

Rural Community Assistance Partnership, Inc.

Washington, DC

Financial Statements and
Supplementary Information

Years Ended September 30, 2024 and 2023



Rural Community
Assistance Partnership

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Rural Community Assistance Partnership, Inc.

Years Ended September 30, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Rural Community Assistance Partnership, Inc.
Washington, DC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Rural Community Assistance Partnership, Inc., a nonprofit organization, which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Rural Community Assistance Partnership, Inc. as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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*, issued by the Comptroller General of 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 Rural Community Assistance Partnership, Inc. 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 GAAP, 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 Rural Community Assistance Partnership, Inc.'s ability to continue as a going concern for one year after the date 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 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 Rural Community Assistance Partnership, Inc.'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 Rural Community Assistance Partnership, Inc.'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 audits were conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 June 26, 2025, on our consideration of Rural Community Assistance Partnership, Inc.'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 Rural Community Assistance Partnership, Inc.'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 Rural Community Assistance Partnership, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Wipfli LLP". The script is cursive and fluid, with the letters "W", "i", "p", "f", "l", and "i" being particularly prominent and connected.

Wipfli LLP

Madison, Wisconsin
June 26, 2025

Rural Community Assistance Partnership, Inc.

Statements of Financial Position

<i>September 30,</i>	2024	2023
ASSETS		
Current assets:		
Cash	\$ 79,568	\$ 188,033
Grants receivable	4,139,771	3,508,370
Other receivables	86,318	184,533
Prepaid expenses	54,944	54,470
Total current assets	4,360,601	3,935,406
Other assets:		
Security deposits	37,453	37,453
Right-of-use operating lease assets	1,565,779	1,757,081
Total other assets	1,603,232	1,794,534
TOTAL ASSETS	\$ 5,963,833	\$ 5,729,940
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	176,504	297,726
Accrued payroll and related expenses	154,625	120,322
Grants payable	3,583,860	3,099,195
Current portion of operating lease liabilities	185,830	172,217
Total current liabilities	4,100,819	3,689,460
Long-term liabilities:		
Operating lease liabilities, net of current portion	1,424,487	1,609,713
Total long-term liabilities	1,424,487	1,609,713
Total liabilities	5,525,306	5,299,173
Net assets:		
Without donor restrictions	69,328	69,934
With donor restrictions	369,199	360,833
Total net assets	438,527	430,767
TOTAL LIABILITIES AND NET ASSETS	\$ 5,963,833	\$ 5,729,940

See accompanying notes to financial statements.

Rural Community Assistance Partnership, Inc.

Statements of Activities

Years Ended September 30,	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Federal grant revenue	\$ 29,023,650	\$ -	\$ 29,023,650	\$ 25,464,013	\$ -	\$ 25,464,013
Other grant revenue	120,765	545,000	665,765	29,858	562,501	592,359
Sponsorship, conference and registration fees	35,515	-	35,515	72,785	-	72,785
Membership dues	60,000	-	60,000	48,000	-	48,000
Interest income	2,634	-	2,634	8,529	-	8,529
Fees for service	2,737	-	2,737	40,000	-	40,000
Miscellaneous	16,340	-	16,340	18,274	-	18,274
Net assets released from restrictions	536,634	(536,634)	-	1,416,729	(1,416,729)	-
Total support and revenue	29,798,275	8,366	29,806,641	27,098,188	(854,228)	26,243,960
Expenses:						
Program activities:						
Drinking and Wastewater	26,727,161	-	26,727,161	24,356,455	-	24,356,455
Solid Waste	774,486	-	774,486	806,210	-	806,210
Research and Economic Development	693,135	-	693,135	765,908	-	765,908
Disaster Relief	490,188	-	490,188	-	-	-
Total program activities	28,684,970	-	28,684,970	25,928,573	-	25,928,573
Supporting services:						
Management and General	952,748	-	952,748	940,985	-	940,985
Development and Fundraising	161,163	-	161,163	419,253	-	419,253
Total supporting services	1,113,911	-	1,113,911	1,360,238	-	1,360,238
Total expenses	29,798,881	-	29,798,881	27,288,811	-	27,288,811
Changes in net assets	(606)	8,366	7,760	(190,623)	(854,228)	(1,044,851)
Net assets, beginning of year	69,934	360,833	430,767	260,557	1,215,061	1,475,618
Net assets, end of year	\$ 69,328	\$ 369,199	\$ 438,527	\$ 69,934	\$ 360,833	\$ 430,767

See accompanying notes to financial statements.

