

National Center for Appropriate Technology, Inc.
Butte, Montana

FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION WITH INDEPENDENT AUDITORS' REPORTS

September 30, 2024 and 2023



K C O E
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National Center for Appropriate Technology, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
National Center for Appropriate Technology, Inc.
Butte, Montana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the National Center for Appropriate Technology, Inc., a nonprofit organization (NCAT), which comprise the statements of financial position as of September 30, 2024 and 2023; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NCAT 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NCAT 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 NCAT's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT

(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 NCAT'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 NCAT'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 audits.

INDEPENDENT AUDITORS' REPORT

(Continued)

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, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of determination of indirect cost rates are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the schedules of expenditures of federal awards and determination of indirect cost rates are 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 March 13, 2025, on our consideration of NCAT'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 NCAT'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 NCAT's internal control over financial reporting and compliance.

KCoe Jam, LLP

March 13, 2025
Butte, Montana

FINANCIAL SECTION

National Center for Appropriate Technology, Inc.

STATEMENTS OF FINANCIAL POSITION

September 30	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,827,559	\$ 1,616,822
Receivables	2,380,372	2,166,036
Prepaid expenses	134,347	99,333
Total Current Assets	4,342,278	3,882,191
Property and Equipment - Net	564,188	633,512
Other Assets		
Operating lease right-of-use assets	100,942	145,034
Deposits and other	80,407	78,520
Total Other Assets	181,349	223,554
TOTAL ASSETS	\$ 5,087,815	\$ 4,739,257
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 710,655	\$ 567,338
Accrued expenses	892,166	701,979
Current portion of long-term debt	19,473	25,419
Deferred revenue	483,629	548,264
Current portion of operating leases	45,916	44,092
Total Current Liabilities	2,151,839	1,887,092
Long-Term Liabilities		
Long-term debt - net of current portion	-	19,816
Operating leases - net of current portion	55,026	100,942
Total Long-Term Liabilities	55,026	120,758
Total Liabilities	2,206,865	2,007,850
Net Assets		
Without donor restrictions:		
Undesignated	2,721,062	2,561,998
With donor restrictions:		
Purpose and time restrictions	159,888	169,409
Total Net Assets	2,880,950	2,731,407
TOTAL LIABILITIES AND NET ASSETS	\$ 5,087,815	\$ 4,739,257

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

National Center for Appropriate Technology, Inc.

STATEMENTS OF ACTIVITIES

Year Ended September 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Net assets without donor restrictions:			
Contributions:			
Grant revenues	\$ 10,131,739	\$ -	\$ 10,131,739
Contributions	67,268	214,400	281,668
In-kind contributions	37,294	-	37,294
Contract revenues	1,437,069	-	1,437,069
Investment income	32,939	-	32,939
Other income	10,685	-	10,685
Subtotal	11,716,994	214,400	11,931,394
Net assets released from restrictions	223,921	(223,921)	-
Total Revenue and Support	11,940,915	(9,521)	11,931,394
Expenses			
Program services:			
Sustainable Agricultural Programs	9,381,644	-	9,381,644
Sustainable Energy Programs	1,455,416	-	1,455,416
Total Program Services	10,837,060	-	10,837,060
Supporting services:			
General and administrative	865,264	-	865,264
Fundraising	55,753	-	55,753
Unallowable	23,774	-	23,774
Total Supporting Services	944,791	-	944,791
Total Expenses	11,781,851	-	11,781,851
Change in Net Assets	159,064	(9,521)	149,543
Net Assets - Beginning of Year	2,561,998	169,409	2,731,407
Net Assets - End of Year	\$ 2,721,062	\$ 159,888	\$ 2,880,950

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

National Center for Appropriate Technology, Inc.

STATEMENTS OF ACTIVITIES

(Continued)

Year Ended September 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Net assets without donor restrictions:			
Contributions:			
Grant revenues	\$ 7,198,786	\$ -	\$ 7,198,786
Contributions	96,091	310,159	406,250
In-kind contributions	41,441	-	41,441
Contract revenues	1,185,017	-	1,185,017
Investment income	23,643	-	23,643
Other income	11,963	-	11,963
Subtotal	8,556,941	310,159	8,867,100
Net assets released from restrictions	297,795	(297,795)	-
Total Revenue and Support	8,854,736	12,364	8,867,100
Expenses			
Program services:			
Sustainable Agricultural Programs	6,426,905	-	6,426,905
Sustainable Energy Programs	1,467,934	-	1,467,934
Total Program Services	7,894,839	-	7,894,839
Supporting services:			
General and administrative	782,115	-	782,115
Fundraising	58,976	-	58,976
Unallowable	17,706	-	17,706
Total Supporting Services	858,797	-	858,797
Total Expenses	8,753,636	-	8,753,636
Change in Net Assets	101,100	12,364	113,464
Net Assets - Beginning of Year	2,460,898	157,045	2,617,943
Net Assets - End of Year	\$ 2,561,998	\$ 169,409	\$ 2,731,407

