



**HUMAN RESOURCE DEVELOPMENT COUNCIL
OF DISTRICT IX, INC.**

AUDITED CONSOLIDATED
FINANCIAL STATEMENTS
For the Years Ended
June 30, 2016 and 2015

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

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Management Discussion & Analysis

The 2015-16 fiscal year was a year of transition for HRDC – as we celebrated 35 years of service from our long-term President and CEO, Jeff Rupp, and passed the torch to a long-term community and HRDC advocate, Heather Grenier.

Our Streamline Program celebrated 10 years of service and provided over 300,000 rides while sporting a new look and improved ride. New endeavors included planning and construction of our first Social Enterprise Venture, the Higher Ground Coffee Hut, extensive time planning an in-depth financial education curriculum designed to meet our customers wherever they are, full time Galavan service to the Three Forks Community, our first year of Preschool Education for four year olds in the Bozeman School District, a strong focus on expanding access to services for our rural senior populations, and a case study of the cost of homelessness in our community to evaluate the most financially responsible approach to serving that growing population.

Affordable housing continues to dominate our conversations not only in Bozeman, but in Belgrade, Livingston, West Yellowstone, Big Sky, and Gardiner. We invested in new housing developments and partnerships with the City of Bozeman to continue to grow homeownership opportunities in Bozeman and have plans in varying stages of approval and development for more than 100 units across the Valley in 2017.

A continued challenge for us is the housing market in our service area. The cost of housing has created many trickle down effects for our working families. More and more, we need to partner with them to plan carefully to be able to maintain that housing and reduce other household expenditures so that a stable financial future is feasible.

In the face of these challenges, our community support is more important than ever. We engaged more volunteers in our family of services than ever before, a record 17,000 hours documented. HRDC raised more than \$1,000,000 to help support the community members that look to us for help. We also leveraged over \$6,000,000 in grant revenue to meet our community's needs. However, with more than 11,000 customers across our service area, investing only around \$600 per customer does not allow us to help them overcome their financial and other struggles in perpetuity. Short term solutions are employed in a very efficient and effective capacity across transportation, childcare, housing, youth training, energy, food and nutrition, and senior independence initiatives. However, long-term change in the realm of community and economic development requires a longer-term planning, additional financial investment, and effective public and private partnerships to significantly impact change.

Financially, HRDC continues to have a strong balance sheet, as evidenced by our debt-to-assets ratio of 11% based on HRDC's Consolidated Statement of Financial Position at June 30, 2016. HRDC's long-term debt (loans payable) of \$2.1 million is all directly related to affordable housing properties and other buildings we own and utilize to operate HRDC's ongoing programs and activities. HRDC continues to operate very efficiently. Our combined administration and fundraising expense ratio is less than 8% of our total annual expenses of operations based on HRDC's Consolidated Statement of Functional Expenses for fiscal year 2015-16.

In addition to our 2015-16 ongoing operations, HRDC's Consolidated Statement of Activities for the fiscal year ended June 30, 2016 includes a nonrecurring capital grant of \$657,410 to assist with the purchase of two heavy duty buses to help meet growing public transportation needs in the communities we serve. The prior fiscal year 2014-15 also included nonrecurring activities, primarily centered on the successful completion of Phase 3 of our West Edge Condominium development project. Excluding these nonrecurring activities, HRDC had ongoing revenues of \$13.33 million and expenses of \$13.8 million in fiscal year 2015-16, compared with ongoing revenues of \$11.7 million and expenses of \$12.1 million in the prior fiscal year 2014-15. In short, HRDC's programs and activities, taken as a whole, used more resources to sustain ongoing operations than we received and mobilized in resources.

The revenues reported in HRDC's Consolidated Statement of Activities also include \$3.5 million in non-cash contributions of food received from donors in fiscal year 2015-16, as required by U.S. generally accepted accounting principles, and the reported expenses include a corresponding amount of non-cash distributions of food to customers. These non-cash contributions and distributions of food are valued at \$1.70 per pound, which is the industry standard estimate of their fair market value. If these non-cash contributions and distributions of food were also excluded, in addition to the nonrecurring activities excluded in the paragraph above, HRDC's adjusted ongoing revenues would be \$9.8 million and adjusted ongoing expenses would be \$10.2 million for fiscal year 2015-16.

Additional information on the revenues, expenses, and net results of the ongoing, individual programs and activities of HRDC is reported in the supplemental schedules found on pages 57-102.

As we look to 2017, our focus will be to generate enough resources to sustain our absolutely essential programs such as our Community Café, Food Banks, and our Warming Center. We are currently in the final phases of completing our Community Needs Assessment that will lead us into planning for a larger impact for our community's vulnerable populations that will be incorporated into our strategic plan. One of those items will include creating new solutions to our local approach to homelessness.

We will continue to forge new ground in early childhood education with opportunities presented to us through the Preschool Development Grant and expansion of our Head Start programming to include full day programming. We will be launching a capital campaign to relocate our Headwaters Area Food Bank, providing food and our full family of services to the Three Forks and surrounding communities. We will incorporate workforce development and advancement as well as financial skills into all of our programming, providing a road map to success for every customer and community we invest in.

We will preserve, plan, and build new affordable housing – ensuring a vibrant and economically diverse community for the future.

We will also continue to fight the symptoms of poverty on the ground, as housing and food are essential for anyone to be successful, but will be looking to create systems and partnerships that generate longer-term change and success for our community.

Thank you to all of our partners, volunteers, and donors that make our community programs possible, together we are making a positive impact on more than 11,000 lives every year.





RANDALL & PETERSON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Human Resource Development Council of District IX, Inc. (the HRDC), a nonprofit corporation, and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the HRDC and its subsidiaries as of June 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental schedules on pages 44 to 102 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2017, on our consideration of the HRDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 the HRDC's internal control over financial reporting and compliance.



Randall & Peterson, P.C.
Missoula, Montana
January 24, 2017

FINANCIAL STATEMENTS

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,630,512	\$ 2,658,785
Escrow and Building Reserves	446,378	291,569
Certificates of Deposit	110,082	18,150
Receivables: (Note 2)		
Grantors	826,536	783,753
Accounts (net of allowance)	783,611	825,469
Prepaid Expenses	52,050	40,231
Investments	832,456	817,736
Inventory - Supplies and Food Bank	271,864	215,774
Inventory - Condominiums - Federal Constraints	411,384	411,384
Deferred Loans Receivable		
(net of allowance) (Note 2)	3,730,266	4,046,870
Investment in Partnership	312,904	312,991
Property and Equipment, Federal Constraints,		
Net of Depreciation (Note 4)	7,118,409	6,633,755
Property and Equipment, Net of Depreciation (Note 4)	<u>1,604,687</u>	<u>1,605,911</u>
TOTAL ASSETS	<u><u>\$ 19,131,139</u></u>	<u><u>\$ 18,662,378</u></u>

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

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION, continued
As of June 30, 2016 and 2015

	2016	2015
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 443,699	\$ 328,813
Accrued Liabilities	288,243	224,646
Accrued Vacation and Paid Time Off	183,712	151,419
Accrued Sick Leave	47,964	56,620
Rent Deposits	37,305	42,219
Unearned Revenue (Note 5)	33,125	8,500
Notes Payable (Note 6)	2,116,755	2,090,929
TOTAL LIABILITIES	\$ 3,150,803	\$ 2,903,146
NET ASSETS		
Unrestricted	\$ 7,008,719	\$ 7,264,340
HRDC General Endowment Fund	2,450	2,450
Unrestricted - Federally Constrained		
Inventory and Capital Assets	7,529,793	7,045,139
Temporarily Restricted	1,439,373	1,447,303
TOTAL NET ASSETS	\$ 15,980,335	\$ 15,759,232
TOTAL LIABILITIES AND NET ASSETS	\$ 19,131,139	\$ 18,662,378

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

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ending June 30, 2016 and 2015

	2016	2015
UNRESTRICTED NET ASSETS		
REVENUE:		
Grant Revenue	\$ 6,288,861	\$ 5,159,239
Contract Revenue	1,245,961	1,199,019
Rental Income	903,501	868,648
Gallatin County/City of Bozeman	298,841	267,482
Sale of Homes	111,716	3,543,882
Contributions:		
Food	3,510,247	3,205,204
United Way	92,500	73,915
Other	1,027,666	802,392
Investment Income	36,676	40,080
Fund Raising	250,169	192,805
Other	28,786	39,362
Temporarily Restricted Net Assets Released	197,535	225,995
TOTAL REVENUE	\$ 13,992,459	\$ 15,618,023
EXPENSES:		
Program		
Energy	\$ 1,076,560	\$ 1,054,042
Nutrition	4,546,141	4,224,514
Senior Citizens	255,134	259,303
Community Development	330,304	478,987
Economic and Youth Development	381,610	272,598
Housing	2,067,877	6,193,406
Head Start	2,063,293	1,565,706
Transportation	1,985,436	1,878,765
Total Program	\$ 12,706,355	\$ 15,927,321
Supporting		
Administration	849,031	747,026
Fundraising	208,040	221,375
Total Supporting	\$ 1,057,071	\$ 968,401
TOTAL EXPENSES	\$ 13,763,426	\$ 16,895,722
CHANGE IN UNRESTRICTED NET ASSETS	\$ 229,033	\$ (1,277,699)

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

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

CONSOLIDATED STATEMENTS OF ACTIVITIES, continued
For the Years Ending June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
TEMPORARILY RESTRICTED NET ASSETS		
Temporarily Restricted Contributions	\$ 189,605	\$ 446,525
Net Assets Released from Restrictions	<u>(197,535)</u>	<u>(225,995)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	\$ <u>(7,930)</u>	\$ <u>220,530</u>
 CHANGE IN TOTAL NET ASSETS	 \$ 221,103	 \$ (1,057,169)
NET ASSETS, Beginning of Fiscal Year		
Unrestricted	\$ 14,311,929	\$ 15,587,178
Temporarily Restricted	<u>1,447,303</u>	<u>1,226,773</u>
	\$ <u>15,759,232</u>	\$ <u>16,813,951</u>
 TOTAL NET ASSETS, End of Fiscal Year		
Unrestricted	\$ 14,540,962	\$ 14,311,929
Temporarily Restricted	<u>1,439,373</u>	<u>1,447,303</u>
	\$ <u>15,980,335</u>	\$ <u>15,759,232</u>

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

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016**

DESCRIPTION	Program					
	Energy	Nutrition	Senior Citizens	Community Development	Economic & Youth Development	Housing
Salaries	\$ 251,592	\$ 480,681	\$ 170,992	\$ 135,628	\$ 139,714	\$ 524,126
Payroll Taxes and Benefits	71,345	138,828	49,104	41,272	44,022	156,129
Trainee Wages and Benefits	-	-	-	-	111,002	-
Space and Occupancy Costs	25,235	81,776	8,064	28,317	19,126	219,758
Travel and Transportation	16,374	8,252	7,925	7,393	12,506	7,059
Contract Services	486,622	14,162	135	54,787	2,695	115,604
Legal and Audit	-	-	-	1,027	1,269	8,414
Client Assistance	178,984	9	-	-	9,551	425,733
Insurance	4,886	19,430	6,884	1,935	1,902	31,745
Food	-	3,615,096	-	-	-	-
Office Costs	6,937	14,843	2,472	23,964	4,502	22,083
Supplies	14,880	33,267	4,321	317	3,464	26,617
Repairs and Maintenance	1,097	20,190	-	1,250	2,811	218,309
Outreach	849	11,110	590	1,089	1,798	4,849
Training	2,481	1,554	1,646	270	16,279	12,787
Interest	-	14,589	-	-	2,413	20,151
Depreciation	14,099	55,754	1,582	5,680	7,447	156,374
Amortization	-	-	-	20,475	-	-
Bad Debts	-	-	-	-	-	33,944
Loans Forgiven	-	-	-	-	-	63,145
Subgrants	-	-	-	4,595	-	-
Closing Costs and Housing Fees	-	-	-	-	-	1,984
Investment Fees	-	-	-	-	-	-
Fundraising	-	31,553	-	-	86	2,781
Nonoperating Expense	-	-	-	-	-	-
Other	1,179	5,047	1,419	2,305	1,023	16,285
TOTAL EXPENSES	\$ 1,076,560	\$ 4,546,141	\$ 255,134	\$ 330,304	\$ 381,610	\$ 2,067,877
	7.82%	33.03%	1.85%	2.40%	2.77%	15.03%

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

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES, continued
For the Year Ended June 30, 2016

DESCRIPTION	Program		Supporting		TOTAL
	Head Start	Transportation	Administration	Fund Raising	
Salaries	\$ 889,231	\$ 308,108	\$ 458,582	\$ 83,089	\$ 3,441,743
Payroll Taxes and Benefits	271,381	81,195	97,378	21,504	972,158
Trainee Wages and Benefits	-	-	-	-	111,002
Space and Occupancy Costs	73,975	32,608	80,591	6,773	576,223
Travel and Transportation	15,048	134,631	5,158	-	214,346
Contract Services	437,634	649,998	5,902	32,136	1,799,675
Legal and Audit	-	880	31,323	-	42,913
Client Assistance	21,081	898	-	-	636,256
Insurance	17,663	67,113	7,493	548	159,599
Food	52,736	-	-	-	3,667,832
Office Costs	46,886	11,392	60,960	5,892	199,931
Supplies	108,005	7,885	7,590	6,793	213,139
Repairs and Maintenance	11,971	338,504	13,983	-	608,115
Outreach	5,388	31,763	8,369	44,773	110,578
Training	26,539	7,482	11,224	1,381	81,643
Interest	6,311	-	28,984	-	72,448
Depreciation	70,201	226,667	12,534	1,730	552,068
Amortization	-	26,100	-	-	46,575
Bad Debts	-	-	-	-	33,944
Loans Forgiven	-	-	-	-	63,145
Subgrants	-	-	-	-	4,595
Closing Costs and Housing Fees	-	-	-	-	1,984
Investment Fees	-	5,133	2,640	-	7,773
Fundraising	-	11	-	2,829	37,260
Nonoperating Expense	-	53,750	-	-	53,750
Other	9,243	1,318	16,320	592	54,731
TOTAL EXPENSES	<u>\$ 2,063,293</u>	<u>\$ 1,985,436</u>	<u>\$ 849,031</u>	<u>\$ 208,040</u>	<u>\$ 13,763,426</u>
	14.99%	14.43%	6.17%	1.51%	100.00%

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

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015**

DESCRIPTION	Program					
	Energy	Nutrition	Senior Citizens	Community Development	Economic & Youth Development	Housing
Salaries	\$ 232,819	\$ 430,417	\$ 169,099	\$ 88,605	\$ 134,045	\$ 510,339
Payroll Taxes and Benefits	59,258	111,754	52,856	26,021	31,993	149,346
Trainee Wages and Benefits	-	-	-	-	49,937	-
Space and Occupancy Costs	24,619	71,098	9,452	18,513	13,857	232,255
Travel and Transportation	21,868	12,047	5,205	2,123	6,342	7,059
Contract Services	509,199	23,357	2,448	32,881	5,200	153,507
Legal and Audit	-	181	-	1,084	-	868
Client Assistance	167,044	973	-	-	8,045	370,774
Cost of Homes Hold	-	-	-	255,101	-	4,062,555
Insurance	6,721	16,309	8,568	590	969	25,511
Food	-	3,359,360	-	-	-	-
Office Costs	6,103	13,431	3,347	17,371	2,803	32,080
Supplies	6,873	33,226	3,825	571	2,660	19,526
Repairs and Maintenance	60	17,871	-	850	-	203,958
Outreach	1,604	36,660	460	107	525	6,609
Training	4	6,335	1,009	2,121	7,357	9,545
Interest	-	15,243	-	-	-	17,589
Depreciation and Amortization	17,689	56,102	1,608	4,636	7,818	157,001
Bad Debts	-	-	-	-	-	18,562
Loans Forgiven	-	-	-	-	-	70,543
Subgrants	-	-	-	3,386	-	-
Closing Costs and Housing Fees	-	-	-	24,090	-	135,687
Investment Fees	-	-	-	-	-	-
Fundraising	-	17,114	-	-	-	4,233
Other	181	3,036	1,426	937	1,047	5,859
TOTAL EXPENSES	\$ 1,054,042	\$ 4,224,514	\$ 259,303	\$ 478,987	\$ 272,598	\$ 6,193,406
	6.24%	25.00%	1.53%	2.83%	1.61%	36.67%

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

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES, continued
For the Year Ended June 30, 2015

