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



ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.

FINANCIAL REPORT

June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Rocky Mountain Development Council, Inc. (Rocky) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rocky as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Schedule of Expenditures of Federal Awards and Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The supplementary information presented on pages 50 through 61 is also presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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

Adoption of New Accounting Standard
As discussed in Note 1, Rocky adopted the Financial Accounting Standards Board's Accounting Standard Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of the Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2019, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rocky's internal control over financial reporting and compliance.

Anderson Zurmuehlen & Co., P.C.

Helena, Montana
November 21, 2019

CONSOLIDATED FINANCIAL STATEMENTS

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2019

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents, operations	$ 1,035,032
Cash and cash equivalents, custodial	110,935
Accounts receivable	133,948
Related party receivables	23,261
Grants receivable	484,595
Current portion of notes and interest receivable	13,461
Prepaid deposits and expenses	85,566
Inventory	54,664
Total current assets	1,941,462
FIXED ASSETS	
Land	2,299,621
Land improvements, net	206,367
Leasehold improvements, net	85,078
Buildings, net	18,892,917
Equipment, net	214,441
Total fixed assets	21,698,424
OTHER ASSETS	
Investments in partnerships	1,020
Cash restricted for security deposits and reserves	1,112,769
Cash restricted for housing projects	499,686
Preacquisition costs	577,638
Long-term related party receivable	8,224
Long-term notes and interest receivable	3,273,979
Long-term accounts receivable	4,457
Deferred costs, net	41,403
Total other assets	5,519,176
Total assets	$ 29,159,062

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

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
June 30, 2019

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	$ 991,288
Cash and cash equivalents held for others	110,935
Compensated absences	267,269
Refundable advances and deferred revenue	365,543
Current portion of long-term debt	269,681
Total current liabilities	2,004,716
LONG-TERM DEBT	
Notes and interest payable	2,312,945
Other liabilities	101,846
Total long term liabilities	2,414,791
Total liabilities	4,419,507
NET ASSETS	
Net assets without donor restrictions	
Net assets without donor restrictions and controlling interests in partnerships	14,399,519
Noncontrolling interests in partnerships	10,127,445
Total net assets without donor restrictions	24,526,964
Net assets with donor restrictions	212,591
Total net assets	24,739,555
Total liabilities and net assets	$ 29,159,062

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

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
REVENUES, GAINS, AND OTHER SUPPORT	
Grants - federal	$ 6,096,811
Grants - other	1,009,232
County tax	435,274
Local support	48,518
Fundraising and donations	238,781
Program service	1,981,350
Other	175,652
In-kind	835,179
Net assets released from restrictions	30,403
Total revenues, gains, and other support without donor restrictions	10,851,200
EXPENSES	
Program	
Aging and Nutrition	2,236,474
Senior Volunteer	782,926
Housing	2,812,468
Other	286,243
Child and Family	4,100,950
Senior Activities	145,450
Transportation	37,140
Weatherization	1,018,514
Total program expenses	11,420,165
General and administrative	1,920,279
Recovery of indirect costs from programs	(850,424)
Recovery of other allocated costs from programs	(938,997)
	130,858
Fundraising	22,743
Total expenses	11,573,766
Change in net assets without donor restrictions	(722,566)

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, 2019

CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	
Contributions	9,682
Net assets released from restrictions	(30,403)
Change in net assets with donor restrictions	(20,721)
Change in net assets	(743,287)
Partnership distributions	(160,845)
Consolidated net assets, beginning of year	25,643,687
Consolidated net assets, end of year	$ 24,739,555

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

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	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	$ 20	$ 60	$ 80	$ 195	$ 11,793	$ 3,483	$ 1,802	$ 6,691	$ 20	$ -	$ 953	$ 24,937	$ -	$ 25,017
Assistance payments	-	-	-	-	-	-	-	-	-	-	301,074	301,074	-	301,074
Communications	30,488	33,366	63,854	35,049	12,340	45,378	6,004	70,004	4,715	280	15,342	189,112	504	253,470
Consultant/contract	13,699	34,466	48,165	12,255	1,538	67,128	8,593	106,190	251	118	293,671	489,744	3,277	541,186
Equipment rent/maintenance	11,534	37,311	48,845	263	-	-	682	6,508	75	-	-	7,528	-	56,373
In-kind	-	-	-	2,306	26,301	-	13,108	793,464	-	-	-	835,179	-	835,179
Insurance	18,002	10,444	28,446	8,338	-	102,885	841	26,952	2,031	3,219	10,702	154,968	-	183,414
Legal fees	41	1,048	1,089		-	473	-	-	-	-	-	473	-	1,562
Materials, supplies, and minor equipment	2,857	24,360	27,217	44,002	60	44,118	7,746	55,477	753	98	12,334	164,588	3,171	194,976
Meal costs	-	192,663	192,663	394,314	-	162,218	8	222,573	3,000	-	-	782,113	-	974,776
Occupancy	38,540	196,650	235,190	49,542	14,524	483,479	24,307	224,021	64,239	-	22,195	882,307	198	1,117,695
Office supplies	6,455	1,240	7,695	4,060	4,445	9,792	5	5,594	-	-	6,305	30,201	165	38,061
Other	5,198	762	5,960	16,459	7,270	45,680	8,066	4,858	19	276	4,357	86,985	735	93,680
Pass-through grants	-	-	-	745,587	-	-	42,770	-	-	-	-	788,357	-	788,357
Photocopies/printing	5,206	84	5,290	3,581	2,350	1,104	928	10,186	4,887	56	730	23,822	1,138	30,250
Salaries and related expenses	727,439	357,780	1,085,219	752,323	199,669	842,358	136,293	2,140,063	45,457	33,266	233,643	4,383,072	5,919	5,474,210
Stipends	-	-	-	-	282,934	-	-	-	-	-	-	282,934	-	282,934
Travel/training	5,789	1,013	6,802	46,821	12,445	13,671	3,013	27,544	11,708	18	27,537	142,757	5,087	154,646
Vehicle maintenance/repair	-	3,608	3,608	15,798	-	-	-	3,815	-	20,298	4,697	44,608	-	48,216
Volunteer participant expense	-	-	-	-	123,437	-	240	-	-	-	-	123,677	-	123,677
Interest expense	-	18,676	18,676	-	-	83,055	-	10,371	-	-	-	93,426	-	112,102
Depreciation and amortization	4,979	25,447	30,426	-	-	836,792	10,231	47,800	628	-	7,181	902,632	-	933,058
Indirect costs allocated to programs	-	111,054	111,054	128,757	83,820	70,854	21,606	338,839	7,667	7,485	77,793	736,821	2,549	850,424
Recovery of indirect costs	(850,424)	-	(850,424)	-	-	-	-	-	-	-	-	-	-	(850,424)
Recovery of other allocated costs	-	(938,997)	(938,997)	(23,176)	-	-	-	-	-	(27,974)	-	(51,150)	-	(990,147)
	$ 19,823	$ 111,035	$ 130,858	$ 2,236,474	$ 782,926	$ 2,812,468	$ 286,243	$ 4,100,950	$ 145,450	$ 37,140	$ 1,018,514	$ 11,420,165	$ 22,743	$ 11,573,766

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

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (743,287)
Adjustments to reconcile the change in net assets to net cash flows from operating activities:	
Depreciation	925,814
Amortization	7,244
Gain on sale of assets	(9,500)
Change in assets and liabilities:	
Decrease in current receivables	2,447
Decrease in grant receivables	143,526
Decrease in prepaid deposit and expenses	3,637
Increase in inventory	(9,754)
Increase in long-term interest receivable	(79,990)
Increase in accounts payable & accrued expenses	468,471
Increase in compensated absences	21,341
Increase in refundable advances and deferred revenue	111,850
Decrease in other liabilities	(30,000)
Net cash flows from operating activities	811,799
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(15,744)
Proceeds from the sale of property and equipment	9,500
Preacquistion costs incurred	(577,638)
Decrease in long-term related party receivables	(1,096)
Decrease in long-term accounts receivable	1,235
Principal payments received on long-term notes receivable	12,556
Organizational and financing costs	(10,999)
Paid-in capital received on partnership investments	(160,865)
Net cash flows from investing activities	(743,051)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from long-term debt	665,182
Principal payments on long-term debt	(352,383)
Net cash flows from financing activities	312,799
Net change in cash and cash equivalents	381,547
Cash and cash equivalents, beginning of year	2,376,875
Cash and cash equivalents, end of year	$ 2,758,422
SUPPLEMENTAL INFORMATION	
Interest Paid	$ 96,922
CASH AND CASH EQUIVALENTS PER THE STATEMENT OF FINANCIAL POSITION	
Cash and cash equivalents, operations	$ 1,035,032
Cash and cash equivalents, custodial	110,935
Cash restricted for security deposits and reserves	1,112,769
Cash restricted for housing projects	499,686
Total cash and cash equivalents, end of year	$ 2,758,422

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 19 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), 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 LP (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.