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

National Center for Appropriate Technology, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended September 30, 2024	Program Services			Supporting Services				Total Expenses
	Sustainable Agriculture Programs	Sustainable Energy Programs	Total Program Services	General and Administrative	Fundraising	Unallowable	Total Supporting Services	
Expenses								
Labor and fringe	\$ 4,973,825	\$ 864,867	\$ 5,838,692	\$ 720,226	\$ 37,107	\$ -	\$ 757,333	\$ 6,596,025
Subcontracts	2,893,877	393,957	3,287,834	60,473	-	23,774	84,247	3,372,081
Materials and supplies	839,236	104,252	943,488	52,743	18,646	-	71,389	1,014,877
Rent and utilities	251,770	44,430	296,200	-	-	-	-	296,200
Travel	364,011	37,511	401,522	31,822	-	-	31,822	433,344
Depreciation	58,925	10,399	69,324	-	-	-	-	69,324
Total Expenses	\$ 9,381,644	\$ 1,455,416	\$ 10,837,060	\$ 865,264	\$ 55,753	\$ 23,774	\$ 944,791	\$ 11,781,851

Year Ended September 30, 2023	Program Services			Supporting Services				Total Expenses
	Sustainable Agriculture Programs	Sustainable Energy Programs	Total Program Services	General and Administrative	Fundraising	Unallowable	Total Supporting Services	
Expenses								
Labor and fringe	\$ 3,683,038	\$ 868,816	\$ 4,551,854	\$ 678,958	\$ 51,592	\$ -	\$ 730,550	\$ 5,282,404
Subcontracts	1,438,925	395,259	1,834,184	29,530	-	17,706	47,236	1,881,420
Materials and supplies	754,380	103,600	857,980	62,929	7,384	-	70,313	928,293
Rent and utilities	191,164	41,963	233,127	-	-	-	-	233,127
Travel	298,425	44,913	343,338	10,698	-	-	10,698	354,036
Depreciation	60,973	13,383	74,356	-	-	-	-	74,356
Total Expenses	\$ 6,426,905	\$ 1,467,934	\$ 7,894,839	\$ 782,115	\$ 58,976	\$ 17,706	\$ 858,797	\$ 8,753,636

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

National Center for Appropriate Technology, Inc.

STATEMENTS OF CASH FLOWS

Years Ended September 30	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 149,543	\$ 113,464
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	69,324	74,356
Amortization of operating right-of-use assets	44,092	42,341
Changes in assets and liabilities:		
Receivables	(214,336)	(694,765)
Prepaid expenses	(35,014)	(69,238)
Deposits and other	(1,887)	(1,834)
Accounts payable	143,317	326,131
Accrued expenses	190,187	(77,028)
Deferred revenue	(64,635)	89,485
Operating lease liability	(44,092)	(42,341)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	236,499	(239,429)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(25,762)	(24,292)
Net Change in Cash and Cash Equivalents	210,737	(263,721)
Cash and Cash Equivalents - Beginning of Year	1,616,822	1,880,543
Cash and Cash Equivalents - End of Year	\$ 1,827,559	\$ 1,616,822
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Right-of-use assets and liabilities recorded	\$ -	\$ 187,375
Interest paid	\$ 1,464	\$ 2,631

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

National Center for Appropriate Technology, Inc.

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization The National Center for Appropriate Technology, Inc. (NCAT) was organized on October 12, 1976, as a nonprofit corporation under the Montana Nonprofit Corporation Act.

The mission of NCAT is to help people by championing small-scale, local, and sustainable solutions to reduce poverty, promote healthy communities, and protect natural resources.

Basis of Accounting The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board (FASB).

Revenue Recognition Revenue on cost-plus contracts is recognized when the right to bill exists as the performance obligation has been met. Current-period revenue includes reimbursement of direct and indirect contract costs incurred in full or for partial performance of the contract. Other contracts in progress are accounted for by the percentage-of-completion method (revenues are recognized according to the ratio of costs incurred to estimated total contract costs) or by the pay-for-performance method (revenues are recognized in accordance with the performance contract), where applicable.

For the years ended September 30, 2024 and 2023, federal government contracts are charged and billed for costs at government-approved provisional rates. Some projects are adjusted at year-end to reflect actual costs incurred.

