The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.

CONSOLIDATED FINANCIAL REPORT

June 30, 2018

C O N T E N T S

C O N T E N T S (C O N T I N U E D)

ANDERSON ZURMUEHLEN & CO., P.C. • CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Rocky Mountain Development Council, Inc. (RMDC) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2018, 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.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of RMDC as of June 30, 2018, 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.

Other Matters

Schedule of Expenditures of Federal Awards and 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. The supplementary information presented on pages 46 through 55 is also 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 consolidated 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 information 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 November 29, 2018, on our consideration of RMDC'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 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 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 RMDC's internal control over financial reporting and compliance.

Anderson ZurMuehlen & Co., P.C.

Helena, Montana
November 29, 2018

CONSOLIDATED FINANCIAL STATEMENTS

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents, operations	$ 785,277
Cash and cash equivalents, custodial	101,390
Accounts receivable	113,172
Related party receivables	26,785
Grants receivable	628,121
Current portion of notes and interest receivable	13,206
Prepaid deposits and expenses	86,447
Inventory	44,910
Total current assets	1,799,308
FIXED ASSETS	
Land	1,965,990
Land improvements, net	221,281
Leasehold improvements, net	88,428
Buildings, net	18,134,207
Equipment, net	281,711
Total fixed assets	20,691,617
OTHER ASSETS	
Investments in partnerships	1,000
Cash restricted for security deposits and reserves	876,194
Cash restricted for housing projects	448,469
Long-term related party receivable	7,128
Long-term notes and interest receivable	4,575,792
Long-term accounts receivable	5,692
Deferred costs, net	27,355
Total other assets	5,941,630
Total assets	$ 28,432,555

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

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	$ 516,456
Cash and cash equivalents held for others	101,390
Compensated absences	245,929
Refundable advances and deferred revenue	240,775
Current portion of long-term debt	84,444
Total current liabilities	1,188,994
LONG-TERM DEBT	
Notes and interest payable	1,891,370
Other liabilities	131,846
Total long term liabilities	2,023,216
Total liabilities	3,212,210
NET ASSETS	
Unrestricted net assets	
Unrestricted net assets and controlling interests in partnerships	14,302,903
Noncontrolling interests in partnerships	10,684,130
Total unrestricted net assets	24,987,033
Temporarily restricted net assets	233,312
Total net assets	25,220,345
Total liabilities and net assets	$ 28,432,555

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

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

CHANGE IN UNRESTRICTED NET ASSETS	
REVENUES, GAINS, AND OTHER SUPPORT	
Grants - federal	$ 6,038,121
Grants - other	1,130,067
County tax	420,733
Local support	52,999
Fundraising & donations	329,151
Program service	1,946,354
Other	170,282
In-kind	898,814
Total unrestricted revenues, gains, and other support	10,986,521
NET ASSETS RELEASED FROM RESTRICTIONS	
Satisfaction of restrictions	85,977
Total unrestricted revenues, gains and other support	11,072,498
EXPENSES	
Program	
Aging & Nutrition	2,141,358
Senior Volunteer	893,366
Housing - General	2,733,329
Other	273,454
Preschool/Childcare	4,134,713
Senior Activities	145,125
Transportation	31,665
Weatherization	970,944
Total program expenses	11,323,954
General and administrative	1,978,276
Recovery of indirect costs from programs	(860,581)
Recovery of other allocated costs from programs	(964,229)
	153,466
Fundraising	23,385
Total unrestricted expenses	11,500,805
Change in unrestricted net assets	(428,307)

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

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)
For the Year Ended June 30, 2018

CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	
Net assets released from restrictions	(85,977)
Change in temporarily restricted net assets	(85,977)
Change in net assets	(514,284)
Partnership distributions	(5,205)
Consolidated net assets, beginning of year	25,739,834
Consolidated net assets, end of year	$ 25,220,345

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

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018

	General and Administrative			Program Expenses				Program Expenses					Fundraising	
	Indirect Costs	Other Supporting Services	Total General and Administrative	Aging and Nutrition	Senior Volunteer	Housing	Other	Preschool Childcare	Senior Activities	Transportation	Weatherization	Total Program	Total Fundraising	Total
Advertising/recruitment	$ 326	$ 1,265	$ 1,591	$ 1,445	$ 7,580	$ 3,228	$ 877	$ 306	$ -	$ -	$ -	$ 13,436	$ 399	$ 15,426
Assistance payments	-	-	-	-	-	-	-	-	-	-	210,254	210,254	-	210,254
Communications	28,608	40,300	68,908	30,425	13,417	42,664	5,079	52,949	3,413	278	14,536	162,761	644	232,313
Consultant/contract	10,557	55,777	66,334	15,329	6,055	147,479	2,286	133,352	239	104	350,476	655,320	4,674	726,328
Equipment rent/maintenance	10,770	41,046	51,816	183	300	-	619	900	408	37	-	2,447	-	54,263
In-kind	-	-	-	914	26,010	-	-	860,800	-	-	-	887,724	2,405	890,129
Insurance	17,915	10,298	28,213	8,501	-	92,892	836	26,051	2,012	3,305	10,093	143,690	50	171,953
Legal fees	1,923	-	1,923	-	-	819	-	-	-	-	-	819	-	2,742
Materials, supplies, and minor equipment	23,805	30,612	54,417	30,513	499	45,561	8,840	67,399	1,108	322	7,889	162,131	839	217,387
Meal costs	-	176,540	176,540	435,419	-	167,077	10	221,496	3,000	-	-	827,002	20	1,003,562
Occupancy	36,920	180,528	217,448	49,207	14,614	411,648	24,065	212,188	62,391	-	25,932	800,045	1,025	1,018,518
Office supplies	7,025	1,506	8,531	5,207	3,214	7,255	192	5,404	-	-	2,999	24,271	104	32,906
Other	6,577	956	7,533	14,975	3,685	13,077	7,843	13,579	73	189	1,449	54,870	675	63,078
Pass-through grants	-	-	-	621,161	-	-	56,307	-	-	-	-	677,468	-	677,468
Photocopies/printing	4,697	40	4,737	2,722	6,220	1,699	4,205	9,062	4,816	82	731	29,537	1,982	36,256
Salaries and related expenses	709,043	403,318	1,112,361	753,189	232,923	785,608	129,061	2,119,268	45,506	34,289	236,663	4,336,507	7,845	5,456,713
Stipends	-	-	-	-	306,745	-	-	-	-	-	-	306,745	-	306,745
Travel/training	9,941	793	10,734	53,537	11,147	26,448	2,757	23,974	13,823	212	20,484	152,382	402	163,518
Vehicle maintenance/repair	-	2,237	2,237	15,321	-	-	83	1,076	-	13,696	1,557	31,733	-	33,970
Volunteer participant expense	-	-	-	-	166,454	-	-	-	-	-	-	166,454	-	166,454
Interest expense	-	19,388	19,388	-	-	70,820	-	7,647	-	-	-	78,467	-	97,855
Depreciation and amortization	5,028	24,574	29,602	-	-	843,057	10,231	48,177	628	9,201	6,558	917,852	-	947,454
Indirect costs allocated to programs	-	115,963	115,963	126,807	94,503	73,997	20,163	331,085	7,708	6,711	81,323	742,297	2,321	860,581
Recovery of indirect costs	(860,581)	-	(860,581)	-	-	-	-	-	-	-	-	-	-	(860,581)
Recovery of other allocated costs	-	(964,229)	(964,229)	(23,497)	-	-	-	-	-	(36,761)	-	(60,258)	-	(1,024,487)
	$ 12,554	$ 140,912	$ 153,466	$ 2,141,358	$ 893,366	$ 2,733,329	$ 273,454	$ 4,134,713	$ 145,125	$ 31,665	$ 970,944	$ 11,323,954	$ 23,385	$ 11,500,805

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (514,284)
Adjustments to reconcile the change in net assets to net cash flows from operating activities:	
Depreciation	940,562
Amortization	6,892
Gain on disposal of assets	(12,000)
Gain on sale of assets	(735)
Change in assets and liabilities:	
Decrease in current receivables	73,519
Decrease in grant receivables	31,611
Decrease in prepaid deposit and expenses	5,116
Decrease in inventory	4,448
Increase in long-term interest receivable	(93,765)
Decrease in accounts payable & accrued expenses	(23,123)
Decrease in compensated absences	(32,036)
Increase in refundable advances	64,636
Decrease in other liabilities	(30,000)
Net cash flows from operating activities	420,841
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(536,033)
Proceeds from the sale of property and equipment	12,735
Decrease in long-term related party receivables	(2,578)
Decrease in long-term accounts receivable	18
Principal payments received on long-term notes receivable	12,180
Paid-in capital received on partnership investments	(5,205)
Net cash flows from investing activities	(518,883)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from long-term debt	219,920
Principal payments on long-term debt	(49,675)
Net cash flows from financing activities	170,245
Net change in cash and cash equivalents	72,203
Cash and cash equivalents, beginning of year	2,139,127
Cash and cash equivalents, end of year	$ 2,211,330
SUPPLEMENTAL INFORMATION:	
Interest Paid	$ 83,442
CASH AND CASH EQUIVALENTS PER THE STATEMENT OF FINANCIAL POSITION:	
Cash and cash equivalents, operations	$ 785,277
Cash and cash equivalents, custodial	101,390
Cash restricted for security deposits and reserves	876,194
Cash restricted for housing projects	448,469
Total cash and cash equivalents, end of year	$ 2,211,330

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. (RMDC) 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. RMDC 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. RMDC 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.

