

Rocky Mountain Development Council, Inc.

Helena, Montana

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION WITH INDEPENDENT AUDITORS' REPORT

June 30, 2023



K C O E
I S O M

Rocky Mountain Development Council, Inc.

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Rocky Mountain Development Council, Inc.

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Rocky Mountain Development Council, Inc. (Rocky), which comprise the consolidated statement of financial position as of June 30, 2023, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Rocky as of June 30, 2023, and the change in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for 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.

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rocky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rocky's ability to continue as a going concern for a reasonable period of time.

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

INDEPENDENT AUDITORS' REPORT

(Continued)

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*, schedule of indirect cost reconciliation, schedule of transfers, and the supplementary consolidating information are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the schedule of expenditures of federal awards and consolidating schedules are 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 March 19, 2024, on our consideration of Rocky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rocky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rocky's internal control over financial reporting and compliance.

KCoe Jam, LLP

March 19, 2024
Helena, Montana

FINANCIAL SECTION

Rocky Mountain Development Council, Inc.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS

Current Assets

Cash and cash equivalents - operations	\$ 2,573,551
Cash and cash equivalents - custodial	110,917
Accounts receivable	276,295
Related-party receivables	51
Grants receivable	629,281
Current portion of notes and interest receivable	14,746
Prepaid deposits and expenses	32,189
Inventory	54,929

Total Current Assets 3,691,959

Fixed Assets

Land	3,804,131
Land improvements - net	1,208,515
Leasehold improvements - net	129,164
Buildings - net	31,682,985
Equipment - net	646,427
Construction in progress	87,283

Total Fixed Assets 37,558,505

Other Assets

Investments in partnerships	3,452
Cash restricted for security deposits and reserves	2,164,880
Cash restricted for housing projects	153,255
Long-term related-party receivable	15,987
Long-term notes and interest receivable	1,765,999
Operating lease right-of-use assets	43,478
Deferred costs - net	152,211

Total Other Assets 4,299,262

TOTAL ASSETS \$ 45,549,726

The accompanying notes are an integral part of these consolidated financial statements.

Rocky Mountain Development Council, Inc.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

June 30, 2023

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 628,000
Cash and cash equivalents held for others	110,917
Compensated absences	369,821
Refundable advances and deferred revenue	871,640
Current portion of long-term debt	195,467
Current portion of lease liability	13,991

Total Current Liabilities 2,189,836

Long-Term Debt

Notes and interest payable	8,551,080
Lease liability	30,795

Total Long-Term Liabilities 8,581,875

Total Liabilities 10,771,711

Net Assets

Without donor restrictions:

Controlling interests in partnerships	20,537,215
Noncontrolling interests in partnerships	13,794,129

Total Net Assets Without Donor Restrictions 34,331,344

Net assets with donor restrictions 446,671

Total Net Assets 34,778,015

TOTAL LIABILITIES AND NET ASSETS \$ 45,549,726

The accompanying notes are an integral part of these consolidated financial statements.

Rocky Mountain Development Council, Inc.
CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenues, Gains, and Other Support

Grants - federal	\$ 8,083,990
Grants - other	1,209,524
County tax	496,990
Local support	9,917
Fundraising and donations	284,035
Program service	2,918,251
Other	137,165
In-kind	332,349
Net assets released from restrictions	75,818

**Total Revenues, Gains, and Other Support
Without Donor Restrictions**

13,548,039

Expenses

Program:

Aging and Nutrition	2,964,803
Senior Volunteer	641,285
Housing	4,957,363
Other	186,393
Child and Family	4,105,717
Senior Activities	157,590
Transportation	63,636
Weatherization	1,318,248

Total Program

14,395,035

General and administrative	2,182,536
Recovery of indirect costs from programs	(986,887)
Recovery of other allocated costs from programs	(986,208)

General and Administrative - Net

209,441

Fundraising

33,800

Total Expenses

14,638,276

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS

\$ (1,090,237)

The accompanying notes are an integral part of these consolidated financial statements.

Rocky Mountain Development Council, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

(Continued)

Year Ended June 30, 2023

CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	
Contributions	\$ 3,000
Net assets released from restrictions	(75,818)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(72,818)
Change in Net Assets	(1,163,055)
Net Assets - Beginning of Year	35,986,723
Prior-Period Adjustment	(45,653)
Net Assets - Beginning of Year - as Restated	35,941,070
Net Assets - End of Year	\$ 34,778,015

The accompanying notes are an integral part of these consolidated financial statements.

Rocky Mountain Development Council, Inc.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023	General and Administrative			Program Expenses								Fundraising -		
	Indirect Costs	Other Supporting Services	Total General and Administrative	Aging and Nutrition	Senior Volunteer	Housing	Other	Child and Family	Senior Activities	Transportation	Weatherization	Total Program	Fundraising	Total
Advertising/recruitment	\$ 496	\$ 29	\$ 525	\$ 4,069	\$ 8,423	\$ 5,660	\$ -	\$ 17,583	\$ -	\$ -	\$ 673	\$ 36,408	\$ -	\$ 36,933
Assistance payments	-	-	-	-	-	-	-	-	-	-	562,828	562,828	-	562,828
Communications	20,280	21,200	41,480	54,882	5,976	83,899	4,361	89,764	3,922	550	14,998	258,352	529	300,361
Consultant/contract	4,192	151,289	155,481	17,323	707	455,061	2,451	19,256	158	93	267,711	762,760	4,472	922,713
Equipment rent/maintenance	19,291	17,142	36,433	3,292	300	-	7,432	2,945	775	-	-	14,744	3,724	54,901
In-kind	-	6,990	6,990	11,554	17,983	-	-	285,031	-	-	-	314,568	10,791	332,349
Insurance	17,363	13,046	30,409	12,617	-	220,894	-	23,518	442	3,843	5,430	266,744	-	297,153
Legal fees	-	-	-	-	-	2,070	-	92	-	-	-	2,162	-	2,162
Materials, supplies, and minor equipment	2,006	14,699	16,705	66,866	2,039	96,929	2,186	140,743	11,738	127	15,626	336,254	1,266	354,225
Meal costs	-	211,804	211,804	466,504	-	110,177	-	220,538	2,050	-	-	799,269	374	1,011,447
Occupancy	35,015	212,781	247,796	70,199	7,612	558,800	5,590	247,068	71,219	-	25,700	986,188	432	1,234,416
Office supplies	9,557	680	10,237	10,673	1,103	17,072	140	5,479	111	-	2,146	36,724	-	46,961
Other	4,582	655	5,237	17,414	1,364	174,347	6,564	47,058	174	224	3,841	250,986	2,761	258,984
Pass-through grants	-	-	-	1,049,277	-	122,282	-	-	-	-	-	1,171,559	-	1,171,559
Photocopies/printing	4,034	85	4,119	8,254	1,748	92	627	12,835	5,303	22	367	29,248	1,737	35,104
Salaries and related expenses	888,206	359,803	1,248,009	955,367	214,994	948,560	168,851	2,471,719	46,396	39,360	319,735	5,164,982	3,254	6,416,245
Stipends	-	-	-	-	216,877	-	-	-	-	-	-	216,877	-	216,877
Travel/training	5,479	1,905	7,384	30,725	15,169	15,467	540	42,124	6,449	19	7,757	118,250	1,853	127,487
Vehicle maintenance/repair	31	125	156	23,439	-	-	-	5,737	-	13,010	2,843	45,029	-	45,185
Volunteer participant expense	-	-	-	2,340	75,861	-	240	-	-	-	-	78,441	-	78,441
Interest expense	960	952	1,912	-	-	411,588	-	2,097	-	-	105	413,790	-	415,702
Depreciation and amortization	3,724	27,965	31,689	29,739	-	1,640,079	-	77,599	-	18,088	4,340	1,769,845	-	1,801,534
Indirect costs allocated to programs	-	126,170	126,170	172,257	71,129	94,386	25,230	394,531	8,853	7,576	84,148	858,110	2,607	986,887
Recovery of indirect costs	(986,887)	-	(986,887)	-	-	-	-	-	-	-	-	-	-	(986,887)
Recovery of other allocated costs	-	(986,208)	(986,208)	(41,988)	-	-	(37,819)	-	-	(19,276)	-	(99,083)	-	(1,085,291)
Total	\$ 28,329	\$ 181,112	\$ 209,441	\$ 2,964,803	\$ 641,285	\$ 4,957,363	\$ 186,393	\$ 4,105,717	\$ 157,590	\$ 63,636	\$ 1,318,248	\$ 14,395,035	\$ 33,800	\$ 14,638,276

The accompanying notes are an integral part of these consolidated financial statements.

Rocky Mountain Development Council, Inc.
CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (1,163,055)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,778,027
Amortization	12,921
Amortization of right-of-use assets	10,586
Gain on disposal of assets	(136,431)
Gain on sale of assets	(500)
Forgiveness of long-term debt	(30,000)
Changes in:	
Current receivables	130,457
Grant receivables	619,037
Prepaid deposit and expenses	23,144
Inventory	(2,696)
Accounts payable and accrued expenses	10,700
Compensated absences	17,275
Refundable advances and deferred revenue	(328,164)
Payments on lease liability	(9,279)
Other liabilities	(11,846)

NET CASH PROVIDED BY OPERATING ACTIVITIES 920,176

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(212,139)
Completion of construction in progress	(87,283)
Proceeds received on sale of property and equipment	113,480
Disbursements of long-term related-party receivables	(1,744)
Payments received on long-term note	23,412
Increase in long-term interest receivable	(16,782)
Principal payments received on long-term notes receivable	14,147

NET CASH USED IN INVESTING ACTIVITIES (166,909)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on long-term debt	(322,293)
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Net Change in Cash, Cash Equivalents, and Restricted Cash 430,974

Cash, Cash Equivalents, and Restricted Cash - Beginning of Year 4,571,629

Cash, Cash Equivalents, and Restricted Cash - End of Year \$ 5,002,603

The accompanying notes are an integral part of these consolidated financial statements.