Cash and Cash Equivalents For purposes of the statement of cash flows, NCAT considers all cash and investments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk NCAT maintains cash balances at various financial institutions. Deposit accounts at each institution are subject to insurance coverage up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). NCAT also maintains repurchase account balances at Glacier Bank totaling \$1,653,284 and \$1,175,935 at September 30, 2024 and 2023, respectively. These amounts are not insured by the FDIC; rather, they are protected under a master repurchase agreement in which there is collateral held by a third party. At September 30, 2024 and 2023, NCAT had no uninsured balances.

Receivables Receivables consist primarily of amounts due from grants and government contracts. The allowance method is used to determine uncollectible amounts. An allowance for credit losses is provided based on management's estimate, including such factors as prior collection history. Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses because of the composition of the receivables at that date is consistent with that used in developing the historical credit-loss percentage. Management has determined that the current and reasonable and supportable forecasted economic conditions are similar to the economic conditions in the historical information.

Prepaid Expenses Prepaid expenses include amounts paid to vendors for services to be received in future periods.

National Center for Appropriate Technology, Inc.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Property and Equipment Property and equipment are stated at cost, if purchased, or at fair value at the date of the gift, if donated, less accumulated depreciation. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Building and Improvements	40 years
Equipment	4 to 12 years
Vehicles	5 years
Furniture and Fixtures	3 to 15 years
Software	3 years

NCAT capitalizes property and equipment with a cost greater than \$5,000 and an estimated useful life of three years or more. Repairs and maintenance are expensed when incurred and betterments, which are expected to extend an asset's useful life, are capitalized.

NCAT records all gifts of long-lived assets as unrestricted unless the donor states time or purpose restrictions.

At the time property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation are adjusted, and any gain or loss on disposal is included on the statement of activities. Additionally, NCAT periodically reviews the carrying value of property and equipment and will recognize impairments when the expected future operating cash flow derived from such assets is less than their carrying value.

Operating Lease Right-of-Use (ROU) Assets and Liabilities NCAT obtains the right to control the use of various assets under long-term agreements. NCAT evaluates contracts to determine whether they include a lease, and uses the lessee non-lease component accounting policy election, for all asset classes, to account for the lease and non-lease components separately. Variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes, are recognized in operating expenses in the period in which the obligation for those payments were incurred. Leases are recognized on the balance sheets as ROU assets with a corresponding lease liability.

Contributions Contributions received are recorded as with or without donor restrictions depending on the existence or nature of any donor restrictions. Purpose- or time-restricted contributions that are received and released from restrictions in the same year are classified as net assets without donor restrictions.

Deferred Revenue Deferred revenue represents amounts received, but not earned, on work in process at year-end. Deferred revenue consists of private or federal grants and amounted to \$483,629 and \$548,264 at September 30, 2024 and 2023, respectively.

Compensated Absences Employees earn sick leave credits from the first full month of regular employment but must normally complete three months of regular employment before they are eligible to use any accrued credits. Regular full-time employees accumulate sick leave at the rate of nine days per year to a maximum of 480 hours. Sick leave is prorated for all employees with less than full-time status. Employees are not reimbursed for accumulated sick leave at termination. Sick leave is expensed as it is used.

National Center for Appropriate Technology, Inc.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Employees accrue vacation from the date of hire. Vacation is accrued based on years of service and is prorated for employees with less than full-time status. Full-time employees may accumulate a maximum of 240 hours of vacation time. Vacation hours are paid to terminated employees and is accrued and expensed on a bimonthly basis.

Classification of Net Assets NCAT reports information regarding its financial position and activities according to two classes, as follows:

Net Assets Without Donor Restrictions: Net assets available for use in carrying out the mission of NCAT, and include those expendable resources which have been designated for special use by NCAT. NCAT's policy is to record program service contracts and grants as net assets without donor restriction when it is expected the grants and contracts will be expended in the same year.

Net Assets With Donor Restrictions: Net assets that are subject to donor or certain grantor-imposed stipulations. Some donor or grant restrictions are temporary in nature, such as those that will be met by passage of time or other events specified by the donor or grantor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that sources be maintained in perpetuity. Donor-imposed restrictions are released when a 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. NCAT had \$159,888 and \$169,409 of net assets with donor restrictions at September 30, 2024 and 2023, respectively.

Functional Expenses Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to a program based on an organization-wide indirect cost plan. Accordingly, expense such as depreciation, utilities, and rent are based on direct labor charges and apportioned to each program based on the labor/fringe ratio as calculated by NCAT management. General and administrative costs are allocated based on NCAT's indirect cost rate agreement.

