RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rural Advancement Foundation International - USA

Opinion

We have audited the accompanying financial statements of Rural Advancement Foundation International - USA (a nonprofit organization) which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rural Advancement Foundation International - USA as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards appliable 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rural Advancement Foundation International - USA 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rural Advancement Foundation International - USA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rural Advancement Foundation International - USA's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rural Advancement Foundation International - USA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of activities by program and 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*, 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of activities by program and schedule of expenditures of federal awards 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 July 20, 2026, on our consideration of Rural Advancement Foundation International - USA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rural Advancement Foundation International - USA'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 the Rural Advancement Foundation International - USA's internal control over financial reporting and compliance.

Balance & Strategy

Chapel Hill, North Carolina
July 20, 2026

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

STATEMENTS OF FINANCIAL POSITION

EXHIBIT A

December 31, 2025 and 2024

ASSETS

	2025	2024
CURRENT ASSETS:		
Cash and cash equivalents	$ 4,485,506	$ 2,029,277
Grants and contracts receivable, current portion	1,190,482	1,172,232
Other receivables	22,232	19,185
Investments	7	7
Prepaid expenses	30,412	72,017
TOTAL CURRENT ASSETS	5,728,639	3,292,718
PROPERTY AND EQUIPMENT:		
Land	-	168,229
Building	-	913,420
Building improvements	-	60,022
Office equipment	-	6,723
Computer equipment	13,695	3,197
	13,695	1,151,591
Less: accumulated depreciation	(571)	(571,267)
NET PROPERTY AND EQUIPMENT	13,124	580,324
OTHER ASSETS:		
Grants and contracts receivable, net of current portion	1,391,774	148,753
Security deposits	18,703	18,628
Right of use asset - operating leases	-	11,069
TOTAL OTHER ASSETS	1,410,477	178,450
TOTAL ASSETS	$ 7,152,240	$ 4,051,492

The accompanying Notes to Financial Statements are an integral part of these financial statements.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

STATEMENTS OF FINANCIAL POSITION

EXHIBIT A

December 31, 2025 and 2024

LIABILITIES AND NET ASSETS

	2025	2024
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 251,380	$ 222,711
Accrued wages and benefits	135,547	116,872
Deferred revenue	-	8,796
Notes payable, current portion	-	101,759
Operating lease liability, current	-	2,564
TOTAL CURRENT LIABILITIES	386,927	452,702
LONG-TERM LIABILITIES:		
Security deposit	150	150
Notes payable, noncurrent portion	-	64,078
Operating lease liability, net of current portion	-	10,691
TOTAL LONG-TERM LIABILITIES	150	74,919
TOTAL LIABILITIES	387,077	527,621
NET ASSETS:		
Without donor restrictions	4,513,668	2,005,928
With donor restrictions	2,251,495	1,517,943
TOTAL NET ASSETS	6,765,163	3,523,871
TOTAL LIABILITIES AND NET ASSETS	$ 7,152,240	$ 4,051,492

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Years Ended December 31, 2025 and 2024

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE:				
Private foundations	$ 2,844,136	$ 2,154,999	$ 4,999,135	$ 1,713,237
Government grants and contracts	1,824,392	-	1,824,392	2,154,366
Individual contributions	68,190	39,070	107,260	121,489
Member dues	-	55,680	55,680	51,170
Other income	893,308	-	893,308	20,879
Net investment return	72,886	-	72,886	23,063
	5,702,912	2,249,749	7,952,661	4,084,204
Net assets released from restrictions	1,516,197	(1,516,197)	-	-
TOTAL SUPPORT AND REVENUE	7,219,109	733,552	7,952,661	4,084,204
EXPENSES:				
Program services:				
Program services	3,962,413	-	3,962,413	3,711,554
Fiscal sponsorships	55,680	-	55,680	55,008
Total program services	4,018,093	-	4,018,093	3,766,562
Supporting services:				
Management and general	568,936	-	568,936	577,254
Fundraising	111,180	-	111,180	133,534
Total supporting services	680,116	-	680,116	710,788
TOTAL FUNCTIONAL EXPENSES	4,698,209	-	4,698,209	4,477,350
Bad debt expense	13,160	-	13,160	-
TOTAL EXPENSES	4,711,369	-	4,711,369	4,477,350
CHANGES IN NET ASSETS	2,507,740	733,552	3,241,292	(393,146)
NET ASSETS - BEGINNING OF YEAR	2,005,928	1,517,943	3,523,871	3,917,017
NET ASSETS - END OF YEAR	$ 4,513,668	$ 2,251,495	$ 6,765,163	$ 3,523,871

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Years Ended December 31, 2025 and 2024