DESCRIPTION	Program		Supporting		TOTAL
	Head Start	Transportation	Administration	Fund Raising	
Salaries	\$ 761,529	\$ 298,851	\$ 369,350	\$ 69,502	\$ 3,064,556
Payroll Taxes and Benefits	173,777	75,887	85,790	19,202	785,884
Trainee Wages and Benefits	-	-	-	-	49,937
Space and Occupancy Costs	65,245	31,951	92,337	5,968	565,295
Travel and Transportation	9,162	178,327	3,330	-	245,463
Contract Services	223,898	609,413	9,239	6,429	1,575,571
Legal and Audit	-	298	31,287	-	33,718
Client Assistance	28,875	1,258	-	-	576,969
Cost of Homes Hold	-	-	-	-	4,317,656
Insurance	13,109	65,645	7,016	363	144,801
Food	47,459	-	-	-	3,406,819
Office Costs	36,157	40,423	66,854	2,712	221,281
Supplies	52,922	12,378	6,428	9,893	148,302
Repairs and Maintenance	42,474	259,398	12,518	517	537,646
Outreach	5,673	23,711	2,338	17,179	94,866
Training	18,999	3,290	5,125	-	53,785
Interest	7,035	-	29,689	-	69,556
Depreciation and Amortization	69,930	229,336	14,900	1,856	560,876
Bad Debts	-	1,108	-	-	19,670
Loans Forgiven	-	-	-	-	70,543
Subgrants	-	5,869	-	-	9,255
Closing Costs and Housing Fees	-	-	-	-	159,777
Investment Fees	-	5,304	2,618	-	7,922
Fundraising	2	7	-	85,538	106,894
Other	9,460	36,311	8,207	2,216	68,680
TOTAL EXPENSES	\$ 1,565,706	\$ 1,878,765	\$ 747,026	\$ 221,375	\$ 16,895,722
	9.27%	11.12%	4.42%	1.31%	100.00%

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

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Grantors	\$ 6,270,703	\$ 4,886,129
Cash Received from Contracts	1,287,819	1,059,204
Cash Received from Rentals	898,587	865,914
Cash Received from Gallatin County/City of Bozeman	298,841	267,482
Cash Received from United Way	92,500	73,915
Cash Received from Contributions	1,105,192	1,248,917
Cash Received from Interest and Dividends	40,193	71,743
Cash Received from Fund Raising Activities	250,169	192,805
Cash Received from Other Activities	28,786	39,853
Cash Paid to Employees	(4,437,669)	(3,869,441)
Cash Paid to Suppliers	(3,695,026)	(4,261,747)
Cash Paid for Direct Assistance to Clients	(636,256)	(576,969)
Cash Paid for Other Operational Expenses	(288,606)	(309,631)
Cash Paid for Fund Raising Activities	(37,260)	(106,894)
Interest Paid	(72,448)	(69,556)
Net Cash Flows From Operating Activities	\$ 1,105,526	\$ (488,276)
CASH FLOWS FROM INVESTING ACTIVITIES		
Support to Purchase Capital Assets	\$ -	\$ 251,062
Purchase of Capital Assets	(1,082,073)	(251,062)
Cash Received from the Sale of Homes	111,716	3,543,882
Cash Paid for Construction of Homes	-	(896,452)
Investment (Additions)/Disbursements	(110,082)	(30,390)
Principal Loan Payments Received	468,077	456,842
Principal Payments Advanced	(392,454)	(1,205,723)
Cash Paid into Escrows	(105,000)	-
Cash Paid into Building Reserves	(49,809)	(54,946)
Net Cash Flows From Investing Activities	\$ (1,159,625)	\$ 1,813,213
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions to Endowment	\$ -	\$ 100
Cash Received from Loans	92,500	-
Cash Paid on Loan Principal	(66,674)	(395,806)
Net Cash Flows from Financing Activities	\$ 25,826	\$ (395,706)
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ (28,273)	\$ 929,231
CASH AND CASH EQUIVALENTS - Beginning of Year	2,658,785	1,729,554
CASH AND CASH EQUIVALENTS - End of Year	\$ 2,630,512	\$ 2,658,785

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

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

CONSOLIDATED STATEMENTS OF CASH FLOWS, continued
For the Years Ended June 30, 2016 and 2015

RECONCILIATION OF CHANGE IN TOTAL NET ASSETS TO NET CASH
FLOWS FROM OPERATING ACTIVITIES

	2016	2015
Change in Total Net Assets	\$ 221,103	\$ (1,057,069)
<i>Adjustments to Reconcile Change in Net Assets to Net Cash</i>		
<i>Flows from Operating Activities</i>		
Items not Affecting Cash:		
Depreciation and Amortization Expense	598,643	560,876
Bad Debt, Allowances, and Loans Forgiven	97,089	70,543
Income from Partnership	87	-
Contributions to Endowment	-	(100)
Unrealized (Gain) Loss on Investments	27,833	32,154
Distribution of Investments	7,773	7,922
Change in Assets and Liabilities:		
(Increase)/Decrease in:		
Inventory	(56,090)	(11,442)
Grants Receivable	(42,783)	41,707
Accounts Receivable	41,858	(139,815)
Prepaid Expenses	(11,819)	(21,218)
Support for Capital Assets/Home Proceeds	-	113,303
Increase/(Decrease) in:		
Accounts Payable	114,886	(49,584)
Accrued Liabilities	63,597	5,595
Vacation Payable	32,293	33,305
Sick Leave Payable	(8,656)	(7,964)
Rent Deposits	(4,914)	(2,734)
Unearned Revenue	24,625	(63,755)
Net Cash Flows from Operating Activities	\$ 1,105,526	\$ (488,276)

SUPPLEMENTAL SCHEDULE OF NONCASH OPERATING ACTIVITIES

Contributions of Food	\$ 3,510,247	\$ 3,205,204
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The accompanying notes are an integral part of these consolidated financial statements.

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of the Human Resource Development Council of District IX, Inc. and its wholly owned subsidiaries, the Home Corporation, The Miles Building, Inc., Summit Apartments, Inc., Sherwood Inn Apartments, Inc., and the Darlinton Apartments, Inc. for the years ending June 30, 2016 and 2015. All significant inter-company transactions and balances have been eliminated. Subsidiary elimination worksheets are included as supplementary schedules on pages 45 to 56.

B. Organization

The Human Resource Development Council of District IX, Inc. (HRDC) is a private not-for-profit corporation under Internal Revenue Code Section 501 (c) (3). The HRDC is located in Bozeman, Montana. The HRDC is a non-profit community action agency, dedicated to strengthening community and advancing the quality of people's lives. The HRDC works to achieve this by developing the resources (talent and capital) to help people of all ages and situations confront and overcome obstacles so that they can improve their lives. The HRDC focuses on seven strategic challenges and operates multiple programs to address these pressing human needs. The HRDC serves the community in these seven areas: Food and Nutrition, Housing and Homelessness, Child and Youth Development, Senior Empowerment, Community Transportation, Home Heating, Efficiency, and Safety, and Community (Economic) Development. Through HRDC programs, sustainable results are fostered through practical, comprehensive approaches to social and economic challenges.

Services are delivered statewide with an emphasis in Gallatin, Park, and Meagher Counties. The Board of Directors is composed of individuals from the private sector, public sector, and representatives of the low-income sector.

Colorado Apartments and West Edge Condominiums are HRDC owned properties which are accounted for separately from the HRDC's programs. Financial data has been reported accordingly in the supplementary consolidating schedules on pages 45 to 56.

The Home Corporation is a private not-for-profit title holding company under Internal Revenue Code Section 501(c) (2). The Home Corporation was formed as a single asset entity in order to facilitate financing with the Montana Board of Housing (MBOH) for the West Babcock Apartment Affordable Housing project.

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
continued**

B. Organization, continued

The Miles Building, Inc. is defined as a 501(c) (3) Supporting Organization under the Internal Revenue Code. The Miles Building, Inc. was formed as a single asset entity to facilitate financing with the Montana Board of Housing and U.S. Department of Housing and Urban Development for the purchase of the Miles Building Apartments in Livingston, Montana in May 1999. The Miles Building was purchased to preserve 40 units of existing low-income housing stock in the Livingston community. In December, 2001, the Miles Building, Inc. transferred all of its assets and liabilities to the Miles Limited Partnership in order to facilitate the sale of low income housing tax credits. The Miles Building, Inc. serves as the non-profit managing general partner of the Miles Limited Partnership. The Miles Building, Inc. owns 0.01 percent of the Miles Limited Partnership.

The Darlinton Apartments, Inc. is defined as a 501(c) (3) Supporting Organization under the Internal Revenue Code. The Darlinton Apartments, Inc. was formed to participate in a statewide initiative to preserve low-income housing in Montana. The Darlinton Apartments, Inc. is the Non-Profit General Partner in a Limited Partnership which owns the 100 unit Darlinton Apartments in Bozeman, Montana.

The Sherwood Inn Apartments, Inc. is defined as a 501(c) (3) Supporting Organization under the Internal Revenue Code. The HRDC formed the Sherwood Inn Apartments, Inc. a wholly owned subsidiary to act as a single asset entity to hold and operate the 49 unit low income Apartment Complex. In May, 2001, the HRDC signed a memorandum of understanding and a 24 month option for the purchase of the Sherwood Inn Apartments in Livingston, Montana. The purchase was completed on February 1, 2004 for a purchase price of \$1,375,000. The Sherwood Inn Apartments, Inc. purchase financing included the following: the seller's donation of \$209,922; a private mortgage for \$475,139; a Home Investment Partnership Grant of \$371,000; an existing HUD mortgage on the property (the 1st HUD mortgage) in the amount of \$444,268 which was assigned by HUD to the HRDC for future collection; and another existing HUD mortgage on the property (the 2nd HUD mortgage) in the amount of \$127,023 which was forgiven by HUD. Neither HUD mortgage loan remained FHA insured; therefore the HUD loan regulatory agreements were not assumed by the purchaser.

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
continued**

B. Organization, continued

The Summit Apartments, Inc. is defined as a 501(c) (3) Supporting Organization under the Internal Revenue Code. Summit Apartments, Inc. was formed to facilitate the transfer of physical assets of the Summit Place Apartments in Livingston, Montana, through the U.S. Department of Housing and Urban Development. The transfer of physical assets of the seven unit low-income apartment complex was completed in September 2006 through the assumption of the HUD deferred mortgage on the property in the amount of \$438,100 and related regulatory and use agreements until the maturity date of the note in January 2037.

C. Basis of Accounting

The HRDC's financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP) as codified by the Financial Accounting Standards Board.

D. Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions which affect the reported assets, liabilities, revenues, and expenditures during the reporting period. Actual results could differ from those estimates.

E. Income Taxes

The HRDC is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the increase in net assets is generally not subject to taxation. No provision for income tax has been recorded in these financial statements because the HRDC believes it had no income unrelated to its tax-exempt purpose in 2016 or 2015.

With few exceptions, the HRDC's information returns (I.R.S. Form 990) are not subject to examination for fiscal years prior to 2013.

F. Reclassification

Certain reclassifications have been made to the 2015 consolidated financial statement presentation to correspond to the current year's format. Total net assets and change in net assets for 2015 are unchanged due to these reclassifications.

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
continued**

G. Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and on hand, and highly liquid debt instruments with an original maturity of three months or less from the date of purchase.

The HRDC participates in a Master Sweep Repurchase Agreement (Agreement) through a reputable financial institution. Daily, the financial institution sells to the HRDC a unified fractional interest in the principal amount of government securities. The securities must be direct obligations of, or guaranteed by, the United States, its agencies, or instrumentalities. Market risks associated with this agreement are similar to market risks of any government security; the securities have a current market value equal to or greater than the principal amount of the transactions. The funds invested in the Agreement are not considered deposits and are not insured by the Federal Deposit Insurance Corporation; however, the funds are collateralized by the government securities purchased with those funds.

No amounts are considered at risk as of June 30, 2016 and 2015 as all bank accounts are either fully insured by the Federal Deposit Insurance Corporation or collateralized. Although management has expressed no intention to do so, the HRDC may terminate the Agreement at any time.

H. Certificates of Deposit

The HRDC had two and one certificates, at June 30, 2016 and 2015, respectively. The certificates are for six months, maturing in August and September of 2016, with average interest rates of 0.10 percent and 0.07 percent for 2016 and 2015, respectively. The certificates of deposit are stated at principle balances.

I. Inventories

Inventories consist of an 83 unit condominium complex which has been held for resale that will provide homeownership opportunities for families earning between 50 and 120 percent of the area median income under the Neighborhood Stabilization Program. Condominium units are being individually sold to income eligible participants in the program, with income earned on the sales used for construction of a third condominium building on the same site. During 2010, the first 23 unit condominium building and land was purchased for \$2,850,000. During 2011, the HRDC substantially completed construction of the second 36 unit condominium building at a cost of \$4,337,371. The HRDC was in the final construction phase of the third 24 unit condominium building being constructed upon the land in 2014. Through June 30, 2016 and 2015, the HRDC had cumulatively sold 79 condominium units, at an average sale price of \$115,000 and cost basis of \$138,000.

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
continued**

I. Inventories, continued

The total cost of the unsold condominium units held in inventory as of June 30, 2016 and 2015 was \$411,384 (four units and land). The remaining four units will be sold upon the current occupants' decision to vacate the property under the terms of the original lease agreements prior to construction.

Inventories also include repair parts used in the weatherization program (\$4,213 on June 30, 2016 and \$800 on June 30, 2015) and the food inventory at the Gallatin Valley Food Bank, Big Sky Community Food Bank, Headwaters Area Food Bank, Kids Pack Program and Community Cafe \$267,651 on June 30, 2016 and \$209,022 on June 30, 2015). Inventories are recorded at the lower of cost or market.

J. Property and Equipment

The HRDC capitalizes equipment with a purchase price of at least \$5,000 or lower amount if required by grantors, and an expected life of at least three years. Property and equipment are carried at cost. Straight-line depreciation is used to depreciate assets over estimated lives of three to thirty years. Depreciation is allocated between program support and supporting services.

K. Vacation/Paid Time Off and Sick Leave

The HRDC charges the individual programs for vacation and paid time off (PTO) leave earned by employees. These monies are deposited in the Vacation Leave Fund. When an employee uses vacation benefits, the vacation time is charged against this fund. As of June 30, 2016 and 2015, the Vacation Leave/PTO Fund had a liability balance of \$183,712 and \$151,419, respectively.

The HRDC pays terminating employees one quarter of the value of their unused sick leave. On June 30, 2016 and 2015, the liability for one quarter unused sick leave was \$47,964 and \$56,620 including related payroll taxes. The other three quarters of sick leave expenses are recorded when paid.

L. Categories of Net Assets

The net assets of the HRDC are reported in the following categories:

Unrestricted net assets generally have no donor-imposed restrictions. This category includes net amounts that have been earned and expended according to grant and contract conditions and generally unrestricted activities.

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

L. Categories of Net Assets, continued

Temporarily restricted net assets include gifts for which donor-imposed restrictions have not been met and funds for which the ultimate purpose is not permanently restricted. A summary of temporarily restricted net assets at June 30 2016 and 2015 is as follows:

	2016	2015
Big Sky Community Food Bank	\$ 232,049	\$ 191,514
Community Café	60,000	30,000
Galavan Transportation Operations	904,957	904,957
Healthy Kids Pack Food Program	19,522	92,742
Homeless Youth Housing Support	-	2,858
HomeMakers Support	11,630	4,932
Livingston Housing Feasibility Study	2,235	-
Park County HomeMaker Support	393	-
Road to Home Homeownership	155,587	140,300
Streamline Transportation Operations	53,000	80,000
Total Temporarily Restricted	\$ 1,439,373	\$ 1,447,303

Permanently restricted net assets result from contributions and other inflows of assets whose use by the HRDC is limited by donor-imposed stipulations that neither expire by passage of time nor are fulfilled or otherwise removed by actions of the HRDC. As of June 30, 2016 and 2015, the HRDC had no permanently restricted net assets.

M. Contributed Support

The HRDC recognizes all unconditional gifts and promises to give in the period notified. Contributed support is reported as unrestricted or temporarily restricted depending upon the existence of donor stipulations. Temporarily restricted contributions whose restrictions have been fulfilled in the current year are reported as unrestricted.

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

N. Revenue Recognition

Contract, grant, and other revenues are recognized when earned.

Contributed service revenue results when donated services create or enhance non-financial assets or when they require specialized skills provided by people possessing those skills that would typically be purchased if not provided by donation. Contributed goods are valued at their estimated fair value at the date of contribution. Professional services donated to the HRDC that are included in the consolidated financial statements as of June 30, 2016 and 2015 total \$112,079 and \$98,807, respectively. An additional \$491,706 and \$398,473 in 2016 and 2015, respectively, of clothing, volunteer time, and miscellaneous items have also been contributed to the HRDC that have not been included in these consolidated financial statements because they do not meet the requirements for recognition.

O. Program Activities and Expense Classification

Separate accounts are maintained for each fund; however, in the accompanying consolidated financial statements, funds that have similar characteristics have been combined into activity groups. The primary activity groups and their related purposes are summarized as follows:

Administration – Consists of funds that are used for administering the HRDC.

Energy Activities – HRDC’s Energy Initiative combines emergency assistance, heat bill supplements, and home energy savings measures to offset heating costs for limited income households.

Nutrition Activities – HRDC’s Nutrition Initiatives work to improve food security across the Gallatin Valley. Through our Gallatin Valley, Headwaters Area, and Big Sky Community Food Banks, emergency food assistance is provided in the form of emergency food boxes. Additionally, our Community Café provides a ‘pay what you can’ model for evening dinner service 365 nights a year, our KidsPack Program provides supplemental weekend foods to children experiencing hunger, our Summer Lunch Program provides free lunchtime meals to children during the summer months, and our Senior Grocery Program provides supplemental foods to low income seniors.

