

# **Rocky Mountain Development Council, Inc.**

**Helena, Montana**

**CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY  
INFORMATION WITH INDEPENDENT AUDITORS' REPORTS**

**June 30, 2025**



# **Rocky Mountain Development Council, Inc.**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of Rocky Mountain Development Council, Inc. (Rocky), which comprise the consolidated statement of financial position as of June 30, 2025; the related consolidated statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Rocky as of June 30, 2025, and the change 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 (GAAP).

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

## INDEPENDENT AUDITORS' REPORT

(Continued)

### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

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

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

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

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

## **INDEPENDENT AUDITORS' REPORT**

(Continued)

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, schedule of indirect cost reconciliation, schedule of transfers, and the supplementary consolidating information are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards, schedule of indirect cost reconciliation, schedule of transfers, and the supplementary consolidating schedules are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2026, on our consideration of Rocky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rocky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rocky's internal control over financial reporting and compliance.

*KCee Isom, LLP*

January 27, 2026  
Helena, Montana

## **FINANCIAL SECTION**

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

June 30, 2025

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**ASSETS**

**Current Assets**

|  |              |
|--|--------------|
| Cash and cash equivalents - operations           | \$ 2,447,019 |
| Cash and cash equivalents - custodial            | 121,940      |
| Accounts receivable                              | 211,331      |
| Grants receivable                                | 405,820      |
| Current portion of notes and interest receivable | 15,447       |
| Prepaid deposits and expenses                    | 34,472       |
| Inventory  | 45,845       |

---

**Total Current Assets** 3,281,874

**Fixed Assets**

|                                 |            |
|---------------------------------|------------|
| Net of accumulated depreciation | 34,522,408 |
|---------------------------------|------------|

**Other Assets**

|   |           |
|---|-----------|
| Investments in partnerships   | 1,100     |
| Cash and cash equivalents restricted for security deposits and reserves | 2,044,880 |
| Cash and cash equivalents restricted for housing projects               | 228,562   |
| Long-term related-party receivable                                      | 1,767     |
| Long-term notes and interest receivable                                 | 1,768,571 |
| Operating lease right-of-use assets - net                               | 18,823    |
| Deferred costs - net  | 126,371   |

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**Total Other Assets** 4,190,074

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**TOTAL ASSETS** \$ 41,994,356

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

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

June 30, 2025

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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

|   |            |
|---|------------|
| Accounts payable and accrued expenses                   | \$ 681,256 |
| Cash and cash equivalents - custodial - held for others | 121,940    |
| Compensated absences                                    | 385,478    |
| Refundable advances and deferred revenue                | 439,877    |
| Current portion of notes and interest payable           | 204,013    |
| Current portion of operating lease liability            | 12,406     |

**Total Current Liabilities** 1,844,970

---

**Long-Term Debt**

|   |           |
|---|-----------|
| Notes and interest payable - net of current portion | 8,133,163 |
| Operating lease liability - net of current portion  | 9,169     |

**Total Long-Term Debt** 8,142,332

---

**Total Liabilities** 9,987,302

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**Net Assets**

Without donor restrictions:

|  |            |
|--|------------|
| Controlling interests in partnerships    | 21,532,005 |
| Noncontrolling interests in partnerships | 10,261,955 |

**Total Net Assets Without Donor Restrictions** 31,793,960

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Net assets with donor restrictions 213,094

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**Total Net Assets** 32,007,054

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**TOTAL LIABILITIES AND NET ASSETS** \$ 41,994,356

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

# Rocky Mountain Development Council, Inc.

## CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

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### CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS

#### Revenues, Gains, and Other Support

|                                       |              |
|---------------------------------------|--------------|
| Grants - federal                      | \$ 7,954,579 |
| Grants - other                        | 1,405,469    |
| County tax                            | 17,404       |
| Local support                         | 6,190        |
| Fundraising and donations             | 317,224      |
| Program service                       | 3,043,817    |
| Other                                 | 101,881      |
| In-kind contributions                 | 331,983      |
| Net assets released from restrictions | 752,555      |

#### Total Revenues, Gains, and Other Support

|                            |            |
|----------------------------|------------|
| Without Donor Restrictions | 13,931,102 |
|----------------------------|------------|

#### Expenses

##### Program:

|                     |           |
|---------------------|-----------|
| Aging and Nutrition | 3,053,498 |
| Senior Volunteer    | 726,005   |
| Housing             | 5,239,014 |
| Other               | 215,869   |
| Child and Family    | 4,478,576 |
| Senior Activities   | 141,781   |
| Transportation      | 67,196    |
| Weatherization      | 1,111,166 |

#### Total Program

|            |
|------------|
| 15,033,105 |
|------------|

|   |             |
|---|-------------|
| General and administrative                      | 2,258,815   |
| Recovery of indirect costs from programs        | (1,070,126) |
| Recovery of other allocated costs from programs | (1,090,664) |

|                                  |        |
|----------------------------------|--------|
| General and Administrative - Net | 98,025 |
|----------------------------------|--------|

|             |        |
|-------------|--------|
| Fundraising | 51,980 |
|-------------|--------|

|                |            |
|----------------|------------|
| Total Expenses | 15,183,110 |
|----------------|------------|

|   |             |
|---|-------------|
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | (1,252,008) |
|---|-------------|

|                 |                |
|-----------------|----------------|
| Balance Forward | \$ (1,252,008) |
|-----------------|----------------|

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

**Rocky Mountain Development Council, Inc.**

## CONSOLIDATED STATEMENT OF ACTIVITIES

(Continued)

Year Ended June 30, 2025

|   |                       |
|---|-----------------------|
| <b>Balance Brought Forward</b>                      | <b>\$ (1,252,008)</b> |
| <b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b> |                       |
| Contributions                                       | 521,573               |
| Net assets released from restrictions               | (752,555)             |
| <b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b> |                       |
| <b>Change in Net Assets</b>                         | <b>(230,982)</b>      |
| <b>Net Assets - Beginning of Year</b>               | <b>33,490,044</b>     |
| <b>Net Assets - End of Year</b>                     | <b>\$ 32,007,054</b>  |

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

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

| Year Ended June 30, 2025                 | General and Administrative |                  |                     |                     |                                  |                     | Program             |                     |                   |                  |                     |                      |                  |                      |                  |             | Total                            |             |                |             |               |             |             |             |           |         |
|--|----------------------------|------------------|---------------------|---------------------|----------------------------------|---------------------|---------------------|---------------------|-------------------|------------------|---------------------|----------------------|------------------|----------------------|------------------|-------------|----------------------------------|-------------|----------------|-------------|---------------|-------------|-------------|-------------|-----------|---------|
|  | Indirect Costs             |                  | Supporting Services |                     | Total General and Administrative |                     | Aging and Nutrition |                     | Senior Volunteer  |                  | Housing             |                      | Other            |                      | Child and Family |             | Senior Activities Transportation |             | Weatherization |             | Total Program |             | Fundraising |             | Total     |         |
|  | Other                      | Total            | Other               | Total               | General                          | Administrative      | Other               | Total               | Other             | Total            | Housing             | Other                | Other            | Total                | Family           | Other       | Transportation                   | Other       | Total          | Program     | Other         | Total       | Other       | Total       |           |         |
| Advertising/Recruitment                  | \$ 25                      | \$ 25            | -                   | \$ 25               | \$ 25                            | \$ 25               | \$ 22,724           | \$ 19,681           | \$ 4,957          | \$ 108           | \$ 6,585            | \$ -                 | \$ -             | \$ -                 | \$ 54,055        | \$ -        | \$ -                             | \$ 54,080   | \$ 483,644     | \$ 483,644  | \$ -          | \$ 483,644  | \$ 483,644  |             |           |         |
| Assistance payments                      | -                          | -                | -                   | -                   | -                                | -                   | -                   | -                   | -                 | -                | -                   | -                    | -                | -                    | -                | -           | -                                | -           | 483,644        | 483,644     | -             | -           | 483,644     | 483,644     |           |         |
| Communications                           | 19,190                     | 22,416           | 41,606              | 41,606              | 47,828                           | 7,850               | 87,065              | 4,528               | 87,120            | 4,103            | 596                 | 14,296               | 253,386          | 1,037                | 296,029          | 1,037       | 296,029                          | 1,037       | 296,029        | 1,037       | 296,029       | 1,037       | 296,029     | 1,037       | 296,029   |         |
| Consultant/Contract                      | 142,135                    | 128,467          | 270,602             | 270,602             | 34,953                           | 2,040               | 582,815             | 18,841              | 127,767           | 469              | 297                 | 170,951              | 938,133          | 7,323                | 1,216,058        | 7,323       | 1,216,058                        | 7,323       | 1,216,058      | 7,323       | 1,216,058     | 7,323       | 1,216,058   | 7,323       | 1,216,058 |         |
| Equipment rent/maintenance               | 20,641                     | 18,167           | 38,808              | 38,808              | 3,793                            | -                   | -                   | -                   | 4,374             | 958              | -                   | -                    | -                | -                    | -                | -           | -                                | -           | 9,125          | 4,149       | 52,082        | 4,149       | 52,082      | 4,149       | 52,082    |         |
| In-kind                                  | -                          | (2,610)          | (2,610)             | (2,610)             | 13,838                           | 20,451              | -                   | -                   | -                 | 281,319          | -                   | -                    | -                | -                    | -                | -           | -                                | -           | 315,608        | 18,985      | 331,983       | 18,985      | 331,983     | 18,985      | 331,983   |         |
| Insurance                                | 19,606                     | 11,716           | 31,322              | 31,322              | 33,329                           | -                   | 292,957             | 26                  | 24,738            | 400              | 4,322               | 7,399                | 363,171          | 393                  | 393              | 393         | 393                              | 393         | 393            | 393         | 393           | 393         | 393         | 393         | 393       | 393     |
| Legal fees                               | -                          | -                | -                   | -                   | -                                | -                   | 3,806               | -                   | 1,328             | -                | -                   | -                    | -                | -                    | -                | -           | -                                | 5,134       | -              | 5,134       | -             | 5,134       | -           | 5,134       | -         | 5,134   |
| Materials, supplies, and minor equipment | 1,591                      | 6,292            | 7,883               | 7,883               | 49,965                           | 1,628               | 135,207             | 1,403               | 80,416            | 2,975            | 116                 | 1,280                | 272,990          | 1,879                | 282,752          | 1,879       | 282,752                          | 1,879       | 282,752        | 1,879       | 282,752       | 1,879       | 282,752     | 1,879       | 282,752   |         |
| Meal costs                               | -                          | 212,793          | 212,793             | 212,793             | 495,704                          | -                   | 134,135             | -                   | 216,845           | 3,005            | -                   | -                    | 849,689          | 344                  | 1,062,826        | 344         | 1,062,826                        | 344         | 1,062,826      | 344         | 1,062,826     | 344         | 1,062,826   | 344         | 1,062,826 |         |
| Occupancy                                | 40,916                     | 218,576          | 259,492             | 259,492             | 66,970                           | 9,011               | 621,684             | 6,685               | 331,282           | 85,557           | 500                 | 38,444               | 1,160,133        | 281                  | 1,419,906        | 281         | 1,419,906                        | 281         | 1,419,906      | 281         | 1,419,906     | 281         | 1,419,906   | 281         | 1,419,906 |         |
| Office supplies                          | 3,433                      | 878              | 4,311               | 4,311               | 6,345                            | 1,211               | 13,107              | -                   | 8,335             | 85               | 3                   | 2,483                | 31,569           | -                    | 35,880           | -           | 35,880                           | -           | 35,880         | -           | 35,880        | -           | 35,880      | -           | 35,880    |         |
| Other                                    | 3,939                      | 131              | 4,070               | 4,070               | 13,954                           | 1,744               | 150,445             | 11,589              | 14,524            | 4                | 53                  | 675                  | 192,988          | 1,540                | 198,598          | 1,540       | 198,598                          | 1,540       | 198,598        | 1,540       | 198,598       | 1,540       | 198,598     | 1,540       | 198,598   |         |
| Pass-through grants                      | -                          | -                | -                   | -                   | 981,858                          | -                   | 39,767              | -                   | -                 | -                | -                   | 39,713               | 1,061,338        | -                    | 1,061,338        | -           | 1,061,338                        | -           | 1,061,338      | -           | 1,061,338     | -           | 1,061,338   | -           | 1,061,338 |         |
| Photocopies/Printing                     | 3,332                      | 142              | 3,474               | 3,474               | 2,552                            | 1,888               | 56                  | 470                 | 10,722            | 4,192            | 67                  | 673                  | 20,620           | 1,794                | 25,888           | 1,794       | 25,888                           | 1,794       | 25,888         | 1,794       | 25,888        | 1,794       | 25,888      | 1,794       | 25,888    |         |
| Salaries and related expenses            | 840,216                    | 376,798          | 1,217,014           | 1,217,014           | 1,050,140                        | 245,206             | 1,008,836           | 166,535             | 2,697,112         | 24,340           | 45,092              | 277,933              | 5,515,194        | 9,435                | 6,741,643        | 9,435       | 6,741,643                        | 9,435       | 6,741,643      | 9,435       | 6,741,643     | 9,435       | 6,741,643   | 9,435       | 6,741,643 |         |
| Stipends                                 | -                          | -                | -                   | -                   | 233,462                          | -                   | -                   | -                   | -                 | -                | -                   | -                    | -                | -                    | -                | -           | -                                | 233,462     | -              | 233,462     | -             | 233,462     | -           | 233,462     | -         | 233,462 |
| Travel/Training                          | 2,973                      | 31               | 3,004               | 3,004               | 33,497                           | 17,371              | 19,834              | 11,902              | 29,614            | 11,933           | 2                   | 2,257                | 126,410          | 862                  | 130,276          | 862         | 130,276                          | 862         | 130,276        | 862         | 130,276       | 862         | 130,276     | 862         | 130,276   |         |
| Vehicle maintenance/repair               | -                          | 1,122            | 1,122               | 1,122               | 11,397                           | -                   | -                   | -                   | 5,243             | -                | 11,054              | 1,867                | 29,561           | -                    | 30,683           | -           | 30,683                           | -           | 30,683         | -           | 30,683        | -           | 30,683      | -           | 30,683    |         |
| Volunteer participant expense            | -                          | -                | -                   | -                   | 3,039                            | 80,337              | -                   | 255                 | -                 | -                | -                   | -                    | -                | -                    | -                | -           | -                                | 83,631      | -              | 83,631      | -             | 83,631      | -           | 83,631      | -         | 83,631  |
| Interest expense                         | 597                        | 734              | 1,331               | 1,331               | -                                | -                   | 393,242             | -                   | 385               | -                | -                   | 227                  | 393,854          | -                    | 395,185          | -           | 395,185                          | -           | 395,185        | -           | 395,185       | -           | 395,185     | -           | 395,185   |         |
| Depreciation and amortization            | 3,985                      | 29,747           | 33,732              | 33,732              | 29,924                           | -                   | 1,649,471           | -                   | 105,552           | -                | 21,941              | 3,933                | 1,810,821        | -                    | 1,844,553        | -           | 1,844,553                        | -           | 1,844,553      | -           | 1,844,553     | -           | 1,844,553   | -           | 1,844,553 |         |
| Indirect costs allocated to programs     | -                          | 130,836          | 130,836             | 193,194             | 84,125                           | 101,630             | 28,958              | 448,731             | 4,718             | 8,585            | 65,391              | 935,332              | 3,958            | 1,070,126            | 3,958            | 1,070,126   | 3,958                            | 1,070,126   | 3,958          | 1,070,126   | 3,958         | 1,070,126   | 3,958       | 1,070,126   |           |         |
| Recovery of indirect costs               | (1,070,126)                | -                | (1,070,126)         | -                   | -                                | -                   | -                   | -                   | -                 | -                | -                   | -                    | -                | -                    | -                | -           | -                                | -           | -              | -           | -             | -           | -           | (1,070,126) |           |         |
| Recovery of other allocated costs        | -                          | (1,090,664)      | (1,090,664)         | (41,506)            | -                                | -                   | (39,805)            | -                   | -                 | -                | (25,432)            | -                    | -                | (106,743)            | -                | (1,197,407) | -                                | (1,197,407) | -              | (1,197,407) | -             | (1,197,407) | -           | (1,197,407) |           |         |
| <b>Total</b>                             | <b>\$ 32,453</b>           | <b>\$ 65,572</b> | <b>\$ 98,025</b>    | <b>\$ 3,053,498</b> | <b>\$ 726,005</b>                | <b>\$ 5,239,014</b> | <b>\$ 215,869</b>   | <b>\$ 4,478,576</b> | <b>\$ 141,781</b> | <b>\$ 67,196</b> | <b>\$ 1,111,166</b> | <b>\$ 15,033,105</b> | <b>\$ 51,980</b> | <b>\$ 15,183,110</b> |                  |             |                                  |             |                |             |               |             |             |             |           |         |

