ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.

FINANCIAL REPORT

June 30, 2021

ANDERSON ZURMUEHLEN

C O N T E N T S

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

PAGE

SUPPLEMENTARY INFORMATION

828 Great Northern Boulevard | PO Box 1040, Helena, MT 59624
helena@azworld.com | 406.442.1040 | azworld.com

ANDERSON ZURMUEHLEN

INDEPENDENT AUDITOR'S 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 accompanying consolidated financial statements of Rocky Mountain Development Council, Inc. (Rocky) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Rocky as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedules on pages 58 through 65 are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The Summary of Programs by Grantor Agencies on pages 56 and 57, 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 31, 2022, 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.

Anderson ZurMuehlen + Co., P.C.

Helena, Montana
March 31, 2022

CONSOLIDATED FINANCIAL STATEMENTS

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents, operations	$ 1,700,766
Cash and cash equivalents, custodial	108,517
Accounts receivable	180,363
Related party receivables	5,160
Grants receivable	572,163
Current portion of notes and interest receivable	14,231
Prepaid deposits and expenses	189,962
Inventory	57,155
Total current assets	2,828,317
FIXED ASSETS	
Land	3,951,833
Land improvements, net	1,409,808
Leasehold improvements, net	91,380
Buildings, net	34,068,250
Equipment, net	850,201
Total fixed assets	40,371,472
OTHER ASSETS	
Investments in partnerships	1,000
Cash restricted for security deposits and reserves	1,559,907
Cash restricted for housing projects	491,788
Construction in progress	44,679
Long-term related party receivable	12,226
Long-term notes and interest receivable	1,338,617
Long-term accounts receivable	25,524
Deferred costs, net	114,913
Total other assets	3,588,654
Total assets	$ 46,788,443

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 1,436,469
Cash and cash equivalents held for others	108,517
Compensated absences	296,150
Refundable advances and deferred revenue	552,128
Current portion of long-term debt	185,876
Line of credit advances	9,680,590
Total current liabilities	12,259,730
LONG-TERM DEBT	
Notes and interest payable	2,568,158
Other liabilities	41,846
Total long term liabilities	2,610,004
Total liabilities	14,869,734
NET ASSETS	
Net assets without donor restrictions	
Net assets without donor restrictions and controlling interests in partnerships	18,207,124
Noncontrolling interests in partnerships	13,226,034
Total net assets without donor restrictions	31,433,158
Net assets with donor restrictions	485,551
Total net assets	31,918,709
Total liabilities and net assets	$ 46,788,443

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
REVENUES, GAINS, AND OTHER SUPPORT	
Grants - federal	$ 9,996,728
Grants - other	1,168,349
County tax	310,288
Local support	7,176
Fundraising and donations	209,482
Program service	2,293,260
Other	243,231
In-kind	578,255
Net assets released from restrictions	3,030
Total revenues, gains, and other support without donor restrictions	14,809,799
EXPENSES	
Program	
Aging and Nutrition	2,588,519
Senior Volunteer	694,741
Housing	4,301,310
Other	206,784
Child and Family	4,201,713
Senior Activities	88,619
Transportation	18,049
Weatherization	1,031,067
Total program expenses	13,130,802
General and administrative	1,854,413
Recovery of indirect costs from programs	(906,977)
Recovery of other allocated costs from programs	(910,369)
	37,067
Fundraising	11,539
Total expenses	13,179,408
Change in net assets without donor restrictions	1,630,391

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

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)
For the Year Ended June 30, 2021

CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	
Contributions	167,373
Net assets released from restrictions	(3,030)
Change in net assets with donor restrictions	164,343
Change in net assets	1,794,734
Partnership contributions	2,632,079
Consolidated net assets, beginning of year	27,491,896
Consolidated net assets, end of year	$ 31,918,709

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	General and Administrative			Program Expenses				Program Expenses					Fundraising	
	Indirect Costs	Other Supporting Services	Total General and Administrative	Aging and Nutrition	Senior Volunteer	Housing	Other	Child and Family	Senior Activities	Transportation	Weatherization	Total Program	Total Fundraising	Total
Advertising/recruitment	$ 1,439	$ 20	$ 1,459	1,313	$ 27,301	$ 3,883	$ 10	$ 16,842	$ 20	$ 392	$ 128	$ 49,889	$ (75)	$ 51,273
Assistance payments	-	-	-	-	-	4,025	-	-	-	-	333,647	337,672	-	337,672
Communications	29,263	41,066	70,329	55,034	10,182	80,808	7,322	93,261	3,780	244	17,069	267,700	536	338,565
Consultant/contract	16,768	70,392	87,160	35,509	1,210	271,650	6,973	56,224	163	78	250,085	621,892	59	709,111
Equipment rent/maintenance	12,768	33,543	46,311	8,829	300	-	1,555	12,247	-	-	-	22,931	3,378	72,620
In-kind	-	-	-	-	16,801	-	-	561,454	-	-	-	578,255	-	578,255
Insurance	16,023	9,718	25,741	9,346	-	176,109	137	24,990	618	3,784	7,343	222,327	-	248,068
Legal fees	4,361	-	4,361	937	-	4,361	774	-	-	-	-	6,072	1,101	11,534
Materials, supplies, and minor equipm	3,353	22,280	25,633	88,793	7,480	71,212	1,244	158,110	7,266	86	4,196	338,387	-	364,020
Meal costs	-	143,532	143,532	359,042	-	132,730	-	122,743	300	-	-	614,815	211	758,558
Occupancy	33,560	178,972	212,532	54,248	14,456	407,811	11,173	248,376	64,215	-	20,731	821,010	-	1,033,542
Office supplies	8,531	1,167	9,698	3,384	3,451	12,170	532	9,357	-	-	2,713	31,607	-	41,305
Other	8,131	546	8,677	23,319	2,006	140,643	2,840	19,764	50	715	3,040	192,377	785	201,839
Pass-through grants	-	-	-	957,287	-	353,780	3,656	-		-	-	1,314,723	-	1,314,723
Photocopies/printing	4,135	60	4,195	6,204	2,522	327	360	11,453	3,836	20	503	25,225	624	30,044
Salaries and related expenses	760,659	303,904	1,064,563	812,611	185,760	879,927	136,499	2,385,670	5,594	5,168	286,567	4,697,796	3,547	5,765,906
Stipends	-	-	-	-	295,467	-	-	-	-	-	-	295,467	-	295,467
Travel/training	2,660	851	3,511	17,908	4,880	12,935	2,054	17,485	312	-	8,653	64,227	83	67,821
Vehicle maintenance/repair	-	87	87	14,004	-	-	-	2,915	-	1,025	3,747	21,691	-	21,778
Volunteer participant expense	-	-	-	397	45,911	-	480	-	-	-	-	46,788	-	46,788
Interest expense	54	17,287	17,341	-	-	403,313	-	7,919	-	-	193	411,425	-	428,766
Depreciation and amortization	1,236	27,362	28,598	6,813	-	1,249,051	10,231	73,582	-	7,089	16,487	1,363,253	-	1,391,851
Indirect costs allocated to programs	-	100,685	100,685	151,189	77,014	96,575	20,944	379,321	2,465	1,529	75,965	805,002	1,290	906,977
Recovery of indirect costs	(906,977)	-	(906,977)	-	-		-	-	-	-	-	-	-	(906,977)
Recovery of other allocated costs	-	(910,369)	(910,369)	(17,648)	-	-	-	-	-	(2,081)	-	(19,729)	-	(930,098)
	$ (4,036)	$ 41,103	$ 37,067	$ 2,588,519	$ 694,741	$ 4,301,310	$ 206,784	$ 4,201,713	$ 88,619	$ 18,049	$ 1,031,067	$ 13,130,802	$ 11,539	$ 13,179,408

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 1,794,734
Adjustments to reconcile the change in net assets to net cash flows from operating activities:	
Depreciation	1,382,640
Amortization	9,211
Change in assets and liabilities:	
Increase in current receivables	(1,080,783)
Decrease in grant receivables	64,863
Decrease in prepaid deposit and expenses	624,332
Increase in inventory	(4,614)
Increase in accounts payable and accrued expenses	325,544
Increase in compensated absences	8,628
Decrease in refundable advances and deferred revenue	(474,910)
Decrease in accrued interest payable	292
Decrease in other liabilities	(30,000)
Net cash flows from operating activities	2,614,602
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(690,196)
Construction in progress	(4,507,196)
Proceeds from sale of property and equipment	22,665
Increase in long-term related party receivables	(2,234)
Increase in long-term note/accounts receivable	(1,223,300)
Increase in long-term interest receivable	(34,432)
Principal payments received on long-term notes receivable	13,331
Paid-in capital received on partnership investments	2,632,079
Net cash flows from investing activities	(3,789,283)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on construction line of credit	(2,305,983)
Advances on line of credit and short-term notes	4,090,826
Proceeds from long-term debt	18,886
Principal payments on long-term debt	(244,299)
Net cash flows from financing activities	1,559,430
Net change in cash and cash equivalents	384,749
Cash and cash equivalents, beginning of year	3,476,229
Cash and cash equivalents, end of year	$ 3,860,978

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

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the Year Ended June 30, 2021

SUPPLEMENTAL INFORMATION	
Interest Paid	$ 368,094
CASH AND CASH EQUIVALENTS PER THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
Cash and cash equivalents, operations	1,700,766
Cash and cash equivalents, custodial	108,517
Cash restricted for security deposits and reserves	1,559,907
Cash restricted for housing projects	491,788
Total cash and cash equivalents, end of year	$ 3,860,978

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

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

Reporting Entity

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

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

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

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

Eagles Manor Complex

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

The original facility (Penkay Eagles Manor) is comprised of 66 units and is owned and operated by ERR (a related party as more fully described below). Rocky supported the renovation of this facility with funds obtained through its housing program. Rocky also redeveloped a portion of the pre-existing facility into 44 units located on the Eagles Manor campus, now owned and operated by EM II. Effective December 31. 2021, the Investor Limited Partner for ERR, assigned its 99.99% limited partner interest to Rocky. RMDC Penkay, LLC is the general partner and Rocky is the limited partner.

