ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.

Helena, Montana

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITORS' REPORT

June 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Rocky Mountain Development Council, Inc.
Helena, Montana

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Rocky Mountain Development Council, Inc. (Rocky) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Rocky as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Rocky and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

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

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

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The Summary of Programs by Grantor Agencies, which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE on our consideration of Rocky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rocky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rocky's internal control over financial reporting and compliance.

KCoe Isom, LLP

April 28, 2023
Helena, Montana

CONSOLIDATED FINANCIAL SECTION

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents, operations	$ 2,288,810
Cash and cash equivalents, custodial	107,825
Accounts receivable	395,072
Related party receivables	6,700
Grants receivable	1,249,773
Current portion of notes and interest receivable	14,580
Prepaid deposits and expenses	670,926
Inventory	52,231
Total current assets	4,785,917
FIXED ASSETS	
Land	3,804,133
Land improvements, net	1,314,044
Leasehold improvements, net	91,123
Buildings, net	33,140,362
Equipment, net	709,645
Total fixed assets	39,059,307
OTHER ASSETS	
Investments in partnerships	1,000
Cash restricted for security deposits and reserves	2,112,710
Cash restricted for housing projects	62,281
Long-term related party receivable	14,243
Long-term notes and interest receivable	1,763,773
Long-term accounts receivable	23,412
Deferred costs, net	165,131
Total other assets	4,142,550
Total assets	$ 47,987,774

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
June 30, 2022

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 643,421
Cash and cash equivalents held for others	107,825
Compensated absences	348,103
Refundable advances and deferred revenue	1,812,940
Current portion of long-term debt	245,286
Total current liabilities	3,157,575
LONG-TERM DEBT	
Notes and interest payable	8,831,630
Other liabilities	11,846
Total long-term liabilities	8,843,476
Total liabilities	12,001,051
NET ASSETS	
Net assets without donor restrictions	
Net assets without donor restrictions and controlling interests in partnerships	18,306,298
Noncontrolling interests in partnerships	17,160,936
Total net assets without donor restrictions	35,467,234
Net assets with donor restrictions	519,489
Total net assets	35,986,723
Total liabilities and net assets	$ 47,987,774

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
REVENUES, GAINS, AND OTHER SUPPORT	
Grants - federal	$ 8,180,450
Grants - other	1,265,549
County tax	460,941
Local support	4,988
Fundraising and donations	217,712
Program service	2,909,083
Other	426,794
In-kind	315,765
Net assets released from restrictions	12,804
Total revenues, gains, and other support without donor restrictions	13,794,086
EXPENSES	
Program	
Aging and Nutrition	2,789,029
Senior Volunteer	580,621
Housing	5,050,335
Other	221,510
Child and Family	4,078,415
Senior Activities	129,367
Transportation	58,407
Weatherization	1,207,922
Total program expenses	14,115,606
General and administrative	2,210,872
Recovery of indirect costs from programs	(970,606)
Recovery of other allocated costs from programs	(975,636)
	264,630
Fundraising	11,622
Total expenses	14,391,858
Change in net assets without donor restrictions	(597,772)

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)

For the Year Ended June 30, 2022

CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	
Contributions	46,741
Net assets released from restrictions	(12,804)
Change in net assets with donor restrictions	33,937
Change in net assets	(563,835)
Partnership contributions	4,684,154
Consolidated net assets, beginning of year	31,918,709
Restatement	(52,305)
Consolidated net assets, beginning of year - as restated	31,866,404
Consolidated net assets, end of year	$ 35,986,723

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	General and Administrative			Program Expenses									Fundraising	
	Indirect Costs	Other Supporting Services	Total General and Administrative	Aging and Nutrition	Senior Volunteer	Housing	Other	Child and Family	Senior Activities	Transportation	Weatherization	Total Program	Total Fundraising	Total
Advertising/recruitment	$ 469	$ -	$ 469	$ 5,681	$ 4,544	$ 5,257	$ 10	$ 9,788	$ 10	$ -	$ 120	$ 25,410	$ -	$ 25,879
Assistance payments	-	-	-		-	-	-	-	-	-	407,456	407,456	-	407,456
Communications	28,622	29,968	58,590	65,316	8,410	59,557	7,928	107,640	3,769	578	15,045	268,243	540	327,373
Consultant/contract	9,970	152,501	162,471	10,395	1,020	105,452	1,644	30,824	137	31	299,082	448,585	51	611,107
Equipment rent/maintenance	14,957	29,685	44,642	4,117	300	-	2,704	1,712	175	-	-	9,008	3,545	57,195
In-kind	-	-	-	3,292	11,159	-	-	301,314	-	-	-	315,765	-	315,765
Insurance	16,440	8,934	25,374	13,510	-	184,868	966	22,962	-	3,901	5,748	231,955	-	257,329
Legal fees	460	-	460	1,813	-	282,064	4,301	69	480	-	-	288,727	-	289,187
Materials, supplies, and minor equipment	19,555	15,437	34,992	62,096	580	95,645	4,241	105,585	978	95	16,338	285,558	523	321,073
Meal costs	-	172,671	172,671	389,236	-	117,762	-	197,065	2,700	-	-	706,763	-	879,434
Occupancy	32,491	211,196	243,687	62,639	11,038	535,550	7,438	239,063	64,238	-	21,827	941,793	211	1,185,691
Office supplies	7,862	1,252	9,114	5,787	1,309	12,868	422	5,359	256	-	7,244	33,245	299	42,658
Other	7,556	81,978	89,534	18,095	3,208	179,056	4,810	33,407	-	330	828	239,734	1,010	330,278
Pass-through grants	-	-	-	1,039,235	-	418,815	1,500	-	-	-	-	1,459,550	-	1,459,550
Photocopies/printing	5,174	40	5,214	4,352	3,122	191	1,533	13,687	5,094	34	646	28,659	1,795	35,668
Salaries and related expenses	834,433	341,776	1,176,209	897,047	189,100	962,178	168,432	2,494,455	39,821	37,649	312,956	5,101,638	198	6,278,045
Stipends	-	-	-		210,005	-	-	-	-	-	-	210,005	-	210,005
Travel/training	6,319	1,430	7,749	23,229	13,693	13,577	4,601	37,529	5,390	4	17,955	115,978	2,152	125,879
Vehicle maintenance/repair	-	839	839	25,938	-	-	-	4,142		8,571	3,325	41,976	-	42,815
Volunteer participant expense	-	-	-	2,644	58,615	-	240	-	-	-	-	61,499	-	61,499
Interest expense	-	10,863	10,863		-	378,738	-	4,615	-	-	-	383,353	-	394,216
Depreciation and amortization	-	37,061	37,061	26,623	-	1,597,176	-	84,277	-	18,088	10,118	1,736,282	-	1,773,343
Indirect costs allocated to programs	-	130,933	130,933	158,560	64,518	101,581	26,473	384,922	6,319	6,768	89,234	838,375	1,298	970,606
Recovery of indirect costs	(970,606)	-	(970,606)	-	-	-	-	-	-	-	-	-	-	(970,606)
Recovery of other allocated costs	-	(975,636)	(975,636)	(30,576)	-	-	(15,733)	-	-	(17,642)	-	(63,951)	-	(1,039,587)
	$ 13,702	$ 250,928	$ 264,630	$ 2,789,029	$ 580,621	$ 5,050,335	$ 221,510	$ 4,078,415	$ 129,367	$ 58,407	$ 1,207,922	$ 14,115,606	$ 11,622	$ 14,391,858

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (563,835)
Adjustments to reconcile the change in net assets to net cash flows from operating activities:	
Depreciation	1,757,972
Amortization	15,371
Loss on disposal of assets	30,736
Gain on sale of assets	(246,931)
Change in assets and liabilities:	
Decrease in current receivables	120,879
Increase in grant receivables	(680,463)
Decrease in prepaid deposit and expenses	136,296
Decrease in inventory	4,920
Decrease in accounts payable and accrued expenses	(671,694)
Increase in compensated absences	47,358
Increase in refundable advances and deferred revenue	645,671
Decrease in other liabilities	(30,000)
Net cash flows from operating activities	566,280
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(196,419)
Completion of construction in progress	(922,867)
Proceeds received on sale of property and equipment	991,183
Payments received on long-term related party receivables	31,933
Disbursements of long-term note/accounts receivable	(2,749,795)
Proceeds for long-term interest receivable	(14,249)
Principal payments received on long-term notes receivable	13,716
Organizational, financing, and tax credit costs	(65,201)
Paid-in capital received on partnership investments	4,684,154
Net cash flows from investing activities	1,772,455
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on construction line of credit	(9,680,589)
Proceeds from long-term debt	9,421,115
Principal payments on long-term debt	(1,419,351)
Net cash flows from financing activities	(1,678,825)
Net change in cash and cash equivalents	659,910
Cash and cash equivalents, beginning of year	3,911,716
Cash and cash equivalents, end of year	$ 4,571,626
SUPPLEMENTAL INFORMATION	
Interest Paid	$ 397,903

The Notes to Consolidated Financial Statements are an integral part of this statement.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the Year Ended June 30, 2022

CASH AND CASH EQUIVALENTS PER THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
Cash and cash equivalents, operations	$ 2,288,810
Cash and cash equivalents, custodial	107,825
Cash restricted for security deposits and reserves	2,112,710
Cash restricted for housing projects	62,281
Total cash and cash equivalents, end of year	$ 4,571,626
SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES	
Transfer of Construction in progress to property and equipment	$ 922,867

The Notes to Consolidated Financial Statements are an integral part of this statement.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Rocky Mountain Development Council, Inc. (Rocky) is a non-profit-501(c)(3) agency created and operated for the purpose of (in a broad definition) serving low-income families and individuals of all ages primarily in Lewis and Clark, Broadwater, and Jefferson Counties of the State of Montana, to achieve economic betterment and relief of poverty. Rocky is designated as a Community Action Agency as defined in 42 U.S. Code, Sections 2781 and 2837, and as such aids in the delivery of social services and stimulation of county development through its own activities or through collaboration with other appropriate agencies. Rocky is directed by a 15-member Board of Directors (the Board). Daily management is provided through an Executive Director who is hired by and responsible to the Board.

Rocky provides centralized administration and support for approximately 18 community service programs funded by various federal, state and local government agencies. The programs of Rocky are organized and operated on the basis of activity types. Program activity separation is used to aid management in demonstrating compliance with finance-related, legal, and contractual provisions.

Rocky has established several entities to own and operate various housing facilities it has developed through its housing program. As required by U.S. generally accepted accounting principles (GAAP), these financial statements include the consolidated activity of Rocky, Rocky Mountain Front Properties, Inc. (RMFP), RMDC Eagle Rock, Inc. (ERI), Eagle Rock Residences, LP (ERR), Eagles Manor II Residences, LP (EM II), Eagles Manor III Residences, LP (EM III), Penkay Eagles Manor, Inc., Eagles Manor Project No. 2, Inc., Big Boulder Residences, LP (Big Boulder), River Rock Residences, LP (River Rock), Ptarmigan Residence, LLLP (Ptarmigan), Pheasant Glen LLLP (Pheasant Glen), Red Alder Residences 4% LLLP (RA4), Red Alder Residences 9% LLLP (RA9), and Townsend Housing, Inc. (THI). All material transactions between these organizations are eliminated from the consolidated financial statements.

Following is a description of these entities and the facilities they operate.

RMFP

RMFP is a wholly owned for-profit subsidiary of Rocky, created in June 2004 by Rocky to own and operate an eight-unit affordable family housing complex located in Augusta, Montana. Rocky also holds the majority of the Board of Directors positions.

Eagles Manor Complex

The Eagles Manor complex, located in Helena, Montana, was constructed to house low-to-moderate income senior citizens, and is comprised of three separate properties.

The original facility (Penkay Eagles Manor) is comprised of 66 units and is owned and operated by ERR (a related party as more fully described below). Rocky supported the renovation of this facility with funds obtained through its housing program. Rocky also redeveloped a portion of the pre-existing facility into 44 units located on the Eagles Manor campus, now owned and operated by EM II.

Effective December 31, 2020, the Investor Limited Partner for ERR, assigned its 99.99% limited partner interest to Rocky. RMDC Penkay, LLC is the general partner and Rocky is the limited partner.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Eagles Manor Complex (Continued)
EM II was organized in December 2006 by Rocky to develop affordable housing. RMDC Eagles Manor II, LLC is the general partner, and MPEG Special Fund II, LP and MPEG Acceptance Corporation, SLP are the limited partners. In January 2008, EM II acquired the property owned by Eagles Manor Project No. 2, Inc., which is located on the Eagles Manor campus in Helena, Montana. EM II has operated the facility since the acquisition.

Finally, an additional 30 units were constructed on the Eagles campus, owned and operated by EM III, which was organized by Rocky in 2006 to develop and operate affordable housing. Since its creation, the organization constructed and began operating a 30-unit housing facility on the Eagles Manor campus in Helena, Montana. Penkay Eagles Manor, Inc. is the general partner and Homestead Equity Fund VI, LP and Homestead SLP, LLC are the limited partners.

Penkay Eagles Manor, Inc. was acquired by Rocky in June 2006 to develop and operate affordable housing. The organization serves as the general partner for EM III and is the sole member of RMDC Eagles Manor II, LLC, which is the general partner for EM II. The organization is the sole member of both Red Alder 4%, LLC and Red Alder 9%, LLC, which are the general partners for RA4 and RA9 (further described below). Rocky holds the majority of Board of Directors positions.

Big Boulder
Big Boulder was organized in April 2009 by Rocky to develop and operate affordable housing in Boulder, Montana. The Big Boulder rehabilitation project was completed in November 2011. Big Boulder operates and maintains 36 units. RMDC Big Boulder, LLC is the general partner and Rocky is the limited partner.

River Rock
River Rock was organized in December 2010 by Rocky to develop and operate affordable housing in Helena, Montana. Construction of the 33-unit property was completed in August 2013. RMDC River Rock, LLC is the general partner and American Express - Utah Equity Fund is the limited partner.

Eagles Manor Project No. 2, Inc. was formed in December 1975 to develop and operate affordable housing. Rocky assumed majority membership of the organization’s Board of Directors in March 2008. The organization serves as the sole member of RMDC Big Boulder, LLC, which is the general partner for Big Boulder. The organization also serves as the sole member of RMDC River Rock, LLC, which is the general partner for River Rock.

