



USDA Rural Development
Community Connect Grant Program
Application Guide Fiscal Year 2026

Together, America Prospers

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Introduction and General Information

Rural Utilities Service Telecommunications Program Community Connect Grant Program

The Community Connect Grant Program (Community Connect Program) provides financial assistance to install high-speed internet at the Broadband Grant Speed in rural, economically-challenged communities where broadband service does not currently exist. Grant funds may be used to: (1) deploy high-speed internet at the Broadband Grant Speed to essential community facilities, rural residents, and rural businesses, (2) construct, acquire, or expand a community center, and (3) equip a community center willing to provide at least 2 years of free access to high-speed internet to community residents. Grants will be awarded on a competitive basis. The purpose of this grant program is to ensure rural consumers enjoy the same quality and range of high-speed internet services as are available in urban and suburban communities.

!! BEFORE YOU GET STARTED!!

You must read:

7 CFR 1739, Subpart A

and

Notice of Funding Opportunity (NOFO)

published on the Community Connect Web Site and Grants.gov.

The regulation **MUST** be used in conjunction with this Application Guide. Should any differences result in the interpretation of this Application Guide and the regulation, the regulation takes precedence over information contained in this Application Guide.

For additional information concerning this grant program, please use the Contact Us form located at www.rd.usda.gov/programs-services/telecommunications-programs/community-connect-grants#contact.

Additional information and forms are available on our website at:
www.rd.usda.gov/programs-services/telecommunications-programs/community-connect-grants.

When and Where to Submit an Application

Grant applications must be submitted by:

June 29, 2026

Applications submission information can be found on [Grants.gov](https://www.grants.gov).

Applications must be submitted by 11:59 am Eastern Standard Time on June 29, 2026. The online application system will disable the ability to submit the application after this time, and any application which has not been submitted before the window closes will not be considered.

Prior to official submission of applications, you may request technical assistance or other application guidance from the Agency. It is recommended that requests be made prior to June 15, 2026. Requests made after this date will be handled to the best of our ability, but be aware RUS has finite capacity to assist and may not be able to fully address requests submitted after June 15, 2026. Technical assistance is not meant to be an analysis or assessment of the quality of the materials submitted, a substitute for agency review of completed applications, nor a determination of eligibility, if such determination requires in-depth analysis. The Agency will not solicit or consider scoring or eligibility information submitted after the application deadline. The Agency reserves the right to contact applicants to clarify information on materials in the submitted application.

Application Submission

Electronic applications will only be accepted when submitted through [Grants.gov](https://www.grants.gov).

From Grants.gov, applicants will be redirected to the Community Connect Application Intake System (www.rd.usda.gov/community-connect).

Before applying online, the Rural Utilities Service (RUS) strongly encourages applicants to obtain all necessary sign-ups, credentials and authorizations for the systems required during the applications process well in advance of the deadline.

Unique Entity Identifier – As of April 2022, applicants must obtain a Unique Entity Identifier (UEI) to apply for federal contracts or financial assistance. Obtain your organization's UEI when you create or update your SAM.gov entry. You can obtain your UEI at SAM.gov even if you have no updates to your SAM.gov record. If your organization is currently registered in SAM.gov with either an active or inactive registration, you have already been assigned a UEI. Your UEI is viewable on your entity's registration record in SAM.gov. Note that the UEI must

belong to the entity that is applying, not to a parent, affiliate, or other related entity. Applicants must register with SAM at <https://sam.gov/>. It can take up to 15 business days to register with SAM, so plan accordingly and begin the process well in advance of the application deadline.

Applicants must have their registration active prior to submitting their application and must have made all required certifications.

Please refer to pages 33 and 34 of SAM's Quick Start Guide for Grant Registrations (<https://tinyurl.com/bdedv74p>).

The RUS Community Connect Application Intake System, like all web facilities, has finite capacity. It is possible system usage could be very high in the final days or hours of the application window and system issues may be experienced. Please plan accordingly.

Program Updates

Program Requirement Updates

- The program updated the general grant terms and conditions. You can review them at: www.usda.gov/about-usda/general-information/staff-offices/office-chief-financial-officer/federal-financial-assistance-policy/usda-general-terms-and-conditions.
- Additional reporting requirements will apply to any awarded project. Annual reporting will be made through the RUS reporting system, and awardees are required to report annually until 3 years after project completion.
 - The expiration date for reporting is now three years from the Release of Funds. It was previously three years after the agreement was executed.
- The final project performance activity report due date is now 120 days after expiration. It was previously 90 days after expiration.
- The project construction start date is now 180 days after the Release of Funds date. It was previous 180 days from the agreement execution date.

Strategic Economic and Community Development (SECD)

For FY 2026, the Community Connect Program will have 10% of available funding set aside for Strategic Economic and Community Development (SECD) projects. SECD projects promote and implement strategic community investment plans. These plans use the unique strengths of rural communities to advance prosperity. USDA Rural Development helps finance these projects by using community assets, identifying resources, convening partners, and leveraging federal, state, local, or private funding. Those interested in applying for SECD funds should indicate this in the Executive Summary and include the RD Form 1980-88.

See the SECD website at www.rd.usda.gov/programs-services/business-programs/strategic-economic-and-community-development for more information on how to qualify. Applications

for SECD must meet all other Community Connect Program requirements to be considered for SECD funding.

Eligible applications which request SECD funding but are not awarded SECD funding will still be considered within the scoring provisions of the standard Community Connect funding.

Applying for SECD does not disadvantage an applicant from non-SECD funds.

Important Definitions and Limits:

1. Grant Request Limits
 - a. The minimum grant request amount is: \$100,000
 - b. The maximum grant request amount is: \$5 million
2. Broadband Speeds
 - a. Broadband Service means any terrestrial technology having the capacity to provide transmission facilities that enable subscribers of the service to originate and receive high-quality voice, data, graphics, and video at the minimum data rate of ten (10) megabits per second downstream and one (1) megabits per second upstream for fixed service. Satellite and mobile services are not considered broadband services. Any proposed service area that is currently served with broadband service is ineligible to receive funding.
 - b. Applications must undergo a Public Notice Filing (PNF) and Public Notice Response (PNR) process where the service areas of each application will be posted to allow potential service providers within the area to challenge eligibility of the project. Those providers will have 45 days from the date the notice is published to file their responses. Any response filed will be subject to validation by RUS staff.
 - c. Broadband Grant Speed means the minimum data rate of one hundred (100) megabits per second (Mbps) downstream and twenty (20) Mbps upstream for both fixed and wireless. The applicant must propose to deliver at least this minimum data to every customer in the proposed funded service area for the Agency to approve a broadband grant. Mobile wireless technologies are not eligible for funding.
3. Proposed Funded Service Area (PFSA) – Applications will serve only one proposed funded service area. Applicants define their PFSA by using the mapping module within the RUS online application system. The service area can be uploaded by providing zipped shapefile including a single contiguous polygon. The polygon must be closed, non-overlapping, and must have an assigned projection with an accompanying .prj file. The PFSA must be a single contiguous geographic area that may consist of a single or multiple community(ies), a single or multiple county(ies), and may be located in more than one state. The entire PFSA must be rural with no

Broadband Service available. It is important to note all premises (households and businesses) in the service area must be offered service at the Broadband Grant Speed.

- a. Under the Community Connect Program, a rural area is defined as any area, as confirmed by the most recent 2020 Decennial Census of the United States, which is not located within (1) A city, town, or incorporated area that has a population of greater than 20,000 inhabitants; or (2) An urbanized area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants, and which excludes certain populations pursuant to 7 U.S.C. 1991(a)(13)(H) and (I). For purposes of the definition of rural area, an urbanized area means a densely populated territory as defined in the most recent 2020 Decennial Census.
 - b. Due to the removal of the term “urbanized area” in the U.S. Census, the Agency will treat any Census-designated “urban area” in the 2020 Decennial Census as an “urbanized area”. The “non rural” layer within the application system reflects this revision. Please review the non-rural layer to ensure that your Proposed Funded Service Area is eligible with respect to rurality.
 - c. As you are adding your PFSA, the layers can be used to assist in the evaluation of your proposed project’s eligibility or the determination of whether a tribal resolution is required for eligibility.
4. Matching Fund Contribution – The match the applicant is required to contribute towards the project must be at least 15% of the requested grant amount. The match must be in cash and available at closing and can be used to fund RUS-approved operations or facilities of the project. In-kind contributions are not eligible to be used to satisfy the match requirement.
 5. Operating Expenses – Operating expenses are not an eligible grant purpose, with the exception of:
 - a. Bandwidth expenses to provide free broadband service at the Broadband Grant Speed to all the essential community facilities for two years.
 - b. Leasing of facilities which may include spectrum, land, towers or buildings that will be used to deploy service at the Broadband Grant Speed.
 6. Community Center – Grant funds for the community center will be limited to the lesser of 10% of the requested grant amount or \$150,000. If grant funds are used for the construction of a community center, then the building must reside on property owned by the applicant.