Income Taxes NCAT is generally exempt from federal income taxes under §501(c)(3) of the *Internal Revenue Code* (IRC). Income from certain activities, not directly related to NCAT's tax-exempt purpose, is subject to taxation as unrelated business income. No provisions for federal income taxes have been recorded in the accompanying financial statements because management has determine the amount is not significant. NCAT is not a private foundation as classified by the Internal Revenue Service (IRS).

Estimates The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

National Center for Appropriate Technology, Inc.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Change in Accounting Principles On October 1 2023, NCAT adopted FASB Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses*, and all related subsequent amendments. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing NCAT’s exposure to credit risk and the measurement of credit losses. Financial Instruments held by NCAT that are subject to this guidance were accounts receivable.

The standard did not have a material impact on NCAT’s statements of financial positions, statements of activities, or statements of cash flows, and primarily resulted in new or enhanced disclosures only.

NCAT adopted the standard using a modified retrospective method for all financial assets measured at amortized cost. Results for reporting periods beginning after October 1, 2023, are presented under the standard, while prior-period amounts continue to be reported in accordance with previously applicable GAAP.

Evaluation of Subsequent Events Management has evaluated subsequent events through March 13, 2025, the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures include only those without donor restrictions, excluding board-designated net assets or other restrictions limiting their use within one year of the statement of financial position date. General expenditures include those listed within the general and administrative classification of the statements of activities.

The following financial assets were expected to be available to support NCAT:

September 30, 2024

Financial Assets

Cash and cash equivalents	\$ 1,827,559
Receivables	2,380,372
Grants receivable	(1,836,904)
Deferred revenue	(483,629)

**Financial Assets Available to Meet Cash Needs
for General Expenditures Within One Year**

\$ 1,887,398

As of September 30, 2024 and 2023, NCAT had working capital of \$2,190,439 and \$1,995,099, and 57 and 68 days cash on hand, respectively. As part of NCAT’s liquidity management plan, NCAT has a policy to structure its financial assets to be available for general expenditures, liabilities, and/or obligations as they become due. Grants receivable and deferred revenue are excluded from financial assets available for general expenditures as they are generally restricted for specific purposes.

National Center for Appropriate Technology, Inc.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

September 30	2024		2023	
Land	\$	30,456	\$	30,456
Buildings and improvements		1,086,873		1,086,873
Furniture and fixtures		383,682		383,682
Office equipment		160,301		160,301
Computer equipment		172,233		172,233
Software		46,690		46,690
Vehicles		53,428		53,428
Accumulated depreciation		(1,369,475)		(1,300,151)
Totals	\$	564,188	\$	633,512

Depreciation expense was \$69,324 and \$74,356 for the years ended September 30, 2024 and 2023, respectively.

Equipment purchased with federal funding is expensed if the grant indicates the title is to be held by the grantor. The equipment used by NCAT is below the threshold for NCAT's capitalization policy and therefore not included on the statements of financial position. Such equipment totaled approximately \$107,051 and \$126,836 for the years ended September 30, 2024 and 2023, respectively.

4. CONCENTRATIONS

During 2024 and 2023, NCAT derived approximately 85% and 79%, respectively, of its revenue from grants with various federal governmental agencies. Additionally, 80% and 90%, respectively, of its receivables relate to grants with the federal government. However, management believes any risk associated with this concentration is mitigated due to the number of grants spread across several federal agencies and departmental programs.

5. RECEIVABLES

Receivables consisted of the following:

September 30	2024		2023		2022	
Billed receivables	\$	2,287,875	\$	1,767,217	\$	1,424,806
Other receivables		92,497		398,819		46,465
Totals	\$	2,380,372	\$	2,166,036	\$	1,471,271

National Center for Appropriate Technology, Inc.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

6. CONTRIBUTED SERVICES

NCAT records various types of in-kind contributions. Contributed services are recognized at fair value if the services received: (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. NCAT received contributed rent and professional services of \$37,294 and \$41,441 during the years ended September 30, 2024 and 2023, respectively.

September 30	2024	2023
Professional Services		
Utilized for various administrative and direct project support activities, no associated donor restrictions:		
Contributed services are valued and reported at the estimated fair market value in the financial statements based on the current rates for similar services	\$ 37,294	\$ 41,441

7. ACCRUED EXPENSES

Accrued expenses consisted of the following:

September 30	2024	2023
Accrued payroll taxes and withholding	\$ 97,692	\$ 71,030
Accrued wages	198,440	135,120
Accrued vacation	264,994	227,384
Profit-sharing plan	331,040	268,445
Totals	\$ 892,166	\$ 701,979

8. LINE OF CREDIT

At September 30, 2024, NCAT had an unused line of credit of \$500,000 with a variable interest rate, adjusted annually. The rates in effect at September 30, 2024 and 2023, were 7.94% and 7.20%, respectively. NCAT did not draw on this line of credit during 2024 or 2023. The line of credit will expire on August 7, 2026.