Ptarmigan
Ptarmigan was organized in 2000 to develop and operate affordable housing in Helena, Montana. Construction of the 22-unit single-family residence was completed in June 2001. December 31, 2015, marked the end of Ptarmigan’s 15-year tax credit compliance period. Effective April 1, 2016, the Investor Limited Partner assigned its 99.99% limited partner interest to Rocky. RMDC Ptarmigan, Inc. is the general partner and Rocky is the limited partner.

Rocky created RMDC Ptarmigan, Inc., a non-profit corporation, to serve as the general partner for two limited partnerships established to own and operate Ptarmigan and Pheasant Glen affordable housing complexes in Helena, Montana. RMDC Ptarmigan, Inc., as general partner, has a .01% ownership interest in Ptarmigan and Pheasant Glen. RMDC Ptarmigan, Inc. created RMDC Penkay LLC, which is the general partner of ERR.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ERI

ERI was organized in November 2003 by Rocky as a 501(c)(3) supporting organization and as such provides supportive services to the residents of ERR, EM II, EM III, Big Boulder, River Rock, Ptarmigan, Pheasant Glen, RA4 and RA9. These services primarily relate to the provision of a congregate meal program for the residents of the Eagles Manor complex, maintenance and housekeeping services. Rocky holds the majority of the Board of Directors positions and has provided financial support to ERI.

Pheasant Glen

Pheasant Glen was organized in 2002 to develop and operate affordable housing in Helena, Montana. Construction of the 32-unit single-family residence was completed in August 2003. December 31, 2017, marked the end of Pheasant Glen's 15-year tax credit compliance period. Effective January 1, 2019, the Investor Limited Partner assigned its 99.99% limited partner interest to Rocky. RMDC Ptarmigan, Inc. is the general partner and Rocky is the limited partner.

RA4 and RA9 (Red Alder Residences)

RA4 was organized in August 2018 to develop and operate affordable housing in Helena, Montana. Construction of the 48-unit property began in September 2019 and was completed in January 2021. The general partner, Red Alder 4% LLC, is wholly owned by Penkay Eagles Manor, Inc. The limited partner is Community Affordable Housing Fund, LLC.

RA9 was organized in August 2018 to develop and operate affordable housing in Helena, Montana. Construction of the 37-unit property began in September 2019 and was completed in October 2020. The general partner, Red Alder 9% LLC, is wholly owned by Penkay Eagles Manor, Inc. The limited partner is Community Affordable Housing Fund, LLC.

Townsend Housing

THI is a not-for-profit affiliate organized to provide affordable housing in Townsend, Montana, in compliance with Rural Development requirements. THI owns and operates a 16-unit affordable housing complex located in Townsend. Rocky holds 2 seats on the Board of Directors and the Rocky Board appoints 3 other directors.

Other Related Party Entities

Rocky has also participated in the development of other low-income housing projects, but does not control these through direct ownership or control of their operations combined with an economic interest; therefore, they are not included in Rocky's consolidated financial statements.

Basis of Accounting and Presentation

The accompanying consolidated financial statements reflect practices common to non-profit organizations in accordance with GAAP as codified by the Financial Accounting Standards Board (FASB). The consolidated financial statements are prepared using the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Presentation

As required by GAAP, Rocky classifies contributions as with or without donor restrictions, in accordance with donor stipulations. Donor restricted support is reported as an increase in net assets with donor restrictions. When the time restriction expires or use restriction is met through expenditure, net assets with donor restrictions are reclassified to net assets without donor restrictions. All expenses are reported as net assets without donor restriction, after satisfaction of applicable restrictions. Contributions in which donor restrictions are satisfied in the same year received are considered support without donor restrictions.

The resulting classes of net assets are:

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed stipulations. This category also includes net assets which have been designated by the board or other designated funds.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that will be met by actions of Rocky or through the passage of time. When a purpose or time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Change in Accounting Principles

Rocky adopted the provisions of FASB Accounting Standards Update (ASU) No. 2020-7, Not-for-Profit Entities (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This update modifies the disclosure requirements on contributed nonfinancial assets through enhancements to presentation and disclosures. The ASU has been applied retrospectively to all periods presented, with no effect on net assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of operational, custodial, and restricted accounts. Rocky maintains pooled petty cash and deposit accounts that are used by all programs during the normal course of operations. Rocky is also the custodian of cash for several groups/councils. See Note 3 for disclosure of Rocky's custodial cash accounts. For purposes of the consolidated statement of cash flows, all checking accounts, savings accounts, overnight repurchase agreements, and restricted reserve accounts are considered cash equivalents. Deposits are carried at cost, which approximates fair value.

Rocky and its consolidated entities maintain cash accounts in multiple financial institutions. Accounts at the financial institutions (for each entity with separate tax identification numbers) are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Rocky's main operating account has unlimited coverage through a repurchase agreement, under which all deposits are fully collateralized. At June 30, 2022, the uninsured cash balance was $455,841.

Accounts Receivable

Accounts receivable primarily represent amounts due from various agencies (holders of contracts not based on federal funding), tenants and other customers for services provided by Rocky and its entities. No allowance for uncollectible accounts is established as management considers all balances materially collectible. Receivables are typically billed monthly unless contract provisions require a different cycle. Additional collection steps are taken once an account is 30 days past due. An account is written off as a bad debt expense if it is six months past due and deemed uncollectible or no payment terms are agreed upon.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Party Receivables
Related party receivables represent amounts due from organizations affiliated with Rocky.

Grants Receivable
Grants receivable consist of amounts due from federal, state, and local government agencies for goods or services provided by Rocky in accordance with the terms of grant agreements based on federal funding. No allowance for uncollectible accounts is established as management considers all balances materially collectible.

Notes and Interest Receivable
Rocky has made loans to provide funding for affordable housing projects and agreed to defer payments due for services rendered to other organizations. Information concerning these loans is provided in Note 5. The amount reported as current portion of notes and interest receivable represents the estimated loan principal and interest payments that Rocky will receive within one year of June 30, 2022. The remaining balances are due for various terms, as more fully disclosed in Note 5.

Prepaid Deposits and Expenses
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Inventory
Inventory is valued at the lower of cost or net realizable value, and consists of administrative, food, weatherization, education, and kitchen supplies.

Assets Held for Sale
Long-lived assets that are not used in normal operations and will be sold within one year are classified as an asset held for sale. Assets held for sale are reported at the lower of cost or fair value. There were no assets held for sale at June 30, 2022.

Fixed Assets
Rocky and the consolidated entities capitalize property and equipment with an original cost greater than $5,000. Donated fixed assets are recorded at their estimated fair value at the date of donation. The use and disposal of assets purchased with grant funds are restricted by the terms of the original grant and federal regulations. Depreciation expense reflected in the accompanying consolidated financial statements was computed using the straight-line method over estimated useful lives of 5 to 40 years.

Cash Restricted for Security Deposits, Reserves, and Housing Projects
Rocky's consolidated housing entities are required to maintain separate accounts for tenant security deposits, operating reserves, and capital replacement reserves. Operating and replacement reserve requirements are established by partnership agreements or funding source regulations and require approval before withdrawals are made. For purposes of the consolidated statement of cash flows, restricted security deposits and reserve accounts are included in cash equivalents.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Restricted for Security Deposits, Reserves, and Housing Projects (Continued)
As a Community Housing Development Organization (CHDO), Rocky has loaned HOME and CDBG grant funds to other housing entities for development of low-income housing. Cash restricted for housing projects represents loan repayments that are restricted for HOME and CDBG eligible housing activities. Also included are loan repayments from participants in Rocky's GR8 Hope Loan Program that provided down payment assistance loans from 2002 through 2010. For purposes of the consolidated statement of cash flows, restricted housing cash is included in cash equivalents.

Construction In Progress
There is no construction in progress at June 30, 2022.

Deferred Costs
Deferred costs include tax credit fees and organizational costs paid by EM II, EM III, Big Boulder, River Rock, Ptarmigan, Pheasant Glen, RA4, and RA9. They are reported net of accumulated amortization in the accompanying consolidated statement of financial position. See Note 7.

Compensated Absences
Rocky and ERI permit employees to accumulate earned, unused vacation and sick leave benefits. Rocky and ERI policy allows the accrual of up to 240 hours of unused annual leave. At termination, employees are paid for any accumulated, unused annual leave and 25% of accumulated, unused sick leave multiplied by their current salary rate. Rocky's policy allows for the conversion of unused sick leave to vacation leave at a 4 to 1 ratio for employees.

Advance Payments and Deferred Revenue
Advance payments for program fees are reported as deferred revenue. Advance payments for federal and non-federal grants are reported as refundable advances.

In-Kind Contributions
Services or goods donated to Rocky are recorded as revenue and then expensed or capitalized in an amount equal to the estimated fair value of those services or goods received in accordance with GAAP.

Accounting Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Material estimates that are particularly susceptible to significant change relate to Rocky's guaranty agreements and responsibilities as the organization responsible for managing a number of low-income housing properties in Rocky's service area. The above noted obligations and commitments are more fully described in Note 15. Management has calculated its estimated liability as required by GAAP and has determined it to be immaterial at June 30, 2022.

Promises to Give
Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Grant awards for which advance payments are received are classified as refundable advances until expended for the purposes of the grant.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets and Noncontrolling Interests in Partnership Equity

The interests in partnership equity held by the limited partners of EMII, EMIII, River Rock, RA4, and RA9, including capital contributions required by the respective partnership agreements, is presented as noncontrolling interests, a component of consolidated net assets without donor restrictions.

The Big Boulder partnership agreement also requires monetary contributions from the general and limited partner. The contributions received by partners are reported as part of consolidated net assets without donor restrictions as this entity is directly controlled by Rocky.

The interests in partnership equity held by the general partner of ERR, Ptarmigan, and Pheasant Glen are presented as noncontrolling interest. The limited partner interests are held by Rocky at June 30, 2022, and as such are presented as controlling interest.

Functional Allocation of Expenses

The costs of Rocky's various programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function.

The functional expense statement reports certain categories of expenses that are allocated to more than one program or supporting function. Therefore, some expenses require allocation on a reasonable basis that is consistently applied.

Commercial liability and umbrella insurance expense is allocated to programs that require specific other coverages, such as property and professional liability, on an equitable basis. Rocky's audit fee is allocated to programs based on a formula that incorporates which programs are selected for the Single Audit, as well as the time and effort spent by Rocky's independent auditor. Salaries, benefits, payroll taxes, other payroll expenses, and all other expenses that cannot be directly identified to a particular program are allocated on the basis of estimates of time and effort by programs. Time and effort is based on a combination of time sheet direct reporting when practical and a percentage estimate that is preassigned to certain specific programs that is reviewed periodically.

Indirect costs that benefit all Rocky programs are allocated to each program using an approved indirect cost rate. The provisional approved rate is 13.5% and the effective applied rate for Rocky for fiscal year 2022 is 13.3%.

Rocky maintains separate internal service funds, including kitchen, buildings, copier and network, for activities that benefit programs. The cost of these activities is allocated to the programs based on rates internally calculated on an annual basis in order to recover the costs of those activities.

Allocation of actual costs may result in over- or under-recovery as the rates are set in advance, based on budgeted costs. Any over- or under-recovery is included in the calculation of the rates for the next fiscal year. Building expenses, including depreciation, are allocated to programs on a square footage basis. Network expenses are allocated based on devices used by programs, as well as connectivity to Rocky's network. Copier expenses are allocated to programs based on actual usage.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising and Recruitment Costs

Recruitment, advertising, and promotional costs are expensed as incurred. For the year ended June 30, 2022, recruitment, advertising, and promotional costs totaled $25,879.

Tax Status

Rocky is a non-profit organization exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). Affiliated 501(c)(3) non-profits included in these consolidated statements are ERI, Penkay Eagles Manor, Inc., Eagle Manor Project No. 2, Inc., and THI.

RMFP is subject to federal and state income tax as a C-Corporation. ERR, EM II, EM III, Big Boulder, River Rock, Ptarmigan, Pheasant Glen, RA4, and RA9 are each organized as limited partnerships, with tax years ending each December 31.

Fair Value Measurements

GAAP provides a framework for measuring fair value. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

NOTE 2. LIQUIDITY AND AVAILABILITY

Rocky regularly monitors the availability of resources required to meet its operating needs. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Rocky considers all expenditures related to its ongoing program activities to be general expenditures. In addition, Rocky considers general and administrative, and fundraising functions provided to support Rocky's programs to be general expenditures.

The following financial assets are expected to be available to support Rocky in the year ending June 30, 2023:

Cash and cash equivalents, operations	$ 2,288,810
Accounts receivable	395,072
Related party receivables	6,700
Grants receivable	1,249,773
Current portion of notes and interest receivable	14,580
	$ 3,954,935

In addition to financial assets available to meet general expenditures over the next 12 months, Rocky operates with a balanced budget. During the year ended June 30, 2022, approximately 68% of Rocky's operating budget was received through federal, state, and other grants. Cash is received on a reimbursement basis for these grants. Rocky has a revolving line of credit that is available to fund Rocky's cash needs due to timing differences between program expenditures and their reimbursements. There is no outstanding balance at June 30, 2022.

NOTE 3. CASH AND CASH EQUIVALENTS HELD FOR OTHERS

Rocky is the custodian of cash for several groups/councils. Activities of the groups are related to programs that Rocky administers. Rocky does not control the activities or funds but receives and disburses funds on their behalf. The amounts represent deposit accounts held by Rocky as well as a corresponding current liability.

Amounts held on behalf of these groups at June 30, 2022, are as follows:

Head Start Parent Fund	$ 21,253
Friends of Head Start	75,768
Senior Bingo Fund	1,337
Employee Social Fund	6,020
Helena Senior Advisory Council	3,447
	$ 107,825

NOTE 4. RELATED PARTIES

Related Party Receivables

Related party receivables represent balances due from entities affiliated with Rocky, other than notes receivable as disclosed in Note 5. These arise from expenses paid on behalf of the entities by a related party, as well as amounts due to Rocky for property management and accounting services provided to the entities. Amounts that are not expected to be collected within one year are classified as long-term.