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

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

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

Big Boulder

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

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

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

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

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

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

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

RA4 and RA9 (Red Alder Residences)
RA4 was organized in August 2018 to develop and operate affordable housing in Helena, Montana. Construction of the 48-unit property began in September 2019 and was substantially complete 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.

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

RA4 and RA9 (Red Alder Residences) (Continued)
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 substantially complete 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.

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

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.

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.

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

Cash and Cash Equivalents

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

Rocky and its consolidated entities maintain cash accounts in multiple financial institutions. Accounts at the financial institutions (for each entity with separate tax identification numbers) are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Rocky's main operating account has unlimited coverage through a repurchase agreement, under which all deposits are fully collateralized. At June 30, 2021, the uninsured cash balance was $56,283.

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.

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, 2021. The remaining balances are due for various terms, as more fully disclosed in Note 5.

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

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

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

Assets Held for Sale
Long-lived assets that are not used in normal operations and will be sold within one year are classified as an asset held for sale. Assets held for sale are reported at the lower of cost or fair value. There were no assets held for sale at June 30, 2021.

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 CDBG grant funds to other housing entities for development of low-income housing. Cash restricted for housing projects represents loan repayments that are restricted for HOME and CDBG eligible housing activities. Also included are loan repayments from participants in Rocky's GR8 Hope Loan Program that provided down payment assistance loans from 2002 through 2010. For purposes of the consolidated statement of cash flows, restricted housing cash is included in cash equivalents.

Construction In Progress
Construction in progress represents costs incurred for new construction and improvement projects for Rocky and its consolidated entities. At June 30, 2021, construction in progress is comprised of costs incurred to construct the RA4 and RA9 projects.

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

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

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

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

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

Accounting Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Material estimates that are particularly susceptible to significant change relate to Rocky's guaranty agreements and responsibilities as the organization responsible for managing a number of low-income housing properties in Rocky's service area. The above noted obligations and commitments are more fully described in Note 15. Management has calculated its estimated liability as required by GAAP and has determined it to be immaterial at June 30, 2021.

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

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

Net Assets and Noncontrolling Interests in Partnership Equity

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

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 restriction as this entity is directly controlled by Rocky.

The interests in partnership equity held by the general partner of ERR, Ptarmigan, and Pheasant Glen are presented as noncontrolling interest. The limited partner interests are held by Rocky at June 30, 2021, and as such are presented as controlling interest.

Functional Allocation of Expenses

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

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

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

Indirect costs that benefit all Rocky programs are allocated to each program using an approved indirect cost rate. The provisional approved rate and effective applied rate for Rocky for fiscal year 2021 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.

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

Functional Allocation of Expenses (Continued)
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, 2021, recruitment, advertising, and promotional costs totaled $51,273.

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., and Eagle Manor Project No. 2, Inc.

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

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

NOTE 2. LIQUIDITY AND AVAILABILITY

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

NOTE 2. LIQUIDITY AND AVAILABILITY (CONTINUED)

The following financial assets are expected to be available to support Rocky in the year ending June 30, 2022:

Cash and cash equivalents, operations	$1,700,766
Accounts receivable	180,363
Related party receivables	5,160
Grants receivable	572,163
Current portion of notes and interest receivable	14,231
	$2,472,683

During the year ended June 30, 2022, Rocky expects to receive $ 162,186 in developer fee income, which will add to the available financial assets listed above.

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, 2021, approximately 75% of Rocky's operating budget was received through federal, state, and other grants. Cash is received on a reimbursement basis for these grants. Rocky has a revolving line of credit that is available to fund Rocky's cash needs due to timing differences between program expenditures and their reimbursements. There is no outstanding balance at June 30, 2021.

NOTE 3. CASH AND CASH EQUIVALENTS HELD FOR OTHERS

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

Amounts held on behalf of these groups at June 30, 2021, are as follows:

Head Start Parent Fund	$ 24,240
Friends of Head Start	75,235
Senior Bingo Fund	276
Employee Social Fund	5,359
Helena Senior Advisory Council	3,407
	$ 108,517

NOTE 4. RELATED PARTIES

Related Party Receivables

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

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

	Stand Alone June 30, 2021	Consolidating Eliminations	Consolidated June 30, 2021
Current related party receivables			
Rocky			
ERR	$ 33,513	$ (33,513)	$ -
EM II	10,353	(10,353)	-
EM III	21,045	(21,045)	-
Ptarmigan	8,219	(8,219)	-
Pheasant Glen	5,830	(5,830)	-
Big Boulder	16,363	(16,363)	-
RMFP	23,823	(23,823)	-
Townsend Housing Inc.	4,457	-	4,457
River Rock	6,585	(6,585)	-
Red Alder 4%	137,360	(137,360)	-
Red Alder 9%	114,656	(114,656)	-
Total RMDC	382,204	(377,747)	4,457
EM II			
Big Boulder	9	(9)	-
EM III			
Big Boulder	9	(9)	-
Penkay Eagles Manor, Inc.			
Red Alder 4%	15,367	(15,367)	-
ERR			
EM II	2,161	(2,161)	-
EM III	312	(312)	-
Big Boulder	33	(33)	-
Total ERR	2,506	(2,506)	-
Red Alder 9%			
Red Alder 4%	152	(152)	-

NOTE 4. RELATED PARTIES (CONTINUED)

Related Party Receivables (Continued)

	Stand Alone June 30, 2021	Consolidating Eliminations	Consolidated June 30, 2021
Current related party receivables			
ERI			
EM II	3,982	(3,982)	-
EM III	1,777	(1,777)	-
Ptarmigan	3,200	(3,200)	-
Pheasant Glen	2,629	(2,629)	-
Big Boulder	338	(338)	-
River Rock	2,562	(2,562)	-
ERR	7,975	(7,975)	-
Townsend Housing Inc.	703	-	703
RMFP	291	(291)	-
Red Alder 4%	2,293	(2,293)	-
Red Alder 9%	2,185	(2,185)	-
Total ERI	27,935	(27,232)	703
Total	$ 428,182	$ (423,022)	$ 5,160
Long-term related party receivables			
Rocky			
Penkay Eagles Manor Inc.	$ 16,664	$ (16,664)	$ -
Eagle Manor Project No. 2 Inc.	30,123	(30,123)	-
RMDC Ptarmigan Inc.	12,226	-	12,226
Total	$ 59,013	$ (46,787)	$ 12,226

Related Party Transactions

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

NOTE 4. RELATED PARTIES (CONTINUED)

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

	RMDC	ERI	Consolidating Eliminations	Total
RMDC Ptarmigan Inc.	$ 944	$ -	$ -	$ 944
ERR	142,661	54,531	(104,759)	92,433
Townsend Housing Inc.	23,724	1,186	-	24,910
Pheasant Glen	51,048	19,744	(70,792)	-
RMFP	21,405	-	(21,405)	-
ERI	13,812	-	(13,812)	-
EM II	92,638	36,568	(128,998)	208
EM III	57,044	16,072	(72,908)	208
Penkay Eagle Manor Inc.	749	-	(749)	-
Eagle Manor Project No. 2 Inc.	591	-	(591)	-
Big Boulder	95,253	564	(95,817)	-
River Rock	53,796	19,344	(73,140)	-
Ptarmigan	35,783	16,108	(51,891)	-
Red Alder 4%	48,097	6,542	(54,639)	-
Red Alder 9%	67,596	10,072	(77,668)	-
Rocky	-	1,304	(1,304)	-
	$ 705,141	$ 182,035	$ (768,473)	$ 118,703

NOTE 5. LONG-TERM NOTES AND INTEREST RECEIVABLE

Long-term notes and interest receivable consist of the following at June 30, 2021:

	Note Principal June 30, 2021	Note Interest June 30, 2021	Stand Alone June 30, 2021	Consolidating Eliminations	Consolidated June 30, 2021
Rocky					
Roadrunner Residence (HOME)	$ 109,187	$ -	$ 109,187	$ -	$ 109,187
ERR (CDBG)	480,000	91,216	571,216	(571,216)	-
ERR (HUD)	299,896	204,475	504,371	(504,371)	-
ERR (HOME)	512,843	363,375	876,218	(876,218)	-
ERR (FHLB)	650,000	-	650,000	(650,000)	-
ERR (HUD II)	346,500	242,679	589,179	(589,179)	-
Pheasant Glen (CDBG)	506,157	229,397	735,554	(735,554)	-
Pheasant Glen (HOME)	411,856	314,384	726,240	(726,240)	-
Ptarmigan (Operating Deficit)	3,805	1,072	4,877	(4,877)	-
Ptarmigan (CDBG)	310,000	62,000	372,000	(372,000)	-
Ptarmigan (HOME)	364,175	52,871	417,046	(417,046)	-
ERI (Operating loan)	165,922	-	165,922	(165,922)	-
EM II (HOME)	500,000	-	500,000	(500,000)	-
EM II (CDBG)	366,658	-	366,658	(366,658)	-
EM III (HOME)	516,461	268,871	785,332	(785,332)	-
EM III (HUD)	196,000	109,984	305,984	(305,984)	-
EM III (Developer Fee)	111,775	-	111,775	(111,775)	-
Big Boulder (HOME)	420,999	15,470	436,469	(436,469)	-
Big Boulder (HOME 2)	26,550	1,007	27,557	(27,557)	-
River Rock (HOME)	742,530	191,750	934,280	(934,280)	-
River Rock (CDBG)	257,634	2,555	260,189	(260,189)	-
RA4 (Program Income-GR8 Hope)	122,542	2,610	125,152	(125,152)	-
RA4 (HOME)	709,484	10,573	720,057	(720,057)	-
RA4 (HTF)	2,132,750	31,614	2,164,364	(2,164,364)	-
Fire Tower (HTF)	1,225,000	4,430	1,229,430	-	1,229,430
	11,488,724	2,200,333	13,689,057	(12,350,440)	1,338,617
EAGLE MANOR PROJECT NO. 2 INC.	373,859	25,922	399,780	(399,780)	-
PENKAY EM INC.	11,686	136	11,822	(11,822)	-
Total	$ 11,874,269	$ 2,226,391	$ 14,100,659	$ (12,762,042)	$ 1,338,617

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, 2021, the principal balance was $123,146, of which $13,959 is current and $109,187 is classified as long-term in the consolidated statement of financial position.