RMDC provides centralized administration and support for approximately 19 community service programs funded by various federal, state and local government agencies. The programs of RMDC 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.

RMDC 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 RMDC, Rocky Mountain Front Properties, Inc. (RMFP), RMDC Eagle Rock, Inc. (ERI), Eagles Manor II Residences, L.P. (EM II), Eagles Manor III Residences, L.P. (EM III), Penkay Eagles Manor, Inc., Eagles Manor Project No. 2, Inc., Big Boulder Residences, L.P. (Big Boulder), River Rock Residences, L.P. (River Rock), and Ptarmigan Residence, L.P. (Ptarmigan). 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 RMDC, created in June 2004 by RMDC to own and operate an eight-unit affordable family housing complex located in Augusta, Montana. RMDC 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. The original facility (Penkay Eagles Manor) is comprised of 66 units and is owned and operated by Eagle Rock Residences Partnership (a related party as more fully described below). RMDC supported the renovation of this facility with funds obtained through its housing program. RMDC also redeveloped a portion of the pre-existing facility into 44 units located on the Eagles Manor campus, now owned and operated by EMII.

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

EM II was organized in December 2006 by RMDC 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 RMDC 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 RMDC in June 2006 to develop and operate affordable housing. The organization serves as the general partner for EM III and the sole member of RMDC Eagles Manor II, LLC, which is the general partner for EM II. RMDC holds the majority of Board of Directors positions.

Big Boulder
Big Boulder was organized in April 2009 by RMDC 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 RMDC is the limited partner.

River Rock
River Rock was organized in December 2010 by RMDC 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. RMDC 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 RMDC. RMDC Ptarmigan, Inc. is the general partner and RMDC is the limited partner.

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

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

Other Related Party Entities
RMDC 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 RMDC's consolidated financial statements. RMDC 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 Eagle Rock Residences Limited Partnership. Eagle Rock Residences Limited Partnership owns and operates Penkay Eagles Manor in Helena, Montana.

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

Cash and Cash Equivalents
Cash and cash equivalents consists of both operations and custodial accounts. RMDC maintains pooled petty cash and deposit accounts that are used by all programs during the normal course of operations. RMDC is also the custodian of cash for several groups/councils. See Note 2 for disclosure of RMDC'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.

RMDC 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. RMDC's main operating account has unlimited coverage through a repurchase agreement, under which all deposits are fully collateralized. At June 30, 2018, the uninsured cash balance was $18,910.

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

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 RMDC 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.

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

Grants Receivable
Grants receivable consist of amounts due from federal, state, and local government agencies for goods or services provided by RMDC 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
RMDC 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 4. The amount reported as current portion of notes and interest receivable represents the estimated loan principal and interest payments that RMDC will receive within one year of June 30, 2018. The remaining balances are due for various terms, as more fully disclosed in Note 4.

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, 2018.

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

Fixed Assets
RMDC 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 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
RMDC'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 reserve accounts are included in cash equivalents.

As a Community Housing Development Organization (CHDO), RMDC 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 RMDC'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
Construction in progress represents costs incurred for new construction and improvement projects for RMDC and its consolidated entities. There was no construction in progress at June 30, 2018.

Deferred Costs
Deferred costs include financing charges and fees paid by EM II, EM III, Big Boulder, River Rock and Ptarmigan. They are reported net of accumulated amortization in the accompanying consolidated statement of financial position. See Note 6.

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

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

In-Kind Contributions

Services or goods donated to RMDC 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.

Indirect Costs and Other Supporting Services

Indirect costs that benefit all RMDC programs are allocated to each program using an approved indirect cost rate. Although the provisional approved rate for RMDC is 13.2% for fiscal year 2018, the effective rate applied during fiscal year 2018 is 12.8%.

RMDC maintains separate internal service funds, including kitchen, buildings, copier and network, for activities that benefit associated 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.

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 RMDC’s guaranty agreements and responsibilities as the organization responsible for managing a number of low-income housing properties in RMDC’s service area. The above noted obligations and commitments are more fully described in Note 13. Management has calculated its estimated liability as required by GAAP and has determined it to be immaterial at June 30, 2018.

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.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires or is met through expenditure or lapse of time, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions restricted for the purchase of depreciable assets are released from restriction when the asset is acquired. Permanently restricted contributions are held for the specified purpose in perpetuity. No permanently restricted net assets existed at June 30, 2018.

Contributions are classified as unrestricted support if the donor restrictions are satisfied in the same year the contributions are received.

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, and River Rock, including capital contributions required by the respective partnership agreements, is presented as noncontrolling interests, a component of consolidated unrestricted net assets.

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 unrestricted net assets as this entity is directly controlled by RMDC.

The interest in partnership equity held by the general partner of Ptarmigan is presented as noncontrolling interest. The limited partner interest is held by RMDC at June 30, 2018, and as such is presented as controlling interest.

Advertising and Recruitment Costs
Recruitment, advertising, and promotional costs are expensed as incurred. For the year ended June 30, 2018, recruitment, advertising, and promotional costs totaled $15,426.

Tax Status
RMDC 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 RMDC Eagle Rock, Inc., Penkay Eagles Manor, Inc., and Eagle Manor Project No. 2, Inc.

Rocky Mountain Front Properties, Inc. is subject to federal and state income tax as a C-Corporation. EM II, EM III, Big Boulder, River Rock, and Ptarmigan 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. CUSTODIAN OF CASH

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

NOTE 2. CUSTODIAN OF CASH (CONTINUED)

Amounts held on behalf of these groups at June 30, 2018, are as follows:

Head Start Parent Fund	$ 19,454
Friends of Head Start	71,615
Senior Bingo Fund	1,771
Employee Social Fund	3,960
Helena Senior Advisory Council	4,590
	$ 101,390

NOTE 3. RELATED PARTIES

Related Party Receivables

Related party receivables represent balances due from entities affiliated with RMDC, other than notes receivable as disclosed in Note 4. These arise from expenses paid on behalf of the entities by RMDC, as well as amounts due to RMDC 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 on the following page summarizes balances receivable from these external related parties and those which have been eliminated within the consolidated entity.

	Stand Alone June 30, 2018	Consolidating Eliminations	Consolidated June 30, 2018
Current related party receivables			
RMDC			
Eagle Rock Residence LP	$ 14,329	$ -	$ 14,329
Eagle Manor II Residences LP	6,449	(6,449)	-
Eagle Manor III Residences LP	5,201	(5,201)	-
Ptarmigan Residence LP	5,307	(5,307)	-
Pheasant Glen LP	4,119	-	4,119
Big Boulder Residences LP	13,434	(13,434)	-
Rocky Mountain Front Properties Inc.	15,003	(15,003)	-
Townsend Housing Inc.	3,462	-	3,462
River Rock Residences LP	3,936	(3,936)	-
Total RMDC	71,240	(49,330)	21,910
RMDC EAGLE ROCK INC.	16,013	(11,378)	4,635
PTARMIGAN RESIDENCE LP	1,464	(1,224)	240
Total	$ 88,717	$ (61,932)	$ 26,785
Long-term related party receivables			
RMDC			
Eagle Manor Project No. 2 Inc.	$ 23,366	$ (23,366)	$ -
RMDC Ptarmigan Inc.	7,128	-	7,128
Total	$ 30,494	$ (23,366)	$ 7,128

NOTE 3. RELATED PARTIES (CONTINUED)

Related Party Transactions
RMDC 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.