The table below summarizes balances receivable from these external related parties and those which have been eliminated within the consolidated entity.

	Stand Alone June 30, 2022	Consolidating Eliminations	Consolidated June 30, 2022
Current related party receivables			
Rocky			
ERR	$ 31,543	$ (31,543)	$ -
EM II	11,219	(11,219)	-
EM III	30,684	(30,684)	-
Ptarmigan	4,904	(4,904)	-
Pheasant Glen	16,053	(16,053)	-
Big Boulder	33,630	(33,630)	-
RMFP	35,197	(35,197)	-
THI	19,075	(19,075)	-
River Rock	9,960	(9,960)	-
RA4	60,746	(60,746)	-
RA9	17,192	(17,192)	-
ERI	9,072	(9,072)	-
Total Rocky	279,275	(279,275)	-
ERR			
EM II	9,752	(3,814)	5,938
EM III	1,164	(402)	762
Big Boulder	127	(127)	-
RMFP	53	(53)	-
Total ERR	11,096	(4,396)	6,700

NOTE 4. RELATED PARTIES (CONTINUED)

Related Party Receivables (Continued)

	Stand Alone June 30, 2022	Consolidating Eliminations	Consolidated June 30, 2022
Current related party receivables			
RA4			
RA9	3,368	(3,368)	-
THI			
RMFP	192	(192)	-
ERI			
EM II	3,806	(3,806)	-
EM III	2,354	(2,354)	-
Ptarmigan	1,894	(1,894)	-
Pheasant Glen	5,751	(5,751)	-
Big Boulder	656	(656)	-
River Rock	2,358	(2,358)	-
ERR	3,274	(3,274)	-
THI	101	(101)	-
RMFP	-	-	-
RA4	3,730	(3,730)	-
RA9	1,658	(1,658)	-
Total ERI	25,582	(25,582)	-
Total	$ 319,513	$ (312,813)	$ 6,700
Long-term related party receivables			
Rocky			
Eagle Manor Project No. 2 Inc.	29,812	(29,812)	-
RMDC Ptarmigan Inc.	14,243	-	14,243
Total	$ 44,055	$ (29,812)	$ 14,243

Related Party Transactions

Rocky provides property management and accounting services to external related parties and those within the consolidated entity. ERI provides maintenance services to these entities and food service to the residents of the Eagle Manor Complex.

NOTE 4. RELATED PARTIES (CONTINUED)

Related Party Transactions (Continued)

The following is a schedule of the revenue for these services provided by Rocky and ERI, including the amounts eliminated within the consolidated entity:

	Rocky	ERI	Consolidating Eliminations	Total
RMDC Ptarmigan Inc.	$ 812	$ -	$ -	$ 812
ERR	162,775	48,720	(211,495)	-
THI	23,885	6,453	(30,338)	-
Pheasant Glen	52,324	21,048	(73,372)	-
RMFP	28,988	-	(28,988)	-
ERI	13,728	-	(13,728)	-
EM II	88,993	42,372	(131,365)	-
EM III	52,885	17,283	(70,168)	-
Penkay Eagle Manor Inc.	614	-	(614)	-
Eagle Manor Project No. 2 Inc.	496	-	(496)	-
Big Boulder	95,937	1,294	(97,231)	-
River Rock	59,879	21,419	(81,298)	-
Ptarmigan	36,574	17,260	(53,834)	-
RA4	87,078	27,861	(114,939)	-
RA9	71,669	16,748	(88,417)	-
Rocky	-	4,296	(4,296)	-
	$ 776,637	$ 224,754	$ (1,000,579)	$ 812

NOTE 5. LONG-TERM NOTES AND INTEREST RECEIVABLE

Long-term notes and interest receivable consist of the following at June 30, 2022:

	Note Principal June 30, 2022	Note Interest June 30, 2022	Total Stand Alone June 30, 2022	Consolidating Eliminations	Consolidated June 30, 2022
Rocky					
Roadrunner Residence (HOME)	$ 95,093	$ -	$ 95,093	$ -	$ 95,093
ERR (CDBG)	480,000	97,216	577,216	(577,216)	-
ERR (HUD)	299,896	217,670	517,566	(517,566)	-
ERR (HOME)	512,847	387,017	899,864	(899,864)	-
ERR (FHLB)	650,000	-	650,000	(650,000)	-
ERR (HUD II)	346,500	259,519	606,019	(606,019)	-
Pheasant Glen (CDBG)	506,157	251,010	757,167	(757,167)	-
Pheasant Glen (HOME)	411,856	331,970	743,826	(743,826)	-
Ptarmigan (Operating Deficit)	3,805	1,304	5,109	(5,109)	-
Ptarmigan (CDBG)	310,000	65,100	375,100	(375,100)	-
Ptarmigan (HOME)	364,175	56,513	420,688	(420,688)	-
ERI (Operating loan)	158,269	-	158,269	(158,269)	-
EM II (HOME)	500,000	-	500,000	(500,000)	-
EM II (CDBG)	366,658	-	366,658	(366,658)	-
EM III (HOME)	516,461	291,182	807,643	(807,643)	-
EM III (HUD)	196,000	118,961	314,961	(314,961)	-
EM III (Developer Fee)	111,775	-	111,775	(111,775)	-
Big Boulder (HOME)	420,999	19,680	440,679	(440,679)	-
Big Boulder (HOME 2)	26,550	1,272	27,822	(27,822)	-
River Rock (HOME)	742,530	214,025	956,555	(956,555)	-
River Rock (CDBG)	252,124	2,527	254,651	(254,651)	-
RA4 (Program Income-GR8 Hope)	584,351	5,556	589,907	(589,907)	-
RA4 (HOME)	750,000	19,874	769,874	(769,874)	-
RA4 (HTF)	2,245,000	59,472	2,304,472	(2,304,472)	-
RA4 (Developer Fee)	235,608	-	235,608	(235,608)	-
Fire Tower (HTF)	1,650,000	18,680	1,668,680	-	1,668,680
RA9 (Operating Deficit)	159,700	2,892	162,592	(162,592)	-
RA9 (Developer Fee)	73,569	-	73,569	(73,569)	-
	12,969,923	2,421,440	15,391,363	(13,627,590)	1,763,773
EAGLE MANOR PROJECT NO. 2 INC.	373,859	29,660	403,519	(403,519)	-
PENKAY EM INC.	91,686	534	92,220	(92,220)	-
Total	$ 13,435,468	$ 2,451,634	$ 15,887,102	$ (14,123,329)	$ 1,763,773

Roadrunner Residence LP

On December 1, 1998, Rocky executed an agreement loaning $340,000 to Roadrunner Residence LP for the purpose of constructing a low-income rental housing project. Rocky received the $340,000 in a federal grant to be used for this project. Interest accrues at 3% per annum. The note is secured by the related property. The agreement calls for 360 monthly installments of $1,433 through May 2029. At June 30, 2022, the principal balance was $109,430, of which $14,580 is current and $95,093 is classified as long-term in the consolidated statement of financial position.

NOTE 5. LONG-TERM NOTES AND INTEREST RECEIVABLE (CONTINUED)

Fire Tower
On July 2, 2020, Rocky executed an agreement loaning an amount not to exceed $1,250,000 to Fire Tower Housing Associates LLLP for the purpose of acquiring, rehabilitating, and constructing a part-multifamily and part-senior affordable housing project. Rocky received federal Housing Trust Fund (HTF) funds to be used for the project. The contract was amended on November 30, 2021 to increase the loan limit to $1,650,000. Interest accrues at 1% per annum. No payments of principal are due under this note until maturity (fifty-five years from the Placed In Service Date). As of June 30, 2022, the balance of funds received by Rocky and loaned to Fire Tower Housing Associates LLLP was $1,650,000. Interest accrued as of June 30, 2022 was $18,680.

Current Portion and Other Current Notes Receivable
As disclosed earlier, the current portion of the note receivable from Roadrunner Residence LP is $14,337. Accrued interest in the amount of $243 is also receivable on this note.

Consolidation Adjustments
Rocky has advanced funds to entities that are eliminated in consolidation. Rocky has advanced operating funds to ERI to support the entity's service to Helena area housing facilities. Rocky has also loaned grant funds (HOME, CDBG, HUD, or HTF grants) or deferred developer fees obtained through Rocky's housing program to ERR, EM II, EM III, Big Boulder, River Rock, Ptarmigan, Pheasant Glen, RA9 and RA4. Terms of the loans vary, but repayment of loan principal and accrued interest are generally dependent upon available cash as defined by the partnership agreement governing each respective facility.

NOTE 6. FIXED ASSETS

Depreciation expense for property and equipment totaled $1,757,972 and is included in depreciation and amortization expense in the accompanying consolidated statement of functional expenses for the fiscal year ended June 30, 2022.

NOTE 6. FIXED ASSETS (CONTINUED)

The building consolidation adjustment of $4,049,640 reflects fees paid by EM II, EM III, Big Boulder, River Rock, RA4, and RA9 to Rocky and ERI for services provided in support of the building projects that were capitalized by these individual entities.

Land	$ 3,804,133
Land improvements	$ 1,822,855
Less: Accumulated depreciation	(508,811)
Land improvements, net	$ 1,314,044
Leasehold improvements	$ 287,766
Less: Accumulated depreciation	(196,643)
Leasehold improvements, net	$ 91,123
Buildings	$ 52,458,444
Less: Consolidation adjustment	(4,049,640)
Less: Accumulated depreciation	(15,268,442)
Buildings, net	$ 33,140,362
Equipment	$ 2,601,117
Less: Accumulated depreciation	(1,891,472)
Equipment, net	$ 709,645
Total Fixed Assets	$ 39,059,307

NOTE 7. DEFERRED COSTS

Amortization expense for tax credit fees and organizational costs paid by the housing entities has been included in depreciation and amortization expense in the accompanying consolidated statement of functional expenses and totaled $15,371 for the fiscal year ended June 30, 2022. The components of deferred costs at June 30, 2022, were as follows:

	Gross Costs June 30, 2022	Accumulated Amortization June 30, 2022	Net June 30, 2022
ERR	$ 120,362	$ 120,362	$ -
Big Boulder	7,460	7,460	-
River Rock	27,731	17,563	10,168
RA4	50,060	1,143	48,917
RA9	115,469	9,776	105,693
RMFP	986	633	353
			$ 165,131

NOTE 7. DEFERRED COSTS (CONTINUED)

Expected amortization expense for each of the next five fiscal years and thereafter subsequent to June 30, 2022, is as follows:

2023	$	12,920
2024		12,920
2025		12,920
2026		12,920
2027		12,920
Thereafter		100,531
	$	165,131

NOTE 8. LINE OF CREDIT

Rocky

Rocky has a $300,000 unsecured revolving line of credit at Valley Bank of Helena (Valley Bank) available through June 3, 2024. The line of credit is designated to fund Rocky's cash needs due to timing differences between program expenditures and their reimbursements. Amounts borrowed under the line of credit bear interest at a fixed 4.50% rate. There is no outstanding balance at June 30, 2022.

RA4

On June 28, 2022 the line of credit was reinstated as a Loan with Valley Bank for $3,900,000. See Long-Term Debt Schedule as disclosed in Note 9.

RA9

On January 6, 2022 the line of credit was reinstated as a Loan with Valley Bank for $2,200,000. See Long-Term Debt Schedule as disclose in Note 9.

NOTE 9. LONG-TERM DEBT OBLIGATIONS

The following summarizes long-term debt and other obligations of the consolidated entity, including specific terms and purposes of each obligation at June 30, 2022:

Notes and Interest Payable		
Rocky		
4.89% Note Payable to Valley Bank of Helena (Head Start Helena Valley Center), due October 11, 2037.	$ 42,452	Payable in monthly installments of $1,438, including interest.
4.25% Note Payable to USDA (Townsend Homestead Manor), due October 1, 2040.	232,372	Payable in monthly installments of $1,024, including interest, of which $485 is subsidized by USDA.
	274,824	
RMFP		
6.0% Note Payable to USDA (Elk Creek Lodge), due November 1, 2034.	39,226	Payable in monthly installments of $374, including interest, of which $173 is subsidized by USDA.
6.0% Note Payable to USDA (Elk Creek Lodge), due November 1, 2034.	115,838	Payable in monthly installments (calculated based on a 50 year amortization schedule) of $676, including interest, of which $401 is subsidized by USDA. Final installment is due 30 years from the date of the note.
5.375% Note Payable to USDA (Elk Creek Lodge), due December 1, 2035.	25,763	Payable in monthly installments of $224, including interest, of which $95 is subsidized by USDA.
	180,827	
EM II		
6.0% Note Payable to First Interstate Bank (EM II Facility), due March 10, 2040.	90,459	Payable in monthly installments of $694, including interest.
EM III		
6.0% Note Payable to First Interstate Bank (EM III Facility), due June 10, 2039.	344,615	Payable in monthly installments of $2,699, including interest.
Big Boulder		
5.95% (variable interest rate - see description below) Note Payable to Valley Bank (Fund Reserves and Current Operations), due October 10, 2042.	212,522	Payable in monthly installments of $1,505, including interest.

