

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**ROCKY MOUNTAIN DEVELOPMENT
COUNCIL RETIREMENT PLAN**

JUNE 30, 2019 AND 2018

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Douglas Wilson & Company, P.C.

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FINANCIAL STATEMENTS

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To the Board of Directors
Rocky Mountain Development Council
Retirement Plan
Helena, Montana

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Rocky Mountain Development Council Retirement Plan, which comprise the statements of net assets available for benefits as of June 30, 2019 and 2018, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

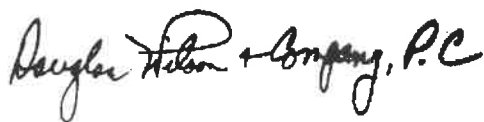
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Rocky Mountain Development Council Retirement Plan as of June 30, 2019 and 2018, and the changes in its net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets held at end of year, referred to as "supplemental information", is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The supplemental Schedule H, line 4i—Schedule of Assets (Held at End of Year), as of June 30, 2019 that accompanies the Plan's financial statements does not disclose the historical cost of certain nonparticipant-directed plan assets held by the Plan custodian. Disclosure of this information is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Great Falls, Montana
April 15, 2020

ROCKY MOUNTAIN DEVELOPMENT COUNCIL RETIREMENT PLAN

HELENA, MONTANA

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF JUNE 30, 2019 AND 2018

| | <u>6/30/19</u> | <u>6/30/18</u> |
|------------------------------------|----------------------------|----------------------------|
| ASSETS | | |
| Investments at Fair Value: | | |
| Participant Directed: | | |
| Mutual Funds | \$ 1,274,418 | \$ 1,841,483 |
| Non-Participant Directed: | | |
| Mutual Funds | <u>2,020,962</u> | <u>2,375,861</u> |
| | <u>3,295,380</u> | <u>4,217,344</u> |
| Receivables: | | |
| Employer Contributions Receivable | - | 8,066 |
| Notes Receivable from Participants | <u>1,299</u> | <u>1,869</u> |
| | <u>1,299</u> | <u>9,935</u> |
| Total Assets | <u>3,296,679</u> | <u>4,227,279</u> |
| LIABILITIES | | |
| Other Liabilities | <u>-</u> | <u>173</u> |
| Total Liabilities | <u>-</u> | <u>173</u> |
| Net Assets Available for Benefits | <u><u>\$ 3,296,679</u></u> | <u><u>\$ 4,227,106</u></u> |

The notes to financial statements are an
integral part of these statements.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL RETIREMENT PLAN

HELENA, MONTANA

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

| | 6/30/19 | 6/30/18 |
|---|---------------------|---------------------|
| Additions to Net Assets Attributed to: | | |
| Investment Income: | | |
| Realized and Unrealized Gains (Losses) on Investments | \$ 54,253 | \$ 225,735 |
| Interest and Dividends | 127,211 | 123,801 |
| | <u>181,464</u> | <u>349,536</u> |
| Employer Contributions | 105,117 | 102,424 |
| Employee Contributions | 92,020 | 149,496 |
| Rollover Contributions | 6,773 | - |
| Loan Interest | 58 | 102 |
| Total Additions | <u>385,432</u> | <u>601,558</u> |
| Deductions from Net Assets Attributed to: | | |
| Benefits Paid to Participants | 1,289,603 | 84,423 |
| Administrative Expense | 26,256 | 29,882 |
| Total Deductions | <u>1,315,859</u> | <u>114,305</u> |
| Net Increase (Decrease) | (930,427) | 487,253 |
| Net Assets Available for Benefits: | | |
| Beginning of Year | 4,227,106 | 3,739,853 |
| End of Year | <u>\$ 3,296,679</u> | <u>\$ 4,227,106</u> |

The notes to financial statements are an
integral part of these statements.