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

	RMDC	ERI	Consolidating Eliminations	Total
RMDC Ptarmigan Inc.	$ 743	$ -	$ -	$ 743
Eagle Rock Residence LP	135,413	47,796	-	183,209
Pheasant Glen LP	50,457	15,193	-	65,650
Townsend Housing Inc.	19,998	560	-	20,558
Rocky Mountain Front Properties Inc.	13,691	-	(13,691)	-
RMDC Eagle Rock Inc.	13,056	-	(13,056)	-
Eagle Manor II Residences LP	74,654	36,680	(111,334)	-
Eagle Manor III Residences LP	49,301	18,869	(68,170)	-
Penkay Eagle Manor Inc.	548	-	(548)	-
Eagle Manor Project No. 2 Inc.	550	-	(550)	-
Big Boulder Residences LP	87,858	415	(88,273)	-
River Rock Residences LP	49,026	14,611	(63,637)	-
Ptarmigan Residence LP	36,051	15,014	(51,065)	-
RMDC (Townsend Homestead Manor)	-	486	(486)	-
	$ 531,346	$ 149,624	$ (410,810)	$ 270,160

NOTE 4. LONG-TERM NOTES AND INTEREST RECEIVABLE

Long-term notes and interest receivable consist of the following at June 30, 2018:

	Note Principal June 30, 2018	Note Interest June 30, 2018	Total Stand Alone June 30, 2018	Consolidating Eliminations	Consolidated June 30, 2018
RMDC					
Roadrunner Residence (FHLB)	$ 55,000	$ 10,587	$ 65,587	$ -	$ 65,587
Roadrunner Residence (HOME)	149,124	-	149,124	-	149,124
Pheasant Glen LP (CDBG)	506,157	169,491	675,648	-	675,648
Pheasant Glen LP (HOME)	411,856	261,625	673,481	-	673,481
Eagle Rock Residence LP (CDBG)	480,000	73,216	553,216	-	553,216
Eagle Rock Residence LP (HUD)	299,896	164,889	464,785	-	464,785
Eagle Rock Residence LP (HOME)	512,843	292,449	805,292	-	805,292
Eagle Rock Residence LP (FHLB)	650,000	-	650,000	-	650,000
Eagle Rock Residence LP (HUD II)	346,500	192,159	538,659	-	538,659
Ptarmigan Residence LP (Operating Deficit)	3,805	377	4,182	(4,182)	-
Ptarmigan Residence LP (CDBG)	310,000	52,700	362,700	(362,700)	-
Ptarmigan Residence LP (HOME)	364,175	41,946	406,121	(406,121)	-
RMDC Eagle Rock Inc. (Operating loan)	175,973	-	175,973	(175,973)	-
Eagle Manor II Residences LP (HOME)	500,000	-	500,000	(500,000)	-
Eagle Manor II Residences LP (CDBG)	366,658	-	366,658	(366,658)	-
Eagle Manor III Residences LP (HOME)	516,461	201,937	718,398	(718,398)	-
Eagle Manor III Residences LP (HUD)	196,000	83,054	279,054	(279,054)	-
Eagle Manor III Residences LP (Developer	111,775	-	111,775	(111,775)	-
Big Boulder Residences LP (HOME)	420,999	18,901	439,900	(439,900)	-
Big Boulder Residences LP (HOME 2)	26,550	210	26,760	(26,760)	-
River Rock Residences LP (HOME)	742,530	124,922	867,452	(867,452)	-
River Rock Residences LP (CDBG)	287,720	2,958	290,678	(290,678)	-
	7,434,022	1,691,421	9,125,443	(4,549,651)	4,575,792
EAGLE MANOR PROJECT NO. 2 INC.	373,859	14,706	388,565	(388,565)	-
Total	$ 7,807,881	$ 1,706,127	$ 9,514,008	$ (4,938,216)	$ 4,575,792

Roadrunner Residence LP

On April 1, 1999, RMDC executed a promissory note loaning $55,000 to Roadrunner Residence LP for the purpose of constructing a low-income rental housing project. RMDC received the $55,000 as a subsidy from Federal Loan Home Bank (FHLB) (through U.S. Bank). Interest accrues at 1% per annum. The principal balance and accrued interest are due April 1, 2019. At June 30, 2018, the principal and accrued interest balance was $65,587. See Note 7 for disclosure on RMDC's note payable to FHLB related to this note receivable. Roadrunner Residence LP is investigating appropriate timing of loan forgiveness by RMDC and the write-off of this note payable on the Partnership's side.

On December 1, 1998 RMDC executed an agreement loaning $340,000 to Roadrunner Residence LP for the purpose of constructing a low-income rental housing project. RMDC 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, 2018, the principal balance was $161,985, of which $12,861 is current and $149,124 is classified as long-term in the consolidated statement of financial position.

NOTE 4. LONG-TERM NOTES AND INTEREST RECEIVABLE (CONTINUED)

Pheasant Glen LP

On August 15, 2003, RMDC executed amended loan agreements with Pheasant Glen Limited Partnership for permanent financing for construction of the Pheasant Glen low-income housing project. The loans were funded by two federal grants received by RMDC. The notes are secured by the related property and payment is contingent on sufficient available cash (as defined in the Pheasant Glen Partnership Agreement).

The CDBG note in the amount of $506,157 is payable in monthly installments of $800, including interest at 4.27% through September 1, 2019. The principal and accrued interest balance at June 30, 2018, was $675,648, including total payments received to date of $152,038. The HOME note in the amount of $411,856 is payable in monthly installments of $333, including interest at 4.27% through September 1, 2019. No payments have been received to date. The principal and accrued interest balance at June 30, 2018, was $673,481.

Eagle Rock Residence LP (Penkay)

Beginning in December 2003, RMDC loaned funds to Penkay to finance the acquisition and rehabilitation of Penkay Eagles Manor as provided for under provisions of the Limited Partnership Agreement. Funding for these loans was provided from grants secured by RMDC for the sole purpose of financially supporting the Penkay Eagles Manor project. The final terms of the loans are described in four agreements signed by both parties in February 2006 and one agreement signed by both parties in February 2007. The notes are secured by the related property and payment is contingent on sufficient available cash (as defined in the Eagle Rock Residence Fourth Amended and Restated Agreement of Limited Partnership).

Under the RMDC CDBG Construction Loan Agreement, RMDC loaned $480,000 to Penkay at 1.25% interest compounded annually. The principal and accrued interest on the loan is due in annual installments beginning December 31, 2006. No payments have been received to date. The entire remaining balance of principal and accrued interest is due and payable on February 22, 2041. The principal and accrued interest balance was $553,216 at June 30, 2018.

Under the RMDC HUD Construction Loan Agreement, RMDC loaned $299,896 to Penkay at 4.40% interest compounded annually. The principal and accrued interest on the loan is due in annual installments beginning December 31, 2006. No payments have been received to date. Any remaining balance of principal and accrued interest on October 28, 2041, is subject to renegotiation. The principal and accrued interest balance was $464,785 at June 30, 2018.

Under the RMDC HOME Construction Loan Agreement, RMDC loaned $512,843 to Penkay at 4.61% interest compounded annually. The principal and accrued interest on the loan is due in annual installments beginning December 31, 2006. No payments have been received to date. The entire remaining balance of principal and accrued interest is due and payable on February 16, 2041. The principal and accrued interest balance was $805,292 at June 30, 2018.

NOTE 4. LONG-TERM NOTES AND INTEREST RECEIVABLE (CONTINUED)

Eagle Rock Residence LP (Penkay) (Continued)
Under the RMDC FHLB of Seattle Construction Loan, RMDC loaned $650,000 to Penkay at 0% interest. The loan principal is due in annual installments beginning December 31, 2006. No payments have been received to date. The entire remaining loan balance is due and payable on November 22, 2040. The principal balance of the loan at June 30, 2018 was $650,000.

Under the RMDC HUD II Construction Loan, RMDC loaned $346,500 to Penkay at 4.86% interest compounded annually. The principal and accrued interest on the loan is due in annual installments beginning December 31, 2007. No payments have been received to date. The entire remaining balance of principal and accrued interest is due and payable on February 1, 2042. The principal and accrued interest balance was $538,659 at June 30, 2018.

Current Portion and Other Current Notes Receivable
As disclosed above, the current portion of the note receivable from Roadrunner Residence LP is $12,861. Accrued interest in the amount of $345 is also receivable on this note.

Consolidation Adjustments
RMDC has advanced funds to entities that are eliminated in consolidation. RMDC has advanced operating funds to ERI to support the entity's service to Helena area housing facilities. RMDC has also loaned grant funds (HOME, CDBG or HUD grants) or deferred developer fees obtained through RMDC's housing program to EM II, EM III, Big Boulder, River Rock, and Ptarmigan. 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 5. FIXED ASSETS

Depreciation expense for property and equipment totaled $940,562 and amortization expense is $6,892 which are included in depreciation and amortization expense in the accompanying consolidated statement of functional expenses for the fiscal year ended June 30, 2018.

The building consolidation adjustment of $3,087,398 reflects fees paid by EM II, EM III, Big Boulder and River Rock to RMDC and ERI for services provided in support of the building projects that were capitalized by these individual entities.

NOTE 5. FIXED ASSETS (CONTINUED)

In November 2006, the City of Helena donated land with a value of $43,625 to be used as the site of the Jan Shaw Youth Home. The title to the property will revert to the City of Helena if the property ceases to be used as a youth home.