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. Interest accrues at 1% per annum. No payments of principal are due under this note until maturity (fifty-five years from the Placed In Service Date). As of June 30, 2021, HTF the balance of funds received by Rocky and loaned to Fire Tower Housing Associates LLLP was $1,225,000. Interest accrued as of June 30, 2021 was $4,430.

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

Current Portion and Other Current Notes Receivable
As disclosed earlier, the current portion of the note receivable from Roadrunner Residence LP is $13,959. Accrued interest in the amount of $273 is also receivable on this note.

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

NOTE 6. FIXED ASSETS

Depreciation expense for property and equipment totaled $1,382,640 and amortization expense is $9,211 which are included in depreciation and amortization expense in the accompanying consolidated statement of functional expenses for the fiscal year ended June 30, 2021.

The building consolidation adjustment of $3,453,110 reflects fees paid by EM II, EM III, Big Boulder and River Rock to Rocky and ERI for services provided in support of the building projects that were capitalized by these individual entities.

Land	$ 3,951,833
Land improvements	$ 1,813,030
Less: Accumulated depreciation	(403,222)
Land improvements, net	$ 1,409,808
Leasehold improvements	$ 277,852
Less: Accumulated depreciation	(186,472)
Leasehold improvements, net	$ 91,380
Buildings	$ 51,158,685
Less: Consolidation adjustment	(3,453,110)
Less: Accumulated depreciation	(13,637,325)
Buildings, net	$ 34,068,250
Equipment	$ 2,594,696
Less: Accumulated depreciation	(1,744,495)
Equipment, net	$ 850,201
Total Fixed Assets	$ 40,371,472

NOTE 7. DEFERRED COSTS

Amortization expense for tax credit fees and organizational costs paid by the housing entities has been included in depreciation and amortization expense in the accompanying consolidated statement of functional expenses and totaled $9,211 for the fiscal year ended June 30, 2021. The components of deferred costs at June 30, 2021, were as follows:

	Gross Costs June 30, 2021	Accumulated Amortization June 30, 2021	Net June 30, 2021
ERR	$ 120,362	$ 115,101	$ 5,261
Big Boulder	7,460	6,809	651
River Rock	27,731	15,714	12,017
RA4	11,427	381	11,046
RA9	88,901	2,963	85,938
			$ 114,913

Expected amortization expense for each of the next five fiscal years and thereafter subsequent to June 30, 2021, is as follows:

2022	$ 14,450
2023	8,538
2024	8,538
2025	8,538
2026	8,538
Thereafter	66,311
	$ 114,913

NOTE 8. LINE OF CREDIT

RA4		
4.59% Line of Credit at Valley Bank, due October 22, 2021, see Note 18 for extension. $7,104 of $6,000,000 available; secured by property.	$ 5,992,896	Interest is paid monthly. Principal is payable upon maturity.
RA9		
5.52% Line of Credit at Valley Bank, due October 22, 2021, see Note 18 for extension. $2,312,306 of $6,000,000 available; secured by property.	3,687,694	Interest is paid monthly. Principal is payable upon maturity.
	$ 9,680,590	

NOTE 8. LINE OF CREDIT (CONTINUED)

Rocky
Rocky has a $300,000 unsecured revolving line of credit at Valley Bank of Helena (Valley Bank) available through April 3,2022. 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 4.00% rate. There is no outstanding balance at June 30, 2021.

RA4
On October 22, 2019, RA4 secured a $6,000,000 line of credit at Valley Bank to finance the construction of the RA4 affordable housing project. Construction was substantially complete in January 2021. Both Rocky and GL Development, LLC are guarantors on this loan. The line of credit will be paid off in full with a combination of permanent financing and limited partner contributions anticipated in accordance with the terms of the partnership agreement. The line of credit is secured by the related property.

RA9
On October 22, 2019, RA9 secured a $6,000,000 line of credit at Valley Bank to finance the construction of the RA9 affordable housing project. Construction was substantially complete in October 2020. Both Rocky and GL Development, LLC are guarantors on this loan. The line of credit will be paid off in full with a combination of permanent financing and limited partner contributions anticipated in accordance with the terms of the partnership agreement. The line of credit is secured by the related property.

NOTE 9. LONG-TERM DEBT OBLIGATIONS

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

Notes and Interest Payable		
Rocky		
4.25% (variable interest rate - see description below) Note Payable to First Interstate Bank (Jackson Street Building), due July 28, 2035.	$ 389,777	Payable in monthly installments of $3,073, including interest.
4.89% Note Payable to Valley Bank of Helena (Head Start Helena Valley Center). due October 11. 2037.	105,125	Payable in monthly installments of $1,438, including interest.
4.25% Note Payable to USDA (Townsend Homestead Manor), due October 1. 2040.	234,735	Payable in monthly installments of $1,024, including interest, of which $485 is subsidized by USDA.
1.00% Paycheck Protection Program Note Payable to First Interstate Bank, due May 3, 2026.	59,042	Application for forgiveness will be submitted within 10 months of the completion date of the loan covered period (June 30, 2021).
	788,679	
RMFP		
6.0% Note Payable to USDA (Elk Creek Lodge), due November 1, 2034.	41,293	Payable in monthly installments of $374, including interest, of which $173 is subsidized by USDA.
6.0% Note Payable to USDA (Elk Creek Lodge), due November 1, 2034.	116,967	(calculated based on a 50 year amortization schedule) of $676, including interest, of which $401 is subsidized by USDA. Final installment is due 30 years from the date of the note.
5.375% Note Payable to USDA (Elk Creek Lodge), due December 1, 2035.	27,029	Payable in monthly installments of $224, including interest, of which $95 is subsidized by USDA.
	185,289	
EM II		
6.0% Note Payable to First Interstate Bank (EM II Facility), due March 10, 2040.	93,261	Payable in monthly installments of $694, including interest.
EM III		
6.0% Note Payable to First Interstate Bank (EM III Facility), due June 10, 2039.	355,953	Payable in monthly installments of $2,699, including interest.

NOTE 9. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Notes and Interest Payable (Continued)

Big Boulder		
5.95% (variable interest rate - see description below) Note Payable to Valley Bank (Fund Reserves and Current Operations), due October 10, 2042.	217,765	Payable in monthly installments of $1,505, including interest.
Ptarmigan		
4.12% Note Payable to Valley Bank, due December 1, 2031.	104,064	Payable in monthly installments of $1,019, including interest.
Pheasant Glen		
5.65% Note Payable to Valley Bank, due January 4, 2044.	468,936	Payable in monthly installments of $3,387, including interest.
ERR		
6.5% Note Payable to First Interstate Bank (ERRLP Facility), due February 24, 2036.	243,427	Payable in monthly installments of $2,173, including interest.
RA9		
1.00% Note Payable to Snowy Mountain Development Corporation, due December 31, 2036.	262,708	Payable in annual installments of $11,000, including interest.
	2,720,082	
Other Long-Term Debt:		
RMDC		
Non-Interest-Bearing Health Insurance debt to L&C County, due Fiscal Year 2024.	71,847	Payable in annual installments of approximately $30,000.
5.25% Capital Lease Payable to Quadient Leasing USA inc. (Mailing Equipment), expires January 2026.	3,951	Payable in quarterly installments of $248, including interest.
	75,798	
Total notes and interest payable	2,795,880	
Current maturities	(185,876)	
Total notes, and interest payable, and other liabilities, net	$ 2,610,004	

NOTE 9. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Notes and Interest Payable (Continued)

Future maturities of long-term debt and related long-term interest accrued for each of the next five fiscal years and thereafter subsequent to June 30, 2021, are as follows:

	Principal
2022	$ 185,876
2023	129,469
2024	115,570
2025	109,086
2026	113,733
Thereafter	2,142,146
	$2,795,880

Rocky

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

On October 11, 2017, Rocky signed a $219,920 note payable to Valley Bank of Helena to finance the purchase of a building located at 1275 Fern Road in Helena (Head Start Helena Valley Center). The building was purchased for use by the Head Start program for classroom space. The note is unsecured and bears an interest rate of 4.89% for the first 10 years of a 20-year term. After the first 10 years, the interest rate will adjust to the FHLB 10-Year Variable Interest Rate Index plus a margin of 2.25% with an interest rate floor of 4.89% and a ceiling of 7.89%. Because monthly mortgage payments are made with federal Head Start grant funds, a Notice of Federal Interest was filed in Lewis & Clark County on December 11, 2017. An additional principal payment of $50,000 was made during the year ended June 30, 2021.

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

On April 16, 2021, Rocky signed a $59,042 note payable to First Interstate Bank for a Paycheck Protection Program (PPP) loan. Funding for these loans is provided by the Small Business Administration through the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in response to the COVID-19 pandemic.

NOTE 9. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Notes and Interest Payable (Continued)

Rocky (Continued)
Rocky received the loan proceeds on May 3, 2021, and funds were fully spent as of June 30, 2021. The original note calls for 1.00% interest and a loan maturity date of five years from the disbursement date. Rocky intends to apply for loan forgiveness within 10 months of the completion date of the loan's covered period and anticipates full forgiveness.

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 is secured by the related property.

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

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

NOTE 9. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Notes and Interest Payable (Continued)

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

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

ERR
On February 24. 2006, ERR signed a $656,366 note payable to First Interstate Bank to finance the acquisition and remodel of the Penkay Eagles Manor facility in Helena. The note bears an interest rate of 6.50% for a period of 30 years. The note is secured by the related property.