Rural Community Assistance Partnership, Inc.

Statement of Functional Expenses

<i>Year Ended September 30, 2024</i>	Drinking and Wastewater	Solid Waste	Research and Economic Development	Disaster Relief	Total Program Expenses	Management and General	Development and Fundraising	Total Expenses
Grants to subrecipients	\$ 23,082,103	\$ 677,000	\$ 444,023	\$ 436,604	\$ 24,639,730	\$ -	\$ 20,000	\$ 24,659,730
Salaries	1,662,070	43,885	127,873	26,165	1,859,993	344,248	62,022	2,266,263
Database development and maintenance	189,761	4,361	155	317	194,594	27,109	-	221,703
Employee benefits	960,419	25,275	74,613	15,069	1,075,376	195,694	35,692	1,306,762
Training meeting	12,817	2,034	-	-	14,851	8,757	-	23,608
Travel	203,768	236	34,669	9,311	247,984	23,616	1,792	273,392
Contractors and consultants	95,453	-	1,142	-	96,595	34,575	9,720	140,890
Occupancy and equipment rental	171,813	4,849	6,521	2,722	185,905	78,603	-	264,508
Printing and communication	41,022	5,000	-	-	46,022	501	-	46,523
Supplies	45,702	4,966	3,734	-	54,402	10,149	5,651	70,202
Conferences and meetings	230,097	6,880	-	-	236,977	17,383	1,921	256,281
Dues and subscriptions	2,465	-	-	-	2,465	330	20,435	23,230
Recruiting	-	-	-	-	-	1,092	-	1,092
Other	4,207	-	-	-	4,207	89,387	3,873	97,467
Telephone	18,012	-	-	-	18,012	(244)	-	17,768
Professional fees	-	-	-	-	-	120,698	-	120,698
Postage	7,452	-	405	-	7,857	700	57	8,614
Insurance	-	-	-	-	-	150	-	150
Total expenses	\$ 26,727,161	\$ 774,486	\$ 693,135	\$ 490,188	\$ 28,684,970	\$ 952,748	\$ 161,163	\$ 29,798,881

See accompanying notes to financial statements.

Rural Community Assistance Partnership, Inc.

Statement of Functional Expenses

<i>Year Ended September 30, 2023</i>	Drinking and Wastewater	Solid Waste	Research and Economic Development	Total Program Expenses	Management and General	Development and Fundraising	Total Expenses
Grants to subrecipients	\$ 21,479,865	\$ 720,772	\$ 426,599	\$ 22,627,236	\$ -	\$ 10,000	\$ 22,637,236
Salaries	1,472,523	44,877	168,679	1,686,079	368,805	182,645	2,237,529
Database development and maintenance	174,380	1,031	1,448	176,859	21,015	939	198,813
Employee benefits	615,875	19,174	55,758	690,807	181,762	73,832	946,401
Training meeting	2,682	2,548	1,500	6,730	2,165	8,834	17,729
Travel	211,062	10,914	17,653	239,629	39,085	31,207	309,921
Contractors and consultants	72,146	-	86,945	159,091	55,541	52,667	267,299
Occupancy and equipment rental	187,649	232	3,679	191,560	67,249	-	258,809
Printing and communication	78,884	536	100	79,520	161	7,627	87,308
Supplies	34,748	5,829	736	41,313	27,395	7,774	76,482
Conferences and meetings	4,392	-	1,330	5,722	33,941	-	39,663
Dues and subscriptions	5,497	-	-	5,497	1,057	11,792	18,346
Recruiting	80	-	-	80	9,338	-	9,418
Other	201	-	-	201	27,129	31,391	58,721
Telephone	11,398	297	897	12,592	4,867	343	17,802
Professional fees	-	-	-	-	90,042	-	90,042
Postage	5,073	-	584	5,657	6,093	202	11,952
Insurance	-	-	-	-	5,340	-	5,340
Total expenses	\$ 24,356,455	\$ 806,210	\$ 765,908	\$ 25,928,573	\$ 940,985	\$ 419,253	\$ 27,288,811

See accompanying notes to financial statements.