Land	$ 1,965,990
Land improvements	$ 316,984
Less: Accumulated depreciation	(95,703)
Land improvements, net	$ 221,281
Leasehold improvements	$ 258,158
Less: Accumulated depreciation	(169,730)
Leasehold improvements, net	$ 88,428
Buildings	$ 27,886,754
Less: Consolidation adjustment	(3,087,398)
Less: Accumulated depreciation	(6,665,148)
Buildings, net	$ 18,134,208
Equipment and vehicles	$ 1,830,919
Less: Accumulated depreciation	(1,549,208)
Equipment, net	$ 281,711
Total Fixed Assets	$ 20,691,618

NOTE 6. DEFERRED COSTS

Amortization expense for deferred financing costs and fees paid by the housing entities has been included in depreciation and amortization expense in the accompanying consolidated statement of functional expenses and totaled $6,892 for the fiscal year ended June 30, 2018. The components of deferred costs at June 30, 2018 were as follows:

	Gross Costs June 30, 2018	Accumulated Amortization June 30, 2018	Net June 30, 2018
EMII	$ 49,384	$ 45,503	$ 3,881
EMIII	22,838	19,792	3,046
Big Boulder	7,460	4,595	2,865
River Rock	27,731	10,168	17,563
			$ 27,355

NOTE 6. DEFERRED COSTS (CONTINUED)

Expected amortization expense for each of the next five fiscal years and thereafter subsequent to June 30, 2018 is as follows:

2019	$ 6,857
2020	5,260
2021	2,595
2022	2,476
2023	1,849
Thereafter	8,319
	$ 27,355

NOTE 7. 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:

	June 30, 2018	
Notes and Interest Payable		
RMDC		
4.25% (variable interest rate - see description below) Note Payable to First Interstate Bank (Jackson Street Building), due July 28, 2035.	$ 446,788	Payable in monthly installments of $3,073, including interest.
4.89% Note Payable to Valley Bank of Helena (Head Start Helena Valley Center), due October 11, 2037.	215,514	Payable in monthly installments of $1,438.05, including interest.
4.25% Note Payable to USDA (Townsend Homestead Manor), due October 1, 2040.	241,251	Payable in monthly installments of $1,024, including interest, of which $485 is subsidized by
	903,553	
RMFP		
6.0% Note Payable to USDA (Elk Creek Lodge), due November 1, 2034.	46,801	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.	119,976	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
5.375% Note Payable to USDA (Elk Creek Lodge), due December 1, 2035.	30,444	Payable in monthly installments of $224, including interest, of which $95 is subsidized by USDA.
EM II		
6.0% Note Payable to First Interstate Bank (EM II Facility), due March 10, 2040.	100,731	Payable in monthly installments of $694, including interest.

NOTE 7. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

EM III		
6.0% Note Payable to First Interstate Bank (EM III Facility), due June 10, 2039.	386,174	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.	231,747	Payable in monthly installments of $1,505, including interest.
Ptarmigan		
4.12% Note Payable to Valley bank, due December 1, 2031.	126,388	Payable in monthly installments of $1,019, including interest.
	1,945,814	
Other Long-Term Debt:		
RMDC		
Non-Interest-Bearing Health Insurance debt to L&C County, due Fiscal Year 2024.	161,846	Payable in annual installments of approximately $30,000.
	161,846	
Total notes and interest payable	2,107,660	
Current maturities	(84,444)	
Total notes and interest payable, net	$ 2,023,216	

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, 2018 are as follows:

	Principal
2019	$ 84,444
2020	86,922
2021	90,016
2022	93,026
2023	96,228
Thereafter	1,657,024
	$ 2,107,660

Notes and Interest Payable

RMDC

In 1998, RMDC signed an agreement with the Federal Home Loan Bank (FHLB) whereby the FHLB agreed to provide a $55,000 subsidy to the Roadrunner low-income housing project. The agreement stipulated any repayments of principal and payments of interest received by RMDC must be paid forthwith to the FHLB. On April 1, 1999 RMDC loaned these funds to the Roadrunner Residence Limited Partnership, thereby also creating a debt from RMDC to the FHLB. The agreement was unsecured. In September 2017, RMDC received confirmation that the RMDC debt to FHLB for principal and accrued interest was forgiven. The debt was written off and there is no balance due at June 30, 2018. See Note 4 for disclosure on the continuing note receivable from Roadrunner.

NOTE 7. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Notes and Interest Payable (Continued)

RMDC (Continued)

On July 28, 2010, RMDC signed a $550,000 note payable to First Interstate Bank to finance the purchase of a building located at 631 N Last Chance Gulch in Helena (Jackson Street Building). The building, formerly leased, was purchased for use by the Drop In Center and RMDC's programs. The note bears interest at a rate based on the Wall Street Journal prime rate plus 1%. The current rate is set at 4.25% and is adjustable every five years. The note is secured by the related property.

On October 11, 2017, RMDC 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 celiing 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.

On October 1, 2010, RMDC acquired Townsend Homestead Manor, a 10 unit, low-income facility in Townsend, Montana. RMDC 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 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 is secured by the related property.

NOTE 7. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Notes and Interest Payable (Continued)

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.

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.

Other Long-Term Debt Obligations

RMDC
During the fiscal year 2012, RMDC entered into an agreement with Lewis & Clark County regarding unpaid insurance premiums of $459,532. RMDC plans to pay off the remainder of the balance of $161,846 in annual installments of approximately $30,000 over a 6-year period.

As described in Note 4, RMDC has advanced grant funds, developer fees earned on housing projects and additional operational support to ERI., EM II, EM III, River Rock, Big Boulder and Ptarmigan 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 8. LEASES

Operating Leases
RMDC has entered into a number of facility lease agreements. These leases provide space for Head Start classrooms, senior centers, RMDC administrative offices, and other programs. RMDC has also entered into two copier machine leases. 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 $86,150 for the fiscal year ended June 30, 2018.

NOTE 8. LEASES (CONTINUED)

Operating Leases (Continued)

Some of the operating leases are noncancelable with various expiration dates through 2018. RMDC has the right to terminate these lease agreements due to the lack of funding or in response to a default by the lessor. Future minimum rental payments for leases with initial or remaining noncancelable lease terms in excess of one year are as follows:

2019	$ 29,381
2020	3,352
2021	3,352
2022	3,073
	$ 39,157

NOTE 9. TEMPORARILY RESTRICTED NET ASSETS

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

Purpose restrictions accomplished:	
Senior services	$ 81,231
Spirit of Service program	3,746
Other	1,000
	$ 85,977

At June 30, 2018, temporarily restricted net assets were available for the following programs:

Purpose restrictions:	
Senior services	$ 210,045
Spirit of Service program	22,116
Other	1,151
	$ 233,312

NOTE 10. NONCONTROLLING INTERESTS IN PARTNERSHIP EQUITY

As described in Note 1, the interests in partnership equity held by the limited partners of EMII, EMIII, and River Rock is presented as a noncontrolling interest which is a component of consolidated unrestricted net assets:

	Controlling	Noncontrolling	Total
EMII	$ (163)	$ 3,471,068	$ 3,470,905
EMIII	(63)	3,153,700	3,153,637
Big Boulder	5,658,547	-	5,658,547
River Rock	(2,928)	4,059,462	4,056,534
Ptarmigan	(16,427)	(100)	(16,527)
	$ 5,638,966	$ 10,684,130	$ 16,323,096

The noncontrolling interest in EM II, EM III, and River Rock 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 RMDC, thus is included in the balance reported for controlling interests. RMDC is the 99.99% limited partner of Ptarmigan 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 RMDC.

NOTE 11. NON-MONETARY TRANSACTIONS

In-Kind Contributions

In-kind contributions in the accompanying financial statements represent the fair value (as determined by RMDC) 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	$ 759,385
Supplies and training materials	10,821
Space	92,499
Meals	16,241
Volunteer recognition	150
Physical examinations	9,619
Board expenses	914
Advertising/recruitment	500
Equipment	8,685
Total in-kind contributions	$ 898,814

NOTE 11. NON-MONETARY TRANSACTIONS (CONTINUED)

In-Kind Contributions (Continued)

In-kind contributions include $8,685 for a vehicle donated to the Weatherization Program during fiscal year ended June 30, 2018. This vehicle was capitalized in accordance with U.S. GAAP. All in-kind contributions were expensed in accordance with GAAP for the fiscal year ended June 30, 2018.

In-kind contributions were received for the following programs:

Head Start	$ 860,800
Senior Companion Program	11,231
Foster Grandparent Program	14,779
Area IV Agency on Aging	914
Fundraising	2,405
Weatherization	8,685
Total in-kind contributions	$ 898,814

In addition to the contributions reported in the tables above, the Head Start program received services valued at $21,689 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.

NOTE 12. EMPLOYEE BENEFITS

Retirement Benefits

RMDC and ERI have a defined contribution profit sharing retirement plan based on a fiscal year managed by a third party administrator. ERI employees were added to the plan effective July 1, 2017. An employee must be at least 21 years of age and complete 12 months of service to be eligible to participate in the plan. Head Start employees subject to a collective bargaining agreement participate in the RMDC plan as specified by the agreement.