RA9
On August 29, 2019, RA9 signed a note payable for up to $300,000 to Snowy Mountain Development Corporation. The note provided Brownfields Cleanup Revolving Loan funds to assist with environmental cleanup at the RA9 and RA4 building site. The balance of the note is $271,436 and bears interest at 1.00%. The note calls for 17 annual payments of $11,000, including accrued interest. The loan matures at December 31, 2036, and any remaining unpaid principal and interest is due in a single balloon payment on this date.

Other Long-Term Debt Obligations

Rocky
During the fiscal year 2012, Rocky entered into an agreement with Lewis and Clark County regarding unpaid insurance premiums of $459,532. Rocky plans to pay off the remainder of the balance of $71,847 in annual installments of approximately $30,000 over a 3-year period.

On April 13, 2021, Rocky entered into a five year capital lease agreement with Quadient Leasing USA Inc. to lease a mailing machine with postage meter. At the end of five years, Rocky will own the equipment, except the postage meter, per USPS regulations. The capital lease obligation was calculated using the net present value of quarterly payments over the term of the lease, net of maintenance fees and postage meter rent. Rocky used the Federal Reserve prime rate on April 13, 2021 of 3.25% plus additional 2% spread to determine the nominal annual interest rate for the net present value calculation. The lease expires on January 13, 2026.

NOTE 9. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Other Long-Term Debt Obligations

Rocky (Coninued)
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, and RA4 to support low-income housing development. Payment of these loans and accrued interest is generally subject to available cash as defined in the various partnership agreements. These balances have been eliminated in consolidation.

NOTE 10. LEASES

Operating Leases

Rocky has entered into a number of facility lease agreements. These leases provide space for Head Start classrooms, senior centers, Rocky administrative offices, and other programs. Rocky has also entered into two copier machine leases and a postage meter lease. These leases do not have elements of ownership and are therefore considered operating leases. Rental expense under these operating leases has been included in occupancy expense in the consolidated statement of functional expenses and totaled $81,493 for the fiscal year ended June 30, 2021.

Some of the operating leases are noncancelable with various expiration dates through 2026. Rocky has the right to terminate these lease agreements due to the lack of funding or in response to a default by the lessor.

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

2022	$ 25,815
2023	900
2024	900
2025	900
2026	450
	$ 28,965

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

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

Purpose restrictions accomplished:	
Senior services	$ 1,821
Spirit of Service program	1,027
Other	182
	$ 3,030

At June 30, 2021, net assets with donor restrictions were available for the following programs:

Purpose restrictions:	
Senior services	$ 463,267
Spirit of Service program	8,960
Head Start	324
Other	13,000
	$ 485,551

NOTE 12. NONCONTROLLING INTERESTS IN PARTNERSHIP EQUITY

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

	Controlling	Noncontrolling	Total
ERR	$ (519,692)	$ (161,211)	$ (680,903)
EMII	(231)	2,751,086	2,750,855
EMIII	(114)	2,613,591	2,613,477
Big Boulder	5,136,221	-	5,136,221
River Rock	(2,971)	3,661,194	3,658,223
Ptarmigan	(168,931)	(116)	(169,047)
Pheasant Glen	30,202	30	30,232
RA4	10	426,162	426,172
RA9	1	3,935,298	3,935,299
	$ 4,474,495	$ 13,226,034	$ 17,700,529

NOTE 12. NONCONTROLLING INTERESTS IN PARTNERSHIP EQUITY (CONTINUED)

The noncontrolling interest in EM II, EM III, River Rock, RA4, and RA9 is 99.99%, and profits and losses are allocated accordingly. The limited partner in Big Boulder also holds a 99.99% share of total partners' capital, but is controlled by Rocky, thus is included in the balance reported for controlling interests. Rocky is the 99.99% limited partner of Ptarmigan and Pheasant Glen, and this is reflected in controlling interest. As of December 31, 2020, Rocky is the 99.99% limited partner of Eagle Rock Residence (EMI), and this is reflected in controlling interest. Though the noncontrolling interest in each entity is significant, the structure, role and responsibility of the general partner is such that these entities have been consolidated into the financial statements of Rocky.

NOTE 13. NON-MONETARY TRANSACTIONS

In-Kind Contributions

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

In-kind contributions consist of the following:

Contracted services	$ 492,733
Supplies and training materials	5,328
Space	56,998
Physical examinations	8,496
Advertising/Recruitment	14,700
Total in-kind contributions	$ 578,255

All in-kind contributions were expensed in accordance with GAAP for the fiscal year ended June 30, 2021.

In-kind contributions were received for the following programs:

Head Start	$ 561,454
Senior Volunteer Programs	16,801
Total in-kind contributions	$ 578,255

In addition to the contributions reported in the tables above, the Head Start program received services valued at $88,918 that did not meet the guidelines for revenue recognition under GAAP. The value of these services is therefore not reported in the accompanying consolidated financial statements. However, the regulations for this program allows the value of these services to be reported as matching funds for grant purposes.

NOTE 14. EMPLOYEE BENEFITS

Retirement Benefits

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

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 fiscal year 2021 were allocated to the individual participants' accounts based on their eligible compensation during fiscal year 2021 multiplied by the effective contribution rate. The preliminary contribution rate on employees' compensation for fiscal year 2021 was set at 3.0%. The effective contribution rate on eligible employees’ compensation for the fiscal year ended June 30, 2021, is 3.08%. Retirement plan expense is $112,528 for fiscal year 2021. The preliminary approved contribution rate for fiscal year 2022 remains at 3.0%.

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

Cafeteria Plan

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

NOTE 15. COMMITMENTS AND CONTINGENCIES

Rocky has loaned HOME grant funds to other organizations to support the development of low-income housing. Repayment received by Rocky on these loans represents CHDO proceeds. These CHDO proceeds must be used for HOME eligible activities that support housing for low-income persons. Rocky held $166,157 of CHDO proceeds as of June 30, 2021.

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

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Ptarmigan

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

At June 30, 2021, Rocky is the 99.99% limited partner and RMDC Ptarmigan, Inc. is the .01% general partner. Although Rocky is still obligated under the guaranty agreement, the general partner continues to be responsible for administrative and financial matters related to the partnership. Effective May 30, 2019, Ptarmigan converted to a Limited Liability Limited Partnership.

Pheasant Glen

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

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

ERR

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

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

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

ERR (Continued)
The partnership agreement contains the following obligations:

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

In the event a repurchase occurs, the limited partner must transfer its partnership interest to the general partner. As of June 30, 2021, the partnership interest of the limited partner was ($519,692). At June 30, 2021, the book value of the partnership's capital assets totaled approximately $2.5 million.

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

- the partnership's basis in the complex for federal income tax purposes is less than 10% of the partnership's reasonably expected basis as required by IRS code or the tax credit requirements are not otherwise satisfied; or,
- the partnership fails to meet the Minimum Set-Aside Test and the Rent Restriction Test by the close of the first year of the credit period or at any time thereafter.

The guaranty also applies to ERR's mortgage and replacement reserve requirements. The mortgage balance was $243,427 at June 30, 2021. Beginning January 2007, the general partner, or Rocky as the guarantor, was required to ensure that $250 per unit is contributed annually to the replacement reserve, resulting in an initial contribution of $16,500. This required contribution increases 3% each succeeding year. If the partnership's available cash is not sufficient to fund this contribution, the general partner or the guarantor is required to make an operating deficit loan to cover the deficiency.

As of June 30, 2021, the Operating Deficit Reserve Account balance was $87,026. The funds in this account can be used with the general and limited partner's approval to cover operating expenses, debt service obligations or other partnership expenses when cash is insufficient.

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

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

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

- The partnership agreement calls for continuation of the partnership until July 6, 2011, and thereafter as renewed under Montana law, except that the partnership may be dissolved prior to such date upon a sale or other disposition of the partnership's assets, or a consensual termination. Under certain circumstances, the general partner is obligated to repurchase the interest of the limited partners for a purchase price equal to the sum of the total capital contributions made by the limited partners, plus interest at the rate of 7% per annum from the date of such capital contribution. In the event a repurchase occurs, the limited partners must transfer their partnership interest to the general partner. As of June 30, 2021, the partnership interest of the limited partner was $2,613,591.

  At June 30, 2021, the book value of the partnership's capital assets totaled approximately $4.1 million. These assets serve as collateral in the event the limited partners exercise the repurchase option. The limited partners may exercise this option if the partnership fails to meet the Minimum Set-Aside Test.

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

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

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

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

EM II (Continued)

In the event a repurchase occurs, the limited partners must transfer their partnership interest to the general partner. As of June 30, 2021, the partnership interest of the limited partner was $2,751,086. As of June 30, 2021, the book value of the partnership's capital assets totaled approximately $3.9 million. These assets serve as collateral in the event the limited partners exercise the repurchase option. The limited partners may exercise this option if the complex is not constructed in accordance with the construction plans or the Fair Housing Act of 1988 as amended.

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

River Rock

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

Red Alder Project – RA4 and RA9

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

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

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

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Red Alder Project – RA4 and RA9 (Continued)
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

RA4 has agreed to permanent loan terms from Valley Bank for a maximum amount of $3.9 million for a 16-year term at 5% interest. This loan is expected to close in March 2022. Rocky and Red Alder 4% LLC will be guarantors on this loan.