NOTE 9. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Notes and Interest Payable (Continued)

Ptarmigan		
4.12% Note Payable to Valley Bank, due December 1, 2031.	95,972	Payable in monthly installments of $1,019, including interest.
Pheasant Glen		
5.65% Note Payable to Valley Bank, due January 4, 2044.	458,306	Payable in monthly installments of $3,065, including interest.
ERR		
4.0% Note Payable to First Interstate Bank (ERRLP Facility), due July 27, 2031.	354,783	Payable in monthly installments of $1,917, including interest.
RA4		
5.00% Note Payable to Valley Bank, due June 10, 2038	3,900,000	Payable in annual installments of $20,886, including interest.
0.00% Note Payable to GL Development, LLC, open due date.	437,558	Payable from surplus cash as determined each 12/31 to be distributed by partnership.
	4,337,558	
RA9		
1.00% Note Payable to Snowy Mountain Development Corporation, due December 31, 2036.	254,698	Payable in 17 annual installments of $11,000, including interest, and one final balloon payment of
0.00% Note Payable to GL Development, LLC, open due date.	136,631	Payable from surplus cash as determined each 12/31 to be distributed by partnership.
5.00% Note Payable to Valley Bank, due May 10, 2038	2,187,458	Payable in monthly installments of $11,815, including interest.
	2,578,787	

NOTE 9. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Notes and Interest Payable (Continued)

THI		
2.5% Note Payable to USDA, due August 1, 2025	71,631	Payable in monthly installments of $1910, including interest, of which $53 is subsidized by USDA.
2.5% Note Payable to USDA, due November 1, 2022	5,277	Payable in monthly installments of $1055, including interest, of which $7 is subsidized by USDA.
2.5% Note Payable to USDA, due November 1, 2022.	726	Payable in monthly installments of $145, including interest, of which $1 is subsidized by USDA.
2.5% Note Payable to USDA, due August 1, 2026.	40,629	Payable in monthly installments of $827, including interest, of which $29 is subsidized by USDA.
	118,263	
Other Long-Term Debt:		
RMDC		
Non-Interest-Bearing Health Insurance debt to L&C County, due Fiscal Year 2024.	41,846	Payable in annual installments of approximately $30,000.
Total notes and interest payable	9,088,762	
Current maturities	(245,286)	
Total notes, and interest payable, and other liabilities, net	$ 8,843,476	

Future maturities of long-term debt and related long-term interest accrued for each of the next five fiscal years and thereafter subsequent to June 30, 2022, are as follows:

	Principal
2023	$ 245,286
2024	222,880
2025	215,353
2026	195,848
2027	191,494
Thereafter	8,017,901
	$ 9,088,762

NOTE 9. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Notes and Interest Payable (Continued)

Rocky

On October 11, 2017, Rocky signed a $219,920 note payable to Valley Bank of Helena to finance the purchase of a building located at 1275 Fern Road in Helena (Head Start Helena Valley Center). The building was purchased for use by the Head Start program for classroom space. The note is unsecured and bears an interest rate of 4.89% for the first 10 years of a 20-year term. After the first 10 years, the interest rate will adjust to the FHLB 10-Year Variable Interest Rate Index plus a margin of 2.25% with an interest rate floor of 4.89% and a ceiling of 7.89%. Because monthly mortgage payments are made with federal Head Start grant funds, a Notice of Federal Interest was filed in Lewis & Clark County on December 11, 2017. An additional principal payment of $50,000 was made during the year ended June 30, 2022.

On October 1, 2010, Rocky acquired Townsend Homestead Manor, a 10 unit, low-income facility in Townsend, Montana. Rocky assumed the prior owner's debt with the U.S. Department of Agriculture (USDA) of $254,581. The note is secured by the related property.

RMFP

On November 1, 2004, RMFP acquired the Elk Creek Lodge facilities in Augusta, Montana. This is an 8-unit complex designated for the low-income elderly population. RMFP assumed the prior owner's debt with USDA of $62,385. The note is secured by the related property.

On November 1, 2004, RMFP entered into an agreement with USDA to borrow up to $125,000 to fund the rehabilitation of the Elk Creek Lodge facility. The principal and accrued interest on borrowed monies were deferred until the project was completed. The principal balance, including accrued interest, was $128,070 at the completion of the project on November 1, 2005. The note is secured by the related property.

On December 1, 2005, RMFP signed a $40,000 note payable to USDA to fund the completion of the rehabilitation of the Elk Creek Lodge in Augusta. The note is secured by the related property.

EM II

On March 10, 2010, EM II signed an $115,682 note payable to First Interstate Bank to finance the rehabilitation of Eagles Manor II in Helena. The note bears interest at 6.00% for a period of 30 years. The note is secured by the related property.

EM III

On June 10, 2009, EM III signed a $450,000 note payable to First Interstate Bank to complete the financing of the cost of constructing the Eagle Manor III facility in Helena. The note bears interest at 6.00% for a period of 30 years. The note is secured by the related property.

Big Boulder

On October 10, 2012, Big Boulder signed a $252,257 note payable to Valley Bank to fund reserves and current operations. The note bears interest at a rate based on the Federal Home Loan Bank of Seattle's Intermediate/Long-Term 10 Year Fixed rate plus an additional 3.0 percentage points with a rate floor of 5.95% and a rate ceiling of 8.95%, adjustable every 10 years. The note is secured by the related property.

NOTE 9. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Notes and Interest Payable (Continued)

Ptarmigan
On December 1, 2016, Ptarmigan signed a $136,634 note payable to Valley Bank to refinance the previous 15 year US Bank note for constructing Ptarmigan Residences. The note bears interest at 4.12% for a period of 15 years. The note is secured by the related property.

Pheasant Glen
On January 4, 2019, Pheasant Glen refinanced its U.S. Bank mortgage balloon payment of $294,016 by signing a 25-year note payable to Valley Bank. The $491,988 note is secured by the related property and bears an interest rate of 5.65% for the first 10 years of a 25-year term. Every 10 years, the interest rate will adjust to the Wall Street Journal Prime Rate plus 2.5%, with an interest rate floor of 5.65% and a ceiling of 6.90%.

ERR
On July 27, 2021, Eagle Manor Residence Limited Partnership refinanced the balance of its $656,356 bank mortgage payable to First Interstate Bank by signing a 10 year note in the amount of $362,990 to First Interstate Bank. The note bears interest at 4.00% and is secured by the related property.

RA9
On August 29, 2019, RA9 signed a note payable for up to $300,000 to Snowy Mountain Development Corporation. The note provided Brownfields Cleanup Revolving Loan funds to assist with environmental cleanup at the RA9 and RA4 building site. The balance of the note is $254,698 and bears interest at 1.00%. The note calls for 17 annual payments of $11,000, including accrued interest. The loan matures at December 31, 2036, and any remaining unpaid principal and interest is due in a single balloon payment on this date.

On October 1, 2019, RA9 signed a Development Services Agreement to pay $902,000 of development fees at 0.00% interest to GL Development LLC and Rocky Mountain Development Council, Inc., for the completion of the Red Alder 9% facility. The fees are to be split 65% to GL Development and 35% to Rocky. The majority of fees were paid at the completion of construction. Remaining fees will be paid from surplus cash as it is released by the partners, with no final repayment date required. The balances due to GL Development LLC and Rocky at June 30, 2022 were $136,631 and $73,570, respectively.

On January 6, 2022, RA9 signed a $2,200,000 note payable to Valley Bank to complete the financing of the cost of constructing the Red Alder 9 facility in Helena. The note bears an interest rate of 5.00% for a period of 16 years and is secured by the related property.

RA4
On June 28, 2022, RA4 signed a $3,900,000 note payable to Valley Bank to complete the financing of the cost of constructing the Red Alder 4 facility in Helena. The note bears an interest rate of 5.00% for a period of 16 years and is secured by the related property.

On October 1, 2019, RA4 signed a Development Services Agreement to pay $1,148,000 of development fees at 0.00% interest to GL Development LLC and Rocky Mountain Development Council, Inc., for the completion of the Red Alder 9% facility. The fees are to be split 65% to GL Development and 35% to Rocky. The majority of fees were paid at the completion of construction. Remaining fees will be paid from surplus cash as it is released by the partners, with no final repayment date required. The balances due to GL Development LLC and Rocky at June 30, 2022 were $437,558 and $235,608, respectively.

NOTE 9. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Notes and Interest Payable (Continued)

THI
On January 1, 2022, THI signed an $80,649 credit agreement with the USDA to refinance the subsidized loan balance of principal and interest due on an agreement executed in August 2000. The agreement carries interest at 2.5% and is due on August 1, 2025.

On January 1, 2022, THI signed a $10,498 credit agreement with the USDA to refinance the subsidized loan balance of principal and interest due on an agreement executed in November 1972. The agreement carries interest at 2.5% and is due on November 1, 2022.

On January 1, 2022, THI signed a $1,444 credit agreement with the USDA to refinance the balance of principal and interest due on an agreement executed in November 1972. The agreement carries interest at 2.5% and is due on November 1, 2022.

On January 1, 2022, THI signed a $44,464 credit agreement with the USDA to refinance the subsidized loan balance of principal and interest due on an agreement executed in August 1976. The agreement carries interest at 2.5% and is due on August 1, 2026.

Other Long-Term Debt Obligations

Rocky
During the fiscal year (FY) 2012, Rocky entered into an agreement with Lewis and Clark County regarding unpaid insurance premiums of $459,532. The County forgave the remaining balance of $41,846 in FY23.

As described in Note 5, Rocky has advanced grant funds, developer fees earned on housing projects and additional operational support to ERI, EM II, EM III, River Rock, Big Boulder, Ptarmigan, Pheasant Glen, RA9, and RA4 to support low-income housing development. Payment of these loans and accrued interest is generally subject to available cash as defined in the various partnership agreements. These balances have been eliminated in consolidation.

NOTE 10. LEASES

Operating Leases
Rocky has entered into a number of facility lease agreements. These leases provide space for Head Start classrooms, senior centers, Rocky administrative offices, and other programs. As of June 20, 2022, Rocky had four copier machine leases and a postage meter lease. Three additional copier machine leases will occur in FY23. These leases do not have elements of ownership and are therefore considered operating leases. Rental expense under these operating leases has been included in occupancy expense in the consolidated statement of functional expenses and totaled $96,284 for the fiscal year ended June 30, 2022.

Some of the operating leases are noncancelable with various expiration dates through fiscal year 2027. Rocky has the right to terminate these lease agreements due to the lack of funding or in response to a default by the lessor.

NOTE 10. LEASES (CONTINUED)

Operating Leases (Continued)

Future minimum rental payments for leases with initial or remaining noncancelable lease terms in excess of one year are as follows:

2023	$ 10,914
2024	11,352
2025	11,352
2026	10,911
2027	7,884
	$ 52,413

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the expiration of time, as follows:

Purpose restrictions accomplished:	
Spirit of Service program	$ 631
Head Start	324
Other	11,849
	$ 12,804

At June 30, 2022, net assets with donor restrictions were available for the following programs:

Purpose restrictions:	
Senior services	$ 509,009
Spirit of Service program	8,329
Head Start	1,000
Other	1,151
	$ 519,489

NOTE 12. NONCONTROLLING INTERESTS IN PARTNERSHIP EQUITY

As described in Note 1, the interests in partnership equity held by the limited partners of EMII, EMIII, River Rock, RA4, and RA9 is presented as a noncontrolling interest which is a component of consolidated net assets without donor restriction:

	Controlling	Noncontrolling	Total
EMII	$ (253)	$ 2,524,952	$ 2,524,699
EMIII	(134)	2,429,017	2,428,883
River Rock	(2,985)	3,513,701	3,510,716
RA4	(33)	2,994,446	2,994,413
RA9	(22)	5,698,820	5,698,798
	$ (3,427)	$ 17,160,936	$ 17,157,509

The noncontrolling interest in EM II, EM III, River Rock, RA4, and RA9 is 99.99%, and profits and losses are allocated accordingly. The limited partner in Big Boulder also holds a 99.99% share of total partners' capital, but is controlled by Rocky, thus is included in the balance reported for controlling interests. Rocky is the 99.99% limited partner of Ptarmigan, Pheasant Glen, and ERR, and this is reflected in controlling interest. Though the noncontrolling interest in each entity is significant, the structure, role and responsibility of the general partner is such that these entities have been consolidated into the financial statements of Rocky.

NOTE 13. NONFINANCIAL CONTRIBUTIONS

In-Kind Contributions

In-kind contributions in the accompanying consolidated financial statements represent the fair value (as determined by Rocky) of donated goods and services as defined by GAAP. The corresponding revenue or expenses are also reported.

In-kind contributions consist of the following:

Contracted services	$ 240,184
Supplies and training materials	9,379
Space	54,744
Meals	1,909
Volunteer recognition	13
Physical examinations	9,237
Advertising/Recruitment	299
Total in-kind contributions	$ 315,765

All in-kind contributions were expensed in accordance with GAAP for the fiscal year ended June 30, 2022.

NOTE 13. NONFINANCIAL CONTRIBUTIONS (CONTINUED)

In-Kind Contributions (Continued)
In-kind contributions were received for the following programs:

Head Start	$ 301,314
Senior Volunteer Programs	11,159
Senior Meal Programs	3,292
Total in-kind contributions	$ 315,765

In addition to the contributions reported in the tables above, the Head Start program received services valued at $30,118 that did not meet the guidelines for revenue recognition under GAAP. The value of these services is therefore not reported in the accompanying consolidated financial statements. However, the regulations for this program allows the value of these services to be reported as matching funds for grant purposes.

None of the in-kind contributions were monetized in FY22.

NOTE 14. EMPLOYEE BENEFITS

Retirement Benefits
Rocky and ERI have a defined contribution profit sharing retirement plan based on a fiscal year managed by a third party administrator. An employee must be at least 21 years of age and complete 12 months of service to be eligible to participate in the plan.

The employer's contribution to the plan is discretionary. The contribution rate is approved by the Board. The effective contribution rate on employees' compensation is calculated based on the actual amount contributed to the plan by Rocky and ERI and total eligible employee compensation for the fiscal year. Total Rocky and ERI contributions to the plan during FY 2022 were allocated to the individual participants' accounts based on their eligible compensation during FY 2022 multiplied by the effective contribution rate. The preliminary contribution rate on employees' compensation for FY 2022 was set at 3.0%. The effective contribution rate on eligible employees' compensation for the fiscal year ended June 30, 2022, is 3.12%. Retirement plan expense is $117,350 for FY 2022. The preliminary approved contribution rate for FY 2023 remains at 3.0%.

The retirement plan also includes a 401(k) option. To participate in salary deferrals, employees must meet age eligibility standards as described above. The deferred contributions are not available to participants until they terminate, retire, upon death, or for an eligible emergency. Participants who reach normal retirement age are eligible for in-service distributions. All assets and income of the plan are held in a custodial account for the exclusive benefit of the plan's participants and beneficiaries.