Applying for a Grant

GRANT PROCESSING

Electronic applications will only be accepted when submitted through [Grants.gov](https://www.grants.gov). From grants.gov, applicants will be redirected to the Community Connect Application Intake System (<https://www.rd.usda.gov/programs-services/telecommunications-programs/community-connect-grants#to-apply>).

Grant applications will be reviewed and scored in accordance with the provisions of 7 CFR 1739 and the NOFO.

Only one proposal per applicant is eligible for approval. If an applicant submits more than one proposal, then the Agency will only consider the application with the highest score.

APPLICANT ELIGIBILITY

Only legally organized entities as one of the following are eligible for funding:

- a) An incorporated organization
- b) An Indian tribe or tribal organization, as defined in 25 U.S.C. 5304
- c) A state
- d) A unit of local government
- e) Any other legal entity, including a cooperative, private corporation, or limited liability company organized on a for-profit or not-for-profit basis

NOTE: The applicant may not be an individual or partnership.

Applicants must have the legal capacity and authority to:

- Own and operate the broadband facilities as proposed in the application
- Enter into contracts
- Comply with applicable federal statutes and regulations.

If the applicant is seeking to partner with another entity to operate the system, an agreement or draft agreement to do so must be provided with the application. This agreement must address the specific financial terms of this partnership, and the specific entity/entities must be identified, along with their qualifications to operate the system.

Applications which rely on such a partnership but do not provide pertinent details will be rejected, as RUS cannot determine the technical and financial feasibility of the project lacking such information. RUS may consider an application based on such an agreement submitted with the application, but if the application is ultimately awarded, RUS reserves the right to require modifications to such agreements if they are found to contain terms which are unacceptable to RUS.

Unique Entity Identifier – In April 2022, the federal government replaced the DUNS number with the Unique Entity Identifier (UEI) as the authoritative identifier for organizations that apply for federal contracts or financial assistance. Applicants must provide a UEI when applying for Community Connect funding. Obtain your organization's UEI when you create or update your SAM.gov entry. You can obtain your UEI at SAM.gov even if you have no updates to your SAM.gov record. If your organization is currently registered in SAM.gov with either an active or

inactive registration, you have already been assigned a UEI. Your UEI is viewable on your entity's registration record in SAM.gov.

Note: The UEI must belong to the applicant, not an affiliate, subsidiary, or parent company.

Project Eligibility

To be eligible for a grant, the project must:

- Serve a Proposed Funded Service Area (PFSA) where Broadband Service at 10 Mbps/1 Mbps does not currently exist. The PFSA is defined as a contiguous geographic area within an eligible rural area. When determining if a PFSA has no existing Broadband Service, we encourage applicants to refer to the Federal Communication Commission as one of their sources at <https://broadbandmap.fcc.gov> or <https://www.fcc.gov/reports-research/maps/>. Information is also available through the mapping functionality in the RUS Community Connect Application Intake System. The applicant is ultimately responsible for verifying lack of service availability and should review all applicable resources.
- Offer service at the Broadband Grant Speed to ALL residential and business customers within the PFSA.
- Offer service at the Broadband Grant Speed, free of charge for at least 2 years starting from the time service becomes available to each Essential Community Facility, as defined in 7 C.F.R. 3570.53, located within the PFSA.
- Provide a Community Center located in the PFSA, with at least two Computer Access Points and wireless access at the Broadband Grant Speed (100 Mbps/20 Mbps) for free for at least 2 years. The Community Center must be open to the public before, during and after normal working hours and on Saturdays or Sundays. Applicants should address the specific needs of their community. Up to 10 Computer Access Points may be funded with grant funds.
- Not overlap with the service areas of current RUS borrowers and grantees.
- Not overlap with the service areas that have an Enforceable Commitment at the time of publication of the NOFO. For this notice only, Enforceable Commitment means a legally enforceable obligation by any federal, state, or local agency utilizing federal funds, to provide broadband service with speeds of at least 10 Mbps downstream and 1 Mbps upstream. Enforceable commitments do not negate RUS's intention to coordinate and communicate with federal partners before extending an offer to ensure awards made under this application window do not duplicate awards made by other federal and state partners. However, if an applicant submits evidence that the entity that received the Enforceable Commitment has not deployed broadband service as required by the awarding Agency's regulations or award documents, the Agency may consider such area eligible for funding after consultation with the awarding agency. To assist applicants with identifying areas that are already receiving federal funds to deploy broadband, areas with Enforceable

Commitments are identified in a GIS layer located in the RUS mapping tool and on the FCC's National Broadband Funding Map.

- Contain a written approval from the appropriate entity with jurisdiction over the tribal land in question so that construction can take place, if service is being proposed on or over tribal land. Any applicant that fails to provide written approval to provide service on the Tribal Lands identified in the PFSA will not be considered for funding. A mapping layer showing what are considered Tribal Lands is available in the RUS Community Connect Application Intake System as well as the RUS mapping tool.

ELIGIBLE GRANT PURPOSES

Grant funds may be used to finance:

1. The construction, acquisition, or leasing of facilities, including spectrum, land, towers or buildings, used to deploy high-speed internet service to all residential and business customers located within the PFSA and all participating Essential Community Facilities, including the funding for at least two but no more than 10 Computer Access Points to be used in the Community Center. Buildings constructed with grant funds must reside on land owned by the applicant. Leasing costs will only be covered for a three-year period during the advance of funds period which will be listed in the award documents.
2. The improvement, expansion, construction, or acquisition of a Community Center that is used for providing free access to high-speed internet. The Community Center must be open and accessible to area residents before, during, and after normal working hours and on Saturday or Sunday. Grant funds provided for the Community Center shall not exceed the lesser of 10% of the total grant amount requested or \$150,000. The costs of the computer access points, their installation, or connection to the broadband system are not included in this limitation.
Note: If the total construction cost of the Community Center exceeds the maximum limit mentioned above, it will be the responsibility of the applicant to finance the additional costs.
3. The cost of providing the necessary bandwidth to provide service at the Broadband Grant Speed free of charge to the Essential Community Facilities for two years.

NOTE: All equipment purchased for the project must be new or non-depreciated.

INELIGIBLE GRANT PURPOSES

Grant funds may not be used to finance:

1. The duplication of any existing Broadband Service provided by other entities. Operating expenses, except for leasing costs for facilities used to deploy broadband service and bandwidth expenses. However, all other operating expenses can be

funded by the required matching contribution, such as the cost associated with the leasing of building space for a Community Center.

NOTE: All costs incurred by the applicant, or others on behalf of the applicant, with respect to the Project rendered or incurred prior to submission of a completed application, shall not be considered as eligible grant or match purposes.

MATCHING FUNDS REQUIREMENTS

When the application is submitted, the awardee must provide or demonstrate available cash reserves equal to at least 15% of the total amount of financial assistance being requested. Matching contributions must be used solely for the project. Those selected for a Community Connect Grant Program award must submit quarterly schedules to RUS that identify how the match contribution was used to support the project until the total contribution is expended.

Matching funds shall be in the form of cash and can be used for any expenses related to the project, including any operating expenses.

Ineligible sources of matching contributions:

1. Manufacturer or service provider discounts.
2. In-kind contributions.
3. Income generated from the proposed project.
4. Any financial assistance from federal sources unless there is a federal statutory exception authorizing the federal financial assistance to be considered as a matching contribution.
5. All non-cash items.