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

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

NOTE 16. CONDITIONAL PROMISES TO GIVE

Conditional promises to give arise from grant/contract activities that are underway at fiscal year-end, but which are not complete. The following schedule reflects the value of conditional promises to give received by Rocky that are outstanding at June 30, 2021:

Program/Contract	Grant/Contract Period Ends	Amount
Community Services Block Grant (CSBG) - COVID	September 30, 2022	$ 64,536
Community Services Block Grant (CSBG) - COVID	September 30, 2023	230,589
Community Services Block Grant (CSBG)	August 31, 2021	46,394
Community Services Block Grant (CSBG)	September 30, 2022	235,873
Commodities Supplemental Food Program	September 30, 2021	14,873
Head Start	April 30, 2022	2,462,881
Head Start - COVID	June 30, 2024	41,505
Head Start - COVID	March 31, 2023	36,033
Head Start - COVID Rescue	March 31, 2023	257,248
Montana Senior Medicare Patrol	May 31, 2022	10,000
Emergency Solutions Grant (ESG) - COVID	March 31, 2022	357,005
Northwestern Energy Weatherization	December 7, 2021	305,670
Northwestern Energy Enabling	June 30, 2022	38,484
LIEAP WX	August 31, 2021	61,228
LIEAP Administration	September 30, 2022	58,678
LIEAP Outreach	September 30, 2022	15,303
LIEAP Client Ed	September 30, 2022	32,302
LIEAP CARES - COVID	September 30, 2021	1,635
Total conditional promises to give		$ 4,270,237

NOTE 17. RECOVERY OF GENERAL AND ADMINISTRATIVE EXPENSES

As described in Note 1, Rocky recovers shared general and administrative expenses through an approved indirect cost rate and various allocation plans. Following is a summary of the general and administrative costs recovered from programs during fiscal year ended June 30, 2021:

General and administrative expenses	
Indirect cost pool	$ 902,941
Supporting services	951,472
Total general and administrative expenses	1,854,413
Less:	
Indirect costs recovered at 13.3% (approved provisional rate)	(906,977)
Supporting services expenses recovered from programs	(910,369)
Net unrecovered general and administrative expenses	$ 37,067

NOTE 18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 31, 2022, the date which the consolidated financial statements were available for issue.

On July 27, 2021, Eagle Manor Residence Limited Partnership refinanced its $656,356 bank mortgage payable to First Interstate Bank by signing a 10 year note to First Interstate Bank. The $362,990 note payable includes loan fees of $2,990. The note bears interest at 4.00% fixed rate, requires monthly payments of $1,916.66 and is secured by the related property.

Rocky Head Start union decertified on August 16, 2021, and thus is no longer a union. All Head Start employees will accrue vacation and sick leave at the rates applied to all Rocky employees and may use any remaining personal hours but will not accrue personal hours going forward.

On September 3, 2021, the 1% Payroll Protection Program Note of $59,042 payable to First Interstate Bank was forgiven. The gain will be reflected in the consolidated financial statements for the year ending June 30, 2022.

On October 28, 2021, Rocky received a notice of Housing Trust Fund (HTF) Award of $400,000 for the rehabilitation of the Firetower Apartments in Helena, MT.

On November 8, 2021, RA4 extended their Line of Credit with Valley Bank of Helena for $3,694,020 at 5.00% through April 22, 2022.

On November 8, 2021, RA9 extended their Line of Credit with Valley Bank of Helena for $4,887,057.46 at 4.59% through April 22, 2022.

NOTE 18. SUBSEQUENT EVENTS (CONTINUED)

On February 28, 2022, Rocky sold the Jackson Street Building in Helena, MT for $1 million and repaid a 4.25% loan of $550,000 payable to First Interstate Bank.

Rocky has received the following COVID-19 related federal grants in fiscal year 2022:

On July 21, 2021, the Head Start and Rocky Mountain Preschool Center received additional funds for COVID-19 of $2,477 under the Child and Adult Care Food Program (CACFP). This U.S. Department of Agriculture funding is passed through the State Department of Public Health and Human Services.

The Energy Services Program received: 1) $462,642 under the ARPA Weatherization Grant for residential weatherization jobs for individuals with low income; and 2) $204,416 under the ARPA Low Income Energy Assistance Program (LIHEAP) for additional costs of outreach, client education, and administration of the LIHEAP program thru September 2022. Funding from the Department of Health and Human Services is passed through the State Department of Public Health and Human Services.

Rocky was awarded additional CARES Act Emergency Solutions Grant funding of $156,790. Funding from the U.S. Department of Urban Development is received through the Good Samaritan Ministries and terminates August 31, 2022.

Area IV on Aging received: 1) $113,356 under the Consolidated Appropriations Act of 2020 to provide additional support to meal sites through June 30, 2022. Funding from the Department of Health and Human Services is passed through the State Department of Public Health and Human Services; 2) $37,973 under the Expanding Access to COVID-19 Vaccines program. Funding comes from the Aging Network through the State Department of Public Health and Human Services; and 3) $920,177 in ARPA funding for the support of aging services. Funds are expected to be received in full by June 30, 2022 and must be spent by September 30, 2024.

SINGLE AUDIT SECTION

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Grant Number	Pass-through Entity	Passed Through to Subrecipients	Expenditures
AMERICORPS SENIORS					
Direct Programs					
Foster Grandparent/Senior Companion Cluster:					
Foster Grandparents	94.011	18SFPMT001		$ -	$ 252,856
Senior Companion	94.016	18SCPMT003		-	301,195
Total FosterGrandparent/Senior Companion Cluster				-	554,051
Retired Senior Volunteer	94.002	18SRPMT005		-	53,913
Total AmeriCorps Seniors				-	607,964
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Direct Programs					
Head Start Cluster:					
Head Start	93.600	08CH011147-02-00		-	2,435,136
Head Start		08CH011147-03-00			289,128
Head Start COVID-19 CARES		08CH011147-02-01			147,439
Head Start COVID-19 CAA		08HE000135-01-00		-	28,675
Total Head Start Cluster, Health and Human Services				-	2,900,378
Passed through State Department of Public Health and Human Services					
Community Services Block Grant Cluster:					
Community Services Block Grant	93.569	19-028-10006-0		-	38,704
Community Services Block Grant		20-028-10006-0		-	191,443
Community Services Block Grant		21-028-10006-0		-	5,248
Community Services Block Grant COVID-19		20-028-19046-0		-	30,061
Total Community Services Block Grant Cluster				-	265,456
Low-Income Home Energy	93.568	19-028-16006-0		-	121,447
Low-Income Home Energy		20-028-13006-0		-	98,350
Low-Income Home Energy CARES Act		20-028-19066-0		-	38,882
Low-Income Home Energy		21-028-13006-0		-	68,282
Low-Income Home Energy		21-028-13006-0		-	197,442
Total Low-Income Home Energy				-	524,403
Child Care and Development Block Grant COVID-19	93.575	Agreement		-	5,500
Child Care and Development Block Grant COVID-19		Agreement		-	79,392
Total Child Care and Development Block Grant				-	84,892
Coronavirus Relief Fund - Childcare	21.019	Agreement		-	26,000
Coronavirus Relief Fund - Childcare		Agreement		-	104,000
Coronavirus Relief Fund - Adaptability Grant		Agreement		-	10,000
Coronavirus Relief Fund - Nonprofit Social Services Grant		Agreement		-	52,000
Total Coronavirus Relief Fund				-	192,000
Special Programs for the Aging					
Aging Cluster:					
Title III - Supportive Services and Senior Centers	93.044	20-221-13004-0	Various	93,205	336,587
Title III - Supportive Services and Senior Centers COVID-19	93.044	20-221-13004-0	Various	32,606	89,764
Title III - Nutrition Services	93.045	20-221-13004-0	Various	195,429	438,764
Title III - Nutrition Services COVID-19	93.045	20-221-13004-0	Various	162,232	323,649
Nutrition Services Incentive Program	93.053	20-221-13004-0	Various	49,948	121,121
Nutrition Services Incentive Program Noncash Commodities	93.053	20-221-13004-0		-	33,006
Total Aging Cluster				533,420	1,342,891
Title VII - Long Term Care Ombudsman Services for Older Individuals	93.042	20-221-13004-0		-	17,081
Title VII - Long Term Care Ombudsman Services for Older Individuals C	93.042	20-221-13004-0			2,400
Title III - Disease Prevention and Health Promotion Services	93.043	20-221-13004-0		-	21,893
National Family Caregiver Support	93.052	20-221-13004-0	Various	57,620	68,129
Title IV and Title II Discretionary Projects - FFP	93.048	20-221-13004-0		-	1,663
Montana Senior Medicare Patrol (SMP) Project	93.048	Agreement		-	10,000
Medicare Enrollment Assistance Program	93.071	20-221-13004-0		-	18,548
State Health Insurance Assistance Program	93.324	20-221-13004-0	Various	10,000	59,276
Total Aging Programs				601,040	1,541,881
Total Passed through State Department of Public Health and Human Services				601,040	2,608,632
Total U.S. Department of Health and Human Services				601,040	5,509,010

See Notes to the Schedule of Expenditures of Federal Awards.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Grant Number	Pass-through Entity	Passed Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
Passed through State Department of Public Health and Human Services					
Child and Adult Care Food Program	10.558	12-02-CACFP-150		-	61,547
Child and Adult Care Food Program		12-02-CACFP-151		-	10,395
Total Child and Adult Care Food Program				-	71,942
Commodity Supplemental Food Program	10.565	20-027-21007-0		-	5,930
Commodity Supplemental Food Program COVID-19 CARES		20-027-21007-0		-	56,300
Commodity Supplemental Food Program		21-027-21007-0		-	16,752
Total Commodity Supplemental Food Program				-	78,982
Rural Rental Housing Loans	10.415	Agreement		-	33,144
Total U.S Department of Agriculture				-	184,068
U.S. DEPARTMENT OF ENERGY					
Passed through State Department of Public Health and Human Services					
Weatherization Assistance for Low-Income Persons	81.042	19-028-30026-0		-	103,315
Total U.S. Department of Energy				-	103,315
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed through State Department of Commerce					
First Time Home Buyers	14.169	Agreement		-	57,516
Home Investment Partnerships Program (HOME)	14.239	MT-HOME-18RD-SGC-1		-	356,612
Housing Trust Fund Program (HTF)	14.275	MT-HTF-CG-18-02		-	900,121
Housing Trust Fund Program (HTF)	14.275	MT-HTF-CG-20-04		-	1,225,000
Emergency Rental Assistance Program	21.023	Agreement		-	2,616
Subtotal DOC Pass Through				-	2,541,865
Passed through State Department of Public Health and Human Services					
Emergency Shelter Grant Program	14.231	20-028-19006-0	Good Samaritan Ministries	354,480	354,480
Total Emergency Shelter Grant Program				354,480	354,480
Total U.S. Department of Housing and Urban Development				354,480	2,896,345
U.S. DEPARTMENT OF TRANSPORTATION					
Passed through State Department of Transportation					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	111187		-	59,051
Total U.S. Department of Transportation				-	59,051
Total expenditures of federal awards				$ 955,520	$ 9,359,753

See Notes to the Schedule of Expenditures of Federal Awards.