Rocky Mountain Development Council, Inc.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Continued)

Year Ended June 30, 2023

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest \$ 404,494

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

Cash flow reconciliation to the balance sheet:

Cash and cash equivalents - operations \$ 2,573,551

Cash and cash equivalents - custodial 110,917

Cash restricted for security deposits and reserves 2,164,880

Cash restricted for housing projects 153,255

Total Cash, Cash Equivalents, and Restricted Cash - End of Year \$ 5,002,603

SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES

Recognition of right-of-use assets \$ 54,065

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

Finally, an additional 30 units were constructed on the Eagles Manor Complex in Helena, Montana, owned and operated by EM III, which was organized by Rocky in 2006 to develop and operate affordable housing. Penkay Eagles Manor, Inc. is the general partner and Homestead Equity Fund VI, LP and Homestead SLP, LLC are the limited partners. Effective May 31, 2023, the investor limited partner for EM III, assigned its 99.99% interest to Rocky. Penkay Eagles Manor, Inc. is the general partner and Rocky is the limited partner.

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

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

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

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

Ptarmigan Ptarmigan was organized in 2000 to develop and operate affordable housing in Helena, Montana. Construction of the 22-unit multi-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% interest to Rocky. RMDC Ptarmigan, Inc. is the general partner and Rocky is the limited partner.

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

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

RA4 and RA9 (Red Alder Residences) RA4 was organized in August 2018, to develop and operate affordable housing in Helena, Montana. Construction of the 48-unit property began in September 2019 and was completed in January 2021. The general partner, Red Alder 4% LLC, is wholly owned by Penkay Eagles Manor, Inc. The limited partner is Community Affordable Housing Fund, LLC.

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

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

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

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

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

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

The resulting classes of net assets are:

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

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

Implementation of New Accounting Standards Rocky adopted the provisions of FASB Accounting Standards Update (ASU) 2016-02, *Leases*. This ASU required Rocky to recognize on the consolidated statement of financial position the asset and liability for the rights and obligations created by leases with a term of more than 12 months. Rocky elected several available practical expedients, including to not reassess the classification of existing leases, any initial direct costs associated with the leases, or whether any existing contracts are or contain leases. Rocky adopted the provisions of the update using a modified retrospective approach for all lease contracts. This ASU had the effect of increasing right-of-use assets and operating lease liabilities by \$54,917 effective July 1, 2022. Additional lease information is presented in note 10.

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

Rocky and its consolidated entities maintain cash accounts in multiple financial institutions. Accounts at the financial institutions (for each entity with separate tax identification numbers) are insured by the Federal Deposit Insurance Corporation up to \$250,000. Rocky's main operating account has unlimited coverage through a repurchase agreement, under which all deposits are fully collateralized. At June 30, 2023, the uninsured cash balance was \$339,911.

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

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

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

Notes and Interest Receivable Rocky has made loans to provide funding for affordable housing projects and agreed to defer payments due for services rendered to other organizations. Information concerning these loans is provided in note 5. The amount reported as current portion of notes and interest receivable represents the estimated loan principal and interest payments that Rocky will receive within one year of June 30, 2023. The remaining balances are due for various terms, as more fully disclosed in note 5.

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

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

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

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

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

Construction In Progress At June 30, 2023, construction in progress includes renovations for a Head Start classroom totaling \$87,283. The project was completed in Fall 2023.

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Operating Lease Right-of-Use Assets and Liabilities Rocky obtains the right to control the use of various assets under long-term agreements. Rocky evaluates contracts to determine whether they include a lease, and uses the lessee non-lease component accounting policy election, for all asset classes, to account for the lease and non-lease components separately. Variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes, are recognized in operating expenses in the period in which the obligation for those payments were incurred. Leases are recognized on the consolidated statement of financial position as right-of-use assets with a corresponding operating lease liability.

Deferred Costs Deferred costs include tax credit fees and organizational costs paid by Big Boulder, River Rock, RA4, RA9 and RMFP. They are reported net of accumulated amortization in the accompanying consolidated statement of financial position. The deferred costs are more fully described in note 7.

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

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

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

Accounting Estimates The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Material estimates that are particularly susceptible to significant change relate to Rocky's guaranty agreements and responsibilities as the organization responsible for managing a number of low-income housing properties in Rocky's service area. The above noted obligations and commitments are more fully described in note 15. Management has calculated its estimated liability as required by GAAP and has determined it to be immaterial at June 30, 2023.

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.

Net Assets and Noncontrolling Interests in Partnership Equity The interests in partnership equity held by the limited partners of EM II, River Rock, RA4, and RA9, including capital contributions required by the respective partnership agreements, is presented as noncontrolling interests, a component of consolidated net assets without donor restrictions.

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

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Revenue Recognition Rocky recognizes revenue from clients and grantors when control of promised goods or services is transferred to customers in an amount that reflects the consideration Rocky expects to be entitled to in exchange for those goods and services.

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

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

Commercial liability and umbrella insurance expense is allocated to programs that require specific other coverages, such as property and professional liability, on an equitable basis. Rocky's audit fee is allocated to programs based on a formula that incorporates which programs are selected for the Single Audit, as well as the time and effort spent by Rocky's independent auditor.

Salaries, benefits, payroll taxes, other payroll expenses, and all other expenses that cannot be directly identified to a particular program are allocated on the basis of estimates of time and effort by programs. Time and effort are based on a combination of time sheet direct reporting when practical and a percentage estimate that is preassigned to certain specific programs that is reviewed periodically.

Indirect costs that benefit all Rocky programs are allocated to each program using an approved indirect cost rate. The provisional approved rate is 13.5% and the effective applied rate for Rocky for fiscal year 2023 is 13.3%.

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

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

Advertising and Recruitment Costs Recruitment, advertising, and promotional costs are expensed as incurred. For the year ended June 30, 2023, recruitment, advertising, and promotional costs totaled \$36,933.

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

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

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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.

Evaluation of Subsequent events Management has evaluated subsequent events through March 19, 2024, the date which the consolidated financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

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

The following financial assets are expected to be available to support Rocky in the year ending June 30, 2024:

June 30, 2023

Cash and cash equivalents - operations	\$ 2,573,551
Accounts receivable	276,295
Related-party receivables	51
Grants receivable	629,281
Current portion of notes and interest receivable	14,746
Total	\$ 3,493,924

In addition to financial assets available to meet general expenditures over the next 12 months, Rocky operates with a balanced budget. During the year ended June 30, 2023, approximately 69% of Rocky's operating budget was received through federal, state, and other grants. Cash is received on a reimbursement basis for these grants. Rocky has a revolving line of credit that is available to fund Rocky's cash needs due to timing differences between program expenditures and their reimbursements, as described more fully in note 8.

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. CASH AND CASH EQUIVALENTS HELD FOR OTHERS

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

Amounts held on behalf of these groups are as follows:

June 30, 2023

Head Start Parent Fund	\$	18,399
Friends of Head Start		76,303
Senior Bingo Fund		3,287
Employee Social Fund		5,853
Helena Senior Advisory Council		7,075
Total	\$	110,917

4. RELATED PARTIES

Related-Party Receivables

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

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

June 30, 2023	Stand Alone	Consolidating Eliminations	Consolidated
Current Related-Party Receivables			
Rocky:			
ERR	\$ 29,145	\$ (29,145)	\$ -
EM II	15,210	(15,210)	-
EM III	52,866	(52,866)	-
Ptarmigan	3,933	(3,933)	-
Pheasant Glen	13,034	(13,034)	-
Big Boulder	20,133	(20,133)	-
RMFP	40,584	(40,584)	-
THI	21,770	(21,770)	-
River Rock	4,315	(4,315)	-
RA4	44,885	(44,885)	-
RA9	6,084	(6,084)	-
ERI	10,623	(10,623)	-
Total Rocky	262,582	(262,582)	-
ERR:			
EM II	792	(792)	-
EM III	178	-	178
Big Boulder	(127)	-	(127)
Total ERR	843	(792)	51
RA4	2,587	(2,587)	-
ERI:			
EM II	3,677	(3,677)	-
EM III	1,500	(1,500)	-
Ptarmigan	917	(917)	-
Pheasant Glen	3,726	(3,726)	-
Big Boulder	25	(25)	-
River Rock	1,583	(1,583)	-
ERR	4,385	(4,385)	-
THI	377	(377)	-
RA4	1,077	(1,077)	-
RA9	2,947	(2,947)	-
Rocky	175	(175)	-
Total ERI	20,389	(20,389)	-
Total Current Related-Party Receivables	\$ 286,401	\$ (286,350)	\$ 51

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

June 30, 2023	Stand Alone	Consolidating Eliminations	Consolidated
Long-Term Related-Party Receivables			
Rocky:			
Penkay Eagles Manor, Inc.	\$ 14,967	\$ (14,967)	\$ -
RMDC Ptarmigan Inc.	15,987	-	15,987
Eagle Manor Project No. 2 Inc.	35,552	(35,552)	-
Total Long-Term Related-Party Receivables	\$ 66,506	\$ (50,519)	\$ 15,987

Related-Party Transactions

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

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

June 30, 2023	Rocky	ERI	Consolidating Eliminations	Total
RMDC Ptarmigan Inc.	\$ 324	\$ -	\$ -	\$ 324
ERR	154,947	54,241	(209,188)	-
THI	28,442	2,740	(31,182)	-
Pheasant Glen	52,371	22,132	(74,503)	-
RMFP	28,494	-	(28,494)	-
ERI	14,145	-	(14,145)	-
EM II	91,744	43,122	(134,866)	-
EM III	57,414	17,529	(74,943)	-
Penkay Eagle Manor Inc.	397	-	(397)	-
Eagle Manor Project No. 2 Inc.	351	-	(351)	-
Big Boulder	104,736	458	(105,194)	-
River Rock	60,997	23,055	(84,052)	-
Ptarmigan	31,091	17,459	(48,550)	-
RA4	79,820	18,038	(97,858)	-
RA9	72,372	23,282	(95,654)	-
Rocky	-	3,663	(3,663)	-
Total	\$ 777,645	\$ 225,719	\$ (1,003,040)	\$ 324