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 Eagle Rock Residences, LP (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 EMII.

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

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

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

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

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

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

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

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

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

ERI
ERI was organized in November 2003 by Rocky as a 501(c)(3) supporting organization and as such provides supportive services to the residents of Eagle Rock Residences, LP (Penkay), EM II, EM III, Big Boulder, River Rock, Ptarmigan, and Pheasant Glen. These services primarily relate to the provision of a congregate meal program for the residents of the Eagles Manor complex, maintenance and housekeeping services. 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. Red Alder 4% LLC is wholly owned by Penkay Eagles Manor, Inc. and is the general partner. Rocky serves as the limited partner until the investor limited partner is selected.

RA9 was organized in August 2018 to develop and operate affordable housing in Helena, Montana. Red Alder 9% LLC is wholly owned by Penkay Eagles Manor, Inc. and is the general partner. Rocky serves as the limited partner until the investor limited partner is selected.

Construction of the 85-unit project will begin in September 2019. RA4 will be the owner of 48 units and RA9 will be the owner of 37 units.

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 Eagle Rock Residences, LP (Penkay).

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

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

Basis of Accounting and Presentation (Continued)
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.

Cash and Cash Equivalents
Cash and cash equivalents consists of both operational and custodial 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, 2019, the uninsured cash balance was $15,952.

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

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

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

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

Notes and Interest Receivable
Rocky has made loans to provide funding for affordable housing projects and agreed to defer payments due for services rendered to other organizations. Information concerning these loans is provided in Note 5. The amount reported as current portion of notes and interest receivable represents the estimated loan principal and interest payments that Rocky will receive within one year of June 30, 2019. The remaining balances are due for various terms, as more fully disclosed in Note 5.

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

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

Assets Held for Sale
Long-lived assets that are not used in normal operations and will be sold within one year are classified as an asset held for sale. Assets held for sale are reported at the lower of cost or fair value. There were no assets held for sale at June 30, 2019.

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 financial statements was computed using the straight-line method over estimated useful lives of 5 to 40 years.

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

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.

Preacquisition Costs
Preacquisition costs represent costs incurred for the RA4 and RA9 affordable housing project in advance of acquiring the land.

Construction In Progress
Construction in progress represents costs incurred for new construction and improvement projects for Rocky and its consolidated entities. There was no construction in progress at June 30, 2019.

Deferred Costs
Deferred costs include financing charges and fees paid by EM II, EM III, Big Boulder, River Rock, Ptarmigan, Pheasant Glen, 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.

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.

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

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 14. Management has calculated its estimated liability as required by GAAP and has determined it to be immaterial at June 30, 2019.

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

Net Assets and Noncontrolling Interests in Partnership Equity
The interests in partnership equity held by the limited partners of EMII, EMIII, and River Rock, 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 Ptarmigan and Pheasant Glen are presented as noncontrolling interest. The limited partner interests are held by Rocky at June 30, 2019, 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.

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

Functional Allocation of Expenses (Continued)
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. Although the provisional approved rate for Rocky is 13.5% for fiscal year 2019, the effective rate applied during fiscal year 2019 is 13%.

Rocky maintains separate internal service funds, including kitchen, buildings, copier and network, for activities that benefit programs. The cost of these activities is allocated to the programs based on rates internally calculated on an annual basis in order to recover the costs of those activities. Allocation of actual costs may result in over- or under-recovery as the rates are set in advance, based on budgeted costs. Any over- or under-recovery is included in the calculation of the rates for the next fiscal year. Building expenses, including depreciation, are allocated to programs on a square footage basis. Network expenses are allocated based on devices used by programs, as well as connectivity to Rocky's network. Copier expenses are allocated to programs based on actual usage.

Advertising and Recruitment Costs
Recruitment, advertising, and promotional costs are expensed as incurred. For the year ended June 30, 2019, recruitment, advertising, and promotional costs totaled $25,017.

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. 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.

New Accounting Pronouncement
On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Rocky has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

NOTE 2. LIQUIDITY AND AVAILABILITY

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

The following financial assets are expected to be available to support Rocky in the year ending June 30, 2020:

Cash and cash equivalents, operations	$ 1,035,032
Accounts receivable	110,079
Related party receivables	23,261
Grants receivable	484,595
Current portion of notes and interest receivable	13,461
	$ 1,666,428

During the year ended June 30, 2020, Rocky expects to receive $48,655 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. Approximately 65% of Rocky's operating budget is 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, 2019.

In Rocky's strategic plan that was finalized in September 2019, the Board identified the development of a financial reserve policy as a priority.

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, 2019, are as follows:

Head Start Parent Fund	$ 24,879
Friends of Head Start	79,607
Senior Bingo Fund	136
Employee Social Fund	4,089
Helena Senior Advisory Council	2,224
	$ 110,935

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 Rocky, 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, 2019	Consolidating Eliminations	Consolidated June 30, 2019
Current related party receivables			
Rocky			
Eagle Rock Residence LP (Penkay)	$ 15,874	$ -	$ 15,874
EM II	8,499	(8,499)	-
EM III	5,031	(5,031)	-
Ptarmigan	4,055	(4,055)	-
Pheasant Glen	4,195	(4,195)	-
Big Boulder	7,181	(7,181)	-
RMFP	16,849	(16,849)	-
Townsend Housing Inc.	2,810	-	2,810
River Rock	3,828	(3,828)	-
ERI	1,602	(1,602)	-
RA4	79,468	(79,468)	-
RA9	56,583	(56,583)	-
Total RMDC	205,975	(187,291)	18,684
ERI	16,733	(12,156)	4,577
Total	$ 222,708	$ (199,447)	$ 23,261
Long-term related party receivables			
Rocky			
Eagle Manor Project No. 2 Inc.	$ 26,265	$ (26,265)	$ -
RMDC Ptarmigan Inc.	8,224	-	8,224
Total	$ 34,489	$ (26,265)	$ 8,224

NOTE 4. RELATED PARTIES (CONTINUED)

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

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

	RMDC	ERI	Consolidating Eliminations	Total
RMDC Ptarmigan Inc.	$ 817	$ -	$ -	$ 817
Eagle Rock Residence LP (Penkay)	138,799	50,601	-	189,400
Pheasant Glen	49,826	14,931	(32,568)	32,189
Townsend Housing Inc.	18,884	37	-	18,921
RMFP	19,481	-	(19,481)	-
ERI	13,776	-	(13,776)	-
EM II	82,534	38,301	(120,835)	-
EM III	49,313	16,850	(66,163)	-
Penkay Eagle Manor Inc.	779	-	(779)	-
Eagle Manor Project No. 2 Inc.	850	-	(850)	-
Big Boulder	92,127	660	(92,787)	-
River Rock	46,990	17,358	(64,348)	-
Ptarmigan	36,804	16,587	(53,391)	-
Rocky	-	38	(38)	-
	$ 550,980	$ 155,363	$ (465,016)	$ 241,327

NOTE 5. LONG-TERM NOTES AND INTEREST RECEIVABLE

Long-term notes and interest receivable consist of the following at June 30, 2019:

	Note Principal June 30, 2019	Note Interest June 30, 2019	Total Stand Alone June 30, 2019	Consolidating Eliminations	Consolidated June 30, 2019
Rocky					
Roadrunner Residence (FHLB)	$ 55,000	$ 11,137	$ 66,137	$ -	$ 66,137
Roadrunner Residence (HOME)	136,213	-	136,213	-	136,213
Eagle Rock Residence LP (Penkay) (CDBG)	480,000	79,216	559,216	-	559,216
Eagle Rock Residence LP (Penkay) (HUD)	299,896	178,084	477,980	-	477,980
Eagle Rock Residence LP (Penkay) (HOME)	512,843	316,091	828,934	-	828,934
Eagle Rock Residence LP (Penkay) (FHLB)	650,000	-	650,000	-	650,000
Eagle Rock Residence LP (Penkay) (HUD II)	346,500	208,999	555,499	-	555,499
Pheasant Glen (CDBG)	506,157	191,104	697,261	(697,261)	-
Pheasant Glen (HOME)	411,856	279,212	691,068	(691,068)	-
Ptarmigan (Operating Deficit)	3,805	609	4,414	(4,414)	-
Ptarmigan (CDBG)	310,000	55,800	365,800	(365,800)	-
Ptarmigan (HOME)	364,175	45,588	409,763	(409,763)	-
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	224,249	740,710	(740,710)	-
EM III (HUD)	196,000	92,031	288,031	(288,031)	-
EM III (Developer Fee)	111,775	-	111,775	(111,775)	-
Big Boulder (HOME)	420,999	23,111	444,110	(444,110)	-
Big Boulder (HOME 2)	26,550	476	27,026	(27,026)	-
River Rock (HOME)	742,530	147,198	889,728	(889,728)	-
River Rock (CDBG)	278,303	2,796	281,099	(281,099)	-
	7,401,643	1,855,701	9,257,344	(5,983,365)	3,273,979
EAGLE MANOR PROJECT NO. 2 INC.	373,859	18,444	392,303	(392,303)	-
Total	$ 7,775,502	$ 1,874,145	$ 9,649,647	$ (6,375,668)	$ 3,273,979