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
SUPPORT AND REVENUE:			
Private foundations	$ 947,738	$ 765,499	$ 1,713,237
Government grants and contracts	2,154,366	-	2,154,366
Individual contributions	75,695	45,794	121,489
Member dues	-	51,170	51,170
Other income	20,879	-	20,879
Net investment return	23,063	-	23,063
	3,221,741	862,463	4,084,204
Net assets released from restrictions	1,367,252	(1,367,252)	-
TOTAL SUPPORT AND REVENUE	4,588,993	(504,789)	4,084,204
EXPENSES:			
Program services:			
Program services	3,711,554	-	3,711,554
Fiscal sponsorships	55,008	-	55,008
Total program services	3,766,562	-	3,766,562
Supporting services:			
Management and general	577,254	-	577,254
Fundraising	133,534	-	133,534
Total supporting services	710,788	-	710,788
TOTAL FUNCTIONAL EXPENSES	4,477,350	-	4,477,350
CHANGES IN NET ASSETS	111,643	(504,789)	(393,146)
NET ASSETS - BEGINNING OF YEAR	1,894,285	2,022,732	3,917,017
NET ASSETS - END OF YEAR	$ 2,005,928	$ 1,517,943	$ 3,523,871

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

STATEMENTS OF CASH FLOWS

EXHIBIT C

For the Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 3,241,292	$ (393,146)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,110	32,223
Unrealized gain on investments	-	(377)
Realized gain on investments	-	(975)
(Gain) loss on the disposal of assets	(846,215)	2,928
Stock donations	-	-
Change in discount on grants and contracts receivable	116,140	(5,200)
Changes in assets and liabilities:		
Grants and contracts receivable	(1,377,411)	466,658
Other receivables	(3,047)	(17,570)
Prepaid expenses	41,605	18,745
Security deposits	(75)	(1,128)
Right of use assets and lease liability - operating leases	(2,186)	2,186
Accounts payable and accrued expenses	28,669	74,502
Accrued wages and benefits	18,675	21,883
Deferred revenue	(8,796)	(26,204)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	1,235,761	174,525
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	-	31,861
Purchase of property and equipment	(13,695)	(19,843)
Sale of property and equipment	1,400,000	-
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	1,386,305	12,018
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(165,837)	(21,554)
Advance receipts on notes payable	-	80,000
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(165,837)	58,446
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,456,229	244,989
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,029,277	1,784,288
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,485,506	$ 2,029,277
SUPPLEMENTAL INFORMATION:		
Cash paid during the year for interest	$ 4,137	$ 6,198

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

STATEMENTS OF FUNCTIONAL EXPENSES

EXHIBIT D

For the Years Ended December 31, 2025 and 2024

	Programs						
	Programs	Fiscal Sponsorships	Programs Total	Management and General	Fundraising	2025 Total	2024 Total
Salaries	$ 1,829,861	$ -	$ 1,829,861	$ 163,539	$ 76,103	$ 2,069,503	$ 2,040,897
Employee benefits	421,670	-	421,670	24,995	20,381	467,046	445,757
Payroll taxes	111,760	-	111,760	33,896	5,054	150,710	159,568
Total salaries and related expenses	2,363,291	-	2,363,291	222,430	101,538	2,687,259	2,646,222
Awards and grants	1,211,070	-	1,211,070	-	-	1,211,070	869,927
Contract services	109,252	51,178	160,430	97,483	-	257,913	158,112
Operations	91,373	-	91,373	86,366	6,872	184,611	238,542
Accounting and legal fees	-	-	-	106,839	-	106,839	87,294
Travel expenses	78,452	-	78,452	1,814	-	80,266	184,337
Facilities and equipment	22,935	-	22,935	28,247	1,182	52,364	86,118
Memberships and dues	42,682	-	42,682	1,100	-	43,782	40,238
Meeting expenses	34,750	-	34,750	2,051	367	37,168	116,529
Other personnel expenses	2,375	-	2,375	12,924	-	15,299	23,578
Miscellaneous expenses	183	-	183	9,682	1,221	11,086	5,455
Lobbying contractor	-	4,502	4,502	-	-	4,502	6,968
Program expenses, technical assistance	6,050	-	6,050	-	-	6,050	14,030
Total functional expenses	1,599,122	55,680	1,654,802	346,506	9,642	2,010,950	1,831,128
Total expenses	3,962,413	55,680	4,018,093	568,936	111,180	4,698,209	4,477,350
Bad debts expense	12,579	-	12,579	581	-	13,160	-
Total expenses	$ 3,974,992	$ 55,680	$ 4,030,672	$ 569,517	$ 111,180	$ 4,711,369	$ 4,477,350

The accompanying Notes to Financial Statements are an integral part of these financials statements.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

