cash Equivalents, end of year	\$ 9,535,959	\$ 9,705,291

See accompanying notes.

Earthworks

Notes to Financial Statements
December 31, 2025 and 2024

1. Nature of Operations

Earthworks is a nonprofit organization dedicated to protecting communities and the environment from the impacts of irresponsible mineral and energy development while seeking sustainable solutions. Earthworks' operations are primarily funded by grants and contributions from foundations and individuals.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

Earthworks' financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for an operating reserve.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Earthworks reports contributions and grants restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Earthworks

Notes to Financial Statements
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Cash Equivalents

Earthworks considers as cash equivalents all cash in banks, short term certificates of deposit, money market funds, and all highly liquid instruments with a maturity period of 90 days or less at the time of purchase.

Interest Income consists of earnings from interest-bearing bank accounts, money market funds, and short term cash sweep accounts. Interest income totaled \$241,889 and \$322,553 for the years ended December 31, 2025 and 2024, respectively.

Grants and Contributions Receivable

Grants and contributions receivable represent unconditional amounts committed to Earthworks. All grants and contributions receivable are deemed to be fully collectible, and are reflected at either net realizable value or at net present value based on projected cash flows. At December 31, 2025 and 2024, all receivables are due within one year. Earthworks provides an allowance for non-collectable amounts using the allowance method, which is based on management's judgment considering historical information. Accounts are individually analyzed for collectability, and will be reserved based on individual evaluation and specific circumstances. When all collection efforts have been exhausted, the accounts are written-off against the related allowance. At December 31, 2025 and 2024, all amounts are deemed to be fully collectible, and no allowance is deemed necessary.

Accounts Receivable

Accounts receivable are stated at their net realizable value. All amounts are collectible within one year and are recorded at net realizable value. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. However, no allowance for doubtful accounts is provided, as Earthworks historically had insignificant write-offs due to bad debts, and current conditions indicate all receivables are fully collectible. Therefore, no allowance for credit losses has been recognized.

Earthworks

Notes to Financial Statements
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Operating Leases

Earthworks determines if an arrangement is a lease at inception. Operating lease is included in the right-of-use (ROU) assets, which represent Earthworks' right to use an underlying asset for the lease terms, and lease liabilities represent Earthworks' obligation to make lease payments arising from the lease. Operating ROU lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As Earthworks' lease does not provide an implicit rate, Earthworks used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments.

The ROU assets also include any lease payments made and exclude lease incentives. Earthworks' lease terms may include options to extend or terminate the lease when it is reasonably certain that Earthworks will exercise that option. Lease expense for lease payments is recognized in a straight-line basis over the lease term.

Property and Equipment

Property and equipment valued at greater than \$3,000 with a useful life of more than one year are recorded at cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the related lease terms. Expenditures for major repairs and improvements are capitalized, while expenditures for minor repairs and maintenance are expensed when incurred.

Website Development

Website development consists of costs related to the design and development of Earthworks' website, net of accumulated amortization. Amortization is computed over an estimated useful life of three years. Costs related to the planning stages of the website development projects, as well as ongoing website operating and support costs, are expensed as incurred.

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Notes to Financial Statements
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Grants and contributions that are unconditional are recognized as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Earthworks reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of Earthworks' programs or to a future year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Earthworks receives certain promises to give, collected over multiple accounting periods, and classifies the portion receivable in future accounting periods as restricted revenue. Earthworks discounts the promises to give using an appropriate discount rate over the contribution period, if material.

Conditional contributions include donor-imposed conditions that must be met before Earthworks is entitled to the transferred or promised assets. These conditions typically involve overcoming a barrier, such as achieving a specific milestone or deliverable. If the barrier is not overcome, the donor retains the right to request the return of transferred assets, or the promisor is released from its obligation to make the promised transfer.

Conditional contributions are recognized as revenue, either with or without donor restrictions, once the donor-imposed conditions have been substantially met and the associated barriers have been overcome. In addition, donor restrictions are considered satisfied as qualifying expenditures are incurred for the donor-specified programs or purposes.

There was no refundable advance recorded as of December 31, 2025. As of December 31, 2024, Earthworks recorded a refundable advance of \$406,258, reflected in the accompanying statements of financial position, and representing conditional grants for which the required performance obligations had not yet been fulfilled.