Rural Community Assistance Partnership, Inc.

Statements of Cash Flows

<i>Years Ended September 30,</i>	2024	2023
Change in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 7,760	\$ (1,044,851)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Noncash lease expense	191,302	184,162
Changes in operating assets and liabilities:		
Grants receivable	(631,401)	(1,203,258)
Other receivables	98,215	(60,812)
Prepaid expenses	(474)	(29,248)
Security deposits	-	(300)
Accounts payable	(121,222)	(6,916)
Accrued payroll and related expenses	34,303	52,113
Grants payable	484,665	939,012
Operating lease liabilities	(171,613)	(159,313)
Total adjustments	(116,225)	(284,560)
Net cash flows from operating activities	(108,465)	(1,329,411)
Net changes in cash	(108,465)	(1,329,411)
Cash, beginning of year	188,033	1,517,444
Cash, end of year	\$ 79,568	\$ 188,033
<i>Supplemental Disclosure of cash flow information:</i>		
Interest paid and expensed	\$ -	\$ 177
Cash paid for amounts included in the measurement of lease liabilities	\$ 242,669	\$ 234,782

See accompanying notes to financial statements.

Rural Community Assistance Partnership, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Founded in 1973, Rural Community Assistance Partnership, Inc., Inc. (RCAP or Organization) is a 501(c)(3) nonprofit service delivery network comprised of a national office and six regional partners that provide technical assistance, training and financial resources to community-owned and operated water, wastewater, and solid waste utilities in 2,000 small rural communities – including tribes – each year throughout the U.S. and its territories. Most communities assisted by RCAP are economically disadvantaged and have a population under 2,500, and many have significant minority populations. RCAP's regional partners have approximately 250 field staff members, which include registered professional engineers, certified operators, utility finance and board management specialists, community planners, and people with other relevant backgrounds. Funding for RCAP's services is provided primarily by the U.S. federal government.

Basis of Presentation

All financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Classification of Net Assets

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

Net Assets Without Donor Restrictions: Net assets available for use in general operations and that are not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources may be maintained in perpetuity. Donor-imposed restrictions are released when the restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Rural Community Assistance Partnership, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution contains a condition when both of the following are present:

- An explicit identification of a barrier, which is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards that are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses or asset acquisitions are reflected as grants payable. Grants payable also represent amounts that are contractually obligated to be paid to subrecipients for which the cash has not been received from the funding source yet.

Grant Awards that are Exchange Transactions

Exchange transactions are reimbursed based on a predetermined rate for goods or services performed in accordance with the terms of the award. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. RCAP does not have grants that are considered exchange transactions for the years ended September 30, 2024 and 2023.

Rural Community Assistance Partnership, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Membership dues are determined by management for the six regions and are in exchange for the performance obligation of assistance provided by RCAP management with funding issues. Membership dues were \$60,000 and \$48,000, for 2024 and 2023, respectively. Revenue is recognized over time as the regions are simultaneously receiving and consuming the benefit. Dues are billed based on RCAP's fiscal year, and all assistance is completed during the year, accordingly, there were no contract assets or liabilities at September 30, 2024 and 2023.

Sponsorships, conference revenue and registration fees were \$35,515 and \$72,785, for 2024 and 2023, respectively. Sponsorship revenues were considered non-exchange because there was no reciprocal direct benefit exchanged.

Grants Receivable

Grants receivable represents amounts due from the U.S. federal government for reimbursable costs incurred in accordance with the grant agreements. Management considers all amounts to be fully collectible and due within one year. Accordingly, an allowance for doubtful accounts has not been established.