STATEMENTS OF FUNCTIONAL EXPENSES

EXHIBIT D

For the Years Ended December 31, 2025 and 2024

	Programs					
	Programs	Fiscal Sponsorships	Programs Total	Management and General	Fundraising	2024 Total
Salaries	$ 1,708,427	$ -	$ 1,708,427	$ 236,446	$ 96,024	$ 2,040,897
Employee benefits	412,231	-	412,231	15,276	18,250	445,757
Payroll taxes	115,750	-	115,750	36,965	6,853	159,568
Total salaries and related expenses	2,236,408	-	2,236,408	288,687	121,127	2,646,222
Awards and grants	869,927	-	869,927	-	-	869,927
Contract services	88,946	48,040	136,986	21,126	-	158,112
Operations	138,186	-	138,186	91,725	8,631	238,542
Accounting and legal fees	521	-	521	86,773	-	87,294
Travel expenses	170,347	-	170,347	13,990	-	184,337
Facilities and equipment	27,288	-	27,288	57,217	1,613	86,118
Memberships and dues	39,064	-	39,064	609	565	40,238
Meeting expenses	113,243	-	113,243	3,286	-	116,529
Other personnel expenses	12,111	-	12,111	11,230	237	23,578
Miscellaneous expenses	1,483	-	1,483	2,611	1,361	5,455
Lobbying contractor	-	6,968	6,968	-	-	6,968
Program expenses, technical assistance	14,030	-	14,030	-	-	14,030
Total other expenses	1,475,146	55,008	1,530,154	288,567	12,407	1,831,128
Total functional expenses	$ 3,711,554	$ 55,008	$ 3,766,562	$ 577,254	$ 133,534	$ 4,477,350

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

ORGANIZATION

Rural Advancement Foundation International-USA ("RAFI-USA"), is a nonprofit organization that challenges the root causes of unjust food systems, supporting and advocating for economically, racially, and ecologically just farm communities. Activities of RAFI-USA are organized as follows: Agricultural Enterprise Development, Come to the Table, Farm Advocacy, Challenging Corporate Power, Just Foods, Strategic Programming, Disaster Response, and Fiscal Sponsorships. RAFI-USA is supported primarily through grants, and donor contributions, and is dependent on such support for operations to continue.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Program Services.

Agricultural Enterprise Development

Agricultural Enterprise Development supports farmers and rural communities in developing new and innovative sources of agricultural income through cost-share grants. These small capital investments help preserve existing jobs and businesses, leverage new investment, and create new jobs and income for North Carolina's farmers and rural communities. The farm-based enterprises supported through this program represent a wide variety of lessons and experiences relevant to thousands within the state's agricultural industry. To date, the program has disbursed more than $6 million to more than 600 farmers and collaborative farmer groups throughout North Carolina.

The Expanding Farmers Market Access ("EFMA") project coordinates two food access incentive programs, Fresh Bucks and Double Bucks, at 23 North Carolina farmers markets, mobile markets, and Co-op groceries to improve food access and inclusivity for community members, as well as, provide small farmers new sales outlets. EFMA provides technical assistance to market managers and works to develop, coordinate, and expand direct producer-to-consumer markets that make locally produced foods more available and accessible and support farmers and food Entrepreneurs of Color.

In 2017, RAFI-USA founded the Farmers of Color Network ("FOCN") to more intentionally support black, indigenous, resources, and people of color ("BIPOC") farmers in the southeast with the goals of improving their economic viability, keeping their land, and gaining generational investment. In 2022, FOCN expanded its service reach to Puerto Rico and the U.S. Virgin Islands. FOCN provides farmer-led technical assistance, market access opportunities, webinars, farm tours, networking events, and gatherings to highlight ancestral traditions and knowledge.

RAFI-USA provides multiple services to small and mid-scale farmers to improve farm viability. RAFI-USA's resources for resilient farms project provides plain-language information, farmer trainings, and one-on-one assistance for USDA programs that would support greater farm resilience for farmers' operations. Other supports to farmers include the climate smart certification project and more.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description of Program Services (Continued).

Come to the Table

Come to the Table is a multi-faceted program that empowers faith communities to participate in the creation of a just food system through collaboration, capacity building, and advocacy. The program works with faith communities, hunger relief advocates and farmers and delivers conferences and events, technical assistance, training focused on building equity in the food system, collaborative networks and resources, and school for food justice, faith, and storytelling.

Farm Advocacy

Farm Advocacy provides assistance, develops tools and resources, and promotes policies that help farmers attain greater financial stability and encourage thriving and sustainable small and mid-scale family farms. The program educates farmers about managing risk and equips them to navigate federal farm programs. The program provides individual counseling and assistance to farmers facing financial crisis and who stand to lose their farms without immediate support.

Challenging Corporate Power

Challenging Corporate Power works to hold corporations and government accountable to curb the adverse effects of livestock concentration and build alternative, inclusive livestock economies that equitably distribute profits across farmers, rural communities, and consumers. The fiscally sponsored project, Campaign for Contract Agriculture Reform ("CCAR") is included as part of this program.