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Notes to Financial Statements
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for as Contracts with Customers

Revenue is recognized when Earthworks satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration Earthworks expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, Earthworks combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Registration revenue consists of fees for participation in Earthworks-hosted events and programs. Revenue is recognized at the point in time when the event occurs and services are rendered. Any fees received in advance are recorded as deferred revenue until the related event takes place.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Earthworks expenses advertising costs as incurred. Advertising costs totaled \$82,358 and \$100,155 during the years ended December 31, 2025 and 2024, respectively.

Subsequent Events

In preparing these financial statements, Earthworks has evaluated events and transactions for potential recognition or disclosure through May 15, 2026, the date the financial statements were available to be issued.

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Notes to Financial Statements
December 31, 2025 and 2024

3. Liquidity and Availability

Earthworks has a goal to maintain liquid financial assets sufficient to cover 60 days of general expenditures. As part of this liquidity management, Earthworks invests cash and cash equivalents in excess of daily requirements in money market funds and sweep accounts. The financial assets available for general expenditures within one year of the statements of financial position date include all assets not subject to donor or other contractual restrictions. In addition, the Board of Directors has designated a portion of net assets without donor restrictions as an operating reserve. The Board-designated funds are available for use with Board approval and are considered liquid and available to meet cash flow needs as necessary.

Financial assets available for general expenditures within one year of the statements of financial position date, comprise the following at December 31:

	2025	2024
Cash and cash equivalents	\$ 9,535,959	\$ 9,705,291
Grants and contributions receivable	3,863,003	966,561
Accounts receivable	6,489	9,356
Due from affiliate	95,783	8,478
Total financial assets	13,501,234	10,689,686
Less: net assets with donor restrictions	(7,359,382)	(5,275,987)
Total available for general expenditures	\$ 6,141,852	\$ 5,413,699

4. Concentrations of Risks

Credit Risk

Financial instruments that potentially subject Earthworks to significant concentrations of credit risk consist of cash and cash equivalents. Earthworks maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). Earthworks has not experienced any credit losses on its cash and cash equivalents to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

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Notes to Financial Statements
December 31, 2025 and 2024

4. Concentrations of Risks (continued)

Revenue Risk

For the years ended December 31, 2025 and 2024, a substantial portion of Earthworks' revenue was generated from three donors and two donors, respectively. The contributions totaled 50% and 21% of Earthworks' total revenue and support for the years ended December 31, 2025 and 2024, respectively. A potential reduction or change in funding from these donors in the future could significantly impact Earthworks' ability to carry out its current program activities.

5. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
Furniture, computers, and equipment	\$ 702,245	\$ 699,046
Leasehold improvements	<u>1,308</u>	<u>1,308</u>
Total property and equipment	703,553	700,354
Less: accumulated depreciation and amortization	<u>(644,037)</u>	<u>(590,992)</u>
Property and equipment, net	<u><u>\$ 59,516</u></u>	<u><u>\$ 109,362</u></u>

6. Website Development

Net costs associated with website development consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Website development	\$ 70,024	\$ 70,024
Less: accumulated amortization	<u>(70,024)</u>	<u>(60,298)</u>
Website development, net	<u><u>\$ -</u></u>	<u><u>\$ 9,726</u></u>

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Notes to Financial Statements
December 31, 2025 and 2024

7. Line of Credit

Earthworks has an unsecured bank line of credit facility under which it may borrow up to a maximum of \$50,000, repayment of which is due on demand. The bank line of credit is subject to annual renewal. Outstanding balances bear interest at 10% based on the stated rate of the bank line of credit agreement. At December 31, 2025 and 2024, there was no outstanding balance on the bank line of credit.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions are purpose restricted for the following programs as of December 31:

	2025	2024
Energy	\$ 5,139,746	\$ 2,289,404
Mining	1,367,550	2,857,058
General programming	852,086	129,525
Total net assets with donor restrictions	<u>\$ 7,359,382</u>	<u>\$ 5,275,987</u>

9. Programs

Earthworks administers the following programs:

- *The Energy Program* includes Earthworks' work on oil, gas, and petrochemicals. This program works to change federal, state, and local government policy and to support and empower communities impacted by existing and proposed energy extraction, to raise awareness about the impacts of unconventional oil and methane gas, and to reduce the destructive impacts of all forms of energy extraction. This program was formerly known as Oil & Gas Accountability Project.
- *The Mining Program* includes efforts in the U.S. and internationally to reform mining policies and practices, including work to ensure that clean energy revolution does not lead to more harmful mining. This program supports communities and protects special places by stopping mining where it does not belong, reins in the riskiest and dirtiest mining practices, and reforms and defends state, federal, and international policies that protect communities, water, wildlife, oceans, and other natural resources.