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

# Rocky Mountain Development Council, Inc.

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2025

| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                     |
|---|---------------------|
| Change in net assets  | \$ (1,482,990)      |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                     |
| Depreciation  | 1,819,306           |
| Amortization  | 12,920              |
| Amortization of right-of-use assets   | 12,327              |
| Loss on disposal of assets  | 5,601               |
| Changes in:   |                     |
| Accounts receivable   | (4,428)             |
| Grants receivable   | 336,216             |
| Prepaid deposits and expenses   | 27,191              |
| Inventory   | (10,606)            |
| Accounts payable and accrued expenses   | (42,214)            |
| Compensated absences  | 12,372              |
| Refundable advances and deferred revenue  | 23,968              |
| Payments on operating lease liability   | (11,973)            |
| Current portion of notes and interest payable   | 7,041               |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <b>704,731</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                     |
| Purchase of property, plant, and equipment  | (380,562)           |
| Disbursements of long-term related-party receivables  | (4,885)             |
| Payments received on long-term related-party receivables                                    | 3,368               |
| Increase in long-term notes and interest receivable   | (16,500)            |
| Principal payments received on long-term notes receivable                                   | 20,166              |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>  | <b>(378,413)</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                     |
| Principal payments on notes payable   | (211,160)           |
| <b>Net Change in Cash, Cash Equivalents, and Restricted Cash</b>                            | <b>115,158</b>      |
| <b>Cash, Cash Equivalents, and Restricted Cash - Beginning of Year</b>                      | <b>4,727,243</b>    |
| <b>Cash, Cash Equivalents, and Restricted Cash - End of Year</b>                            | <b>\$ 4,842,401</b> |

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

# **Rocky Mountain Development Council, Inc.**

## **CONSOLIDATED STATEMENT OF CASH FLOWS**

(Continued)

Year Ended June 30, 2025

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### **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

|                        |            |
|------------------------|------------|
| Cash paid for interest | \$ 376,671 |
|------------------------|------------|

### **CASH, CASH EQUIVALENTS, AND RESTRICTED CASH**

Cash flow reconciliation to the statement of financial position:

|   |              |
|---|--------------|
| Cash and cash equivalents - operations                                  | \$ 2,447,019 |
| Cash and cash equivalents - custodial                                   | 121,940      |
| Cash and cash equivalents restricted for security deposits and reserves | 2,044,880    |
| Cash and cash equivalents restricted for housing projects               | 228,562      |

|  |                     |
|--|---------------------|
| <b>TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b> | <b>\$ 4,842,401</b> |
|--|---------------------|

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

# **Rocky Mountain Development Council, Inc.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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### **1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

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

Effective December 31, 2020 (the end of ERR's 15-year compliance period), the investor limited partners for ERR, assigned their 99.99% interest to Rocky. RMDC Penkay, LLC is the general partner and Rocky is the limited partner.

## **Rocky Mountain Development Council, Inc.**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### (Continued)

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EM II was organized in December 2006 by Rocky to develop affordable housing. RMDC Eagles Manor II, LLC is the general partner, and National Equity Fund, Inc. (NEF) is the limited partner. In January 2008, EM II acquired the property owned by Penkay Eagles Manor, Inc., which is located on the Eagles Manor Complex in Helena, Montana. EM II has operated the facility since the acquisition. December 31, 2024, marked the end of EMII's 15-year tax credit compliance period. The investor limited partner assigned its 99.99% interest to Rocky on that date.

Finally, an additional 30 units were constructed on the Eagles Manor Complex in Helena, Montana, owned and operated by EM III, which was organized by Rocky in 2006 to develop and operate affordable housing. Effective May 31, 2023 (the end of EM III's 15-year compliance period), the investor limited partners for EM III, assigned their 99.99% interest to Rocky in an amendment to the partnership agreement. Penkay Eagles Manor, Inc. is the general partner and Rocky is the limited partner.

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

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

**River Rock** River Rock was organized in December 2010 by Rocky to develop and operate affordable housing in Helena, Montana. Construction of the 33-unit property was completed in August 2013. RMDC River Rock, LLC is the general partner, and Wincopin Circle LLLP and Enterprise Community Investment, Inc. are the limited partners.

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

**Ptarmigan** Ptarmigan was organized in 2000 to develop and operate affordable housing in Helena, Montana. Construction of the 22-unit multi-family residence was completed in June 2001. December 31, 2015, marked the end of Ptarmigan's 15-year tax credit compliance period. Effective April 1, 2016, the investor limited partner assigned its 99.99% interest to Rocky. RMDC Ptarmigan, Inc. is the general partner and Rocky is the limited partner. Effective May 30, 2019, Ptarmigan converted to a limited liability limited partnership.

## **Rocky Mountain Development Council, Inc.**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

**Pheasant Glen** Pheasant Glen was organized in 2002 to develop and operate affordable housing in Helena, Montana. Construction of the 32-unit multi-family residence was completed in August 2003. December 31, 2018, marked the end of Pheasant Glen's 15-year tax credit compliance period. Effective January 1, 2019, the investor limited partner assigned its 99.99% interest to Rocky for the purchase price of \$158,000. RMDC Ptarmigan, Inc. is the general partner and Rocky is the limited partner. Effective October 15, 2019, Pheasant Glen converted to a limited liability limited partnership.

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

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

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

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

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

# Rocky Mountain Development Council, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (Continued)

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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 consist of 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 up to \$250,000. Rocky's main operating account has unlimited coverage through a repurchase agreement, under which all deposits are fully collateralized. Due to the nature of the Rocky's cash flow, amounts on deposit in individual banks may temporarily exceed the insured amount throughout the year.

***Accounts, Notes, Interest Receivable, and Allowance for Credit Losses*** Accounts, notes, and interest receivable are stated at the amount Rocky expects to collect. Rocky maintains allowances for credit losses for estimated losses resulting from the inability of entities to make required payments. Management considers the following factors when determining the collectability of specific accounts: entity customer creditworthiness, past transaction history with customer, current economic industry trends, forecast of future events, and changes in customer payment terms. Past due balances of 90 days and other higher risk amounts are reviewed individually for collectibility. If the financial condition of Rocky's associates were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, Rocky provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after Rocky has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts, notes, and interest receivable.

# **Rocky Mountain Development Council, Inc.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued)**

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Management believes the compiled historical-loss information is a reasonable base on which to determine expected credit losses for accounts, notes, and interest receivable held at June 30, 2025, because the composition of the receivables at that date is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Management has determined that the current, reasonable, and supportable forecasted economic conditions are similar to the economic conditions included in the historical information.

Accounts, notes, and interest receivable at June 30, 2025 and 2024, were \$1,995,349 and \$1,986,254, respectively, net of the allowance of \$0- for each year then ended.

**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.

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

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

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

**Cash Restricted for Security Deposits, Reserves, and Housing Projects** Rocky's consolidated housing entities are required to maintain separate accounts for tenant security deposits, operating reserves, and capital replacement reserves. Operating and replacement reserve requirements are established by partnership agreements or funding source regulations and require approval before withdrawals are made. For purposes of the consolidated statement of cash flows, restricted security deposits and reserve accounts are included in cash equivalents. The balance for cash restricted for housing reserve and security deposit accounts was \$2,044,880 for the year ended June 30, 2025.

As a Community Housing Development Organization (CHDO), Rocky has loaned HOME Investment Partnerships Program (HOME) and Community Development Block Grant (CDBG) grants funds to other housing entities for development of low-income housing. Cash restricted for housing projects represents loan repayments that are restricted for HOME and CDBG eligible housing activities. Also included are loan repayments from participants in Rocky's GR8 Hope Loan Program that provided down payment assistance loans from 2002 through 2010. For purposes of the consolidated statement of cash flows, restricted housing cash is included in cash equivalents. The balance for cash restricted for housing projects was \$228,562 for the year ended June 30, 2025.

# **Rocky Mountain Development Council, Inc.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued)**

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

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

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

***Refundable Advances and Deferred Revenue*** Advance payments for program fees are reported as deferred revenue. Advance payments received for federal and nonfederal grants are reported as refundable advances until expensed for the purposes of the grant.

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

***Accounting Estimates*** The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Material estimates that are particularly susceptible to significant change relate to Rocky's guaranty agreements and responsibilities as the organization responsible for managing a number of low-income housing properties in Rocky's service area. The above noted obligations and commitments are more fully described in note 15. Management has calculated its estimated liability as required by GAAP and has determined it to be immaterial at June 30, 2025.

***Conditional Promises to Give*** Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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

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

## Rocky Mountain Development Council, Inc.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

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

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

Indirect costs that benefit all Rocky programs are allocated to each program using an approved indirect cost rate. The provisional approved rate is 14.0%, and the effective applied rate for Rocky for fiscal year 2025 is 13.9%.

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, 2025, recruitment, advertising, and promotional costs totaled \$54,080.

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

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

# Rocky Mountain Development Council, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

**Evaluation of Subsequent events** Management has evaluated subsequent events through January 27, 2026, the date the consolidated financial statements were available to be issued.

## 2. LIQUIDITY AND AVAILABILITY

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

The following financial assets are expected to be available to support Rocky in the year ending June 30, 2026:

| <u>June 30, 2025</u>                             |                     |
|--|---------------------|
| Cash and cash equivalents - operations           | \$ 2,447,019        |
| Accounts receivable                              | 211,331             |
| Grants receivable                                | 405,820             |
| Current portion of notes and interest receivable | 15,447              |
| <b>Total</b>                                     | <b>\$ 3,079,617</b> |

In addition to financial assets available to meet general expenditures over the next 12 months, Rocky operates with a balanced budget. During the year ended June 30, 2025, approximately 67.2% of Rocky's operating budget was received through federal, state, and other grants. Cash is received on a reimbursement basis for these grants. Rocky has a revolving line of credit that is available to fund Rocky's cash needs due to timing differences between program expenditures and their reimbursements, as described more fully in note 8.