National Center for Appropriate Technology, Inc.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

9. LEASE COMMITMENTS

NCAT leases office space under lease agreements with durations less than 12 months, and has elected to use the short-term lease exemption, which allows for the expense to be recognized on a straight-line basis over the lease term. NCAT leases facility space in the following city:

- Berea, Kentucky, with rent expense of \$400 per month, effective month-to-month.

The office rental space lease is on an annual basis and is contingent on continued federal funding.

During the years ended September 30, 2024 and 2023, NCAT's total facility rental expense was \$4,800 and \$44,342, respectively, for month-to-month leases.

Operating Leases

NCAT leases real property and equipment for use in operations under operating lease agreements.

NCAT's lease expense was as follows:

September 30	2024		2023	
Operating leases	\$	49,000	\$	49,000
Short-term leases		4,800		44,342
Total Lease Expense	\$	53,800	\$	93,342

National Center for Appropriate Technology, Inc.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The aggregate minimum annual lease payments under operating and finance lease arrangements and discount factors used in calculating minimum lease payments on ROU assets are as follows:

Years Ending September 30	Operating Leases	Total
2025	\$ 49,000	\$ 49,000
2026	41,677	41,677
2027	14,784	14,784
2028	-	-
2029	-	-
Thereafter	-	-
Subtotal	105,461	105,461
Amount representing interest	(4,519)	(4,519)
Present Value of Minimum Lease Payments	100,942	\$ 100,942
Current maturities of leases	(45,916)	
Leases - Net of Current Maturities	\$ 55,026	

September 30, 2024

Weighted-average remaining lease term:	
Operating leases	2.25 years
Weighted-average discount rate:	
Operating leases	4.00%

10. LONG-TERM DEBT

NCAT's long-term debt consists of the following:

September 30	2024	2023
Note payable to Glacier Bank, due in monthly installments of \$2,245, including interest at 4.5% through June 2025; unsecured.	\$ 19,473	\$ 45,235
Current portion	(19,473)	(25,419)
Totals	\$ -	\$ 19,816

Interest expense was \$1,464 and \$2,582 for the years ended September 30, 2024 and 2023, respectively.

National Center for Appropriate Technology, Inc.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Aggregate maturities for the next year is as follows:

Year Ending September 30

2025	\$	19,473
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11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor-imposed time or purpose restrictions activities consisted of:

	October 1, 2023	Revenue	Released From Restrictions	September 30, 2024
Biochar lobbying	\$ 43,559	\$ 130,000	\$ (125,977)	\$ 47,582
Agri-solar	9,241	7,000	(9,359)	6,882
Thornburg	-	25,000	-	25,000
Hershey Foundation	-	25,000	-	25,000
Grow Montana	116,609	27,400	(88,585)	55,424
Totals	\$ 169,409	\$ 214,400	\$ (223,921)	\$ 159,888

During the fiscal year ended September 30, 2024, a total of \$223,921 of donor-restricted net assets were released as they were expended for their purpose restrictions.

12. PROFIT-SHARING PLAN

NCAT sponsors a 401(k) profit-sharing plan (the Plan) for eligible employees. The Plan permits employee salary reductions for employees who have attained age 21 and have completed at least three months of service.

Employer contributions are allowed for employees who have attained age 21 and have completed at least three months of service or 1,000 hours of paid time. An employee must be employed on December 31 to be eligible for employer contribution. Effective January 1, 2018, NCAT established a match of 3% of salary deferred by eligible employees.

NCAT approves discretionary contributions to the Plan on a calendar year basis. At September 30, 2024 and 2023, \$331,040 and \$353,943, respectively, of employer contributions were expensed in the accompanying financial statements.

National Center for Appropriate Technology, Inc.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

13. INDIRECT COST RATES AND FUNCTIONAL ALLOCATION OF COSTS

NCAT's actual allocated cost rates were as follows:

September 30	2024	2023
Cost Pool		
Directly allocated fringe - regular employees	44.00%	44.00%
Allocated overhead direct costs	33.42%	35.69%
Indirect general and administrative (G&A)	8.16%	9.93%

14. RELATED-PARTY TRANSACTIONS

Members of the Board of Directors of NCAT made contributions in the amount of \$8,615 and \$14,245 for the years ended September 30, 2024 and 2023, respectively.