Just Foods

From promoting meaningful standards for organic agriculture, to pioneering new standards for social justice in the food system, Just Foods projects seek to make fair, sustainable farming a viable choice. Protecting agricultural genetic diversity is also essential to the viability of family farms. Therefore, Just Foods advocates funding for classical breeding programs and supports publicly-held seeds and breeds. Within the Just Foods program are the projects: Southern Farmers Seed Cooperative and NC Seed Stewards.

Strategic Programing

RAFI-USA develops policy recommendations and public comments and advocates on both the legislative and regulatory levels that are essential for creating a fairer, more just agriculture and food system that works for all. RAFI-USA's policy work is directly informed by stakeholders and the lessons they learn as they provide farm advocacy, technical assistance and other services to farmers and community members.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description of Program Services (Continued).

Disaster Response

RAFI-USA provides technical assistance and resources to help farmers access disaster assistance programs when major disasters, especially natural (or climate) disasters such as hurricanes, devastate farms in the southeast United States. RAFI-USA also engages in special fundraising to secure funds for providing emergency relief payments and other support to impacted farmers.

Fiscal Sponsorships

RAFI-USA provides fiscal sponsorship services to help facilitate the mission-related work of partner initiatives that lack the legal status or administrative capacity necessary to receive grants or donations. RAFI-USA serves as fiscal sponsor for the following groups:

Campaign for Contract Agricultural Reform ("CCAR"):
CCAR is a national alliance of organizations working to provide a voice for members and ranchers involved in contract agriculture, as well as the communities in which they live.

B. Basis of Accounting.

RAFI-USA's financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, revenues are recognized when earned, and expenses are recognized when the obligation is incurred.

RAFI-USA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets outside of the fiscal year in which they are received. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash and Cash Equivalents.

Cash and cash equivalents consist of monies on deposit at financial institutions and other highly liquid investments with initial maturities of three months or less. At times, RAFI-USA places deposits with high-quality financial institutions that may be in excess of federally insured amounts. RAFI-USA has not experienced any financial loss related to such deposits.

D. Grants and Contracts Receivable.

Unconditional grants and contracts that are expected to be collected within one year are recorded at net realizable value and are recognized as support and assets in the period received. Unconditional grants and contracts expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in grant and contract revenue in the statements of activities and changes in net assets. Conditional promises to give are recognized when conditions on which they depend are substantially met.

The Organization provides an allowance for uncollectible accounts equal to the estimated losses that are expected to be incurred in collection. The allowance is based on historical collection experience and a review by management of the current status of the existing grants and contracts receivable. As of December 31, 2025 and 2024, management deemed all grants and contracts receivable fully collectible.

E. Accounts Receivable.

Account receivables are stated at their estimated collectible amounts and comprise amounts billed and currently due from customers. RAFI-USA extends credit to customers in the normal course of business. Collections from customers are continuously monitored and an allowance for credit losses is maintained based on historical experience adjusted for current conditions and reasonable forecasts taking into account geographical and industry specific economic factors. RAFI-USA also considers any specific customer collection issues. At origination, RAFI-USA evaluates credit risk based on a variety of credit quality factors including prior payment experience, customer financial information, credit ratings, probabilities of default, industry trends and other internal metrics. On a continuing basis, data for each major customer is regularly reviewed based on past-due status to evaluate the adequacy of the allowance for credit losses; actual write-offs are charged against the allowance. However, due to the nature of receivables and vendors as of December 31, 2025 and 2024, no allowance was deemed necessary by management.

F. Investments.

Investments in marketable securities are stated at fair value based on readily available published fair values. Net investment return is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property and Equipment.

Property and equipment are stated at cost for purchased assets and at fair value on the date of the gift for donated assets. Property and equipment are capitalized if the life is expected to be greater than one year and if the cost exceeds $3,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets which range from three to thirty years for equipment, furniture and fixtures, buildings and building improvements.

Expenditures for repairs and maintenance are charged to expense as incurred. The cost of major renewals and betterments are capitalized and depreciated over their estimated useful lives. The cost and related accumulated depreciation of property and equipment are removed from the accounts upon disposition and any resulting gain or loss is reflected in the statements of activities and changes in net assets.

H. Leases.

RAFI-USA determines if an arrangement is a lease at inception and reassesses if there are changes in terms and conditions of the contract. Operating leases are included in right-of-use assets, operating leases, and operating lease liabilities on the statements of financial position. Lease assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of RAFI-USA's leases do not provide an implicit rate, RAFI-USA uses its incremental borrowing rate based on information available at commencement date in determining the present value of future payments. RAFI-USA has elected the practical expedient to exclude short-term leases (leases with a term of 12 months or less) from recognition on the statements of financial position; such leases are recognized as lease expense on a straight-line basis over the lease term.

I. Net Assets.

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for various reserves, projects, and commitments.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. 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.