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5. LONG-TERM NOTES AND INTEREST RECEIVABLE

Long-term notes and interest receivable consist of the following:

June 30, 2023	Note Principal	Note Interest	Total Stand Alone	Consolidating Eliminations	Consolidated
Rocky					
Roadrunner Residence (HOME)	\$ 80,537	\$ -	\$ 80,537	\$ -	\$ 80,537
ERR (CDBG)	480,000	103,215	583,215	(583,215)	-
ERR (HUD)	299,896	139,163	439,059	(439,059)	-
ERR (HOME)	512,843	410,659	923,502	(923,502)	-
ERR (FHLB)	650,000	-	650,000	(650,000)	-
ERR (HUD II)	346,500	276,359	622,859	(622,859)	-
Pheasant Glen (CDBG)	506,157	272,623	778,780	(778,780)	-
Pheasant Glen (HOME)	411,856	349,557	761,413	(761,413)	-
Ptarmigan (Operating Deficit)	3,805	1,536	5,341	(5,341)	-
Ptarmigan (CDBG)	310,000	68,200	378,200	(378,200)	-
Ptarmigan (HOME)	364,175	60,155	424,330	(424,330)	-
ERI (Operating Loan)	148,981	-	148,981	(148,981)	-
EM II (HOME)	500,000	-	500,000	(500,000)	-
EM II (CDBG)	366,658	-	366,658	(366,658)	-
EM III (HOME)	516,461	313,493	829,954	(829,954)	-
EM III (HUD)	196,000	127,938	323,938	(323,938)	-
EM III (Developer Fee)	111,775	-	111,775	(111,775)	-
Big Boulder (HOME)	420,999	23,891	444,890	(444,890)	-
Big Boulder (HOME 2)	26,550	1,538	28,088	(28,088)	-
River Rock (HOME)	742,530	236,301	978,831	(978,831)	-
River Rock (CDBG)	252,124	7,570	259,694	(259,694)	-
RA4 (Program Income - GR8 Hope)	584,351	12,860	597,211	(597,211)	-
RA4 (HOME)	750,000	29,249	779,249	(779,249)	-
RA4 (HTF)	2,245,000	87,535	2,332,535	(2,332,535)	-
RA4 (Developer Fee)	196,295	-	196,295	(196,295)	-
Fire Tower (HTF)	1,650,000	35,462	1,685,462	-	1,685,462
RA9 (Operating Deficit)	159,700	7,683	167,383	(167,383)	-
RA9 (Developer Fee)	65,288	-	65,288	(65,288)	-
Total Rocky	12,898,481	2,564,987	15,463,468	(13,697,469)	1,765,999
Eagle Manor Project No.2, Inc.	373,859	33,398	407,257	(407,257)	-
Penkay EM, Inc.	91,686	1,681	93,367	(93,367)	-
Total	\$ 13,364,026	\$ 2,600,066	\$ 15,964,092	\$(14,198,093)	\$ 1,765,999

Roadrunner Residence LP

On December 1, 1998, Rocky executed an agreement loaning \$340,000 to Roadrunner Residence LP for the purpose of constructing a low-income rental housing project. Rocky received the \$340,000 in a federal grant to be used for this project. Interest accrues at 3% per annum. The note is secured by the related property. The agreement calls for 360 monthly installments of \$1,433 through May 2029. At June 30, 2023, the principal balance was \$95,283, of which \$14,746 is current and \$80,537 is classified as long-term in the consolidated statement of financial position.

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Fire Tower

On July 2, 2020, Rocky executed an agreement loaning an amount not to exceed \$1,250,000 to Fire Tower Housing Associates LLLP for the purpose of acquiring, rehabilitating, and constructing a part-multifamily and part-senior affordable housing project. Rocky received federal Housing Trust Fund (HTF) funds to be used for the project. The contract was amended on November 30, 2021, to increase the loan limit to \$1,650,000. Interest accrues at 1% per annum. No payments of principal are due under this note until maturity (55 years from the Placed In Service Date). As of June 30, 2023, the balance of funds received by Rocky and loaned to Fire Tower Housing Associates LLLP was \$1,650,000. Interest accrued as of June 30, 2023, was \$35,462.

Current Portion and Other Current Notes Receivable

As disclosed earlier, the current portion of the note receivable from Roadrunner Residence LP is \$14,746. Accrued interest in the amount of \$219 is also receivable on this note.

Consolidation Adjustments

Rocky has advanced funds to entities that are eliminated in consolidation. Rocky has advanced operating funds to ERI to support the entity's service to Helena area housing facilities. Rocky has also loaned grant funds (HOME, CDBG, HUD, or HTF grants) or deferred developer fees obtained through Rocky's housing program to ERR, EM II, EM III, Big Boulder, River Rock, Ptarmigan, Pheasant Glen, RA4, and RA9. 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.

6. FIXED ASSETS

Depreciation expense for property and equipment totaled \$1,778,027 and is included in depreciation and amortization expense in the accompanying consolidated statement of functional expenses for the fiscal year ended June 30, 2023.

The building consolidation adjustment of \$4,049,637 reflects fees paid by EM II, EM III, Big Boulder, River Rock, RA4, and RA9 to Rocky and ERI for services provided in support of the building projects that were capitalized by these individual entities.

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

The following table summarizes the changes in fixed assets:

June 30, 2023

Land	\$ 3,804,131
Land improvements	1,822,854
Accumulated depreciation	(614,339)
Land Improvements - Net	1,208,515
Leasehold improvements	310,508
Accumulated depreciation	(181,344)
Leasehold Improvements - Net	129,164
Buildings	52,458,581
Consolidation adjustment	(4,049,637)
Accumulated depreciation	(16,725,959)
Buildings - Net	31,682,985
Equipment	2,623,172
Accumulated depreciation	(1,976,745)
Equipment - Net	646,427
Construction in progress	87,283
Total Fixed Assets	\$ 37,558,505

7. DEFERRED COSTS

Amortization expense for tax credit fees and organizational costs paid by the housing entities has been included in depreciation and amortization expense in the accompanying consolidated statement of functional expenses and totaled \$12,920. The components of deferred costs were as follows:

June 30, 2023	Gross Costs	Accumulated Amortization	Net
Big Boulder	\$ 7,460	\$ 7,460	\$ -
River Rock	27,731	19,412	8,319
RA4	50,060	4,480	45,580
RA9	115,469	17,474	97,995
RMFP	986	669	317
Total	\$ 201,706	\$ 49,495	\$ 152,211

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Expected amortization expense for each of the next five fiscal years and thereafter is as follows:

Years Ending June 30	
2024	\$ 12,920
2025	12,920
2026	12,920
2027	12,920
2028	11,994
Thereafter	88,537
Total	\$ 152,211

8. LINE OF CREDIT

Rocky has a \$300,000 unsecured revolving line of credit at Valley Bank of Helena (Valley Bank) available through June 3, 2024. The line of credit is designated to fund Rocky's cash needs due to timing differences between program expenditures and their reimbursements. Amounts borrowed under the line of credit bear interest at a fixed 4.50% rate. There is no outstanding balance at June 30, 2023.

9. LONG-TERM DEBT OBLIGATIONS

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

June 30, 2023

Rocky

4.25% note payable to United States Department of Agriculture (USDA) (Townsend Homestead Manor), due October 1, 2040.

Payable in monthly installments of \$1,024, including interest, of which \$485 is subsidized by USDA.

\$ 230,721

Total Rocky

230,721

RMFP

6.00% note payable to USDA (Elk Creek Lodge), due November 1, 2034. Payable in monthly installments of \$374, including interest, of which \$173 is subsidized by USDA.

37,216

6.00% note payable to USDA (Elk Creek Lodge), due November 1, 2034. Payable in monthly installments of \$676, including interest, of which \$401 is subsidized by USDA.

115,213

5.38% note payable to USDA (Elk Creek Lodge), due December 1, 2035. Payable in monthly installments of \$224, including interest, of which \$95 is subsidized by USDA.

24,536

Total RMFP

176,965

Balance Forward

\$ 407,686

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

June 30, 2023

Balance Brought Forward	\$ 407,686
EM II	
6.00% note payable to First Interstate Bank (EM II Facility), due March 10, 2040. Payable in monthly installments of \$694, including interest.	87,771
EM III	
6.00% note payable to First Interstate Bank (EM III Facility), due June 10, 2039. Payable in monthly installments of \$2,699, including interest.	333,671
Big Boulder	
5.95% (variable interest rate - see description below) note payable to Valley Bank (Fund Reserves and Current Operations), due October 10, 2042. Payable in monthly installments of \$1,505, including interest.	208,442
Ptarmigan	
4.12% note payable to Valley Bank, due December 1, 2031. Payable in monthly installments of \$1,019, including interest.	87,828
Pheasant Glen	
5.65% note payable to Valley Bank, due January 4, 2044. Payable in monthly installments of \$3,065, including interest.	448,798
ERR	
4.00% note payable to First Interstate Bank (ERRLP Facility), due July 27, 2031. Payable in monthly installments of \$1,917, including interest.	346,020
RA4	
5.00% note payable to Valley Bank, due June 10, 2038. Payable in annual installments of \$20,886, including interest.	3,852,822
0.00% note payable to GL Development, LLC, open due date. Payable from surplus cash as determined each December 31 to be distributed by partnership.	364,547
Total RA4	4,217,369
RA9	
1.00% note payable to Snowy Mountain Development Corporation, due December 31, 2036. Payable in 17 annual installments of \$11,000, including interest, and one final balloon payment of \$118,767.	247,474
0.00% note payable to GL Development, LLC, open due date. Payable from surplus cash as determined each December 31 to be distributed by partnership.	121,250
5.00% note payable to Valley Bank, due May 10, 2038. Payable in monthly installments of \$11,815, including interest.	2,160,213
Total RA9	2,528,937
Balance Forward	\$ 8,666,522