Cafeteria Plan
Rocky and ERI have a cafeteria plan in which employees may elect to participate. Participating employees elect to have monies withheld pre-tax from their paychecks and contributed to the plan for use in paying healthcare, daycare, and insurance premium expenses, in accordance with federal regulations. Rocky and ERI have a claims-based funding plan in which employees' flexible spending contributions are held in a designated Rocky bank account. This account is reduced each time a claim is paid. This account maintains a $5,000 minimum balance to cover any deficits the plan may incur. Rocky and ERI use forfeitures to offset expenses related to the administration of the plan.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Rocky has loaned HOME grant funds to other organizations to support the development of low-income housing. Repayment received by Rocky on these loans represents CHDO proceeds. These CHDO proceeds must be used for HOME eligible activities that support housing for low-income persons. Rocky held $14,031 of CHDO proceeds as of June 30, 2022.

Housing Commitments
Rocky has developed several housing projects, and entities to operate the facilities, utilizing federal grants and tax credits that subject the entities and Rocky to ongoing obligations regarding compliance with funding source regulations. These are described below for each individual project. Management has evaluated these commitments and concluded no events have occurred that would require Rocky or the entities to record a liability or that would otherwise materially affect the accompanying consolidated financial statements.

Roadrunner Low-Income Housing Project
On December 1, 1998, Rocky executed a guaranty agreement for the Roadrunner Low-Income Housing Project, guaranteeing due payment, performance and fulfillment of all liabilities, obligations and undertakings of the Helena Housing Development Corporation, the general partner of the partnership, under the Partnership Agreement, Operating Deficit Guaranty Agreement, Construction Completion Guaranty Agreement, Repurchase Guaranty Agreement, and Asset Management Agreement. The significant obligations under the preceding agreements are summarized as follows:

The general partner is obligated to repurchase the interest of the limited partners for a purchase price equal to the sum of the total capital contributions made by the limited partners, plus $60,149, which represents costs incurred by the limited partners, if;

- the funding on the mortgage loan has been terminated or foreclosure proceedings have been undertaken by the lender; or,
- at any time the general partner is personally liable under, or with respect to, the mortgage loan or any other loan secured by partnership assets; or,
- any representation or warranty made by the general partner in the partnership agreement proves to be false in any material respect; or,
- the apartment complex fails to obtain and retain an allocation of low-income housing credits or fails to meet the requirements for a qualified low-income housing project.

The 15-year tax credit period ended in 2015. The partnership agreement calls for termination of the partnership at December 31, 2050, if an earlier consensual termination has not occurred.

Ptarmigan
On November 20, 2000, Rocky executed a guaranty agreement for Ptarmigan. The agreement provides that Rocky unconditionally guarantees due payment, performance, and fulfillment of all liabilities, obligations and undertakings of Ptarmigan’s general partner, RMDC Ptarmigan, Inc., arising under the Amended and Restated Partnership Agreement. The guaranty also applied to Ptarmigan’s investor limited partner. December 31, 2015, marked the end of Ptarmigan’s fifteen-year tax compliance period. On March 31, 2016, the investor limited partner assigned its 99.99% limited partner interest to Rocky.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Ptarmigan (Continued)
At June 30, 2022, Rocky is the 99.99% limited partner and RMDC Ptarmigan, Inc. is the .01% general partner. Although Rocky is still obligated under the guaranty agreement, the general partner continues to be responsible for administrative and financial matters related to the partnership. Effective May 30, 2019, Ptarmigan converted to a Limited Liability Limited Partnership.

Pheasant Glen
On December 1, 2002, Rocky executed a guaranty agreement for Pheasant Glen. The agreement provides that Rocky unconditionally guarantees due payment, performance, and fulfillment of all liabilities, obligations and undertakings of Pheasant Glen's general partner, RMDC Ptarmigan, Inc., arising under the Amended and Restated Partnership Agreement, Operating Deficit Guaranty Agreement, Construction Completion Guaranty Agreement, Repurchase Guaranty Agreement, and Asset Management Agreement. The guaranty applies to Pheasant Glen, its limited partners and successors.

The partnership agreement calls for continuation of the partnership until July 10, 2052, if an earlier consensual termination has not occurred. Effective December 31, 2018 (the end of Pheasant Glen's 15-year compliance period), the investor limited partner assigned their 99.99% limited partner interest to Rocky for the purchase price of $158,000. Effective October 15, 2019, Pheasant Glen converted to a Limited Liability Limited Partnership.

ERR
On February 24, 2006, Rocky executed a guaranty agreement for Penkay. The agreement provides that Rocky unconditionally guarantees due payment, performance, and fulfillment of all liabilities, obligations and undertakings of Penkay's general partner, RMDC Penkay LLC, arising under the Amended and Restated Partnership Agreement and the Development Agreement. The guaranty applied to Penkay, its limited partners and successors, including Homestead Equity Fund V, LP and Homestead SLP, LLC.

Effective December 31, 2020 (the end of Penkay's 15-year compliance period), Homestead Equity Fund V, LP and Homestead SLP, LLC assigned their 99.99% limited partner interest to Rocky in an amendment to the partnership originally signed February 24, 2006.

The partnership agreement contains the following obligations:

The general partner is obligated to repurchase the interest of the limited partners for a purchase price equal to the sum of the total capital contributions made by the limited partners, plus the legal, accounting and internal costs incurred by the limited partner in connection with its investment in the partnership (subject to a $75,000 cap), plus any interest or penalties assessed by the IRS as a result of any recapture of tax credits, plus all transfer taxes or similar assessments incurred by the limited partners in connection with the sale.

In the event a repurchase occurs, the limited partner must transfer its partnership interest to the general partner. As of June 30, 2022, the partnership interest of the limited partner was $768,388. At June 30, 2022, the book value of the partnership's capital assets totaled approximately $2.3 million.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

ERR (Continued)
These assets serve as collateral in the event the limited partners exercise the repurchase option. The limited partners may exercise this option if:

- the partnership's basis in the complex for federal income tax purposes is less than 10% of the partnership's reasonably expected basis as required by IRS code or the tax credit requirements are not otherwise satisfied; or,

- the partnership fails to meet the Minimum Set-Aside Test and the Rent Restriction Test by the close of the first year of the credit period or at any time thereafter.

The guaranty also applies to ERR's mortgage and replacement reserve requirements. The mortgage balance was $354,783 at June 30, 2022. Beginning January 2007, the general partner, or Rocky as the guarantor, was required to ensure that $250 per unit is contributed annually to the replacement reserve, resulting in an initial contribution of $16,500.

This required contribution increases 3% each succeeding year. If the partnership's available cash is not sufficient to fund this contribution, the general partner or the guarantor is required to make an operating deficit loan to cover the deficiency.

As of June 30, 2022, the Operating Deficit Reserve Account balance was $146,436. The funds in this account can be used with the general and limited partner's approval to cover operating expenses, debt service obligations or other partnership expenses when cash is insufficient.

The partnership agreement calls for continuation of the partnership until November 25, 2053, except that the partnership may be dissolved prior to such date upon a sale or other disposition of the partnership's assets, or a consensual termination.

EM III
On August 15, 2007, EM III amended its partnership agreement. The amendments redefine the responsibilities of the partnership's general and limited partners. This was in response to the replacement of Rocky as the limited partner by Homestead Equity Fund V, LP, and Homestead SLP, LLC on June 30, 2007.

The amended agreement places the following significant obligations upon Penkay Eagles Manor, Inc., the general partner:

- The partnership agreement calls for continuation of the partnership until July 6, 2011, and thereafter as renewed under Montana law, except that the partnership may be dissolved prior to such date upon a sale or other disposition of the partnership's assets, or a consensual termination. Under certain circumstances, the general partner is obligated to repurchase the interest of the limited partners for a purchase price equal to the sum of the total capital contributions made by the limited partners, plus interest at the rate of 7% per annum from the date of such capital contribution. In the event a repurchase occurs, the limited partners must transfer their partnership interest to the general partner. As of June 30, 2022, the partnership interest of the limited partner was $2,429,017.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

EMIII (Continued)

At June 30, 2022, the book value of the partnership's capital assets totaled approximately $3.9 million. These assets serve as collateral in the event the limited partners exercise the repurchase option. The limited partners may exercise this option if the partnership fails to meet the Minimum Set-Aside Test.

If an operating deficit exists, then the general partner must lend funds to the partnership in an amount equal to the deficit. The obligation is limited to the maximum advance amount of $600,000.

EM II

On January 6, 2009, EM II amended its partnership agreement. The amendments redefine the responsibilities of the partnership's general and limited partners. This was in response to the replacement of Rocky as the limited partner by Mountain Plains Equity Group Special Fund II, LP and Mountain Plains Equity Group Acceptance Corporation, SLP. The amended agreement places the following significant obligations upon RMDC Eagles Manor II, LLC, the general partner.

The partnership agreement calls for continuation of the partnership until December 31, 2058, except that the partnership may be dissolved prior to such date upon a sale or other disposition of the partnership's assets, or a consensual termination. Under certain circumstances, the general partner and Rocky, as a guarantor, are obligated to repurchase the interest of the limited partners for a purchase price equal to the sum of the total capital contributions made by the limited partners, plus the legal, accounting and internal costs incurred by the limited partners in connection with their investment in the partnership (subject to a $75,000 cap).

In the event a repurchase occurs, the limited partners must transfer their partnership interest to the general partner. As of June 30, 2022, the partnership interest of the limited partner was $2,524,952. As of June 30, 2022, the book value of the partnership's capital assets totaled approximately $3.7 million. These assets serve as collateral in the event the limited partners exercise the repurchase option. The limited partners may exercise this option if the complex is not constructed in accordance with the construction plans or the Fair Housing Act of 1988 as amended.

If at any time after construction is complete an operating deficit exits, the general partner must lend funds to the partnership in an amount equal to the deficit. The loan shall bear interest at a rate of 4% per annum and shall be repayable from cash flow.

River Rock

On October 31, 2012, Rocky executed a guaranty agreement for River Rock. The agreement provides that Rocky unconditionally guarantees punctual performance of all obligations of River Rock's general partner, RMDC River Rock LLC, arising under the First Amended and Restated Agreement of Limited Partnership and the Development Services Agreement. The guarantee applies to River Rock and its limited partner, American Express - Utah Equity Fund. If an operating deficit exists, then the general partner must lend funds to the partnership in an amount equal to the deficit. The obligation is limited to the maximum advance amount of $78,000.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Red Alder Project – RA4 and RA9
On October 22, 2019, RA4 amended its partnership agreement. The amendment redefines the responsibilities of the partnership's general and limited partners. This was in response to the replacement of Rocky as the limited partner by Community Affordable Housing Fund, LLC and MPEG Acceptance Corporation. Red Alder 4% LLC (wholly owned by Penkay Eagles Manor, Inc.) is the General Partner. On October 22, 2019, RA9 amended its partnership agreement. The amendment redefines the responsibilities of the partnership's general and limited partners. This was in response to the replacement of Rocky as the limited partner by Community Affordable Housing Fund, LLC and MPEG Acceptance Corporation. Red Alder 9% LLC (wholly owned by Penkay Eagles Manor, Inc.) is the General Partner.

On April 30, 2019, Rocky signed a Letter of Intent with Mountain Plains Equity Group for both RA9 and RA4. Rocky is the co-developer for both projects with a 35% interest in the developer fee. GL Development, LLC has 65% of this obligation.

The Letter outlines the following obligations which are the same for both RA4 and RA9:

- Development Obligations: Guarantee the delivery of a completed, lien-free project (including all final Certificates of Occupancy), in accordance with plans and specifications based upon the fixed development costs. This guarantee includes without limitation, a guaranty (i) to pay any amounts needed in excess of construction loan and other available proceeds to complete the improvements, (ii) of all amounts necessary to achieve permanent loan closing, and (iii) to pay any operating deficits prior to the conclusion of property construction.

- Operating Obligations: Obligated to advance monies necessary to cover operating deficits, including any and all required reserves, during the 15-year compliance period (as defined by Code Section 42(i)(1)) which will be treated as interest bearing loans to the Partnership and repaid out of distributable cash flow or capital transaction proceeds.

- In addition, obligated to (a) fund an Operating Reserve Cash Account equal to the greater of $125,000 or the amount required by the permanent lender, (b) fund and periodically replenish throughout the duration of the Partnerships, Replacement Reserves equal to the greater of $300/unit/year or the amount required by the permanent lender, and (c) fund a Lease-Up Reserve to cover expenses and marketing during the lease-up period in the amount of $40,000.

In addition, Penkay Eagles Manor, Inc. is the sole member of Red Alder 4% LLC and Red Alder 9% LLC, who both have certain obligations as the General Partner. These obligations are the same for each project:

- Day to day management of the partnership
- Ensure tax credit compliance
- Repurchase of the Investor Limited Partner's interest upon the occurrence of certain major adverse events which are described in the Limited Partnership Agreement
- Guarantee the accuracy of all customary representations and warranties

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Red Alder Project – RA4 and RA9 (Continued)
In June 2022, RA4 agreed to permanent loan terms from Valley Bank for a maximum amount of $3.9 million for a 16-year term at 5% interest. Rocky and Red Alder 4% LLC are guarantors on this loan.

On January 6, 2022, RA9 agreed to permanent loan terms from Valley Bank for a maximum amount of $2.2 million for a 16-year term at 5% interest. Rocky and Red Alder 9% LLC are guarantors on this loan.

Townsend Housing
On January 1, 2022, THI agreed to 4 USDA Rural Development Loans in the amounts of $80,649, $10,498, $1,444, and $44,464 at 2.50% interest. Loans mature between November 2022 and August 2026.

Rocky and Affiliates
Rocky and its consolidated related parties are involved in various legal actions and claims in the ordinary course of business. It is the opinion of management (based on legal counsel) that such litigation and claims will be resolved without material effect on Rocky or its consolidated related parties' financial position.