The employer’s contribution to the plan is discretionary. Preliminary and effective contribution rates are approved by the Board. The effective contribution rates on employees' compensation were calculated for fiscal year 2018 based on the actual amount contributed to the plan by RMDC and ERI and total eligible employees compensation for the fiscal year. Total RMDC and ERI contributions to the plan during fiscal year 2018 were allocated to the individual participants' accounts based on their eligible compensation during fiscal year 2018 multiplied by the effective contribution rate. The preliminary contribution rate on employees' compensation for fiscal year 2018 was set at 3.0% and the effective contribution rate on eligible employees’ compensation for the fiscal year ended June 30, 2018 was 3.057%. The preliminary approved contribution rate for fiscal year 2019 remains at 3.0%. Retirement plan expense was $96,704 for RMDC and $6,317 for ERI for fiscal year 2018.

NOTE 12. EMPLOYEE BENEFITS (CONTINUED)

Retirement Benefits (Continued)
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
RMDC 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. RMDC and ERI have a claims-based funding plan in which employees' flexible spending contributions are held in a designated RMDC bank account. This account is debited each time a claim is paid. This account maintains a $5,000 minimum balance to cover any deficits the plan may incur. RMDC and ERI use forfeitures to offset expenses related to the administration of the plan.

NOTE 13. COMMITMENTS AND CONTINGENCIES

RMDC has loaned HOME grant funds to other organizations to support the development of low-income housing. Repayment received by RMDC on these loans represents CHDO proceeds. These CHDO proceeds must be used for HOME eligible activities that support housing for low-income persons. RMDC held $154,565 of CHDO proceeds as of June 30, 2018.

Housing Commitments
RMDC has developed several housing projects, and entities to operate the facilities, utilizing federal grants and tax credits that subject the entities and RMDC 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 RMDC 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, RMDC 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:

NOTE 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Roadrunner Low-Income Housing Project (Continued)

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 termination of the partnership is expected to occur at the end of 2019, although the fifteen-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, RMDC executed a guaranty agreement for Ptarmigan. The agreement provides that RMDC 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, Countryside Corporate Tax Credits VIII, LP. December 31, 2015 marked the end of Ptarmigan's fifteen-year tax compliance period. On March 31, 2016, Countryside Corporate Tax Credits VIII, LP assigned its 99.99% limited partner interest to RMDC. At June 30, 2018, RMDC is the 99.99% limited partner and RMDC Ptarmigan, Inc. is the .01% general partner. Although RMDC is still obligated under the guaranty agreement, the general partner continues to be responsible for administrative and financial matters related to the partnership.

Pheasant Glen

On December 1, 2002, RMDC executed a guaranty agreement for Pheasant Glen. The agreement provides that RMDC 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, including MMA Financial Institution Tax Credits XXIV and Michael Properties SLP.

NOTE 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Pheasant Glen (Continued)
The significant obligations under these agreements are summarized as follows:

The general partner is obligated to repurchase the interest of the limited partner for a purchase price equal to the sum of the total capital contributions made by the limited partners, plus any interest or penalties assessed by the IRS as a result of any recapture of tax credits, less cash distributions paid to the limited partners and an amount equal to 78.0095% of the amount of any tax credits previously allocated to the limited partner which are not subject to recapture, 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 housing complex fails to retain an allocation of low-income housing credits or fails to meet the requirements for a qualified low-income housing project; or,
- at any time construction or operation of the complex is enjoined by a final order of a court having jurisdiction and such injunction continues for a period of thirty days; or,
- a casualty occurs resulting in substantial destruction of more than 50% of the complex, or there is substantial destruction of less than 50% of the complex and the insurance proceeds are insufficient to restore the complex or the complex is not restored within 24 months following such casualty.

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), MMA Financial Institutional Tax Credits XXIV, LP will assign their 99.99% limited partner interest to RMDC for the estimated purchase price of $158,000.

Penkay
On February 24, 2006, RMDC executed a guaranty agreement for Penkay. The agreement provides that RMDC 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 applies to Penkay, its limited partners and successors, including Homestead Equity Fund VI, LP and Homestead SLP, LLC.

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.

NOTE 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Penkay (Continued)
In the event a repurchase occurs, the limited partners must transfer their partnership interest to the general partner. As of June 30, 2018 the partnership interest of the limited partner was $431,069. At June 30, 2018, the book value of the partnership's capital assets totaled approximately $2.97 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'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 Penkay's mortgage and replacement reserve requirements. The mortgage balance was $271,240 at June 30, 2018. Beginning January 2007, the general partner, or RMDC 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, 2018, the Operating Deficit Reserve Account balance was $110,448. The funds in this account can be used with the general and limited partners' 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 RMDC as the limited partner by Homestead Equity Fund VI, LP, and Homestead SLP, LLC on June 30, 2007.

NOTE 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

EM III (Continued)
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, 2018, the partnership interest of the limited partner was $3,153,700.

  At June 30, 2018, the book value of the partnership's capital assets totaled approximately $4.5 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 RMDC 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 RMDC, 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, 2018, the partnership interest of the limited partner was $3,471,068. As of June 30, 2018, the book value of the partnership's capital assets totaled approximately $4.6 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.

NOTE 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

EM II (Continued)
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, RMDC executed a guaranty agreement for River Rock. The agreement provides that RMDC 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.

RMDC and Affiliates
RMDC 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 RMDC or its consolidated related parties' financial position.

NOTE 14. 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 RMDC that are outstanding at June 30, 2018:

Program/Contract	Grant/Contract Period Ends	Amount
Head Start	April 30, 2019	$ 1,977,041
Montana Preschool Development Grant (OPI)	August 31, 2018	25,356
Community Services Block Grant	August 31, 2018	31,353
Community Services Block Grant	August 31, 2019	222,642
Community Service Block Grant - Special Project	September 30, 2018	1,973
Commodities Supplemental Food	September 30, 2018	10,928
Missoula Aging Services (SMP)	May 31, 2019	10,000
Northwestern Energy Weatherization	December 3, 2018	177,058
LIEAP Administration	October 15, 2019	20,181
LIEAP Outreach	October 15, 2018	1,987
LIEAP Outreach	October 15, 2019	38,254
LIEAP Client Ed	October 15, 2019	11,813
Emergency Solutions Grant	August 31, 2018	2,000
Total conditional promises to give		$ 2,528,586

NOTE 15. RECOVERY OF GENERAL AND ADMINISTRATIVE EXPENSES

As described in Note 1, RMDC 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, 2018:

General and administrative expenses	
Indirect cost pool	$ 873,135
Supporting services	1,105,141
Total general and administrative expenses	1,978,276
Less:	
Indirect costs recovered at approved provisional rate (12.8%)	(860,581)
Supporting services expenses recovered from programs	(964,229)
Net unrecovered general and administrative expenses	$ 153,466

NOTE 16. LINE OF CREDIT

RMDC has a $300,000 unsecured revolving line of credit at Valley Bank of Helena (Valley Bank) available through February 3, 2018. The line of credit is designated to fund RMDC's cash needs due to timing differences between program expenditures and their reimbursements. Amounts borrowed under the line of credit bear interest at a rate based on the Wall Street Journal prime rate plus an additional 0.50 percentage points with a rate floor of 5.5% and a rate ceiling of 9.0%, adjustable quarterly. There is no outstanding balance at June 30, 2018.

NOTE 17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 29, 2018, the date which the consolidated financial statements were available for issue.

On November 19, 2018, the Montana Board of Housing awarded housing tax credits to RMDC and GL Development, LLC, as co-developers, to build a new 85 unit affordable housing project called Red Alder Apartments. The apartments will be located at 2200 Henderson, Helena Montana. The project will leverage the limited 9% tax credit resource by utilizing tax exempt bonds, the 4% credit, HOME funds, HTF Funds, and soft loans from RMDC. The status of HOME and HTF funding is pending. The complex will consist of 42 one-bedroom units, 31 two-bedroom units, and 12 three-bedroom units. The following partnerships and limited liability companies were formed in August 2018 to provide ownership for the Red Alder Apartments project.

Red Alder Residences 4% LLLP will be the owner of 48 of the units. Red Alder 4% LLC is wholly owned by Penkay Eagles Manor, Inc. and is the general partner. RMDC serves as the limited partner until the investor limited partner is selected.

Red Alder Residences 9% LLLP will be the owner of 37 of the units. Red Alder 9% LLC is wholly owned by Penkay Eagles Manor, Inc. and is the general partner. RMDC serves as the limited partner until the investor limited partner is selected.