SPECIAL MATCHING PROVISIONS FOR AMERICAN SAMOA, GUAM, THE VIRGIN ISLANDS, AND THE NORTHERN MARIANA ISLANDS.

Under federal law, applications from the governments of these areas may be exempt from matching requirements up to \$200,000.

If the Administrator determines that a community in trust land (as defined in section 3765 of title 38, United States Code) has a high need for the benefits of the Infrastructure Program, he may designate the community as a substantially underserved trust area (SUTA), as defined in section 306F of the RE Act. To receive SUTA consideration the applicant must request it and must identify which of the provisions it is requesting.

One of the provisions that may be requested is a waiver of the matching requirement. If the application as submitted is dependent on the application of a SUTA provision to be eligible, the applicant understands it is applying at its own risk and the application may be rejected as ineligible if the SUTA consideration is not approved and the application is determined to not be otherwise eligible for failing to meet match if the ability to meet that match has not been demonstrated in the application.

Completing the Grant Application

Electronic applications will only be accepted when submitted through [Grants.gov](https://www.Grants.gov). From Grants.gov, applicants will be redirected to the Community Connect Application Intake System (www.rd.usda.gov/programs-services/telecommunications-programs/community-connect-grants#to-apply). A guidance document on accessing the system is available on the Community Connect website at www.rd.usda.gov/community-connect. Please review it for full instructions on how to utilize that system. When first accessing the system, you must complete a credentialing process. Please start this process early to ensure access to the system. Applicants must use the Community Connect Application Intake System to draw the Proposed Funded Service Area map and upload the required schedules of the application.

REQUIRED APPLICATION MATERIALS

The following is a list of required information, support, or attachments that must be completed in the Community Connect Portal system for an application to be deemed complete and considered for funding.

Please make sure that all the necessary information is included in the appropriate section.

The following is a list of information and attachments that must be included for an application to be deemed complete and considered for funding. This list has been kept in the format consistent with prior years' applications to assist.

Please make sure all the necessary information is included in the appropriate section. Additional resources can be found at the Community Connect webpage located at the following location: www.rd.usda.gov/programs-services/telecommunications-programs/community-connect-grants#to-apply.

Failure to submit all required schedules or supporting information will result in the application being ineligible.

- A. Standard Form 424, SAM Registration, Legal Existence, and Other Documentation
- B. An Executive Summary of the Project
- C. Scoring Criteria Documentation
- D. System Design
- E. Service Area Map and Demographics
- F. Scope of Work
- G. Community-Oriented Connectivity Plan
- H. Financial Information and Sustainability
- I. A Statement of Experience
- J. Additional Funding
- K. Compliance with Other Federal Statutes and Regulation

A. STANDARD FORM 424, SAM REGISTRATION AND OTHER DOCUMENTATION

The following Schedules (A-1 and A-2) must be uploaded to the Community Connect Application Intake System. This information should be uploaded as attachments in the “Project” Tab of the Community Connect Application Intake System:

Schedule A-1

All applicants requesting funding under the Community Connect Grant Program must complete the Standard Form 424, Application for Federal Assistance (SF 424). A copy of the form and instructions has been attached to this document. Additional instructions for specific line items also are included below. The form and any attachments referenced in this guide can also be found on our website at www.rd.usda.gov/community-connect.

Block 10: The Name of the Federal Agency is Rural Utilities Service.

Block 11: The Catalog of Federal Assistance Number is 10.863.

Block 12: Funding Opportunity Number is RDRUS-CC-2026. The Title is “Community Connect Grant Program”.

Block 14: Please provide the name of the Community(ies), County(ies), and State(s) where the grant funds will be used.

Block 15: Brief descriptive title of project.

Block 16: Please provide the Congressional District(s) for the service area you are proposing to cover in your project.

Block 19: Please select “C” “Program is not covered by E.O. 12372”.

Block 20: You must supply an explanation of the delinquency if you check “yes”.

Block 21: Please be sure to check “I agree”. The application must be signed by an authorized representative of the organization that will own and operate the project if the grant is awarded. If the authorized representative is not a corporate officer, evidence must be included that demonstrates that the authorized representative has authority to obligate the organization.

Schedule A-2

SAM Registration, Supporting Documentation and Proof of Legal Existence

The applicant must provide a printout of the organization’s SAM.gov registration which confirms the registration was active before the application was submitted. The SAM.gov registration must remain active with current information while RUS is considering an application and while a Federal Grant Award is active. To maintain registration in the SAM.gov database,

the applicant must review and update it annually. Beginning February 2019, applicants now complete several government wide certifications in SAM. Applicants must make the certifications and representations required of entities that are applying for or have received funding under any federal financial assistance project or program (aka the “Financial Assistance Representations and Certifications”) to be eligible for a Community Connect Program. Please refer to SAM’s instructions at <https://sam.gov/content/entity-registration> for more details. Additional relevant instruction is also provided below. A SAM registration that lacks the Financial Assistance Representations and Certifications will cause an application to be deemed ineligible.

Additional Guidance for Completing the Financial Assistance Representations and Certifications in SAM.gov

Applicants will be asked “Does [Entity Name] wish to apply for a Federal financial assistance project or program, or is [Entity Name] currently the recipient of funding under any Federal financial assistance project or program?” The system default answer to this question is “No”. Applicants must make the certifications and representations required of entities which are applying for or have received funding under any Federal financial assistance project or program to be eligible for the Community Connect program. To do this, applicants must change the answer to “Yes” as shown below.

■ FINANCIAL ASSISTANCE REPRESENTATION AND CERTIFICATION

The Grants Certifications are a common set of certifications and representations required by Federal statutes or regulations in accordance with the grants guidance under Title 2 of the Code of Federal Regulations (2 CFR 200.208 Certifications and Representations). Those non-Federal entities who intend to apply for, or are already recipients of Federal grants or agreements, must read and agree to the corresponding certifications and representations. Registrants who reply yes to the following questions are required to keep these certifications and representations current, accurate, and complete as part of their entity registration.

Does [REDACTED] wish to apply for a Federal financial assistance project or program, or is [REDACTED] currently the recipient of funding under any Federal financial assistance project or program? No 

For this schedule, please provide a printout of your organization’s SAM registration which confirms the registration was active before the application was submitted. Only entities legally organized as one of the following are eligible for funding:

- i. An incorporated organization
- ii. An Indian tribe or tribal organization, as defined in 25 U.S.C. 5304
- iii. A state
- iv. A unit of local government

- v. Any other legal entity, including a cooperative, private corporation, or limited liability company organized on a for-profit or not-for-profit basis

The Entity Name, UEI Number and SAM.gov registration must be for the applicant. It cannot be for a parent, subsidiary or other affiliated entity.

It is important that the exact name of the legal entity applying for the grant be listed in block 8 of the SF 424, Application for Federal Assistance, and that the entity be legally eligible to receive the award and take legal ownership over items acquired under the grant.

Applicants must have the ability to enter into a contract with the Federal Government and must be able to own and manage grant-funded assets as required by the grant agreement and applicable regulations, including 2 CFR Part 200. RUS will not transfer awards to another entity because the applicant has later determined that it cannot close the award, execute the standard grant agreement, which is publicly available, or hold the grant assets in its name.

The applicant must provide acceptable evidence of legal existence. Corporations or LLCs must provide evidence of good standing in accordance with the laws of the state or other body under which they are organized (typically found on each State's Secretary of State website). For entities that exist under law, rather than through incorporation or other action, a copy of the state statute, regulation, or other appropriate documentation must be provided to confirm the legal name of the entity, the state in which it was established and the type of entity.

Note: A SAM registration is not sufficient evidence of legal existence, nor is an IRS or state statement of tax status. Applications that do not demonstrate the applicant's legal existence as an entity that is eligible to apply for a grant may be deemed ineligible. Supporting documentation must be uploaded as an attachment in the "Project" Tab of the Community Connect Application Intake System.

EXECUTIVE SUMMARY OF THE PROJECT

The Executive Summary of the project is one of the most important parts of the application. It gives reviewers their first overall view of the area to be served, what problems the residents face, and how the proposed project will help alleviate those problems, increase quality of life, and provide enhanced opportunities for businesses and rural residents. This is your opportunity to discuss the core aspects of the project. Be clear and provide convincing links between the project and the benefits to the Proposed Funded Service Area (PFSA). There is a Tab within the Community Connect Application Intake System for providing this information, though the applicant can upload supporting documents in the Application Intake System to supplement the text fields of this Tab.