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 3. RECONCILIATION TO CONSOLIDATED FINANCIAL STATEMENTS

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

Total expenditures of federal awards	$ 9,359,753
Plus:	
Rent subsidy received by RMFP from Rural Development	38,613
Interest subsidy received by RMFP from Rural Development	8,033
Rent subsidy received by EMII from HUD	139,870
Rent subsidy received by EMIII from HUD	42,588
Rent subsidy received by Big Boulder from HUD	126,520
Rent subsidy received by River Rock from HUD	45,766
Rent subsidy received by Ptarmigan from HUD	34,966
Rent subsidy received by Pheasant Glen from HUD	66,801
Rent subsidy received by Red Alder 4% from HUD	23,091
Rent subsidy received by Red Alder 9% from HUD	56,220
Rent subsidy received by ERR from HUD	54,507
Total federal grant revenue	$ 9,996,728

NOTE 4. HOME CHDO PROCEEDS

Rocky has loaned HOME grant funds to other organizations to support the development of low-income housing. Repayment received by Rocky on these loans represent CHDO proceeds. These CHDO proceeds must be used for HOME eligible activities that support housing for low-income persons. Rocky had available CHDO proceeds of $174,306 of which $8,149 was disbursed for HOME eligible activities leaving $166,157 available at June 30, 2021.

NOTE 5. INDIRECT COST RATE

Rocky has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. Rocky received an approved provisional rate of 13.3% from its federal cognizant agency, the Department of Health and Human Services. The effective rate applied during fiscal year 2021 is 13.3%.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Rocky Mountain Development Council, Inc. (Rocky, which comprise the consolidated statement of financial position as of June 30, 2021, and the consolidated related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 31, 2022.

Report on Internal Control over Financial Reporting

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

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

ANDERSON ZURMUEHLEN

Report on Compliance and Other Matters

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

Purpose of This Report

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

Anderson ZurMuehlen & Co., P.C.

Helena, Montana
March 31, 2022

828 Great Northern Boulevard | PO Box 1040, Helena, MT 59624
helena@azworld.com | 406.442.1040 | azworld.com

ANDERSON ZURMUEHLEN

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal **Program**

We have audited Rocky Mountain Development Council, Inc.'s (Rocky) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Rocky's major federal programs for the year ended June 30, 2021. Rocky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rocky complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Basis for Opinion on Each Major Federal **Program**

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

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

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

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

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

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.

ANDERSON ZURMUEHLEN

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 Auditor's 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.

Anderson ZurMuehlen & Co., P.C.

Helena, Montana
March 31, 2022

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SUMMARY OF AUDIT RESULTS

Financial Statements:

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

Federal Awards:

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

Identification of major programs:

Name of Federal Programs or Cluster	AL Number
Head Start	93.600
Coronavirus Relief Fund	21.019

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

FINDINGS AND SIGNIFICANT DEFICIENCIES OR MATERIAL WEAKNESSES - FINANCIAL STATEMENT AUDIT

None reported.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No prior year findings reported.

SUPPLEMENTARY INFORMATION

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

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

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

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

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

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES – Other:

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

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

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

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

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

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

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

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

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

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

DEPARTMENT OF COMMERCE - Montana Board of Housing:

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

COUNTY FUNDING – Other Programs:

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

LOCAL FUNDING – Other Programs:

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

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF INDIRECT COST RECONCILIATION
June 30, 2021

Total expenditures for operations:	
Program services	$ 13,130,802
General and administrative	1,854,413
Recovery of indirect costs - general and administrative	(906,977)
Recovery of other allocated costs - general and administrative	(910,369)
Fundraising	11,539
Total expenditures for operations	13,179,408
Less:	
Indirect costs, net of exclusions	(843,681)
Exclusions:	
Commodities	(33,006)
Depreciation	(163,647)
In-kind	(578,255)
Pass-through	(1,314,723)
Consolidated properties' expenses, net of eliminations	(3,072,204)
Assistance payments	(337,159)
Loss on sale of asset	(17,329)
Bad debt	(28)
Indirect cost base expenditures	6,819,376
Indirect cost rate	13.30%
Total indirect cost charges	$ 906,977
Allocated indirect costs by program:	
Aging and Nutrition	$ 151,189
Senior Volunteer	77,014
Housing	96,575
Other	20,944
Child and Family	379,321
Senior Activities	2,465
Transportation	1,529
Weatherization	75,965
General and administrative	100,685
Fundraising	1,290
Total indirect cost charges to programs	$ 906,977

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF TRANSFERS
June 30, 2021

County Mill Fund Transfers

Sources:	
Carried Forward from Fiscal Year 2020	$ 296,218
Lewis and Clark County	352,721
Jefferson County	30,330
Broadwater County	59,363
Total County Mill Funds Received	$ 738,632
Program Recipients:	
Home Delivered Meals	$ 129,557
Agency on Aging	1,435
Senior Companion Program	13,847
Foster Grandparent Program	13,002
Retired Senior Volunteer Program	21,993
Senior Services & Transportation	95,531
Total County Mill Funds Transferred	275,365
Carry Forward to Fiscal Year 2021	463,267
Total County Mill Funds	$ 738,632

Community Service Block Grant Transfers

Program Recipients:	
Commodities	$ 4,542
Home Delivered Meals	44,832
Emergency Solutions	3,932
Network	15,826
Weatherization - Operational Support	19,230
Total Community Service Block Grant Transfers	$ 88,362

High School House Project Transfer

Program Recipients:	
Affordable Housing - Red Alder Playground	40,179
	$ 40,179

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2021

ASSETS	Rocky	RMFP	ERI	EMII	EMIII	Penkay Eagles Manor, Inc.	Eagle Manor Project No. 2, Inc.	Big Boulder
CURRENT ASSETS								
Cash and cash equivalents, operations	$ 1,303,491	$ 2,416	$ 83,418	$ 36,162	$ 5,786	$ 103,415	$ -	$ 5,736
Cash and cash equivalents, custodial	108,517	-	-	-	-	-	-	-
Accounts receivable	69,826	4,837	3,582	713	926	-	-	13,727
Related party receivables	382,204	-	27,935	9	9	15,367	-	-
Grants receivable	569,605	-	-	-	-	-	-	-
Current portion of notes and interest receivable	14,231	-	-	-	-	-	-	-
Prepaid deposits and expenses	52,730	3,186	583	2,980	2,467	929	952	5,376
Inventory	51,185	-	5,970	-	-	-	-	-
Total current assets	2,551,789	10,439	121,488	39,864	9,188	119,711	952	24,839
FIXED ASSETS								
Land	322,068	22,495	-	147,742	198,317	-	-	503,336
Land improvements, net	21,183	-	-	25,505	10,678	-	-	62,877
Leasehold improvements, net	91,380	-	-	-	-	-	-	-
Buildings, net	1,679,044	81,054	-	3,695,024	3,872,402	-	-	5,083,395
Equipment, net	566,323	-	-	-	2,814	-	-	2,098
Total fixed assets	2,679,998	103,549	-	3,868,271	4,084,211	-	-	5,651,706
OTHER ASSETS								
Investments in partnerships	6,010	-	-	-	-	(360)	(2,360)	-
Cash restricted for security deposits and reserves	46,158	28,622	-	268,837	174,673	-	-	171,099
Cash restricted for housing projects	491,788		-	-	-	-	-	-
Construction in progress	44,679	-	-	-	-	-	-	-
Long-term related party receivable	59,013	-	-	-	-	-	-	-
Long-term notes and interest receivable	13,689,057	-	-	-	-	11,822	399,780	-
Long-term accounts receivable	-	-	882	-	-	-	-	9,035
Deferred costs, net	-	-	-	-	-	-	-	651
Total other assets	14,336,705	28,622	882	268,837	174,673	11,462	397,420	180,785
Total assets	$ 19,568,492	$ 142,610	$ 122,370	$ 4,176,972	$ 4,268,072	$ 131,173	$ 398,372	$ 5,857,330
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts payable and accrued expenses	$ 542,905	$ 25,415	$ 44,854	$ 49,065	$ 83,416	$ 16,679	$ 30,123	$ 28,654
Cash and cash equivalents held for others	108,517		-	-	-	-	-	
Compensated absences	296,150	-	-	-	-	-	-	-
Refundable advances and deferred revenue	404,405	2,015	2,685	17,352	12,135	-	-	10,666
Current portion of long-term debt	124,574	4,462	-	2,863	11,364	-	-	5,242
Line of credit advances	-	-	-	-	-	-	-	-
Total current liabilities	1,476,551	31,892	47,539	69,280	106,915	16,679	30,123	44,562
LONG TERM DEBT								
Notes and interest payable	698,058	180,827	165,922	1,356,837	1,547,680	-	-	676,547
Other liabilities	41,846	-	-	-	-	-	-	-
Total long term liabilities	739,904	180,827	165,922	1,356,837	1,547,680	-	-	676,547
Total liabilities	2,216,455	212,719	213,461	1,426,117	1,654,595	16,679	30,123	721,109
NET ASSETS								
Net assets without donor restrictions and controlling interests in partnerships	16,866,486	(75,109)	(91,091)	(231)	(114)	114,494	368,249	5,136,221
Noncontrolling interests in partnerships	-	-	-	2,751,086	2,613,591	-	-	-
Common Stock	-	5,000	-	-	-	-	-	-
Net assets with donor restrictions	485,551	-	-	-	-	-	-	-
Total net assets	17,352,037	(70,109)	(91,091)	2,750,855	2,613,477	114,494	368,249	5,136,221
Total liabilities and net assets	$ 19,568,492	$ 142,610	$ 122,370	$ 4,176,972	$ 4,268,072	$ 131,173	$ 398,372	$ 5,857,330