J. Advertising and Marketing.

Advertising and marketing costs are expensed as incurred and totaled $2,648 and $2,788, for the years ended December 31, 2025 and 2024, respectively.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Income Taxes.

Rural Advancement Foundation International - USA is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(3) of the Internal Revenue Code. RAFI-USA is required to file a Return of Organization Exempt from Income Tax (Form 990) annually with the IRS.

L. Revenue Recognition.

RAFI-USA is primarily funded by grants and contributions from individuals, private foundations and federal government sources. These grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, a grant award letter, or notification of a beneficial interest is received.

Conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Consequently, conditional contributions totaling $12,935,183 and $14,375,812, at December 31, 2025 and 2024, respectively, have not been recognized in the accompanying statements of activities and changes in net assets. These contributions will be recognized as qualifying expenses are incurred.

RAFI-USA receives membership dues in exchange for membership benefits and receives fees for providing administrative services to fiscally sponsored organizations. Related revenue is recognized over the membership period and as the administrative service is provided. Revenue from consulting services to peer organizations and program services contracts which are deemed to be exchange transactions are recognized as revenue without donor restrictions as performance obligations are completed either over time or at a point in time. Deferred revenue from exchange transactions results when cash receipts exceed revenue recognized.

M. Estimates.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect 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. Accordingly, actual results could differ from those estimates, and those differences could be material.

N. Contributed Nonfinancial Assets.

Contributed nonfinancial assets include donated facilities, professional services, and goods which are recorded at either the net present value or fair value of the rental and at fair value for the goods or services received. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, management and general, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position, comprise the following at December 31:

	2025	2024
Liquid current financial assets:		
Cash and cash equivalents	$ 4,485,506	$ 2,029,277
Grants and contracts receivable - current	1,190,482	1,172,232
Other receivables	22,232	19,185
Investments	7	7
	5,698,227	3,220,701
Less amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors for purpose or time	(779,721)	(1,289,190)
Restrictions by board designations	(3,648,784)	(886,960)
	(4,428,505)	(2,176,150)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,269,722	$ 1,044,551

RAFI-USA manages its liquid resources by focusing on fundraising efforts through grant writing and obtaining contributions, to ensure the entity has adequate contributions and revenue to cover programs that are being conducted. Management prepares detailed budgets and has been active in managing costs to ensure RAFI-USA remains liquid. However, board designations of $3,648,784 noted above would be released if considered necessary.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of the following at December 31:

	2025	2024
The Duke Endowment	$ 1,612,271	$ -
US Department of Agriculture	793,898	728,424
Z Smith Reynolds Foundation	156,482	228,753
Other	19,605	63,808
W. K. Kellogg Foundation	-	300,000
	$ 2,582,256	$ 1,320,985

	2025	2024
Receivable in less than one year	$ 1,190,482	$ 1,172,232
Receivable in one to five years	1,519,159	160,000
Total gross grants receivable	2,709,641	1,332,232
Discount at a rate of 5.0% and 5.8%, respectively	(127,385)	(11,247)
Net present value of grants receivable	$ 2,582,256	$ 1,320,985

Grants and contracts receivable are presented on the statements of financial position under the following captions:

	2025	2024
Current assets:		
Grants and contracts receivable, current portion	$ 1,190,482	$ 1,172,232
Other assets:		
Grants and contracts receivable, net current portion	1,391,774	148,753
Total grants receivable	$ 2,582,256	$ 1,320,985

RIGHT OF USE ASSET AND OPERATING LEASE LIABILITY

RAFI-USA entered into a lease agreement for a copier in May 2019, for a 60-month period, with monthly payments of $307, expiring May 2024. RAFI-USA entered into a lease agreement for a copier in January 2024, for a 60-month period, with monthly payments of $256, expiring December 2029. The January 2024 lease was bought out and terminated in November 2025.

In connection with the sale of its building in October 2025, RAFI-USA entered into a lease agreement for a coworking and collaborative workspace in September 2025. The lease term expires in September 2026 and requires monthly lease payments of $1,650. As of December 31, 2025, management had no intention to renew the lease beyond the one-year term. Accordingly, the lease qualifies as a short-term lease and is excluded from the recognition of a right-of-use asset and operating lease liability.

The operating lease liability totaled $0 and $13,255, at December 31, 2025 and 2024, respectively. Cash paid for amounts included in the measurement of the lease liability and operating lease expense totaled $2,695 and $4,608, for the years ended December 31, 2025 and 2024, respectively.

ACCRUED COMPENSATION

Effective January 2, 2020, after seven years of consecutive service, all regular, full-time employees are eligible to receive a bonus for long-term service equivalent to $1,000 per year of service. Thereafter, employees are eligible to receive subsequent bonuses every three consecutive, uninterrupted service years equivalent to $1,000 per year of service. Long-term service bonuses are classified as accrued wages and benefits in the statements of financial position based on the timing of the employees' estimated time off or payout and totaled $24,257 and $18,000, for the years ended December 31, 2025 and 2024, respectively.