The Executive Summary must provide a general project overview covering the following five categories:

1. A detailed description of the Existing Operations: For entities other than startups, describe the existing operations of the applicant organization, with a special focus on existing or prior experience operating systems similar to what is proposed in this application.
2. Discussion about Key Management: Provide information on the experience of key management and other employees in building and operating a system similar to what is proposed in this application, or any other relevant experience you wish to highlight.
3. Description of the Company's Workforce: Describe the current workforce of the company, especially with regards to those who would be involved in operating the proposed system. To the extent outside entities would be contracted for construction and/or operational services, describe that in this section.
4. Description of Interactions Between Any Parent, Affiliate, or Subsidiary Operation.
5. A list of the participating Essential Community Facilities (such as schools, public medical clinics, police and fire departments, public hospitals, etc.) and evidence that any remaining Essential Community Facility located in the PFSA has rejected the offer for free service at the Broadband Grant Speed. This can be in the form of a letter preferably on official letterhead from the organization, if available. The Community Center must be addressed and to the extent it depends on other entities, these commitments should be addressed (letters of intent, lease agreements, etc.)

If the applicant intends to request SUTA consideration, this should be addressed in this schedule. To receive SUTA consideration, the applicant must attach all of the information requested in 7 CFR 1700, Subpart D to the application and do both of the following:

1. Notify the Agency in writing that it seeks consideration as a substantially underserved trust area.
2. Identify the discretionary authorities of 7 CFR 1700, Subpart D that apply to the request.

If the application as submitted is dependent on the application of a SUTA provision to be eligible, the applicant understands it is applying at its own risk, and the application may be rejected as ineligible if the SUTA consideration is not approved and the application is determined to not be otherwise eligible.

If the applicant is proposing service on or over tribal land, written approval from the appropriate entity with jurisdiction over the tribal land in question is required so that construction can take place.

Applications that are seeking consideration under the Strategic Economic and Community Development (SECD) funding should indicate this in the Executive Summary and include the RD Form 1980-88. See the SECD website at www.rd.usda.gov/programs-services/business-programs/strategic-economic-and-community-development for more information on how to qualify for a SECD award and information to address within this schedule to maximize chances of successfully getting SECD funding.

Applicants are encouraged to upload any attachments with information that cannot easily be integrated into the “Executive Summary” text fields in the Community Connect Application Intake System. Additional information on uploading files can be found in the Intake User Manual.

B. SCORING CRITERIA DOCUMENTATION

A subtab has been added within the “Project” portion of the Community Connect Portal system which provides a space to fill in information for the PFSA Needs and Community Support scoring elements. Management Experience information is provided in the Executive Summary subtab; However, applicants may upload supporting information to supplement what they provide in the Executive Summary. Information that is recommended to be addressed by the Applicants should provide the following information to maximize their application score.

- 1. The ranking of the benefits of the project will be based on documentation in support of the need for services, benefits derived from the proposed services, characteristics of the Proposed Funded Service Area (PFSA), local community involvement in planning and implementation of the project, and the level of experience of the management team. In ranking applications, the Agency will consider the following criteria based on a scale of 100 possible points: PFSA Needs (up to 50 points):**

An analysis of the challenges found within the PFSA using the following criteria, and discussion of how the project proposes to address these issues. Be sure to address any state or federally recognized designations, awards, or special zones present in the PFSA (e.g., Broadband Technical Assistance awards, Persistent Poverty Counties, Manufacturing Zones, or other recognized indicators of need):

- a. The economic characteristics. Describe the economic conditions of the PFSA including current quality of life, household income, unemployment data, employment by sector (manufacturing, agriculture, retail, etc.), and any major employers in the area. Include information on the distance and difficulty residents currently face in accessing employment opportunities or economic services. Scored with a preference to areas with low income compared to the state MHI, high unemployment, and overall economic trend (stagnant or declining economic characteristics will score higher).
- b. Educational challenges. Describe the challenges facing educational institutions within the PFSA and provide an assessment of these institutions’ current use of technology (e.g., distance learning programs, computer classes, use of online tools for classroom presentations by instructors and students). Include the distance students or residents must travel to access educational facilities or technology resources and describe barriers to access. In addition, describe in detail how the proposed project will not only increase but improve the use of technology at these

institutions. Scored with preference given to applications that have specific support of challenges identified with support for these challenges.

- c. Health care needs. Provide a complete list of public medical clinics and hospitals in the PFSA and their current use of broadband services, if any, such as telemedicine. Statements can be provided from medical professionals describing their need for broadband services to provide advanced medical technology and describe how the proposed project can support these advances. Describe the distance and difficulty residents face in accessing health care services, including any barriers such as travel constraints or service limitations. Scored with preference given to applications that have specific support of health care needs identified and a full proposal for how the project will improve health care conditions.
- d. Public safety issues. Include a listing of police, fire and rescue services which cover the PFSA and the distance or difficulty of accessing these services. Address the current state of any public safety issues and how the proposed project will lead to improvements of the technology being used. Scored with preference given to applications that that have specific support of issues provided and fully address how the project will improve these public safety issues.

2. Stakeholder Involvement (up to 40 points):

Documentation that demonstrates the extent of participation and support by local residents and Essential Community Facilities in the project's planning, development, and implementation. The application should include evidence of local involvement activities such as community meetings, public forums, and surveys. Preference will be given to applications that show support from residential, business, and local, state or Federal entities within the PFSA. Support letters should address specific needs and where there is interest in participating in the project (donation of space for the Community Center, for example).

3. Management Experience (10 points):

Qualifications and ability of the key personnel who will construct, manage, and operate the broadband system. Include any past experiences and successes of operating a broadband system similar to the proposed broadband system. This information is generally provided as part of the Executive Summary, but to the extent applicants want to highlight anything for scoring purposes, they may upload an attachment identified as pertaining to Schedule C.

Note: Administrator Consideration

In making the final selection among and between applications with comparable rankings and geographic distribution, the Administrator may take into consideration the characteristics of the PFSA. Only information that is provided in the application will be considered; therefore, RUS

strongly encourages the applicant to specifically address each of the following criteria to differentiate their application(s) from other applications:

- a. Persistent poverty counties that will be served within the PFSA
- b. Out-migration communities (continuous movement of population out of the community) that will be served within the PFSA
- c. The rurality of the PFSA
- d. The speed of broadband service that is offered to all the subscribers in the PFSA
- e. Substantially Underserved Trust Areas (SUTA) that will be served within the PFSA. If the Administrator determines that a community in “trust land” (as defined in section 3765 of title 38, United States Code) has a high need for the benefits of the Community Connect Program, he may designate the community as a “substantially underserved trust area” (as defined in section 306F of the RE Act)
- f. Community members with disabilities that will be served within the PFSA
- g. Any other additional factors that may be outlined in the NOFO

C. SYSTEM DESIGN

The system design contains all the technical information on the applicant’s existing (if applicable) and proposed system. The following information must be included in this section, now covered within the “Network” tab within the Community Connect Application Intake System. The applicant may also provide attachments if necessary to supplement the information for this schedule:

1. A detailed description of the existing network, if applicable, which includes the following:
 - a. The current service area(s)
 - b. The types of services (voice, video and/or data) offered and the number of subscribers taking each type of service
 - c. The total number of establishments served. For wireline networks, specify the number of establishments passed with the network. For wireless networks, specify the total number of establishments covered by the network.
 - d. The types of technologies used in the network.
 - e. A description of the current connection to the Internet Service Provider (ISP).
2. A detailed description of the proposed network which includes the following:
 - a. The PFSA as proposed in the application.
 - b. Any upgrades that will be made to the existing network, if applicable.