Other Receivables

Other receivables consist of payments due from the regions (subrecipients) for expenses related to a signed agreement with a lobbying firm for an online service subscription. RCAP also has signed agreements with each region for their equal share of the cost. Management believes these receivables are fully collectible, and therefore an allowance for credit losses has not been provided.

Income Taxes

RCAP is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the State income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes.

RCAP is required to assess whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. RCAP has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Functional Allocation of Costs

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Direct costs associated with specific programs are recorded as program expenses. Salary and benefits are allocated based on time sheets.

Rural Community Assistance Partnership, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

ASC 842 Lease Accounting

RCAP is a lessee in multiple non-cancelable operating leases. If the contract provides RCAP with the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the period in which they are incurred.

RCAP has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, RCAP has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that RCAP is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. RCAP recognizes short-term lease cost on a straight-line basis over the lease term.

RCAP made an accounting policy election to not separate the lease components of a contract and its associated non-lease components (i.e., lessor-provided maintenance and other services).

Subsequent Events

Subsequent events have been evaluated through June 26, 2025, which is the date the financial statements were available to be issued.

Subsequent to year end, the board passed a resolution to authorize the Organization to enter into a \$150,000 line of credit with a related party. No amounts were withdrawn under this agreement as of the date the financial statements were available to be issued.

The Organization received an unrestricted grant of \$1,200,000 subsequent to year end to be paid over a period of 3 years.

Rural Community Assistance Partnership, Inc.

Notes to Financial Statements

Note 2: Concentration of Credit Risk

RCAP maintains cash balances at financial institutions. Balances up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration's (NCUA) per depositor per institution. At times during the year, the bank balances may have been in excess of FDIC and NCUA coverage. RCAP has not experienced any losses with the accounts and management believes RCAP is not exposed to any significant risk on balances at financial institutions.

Note 3: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following for RCAP as of September 30:

	2024	2023
Cash and cash equivalents	\$ 79,568	\$ 188,033
Grants receivable	4,139,771	3,508,370
Other receivables	86,318	184,533
Subtotal financial assets	4,305,657	3,880,936
Less: Accounts payable	(176,504)	(297,726)
Less: Accrued payroll and related expenses	(154,625)	(120,322)
Less: Grants payable	(3,583,860)	(3,099,195)
Less: Amounts with donor restrictions	(369,199)	(360,833)
Totals	\$ 21,469	\$ 2,860

RCAP has various sources of liquidity at its disposal, including cash, which is available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of RCAP throughout the year. This is done through monitoring and reviewing RCAP's cash flow needs on a regular basis. RCAP bills for the activity related to its federal grants on a monthly basis and the reimbursement to the subrecipients is made once the payment is received from the federal government. As a result, management is aware of the cyclical nature of RCAP's cash flow, primarily from the federal government, and is therefore able to ensure there is cash available to meet liquidity needs.

Note 4: Retirement Plan

RCAP maintains a tax-deferred annuity plan (the Plan) qualified under Section 403(b) of the Internal Revenue Code (the IRC). All employees may make voluntary pretax contributions to the Plan up to the maximum amount allowed by the Internal Revenue Service. Employees become eligible for RCAP contributions after six months of full-time employment. RCAP's contribution is 7% of an eligible participant's gross compensation, subject to federal tax limitations. Retirement contribution expense for the years ended September 30, 2024 and 2023, was \$172,403 and \$126,580, respectively, and is included in employee benefits in the accompanying statements of functional expenses.

Rural Community Assistance Partnership, Inc.

Notes to Financial Statements

Note 5: Leases - FASB ASC 842

RCAP leases space and equipment. Some of the leases include options to renew. The exercise of lease renewal options is at RCAP's sole discretion. Renewal option periods are included in the measurement of the ROU asset and lease liability when the exercise is reasonably certain to occur.

The depreciable life of leased assets is limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

RCAP's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments plus variable payments. Some of RCAP's space leases require it to make payments for RCAP's proportionate share of property taxes, insurance and other costs. These variable lease payments are not included in lease payments used to determine the lease liability and are recognized as variable costs when incurred.

Lease expense consisted of operating lease costs of \$237,897 for each of the years ended September 30, 2024 and 2023, respectively.