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
As of June 30, 2021

ASSETS	River Rock	Ptarmigan	Pheasant Glen	ERR	RA4	RA9	Eliminations	Consolidated
CURRENT ASSETS								
Cash and cash equivalents, operations	$ 25,112	$ 5,357	$ 9,138	$ 9,326	$ 17,408	$ 94,001	$ -	$ 1,700,766
Cash and cash equivalents, custodial	-	-	-	-	-	-	-	108,517
Accounts receivable	11,948	25,135	32,893	2,161	4,716	9,899	-	180,363
Related party receivables	-	-	-	2,506		152	(423,022)	5,160
Grants receivable	-	-	-	2,558	-	-	-	572,163
Current portion of notes and interest receivable	-	-	-	-	-	-	-	14,231
Prepaid deposits and expenses	1,229	146	1,393	2,088	736,417	-	(620,514)	189,962
Inventory	-	-	-	-	-	-	-	57,155
Total current assets	38,289	30,638	43,424	18,639	758,541	104,052	(1,043,536)	2,828,317
FIXED ASSETS								
Land	575,332	196,701	333,630	118,966	-	1,533,246	-	3,951,833
Land improvements, net	46,902	-	-	-	1,090,446	152,217	-	1,409,808
Leasehold improvements, net	-	-	-	-	-	-	-	91,380
Buildings, net	4,010,201	417,663	1,422,116	2,395,371	7,670,798	7,194,292	(3,453,110)	34,068,250
Equipment, net	-	-	-	-	162,415	116,551	-	850,201
Total fixed assets	4,632,435	614,364	1,755,746	2,514,337	8,923,659	8,996,306	(3,453,110)	40,371,472
OTHER ASSETS								
Investments in partnerships	-	-	-	-	-	-	(2,290)	1,000
Cash restricted for security deposits and reserves	206,608	112,556	179,821	336,006	18,970	16,557	-	1,559,907
Cash restricted for housing projects	-	-	-	-	-	-	-	491,788
Construction in progress	-	-	-	-	-	-	-	44,679
Long-term related party receivable	-	-	-	-	-	-	(46,787)	12,226
Long-term notes and interest receivable	-	-		-		-	(12,762,042)	1,338,617
Long-term accounts receivable	-	-	15,607	-	-	-	-	25,524
Deferred costs, net	12,017	-	-	5,261	11,046	85,938	-	114,913
Total other assets	218,625	112,556	195,428	341,267	30,016	102,495	(12,811,119)	3,588,654
Total assets	$ 4,889,349	$ 757,558	$ 1,994,598	$ 2,874,243	$ 9,712,216	$ 9,202,853	$ (17,307,765)	$ 46,788,443
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts payable and accrued expenses	$ 23,950	$ 18,682	$ 23,300	$ 88,364	$ 251,557	$ 679,314	$ (469,809)	$ 1,436,469
Cash and cash equivalents held for others							-	108,517
Compensated absences	-	-	-	-	-	-	-	296,150
Refundable advances and deferred revenue	12,707	9,935	10,337	32,371	20,196	637,838	(620,514)	552,128
Current portion of long-term debt	-	8,092	10,569	10,342	-	8,368	-	185,876
Line of credit advances	-	-	-	-	5,992,896	3,687,694	-	9,680,590
Total current liabilities	36,657	36,709	44,206	131,077	6,264,649	5,013,214	(1,090,323)	12,259,730
LONG TERM DEBT								
Notes and interest payable	1,194,469	889,896	1,920,160	3,424,069	3,021,395	254,340	(12,762,042)	2,568,158
Other liabilities	-	-	-	-	-	-	-	41,846
Total long term liabilities	1,194,469	889,896	1,920,160	3,424,069	3,021,395	254,340	(12,762,042)	2,610,004
Total liabilities	1,231,126	926,605	1,964,366	3,555,146	9,286,044	5,267,554	(13,852,365)	14,869,734
NET ASSETS								
Net assets without donor restrictions and controlling interests in partnerships	(2,971)	(168,931)	30,202	(519,692)	10	1	(3,450,400)	18,207,124
Noncontrolling interests in partnerships	3,661,194	(116)	30	(161,211)	426,162	3,935,298	-	13,226,034
Common Stock	-	-	-	-	-	-	(5,000)	-
Net assets with donor restrictions	-	-	-	-	-	-	-	485,551
Total net assets	3,658,223	(169,047)	30,232	(680,903)	426,172	3,935,299	(3,455,400)	31,918,709
Total liabilities and net assets	$ 4,889,349	$ 757,558	$ 1,994,598	$ 2,874,243	$ 9,712,216	$ 9,202,853	$ (17,307,765)	$ 46,788,443

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2021

	Rocky	RMFP	ERI	EMII	EMIII	Penkay Eagles Manor, Inc.	Eagle Manor Project No. 2, Inc.	Big Boulder
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS								
Revenues, Gains, and Other Support								
Grants - federal	$ 9,359,753	$ 46,646	$ 27,989	$ 139,870	$ 42,588	$ -	$ -	$ 126,520
Grants - other	1,168,349	-	-	-	-	-	-	-
County tax	310,288	-	-	-	-	-	-	-
Local support	7,176	-	-	-	-	-	-	-
Fundraising and donations	209,482	-	-	-	-	-	-	-
Program service	1,403,811	22,788	457,731	193,997	188,510	-	-	143,063
Other	348,949	779	53,639	146	58	15,562	9,882	4,768
In-kind	578,255	-	-	-	-	-	-	-
Net assets released from restrictions	3,030	-	-	-	-	-	-	-
Total revenues, gains, and other support without donor restrictions	13,389,093	70,213	539,359	334,013	231,156	15,562	9,882	274,351
Expenses								
Program								
Aging and Nutrition	2,616,508	-	-	-	-	-	-	-
Senior Volunteer	694,741	-	-	-	-	-	-	-
Housing	1,229,106	74,241	466,784	588,714	425,999	16,753	7,319	450,972
Other	206,784	-	-	-	-	-	-	-
Child and Family	4,201,713	-	-	-	-	-	-	-
Senior Activities	88,619	-	-	-	-	-	-	-
Transportation	18,049	-	-	-	-	-	-	-
Weatherization	1,031,067	-	-	-	-	-	-	-
Total program expenses	10,086,587	74,241	466,784	588,714	425,999	16,753	7,319	450,972
General and Administrative	1,854,413	-	-	-	-	-	-	-
Recovery of indirect costs from programs	(906,977)	-	-	-	-	-	-	-
Recovery of other allocated costs from programs	(910,369)	-	-	-	-	-	-	-
	37,067	-	-	-	-	-	-	-
Fundraising	11,539	-	-	-	-	-	-	-
Total expenses	10,135,193	74,241	466,784	588,714	425,999	16,753	7,319	450,972
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	3,253,900	(4,028)	72,575	(254,701)	(194,843)	(1,191)	2,563	(176,621)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS								
Contributions	167,373	-	-		-	-	-	-
Net assets released from restrictions	(3,030)	-	-	-	-	-	-	-
Change in net assets with donor restrictions	164,343	-	-	-	-	-	-	-
Change in net assets	3,418,243	(4,028)	72,575	(254,701)	(194,843)	(1,191)	2,563	(176,621)
Partnership contributions/(distributions)	-	-	-	(1,707)	-	-	-	-
Common stock	-	-	-	-	-	-	-	-
Net assets, beginning of year	13,933,794	(66,081)	(163,666)	3,007,263	2,808,320	115,685	365,686	5,312,842
Net assets, end of year	$ 17,352,037	$ (70,109)	$ (91,091)	$ 2,750,855	$ 2,613,477	$ 114,494	$ 368,249	$ 5,136,221

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)
For the Year Ended June 30, 2021

	River Rock	Ptarmigan	Pheasant Glen	ERR	RA4	RA9	Eliminations	Consolidated
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS								
Revenues, Gains, and Other Support								
Grants - federal	$ 45,766	$ 34,966	$ 66,801	$ 54,507	$ 23,091	$ 56,220	$ (27,989)	$ 9,996,728
Grants - other	-	-	-	-	-	-	-	1,168,349
County tax	-	-	-	-	-	-	-	310,288
Local support	-	-	-	-	-	-	-	7,176
Fundraising and donations	-	-	-	-	-	-	-	209,482
Program service	140,726	86,185	127,594	169,099	77,956	144,185	(862,385)	2,293,260
Other	332	78	972	431	2	4,835	(197,202)	243,231
In-kind	-	-	-	-	-	-	-	578,255
Net assets released from restrictions	-	-	-	-	-	-	-	3,030
Total revenues, gains, and other support without donor restrictions	186,824	121,229	195,367	224,037	101,049	205,240	(1,087,576)	14,809,799
Expenses								
Program								
Aging and Nutrition	-	-	-	-	-	-	(27,989)	2,588,519
Senior Volunteer	-	-	-	-	-	-	-	694,741
Housing	319,991	169,351	289,179	370,507	370,461	459,548	(937,615)	4,301,310
Other	-	-	-	-	-	-	-	206,784
Child and Family	-	-	-	-	-	-	-	4,201,713
Senior Activities	-	-	-	-	-	-	-	88,619
Transportation	-	-	-	-	-	-	-	18,049
Weatherization	-	-	-	-	-	-	-	1,031,067
Total program expenses	319,991	169,351	289,179	370,507	370,461	459,548	(965,604)	13,130,802
General and Administrative	-	-	-	-	-	-	-	1,854,413
Recovery of indirect costs from programs	-	-	-	-	-	-	-	(906,977)
Recovery of other allocated costs from programs	-	-	-	-	-	-	-	(910,369)
	-	-	-	-	-	-	-	37,067
Fundraising	-	-	-	-	-	-	-	11,539
Total expenses	319,991	169,351	289,179	370,507	370,461	459,548	(965,604)	13,179,408
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(133,167)	(48,122)	(93,812)	(146,470)	(269,412)	(254,308)	(121,972)	1,630,391
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS								
Contributions	-	-	-	-	-		-	167,373
Net assets released from restrictions	-	-	-	-	-	-	-	(3,030)
Change in net assets with donor restrictions	-	-	-	-	-	-	-	164,343
Change in net assets	(133,167)	(48,122)	(93,812)	(146,470)	(269,412)	(254,308)	(121,972)	1,794,734
Partnership contributions/(distributions)	-	-	-	-	-	2,633,786	-	2,632,079
Common stock	-	-	-	-	-	-	-	-
Net assets, beginning of year	3,791,390	(120,925)	124,044	(534,433)	695,584	1,555,821	(3,333,428)	27,491,896
Net assets, end of year	$ 3,658,223	$ (169,047)	$ 30,232	$ (680,903)	$ 426,172	$ 3,935,299	$ (3,455,400)	$ 31,918,709