LINE OF CREDIT

RAFI-USA entered into two lines of credit with a commercial lender, one in the amount of $500,000 in February 2025 and a second in the amount of $200,000 in October 2025. Both lines of credit were not utilized and had no outstanding balances at December 31, 2025.

The $500,000 line of credit bears interest at a variable rate based on the 7.5% prime rate at inception, while the $200,000 line of credit bears interest at a variable rate based on the 7.25% prime rate at inception.

NOTES PAYABLE

In 2024, RAFI-USA entered into an unsecured note in the amount of $80,000. The note matured in May 2025 and did not accrue interest. The outstanding balance at December 31, 2025 and 2024 was $0 and $80,000, respectively. In June 2025, the note was converted to a grant agreement.

In 2023, RAFI-USA modified an existing note payable in the amount of $300,000, which was secured by real estate, to require monthly principal payments of $1,178 with a fixed interest rate of 6.1%. The note was scheduled to mature on March 31, 2031. The outstanding balance at December 31, 2025 and 2024 was $0 and $73,898, respectively. The note was paid off upon the sale of RAFI-USA's building in October 2025.

In 2022, RAFI-USA entered into a promissory note in the amount of $36,774 with a fixed interest rate of 6.25% and a maturity date of December 10, 2025. The outstanding balance at December 31, 2025 and 2024 was $0 and $11,939, respectively. The note was paid off in November 2025.

NET ASSETS WITHOUT DONOR RESTRICTIONS

Board-designated net assets consist of net assets without donor restrictions which the board has designated for various reserves, projects, and commitments. Since all board-designated net assets result from an internal designation, they are not considered net assets with donor restrictions, but are classified and reported as net assets without donor restrictions.

Board designated net assets consist of the following at December 31:

	2025	2024
Strategic programming	$ 1,772,483	$ 206,930
Operating reserve	839,187	76,662
Farmers of Color Network	600,000	7,006
Policy	253,325	425,966
Just Foods	99,915	74,814
Disaster Response	27,000	48,300
Long-term bonus	24,257	17,666
Farm Advocacy	22,875	12,058
CTTT Conference & Retreat	9,742	14,063
Building and capital assets	-	3,495
Board designated net assets	$ 3,648,784	$ 886,960

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	2025	2024
Purpose Restricted:		
Come to the Table	$ 1,787,270	$ 387,908
Farmers of Color Network	107,342	707,732
Strategic programming	71,190	2,403
Farm Sustainability	62,717	-
Just Foods	32,912	4,210
Farm Advocacy	16,000	2,390
Hurricane recovery	8,289	10,214
Fiscal sponsorship	8,117	4,023
Disaster Response	1,176	170,310
	2,095,013	1,289,190
Time Restricted:		
Unrestricted grants receivable	156,482	228,753
Total net assets with donor restrictions	$ 2,251,495	$ 1,517,943

REVENUE FROM CONTRACTS WITH CUSTOMERS

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. RAFI-USA's contracts have obligations that are fulfilled at a single point in time and over a period of time.

Performance Obligations Satisfied At a Point in Time

RAFI-USA receives revenue for various program consulting services, a biennial conference, and administration service fees. Revenue is recognized when the service has been performed or the conference occurs. Revenue recognized at a point in time totaled $41,036 and $20,879, at December 31, 2025 and 2024, respectively. There are no contract assets related to these performance obligations at December 31, 2025 and 2024. Deferred revenue totaled $0 and $8,796, related to performance obligations satisfied at a point in time at December 31, 2025 and 2024, respectively. All of the deferred revenue in 2024 has been recognized in 2025.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Performance Obligations Satisfied Over a Period of Time

RAFI-USA receives revenue for memberships which cover multiple accounting periods. Revenue is recognized ratably over the membership term. Membership revenue totaled $55,680 and $51,170, at December 31, 2025 and 2024, respectively. There are no contract receivables or liabilities related to these performance obligations.

General

Revenue earned will vary depending on the economy. Some programs are supported by grants, and contributions from the community. Revenue from consulting services and biennial conference will depend on the needs and participation of the community. Revenue from administration service fees and membership fees depend on the amount of fiscal sponsorships.

RETIREMENT PLANS

RAFI-USA has a 401(k) plan which covers all employees at the time of hire. RAFI-USA can make a discretionary contribution as determined by the Board of Directors annually for employees who have worked a minimum of 26 weeks or are employed on the last day of the year. Contributions by RAFI-USA totaled $53,206 and $55,261, for the years ended December 31, 2025 and 2024, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, payroll taxes, and professional fees, which are allocated on the basis of time and effort.