15. DEFERRED COMPENSATION

Effective October 2012, NCAT adopted a non-qualified deferred compensation agreement under Section 457(b) of the IRC. Contributions by NCAT are at the discretion of the Board of Directors and are subject to IRS limits. The plan allows for eligible employees to defer a portion of their compensation. Such deferrals accumulate on a tax-deferred basis until the employee withdraws the funds upon retirement, termination, or death. Participants are fully vested as contributions are made. After 60 days of separation from service, benefits may be paid out in a lump-sum or installment payments. There were no contributions during the years ended September 30, 2024 and 2023.

SUPPLEMENTARY INFORMATION SECTION

National Center for Appropriate Technology, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2024

Federal Source/Pass-Through Source Program Title/Type of Assistance	Award Number	AL Number	Federal Funds Expended	Passed to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
Rural Business - Cooperative Service				
Appropriate Technology Transfer for Rural Areas (ATTRA)	RD-RB-COOP-23-XX	10.782	\$ 2,524,994	\$ -
Appropriate Technology Transfer for Rural Areas (ATTRA)	ATTRA-24-01	10.782	1,069,209	-
Subtotal by AL Number			3,594,203	-
Rural Energy for America Program (REAP)	LG2KJGKYFNA4	10.868	26,045	-
Farm and School Nutrition Service				
Farm to School	USDA-FNS-F2S-TC-2019-MT-01	10.531	110,206	-
Farm and School Nutrition Service				
Passed through Montana Department of Agriculture	FNS-F2S-IMPL-2022-MT-2	10.575	44,363	-
AMS FMPP Sustainable Farmer's Market Success	AM200100XXXXG111	10.175	84,051	-
Natural Resources Conservation Service				
2410 GLCI	NR234423XXXXC094	10.902	62,828	-
Investing in Underserved Farmers	NR223A750003C036	10.902	37,573	-
Piney Woods School Demo Farm	NA	10.902	40,190	-
CA & TX Latino/Hispanic Farmer Conferences	NR243A750003C128		129,631	-
Subtotal by AL Number			270,222	-
Natural Resources Conservation Service				
CIG Subtropical Soil Health Initiative	NR213A750013G034-02	10.912	4,814	-
Ridge to Reefs Project-Puerto Rico		10.912	6,840	-
Assistance in the Ogallala Aquifer Region	2004.24.081758	10.912	42	-
Passed through Piikani Lodge		10.912	13,093	-
Subtotal by AL Number			24,789	-
Risk Management Agency				
Specialty Crop Block Grant		10.170	22,856	-
Center for Land Based Learning	AM22SCBPCA1133	10.170	3,103	-
Subtotal by AL Number			25,959	-
Sustainable Agriculture Research and Education				
National Institute of Food and Agriculture				
Passed through University of Georgia	SUB00002653	10.215	465,865	-
Passed through Montana State University	G182-21-W7903	10.215	7,657	-
Passed through Department of Agriculture	SUB00002935	10.215	13,276	-
Passed through University of Georgia	SUB00003092	10.215	137,220	-
Publications	NA	10.215	1,313	-
Subtotal by AL Number			\$ 625,331	\$ -

See the accompanying notes to the schedule of expenditures of federal awards.

National Center for Appropriate Technology, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2024
(Continued)

Federal Source/Pass-Through Source Program Title/Type of Assistance	Award Number	AL Number	Federal Funds Expended	Passed to Subrecipients
Community Food Projects				
Supporting a Vibrant Organic Sector	F1476-01	10.307	\$ 41,510	\$ -
Communicate Food and Ariculture Coalition	NA	10.311	11,077	-
Passed through University of Kentucky	3200004384-22-114	10.311	8,447	-
Passed through Appalachian State University	A21-0030-S004	10.311	5,112	-
Passed through University of California	A23-1561-S002		23,633	-
National Institute of Food and Agriculture				
NIFA Preparing for Resilient Future	2021-70033-35698	10.311	248,583	-
Passed through Alcorn State University	NA	10.311	2,637	-
Subtotal by AL Number			299,489	-
Community Food and Ag Coalition				
Food Insecurity Nutrition Incentive Grants Program				
Double SNAP Project	NA	10.331	6,866	-
2480 AgVets 2024/Armed to Farm Farmer to Farmer Support		10.334	98	-
USDA NIFA AgVets Project	2020-77028-32877	10.334	427,660	-
Subtotal by AL Number			427,758	-
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers				
Plant it Forward	AO222501X443G038	10.443	4,423	-
Sustainable Agriculture Research and Education				
National Institute of Food and Agriculture				
Passed through University of Arkansas	GR016206	10.500	11,069	-
Agriculture and Food Research Initiative				
Passed through Montana State University	G286-22-W9452	10.310	4,255	-
National Organic Program				
Florida Organic growers		10.163	97,372	-
Natural Resources Conservation Service				
Community Farms	NR233A750005G041	10.935	80,210	-
Climate Smart	NR233A750004G021	10.937	2,779,911	1,577,583
Farmer's for Soil Health	2004.23.079280	10.937	6,222	-
Partnership for Climate Smart		10.937	1,392	-
Climate Smart-expanding STAR across the West		10.937	34,982	-
Agri-Solar Project-TX Rio Grande Valley	NR233A750004G061(02)	10.937	931	-
Building Soil, Building Equity		10.937	631,188	-
Subtotal by AL Number			3,454,626	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			9,232,747	1,577,583
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through APPRISE	75N92021P0034	93.568	475,312	-
U.S. DEPARTMENT OF ENERGY				
Department of Energy Agrisolar Project	DE-EE0009372	81.087	390,047	-
U.S. DEPARTMENT OF VETERAN AFFAIRS				
Armed to Farm	N/A	64.000	33,633	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 10,131,739	\$ 1,577,583