Senior Citizen Activities – HRDC’s Senior Empowerment Initiative addresses quality of life and independence in the home for many area seniors. With door to door transportation to medical and other appointments, meaningful volunteer opportunities, supplemental foods, and in-home health care, HRDC works to provide each and every senior with wrap around services that enable them to maintain independence and be engaged with the community.

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

O. Program Activities and Expense Classification, continued

Community Development Activities – HRDC’s Community Development Initiative provides innovative and creative solutions to identified community needs. The goal is to build and sustain healthy communities through the construction of housing and community facilities and the development of community programs that educate and support families and individuals.

Economic and Youth Development Activities – HRDC’s Economic Development Initiatives work to provide free tax filing assistance, job readiness training and placement for our area’s at risk youth populations.

Housing Activities – HRDC’s Housing initiative works across all levels of housing security, from homelessness to homeownership. HRDC’s Housing programs work to ensure that every member of our community can afford to have and preserve place to call home, whether it is in the form of emergency shelter, transitional housing, affordable rentals, rental subsidies, down payment assistance, or home repairs.

Head Start – HRDC’s Early Childhood Care and Education Initiative provides for the healthy development of children and strengthening families through education, health, nutrition, mental health, and disability services.

Transportation – HRDC’s Public Transportation Initiative, Streamline, provides fare free public transit serving the communities of Belgrade, Bozeman, and Livingston. HRDC’s Para Transit Initiative, Galavan, serves the senior and disabled residents with door to door transportation to medical and other appointments.

Fundraising – These activities provide low-cost supplies and services for special events and activities designed to create public awareness and support for community based activities operated by HRDC.

P. Advertising and Outreach Costs

Outreach and advertising costs are expensed as incurred. Total outreach costs were \$110,578 and \$94,866 for the years ended June 30, 2016 and 2015, respectively.

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 2. RECEIVABLES

Grants Receivable represents the balance of grant funds earned but not yet received in cash. Most grants allow monthly draw-downs of cash which provide operating capital for program operation. The HRDC has an additional \$2,342,619 and \$2,449,446 in unearned grant commitments as of June 30, 2016 and 2015, respectively.

Accounts Receivables represent amounts owing to the HRDC from program service contracts stated at unpaid balances. Contracts call for a fixed fee for service and are primarily comprised of property management and other service contracts. Delinquent accounts are reviewed on an annual basis, when it is decided whether or not to write off an account. These amounts are shown net of a provision for bad debts of \$29,335 and \$15,235 as of June 30, 2016 and 2015, respectively.

Deferred Loans Receivable represents amounts advanced by the Miles Building, Inc. to the Miles Limited Partnership (See Note 2) for the rehabilitation of the Miles Building Apartments, down payment assistance loans through the Road to Home program, and second mortgage loans through the Neighborhood Stabilization Program.

Miles Building, Inc. CDBG Loan	\$500,000
Date of Loan	July 1, 2002
Maturity	July 1, 2042
Interest Rate	5.70%
Loan Deferred until Available Cash Flow after all Other Debts and Reserves are funded	
Secured by Revenues of Partnership	
Miles Building, Inc. Equity Loan	\$259,947
Date of Loan	December 4, 2001
Maturity	December 4, 2041
Interest Rate	1.00%
Loan Deferred until Available Cash Flow after all Other Debts and Reserves are funded	
Secured by Revenues of Partnership	
Miles Building, Inc. Operating and Replacement Reserves	\$63,921
Date of Loan	March 21, 2003
Interest Rate	0.00%
Loan Deferred until Available Cash Flow after all Other Debts and Reserves are funded	
Secured by Revenues of Partnership	

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 2. RECEIVABLES, continued

The Road to Home program provides financial assistance to first-time homebuyers in the form of a no-interest, deferred payment, equity-share mortgage loan to help the household complete down payment needs or fill the gap between the total purchase price and the maximum loan amount offered by the lender. Repayments of the loans are required upon satisfaction of the primary mortgage loan, refinance, or sale of the home and property. The HRDC shares in the equity of the home and the total amount due to the HRDC upon repayment conditions is based upon the appraised value of the home. As of June 30, 2016, the HRDC had 43 outstanding down payment assistance loans totaling \$697,929, offset by a provision for loan losses of approximately six percent of the amount loaned of \$42,240. As of June 30, 2015, the HRDC had 49 outstanding down payment assistance loans totaling \$762,914, offset by a provision for loan losses of approximately six percent of the amount loaned of \$55,943.

The HRDC is contracted as the developer for Gallatin County for the Neighborhood Stabilization Program (NSP). The program acquired 23 units in the Bozeman Peaks Condominium development (now called the West Edge Condominiums) with plans to construct 36 units in Phase 2 and 24 units in Phase 3. The HRDC sells the condominiums to income eligible buyers, with a maximum of 50% of the mortgage amount being financed through NSP funds in the form of a no-interest, deferred payment, second mortgage loan to help fill the gap between the total purchase price and the maximum loan amount offered by the lender. Repayment of the NSP second mortgage is required upon the sale of the residence, cash-out refinance, full payment of the first mortgage, or if the condominium is no longer used as the primary residence of the household. The NSP second mortgages for Phase 2 of the project are forgiven at a rate of 5 percent annually, to be fully forgiven in 20 years, therefore all loan amounts have been offset by a provision for loan loss. As of June 30, 2016, there were 38 NSP Phase 2 second mortgage loans outstanding in the amount of \$1,209,920. As of June 30, 2015, there were 43 NSP Phase 2 second mortgage loans outstanding in the amount of \$1,410,851. All interest and principal payments on Phase 3 loans are deferred until repayment is required. Upon repayment, an appreciation share formula will be applied to determine the amount of repayment. As of June 30, 2016, there were 61 NSP second mortgage loans outstanding in the amount of \$2,317,889, offset by a provision for loan losses of approximately six percent of Phase 3 loans, which are not forgiven, in the amount of \$67,000. As of June 30, 2015, there were 67 NSP second mortgage loans outstanding in the amount of \$2,586,574, offset by a provision for loan losses of approximately six percent of Phase 3 loans, which are not forgiven, in the amount of \$70,543.

Due to inherent uncertainties in the estimate of a provision for loan losses, it is reasonably possible this estimate could change in the near term.

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 2. RECEIVABLES, continued

A summary of loans receivable and their related allowances at June 30, 2016 and 2015, is as follows:

	Loans Receivable 2016	Allowance Doubtful Accounts 2016	Loans Receivable 2015	Allowance Doubtful Accounts 2015
	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2015</u>
Affordable Housing:				
Road to Home Down-Payment Assistance	\$ 697,929	\$ 42,240	\$ 762,914	\$ 55,943
Neighborhood Stabilization Program				
Second Mortgage Loans	2,317,889	67,000	2,586,574	70,543
Intercompany Loans:				
Sherwood Inn Apartments	597,532	-	633,621	-
West Babcock Apartments	186,888	-	191,328	-
Related Party Commercial:				
Miles LP	823,868	-	823,868	-
Total	<u>\$ 4,624,106</u>	<u>\$ 109,240</u>	<u>\$ 4,998,305</u>	<u>\$ 126,486</u>
Intercompany Elimination	(784,600)		(824,949)	
Less: Allowance	(109,240)		(126,486)	
Loans Receivable, Net	<u>\$ 3,730,266</u>		<u>\$ 4,046,870</u>	

An analysis of credit exposure by internally assigned grade at June 30, 2016 and 2015, is as follows:

	RESIDENTIAL		RELATED PARTY COMMERCIAL	
	2016	2015	2016	2015
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Pass - Performing Loans	\$ 3,015,818	\$ 3,349,488	\$ 823,868	\$ 823,868
Pass with Collateral Deficiencies	-	-	-	-
Non-Performing, Collateralized	-	-	-	-
Non-Performing, Collateral Deficiencies	-	-	-	-
Total	<u>\$ 3,015,818</u>	<u>\$ 3,349,488</u>	<u>\$ 823,868</u>	<u>\$ 823,868</u>

An analysis of past due financing receivables as of June 30, 2016 and 2015, is as follows:

	RESIDENTIAL		RELATED PARTY COMMERCIAL	
	2016	2015	2016	2015
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
30 - 59 Days Past Due	\$ -	\$ -	\$ -	\$ -
60 - 89 Days Past Due	-	-	-	-
Greater than 90 Days Past Due	-	-	-	-
Total Past Due	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Current Financing Receivables	3,015,818	3,349,488	823,868	823,868
Total Financing Receivables	<u>\$ 3,015,818</u>	<u>\$ 3,349,488</u>	<u>\$ 823,868</u>	<u>\$ 823,868</u>

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 2. RECEIVABLES, continued

The HRDC recognizes interest income on loans receivable on the accrual basis. Loan fees and costs are recognized as income in the period the fees or costs are earned. Loans receivable accrue interest under the applicable loan document terms until the loan is deemed uncollectible. Loans are considered delinquent after 30 days of non-payment from the original due date or deferred due date. Loans are considered impaired when collection of the full amount of the loan is unlikely based on various factors discussed below.

The HRDC uses multiple bases to estimate the allowance for credit losses including historical losses of the loan program, existing economic conditions related to the industry in which the loan recipient operates, collateral of the loan recipient, loan payment history and actual or likely events which have or will occur. The risk characteristics of the individual loan programs are similar in nature. The HRDC operates loan programs for recipients who cannot generally obtain conventional financing under the requirements and restrictions placed on them by federal and state loan funding sources. Therefore, due to the nature of the loan programs operated, the HRDC's loan portfolio is generally of inherently higher risk than typical conventional financing loans; however the loans are collateralized by the property purchased.

The HRDC's loans are considered deferred loans, therefore no loans are considered past due as of June 30, 2016 and 2015, and all amounts are considered current under the terms of the loans. Impaired loans are valued at the estimated value of the remaining recoverable assets after consideration of collateral and guarantees. An allowance for bad debt is recorded against these impaired loans for the difference between the balance of the loan and estimated recovery value. As of June 30, 2016 and 2015, the HRDC did not have any impaired loans.

NOTE 3. INVESTMENTS

A framework for measuring fair value and defining fair value is provided by GAAP. Fair value is defined 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. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Human Resource Development Council of District IX, Inc.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 3. INVESTMENTS, continued

GAAP also establishes a fair value hierarchy, which prioritizes the valuation of inputs into three broad levels, as described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly, or indirectly.

Level 3 – Significant unobservable prices or inputs where there is little or no market activity for the asset or liability at the measurement date.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The HRDC's policy for determining the timing of significant transfers between Levels 1 and 2 is at the end of the reporting period.

Marketable equity securities are stated at fair value based on quoted market prices in active markets. Mutual funds are valued at the net asset value (NAV). The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares held by the fund outstanding at year end. The NAV is quoted in an active market. The HRDC's investment accounts include participation in a "Bank Insured Deposit Program" that are eligible for insurance by the FDIC. Monies in these accounts are reported as "Cash held for investment" below. The fair value of the certificate(s) of deposit are determined by discounting the related cash flows based on current yields of similar instruments and considering the creditworthiness of the issuer.

Human Resource Development Council of District IX, Inc.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 3. INVESTMENTS, continued

Amortized cost, fair value, and net unrealized gain or loss of investments at June 30, 2016 is as follows:

	2016		
	Amortized Cost	Fair Value	Net Unrealized Gain (Loss)
Cash held for Investment	\$ 21,008	\$ 21,008	\$ -
Mutual Funds - Level 2			
Commodities Broad Basket	20,625	15,082	(5,543)
Corporate Bond	15,139	15,131	(8)
Diversified Emerging Markets	38,665	33,990	(4,675)
Foreign Large Blend	60,564	54,787	(5,777)
Foreign Large Growth	25,740	26,365	625
Global Real Estate	11,648	11,240	(408)
Infrastructure	22,858	22,793	(64)
Intermediate-Term Bond	166,720	168,243	1,523
Large Blend	203,858	208,724	4,866
Large Value	29,273	33,428	4,155
Mid-cap Blend	14,054	18,502	4,448
Mid-cap Growth	14,697	14,873	176
Mid-cap Value	4,017	4,229	212
Multisector Bond	53,331	51,824	(1,507)
Short-term Bond	17,912	17,811	(101)
Small Blend	35,907	31,008	(4,899)
Small Value	16,821	14,814	(2,007)
Tactical Allocation	2,008	2,104	95
World Bond	15,551	14,971	(580)
World Stock	57,522	51,530	(5,992)
Total Level 2	826,908	811,448	(15,460)
Total Investments	\$ 847,916	\$ 832,456	\$ (15,460)

Human Resource Development Council of District IX, Inc.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 3. INVESTMENTS, continued

Amortized cost, fair value, and net unrealized gain or loss of investments at June 30, 2015 is as follows:

	2015		
	Amortized Cost	Fair Value	Net Unrealized Gain (Loss)
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Cash held for Investment	10,582	10,582	-
Mutual Funds - Level 2			
Commodities Broad Basket	19,312	16,013	(3,299)
Corporate Bond	14,604	14,124	(480)
Diversified Emerging Markets	33,127	32,124	(1,003)
Foreign Large Blend	53,606	53,942	336
Foreign Large Growth	24,863	29,187	4,324
Global Real Estate	10,716	10,123	(592)
Infrastructure	21,473	21,022	(451)
Intermediate-Term Bond	168,636	167,722	(914)
Large Blend	189,070	197,508	8,438
Large Value	27,307	30,653	3,346
Mid-cap Blend	14,175	18,910	4,735
Mid-cap Growth	13,499	15,903	2,404
Multisector Bond	39,269	37,420	(1,850)
Short-term Bond	17,504	17,252	(252)
Small Blend	33,347	32,892	(455)
Small Value	15,391	15,525	134
Tactical Allocation	17,958	14,863	(3,095)
World Bond	29,565	28,094	(1,471)
World Stock	51,291	53,880	2,588
Total Level 2	<u>794,713</u>	<u>807,154</u>	<u>12,442</u>
Total Investments	<u>\$ 805,294</u>	<u>\$ 817,736</u>	<u>\$ 12,442</u>

Human Resource Development Council of District IX, Inc.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 3. INVESTMENTS, continued

The following summarizes investment return and its classifications on the statement of activities:

	2016	2015
Interest, dividends and capital gains	\$ 37,287	\$ 41,902
Loan and other interest income	34,083	29,841
Realized gains (losses)	(6,861)	491
Unrealized losses	(27,833)	(32,154)
Net realized/unrealized loss on investments	<u>(34,694)</u>	<u>(31,663)</u>
Total Investment Income	\$ <u>36,676</u>	\$ <u>40,080</u>

A significant portion of the HRDC's investments are subject to the risk of value fluctuation that is inherent in the market. As such, the value of the HRDC's assets may change frequently. To help management this risk, the HRDC's professional investment managers oversee the HRDC's portfolio and monitor its performance. Total investment fees paid to the investment managers were \$7,773 and \$7,922 for the years ended June 30, 2016 and June 30, 2015, respectively.

NOTE 4. PROPERTY AND EQUIPMENT

The HRDC purchased six passenger buses to be used for public transportation in the Bozeman area at a cost of \$1,006,874 in June 2007. An additional two buses were purchased in March 2012 at a cost of \$372,581, three more buses were purchased in January 2013 at a cost of \$574,731, and two buses were purchased in May of 2016 at a cost of \$769,424. The book value of the buses as of June 30, 2016 and 2015 was \$1,265,416 and \$614,649, respectively.

Equipment purchased with grant funds is subject to rights of rescission of the grantors. Equipment purchased with grant monies are limited to use by the grant program that purchases the equipment. Should the program terminate, grantors may invoke claim to that equipment purchased through the grant agreement terms.