NOTE 16. CONDITIONAL PROMISES TO GIVE

Conditional promises to give arise from grant/contract activities that are underway at fiscal year-end, but which are not complete. The following schedule reflects the value of conditional promises to give received by Rocky that are outstanding at June 30, 2022:

Fund	Program/Contract	Grant/Contract Period Ends	Amount
952	Community Services Block Grant (CSBG) - COVID	September 30, 2022	$ 7,039
953	Community Services Block Grant (CSBG) - COVID	September 30, 2023	230,589
927	Community Services Block Grant (CSBG)	August 31, 2021	-
928	Community Services Block Grant (CSBG)	September 30, 2022	33,086
929	Community Services Block Grant (CSBG)	September 30, 2023	236,844
254	Commodities Supplemental Food Program	September 30, 2022	15,961
921	Emergency Solutions Grant (ESG)	May 31, 2023	21,376
931	Emergency Solutions Grant (ESG)	July 31, 2023	51,922
951	Emergency Solutions Grant (ESG) - COVID	September 30, 2023	17,358
160	Head Start	April 30, 2023	2,491,802
162	Head Start - COVID	June 30, 2024	-
163	Head Start - COVID	March 31, 2022	-
164	Head Start - COVID Rescue	March 31, 2023	158,660
203	Montana Senior Medicare Patrol	May 31, 2023	10,000
300	Northwestern Energy Weatherization	December 7, 2022	221,341
324	Northwestern Energy Enabling	June 30, 2022	-
329	LIEAP Weatherization	August 31, 2021	-
336	LIEAP Weatherization	September 30, 2022	232,573
343	LIEAP Client Ed	September 30, 2021	-
344	LIEAP Outreach	September 30, 2021	-
345	LIEAP Administration	September 30, 2021	-
346	LIEAP CARES - COVID	September 30, 2021	-
347	LIEAP Client Ed	September 30, 2022	-
348	LIEAP Outreach	September 30, 2022	-
349	LIEAP Administration	September 30, 2022	-
352	ARPA Weatherization	September 30, 2022	404,926
354	LIHEAP Administration - ARPA	September 30, 2023	52,225
355	LIHEAP Client Ed - ARPA	September 30, 2023	-
356	LIHEAP Outreach - ARPA	September 30, 2023	9,274
357	LIHEAP Administration	September 30, 2023	94,127
358	LIHEAP Client Education	September 30, 2023	50,717
360	LIHWAP Administration & Outreach	September 30, 2023	20,035
954	Housing Stability Services	September 30, 2022	279,023
	Total conditional promises to give		$ 4,638,878

NOTE 17. RECOVERY OF GENERAL AND ADMINISTRATIVE EXPENSES

As described in Note 1, Rocky recovers shared general and administrative expenses through an approved indirect cost rate and various allocation plans. Following is a summary of the general and administrative costs recovered from programs during fiscal year ended June 30, 2022:

General and administrative expenses	
Indirect cost pool	$ 984,308
Supporting services	1,226,564
Total general and administrative expenses	2,210,872
Less:	
Indirect costs recovered at 13.3% (approved provisional rate)	(970,606)
Supporting services expenses recovered from programs	(975,636)
Net unrecovered general and administrative expenses	$ 264,630

NOTE 18. RESTATEMENT

Townsend Housing, Inc. has been consolidated in the FY2022 financial statements for the first time.

The impacts of the restatement are as follows:

Net assets, beginning of year – July 1, 2021	$ 31,918,709
Restatement	(52,305)
Net assets beginning of year – as restated	$ 31,866,404

NOTE 19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 28, 2023, the date which the consolidated financial statements were available for issue.

The Helena City Commission, at its March 13, 2023 meeting, approved an allocation of United States Treasury State and Local Recovery Grant Funds to Rocky in the amount of $1.58 million for the purpose of funding the purchase of land and site development costs for the Our Redeemers Housing Project. This project is a partnership between Rocky, as the Lead Developer, YWCA Helena, and Helena Area Habitat for Humanity. Each partner in the project plans to build housing to meet the needs of their specific clients. The project is in very early stages of planning as of the date of this report.

On April 19, 2023, Rocky Head Start paid off the remaining $29,588 balance owed on their $219,920 mortgage dated October 11, 2017. The mortgage was scheduled to mature on October 11, 2037.

Rocky, RMDC Ptarmigan, Inc. and Eagle Manor Project Number 2, Inc. partnerships are engaged in legal proceedings incidental to normal business activities. In the opinion of management, none of these proceedings are material in relation to the partnerships' or Rocky's financial position.

In August 2022, vandalism occurred at one of Head Start's classroom sites. Head Start received approximately $135,000 of insurance proceeds and is currently making repairs which are scheduled to be completed before Fall of the 2023-24 school year.

NOTE 19. SUBSEQUENT EVENTS (CONTINUED)

EM III passed the fifteenth year of the partnership and partners are no longer required to remain. National Equity Fund will be exiting the partnership and Penkay Eagles Manor, Inc. will pass the limited partnership interest to Rocky as of June 30, 2023, which reduces Rocky's partnership risk.

SINGLE AUDIT SECTION

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Grant Number	Pass-through Entity	Passed Through to Subrecipients	Expenditures
AMERICORPS SENIORS					
Direct Programs					
Foster Grandparent/Senior Companion Cluster:					
Foster Grandparents	94.011	21SFPMT002		$ -	$ 218,548
Senior Companion	94.016	21SCDMT003		-	227,329
Total Foster Grandparent/Senior Companion Cluster				-	445,877
Retired Senior Volunteer	94.002	21SRDMT006		-	50,000
Total AmeriCorps Seniors				-	495,877
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Direct Programs					
Head Start Cluster:					
Head Start	93.600	08CH011147-03-00		-	2,462,881
Head Start		08CH011147-04-00		-	260,207
Head Start COVID-19 CARES		08CH011147-03-02		-	41,505
Head Start COVID-19 CAA		08HE000135-01-00		-	36,033
Head Start COVID-19 ARPA		08HE000135-01-01		-	98,588
Total Head Start Cluster, Health and Human Services				-	2,899,214
Passed through State Department of Public Health and Human Services					
Community Services Block Grant Cluster:					
Community Services Block Grant	93.569	20-028-10006-0		-	46,394
Community Services Block Grant		21-028-10006-0		-	205,079
Community Services Block Grant		22-028-10006-0		-	2,602
Community Services Block Grant COVID-19		20-028-19046-0		-	57,498
Total Community Services Block Grant Cluster				-	311,573
Low-Income Home Energy	93.568	19-028-16006-0		-	10,329
Low-Income Home Energy		21-028-16006-0		-	94,016
Low-Income Home Water Assistance Program (LIHWAP)		21-028-18052-5		-	2,935
Low-Income Home Energy CARES Act		20-028-19066-0		-	1,635
Low-Income Home Energy Assistance Program (LIHEAP)		21-028-13006-0		-	106,282
Low-Income Home Energy Assistance Program ARPA		21-028-19090-5		-	57,716
Low-Income Home Energy Assistance Program ARPA		21-028-19052-5		-	142,917
Contingency Revolving Fund (LIHEAP) ARPA		21-028-19052-5		-	1,677
Contingency Revolving Fund (LIHEAP)		21-028-13006-0		-	301,052
Total Low-Income Home Energy				-	718,559
Child Care and Development Block Grant - Childcare Stabilization	93.575	22-25C-CPG05-46		-	94,748
Child Care and Development Block Grant COVID-19		Agreement		-	28,608
Total Child Care and Development Block Grant				-	123,356
Special Programs for the Aging					
Aging Cluster:					
Title III - Supportive Services and Senior Centers	93.044	22-221-13004-0	Various	47,261	151,158
Title III - Supportive Services and Senior Centers COVID-19	93.044	22-221-13004-0	Various	72,874	115,545
Title III - Supportive Services and Senior Centers COVID-19	93.044	22-221-13004-0	Various	-	49,309
Title III - Nutrition Services	93.045	22-221-13004-0	Various	214,098	507,411
Title III - Nutrition Services COVID-19	93.045	22-221-13004-0	Various	141,182	273,795
Nutrition Services Incentive Program	93.053	22-221-13004-0	Various	84,651	147,378
Nutrition Services Incentive Program Noncash Commodities	93.053	22-221-13004-0		-	29,546
Total Aging Cluster				560,066	1,274,142
Title VII - Long Term Care Ombudsman Services for Older Individuals	93.042	20-221-13004-0		-	15,225
Title III - Disease Prevention and Health Promotion Services	93.043	20-221-13004-0		-	21,646
National Family Caregiver Support	93.052	20-221-13004-0	Various	62,642	138,482
Title IV and Title II Discretionary Projects - FFP	93.048	20-221-13004-0		-	1,443
Montana Senior Medicare Patrol (SMP) Project	93.048	Agreement		-	10,416
Medicare Enrollment Assistance Program	93.071	20-221-13004-0		-	26,221
State Health Insurance Assistance Program	93.324	20-221-13004-0	Various	10,000	55,751
Alzheimer's Program	93.051	Agreement		-	4,000
Total Aging Programs				632,708	1,547,326
Total Passed through State Department of Public Health and Human Services				632,708	2,700,814
Total U.S. Department of Health and Human Services				632,708	5,600,028

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Grant Number	Pass-through Entity	Passed Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
Passed through State Department of Public Health and Human Services					
Child and Adult Care Food Program	10.558	12-02-CACFP-150		-	116,114
Child and Adult Care Food Program - COVID		Agreement		-	1,780
Child and Adult Care Food Program		12-02-CACFP-151		-	11,461
Child and Adult Care Food Program - COVID		Agreement		-	697
Total Child and Adult Care Food Program				-	130,052
Commodity Supplemental Food Program	10.565	21-027-21007-0		-	5,253
Commodity Supplemental Food Program		22-027-21007-0		-	17,820
Total Commodity Supplemental Food Program				-	23,073
Rural Rental Housing Loans	10.415	Agreement		-	31,670
Total U.S Department of Agriculture				-	184,795
U.S. DEPARTMENT OF ENERGY					
Passed through State Department of Public Health and Human Services					
Weatherization Assistance for Low-Income Persons	81.042	21-028-30026-0		-	54,481
Total U.S. Department of Energy				-	54,481
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed through State Department of Commerce					
First Time Home Buyers	14.169	Agreement		-	67,625
Housing Trust Fund Program (HTF)	14.275	MT-HTF-CG-20-04B		-	425,000
Housing Stability Services	21.023	22-028-17006-0		-	7,466
Subtotal DOC Pass Through				-	500,091
Passed through State Department of Public Health and Human Services					
Emergency Solutions Grant Program	14.231	20-028-51006-0	Good Samaritan Ministries	24,502	24,502
Emergency Solutions Grant Program - COVID 19 CARES (Shelter)	14.231	20-028-19006-0	Good Samaritan Ministries	394,313	394,313
Total Emergency Solutions Grant Program				418,815	418,815
Total U.S. Department of Housing and Urban Development				418,815	918,906
Total expenditures of federal awards				$ 1,051,523	$ 7,254,087

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Rocky as described in Note 1 of the accompanying Notes to Consolidated Financial Statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Rocky, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of Rocky.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting as described in Note 1 of the accompanying Notes to Consolidated Financial Statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

All federal awards received by Rocky are considered conditional grants and therefore revenue is recognized when qualifying expenses have been incurred.

NOTE 3. RECONCILIATION TO CONSOLIDATED FINANCIAL STATEMENTS

Following is a reconciliation of the total expenditures on the Schedule to federal grant revenue shown on the Consolidated Statement of Activities:

Total expenditures of federal awards	$ 7,254,087
Plus:	
Rent subsidy received by RMFP from Rural Development	37,155
Interest subsidy received by RMFP from Rural Development	8,034
Rent subsidy received by EMII from HUD	141,176
Rent subsidy received by EMIII from HUD	36,445
Rent subsidy received by Big Boulder from HUD	146,070
Rent subsidy received by River Rock from HUD	39,979
Rent subsidy received by Ptarmigan from HUD	33,332
Rent subsidy received by Pheasant Glen from HUD	58,852
Rent subsidy received by Red Alder 4% from HUD	122,918
Rent subsidy received by Red Alder 9% from HUD	116,521
Rent subsidy received by Townsend Housing from HUD	35,126
Rent subsidy received by ERR from HUD	98,398
Service Coordinator Grant received by ERR from HUD	52,357
Total federal grant revenue	$ 8,180,450

NOTE 4. HOME CHDO PROCEEDS

Rocky has loaned HOME grant funds to other organizations to support the development of low-income housing. Repayment received by Rocky on these loans represent CHDO proceeds. These CHDO proceeds must be used for HOME eligible activities that support housing for low-income persons. Rocky had available CHDO proceeds of $358,493 of which $344,462 was disbursed for HOME eligible activities leaving $14,031 available at June 30, 2022.

NOTE 5. INDIRECT COST RATE

Rocky has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. Rocky received an approved provisional rate of 13.5% from its federal cognizant agency, the Department of Health and Human Services. The effective rate applied during fiscal year 2022 is 13.3%.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*To the Board of Directors
Rocky Mountain Development Council, Inc.
Helena, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rocky Mountain Development Council, Inc. (Rocky) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the consolidated related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 28, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

KCoe Isom, LLP

April 28, 2023
Helena, Montana

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

To the Board of Directors
Rocky Mountain Development Council, Inc.
Helena, Montana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rocky Mountain Development Council, Inc.'s (Rocky) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Rocky's major federal programs for the year ended June 30, 2022. Rocky's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rocky complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

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

R**eport on Internal Control over Compliance**

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

KCoe Isom, LLP

April 28, 2023
Helena, Montana

SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies not considered material weaknesses identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal Control over major programs:	
Material weaknesses identified?	No
Significant deficiencies not considered material weaknesses identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No

Identification of major programs:

Name of Federal Programs or Cluster	AL Number
Aging Cluster	93.044, 93.045, 93.053
Low-Income Home Energy Assistance Program	93.568

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

FINDINGS AND SIGNIFICANT DEFICIENCIES OR MATERIAL WEAKNESSES - FINANCIAL STATEMENT AUDIT

None reported.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No prior year findings reported.

SUPPLEMENTARY INFORMATION SECTION

Rocky has many programs funded by federal, state and local sources. Below is a summary, by grantor agency, of the more significant programs administered by Rocky.

AMERICORPS SENIORS (FORMERLY CORPORATION FOR NATIONAL AND COMMUNITY SERVICE):

AmeriCorps Seniors is the federal umbrella agency for volunteer programs including the Foster Grandparent Program, Retired Senior Volunteer Program and Senior Companion Program. These programs are designed to provide meaningful part-time volunteer opportunities for senior citizens.