## 3. CASH AND CASH EQUIVALENTS - CUSTODIAL - 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.

# **Rocky Mountain Development Council, Inc.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued)**

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Amounts held on behalf of these groups were as follows:

June 30, 2025

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|                                |                   |
|--------------------------------|-------------------|
| Head Start Parent Fund         | \$ 16,045         |
| Friends of Head Start          | 91,314            |
| Senior Bingo Fund              | 7,679             |
| Helena Senior Advisory Council | 6,902             |
| <b>Total</b>                   | <b>\$ 121,940</b> |

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## **4. RELATED PARTIES**

### **Related-Party Receivables**

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

# Rocky Mountain Development Council, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

| June 30, 2025                                  | Consolidating     |                     |              |
|--|-------------------|---------------------|--------------|
|  | Stand Alone       | Eliminations        | Consolidated |
| <b>Current Related-Party Receivables</b>       |                   |                     |              |
| Rocky:   |                   |                     |              |
| ERR  | \$ 82,000         | \$ (82,000)         | \$ -         |
| EM II  | 37,649            | (37,649)            | -            |
| EM III   | 11,048            | (11,048)            | -            |
| Ptarmigan                                      | 4,821             | (4,821)             | -            |
| Pheasant Glen                                  | 6,101             | (6,101)             | -            |
| Big Boulder                                    | 13,615            | (13,615)            | -            |
| RMFP   | 51,142            | (51,142)            | -            |
| THI  | 32,549            | (32,549)            | -            |
| River Rock                                     | 5,076             | (5,076)             | -            |
| RA4  | 9,892             | (9,892)             | -            |
| RA9  | 7,597             | (7,597)             | -            |
| ERI  | 5,334             | (5,334)             | -            |
| <b>Total Rocky</b>                             | <b>266,824</b>    | <b>(266,824)</b>    | <b>-</b>     |
| ERR:   |                   |                     |              |
| EM II  | 2,368             | (2,368)             | -            |
| EM III   | 429               | (429)               | -            |
| <b>Total ERR</b>                               | <b>2,797</b>      | <b>(2,797)</b>      | <b>-</b>     |
| Pheasant Glen:                                 |                   |                     |              |
| RA4  | 115               | (115)               | -            |
| ERI:   |                   |                     |              |
| EM II  | 5,161             | (5,161)             | -            |
| EM III   | 5,063             | (5,063)             | -            |
| Ptarmigan                                      | 2,116             | (2,116)             | -            |
| Pheasant Glen                                  | 2,092             | (2,092)             | -            |
| Big Boulder                                    | 27                | (27)                | -            |
| River Rock                                     | 2,422             | (2,422)             | -            |
| ERR  | 11,514            | (11,514)            | -            |
| THI  | 164               | (164)               | -            |
| RA4  | 1,106             | (1,106)             | -            |
| RA9  | 1,485             | (1,485)             | -            |
| <b>Total ERI</b>                               | <b>31,150</b>     | <b>(31,150)</b>     | <b>-</b>     |
| <b>Total Current Related-Party Receivables</b> | <b>\$ 300,886</b> | <b>\$ (300,886)</b> | <b>\$ -</b>  |

# Rocky Mountain Development Council, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

| June 30, 2025                                    | Stand Alone      | Consolidating<br>Eliminations | Consolidated    |
|--|------------------|-------------------------------|-----------------|
| <b>Long-Term Related-Party Receivables</b>       |                  |                               |                 |
| Rocky:   |                  |                               |                 |
| Penkay Eagles Manor, Inc.                        | \$ 31,941        | \$ (31,941)                   | \$ -            |
| RMDC Ptarmigan, Inc.                             | 1,767            | -                             | 1,767           |
| Eagle Manor Project No. 2, Inc.                  | 25,204           | (25,204)                      | -               |
| <b>Total Long-Term Related-Party Receivables</b> | <b>\$ 58,912</b> | <b>\$ (57,145)</b>            | <b>\$ 1,767</b> |

### Related-Party Transactions

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

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

| June 30, 2025 | Rocky             | ERI               | Consolidating<br>Eliminations | Total       |
|---------------|-------------------|-------------------|-------------------------------|-------------|
| ERR           | \$ 167,832        | \$ 73,533         | \$ (241,365)                  | \$ -        |
| THI           | 27,983            | 2,292             | (30,275)                      | -           |
| Pheasant Glen | 52,018            | 20,758            | (72,776)                      | -           |
| RMFP          | 28,321            | -                 | (28,321)                      | -           |
| ERI           | 24,471            | -                 | (24,471)                      | -           |
| EM II         | 96,761            | 52,117            | (148,878)                     | -           |
| EM III        | 62,416            | 27,251            | (89,667)                      | -           |
| Big Boulder   | 124,616           | 292               | (124,908)                     | -           |
| River Rock    | 45,690            | 23,212            | (68,902)                      | -           |
| Ptarmigan     | 39,603            | 21,001            | (60,604)                      | -           |
| RA4           | 97,973            | 21,623            | (119,596)                     | -           |
| RA9           | 77,117            | 21,040            | (98,157)                      | -           |
| Rocky         | -                 | 2,395             | (2,395)                       | -           |
| <b>Total</b>  | <b>\$ 844,801</b> | <b>\$ 265,514</b> | <b>\$ (1,110,315)</b>         | <b>\$ -</b> |

# Rocky Mountain Development Council, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 5. LONG-TERM NOTES AND INTEREST RECEIVABLE

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

| June 30, 2025                          | Note Principal       | Note Interest       | Total Stand Alone    | Consolidating Eliminations | Consolidated        |
|--|----------------------|---------------------|----------------------|----------------------------|---------------------|
| <b>Rocky</b>                           |                      |                     |                      |                            |                     |
| Roadrunner Residence (HOME)            | \$ 50,257            | \$ -                | \$ 50,257            | \$ -                       | \$ 50,257           |
| ERR (CDBG)                             | 480,000              | 116,186             | 596,186              | (596,186)                  | -                   |
| ERR (HUD)                              | 299,896              | 165,735             | 465,631              | (465,631)                  | -                   |
| ERR (HOME)                             | 512,843              | 458,203             | 971,046              | (971,046)                  | -                   |
| ERR (FHLB)                             | 650,000              | -                   | 650,000              | (650,000)                  | -                   |
| ERR (HUD II)                           | 346,500              | 310,223             | 656,723              | (656,723)                  | -                   |
| Pheasant Glen (CDBG)                   | 506,157              | 316,146             | 822,303              | (822,303)                  | -                   |
| Pheasant Glen (HOME)                   | 411,856              | 384,970             | 796,826              | (796,826)                  | -                   |
| Ptarmigan (Operating Deficit)          | 3,323                | 105                 | 3,428                | (3,428)                    | -                   |
| Ptarmigan (CDBG)                       | 310,000              | 74,451              | 384,451              | (384,451)                  | -                   |
| Ptarmigan (HOME)                       | 364,175              | 67,498              | 431,673              | (431,673)                  | -                   |
| ERI (Operating Loan)                   | 140,269              | -                   | 140,269              | (140,269)                  | -                   |
| EM II (HOME)                           | 500,000              | -                   | 500,000              | (500,000)                  | -                   |
| EM II (CDBG)                           | 366,659              | -                   | 366,659              | (366,659)                  | -                   |
| EM III (HOME)                          | 516,461              | 358,299             | 874,760              | (874,760)                  | -                   |
| EM III (HUD)                           | 196,000              | 145,990             | 341,990              | (341,990)                  | -                   |
| EM III (Developer Fee)                 | 111,775              | -                   | 111,775              | (111,775)                  | -                   |
| Big Boulder (HOME)                     | 420,999              | 32,333              | 453,332              | (453,332)                  | -                   |
| Big Boulder (HOME 2)                   | 26,550               | 2,069               | 28,619               | (28,619)                   | -                   |
| River Rock (HOME)                      | 742,530              | 279,164             | 1,021,694            | (1,021,694)                | -                   |
| River Rock (CDBG)                      | 228,953              | 2,163               | 231,116              | (231,116)                  | -                   |
| RA4 (Program Income - GR8 Hope)        | 584,323              | 27,482              | 611,805              | (611,805)                  | -                   |
| RA4 (HOME)                             | 750,000              | 48,026              | 798,026              | (798,026)                  | -                   |
| RA4 (HTF)                              | 2,245,000            | 143,760             | 2,388,760            | (2,388,760)                | -                   |
| RA4 (Developer Fee)                    | 188,091              | -                   | 188,091              | (188,091)                  | -                   |
| RA4 (Operating Deficit)                | 37,466               | 5,056               | 42,522               | (42,522)                   | -                   |
| Fire Tower (HTF)                       | 1,650,000            | 68,314              | 1,718,314            | -                          | 1,718,314           |
| RA9 (Operating Deficit)                | 159,700              | 17,278              | 176,978              | (176,978)                  | -                   |
| RA9 (Developer Fee)                    | 58,730               | -                   | 58,730               | (58,730)                   | -                   |
| <b>Total Rocky</b>                     | <b>12,858,513</b>    | <b>3,023,451</b>    | <b>15,881,964</b>    | <b>(14,113,393)</b>        | <b>1,768,571</b>    |
| <b>Eagle Manor Project No. 2, Inc.</b> | <b>373,859</b>       | <b>40,927</b>       | <b>414,786</b>       | <b>(414,786)</b>           | <b>-</b>            |
| <b>Penkay EM, Inc.</b>                 | <b>91,686</b>        | <b>3,973</b>        | <b>95,659</b>        | <b>(95,659)</b>            | <b>-</b>            |
| <b>Total</b>                           | <b>\$ 13,324,058</b> | <b>\$ 3,068,351</b> | <b>\$ 16,392,409</b> | <b>\$ (14,623,838)</b>     | <b>\$ 1,768,571</b> |

#### Roadrunner Residence LP

On December 1, 1998, Rocky executed an agreement loaning \$340,000 to Roadrunner Residence LP for the purpose of constructing a low-income rental housing project. Rocky received the \$340,000 in a federal grant to be used for this project. Interest accrues at 3% per annum.

## **Rocky Mountain Development Council, Inc.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued)**

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The note is secured by the related property. The agreement calls for 360 monthly installments of \$1,433 through May 2029. At June 30, 2025, the principal balance was \$65,704, of which \$15,447 is current and \$50,257 is classified as long-term on the consolidated statement of financial position.

#### **Fire Tower**

On July 2, 2020, Rocky executed an agreement loaning an amount not to exceed \$1,250,000 to Fire Tower Housing Associates LLLP for the purpose of acquiring, rehabilitating, and constructing a part-multifamily and part-senior affordable housing project. Rocky received federal Housing Trust Fund Program (HTF) funds to be used for the project. The contract was amended on November 30, 2021, to increase the loan limit to \$1,650,000. Interest accrues at 1.00% per annum. No payments of principal are due under this note until maturity (55 years from the placed in service date). At June 30, 2025, the balance of funds received by Rocky and loaned to Fire Tower Housing Associates LLLP was \$1,650,000. Interest accrued at June 30, 2025, was \$68,314.

#### **Current Portion and Other Current Notes Receivable**

As disclosed earlier, the current portion of the note receivable from Roadrunner Residence LP is \$15,447. Accrued interest in the amount of \$169 is classified as long-term notes and interest receivable on the consolidated statement of financial position.

#### **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, U.S. Department of Housing and Urban Development (HUD), or HTF grants) or deferred developer fees obtained through Rocky's housing program to ERR, EM II, EM III, Big Boulder, River Rock, Ptarmigan, Pheasant Glen, RA4, and RA9. Terms of the loans vary, but repayment of loan principal and accrued interest is generally dependent upon available cash as defined by the partnership agreement governing each respective facility.

## **6. FIXED ASSETS**

Depreciation expense for fixed assets totaled \$1,819,306 and is included in depreciation and amortization expense on the accompanying consolidated statement of functional expenses for the fiscal year ended June 30, 2025.

The building consolidation adjustment of \$4,049,640 reflects fees paid by EM II, EM III, Big Boulder, River Rock, RA4, and RA9 to Rocky and ERI for services provided in support of the building projects that were capitalized by these individual entities.

# **Rocky Mountain Development Council, Inc.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **(Continued)**

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Fixed assets are summarized by major classification as follows:

June 30, 2025

|                                |                      |
|--------------------------------|----------------------|
| Land                           | \$ 3,804,131         |
| Land improvements              | 1,892,212            |
| Leasehold improvements         | 502,785              |
| Buildings                      | 52,727,534           |
| Equipment                      | 2,693,876            |
| Consolidation adjustment       | (4,049,640)          |
| <b>Subtotal</b>                | <b>57,570,898</b>    |
| Less: Accumulated depreciation | 23,048,490           |
| <b>Fixed Assets - Net</b>      | <b>\$ 34,522,408</b> |

## **7. DEFERRED COSTS**

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

| June 30, 2025 | Accumulated       |                  |                   |
|---------------|-------------------|------------------|-------------------|
|               | Gross Costs       | Amortization     | Net               |
| River Rock    | \$ 27,731         | \$ 23,110        | \$ 4,621          |
| RA4           | 50,060            | 11,154           | 38,906            |
| RA9           | 115,469           | 32,870           | 82,599            |
| RMFP          | 986               | 741              | 245               |
| <b>Total</b>  | <b>\$ 194,246</b> | <b>\$ 67,875</b> | <b>\$ 126,371</b> |

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

Years Ending June 30

|              |                   |
|--------------|-------------------|
| 2026         | \$ 12,920         |
| 2027         | 12,920            |
| 2028         | 11,994            |
| 2029         | 11,071            |
| 2030         | 11,071            |
| Thereafter   | 66,395            |
| <b>Total</b> | <b>\$ 126,371</b> |

# **Rocky Mountain Development Council, Inc.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued)**

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### **8. LINE OF CREDIT**

Rocky has a \$300,000 unsecured revolving line of credit at Valley Bank of Helena (Valley Bank) available through June 3, 2026. The line of credit is designated to fund Rocky's cash needs due to timing differences between program expenditures and their reimbursements. Amounts borrowed under the line of credit bear interest at a fixed 7.25% rate. There was no outstanding balance at June 30, 2025.