- c. The types of services (voice, video and/or data) to be offered in the PFSA.
- d. The types of technology to be deployed in the PFSA and how the technology will facilitate the offering of service at the Broadband Grant Speed.
- e. The estimated number of establishments to be served. Provide detailed information showing that all households and businesses within the PFSA will be offered broadband service at the Broadband Grant Speed when the system is complete.
- f. A description of the proposed connection to the ISP and any changes needed to the existing system to accommodate additional capacity, if any. To the extent this includes any facilities located outside of the PFSA such as fiber routes to make interconnections, please address this in your description.
- g. A description of the design parameters used in engineering the system. Examples include oversubscription ratio calculations, bandwidth consumption per user, link loss, data rates per link, redundancy requirements, and technical specifications.
- h. A description of any licenses and agreements required to construct and operate the network and the status of securing those licenses or agreements. These are addressed in a newly introduced Licenses and Agreements tab in the Intake System. The document types listed here are the kinds of licenses and agreements that a Community Connect-funded project might need to ensure that the project can be constructed and operated.
 - Video Franchise Agreement
 - Internet Services Agreement
 - Pole Attachment Agreement
 - Spectrum Lease Agreement
 - Tower Lease Agreement
 - Building Lease Agreement
 - Video Services Agreement
 - Fiber Lease Agreement
 - Certificate of Public Convenience and Necessity (CPCN)
 - Wireless Spectrum License(s) for Backhaul
 - Wireless Spectrum License(s)
 - Special Permits (Federal, highway, bridge, etc.)
 - Network Management Agreement
 - Internet Service Connection Backhaul Agreement

- Tower Attachment Agreement

For any agreement required to operate the proposed system, please select that agreement type and its status from Draft, Existing- No Amendments Needed, Existing- Amendment(s) Needed, Applied-Approval Pending, Contingent Upon Award, or Contingent Upon Availability of Award Funds. If existing or draft agreements are available, please upload a copy of each in the Licenses and Agreements Tab. For license or agreement types that do not apply to the proposed system, select the status of N/A.

3. A network diagram of the applicant's existing network (if applicable) and the proposed network (required) are uploaded as within the "Network" tab of the Application Intake System. This diagram must be a block diagram that clearly shows how the traffic flows through the network from the interconnection points with the backbone service providers to the end users. The following information must be shown on the network diagram:
 - a. The location of the essential community facilities, the proposed community center, and all major network elements
 - b. The route miles between each network element
 - c. The bandwidth capacity between the network elements
 - d. The types of facilities (fiber, copper, microwave, etc.) that are or will be used for establishing the connection between the network elements and the points-of-connection with the backbone service providers
 - e. The location of any leased facilities and the owner of these facilities

NOTE: When designing and constructing the network proposed in the application, the applicant must adhere to all federal, state, and local requirements. **It is strongly recommended that the System Design be prepared by a registered engineer licensed in the State in which the facilities will be constructed or by qualified personnel on the applicant's staff with experience in designing the type of broadband system proposed in the application.** A design certification is a required upload, and it may be signed either by a PE, qualified third-party designer (if not a PE), or a qualified member of the applicant's staff along with documentation of their requirements (if not a PE).

Environmental Information is provided through the "Environmental" Tab in the Community Connect Application Intake System.

Notes: Applicants must list ALL proposed project construction, including those which may take place outside the PFSA (example, fiber transport routes, relay tower sites, etc.).

Applicants should not start the consultation process with applicable agencies unless advised by RUS. Please contact RUS at

www.rd.usda.gov/programs-services/telecommunications-programs/community-connect-grants#contact select “Environmental” for additional information if you want to initiate the consultation process.

D. SERVICE AREA DEMOGRAPHICS

The PFSA must be electronically mapped in the Community Connect Application Intake System which can be accessed on the Community Connect web site.

Demographic information, including the total population and the total number of households and the businesses that are located in the PFSA, must be provided. The Community Connect Grant Portal system will provide data based on Census information, however, the applicant may provide alternate data if it feels that Census information is not accurate. If alternate data is proposed, that will be done through the Alternate Household Data subtab under the Financials, Local Network Services Revenue section. If Alternate Household Data is indicated, there will be a required upload in the “Financials” Tab to provide support for the Alternate Household Data Provided. Additional information should also be provided demonstrating how these alternate figures were arrived at.

E. SCOPE OF WORK

The majority of this schedule has been subsumed into the “Network” Tab in the Community Connect Portal system. The scope of work must include the following:

A description of the specific activities and services to be performed under the project is provided under the “Build-out Timeline and Milestones” subtab.

The project budget is filled out in the “Capital Investment Workbook” subtab. The applicant must also provide a Supplemental Budget Worksheet available at: <https://www.rd.usda.gov/media/file/download/cc-fy25-supplemental-budget.xlsx> to identify which line items are expected to be funded with grant funds and which are expected to be funded with match or other funds. This Supplemental Budget Worksheet should clearly tie to line items in the CIW, though it can break costs out into more granular detail if the applicant believes this would provide a more thorough understanding of the project budget.

A construction build-out schedule and project milestones, showing the timeframes for accomplishing the project objectives and activities on a quarterly basis. This information is shown within the Network Tab.

The total grant funds shown on the budget must be the same as those listed on the Application for Federal Assistance (SF 424) and within the Project Tab in the Portal system. The budget must include grant funding for at least 2, and up to 10 computer access points to be deployed at the Community Center.

NOTE: Any ineligible items included in the budget will not be considered for grant funding and could affect the eligibility of the application. All capital expenditures necessary for carrying out the project must be included in the budget, whether the costs will be funded with grant funds or not. (e.g. If the Community Center will be funded with the applicants' own funds, these costs must still be captured on the budget since otherwise it has not been demonstrated that a Community Center will be implemented.) Grant application budgets will also be reviewed to determine cost allowability. Factors affecting cost allowability will be determined by 2 CFR 200 which is available at http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr_200_main_02.tpl

F. COMMUNITY-ORIENTED CONNECTIVITY PLAN

This schedule should be provided as an attachment(s) in the “Project” Tab of the Community Connect Application Intake System. Please review the Intake System User Manual (<https://www.rd.usda.gov/media/file/download/community-connect-application-intake-system-user-manual-508c.pdf>) for additional instruction on how to upload attachments.

The provision of broadband service is vital to the economic development, education, health, and safety of rural Americans. To further this objective, RUS will provide financial assistance to eligible entities that propose to provide broadband service that fosters economic growth and delivers enhanced educational, health care, and public safety services. The “broadband connectivity” concept integrates the deployment of broadband infrastructure with the practical, everyday uses and applications of the facilities.

Specifically, RUS will provide financial assistance to eligible entities that are proposing to deploy service at the Broadband Grant Speed in an eligible rural service area where Broadband Service does not currently exist; who will connect the Essential Community Facilities including the local schools, libraries, hospitals, police, fire and rescue services; and who will operate a Community Center that provides free and open access to residents. A Community Center will not only provide improved access but will aid rural residents in developing online businesses and will allow them to reap the benefits of internet-based advanced placement courses, and continuing adult education. Priority will be given to rural areas that have the greatest need for broadband services. The applicant must provide a community-oriented connectivity plan consisting of the following:

1. A list of all Essential Community Facilities located in the PFSA, including public schools, public libraries, public medical clinics, public hospitals, community colleges, public universities, law enforcement, and fire and ambulance stations. The applicant must provide documentation of consultation with these groups, including commitments to participate or not to participate in the proposed project. For example, applicants can complete a table like the one below and provide supporting documentation to show the type of consultations that have taken place and any commitments that have been made.

Essential Community Facility	Contact Person	Type of Commitment
Local Library	Contact Name	Will provide a room in the library to use as the Community Center.
Local Elementary School	Contact Name	Will provide a staff member to conduct training on basic computer use once the Community Center is operational.

2. A description of the services that will be available to local residents and businesses located in the PFSA.
3. A description of the activities that will be made available through the Community Center and the hours that the Community Center will be open to the public. **Specifically address business hours in the community, and how the hours of operation you propose meet the requirement the center be open before, during, and after normal working hours, and on Saturday and/or Sunday.**
4. A description of the consultations with the appropriate telecommunications carriers (including inter-exchange carriers, cable television operators, enhanced service providers, providers of satellite services, and telecommunication equipment manufacturers and distributors serving the PFSA) and the anticipated role of such providers in the proposed telecommunications system.

G. FINANCIAL INFORMATION AND SUSTAINABILITY

The Community Connect Application Intake System has been updated where a significant amount of information is provided through the system, however, the historical financials, pro-forma financial projections, and assumptions are provided as uploads in the “Financial” Tab of the Application Intake System.

The applicant must provide a narrative description demonstrating sustainability of the project from the commencement of the construction to completion and beyond the grant period; the sufficiency of resources; how the matching requirement is met; and the expertise necessary to undertake and complete the project. The following financial information is required:

1. If the applicant is an existing company, it must provide complete copies of audited financial statements, if available, for the two fiscal years preceding the application submission. If audited statements are unavailable, the applicant must submit unaudited financial statements for those fiscal years. This information must be provided separately from the Pro-Forma workbook provided by RUS as Schedule H-1. Applications from start-up entities must, at a minimum, provide an opening balance sheet dated within 30 days of the application submission date.

2. Annual financial projections in the form of a balance sheet, income statement, and statement of cash flows for a forecast period of five years, which prove the sustainability of the project for that period and beyond. This Pro-Forma Financial Forecast must be inclusive of the applicant's existing operations and the proposed project and must be supported by a detailed narrative that fully explains the methodology and assumptions used to develop the projections, including details on the number of subscribers projected to take the applicant's service. Applicants should use the provided workbook Schedule H-1 to provide these annual financial projections. A copy of the template is available at <https://www.rd.usda.gov/files/ScheduleH-1-ProForma5-YearFinancialForecastSingleApplication.xlsx>

Schedule H-1 includes separate worksheets, consisting of a Pro-Forma Income Statement, Balance Sheet, and Statement of Cash Flows.

It is the applicants' responsibility to ensure they have sufficiently demonstrated the feasibility of their projects and existing operations, if applicable.

The financial forecast must cover at least five years and be inclusive of ALL operations of the applicant (that is, both existing and proposed). It will be used by the RUS to determine whether the proposed project is financially feasible and sustainable and whether this is a viable operation.

The projections must include detailed financial assumptions, included as Schedule H-2, taking into account the applicant's best estimates for start-up costs (if any), revenues, expenses, ability to make a profit and all financial data related to any subsidiaries.

Tips for Successful Application

- Ensure that the appropriate Schedule is prepared by a financial consultant, accountant, or individual qualified to prepare financial forecasts.
- Follow the guidance on developing financial projections in this section.
- Ensure that the RUS can determine exactly how every line item was calculated in each forecast year.
- Ensure that the information you provide is consistent with the details of other sections in your application. This includes historical financial statements, subscriber projections and service tiers, and Scope of Work.
- Pro-Forma financial statements must be for the applicants and co-applicants, not for parent organizations.

GENERAL PRO-FORMA FINANCIAL FORECAST GUIDANCE

Every Pro-Forma Financial Forecast consists of an Income Statement, Balance Sheet, and Statement of Cash Flows. Columns should be clearly labeled with the appropriate year. Start-up

organizations can leave the historical columns blank, except for the opening Balance Sheet, which should be included in the historical column immediately prior to the forecast years.

Historical and forecast years can be based on either calendar years or fiscal years, but if the applicant reports by fiscal years, the applicant should note the fiscal year period in the Assumptions which must accompany the Pro-Forma Financial Forecast.

The statements should also contain all the applicant's regulated and non-regulated operations. Revenues, expenses, assets, liabilities, and related cash flow transactions of non-regulated operations should be included in detail in the financial forecast.

PRO-FORMA INCOME STATEMENT GUIDANCE

Schedule H-1 is pre-populated with preferred revenue and expense categories. Applicants are encouraged to use these exact categories to facilitate processing applications. If an applicant chooses not to employ this template, or otherwise modify Schedule H-1 template categories, the applicant must provide a sufficient level of detail to enable a reasonable level of understanding of the financial position of the existing operations combined with operations derived from the proposed project.

The following is a brief description of the pre-populated revenue and expense categories contained on the Income Statement worksheet in this template.

REVENUES

- i. Network Services Revenues
 - a. Local Voice Service revenues are derived from the provision of local voice services to customers. Local voice service revenues should relate to the number of local voice service subscribers and price per subscriber information contained in the Pro-Forma Financial Assumptions. This should include revenue from residential, single-line businesses, multi-line businesses, and optional features.
 - b. Broadband Data Service revenues are derived from the provision of broadband data services to customers. Broadband data service revenues should relate to the number of subscribers and price per subscriber information contained in the Pro-Forma Financial Assumptions.
 - c. Video Service revenues are derived from the provision of video services to customers. Video service revenues should relate to the number of video service subscribers and price per subscriber information contained in the Pro-Forma Financial Assumptions. This should include set-top box revenue, basic, expanded basic, digital, premium channel packs and video on demand subscribers.
- ii. Middle Mile Revenues are derived from the provision of services related to a Middle Mile network, including transport and interconnection services. Middle Mile revenues

should relate to the number of Middle Mile subscribers and price per subscriber information contained in the Pro-Forma Financial Assumptions.

- iii. Network Access Service Revenues are derived from the provision of exchange service to an interexchange carrier or to an end user of telecommunications services beyond the exchange carrier's network.
- iv. Universal Service Fund revenues are funds received by the applicant from the various universal service fund programs, both federal and state.
- v. Toll Service/Long Distance Voice revenues are derived from the provision of services beyond the basic service area, whether message or flat-rate and including public network switching as well as private.
- vi. Installation Revenues are derived from the installation of network equipment, typically at the customer's establishment that allows the provision of services. Installation revenue should relate to gross subscriber additions and proposed installation fees.
- vii. Amortized Grant Revenues are recognized from Community Connect or other grants.
- viii. Other Operating Revenues are all other revenues derived from sources other than those described above.

Uncollectible Revenues are the estimated amounts of revenue that you will not be able to collect.

EXPENSES

- i. Backhaul expenses are associated with transporting voice and broadband data network traffic from the customer premises equipment (CPE) or handset to the point of interconnection to the Internet.
- ii. IP/Interconnection expenses are associated with interconnecting with and transferring traffic across the Internet.
- iii. Video Content expenses are related to the provision of video services revenue and consist of video programming costs and fees.
- iv. Spectrum expenses are related to leasing spectrum from others in a wireless services network. Amortized spectrum acquisition expenses related to purchased spectrum should be included in the Amortization Expense category described below.
- v. Network Maintenance/Monitoring expenses are the personnel and related costs of maintaining/monitoring the network and customer premises equipment.
- vi. Utilities expense is the cost of utilities related to network operations.
- vii. Sales/Marketing expenses are all costs associated with marketing to and obtaining customers and subscribers, including salesperson compensation,

- advertising and marketing promotions, and subsidies on customer premises, equipment or handsets.
- viii. Customer Care expenses are the personnel and related costs of providing customer care operations to customers.
 - ix. Corporate G&A expenses include personnel, occupancy, insurance, billing and collections, and other general and administrative expenses.
 - x. Property Tax expenses are the costs incurred for state and local property taxes.
 - xi. Other Operating Expenses are all other operating expenses not included above.

ADDITIONAL FIELDS

- i. Interest Income is interest income earned from marketable securities and/or cash.
- ii. Other Non-Operating Income (Expense) is the net income (expense) derived from sources other than the applicant's primary telecommunications operations. Amounts included in this category must be fully supported by the financial assumptions.
- iii. EBITDA represents earnings before interest, taxes, depreciation, and amortization.
- iv. Depreciation Community Connect Project Assets is the depreciation expense related to all plant in service associated with the proposed Community Connect Grant project.
- v. Depreciation Other Assets is the depreciation expense related to the plant in service not associated with the proposed Community Connect Grant project.
- vi. Amortization Expense is the amortization expense associated with intangible assets.
- vii. Interest Expense – Existing Debt is the interest cost associated with all existing outstanding debt, if any.
- viii. Interest Expense - New Debt is the interest cost associated with the applicant's new interest-bearing debt, if any.
- ix. Income Taxes are the provision or benefit for Federal and state income taxes related to a for-profit applicant.
- x. Net Income (Loss) represents the net income (loss) for the historical or forecast year.

PRO-FORMA BALANCE SHEET GUIDANCE

The Pro-Forma Balance Sheets must comply with basic GAAP requirements that state Total Assets must equal Total Liabilities and Total Equity, and loans are reflected with current and long-term positions for each Pro-Forma year. The following is a brief description of the pre-populated balance sheet categories contained on the Balance Sheet worksheet in this template.

Assets

Current Assets

- i. Cash includes all restricted and non-restricted cash balances.
- ii. Marketable Securities consists of all short-term investments of excess cash not required for on-going operations.
- iii. Accounts Receivable consist of amounts owed by customers and subscribers from the provision of services or the sale of equipment.
- iv. Other Current Assets consist of all other current assets not included above, including, but not limited to, Inventory, Notes Receivable and Prepayments.

Non-Current Assets

- v. Amortizable Assets – Net consists of intangible assets less related accumulated amortization.
- vi. Plant in Service – Community Connect Project Assets contains the property and equipment at cost associated with the proposed Community Connect Grant project. Annual changes to this category should relate to the Capital Expenditures – Project Assets category included on the Statement of Cash Flows.
- vii. Accumulated Depreciation – Community Connect Project Assets consists of the accumulated depreciation of the proposed Community Connect Grant project. Annual changes to this category should relate to the Depreciation Expense – Project Assets category included on the Income Statement.
- viii. Plant in Service – Other Assets contains the property and equipment at cost of assets other than the accumulated depreciation associated with the proposed Community Connect Grant project. Annual changes to this category should relate to the Capital Expenditures – Other Assets category included on the Statement of Cash Flows.
- ix. Accumulated Depreciation – Other Assets consists of the accumulated depreciation of assets included in the “Plant in Service –Other Assets” category. Annual changes to this category should relate to the Depreciation Expense – Other Assets category included on the Income Statement.
- x. Other Non-Current Assets consist of all other non-current assets not included above.

LIABILITIES AND EQUITY

Current Liabilities

- i. Accounts Payable consist of the amounts owed to trade vendors.
- ii. Current Portion – Existing Debt consists of the total principal balance related to existing debt that will be repaid in the following year and should relate to the “Proceeds from

Existing Debt” and “Repayments of Existing Debt” categories included on the Statement of Cash Flows.

- iii. Current Portion – New Debt consists of the total principal balance related to all other of the applicant’s new debt, if any that will be repaid in the following year and should relate to the “Proceeds from New Debt” and “Repayments of New Debt” categories included on the Statement of Cash Flows.
- iv. Current Portion – Deferred Grant Revenue consists of the total amount of deferred grant revenue that will be recognized as revenue in the following year and should relate to Amortized Grant Revenue category included on the Income Statement. However, those applicants that are rate-regulated Telecom or Electric companies must continue to utilize the accounting required by the respective uniform system of accounts for those industries, which require that the plant accounts be reduced by the grant funds received as the grant funds are received.
- v. Other Current Liabilities consist of all other current liabilities not included above.

Non-Current Liabilities

- vi. Existing Debt consists of the total outstanding principal balance related to all existing sources of debt, if any, less the Current Portion – Existing Debt category.
- vii. New Debt consists of the total outstanding principal balance of all new debt, if any, less the Current Portion - New Debt category.
- viii. Deferred Grant Revenue: Grantees should account for revenue recognized from grants. This consists of the remaining unamortized grant revenue less the Current Portion – Deferred Grant Revenue category. Rate-regulated Telecom or Electric companies may leave this item blank.
- ix. Other Non-Current Liabilities consist of all other non-current liabilities not included above.

Equity

- x. Capital Stock consists of the par value of capital stock.
- xi. Additional Paid in Capital consists of all other capital stock transactions, less the amounts in Capital Stock.
- xii. Patronage Capital Credits represents earnings that have been designated for distribution to cooperative owners.
- xiii. Retained Earnings represent after-tax profits in the company. The changes from year to year must reconcile with the Net Income category included on the Income Statement.

PRO-FORMA STATEMENT OF CASH FLOWS GUIDANCE

The Pro-Forma statement of cash flows must reflect the proposed Community Connect Grant project funding and investments as well as any additional funding for working capital and other capital expenditures for the applicant exclusive of the Grant project. The following is a brief description of the pre-populated cash flow categories contained on the Cash Flow worksheet in this template.

Beginning Cash represents cash balances at the beginning of the period.

Cash Flows from Operating Activities:

- i. Net Income (Loss) is obtained from the Net Income (Loss) category on the Pro-Forma Income Statement.
- ii. Adjustments to Reconcile Net Income (Loss) to Net Cash Provided from Operating Activities:
 - a. Depreciation – Community Connect Project Assets is obtained from the Depreciation – Project Assets category on the Income Statement.
 - b. Depreciation – Other Assets is obtained from the Depreciation – Other Assets category on the Income Statement.
 - c. Amortization is obtained from the Amortization category on the Income Statement.
 - d. Less: Amortized Grant Revenues is obtained from the Amortized Grant Revenues category on the Income Statement.

Changes in Assets and Liabilities:

- i. Accounts Receivable is the net change in the Accounts Receivable category on the Balance Sheet.
- ii. Other Current Assets is the net change in the Other Current Assets category on the Balance Sheet.
- iii. Other Non-Current Assets is the net change in the Other Non-Current Assets category on the Balance Sheet.
- iv. Accounts Payable is the net change in the Accounts Payable category on the Balance Sheet.
- v. Other Current Liabilities is the net change in the Other Current Liabilities category on the Balance Sheet.
- vi. Other Non-Current Liabilities is the net change in the Other Non-Current Liabilities category on the Balance Sheet.
- vii. Other Cash Flows from Operations are any other operating cash flows not captured in the above categories. These cash flows must be fully explained in the financial assumptions.

- viii. Net Cash from Operating Activities

Cash Flows from Investing Activities:

- i. Capital Expenditures Community Connect Project Operations are the cash payments related to acquiring Plant in Service – Project Assets.
- ii. Capital Expenditures – Other Operations are the cash payments related to acquiring Plant in Service – Other Assets.
- iii. Additions to Amortizable Assets are the cash payments made to acquire amortizable assets.
- iv. Change in Marketable Securities - Net represents the net change in the Marketable Securities category of the Balance Sheet.
- v. Other Cash Flows from Investing are any other investing cash flows not captured in the above categories. These cash flows must be fully explained in the financial assumptions.
- vi. Net Cash from Investing Activities

Cash Flows from Financing Activities:

- i. Proceeds from Sale of Equity are the cash proceeds from the sale of Capital Stock.
- ii. Proceeds from Community Connect Grant are the cash grant proceeds received under a Community Connect grant.
- iii. Proceeds from Existing Debt are the cash loan proceeds received under existing loans, if any.
- iv. Proceeds from New Debt are the cash proceeds received from new sources of debt.
- v. Repayments of Existing Debt are the cash repayments of principal related to all existing debt, if any.
- vi. Repayments of New Debt are the cash repayments of principal related to all new debt, if any.
- vii. Payments of Patronage Capital Credits are the cash payments made to the owners of cooperative associations.
- viii. Payments of Dividends are the cash payments of dividends to the owners of capital stock.
- ix. Other Cash Flows from Financing are any other financing cash flows not captured in the above categories. These cash flows must be fully explained in the financial assumptions.
- x. Net Cash from Financing Activities
- xi. Increase (Decrease) in Cash represents the overall change in cash for the year

- xii. Ending Cash represents cash balances at the end of the period and should agree with the Cash category of the Balance Sheet.

GUIDANCE RELATED TO THE PRO-FORMA FINANCIAL ASSUMPTIONS

Overview: Applicants are required to submit a detailed written narrative that documents the various Pro-Forma financial assumptions used to prepare the Pro-Forma Financial Forecast, as Schedule H-2.

Every category in the Pro-Forma financial statements must be explained with clear details so that the RUS may review and understand the basis for the financial projections. The assumptions must allow an RUS financial analyst to re-create the Pro-Forma financial statements. If the financial forecast is not fully supported by a detailed narrative for every category, it may affect the final decision on the application.

While applicants are not required to utilize all of the categories in the worksheets, applicants must provide a sufficient level of detail to provide a reasonable understanding of existing and proposed operations, including the proposed Community Connect Grant project. Any modifications to the Pro-Forma financial statements submitted must adequately document, support, and justify the information in any modified categories.