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 4. PROPERTY AND EQUIPMENT, continued

Property and equipment consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Furniture and Equipment	\$ 394,825	\$ 438,022
Vehicles	3,631,970	2,862,546
Land and Improvements	1,923,191	1,724,052
Buildings	9,248,154	9,099,902
Less: Accumulated Depreciation	<u>(6,551,421)</u>	<u>(6,007,807)</u>
Total Land, Buildings, Equipment, and Vehicles	8,646,719	8,116,714
Software	139,440	139,440
Less: Accumulated Amortization	<u>(63,063)</u>	<u>(16,488)</u>
Total Software	76,377	122,952
Total Property and Equipment	<u><u>\$ 8,723,096</u></u>	<u><u>\$ 8,239,666</u></u>
Presented on the Statement of Financial Position as:		
Property and Equipment, Federal Constraints, Net	\$ 7,118,409	6,633,755
Property and Equipment, Net of Depreciation	<u>1,604,687</u>	<u>1,605,911</u>
Total	<u><u>\$ 8,723,096</u></u>	<u><u>8,239,666</u></u>

NOTE 5. UNEARNED REVENUE

Unearned revenue consists of cash received from grantors that was not earned as of June 30, 2016 and 2015. The activity in the unearned revenue account is as follows:

	<u>2016</u>	<u>2015</u>
Unearned Revenue, Beginning of Year	\$ 2,457,946	\$ 1,989,082
Grant Awards Received	6,143,824	5,412,570
Grant Expenditures	<u>(6,226,026)</u>	<u>(4,943,706)</u>
Gross Unearned Revenue, End of Year	2,375,744	2,457,946
Less: Amount Not Received in Cash	<u>(2,342,619)</u>	<u>(2,449,446)</u>
Net Unearned Revenue	<u><u>\$ 33,125</u></u>	<u><u>\$ 8,500</u></u>

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 6. NOTES PAYABLE

The HRDC's notes payable at June 30, 2016 and 2015 are as follows:

	Original Loan Amount	2016 Balance Outstanding	2015 Balance Outstanding
Big Sky Western Bank	\$ 660,578	\$ 403,992	\$ 413,537
Original Loan Date	November 18, 1996		
Refinanced	April 29, 2010		
Modified	May 30, 2013		
Maturity Date	May 5, 2040		
Monthly Payment	\$2,233		
Interest Rate	4.21%		

Resets every 7 years to 3.00% above the Federal Home Loan Bank Bullet Rate (1.21% at June 30, 2016 and June 30, 2015)

Collateral is a first lien on the West Babcock Apartments and is guaranteed by the HRDC

City of Bozeman Community Affordable Housing	\$ 150,000	\$ 52,499	\$ 57,499
Loan Date	January 1, 1997		
Maturity Date	January 1, 2027		
Monthly Payment	\$417		
Interest Rate	0.00%		

Collateral is a 2nd lien on the West Babcock Apartments

First Interstate Bank	\$ 120,000	\$ 10,364	\$ 20,271
Loan Date	June 13, 1997		
Maturity Date	June 13, 2017		
Monthly Payment	\$890		
Interest Rate	5.00%		

Resets every 5 years to 1% above the *Wall Street Journal* Prime Rate (3.50% and 3.25% at June 30, 2016 and June 30, 2015) with a 5.00% floor and a 8.50% ceiling.

Collateral is a first lien on the Livingston Child Care Center and guaranteed by U.S. Dept. of Agriculture

U.S. Department of Agriculture - Rural Development	\$ 116,415	\$ 91,318	\$ 93,448
Loan Date	October 6, 1999		
Maturity Date	October 3, 2039		
Monthly Payment	\$543		
Interest Rate	4.75%		

Collateral is revenue from the Livingston Child Care Center

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 6. NOTES PAYABLE, continued

	Original Loan Amount	2016 Balance Outstanding	2015 Balance Outstanding
U.S. Department of Agriculture - Rural Development	\$ 30,000	\$ 23,517	\$ 24,067
Loan Date	October 6, 1999		
Maturity Date	October 6, 2039		
Monthly Payment	\$140		
Interest Rate	4.75%		
Collateral is revenue from the Livingston Child Care Center			
U.S. Department of Agriculture - Rural Development	\$ 450,000	\$ 371,784	\$ 379,078
Loan Date	February 1, 2002		
Maturity Date	February 1, 2042		
Monthly Payment	\$2,097		
Interest Rate	4.75%		
Collateral is the HRDC Central Office building and land			
First Security Bank of Bozeman	\$ 60,000	\$ -	\$ 2,121
Loan Date	March 27, 1998		
Maturity Date	April 15, 2023		
Monthly Payment	\$486		
Interest Rate	3.50%		
Resets every 5 years to the <i>Wall Street Journal</i> Prime Rate (3.50% and 3.25% at June 30, 2016 and June 30, 2015)			
Collateral is a first lien on the Colorado Apartments			
First Interstate Bank	\$ 152,800	\$ 88,166	\$ 95,486
Original Loan Date	December 28, 1999		
Refinanced	June 19, 2003		
Maturity Date	May 1, 2028		
Monthly Payment	\$893		
Interest Rate	3.75%		
Resets every 5 years to 0.50% above the <i>Wall Street Journal</i> Prime Rate (3.50% and 3.25% at June 30, 2016 and June 30, 2015)			
Collateral is a first lien on the Gallatin Valley Food Bank building and land			

**Human Resource Development Council of District IX, Inc.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 6. NOTES PAYABLE, continued

	Original Loan Amount	2016 Balance Outstanding	2015 Balance Outstanding
Stockman Bank of Montana	\$ 252,287	\$ 226,693	\$ 235,158
Loan Date	April 17, 2013		
Maturity Date	May 17, 2033		
Monthly Payment	\$1,633		
Interest Rate	4.80%		
Resets every 10 years to 4.00% above the 5-Year U.S. Treasury Constant Maturity Index (0.8% at June 30, 2016 and June 30, 2015)			
Collateral is a first lien on the HRDC Annex building			
Big Sky Western Bank	\$ 275,000	\$ 255,484	\$ 264,550
Loan Date	May 22, 2014		
Maturity Date	May 20, 2034		
Monthly Payment	\$1,709		
Interest Rate	4.29%		
Resets every 5 years to 3.00% above the Federal Home Loan Bank Bullet Rate (1.21% at June 30, 2016 and June 30, 2015) with a floor of 4.29%.			
Collateral is a first lien on the Community Café building, land, and all equipment, furniture, and fixtures.			
U.S. Department of Housing and Urban Development	\$ 438,100	\$ 438,100	\$ 438,100
Loan Date	September 30, 2006		
Maturity Date	January 1, 2037		
Monthly Payment	The loan terms call for no payments with the loan balance forgiven at maturity if all compliance requirements are met. If default occurs, interest is 7% and the loan is due and payable without notice.		
Interest Rate	0.00%		
Collateral is the Summit Apartments			
Community First Fund of Montana	\$ 74,158	\$ 63,664	\$ 67,614
Loan Date	September 30, 2013		
Maturity Date	October 1, 2028		
Monthly Payment	\$549		
Interest Rate	4.00%		
Collateral is a first lien on the Amos House building and land			

**Human Resource Development Council of District IX, Inc.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 6. NOTES PAYABLE, continued

	Original Loan Amount	2016 Balance Outstanding	2015 Balance Outstanding
Community First Fund of Montana	\$ 92,500	\$ 91,174	\$ -
Loan Date	August 24, 2015		
Maturity Date	September 1, 2045		
Monthly Payment	\$415		
Interest Rate	3.50%		
Collateral is a first lien on the Youth Transitional Home building			
 Total Notes Payable		 <u>\$ 2,116,755</u>	 <u>\$ 2,090,929</u>

Annual maturities for the fiscal years ending June 30 are as follows:

Fiscal Year	Amount
2017	\$ 66,477
2018	58,393
2019	53,362
2020	51,856
2021	53,969
Thereafter	<u>1,832,698</u>
	<u>\$ 2,116,755</u>

In addition, the HRDC uses corporate unrestricted funds received from donations and other sources to finance housing programs and social programs through intercompany loans. The loans bear interest at rates of 0 to 8 percent and carry terms of various lengths. A summary of these intercompany loans from HRDC funds is as follows:

	Original Loan Amount	2016 Balance Outstanding	2015 Balance Outstanding
Sherwood Inn Apartments, Inc. Loan - Corporate Funds	\$ 444,269	\$ 282,289	\$ 296,538
Loan Date	February 1, 2004		
Maturity Date	February 1, 2034		
Annual Payment	\$17,215		
Interest Rate	1.00%		
Collateral is the Sherwood Inn Apartments			

**Human Resource Development Council of District IX, Inc.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 6. NOTES PAYABLE, continued

	<u>Original Loan Amount</u>	<u>2016 Balance Outstanding</u>	<u>2015 Balance Outstanding</u>
Sherwood Inn Apartments, Inc. Loan - Corporate Funds	\$ 142,642	\$ 114,524	\$ 122,458
Loan Date	August 30, 2012		
Maturity Date	September 1, 2027		
Monthly Payment	\$1,055		
Interest Rate	4.00%		
Collateral is the Sherwood Inn Apartments			
Sherwood Inn Apartments, Inc. Loan - Smyth Funds	\$ 250,000	\$ 200,719	\$ 214,625
Loan Date	August 30, 2012		
Maturity Date	September 1, 2027		
Monthly Payment	\$1,849		
Interest Rate	4.00%		
Collateral is the Sherwood Inn Apartments			
Home Corporation (West Babcock Apartments) - Smyth Funds	\$ 200,000	\$ 186,888	\$ 191,328
Loan Date	April 29, 2013		
Maturity Date	May 5, 2040		
Monthly Payment	\$1,034		
Interest Rate	4.21%		
Collateral is the West Babcock Apartments			
Total Long-term Intercompany Notes Payable		<u>\$ 784,420</u>	<u>\$ 824,949</u>

Other temporary intercompany loans provided from HRDC funds are as follows:

<u>Other Temporary Intercompany Loans</u>	<u>2016 Balance</u>	<u>2015 Balance</u>
Miles Building, Inc. 0%	\$ 151,713	\$ 151,713
Koch Home 8%	27,676	29,456
HRDC Annex Building 0%	145,355	145,355
Community Café Building 0%	100,208	100,208
Belgrade Head Start Center 0%	<u>59,388</u>	<u>59,388</u>
Total Temporary Intercompany Loans	<u>\$ 484,340</u>	<u>\$ 486,120</u>

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 7. LEASES

The HRDC classifies its leases as either operating or capitalized leases. Currently all leases are operating leases. Office space in Livingston, Montana is being leased for \$500 per month to effectively serve the Livingston community with HRDC programs and services. The lease renews on an annual basis. The HRDC also began leasing a networked copier/printer system for \$2,149 per month under a 5 year term beginning March 2012.

The HRDC entered into a lease agreement for parking space for the Community Café and Coffee Hut in October 2015 for \$1,000 per month continuing through September 2018.

The HRDC entered into a lease agreement in September 2015 for facilities used by the Big Sky Food Bank that expires August 31, 2018. Rent under agreement is \$1,450 per month for the first year; \$1,500 per month for the second year; and \$1,550 for the third year.

The HRDC entered into a month-to-month lease agreement in September 2015 for lot rental for the Youth Transitional Home. Rent was \$335 per month and increased to \$350 per month in November 2015.

The HRDC entered into a lease agreement in November 2012 to lease facilities used by the Warming Center for three years for \$2,400 per month. This lease agreement contained a renewal provision allowing the lease to be extended for 2 additional 5 year terms. The HRDC exercised this option in 2015. The agreement contains a cost of living clause that adjusts rents based on the U.S. Consumer Price Index for All Urban Users. The current rent is \$3,000 per month.

Rent expense totaled \$72,716 and \$55,707 for 2016 and 2015, respectively.

Future minimum payments due under lease agreements is as follows:

<u>Years Ending June 30,</u>	
2017	\$ 76,050
2018	66,650
2019	49,300
2020	46,200
2021	<u>22,200</u>
	<u>\$ 260,400</u>

Human Resource Development Council of District IX, Inc.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 8. EMPLOYEE BENEFITS

The HRDC employees may participate in a Code Section 401(k) Retirement Plan.

403(b) Defined Contribution Retirement Plan – Past employees were eligible to make elective deferrals upon employment and could contribute up to the maximum amount allowed by law. Employees meeting the plan’s hour and service requirements were eligible for employer matching contributions. The HRDC replaced the 403(b) plan with a 401(k) plan in 1999. No balances remain for participants accounts and there are no longer contributions into the 403(b) plan.

401(k) Retirement Plan - Employees are eligible to make elective deferrals upon meeting the plans hour and service requirements and can contribute up to the maximum amount allowed by law. Employees meeting the plan’s hour and service requirements are eligible for employer matching contributions. The HRDC matches employee contributions up to 7% of the employee’s salary.

Employer matching contributions vest as follows:

<u>Years of Service</u>	<u>Non-forfeitable</u>
Less than 1 year	0%
One year	33%
Two years	67%
Three years	100%

For the years ended June 30, 2016 and 2015, the HRDC contributed \$119,156 and \$107,130 in matching contributions to the 401(k) Retirement Plan.

Health Insurance - The HRDC participates in a Group Health Benefit Plan (Health Plan) which provides eligible employees and their dependents with medical insurance. The Health Plan has a \$2,500 deductible provision whereby the first \$2,500 of medical expense annually is paid by the employee. Any cost in excess of the deductible is covered through an insurance policy from an insurance provider. The HRDC paid \$349,683 and \$218,235 for insurance premiums for the years ending June 30, 2016 and 2015, respectively. The employee maximum annual responsibility is \$4,500 for single coverage and \$9,000 for family coverage.

NOTE 9. COST ALLOCATION

The HRDC allocates costs that can be identified specifically with a particular final cost objective directly to the individual program benefiting. Joint costs are allocated directly to individual programs using a base most appropriate to the particular cost being prorated.

Human Resource Development Council of District IX, Inc.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 10. LAND TRUSTS

Bozeman, Montana - The HRDC has created a Land Trust in Bozeman, Montana upon which twenty homes have been constructed and sold to income eligible individuals. The purpose of the Land Trust is to provide decent housing that is permanently affordable to low and moderate income levels, while creating home ownership opportunities. The HRDC is able to stimulate the availability of long-term affordable housing through the use of long-term Ground Leases.

The HRDC retains title to the Land, and shares in the equity of the home with eligible individuals who purchase the homes for a price based upon their ability to pay. The total equity is determined by independent appraisals.

A summary of sales prices and equity percentages are as follows:

	<u>2016</u>	<u>%</u>	<u>2015</u>	<u>%</u>
Appraised value of homes at the time of Purchase (excluding land)	\$ 1,925,800	100.0%	\$ 2,006,300	100.0%
Sales price to individuals	<u>1,524,425</u>	79.2%	<u>1,567,925</u>	78.2%
Balance of Equity to HRDC	<u>\$ 401,375</u>	20.8%	<u>\$ 438,375</u>	21.8%

When the individuals sell their homes, they must sell either to the HRDC or to other income eligible individuals. Proceeds from a sale are allocated between the individual and the HRDC in the relative proportion of equity at the time of purchase in accordance with the Ground Lease Agreement.

Each homeowner has signed a 99-year renewable Ground Lease which is paid in semiannual installments of \$180. Lease payments billed during the years ending June 30, 2016 and 2015 totaled \$8,280.

The HRDC has agreed to act as a guarantor on two individual Deeds of Trust with local lenders with an original mortgage amount of \$95,600 as of June 30, 2016 and 2015. The HRDC serves as a guarantor in order to secure financing for purchasers of these affordable homes. The HRDC's guarantee is secured by land held in the Land Trust.

**Human Resource Development Council of District IX, Inc.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 10. LAND TRUSTS, continued

Livingston, Montana - The HRDC has also created a Land Trust in Livingston, Montana, upon which up to twenty-two homes may be constructed and sold to income eligible individuals. The construction of the homes was facilitated by a HOME grant from the U.S. Department of Housing and Urban Development (HUD) through the Montana Department of Commerce. Ten homes were completed and sales to individuals were finalized. During fiscal year 1997, land worth \$90,000 was donated to the HRDC for the Livingston Land Trust.

A summary of sales price and equity percentages for the homes sold are as follows:

	<u>2016</u>	<u>%</u>	<u>2015</u>	<u>%</u>
Appraised value of homes at the time of Purchase (excluding land)	\$ 808,000	100.0%	\$ 760,000	100.0%
Sales price to individuals	<u>773,490</u>	95.7%	<u>713,459</u>	93.9%
Balance of Equity to HRDC	<u>\$ 34,510</u>	4.3%	<u>\$ 46,541</u>	6.1%

The homeowners have signed a 99-year renewable Ground Lease which includes provisions required for use with HUD/Federal Housing Authority insured mortgages.

NOTE 11. RISK MANAGEMENT

The HRDC faces a number of risks including (1) loss or damage to property, (2) general liability, and (3) employee medical insurance. Commercial insurance policies are purchased for loss or damage to property, general liability, and employee medical insurance.

The HRDC participated in the First Nonprofit Unemployment Saving Program from January 2003 to December 2012. Under the plan, the HRDC made periodic payments to First Nonprofit, which held the funds in a custodial account in the name of the HRDC less administrative expenses. The funds held were used to pay unemployment claims. If unemployment claims annually were higher than \$63,374 paid by HRDC premiums, stop loss insurance became effective for the remaining amounts up to \$253,496. Any unemployment claims beyond \$253,496 stop loss coverage in an annual period became the responsibility of the HRDC. As of June 30, 2016 and 2015 the HRDC had \$0 and \$12,701 available to pay unemployment claims. Upon termination of participation in the plan, the funds were distributed to the HRDC to pay for claims filed during the 2013-2015 calendar years. The HRDC is responsible to pay for claims filed in the 2013 year for employment during a 12 month look back period. After the 12 month period, the HRDC is now fully insured through the State of Montana Unemployment Insurance Program.

Human Resource Development Council of District IX, Inc.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 12. ENDOWMENT

Interpretation of Relevant Law

The Board of Directors has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date. Accordingly, the HRDC classifies any donor-restricted endowment funds as permanently restricted net assets at the original value of the gift. The board of directors created a general endowment fund (HRDC General Endowment) in 2012. The HRDC General Endowment is reported as unrestricted net assets, as it is not donor-restricted, at the amount of the original funding and subsequent contributions.