**ROCKY MOUNTAIN DEVELOPMENT COUNCIL
RETIREMENT PLAN
HELENA, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1: PLAN DESCRIPTION AND SUMMARY OF ACCOUNTING POLICIES:

The following description of the Rocky Mountain Development Council Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General - The Plan is a defined contribution plan covering all employees of Rocky Mountain Development Council and its related tax-exempt organization, RMDC Eagle Rock, Inc., (collectively referred to as Rocky) who are age twenty-one or older. The Plan is subject to the provisions of the Employee Retirement Security Act of 1974 (ERISA), and the Internal Revenue Code of 1986, both as amended. Employees may begin participating in the Plan, and making salary deferrals, when they have attained the age of twenty-one years. To be eligible for employer contributions, employees must also complete one Period of Service, or 12 months of employment.

Amendments - Effective July 1, 2017, the Plan was adopted by RMDC Eagle Rock, Inc., a subsidiary of Rocky Mountain Development Council.

For plan years ending on or after October 31, 2017, the plan was amended to allow forfeitures to be used to pay fees or fund qualified nonelective contributions, qualified matching contributions, or safe harbor contributions incurred by the Plan.

Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Plan management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions to and deductions from net assets during the reported period.

Basis of Accounting - The financial statements of the Plan are prepared using the accrual method of accounting.

Date of Management's Review - Subsequent events were evaluated through April 15, 2020, which is the date the financial statements were available to be issued. As a result of the spread of the COVID19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the market value of the Plan's investments. The potential magnitude of impact is unknown at this time.

Contributions - Each year, Rocky provides a discretionary contribution to the Plan determined by the Board of Directors. Contributions were 3.070% and 3.057% of participant compensation for the years ended June 30, 2019 and 2018, respectively. Participants may contribute up to 100% of their annual compensation subject to IRS limitations set in sections 415 and 402(g) of the Internal Revenue Code. Total contributions per participant are subject to annual limits of the lesser of 100% of participant compensation or an annual indexed amount, which was \$56,000 and \$55,000 in 2019 and 2018, respectively.

Participant Accounts - Each participant's account is credited with the participant's contributions and an allocation of (a) Rocky's discretionary contributions; (b) Plan earnings; and (c) forfeitures of terminated participants' non-vested accounts (unless retained to pay Plan expenses). Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Funding - All employer contributions are delivered to the Trustee on a monthly basis. Employee contributions are submitted after each payroll.

Vesting - Participants are immediately 100% vested in their elective deferrals, plus actual earnings thereon. Vesting in the remainder of their account balance is based on years of continuous service. The vesting schedule is as follows:

| | |
|---------------------|------|
| 0-1 Year of Service | 0% |
| 2 Years of Service | 25% |
| 3 Years of Service | 50% |
| 4 Years of Service | 75% |
| 5 Years of Service | 100% |

Forfeitures - When certain terminations of participation in the plan occur, the nonvested portion of the participant's account, as defined by the Plan, represents a forfeiture. If the participant is re-employed and fulfills certain requirements, as defined by the Plan, the participant's account will be reinstated. Forfeitures may be used to pay fees or fund qualified nonelective contributions, qualified matching contributions, or safe harbor contributions incurred by the Plan.

Payments of Benefits - On termination of service, a participant may elect to receive either a lump sum amount equal to the vested value of their account, or periodic payments of substantially equal amounts over the participant's life expectancy. Payments of benefits are recorded when paid.

Investments - Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants - Participants can receive a loan from their vested balance. The loans bear interest at the prime rate effective on the loan date and must be repaid within five years of origination. In accordance with generally accepted accounting principles, loans are classified as notes receivable from participants and are measured at their unpaid balances plus accrued but unpaid interest. Interest income is recorded on the accrual basis. No allowance for credit losses has been recorded as of June 30, 2019 and 2018. If a participant ceases to make loan repayments and it is deemed the participant loan is in default, the participant loan balance is reduced and a benefit payment is recorded.

Tax Status - The Plan obtained its latest opinion letter on March 31, 2008, in which the Internal Revenue Service stated that the Plan and related trust, as then designed, were in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the opinion; however, the Plan administrator believes the Plan is currently designed and operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, the Plan administrator believes the Plan is qualified and the related trust is tax-exempt as of the financial statement date.

