



RCAC

2013 ANNUAL REPORT

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as of fiscal year end – Sept. 30, 2013

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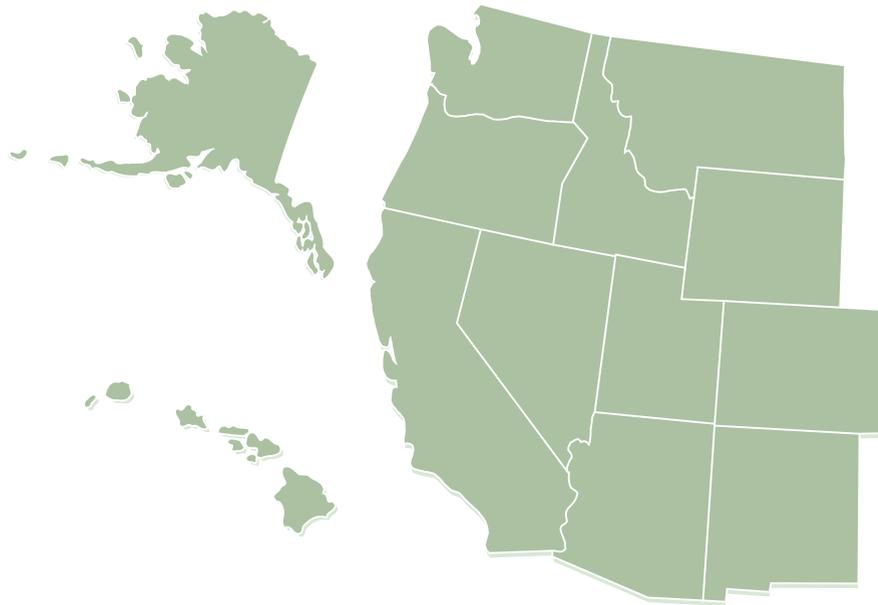
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CELEBRATING 35 YEARS [Click for a timeline of RCAC history](#)

RCAC provides technical assistance, training and financing so rural communities achieve their goals and visions.

RCAC'S LOAN FUND CELEBRATES 25 YEARS

As of Sept. 30, 2013, RCAC closed 703 loans, which totaled nearly \$400 million and leveraged more than \$1.5 billion for projects in rural communities. These loans supported ...



62,659
individual water and wastewater
CONNECTIONS



12,315
HOUSING
UNITS



3 million
square feet of space for
COMMUNITY
FACILITIES



14,489
JOB
S



Dear RCAC Friends,

September 30 marked the end of our 35th year, and we are pleased to report that it was extremely successful.

RCAC has prospered by developing new skills and diversifying its funding to meet the challenges and opportunities in the rural west.

During RCAC's early years, we wrote funding applications and encouraged other nonprofit organizations to help communities secure new or improve existing water and waste facilities. Our staff was a group of generalists trained in community development. Today, we are specialists with technical skills to complement our community development goals. We conduct more than 150 training sessions a year to improve the skills of small system operators and community boards. We also provide on-site training and technical assistance to tribal and other small system operators to help systems comply with federal and state regulations. We prepare rate studies, environmental reviews, household income surveys and financial management analyses.

When we began, one of RCAC's programs was housing. We started with just a few local partners and now collaborate with more than 50 rural housing organizations. We provide technical and financial resources to help increase the single- and multi-family affordable housing supply. We are particularly proud of the role we have played to keep the self-help housing network in the West strong in the face of the mortgage crisis.

We started the loan fund in 1988 with a \$1.2 million loan and grant from the Ford Foundation. Today, the fund has been in operation for 25 years and capitalized at more than \$70 million. Loan products have expanded