Earthworks

Notes to Financial Statements
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9. Programs (continued)

- *General Programming* includes Media and Communications, Research and Publications, and Digital Engagement and Advocacy programs:
 - *Media and Communications* – Press outreach and storytelling to promote and publicize the work of Earthworks and its allies;
 - *Research and Publications* – Analysis and development of policy proposals, research on impacts of mining and energy extraction, and publishing fact sheets, reports, and information;
 - *Digital Engagement and Advocacy* – Outreach, engagement, and advocacy using digital tools, providing information to the public and Earthworks members, and responding to inquiries.

10. Retirement Plan

Earthworks sponsors a 403(b)(7) tax sheltered retirement plan that is available to all full-time and part-time employees of Earthworks. Contributions made by the employees are subject to the limits set by the tax code. Generally, Earthworks will match employee contributions for all participating employees who have completed at least one full year of employment, up to 5% of their gross annual salary. Employer contributions totaled \$184,556 and \$173,685 for the years ended December 31, 2025 and 2024, respectively.

11. Commitments and Contingencies

Operating Leases

Earthworks leased office space in Washington, DC under the terms of an operating lease that initially commenced on April 1, 2017, and was renewed through various amendments to March 31, 2023. On August 12, 2022, Earthworks amended its lease and moved to a different location with a smaller space in the same building, with the new amendment commencing on April 1, 2023 and scheduled to expire on March 31, 2026. The lease and all amendments require fixed monthly rental payments with annual 3% escalation clauses. Subsequent to year end, on March 30, 2026, the lease was amended and extended for an additional three years to expire on March 31, 2029.

In addition, Earthworks leases space for satellite offices in various locations throughout the United States on a month-to-month basis. These month-to-month leases require fixed monthly rent payments.

Earthworks

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11. Commitments and Contingencies (continued)

Operating Leases (continued)

Earthworks also leases office equipment under the terms of a noncancelable operating lease that commenced in July 2022 and is scheduled to expire in June 2027. Fixed monthly rent payments are required for the duration of the lease and include services.

Supplemental qualitative information related to the operating leases was as follows at December 31:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 103,376	\$ 104,516
Cash paid for amounts included in the measurement of lease liabilities – operating cash flows from operating leases	\$ 58,727	\$ 56,224
Weighted-average remaining lease term for operating leases (in years)	0.36	1.29
Weighted-average discount rate for operating leases	1.40%	1.40%

Maturities of the lease liabilities under all operating leases are as follows for the years ending December 31:

2026	\$ 15,727
2027	<u>506</u>
Total minimum lease payments	16,233
Less: discount to present value at 1.40%	<u>(61)</u>
Present value of operating lease liabilities	<u><u>\$ 16,172</u></u>

Hotel Contracts

Earthworks may enter into agreements with hotels and venues for future events. In the event of the cancellation of these agreements, Earthworks may be held liable for liquidated damages depending upon the date of cancellation.

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12. Related Party Transactions

Earthworks Action Fund, a Section 501(c)(4) nonprofit organization, is a legally-separate, tax-exempt organization established by Earthworks in December 2017. Earthworks Action Fund is an affiliated but separate organization from Earthworks. As a 501(c)(4) organization, Earthworks Action Fund engages in various advocacy and political activities for which Earthworks, a 501(c)(3) organization, faces certain legal limitations or restrictions.

Earthworks provides various administrative services for Earthworks Action Fund, including office space, personnel, use of equipment, and other overhead costs. Total expenses paid by Earthworks and charged to Earthworks Action Fund were \$189,909 and \$169,125 for the years ended December 31, 2025 and 2024, respectively. At December 31, 2025 and 2024, Earthworks Action Fund owed Earthworks \$95,783 and \$8,478, respectively, which is recorded as due from affiliate in the accompanying statements of financial position.

13. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Where feasible, Earthworks allocates its expenses directly to specific programs or functions. Additionally, Earthworks utilizes an indirect cost allocation methodology to allocate its expenses. The expenses that are allocated include salaries, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort. Additionally, other expenses are allocated across specific programs or functions based on an estimated percentage of time and effort spent by staff on the natural type of expense.

14. Income Taxes

Earthworks is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements for the years ended December 31, 2025 and 2024, as there were no unrelated business activities. Management has evaluated Earthworks' tax positions and has concluded that Earthworks has taken no uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements.