

# National Center for Appropriate Technology, Inc.

Butte, Montana

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITORS' REPORTS

September 30, 2025 and 2024



K C O E  
I S O M

# 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, 2025 and 2024; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NCAT as of September 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (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 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 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 23, 2026, 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 23, 2026  
Helena, Montana

## **FINANCIAL SECTION**

# National Center for Appropriate Technology, Inc.

## STATEMENTS OF FINANCIAL POSITION

September 30	2025	2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,993,834	\$ 1,827,559
Receivables	1,189,899	2,380,372
Prepaid expenses	54,447	134,347
<b>Total Current Assets</b>	<b>4,238,180</b>	<b>4,342,278</b>
<b>Property and Equipment - Net</b>	<b>501,942</b>	<b>564,188</b>
<b>Other Assets</b>		
Operating lease right-of-use assets	55,026	100,942
Deposits and other	84,524	80,407
<b>Total Other Assets</b>	<b>139,550</b>	<b>181,349</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,879,672</b>	<b>\$ 5,087,815</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 445,912	\$ 710,655
Accrued expenses	600,798	892,166
Current portion of long-term debt	-	19,473
Deferred revenue	241,050	483,629
Current portion of operating leases	40,443	45,916
<b>Total Current Liabilities</b>	<b>1,328,203</b>	<b>2,151,839</b>
<b>Long-Term Liabilities</b>		
Operating leases - net of current portion	14,583	55,026
<b>Total Liabilities</b>	<b>1,342,786</b>	<b>2,206,865</b>
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	3,260,107	2,721,062
With donor restrictions:		
Purpose and time restrictions	276,779	159,888
<b>Total Net Assets</b>	<b>3,536,886</b>	<b>2,880,950</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,879,672</b>	<b>\$ 5,087,815</b>

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

# National Center for Appropriate Technology, Inc.

## STATEMENTS OF ACTIVITIES

Year Ended September 30, 2025	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Net assets without donor restrictions:			
Contributions:			
Grant revenues	\$ 7,432,644	\$ -	\$ 7,432,644
Contributions	44,166	594,250	638,416
In-kind contributions	60,758	-	60,758
Contract revenues	1,977,276	-	1,977,276
Investment income	42,504	-	42,504
Other income	5,710	-	5,710
<b>Subtotal</b>	<b>9,563,058</b>	<b>594,250</b>	<b>10,157,308</b>
Net assets released from restrictions	477,359	(477,359)	-
<b>Total Revenue and Support</b>	<b>10,040,417</b>	<b>116,891</b>	<b>10,157,308</b>
<b>Expenses</b>			
Program services:			
Sustainable Agricultural Programs	7,340,457	-	7,340,457
Sustainable Energy Programs	1,221,792	-	1,221,792
<b>Total Program Services</b>	<b>8,562,249</b>	<b>-</b>	<b>8,562,249</b>
Supporting services:			
General and administrative	831,865	-	831,865
Fundraising	83,453	-	83,453
Unallowable	23,805	-	23,805
<b>Total Supporting Services</b>	<b>939,123</b>	<b>-</b>	<b>939,123</b>
<b>Total Expenses</b>	<b>9,501,372</b>	<b>-</b>	<b>9,501,372</b>
<b>Change in Net Assets</b>	<b>539,045</b>	<b>116,891</b>	<b>655,936</b>
<b>Net Assets - Beginning of Year</b>	<b>2,721,062</b>	<b>159,888</b>	<b>2,880,950</b>
<b>Net Assets - End of Year</b>	<b>\$ 3,260,107</b>	<b>\$ 276,779</b>	<b>\$ 3,536,886</b>

*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, 2024	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
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
<b>Subtotal</b>	<b>11,716,994</b>	<b>214,400</b>	<b>11,931,394</b>
Net assets released from restrictions	223,921	(223,921)	-
<b>Total Revenue and Support</b>	<b>11,940,915</b>	<b>(9,521)</b>	<b>11,931,394</b>
<b>Expenses</b>			
Program services:			
Sustainable Agricultural Programs	9,381,644	-	9,381,644
Sustainable Energy Programs	1,455,416	-	1,455,416
<b>Total Program Services</b>	<b>10,837,060</b>	<b>-</b>	<b>10,837,060</b>
Supporting services:			
General and administrative	865,264	-	865,264
Fundraising	55,753	-	55,753
Unallowable	23,774	-	23,774
<b>Total Supporting Services</b>	<b>944,791</b>	<b>-</b>	<b>944,791</b>
<b>Total Expenses</b>	<b>11,781,851</b>	<b>-</b>	<b>11,781,851</b>
<b>Change in Net Assets</b>	<b>159,064</b>	<b>(9,521)</b>	<b>149,543</b>
<b>Net Assets - Beginning of Year</b>	<b>2,561,998</b>	<b>169,409</b>	<b>2,731,407</b>
<b>Net Assets - End of Year</b>	<b>\$ 2,721,062</b>	<b>\$ 159,888</b>	<b>\$ 2,880,950</b>

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, 2025	Program Services			Supporting Services				Total Expenses
	Sustainable Agriculture Programs	Sustainable Energy Programs	Total Program Services	General and Administrative	Fundraising	Unallowable	Total Supporting Services	
<b>Expenses</b>								
Labor and fringe	\$ 4,206,664	\$ 871,872	\$ 5,078,536	\$ 783,472	\$ 54,361	\$ -	\$ 837,833	\$ 5,916,369
Subcontracts	2,204,633	185,076	2,389,709	40,371	-	23,805	64,176	2,453,885
Materials and supplies	524,491	115,319	639,810	6,054	29,092	-	35,146	674,956
Rent and utilities	161,999	33,181	195,180	-	-	-	-	195,180
Travel	191,006	5,762	196,768	1,968	-	-	1,968	198,736
Depreciation	51,664	10,582	62,246	-	-	-	-	62,246
<b>Total Expenses</b>	<b>\$ 7,340,457</b>	<b>\$ 1,221,792</b>	<b>\$ 8,562,249</b>	<b>\$ 831,865</b>	<b>\$ 83,453</b>	<b>\$ 23,805</b>	<b>\$ 939,123</b>	<b>\$ 9,501,372</b>

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	
<b>Expenses</b>								
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
<b>Total Expenses</b>	<b>\$ 9,381,644</b>	<b>\$ 1,455,416</b>	<b>\$ 10,837,060</b>	<b>\$ 865,264</b>	<b>\$ 55,753</b>	<b>\$ 23,774</b>	<b>\$ 944,791</b>	<b>\$ 11,781,851</b>

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	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 655,936	\$ 149,543
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	62,246	69,324
Amortization of operating right-of-use assets	45,916	44,092
Changes in assets and liabilities:		
Receivables	1,190,473	(214,336)
Prepaid expenses	79,900	(35,014)
Deposits and other	(4,117)	(1,887)
Accounts payable	(253,743)	143,317
Accrued expenses	(302,368)	190,187
Deferred revenue	(242,579)	(64,635)
Operating lease liability	(45,916)	(44,092)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,185,748</b>	<b>236,499</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on long-term debt	(19,473)	(25,762)
<b>Net Change in Cash and Cash Equivalents</b>	<b>1,166,275</b>	<b>210,737</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>1,827,559</b>	<b>1,616,822</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 2,993,834</b>	<b>\$ 1,827,559</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 430	\$ 1,464

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

# National Center for Appropriate Technology, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

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### 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.

**Cash and Cash Equivalents** For purposes of the statements of cash flows, NCAT considers all cash 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 \$2,618,382 and \$1,653,284 at September 30, 2025 and 2024, 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, 2025 and 2024, 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 the compiled historical-loss information 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, 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.

**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.

# National Center for Appropriate Technology, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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NCAT records all gifts of long-lived assets as without donor restrictions 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 statements 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 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 nonlease component accounting policy election, for all asset classes, to account for the lease and nonlease 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 statement of financial position as right-of-use (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 \$241,050 and \$483,629 at September 30, 2025 and 2024, 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.

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.

# National Center for Appropriate Technology, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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*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 \$276,779 and \$159,888 of net assets with donor restrictions at September 30, 2025 and 2024, respectively.

**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, 2025 and 2024, 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.

**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, expenses 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 determined 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, 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.

**Evaluation of Subsequent Events** Management has evaluated subsequent events through March 23, 2026, the date the financial statements were available to be issued.

## National Center for Appropriate Technology, Inc.

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 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	2025	2024
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 2,993,834	\$ 1,827,559
Receivables	1,189,899	2,380,372
Grants receivable	(858,652)	(1,836,904)
Deferred revenue	(241,050)	(483,629)
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>		
	\$ 3,084,031	\$ 1,887,398

At September 30, 2025 and 2024, NCAT had working capital of \$2,909,977 and \$2,190,439, and 115 and 57 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.

## 3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

September 30	2025	2024
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	(1,431,721)	(1,369,475)
<b>Totals</b>	<b>\$ 501,942</b>	<b>\$ 564,188</b>

Depreciation expense was \$62,246 and \$69,324 for the years ended September 30, 2025 and 2024, respectively.

# National Center for Appropriate Technology, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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 \$34,209 and \$107,051 for the years ended September 30, 2025 and 2024, respectively.

### 4. CONCENTRATIONS

During 2025 and 2024, NCAT derived approximately 74% and 85%, respectively, of its revenue from grants with various federal governmental agencies. Additionally, 89% and 80%, 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	2025	2024	2023
Billed receivables	\$ 1,167,928	\$ 2,287,875	\$ 1,767,217
Other receivables	21,971	92,497	398,819
<b>Totals</b>	<b>\$ 1,189,899</b>	<b>\$ 2,380,372</b>	<b>\$ 2,166,036</b>

### 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. In-kind contributions/expenses consisted of the following:

September 30	2025	2024
<b>Professional Services</b>		
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	\$ 60,758	\$ 37,294

## National Center for Appropriate Technology, Inc.

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

#### 7. ACCRUED EXPENSES

Accrued expenses consisted of the following:

September 30		2025		2024
Accrued payroll taxes and withholding	\$	72,081	\$	97,692
Accrued wages		150,717		198,440
Accrued vacation		213,795		264,994
Accrued other		11,000		-
Profit sharing plan		153,205		331,040
<b>Totals</b>	\$	<b>600,798</b>	\$	<b>892,166</b>

#### 8. LINE OF CREDIT

At September 30, 2025, NCAT had an unused line of credit of \$500,000 with a variable interest rate, adjusted annually. The rate in effect at September 30, 2025 and 2024, was 7.94%. NCAT did not draw on this line of credit during 2025 or 2024. The line of credit will expire on August 7, 2026.

#### 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, 2025 and 2024, NCAT's total facility rental expense was \$4,800 for the 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:

Years Ended September 30		2025		2024
Operating leases	\$	41,677	\$	49,000
Short-term leases		4,800		4,800
<b>Total Lease Expense</b>	\$	<b>46,477</b>	\$	<b>53,800</b>

## 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		
2026	\$	41,677
2027		14,784
<b>Subtotal</b>		<b>56,461</b>
Amount representing interest		(1,435)
<b>Present Value of Minimum Lease Payments</b>		<b>55,026</b>
Current maturities of leases		(40,443)
<b>Leases - Net of Current Maturities</b>	<b>\$</b>	<b>14,583</b>
Years Ended September 30		
	2025	2024
Weighted-average remaining lease term	1.25 years	2.25 years
Weighted-average discount rate	4.00%	4.00%

## 10. LONG-TERM DEBT

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

September 30		
	2025	2024
Note payable to Glacier Bank, due in monthly installments of \$2,245, including interest at 4.5% through June 2025; unsecured.	\$ -	\$ 19,473
Current portion	-	(19,473)
<b>Totals</b>	<b>\$ -</b>	<b>\$ -</b>

Interest expense was \$430 and \$1,464 for the years ended September 30, 2025 and 2024, respectively.

## National Center for Appropriate Technology, Inc.

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

#### 11. NET ASSETS WITH DONOR RESTRICTIONS

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

	October 1, 2024	Revenue	Released From Restrictions	September 30, 2025
Biochar lobbying	\$ 47,582	\$ 130,000	\$ (117,265)	\$ 60,317
Agri-solar support	6,882	-	-	6,882
New Mexico Grazing	25,000	20,000	(44,715)	285
TX Conservation Planning	25,000	25,000	(28,810)	21,190
Grow Montana	55,424	136,250	(90,118)	101,556
Attend Sustainable Agriculture and Food System Funders	-	3,000	(3,000)	-
NCAT website update and rebrand	-	130,000	(113,518)	16,482
NCAT general operations support	-	150,000	(79,933)	70,067
<b>Totals</b>	<b>\$ 159,888</b>	<b>\$ 594,250</b>	<b>\$ (477,359)</b>	<b>\$ 276,779</b>

During the fiscal years ended September 30, 2025 and 2024, a total of \$477,359, and \$223,921 of donor-restricted net assets, respectively, 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, 2025 and 2024, \$153,205 and \$331,040, respectively, of employer contributions were expensed in the accompanying financial statements.