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

June 30, 2023

Balance Brought Forward	\$ 8,666,522
THI	
2.50% note payable to USDA, due August 1, 2025. Payable in monthly installments of \$1,910, including interest, of which \$53 is subsidized by USDA.	48,958
2.50% note payable to USDA, due August 1, 2026. Payable in monthly installments of \$827, including interest, of which \$29 is subsidized by USDA.	31,067
Total THI	80,025
Total Notes and Interest Payable	8,746,547
Current maturities	(195,467)
Total Notes and Interest Payable - Net	\$ 8,551,080

Future maturities of long-term debt and related long-term interest accrued for each of the next five fiscal years and thereafter are as follows:

Years Ending June 30	Principal
2024	\$ 195,467
2025	205,586
2026	192,206
2027	189,805
2028	197,917
Thereafter	7,765,566
Total	\$ 8,746,547

Rocky

On October 11, 2017, Rocky signed a \$219,920 note payable to Valley Bank 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 Federal Home Loan Banks (FHLB) 10-Year Variable Interest Rate Index plus a margin of 2.25% with an interest rate floor of 4.89% and a ceiling of 7.89%. Because monthly mortgage payments are made with federal Head Start grant funds, a Notice of Federal Interest was filed in Lewis & Clark County on December 11, 2017. An additional principal payment of \$50,000 was made during the year ended June 30, 2022. During the year ended June 30, 2023, the remaining principal balance of \$42,425 was paid off.

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

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

EM III

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

Big Boulder

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

Ptarmigan

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

Pheasant Glen

On January 4, 2019, Pheasant Glen refinanced its US Bank mortgage balloon payment of \$294,016 by signing a 25-year note payable to Valley Bank. The \$491,988 note is secured by the related property and bears an interest rate of 5.65% for the first 10 years of a 25-year term. Every 10 years, the interest rate will adjust to the *Wall Street Journal* prime rate plus 2.50%, with an interest rate floor of 5.65% and a ceiling of 6.90%.

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

ERR

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

RA4

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

On October 1, 2019, RA4 signed a Development Services Agreement to pay \$1,148,000 of development fees at 0.00% interest to GL Development LLC and Rocky for the completion of the Red Alder 9% facility. The fees are to be split 65% to GL Development and 35% to Rocky. The majority of fees were paid at the completion of construction. Remaining fees will be paid from surplus cash as it is released by the partners, with no final repayment date required. The balances due to GL Development LLC and Rocky at June 30, 2023, were \$364,547 and \$196,294, respectively.

RA9

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

On October 1, 2019, RA9 signed a Development Services Agreement to pay \$902,000 of development fees at 0.00% interest to GL Development LLC and Rocky for the completion of the Red Alder 9% facility. The fees are to be split 65% to GL Development and 35% to Rocky. The majority of fees were paid at the completion of construction. Remaining fees will be paid from surplus cash as it is released by the partners, with no final repayment date required. The balances due to GL Development LLC and Rocky at June 30, 2023, were \$121,250 and \$65,288, respectively.

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

THI

On January 1, 2022, THI signed an \$80,649 credit agreement with the USDA to refinance the subsidized loan balance of principal and interest due on an agreement executed in August 2000. The agreement carries interest at 2.50% and is due on August 1, 2025.

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

On January 1, 2022, THI signed a \$10,498 credit agreement with the USDA to refinance the subsidized loan balance of principal and interest due on an agreement executed in November 1972. The agreement carried interest at 2.50% and was due on November 1, 2022. The agreement was paid off on November 1, 2022.

On January 1, 2022, THI signed a \$1,444 credit agreement with the USDA to refinance the balance of principal and interest due on an agreement executed in November 1972. The agreement carried interest at 2.50% and was due on November 1, 2022. The agreement was paid off on November 1, 2022.

On January 1, 2022, THI signed a \$44,464 credit agreement with the USDA to refinance the subsidized loan balance of principal and interest due on an agreement executed in August 1976. The agreement carries interest at 2.50% and is due on August 1, 2026.

Other Long-Term Debt Obligations

During the year ended June 30, 2012, Rocky entered into an agreement with Lewis and Clark County (the County) regarding unpaid insurance premiums of \$459,532. The County forgave the remaining balance of \$41,846 in the year ending June 30, 2023.

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

10. LEASE OBLIGATIONS

Operating Leases

Rocky leases various real property and equipment for use in operations under operating lease agreements. The operating leases may include renewal options. These renewals are not considered reasonably certain to be exercised.

Rocky's operating leases generally do not specify an implicit interest rate. Therefore, the risk-free rate was used, based on information available at the commencement date, to determine the present value of future payments when capitalizing the operating lease right-of-use assets and operating lease liabilities.

Rocky leases real property under lease agreements with durations less than 12 months, and has elected to use the short-term lease exemption, which allows for the expense to be recognized on a straight-line basis over the lease term.

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Rocky's lease expense was as follows:

June 30, 2023

Operating leases	\$ 12,706
Short-term leases	104,727
Total Lease Expense	\$ 117,433

The aggregate minimum annual lease payments under operating lease arrangements and discount factors used in calculating minimum lease payments on right-of-use assets, are as follows:

Years Ending June 30	Operating Leases
2024	\$ 13,991
2025	13,991
2026	12,201
2027	8,799
2028	2,153
Thereafter	-
Subtotal	51,135
Amount representing interest	\$6,349
Present Value of Minimum Lease Payments	44,786
Current maturities of leases	(13,991)
Leases - Net of Current Maturities	\$ 30,795
Weighted-average remaining lease term:	
Operating leases	3.67 years
Weighted-average discount rate:	
Operating leases	6.80%

Operating Lease – Long Term

RA4 leases real property from RA9 under a ground lease prepayment and deferral agreement through October 2084. The annual expense of \$9,669 is reflected in the amortization of the lease prepayment at RA4, as no cash is exchanged. There is no interest. The prepaid lease expense at RA4 and the deferred rental income at RA9 are eliminated in the consolidated statements. RA4's right-of-use-asset appears as a long-term prepaid expense (asset) on the consolidated balance sheet. RA4's rent expense for the lease is included as housing expense on the consolidated statement of activities. RA9's rent income for the lease is included as lease rental income. The rent expense and rent income are eliminated in the consolidated statements.

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

11. NET ASSETS WITH DONOR RESTRICTIONS

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

June 30, 2023

Purpose Restrictions Accomplished	
Senior services	\$ 65,838
Spirit of Service program	8,329
Other	1,651
Purpose Restrictions Accomplished	\$ 75,818

Net assets with donor restrictions were available for the following programs:

June 30, 2023

Purpose Restrictions	
Senior services	\$ 445,671
Head Start	1,000
Total Purpose Restrictions	\$ 446,671

12. NONCONTROLLING INTERESTS IN PARTNERSHIP EQUITY

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

June 30, 2023	Controlling Noncontrolling		Total
EM II	\$ (309)	\$ 2,248,719	\$ 2,248,410
River Rock	(3,000)	3,362,315	3,359,315
RA4	(17,581)	2,636,491	2,618,910
RA9	14,906	5,546,604	5,561,510
Total	\$ (5,984)	\$ 13,794,129	\$ 13,788,145

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

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

13. NONFINANCIAL CONTRIBUTIONS

In-Kind Contributions

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

In-kind contributions consist of the following:

June 30, 2023

Contracted services	\$ 226,032
Supplies and training materials	36,551
Space	47,352
Meals	4,324
Physical examinations	9,337
Advertising/Recruitment	8,753
Total In-Kind Contributions	\$ 332,349

All in-kind contributions were expensed in accordance with GAAP for the fiscal year ended June 30, 2023.

In-kind contributions were received for the following programs:

June 30, 2023

Fundraising	\$ 11,291
Consolidated Kitchen	6,490
Head Start	285,031
Senior Meal Programs	11,554
Senior Volunteer Programs	17,983
Total In-Kind Contributions	\$ 332,349

In addition to the contributions reported in the tables above, the Head Start program received services valued at \$60,975 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 allow the value of these services to be reported as matching funds for grant purposes.

None of the in-kind contributions were monetized during the year ending June 30, 2023.

14. EMPLOYEE BENEFITS

Retirement Benefits

Rocky and ERI have a defined contribution profit sharing retirement plan based on a fiscal year managed by a third party administrator. An employee must be at least 21 years of age and complete 12 consecutive months of service consisting of at least 1,000 hours to be eligible to participate in the plan.

The employer's contribution to the plan is discretionary. The contribution rate is approved by the Board. The effective contribution rate on employees' compensation is calculated based on the actual amount contributed to the plan by Rocky and ERI and total eligible employee compensation for the fiscal year. Total Rocky and ERI contributions to the plan during the year ending June 30, 2023, were allocated to the individual participants' accounts based on their eligible compensation during the year ending June 30, 2023, multiplied by the effective contribution rate. The preliminary contribution rate on employees' compensation for the year ending June 30, 2023, was set at 3.00%. The effective contribution rate on eligible employees' compensation for the fiscal year ended June 30, 2023, is 3.05%. Retirement plan expense is \$126,136 for the year ending June 30, 2023. The preliminary approved contribution rate for the year ending June 30, 2024, remains at 3.00%.

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

Cafeteria Plan

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

15. COMMITMENTS AND CONTINGENCIES

Rocky has loaned HOME grant funds to other organizations to support the development of low-income housing. Repayment received by Rocky on these loans represents Communit Housing Development Organization (CHDO) proceeds. These CHDO proceeds must be used for HOME eligible activities that support housing for low-income persons. Rocky held \$50,768 of CHDO proceeds as of June 30, 2023.