Historical Financial Reconciliation: If there are any gaps or discrepancies between the submitted historical financial statements and the historical data provided in the Pro-Forma Financial Forecast, applicants should include detailed explanations in the assumptions.

INCOME STATEMENT ASSUMPTIONS

Applicants must provide assumptions for **ALL** the categories on the Income Statement. The detailed network plan should link to the Pro-Forma financial statements. Applicants should describe existing capacity and give its annual cost for backhaul, IP/interconnection, and/or spectrum and video. Include proposed capacity that will be necessary to serve subscribers as well as projected annual cost. Ensure that the annual cost totals for each category reconcile with the corresponding expense items.

Backhaul should include all transport costs for taking the applicant's network traffic to its providers. IP/Interconnection should include all IP traffic costs for providing service to users. Spectrum should include all spectrum costs for providing service to users (if applicable). Video content should include all costs associated with the provision of TV content to users (if applicable). Growth in these costs should generally correspond to projected subscriber growth for each of the various services, as applicable.

BALANCE SHEET ASSUMPTIONS

Applicants must provide assumptions for **ALL** the categories on the Balance Sheet.

- **Statement of Cash Flows Assumptions:** The Cash Flow statement should tie to the net change in the various categories from the Balance Sheet. Net Income in each year should come directly from the Income Statement. Guidance concerning what should be included in the assumptions is outlined below.
- **Accounting for Grant Funds:** When reporting RUS grant amounts on Pro-Forma financials or other documents submitted with your application, the grant amounts must be treated as revenue on a separate line item. Because this revenue is used to purchase capital assets, it must be amortized over the average useful life of the assets. Failure to use this accounting method can produce unfavorable outcomes in the financial review process. However, those applicants that are rate regulated Telecom or Electric companies must continue to utilize the accounting required by the respective uniform system of accounts for those industries, which require that the plant accounts be reduced by the grant funds received in the year of receipt.
 - **Example:** The example below demonstrates how to perform proper Grant Accounting for a project with a \$1,000,000 Community Connect grant.
 - **Step 1:** Determine the average/composite useful life of all the assets purchased for the project. This can be a weighted average useful life of all the asset categories from the Capital Project Budget. An example of how you might calculate this is below. These numbers are just an example, so your useful life might be different:

SUMMARY OF PROJECT COSTS	TOTAL CATEGORY SPEND	ENTER USEFUL LIFE BY CATEGORY	ESTIMATED ANNUAL DEPRECIATION
Network and Access Equipment	\$ 200,000	5	\$ 40,000
Outside Plant	\$ 200,000	20	\$ 10,000
Buildings and Land	\$ 100,000	20	\$ 5,000
Customer Premise Equipment	\$ 200,000	5	\$ 40,000
Operating Equipment	\$ 100,000	5	\$ 20,000
Professional Services	\$ 100,000	10	\$ 10,000
Other Upfront Costs	\$ 100,000	5	\$ 20,000
Total Project Costs and Avg Useful Life	\$ 1,000,000		\$ 145,000
Weighted Average Useful Life - calculated from useful life above			10.00

- **Step 2:** Account for the grant the year it is received. Dr. Cash \$1,000,000
 Cr. Deferred Grant Revenue \$900,000
 Cr. Current Portion Deferred Grant Revenue \$100,000
 Add the grant amount to your cash flow statement for the year the funds are received under: Proceeds from Grant \$1,000,000

- **Step 3:** Determine the annual Amortized Grant Revenue amount that will be added to revenue on the income statement:

Grant Amount divided by Composite Useful Life (\$1,000,000/10)

\$100,000 is the annual Amortized Grant Revenue

- **Step 4:** Account for Grant Revenue every year of the forecast period and throughout the depreciable life of the assets:

Dr. Deferred Grant Revenue \$100,000 Cr. Amortized Grant Revenue \$100,000

On the Statement of Cash Flows, it is important to subtract this Amortized Grant Revenue amount every year in the Operating Activities section. Similar to the way Depreciation is added back in to the cash flow, Amortized Grant Revenue is subtracted.

PROFORMA 5-YEAR FINANCIAL FORECAST WORKBOOK

Applicants must complete all three worksheets consisting of the Income Statement, Balance Sheet, and Statement of Cash Flows for any existing operations and the proposed project.

The workbook and instructions are available at:

www.rd.usda.gov/files/ScheduleH-1-ProForma5-YearFinancialForecastSingleApplication.xlsx

Applicants should complete the entire workbook and include all of the worksheets in their application as Schedule H-1.

H. STATEMENT OF EXPERIENCE

Applicants must provide a written narrative describing their demonstrated capability and experience, if any, in operating a telecommunications system, or any project similar to the proposed project. The applicant must include the owner and principal employees' relevant work experience that would ensure the success of the project. This information is provided as part of the "Executive Summary" portion of the application. The applicant can provide supplementary information as an application as an attachment in the Project Documents subtab of the Project Documents tab in the Community Connect Application Intake System.

If the applicant is seeking to partner with another entity to operate the system, an agreement or draft agreement to do so must be provided with the application and uploaded in the Project Documents subtab under the Project tab. This agreement must address the specific financial terms of this partnership and the specific entity/entities must be identified, along with their qualifications, to assist in operating the system. Applications which rely on such a partnership,

but do not provide pertinent details will be rejected, as RUS cannot determine the technical and financial feasibility of the project lacking such information.

RUS will consider such an application on the basis of the submitted agreement, but may require modifications if an award is ultimately made if any terms of the agreement are found to be unacceptable to RUS.

I. ADDITIONAL FUNDING

Applicants must contribute a Matching Contribution which is at least 15% of the grant amount requested, unless a waiver is sought under the SUTA provisions or for projects for a government entity in a qualifying territory as described in Matching Funds Requirement section in this Guide. Such applicants seeking a waiver may also choose to address this requirement in the event their requested waiver is not granted. The match must be in cash and available at time of closing to be used solely for the Project. All applicants must be able to demonstrate they have sufficient resources to construct, manage and sustain the project through and beyond completion.

A grant applicant must fulfill either items 1 or 2 below:

1. Applicant has sufficient cash on hand to fund the Matching Contribution for the application. An applicant must demonstrate its financial wherewithal to do so by submitting a recent bank statement titled in the applicant's name. In addition, if the applicant has a significant part of its cash reserves which are from a third party loan or grant unrelated to the Community Connect project, the applicant must provide the amounts of such cash which is included in the bank statement and indicate whether such funds are available for the Community Connect project, and if not, how much of the cash on hand is not restricted for use on the Community Connect project. If RUS is aware that a significant amount of the cash shown on the bank statement may be unavailable for the project, but this amount is not specifically identified or the removal of a known quantity of unavailable cash would leave less than the 15% cash match requirement, RUS may reject the application on this basis.
2. Applicant has obtained sufficient funding commitments from another entity, outside the RUS grant, needed to complete the submitted application. **This funding cannot take any security interest on grant funded assets.** Satisfactory evidence to this effect must:
 - a. Be in the form of an agreement between the entity contributing funds and the applicant, or a letter from the entity to the applicant.
 - b. Clearly state the name of the entity that is making the commitment to the applicant.
 - c. Include the amount of the commitment.
 - d. State the purpose of the commitment.

- e. Demonstrate the financial wherewithal of the entity making the commitment to the applicant, through a recent bank statement titled in the contributing entity's name.

This information should be uploaded as a Financial Document in the Financial tab of the Portal system. If the appropriate funding commitments are not included in the application, the application will be deemed ineligible for consideration.

J. COMPLIANCE WITH OTHER FEDERAL STATUTES AND REGULATIONS

The majority of certifications are included under the Certifications tab of the Portal system. The Intake System User Manual has additional information on completing these schedules. The applicant may support the certifications with Certification Documents, if needed, and must upload the Assurance Agreement described below as a Certification Document.

Federal Statute/ Regulation	Evidence of Compliance	Attachment
7 CFR Part 15, Subpart A	Assurance Agreement https://www.rd.usda.gov/media/file/download/usda-rd-rus-updated-rd400-4-122324.pdf	K-1