

BURTON WATER COOPERATIVE

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Prepared By

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BURTON WATER CO-OPERATIVE

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024:	
Statements of financial position	3
Statements of activities and changes in net assets	4
Statements of cash flows	5
Notes to financial statements	6
ADDITIONAL REPORTS & SUPPLEMENTAL INFORMATION:	
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 <i>Government Auditing Standards</i>	10
Independent auditor's report on compliance for each major program and on internal control over compliance required by <i>Uniform Guidance</i>	12
Schedule of expenditures of federal awards	14
Notes to schedule of expenditures of federal awards	15
Schedule of findings and questioned costs	16

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Burton Water Cooperative
Vashon, Wahington

Opinion

We have audited the accompanying financial statements of Burton Water Cooperative (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and cash flows for the year 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 Burton Water Cooperative as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. 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 the Burton Water Cooperative 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 the [Name of Nonprofit Organization] '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 the Burton Water Cooperative'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 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated [Date] on our consideration of the Burton Water Cooperative'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 the Burton Water cooperative'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 Burton Water Cooperative's internal control over financial reporting and compliance.

Branch, Richards & Co. P.S.

Seattle, Washington
June 18, 2025

BURTON WATER COOPERATIVE

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2024

Assets

Current Assets

Cash and cash equivalents	\$ 624,818
Accounts Receivable	118,054
Total Current Assets	<u>742,872</u>

Fixed Assets

Property and Equipment	787,473
Office equipment	4,119
less accumulated depreciation	<u>(5,317)</u>
Net property and equipment	786,275
Land	<u>6,412</u>
Total Fixed Assets	<u>792,687</u>

Other Assets

Intangibles	411,996
Total Other Assets	<u>411,996</u>

Total Assets	<u><u>\$ 1,947,555</u></u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 7,710
Customer deposits	4,390
Current maturities, long term debt	<u>20,960</u>
Total current liabilities	<u>33,061</u>

Non-Current Liabilities

Note payable, net of current maturities	1,268,288
Total Liabilities	<u>1,301,349</u>

Net Assets

Without restrictions	<u>646,207</u>
Total Net Assets	<u>646,207</u>

Total Liabilities and Net Assets	<u><u>\$ 1,947,555</u></u>
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See accompanying notes and auditor's report.

BURTON WATER COOPERATIVE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2024

Operating Revenues	
Service fees and charges	\$ 75,079
Connection charges	828,683
Total operating revenues	<u>903,762</u>
Operating expenses	
Salaries and wages	17,137
Payroll taxes and benefits	1,850
Professional services	104,575
Insurance	14,207
Postage and shipping	512
Office expense	444
Utilities	577
Subscriptions	2,881
Staff development	740
Travel	48
Bank fees	438
Depreciation	5,317
Other operating	10,591
Total operating expenses	<u>159,315</u>
Net operating revenues	<u>744,447</u>
Nonoperating revenues (expenses)	
Interest income	385
Grant income	25,220
Loan origination	(24,584)
Interest expense	(7,556)
Net nonoperating revenues (expenses)	<u>(6,536)</u>
Change in Net Assets	<u>737,911</u>
Net Assets (deficit), beginning of year	<u>(91,704)</u>
Net Assets, end of year	<u>\$ 646,207</u>

BURTON WATER COOPERATIVE

STATEMENTS OF CASH FLOWS AS OF DECEMBER 31, 2024

Cash flows from operating activities:

Change in net assets	\$ 737,911
Adjustments to reconcile change in net assets to net cash used by operations:	
Depreciation	5,317
Cash provided/(used) by changes in operating activities:	
Accounts receivable	(118,054)
Accounts payable	7,710
Customer deposits	(159,210)
Net cash provided by (used in) operating activities	<u>473,675</u>

Cash flows from financing activities:

Advances from note payable	1,292,650
Principal payments on note payable	(3,402)
Net cash provided by (used in) financing activities	<u>1,289,248</u>

Cash flows from investing activities:

Purchase of property and equipment	(798,004)
Purchase of intangibles	(411,996)
Net cash provided by (used in) investing activities	<u>(1,210,000)</u>

Net change in cash and cash equivalents	552,923
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Cash and cash equivalents at beginning of year	<u>71,895</u>
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Cash and cash equivalents at end of year	<u><u>\$ 624,818</u></u>
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Supplemental disclosure of cash flow information:

Cash paid during the year for interest	<u>\$ 7,556</u>
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BURTON WATER COOPERATIVE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

NOTE 1 - DESCRIPTION OF ENTITY

Burton Water Cooperative (the Organization) a nonprofit corporation was incorporated on March 1, 2022 to maintain and support a rural water system for the Burton Community on Vashon Island, Washington.

The Organization purchased the assets of the Burton Water Company, a privately-owned corporation on October 25, 2024. Revenues and expenses reflect two months of operations plus a one-time upfront connection charges from members

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Use of Estimates in the Preparation of Financial Statements

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

Basis of Accounting

The financial statements of Burton Water Cooperative have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization presents its financial statements in accordance Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958-10-65-1. Under FASB ASC No. 958-10-65-1, Burton Water Cooperative is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Accordingly, the net assets of the Organization have been reported as follows:

Net Assets Without Donor Restrictions are those currently available at the discretion of the Board for use in the activities of the Organization.

Net Assets With Donor Restrictions – are those restricted by donors to be used for certain purposes or in future periods.

Net assets with donor restrictions are created only by donor-imposed restrictions on the use of funds. All net assets without donor restrictions, including board-designated and fiscal agent amounts, are reported as part of the net assets without donor restrictions class.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (continued)

Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activity and change in net assets as net assets released from restriction. As of December 31, 2024, there were no net assets with donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of balances held in an operating checking account, savings held in a money market account and fixed annuity. For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. The Organization maintains its cash in bank accounts that exceed federally insured limits throughout the year. The Organization has not experienced any losses in the account, and management does not believe it is exposed to any significant credit risk.