The HRDC considers the following factors in making a determination to appropriate or accumulate endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the HRDC and any donor-restricted gifts;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the HRDC; and
7. The investment policies of the HRDC.

Funds with Deficiencies

From time to time, the fair value of assets associated with the endowment funds may fall below the level that the donor or MUMIFA requires the HRDC to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets.

These deficiencies result from unfavorable market fluctuations that occur during the investment of contributions and continued appropriation, if any, for certain programs that are deemed prudent by the Board of Directors. There were no such deficiencies as of June 30, 2016 and 2015.

Return Objectives and Risk Parameters

The HRDC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, endowment assets are invested in a manner that is intended to produce results that exceed the market rate while assuming a prudent level of investment risk. The HRDC targets an asset allocation of fixed income and cash equivalents until the balances in the endowment are great enough for investment.

Human Resource Development Council of District IX, Inc.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 12. ENDOWMENT, continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

The HRDC's spending policy allows an annual distribution not to exceed the average net earnings, growth, and income. Any portion of the annual distribution funds not distributed in any given year will be retained in the endowment fund for expenditure in future years. The HRDC expects its spending policy to allow the endowment to grow and to maintain the purchasing power of the endowment assets. No funds were distributed in 2016 or 2015.

Changes in the HRDC General Endowment net assets for the years ended June 30, 2016 and 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, July 1, 2014	\$ 2,350	\$ -	\$ -	\$ 2,350
Investment Return				
Investment Income	-	-	-	-
Contributions	100	-	-	100
Appropriations for Expenditures and Fees	-	-	-	-
Endowment Net Assets, June 30, 2015	\$ 2,450	\$ -	\$ -	\$ 2,450
Investment Return				
Investment Income	-	-	-	-
Contributions	-	-	-	-
Appropriations for Expenditures and Fees	-	-	-	-
Endowment Net Assets, June 30, 2016	\$ 2,450	\$ -	\$ -	\$ 2,450

NOTE 13. RELATED PARTIES

The HRDC is the non-profit general partner of the Bridger Peaks Village Associates, LP, Darlinton Apartments, LP, and Stoneridge Apartments, LP. The HRDC entered into the agreements to facilitate the construction and operation of low-income housing and the sale of low-income housing tax credits. The HRDC has a 0.01 percent ownership interest in the Bridger Peaks Village Associates, LP, Darlinton Apartments, LP, and Stoneridge Apartments, LP. The HRDC is not considered to have any liability nor asset relating to its interests in the Bridger Peaks Village Associates, LP, Darlinton Apartments, LP, or Stoneridge Apartments, LP.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 13. RELATED PARTIES, continued

In August 2011, the HRDC's Board of Directors approved the divestiture of the HRDC Community First Fund program to the Community First Fund of Montana, a separate 501(c)(4) not-for-profit corporation. The Chief Executive Officer and the Senior Advisor of the HRDC make up two of three board members of the newly formed Community First Fund of Montana. The HRDC Community First Fund program was founded in 1999 through support from the Willow Springs Foundation. The program was created out of previous HRDC community development initiatives with a goal of generating funds that were available for projects with fewer restrictions than State and Federal funding sources. The HRDC Community First Fund was designed to encourage growth and positive elements within the region through enhanced job creation, business promotion, construction of affordable housing and establishing enduring physical and social institutions.

Effective October 1, 2011, the HRDC distributed \$300,158 of cash and investments to the Community First Fund of Montana. An additional \$9,000 was distributed of interest income received by the HRDC in September 2013. The HRDC also assigned \$113,109 of loans receivable (offset by a \$15,100 allowance for uncollectible loans) from the HRDC Loan Program, which provided financing and technical assistance to Montana small businesses, to the Community First Fund of Montana. In September 2013, the Community First Fund of Montana entered into a loan agreement with the HRDC to provide funding for the Amos House renovation project. The agreement called for the Community First Fund of Montana to loan to the HRDC the amount of \$74,158 at a rate of 4 percent interest for a term of 15 years. In August 2015, the Community First Fund of Montana entered into a loan agreement with the HRDC to providing funding for the Youth Transitional Housing project. The agreement called for the Community First Fund of Montana to loan the HRDC the amount of \$92,500 at a rate of 3.50 percent interest for a term of 30 years.

NOTE 14. CONTINGENT LIABILITIES

The Miles Building, Inc., wholly owned by the HRDC, is the general partner of the Miles Limited Partnership. The Partnership Agreement provides for various obligations of the General Partner, which includes an operating deficit guaranty in the amount of \$126,633. The operating deficit guaranty requires the general partner to provide funds for any operating deficits in excess of the operating reserve accounts of the Miles, LP, should they occur, ending upon the later of the fifth anniversary of the achievement of breakeven operations or until 36 consecutive months during which there is a debt service coverage ratio of 1.15 or better.

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 15. CONCENTRATION OF RISK

The HRDC has invested in apartment complex buildings and equipment with a cost basis of \$4,288,356 and net book value of \$2,666,847 representing a concentration in the real estate rental market. Additionally, the low-income housing sector operates in a heavily regulated environment which is subject to the directives, rules, and regulations of federal, state, and local regulatory agencies, which could change with little notice. Revenues generated from rental operations were \$868,648 or 6 percent of the HRDC's total revenues. Debt service payments required to outside third parties are \$37,632 per year with total outstanding debts related to the apartment units of \$911,257 or 31 percent of its total liabilities. If there was a change in the demand for rental housing in the area or change in federal, state, or local regulations, it could affect the operations of the HRDC.

NOTE 16. SUBSEQUENT EVENTS

Management has evaluated events through January 24, 2017, the date on which the financial statements were available for issue.

The HRDC became involved in an affordable housing project utilizing low-income housing tax credits subsequent to year end. To facilitate the development, two new entities were created: BSV Rural Partners, LLC, and West Jefferson Partners, LLLP. The HRDC is the sole member of BSV Rural Partners, LLC. BSV Rural Partners, LLC is the General Partner with a 0.01% interest in West Jefferson Partners, LLP. West Jefferson Partners, LLLP acquired the Big Sky Villa Apartments in Belgrade, Montana in December 2016.

The HRDC entered into a purchase agreement to acquire land for further development of affordable housing in West Yellowstone for \$72,500 and closed on this purchase in September 2016.

In June 2016, the HRDC entered into a purchase agreement and made a \$100,000 earnest money deposit towards the purchase of 75 manufactured housing units for a total purchase price of \$2,000,000 (an average purchase price of \$26,667 per housing unit). The HRDC closed on the purchase of 50 units in July 2016 and an additional 25 units were closed in September 2016. These housing units are planned as affordable housing units to be placed throughout the HRDC's service area communities (Gallatin, Park, and Meagher Counties) in a variety of developments ranging in size from approximately 6 to 25 units. The HRDC has incurred additional costs related to the preparation and transportation of the 75 housing units in addition to carrying costs for interest and insurance. The HRDC partially financed the purchase of these housing units with a line of credit loan totaling \$999,200 from Big Sky Western Bank in July 2016, then was converted in September 2016 to a term loan with a balance of \$900,000 at 4.46% (fixed for 5 years then adjusting to the FHLB 5 Year Bullet Rate + 3.0%). Interest only payments are due for the first 12 months followed by principal and interest payments amortized over 20 years.

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 16. SUBSEQUENT EVENTS, continued

In September 2016, the HRDC sold 8 of the manufactured housing units to Xanterra Parks & Resorts, Inc. for \$280,000 for use as affordable housing for Xanterra's employees in the Gardiner community (Park County).

In October 2016, the HRDC entered into an agreement for the sale of 10 of the manufactured housing units to Homeward, Inc. (a non-profit corporation) for \$302,500 and reimbursement of additional costs incurred by the HRDC including transportation. The sale closing date is expected to occur on or before January 31, 2017.

In December 2016, the HRDC sold land it had previously acquired in Belgrade, Montana to Capital Opportunities, Inc. (a non-profit corporation) for \$250,000. Capital Opportunities, Inc. intends to relocate to this property in the near future. The HRDC's past Chief Executive Officer is on the board of directors of Capital Opportunities, Inc. The HRDC's board of directors reviewed and approved this transaction in its November 17, 2016 board meeting.

SUPPLEMENTAL SCHEDULES

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

EXPLANATION OF SUPPLEMENTAL SCHEDULES
June 30, 2016

NOTE 1. BUDGET COLUMN

The grant award budget column is based upon the last formally approved budget provided by the grantor. In addition, the grantee is allowed to make certain budget transfers within prescribed limits. These latter transfers are not reflected. The intention of the HRDC is to show the budget based upon the final budget including all transfers, to provide a more meaningful presentation to the reader.

NOTE 2. EXPLANATION OF ACRONYMS

Acronyms used in the grant number indicate the grantor agency. Acronyms used in the supplemental schedules follow:

CDBG	=	Community Development Block Grant
CSBG	=	Community Service Block Grant
DOC	=	Montana Department of Commerce
DOE	=	U.S. Department of Energy
DOLI	=	Montana Department of Labor and Industry
DOT	=	U.S. Department of Transportation
DPHHS	=	Montana Department of Public Health and Human Services
FEMA	=	Federal Emergency Management Agency
FTA	=	Federal Transit Administration
HHS	=	U.S. Department of Health and Human Services
HUD	=	U.S. Department of Housing and Urban Development
LIEAP	=	Low Income Energy Assistance Program
MBOH	=	Montana Board of Housing
MDT	=	Montana Department of Transportation
RSVP	=	Retired Senior Volunteer Program
TANF	=	Temporary Assistance to Needy Families
WIA	=	Workforce Investment Act
WX	=	Weatherization

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
As of June 30, 2016

	HRDC	HRDC Colorado	HRDC West Edge	Home Corporation	Miles Building, Inc.
ASSETS					
Cash and cash equivalents	\$ 2,360,992	\$ 22,541	\$ 4,436	\$ 15,132	\$ 164,960
Escrow and building reserves	105,000	-	-	5,681	-
Certificates of Deposit	110,082	-	-	-	-
Grantors	826,536	-	-	-	-
Accounts receivable, net of allowance	411,191	506	-	4,501	393,875
Prepaid expenses	45,338	425	-	1,278	-
Investments	832,456	-	-	-	-
Inventory - supplies and food bank	271,864	-	-	-	-
Inventory - Condominiums - federal constraints	411,384	-	-	-	-
Deferred loans receivable, net of allowance	3,842,532	-	-	-	823,867
Investment in partnership	2,178,438	-	-	-	312,084
Property and equipment, net - federal constraints	5,240,409	-	-	738,708	-
Property and equipment, net of depreciation	1,553,887	50,800	-	-	-
Total assets	<u>\$18,190,109</u>	<u>\$ 74,272</u>	<u>\$ 4,436</u>	<u>\$ 765,300</u>	<u>\$ 1,694,786</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable	\$ 440,401	\$ 1,541	\$ -	\$ 9,143	\$ -
Accrued liabilities	281,841	-	-	4,077	-
Accrued vacation and paid time off	183,712	-	-	-	-
Accrued sick leave	47,964	-	-	-	-
Rent deposits	2,348	4,590	3,360	13,788	-
Unearned revenue	33,125	-	-	-	-
Notes payable	1,221,912	-	-	643,631	151,713
Total liabilities	2,211,303	6,131	3,360	670,639	151,713
NET ASSETS					
Unrestricted	8,885,189	68,141	1,076	(644,047)	1,543,073
HRDC general endowment fund	2,450	-	-	-	-
Unrestricted - federally constrained	5,651,793	-	-	738,708	-
Temporarily restricted	1,439,373	-	-	-	-
Total net assets	<u>15,978,805</u>	<u>68,141</u>	<u>1,076</u>	<u>94,661</u>	<u>1,543,073</u>
Total liabilities and net assets	<u>\$18,190,109</u>	<u>\$ 74,272</u>	<u>\$ 4,436</u>	<u>\$ 765,300</u>	<u>\$ 1,694,786</u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION, continued
As of June 30, 2016

	Darlington Apartments	Sherwood Inn Apartments	Summit Apartments	Eliminations	Consolidated Total
ASSETS					
Cash and cash equivalents	\$ 6,481	\$ 48,155	\$ 7,815	\$ -	\$ 2,630,512
Escrow and building reserves	-	210,037	125,660	-	446,378
Certificates of Deposit	-	-	-	-	110,082
Grantors	-	-	-	-	826,536
Accounts receivable, net of allowance	-	57	-	(26,519)	783,611
Prepaid expenses	-	4,637	372	-	52,050
Investments	-	-	-	-	832,456
Inventory - supplies and food bank	-	-	-	-	271,864
Inventory - Condominiums - federal constraints	-	-	-	-	411,384
Deferred loans receivable, net of allowance	-	-	-	(936,133)	3,730,266
Investment in partnership	-	-	-	(2,177,618)	312,904
Property and equipment, net - federal constraints	-	832,103	307,189	-	7,118,409
Property and equipment, net of depreciation	-	-	-	-	1,604,687
Total assets	<u>\$ 6,481</u>	<u>\$ 1,094,989</u>	<u>\$ 441,036</u>	<u>\$(3,140,270)</u>	<u>\$19,131,139</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable	\$ -	\$ 16,075	\$ 3,058	\$ (26,519)	\$ 443,699
Accrued liabilities	-	2,321	4	-	288,243
Accrued vacation and paid time off	-	-	-	-	183,712
Accrued sick leave	-	-	-	-	47,964
Rent deposits	-	12,319	900	-	37,305
Unearned revenue	-	-	-	-	33,125
Notes payable	-	597,532	438,100	(936,133)	2,116,755
Total liabilities	-	628,247	442,062	(962,652)	3,150,803
NET ASSETS					
Unrestricted	6,481	(365,361)	(308,215)	(2,177,618)	7,008,719
HRDC general endowment fund	-	-	-	-	2,450
Unrestricted - federally constrained	-	832,103	307,189	-	7,529,793
Temporarily restricted	-	-	-	-	1,439,373
Total net assets	<u>6,481</u>	<u>466,742</u>	<u>(1,026)</u>	<u>(2,177,618)</u>	<u>15,980,335</u>
Total liabilities and net assets	<u>\$ 6,481</u>	<u>\$ 1,094,989</u>	<u>\$ 441,036</u>	<u>\$(3,140,270)</u>	<u>\$19,131,139</u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
As of June 30, 2015

	HRDC	HRDC Colorado	HRDC West Edge	Home Corporation	Miles Building, Inc.
ASSETS					
Cash and cash equivalents	\$ 2,412,449	\$ 11,437	\$ 4,437	\$ 20,088	\$ 156,450
Escrow and building reserves	-	-	-	5,887	-
Certificates of Deposit	18,150	-	-	-	-
Grantors	783,753	-	-	-	-
Accounts receivable, net of allowance	468,786	79	-	13,315	362,047
Prepaid expenses	33,654	419	-	1,261	-
Investments	817,736	-	-	-	-
Inventory - supplies and food bank	215,774	-	-	-	-
Inventory - Condominiums - federal constraints	411,384	-	-	-	-
Deferred loans receivable, net of allowance	4,199,664	-	-	-	823,868
Investment in partnership	2,148,881	-	-	-	312,991
Property and equipment, net - federal constraints	4,646,882	-	-	790,658	-
Property and equipment, net of depreciation	<u>1,542,752</u>	<u>63,159</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$17,699,865</u>	<u>\$ 75,094</u>	<u>\$ 4,437</u>	<u>\$ 831,209</u>	<u>\$ 1,655,356</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable	\$ 313,923	\$ 1,991	\$ -	\$ 12,190	\$ -
Accrued liabilities	224,013	-	-	-	-
Accrued vacation and paid time off	151,419	-	-	-	-
Accrued sick leave	56,620	-	-	-	-
Rent deposits	6,487	4,580	3,361	14,239	-
Unearned revenue	8,500	-	-	-	-
Notes payable	<u>1,179,671</u>	<u>2,121</u>	<u>-</u>	<u>662,365</u>	<u>151,713</u>
Total liabilities	1,940,633	8,692	3,361	688,794	151,713
NET ASSETS					
Unrestricted	9,251,213	66,402	1,076	(648,243)	1,503,643
HRDC general endowment fund	2,450	-	-	-	-
Unrestricted - federally constrained	5,058,266	-	-	790,658	-
Temporarily restricted	<u>1,447,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>15,759,232</u>	<u>66,402</u>	<u>1,076</u>	<u>142,415</u>	<u>1,503,643</u>
Total liabilities and net assets	<u>\$17,699,865</u>	<u>\$ 75,094</u>	<u>\$ 4,437</u>	<u>\$ 831,209</u>	<u>\$ 1,655,356</u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION, continued
As of June 30, 2015