Administrative Fees - The Plan administrative fees are paid by the Plan or Rocky.

NOTE 2: PLAN TERMINATION:

Although it has not expressed any intent to do so, Rocky has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

NOTE 3: FAIR VALUE MEASUREMENTS:

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels:

Level 1 - inputs consist of unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities and have the highest priority;

Level 2 - inputs consist of quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly and have the next highest priority;

Level 3 - inputs are prices or valuations that require inputs that are both significant to the fair value measurement and unobservable and have the lowest priority.

The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 inputs were available to the Plan, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

The following table represents the Plan's fair value hierarchy:

| Fair Value Measurements Using: | | | | |
|---------------------------------------|---------------------|--|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| 6/30/19 | | | | |
| Participant directed mutual funds | \$ 1,274,418 | \$ 1,274,418 | \$ - | \$ - |
| Non participant directed mutual funds | 2,020,962 | 2,020,962 | - | - |
| Total | \$ 3,295,380 | \$ 3,295,380 | \$ - | \$ - |

| Fair Value Measurements Using: | | | | |
|---------------------------------------|---------------------|--|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| 6/30/18 | | | | |
| Participant directed mutual funds | \$ 1,841,483 | \$ 1,841,483 | \$ - | \$ - |
| Non participant directed mutual funds | 2,375,861 | 2,375,861 | - | - |
| Total | \$ 4,217,344 | \$ 4,217,344 | \$ - | \$ - |

Level 1 Fair Value Measurements - The fair value of mutual funds is based on quoted net asset values of the shares held by the Plan at year-end.

NOTE 4: INVESTMENTS:

During the years ended June 30, 2019 and 2018, the Plan's mutual fund investments (including gains and losses on investments bought and sold, as well as held during the year) changed in value by \$54,253 and \$225,735, respectively.

NOTE 5: NON-PARTICIPANT DIRECTED INVESTMENTS:

Information about the significant components of the changes in net assets relating to the non-participant directed investments is as follows:

| <u>Changes in Net Assets:</u> | <u>6/30/19</u> | <u>6/30/18</u> |
|---------------------------------|---------------------|-------------------|
| Contributions | \$ 105,117 | \$ 102,424 |
| Interest and Dividends | 45,516 | 39,272 |
| Net Appreciation (Depreciation) | 85,038 | 163,010 |
| Loan Interest | 58 | 102 |
| Benefits Paid to Participants | (573,003) | (61,773) |
| Expenses | (26,088) | (29,882) |
| | <u>\$ (363,362)</u> | <u>\$ 213,153</u> |

The cost basis of the non-participant directed funds is not available.

NOTE 6: NOTES RECEIVABLE FROM PARTICIPANTS:

The loans bear interest at the prime rate effective on the loan date which is 3.50%. Principal payments received during the years ended June 30, 2019 and 2018, totaled \$570 and \$2,665, respectively. No new loans were advanced during the years ended June 30, 2019 and 2018. Payments of the remaining principal balances and any accrued interest is due by September 30, 2021.

During the years ended June 30, 2019 and 2018 there were no loans deemed as distributions.

NOTE 7: CONTINGENCY:

During the years ended June 30, 2019 and 2018, the Plan had no excess deferrals which were returned to participants subsequent to the end of the respective plan years.

NOTE 8: FORFEITED ACCOUNTS:

For the years ended June 30, 2019 and 2018, forfeitures totaled \$0 and \$4,658, respectively. The forfeitures were retained to pay Plan expenses in 2019 and 2018.

NOTE 9: BENEFITS PAYABLE:

At June 30, 2019 and 2018, there were no amounts allocated to accounts of participants who had withdrawn from the Plan but had not been paid.

NOTE 10: PARTY-IN-INTEREST TRANSACTIONS:

Record-keeping and auditing fees paid by the Plan amounted to \$26,256 and \$29,882 for the years ended June 30, 2019 and 2018, respectively. These expenses qualify as party-in-interest transactions.