Supplemental statement of financial position information related to operating leases is as follows:

September 30,	2024	2023
Weighted-average remaining lease term	6.98 years	7.98 years
Weighted-average discount rate	3.93%	3.94%
The future maturities of operating lease liabilities are as follows as of September 30, 2024:		
2025	\$	249,770
2026		254,780
2027		259,355
2028		264,979
2029		271,618
Thereafter		564,382
Total lease payments	\$	1,864,884
Less: Imputed interest		254,567
Total	\$	1,610,317
Current portion of lease liabilities	\$	185,830
Long-term portion of operating lease liabilities		1,424,487
Total	\$	1,610,317

Rural Community Assistance Partnership, Inc.

Notes to Financial Statements

Note 6: Related Party Transactions

Six of RCAP's board members represent entities that received subgrants from RCAP. For the years ending September 30, 2024 and 2023, approximately 83% and 86%, respectively, of the government grants received by RCAP were distributed to these entities based on program objectives and need and are included in grants to subrecipients in the accompanying statements of functional expenses.

Subgrants were made to the following related parties during the years ended September 30:

	2024	2023
Communities Unlimited (CU)	\$ 4,371,914	\$ 4,106,847
Great Lakes Community Action Partnership (GLCAP)	3,221,362	3,145,776
Midwest Assistance Program, Inc. (MAP)	3,314,929	3,439,125
Rural Community Assistance Corporation (RCAC)	3,934,652	3,702,823
RCAP Solutions, Inc. (RCAPS)	3,860,810	3,389,331
Southeast Rural Community Assistance Project, Inc. (SERCAP)	3,680,935	3,356,041
Total subgrants to related parties	\$ 22,384,602	\$ 21,139,943

Amounts in other receivables from related parties were as follows:

September 30,	2024	2023
CU	\$ 14,936	\$ 11,549
GLCAP	12,486	13,999
MAP	12,486	11,549
RCAC	14,936	13,999
RCAPS	12,486	13,999
SERCAP	15,819	14,799
Total accounts receivable from related parties	\$ 83,149	\$ 79,894

Grants payable, expected to be paid within one year, were owed to the following related parties:

September 30,	2024	2023
CU	\$ 745,319	\$ 519,339
GLCAP	506,931	544,919
MAP	405,064	449,551
RCAC	566,362	623,501
RCAPS	459,029	367,154
SERCAP	520,398	342,235
Total grants payable to related parties	\$ 3,203,103	\$ 2,846,699

Rural Community Assistance Partnership, Inc.

Notes to Financial Statements

Note 7: Net Assets with Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes:

September 30,	2024	2023
Subject to expenditure for a specific purpose:		
Water and Waste Regionalization	\$ 124,316	\$ 89,110
Research and Economic Development	-	91,666
Safe Drinking Water	98,217	100,325
Administrative projects	130,967	35,839
Water sustainability	15,699	43,893
Total net assets with donor restrictions	\$ 369,199	\$ 360,833

Net assets released from restrictions were as follows:

September 30,	2024	2023
Subject to expenditure for a specific purpose:		
Water and Waste Regionalization	\$ 249,794	\$ 297,280
Research and Economic Development	101,666	91,646
Safe Drinking Water	57,108	304,579
Administrative projects	99,872	275,920
Small Business Training	-	416,197
Water sustainability	28,194	31,107
Total net assets released from restrictions	\$ 536,634	\$ 1,416,729

Note 8: Grant Awards

As of September 30, 2024, RCAP received future funding commitments under various grants of approximately \$43,135,000. Approximately \$33,015,000 of this amount will be awarded to subrecipients. These commitments are not recognized in the accompanying financial statements as revenues or grants payable as they are conditional awards.

Note 9: Commitments and Contingencies

RCAP participates in a number of federally assisted and state grant programs. These programs are subject to program compliance audits by the grantors and their representatives. Any disallowed costs may constitute a liability of RCAP. RCAP believes that it is in compliance with all grant requirements, including those related to matching and disallowed costs, and any noncompliance would not be significant.

Rural Community Assistance Partnership, Inc.