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES – Head Start:

The Head Start Program serves more than 200 low-income children and their families in Lewis & Clark, Broadwater, and Jefferson Counties. The comprehensive program provides support for children and their families in the areas of health, nutrition, disabilities, and mental health. The goal is to help children succeed in education by supporting growth and developmental needs while engaging the families in the process.

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES – Other:

Community Services Block Grant funds are used to assist low-income individuals and to also provide for community collaboration on issues related to poverty.

Emergency Solutions Grant Program funds provide rapid-rehousing and homeless prevention services for eligible individuals.

Child and Adult Care Food Program provides subsidies to help cover the costs of providing breakfast, lunch, and snacks to the Head Start Program and Rocky Mountain Preschool.

Child Care and Development Block Grant provides funding for stabilization and COVID-19 relief for preschool programs.

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES – Weatherization & Low-Income Energy Assistance:

Weatherization programs are designed to help conserve energy and reduce the impact of rising energy costs for low-income individuals through the installation of energy conserving measures in their homes. The program also helps clients with the cost of their fuel bill and helps cover the utility deposit costs to the local energy provider. The programs are funded by the U. S. Department of Energy, Northwestern Energy, Energy Share of Montana, and Low Income Energy Assistance through the Department of Public Health and Human Services.

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES – Aging and Nutrition:

Agency IV Agency on Aging (Area IV) advocates for senior citizens and develops and coordinates programs for senior citizens in a six-county area.

The funds received by Area IV are distributed to various agencies in a six-county area, including Rocky. The types of services provided are: outreach services, legal services, congregate and home delivered meals, in-home services to senior citizens and their families (especially those affected by dementia disorders), development of health promotion activities for senior citizens, long-term care ombudsman services, assistance with elder abuse prevention, and insurance counseling and assistance.

Rocky receives other funding from the Department of Public Health and Human Services from Medicaid for the home delivered meals program in the tri-county area.

The Commodities Program provides food to eligible senior citizens in Lewis & Clark, Broadwater, Jefferson, and Meagher Counties.

DEPARTMENT OF COMMERCE - Montana Board of Housing:

The Montana Board of Housing (MBOH) administers a variety of programs supported by federal funding that are intended to promote the development of affordable housing for low-income or disabled individuals. The Housing Program has received loans, grants and other funding through the MBOH, either directly or indirectly, for its housing projects. Major sources of funding include the Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), and Housing Trust Fund Program (HTF).

COUNTY FUNDING – Other Programs:

Rocky receives funding from Lewis & Clark, Broadwater, and Jefferson Counties to deliver the following program services: Senior Nutrition, Senior Services and Transportation, Senior Volunteer Programs, and Area IV.

LOCAL FUNDING – Other Programs:

Rocky receives funding from the United Way of Lewis & Clark County for the following programs: Head Start, Home Delivered Meals, and the Retired Senior Volunteer Program.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF INDIRECT COST RECONCILIATION
June 30, 2022

Total expenditures for operations:		
Program services	$	14,115,606
General and administrative		2,210,872
Recovery of indirect costs - general and administrative		(970,606)
Recovery of other allocated costs - general and administrative		(975,636)
Fundraising		11,622
Total expenditures for operations		14,391,858
Less:		
Indirect costs, net of exclusions		(926,450)
Exclusions:		
Commodities		(29,546)
Depreciation		(196,408)
In-kind		(315,765)
Pass-through		(1,459,550)
Consolidated properties' expenses, net of eliminations		(3,656,286)
Assistance payments		(407,307)
Other		(55,217)
Loss on sale of asset		(47,526)
Bad debt		(13)
Indirect cost base expenditures		7,297,790
Indirect cost rate		13.30%
Total indirect cost charges	$	970,606
Allocated indirect costs by program:		
Aging and Nutrition	$	158,560
Senior Volunteer		64,518
Housing		101,581
Other		26,473
Child and Family		384,922
Senior Activities		6,319
Transportation		6,768
Weatherization		89,234
General and administrative		130,933
Fundraising		1,298
Total indirect cost charges to programs	$	970,606

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF TRANSFERS
June 30, 2022

County Mill Fund Transfers

Sources:		
Carried Forward from Fiscal Year 2021	$	463,267
Lewis and Clark County		360,482
Jefferson County		30,330
Broadwater County		59,363
Total County Mill Funds Received	$	913,442
Program Recipients:		
Home Delivered Meals	$	123,404
Agency on Aging		2,388
Senior Companion Program		8,782
Foster Grandparent Program		11,000
Retired Senior Volunteer Program		28,315
Senior Services & Transportation		148,640
Total County Mill Funds Transferred		429,434
Carry Forward to Fiscal Year 2023		484,008
Total County Mill Funds	$	913,442

Community Service Block Grant Transfers

Program Recipients:		
Building	$	1,526
Commodities		21,014
Home Delivered Meals		6,488
Emergency Solutions		1,751
Network		26,751
Weatherization - Operational Support		32,866
Total Community Service Block Grant Transfers	$	90,396

High School House Project Transfer

Program Recipients:		
Affordable Housing - Red Alder Playground		9,820
	$	9,820

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2022

ASSETS	Rocky	RMFP	ERI	EMII	EMIII	Penkay Eagles Manor, Inc.	Eagle Manor Project No. 2, Inc.	Big Boulder
CURRENT ASSETS								
Cash and cash equivalents, operations	$ 1,809,918	$ 2,051	$ 95,027	$ 12,078	$ 11,871	$ 8,728	$ -	$ 10,360
Cash and cash equivalents, custodial	107,825	-	-	-	-	-	-	-
Accounts receivable	178,786	4,753	2,869	3,348	323	-	-	28,825
Related party receivables	279,275	-	25,582	-	-	-	-	-
Grants receivable	1,249,773	-	-	-	-	-	-	-
Current portion of notes and interest receivable	14,580	-	-	-	-	-	-	-
Prepaid deposits and expenses	42,703	3,408	583	1,418	1,138	-	-	4,163
Inventory	49,461	-	2,770	-	-	-	-	-
Total current assets	3,732,321	10,212	126,831	16,844	13,332	8,728	-	43,348
FIXED ASSETS								
Land	161,366	22,495	-	147,742	198,317	-	-	503,336
Land improvements, net	18,426	9,272	-	21,725	9,167	-	-	57,791
Leasehold improvements, net	91,123	-	-	-	-	-	-	
Buildings, net	1,090,451	73,367	-	3,500,623	3,730,535	-	-	4,913,286
Equipment, net	429,461	-	7,310	-	1,688	-	-	99
Total fixed assets	1,790,827	105,134	7,310	3,670,090	3,939,707	-	-	5,474,512
OTHER ASSETS								
Investments in partnerships	6,010	-	-	-	-	(575)	(2,408)	-
Cash restricted for security deposits and reserves	45,556	16,894	-	246,015	174,860	-	-	180,311
Cash restricted for housing projects	62,281		-	-	-	-	-	-
Long-term related party receivable	44,055	-	-	-	-	-	-	-
Long-term notes and interest receivable	15,391,363	-	-	-	-	92,220	403,519	
Long-term accounts receivable	-	-	-	-	-	-	-	8,670
Deferred costs, net	-	353	-	-	-	-	-	-
Total other assets	15,549,265	17,247	-	246,015	174,860	91,645	401,111	188,981
Total assets	$ 21,072,413	$ 132,593	$ 134,141	$ 3,932,949	$ 4,127,899	$ 100,373	$ 401,111	$ 5,706,841
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts payable and accrued expenses	$ 417,574	$ 37,807	$ 51,709	$ 31,157	$ 106,109	$ -	$ 29,812	$ 54,460
Cash and cash equivalents held for others	107,825	-	-	-	-	-	-	-
Compensated absences	348,103	-	-	-	-	-	-	-
Refundable advances and deferred revenue	1,016,387	1,903	2,559	16,458	13,913	-	-	9,723
Current portion of long-term debt	48,000	4,729	-	3,039	12,065	-	-	5,563
Total current liabilities	1,937,889	44,439	54,268	50,654	132,087	-	29,812	69,746
LONG TERM DEBT								
Notes and interest payable	256,825	176,098	158,269	1,357,596	1,566,929	-		675,461
Other liabilities	11,846	-	-	-	-	-	-	-
Total long term liabilities	268,671	176,098	158,269	1,357,596	1,566,929	-	-	675,461
Total liabilities	2,206,560	220,537	212,537	1,408,250	1,699,016	-	29,812	745,207
NET ASSETS								
Net assets without donor restrictions and controlling interests in partnerships	18,346,364	(92,944)	(78,396)	(253)	(134)	100,373	371,299	4,961,634
Noncontrolling interests in partnerships	-	-	-	2,524,952	2,429,017	-	-	-
Common Stock	-	5,000	-	-	-	-	-	-
Net assets with donor restrictions	519,489	-	-	-	-	-	-	-
Total net assets	18,865,853	(87,944)	(78,396)	2,524,699	2,428,883	100,373	371,299	4,961,634
Total liabilities and net assets	$ 21,072,413	$ 132,593	$ 134,141	$ 3,932,949	$ 4,127,899	$ 100,373	$ 401,111	$ 5,706,841

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
As of June 30, 2022

ASSETS	River Rock	Ptarmigan	Pheasant Glen	ERR	RA4	RA9	Townsend Housing Inc.	Eliminations	Consolidated
CURRENT ASSETS									
Cash and cash equivalents, operations	$ 20,428	$ 5,662	$ 16,149	$ 44,850	$ 174,080	$ 73,092	$ 4,516	$ -	$ 2,288,810
Cash and cash equivalents, custodial	-	-	-	-	-	-	-	-	107,825
Accounts receivable	17,770	22,343	50,106	18,688	59,002	4,178	4,081	-	395,072
Related party receivables	-	-	-	11,096	3,368	-	192	(312,813)	6,700
Grants receivable	-	-	-	-	-	-	-	-	1,249,773
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	14,580
Prepaid deposits and expenses	-	508	-	1,412	615,593	-	-	-	670,926
Inventory	-	-	-	-	-	-	-	-	52,231
Total current assets	38,198	28,513	66,255	76,046	852,043	77,270	8,789	(312,813)	4,785,917
FIXED ASSETS									
Land	575,332	196,700	333,632	118,966	-	1,533,247	13,000	-	3,804,133
Land improvements, net	40,424	-	-	-	1,015,673	141,566	-	-	1,314,044
Leasehold improvements, net	-	-	-	-	-	-	-	-	91,123
Buildings, net	3,885,281	361,850	1,357,716	2,186,992	9,021,837	7,030,448	37,616	(4,049,640)	33,140,362
Equipment, net	-	-	-	-	154,336	116,751	-	-	709,645
Total fixed assets	4,501,037	558,550	1,691,348	2,305,958	10,191,846	8,822,012	50,616	(4,049,640)	39,059,307
OTHER ASSETS									
Investments in partnerships	-	-	-	-	-	-	-	(2,027)	1,000
Cash restricted for security deposits and reserves	217,832	116,737	170,314	408,878	313,345	182,118	39,850	-	2,112,710
Cash restricted for housing projects	-	-	-	-	-	-	-	-	62,281
Long-term related party receivable	-	-	-	-	-	-	-	(29,812)	14,243
Long-term notes and interest receivable	-	-		-	-	-	-	(14,123,329)	1,763,773
Long-term accounts receivable	-	-	14,742	-	-	-	-	-	23,412
Deferred costs, net	10,168	-	-	-	48,917	105,693	-	-	165,131
Total other assets	228,000	116,737	185,056	408,878	362,262	287,811	39,850	(14,155,168)	4,142,550
Total assets	$ 4,767,235	$ 703,800	$ 1,942,659	$ 2,790,882	$ 11,406,151	$ 9,187,093	$ 99,255	$ (18,517,621)	$ 47,987,774
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Accounts payable and accrued expenses	$ 28,879	$ 13,524	$ 35,433	$ 82,065	$ 43,473	$ 30,361	$ 23,683	$ (342,625)	$ 643,421
Cash and cash equivalents held for others	-	-	-	-	-	-	-	-	107,825
Compensated absences	-	-	-	-	-	-	-	-	348,103
Refundable advances and deferred revenue	16,433	6,075	10,558	33,000	38,625	642,985	4,321	-	1,812,940
Current portion of long-term debt	-	8,432	11,183	8,958	66,978	41,600	34,739	-	245,286
Total current liabilities	45,312	28,031	57,174	124,023	149,076	714,946	62,743	(342,625)	3,157,575
LONG TERM DEBT									
Notes and interest payable	1,211,207	888,438	1,948,117	3,596,486	8,262,662	2,773,349	83,524	(14,123,331)	8,831,630
Other liabilities	-	-	-	-	-	-	-	-	11,846
Total long term liabilities	1,211,207	888,438	1,948,117	3,596,486	8,262,662	2,773,349	83,524	(14,123,331)	8,843,476
Total liabilities	1,256,519	916,469	2,005,291	3,720,509	8,411,738	3,488,295	146,267	(14,465,956)	12,001,051
NET ASSETS									
Net assets without donor restrictions and controlling interests in partnerships	(2,985)	(212,669)	(62,632)	(929,627)	(33)	(22)	(47,012)	(4,046,665)	18,306,298
Noncontrolling interests in partnerships	3,513,701	-	-	-	2,994,446	5,698,820	-	-	17,160,936
Common Stock	-	-	-	-	-	-	-	(5,000)	-
Net assets with donor restrictions	-	-	-	-	-	-	-	-	519,489
Total net assets	3,510,716	(212,669)	(62,632)	(929,627)	2,994,413	5,698,798	(47,012)	(4,051,665)	35,986,723
Total liabilities and net assets	$ 4,767,235	$ 703,800	$ 1,942,659	$ 2,790,882	$ 11,406,151	$ 9,187,093	$ 99,255	$ (18,517,621)	$ 47,987,774

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the Year Ended June 30, 2022