# National Center for Appropriate Technology, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### 13. INDIRECT COST RATES AND FUNCTIONAL ALLOCATION OF COSTS

NCAT's actual allocated cost rates were as follows:

September 30	2025	2024
<b>Cost Pool</b>		
Directly allocated fringe - regular employees	44.00%	44.00%
Allocated overhead direct costs	36.00%	33.42%
Indirect general and administrative	9.78%	8.16%

### 14. RELATED-PARTY TRANSACTIONS

Members of the Board of Directors of NCAT made contributions in the amount of \$16,050 and \$8,615 for the years ended September 30, 2025 and 2024, respectively.

### 15. DEFERRED COMPENSATION

Effective October 2012, NCAT adopted a nonqualified 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, 2025 and 2024.

**SUPPLEMENTARY INFORMATION SECTION**

# National Center for Appropriate Technology, Inc.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2025

Federal Source/Pass-Through Source Program Title/Type of Assistance	Award Number	AL Number	Federal Funds Expended	Passed to Subrecipients
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<b>Rural Business - Cooperative Service</b>				
Appropriate Technology Transfer for Rural Areas (ATTRA)	RD-RB-COOP-23-XX	10.782	\$ 1,730,792	\$ -
Appropriate Technology Transfer for Rural Areas (ATTRA)	ATTRA-24-01	10.782	1,045,374	-
<b>Subtotal by AL Number</b>			2,776,166	-
Rural Energy for America Program (REAP)	LG2KJGKYFNA4	10.868	5,430	-
<b>Farm and School Nutrition Service</b>				
Farm to School	USDA-FNS-F2S-TC-2019-MT-01	10.531	487,264	-
<b>Natural Resources Conservation Service</b>				
2410 GLCI	NR234423XXXXC094	10.902	84,664	-
Piney Woods School Demo Farm	NA	10.902	14,998	-
CA & TX Latino/Hispanic Farmer Conferences	NR243A750003C128	10.902	178,552	-
<b>Subtotal by AL Number</b>			278,214	-
<b>Natural Resources Conservation Service</b>				
CIG Subtropical Soil Health Initiative	NR213A750013G034-02	10.912	20,424	-
Ridge to Reefs Project-Puerto Rico		10.912	91,757	-
Assistance in the Ogallala Aquifer Region	2004.24.081758	10.912	132,951	-
Passed through Piikani Lodge		10.912	25,669	-
<b>Subtotal by AL Number</b>			270,801	-
<b>Risk Management Agency</b>				
Specialty Crop Block Grant	AM22SCBPCA1133	10.170	31,570	-
Center for Land Based Learning	AM22SCBPCA1133	10.170	1,202	-
Western Extension Risk Management	145697WSU001567	10.170	5,131	-
<b>Subtotal by AL Number</b>			37,903	-
<b>Sustainable Agriculture Research and Education</b>				
<b>National Institute of Food and Agriculture</b>				
Passed through University of Georgia	SUB00003160	10.215	3,879	-
Passed through Montana State University	G265-25-WB302	10.215	22,696	-
Passed through Department of Agriculture	SUB00002935	10.215	11,698	-
Passed through University of Georgia	SUB00003092	10.215	113,916	-
Publications	NA	10.215	58,542	-
<b>Subtotal by AL Number</b>			\$ 210,731	\$ -

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

# National Center for Appropriate Technology, Inc.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2025

(Continued)