Housing Commitments

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

Roadrunner Low-Income Housing Project

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

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

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

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

Ptarmigan

On November 20, 2000, Rocky executed a guaranty agreement for Ptarmigan. The agreement provides that Rocky unconditionally guarantees due payment, performance, and fulfillment of all liabilities, obligations and undertakings of Ptarmigan's general partner, RMDC Ptarmigan, Inc., arising under the Amended and Restated Partnership Agreement. The guaranty also applied to Ptarmigan's investor limited partner. December 31, 2015, marked the end of Ptarmigan's 15-year tax compliance period. On March 31, 2016, the investor limited partner assigned its 99.99% interest to Rocky.

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

At June 30, 2023, Rocky is the 99.99% limited partner and RMDC Ptarmigan, Inc. is the .01% general partner. Although Rocky is still obligated under the guaranty agreement, the general partner continues to be responsible for administrative and financial matters related to the partnership. Effective May 30, 2019, Ptarmigan converted to a limited liability limited partnership.

Pheasant Glen

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

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

ERR

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

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

The partnership agreement 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 redefined the responsibilities of the partnership's general and limited partners. This was in response to the replacement of Rocky as the limited partner by Homestead Equity Fund V, LP, and Homestead SLP, LLC on June 30, 2007.

Effective May 31, 2023 (the end of EM III's 15-year compliance period), Homestead Equity Fund V, LP and Homestead SLP, LLC assigned their 99.99% limited partner interest to Rocky in an amendment to the partnership originally signed June 7, 2007.

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

EM II

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

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

In the event a repurchase occurs, the limited partners must transfer their partnership interest to the general partner. As of June 30, 2023, the partnership interest of the limited partner was \$2,248,719. As of June 30, 2023, the book value of the partnership's capital assets totaled approximately \$3.4 million. These assets serve as collateral in the event the limited partners exercise the repurchase option. The limited partners may exercise this option if the complex is not constructed in accordance with the construction plans or the Fair Housing Act of 1988 as amended.

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

River Rock

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

Red Alder Project – RA4 and RA9

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

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

- *Development Obligations:* Guarantee the delivery of a completed, lien-free project (including all final Certificates of Occupancy), in accordance with plans and specifications based upon the fixed development costs. This guarantee includes without limitation, a guaranty: (i) to pay any amounts needed in excess of construction loan and other available proceeds to complete the improvements, (ii) of all amounts necessary to achieve permanent loan closing, and (iii) to pay any operating deficits prior to the conclusion of property construction.
- *Operating Obligations:* Obligated to advance monies necessary to cover operating deficits, including any and all required reserves, during the 15-year compliance period (as defined by Code Section 42(i)(1)) which will be treated as interest bearing loans to the Partnership and repaid out of distributable cash flow or capital transaction proceeds.
- In addition, obligated to: (a) fund an Operating Reserve Cash Account equal to the greater of \$125,000 or the amount required by the permanent lender, (b) fund and periodically replenish throughout the duration of the Partnerships, Replacement Reserves equal to the greater of \$300/unit/year or the amount required by the permanent lender, and (c) fund a Lease-Up Reserve to cover expenses and marketing during the lease-up period in the amount of \$40,000.

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

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

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

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

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Townsend Housing

On January 1, 2022, THI agreed to four USDA Rural Development Loans in the amounts of \$80,649, \$10,498, \$1,444, and \$44,464 at 2.50% interest. Two of the loans matured in November 2022. The remaining two loans mature in August of 2025 and 2026. Loan principal and interest payable at June 30, 2023, total \$80,025.

Rocky and Affiliates

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

16. CONDITIONAL PROMISES TO GIVE

Conditional promises to give arise from grant/contract activities that are underway at fiscal year-end, but which are not complete. The following schedule reflects the value of conditional promises to give received by Rocky that are outstanding at June 30, 2023:

Fund	Program/Contract	Grant/Contract Period Ends	Amount
953	Community Services Block Grant (CSBG) - COVID	September 30, 2023	\$ 85,276
929	Community Services Block Grant (CSBG)	September 30, 2023	64,042
254	Commodities Supplemental Food Program	September 30, 2023	20,156
932	Emergency Solutions Grant (ESG)	October 31, 2023	47,842
951	Emergency Solutions Grant (ESG) - COVID	September 30, 2023	14,540
160	Head Start	April 30, 2024	2,527,394
203	Montana Senior Medicare Patrol	May 31, 2024	10,000
300	Northwestern Energy Weatherization	December 15, 2023	1,053,124
329	LIHEAP Weatherization	September 30, 2023	112,868
330	LIHEAP Administration	September 30, 2024	90,196
331	LIHEAP Client Ed	September 30, 2024	99,991
332	LIHEAP Outreach	September 30, 2024	21,159
360	LIHWAP Administration & Outreach	September 30, 2023	13,172
954	Housing Stability Services	September 30, 2024	254,439
Total Conditional Promises to Give			\$ 4,414,199

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

17. RECOVERY OF GENERAL AND ADMINISTRATIVE EXPENSES

As described in note 1, Rocky recovers shared general and administrative expenses through an approved indirect cost rate and various allocation plans. Following is a summary of the general and administrative costs recovered from programs:

June 30, 2023

General and Administrative Expenses	
Indirect cost pool	\$ 1,014,794
Supporting services	1,167,742
Total General and Administrative Expenses	2,182,536
Indirect costs recovered at 13.3% (approved provisional rate)	(986,887)
Supporting services expenses recovered from programs	(986,208)
Net Unrecovered General and Administrative Expenses	\$ 209,441

18. PRIOR-PERIOD ADJUSTMENT

RA4 and RA9 had prior year adjustments related to depreciation and ground lease accounting corrections.

The impacts of the restatement are as follows:

June 30, 2022	As Previously	
	Reported	As Restated
Prepaid deposit-ground lease	\$ 615,593	\$ 601,910
Accumulated depreciation	\$ 6,646,566	\$ 6,692,219
Deferred revenue-ground lease	\$ 615,593	\$ 601,910
Partners' capital	\$ 35,986,723	\$ 35,941,070
Net loss	\$ (563,835)	\$ (609,488)
Depreciation expense	\$ 1,773,343	\$ 1,818,996
Other revenue- ground lease rent	\$ 13,647	\$ 28,862
Housing expense-ground lease rent	\$ 13,647	\$ 28,862

19. SUBSEQUENT EVENTS

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

Rocky Mountain Development Council, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

Rocky Head Start opted to reduce the number of student enrollment by 51 (from 176 to 125) in the 2024-25 school year in response to the lack of full enrollment and inability to hire enough teachers and aides to run at previous capacity. The action is not expected to reduce the available grant funds for the program in the immediate future. This is a national trend.

As of October 2023, MPEG was acquired by National Equity Fund, Inc. (NEF). This transaction effects a change in the limited partner for RA4 and RA9. There are no financial ramifications related to this change.

20. RECENT ACCOUNTING PRONOUNCEMENT

In June 2016, FASB issued ASU 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*, which will require the earlier recognition of credit losses on loans and other financial instruments based on an expected-loss model, replacing the incurred-loss model that is currently in use. Under the new guidance, Rocky will measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The expected-loss model will apply to loans and leases, unfunded lending commitments, held-to-maturity debt securities, and other debt instruments measured at amortized cost. For available-for-sale securities with unrealized losses, Rocky will measure credit losses in a manner similar to the current practice, but will recognize those credit losses as allowances, rather than reductions, in the amortized cost of the securities. In addition, the ASU requires significantly more disclosure, including information about credit quality, by the year of origination for most loans. The new guidance is effective for fiscal years beginning after December 15, 2022, with early adoption permitted in fiscal years beginning after December 15, 2018. Generally, the amendments will be applied through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. Rocky is currently evaluating the impact of this ASU on the consolidated financial statements.