	Rocky	RMFP	ERI	EMII	EMIII	Penkay Eagles Manor, Inc.	Eagle Manor Project No. 2, Inc.	Big Boulder	River Rock
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS									
Revenues, Gains, and Other Support									
Grants - federal	$ 7,254,087	$ 45,189	$ -	$ 141,176	$ 36,445	$ -	$ -	$ 146,070	$ 39,979
Grants - other	1,265,549	-	-	-	-	-	-	-	-
County tax	460,941	-	-	-	-	-	-	-	-
Local support	4,988	-	-	-	-	-	-	-	-
Fundraising and donations	217,712	-	-	-	-	-	-	-	-
Program service	2,112,389	24,335	435,323	190,342	194,734	-	-	133,769	146,419
Other	571,216	46	4,424	59	445	453	10,263	92	20
In-kind	315,765	-	-	-	-	-	-	-	-
Net assets released from restrictions	12,804	-	-	-	-	-	-	-	-
Total revenues, gains, and other support without donor restrictions	12,215,451	69,570	439,747	331,577	231,624	453	10,263	279,931	186,418
Expenses									
Program									
Aging and Nutrition	2,789,029	-	-	-	-	-	-	-	-
Senior Volunteer	580,621	-	-	-	-	-	-	-	-
Housing	1,394,049	87,405	427,052	557,733	416,218	14,574	7,213	454,518	333,925
Other	221,510	-	-	-	-	-	-	-	-
Child and Family	4,078,415	-	-	-	-	-	-	-	-
Senior Activities	129,367	-	-	-	-	-	-	-	-
Transportation	58,407	-	-	-	-	-	-	-	-
Weatherization	1,207,922	-	-	-	-	-	-	-	-
Total program expenses	10,459,320	87,405	427,052	557,733	416,218	14,574	7,213	454,518	333,925
General and Administrative	2,210,872	-	-	-	-	-	-	-	-
Recovery of indirect costs from programs	(970,606)	-	-	-	-	-	-	-	-
Recovery of other allocated costs from programs	(975,636)	-	-	-	-	-	-	-	-
	264,630	-	-	-	-	-	-	-	-
Fundraising	11,622	-	-	-	-	-	-	-	-
Total expenses	10,735,572	87,405	427,052	557,733	416,218	14,574	7,213	454,518	333,925
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,479,879	(17,835)	12,695	(226,156)	(184,594)	(14,121)	3,050	(174,587)	(147,507)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS									
Contributions	46,741	-	-		-	-	-	-	-
Net assets released from restrictions	(12,804)	-	-	-	-	-	-	-	-
Change in net assets with donor restrictions	33,937	-	-	-	-	-	-	-	-
Change in net assets	1,513,816	(17,835)	12,695	(226,156)	(184,594)	(14,121)	3,050	(174,587)	(147,507)
Partnership contributions/(distributions)	-	-	-	-	-	-	-	-	-
Net assets, beginning of year	17,352,037	(70,109)	(91,091)	2,750,855	2,613,477	114,494	368,249	5,136,221	3,658,223
Restatement	-	-	-	-	-	-	-	-	-
Net assets, beginning of year - as restated	17,352,037	(70,109)	(91,091)	2,750,855	2,613,477	114,494	368,249	5,136,221	3,658,223
Net assets, end of year	$ 18,865,853	$ (87,944)	$ (78,396)	$ 2,524,699	$ 2,428,883	$ 100,373	$ 371,299	$ 4,961,634	$ 3,510,716

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)
For the Year Ended June 30, 2022

	Ptarmigan	Pheasant Glen	ERR	RA4	RA9	Townsend Housing Inc.	Eliminations	Consolidated
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS								
Revenues, Gains, and Other Support								
Grants - federal	$ 33,332	$ 58,852	$ 150,755	$ 122,918	$ 116,521	$ 35,126	$ -	$ 8,180,450
Grants - other	-	-	-	-	-	-	-	1,265,549
County tax	-	-	-	-	-	-	-	460,941
Local support	-	-	-	-	-	-	-	4,988
Fundraising and donations	-	-	-	-	-	-	-	217,712
Program service	91,823	153,686	340,634	353,566	266,870	62,944	(1,597,751)	2,909,083
Other	1,426	138	227	51,379	3,723	15,426	(232,543)	426,794
In-kind	-	-	-	-	-	-	-	315,765
Net assets released from restrictions	-	-	-	-	-	-	-	12,804
Total revenues, gains, and other support without donor restrictions	126,581	212,676	491,616	527,863	387,114	113,496	(1,830,294)	13,794,086
Expenses								
Program								
Aging and Nutrition	-	-	-	-	-	-	-	2,789,029
Senior Volunteer	-	-	-	-	-	-	-	580,621
Housing	170,203	305,540	740,340	726,470	540,921	108,203	(1,234,029)	5,050,335
Other	-	-	-	-	-	-	-	221,510
Child and Family	-	-	-	-	-	-	-	4,078,415
Senior Activities	-	-	-	-	-	-	-	129,367
Transportation	-	-	-	-	-	-	-	58,407
Weatherization	-	-	-	-	-	-	-	1,207,922
Total program expenses	170,203	305,540	740,340	726,470	540,921	108,203	(1,234,029)	14,115,606
General and Administrative	-	-	-	-	-	-	-	2,210,872
Recovery of indirect costs from programs	-	-	-	-	-	-	-	(970,606)
Recovery of other allocated costs from programs	-	-	-	-	-	-	-	(975,636)
	-	-	-	-	-	-	-	264,630
Fundraising	-	-	-	-	-	-	-	11,622
Total expenses	170,203	305,540	740,340	726,470	540,921	108,203	(1,234,029)	14,391,858
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(43,622)	(92,864)	(248,724)	(198,607)	(153,807)	5,293	(596,265)	(597,772)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS								
Contributions	-	-	-	-			-	46,741
Net assets released from restrictions	-	-	-	-	-	-	-	(12,804)
Change in net assets with donor restrictions	-	-	-	-	-	-	-	33,937
Change in net assets	(43,622)	(92,864)	(248,724)	(198,607)	(153,807)	5,293	(596,265)	(563,835)
Partnership contributions/(distributions)	-	-	-	2,766,848	1,917,306	-	-	4,684,154
Net assets, beginning of year	(169,047)	30,232	(680,903)	426,172	3,935,299	-	(3,455,400)	31,918,709
Restatement	-	-	-	-	-	(52,305)	-	(52,305)
Net assets, beginning of year - as restated	(169,047)	30,232	(680,903)	426,172	3,935,299	(52,305)	(3,455,400)	31,866,404
Net assets, end of year	$ (212,669)	$ (62,632)	$ (929,627)	$ 2,994,413	$ 5,698,798	$ (47,012)	$ (4,051,665)	$ 35,986,723

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.

SCHEDULE OF CONSOLIDATING ELIMINATIONS

June 30, 2022

	Rocky	RMFP	ERI	EM II	EM III	Penkay Eagles Manor, Inc.	Eagle Manor Project No. 2, Inc.	Big Boulder
ASSETS								
Related party receivables	$ 279,275	$ -	$ 25,582	$ -	$ -	$ -	$ -	$ -
Buildings	-	-	-	656,109	727,539	-	-	912,340
Investment in housing	5,010	-	-	-	-	(575)	(2,408)	-
Long-term accounts receivable	29,812	-	-	-	-	-	-	-
Long-term notes and interest receivable	13,627,591	-	-	-	-	92,221	403,517	-
Total Assets	$ 13,941,688	$ -	$ 25,582	$ 656,109	$ 727,539	$ 91,646	$ 401,109	$ 912,340
LIABILITIES								
Accounts payable to Rocky	$ -	$ 35,197	$ 9,072	$ 11,219	$ 30,684	$ -	$ 29,812	$ 33,630
Accounts payable to RMDC Eagle Rock, Inc.	-	-	-	3,806	2,354	-	-	656
Accounts payable to ERRLP	-	53	-	3,814	402	-	-	127
Accounts payable to RA4	37,466	-	-	-	-	-	-	-
Accounts payable to THI	-	192	-	-	-	-	-	-
Refundable advances and deferred revenue	-	-	-	-	-	-	-	-
Notes and interest payable to Rocky	-	-	158,269	866,658	1,234,379	-		468,502
Notes and interest payable to Penkay Eagles Manor, Inc.	-	-	-	-	-	-	-	-
Notes and interest payable to EM Project No. 2	-	-	-	403,519	-	-	-	-
Total Liabilities	$ 37,466	$ 35,442	$ 167,341	$ 1,289,016	$ 1,267,819	$ -	$ 29,812	$ 502,915
NET ASSETS								
Without restrictions net assets	$ -	$ -	$ -	$ 656,109	$ 727,539	$ -	$ -	$ 912,338
Paid-in capital	-	5,000	-	-	-	(489)	(2,408)	10
Total Liabilities and Net Assets	$ 37,466	$ 40,442	$ 167,341	$ 1,945,125	$ 1,995,358	$ (489)	$ 27,404	$ 1,415,263
REVENUE								
Rocky service fees	$ 775,825	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rocky developer fee - RA9	596,531	-	-	-	-	-	-	-
Eagle Rock service fees	-	-	224,754	-	-	-	-	-
Partnership fees	-	-	-	-	-	-	6,524	-
Commodities from RMDC		-	-	-	-	-	-	-
Ground lease payment from RA4 to RA9	-	-	-	-	-	-	-	-
Interest on note due from RA4	-	-	-	-	-	398	-	-
Interest on note due from EM II	-	-	-	-	-	-	3,739	-
Interest on notes due from related organizations	221,882	-	-	-	-	-	-	-
Total Revenue	1,594,238	-	224,754	-	-	398	10,263	-
EXPENSES								
Expenses from Rocky service fees	-	28,988	13,728	88,993	52,885	614	496	95,937
Expenses from Eagle Rock service fees	4,296	-	-	42,372	17,283	-	-	1,294
Partnership fees	-	-	-	-	-	215	48	-
Commodities from Rocky to ERI		-	-	-	-	-	-	-
Ground lease payment from RA4 to RA9	-	-	-	-	-	-	-	-
Interest on note due to EM Proj No. 2	-	-	-	3,739	-	-	-	-
Interest on note due to PEM Inc.	-	-	-	-	-	-	-	-
Interest on notes due to Rocky	-	-	-	-	31,288	-	-	4,475
Total Expenses	4,296	28,988	13,728	135,104	101,456	829	544	101,706
Change in Net Assets Due to Eliminations	$ 1,589,942	$ (28,988)	$ 211,026	$ (135,104)	$ (101,456)	$ (431)	$ 9,719	$ (101,706)

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF CONSOLIDATING ELIMINATIONS (CONTINUED)
June 30, 2022

	River Rock	Ptarmigan	Pheasant Glen	ERR	RA4	RA9	Townsend Housing Inc.	Total
ASSETS								
Related party receivables	$ -	$ -	$ -	$ 4,396	$ 3,368	$ -	$ 192	$ 312,813
Buildings	791,410	-	-	-	562,879	399,363	-	4,049,640
Investment in housing	-	-	-	-	-	-	-	2,027
Long-term accounts receivable	-	-	-	-	-	-	-	29,812
Long-term notes and interest receivable	-	-	-	-	-	-	-	14,123,329
Total Assets	$ 791,410	$ -	$ -	$ 4,396	$ 566,247	$ 399,363	$ 192	$ 18,517,621
LIABILITIES								
Accounts payable to Rocky	$ 9,960	$ 4,904	$ 16,053	$ 31,544	$ 23,280	$ 17,192	$ 19,074	$ 271,621
Accounts payable to RMDC Eagle Rock, Inc.	2,358	1,894	5,751	3,274	3,730	1,658	101	25,582
Accounts payable to ERRLP	-	-	-	-	-	-	-	4,396
Accounts payable to RA4	-	-	-	-	-	3,368	-	40,834
Accounts payable to THI	-	-	-	-	-	-	-	192
Refundable advances and deferred revenue	-	-	-	-	-	-	-	-
Notes and interest payable to Rocky	1,211,207	800,898	1,500,993	3,250,662	3,899,862	236,161	-	13,627,591
Notes and interest payable to Penkay Eagles Manor, Inc.	-	-	-	-	92,221	-	-	92,221
Notes and interest payable to EM Project No. 2	-	-	-	-		-	-	403,519
Total Liabilities	$ 1,223,525	$ 807,696	$ 1,522,797	$ 3,285,480	$ 4,019,093	$ 258,379	$ 19,175	$ 14,465,956
NET ASSETS								
Without restrictions net assets	$ 791,410	$ -	$ -	$ -	$ 562,879	$ 399,363	$ -	$ 4,049,638
Paid-in capital	-	-	-	-	(39)	(47)	-	2,027
Total Liabilities and Net Assets	$ 2,014,935	$ 807,696	$ 1,522,797	$ 3,285,480	$ 4,581,933	$ 657,695	$ 19,175	$ 18,517,621
REVENUE								
Rocky service fees	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 775,825
Rocky developer fee - RA9	-	-	-	-	-	-	-	596,531
Eagle Rock service fees	-	-	-	-	-	-	-	224,754
Partnership fees	-	-	-	-	-	-	-	6,524
Commodities from RMDC	-	-	-	-	-	-	-	-
Ground lease payment from RA4 to RA9	-	-	-	-	-	641	-	641
Interest on note due from RA4	-	-	-	-	-	-	-	398
Interest on note due from EM II	-	-	-	-	-	-	-	3,739
Interest on notes due from related organizations	-	-	-	-	-	-	-	221,882
Total Revenue	-	-	-	-	-	641	-	1,830,294
EXPENSES								
Expenses from Rocky service fees	59,879	36,574	52,324	162,775	87,078	71,669	23,885	775,825
Expenses from Eagle Rock service fees	21,419	17,260	21,048	48,722	27,861	16,748	6,453	224,756
Partnership fees	6,524	-	-	-	-	-	-	6,787
Commodities from Rocky to ERI	-	-	-	-	-	-	-	-
Ground lease payment from RA4 to RA9	-	-	-	-	641	-	-	641
Interest on note due to EM Proj No. 2	-	-	-	-	-	-	-	3,739
Interest on note due to PEM Inc.	-	-	-	-	398	-	-	398
Interest on notes due to Rocky	27,401	6,973	39,199	59,677	49,213	3,657	-	221,883
Total Expenses	115,223	60,807	112,571	271,174	165,191	92,074	30,338	1,234,029
Change in Net Assets Due to Eliminations	$ (115,223)	$ (60,807)	$ (112,571)	$ (271,174)	$ (165,191)	$ (91,433)	$ (30,338)	$ 596,265