SINGLE AUDIT SECTION

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Passed Through to Subrecipients	Expenditures
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Programs				
Foster Grandparent/Senior Companion Cluster:				
Foster Grandparents	94.011	15SFPMT004	$ -	$ 323,168
Senior Companion	94.016	15SCPMT002	-	354,758
Total FosterGrandparent/Senior Companion Cluster			-	677,926
Retired Senior Volunteer	94.002	15SRPMT007	-	41,413
Total Corporation for National and Community Service			-	719,339
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs				
Head Start Cluster:				
Head Start	93.600	08CH103504	-	2,087,569
		08CH103505	-	292,012
Total Head Start Cluster, Health and Human Services			-	2,379,581
Passed through State Department of Public Health and Human Services				
Community Services Block Grant Cluster:				
Community Services Block Grant	93.569	16-028-10006-0	-	28,201
		17-028-10006-0	-	189,156
		18-028-10006-0	-	4,196
		Special Project	-	1,338
Total Community Services Block Grant Cluster			-	222,891
Low-Income Home Energy	93.568	17-028-11006-0	-	26,379
		18-028-11006-0	-	278,387
		17-028-16006-0	-	44,650
		18-028-16006-0	-	160,276
		17-028-15056-0	-	27,282
		17-028-14020-0	-	11,695
		18-028-14020-0	-	31,277
Subtotal Low-Income Home Energy			-	579,946
Special Programs for the Aging				
Aging Cluster:				
Title III - Supportive Services and Senior Centers	93.044	17221101000004	52,154	171,032
Title III - Nutrition Services	93.045	17221101000004	166,650	373,560
Nutrition Services Incentive Program	93.053	17221101000004	58,168	162,446
Nutrition Services Incentive Program Noncash Commodities	93.053	17221101000004	-	26,524
Total Aging Cluster			276,972	733,562
Title VII - Long Term Care Ombudsman Services for Older Individuals	93.042	17221101000004	-	12,444
Title III - Disease Prevention and Health Promotion Services	93.043	17221101000004	-	11,289
National Family Caregiver Support	93.052	17221101000004	23,347	77,975
Title IV and Title II Discretionary Projects - FFP	93.048	17221101000004	-	1,252
Montana Senior Medicare Patrol (SMP) Project	93.048	Agreement	-	11,419
Medicare Enrollment Assistance Program	93.071	17221101000004	-	16,851
State Health Insurance Assistance Program	93.324	17221101000004	1,000	68,902
Total Aging Programs			301,319	933,694
Total Passed through State Department of Public Health and Human Services			301,319	1,736,531
Total U.S. Department of Health and Human Services			301,319	4,116,112

See Notes to the Schedule of Expenditures of Federal Awards.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	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	-	150,739
Child and Adult Care Food Program		12-02-CACFP-151	-	13,751
			-	164,490
Commodity Supplemental Food Program	10.565	17-027-21007-0	-	11,119
		18-027-21007-0	-	23,041
			-	34,160
Rural Rental Housing Loans	10.415	Agreement	-	30,184
Total U.S Department of Agriculture			-	228,834
U.S. DEPARTMENT OF ENERGY				
Passed through State Department of Public Health and Human Services				
Weatherization Assistance for Low-Income Persons	81.042	17-028-30026-0	-	76,767
Total U.S. Department of Energy			-	76,767
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through State Department of Commerce				
First Time Home Buyers	14.169	Agreement	-	62,771
Subtotal DOC Pass Through			-	62,771
Passed through State Department of Public Health and Human Services				
Emergency Shelter Grant Program	14.231	17-028-51006-0	56,307	56,307
Total U.S. Department of Housing and Urban Development			56,307	119,078
U.S. DEPARTMENT OF EDUCATION				
Passed through State Office of Public Instruction				
Montana Preschool Development Grant	84.419	025-6579-1617	-	106,995
		025-6579-1618	-	216,045
Total U.S. Department of Education			-	323,040
Total expenditures of federal awards			$ 357,626	$ 5,583,170

See Notes to the Schedule of Expenditures of Federal Awards.

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of RMDC 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 RMDC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of RMDC.

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 RMDC 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	$ 5,583,170
Plus:	
Rent subsidy received by RMFP from Rural Development	42,773
Interest subsidy received by RMFP from Rural Development	8,034
Rent subsidy received by EMII from HUD	133,620
Rent subsidy received by EMIII from HUD	68,812
Rent subsidy received by Big Boulder from HUD	130,059
Rent subsidy received by River Rock from HUD	36,358
Rent subsidy received by Ptarmigan from HUD	35,295
Total federal grant revenue	$ 6,038,121

NOTE 4. HOME CHDO PROCEEDS

RMDC has loaned HOME grant funds to other organizations to support the development of low-income housing. Repayment received by RMDC on these loans represent CHDO proceeds. These CHDO proceeds must be used for HOME eligible activities that support housing for low-income persons. RMDC had available CHDO proceeds of $188,347 of which $33,781 was disbursed for HOME eligible activities leaving $154,566 available at June 30, 2018.

NOTE 5. INDIRECT COST RATE

RMDC has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. RMDC received an approved provisional rate of 13.2% from its federal cognizant agency, the Department of Health and Human Services. The effective rate applied during fiscal year 2018 is 12.8%.

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

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. (RMDC), which comprise the consolidated statement of financial position as of June 30, 2018, 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 November 29, 2018.

Internal Control over Financial Reporting
In planning and performing our audit of the consolidated financial statements, we considered RMDC's internal control over financial reporting (internal control) to determine the 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 RMDC's internal control. Accordingly, we do not express an opinion on the effectiveness of RMDC'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 consolidated 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 may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether RMDC'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 determination of financial statement amounts. 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 RMDC'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 RMDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson ZurMuehlen & Co., P.C.

Helena, Montana
November 29, 2018

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR 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 the Major Federal Program
We have audited Rocky Mountain Development Council, Inc.'s (RMDC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on RMDC's major federal program for the year ended June 30, 2018. RMDC's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for RMDC's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about RMDC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of RMDC's compliance.

Opinion on Major Federal Program
In our opinion, RMDC 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 program for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of RMDC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered RMDC's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of RMDC's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Anderson ZurMuehlen & Co., P.C.

Helena, Montana
November 29, 2018

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 Program or Cluster	CFDA Number
Headstart	93.600

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

Year Ended June 30, 2018

No prior year findings reported.

SUPPLEMENTARY INFORMATION

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

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:

The Corporation 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 parents in the areas of health, nutrition, disabilities, mental health, and transportation. The goal is to help children succeed in education by supporting growth and developmental needs while engaging the parents 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.

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 RMDC. 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 victims of 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.

RMDC 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 CDBG and the HOME Investments Partnerships Programs.

OFFICE OF PUBLIC INSTRUCTION:

The Montana Preschool Development grant is designed to create a federal-state partnership that ensures universal access to voluntary, high-quality preschool for all 4-year-olds from low- and moderate-income families, with incentives for states to provide high-quality preschool for these children.

COUNTY FUNDING – Other Programs:

RMDC 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:

RMDC 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.

RMDC receives funding from the United Way of Beaverhead County for the Senior Companion Program.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF INDIRECT COST RECONCILIATION
June 30, 2018

Total expenditures for operations:	
Program services	$ 11,323,954
General and administrative	1,978,276
Recovery of indirect costs - general and administrative	(860,581)
Recovery of other allocated costs - general and administrative	(964,229)
Fundraising	23,385
Total expenditures for operations	11,500,805
Less:	
Indirect costs, net of exclusions	(804,659)
Exclusions:	
Commodities	(26,524)
Depreciation	(123,952)
In-kind	(890,129)
Pass-through	(677,468)
Consolidated properties' expenses, net of eliminations	(2,036,498)
Assistance payments	(210,603)
Loss on sale of asset	-
Bad debt	(7,683)
Indirect cost base expenditures	6,723,289
Indirect cost rate	12.80%
Total indirect cost charges	$ 860,581
Allocated indirect costs by program:	
Aging & Nutrition	$ 126,807
Senior Volunteer	94,503
Housing - General	73,997
Other	20,163
Preschool/Childcare	331,085
Senior Activities	7,708
Transportation	6,711
Weatherization	81,323
General and administrative	115,963
Fundraising	2,321
Total indirect cost charges to programs	$ 860,581

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF TRANSFERS
June 30, 2018

County Mill Fund Transfers

Sources:	
Carried Forward from Fiscal Year 2017	$ 287,501
Lewis and Clark County	313,194
Jefferson County	55,451
Broadwater County	29,181
Total County Mill Funds Received	$ 685,327
Program Recipients:	
Congregate Meals	$ 72,615
Home Delivered Meals	156,179
Area IV on Aging	9,589
Senior Companion Program	44,832
Foster Grandparent Program	11,319
Retired Senior Volunteer Program	27,246
Augusta Senior Center	13,339
Senior Services & Transportation	142,018
Total County Mill Funds Transferred	477,138
Carry Forward to Fiscal Year 2019	208,189
Total County Mill Funds	$ 685,327

Community Service Block Grant Transfers

Program Recipients:	
Commodities	$ 4,793
Congregate Meals	414
Home Delivered Meals	7,733
Head Start	8,885
IDC	7,586
Senior Companion Program	28,260
Total Community Service Block Grant Transfers	$ 57,671