CONCENTRATIONS

Approximately 93% of RAFI-USA's grants and contracts receivable, net are from two funding sources and 72% of grants, contracts, contributions, and membership dues revenue are from three funding sources at December 31, 2025. Approximately 78% of RAFI-USA's grants and contracts receivable, net are from two funding sources and 48% of grants, contracts, contributions, and membership dues revenue is from one funding source at December 31, 2024.

COMMITMENTS AND CONTINGENCIES

The Organization is the recipient of federal grants for specific purposes that are subject to review and final audit by the grantor agency. Such review and audit could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the compliance terms of the grant. Management believes that any required refunds are unlikely, and in any event, would be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies due to questioned costs.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

NOTES TO FINANCIAL STATEMENTS

SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through July 20, 2026, which was the date that the financial statements were available to be issued. In March 2026, RAFI-USA received notice from the United States Department of Agriculture (USDA) that its federal award, Gaining New Ground, had been terminated after the USDA determined that the award no longer aligned with the program's objectives or agency priorities. In July 2026, the USDA subsequently reinstated the award. Management evaluated these events and determined that they constituted nonrecognized subsequent events. Accordingly, no adjustment to the accompanying financial statements as of December 31, 2025, was required.

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2025

Federal/State Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Agency or Pass-through Number	Total Expenditures	Expenditures to Subrecipients
FEDERAL EXPENDITURES:				
U.S. Department of Agriculture				
Building the Capacity of Faith and Community-Based Organizations to Address Farm Stress and Develop the Next Generation of Agriculture and Food System Leaders	10.902	C20232	$ 13,683	$ -
Conservation Resources for Resilient Farms Expansion	10.902	NR243A750003C062	298,272	141,821
Subtotal			311,955	141,821
Passed through North Carolina State University				
Beyond Yield: A Comprehensive Evaluation of Enhanced Efficiency Fertilizers for Reducing Nitrous Oxide Emissions and Ammonia Volatilization in Corn Systems	10.331	NR223A750013G008	7,320	-
Subtotal			7,320	-
CFAP-2 For Farmers of Color Initiative	10.147	FSA23CPT0013667	323,299	-
Distressed Borrowers Technical Assistance	10.147	FSA24CPT0014403	332,620	-
			655,919	-
Gaining New Ground	COVID-10.968	FSA24CPT0013706	629,485	402,278
Passed through Florida Organic Growers				
Transition to Organic Partnership Programs	10.163	AM23NOP00000C002	25,000	-
Passed through A Greener World				
Partnerships for Climate-Smart Commodities	10.937	NR233A750004G080	90,171	-
Passed through North Carolina State University				
Rapid Return on Investment: Defining Rates of Soil Health Improvement During Organic Transition in the Southeast	10.307	2020-51106-32417	2,339	-
Passed through National Young Farmers Coalition				
American Rescue Plan Technical Assistance Investment Program National Young Farmers Coalition	COVID-10.234	2022-70416-37195	33,390	-
Passed through University of Arkansas				
FSA Loan Technical Assistance Support	10.520	GR023487	47,693	-
Total U.S. Department of Agriculture			1,803,273	544,099
TOTAL FEDERAL EXPENDITURES			$ 1,803,273	$ 544,099

NOTES TO SCHEDULE OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Rural Advancement Foundation International - USA under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Because the Schedule presents only a selected portion of the operations of Rural Advancement Foundation International - USA it is not intended and does not present the financial position, changes in net assets, or cash flows of the Rural Advancement Foundation International - USA.

Rural Advancement Foundation International - USA has elected not to use the 15 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

Board of Directors
Rural Advancement Foundation International - USA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rural Advancement Foundation International - USA, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 20, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Balance + Strategy

Chapel Hill, North Carolina
July 20, 2026

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

Board of Directors
Rural Advancement Foundation International - USA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rural Advancement Foundation International - USA's compliance with the types of compliance requirements identified as subject to audit in the O*MB Compliance Supplement* that could have a direct and material effect on each Rural Advancement Foundation International - USA's major federal program for the year ended December 31, 2025. Rural Advancement Foundation International - USA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rural Advancement Foundation International - USA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Rural Advancement Foundation International - USA's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Rural Advancement Foundation International - USA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Rural Advancement Foundation International - USA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Rural Advancement Foundation International - USA's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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.

Balance + Strategy

Chapel Hill, North Carolina
July 20, 2026

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2025

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Rural Advancement Foundation International - USA.

2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*"

3. No instances of noncompliance, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.

4. No material weaknesses or significant deficiencies relating to the audit of each major federal award program are reported in the "Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance."

5. The auditor's report on compliance for each major federal award program for Rural Advancement Foundation International - USA, expresses an unmodified opinion on its major federal programs.

6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.5516(a) are reported in this schedule.

7. Outreach Education and Technical Assistance (Assistance Listing Number 10.147) was tested as a major program.

8. The threshold for distinguishing Type A and B programs was $1,000,000.

9. Rural Advancement Foundation International - USA, did qualify as a low-risk auditee.

B. Findings - Financial Statements Audit

None.