	Darlinton Apartments	Sherwood Inn Apartments	Summit Apartments	Eliminations	Consolidated Total
ASSETS					
Cash and cash equivalents	\$ (732)	\$ 50,010	\$ 4,646	\$ -	\$ 2,658,785
Escrow and building reserves	-	158,298	127,384	-	291,569
Certificates of Deposit	-	-	-	-	18,150
Grantors	-	-	-	-	783,753
Accounts receivable, net of allowance	-	1,127	385	(20,270)	825,469
Prepaid expenses	-	4,529	368	-	40,231
Investments	-	-	-	-	817,736
Inventory - supplies and food bank	-	-	-	-	215,774
Inventory - Condominiums - federal constraints	-	-	-	-	411,384
Deferred loans receivable, net of allowance	-	-	-	(976,662)	4,046,870
Investment in partnership	-	-	-	(2,148,881)	312,991
Property and equipment, net - federal constraints	-	876,211	320,004	-	6,633,755
Property and equipment, net of depreciation	-	-	-	-	1,605,911
Total assets	<u>\$ (732)</u>	<u>\$ 1,090,175</u>	<u>\$ 452,787</u>	<u>\$(3,145,813)</u>	<u>\$18,662,378</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable	\$ -	\$ 15,489	\$ 4,254	\$ (19,034)	\$ 328,813
Accrued liabilities	-	1,869	-	(1,236)	224,646
Accrued vacation and paid time off	-	-	-	-	151,419
Accrued sick leave	-	-	-	-	56,620
Rent deposits	-	12,496	1,056	-	42,219
Unearned revenue	-	-	-	-	8,500
Notes payable	-	633,621	438,100	(976,662)	2,090,929
Total liabilities	-	663,475	443,410	(996,932)	2,903,146
NET ASSETS					
Unrestricted	(732)	(449,511)	(310,627)	(2,148,881)	7,264,340
HRDC general endowment fund	-	-	-	-	2,450
Unrestricted - federally constrained	-	876,211	320,004	-	7,045,139
Temporarily restricted	-	-	-	-	1,447,303
Total net assets	<u>(732)</u>	<u>426,700</u>	<u>9,377</u>	<u>(2,148,881)</u>	<u>15,759,232</u>
Total liabilities and net assets	<u>\$ (732)</u>	<u>\$ 1,090,175</u>	<u>\$ 452,787</u>	<u>\$(3,145,813)</u>	<u>\$18,662,378</u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ending June 30, 2016

	HRDC	HRDC Colorado	HRDC West Edge	Home Corporation	Miles Building, Inc.
UNRESTRICTED NET ASSETS					
Revenue and Support					
Grant revenue	\$ 6,288,861	\$ -	\$ -	\$ -	\$ -
Contract revenue	1,299,144	-	-	-	-
Rental income	201,664	53,166	38,234	185,992	9,050
Gallatin County/City of Bozeman	298,841	-	-	-	-
Sale of homes	111,716	-	-	-	-
Contributions:					
Food	3,510,247	-	-	-	-
United Way	92,500	-	-	-	-
Other	1,027,666	-	-	-	-
Investment Income	29,080	4	-	7	31,100
Fundraising	250,169	-	-	-	-
Income from Subsidiaries	89,636	-	-	-	-
Other	21,143	-	-	-	-
Total revenue and support	<u>13,220,667</u>	<u>53,170</u>	<u>38,234</u>	<u>185,999</u>	<u>40,150</u>
Net assets released from restriction	197,535	-	-	-	-
Total Revenues and Support	<u>\$ 13,418,202</u>	<u>\$ 53,170</u>	<u>\$ 38,234</u>	<u>\$ 185,999</u>	<u>\$ 40,150</u>
Expenses					
Program					
Energy	\$ 1,076,560	\$ -	\$ -	\$ -	\$ -
Nutrition	4,546,141	-	-	-	-
Senior citizens	255,134	-	-	-	-
Community development	330,304	-	-	-	-
Economic and youth development	381,610	-	-	-	-
Housing	1,495,150	51,431	2,676	233,753	720
Head start	2,063,293	-	-	-	-
Transportation	1,985,436	-	-	-	-
Total program	<u>12,133,628</u>	<u>51,431</u>	<u>2,676</u>	<u>233,753</u>	<u>720</u>
Supporting					
Administration	849,031	-	-	-	-
Fundraising	208,040	-	-	-	-
Total supporting	<u>1,057,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>13,190,699</u>	<u>51,431</u>	<u>2,676</u>	<u>233,753</u>	<u>720</u>
Change in unrestricted net assets	\$ 227,503	\$ 1,739	\$ 35,558	\$ (47,754)	\$ 39,430

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

CONSOLIDATING SCHEDULE OF ACTIVITIES, continued
For the Year Ending June 30, 2016

	Darlington Apartments	Sherwood Inn Apartments	Summit Apartments	Eliminations	Consolidated Total
UNRESTRICTED NET ASSETS					
Revenue and Support					
Grant revenue	\$ -	\$ -	\$ -	\$ -	\$ 6,288,861
Contract revenue	-	-	-	(53,183)	1,245,961
Rental income	-	354,420	60,975	-	903,501
Gallatin County/City of Bozeman	-	-	-	-	298,841
Sale of homes	-	-	-	-	111,716
Contributions:					
Food	-	-	-	-	3,510,247
United Way	-	-	-	-	92,500
Other	-	-	-	-	1,027,666
Investment Income	-	272	101	(23,888)	36,676
Fundraising	-	-	-	-	250,169
Income from Subsidiaries	-	-	-	(89,636)	-
Other	7,643	-	-	-	28,786
Total revenue and support	7,643	354,692	61,076	(166,707)	13,794,924
Net assets released from restriction	-	-	-	-	197,535
Total Revenues and Support	<u>\$ 7,643</u>	<u>\$ 354,692</u>	<u>\$ 61,076</u>	<u>\$ (166,707)</u>	<u>\$ 13,992,459</u>
Expenses					
Program					
Energy	\$ -	\$ -	\$ -	\$ -	\$ 1,076,560
Nutrition	-	-	-	-	4,546,141
Senior citizens	-	-	-	-	255,134
Community development	-	-	-	-	330,304
Economic and youth development	-	-	-	-	381,610
Housing	430	289,309	71,479	(77,071)	2,067,877
Head start	-	-	-	-	2,063,293
Transportation	-	-	-	-	1,985,436
Total program	430	289,309	71,479	(77,071)	12,706,355
Supporting					
Administration	-	-	-	-	849,031
Fundraising	-	-	-	-	208,040
Total supporting	-	-	-	-	1,057,071
Total expenses	<u>430</u>	<u>289,309</u>	<u>71,479</u>	<u>(77,071)</u>	<u>13,763,426</u>
Change in unrestricted net assets	\$ 7,213	\$ 65,383	\$ (10,403)	\$ (89,636)	\$ 229,033

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

CONSOLIDATING SCHEDULE OF ACTIVITIES, continued
For the Year Ending June 30, 2016

	HRDC	HRDC Colorado	HRDC West Edge	Home Corporation	Miles Building, Inc.
TEMPORARILY RESTRICTED NET ASSETS					
Contributions	\$ 189,605	\$ -	\$ -	\$ -	\$ -
Net assets released from restrictions	<u>(197,535)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in temporarily restricted net assets	(7,930)	-	-	-	-
Change in total net assets	<u>219,573.11</u>	<u>1,739</u>	<u>35,558</u>	<u>(47,754)</u>	<u>39,430</u>
Total net assets					
Beginning of year	15,759,232	66,402	1,076	142,415	1,503,643
Distribution to owner	<u>-</u>	<u>-</u>	<u>(35,558)</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 15,978,805</u>	<u>\$ 68,141</u>	<u>\$ 1,076</u>	<u>\$ 94,661</u>	<u>\$ 1,543,073</u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

CONSOLIDATING SCHEDULE OF ACTIVITIES, continued
For the Year Ending June 30, 2016

	Darlinton Apartments	Sherwood Inn Apartments	Summit Apartments	Eliminations	Consolidated Total
TEMPORARILY RESTRICTED NET ASSETS					
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 189,605
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(197,535)</u>
Change in temporarily restricted net assets	-	-	-	-	(7,930)
Change in total net assets	<u>7,213</u>	<u>65,383</u>	<u>(10,403)</u>	<u>(89,636)</u>	<u>221,103.11</u>
Total net assets					
Beginning of year	(732)	426,700	9,377	(2,148,881)	15,759,232
Distribution to owner	<u>-</u>	<u>(25,341)</u>	<u>-</u>	<u>60,899</u>	<u>-</u>
End of year	<u>\$ 6,481</u>	<u>\$ 466,742</u>	<u>\$ (1,026)</u>	<u>\$(2,177,618)</u>	<u>\$ 15,980,335</u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ending June 30, 2015

	HRDC	HRDC Colorado	HRDC West Edge	Home Corporation	Miles Building, Inc.
UNRESTRICTED NET ASSETS					
Revenue and Support					
Grant revenue	\$ 5,159,239	\$ -	\$ -	\$ -	\$ -
Contract revenue	1,238,499	-	-	-	-
Rental income	185,355	55,669	38,268	176,065	-
Gallatin County/City of Bozeman	267,482	-	-	-	-
Sale of homes	3,543,882	-	-	-	-
Contributions:	-	-	-	-	-
Food	3,205,204	-	-	-	-
United Way	73,915	-	-	-	-
Other	802,492	-	-	-	-
Investment Income	8,641	2	-	8	31,100
Fundraising	192,805	-	-	-	-
Income from Subsidiaries	56,526	-	-	-	-
Other	34,520	-	-	-	4,590
Total revenue and support	<u>14,768,560</u>	<u>55,671</u>	<u>38,268</u>	<u>176,073</u>	<u>35,690</u>
Net assets released from restriction	225,995	-	-	-	-
	<u>\$14,994,555</u>	<u>\$ 55,671</u>	<u>\$ 38,268</u>	<u>\$ 176,073</u>	<u>\$ 35,690</u>
Expenses					
Program					
Energy	\$ 1,054,042	\$ -	\$ -	\$ -	\$ -
Nutrition	4,224,514	-	-	-	-
Senior citizens	259,303	-	-	-	-
Community development	478,987	-	-	-	-
Economic and youth development	272,598	-	-	-	-
Housing	5,569,838	54,422	4,435	208,489	1,418
Head start	1,565,706	-	-	-	-
Transportation	1,878,765	-	-	-	-
Total program	<u>15,303,753</u>	<u>54,422</u>	<u>4,435</u>	<u>208,489</u>	<u>1,418</u>
Supporting					
Administration	747,026	-	-	-	-
Fundraising	221,375	-	-	-	-
Total supporting	<u>968,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>16,272,154</u>	<u>54,422</u>	<u>4,435</u>	<u>208,489</u>	<u>1,418</u>
Change in unrestricted net assets	\$ (1,277,599)	\$ 1,249	\$ 33,833	\$ (32,416)	\$ 34,272

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

CONSOLIDATING SCHEDULE OF ACTIVITIES, continued
For the Year Ending June 30, 2015

	Darlinton Apartments	Sherwood Inn Apartments	Summit Apartments	Eliminations	Consolidated Total
UNRESTRICTED NET ASSETS					
Revenue and Support					
Grant revenue	\$ -	\$ -	\$ -	\$ -	\$ 5,159,239
Contract revenue	-	-	-	(39,480)	1,199,019
Rental income	-	351,488	61,803	-	868,648
Gallatin County/City of Bozeman	-	-	-	-	267,482
Sale of homes	-	-	-	-	3,543,882
Contributions:	-	-	-	-	-
Food	-	-	-	-	3,205,204
United Way	-	-	-	-	73,915
Other	-	-	-	-	802,492
Investment Income	2	229	98	-	40,080
Fundraising	-	-	-	-	192,805
Income from Subsidiaries	-	-	-	(56,526)	-
Other	252	-	-	-	39,362
Total revenue and support	254	351,717	61,901	(96,006)	15,392,128
Net assets released from restriction	-	-	-	-	225,995
	<u>\$ 254</u>	<u>\$ 351,717</u>	<u>\$ 61,901</u>	<u>\$ (96,006)</u>	<u>\$15,618,123</u>
Expenses					
Program					
Energy	\$ -	\$ -	\$ -	\$ -	\$ 1,054,042
Nutrition	-	-	-	-	4,224,514
Senior citizens	-	-	-	-	259,303
Community development	-	-	-	-	478,987
Economic and youth development	-	-	-	-	272,598
Housing	415	328,439	65,430	(39,480)	6,193,406
Head start	-	-	-	-	1,565,706
Transportation	-	-	-	-	1,878,765
Total program	415	328,439	65,430	(39,480)	15,927,321
Supporting					
Administration	-	-	-	-	747,026
Fundraising	-	-	-	-	221,375
Total supporting	-	-	-	-	968,401
Total expenses	415	328,439	65,430	(39,480)	16,895,722
Change in unrestricted net assets	\$ (161)	\$ 23,278	\$ (3,529)	\$ (56,526)	\$ (1,277,599)

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

CONSOLIDATING SCHEDULE OF ACTIVITIES, continued
For the Year Ending June 30, 2015

	HRDC	HRDC Colorado	HRDC West Edge	Home Corporation	Miles Building, Inc.
TEMPORARILY RESTRICTED NET ASSETS					
Contributions	\$ 446,525	\$ -	\$ -	\$ -	\$ -
Net assets released from restrictions	<u>(225,995)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in temporarily restricted net assets	220,530	-	-	-	-
Change in total net assets	<u>(1,057,069)</u>	<u>1,249</u>	<u>33,833</u>	<u>(32,416)</u>	<u>34,272</u>
Total net assets					
Beginning of year	16,816,301	65,153	977	174,831	1,469,371
Distribution to owner	<u>-</u>	<u>-</u>	<u>(33,734)</u>	<u>-</u>	<u>-</u>
End of year	<u>\$15,759,232</u>	<u>\$ 66,402</u>	<u>\$ 1,076</u>	<u>\$ 142,415</u>	<u>\$ 1,503,643</u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

CONSOLIDATING SCHEDULE OF ACTIVITIES, continued
For the Year Ending June 30, 2015

	Darlington Apartments	Sherwood Inn Apartments	Summit Apartments	Eliminations	Consolidated Total
TEMPORARILY RESTRICTED NET ASSETS					
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 446,525
Net assets released from restrictions	-	-	-	-	(225,995)
Change in temporarily restricted net assets	-	-	-	-	220,530
Change in total net assets	(161)	23,278	(3,529)	(56,526)	(1,057,069)
Total net assets					
Beginning of year	(571)	503,422	12,906	(2,226,089)	16,816,301
Distribution to owner	-	(100,000)	-	133,734	-
End of year	<u>\$ (732)</u>	<u>\$ 426,700</u>	<u>\$ 9,377</u>	<u>\$ (2,148,881)</u>	<u>\$15,759,232</u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

THE HOME CORPORATION
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents (net of reserved cash)	\$ 1,740	\$ 5,891
Accounts Receivable (net of allowance of \$20,000 and \$11,400)	4,501	13,315
Prepaid Expenses	1,278	1,262
TOTAL CURRENT ASSETS	\$ 7,519	\$ 20,468
PROPERTY AND EQUIPMENT		
Land	\$ 193,094	\$ 193,094
Buildings and Improvements	1,558,503	1,558,503
Accumulated Depreciation	(1,012,889)	(960,939)
TOTAL PROPERTY AND EQUIPMENT	\$ 738,708	\$ 790,658
OTHER ASSETS		
Cash Reserved for Tenant Deposits	\$ 13,392	\$ 14,197
Cash Reserved for Replacements	2,010	2,609
Cash Reserved for Taxes and Insurance	3,671	3,278
TOTAL OTHER ASSETS	\$ 19,073	\$ 20,084
TOTAL ASSETS	\$ 765,300	\$ 831,210
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Operating Accounts Payable	\$ 11,995	\$ 11,549
Accrued Liabilities	697	641
Rent Deposits	14,316	14,240
Current Portion of Long-Term Debt	19,693	19,089
TOTAL CURRENT LIABILITIES	\$ 46,701	\$ 45,519
LONG-TERM DEBT (net of current portion)	\$ 623,938	\$ 643,276
TOTAL LIABILITIES	\$ 670,639	\$ 688,795
NET ASSETS		
Unrestricted	\$ 94,661	\$ 142,415
TOTAL NET ASSETS	\$ 94,661	\$ 142,415
TOTAL LIABILITIES AND NET ASSETS	\$ 765,300	\$ 831,210

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

THE HOME CORPORATION
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS		
REVENUES:		
Rental Income	\$ 168,850	\$ 168,844
Tenant Fees	17,141	7,221
Interest Income	7	8
TOTAL REVENUES	<u>\$ 185,998</u>	<u>\$ 176,073</u>
EXPENSES:		
Administration		
Bookkeeping Fees	\$ 4,060	\$ 3,820
Management Fee	14,777	14,902
Bank and Misc Fees	1,375	1,828
Advertising and Leasing	502	285
Legal and Accounting	1,949	895
Office Supplies	705	58
Operating and Maintenance		
Maintenance and Supplies	59,829	58,662
Repairs	1,397	463
Snow Plowing, Lawn Care	5,837	12,543
Pest Control	2,058	857
Insurance	5,499	4,320
Property Taxes	1,457	1,438
Utilities, Phone, Garbage	18,680	19,153
Bad Debts	31,587	4,060
Contract On-Site Manager	6,618	7,425
Interest	25,472	25,832
Depreciation	51,950	51,950
TOTAL EXPENSES	<u>\$ 233,752</u>	<u>\$ 208,491</u>
CHANGE IN UNRESTRICTED NET ASSETS	\$ (47,754)	\$ (32,418)
NET ASSETS, Beginning of Fiscal Year	<u>142,415</u>	<u>174,833</u>
NET ASSETS, End of Fiscal Year	<u>\$ 94,661</u>	<u>\$ 142,415</u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