### **9. LONG-TERM DEBT OBLIGATIONS**

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

June 30, 2025

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#### **Rocky**

4.25% note payable to United States Department of Agriculture (USDA) (secured by Townsend Homestead Manor property), due October 1, 2040. Payable in monthly installments of \$1,024, including interest, of which \$485 is subsidized by USDA. \$ 225,447

#### **RMFP**

6.00% note payable to USDA (secured by Elk Creek Lodge property), due November 1, 2034. Payable in monthly installments of \$374, including interest, of which \$173 is subsidized by USDA. 32,389

6.00% note payable to USDA (secured by Elk Creek Lodge property), due November 1, 2034. Payable in monthly installments of \$676, including interest, of which \$401 is subsidized by USDA. 112,576

5.38% note payable to USDA (secured by Elk Creek Lodge property), due December 1, 2035. Payable in monthly installments of \$224, including interest, of which \$95 is subsidized by USDA. 21,628

#### **Total RMFP**

166,593

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#### **EM II**

6.00% note payable to First Interstate Bank (secured by EM II Facility), due March 10, 2040. Payable in monthly installments of \$694, including interest. 81,253

#### **EM III**

6.00% note payable to First Interstate Bank (secured by EM III Facility), due June 10, 2039. Payable in monthly installments of \$2,699, including interest. 307,296

#### **Big Boulder**

5.95% (variable interest rate - see description below) note payable to Valley Bank (Fund Reserves and Current Operations), due October 10, 2042. Payable in monthly installments of \$1,505, including interest. 197,999

#### **Balance Forward**

\$ 978,588

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# **Rocky Mountain Development Council, Inc.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued)**

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June 30, 2025

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|   |                     |
|---|---------------------|
| <b>Balance Brought Forward</b>  | <b>\$ 978,588</b>   |
| <b>Ptarmigan</b>  |                     |
| 4.12% note payable to Valley Bank (secured by Ptarmigan Residence property), due December 1, 2031. Payable in monthly installments of \$1,019, including interest.  | 69,830              |
| <b>Pheasant Glen</b>  |                     |
| 5.65% (variable interest rate - see description below) note payable to Valley Bank (secured by Pheasant Glen property), due January 4, 2044. Payable in monthly installments of \$3,065, including interest.  | 424,390             |
| <b>ERR</b>  |                     |
| 4.00% note payable to First Interstate Bank (secured by ERLP Facility), due July 27, 2031. Payable in monthly installments of \$1,917, including interest.  | 327,133             |
| <b>RA4</b>  |                     |
| 5.00% note payable to Valley Bank (secured by Red Alder 4% Facility), due June 10, 2038. Payable in annual installments of \$20,886, including interest.  | 3,729,742           |
| 0.00% note payable to GL Development, LLC (secured by Red Alder 4% Facility), open due date. Payable from surplus cash as determined each December 31 to be distributed by partnership.   | 349,352             |
| <b>Total RA4</b>  | <b>4,079,094</b>    |
| <b>RA9</b>  |                     |
| 1.00% note payable to Snowy Mountain Development Corporation (Environmental clean up) (secured by Red Alder 9% Facility), due December 31, 2036. Payable in 17 annual installments of \$11,000, including interest, and one final balloon payment of \$118,767. | 221,636             |
| 0.00% note payable to GL Development, LLC (secured by Red Alder 9% Facility), open due date. Payable from surplus cash as determined each December 31 to be distributed by partnership.   | 109,072             |
| 5.00% note payable to Valley Bank (secured by Red Alder 9% Facility), due May 10, 2038. Payable in monthly installments of \$11,815, including interest.  | 2,097,252           |
| <b>Total RA9</b>  | <b>2,427,960</b>    |
| <b>Balance Forward</b>  | <b>\$ 8,306,995</b> |

# **Rocky Mountain Development Council, Inc.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **(Continued)**

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June 30, 2025

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|  |                     |
|--|---------------------|
| <b>Balance Brought Forward</b>   | <b>\$ 8,306,995</b> |
| <b>THI</b>   |                     |
| 2.50% note payable to USDA (secured by THI property), due June 1, 2044. Payable in monthly installments of \$107, including interest, of which \$53 is subsidized by USDA. | 16,245              |
| 2.50% note payable to USDA (secured by THI property), due June 1, 2044. Payable in monthly installments of \$142, including interest, of which \$29 is subsidized by USDA. | 13,936              |
| <b>Total THI</b>   | <b>30,181</b>       |
| <b>Total Notes and Interest Payable</b>  | <b>8,337,176</b>    |
| Current maturities   | 204,013             |
| <b>Total Notes and Interest Payable - Net</b>  | <b>\$ 8,133,163</b> |

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

| Years Ending June 30 | Principal           |
|----------------------|---------------------|
| 2026                 | \$ 204,013          |
| 2027                 | 188,935             |
| 2028                 | 197,917             |
| 2029                 | 208,243             |
| 2030                 | 217,436             |
| Thereafter           | 7,320,632           |
| <b>Total</b>         | <b>\$ 8,337,176</b> |

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### **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.

### **Pheasant Glen**

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

## **Rocky Mountain Development Council, Inc.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued)**

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#### **Other Long-Term Debt Obligations**

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

## **10. LEASE OBLIGATIONS**

#### **Operating Leases**

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

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

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

Rocky's lease expense was as follows:

**Year Ended June 30, 2025**

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|                            |                   |
|----------------------------|-------------------|
| Operating leases           | \$ 13,991         |
| Short-term leases          | 119,722           |
| <b>Total Lease Expense</b> | <b>\$ 133,713</b> |

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# **Rocky Mountain Development Council, Inc.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued)**

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

| Years Ending June 30                           |                 |
|--|-----------------|
| 2026   | \$ 12,406       |
| 2027   | 8,799           |
| 2028   | 2,153           |
| <b>Subtotal</b>                                | <b>23,358</b>   |
| Amount representing interest                   | 1,783           |
| <b>Present Value of Minimum Lease Payments</b> | <b>21,575</b>   |
| Current maturities of leases                   | 12,406          |
| <b>Leases - Net of Current Maturities</b>      | <b>\$ 9,169</b> |
| Year Ended June 30, 2025                       |                 |
| Weighted-average remaining lease term          | 1.87 years      |
| Weighted-average discount rate                 | 7.35%           |

### **Operating Lease - Long-Term**

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

## **11. NET ASSETS WITH DONOR RESTRICTIONS**

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

| June 30, 2025                                  |                   |
|--|-------------------|
| <b>Purpose Restrictions Accomplished</b>       |                   |
| Senior services                                | \$ 748,729        |
| Weatherization                                 | 3,826             |
| <b>Total Purpose Restrictions Accomplished</b> | <b>\$ 752,555</b> |

## **Rocky Mountain Development Council, Inc.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued)**

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

June 30, 2025

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**Purpose Restrictions**

|                                   |                   |
|-----------------------------------|-------------------|
| Senior services                   | \$ 206,920        |
| Other                             | 6,174             |
| <b>Total Purpose Restrictions</b> | <b>\$ 213,094</b> |

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### **12. NONCONTROLLING INTERESTS IN PARTNERSHIP EQUITY**

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

| June 30, 2025 | Controlling       | Noncontrolling       | Total                |
|---------------|-------------------|----------------------|----------------------|
| River Rock    | \$ (3,027)        | \$ 3,112,225         | \$ 3,109,198         |
| RA4           | (139)             | 1,897,806            | 1,897,667            |
| RA9           | (68)              | 5,251,924            | 5,251,856            |
| <b>Total</b>  | <b>\$ (3,234)</b> | <b>\$ 10,261,955</b> | <b>\$ 10,258,721</b> |

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

### **13. NONFINANCIAL CONTRIBUTIONS**

**In-Kind Contributions**

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

## **Rocky Mountain Development Council, Inc.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued)**

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In-kind contributions consisted of the following:

June 30, 2025

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|                                    |                   |
|------------------------------------|-------------------|
| Contracted services                | \$ 238,133        |
| Supplies and training materials    | 46,045            |
| Space                              | 22,212            |
| Meals                              | 4,929             |
| Physical examinations              | 5,128             |
| Advertising/Recruitment            | 15,416            |
| Recognition                        | 120               |
| <b>Total In-Kind Contributions</b> | <b>\$ 331,983</b> |

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All in-kind contributions were expensed in accordance with GAAP for the fiscal year ended June 30, 2025.

In-kind contributions were received and utilized for the following programs:

June 30, 2025

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|                                    |                   |
|------------------------------------|-------------------|
| Fundraising                        | \$ 18,985         |
| Consolidated Kitchen               | (2,610)           |
| Head Start                         | 281,319           |
| Senior Meal Programs               | 13,838            |
| Senior Volunteer Programs          | 20,451            |
| <b>Total In-Kind Contributions</b> | <b>\$ 331,983</b> |

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In addition to the contributions reported in the tables above, the Head Start program received services valued at \$152,319 that did not meet the guidelines for revenue recognition under GAAP. The value of these services is therefore not reported in the accompanying consolidated financial statements. However, the regulations for this program allow the value of these services to be reported as matching funds for grant purposes.

In-kind contributions are valued based on fair value of similar services. None of the in-kind contributions were monetized during the year ended June 30, 2025.

## **Rocky Mountain Development Council, Inc.**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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#### **14. EMPLOYEE BENEFITS**

##### **Retirement Benefits**

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

The employer's contribution to the plan is discretionary. The contribution rate is approved by the Board. The effective contribution rate on employees' compensation is calculated based on the actual amount contributed to the plan by Rocky and ERI and total eligible employee compensation for the fiscal year. Total Rocky and ERI contributions to the plan during the year ended June 30, 2025, were allocated to the individual participants' accounts based on their eligible compensation during the year ended June 30, 2025, multiplied by the effective contribution rate. The preliminary contribution rate on employees' compensation for the year ended June 30, 2025, was set at 3.00%. The effective contribution rate on eligible employees' compensation for the fiscal year ended June 30, 2025, is 3.09%. Retirement plan expense was \$132,008 for the year ended June 30, 2025. The preliminary approved contribution rate for the year ending June 30, 2026, remains at 3.00%.

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

##### **Cafeteria Plan**

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

#### **15. COMMITMENTS AND CONTINGENCIES**

Rocky has loaned HOME grant funds to other organizations to support the development of low-income housing. Repayment received by Rocky on these loans represents CHDO proceeds. These CHDO proceeds must be used for HOME eligible activities that support housing for low-income persons. Rocky held \$85,170 of CHDO proceeds at June 30, 2025. This is reported in the cash restricted for housing projects on the consolidated statement of financial position.

# **Rocky Mountain Development Council, Inc.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued)**

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### **Housing Commitments**

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

#### **Roadrunner Low-Income Housing Project**

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

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

- The funding on the mortgage loan has been terminated or foreclosure proceedings have been undertaken by the lender.
- 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.
- Any representation or warranty made by the general partner in the partnership agreement proves to be false in any material respect.
- The apartment complex fails to obtain and retain an allocation of low-income housing credits or fails to meet the requirements for a qualified low-income housing project.

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

#### **Ptarmigan**

On November 20, 2000, Rocky executed a guaranty agreement for Ptarmigan. The agreement provides that Rocky unconditionally guarantees due payment, performance, and fulfillment of all liabilities, obligations, and undertakings of Ptarmigan's general partner, RMDC Ptarmigan, Inc., arising under the Amended and Restated Partnership Agreement. 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.

The partnership agreement calls for continuation of the partnership until December 31, 2055, if an earlier consensual termination has not occurred.

## **Rocky Mountain Development Council, Inc.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **(Continued)**

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#### **Pheasant Glen**

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

The partnership agreement calls for continuation of the partnership until July 10, 2052, if an earlier consensual termination has not occurred.

#### **ERR**

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

The partnership agreement calls for continuation of the partnership until November 25, 2053, if an earlier consensual termination has not occurred.

#### **EM III**

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

#### **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 MPEG Special Fund II, LP and MPEG Acceptance Corporation, SLP. The amended agreement places the following significant obligations upon RMDC Eagles Manor II, LLC, the general partner.

The partnership agreement calls for continuation of the partnership until December 31, 2058, if an earlier consensual termination has not occurred.

If at any time after construction is complete an operating deficit exists, the general partner must lend funds to the partnership in an amount equal to the deficit. The loan shall bear interest at a rate of 4.00% per annum and shall be repayable from cash flow.

## **Rocky Mountain Development Council, Inc.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued)**

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#### **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, Wincopin Circle LLLP and Enterprise Community Investment, Inc.