Roadrunner Residence LP

On April 1, 1999, Rocky executed a promissory note loaning $55,000 to Roadrunner Residence LP for the purpose of constructing a low-income rental housing project. Rocky received the $55,000 as a subsidy from Federal Loan Home Bank (FHLB) (through U.S. Bank). Interest accrues at 1% per annum. The principal balance and accrued interest were due April 1, 2019. At June 30, 2019, the principal and accrued interest balance was $66,137. See Note 8 for disclosure on Rocky's note payable to FHLB related to this note receivable. Roadrunner Residence LP is investigating appropriate timing of loan forgiveness by Rocky and the write-off of this note payable on the Partnership's side.

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, 2019, the principal balance was $149,429, of which $13,216 is current and $136,213 is classified as long-term in the consolidated statement of financial position.

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

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

Under the Rocky CDBG Construction Loan Agreement, Rocky loaned $480,000 to Penkay at 1.25% interest compounded annually. The principal and accrued interest on the loan is due in annual installments beginning December 31, 2006. No payments have been received to date. The entire remaining balance of principal and accrued interest is due and payable on February 22, 2041. The principal and accrued interest balance is $559,216 at June 30, 2019.

Under the Rocky HUD Construction Loan Agreement, Rocky loaned $299,896 to Penkay at 4.40% interest compounded annually. The principal and accrued interest on the loan is due in annual installments beginning December 31, 2006. No payments have been received to date. Any remaining balance of principal and accrued interest on October 28, 2041, is subject to renegotiation. The principal and accrued interest balance is $477,980 at June 30, 2019.

Under the Rocky HOME Construction Loan Agreement, Rocky loaned $512,843 to Penkay at 4.61% interest compounded annually. The principal and accrued interest on the loan is due in annual installments beginning December 31, 2006. No payments have been received to date. The entire remaining balance of principal and accrued interest is due and payable on February 16, 2041. The principal and accrued interest balance is $828,934 at June 30, 2019.

Under the Rocky FHLB of Seattle Construction Loan, Rocky loaned $650,000 to Penkay at 0% interest. The loan principal is due in annual installments beginning December 31, 2006. No payments have been received to date. The entire remaining loan balance is due and payable on November 22, 2040. The principal balance of the loan at June 30, 2019 is $650,000.

Under the Rocky HUD II Construction Loan, Rocky loaned $346,500 to Penkay at 4.86% interest compounded annually. The principal and accrued interest on the loan is due in annual installments beginning December 31, 2007. No payments have been received to date. The entire remaining balance of principal and accrued interest is due and payable on February 1, 2042. The principal and accrued interest balance is $555,499 at June 30, 2019.

Current Portion and Other Current Notes Receivable
As disclosed above, the current portion of the note receivable from Roadrunner Residence LP is $13,216. Accrued interest in the amount of $245 is also receivable on this note.

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

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 or HUD grants) or deferred developer fees obtained through Rocky's housing program to EM II, EM III, Big Boulder, River Rock, Ptarmigan and Pheasant Glen. 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 $925,814 and amortization expense is $7,244 which are included in depreciation and amortization expense in the accompanying consolidated statement of functional expenses for the fiscal year ended June 30, 2019.

The building consolidation adjustment of $3,087,398 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.

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

Land	$ 2,299,621
Land improvements	$ 492,064
Less: Accumulated depreciation	(285,697)
Land improvements, net	$ 206,367
Leasehold improvements	$ 254,883
Less: Accumulated depreciation	(169,805)
Leasehold improvements, net	$ 85,078
Buildings	$ 30,462,651
Less: Consolidation adjustment	(3,087,398)
Less: Accumulated depreciation	(8,482,336)
Buildings, net	$ 18,892,917
Equipment and vehicles	$ 1,709,004
Less: Accumulated depreciation	(1,494,563)
Equipment, net	$ 214,441
Total Fixed Assets	$ 21,698,424

NOTE 7. DEFERRED COSTS

Amortization expense for deferred financing costs and fees paid by the housing entities has been included in depreciation and amortization expense in the accompanying consolidated statement of functional expenses and totaled $7,244 for the fiscal year ended June 30, 2019. The components of deferred costs at June 30, 2019 were as follows:

	Gross Costs June 30, 2019	Accumulated Amortization June 30, 2019	Net June 30, 2019
EMII	$ 49,384	$ 48,242	$ 1,141
EMIII	22,838	21,315	1,524
Big Boulder	7,460	5,341	2,119
River Rock	27,731	12,017	15,714
Pheasant Glen	32,381	22,475	9,906
RA9	10,999	-	10,999
			$ 41,403

Expected amortization expense for each of the next five fiscal years and thereafter subsequent to June 30, 2019 is as follows:

2020	$ 5,963
2021	4,398
2022	4,279
2023	3,652
2024	3,652
Thereafter	19,460
	$ 41,403

NOTE 8. 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.	$ 428,652	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.	208,645	Payable in monthly installments of $1,438, including interest.
4.25% Note Payable to USDA (Townsend Homestead Manor), due October 1, 2040.	239,171	Payable in monthly installments of $1,024, including interest, of which $485 is subsidized by USDA.
6.00% Note Payable to NeighborWorks Montana (Red Alder project), due December 31, 2020.	173,194	Interest payable quarterly, based on current amount of outstanding loan. Principal due December 31, 2020.
	1,049,662	

RMFP

6.0% Note Payable to USDA (Elk Creek Lodge), due November 1, 2034.	45,073	Payable in monthly installments of $374, including interest, of which $173 is subsidized by USDA.
6.0% Note Payable to USDA (Elk Creek Lodge), due November 1, 2034.	119,033	Payable in monthly installments (calculated based on a 50 year amortization schedule) of $676, including interest, of which $401 is subsidized by USDA. Final installment is due 30 years from the date of the note.
5.375% Note Payable to USDA (Elk Creek Lodge), due December 1, 2035.	29,366	Payable in monthly installments of $224, including interest, of which $95 is subsidized by USDA.
	193,472	

EM II

6.0% Note Payable to First Interstate Bank (EM II Facility), due March 10, 2040.	98,372	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.	376,633	Payable in monthly installments of $2,699, including interest.

Big Boulder

5.95% (variable interest rate - see description below) Note Payable to Valley Bank (Fund Reserves and Current Operations), due October 10, 2042.	227,358	Payable in monthly installments of $1,505, including interest.

NOTE 8. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Notes and Interest Payable (Continued)

Ptarmigan		
4.12% Note Payable to Valley Bank, due December 1, 2031.	119,307	Payable in monthly installments of $1,019, including interest.
Pheasant Glen		
5.65% Note Payable to Valley Bank, due January 4, 2044.	487,824	Payable in monthly installments of $3,387, including interest.
	2,552,628	
Other Long-Term Debt:		
RMDC		
Non-Interest-Bearing Health Insurance debt to L&C County, due Fiscal Year 2024.	131,844	Payable in annual installments of approximately $30,000.
	131,844	
Total notes and interest payable	2,684,472	
Current maturities	(269,681)	
Total notes, and interest payable, and other liabilities, net	$ 2,414,791	

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, 2019 are as follows:

	Principal
2020	$ 269,681
2021	100,044
2022	103,591
2023	107,407
2024	93,151
Thereafter	2,010,598
	$ 2,684,472

Rocky

In 1998, Rocky signed an agreement with the Federal Home Loan Bank (FHLB) whereby the FHLB agreed to provide a $55,000 subsidy to the Roadrunner low-income housing project. The agreement stipulated any repayments of principal and payments of interest received by Rocky must be paid forthwith to the FHLB. On April 1, 1999 Rocky loaned these funds to the Roadrunner Residence Limited Partnership, thereby also creating a debt from Rocky to the FHLB. The agreement was unsecured. In September 2017, Rocky received confirmation that the Rocky debt to FHLB for principal and accrued interest was forgiven. The debt was written off and there is no balance due at June 30, 2019. See Note 5 for disclosure on the continuing note receivable from Roadrunner.