Notes to Financial Statements

Note 9: Commitments and Contingencies (Continued)

The Organization has not maintained the appropriate amount of cash to comply with donor-imposed restrictions at September 30, 2024. Total donor-restricted net assets were \$369,199 and total cash was \$79,568. The Organization plans to replenish the shortage with operating cash flows from unrestricted contributions in the next fiscal year.

Note 10: Risks and Uncertainties

Concentration of Risk – Major Grantors

RCAP earns substantially all of its revenue from two U.S. federal government agencies. During the years ended September 30, 2024 and 2023, RCAP recognized revenue from the following U.S. federal government agencies:

	2024	2023
U.S. Department of Agriculture (USDA)	\$ 10,062,872	\$ 10,399,565
U.S. Environmental Protection Agency (EPA)	17,509,540	14,953,835
Total grant awards	\$ 27,572,412	\$ 25,353,400

Grants receivable due from grantors consisted of the following:

September 30,	2024	2023
USDA	\$ 1,915,501	\$ 1,693,645
EPA	1,788,978	1,781,597
Other various agencies	435,292	33,128
Totals	\$ 4,139,771	\$ 3,508,370

These amounts are considered fully collectible.

Supplementary Information

Rural Community Assistance Partnership, Inc.

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

Federal Grantor/Pass-Through Grantor/ Program Title	AL Number	Passed Through to Subrecipients	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE			
Direct			
Water and Waste Technical Assistance and Training Grants - TT 24-25	10.761	\$ 375,997	\$ 433,551
Water and Waste Technical Assistance and Training Grants - TT 23-24	10.761	7,048,348	7,995,007
Water and Waste Technical Assistance and Training Grants - Tribal 23-24	10.761	439,349	523,364
Water and Waste Technical Assistance and Training Grants - Tribal 24-25	10.761	16,625	19,761
Water and Waste Technical Assistance and Training Grants - Colonias 23-24	10.761	484,000	564,970
Water and Waste Technical Assistance and Training Grants - Colonias 24-25	10.761	10,677	16,256
Water and Waste Technical Assistance and Training Grants - WEP Disaster	10.761	436,604	509,963
Total Federal Expenditures AL 10.761		8,811,600	10,062,872
Direct			
Solid Waste Management Grants	10.762	677,000	805,000
Direct			
Community Facilities Loans and Grants			
Community Facilities Loans and Grants - CF Disaster Response	10.766	-	5,327
TOTAL DEPARTMENT OF AGRICULTURE		9,488,600	10,873,199
DEPARTMENT OF COMMERCE			
Direct			
Research and Evaluation Program	11.312	-	12,014
DEPARTMENT OF TRANSPORTATION			
Direct			
Thriving Communities Program Capacity Builders Cooperative Agreements	20.942	251,345	363,209
Thriving Communities Program Capacity Builders Cooperative Agreements	20.942	88,422	147,704
Total Federal Expenditures AL 20.942 and Department of Transportation		339,767	510,913
DEPARTMENT OF THE TREASURY			
Pass-through - Arizona State University			
Coronavirus State and Local Fiscal Recovery Funds - COVID-19	21.027	534	115,393
DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY			
Direct			
Environmental Finance Center Grants	66.203	1,333,245	1,924,971

Continued

Rural Community Assistance Partnership, Inc.