OTHER SUPPLEMENTARY INFORMATION SECTION

Rocky Mountain Development Council, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Grant Pass-Through Number	Entity	Passed Through to Subrecipients	Expenditures
AmeriCorps Seniors					
Direct Programs					
Foster Grandparent/Senior Companion Cluster:					
Foster Grandparents	94.011	21SFPMT002		\$ -	\$ 249,090
Senior Companion	94.016	21SCDMT003		-	247,792
Total Foster Grandparent/Senior Companion Cluster				-	496,882
Retired Senior Volunteer	94.002	21SRDMT006		-	50,000
Total AmeriCorps Seniors				-	546,882
Department of Health and Human Services					
Direct Programs					
Head Start Cluster:					
Head Start	93.600	08CH011147-04-00		-	2,564,757
Head Start	93.600	08CH011147-05-00		-	297,575
Head Start COVID-19 ARPA	93.600	08HE000135-01-01		-	158,660
Total Head Start Cluster				-	3,020,992
Passed through State Department of Public Health and Human Services:					
Community Services Block Grant Cluster:					
Community Services Block Grant	93.569	21-028-10006-0		-	33,086
Community Services Block Grant	93.569	22-028-10006-0		-	172,801
Community Services Block Grant COVID-19	93.569	20-028-19046-0		-	7,039
Community Services Block Grant COVID-19	93.569	21-028-19046-0		-	145,313
Total Community Services Block Grant Cluster				-	358,239
Low-Income Home Energy	93.568	22-028-16006-0		-	204,476
Low-Income Home Energy	93.568	21-028-16006-0		-	58,127
Low-Income Home Water Assistance Program (LIHWAP)	93.568	21-028-18052-5		-	6,862
Low-Income Home Energy Assistance Program (LIHEAP)	93.568	23-028-13006-0		-	28,595
Low-Income Home Energy Assistance Program (LIHEAP)	93.568	22-028-13006-0		-	144,844
Low-Income Home Energy Assistance Program (LIHEAP - ARPA)	93.568	21-028-19052-5		-	61,499
Low-Income Home Energy Assistance Program (Weatherization) ARPA	93.568	21-028-19090-5		-	37,001
Contingency Revolving Fund (LIHEAP) ARPA	93.568	21-028-19052-5		-	13,323
Contingency Revolving Fund (LIHEAP)	93.568	22-028-13006-0		-	371,944
Total AL #93.568 Low-Income Home Energy				-	926,671
Child Care and Development Block Grant - Childcare Stabilization	93.575	22-25C-CPG05-46		-	174,429
Total Child Care and Development Block Grant				-	174,429
Special Programs for the Aging					
Aging Cluster:					
Title III - Supportive Services and Senior Centers	93.044	23-221-13004-0	Various	73,528	171,884
Title III - Supportive Services and Senior Centers COVID-19	93.044	23-221-13004-0	Various	79,716	88,326
Title III - Nutrition Services	93.045	23-221-13004-0	Various	288,089	603,768
Title III - Nutrition Services COVID-19	93.045	23-221-13004-0	Various	86,607	160,439
Nutrition Services Incentive Program	93.053	23-221-13004-0	Various	-	138,940
Nutrition Services Incentive Program Noncash Commodities	93.053	23-221-13004-0	Various	-	29,463
Total Aging Cluster				527,940	1,192,820
Title VII - Long Term Care Ombudsman Services for Older Individuals	93.042	23-221-13004-0		-	18,995
Title VII - Long Term Care Ombudsman Services for Older Individuals COVID19	93.042	23-221-13004-0		-	4,076
Title III - Disease Prevention and Health Promotion Services	93.043	23-221-13004-0		-	15,306
Title III - Disease Prevention and Health Promotion Services COVID19	93.043	23-221-13004-0		-	6,081
Title III National Family Caregiver Support	93.052	23-221-13004-0	Various	66,431	144,110
Title III National Family Caregiver Support COVID19	93.052	23-221-13004-0	Various	7,408	32,230
Title IV and Title II Discretionary Projects - FFP	93.048	No Contract		-	2,655
Montana Senior Medicare Patrol (SMP) Project	93.048	N/A		10,000	20,608
Montana Senior Medicare Patrol (SMP) Project COVID19	93.048	N/A		-	615
Medicare Improvement Program (MIPPA)	93.071	23-221-13004-0		-	25,858
State Health Insurance Assistance Program	93.324	23-221-13004-0	Various	-	52,299
M4A ADRC Grant	93.048	20-221-13030-0		29,677	29,677
Total Aging Programs				641,456	1,545,330
Total Passed through State Department of Public Health and Human Services				641,456	3,004,669
Total U.S. Department of Health and Human Services				\$ 641,456	\$ 6,025,661

See the accompanying notes to the schedule of expenditures of federal awards

Rocky Mountain Development Council, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 June 30, 2023
 (Continued)

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Grant Pass-Through Number	Entity	Passed Through to Subrecipients	Expenditures
U.S. Department of Agriculture					
Passed through State Department of Public Health and Human Services:					
Child and Adult Care Food Program	10.558	Agreement		-	\$ 132,962
Child and Adult Care Food Program	10.558	Agreement		-	14,159
Total Child and Adult Care Food Program				-	147,121
Commodity Supplemental Food Program	10.565	22-027-21007-0		-	5,955
Commodity Supplemental Food Program	10.565	23-027-21007-0		-	16,155
Total Commodity Supplemental Food Program				-	22,110
Rural Rental Housing Loans	10.415	Agreement		-	40,718
Total U.S. Department of Agriculture				-	209,949
U.S. Department of Energy					
Passed through State Department of Public Health and Human Services:					
Weatherization Assistance for Low-Income Persons	81.042	22-028-30026-0		-	24,920
Total U.S. Department of Energy				-	24,920
U.S. Department of Housing and Urban Development					
Passed through State Department of Commerce:					
First Time Home Buyers	14.169	Agreement		-	16,192
First Time Home Buyers - Neighborhood Lift	14.169	Agreement		-	22,500
Housing Stability Services	21.023	22-028-17006-0		-	12,850
Housing Stability Services	21.023	23-028-17006-0		-	20,207
Total Passed-Through State Department of Commerce				-	71,749
Passed through State Department of Public Health and Human Services:					
Emergency Solutions Grant Program	14.231	20-028-51006-0	Good Sam	21,376	21,376
Emergency Solutions Grant Program	14.231	21-028-51006-0	Good Sam	83,547	83,547
Emergency Solutions Grant Program COVID-19 CARES (Shelter)	14.231	20-028-19006-0	Good Sam	17,358	17,358
Total AL#14.231 - Emergency Solutions Program				122,281	122,281
Total U.S. Department of Housing and Urban Development				122,281	194,030
TOTAL FEDERAL EXPENDITURES				\$ 763,737	\$ 7,001,442

See the accompanying notes to the schedule of expenditures of federal awards

Rocky Mountain Development Council, Inc.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

1. BASIS OF PRESENTATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting as described in note 1 of the accompanying notes to consolidated financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

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:

June 30, 2023

Total expenditures of federal awards	\$ 7,001,442
Rent subsidy received by RMFP from Rural Development	42,195
Rent subsidy received by EMII from HUD	150,444
Rent subsidy received by EMIII from HUD	38,000
Rent subsidy received by Big Boulder from HUD	150,099
Rent subsidy received by River Rock from HUD	38,485
Rent subsidy received by Ptarmigan from HUD	37,547
Rent subsidy received by Pheasant Glen from HUD	55,039
Rent subsidy received by Red Alder 4% from HUD	196,537
Rent subsidy received by Red Alder 9% from HUD	171,145
Rent subsidy received by Townsend Housing from HUD	68,681
Rent subsidy received by ERR from HUD	95,648
Service Coordinator Grant received by ERR from HUD	38,728
Total Federal Grant Revenue	\$ 8,083,990

Rocky Mountain Development Council, Inc.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

(Continued)

4. HOME CHDO PROCEEDS

Rocky has loaned HOME grant funds to other organizations to support the development of low-income housing. Repayment received by Rocky on these loans represent CHDO proceeds. These CHDO proceeds must be used for HOME eligible activities that support housing for low-income persons. Rocky had available CHDO proceeds of \$72,511 of which \$21,743 was disbursed for HOME eligible activities leaving \$50,768 available at June 30, 2023.

5. INDIRECT COST RATE

Rocky received an approved provisional rate of 13.50% from its federal cognizant agency, the Department of Health and Human Services. The effective rate applied during fiscal year 2023 is 13.30%.

OTHER REPORTS SECTION



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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Rocky Mountain Development Council, Inc. (Rocky), which comprise the consolidated statement of financial position as of June 30, 2023, 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 and have issued our report thereon dated March 19, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Rocky'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 or significant deficiencies may exist that were not identified.

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

(Continued)

Report on Compliance and Other Matters

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

Purpose of This Report

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

KCoe Team, LLP

March 19, 2024
Helena, Montana



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rocky Mountain Development Council, Inc.'s (Rocky) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Rocky's major federal programs for the year ended June 30, 2023. Rocky's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rocky complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

(Continued)

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Rocky's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Rocky's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Rocky's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

(Continued)

Report on Internal Control Over Compliance

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

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

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

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

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

KCoe Jam, LLP

March 19, 2024
Helena, Montana

FINDINGS AND QUESTIONED COSTS SECTION

Rocky Mountain Development Council, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

SECTION I

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Is any noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
CFDA No. 90.011,90.016	Foster Grandparent/Senior Companion Cluster
CFDA No. 93.600	Head Start Cluster
Threshold for distinguishing types A and B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Rocky Mountain Development Council, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

(Continued)

SECTION II

**FINDINGS AND SIGNIFICANT DEFICIENCIES OR MATERIAL WEAKNESSES - FINANCIAL STATEMENT
AUDIT**

None.

SECTION III

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

Rocky Mountain Development Council, Inc.
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
Year Ended June 30, 2023

None.

SUPPLEMENTARY INFORMATION SECTION

Rocky Mountain Development Council, Inc.

SUMMARY OF PROGRAMS BY GRANTOR AGENCIES

Year Ended June 30, 2023

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

AMERICORPS SENIORS (FORMERLY CORPORATION FOR NATIONAL AND COMMUNITY SERVICE)

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

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

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

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES – Other

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

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

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

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

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

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

Rocky Mountain Development Council, Inc.

SUMMARY OF PROGRAMS BY GRANTOR AGENCIES

Year Ended June 30, 2023

(Continued)

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES – Aging and Nutrition

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

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

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

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

DEPARTMENT OF COMMERCE - Montana Board of Housing

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

COUNTY FUNDING – Other Programs

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

LOCAL FUNDING – Other Programs

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

Rocky Mountain Development Council, Inc.
SCHEDULE OF INDIRECT COST RECONCILIATION

June 30, 2023

Total Expenditures for Operations	
Program services	\$ 14,395,035
General and administrative	2,182,536
Recovery of indirect costs - general and administrative	(986,887)
Recovery of other allocated costs - general and administrative	(986,208)
Fundraising	33,800
Total Expenditures for Operations	14,638,276
Indirect Costs - Net of Exclusions	(960,833)
Exclusions:	
Commodities	(29,493)
Depreciation	(179,936)
In-kind	(332,349)
Pass-through	(1,171,559)
Consolidated properties' expenses - net of eliminations	(3,911,499)
Assistance payments	(562,828)
Other:	
Other housing exclusions	(68,995)
Loss on sale of asset	(580)
Indirect Cost Base Expenditures	7,420,204
Indirect cost rate	13.30%
Total Indirect Cost Charges	\$ 986,887
Allocated Indirect Costs by Program	
Aging and Nutrition	\$ 172,257
Senior Volunteer	71,129
Housing	94,386
Other	25,230
Child and Family	394,531
Senior Activities	8,853
Transportation	7,576
Weatherization	84,148
General and administrative	126,170
Fundraising	2,607
Total Indirect Cost Charges to Programs	\$ 986,887

See the independent auditors' report on the supplementary information.