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2018

ASSETS	RMDC	RMFP	ERI	EMII	EMIII	Penkay Eagles Manor, Inc.
CURRENT ASSETS						
Cash and cash equivalents, operations	$ 467,198	$ 1,149	$ 129,771	$ 38,951	$ 12,327	$ 107,109
Cash and cash equivalents, custodial	101,390	-	-	-	-	-
Accounts receivable	68,560	6,785	1,798	730	147	-
Related party receivables	71,240	-	16,013	-	-	-
Grants receivable	628,121	-	-	-	-	-
Current portion of notes and interest receivable	13,206	-	-	-	-	-
Prepaid deposits and expenses	67,752	4,088	1,357	2,619	1,682	929
Inventory	40,363	-	4,547	-	-	-
Total current assets	1,457,830	12,022	153,486	42,300	14,156	108,038
FIXED ASSETS						
Land	322,068	22,495	-	147,742	198,317	-
Land improvements, net	24,244	-	-	36,843	15,528	-
Leasehold improvements, net	88,428	-	-	-	-	-
Buildings, net	1,857,262	103,060	-	4,403,337	4,298,003	-
Equipment, net	224,627	-	5,445	-	-	-
Total fixed assets	2,516,629	125,555	5,445	4,587,922	4,511,848	-
OTHER ASSETS						
Investments in partnerships	6,010	-	-	-	-	(229)
Cash restricted for security deposits and reserves	44,923	22,893	-	229,861	165,270	-
Cash restricted for housing projects	448,469	-	-	-	-	-
Long-term related party receivable	30,494	-	-	-	-	-
Long-term notes and interest receivable	9,125,443	-	-	-	-	-
Long-term accounts receivable	-	-	5,692	-	-	-
Deferred costs, net	-	-	-	3,881	3,046	-
Total other assets	9,655,339	22,893	5,692	233,742	168,316	(229)
Total assets	$ 13,629,798	$ 160,470	$ 164,623	$ 4,863,964	$ 4,694,320	$ 107,809
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	$ 431,093	$ 16,761	$ 23,125	$ 22,226	$ 33,601	$ -
Cash and cash equivalents held for others	101,390	-	-	-	-	-
Compensated absences	221,983	-	23,946	-	-	-
Refundable advances and deferred revenue	178,808	1,561	2,162	14,879	11,681	-
Current portion of long-term debt	57,267	3,749	-	2,392	9,496	-
Total current liabilities	990,541	22,071	49,233	39,497	54,778	-
LONG TERM DEBT						
Notes and interest payable	876,286	193,472	175,973	1,353,562	1,485,905	-
Other liabilities	131,846	-	-	-	-	-
Total long term liabilities	1,008,132	193,472	175,973	1,353,562	1,485,905	-
Total liabilities	1,998,673	215,543	225,206	1,393,059	1,540,683	-
NET ASSETS						
Unrestricted net assets and controlling interests in partnerships	11,397,813	(60,073)	(60,583)	(163)	(63)	107,809
Noncontrolling interests in partnerships	-	-	-	3,471,068	3,153,700	-
Common Stock	-	5,000	-	-	-	-
Temporarily restricted net assets	233,312	-	-	-	-	-
Total net assets	11,631,125	(55,073)	(60,583)	3,470,905	3,153,637	107,809
Total liabilities and net assets	$ 13,629,798	$ 160,470	$ 164,623	$ 4,863,964	$ 4,694,320	$ 107,809

See Independent Auditor's Report.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
June 30, 2018

ASSETS	Eagle Manor Project No. 2, Inc.	Big Boulder	River Rock	Ptarmigan	Eliminations	Consolidated
CURRENT ASSETS						
Cash and cash equivalents, operations		$ 4,405	$ 16,295	$ 8,072	$ -	$ 785,277
Cash and cash equivalents, custodial	-	-	-	-	-	101,390
Accounts receivable	-	23,110	5,911	6,131	-	113,172
Related party receivables	-	-	-	1,464	(61,932)	26,785
Grants receivable	-	-	-	-	-	628,121
Current portion of notes and interest receivable	-	-	-	-	-	13,206
Prepaid deposits and expenses	951	4,977	-	2,092	-	86,447
Inventory	-	-	-	-	-	44,910
Total current assets	951	32,492	22,206	17,759	(61,932)	1,799,308
FIXED ASSETS						
Land	-	503,335	575,332	196,701	-	1,965,990
Land improvements, net	-	78,138	66,333	195	-	221,281
Leasehold improvements, net	-	-	-	-	-	88,428
Buildings, net	-	5,589,882	4,384,963	585,098	(3,087,398)	18,134,207
Equipment, net	-	47,356	4,077	206	-	281,711
Total fixed assets	-	6,218,711	5,030,705	782,200	(3,087,398)	20,691,617
OTHER ASSETS						
Investments in partnerships	(2,253)	-	-	-	(2,528)	1,000
Cash restricted for security deposits and reserves	-	134,810	176,757	101,680	-	876,194
Cash restricted for housing projects	-	-	-	-	-	448,469
Long-term related party receivable	-	-	-	-	(23,366)	7,128
Long-term notes and interest receivable	388,565	-	-	-	(4,938,216)	4,575,792
Long-term accounts receivable	-	-	-	-	-	5,692
Deferred costs, net	-	2,865	17,563	-	-	27,355
Total other assets	386,312	137,675	194,320	101,680	(4,964,110)	5,941,630
Total assets	$ 387,263	$ 6,388,878	$ 5,247,231	$ 901,639	$ (8,113,440)	$ 28,432,555
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	$ 23,366	$ 21,749	$ 16,459	$ 13,374	$ (85,298)	$ 516,456
Cash and cash equivalents held for others	-	-	-	-	-	101,390
Compensated absences	-	-	-	-	-	245,929
Refundable advances and deferred revenue	-	10,176	16,108	5,400	-	240,775
Current portion of long-term debt	-	4,387	-	7,153	-	84,444
Total current liabilities	23,366	36,312	32,567	25,927	(85,298)	1,188,994
LONG TERM DEBT						
Notes and interest payable	-	694,019	1,158,130	892,239	(4,938,216)	1,891,370
Other liabilities	-	-	-	-	-	131,846
Total long term liabilities	-	694,019	1,158,130	892,239	(4,938,216)	2,023,216
Total liabilities	23,366	730,331	1,190,697	918,166	(5,023,514)	3,212,210
NET ASSETS						
Unrestricted net assets and controlling interests in partnerships	363,897	5,658,547	(2,928)	(16,427)	(3,084,926)	14,302,903
Noncontrolling interests in partnerships	-	-	4,059,462	(100)	-	10,684,130
Common Stock	-	-	-	-	(5,000)	-
Temporarily restricted net assets	-	-	-	-	-	233,312
Total net assets	363,897	5,658,547	4,056,534	(16,527)	(3,089,926)	25,220,345
Total liabilities and net assets	$ 387,263	$ 6,388,878	$ 5,247,231	$ 901,639	$ (8,113,440)	$ 28,432,555

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
June 30, 2018

	RMDC	RMFP	ERI	EMII	EMIII	Penkay Eagles Manor, Inc.
CHANGE IN UNRESTRICTED NET ASSETS						
Revenues, Gains, and Other Support						
Grants - federal	$ 5,583,170	$ 50,807	$ 54,707	$ 133,620	$ 68,812	$ -
Grants - other	1,130,067	-	-	-	-	-
County tax	420,733	-	-	-	-	-
Local support	52,999	-	-	-	-	-
Fundraising & donations	329,151	-	-	-	-	-
Program service	1,102,180	18,678	546,181	190,661	153,978	-
Other	235,175	60	4,801	709	317	39,704
In-kind	898,814	-	-	-	-	-
Total unrestricted revenues, gains, and other support	9,752,289	69,545	605,689	324,990	223,107	39,704
Net Assets Released from Restrictions						
Satisfaction of restrictions	85,977	-	-	-	-	-
Total unrestricted revenues, gains and other support	9,838,266	69,545	605,689	324,990	223,107	39,704
Expenses						
Program						
Aging & Nutrition	2,196,065	-	-	-	-	-
Senior Volunteer	893,366	-	-	-	-	-
Housing - General	697,317	63,903	584,088	548,145	390,353	9,863
Other	273,454	-	-	-	-	-
Preschool/Childcare	4,134,713	-	-	-	-	-
Senior Activities	145,125	-	-	-	-	-
Transportation	31,665	-	-	-	-	-
Weatherization	970,944	-	-	-	-	-
Total program expenses	9,342,649	63,903	584,088	548,145	390,353	9,863
General and Administrative	1,978,276	-	-	-	-	-
Recovery of indirect costs from programs	(860,581)	-	-	-	-	-
Recovery of other allocated costs from programs	(964,229)	-	-	-	-	-
	153,466	-	-	-	-	-
Fundraising	23,385	-	-	-	-	-
Total unrestricted expenses	9,519,500	63,903	584,088	548,145	390,353	9,863
CHANGE IN UNRESTRICTED NET ASSETS	318,766	5,642	21,601	(223,155)	(167,246)	29,841
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS						
Contributions	-	-	-	-	-	-
Net assets released from restrictions	(85,977)	-	-	-	-	-
Change in temporarily restricted net assets	(85,977)	-	-	-	-	-
Change in net assets	232,789	5,642	21,601	(223,155)	(167,246)	29,841
Partnership contributions/(distributions)	-	-	-	(5,205)	-	-
Consolidated net assets, beginning of year	11,398,336	(60,715)	(82,184)	3,699,265	3,320,883	77,968
Consolidated net assets, end of year	$ 11,631,125	$ (55,073)	$ (60,583)	$ 3,470,905	$ 3,153,637	$ 107,809