Accounts Receivables

The Organization's government awards receivable balances consist primarily of unsecured receivables due from contracts. Earned contracts revenue are accrued once they have been earned in accordance with specific contractual terms. Management has deemed that all receivables are collectible, therefore no allowance for doubtful account has been established. At December 31, 2024, accounts receivable balance includes outstanding invoices over 90 days of zero.

Fixed Assets and Depreciation

The Organization capitalizes all expenditures for furniture and equipment in excess of \$5,000. Fixed assets are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, from 3 to 40 years. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful life.

Federal Income Tax

The Organization is a nonprofit organization and has applied for exemption from federal income tax under Internal Revenue Code Section 501(c)(12).

The Organization accounts for tax positions in accordance with the Recognition and Initial Measurement Sections of the FASB Accounting Standards Codification Topic 740, Income Taxes. With few exceptions, the Organization is subject to federal and state income tax examinations by tax authorities for the prior three years. Management has reviewed the Organization's tax positions and determined there were no uncertain tax positions as of December 31, 2024.

Revenue and Revenue Recognition

The Organization recognizes revenue from the sale of water services at the time the event takes place. The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give – 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 met. To date no indications have been received that any funds will be subject to recapture.

NOTE 3 – RISK MANAGEMENT

The Organization is insured for directors and officers' liability, employment practice liability, automobile and comprehensive general liability. The Organization is also insured for workers' compensation and employee health. Management is of the opinion that the Organization is sufficiently insured.

NOTE 4 – STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At December 31, 2024, the Organization's checking account held balances in excess of FDIC insured limits.

NOTE 5 – LIQUIDITY MANAGEMENT

The Organization monitors its liquidity so that it can meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. As part of its liquidity management, the Organization's strategy is to structure its financial assets to be available to satisfy general operating expenses, current liabilities, and other obligations as they come due. The Organization cash, savings and annuities accounts are readily available to fund expenses. The Organization's financial assets available for general operating expenses within one year of the date of the statement of financial position to fund expenses are as follows:

Cash	\$ 624,818
Accounts Receivable	118,054
Total Minimum One Year Liquidity	<u>\$ 742,872</u>

NOTE 6 – INTANGIBLES

The Organization holds intangible water rights and easements with indefinite useful lives. These intangibles are not amortized but are tested for impairment annually.

NOTE 7 – NOTE PAYABLE

Note payable to the US Department of Agriculture. The loan agreement includes a principal amount of \$1,412,000 with monthly interest and principal payments of \$5,479, with an interest rate of 3.50%, maturing on November 25, 2064, and secured by real estate. The Organization advanced \$1,292,649 in 2024.

Note payable for the year ended December 31, 2024 is as follows:

	\$ 1,289,248
Less: Current maturities	<u>(20,960)</u>
Note payable, net	<u>\$ 1,268,288</u>

NOTE 7 – NOTE PAYABLE (continued)

Approximate maturities of the note payable during the next five years are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 20,960
2026	21,705
2027	22,477
2028	23,157
2029	24,100
Thereafter	<u>1,176,849</u>
Total note payable	<u>\$ 1,289,248</u>

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through June 18, 2025, the day the financial reports were available for review.

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**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
Burton Water Cooperative
Vashon, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Burton Water Cooperative (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 18, 2025

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Burton Water Cooperative'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 considered Burton Water Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the considered Burton Water Cooperative'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 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 considered Burton Water Cooperative's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Brandt, Richards & Co., P.S.

Seattle, Washington

June 18, 2025

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

Board of Directors
Burton Water Cooperative
Vashon, Washington

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Burton Water Cooperative's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Burton Water Cooperative's major federal programs for the year ended December 31, 2024. Burton Water Cooperative'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, Burton Water Cooperative complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Burton Water Cooperative 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 Burton Water Cooperative'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 Burton Water Cooperative'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 Burton Water Cooperative'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 Burton Water Cooperative'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 Burton Water Cooperative'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 Burton Water Cooperative'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 Burton Water Cooperative's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Branch, Richards & Co., P.S.

Seattle, Washington

June 18, 2025

BURTON WATER COOPERATIVE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Pass-through Grantor/Program Title		Federal ALN Number	Federal Expenditures
United States Department of Agriculture			
Water and Waste Disposal Systems for Rural Communities	*	10.76	1,292,650
Total US Department of Agriculture			\$ 1,292,650
Total Federal Expenditures			\$ 1,292,650

BURTON WATER COOPERATIVE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2024

NOTE 1 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Burton Water Cooperative under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Burton Water Cooperative, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Burton Water Cooperative.

NOTE 2 - MAJOR PROGRAMS

The asterisk (*) to the left of a ALN number identifies the grant as a major federal program as defined by OMB Uniform Guidance.

NOTE 3 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal portion of the program costs. Actual program costs may be more than shown.

NOTE 4 – INDIRECT COST RATE

Burton Water Cooperative has elected to not use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

BURTON WATER COOPERATIVE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be a material weakness?	None reported
Non-compliance material to financial statements noted?	No

Federal Awards

Internal control over financial reporting Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be a material weakness?	None reported
Type of auditor's report on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No
Identification of major programs: ALN # 10.760	Water and Waste Disposal Systems for Rural Communities
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

No findings were identified that were required to be reported.

Section III - Federal Award Findings and Questioned Costs

There were no findings identified that were required to be reported in accordance with Title 2, Part 200 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.