See the accompanying notes to the schedule of expenditures of federal awards.

National Center for Appropriate Technology, Inc.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the National Center for Appropriate Technology, Inc. (NCAT), 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 NCAT, it is not intended and does not present the financial position, change in net assets, or cash flows of NCAT.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule has been prepared on the accrual basis of accounting which is the method of accounting used for the financial statements. Such expenditures are recognized following, as applicable, or the cost principles of Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

3. PROGRAM INCOME

Program income in the amount of \$82,634 nets with related expenditures, therefore decreasing the amount of Appropriate Technology Transfer for Rural Areas (ATTRA) federal expenditures (AL #10.350). ATTRA expenditures reported on the Schedule consist of allowable program expenses, net of program income received.

4. INDIRECT COST RATE

NCAT uses its negotiated indirect cost rate agreement and accordingly has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

OTHER REPORTS SECTION



INDEPENDENT AUDITORS' 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

To the Board of Directors
National Center for Appropriate Technology, Inc.
Butte, Montana

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 the National Center for Appropriate Technology, Inc., a nonprofit organization (NCAT), which comprise the statement of financial position as of September 30, 2024; 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 March 13, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NCAT's internal control over financial reporting (internal control) to determine the 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 NCAT's internal control. Accordingly, we do not express an opinion on the effectiveness of NCAT'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 NCAT'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITORS' 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

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NCAT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 NCAT's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCAT's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KCoe Jam, LLP

March 13, 2025
Butte, Montana



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
National Center for Appropriate Technology, Inc.
Butte, Montana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the National Center for Appropriate Technology, Inc.'s (NCAT) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of NCAT's major federal programs for the year ended September 30, 2024. NCAT's major federal programs are identified in the Summary of Auditors' Results section of the accompanying schedule of findings and questioned costs.

In our opinion, NCAT 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of NCAT 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 NCAT'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 NCAT's federal programs.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

Auditors' 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 NCAT'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 NCAT'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 NCAT'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 NCAT'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 NCAT'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.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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.

KCoe Jam, LLP

March 13, 2025
Butte, Montana

FINDINGS AND QUESTIONED COSTS SECTION

National Center for Appropriate Technology, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2024

SECTION I

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Is any noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
Appropriate Technology Transfer for Rural Areas (ATTRA)	10.782
United States Department of Agriculture: Enhancing Agriculture Opportunities for Military Veterans	10.334
Threshold for distinguishing types A and B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

National Center for Appropriate Technology, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2024

(Continued)

SECTION II

FINANCIAL STATEMENTS FINDINGS

None.

SECTION III

FEDERAL AWARDS AUDIT FINDINGS

None.

SECTION IV

STATUS OF CORRECTIVE ACTION ON PRIOR FINDINGS

None.

OTHER SUPPLEMENTARY INFORMATION SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
National Center for Appropriate Technology, Inc.
Butte, Montana

Report on the Audit of the Schedule of Determination of Indirect Cost Rates

Opinion

We have audited the financial statements of the National Center for Appropriate Technology, Inc., a nonprofit organization (NCAT), for the year ended September 30, 2024, and have issued our report thereon dated March 13, 2025.

We have also audited the accompanying schedule of determination of indirect cost rates of NCAT for the year ended September 30, 2024, and the related notes to the schedule of determination of indirect cost rates (the Schedule).