Rocky Mountain Development Council, Inc.
SCHEDULE OF TRANSFERS

June 30, 2023

County Mill Fund Transfers

Sources:

Carried Forward from Fiscal Year 2022	\$ 484,008
Lewis and Clark County	373,099
Jefferson County	61,144
Broadwater County	31,239

Total County Mill Funds Received **\$ 949,490**

Program Recipients

Home Delivered Meals	\$ 166,701
Congregate Meals	154,619
Agency on Aging	9,648
Retired Senior Volunteer Program	32,339
Senior Services and Transportation	172,914

Total County Mill Funds Transferred **536,221**

Carry Forward to Fiscal Year 2024 413,269

Total County Mill Funds **\$ 949,490**

Community Service Block Grant Transfers

Program recipients:

Indirect Cost Pool	\$ 25,706
Commodities	7,572
Home Delivered Meals	64,565
Emergency Solutions	446
Foster Grandparent Program	7,856
Senior Companions Program	10,570
Weatherization - Operational Support	31,423

Total Community Service Block Grant Transfers **\$ 148,138**

See the independent auditors' report on the supplementary information.

Rocky Mountain Development Council, Inc.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

June 30, 2023	Rocky	RMFP	ERI	EMII	EMIII	Penkay Eagles Manor, Inc.	Eagle Manor Project No. 2, Inc.	Big Boulder	River Rock	Ptarmigan	Pheasant Glen	ERR	RA4	RA9	Townsend Housing Inc.	Eliminations	Consolidated
ASSETS																	
Current Assets																	
Cash and cash equivalents - operations	\$ 2,286,223	\$ 2,202	\$ 101,439	\$ 9,272	\$ 10,148	\$ 8,730	\$ -	\$ 6,379	\$ 19,824	\$ 2,954	\$ 3,738	\$ 11,511	\$ 71,423	\$ 37,581	\$ 2,127	\$ -	\$ 2,573,551
Cash and cash equivalents - custodial	110,917	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	110,917
Accounts receivable	101,245	3,917	1,641	12,507	(383)	-	-	28,083	3,256	5,731	17,638	20,251	66,607	10,042	5,760	-	276,295
Related-party receivables	262,582	-	20,389	-	-	-	-	-	-	-	-	843	2,587	-	-	(286,350)	51
Grants receivable	629,281	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	629,281
Current portion of notes and interest receivable	14,746	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,746
Prepaid deposits and expenses	28,781	3,408	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32,189
Inventory	52,866	-	2,063	-	-	-	-	-	-	-	-	-	-	-	-	-	54,929
Total Current Assets	3,486,641	9,527	125,532	21,779	9,765	8,730	-	34,462	23,080	8,685	21,376	32,605	140,617	47,623	7,887	(286,350)	3,691,959
Fixed Assets																	
Land	161,366	22,495	-	147,742	198,317	-	-	503,336	575,332	196,701	333,630	118,966	-	1,533,246	13,000	-	3,804,131
Land improvements - net	15,669	8,780	-	17,946	7,656	-	-	52,703	33,947	-	-	-	940,899	130,915	-	-	1,208,515
Leasehold improvements - net	129,164	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	129,164
Buildings - net	1,052,593	66,069	-	3,254,817	3,588,669	-	-	4,743,175	3,760,360	306,037	1,293,318	1,987,031	8,796,041	6,853,497	31,015	(4,049,637)	31,682,985
Equipment - net	436,203	-	6,686	-	563	-	-	-	-	-	-	-	91,543	111,432	-	-	646,427
Construction in progress	87,283	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87,283
Total Fixed Assets	1,882,278	97,344	6,686	3,420,505	3,795,205	-	-	5,299,214	4,369,639	502,738	1,626,948	2,105,997	9,828,483	8,629,090	44,015	(4,049,637)	37,558,505
Other Assets																	
Investments in partnerships	6,010	-	-	-	-	(689)	-	-	-	-	-	-	-	-	-	(1,869)	3,452
Cash restricted for security deposits and reserves	49,641	21,119	-	232,663	172,789	-	-	196,985	230,132	117,483	152,086	429,851	329,590	195,036	37,505	-	2,164,880
Cash restricted for housing projects	153,255	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	153,255
Long-term related-party receivable	66,506	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,519)	15,987
Long-term notes and interest receivable	15,463,468	-	-	-	-	93,367	407,257	-	-	-	-	-	-	-	-	(14,198,093)	1,765,999
Operating lease right-of-use assets	38,939	-	-	1,513	1,513	-	-	-	-	-	-	1,513	-	-	-	-	43,478
Prepaid ground lease	-	-	-	-	-	-	-	-	-	-	-	-	593,046	-	-	(593,046)	-
Deferred costs - net	-	317	-	-	-	-	-	-	8,319	-	-	-	45,580	97,995	-	-	152,211
Total Other Assets	15,777,819	21,436	-	234,176	174,302	92,678	407,257	196,985	238,451	117,483	152,086	431,364	968,216	293,031	37,505	(14,843,527)	4,299,262
TOTAL ASSETS	\$ 21,146,738	\$ 128,307	\$ 132,218	\$ 3,676,460	\$ 3,979,272	\$ 101,408	\$ 407,257	\$ 5,530,661	\$ 4,631,170	\$ 628,906	\$ 1,800,410	\$ 2,569,966	\$ 10,937,316	\$ 8,969,744	\$ 89,407	\$ (19,179,514)	\$ 45,549,726
LIABILITIES AND NET ASSETS																	
Current Liabilities																	
Accounts payable and accrued expenses	\$ 413,093	\$ 42,589	\$ 37,263	\$ 33,201	\$ 132,869	\$ 14,967	\$ 35,552	\$ 28,763	\$ 21,325	\$ 7,880	\$ 20,592	\$ 52,386	\$ 68,207	\$ 30,167	\$ 26,015	\$ (336,869)	\$ 628,000
Cash and cash equivalents held for others	110,917	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	110,917
Compensated absences	369,821	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	369,821
Refundable advances and deferred revenue	681,091	1,843	991	31,618	11,558	-	2,452	16,219	12,005	5,084	12,986	34,349	34,172	23,414	3,858	-	871,640
Current portion of long-term debt	2,572	4,942	-	3,226	12,809	-	-	5,884	-	8,776	11,791	9,285	60,042	43,214	32,926	-	195,467
Current portion of lease liability	12,071	-	-	640	640	-	-	-	-	-	-	640	-	-	-	-	13,991
Total Current Liabilities	1,589,565	49,374	38,254	68,685	157,876	14,967	38,004	50,866	33,330	21,740	45,369	96,660	162,421	96,795	62,799	(336,869)	2,189,836
Long-Term Debt																	
Notes and interest payable	228,149	172,023	148,981	1,358,461	1,586,530	-	-	675,535	1,238,525	886,922	1,977,199	3,555,370	8,155,985	2,718,393	47,099	(14,198,092)	8,551,080
Lease liability	28,083	-	-	904	904	-	-	-	-	-	-	904	-	-	-	-	30,795
Deferred revenue - ground lease	-	-	-	-	-	-	-	-	-	-	-	-	-	593,046	-	(593,046)	-
Total Long-Term Debt	256,232	172,023	148,981	1,359,365	1,587,434	-	-	675,535	1,238,525	886,922	1,977,199	3,556,274	8,155,985	3,311,439	47,099	(14,791,138)	8,581,875
Total Liabilities	1,845,797	221,397	187,235	1,428,050	1,745,310	14,967	38,004	726,401	1,271,855	908,662	2,022,568	3,652,934	8,318,406	3,408,234	109,898	(15,128,007)	10,771,711
Net Assets																	
Net assets without donor restrictions and controlling interests in partnerships	18,854,270	(98,090)	(55,017)	(309)	2,233,962	86,441	369,253	4,804,260	(3,000)	(279,756)	(222,158)	(1,082,968)	(17,581)	14,906	(20,491)	(4,046,507)	20,537,215
Noncontrolling interests in partnerships	-	-	-	2,248,719	-	-	-	-	3,362,315	-	-	-	2,636,491	5,546,604	-	-	13,794,129
Common stock	-	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,000)	-
Net assets with donor restrictions	446,671	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	446,671
Total Net Assets	19,300,941	(93,090)	(55,017)	2,248,410	2,233,962	86,441	369,253	4,804,260	3,359,315	(279,756)	(222,158)	(1,082,968)	2,618,910	5,561,510	(20,491)	(4,051,507)	34,778,015
TOTAL LIABILITIES AND NET ASSETS	\$ 21,146,738	\$ 128,307	\$ 132,218	\$ 3,676,460	\$ 3,979,272	\$ 101,408	\$ 407,257	\$ 5,530,661	\$ 4,631,170	\$ 628,906	\$ 1,800,410	\$ 2,569,966	\$ 10,937,316	\$ 8,969,744	\$ 89,407	\$ (19,179,514)	\$ 45,549,726

See the independent auditors' report on the supplementary information.

Rocky Mountain Development Council, Inc.