NOTE 8. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Notes and Interest Payable (Continued)

Rocky (Continued)

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.

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 June 28, 2019, Rocky and GL Development, LLC, as co-developers on the Red Alder Project, signed a $600,000 NeighborWorks Montana note payable. The funds serve as a bridge loan to cover project costs incurred for RA4 and RA9 until the partnership closing. This loan bears 6% interest and the outstanding principal and all accrued interest is due and payable the earlier of the construction loan closing or December 31, 2020. The note is unsecured, however Rocky is the guarantor for 35% of the loan obligation ($210,000) and GL Development, LLC is the guarantor for 65% of the loan obligation ($390,000.) At June 30, 2019, the combined Rocky and GL Development, LLC balance owed on this note payable is $494,839. Rocky's disclosed liability is 35% of the amount owed at June 30, 2019, which is $173,194. The balance owed at June 30, 2019, as well as the remaining loan proceeds drawn subsequent to this date, is expected to be paid in full by November 30, 2019.

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.

NOTE 8. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Notes and Interest Payable (Continued)

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

EM II
On March 10, 2010, EM II signed an $115,682 note payable to First Interstate Bank to finance the rehabilitation of Eagles Manor II in Helena. The note is secured by the related property.

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

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

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

Pheasant Glen
On January 4, 2019, Pheasant Glen refinanced its 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%.

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 $161,846 in annual installments of approximately $30,000 over a 5-year period.

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, and Pheasant Glen 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 9. 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. 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 $83,337 for the fiscal year ended June 30, 2019.

Some of the operating leases are noncancelable with various expiration dates through 2022. 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:

2020	$ 23,152
2021	3,352
2022	3,073
	$ 29,576

NOTE 10. 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	$ 15,724
Spirit of Service program	14,679
	$ 30,403

At June 30, 2019, net assets with donor restrictions were available for the following programs:

Purpose restrictions:	
Senior services	$ 204,002
Spirit of Service program	7,438
Other	1,151
	$ 212,591

NOTE 11. NONCONTROLLING INTERESTS IN PARTNERSHIP EQUITY

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

	Controlling	Noncontrolling	Total
EMII	$ (185)	$ 3,220,193	$ 3,220,008
EMIII	(79)	2,984,847	2,984,768
Big Boulder	5,485,572	-	5,485,572
River Rock	(2,944)	3,922,464	3,919,520
Ptarmigan	(72,944)	(106)	(73,050)
Pheasant Glen	216,009	47	216,056
RA4	110	-	110
RA9	110	-	110
	$ 5,625,649	$ 10,127,445	$ 15,753,094

The noncontrolling interest in EM II, EM III, and River Rock is 99.99%, and profits and losses are allocated accordingly. The limited partner in Big Boulder also holds a 99.99% share of total partners' capital, but is controlled by Rocky, thus is included in the balance reported for controlling interests. Rocky is the 99.99% limited partner of Ptarmigan and this is reflected in controlling interest. Effective January 1, 2019, Rocky is the 99.99% limited partner of Pheasant Glen and this is reflected in controlling interest. At June 30, 2019, Rocky is the 99.99% limited partner and also controls the general partner of both RA4 and RA9 therefore, these are reflected in the 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 12. 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	$ 703,670
Supplies and training materials	32,769
Space	71,250
Meals	11,244
Volunteer recognition	3,658
Physical examinations	11,319
Board expenses	1,269
Total in-kind contributions	$ 835,179

NOTE 12. NON-MONETARY TRANSACTIONS (CONTINUED)

In-Kind Contributions (Continued)
All in-kind contributions were expensed in accordance with GAAP for the fiscal year ended June 30, 2019.

In-kind contributions were received for the following programs:

Head Start	$ 793,464
Senior Volunteer Programs	26,300
Spirit of Service	13,108
Area IV Agency on Aging	1,269
Congregate Meals	1,038
Total in-kind contributions	$ 835,179

In addition to the contributions reported in the tables above, the Head Start program received services valued at $38,575 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 13. 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. ERI employees were added to the plan effective July 1, 2017. An employee must be at least 21 years of age and complete 12 months of service to be eligible to participate in the plan. Head Start employees subject to a collective bargaining agreement participate in the Rocky plan as specified by the agreement.

The employer’s contribution to the plan is discretionary. Preliminary and effective contribution rates are approved by the Board. The effective contribution rates on employees' compensation were calculated for fiscal year 2019 based on the actual amount contributed to the plan by Rocky and ERI and total eligible employees compensation for the fiscal year. Total Rocky and ERI contributions to the plan during fiscal year 2019 were allocated to the individual participants' accounts based on their eligible compensation during fiscal year 2019 multiplied by the effective contribution rate. The preliminary contribution rate on employees' compensation for fiscal year 2019 was set at 3.0%. The effective contribution rate on eligible employees’ compensation for the fiscal year ended June 30, 2019 is estimated at 3.07%. As of the issuance date of these financial statements, the plan valuation and audit have not been completed. The preliminary approved contribution rate for fiscal year 2020 remains at 3.0%. Retirement plan expense is $98,064 for Rocky and $7,487 for ERI for fiscal year 2019.

NOTE 13. EMPLOYEE BENEFITS (CONTINUED)

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

Cafeteria Plan
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 14. 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 $165,507 of CHDO proceeds as of June 30, 2019.

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:

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Roadrunner Low-Income Housing Project (Continued)
The general partner is obligated to repurchase the interest of the limited partners for a purchase price equal to the sum of the total capital contributions made by the limited partners, plus $60,149, which represents costs incurred by the limited partners, if;

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

The termination of the partnership is expected to occur at the end of 2020, although the fifteen-year tax credit period ended in 2015. The partnership agreement calls for termination of the partnership at December 31, 2050, if an earlier consensual termination has not occurred.

Ptarmigan
On November 20, 2000, 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, 2019, 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, which reduced the liability to Rocky as the limited partner.

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.

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Pheasant Glen (Continued)
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.

Eagle Rock Residence LP (Penkay)
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 applies to Penkay, its limited partners and successors, including Homestead Equity Fund VI, LP and Homestead SLP, LLC.

The partnership agreement contains the following obligations:

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

In the event a repurchase occurs, the limited partners must transfer their partnership interest to the general partner. As of June 30, 2019, the partnership interest of the limited partner was $189,940. At June 30, 2019, the book value of the partnership's capital assets totaled approximately $2.92 million.

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

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

The guaranty also applies to Penkay's mortgage and replacement reserve requirements. The mortgage balance was $262,641 at June 30, 2019. 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.

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Eagle Rock Residence LP (Penkay) (Continued)
As of June 30, 2019, the Operating Deficit Reserve Account balance was $110,672. The funds in this account can be used with the general and limited partners' approval to cover operating expenses, debt service obligations or other partnership expenses when cash is insufficient.

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

EM III
On August 15, 2007, EM III amended its partnership agreement. The amendments redefine the responsibilities of the partnership's general and limited partners. This was in response to the replacement of Rocky as the limited partner by Homestead Equity Fund VI, 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, 2019, the partnership interest of the limited partner was $2,984,847.

  At June 30, 2019, the book value of the partnership's capital assets totaled approximately $4.37 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:

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

In the event a repurchase occurs, the limited partners must transfer their partnership interest to the general partner. As of June 30, 2019, the partnership interest of the limited partner was $3,220,192. As of June 30, 2019, the book value of the partnership's capital assets totaled approximately $4.35 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 August 8, 2018, Red Alder 9% LLC (wholly owned by Penkay Eagles Manor, Inc.) entered into an Agreement of Limited Liability Limited Partnership as the General Partner with 99.99% ownership in RA9. In this agreement, the liability of the General Partner to the Limited Partner (Lori Ladas, as individual representative of Rocky) is to exercise reasonable skill, care, and business judgement and has the fiduciary responsibility for the safekeeping and use of all funds and assets of the Partnership.

On August 8, 2018, Red Alder 4% LLC (wholly owned by Penkay Eagles Manor, Inc.) entered into an Agreement of Limited Liability Limited Partnership as the General Partner with 99.99% ownership in RA4. In this agreement, the liability of the General Partner to the Limited Partner (Lori Ladas, as individual representative of Rocky) is to exercise reasonable skill, care, and business judgement and has the fiduciary responsibility for the safekeeping and use of all funds and assets of the Partnership.