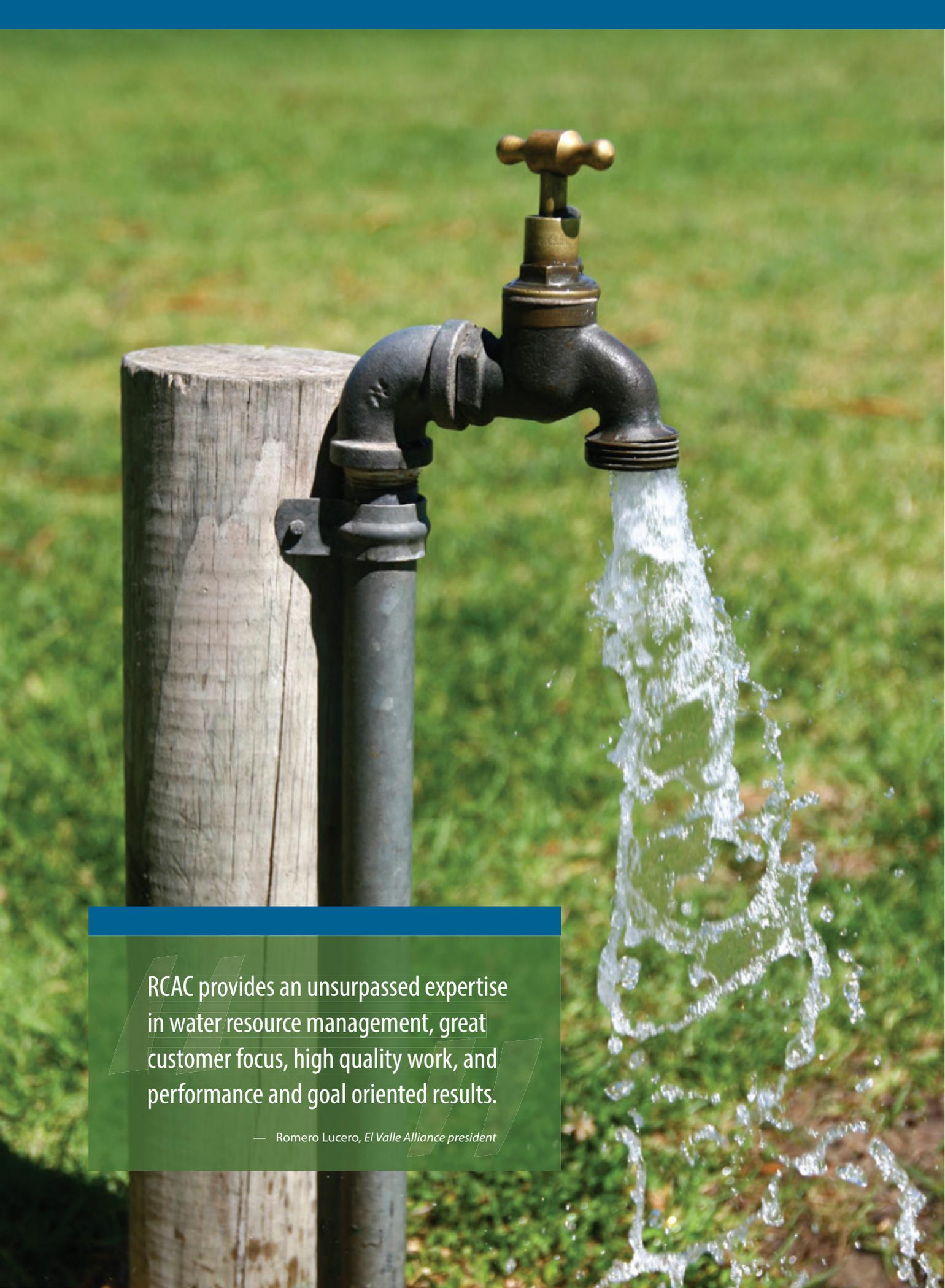
from financing utilities and housing to community facilities and small business lending. As of Sept. 30, 2013, RCAC closed 703 loans, which totaled nearly \$400 million and leveraged more than \$1.5 billion for projects in rural communities.

As we prepare to adopt a new strategic plan in 2014, RCAC board members and staff have interviewed stakeholders in rural communities to help us identify needs and set new goals. We have heard that inadequate water and wastewater facilities, limited low-income and middle-income housing, and insufficient economic opportunities and financing stymie rural development. But, we have also heard about strategies to increase economic viability in rural communities and the need for additional technical support to implement these strategies. Our new plan will be responsive to all of these issues.

There have been many changes in our 35 year history. We restructured numerous times, and staff have come and gone. There were eight of us in the beginning; we have 104 staff members today. Some things remain constant though: the opportunity to make a difference; very supportive funders whose investments make all our work possible; and collaboration with our partners on the road to make the rural West enduring, healthy and vibrant.

It has been our pleasure to be a partner in rural community development for 35 years. Thank you all for your support and encouragement.