If an operating deficit exists, then the general partner must lend funds to the partnership in an amount equal to the deficit. The obligation is limited to the maximum advance amount of \$78,000.

#### **Red Alder Project - RA4 and RA9**

On October 22, 2019, RA4 amended its partnership agreement. The amendment redefined the responsibilities of the partnership's general and limited partners. This was in response to the replacement of Rocky as the limited partner by Community Affordable Housing Fund, LLC and MPEG Acceptance Corporation, who was acquired by NEF in October 2023. Red Alder 4% LLC (wholly owned by Penkay Eagles Manor, Inc.) is the general partner. On October 22, 2019, RA9 amended its partnership agreement. The amendment redefines the responsibilities of the partnership's general and limited partners. Red Alder 9% LLC (wholly owned by Penkay Eagles Manor, Inc.) is the general partner.

On April 30, 2019, Rocky signed a letter of intent with MPEG for both RA9 and RA4. Rocky is the co-developer for both projects with a 35% interest in the developer fee. GL Development, LLC has 65% of this obligation.

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

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

## **Rocky Mountain Development Council, Inc.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **(Continued)**

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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.

#### **Townsend Housing**

On January 1, 2022, THI agreed to four USDA Rural Development Loans in the amounts of \$80,649, \$10,498, \$1,444, and \$44,464 at 2.50% interest. Two of the loans matured in November 2022. The remaining two loans were re-amortized June 1, 2024, and mature in June 2044. Loan principal and interest payable at June 30, 2025, totaled \$30,181.

#### **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.

## **Rocky Mountain Development Council, Inc.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **(Continued)**

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#### **16. CONDITIONAL PROMISES TO GIVE**

Conditional promises to give arise from grant/contract activities that are underway at fiscal year-end, but are not complete. The following schedule reflects the value of conditional promises to give received by Rocky that were outstanding at June 30, 2025:

| <b>Fund</b>                               | <b>Program/Contract</b>                            | <b>Grant/Contract Period Ends</b> | <b>Amount</b>       |
|---|--|-----------------------------------|---------------------|
| 160                                       | Head Start   | April 30, 2026                    | \$ 2,696,627        |
| 208                                       | Aging Special Projects                             | September 30, 2025                | 18,403              |
| 222                                       | AmeriCorps Retired Senior Volunteer Program (RSVP) | March 31, 2026                    | 28,279              |
| 300                                       | Northwestern Energy Weatherization                 | December 31, 2025                 | 305,360             |
| 329                                       | LIHEAP Weatherization                              | September 30, 2025                | 79,725              |
| 334                                       | LIHEAP Outreach                                    | September 30, 2025                | 12,516              |
| 337                                       | LIHEAP Client Ed                                   | September 30, 2026                | 22,034              |
| 338                                       | LIHEAP Outreach                                    | September 30, 2026                | 139,897             |
| 339                                       | LIHEAP Administration                              | September 30, 2026                | 116,960             |
| 922                                       | Community Services Block Grant (CSBG)              | September 30, 2025                | 61,746              |
| 923                                       | Community Services Block Grant (CSBG)              | September 30, 2026                | 246,602             |
| 921                                       | Emergency Solutions Grant (ESG)                    | March 31, 2026                    | 60,404              |
| 954                                       | Housing Stability Services                         | September 30, 2025                | 7,735               |
| <b>Total Conditional Promises to Give</b> |  |                                   | <b>\$ 3,796,287</b> |

#### **17. RECOVERY OF GENERAL AND ADMINISTRATIVE EXPENSES**

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

June 30, 2025

---

| <b>General and Administrative Expenses</b>                     |                  |
|--|------------------|
| Indirect cost pool   | \$ 1,102,579     |
| Supporting services  | 1,156,236        |
| <b>Total General and Administrative Expenses</b>               | <b>2,258,815</b> |
| Indirect costs recovered at 13.90% (approved provisional rate) | (1,070,126)      |
| Supporting services expenses recovered from programs           | (1,090,664)      |
| <b>Net Unrecovered General and Administrative Expenses</b>     | <b>\$ 98,025</b> |

## **Rocky Mountain Development Council, Inc.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued)**

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#### **18. SUBSEQUENT EVENTS**

Effective July 1, 2025, RMDC Eagle Rock, Inc. terminated its employee service agreement with Eagle Manor entities and entered into a new agreement with Rocky Mountain Development Council, Inc. to provide kitchen and maintenance staff and related services for Eagle Manor properties. RMDC Eagle Rock, Inc. agrees to reimburse Rocky Mountain Development Council, Inc. for all payroll costs associated with these services. This change does not affect plan benefits or obligations.

## **OTHER SUPPLEMENTARY INFORMATION SECTION**

# Rocky Mountain Development Council, Inc.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2025

| Federal Grantor/Pass-Through Grantor/Program Title                               | AL Number | Grant Number   | Pass-Through Entity | Through to Subrecipients | Passed Expenditures |
|--|-----------|----------------|---------------------|--------------------------|---------------------|
| <b>AMERICORPS SENIORS</b>  |           |                |                     |                          |                     |
| <b>Direct Programs</b>   |           |                |                     |                          |                     |
| Foster Grandparent/Senior Companion Cluster:                                     |           |                |                     |                          |                     |
| Foster Grandparents  | 94.011    | 24SFDMT001     | \$                  | -                        | \$ 252,327          |
| Senior Companion   | 94.016    | 24SCDMT001     |                     | -                        | 307,006             |
| <b>Total Foster Grandparent/Senior Companion Cluster</b>                         |           |                |                     | -                        | 559,333             |
| Retired Senior Volunteer   | 94.002    | 24SRDMT002     |                     | -                        | 36,289              |
| Retired Senior Volunteer   | 94.002    | 24SRDMT002     |                     | -                        | 24,221              |
| <b>TOTAL AMERICORPS SENIORS</b>  |           |                |                     | -                        | 619,843             |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                              |           |                |                     |                          |                     |
| <b>Direct Programs</b>   |           |                |                     |                          |                     |
| Head Start Cluster:  |           |                |                     |                          |                     |
| Head Start   | 93.600    | 08CH012591     |                     | -                        | 2,934,126           |
| Head Start   | 93.600    | 08CH012591     |                     | -                        | 410,074             |
| Head Start   | 93.434    |                |                     | -                        | 10,500              |
| <b>Total Head Start Cluster</b>  |           |                |                     | -                        | 3,354,700           |
| <b>Passed Through State Department of Public Health and Human Services</b>       |           |                |                     |                          |                     |
| Community Services Block Grant Cluster:  |           |                |                     |                          |                     |
| Community Services Block Grant   | 93.569    | 23-028-10006-0 |                     | -                        | 62,092              |
| Community Services Block Grant   | 93.569    | 24-028-10006-0 |                     | -                        | 184,856             |
| <b>Total Community Services Block Grant Cluster</b>                              |           |                |                     | -                        | 246,948             |
| Low-Income Home Energy   | 93.568    | 24-028-16006-0 |                     | -                        | 66,035              |
| Low-Income Home Energy Assistance Program (LIHEAP)                               | 93.568    | 25-028-13006-0 |                     | -                        | 13,460              |
| Low-Income Home Energy Assistance Program (LIHEAP)                               | 93.568    | 24-028-13006-0 |                     | -                        | 261,973             |
| Contingency Revolving Fund (LIHEAP)  | 93.568    | 24-028-13006-0 |                     | -                        | 291,079             |
| <b>Total Low-Income Home Energy</b>  |           |                |                     | -                        | 632,547             |
| <b>Special Programs for the Aging</b>  |           |                |                     |                          |                     |
| Aging Cluster:   |           |                |                     |                          |                     |
| Title III - Supportive Services and Senior Centers                               | 93.044    | 24-221-13004-0 | Various             | 130,065                  | 236,737             |
| Title III - Nutrition Services   | 93.045    | 24-221-13004-0 | Various             | 329,909                  | 700,823             |
| Nutrition Services Incentive Program   | 93.053    | 24-221-13004-0 | Various             | 27,275                   | 58,780              |
| Nutrition Services Incentive Program Noncash Commodities                         | 93.053    | 24-221-13004-0 | Various             | -                        | 23,118              |
| <b>Total Aging Cluster</b>   |           |                |                     | 487,249                  | 1,019,458           |
| Title VII - Long-Term Care Ombudsman Services for Older Individuals              | 93.042    | 24-221-13004-0 |                     | -                        | 12,477              |
| Title III - Disease Prevention and Health Promotion Services                     | 93.043    | 24-221-13004-0 |                     | -                        | 18,046              |
| Title III National Family Caregiver Support                                      | 93.052    | 24-221-13004-0 | Various             | 73,527                   | 109,308             |
| Title III National Family Caregiver Support COVID19                              | 93.052    | 24-221-13004-0 | Various             | 750                      | 11,709              |
| Montana Senior Medicare Patrol (SMP) Project                                     | 93.048    | 24-221-13004-0 |                     | -                        | 12,600              |
| Medicare Improvement Program (MIPPA)   | 93.071    | 24-221-13004-0 |                     | -                        | 38,373              |
| State Health Insurance Assistance Program  | 93.324    | 24-221-13004-0 | Various             | 32,355                   | 62,420              |
| Public Health Workforce - GoGo COVID19   | 93.044    | 24-221-13004-0 |                     | -                        | 43,177              |
| Public Health Workforce - Capstone Resource COVID19                              | 93.044    | 24-221-13004-0 |                     | -                        | 255                 |
| <b>Total Aging Programs</b>  |           |                |                     | 593,881                  | 1,327,823           |
| <b>Total Passed Through State Department of Public Health and Human Services</b> |           |                |                     | 593,881                  | 2,207,318           |
| <b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                        |           |                |                     | \$ 593,881               | \$ 5,562,018        |

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

# Rocky Mountain Development Council, Inc.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2025

(Continued)

| Federal Grantor/Pass-Through<br>Grantor/Program Title                      | AL<br>Number | Grant Pass-Through<br>Number | Entity   | Subrecipients | Passed<br>Expenditures |
|--|--------------|------------------------------|----------|---------------|------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                      |              |                              |          |               |                        |
| <b>Passed Through State Department of Public Health and Human Services</b> |              |                              |          |               |                        |
| Child and Adult Care Food Program  | 10.558       | Agreement                    | \$       | -             | \$ 117,202             |
| Child and Adult Care Food Program  | 10.558       | Agreement                    | \$       | -             | 15,108                 |
| <b>Total Child and Adult Care Food Program</b>                             |              |                              |          | -             | 132,310                |
| Commodity Supplemental Food Program  | 10.565       | 25-027-21007-0               |          | -             | 14,691                 |
| Commodity Supplemental Food Program  | 10.565       | 24-027-21007-0               |          | -             | 4,805                  |
| <b>Total Commodity Supplemental Food Program</b>                           |              |                              |          | -             | 19,496                 |
| Rural Rental Housing Loans   | 10.415       | Agreement                    | \$       | -             | 46,340                 |
| <b>TOTAL U.S DEPARTMENT OF AGRICULTURE</b>                                 |              |                              |          | -             | 198,146                |
| <b>U.S. DEPARTMENT OF ENERGY</b>   |              |                              |          |               |                        |
| <b>Passed Through State Department of Public Health and Human Services</b> |              |                              |          |               |                        |
| Weatherization Assistance for Low-Income Persons                           | 81.042       | 24-028-30026-0               |          | -             | 14,387                 |
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>                    |              |                              |          |               |                        |
| <b>Passed Through State Department of Commerce</b>                         |              |                              |          |               |                        |
| First Time Home Buyers   | 14.169       | Agreement                    | \$       | -             | 31,070                 |
| First Time Home Buyers - Neighborworks Montana                             | 14.169       | Agreement                    | \$       | -             | 50,800                 |
| Housing Stability Services   | 21.023       | 23-028-17006-0               | Good Sam | 39,713        | 42,095                 |
| <b>Total Passed Through State Department of Commerce</b>                   |              |                              |          | 39,713        | 123,965                |
| <b>Passed Through State Department of Public Health and Human Services</b> |              |                              |          |               |                        |
| Emergency Solutions Grant Program  | 14.231       | 23-028-51006-0               | Good Sam | 39,767        | 40,127                 |
| <b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>              |              |                              |          | 79,480        | 164,092                |
| <b>Total Expenditures of Federal Awards</b>                                |              |                              |          | \$ 673,361    | \$ 6,558,486           |

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

# **Rocky Mountain Development Council, Inc.**

## **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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### **1. BASIS OF PRESENTATION**

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

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

### **3. RECONCILIATION TO CONSOLIDATED FINANCIAL STATEMENTS**

Following is a reconciliation of the total expenditures on the Schedule to federal grant revenue shown on the consolidated statement of activities:

June 30, 2025

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|  |                     |
|--|---------------------|
| Total expenditures of federal awards                 | \$ 6,558,486        |
| Rent subsidy received by RMFP from Rural Development | 54,993              |
| Rent subsidy received by EMII from HUD               | 158,447             |
| Rent subsidy received by EMIII from HUD              | 66,429              |
| Rent subsidy received by Big Boulder from HUD        | 248,278             |
| Rent subsidy received by River Rock from HUD         | 41,985              |
| Rent subsidy received by Ptarmigan from HUD          | 49,437              |
| Rent subsidy received by Pheasant Glen from HUD      | 62,813              |
| Rent subsidy received by Red Alder 4% from HUD       | 271,595             |
| Rent subsidy received by Red Alder 9% from HUD       | 231,478             |
| Rent subsidy received by Townsend Housing from HUD   | 67,330              |
| Rent subsidy received by ERR from HUD                | 103,804             |
| Service Coordinator Grant received by ERR from HUD   | 39,504              |
| <b>Total Federal Grant Revenue</b>                   | <b>\$ 7,954,579</b> |

## **Rocky Mountain Development Council, Inc.**

### **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** **(Continued)**

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#### **4. HOME COMMUNITY HOUSING DEVELOPMENT ORGANIZATION PROCEEDS**

Rocky has loaned HOME Investment Partnerships Program (HOME) grant funds to other organizations to support the development of low-income housing. Repayment received by Rocky on these loans represents Community Housing Development Organization (CHDO) proceeds. These CHDO proceeds must be used for HOME eligible activities that support housing for low-income persons. See reconciliation of proceeds and disbursements below.