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Red Alder Project – RA4 and RA9 (Continued)
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. These letters outline 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

On June 28, 2019, Rocky and GL Development, LLC, as co-developers, signed a $600,000 NeighborWorks Montana note payable. The funds serve as a bridge loan to cover project costs incurred for RA4 and RA9 until the partnership closing. This loan bears 6% interest and the outstanding principal and all accrued interest is due and payable the earlier of the construction loan closing or December 31, 2020. Rocky is the guarantor for 35% of the loan obligation ($210,000) and GL Development, LLC is the guarantor for 65% of the loan obligation ($390,000.) At June 30, 2019, the combined Rocky and GL Development, LLC balance owed on this note payable is $494,839. Rocky's 35% liability at June 30, 2019 is $173,194. See Note 8 for disclosure of this liability. The balance owed at June 30, 2019, as well as the remaining loan proceeds drawn subsequent to this date, is expected to be paid in full by December 31, 2019.

NOTE 14. 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 15. 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, 2019:

Program/Contract	Grant/Contract Period Ends	Amount
Community Services Block Grant	August 31, 2020	$ 235,715
Community Services Block Grant	August 31, 2019	29,769
Commodities Supplemental Food	September 30, 2019	7,805
Missoula Aging Services (SMP)	May 31, 2020	10,000
Northwestern Energy Weatherization	December 2, 2019	221,951
LIEAP Outreach	October 15, 2019	408
LIEAP Administration	August 31, 2020	48,367
LIEAP Outreach	August 31, 2020	34,099
LIEAP Client Ed	August 31, 2020	24,003
Total conditional promises to give		$ 612,117

NOTE 16. 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, 2019:

General and administrative expenses	
Indirect cost pool	$ 870,248
Supporting services	1,050,031
Total general and administrative expenses	1,920,279
Less:	
Indirect costs recovered at 13% (below approved provisional rate)	(850,424)
Supporting services expenses recovered from programs	(938,997)
Net unrecovered general and administrative expenses	$ 130,858

NOTE 17. LINE OF CREDIT

Rocky has a $300,000 unsecured revolving line of credit at Valley Bank of Helena (Valley Bank) available through December 3, 2019. 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 rate based on the Wall Street Journal prime rate plus an additional 0.50 percentage points with a rate floor of 5.5% and a rate ceiling of 9.0%, adjustable quarterly. There is no outstanding balance at June 30, 2019.

NOTE 18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 21, 2019, the date which the consolidated financial statements were available for issue.

Effective October 15, 2019, Pheasant Glen converted to a Limited Liability Limited Partnership, which reduced the risk to Rocky as a limited partner.

RA9 purchased 9.62 acres on August 19, 2019 for $1,257,000. The lot is located at 2200 Henderson Street. Rocky and GL Development, LLC are guarantors on a loan amount of $1,405,035. The note, from Valley Bank of Helena, a Division of Glacier Bank, has a one-year term and the interest rate is 4.95%. Proceeds remaining after the land purchase will be used to fund other Red Alder project expenses.

RA9 entered into a loan agreement with Snowy Mountain Development Corporation. These are Brownfields funds to assist with environmental cleanup. The loan matures on December 31, 2036 and is at 1% interest. Rocky was not required to guarantee this loan.

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 Lori Ladas (as the individual representative of Rocky) as the limited partner by Community Affordable Housing Fund, LLC and MPEG Acceptance Corporation. As a result of this project closing, the land loan was paid off with a construction loan. The RA9 construction loan is for a maximum amount of $6 million with a 2-year term at 5.52%. Both Rocky and GL Development, LLC are guarantors on this loan. Rocky earned and received its first developer fee payment in the amount of $27,030.

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 Lori Ladas (as the individual representative of Rocky) as the limited partner by Community Affordable Housing Fund, LLC and MPEG Acceptance Corporation. The RA4 construction loan is for a maximum amount of $6 million with a 30-month term at 4.49%. Both Rocky and GL Development, LLC are guarantors on this loan. Rocky earned and received its first developer fee payment in the amount of $21,625.

NOTE 18. SUBSEQUENT EVENTS (CONTINUED)

At the project closing, Rocky agreed to lend RA4 a HOME grant in the amount of $750,000 at 1.25% for a term of 40 years, a Housing Trust Fund grant in the amount of $1,950,000 at 1.25% for a term of 40 years, and $490,000 of combined HOME and CDBG Program Income at 1.25% for a term of 40 years.

Penkay Eagles Manor, Inc. agreed to lend RA4 $160,000 at 1.25% for a term of 40 years to fund the rent up and operating reserve accounts.

RA9 has agreed to permanent loan terms from Valley Bank for a maximum amount of $2.2 million for a 16-year term at 6% interest. This loan is expected to close on or around June 30, 2021. Rocky and Red Alder 9% LLC will be guarantors on this loan.

RA4 has agreed to permanent loan terms from Valley Bank for a maximum amount of $3.9 million for a 16-year term at 5.15% interest. This loan is expected to close on or around June 30, 2021. Rocky and Red Alder 4% LLC will be guarantors on this loan.

SINGLE AUDIT SECTION

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Passed Through to Subrecipients	Expenditures
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Programs				
Foster Grandparent/Senior Companion Cluster:				
Foster Grandparents	94.011	18SFPMT001	$ -	$ 309,884
Senior Companion	94.016	18SCPMT003	-	325,972
Total FosterGrandparent/Senior Companion Cluster			-	635,856
Retired Senior Volunteer	94.002	18SRPMT005	-	41,913
Total Corporation for National and Community Service			-	677,769
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs				
Head Start Cluster:				
Head Start	93.600	08CH103505	-	1,977,041
		08CH103506	-	307,605
Total Head Start Cluster, Health and Human Services			-	2,284,646
Passed through State Department of Public Health and Human Services				
Community Services Block Grant Cluster:				
Community Services Block Grant	93.569	17-028-10006-0	-	31,353
		18-028-10006-0	-	192,873
		Special Project	-	1,973
Total Community Services Block Grant Cluster			-	226,199
Low-Income Home Energy	93.568	18-028-13006-0	-	73,713
		19-028-13006-0	-	399,631
		18-028-16006-0	-	160,316
		17-028-15056-0	-	1,987
Subtotal Low-Income Home Energy			-	635,647
Special Programs for the Aging				
Aging Cluster:				
Title III - Supportive Services and Senior Centers	93.044	18221101000004	71,164	220,969
Title III - Nutrition Services	93.045	18221101000004	199,282	442,593
Nutrition Services Incentive Program	93.053	18221101000004	52,257	148,902
Nutrition Services Incentive Program Noncash Commodities	93.053	18221101000004	-	34,060
Total Aging Cluster			322,703	846,524
Title VII - Long Term Care Ombudsman Services for Older Individuals	93.042	18221101000004	-	15,371
Title III - Disease Prevention and Health Promotion Services	93.043	18221101000004	-	12,209
National Family Caregiver Support	93.052	18221101000004	24,847	70,555
Title IV and Title II Discretionary Projects - FFP	93.048	18221101000004	-	108
Montana Senior Medicare Patrol (SMP) Project	93.048	Agreement	-	9,999
Medicare Enrollment Assistance Program	93.071	18221101000004	-	11,714
State Health Insurance Assistance Program	93.324	18221101000004	10,000	59,131
Total Aging Programs			357,550	1,025,611
Total Passed through State Department of Public Health and Human Services			357,550	1,887,457
Total U.S. Department of Health and Human Services			357,550	4,172,103

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, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Passed Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed through State Department of Public Health and Human Services				
Child and Adult Care Food Program	10.558	Agreement	-	153,010
Child and Adult Care Food Program		Agreement	-	9,015
			-	162,025
Commodity Supplemental Food Program	10.565	18-027-21007-0	-	10,928
		19-027-21007-0	-	22,425
			-	33,353
Rural Rental Housing Loans	10.415	Agreement	-	32,382
Total U.S Department of Agriculture			-	227,760
U.S. DEPARTMENT OF ENERGY				
Passed through State Department of Public Health and Human Services				
Weatherization Assistance for Low-Income Persons	81.042	18-028-30026-0	-	107,609
Total U.S. Department of Energy			-	107,609
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through State Department of Commerce				
First Time Home Buyers	14.169	Agreement	-	45,073
Subtotal DOC Pass Through			-	45,073
Passed through State Department of Public Health and Human Services				
Emergency Shelter Grant Program	14.231	18-028-51006-0	42,770	42,770
Total U.S. Department of Housing and Urban Development			42,770	87,843
U.S. DEPARTMENT OF EDUCATION				
Passed through State Office of Public Instruction				
Montana Preschool Development Grant	84.419	025-6579-1618	-	25,356
		025-6579-1619	-	298,782
Total U.S. Department of Education			-	324,138
Total expenditures of federal awards			$ 400,320	$ 5,597,222

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 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	$ 5,597,222
Plus:	
Rent subsidy received by RMFP from Rural Development	40,955
Interest subsidy received by RMFP from Rural Development	8,034
Rent subsidy received by EMII from HUD	135,344
Rent subsidy received by EMIII from HUD	65,078
Rent subsidy received by Big Boulder from HUD	123,202
Rent subsidy received by River Rock from HUD	51,051
Rent subsidy received by Ptarmigan from HUD	36,369
Rent subsidy received by Pheasant Glen from HUD	39,556
Total federal grant revenue	$ 6,096,811

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 $171,767 of which $6,260 was disbursed for HOME eligible activities leaving $165,507 available at June 30, 2019.