CONSOLIDATING SCHEDULE OF ACTIVITIES

Year Ended June 30, 2023	Rocky	RMFP	ERI	EMII	EMIII	Penkey Eagles Manor, Inc.	Eagle Manor Project No. 2, Inc.	Big Boulder	River Rock	Ptarmigan	Pheasant Glen	ERR	RA4	RA9	Townsend Housing Inc.	Eliminations	Consolidated
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS																	
Revenues, Gains, and Other Support																	
Grants - federal	\$ 7,001,442	\$ 42,195	\$ -	\$ 150,444	\$ 38,000	\$ -	\$ -	\$ 150,099	\$ 38,485	\$ 37,547	\$ 55,039	\$ 134,376	\$ 196,537	\$ 171,145	\$ 68,681	\$ -	\$ 8,083,990
Grants - other	1,209,524	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,209,524
County tax	496,990	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	496,990
Local support	9,917	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,917
Fundraising and donations	284,035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	284,035
Program service	1,672,852	34,612	439,876	203,138	201,982	-	-	153,434	136,029	72,181	113,532	341,198	292,800	197,399	69,590	(1,010,372)	2,918,251
Other	151,756	-	3,880	903	894	1,149	4,572	80	795	291	125	138,574	(24,650)	82,378	490	(224,072)	137,165
In-kind	332,349	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	332,349
Net assets released from restrictions	75,818	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,818
Total Revenues, Gains, and Other Support Without Donor Restrictions	11,234,683	76,807	443,756	354,485	240,876	1,149	4,572	303,613	175,309	110,019	168,696	614,148	464,687	450,922	138,761	(1,234,444)	13,548,039
Expenses																	
Program:																	
Aging and Nutrition	2,964,803	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,964,803
Senior Volunteer	641,285	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	641,285
Housing	1,045,864	81,953	420,377	630,774	435,797	15,081	6,618	460,987	326,710	177,106	328,222	767,489	824,975	557,772	112,240	(1,234,602)	4,957,363
Other	186,393	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	186,393
Child and Family	4,105,717	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,105,717
Senior Activities	157,590	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	157,590
Transportation	63,636	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	63,636
Weatherization	1,318,248	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,318,248
Total Program Expenses	10,483,536	81,953	420,377	630,774	435,797	15,081	6,618	460,987	326,710	177,106	328,222	767,489	824,975	557,772	112,240	(1,234,602)	14,395,035
General and administrative	2,182,536	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,182,536
Recovery of indirect costs from programs	(986,887)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(986,887)
Recovery of other allocated costs from programs	(986,208)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(986,208)
General and Administrative - Net	209,441	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	209,441
Fundraising	33,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,800
Total Expenses	10,726,777	81,953	420,377	630,774	435,797	15,081	6,618	460,987	326,710	177,106	328,222	767,489	824,975	557,772	112,240	(1,234,602)	14,638,276
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	507,906	(5,146)	23,379	(276,289)	(194,921)	(13,932)	(2,046)	(157,374)	(151,401)	(67,087)	(159,526)	(153,341)	(360,288)	(106,850)	26,521	158	(1,090,237)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS																	
Contributions	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000
Net assets released from restrictions	(75,818)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(75,818)
Change in Net Assets With Donor Restrictions	(72,818)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(72,818)
Change in Net Assets	435,088	(5,146)	23,379	(276,289)	(194,921)	(13,932)	(2,046)	(157,374)	(151,401)	(67,087)	(159,526)	(153,341)	(360,288)	(106,850)	26,521	158	(1,163,055)
Net Assets - Beginning of Year	18,865,853	(87,944)	(78,396)	2,524,699	2,428,883	100,373	371,299	4,961,634	3,510,716	(212,669)	(62,632)	(929,627)	2,994,413	5,698,798	(47,012)	(4,051,665)	35,986,723
Prior-Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	(15,215)	(30,438)	-	-	(45,653)
Net Assets - Beginning of Year - as Restated	18,865,853	(87,944)	(78,396)	2,524,699	2,428,883	100,373	371,299	4,961,634	3,510,716	(212,669)	(62,632)	(929,627)	2,979,198	5,668,360	(47,012)	(4,051,665)	35,941,070
Net Assets - End of Year	\$ 19,300,941	\$ (93,090)	\$ (55,017)	\$ 2,248,410	\$ 2,233,962	\$ 86,441	\$ 369,253	\$ 4,804,260	\$ 3,359,315	\$ (279,756)	\$ (222,158)	\$ (1,082,968)	\$ 2,618,910	\$ 5,561,510	\$ (20,491)	\$ (4,051,507)	\$ 34,778,015

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Rocky Mountain Development Council, Inc.

SCHEDULE OF CONSOLIDATING ELIMINATIONS

June 30, 2023	Rocky	RMFP	ERI	EM II	EM III	Penkay Eagles Manor, Inc.	Eagle Manor Project No. 2, Inc.	Big Boulder	River Rock	Ptarmigan	Pheasant Glen	ERR	RA4	RA9	Townsend Housing Inc.	Total
ASSETS																
Related-party receivables	\$ 262,582	\$ -	\$ 20,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 792	\$ 2,587	\$ -	\$ -	\$ 286,350
Buildings	-	-	-	656,109	727,539	-	-	912,337	791,410	-	-	-	562,879	399,363	-	4,049,637
Investment in housing	5,010	-	-	-	-	(689)	(2,452)	-	-	-	-	-	-	-	-	1,869
Long-term accounts receivable	50,519	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,519
Long-term notes and interest receivable	13,697,469	-	-	-	-	93,367	407,257	-	-	-	-	-	-	-	-	14,198,093
Prepaid ground lease receivable(RA4/RA9 ground lease)	-	-	-	-	-	-	-	-	-	-	-	-	593,046	-	-	593,046
TOTAL ASSETS	\$ 14,015,580	\$ -	\$ 20,389	\$ 656,109	\$ 727,539	\$ 92,678	\$ 404,805	\$ 912,337	\$ 791,410	\$ -	\$ -	\$ 792	\$ 1,158,512	\$ 399,363	\$ -	\$ 19,179,514
LIABILITIES																
Accounts payable to Rocky	\$ -	\$ 40,584	\$ 10,624	\$ 15,210	\$ 52,866	\$ 14,967	\$ 35,552	\$ 20,133	\$ 4,315	\$ 3,933	\$ 13,034	\$ 29,145	\$ 44,885	\$ 6,084	\$ 21,770	\$ 313,102
Accounts payable to RMDC Eagle Rock, Inc.	175	-	-	3,677	1,500	-	-	25	1,583	917	3,726	4,385	1,077	2,947	376	20,388
Accounts payable to ERRLP	-	-	-	792	-	-	-	-	-	-	-	-	-	-	-	792
Accounts payable to RA4	-	-	-	-	-	-	-	-	-	-	-	-	-	2,587	-	2,587
Accounts payable to THI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes and interest payable to Rocky	-	-	148,981	866,658	1,265,667	-	-	472,977	1,238,525	807,871	1,540,192	3,218,636	3,905,291	232,670	-	13,697,468
Notes and interest payable to Penkay Eagles Manor, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	93,367	-	-	93,367
Notes and interest payable to EM Project No. 2	-	-	-	407,257	-	-	-	-	-	-	-	-	-	-	-	407,257
Refundable advances and deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	593,046	-	593,046
TOTAL LIABILITIES	175	40,584	159,605	1,293,594	1,320,033	14,967	35,552	493,135	1,244,423	812,721	1,556,952	3,252,166	4,044,620	837,334	22,146	15,128,007
NET ASSETS																
Net assets without restrictions	-	-	-	656,109	727,537	-	-	912,340	791,410	-	-	-	562,879	399,363	-	4,049,638
Paid-in capital	-	5,000	-	-	-	(689)	(2,452)	10	-	-	-	-	-	-	-	1,869
TOTAL NET ASSETS	-	5,000	-	656,109	727,537	(689)	(2,452)	912,350	791,410	-	-	-	562,879	399,363	-	4,051,507
TOTAL LIABILITIES AND NET ASSETS	\$ 175	\$ 45,584	\$ 159,605	\$ 1,949,703	\$ 2,047,570	\$ 14,278	\$ 33,100	\$ 1,405,485	\$ 2,035,833	\$ 812,721	\$ 1,556,952	\$ 3,252,166	\$ 4,607,499	\$ 1,236,697	\$ 22,146	\$ 19,179,514
REVENUE																
Rocky service fees	\$ 777,321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 777,321
Eagle Rock service fees	-	-	225,719	-	-	-	-	-	-	-	-	-	-	-	-	225,719
Ground lease revenue from RA4 to RA9	-	-	-	-	-	-	-	-	-	-	-	-	-	7,332	-	7,332
Partnership fees	-	-	-	-	-	-	834	-	-	-	-	-	-	-	-	834
Interest on note due from RA4	-	-	-	-	-	1,146	-	-	-	-	-	-	-	-	-	1,146
Interest on note due from EM II	-	-	-	-	-	-	3,739	-	-	-	-	-	-	-	-	3,739
Interest on notes due from related organizations	218,353	-	-	-	-	-	-	-	-	-	-	-	-	-	-	218,353
TOTAL REVENUE	995,674	-	225,719	-	-	1,146	4,573	-	-	-	-	-	-	7,332	-	1,234,444
EXPENSES																
Expenses from Rocky service fees	-	28,494	14,145	91,744	57,414	397	351	104,736	60,997	31,091	52,371	154,947	79,820	72,372	28,442	777,321
Expenses from Eagle Rock service fees	3,663	-	-	43,122	17,529	-	-	458	23,055	17,459	22,132	54,241	18,038	23,282	2,740	225,719
Partnership fees	-	-	-	-	-	114	44	-	834	-	-	-	-	-	-	992
Ground lease payment from RA4 to RA9	-	-	-	-	-	-	-	-	-	-	-	-	7,332	-	-	7,332
Interest on note due to EM Proj No. 2	-	-	-	3,739	-	-	-	-	-	-	-	-	-	-	-	3,739
Interest on note due to PEM Inc.	-	-	-	-	-	-	-	-	-	-	-	-	1,146	-	-	1,146
Interest on notes due to Rocky	-	-	-	-	31,288	-	-	4,475	27,318	6,973	39,199	59,677	45,888	3,535	-	218,353
TOTAL EXPENSES	3,663	28,494	14,145	138,605	106,231	511	395	109,669	112,204	55,523	113,702	268,865	152,224	99,189	31,182	1,234,602
CHANGE IN NET ASSETS DUE TO ELIMINATIONS	\$ 992,011	\$ (28,494)	\$ 211,574	\$ (138,605)	\$ (106,231)	\$ 635	\$ 4,178	\$ (109,669)	\$ (112,204)	\$ (55,523)	\$ (113,702)	\$ (268,865)	\$ (152,224)	\$ (91,857)	\$ (31,182)	\$ (158)

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