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|  |                  |
|--|------------------|
| <b>Balance Available - June 30, 2024</b>                     | \$ 67,969        |
| Community Housing Development Organization proceeds received | 17,201           |
| Community Housing Development Organization funds disbursed   | -                |
| <b>Balance Available - June 30, 2025</b>                     | <b>\$ 85,170</b> |

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#### **5. INDIRECT COST RATE**

Rocky received an approved provisional rate of 14.00% from its federal cognizant agency, the Department of Health and Human Services. The effective rate applied during fiscal year 2025 was 13.90%.

## **OTHER REPORTS SECTION**



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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Rocky Mountain Development Council, Inc. (Rocky), which comprise the consolidated statement of financial position as of June 30, 2025; the related consolidated statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the consolidated financial statements and have issued our report thereon dated January 27, 2026.

***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

(Continued)

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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

*KCee Isom, LLP*

January 27, 2026  
Helena, Montana



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

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

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited Rocky Mountain Development Council, Inc.'s (Rocky) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Rocky's major federal programs for the year ended June 30, 2025. Rocky's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rocky complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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

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

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

#### *Responsibilities of Management for Compliance*

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

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

(Continued)

***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

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

(Continued)

**Report on Internal Control Over Compliance**

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

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

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

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

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

*KCee Isom, LLP*

January 27, 2026  
Helena, Montana

## **FINDINGS AND QUESTIONED COSTS SECTION**

# **Rocky Mountain Development Council, Inc.**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2025

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### **SECTION I SUMMARY OF AUDITORS' RESULTS**

#### **CONSOLIDATED FINANCIAL STATEMENTS**

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

#### **FEDERAL AWARDS**

|  |               |
|--|---------------|
| Internal control over major programs:  |               |
| Are any material weaknesses identified?  | No            |
| Are any significant deficiencies identified?   | None reported |
| Type of auditors' report issued on compliance for major program:                                   | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |
| Identification of major programs:  |               |
| AL No. 93.568  | LIHEAP        |
| AL No. 93.044/93.045/93.053  | Aging Cluster |
| Threshold for distinguishing types A and B programs:   | \$750,000     |
| Auditee qualified as low-risk auditee?   | Yes           |

**Rocky Mountain Development Council, Inc.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2025

(Continued)

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**SECTION II**  
**CONSOLIDATED FINANCIAL STATEMENT FINDINGS**

None.

**SECTION III**  
**FEDERAL AWARDS FINDINGS**

None.

**Rocky Mountain Development Council, Inc.**  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2025

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None.

## **SUPPLEMENTARY INFORMATION SECTION**

# **Rocky Mountain Development Council, Inc.**

## **SUMMARY OF PROGRAMS BY GRANTOR AGENCIES**

**Year Ended June 30, 2025**

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

### **AMERICORPS SENIORS (FORMERLY CORPORATION FOR NATIONAL AND COMMUNITY SERVICE)**

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

### **U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - Head Start**

The Head Start Program serves approximately 120 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 and Low-Income Energy Assistance**

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

# **Rocky Mountain Development Council, Inc.**

## **SUMMARY OF PROGRAMS BY GRANTOR AGENCIES**

Year Ended June 30, 2025

(Continued)

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### **DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES - Aging and Nutrition**

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

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

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

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

### **DEPARTMENT OF COMMERCE - Montana Board of Housing**

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

### **COUNTY FUNDING - Other Programs**

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

### **LOCAL FUNDING - Other Programs**

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

# Rocky Mountain Development Council, Inc.

## SCHEDULE OF INDIRECT COST RECONCILIATION

June 30, 2025

### Expenditures for Operations

|  |               |
|--|---------------|
| Program services   | \$ 15,033,105 |
| General and administrative                                     | 2,258,815     |
| Recovery of indirect costs - general and administrative        | (1,070,126)   |
| Recovery of other allocated costs - general and administrative | (1,090,664)   |
| Fundraising  | 51,980        |

### Total Expenditures for Operations

15,183,110

### Less:

|   |             |
|---|-------------|
| Indirect costs - net of exclusions                      | (1,042,382) |
| <b>Exclusions:</b>                                      |             |
| Commodities   | (23,118)    |
| Depreciation  | (212,737)   |
| In-kind   | (331,983)   |
| Pass through  | (1,061,338) |
| Consolidated properties' expenses - net of eliminations | (4,254,152) |
| Assistance payments                                     | (483,644)   |
| <b>Other:</b>   |             |
| Loss on sale of asset                                   | (3,201)     |
| Wx supply inventory adjustment                          | (184)       |
| Other housing exclusions                                | (71,587)    |
| Money market fee  | (35)        |

### Indirect Cost Base Expenditures

7,698,749

### Indirect cost rate

13.90%

### Total Indirect Cost Charges

\$ 1,070,126

### Allocated Indirect Costs by Program

|                            |            |
|----------------------------|------------|
| Aging and Nutrition        | \$ 193,194 |
| Senior Volunteer           | 84,125     |
| Housing                    | 101,630    |
| Other                      | 28,958     |
| Child and Family           | 448,731    |
| Senior Activities          | 4,718      |
| Transportation             | 8,585      |
| Weatherization             | 65,391     |
| General and administrative | 130,836    |
| Fundraising                | 3,958      |

### Total Indirect Cost Charges to Programs

\$ 1,070,126

*See the independent auditors' report on the supplementary information.*

# Rocky Mountain Development Council, Inc.

## SCHEDULE OF TRANSFERS

June 30, 2025

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### County Mill Fund Transfers

#### Sources:

|                                       |            |
|---------------------------------------|------------|
| Carried forward from fiscal year 2024 | \$ 444,076 |
| Lewis & Clark County                  | 412,131    |
| Jefferson County                      | 65,816     |
| Broadwater County                     | 33,626     |
| Interest earned                       | 70         |
| Dividends                             | 6,821      |

---

|   |            |
|---|------------|
| <b>Total County Mill Funds Received</b> | \$ 962,540 |
|---|------------|

#### Program Recipients

|  |            |
|--|------------|
| Home Delivered Meals                         | \$ 319,801 |
| Congregate Meals                             | 195,334    |
| Senior Companion Program                     | 12,045     |
| Foster Grandparent Program                   | 9,478      |
| Retired Senior Volunteer Program             | 38,989     |
| Senior Services and Transportation and Space | 173,077    |
| Other  | 5          |

---

|  |         |
|--|---------|
| <b>Total County Mill Funds Transferred</b> | 748,729 |
|--|---------|

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|                                   |         |
|-----------------------------------|---------|
| Carry forward to fiscal year 2026 | 213,811 |
|-----------------------------------|---------|

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|                                |            |
|--------------------------------|------------|
| <b>Total County Mill Funds</b> | \$ 962,540 |
|--------------------------------|------------|

### Community Service Block Grant Transfers

#### Program recipients:

|                      |           |
|----------------------|-----------|
| Indirect Cost Pool   | \$ 10,191 |
| Commodities          | 6,190     |
| Home Delivered Meals | 15,000    |

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|  |           |
|--|-----------|
| <b>Total Community Service Block Grant Transfers</b> | \$ 31,381 |
|--|-----------|