Federal Source/Pass-Through Source Program Title/Type of Assistance	Award Number	AL Number	Federal Funds Expended	Passed to Subrecipients
<b>Community Food Projects</b>				
Passed through Appalachian State University	A21-0030-S004	10.311	\$ 20,433	\$ -
Passed through University of California	A23-1561-S002		59,243	-
<b>National Institute of Food and Agriculture</b>				
NIFA Preparing for Resilient Future	2021-70033-35698	10.311	142,631	-
<b>Subtotal by AL Number</b>			222,307	-
<b>Community Food and Ag Coalition</b>				
<b>Food Insecurity Nutrition Incentive Grants Program</b>				
2480 AgVets 2024/Armed to Farm Farmer to Farmer Support	NA	10.334	22,765	-
USDA NIFA AgVets Project	2024-77026-43782	10.334	132,571	-
<b>Subtotal by AL Number</b>			155,336	-
<b>Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers</b>				
Plant it Forward	AO222501X443G038	10.443	13,482	-
<b>Agriculture and Food Research Initiative</b>				
Passed through Montana State University	G286-22-W9452	10.310	21,418	-
<b>National Organic Program</b>				
Florida Organic growers		10.163	47,574	-
<b>Natural Resources Conservation Service</b>				
Community Farms	NR233A750005G041	10.935	195,655	-
Climate Smart	NR233A750004G021	10.937	1,539,308	913,418
Farmer's for Soil Health	2004.23.079280	10.937	4,086	-
Partnership for Climate Smart		10.937	11,908	-
Climate Smart-expanding STAR across the West		10.937	35,928	-
Building Soil, Building Equity		10.937	412,066	-
<b>Subtotal by AL Number</b>			2,003,296	-
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			6,725,577	913,418
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Passed through APPRISE	75N92021P0034	93.568	493,319	-
<b>U.S. DEPARTMENT OF ENERGY</b>				
Department of Energy Agrisolar Project	DE-EE0009372	81.087	213,748	-
<b>Total Expenditures of Federal Awards</b>			\$ 7,432,644	\$ 913,418

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

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### 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, 2025. 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 \$65,636 nets with related expenditures, therefore decreasing the amount of Appropriate Technology Transfer for Rural Areas (ATTRA) federal expenditures (AL #10.782). 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 of America, 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, 2025; 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 23, 2026.

***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) as a basis for designing 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 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 b that we consider to be material weaknesses, or significant deficiencies. However, material weaknesses may exist that were not 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, 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 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.

*KCae Isom, LLP*

March 23, 2026  
Helena, 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 National Center for Appropriate Technology, Inc.'s (NCAT) compliance with the types of compliance requirements described identified as subject to audit 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, 2025. 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, 2025.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; 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 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 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 or significant deficiencies 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.

KCoe Jiom, LLP

March 23, 2026  
Helena, Montana

## **FINDINGS AND QUESTIONED COSTS SECTION**

**National Center for Appropriate Technology, Inc.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

September 30, 2025

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**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
Low Income Energy Assistance	93.568
Threshold for distinguishing types A and B programs:	\$1,000,000
Auditee qualified as low-risk auditee?	Yes

**National Center for Appropriate Technology, Inc.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

September 30, 2025

(Continued)

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**SECTION II FINDINGS**

**FINANCIAL STATEMENT AUDIT**

None.

**SECTION III FINDINGS**

**FEDERAL AWARDS AUDIT**

None.

**National Center for Appropriate Technology, Inc.**

SUMMARY OF PRIOR AUDIT FINDINGS

September 30, 2025

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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, 2025, and have issued our report thereon dated March 23, 2026.

We have also audited the accompanying schedule of determination of indirect cost rates of NCAT for the year ended September 30, 2025, 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, 2025, 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.

*KCae Team, LLP*

March 23, 2026  
Helena, Montana

**National Center for Appropriate Technology, Inc.**

**SCHEDULE OF DETERMINATION OF INDIRECT COST RATES**

Year Ended September 30, 2025

<b>Fiscal Year</b>	<b>Cost Pool</b>	<b>Provisional Rate</b>	<b>Audit Adjustments</b>	<b>Actual Rate</b>
2025	Fringe	44.00%	\$ -	44.00%
	Allocated overhead direct costs	35.69%	\$ -	36.00%
	Indirect general and administrative	9.92%	\$ -	9.78%

*See the accompanying notes to the schedule of determination of indirect cost rates.*

# National Center for Appropriate Technology, Inc.

## NOTES TO THE SCHEDULE OF DETERMINATION OF INDIRECT COST RATES

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### 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, 2025. The Schedule has been prepared on the accrual basis of accounting and accounting practices prescribed by subparts 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 nonlabor (insurance, employment-related taxes, pension, and other various benefits).

**Base** Total labor (excluding fringe labor) including directly allocated labor, indirect general and administrative (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 nonlabor 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

(Continued)

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#### **Indirect G&A**

**Pool** Includes all G&A labor (including allocated fringe) and nonlabor 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 nonlabor).

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

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 NCAT's indirect costs."