THE HOME CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Tenants	\$ 186,281	\$ 171,478
Cash Received for Interest	7	8
Cash Paid for Management and Bookkeeping	(18,837)	(18,722)
Cash Paid for Property Operations	(128,407)	(112,099)
Cash Paid for Interest	(25,472)	(25,832)
Net Cash from Operating Activities	\$ 13,572	\$ 14,833
CASH FLOWS FROM INVESTING ACTIVITIES		
(Deposits)/Withdrawals to/from Reserves	\$ 1,011	\$ 2,619
Net Cash from Investing Activities	\$ 1,011	\$ 2,619
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Paid on Loan Principal	\$ (18,734)	\$ (18,374)
Net Cash from Financing Activities	\$ (18,734)	\$ (18,374)
CHANGE IN CASH AND CASH EQUIVALENTS	\$ (4,151)	\$ (922)
CASH AND CASH EQUIVALENTS - Beginning of Year	5,891	6,813
CASH AND CASH EQUIVALENTS - End of Year	\$ 1,740	\$ 5,891
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (47,754)	\$ (32,418)
<i>Adjustments to Reconcile Change in Net Assets to Net Cash</i>		
<i>From Operating Activities</i>		
Items not Affecting Cash:		
Depreciation Expense	51,950	51,950
Allowance for Bad Debts	8,600	(600)
Change in Assets and Liabilities:		
(Increase)/Decrease in:		
Accounts Receivable	214	(4,765)
Prepaid Expenses	(16)	(1)
Increase/(Decrease) in:		
Accounts Payable	502	489
Rental Deposits	76	178
Net Cash from Operating Activities	\$ 13,572	\$ 14,833

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

SHERWOOD INN APARTMENTS, INC.
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents (net of reserved cash)	\$ 28,752	\$ 30,341
Accounts Receivable (net of allowance of \$281 and \$500)	57	1,127
Prepaid Expenses	4,636	4,529
TOTAL CURRENT ASSETS	<u>\$ 33,445</u>	<u>\$ 35,997</u>
PROPERTY AND EQUIPMENT		
Land	\$ 59,562	\$ 59,562
Furniture and Fixtures	68,625	68,625
Buildings and Improvements	1,277,659	1,277,659
Accumulated Depreciation	(573,743)	(529,635)
TOTAL PROPERTY AND EQUIPMENT	<u>\$ 832,103</u>	<u>\$ 876,211</u>
OTHER ASSETS		
Cash Reserved for Tenant Deposits	\$ 19,403	\$ 19,669
Cash Reserved for Replacements	169,334	130,495
Cash Reserved for Taxes and Insurance	40,703	27,803
TOTAL OTHER ASSETS	<u>\$ 229,440</u>	<u>\$ 177,967</u>
TOTAL ASSETS	<u>\$ 1,094,988</u>	<u>\$ 1,090,175</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Operating Accounts Payable	\$ 16,136	\$ 15,489
Accrued Interest	1,176	1,236
Accrued Liabilities	633	633
Rent Deposits	12,768	12,496
Current Portion of Long-Term Debt	37,119	36,086
TOTAL CURRENT LIABILITIES	<u>\$ 67,832</u>	<u>\$ 65,940</u>
LONG-TERM DEBT (net of current portion)	<u>\$ 560,413</u>	<u>\$ 597,535</u>
TOTAL LIABILITIES	<u>\$ 628,245</u>	<u>\$ 663,475</u>
NET ASSETS		
Unrestricted	\$ 466,743	\$ 426,700
TOTAL NET ASSETS	<u>\$ 466,743</u>	<u>\$ 426,700</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,094,988</u>	<u>\$ 1,090,175</u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

SHERWOOD INN APARTMENTS, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2016 and 2015

	2016	2015
UNRESTRICTED NET ASSETS		
REVENUE:		
Rental Income	\$ 349,859	\$ 340,723
Tenant Fees	4,561	10,765
Interest Income	272	229
TOTAL REVENUE	\$ 354,692	\$ 351,717
EXPENSES:		
Administration		
Management Fees	\$ 28,280	\$ 27,411
Accounting Fees	8,141	8,167
Bank and Misc Fees	4,015	5,489
Advertising and Leasing	271	441
Legal and Accounting	959	1,307
Office Supplies	1,778	257
Operating and Maintenance		
Maintenance and Supplies	72,953	96,169
Repairs	59	2,313
Snow Plowing and Lawn Care	2,100	3,946
Insurance	9,035	8,601
Utilities, Phone, Garbage	63,990	69,681
Contract Management	37,258	37,803
Bad Debts	442	5,758
Interest	15,918	16,987
Depreciation	44,109	44,109
TOTAL EXPENSES	\$ 289,308	\$ 328,439
INCREASE IN UNRESTRICTED NET ASSETS	\$ 65,384	\$ 23,278
NET ASSETS, Beginning of Fiscal Year	426,700	503,422
Distribution to HRDC	(25,341)	(100,000)
NET ASSETS, End of Fiscal Year	\$ 466,743	\$ 426,700

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

SHERWOOD INN APARTMENTS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Tenants	\$ 355,762	\$ 351,181
Cash Received for Interest	272	229
Cash Paid for Management	(28,281)	(27,411)
Cash Paid for Property Operations	(200,461)	(244,345)
Cash Paid for Interest	(15,978)	(17,045)
Net Cash from Operating Activities	\$ 111,314	\$ 62,609
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits to Reserves	\$ (60,074)	\$ (52,149)
Proceeds from Reserves	8,601	8,601
Net Cash from Investing Activities	\$ (51,473)	\$ (43,548)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution to Parent Corporation	\$ (25,341)	\$ (100,000)
Cash Paid on Loan Principal	(36,089)	(35,021)
Net Cash from Financing Activities	\$ (61,430)	\$ (135,021)
CHANGE IN CASH AND CASH EQUIVALENTS	\$ (1,589)	\$ (115,960)
CASH AND CASH EQUIVALENTS - Beginning of Year	30,341	146,301
CASH AND CASH EQUIVALENTS - End of Year	\$ 28,752	\$ 30,341
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 65,384	\$ 23,278
<i>Adjustments to Reconcile Change in Net Assets to Net Cash</i>		
<i>From Operating Activities</i>		
Items not Affecting Cash:		
Depreciation Expense	44,109	44,109
Allowance for Bad Debt	-	-
Change in Assets and Liabilities:		
(Increase)/Decrease in:		
Accounts Receivable	1,070	(531)
Prepaid Expenses	(107)	-
Increase/(Decrease) in:		
Accounts Payable	586	(4,471)
Rental Deposits	272	224
Net Cash from Operating Activities	\$ 111,314	\$ 62,609

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF FINANCIAL POSITION

UNRESTRICTED CORPORATE FUNDS

As of June 30, 2016

		<u>TOTAL</u>
<u>ASSETS</u>		
Cash - Operating Checking	\$	573,830
Cash - Operating Savings		400,643
Investments in Marketable Securities		310,809
Accounts Receivable		3,909
Interest Receivable		1,176
Prepaid Expense		2,225
Loans Receivable		396,813
Intercompany Loans Receivable		332,626
Investment in Subsidiaries		650,185
Buildings		500,397
Land		98,446
Accumulated Depreciation		<u>(143,130)</u>
TOTAL ASSETS	\$	<u><u>3,127,929</u></u>
 <u>LIABILITIES</u>		
Accounts Payable	\$	12,152
Property Taxes Payable		7,800
Rental Deposits		1,345
Unearned Revenue		3,500
Loan Payable		226,693
Intercompany Loans Payable		<u>173,031</u>
TOTAL LIABILITIES	\$	<u>424,521</u>
 <u>NET ASSETS</u>		
Net Assets, Beginning of Fiscal Year	\$	2,634,043
Increase/(Decrease) in Net Assets - Current Year		<u>69,364</u>
TOTAL NET ASSETS	\$	<u>2,703,407</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>3,127,929</u></u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

UNRESTRICTED CORPORATE FUNDS
For the Year Ended June 30, 2016

		<u>Total Actual</u>
<u>REVENUE:</u>		
Donations	\$	116,799
Fund Raising Income		32,056
Rent Income		55,795
Contract Income		14,529
Developer Fee Income		21,250
Partnership Distribution Income		3,898
Loan Interest Income		9,925
Investment Interest Income		2,197
Realized and Unrealized Gain/(Loss) on Investments		9,172
		<hr/>
TOTAL REVENUES	\$	<u>265,621</u>
<u>EXPENSES:</u>		
Salaries & Fringe	\$	115,180
Contract Services		62,868
Fund Raising Expense		2,294
Outreach/Advertising/Public Relations		14,037
Administrative Service Cost Allocations		21,923
Space		9,789
Utilities		6,566
Insurance		8,289
Interest Expense		13,427
Property Taxes		13,241
Property Management		2,600
Repairs and Maintenance		14,809
Janitorial Expense		4,825
Grounds Maintenance/Snow Removal		790
Travel/Training		2,935
Business Meals/Meetings		2,098
Recognition		6,076
Dues		9,415
Legal		2,205
Donations Expense		215
Investment Management Fees		2,640
Depreciation Expense		24,312
Other		13,507
		<hr/>
TOTAL EXPENSES	\$	<u>354,041</u>
REVENUE OVER/(UNDER) EXPENSES	\$	(88,420)
Transfers In		361,114
Transfers Out		(203,330)
NET ASSETS AT 07/01/15	\$	<u>2,634,043</u>
NET ASSETS AT 06/30/16	\$	<u><u>2,703,407</u></u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

WEATHERIZATION ASSISTANCE

GRANT PERIOD: July 1, 2015 to June 30, 2016 - DOE
 July 1, 2015 to August 31, 2016 - LIEAP

GRANT NUMBER: DPHHS 15-028-30027-0
 DPHHS 15-028-16007-0

	----DEPT OF ENERGY----		----LIEAP----	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>				
Grant	\$ 124,529	\$ 124,529	\$ 368,483	\$ 368,483
	<u>\$ 124,529</u>	<u>\$ 124,529</u>	<u>\$ 368,483</u>	<u>\$ 368,483</u>
TOTAL REVENUE				
	<u>\$ 124,529</u>	<u>\$ 124,529</u>	<u>\$ 368,483</u>	<u>\$ 368,483</u>
<u>EXPENSES:</u>				
Administration	\$ 13,584	\$ 13,554	\$ 36,848	\$ 36,848
Program Support	81,218	81,338	331,635	331,635
Liability Insurance	250	250	0	0
Financial Audit	400	400	0	0
Training & Technical Assistance	17,000	16,910	0	0
Health & Safety	12,077	12,077	0	0
	<u>\$ 124,529</u>	<u>\$ 124,529</u>	<u>\$ 368,483</u>	<u>\$ 368,483</u>
TOTAL EXPENSES				
	<u>\$ 124,529</u>	<u>\$ 124,529</u>	<u>\$ 368,483</u>	<u>\$ 368,483</u>
REVENUE OVER/(UNDER) EXPENSES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
NET ASSETS AT 07/01/15		<u>\$ 0</u>		<u>\$ 0</u>
NET ASSETS AT 06/30/16 & 8/31/16		<u>\$ 0</u>		<u>\$ 0</u>

See accompanying notes and independent auditor's report.

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Human Resource Development Council of District IX, Inc.
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LOW INCOME ENERGY ASSISTANCE

GRANT PERIOD: October 1, 2014 to August 31, 2016 (Completed by 6/30/16)

GRANT NUMBER: DPHHS 15-028-11007-0

	----LIEAP----		----CRF----
REVENUE:	BUDGET	ACTUAL	ACTUAL
Grant	\$ 80,530	\$ 80,530	\$ 91,128
TOTAL REVENUE	\$ 80,530	\$ 80,530	\$ 91,128
EXPENSES:	\$ 80,530	\$	\$
Salaries and Fringe Benefits	0	71,417	0
Supplies	0	753	0
Communication	0	339	0
Space Costs	0	6,978	0
Travel	0	0	0
Office Costs	0	1,043	0
Equipment	0	0	0
Direct Services	0	0	91,128
TOTAL EXPENSES	\$ 80,530	\$ 80,530	\$ 91,128
REVENUE OVER/(UNDER) EXPENSES	\$ 0	0	0
NET ASSETS AT 10/01/14		\$ 0	\$ 0
NET ASSETS AT 08/31/16		\$ 0	\$ 0

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LIEAP CLIENT EDUCATION & OUTREACH PROGRAM

GRANT PERIOD: October 1, 2014 to August 31, 2016 - CLIENT ED
 October 1, 2014 to September 30, 2016 - OUTREACH

GRANT NUMBER: DPHHS 15-028-14021-0
 DPHHS 15-028-15057-0

	----CLIENT ED----		----OUTREACH----	
REVENUE:	BUDGET	ACTUAL	BUDGET	ACTUAL
Grant	\$ 33,821	\$ 33,821	\$ 46,046	\$ 46,046
TOTAL REVENUE	\$ 33,821	\$ 33,821	\$ 46,046	\$ 46,046
EXPENSES:	\$ 33,821	\$	\$ 46,046	\$
Salaries and Fringe Benefits	0	29,828	0	38,950
Contract Services	0	0	0	1,310
Communication	0	1,722	0	263
Space Costs	0	1,709	0	2,090
Travel	0	562	0	297
Office Costs	0	0	0	3,136
TOTAL EXPENSES	\$ 33,821	\$ 33,821	\$ 46,046	\$ 46,046
REVENUE OVER/(UNDER) EXPENSES	\$ 0	\$ 0	\$ 0	\$ 0
NET ASSETS AT 10/01/14		\$ 0		\$ 0
NET ASSETS AT 08/31/16 & 09/30/16		\$ 0		\$ 0

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NORTHWESTERN ENERGY WEATHERIZATION PROGRAM

GRANT PERIOD: January 1, 2015 to December 4, 2015

GRANT NUMBER: DPHHS 15-028-18007-0

	BUDGET	ACTUAL
<u>REVENUE:</u>		
Grant	\$ 230,630	\$ 230,630
 <u>EXPENSES:</u>		
NWE Program Overhead	\$ 57,657	\$ 60,539
NWE Program Operations	172,973	172,973
TOTAL EXPENSES	\$ 230,630	\$ 233,512
REVENUE OVER/(UNDER) EXPENSES	\$ 0	\$ (2,882)
TRANSFER IN		\$ 2,882
NET ASSETS AT 01/01/15		\$ 0
NET ASSETS AT 12/04/15		\$ 0

See accompanying notes and independent auditor's report.

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ENERGY SHARE

GRANT PERIOD: July 1, 2015 to June 30, 2016

GRANT NUMBER: 2015-2016

	ACTUAL
REVENUE:	
General Energy Funds	\$ 4,562
USB Funds	56,617
Energy Deposits	6,205
Energy Savings Program	0
Administrative Funds	8,612
Donations	100
TOTAL REVENUES	\$ 76,096
EXPENSES:	
Energy Assistance	\$ 4,562
Energy Assistance - USB	56,617
Energy Assistance - Deposits	6,205
Weatherization Job Expenses	3,418
Administration	13,436
TOTAL EXPENSES	\$ 84,238
REVENUE OVER/(UNDER) EXPENSES	\$ (8,142)
TRANSFER IN/(OUT)	(5,000)
NET ASSETS AT 07/01/15	\$ 43,589
NET ASSETS AT 06/30/16	\$ 30,447

See accompanying notes and independent auditor's report.

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

SECTION 8 HOUSING PROGRAM

GRANT PERIOD: July 1, 2015 to June 30, 2016

GRANT NUMBER: MT DOC 16-745-0006
 NeighborWorks Montana (NWMT)

	ACTUAL
REVENUE:	
MDOC Contract Income	\$ 160,424
NWMT Contract Income	5,947
TOTAL REVENUES	\$ 166,371
EXPENSES:	
Salaries and Fringe Benefits	\$ 141,715
Travel & Training	6,636
Space	13,651
Office Costs	3,359
Communications	3,675
Ready To Rent Program	794
Housing Assistance Payments	1,472
Special Project	3,297
TOTAL EXPENSES	\$ 174,599
REVENUE OVER/(UNDER) EXPENSES	\$ (8,228)
TRANSFER IN / (OUT)	\$ (15,000)
NET ASSETS AT 07/01/15	\$ 62,928
NET ASSETS AT 06/30/16	\$ 39,700

See accompanying notes and independent auditor's report.