*See the independent auditors' report on the supplementary information.*

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

| June 30, 2025   | Eagle Manor          |                   |                  |                     |                     |                              |                        |                     |                     |                   | Townsend            |                     |                      |                     |                  |                        |                      |         |         |  |
|---|----------------------|-------------------|------------------|---------------------|---------------------|------------------------------|------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|----------------------|---------------------|------------------|------------------------|----------------------|---------|---------|--|
|   | RMDC                 | RMFP              | ERI              | EMII                | EMIII               | Penkay Eagles<br>Manor, Inc. | Project<br>No. 2, Inc. | Big Boulder         | River Rock          | Ptarmigan         | Pheasant<br>Glen    | ERR                 | RA4                  | RA9                 | Housing Inc.     | Eliminations           | Consolidated         |         |         |  |
| <b>ASSETS</b>   |                      |                   |                  |                     |                     |                              |                        |                     |                     |                   |                     |                     |                      |                     |                  |                        |                      |         |         |  |
| <b>Current Assets</b>                                     |                      |                   |                  |                     |                     |                              |                        |                     |                     |                   |                     |                     |                      |                     |                  |                        |                      |         |         |  |
| Cash and cash equivalents - operations                    | \$ 2,213,503         | \$ 3,261          | \$ 49,092        | \$ 12,082           | \$ 9,778            | \$ 8,741                     | \$ -                   | \$ 35,054           | \$ 26,036           | \$ 4,759          | \$ 11,467           | \$ 12,456           | \$ 18,300            | \$ 35,221           | \$ 7,269         | \$ -                   | \$ 2,447,019         |         |         |  |
| Cash and cash equivalents - custodial                     | 121,940              | -                 | -                | -                   | -                   | -                            | -                      | -                   | -                   | -                 | -                   | -                   | -                    | -                   | -                | -                      | -                    | -       | 121,940 |  |
| Accounts receivable                                       | 92,641               | 6,596             | 3,196            | 3,178               | 2,808               | -                            | -                      | 29,078              | 2,036               | 1,016             | 6,756               | 26,572              | 17,158               | 13,559              | 6,737            | -                      | -                    | 211,331 |         |  |
| Related-party receivables                                 | 266,824              | -                 | 31,150           | -                   | -                   | -                            | -                      | -                   | -                   | -                 | 115                 | 2,797               | -                    | -                   | -                | -                      | (300,886)            | -       |         |  |
| Grants receivable   | 405,820              | -                 | -                | -                   | -                   | -                            | -                      | -                   | -                   | -                 | -                   | -                   | -                    | -                   | -                | -                      | -                    | 405,820 |         |  |
| Current portion of notes and interest receivable          | 15,447               | -                 | -                | -                   | -                   | -                            | -                      | -                   | -                   | -                 | -                   | -                   | -                    | -                   | -                | -                      | -                    | 15,447  |         |  |
| Prepaid deposits and expenses                             | 34,472               | -                 | -                | -                   | -                   | -                            | -                      | -                   | -                   | -                 | -                   | -                   | -                    | -                   | -                | -                      | -                    | 34,472  |         |  |
| Inventory   | 43,695               | -                 | 2,150            | -                   | -                   | -                            | -                      | -                   | -                   | -                 | -                   | -                   | -                    | -                   | -                | -                      | -                    | 45,845  |         |  |
| <b>Total Current Assets</b>                               | <b>3,194,342</b>     | <b>9,857</b>      | <b>85,588</b>    | <b>15,260</b>       | <b>12,586</b>       | <b>8,741</b>                 | <b>-</b>               | <b>64,132</b>       | <b>28,072</b>       | <b>5,775</b>      | <b>18,338</b>       | <b>41,825</b>       | <b>35,458</b>        | <b>48,780</b>       | <b>14,006</b>    | <b>(300,886)</b>       | <b>3,281,874</b>     |         |         |  |
| <b>Fixed Assets</b>                                       |                      |                   |                  |                     |                     |                              |                        |                     |                     |                   |                     |                     |                      |                     |                  |                        |                      |         |         |  |
| Land  | 161,366              | 22,495            | -                | 147,742             | 198,317             | -                            | -                      | 503,336             | 575,332             | 196,701           | 333,630             | 118,966             | -                    | 1,533,246           | 13,000           | -                      | 3,804,131            |         |         |  |
| Land improvements   | 99,003               | 9,824             | -                | 56,690              | 22,663              | -                            | -                      | 101,734             | 97,159              | 2,887             | 170,028             | 39,603              | 1,127,231            | 165,390             | -                | -                      | 1,892,212            |         |         |  |
| Leasehold improvements                                    | 502,785              | -                 | -                | -                   | -                   | -                            | -                      | -                   | -                   | -                 | -                   | -                   | -                    | -                   | -                | -                      | 502,785              |         |         |  |
| Buildings   | 1,544,409            | 190,832           | -                | 6,534,428           | 5,730,910           | -                            | -                      | 6,789,221           | 4,989,620           | 1,538,300         | 2,575,899           | 5,712,085           | 9,312,972            | 7,359,213           | 449,645          | (4,049,640)            | 48,677,894           |         |         |  |
| Equipment   | 1,347,112            | 12,925            | 43,567           | 90,741              | 123,603             | -                            | -                      | 164,225             | 216,305             | 87,184            | 55,704              | 143,295             | 177,180              | 190,961             | 41,074           | -                      | 2,693,876            |         |         |  |
| Construction in progress                                  | -                    | -                 | -                | -                   | -                   | -                            | -                      | -                   | -                   | -                 | -                   | -                   | -                    | -                   | -                | -                      | -                    | -       |         |  |
| Accumulated depreciation                                  | (1,786,139)          | (154,314)         | (38,130)         | (3,873,523)         | (2,507,680)         | -                            | -                      | (2,609,697)         | (1,771,572)         | (1,433,958)       | (1,637,109)         | (4,245,692)         | (1,459,204)          | (1,058,569)         | (472,903)        | -                      | (23,048,490)         |         |         |  |
| <b>Total Fixed Assets</b>                                 | <b>1,868,536</b>     | <b>81,762</b>     | <b>5,437</b>     | <b>2,956,078</b>    | <b>3,567,813</b>    | <b>-</b>                     | <b>-</b>               | <b>4,948,819</b>    | <b>4,106,844</b>    | <b>391,114</b>    | <b>1,498,152</b>    | <b>1,768,257</b>    | <b>9,158,179</b>     | <b>8,190,241</b>    | <b>30,816</b>    | <b>(4,049,640)</b>     | <b>34,522,408</b>    |         |         |  |
| <b>Other Assets</b>                                       |                      |                   |                  |                     |                     |                              |                        |                     |                     |                   |                     |                     |                      |                     |                  |                        |                      |         |         |  |
| Investments in partnerships                               | 6,110                | -                 | -                | -                   | -                   | (917)                        | (2,534)                | -                   | -                   | -                 | -                   | -                   | -                    | -                   | -                | (1,559)                | 1,100                |         |         |  |
| Cash restricted for security deposits and reserves        | 55,116               | 27,194            | -                | 234,503             | 64,495              | -                            | -                      | 206,872             | 255,162             | 116,211           | 138,726             | 348,950             | 354,966              | 216,953             | 25,732           | -                      | 2,044,880            |         |         |  |
| Cash and cash equivalents restricted for housing projects | 228,562              | -                 | -                | -                   | -                   | -                            | -                      | -                   | -                   | -                 | -                   | -                   | -                    | -                   | -                | -                      | 228,562              |         |         |  |
| Long-term related-party receivable                        | 58,912               | -                 | -                | -                   | -                   | -                            | -                      | -                   | -                   | -                 | -                   | -                   | -                    | -                   | -                | (57,145)               | 1,767                |         |         |  |
| Long-term notes and interest receivable                   | 15,881,964           | -                 | -                | -                   | -                   | 95,659                       | 414,786                | -                   | -                   | -                 | -                   | -                   | -                    | -                   | -                | (14,623,838)           | 1,768,571            |         |         |  |
| Operating lease right-of-use assets - net                 | 18,124               | -                 | -                | 233                 | 233                 | -                            | -                      | -                   | -                   | -                 | -                   | -                   | 233                  | -                   | -                | -                      | 18,823               |         |         |  |
| Prepaid ground lease                                      | -                    | -                 | -                | -                   | -                   | -                            | -                      | -                   | -                   | -                 | -                   | -                   | -                    | 573,708             | -                | (573,708)              | -                    |         |         |  |
| Deferred costs - net                                      | -                    | 245               | -                | -                   | -                   | -                            | -                      | -                   | 4,621               | -                 | -                   | -                   | 38,906               | 82,599              | -                | -                      | 126,371              |         |         |  |
| <b>Total Other Assets</b>                                 | <b>16,248,788</b>    | <b>27,439</b>     | <b>-</b>         | <b>234,736</b>      | <b>64,728</b>       | <b>94,742</b>                | <b>412,252</b>         | <b>206,872</b>      | <b>259,783</b>      | <b>116,211</b>    | <b>138,726</b>      | <b>349,183</b>      | <b>967,580</b>       | <b>299,552</b>      | <b>25,732</b>    | <b>(15,256,250)</b>    | <b>4,190,074</b>     |         |         |  |
| <b>TOTAL ASSETS</b>                                       | <b>\$ 21,311,666</b> | <b>\$ 119,058</b> | <b>\$ 91,025</b> | <b>\$ 3,206,074</b> | <b>\$ 3,645,127</b> | <b>\$ 103,483</b>            | <b>\$ 412,252</b>      | <b>\$ 5,219,823</b> | <b>\$ 4,394,699</b> | <b>\$ 513,100</b> | <b>\$ 1,655,216</b> | <b>\$ 2,159,265</b> | <b>\$ 10,161,217</b> | <b>\$ 8,538,573</b> | <b>\$ 70,554</b> | <b>\$ (19,606,776)</b> | <b>\$ 41,994,356</b> |         |         |  |
| <b>LIABILITIES AND NET ASSETS</b>                         |                      |                   |                  |                     |                     |                              |                        |                     |                     |                   |                     |                     |                      |                     |                  |                        |                      |         |         |  |
| <b>Current Liabilities</b>                                |                      |                   |                  |                     |                     |                              |                        |                     |                     |                   |                     |                     |                      |                     |                  |                        |                      |         |         |  |
| Accounts payable and accrued expenses                     | \$ 427,520           | \$ 56,321         | \$ 35,684        | \$ 64,244           | \$ 103,740          | \$ 31,941                    | \$ 25,204              | \$ 25,754           | \$ 19,206           | \$ 10,815         | \$ 11,038           | \$ 112,957          | \$ 40,421            | \$ 38,057           | \$ 36,385        | \$ (358,031)           | \$ 681,256           |         |         |  |
| Cash and cash equivalents - custodial - held for others   | 121,940              | -                 | -                | -                   | -                   | -                            | -                      | -                   | -                   | -                 | -                   | -                   | -                    | -                   | -                | -                      | 121,940              |         |         |  |
| Compensated absences                                      | 385,478              | -                 | -                | -                   | -                   | -                            | -                      | -                   | -                   | -                 | -                   | -                   | -                    | -                   | -                | -                      | 385,478              |         |         |  |
| Refundable advances and deferred revenue                  | 290,989              | 2,093             | 1,754            | 19,167              | 13,192              | -                            | -                      | 12,450              | 13,485              | 6,238             | 12,348              | 34,742              | 19,171               | 11,284              | 2,964            | -                      | 439,877              |         |         |  |
| Current portion of notes and interest payable             | 2,800                | 5,630             | -                | 3,637               | 14,438              | -                            | -                      | 6,647               | -                   | 9,538             | 13,243              | 10,097              | 66,669               | 47,210              | 24,104           | -                      | 204,013              |         |         |  |
| Current portion of operating lease liability              | 11,401               | -                 | -                | 335                 | 335                 | -                            | -                      | -                   | -                   | -                 | -                   | 335                 | -                    | -                   | -                | -                      | 12,406               |         |         |  |
| <b>Total Current Liabilities</b>                          | <b>1,240,128</b>     | <b>64,044</b>     | <b>37,438</b>    | <b>87,383</b>       | <b>131,705</b>      | <b>31,9</b>                  |                        |                     |                     |                   |                     |                     |                      |                     |                  |                        |                      |         |         |  |

# Rocky Mountain Development Council, Inc.

## CONSOLIDATING SCHEDULE OF ACTIVITIES

| Year Ended June 30, 2025   | Rocky                | RMFP                | ERI                | EMII                | EMIII               | Penkay Eagles<br>Manor, Inc. | Project<br>No. 2, Inc. | Big Boulder         | River Rock          | Ptarmigan           | Pheasant<br>Glen    | ERR                   | RA4                 | RA9                 | Townsend<br>Housing Inc. | Eliminations          | Consolidated         |
|--|----------------------|---------------------|--------------------|---------------------|---------------------|------------------------------|------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|--------------------------|-----------------------|----------------------|
| <b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>                         |                      |                     |                    |                     |                     |                              |                        |                     |                     |                     |                     |                       |                     |                     |                          |                       |                      |
| <b>Revenues, Gains, and Other Support</b>                                      |                      |                     |                    |                     |                     |                              |                        |                     |                     |                     |                     |                       |                     |                     |                          |                       |                      |
| Grants - federal   | \$ 6,558,486         | \$ 54,993           | \$ -               | \$ 158,447          | \$ 66,429           | \$ -                         | \$ -                   | \$ 248,278          | \$ 41,985           | \$ 49,437           | \$ 62,813           | \$ 143,308            | \$ 271,595          | \$ 231,478          | \$ 67,330                | \$ -                  | \$ 7,954,579         |
| Grants - other   | 1,405,469            | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 1,405,469            |
| County tax   | 17,404               | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 17,404               |
| Local support  | 6,190                | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 6,190                |
| Fundraising and donations  | 317,224              | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 317,224              |
| Program service  | 1,936,886            | 22,380              | 241,610            | 224,092             | 224,091             | -                            | -                      | 162,609             | 165,092             | 91,192              | 157,056             | 393,269               | 279,782             | 187,711             | 78,033                   | (1,119,986)           | 3,043,817            |
| Other  | 52,095               | 7,998               | 246,655            | 898                 | 1,509               | 1,155                        | 10,868                 | 811                 | 1,233               | 377                 | 435                 | 1,478                 | 1,211               | 10,325              | -                        | (235,167)             | 101,881              |
| In-kind contributions  | 331,983              | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 331,983              |
| Net assets released from restrictions  | 752,555              | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 752,555              |
| <b>Total Revenues, Gains, and Other Support<br/>Without Donor Restrictions</b> | <b>11,378,292</b>    | <b>85,371</b>       | <b>488,265</b>     | <b>383,437</b>      | <b>292,029</b>      | <b>1,155</b>                 | <b>10,868</b>          | <b>411,698</b>      | <b>208,310</b>      | <b>141,006</b>      | <b>220,304</b>      | <b>538,055</b>        | <b>552,588</b>      | <b>429,514</b>      | <b>145,363</b>           | <b>(1,355,153)</b>    | <b>13,931,102</b>    |
| <b>Expenses</b>  |                      |                     |                    |                     |                     |                              |                        |                     |                     |                     |                     |                       |                     |                     |                          |                       |                      |
| <b>Program:</b>  |                      |                     |                    |                     |                     |                              |                        |                     |                     |                     |                     |                       |                     |                     |                          |                       |                      |
| Aging and Nutrition  | 3,053,498            | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 3,053,498            |
| Senior Volunteer   | 726,005              | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 726,005              |
| Housing  | 984,862              | 90,417              | 519,960            | 630,488             | 483,912             | 9,544                        | 5,187                  | 555,636             | 332,128             | 222,266             | 330,841             | 835,922               | 872,315             | 563,886             | 156,943                  | (1,355,293)           | 5,239,014            |
| Other  | 215,869              | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 215,869              |
| Child and Family   | 4,478,576            | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 4,478,576            |
| Senior Activities  | 141,781              | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 141,781              |
| Transportation   | 67,196               | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 67,196               |
| Weatherization   | 1,111,166            | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 1,111,166            |
| <b>Total Program Expenses</b>  | <b>10,778,953</b>    | <b>90,417</b>       | <b>519,960</b>     | <b>630,488</b>      | <b>483,912</b>      | <b>9,544</b>                 | <b>5,187</b>           | <b>555,636</b>      | <b>332,128</b>      | <b>222,266</b>      | <b>330,841</b>      | <b>835,922</b>        | <b>872,315</b>      | <b>563,886</b>      | <b>156,943</b>           | <b>(1,355,293)</b>    | <b>15,033,105</b>    |
| General and administrative   | 2,258,815            | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 2,258,815            |
| Recovery of indirect costs from programs                                       | (1,070,126)          | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | (1,070,126)          |
| Recovery of other allocated costs from programs                                | (1,090,664)          | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | (1,090,664)          |
| <b>General and Administrative - Net</b>  | <b>98,025</b>        | <b>-</b>            | <b>-</b>           | <b>-</b>            | <b>-</b>            | <b>-</b>                     | <b>-</b>               | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>              | <b>-</b>            | <b>-</b>            | <b>-</b>                 | <b>-</b>              | <b>98,025</b>        |
| Fundraising  | 51,980               | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 51,980               |
| <b>Total Expenses</b>  | <b>10,928,958</b>    | <b>90,417</b>       | <b>519,960</b>     | <b>630,488</b>      | <b>483,912</b>      | <b>9,544</b>                 | <b>5,187</b>           | <b>555,636</b>      | <b>332,128</b>      | <b>222,266</b>      | <b>330,841</b>      | <b>835,922</b>        | <b>872,315</b>      | <b>563,886</b>      | <b>156,943</b>           | <b>(1,355,293)</b>    | <b>15,183,110</b>    |
| <b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>                         | <b>449,334</b>       | <b>(5,046)</b>      | <b>(31,695)</b>    | <b>(247,051)</b>    | <b>(191,883)</b>    | <b>(8,389)</b>               | <b>5,681</b>           | <b>(143,938)</b>    | <b>(123,818)</b>    | <b>(81,260)</b>     | <b>(110,537)</b>    | <b>(297,867)</b>      | <b>(319,727)</b>    | <b>(134,372)</b>    | <b>(11,580)</b>          | <b>140</b>            | <b>(1,252,008)</b>   |
| <b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>                            |                      |                     |                    |                     |                     |                              |                        |                     |                     |                     |                     |                       |                     |                     |                          |                       |                      |
| Contributions  | 521,573              | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | 521,573              |
| Net assets released from restrictions  | (752,555)            | -                   | -                  | -                   | -                   | -                            | -                      | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                        | -                     | (752,555)            |
| <b>Change in Net Assets With Donor Restrictions</b>                            | <b>(230,982)</b>     | <b>-</b>            | <b>-</b>           | <b>-</b>            | <b>-</b>            | <b>-</b>                     | <b>-</b>               | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>              | <b>-</b>            | <b>-</b>            | <b>-</b>                 | <b>-</b>              | <b>(230,982)</b>     |
| <b>Change in Net Assets</b>  | <b>218,352</b>       | <b>(5,046)</b>      | <b>(31,695)</b>    | <b>(247,051)</b>    | <b>(191,883)</b>    | <b>(8,389)</b>               | <b>5,681</b>           | <b>(143,938)</b>    | <b>(123,818)</b>    | <b>(81,260)</b>     | <b>(110,537)</b>    | <b>(297,867)</b>      | <b>(319,727)</b>    | <b>(134,372)</b>    | <b>(11,580)</b>          | <b>140</b>            | <b>(1,482,990)</b>   |
| <b>Net Assets - Beginning of Year</b>  | <b>19,621,370</b>    | <b>(100,903)</b>    | <b>(54,987)</b>    | <b>2,006,682</b>    | <b>2,083,922</b>    | <b>79,931</b>                | <b>381,367</b>         | <b>4,645,607</b>    | <b>3,233,016</b>    | <b>(312,075)</b>    | <b>(301,152)</b>    | <b>(1,357,621)</b>    | <b>2,217,394</b>    | <b>5,386,228</b>    | <b>12,604</b>            | <b>(4,051,339)</b>    | <b>33,490,044</b>    |
| <b>Net Assets - End of Year</b>  | <b>\$ 19,839,722</b> | <b>\$ (105,949)</b> | <b>\$ (86,682)</b> | <b>\$ 1,759,631</b> | <b>\$ 1,892,039</b> | <b>\$ 71,542</b>             | <b>\$ 387,048</b>      | <b>\$ 4,501,669</b> | <b>\$ 3,109,198</b> | <b>\$ (393,335)</b> | <b>\$ (411,689)</b> | <b>\$ (1,655,488)</b> | <b>\$ 1,897,667</b> | <b>\$ 5,251,856</b> | <b>\$ 1,024</b>          | <b>\$ (4,051,199)</b> | <b>\$ 32,007,054</b> |