— Stanley Keasling
Chief Executive Officer



RCAC provides an unsurpassed expertise in water resource management, great customer focus, high quality work, and performance and goal oriented results.

— Romero Lucero, *El Valle Alliance* president

EL VALLE WATER ALLIANCE

regional support sustains water systems

Thirteen Mutual Domestic Water Consumer Associations (MDWCA) in El Valle, New Mexico have struggled to provide reliable, safe drinking water to their customers. Many had federal drinking water standards compliance issues and all had aging infrastructure that was built as far back as the 1950s. All of the MDWCAs were run by volunteers who had very little training and were not certified drinking water system operators. The path to safe drinking water for these small MDWCAs was regionalization. Regionalization ensures safe and reliable water services, creates local jobs through infrastructure expansion and attracts new housing and commercial growth. Regionalization also allows the 13 MDWCAs to share resources, including water resources, equipment, staff and office space.

RCAC facilitated meetings to help the MDWCAs change more than 40 years of traditions and to incorporate into one entity—El Valle Alliance (Alliance). The negotiations that produced the Alliance also clarified each association's water rights, revised water rates to reflect true service costs, prioritized infrastructure needs, created a plan to certify volunteer water operators and hired a certified water operator to oversee volunteers.

“RCAC provides an unsurpassed expertise in water resource management, great customer focus, high quality work, and performance and goal oriented results,” said Romero Lucero, El Valle Alliance president.

RCAC also provided leadership training and helped the Alliance secure \$2.3 million in loans and state and federal grants. Some of the funds were used to draft the Alliance's 40-year water plan and to secure previously decreed water rights.

RCAC continues to assist the Alliance move forward. The Alliance must ensure it can deliver high quality service and water to its customers, and demonstrate its financial stewardship so that it can obtain financing for capital replacement and system expansion. Today, the Alliance provides jobs for three regular employees—one water operator and two office staff. The system is a sustainable, regional operation that complies with local, state and federal drinking water regulations, and maintains efficient water and wastewater systems for the communities it serves.



It is easy to see the strong and positive impact the hospital renovation and expansion has had on the community.

— Tom Maher, BCH CEO

BOULDER CITY HOSPITAL

expansion provides much needed services for an aging population

Boulder City, Nevada, population 15,023, has suffered during the past decade due to poor economic conditions. The community's unemployment rate jumped from 5 percent in January 2008 to 10 percent in December 2012. High unemployment forced many younger residents to leave the area. As a result, today, nearly 30 percent of the city's residents are age 65 or older and there is a greater need for medical services directed to the elderly.

RCAC and two Community Development Financial Institution partners made a \$16.3 million construction loan to Boulder City Hospital (BCH) to remodel its existing facility, add space, reopen its surgical program and provide two new inpatient services—geriatric behavioral medicine and acute rehabilitation.

"It is easy to see the strong and positive impact the hospital renovation and expansion has had on the community. Our constituents know that we saved jobs, added jobs and, most importantly, increased

access to high quality health care not only to Boulder City, but to southern Nevada," said Tom Maher, BCH's chief executive officer.

According to an American Hospital Association report, rural hospitals lack adequate access to capital and that lack of access affects their ability to modernize facilities and acquire new technologies. Boulder City Hospital's aging facility was clearly hampering its ability to provide quality care.

Today, Phase I (remodel) is complete and construction on additional space (Phase II) will be completed by December. Once complete, the modernized facility will be twice its original size, generate 100 new jobs, and meet the needs of 27,000 elderly patients. RCAC will also be part of the permanent financing for the hospital, providing local leverage for a Rural Development community facilities loan.



RCAC's support has been invaluable in our subdivision development program.

— Claudia Shay, SHHCH executive director

SELF-HELP HOUSING CORPORATION OF HAWAII

providing low-income housing for more than 30 years

In Hawaii, the average sales price for a single family home is more than \$600,000. With an income of less than \$53,000, low-income families, single parents, native Hawaiian families and Hawaii's "workforce," are shut out of conventional homeownership. To make matters worse, Hawaii's cost of living is 30 percent higher than on the mainland U.S., which makes it extremely difficult for low-income families to save for mortgage down payments.