NOTE 5. INDIRECT COST RATE

Rocky has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. Rocky received an approved provisional rate of 13.5% from its federal cognizant agency, the Department of Health and Human Services. The effective rate applied during fiscal year 2019 is 13%.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rocky Mountain Development Council, Inc. (Rocky), which comprise the consolidated statement of financial position as of June 30, 2019, and the consolidated related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 21, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Anderson ZurMuehlen & Co., P.C.

Helena, Montana
November 21, 2019

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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 the Major Federal Program

We have audited Rocky Mountain Development Council, Inc.'s (Rocky) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Rocky's major federal programs for the year ended June 30, 2019. Rocky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Rocky's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rocky's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Major Federal Program

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, 2019.

Report on Internal Control over Compliance

Management of Rocky is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rocky's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rocky's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Anderson ZurMuehlen & Co., P.C.

Helena, Montana
November 21, 2019

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

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	CFDA Number
Low-Income Home Energy Assistance	93.568
Aging Cluster	93.044, 93.045, 93.053

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.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:

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

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

The Head Start Program serves more than 200 low-income children and their families in Lewis & Clark, Broadwater, and Jefferson Counties. The comprehensive program provides support for children and their 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 victims of dementia disorders), development of health promotion activities for senior citizens, long-term care ombudsman services, assistance with elder abuse prevention, and insurance counseling and assistance.

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 CDBG and the HOME Investments Partnerships Programs.

OFFICE OF PUBLIC INSTRUCTION:

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

COUNTY FUNDING – Other Programs:

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, 2019

Total expenditures for operations:	
Program services	$ 11,420,165
General and administrative	1,920,279
Recovery of indirect costs - general and administrative	(850,424)
Recovery of other allocated costs - general and administrative	(938,997)
Fundraising	22,743
Total expenditures for operations	11,573,766
Less:	
Indirect costs, net of exclusions	(799,855)
Exclusions:	
Commodities	(34,060)
Depreciation	(116,013)
In-kind	(835,179)
Pass-through	(788,357)
Consolidated properties' expenses, net of eliminations	(2,152,849)
Assistance payments	(304,345)
Bad debt	(1,384)
Indirect cost base expenditures	6,541,724
Indirect cost rate	13.00%
Total indirect cost charges	$ 850,424
Allocated indirect costs by program:	
Aging and Nutrition	$ 128,757
Senior Volunteer	83,820
Housing	70,854
Other	21,606
Child and Family	338,839
Senior Activities	7,667
Transportation	7,485
Weatherization	77,793
General and administrative	111,054
Fundraising	2,549
Total indirect cost charges to programs	$ 850,424

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF TRANSFERS
June 30, 2019

County Mill Fund Transfers

Sources:	
Carried Forward from Fiscal Year 2018	$ 208,189
Lewis and Clark County	319,771
Jefferson County	57,115
Broadwater County	29,181
Total County Mill Funds Received	$ 614,256
Program Recipients:	
Congregate Meals	$ 72,437
Home Delivered Meals	113,037
Area IV on Aging	15,129
Senior Companion Program	19,226
Foster Grandparent Program	6,839
Retired Senior Volunteer Program	23,345
Augusta Senior Center	10,777
Senior Services & Transportation	160,966
Total County Mill Funds Transferred	421,757
Carry Forward to Fiscal Year 2020	192,499
Total County Mill Funds	$ 614,256

Community Service Block Grant Transfers

Program Recipients:	
Commodities	$ 4,404
Congregate Meals	6,910
Home Delivered Meals	23,000
Head Start	14,762
IDC	8,000
Total Community Service Block Grant Transfers	$ 57,076

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2019

ASSETS	Rocky	RMFP	ERI	EMII	EMIII
CURRENT ASSETS					
Cash and cash equivalents, operations	$ 745,104	$ 893	$ 81,620	$ 17,363	$ 10,552
Cash and cash equivalents, custodial	110,935	-	-	-	-
Accounts receivable	68,585	5,298	2,689	97	1,050
Related party receivables	205,975	-	16,733	-	-
Grants receivable	484,595	-	-	-	-
Current portion of notes and interest receivable	13,461	-	-	-	-
Prepaid deposits and expenses	41,705	4,128	1,425	2,715	1,743
Inventory	47,540	-	7,124	-	-
Total current assets	1,717,900	10,319	109,591	20,175	13,345
FIXED ASSETS					
Land	322,068	22,495	-	147,742	198,317
Land improvements, net	26,697	-	-	33,063	13,700
Leasehold improvements, net	85,078	-	-	-	-
Buildings, net	1,801,196	95,725	-	4,167,233	4,156,136
Equipment, net	175,694	-	2,598	-	5,065
Total fixed assets	2,410,733	118,220	2,598	4,348,038	4,373,218
OTHER ASSETS					
Investments in partnerships	6,030	-	-	-	-
Cash restricted for security deposits and reserves	47,620	25,813	-	248,388	169,604
Cash restricted for housing projects	499,686	-	-	-	-
Preacquisition costs	-	-	-	-	-
Long-term related party receivable	34,489	-	-	-	-
Long-term notes and interest receivable	9,257,344	-	-	-	-
Long-term accounts receivable	-	-	4,457	-	-
Deferred costs, net	-	-	-	1,141	1,524
Total other assets	9,845,169	25,813	4,457	249,529	171,128
Total assets	$ 13,973,802	$ 154,352	$ 116,646	$ 4,617,742	$ 4,557,691
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	$ 389,525	$ 17,963	$ 30,627	$ 26,052	$ 46,296
Cash and cash equivalents held for others	110,935		-	-	-
Compensated absences	246,860	-	20,409	-	-
Refundable advances and deferred revenue	296,713	1,500	2,064	14,349	9,479
Current portion of long-term debt	231,613	3,973	-	2,539	10,082
Total current liabilities	1,275,646	23,436	53,100	42,940	65,857
LONG TERM DEBT					
Notes and interest payable	848,048	189,499	165,922	1,354,794	1,507,066
Other liabilities	101,846	-	-	-	-
Total long term liabilities	949,894	189,499	165,922	1,354,794	1,507,066
Total liabilities	2,225,540	212,935	219,022	1,397,734	1,572,923
NET ASSETS					
Net assets without donor restrictions and controlling interests in partnerships	11,535,671	(63,583)	(102,376)	(185)	(79)
Noncontrolling interests in partnerships	-	-	-	3,220,193	2,984,847
Common Stock	-	5,000	-	-	-
Net assets with donor restrictions	212,591	-	-	-	-
Total net assets	11,748,262	(58,583)	(102,376)	3,220,008	2,984,768
Total liabilities and net assets	$ 13,973,802	$ 154,352	$ 116,646	$ 4,617,742	$ 4,557,691

See Independent Auditor's Report.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
June 30, 2019