See the independent auditors' report on the supplementary information.

# Rocky Mountain Development Council, Inc.

## SCHEDULE OF CONSOLIDATING ELIMINATIONS

| June 30, 2025   | Rocky                | RMFP               | ERI               | EM II               | EM III              | Penkay<br>Eagles<br>Manor, Inc. | Eagle Manor<br>Project<br>No. 2, Inc. | Big Boulder         | River Rock          | Ptarmigan          | Pheasant<br>Glen    | ERR                 | RA4                 | RA9                 | Townsend<br>Housing Inc. | Total                |
|---|----------------------|--------------------|-------------------|---------------------|---------------------|---------------------------------|---------------------------------------|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|--------------------------|----------------------|
| <b>ASSETS</b>   |                      |                    |                   |                     |                     |                                 |                                       |                     |                     |                    |                     |                     |                     |                     |                          |                      |
| Related-party receivables                               | \$ 266,824           | \$ -               | \$ 31,150         | \$ 656,109          | \$ 727,539          | \$ -                            | \$ -                                  | \$ 912,340          | \$ 791,410          | \$ -               | \$ 115              | \$ 2,797            | \$ -                | \$ 562,879          | \$ 399,363               | \$ 300,886           |
| Buildings   | -                    | -                  | -                 | 656,109             | 727,539             | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | 562,879             | 399,363                  | 4,049,640            |
| Investment in housing                                   | 5,010                | -                  | -                 | -                   | -                   | (917)                           | (2,534)                               | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | 1,559                |
| Long-term accounts receivable                           | 57,145               | -                  | -                 | -                   | -                   | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | 57,145               |
| Long-term notes and interest receivable                 | 14,113,393           | -                  | -                 | -                   | -                   | 95,659                          | 414,786                               | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | 14,623,838           |
| Prepaid ground lease receivable (RA4/RA9 ground lease)  | -                    | -                  | -                 | -                   | -                   | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | 573,708             | -                        | 573,708              |
| <b>TOTAL ASSETS</b>                                     | <b>\$ 14,442,372</b> | <b>\$ -</b>        | <b>\$ 31,150</b>  | <b>\$ 656,109</b>   | <b>\$ 727,539</b>   | <b>\$ 94,742</b>                | <b>\$ 412,252</b>                     | <b>\$ 912,340</b>   | <b>\$ 791,410</b>   | <b>\$ -</b>        | <b>\$ 115</b>       | <b>\$ 2,797</b>     | <b>\$ 1,136,587</b> | <b>\$ 399,363</b>   | <b>\$ -</b>              | <b>\$ 19,606,776</b> |
| <b>LIABILITIES</b>                                      |                      |                    |                   |                     |                     |                                 |                                       |                     |                     |                    |                     |                     |                     |                     |                          |                      |
| Accounts payable to Rocky                               | \$ -                 | \$ 51,142          | \$ 5,334          | \$ 37,649           | \$ 11,048           | \$ 31,941                       | \$ 25,204                             | \$ 13,615           | \$ 5,076            | \$ 4,821           | \$ 6,101            | \$ 82,000           | \$ 9,892            | \$ 7,597            | \$ 32,549                | \$ 323,969           |
| Accounts payable to RMDC Eagle Rock, Inc.               | -                    | -                  | -                 | 5,161               | 5,063               | -                               | -                                     | 27                  | 2,422               | 2,116              | 2,092               | 11,514              | 1,106               | 1,485               | 164                      | 31,150               |
| Accounts payable to EM I                                | -                    | -                  | -                 | 2,368               | 429                 | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | 2,797                |
| Accounts payable to Big Boulder                         | -                    | -                  | -                 | -                   | -                   | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | -                    |
| Accounts payable to EM III                              | -                    | -                  | -                 | -                   | -                   | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | -                    |
| Accounts payable to Pheasant Glen                       | -                    | -                  | -                 | -                   | -                   | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | 115                 | -                        | 115                  |
| Accounts payable to River Rock                          | -                    | -                  | -                 | -                   | -                   | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | -                    |
| Notes and interest payable to Rocky                     | -                    | -                  | 140,269           | 866,659             | 1,328,525           | -                               | -                                     | 481,951             | 1,252,810           | 819,552            | 1,619,129           | 3,339,586           | 4,029,204           | 235,708             | -                        | 14,113,393           |
| Notes and interest payable to Penkay Eagles Manor, Inc. | -                    | -                  | -                 | -                   | -                   | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | 95,659              | -                        | 95,659               |
| Notes and interest payable to EM Project No. 2, Inc.    | -                    | -                  | -                 | 414,786             | -                   | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | 414,786              |
| Refundable advances and deferred revenue                | -                    | -                  | -                 | -                   | -                   | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | 573,708             | -                        | 573,708              |
| <b>TOTAL LIABILITIES</b>                                | <b>-</b>             | <b>51,142</b>      | <b>145,603</b>    | <b>1,326,623</b>    | <b>1,345,065</b>    | <b>31,941</b>                   | <b>25,204</b>                         | <b>495,593</b>      | <b>1,260,308</b>    | <b>826,489</b>     | <b>1,627,322</b>    | <b>3,433,100</b>    | <b>4,135,976</b>    | <b>818,498</b>      | <b>32,713</b>            | <b>15,555,577</b>    |
| <b>NET ASSETS</b>                                       |                      |                    |                   |                     |                     |                                 |                                       |                     |                     |                    |                     |                     |                     |                     |                          |                      |
| Net assets without restrictions                         | -                    | -                  | -                 | 656,109             | 727,539             | -                               | -                                     | 912,340             | 791,410             | -                  | -                   | -                   | 562,879             | 399,363             | -                        | 4,049,640            |
| Paid-in capital   | -                    | 5,010              | -                 | -                   | -                   | (917)                           | (2,534)                               | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | 1,559                |
| <b>TOTAL NET ASSETS</b>                                 | <b>-</b>             | <b>5,010</b>       | <b>-</b>          | <b>656,109</b>      | <b>727,539</b>      | <b>(917)</b>                    | <b>(2,534)</b>                        | <b>912,340</b>      | <b>791,410</b>      | <b>-</b>           | <b>-</b>            | <b>-</b>            | <b>562,879</b>      | <b>399,363</b>      | <b>-</b>                 | <b>4,051,199</b>     |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                 | <b>\$ -</b>          | <b>\$ 56,152</b>   | <b>\$ 145,603</b> | <b>\$ 1,982,732</b> | <b>\$ 2,072,604</b> | <b>\$ 31,024</b>                | <b>\$ 22,670</b>                      | <b>\$ 1,407,933</b> | <b>\$ 2,051,718</b> | <b>\$ 826,489</b>  | <b>\$ 1,627,322</b> | <b>\$ 3,433,100</b> | <b>\$ 4,698,855</b> | <b>\$ 1,217,861</b> | <b>\$ 32,713</b>         | <b>\$ 19,606,776</b> |
| <b>REVENUE</b>  |                      |                    |                   |                     |                     |                                 |                                       |                     |                     |                    |                     |                     |                     |                     |                          |                      |
| Rocky service fees                                      | \$ 844,801           | \$ -               | \$ -              | \$ -                | \$ -                | \$ -                            | \$ -                                  | \$ -                | \$ -                | \$ -               | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                     | \$ 844,801           |
| Eagle Rock service fees                                 | -                    | -                  | 265,514           | -                   | -                   | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | 265,514              |
| Ground lease revenue from RA4 to RA9                    | -                    | -                  | -                 | -                   | -                   | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | -                   | 9,671                    | -                    |
| Partnership fees  | -                    | -                  | -                 | -                   | -                   | -                               | 7,129                                 | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | 7,129                |
| Interest on note due from RA4                           | -                    | -                  | -                 | -                   | -                   | 1,146                           | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | 1,146                |
| Interest on note due from EM II                         | -                    | -                  | -                 | -                   | -                   | 3,739                           | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | 3,739                |
| Interest on notes due from related organizations        | 223,153              | -                  | -                 | -                   | -                   | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | 223,153              |
| <b>TOTAL REVENUE</b>                                    | <b>1,067,954</b>     | <b>-</b>           | <b>265,514</b>    | <b>-</b>            | <b>-</b>            | <b>1,146</b>                    | <b>10,868</b>                         | <b>-</b>            | <b>-</b>            | <b>-</b>           | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>9,671</b>        | <b>-</b>                 | <b>1,355,153</b>     |
| <b>EXPENSES</b>   |                      |                    |                   |                     |                     |                                 |                                       |                     |                     |                    |                     |                     |                     |                     |                          |                      |
| Expenses from Rocky service fees                        | -                    | 28,321             | 24,471            | 96,761              | 62,416              | -                               | -                                     | 124,616             | 45,690              | 39,603             | 52,018              | 167,832             | 97,973              | 77,117              | 27,983                   | 844,801              |
| Expenses from Eagle Rock service fees                   | 2,395                | -                  | -                 | 52,117              | 27,251              | -                               | -                                     | 292                 | 23,212              | 21,001             | 20,758              | 73,533              | 21,623              | 21,040              | 2,292                    | 265,514              |
| Partnership fees  | -                    | -                  | -                 | -                   | -                   | -                               | -                                     | -                   | 7,129               | -                  | -                   | -                   | -                   | -                   | -                        | 7,129                |
| Activity recorded from partnership K1s                  | -                    | -                  | -                 | -                   | -                   | 104                             | 38                                    | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | 142                  |
| Ground lease payment from RA4 to RA9                    | -                    | -                  | 3,739             | -                   | -                   | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | 9,669               | -                        | 9,669                |
| Interest on note due to EM Proj No. 2                   | -                    | -                  | -                 | -                   | -                   | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | -                   | -                   | -                        | 3,739                |
| Interest on note due to PEM Inc.                        | -                    | -                  | -                 | -                   | -                   | -                               | -                                     | -                   | -                   | -                  | -                   | -                   | 1,146               | -                   | -                        | 1,146                |
| Interest on notes due to Rocky                          | -                    | -                  | -                 | -                   | 31,288              | -                               | -                                     | 4,476               | 26,960              | 6,964              | 39,199              | 59,677              | 49,798              | 4,791               | -                        | 223,153              |
| <b>TOTAL EXPENSES</b>                                   | <b>2,395</b>         | <b>28,321</b>      | <b>24,471</b>     | <b>152,617</b>      | <b>120,955</b>      | <b>104</b>                      | <b>38</b>                             | <b>129,384</b>      | <b>102,991</b>      | <b>67,568</b>      | <b>111,975</b>      | <b>301,042</b>      | <b>180,209</b>      | <b>102,948</b>      | <b>30,275</b>            | <b>1,355,293</b>     |
| <b>CHANGE IN NET ASSETS DUE TO ELIMINATIONS</b>         | <b>\$ 1,065,559</b>  | <b>\$ (28,321)</b> | <b>\$ 241,043</b> | <b>\$ (152,617)</b> | <b>\$ (120,955)</b> | <b>\$ 1,042</b>                 | <b>\$ 10,830</b>                      | <b>\$ (129,384)</b> | <b>\$ (102,991)</b> | <b>\$ (67,568)</b> | <b>\$ (111,975)</b> | <b>\$ (301,042)</b> | <b>\$ (180,209)</b> | <b>\$ (93,277)</b>  | <b>\$ (30,275)</b>       | <b>(140)</b>         |

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