Since 1984, Self-Help Housing Corporation of Hawaii (SHHCH) has provided technical assistance and financial counseling through the U.S. Department of Agriculture (USDA) Rural Development Mutual Self-Help Housing Program to address Hawaii's affordable housing shortage. During the past 30 years, SHHCH has completed 46 projects, in which more than 600 low-income families across Hawaii have built their own homes under this USDA program.

SHHCH is one of the oldest USDA self-help grantees. RCAC provides technical support to SHHCH on federal regulations, corporate accounting, bookkeeping procedures and USDA Rural Development proposal development and reporting. RCAC staff also works closely with Rural Development and SHHCH to improve communication and program coordination.

In addition to self-help technical assistance, RCAC's Loan Fund has provided SHHCH with more than \$9.7 million of loans to acquire lots and complete site development. RCAC loans to SHHCH in the past several years have provided financing to acquire and develop 164 self-help housing lots.

"RCAC's support has been invaluable in our subdivision development program," said Claudia Shay, SHHCH's executive director.

FINANCIAL INFORMATION for fiscal years 2013 & 2012

The following is a summary of information contained in RCAC's annual financial statements. Complete financial statements with the associated independent auditor's report are available at www.rcac.org.

CONDENSED BALANCE SHEETS AS OF SEPTEMBER 30	2013	2012
ASSETS		
cash and investments	\$ 23,405,028	\$ 25,996,304
loans receivable, net	49,241,575	47,053,492
other receivables	2,318,590	2,909,088
other assets	1,745,216	2,271,265
fixed assets	2,692,317	2,790,113
total assets	\$ 79,402,726	\$ 81,020,262

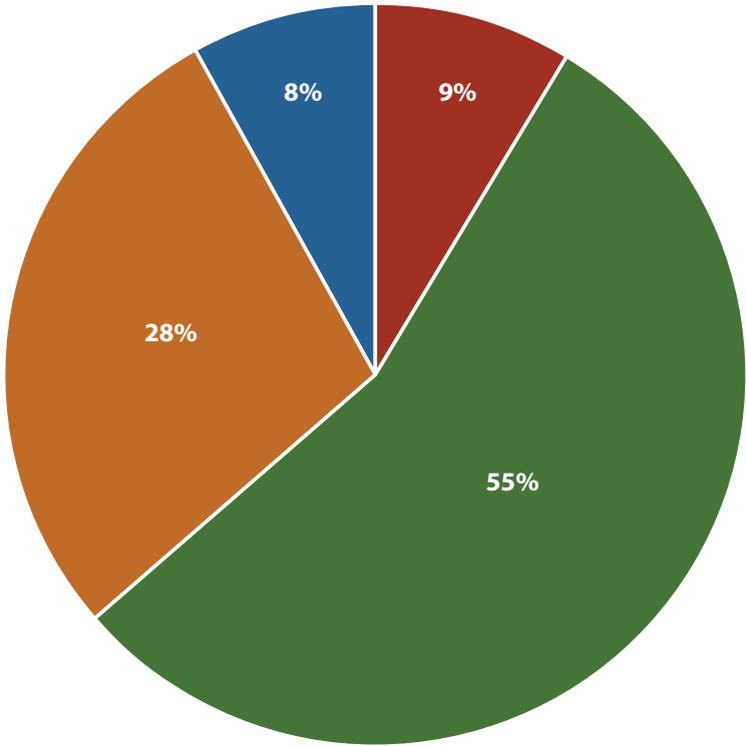
LIABILITIES AND NET ASSETS		
accounts payable & accrued liabilities	\$ 2,668,185	\$ 3,125,995
grants payable	1,122,557	1,095,418
notes and bonds payable	47,533,929	52,862,696
net assets	28,078,055	23,936,153
total liabilities and net assets	\$ 79,402,726	\$ 81,020,262

CONDENSED STATEMENTS OF ACTIVITY FOR THE 12 MONTHS ENDING SEPTEMBER 30	2013	2012
REVENUE		
grants and contracts	\$ 14,483,899	\$ 9,946,710
loan fees and interest	2,760,266	3,109,460
investment income	136,222	273,118
other	835,782	779,610
total revenue	\$ 18,216,169	\$ 14,108,898