ASSETS	Penkay Eagles Manor, Inc.	Eagle Manor Project No. 2, Inc.	Big Boulder	River Rock	Ptarmigan
CURRENT ASSETS					
Cash and cash equivalents, operations	$ 123,647		$ 15,101	$ 19,371	$ 5,724
Cash and cash equivalents, custodial	-	-	-	-	-
Accounts receivable	-	-	13,733	6,121	9,458
Related party receivables	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-		-	-	-
Prepaid deposits and expenses	929	952	5,071	-	802
Inventory	-	-	-	-	-
Total current assets	124,576	952	33,905	25,492	15,984
FIXED ASSETS					
Land	-	-	503,336	575,332	196,701
Land improvements, net	-	-	73,051	59,856	-
Leasehold improvements, net	-	-	-	-	-
Buildings, net	-	-	5,419,786	4,260,043	529,285
Equipment, net	-	-	31,084	-	-
Total fixed assets	-	-	6,027,257	4,895,231	725,986
OTHER ASSETS					
Investments in partnerships	(67)	(2,287)	-	-	-
Cash restricted for security deposits and reserves	-	-	150,732	186,120	105,437
Cash restricted for housing projects	-	-	-	-	-
Preacquisition costs	-	-	-	-	-
Long-term related party receivable	-	-	-	-	-
Long-term notes and interest receivable	-	392,303	-	-	-
Long-term accounts receivable	-	-	-	-	-
Deferred costs, net	-	-	2,119	15,714	-
Total other assets	(67)	390,016	152,851	201,834	105,437
Total assets	$ 124,509	$ 390,968	$ 6,214,013	$ 5,122,557	$ 847,407
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	$ -	$ 26,265	$ 18,854	$ 18,180	$ 15,148
Cash and cash equivalents held for others	-	-	-	-	-
Compensated absences	-	-	-	-	-
Refundable advances and deferred revenue	-	-	11,092	14,030	6,024
Current portion of long-term debt	-	-	4,635	-	7,440
Total current liabilities	-	26,265	34,581	32,210	28,612
LONG TERM DEBT					
Notes and interest payable	-	-	693,860	1,170,827	891,845
Other liabilities	-	-	-	-	-
Total long term liabilities	-	-	693,860	1,170,827	891,845
Total liabilities	-	26,265	728,441	1,203,037	920,457
NET ASSETS					
Net assets without donor restrictions and controlling interests in partnerships	124,509	364,703	5,485,572	(2,944)	(72,944)
Noncontrolling interests in partnerships	-	-	-	3,922,464	(106)
Common Stock	-	-	-	-	-
Net assets with donor restrictions	-	-	-	-	-
Total net assets	124,509	364,703	5,485,572	3,919,520	(73,050)
Total liabilities and net assets	$ 124,509	$ 390,968	$ 6,214,013	$ 5,122,557	$ 847,407

See Independent Auditor's Report.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
June 30, 2019

ASSETS	Pheasant Glen	RA4	RA9	Eliminations	Consolidated
CURRENT ASSETS					
Cash and cash equivalents, operations	$ 15,657	$ -	$ -	$ -	$ 1,035,032
Cash and cash equivalents, custodial	-	-	-	-	110,935
Accounts receivable	26,917	-	-	-	133,948
Related party receivables	-	-	-	(199,447)	23,261
Grants receivable	-	-	-	-	484,595
Current portion of notes and interest receivable	-	-	-	-	13,461
Prepaid deposits and expenses	1,096	-	25,000	-	85,566
Inventory	-	-	-	-	54,664
Total current assets	43,670	-	25,000	(199,447)	1,941,462
FIXED ASSETS					
Land	333,630	-	-	-	2,299,621
Land improvements, net	-	-	-	-	206,367
Leasehold improvements, net	-	-	-	-	85,078
Buildings, net	1,550,911	-	-	(3,087,398)	18,892,917
Equipment, net	-	-	-	-	214,441
Total fixed assets	1,884,541	-	-	(3,087,398)	21,698,424
OTHER ASSETS					
Investments in partnerships	-	-	-	(2,656)	1,020
Cash restricted for security deposits and reserves	179,055	-	-	-	1,112,769
Cash restricted for housing projects	-	-	-	-	499,686
Preacquisition costs	-	344,902	232,736	-	577,638
Long-term related party receivable	-	-	-	(26,265)	8,224
Long-term notes and interest receivable	-	-	-	(6,375,668)	3,273,979
Long-term accounts receivable	-	-	-	-	4,457
Deferred costs, net	9,906	-	10,999	-	41,403
Total other assets	188,961	344,902	243,735	(6,404,589)	5,519,176
Total assets	$ 2,117,172	$ 344,902	$ 268,735	$ (9,691,434)	$ 29,159,062
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	$ 14,673	$ 344,792	$ 268,625	$ (225,712)	$ 991,288
Cash and cash equivalents held for others	-	-	-	-	110,935
Compensated absences	-	-	-	-	267,269
Refundable advances and deferred revenue	10,292	-	-	-	365,543
Current portion of long-term debt	9,399	-	-	-	269,681
Total current liabilities	34,364	344,792	268,625	(225,712)	2,004,716
LONG TERM DEBT					
Notes and interest payable	1,866,752	-	-	(6,375,668)	2,312,945
Other liabilities	-	-	-	-	101,846
Total long term liabilities	1,866,752	-	-	(6,375,668)	2,414,791
Total liabilities	1,901,116	344,792	268,625	(6,601,380)	4,419,507
NET ASSETS					
Net assets without donor restrictions and controlling interests in partnerships	216,009	110	110	(3,085,054)	14,399,519
Noncontrolling interests in partnerships	47	-	-	-	10,127,445
Common Stock	-	-	-	(5,000)	-
Net assets with donor restrictions	-	-	-	-	212,591
Total net assets	216,056	110	110	(3,090,054)	24,739,555
Total liabilities and net assets	$ 2,117,172	$ 344,902	$ 268,735	$ (9,691,434)	$ 29,159,062

See Independent Auditor's Report.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2019

	Rocky	RMFP	ERI	EMII	EMIII
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues, Gains, and Other Support					
Grants - federal	$ 5,597,222	$ 48,989	$ 47,199	$ 135,344	$ 65,078
Grants - other	1,009,232	-	-	-	-
County tax	435,274	-	-	-	-
Local support	48,518	-	-	-	-
Fundraising and donations	238,781	-	-	-	-
Program service	1,151,842	18,709	517,276	181,568	158,888
Other	259,515	43	3,541	644	445
In-kind	835,179	-	-	-	-
Net assets released from restrictions	30,403	-	-	-	-
Total revenues, gains, and other support without donor restrictions	9,605,966	67,741	568,016	317,556	224,411
Expenses					
Program					
Aging and Nutrition	2,283,673	-	-	-	-
Senior Volunteer	782,926	-	-	-	-
Housing	659,611	71,251	609,809	565,604	393,280
Other	286,243	-	-	-	-
Child and Family	4,100,950	-	-	-	-
Senior Activities	145,450	-	-	-	-
Transportation	37,140	-	-	-	-
Weatherization	1,018,514	-	-	-	-
Total program expenses	9,314,507	71,251	609,809	565,604	393,280
General and Administrative	1,920,279	-	-	-	-
Recovery of indirect costs from programs	(850,424)	-	-	-	-
Recovery of other allocated costs from programs	(938,997)	-	-	-	-
	130,858	-	-	-	-
Fundraising	22,743	-	-	-	-
Total expenses	9,468,108	71,251	609,809	565,604	393,280
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	137,858	(3,510)	(41,793)	(248,048)	(168,869)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	9,682	-	-		-
Net assets released from restrictions	(30,403)	-	-	-	-
Change in net assets with donor restrictions	(20,721)	-	-	-	-
Change in net assets	117,137	(3,510)	(41,793)	(248,048)	(168,869)
Partnership contributions/(distributions)	-	-	-	(2,849)	-
Consolidated net assets, beginning of year	11,631,125	(55,073)	(60,583)	3,470,905	3,153,637
Consolidated net assets, end of year	$ 11,748,262	$ (58,583)	$ (102,376)	$ 3,220,008	$ 2,984,768

See Independent Auditor's Report.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)
For the Year Ended June 30, 2019

	Penkay Eagles Manor, Inc.	Eagle Manor Project No. 2, Inc.	Big Boulder	River Rock	Ptarmigan
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues, Gains, and Other Support	$ -	$ -	$ 123,202	$ 51,051	$ 36,369
Grants - federal	-	-	-	-	-
Grants - other	-	-	-	-	-
County tax	-	-	-	-	-
Local support	-	-	-	-	-
Fundraising and donations	-	-	140,482	131,184	83,984
Program service	25,691	9,535	133	687	436
Other	-	-	-	-	-
In-kind	-	-	-	-	-
Net assets released from restrictions					
Total revenues, gains, and other support without donor restrictions	25,691	9,535	263,817	182,922	120,789
Expenses					
Program	-	-	-	-	-
Aging and Nutrition	-	-	-	-	-
Senior Volunteer	8,991	8,729	436,792	319,936	177,312
Housing	-	-	-	-	-
Other	-	-	-	-	-
Child and Family	-	-	-	-	-
Senior Activities	-	-	-	-	-
Transportation	-	-	-	-	-
Weatherization	-	-	-	-	-
Total program expenses	8,991	8,729	436,792	319,936	177,312
General and Administrative	-	-	-	-	-
Recovery of indirect costs from programs	-	-	-	-	-
Recovery of other allocated costs from programs	-	-	-	-	-
	-	-	-	-	-
Fundraising	-	-	-	-	-
Total expenses	8,991	8,729	436,792	319,936	177,312
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	16,700	806	(172,975)	(137,014)	(56,523)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-
Change in net assets with donor restrictions	-	-	-	-	-
Change in net assets	16,700	806	(172,975)	(137,014)	(56,523)
Partnership contributions/(distributions)	-	-	-	-	-
Consolidated net assets, beginning of year	107,809	363,897	5,658,547	4,056,534	(16,527)
Consolidated net assets, end of year	$ 124,509	$ 364,703	$ 5,485,572	$ 3,919,520	$ (73,050)