See Independent Auditor’s Report.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)
June 30, 2018

	Eagle Manor Project No. 2, Inc.	Big Boulder	River Rock	Ptarmigan	Eliminations	Consolidated
CHANGE IN UNRESTRICTED NET ASSETS						
Revenues, Gains, and Other Support						
Grants - federal	$ -	$ 130,059	$ 36,358	$ 35,295	$ (54,707)	$ 6,038,121
Grants - other	-	-	-	-	-	1,130,067
County tax	-	-	-	-	-	420,733
Local support	-	-	-	-	-	52,999
Fundraising & donations	-	-	-	-	-	329,151
Program service	-	118,865	146,781	79,840	(410,810)	1,946,354
Other	9,366	108	162	56	(120,176)	170,282
In-kind	-	-	-	-	-	898,814
Total unrestricted revenues, gains, and other support	9,366	249,032	183,301	115,191	(585,693)	10,986,521
Net Assets Released from Restrictions						
Satisfaction of restrictions	-	-	-	-	-	85,977
Total unrestricted revenues, gains and other support	9,366	249,032	183,301	115,191	(585,693)	11,072,498
Expenses						
Program						
Aging & Nutrition	-	-	-	-	(54,707)	2,141,358
Senior Volunteer	-	-	-	-	-	893,366
Housing - General	10,225	426,312	358,312	175,871	(531,060)	2,733,329
Other	-	-	-	-	-	273,454
Preschool/Childcare	-	-	-	-	-	4,134,713
Senior Activities	-	-	-	-	-	145,125
Transportation	-	-	-	-	-	31,665
Weatherization	-	-	-	-	-	970,944
Total program expenses	10,225	426,312	358,312	175,871	(585,767)	11,323,954
General and Administrative	-	-	-	-	-	1,978,276
Recovery of indirect costs from programs	-	-	-	-	-	(860,581)
Recovery of other allocated costs from programs	-	-	-	-	-	(964,229)
	-	-	-	-	-	153,466
Fundraising	-	-	-	-	-	23,385
Total unrestricted expenses	10,225	426,312	358,312	175,871	(585,767)	11,500,805
CHANGE IN UNRESTRICTED NET ASSETS	(859)	(177,280)	(175,011)	(60,680)	74	(428,307)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS						
Contributions	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-	(85,977)
Change in temporarily restricted net assets	-	-	-	-	-	(85,977)
Change in net assets	(859)	(177,280)	(175,011)	(60,680)	74	(514,284)
Partnership contributions/(distributions)	-	-	-	-	-	(5,205)
Consolidated net assets, beginning of year	364,756	5,835,827	4,231,545	44,153	(3,090,000)	25,739,834
Consolidated net assets, end of year	$ 363,897	$ 5,658,547	$ 4,056,534	$ (16,527)	$ (3,089,926)	$ 25,220,345

See Independent Auditor's Report.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF CONSOLIDATING ELIMINATIONS
June 30, 2018

	RMDC	RMFP	ERI	EM II	EM III	Penkay Eagles Manor, Inc.
ASSETS						
Related party receivables	$ 72,696	$ -	$ 11,378	$ -	$ -	$ -
Buildings	-	-	-	656,109	727,539	-
Investment in housing	5,010	-	-	-	-	(229)
Long-term notes and interest receivable	4,549,651	-	-	-	-	-
Total Assets	$ 4,627,357	$ -	$ 11,378	$ 656,109	$ 727,539	$ (229)
LIABILITIES						
Accounts payable to RMDC	$ -	$ 15,003	$ -	$ 6,449	$ 5,201	$ -
Accounts payable to RMDC Eagle Rock	3,278	-	-	3,376	1,707	-
Accounts payable to Ptarmigan	-	58	-	302	25	-
Notes and interest payable to RMDC	-	-	175,973	866,658	1,109,227	-
Notes and interest payable to EM Project No. 2	-	-	-	388,565	-	-
Total Liabilities	$ 3,278	$ 15,061	$ 175,973	$ 1,265,350	$ 1,116,160	$ -
NET ASSETS						
Unrestricted net assets	$ -	$ -	$ -	$ 656,109	$ 727,539	$ -
Paid-in capital	-	-	-	-	-	(229)
Common Stock	-	5,000	-	-	-	-
Total Liabilities and Net Assets	$ 3,278	$ 20,061	$ 175,973	$ 1,921,459	$ 1,843,699	$ (229)
REVENUE						
RMDC service fees	$ 324,735	$ -	$ -	$ -	$ -	$ -
Eagle Rock service fees	-	-	86,075	-	-	-
Partnership fees	-	-	-	-	-	39,703
Commodities from RMDC	-	-	54,707	-	-	-
Interest on note due from EM II	-	-	-	-	-	-
Interest on notes due from related organizations	71,106	-	-	-	-	-
Total Revenue	$ 395,841	$ -	$ 140,782	$ -	$ -	$ 39,703
EXPENSES						
Expenses from RMDC service fees	$ -	$ 13,691	$ 13,056	$ 74,654	$ 49,301	$ 548
Expenses from Eagle Rock service fees	486	-	-	36,680	18,869	-
Partnership fees	-	-	-	38,935	768	39
Commodities from RMDC to Eagle Rock	54,707	-	-	-	-	-
Interest on note due to EM Proj No. 2	-	-	-	3,739	-	-
Interest on notes due to RMDC	-	-	-	-	31,288	-
Total Expenses	55,193	13,691	13,056	154,008	100,226	587
Change in Net Assets Due to Eliminations	$ 340,648	$ (13,691)	$ 127,726	$ (154,008)	$ (100,226)	$ 39,116

See Independent Auditor's Report.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF CONSOLIDATING ELIMINATIONS (CONTINUED)
June 30, 2018

	Eagle Manor Project No. 2, Inc.	Big Boulder	River Rock	Ptarmigan	Total
ASSETS					
Related party receivables	$ -	$ -	$ -	$ 1,224	$ 85,298
Buildings	-	912,340	791,410	-	3,087,398
Investment in housing	(2,253)	-	-	-	2,528
Long-term notes and interest receivable	388,565	-	-	-	4,938,216
Total Assets	$ 386,312	$ 912,340	$ 791,410	$ 1,224	$ 8,113,440
LIABILITIES					
Accounts payable to RMDC	$ 23,366	$ 13,434	$ 3,936	$ 5,307	$ 72,696
Accounts payable to RMDC Eagle Rock	-	7	1,618	1,392	11,378
Accounts payable to Ptarmigan	-	821	18	-	1,224
Notes and interest payable to RMDC	-	466,660	1,158,130	773,003	4,549,651
Notes and interest payable to EM Project No. 2	-	-	-	-	388,565
Total Liabilities	$ 23,366	$ 480,922	$ 1,163,702	$ 779,702	$ 5,023,514
NET ASSETS					
Unrestricted net assets	$ -	$ 912,340	$ 791,410	$ -	$ 3,087,398
Paid-in capital	(2,253)	10	-	-	(2,472)
Common Stock	-	-	-	-	5,000
Total Liabilities and Net Assets	$ 21,113	$ 1,393,272	$ 1,955,112	$ 779,702	$ 8,113,440
REVENUE					
RMDC service fees	$ -	$ -	$ -	$ -	$ 324,735
Eagle Rock service fees	-	-	-	-	86,075
Partnership fees	5,628	-	-	-	45,331
Commodities from RMDC	-	-	-	-	54,707
Interest on note due from EM II	3,739	-	-	-	3,739
Interest on notes due from related organizations	-	-	-	-	71,106
Total Revenue	$ 9,367	$ -	$ -	$ -	$ 585,693
EXPENSES					
Expenses from RMDC service fees	$ 550	$ 87,858	$ 49,026	$ 36,051	$ 324,735
Expenses from Eagle Rock service fees	-	415	14,611	15,014	86,075
Partnership fees	35	-	5,628	-	45,405
Commodities from RMDC to Eagle Rock	-	-	-	-	54,707
Interest on note due to EM Proj No. 2	-	-	-	-	3,739
Interest on notes due to RMDC	-	4,420	28,425	6,973	71,106
Total Expenses	585	92,693	97,690	58,038	585,767
Change in Net Assets Due to Eliminations	$ 8,782	$ (92,693)	$ (97,690)	$ (58,038)	$ (74)

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