In our opinion, the Schedule referred to above presents fairly, in all material respects, the indirect cost rates of NCAT's cost reimbursable contracts for the year ended September 30, 2024, in conformity with accounting practices prescribed by subparts 42.7 "Indirect Cost Rates" and 42.8 "Disallowance of Costs" of the Federal Acquisition Regulations (FAR).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the applicable provisions of FAR, provision subparts 42.7 "Indirect Cost Rates" and 42.8 "Disallowance of Costs," and the terms and conditions of the contracts as criteria to evaluate costs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement.

Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NCAT and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to note 2 to the Schedule, which describes the basis of accounting. The Schedule was prepared by NCAT on the basis of accounting prescribed by Part 42 of FAR and certain other federal and state regulations, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITORS' REPORT

(Continued)

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with the basis of accounting practices prescribed by Part 42 of FAR, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 Schedule.

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 Schedule, 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 Schedule.
- 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 NCAT'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 Schedule.

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.

INDEPENDENT AUDITORS' REPORT

(Continued)

Restriction on Use

This report is intended solely for the information and use of governance, management of NCAT, its oversight agencies, and other grantors and is not intended to be, and should not be, used by anyone other than these specified parties.

KCoe Jam, LLP

March 13, 2025
Butte, Montana

National Center for Appropriate Technology, Inc.

SCHEDULE OF DETERMINATION OF INDIRECT COST RATES

Year Ended September 30, 2024

Fiscal Year	Cost Pool	Provisional Rate	Audit Adjustments	Actual Rate
2024	Fringe	44.00%	\$ -	44.00%
	Allocated Overhead Direct Costs	33.50%	\$ -	33.42%
	Indirect General and Administrative (G&A)	9.05%	\$ -	8.16%

See the accompanying notes to the other supplementary information.

National Center for Appropriate Technology, Inc.

NOTES TO THE SCHEDULE OF DETERMINATION OF INDIRECT COST RATES

September 30, 2024

1. ORGANIZATION

The National Center for Appropriate Technology, Inc. (NCAT) was organized on October 12, 1976, as a nonprofit corporation under the Montana Nonprofit Corporation Act.

The purpose of NCAT is to help people by championing small-scale, local, and sustainable solutions to reduce poverty, promote healthy communities, and protect natural resources.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Determination of Indirect Cost Rates (the Schedule) includes the activity of NCAT for the year ended September 30, 2024. The Schedule has been prepared on the accrual basis of accounting and accounting practices prescribed by subpart 42.7 "Indirect Cost Rates" and 42.8 "Disallowance of Costs" of the Federal Acquisition Regulations.

3. PROVISIONAL RATE STRUCTURE

Contracts with the federal government are charged and billed for indirect costs utilizing an approved provisional rate structure. The difference between the approved provisional indirect rates and actual rates is an adjustment in subsequent rate negotiations.

4. DESCRIPTION OF ALLOCATIONS

Fringe

Pool Includes all fringe labor (vacation, holiday, sick, etc.) and fringe non-labor (insurance, employment-related taxes, pension, and other various benefits).

Base Total labor (excluding fringe labor) including directly allocated labor, G&A labor, federally unallowed labor, and direct project labor.

Fringe is allocated to all labor, except fringe labor. Fringe benefits are identified with salaries and wages and treated as direct costs, as appropriate.

Allocated Overhead Direct Costs

Pool Includes all directly allocated labor (including allocated fringe) and all non-labor directly allocated expenses (rent, computers, utilities, phones, lights, receptionist, supplies, and various facility expense).

Base Total direct project labor (including allocated fringe).

Allocated overhead direct costs are allocated to all direct project labor, including allocated fringe.

National Center for Appropriate Technology, Inc.

NOTES TO THE SCHEDULE OF DETERMINATION OF INDIRECT COST RATES

September 30, 2024

(Continued)

Indirect G&A

Pool Includes all G&A labor (including allocated fringe) and non-labor G&A expenses (accounting, payroll, management, auditing, board expense, and various other general expenses).

Base Total cost input including all direct, indirect, and unallowable costs (labor, fringe, directly allocated costs, and non-labor).

Indirect G&A is allocated to all direct project labor and direct project non-labor.

In accordance with 2 CFR 200.413 (e), "The costs of certain activities are not allowable as charges to Federal Awards. However, even though these costs are unallowable for purposes of computing charges to Federal awards, they nonetheless must be treated as direct costs for the purposes of determining indirect cost rates and be allocated their share of the organization's indirect costs if they represent activities which (1) include the salaries of personnel, (2) occupancy, space, and (3) benefit from the Organization's indirect costs."