C. Findings and Questioned Costs – Major Federal Award Programs

None.

ADDITIONAL FINANCIAL INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

SCHEDULES OF ACTIVITIES BY PROGRAM

For The Years Ended December 31, 2025 and 2024

	Come to the Table	Disaster Response	Farm Advocacy	Farm Sustainability	Farmers of Color Network	Just Foods	Policy	Strategic Programming	Fiscal Sponsorships	Total Program Services
Salaries	$ 223,929	$ 28,319	$ 422,612	$ 361,757	$ 115,690	$ 35,321	$ 313,906	$ 328,327	$ -	$ 1,829,861
Employee benefits	61,264	7,967	114,688	94,110	31,481	9,283	85,680	17,197	-	421,670
Payroll taxes	14,702	1,863	27,856	24,375	7,788	2,327	20,978	11,871	-	111,760
Total salaries and related expenses	299,895	38,149	565,156	480,242	154,959	46,931	420,564	357,395	-	2,363,291
Awards and grants	26,000	163,620	1,000	648,445	295,442	-	-	76,563	-	1,211,070
Contract services	3,950	-	18,908	25,409	7,642	133	9,748	43,462	51,178	160,430
Operations	16,080	102	11,703	19,835	9,987	1,703	28,036	3,927	-	91,373
Travel expenses	11,726	-	13,548	6,492	20,441	-	11,572	14,673	-	78,452
Facilities and equipment	3,265	463	6,270	5,046	1,753	600	4,508	1,030	-	22,935
Memberships and dues	-	-	-	-	-	-	36,170	6,512	-	42,682
Meeting expenses	16,707	150	-	455	17,438	-	-	-	-	34,750
Other personnel expenses	-	-	-	-	-	-	250	2,125	-	2,375
Miscellaneous expenses	183	-	-	-	-	-	-	-	-	183
Lobbying contractor	-	-	-	-	-	-	-	-	4,502	4,502
Program expenses, technical assistance	-	-	-	750	5,300	-	-	-	-	6,050
Total other expenses	77,911	164,335	51,429	706,432	358,003	2,436	90,284	148,292	55,680	1,654,802
Total functional expenses	377,806	202,484	616,585	1,186,674	512,962	49,367	510,848	505,687	55,680	4,018,093
Bad debts expense	12,579	-	-	-	-	-	-	-	-	12,579
Total expenses	$ 390,385	$ 202,484	$ 616,585	$ 1,186,674	$ 512,962	$ 49,367	$ 510,848	$ 505,687	$ 55,680	$ 4,030,672

RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA

SCHEDULES OF ACTIVITIES BY PROGRAM

SCHEDULE 1

For The Years Ended December 31, 2025 and 2024

	2024								
	Agricultural Enterprise Development	Challenging Corporate Power	Come to the Table	Disaster Response	Farm Advocacy	Just Foods	Strategic Programming	Fiscal Sponsorships	Total Program Services
Salaries	$ 251,153	$ 4,481	$ 413,920	$ 5,048	$ 905,149	$ 85,638	$ 43,038	$ -	$ 1,708,427
Employee benefits	58,215	1,056	101,721	1,190	218,863	20,555	10,631	-	412,231
Payroll taxes	17,165	307	28,069	345	61,180	5,834	2,850	-	115,750
Total salaries and related expenses	326,533	5,844	543,710	6,583	1,185,192	112,027	56,519	-	2,236,408
Awards and grants	250,774	-	254,913	41,480	316,912	-	5,848	-	869,927
Contract services	6,801	379	20,737	426	58,679	1,007	917	48,040	136,986
Operations	18,724	8,564	48,207	867	55,900	3,610	2,314	-	138,186
Accounting and legal fees	88	6	135	7	254	16	15	-	521
Travel expenses	24,628	277	45,149	312	73,064	737	26,180	-	170,347
Facilities and equipment	4,051	80	6,575	81	14,430	1,385	686	-	27,288
Memberships and dues	1,056	29,962	1,593	60	2,102	1,181	3,110	-	39,064
Meeting expenses	19,932	4	89,118	5	163	11	4,010	-	113,243
Other personnel expenses	399	9	227	10	1,772	23	9,671	-	12,111
Miscellaneous expenses	-	-	435	998	-	-	50	-	1,483
Lobbying contractor	-	-	-	-	-	-	-	6,968	6,968
Program expenses, technical assistance	8,780	-	-	-	5,250	-	-	-	14,030
Total other expenses	335,233	39,281	467,089	44,246	528,526	7,970	52,801	55,008	1,530,154
Total program expenses	$ 661,766	$ 45,125	$ 1,010,799	$ 50,829	$ 1,713,718	$ 119,997	$ 109,320	$ 55,008	$ 3,766,562