The third party administrator of the Plan also received indirect compensation in the amount of \$689 and \$2,550 for the years ended June 30, 2019 and 2018, respectively.

NOTE 11: RISKS AND UNCERTAINTIES:

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**ROCKY MOUNTAIN DEVELOPMENT COUNCIL
RETIREMENT PLAN
FORM 5500, SCHEDULE H, LINE 4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
EIN #81-0296458; PLAN #001
JUNE 30, 2019**

| (a) (1) | (b) | (c) | (d) (2) | (e) |
|---------|--|--|-------------|----------------------|
| | 401(k) Employee Contributions (Participant Directed): | | | |
| | Identity of issue, borrower, lessor, or similar party | Description of investment, including maturity date, rate of interest, collateral, par or maturity value | Cost | Current Value |
| | AMCAP | Mutual Fund | \$ - | \$ 30,250 |
| | American Mutual Fund | Mutual Fund | - | 251,817 |
| | The Growth Fund of America | Mutual Fund | - | 159,181 |
| | New Perspective Fund | Mutual Fund | - | 101,088 |
| | The Bond Fund of America | Mutual Fund | - | 21,072 |
| | American Money Market Fund | Mutual Fund | - | 83,070 |
| | Fundamental Investors | Mutual Fund | - | 26,198 |
| | American Balanced Fund | Mutual Fund | - | 36,803 |
| | Capital Income Builder | Mutual Fund | - | 185,867 |
| | U.S. Government Securities Fund | Mutual Fund | - | 815 |
| | Capital World Growth and Income | Mutual Fund | - | 231,408 |
| | New World Fund | Mutual Fund | - | 23,683 |
| | Target Date 2015 | Mutual Fund | - | 2,269 |
| | Target Date 2020 | Mutual Fund | - | 10,442 |
| | Target Date 2025 | Mutual Fund | - | 15,484 |
| | Target Date 2030 | Mutual Fund | - | 46,658 |
| | Target Date 2035 | Mutual Fund | - | 4,636 |
| | Target Date 2040 | Mutual Fund | - | 9,366 |
| | Target Date 2045 | Mutual Fund | - | 23,548 |
| | Target Date 2050 | Mutual Fund | - | 7,198 |
| | Target Date 2055 | Mutual Fund | - | 3,085 |
| | Target Date 2060 | Mutual Fund | - | 480 |
| | | | <u>\$ -</u> | <u>\$ 1,274,418</u> |

(1) * Indicates a party in interest
(2) Cost information was omitted as allowed
for participant directed assets

**ROCKY MOUNTAIN DEVELOPMENT COUNCIL
RETIREMENT PLAN
FORM 5500, SCHEDULE H, LINE 4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
EIN #81-0296458; PLAN #001
JUNE 30, 2019**

| (a) (1) | (b) | (c) | (d) | (e) |
|---------|---|--|-------------|----------------------|
| | Discretionary Employer Contributions (Non-Participant Directed): | | | |
| | Identity of issue, borrower, lessor, or similar party | Description of investment, including maturity date, rate of interest, collateral, par or maturity value | Cost | Current Value |
| | American Mutual Fund R6 | Mutual Fund | \$ - | \$ 288,405 |
| | American Mutual Fund F2 | Mutual Fund | - | 6,583 |
| | Fidelity Advisor New Insights | Mutual Fund | - | 260,230 |
| | T.Rowe Price Health Sciences | Mutual Fund | - | 140,547 |
| | Vanguard Mid Cap Index Admiral | Mutual Fund | - | 293,535 |
| | PIMCO Total Return Instl | Mutual Fund | - | 599,592 |
| | Capital World Growth and Income | Mutual Fund | - | 389,129 |
| | Federated Treas Oblig Capital Money Market | Mutual Fund | - | 42,941 |
| | Participant Loans | Rates 3.5%; Maturities 2021 | - | 1,299 |
| | | | <u>\$ -</u> | <u>\$ 2,022,261</u> |

(1) * Indicates a party in interest

See Report on Supplemental Information
paragraph included in the Independent Auditor's Report.