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

Federal Grantor/Pass-Through Grantor/ Program Title	AL Number	Passed Through to Subrecipients	Total Federal Expenditures
DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY			
Direct			
Surveys, Studies, Investigations, Demonstrations, and Training Grants - Section 1442 of the Safe Drinking Water Act	66.424	5,617,023	6,497,064
Surveys, Studies, Investigations, Demonstrations, and Training Grants - Section 1442 of the Safe Drinking Water Act	66.424	2,967,765	3,432,139
Total Federal Expenditures AL 66.424		8,584,788	9,929,203
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	66.436	290,501	398,613
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	66.436	243,094	237,910
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	66.436	303,498	404,544
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	66.436	835,426	998,388
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	66.436	-	22,396
Total Federal Expenditures AL 66.436		1,672,519	2,061,851
Reducing Lead in Drinking Water	66.443	90,873	167,814
Innovative Water Infrastructure Workforce Development Program	66.445	-	1,598
Technical Assistance for Treatment Works (Clean Water Act [CWA] Section 104(b)(8))	66.446	397,269	494,276
Technical Assistance for Treatment Works (Clean Water Act [CWA] Section 104(b)(8))	66.446	1,074,692	1,291,345
Technical Assistance for Treatment Works (Clean Water Act [CWA] Section 104(b)(8))	66.446	675,767	771,619
Technical Assistance for Treatment Works (Clean Water Act [CWA] Section 104(b)(8))	66.446	507,632	603,923
Technical Assistance for Treatment Works (Clean Water Act [CWA] Section 104(b)(8))	66.446	175,352	233,579
Total Federal Expenditures AL 66.446		2,830,712	3,394,742
Innovative Water Technology Grant Program	66.521	4,578	26,425
TOTAL DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY		14,516,715	17,506,604
TOTAL FEDERAL EXPENDITURES		\$ 24,345,616	\$ 29,018,123

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards.

Rural Community Assistance Partnership, Inc.

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Rural Community Assistance Partnership, Inc. under programs of the federal government for the year ended September 30, 2024. 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). Because the Schedule presents only a selected portion of the operations of Rural Community Assistance Partnership, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Rural Community Assistance Partnership, Inc.

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. Pass-through entity identifying numbers are presented where available.

Note 3 - Indirect Cost Rate

Rural Community Assistance Partnership, Inc. has a federally negotiated indirect cost rate agreement and therefore has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

See Independent Auditor's Report.

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*

Board of Directors
Rural Community Assistance Partnership, Inc.
Washington, DC

We have audited, in accordance with 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 Rural Community Assistance Partnership, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024 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 June 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rural Community Assistance Partnership, Inc.'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 Rural Community Assistance Partnership, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Rural Community Assistance Partnership, Inc.'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 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 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 Rural Community Assistance Partnership, Inc.'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 Rural Community Assistance Partnership, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rural Community Assistance Partnership, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The script is cursive and fluid.

Wipfli LLP

Madison, Wisconsin
June 26, 2025

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Rural Community Assistance Partnership, Inc.
Washington, DC

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rural Community Assistance Partnership, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Rural Community Assistance Partnership, Inc.'s major federal programs for the year ended September 30, 2024. Rural Community Assistance Partnership, Inc.'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, Rural Community Assistance Partnership, Inc. 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 September 30, 2024.

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 (GAAS); 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 Rural Community Assistance Partnership, Inc. 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 Rural Community Assistance Partnership, Inc.'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 provisions of contracts or grant agreements applicable to Rural Community Assistance Partnership, Inc.'s federal programs.

Auditor's Responsibility 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 Rural Community Assistance Partnership, Inc.'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 GAAS, *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 Rural Community Assistance Partnership, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Rural Community Assistance Partnership, Inc.'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 Rural Community Assistance Partnership, Inc.'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 Rural Community Assistance Partnership, Inc.'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.

A handwritten signature in black ink that reads "Wipfli LLP". The script is cursive and fluid, with the letters "W", "i", "p", "f", "l", and "i" being particularly prominent and connected.

Wipfli LLP

Madison, Wisconsin

June 26, 2025

Rural Community Assistance Partnership, Inc.

Schedule of Findings and Questioned Costs

Year Ended September 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over the major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for the major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of the major federal programs

<u>AL Number(s)</u>	<u>Federal Program or Cluster</u>
66.424	Surveys, Studies, Investigations, Demonstrations, and Training Grants - Section 1442 of the Safe Drinking Water Act
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act
66.203	Environmental Finance Center Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$870,544

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

Rural Community Assistance Partnership, Inc.

Schedule of Findings and Questioned Costs

Year Ended September 30, 2024

Section II - Audit Findings in Relation to Financial Statements

No findings related to the financial statements.

Section III - Audit Findings and Questioned Costs in Relation to Federal Awards

No findings or questioned costs related to federal awards.

Section IV - Summary Schedule of Prior Year Findings

None