See Independent Auditor's Report.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)
For the Year Ended June 30, 2019

	Pheasant Glen	RA4	RA9	Eliminations	Consolidated
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues, Gains, and Other Support					
Grants - federal	$ 39,556	$ -	$ -	$ (47,199)	$ 6,096,811
Grants - other	-	-	-	-	1,009,232
County tax	-	-	-	-	435,274
Local support	-	-	-	-	48,518
Fundraising and donations	-	-	-	-	238,781
Program service	62,433	-	-	(465,016)	1,981,350
Other	308	-	-	(125,326)	175,652
In-kind	-	-	-	-	835,179
Net assets released from restrictions	-	-	-	-	30,403
Total revenues, gains, and other support without donor restrictions	102,297	-	-	(637,541)	10,851,200
Expenses					
Program					
Aging and Nutrition	-	-	-	(47,199)	2,236,474
Senior Volunteer	-	-	-	-	782,926
Housing	151,567	-	-	(590,414)	2,812,468
Other	-	-	-	-	286,243
Child and Family	-	-	-	-	4,100,950
Senior Activities	-	-	-	-	145,450
Transportation	-	-	-	-	37,140
Weatherization	-	-	-	-	1,018,514
Total program expenses	151,567	-	-	(637,613)	11,420,165
General and Administrative	-	-	-	-	1,920,279
Recovery of indirect costs from programs	-	-	-	-	(850,424)
Recovery of other allocated costs from programs	-	-	-	-	(938,997)
	-	-	-	-	130,858
Fundraising	-	-	-	-	22,743
Total expenses	151,567	-	-	(637,613)	11,573,766
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(49,270)	-	-	72	(722,566)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS					
Contributions				-	9,682
Net assets released from restrictions	-	-	-	-	(30,403)
Change in net assets with donor restrictions	-	-	-	-	(20,721)
Change in net assets	(49,270)	-	-	72	(743,287)
Partnership contributions/(distributions)	(158,016)	110	110	(200)	(160,845)
Consolidated net assets, beginning of year	423,342	-	-	(3,089,926)	25,643,687
Consolidated net assets, end of year	$ 216,056	$ 110	$ 110	$ (3,090,054)	$ 24,739,555

See Independent Auditor's Report.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF CONSOLIDATING ELIMINATIONS
June 30, 2019

	Rocky	RMFP	ERI	EM II	EM III	Penkay Eagles Manor, Inc.	Eagle Manor Project No. 2, Inc.
ASSETS							
Related party receivables	$ 213,556	$ -	$ 12,156	$ -	$ -	$ -	$ -
Buildings	-	-	-	656,109	727,539	-	-
Investment in housing	5,010	-	-	-	-	(67)	(2,287)
Long-term notes and interest receivable	5,983,365	-	-	-	-	-	392,303
Total Assets	$ 6,201,931	$ -	$ 12,156	$ 656,109	$ 727,539	$ (67)	$ 390,016
LIABILITIES							
Accounts payable to RMDC	$ -	$ 16,849	$ 1,602	$ 8,499	$ 5,031	$ -	$ 26,265
Accounts payable to RMDC Eagle Rock	-	64	-	4,081	2,138	-	-
Accounts payable to Ptarmigan	-	-	-	-	-	-	-
Notes and interest payable to RMDC	-	-	165,922	866,658	1,140,516	-	-
Notes and interest payable to EM Project No. 2	-	-	-	392,303	-	-	-
Total Liabilities	$ -	$ 16,913	$ 167,524	$ 1,271,541	$ 1,147,685	$ -	$ 26,265
NET ASSETS							
Unrestricted net assets	$ -	$ -	$ -	$ 656,109	$ 727,539	$ -	$ -
Paid-in capital	-	-	-	-	-	(267)	(2,287)
Common Stock	-	5,000	-	-	-	-	-
Total Liabilities and Net Assets	$ -	$ 21,913	$ 167,524	$ 1,927,650	$ 1,875,224	$ (267)	$ 23,978
REVENUE							
RMDC service fees	$ 368,120	$ -	$ -	$ -	$ -	$ -	$ -
Eagle Rock service fees	-	-	96,896	-	-	-	-
Partnership fees	-	-	-	-	-	25,643	5,796
Commodities from RMDC	-	-	47,199	-	-	-	-
Interest on note due from EM II	-	-	-	-	-	-	3,739
Interest on notes due from related organizations	90,148	-	-	-	-	-	-
Total Revenue	$ 458,268	$ -	$ 144,095	$ -	$ -	$ 25,643	$ 9,535
EXPENSES							
Expenses from RMDC service fees	$ -	$ 19,481	$ 13,776	$ 82,534	$ 49,313	$ 779	$ 850
Expenses from Eagle Rock service fees	38	-	-	38,301	16,850	-	-
Partnership fees	-	-	-	25,643	-	38	34
Commodities from RMDC to Eagle Rock	47,199	-	-	-	-	-	-
Interest on note due to EM Proj No. 2	-	-	-	3,739	-	-	-
Interest on notes due to RMDC	-	-	-	-	31,288	-	-
Total Expenses	47,237	19,481	13,776	150,217	97,451	817	884
Change in Net Assets Due to Eliminations	$ 411,031	$ (19,481)	$ 130,319	$ (150,217)	$ (97,451)	$ 24,826	$ 8,651

See Independent Auditor's Report.

ROCKY MOUNTAIN DEVELOPMENT COUNCIL, INC.
SCHEDULE OF CONSOLIDATING ELIMINATIONS (CONTINUED)
June 30, 2019

	Big Boulder	River Rock	Ptarmigan	Pheasant Glen	RA4	RA9	Total
ASSETS							
Related party receivables	$ -	$ -	$ -	$ -	$ -	$ -	$ 225,712
Buildings	912,340	791,410	-	-	-	-	3,087,398
Investment in housing	-	-	-	-	-	-	2,656
Long-term notes and interest receivable	-	-	-	-	-	-	6,375,668
Total Assets	$ 912,340	$ 791,410	$ -	$ -	$ -	$ -	$ 9,691,434
LIABILITIES							
Accounts payable to RMDC	$ 7,181	$ 3,828	$ 4,055	$ 4,195	$ 79,468	$ 56,583	$ 213,556
Accounts payable to RMDC Eagle Rock	433	2,227	1,782	1,431	-	-	12,156
Accounts payable to Ptarmigan	-	-	-	-	-	-	-
Notes and interest payable to RMDC	471,136	1,170,827	779,977	1,388,329	-	-	5,983,365
Notes and interest payable to EM Project No. 2	-	-	-	-	-	-	392,303
Total Liabilities	$ 478,750	$ 1,176,882	$ 785,814	$ 1,393,955	$ 79,468	$ 56,583	$ 6,601,380
NET ASSETS							
Unrestricted net assets	$ 912,340	$ 791,410	$ -	$ -	$ -	$ -	$ 3,087,398
Paid-in capital	10	-	-	-	100	100	(2,344)
Common Stock	-	-	-	-	-	-	5,000
Total Liabilities and Net Assets	$ 1,391,100	$ 1,968,292	$ 785,814	$ 1,393,955	$ 79,568	$ 56,683	$ 9,691,434
REVENUE							
RMDC service fees	$ -	$ -	$ -	$ -	$ -	$ -	$ 368,120
Eagle Rock service fees	-	-	-	-	-	-	96,896
Partnership fees	-	-	-	-	-	-	31,439
Commodities from RMDC	-	-	-	-	-	-	47,199
Interest on note due from EM II	-	-	-	-	-	-	3,739
Interest on notes due from related organizations	-	-	-	-	-	-	90,148
Total Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ 637,541
EXPENSES							
Expenses from RMDC service fees	$ 92,127	$ 46,990	$ 36,804	$ 25,466	$ -	$ -	$ 368,120
Expenses from Eagle Rock service fees	660	17,358	16,587	7,102	-	-	96,896
Partnership fees	-	5,796	-	-	-	-	31,511
Commodities from RMDC to Eagle Rock	-	-	-	-	-	-	47,199
Interest on note due to EM Proj No. 2	-	-	-	-	-	-	3,739
Interest on notes due to RMDC	4,475	27,974	6,973	19,438	-	-	90,148
Total Expenses	97,262	98,118	60,364	52,006	-	-	637,613
Change in Net Assets Due to Eliminations	$ (97,262)	$ (98,118)	$ (60,364)	$ (52,006)	$ -	$ -	$ (72)



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