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF CONSOLIDATING ELIMINATIONS
June 30, 2021

	Rocky	RMFP	ERI	EM II	EM III	Penkay Eagles Manor, Inc.	Eagle Manor Project No. 2, Inc.	Big Boulder
ASSETS								
Related party receivables	$ 424,535	$ -	$ 27,231	$ 9	$ 9	$ 15,367	$ -	$ -
Prepaid deposits and expenses	-	-	-	-	-	-	-	-
Buildings	-	-	-	656,109	727,539	-	-	912,340
Investment in housing	5,010	-	-	-	-	(360)	(2,360)	-
Construction in progress	-	-	-	-	-	-	-	-
Long-term notes and interest receivable	12,350,440	-	-	-	-	11,822	399,780	-
Total Assets	$ 12,779,985	$ -	$ 27,231	$ 656,118	$ 727,548	$ 26,829	$ 397,420	$ 912,340
LIABILITIES								
Accounts payable to Rocky	$ -	$ 23,823	$ -	$ 10,353	$ 21,045	$ 16,664	$ 30,123	$ 16,363
Accounts payable to RMDC Eagle Rock, Inc.	-	291	-	3,981	1,777	-	-	338
Accounts payable to ERRLP	-	-	-	2,161	312	-	-	33
Accounts payable to EMII	-	-	-	-	-	-	-	9
Accounts payable to EMIII	-	-	-	-	-	-	-	9
Accounts payable to Penkay Eagles Manor, Inc.	-	-	-	15,367	-	-	-	-
Accounts payable to EMIII	-	-	-	-	-	-	-	-
Accounts payable to RA4	-	-	-	-	-	-	-	-
Accounts payable to RA9	-	-	-	-	-	-	-	-
Accounts payable to Big Boulder	-	-	-	-	-	-	-	-
Refundable advances and deferred revenue	-	-	-	-	-	-	-	-
Notes and interest payable to Rocky	-	-	165,922	866,658	1,203,091	-	-	464,026
Notes and interest payable to Penkay Eagles Manor, Inc.	-	-	-	-	-	-	-	-
Notes and interest payable to EM Project No. 2	-	-	-	399,780	-	-	-	-
Total Liabilities	$ -	$ 24,114	$ 165,922	$ 1,298,300	$ 1,226,225	$ 16,664	$ 30,123	$ 480,778
NET ASSETS								
Unrestricted net assets	$ -	$ -	$ -	$ 656,109	$ 727,539	$ -	$ -	$ 912,340
Paid-in capital	-	-	-	-	-	(354)	(2,360)	10
Common Stock	-	5,000	-	-	-	-	-	-
Total Liabilities and Net Assets	$ -	$ 29,114	$ 165,922	$ 1,954,409	$ 1,953,764	$ 16,310	$ 27,763	$ 1,393,128
REVENUE								
Rocky service fees	$ 614,889	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Eagle Rock service fees	-	-	153,584	-	-	-	-	-
Partnership fees	-	-	-	-	-	15,367	6,149	-
Commodities from RMDC	-	-	27,989	-	-	-	-	-
Ground lease payment from RA4 to RA9	-	-	-	-	-	-	-	-
Interest on note due from EM II	-	-	-	-	-	-	3,733	-
Interest on notes due from related organizations	171,845	-	-	-	-	108	-	-
Total Revenue	$ 875,823	$ -	$ 181,573	$ -	$ -	$ 15,475	$ 9,882	$ -
EXPENSES								
Expenses from Rocky service fees		$ 21,405	$ 13,812	$ 92,430	$ 56,836	$ 749	$ 591	$ 95,253
Expenses from Eagle Rock service fees	1,304	-	-	36,568	16,072	-	-	564
Partnership fees	-	-	-	15,367	-	74	43	-
Commodities from Rocky to ERI	27,989	-	-	-	-	-	-	-
Ground lease payment from RA4 to RA9	-	-	-	-	-	-	-	-
Interest on note due to EM Proj No. 2	-	-	-	3,733	-	-	-	-
Interest on notes due to Rocky	-	-	-	-	31,245	-	-	4,469
Total Expenses	29,293	21,405	13,812	148,098	104,153	823	634	100,286
Change in Net Assets Due to Eliminations	$ 846,530	$ (21,405)	$ 167,761	$ (148,098)	$ (104,153)	$ 14,652	$ 9,248	$ (100,286)

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF CONSOLIDATING ELIMINATIONS (CONTINUED)
June 30, 2021

	River Rock	Ptarmigan	Pheasant Glen	ERR	RA4	RA9	Total
ASSETS							
Related party receivables	$ -	$ -	$ -	$ 2,506	$ -	$ 152	$ 469,809
Prepaid deposits and expenses	-	-	-	-	620,514	-	620,514
Buildings	791,410	-	-	-	147,910	217,802	3,453,110
Investment in housing	-	-	-	-	-	-	2,290
Construction in progress	-	-	-	-	-	-	-
Long-term notes and interest receivable	-	-	-	-	-	-	12,762,042
Total Assets	$ 791,410	$ -	$ -	$ 2,506	$ 768,424	$ 217,954	$ 17,307,765
LIABILITIES							
Accounts payable to Rocky	$ 6,585	$ 8,220	$ 5,830	$ 33,513	$ 137,360	$ 114,656	$ 424,535
Accounts payable to RMDC Eagle Rock, Inc.	2,562	3,200	2,629	7,975	2,293	2,185	27,231
Accounts payable to ERRLP	-	-	-	-	-	-	2,506
Accounts payable to EMII	-	-	-	-	-	-	9
Accounts payable to EMIII	-	-	-	-	-	-	9
Accounts payable to Penkay Eagles Manor, Inc.	-	-	-	-	-	-	15,367
Accounts payable to EMIII	-	-	-	-	-	-	-
Accounts payable to RA4	-	-	-	-	-		-
Accounts payable to RA9	-	-	-	-	152		152
Accounts payable to Big Boulder	-	-	-	-	-	-	-
Refundable advances and deferred revenue	-	-	-	-	-	620,514	620,514
Notes and interest payable to Rocky	1,194,469	793,924	1,461,794	3,190,984	3,009,572	-	12,350,440
Notes and interest payable to Penkay Eagles Manor, Inc.	-	-	-	-	11,822	-	11,822
Notes and interest payable to EM Project No. 2	-	-	-	-	-	-	399,780
Total Liabilities	$ 1,203,616	$ 805,344	$ 1,470,253	$ 3,232,472	$ 3,161,199	$ 737,355	$ 13,852,365
NET ASSETS							
Unrestricted net assets	$ 791,410	$ -	$ -	$ -	$ 147,910	$ 217,802	$ 3,453,110
Paid-in capital	-	-	-	-	10	(16)	(2,710)
Common Stock	-	-	-	-	-	-	5,000
Total Liabilities and Net Assets	$ 1,995,026	$ 805,344	$ 1,470,253	$ 3,232,472	$ 3,309,119	$ 955,141	$ 17,307,765
REVENUE							
Rocky service fees	$ -	$ -	$ -	$ -	$ -	$ -	$ 614,889
Eagle Rock service fees	-	-	-	-	-	-	153,584
Partnership fees	-	-	-	-	-	-	21,516
Commodities from RMDC	-	-	-	-	-	-	27,989
Ground lease payment from RA4 to RA9	-	-	-	-	-	4,823	4,823
Interest on note due from EM II	-	-	-	-	-	-	3,733
Interest on notes due from related organizations	-	-	-	-	-	-	171,953
Total Revenue	$ -	$ -	$ -	$ -	$ -	$ 4,823	$ 1,087,576
EXPENSES							
Expenses from Rocky service fees	$ 53,796	$ 35,783	$ 51,048	$ 77,493	$ 48,097	$ 67,596	$ 614,889
Expenses from Eagle Rock service fees	19,344	16,108	19,744	27,266	6,542	10,072	153,584
Partnership fees	6,149	-	-	-	-	-	21,633
Commodities from Rocky to ERI	-	-	-	-	-	-	27,989
Ground lease payment from RA4 to RA9	-	-	-	-	4,823	-	4,823
Interest on note due to EM Proj No. 2	-	-	-	-	-	-	3,733
Interest on notes due to Rocky	27,537	6,964	39,145	29,593	-	-	138,953
Total Expenses	106,826	58,855	109,937	134,352	59,462	77,668	965,604
Change in Net Assets Due to Eliminations	$ (106,826)	$ (58,855)	$ (109,937)	$ (134,352)	$ (59,462)	$ (72,845)	$ 121,972

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