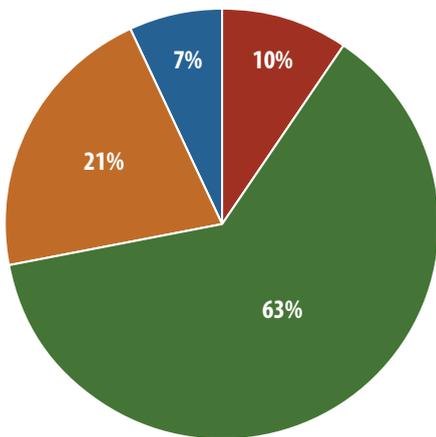
EXPENSES		
loan fund	\$ 2,545,508	\$ 2,941,286
housing and community	3,667,287	3,406,222
environmental services	4,740,688	3,700,170
other programs	456,647	804,805
rental operations	115,851	114,908
management and general	2,548,286	2,202,396
total expenses	\$ 14,074,267	\$ 13,169,787
increase (decrease) in net assets	\$ 4,141,902	\$ 939,111
consisting of:		
change in unrestricted net assets	\$ 650,450	\$ 1,793,677
change in temporarily restricted net assets	3,491,452	(854,566)
	\$ 4,141,902	\$ 939,111

NET ASSETS as of September 30

2013 \$28,078,055



2012 \$23,936,153



- General unrestricted
- Board designated lending capital
- Temporarily restricted lending capital
- Temporarily restricted program monies

SUPPORTERS

PRIVATE

- Accessible Space, Inc.
- Ally Financial
- Bank of the West
- Beyond Shelter, Inc.
- California Bank & Trust
- California United Bank
- Calvert Foundation
- Care66
- Catholic Health Initiatives
- Charles Schwab Bank
- Community Action Partnership of Northwest Montana
- Community Economics, Inc.
- Dignity Health
- Dominican Sisters of Hope
- Ford Foundation
- Housing Assistance Council
- Housing California
- John D. and Catherine T. MacArthur Foundation
- JP Morgan Chase Bank N.A.
- La Pine Water and Special Sewer Districts
- Medina Consulting LLC
- Mercy Investments Services, Inc.
- Merrick Bank Corporation
- Monarch Community Fund LLC
- Morgan Stanley Bank
- Na Kupa'a o Kuhio
- Nalco
- Native Home Capital
- Naval Air Station Lemoore
- NeighborWorks® America
- Oxenford Consulting
- Pacific Rim Bank
- Paso Del Norte Health Foundation
- Peshastin Water District
- Religious Communities Investment Fund, Inc.
- Rural Community Assistance Partnership, Inc.
- Rural LISC
- Sachs Foundation
- Sisters of the Holy Cross, Inc.
- St. Joseph Health System
- Stratus Consulting
- The California Endowment
- The Congregation of the Sisters of Charity of the Incarnate Word
- The Episcopal Church
- The FB Heron Foundation

- The Sisters of St. Francis of Philadelphia
- Trinity Health Corporation
- US Bank
- Wells Fargo Bank
- West Yost Associates

U.S. GOVERNMENT

- U.S. Dept. of Agriculture
- U.S. Dept. of Health & Human Services
- U.S. Dept. of Housing & Urban Development
- U.S. Dept. of Labor
- U.S. Dept. of the Treasury, CDFI Fund
- U.S. Dept. of the Treasury, SBLF
- U.S. Environmental Protection Agency

STATE, LOCAL AND TRIBAL

- Big Sandy Rancheria
- Big Valley Band of Pomo Indians
- California Coalition for Rural Housing
- California Dept. of Public Health
- California Dept. of Community Services and Development
- California Housing Finance Agency
- Campo Band of Mission Indians
- Chelan County Public Utility District
- Cold Springs Rancheria
- County of Humboldt
- County of San Mateo
- County of Santa Barbara Housing Authority
- Hopland Reservation
- Kashia Band of Pomo Indians of Stewarts Point Rancheria
- Minnesota Housing Partnership
- New Mexico Mortgage Finance Authority
- Nez Perce Tribe
- North Dakota Department of Health
- Round Valley Reservation
- San Pasqual Band of Mission Indians
- South Dakota Board of Water and Natural Resources
- South Dakota Dept. of Environment and Natural Resources
- South Dakota Dept. of Planning and Natural Resources
- State Water Resource Control Board, California
- Torres Martinez Desert Cahuilla Indians
- Virgin Islands Dept. of Planning and Natural Resources
- Washington Dept. of Health



RCAC staff
thanks its
supporters



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