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HUD EMERGENCY SHELTER GRANTS PROGRAM

GRANT PERIOD: August 1, 2015 to July 31, 2016

GRANT NUMBER: DPHHS 15-028-51007-0

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>		
Grant	\$ 75,941	\$ 75,941
 <u>EXPENSES:</u>		
Prevention of Homelessness - Security Deposits	\$ 775	\$ 775
Prevention of Homelessness - Rental Assistance	17,029	17,029
Prevention of Homelessness - Rental Assistance Arrears	12,277	12,277
Prevention of Homelessness - Housing Search & Placement	11,143	13,997
Homeless Services - Security Deposits	10,963	10,963
Homeless Services - Rental Assistance	7,569	7,569
Homeless Services - Rental Assistance Medium Term	250	250
Homeless Services - Rental Assistance Arrears	940	940
Homeless Services - Housing Search & Placement	10,659	13,997
Administration	4,336	5,847
TOTAL EXPENSES	\$ 75,941	\$ 83,644
REVENUE OVER/(UNDER) EXPENSES	\$ 0	\$ (7,703)
TRANSFER IN		\$ 7,703
NET ASSETS AT 08/1/15		\$ 0
NET ASSETS AT 07/31/16		\$ 0

See accompanying notes and independent auditor's report.

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

HOME TO STAY - EMERGENCY SERVICES

REPORT PERIOD: July 1, 2015 to June 30, 2016

Montana HomeOwnership Network (MHN) / NeighborWorks Montana (NWMT)

04/01/2015 - 03/31/2016

	ACTUAL
<u>REVENUE:</u>	
Private Grant Revenue	\$ 35,000
United Way	25,000
Donations	8,330
MHN/NWMT	29,824
TOTAL REVENUES	\$ 98,154
<u>EXPENSES:</u>	
Prevention of Homelessness	\$ 2,891
Homeless Services	1,307
Salaries and Fringe Benefits	79,900
Supportive Services	9,630
Office Expenses	11,627
TOTAL EXPENSES	\$ 105,355
REVENUE OVER/(UNDER) EXPENSES	\$ (7,201)
TRANSFER IN	\$ 17,041
TRANSFERS OUT	\$ (19,124)
NET ASSETS AT 07/01/15	\$ <u>10,685</u>
NET ASSETS AT 06/30/16	\$ <u><u>1,401</u></u>

See accompanying notes and independent auditor's report.

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FAMILY TRANSITIONAL HOUSING - TRANSITION IN PLACE

GRANT PERIOD: September 26, 2014 to September 25, 2015

GRANT NUMBER: HUD MT0030L8T001302

	BUDGET	ACTUAL
<u>REVENUE:</u>		
Grant	\$ 23,205	\$ 23,205
Rents	4,545	4,093
Donations	5,500	0
Fundraising	0	0
TOTAL REVENUES	\$ 33,250	\$ 27,298
<u>EXPENSES:</u>		
Rental Assistance	\$ 23,200	\$ 24,503
Security Deposit Assistance	0	650
Case Management	6,350	7,773
Administration	3,700	3,692
TOTAL EXPENSES	\$ 33,250	\$ 36,618
REVENUE OVER/(UNDER) EXPENSES	\$ 0	\$ (9,320)
TRANSFER IN		\$ 9,320
NET ASSETS AT 09/26/14		\$ 0
NET ASSETS AT 09/25/15		\$ 0

See accompanying notes and independent auditor's report.

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AMOS HOUSE - SUPPORTIVE HOUSING

GRANT PERIOD: October 5, 2014 to October 4, 2015

GRANT NUMBER: HUD MT0030L8T001302

	BUDGET	ACTUAL
<u>REVENUE:</u>		
Grant	\$ 17,993	\$ 17,993
Private Grants & Foundations	10,000	0
Donations	25,000	1,000
Other	8,500	8,020
TOTAL REVENUE	\$ 61,493	\$ 27,013
<u>EXPENSES:</u>		
Salaries and Fringe Benefits	\$ 56,226	\$ 42,714
Supplies	1,200	1,227
Communication	2,000	1,892
Office Costs	3,781	2,551
Supportive Services	500	472
Other	0	18
Utilities	2,700	3,447
Maintenance and Repairs	1,650	7,360
Janitorial/Grounds/Storage	0	33
Insurance	575	714
Taxes	500	170
Debt Servicing	6,168	6,582
TOTAL EXPENSES	\$ 75,300	\$ 67,180
REVENUE OVER/(UNDER) EXPENSES	\$ (13,807)	\$ (40,167)
TRANSFER IN		\$ 9,956
NET ASSETS AT 10/05/14		\$ 0
NET ASSETS AT 10/04/15		\$ (30,211)

See accompanying notes and independent auditor's report.

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

WARMING CENTER

REPORT PERIOD: July 1, 2015 to June 30, 2016

	<u>ACTUAL</u>
<u>REVENUE:</u>	
Donations	\$ 207,773
Donations-Restricted (Laundry Project)	6,803
Donations-Restricted (Locker Project)	3,400
Fund Raising	16,731
Rental Income	<u>11,250</u>
TOTAL REVENUE	<u>\$ 245,957</u>
 <u>EXPENSES:</u>	
Salaries and Fringe Benefits	\$ 133,508
Rent	36,205
Travel and Training	2,110
Supplies	2,302
Communication	1,551
Office Costs	7,430
Supportive Services	26,602
Other	1,342
Utilities	5,238
Maintenance and Repairs	7,926
Fund Raising	2,919
Insurance	2,657
Advertising	3,333
Audit	930
Shower Project	1,462
Laundry Project	6,602
Locker Project	3,109
TOTAL EXPENSES	<u>\$ 245,226</u>
REVENUE OVER/(UNDER) EXPENSES	\$ 731
NET ASSETS AT 07/01/15	<u>\$ 24,353</u>
NET ASSETS AT 06/30/16	<u><u>\$ 25,084</u></u>

See accompanying notes and independent auditor's report.

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

GALLATIN VALLEY EMERGENCY FOOD BANK

REPORT PERIOD: July 1, 2015 to June 30, 2016

<u>REVENUE:</u>	<u>ACTUAL</u>
Contributions:	
Food *	\$ 3,136,588
United Way	22,000
Gallatin County Senior Mill Levy	10,500
Other	409,492
Fund Raising	63,028
Senior Food Contract Income	246,279
Other Grant Revenue	26,000
Other Income	47,507
TOTAL REVENUES	<u>\$ 3,961,394</u>
<u>EXPENSES:</u>	
Salaries and Fringe Benefits	\$ 351,163
Travel and Training	1,266
Warehouse Space	1,465
Communications	3,670
Utilities, Garbage, Snow Removal	14,204
Fund Raising	12,475
Outreach/Public Relations	798
Vehicle	814
Equipment	2,438
Repairs & Maintenance	15,755
Supplies	5,502
Insurance	11,411
Food Purchases	49,605
Food Distributions *	3,053,095
Office Costs	12,424
Audit	2,200
Interest Expense	3,467
Meat Processing	7,351
Senior Food Program	239,440
Depreciation Expense	29,523
Other	8,239
TOTAL EXPENSES	<u>\$ 3,826,305</u>
REVENUE OVER EXPENSES	\$ 135,089
TRANSFER IN/(OUT)	\$ (20,000)
NET ASSETS AT 07/01/15	<u>\$ 517,814</u>
NET ASSETS AT 06/30/16	<u><u>\$ 632,903</u></u>

* Food Contributions In-Kind valued at \$1.70 per pound

See accompanying notes and independent auditor's report.

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

COMMUNITY CAFE - OPERATIONS

REPORT PERIOD: July 1, 2015 to June 30, 2016

REVENUE:	ACTUAL
Contributions:	
Food *	\$ 89,353
United Way	9,500
Other	126,575
Private Grant Revenue	1,500
Fund Raising	321
CACFP Contract Income	25,880
Space Rental Fees	24,498
TOTAL REVENUES	\$ 277,627
EXPENSES:	
Salaries and Fringe Benefits	\$ 229,271
Space	6,300
Travel and Training	882
Communications	2,351
Utilities, Garbage, Grounds Maintenance	20,471
Fund Raising	2,545
Outreach/Public Relations	2,634
Vehicle	1,304
Equipment	1,147
Repairs & Maintenance	11,869
Supplies	16,235
Insurance	5,119
Food Purchases	32,345
Food Distributions *	93,106
Office Costs	3,453
Audit	1,349
Interest Expense	11,122
Depreciation Expense	10,707
Other	7,340
TOTAL EXPENSES	\$ 459,550
REVENUE OVER / (UNDER) EXPENSES	\$ (181,923)
TRANSFERS IN / (OUT)	
FROM: CORPORATE	\$ 62,144
GVFB	20,000
SFSP SUMMER LUNCH	28,331
KIDSPACK	29,698
NET ASSETS AT 07/01/15	\$ (53,202)
NET ASSETS AT 06/30/16	\$ (94,952)

* Food Contributions In-Kind valued at \$1.70 per pound

See accompanying notes and independent auditor's report.

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KIDSPACK PROGRAM

REPORT PERIOD: July 1, 2015 to June 30, 2016

REVENUE:	ACTUAL
Private Grant Revenue	\$ 118,220
Contributions:	
Food *	18,715
Other	2,382
TOTAL REVENUES	\$ 139,317
EXPENSES:	
Salaries and Fringe Benefits	\$ 17,916
Fund Raising	259
Advertising/Public Relations	0
Supplies	1,323
Travel and Training	0
Insurance	103
Food Purchases	73,444
Food Distributions*	656
Office Costs	18
Audit	328
Other	13
TOTAL EXPENSES	\$ 94,060
REVENUE OVER EXPENSES	\$ 45,257
TRANSFER OUT	\$ (29,698)
NET ASSETS AT 07/01/15	\$ 15,742
NET ASSETS AT 06/30/16	\$ 31,301

* Food Contributions In-Kind valued at \$1.70 per pound

See accompanying notes and independent auditor's report.

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

SUMMER LUNCH PROGRAM

GRANT PERIOD: October 01, 2014 to September 30, 2015

GRANT NUMBER: MT OPI 16-6512

	ACTUAL
<u>REVENUE:</u>	
Summer Lunch Contract Income	\$ 63,965
Donations	650
Other Income	101
TOTAL REVENUE	\$ 64,716
<u>EXPENSES:</u>	
Salaries and Fringe Benefits	\$ 16,570
Contract Services	2,400
Travel & Training	392
Supplies	3,460
Office Costs	4,992
Food Purchases	18,470
TOTAL EXPENSES	\$ 46,284
REVENUE OVER/(UNDER) EXPENSES	\$ 18,432
TRANSFER OUT	\$ (17,727)
NET ASSETS AT 10/01/14	\$ 17,727
NET ASSETS AT 09/30/15	\$ 18,432

* Food Contributions In-Kind valued at \$1.70 per pound
(not applicable this year)

See accompanying notes and independent auditor's report.

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

HEADWATERS AREA FOOD BANK

REPORT PERIOD: July 1, 2015 to June 30, 2016

REVENUE:	ACTUAL
Contributions:	
Food *	\$ 61,679
United Way	3,000
Other	43,305
Fund Raising	615
TOTAL REVENUES	\$ 108,599
EXPENSES:	
Salaries and Fringe Benefits	\$ 32,260
Travel and Training	294
Communications	1,770
Utilities, Garbage, Snow Removal	1,764
Fund Raising	182
Outreach/Public Relations	187
Vehicle	886
Repairs & Maintenance	394
Insurance	1,560
Food Purchases	2,065
Food Distributor *	70,118
Office Costs	923
Audit	612
Meat Processing	609
Other	784
TOTAL EXPENSES	\$ 114,408
REVENUE OVER/(UNDER) EXPENSES	\$ (5,809)
NET ASSETS AT 07/01/15	\$ 35,388
NET ASSETS AT 06/30/16	\$ 29,579

* Food Contributions In-Kind valued at \$1.70 per pound

See accompanying notes and independent auditor's report.

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

BIG SKY COMMUNITY FOOD BANK

REPORT PERIOD: July 1, 2015 to June 30, 2016

REVENUE:	ACTUAL
Contributions:	
Food *	\$ 86,141
United Way	3,000
Big Sky Resort Tax	3,776
Other	29,768
Private Grant Revenue	2,500
Fund Raising	19,255
TOTAL REVENUES	\$ 144,440
EXPENSES:	
Salaries and Fringe Benefits	\$ 39,624
Travel and Training	270
Communications	1,383
Space	16,800
Utilities, Garbage, Snow Removal	1,915
Fund Raising	15,946
Outreach/Public Relations	2,274
Vehicle	338
Repairs & Maintenance	4,023
Insurance	1,031
Food Purchases	5,222
Food Distributor *	81,330
Office Costs	4,268
Audit	585
Meat Processing	609
Other	1,376
TOTAL EXPENSES	\$ 176,994
REVENUE OVER/(UNDER) EXPENSES	\$ (32,554)
NET ASSETS AT 07/01/15	\$ 20,381
NET ASSETS AT 06/30/16	\$ (12,173)

* Food Contributions In-Kind valued at \$1.70 per pound

See accompanying notes and independent auditor's report.

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IN HOME SERVICES

GRANT PERIOD: July 1, 2015 to June 30, 2016

GRANT NUMBER: Area IV Agency on Aging 2016-004-013 (Gallatin County)

	BUDGET	ACTUAL
<u>REVENUE:</u>		
Title III Revenue	\$ 52,766	\$ 52,766
Title III Revenue - Respite	20,084	20,084
United Way	8,000	8,000
Donations	17,500	4,360
Other Grant Revenue	17,000	17,000
TOTAL REVENUES	\$ 115,350	\$ 102,210
<u>EXPENSES:</u>		
Salaries and Fringe Benefits	\$ 108,264	\$ 90,818
Supplies	1,000	667
Communications	875	180
Travel and Training	2,000	1,687
Insurance	1,750	875
Audit	450	453
Other - Program Support	1,011	831
TOTAL EXPENSES	\$ 115,350	\$ 95,511
REVENUE OVER/(UNDER) EXPENSES	\$ 0	\$ 6,699
NET ASSETS AT 07/01/15		\$ 4,931
NET ASSETS AT 06/30/16		\$ 11,630

See accompanying notes and independent auditor's report.

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IN HOME SERVICES - PARK COUNTY

GRANT PERIOD: July 1, 2015 to June 30, 2016

GRANT NUMBER: Area IV Agency on Aging 2016-004-013 (Park County)

	BUDGET	ACTUAL
<u>REVENUE:</u>		
Title III Revenue	\$ 24,500	\$ 24,500
Title III Revenue - Respite	10,500	10,500
United Way	0	2,000
Other Grant Revenue	8,500	7,000
TOTAL REVENUES	\$ 43,500	\$ 44,000
<u>EXPENSES:</u>		
Salaries and Fringe Benefits	\$ 37,253	\$ 39,057
Supplies	615	411
Communications	1,125	0
Travel and Training	2,000	2,189
Building Space	750	1,223
Insurance	1,250	486
Audit	200	206
Other - Program Support	307	62
TOTAL EXPENSES	\$ 43,500	\$ 43,634
REVENUE OVER/(UNDER) EXPENSES	\$ 0	\$ 366
NET ASSETS AT 07/1/15		\$ 27
NET ASSETS AT 06/30/16		\$ 393

See accompanying notes and independent auditor's report.

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

RETIRED SENIOR VOLUNTEER PROGRAM

GRANT PERIOD: April 1, 2015 to March 31, 2016

GRANT NUMBER: CNCS 15SRPMT011
Area IV Agency on Aging 2016-004-013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>IN-KIND</u>	<u>EXCESS NON-FEDERAL SHARE</u>
REVENUE:				
Federal Grant	\$ 81,661	\$ 81,661	\$ 0	\$ 0
Gallatin County Senior Mill Levy	11,000	11,000	0	0
United Way	2,500	2,500	0	0
Title III Grant	2,675	0	0	2,675
Donations	10,689	8,467	0	472
Work Site	6,000	1,865	0	0
Other Grant Revenue	5,000	4,337	0	663
In-Kind	13,274	0	19,570	0
TOTAL REVENUES	\$ 132,799	\$ 109,830	\$ 19,570	\$ 3,810
EXPENSES:				
Personnel Expense:				
Project Director	\$ 41,899	\$ 32,228	\$ 0	\$ 257
Program Coordinators	27,040	24,472	0	0
Service Navigators	0	809	0	0
Fiscal Staff	2,650	4,612	0	0
Executive	900	3,092	0	0
Personnel	1,170	1,521	0	0
Receptionists	480	904	0	0
Fringe Benefits	9,642	9,456	0	37
Agency-wide Insurance	450	546	0	0
Local Travel	1,564	658	0	90
Long Distance Travel	3,500	3,668	0	0
Supplies	4,000	4,763	0	0
Computer Service	1,415	2,201	0	0
Communications	4,000	3,669	0	0
Printing	5,802	26	6,150	0
Space	12,363	6,246	9,694	0
Audit	300	573	0	0
Other	50	315	0	4
Volunteer Expenses:				
Meals	500	1,199	0	0
Insurance	975	1,057	0	0
Travel	2,099	512	3,694	0
Supplies	0	238	0	0
Recognition	12,000	7,065	32	3,147
TOTAL EXPENSES	\$ 132,799	\$ 109,830	\$ 19,570	\$ 3,535
REVENUE OVER/(UNDER) EXPENSES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 275</u>
NET ASSETS AT 04/01/15		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 35,287</u>
NET ASSETS AT 03/31/16		<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 35,562</u></u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

SENIOR MEDICARE PATROL

REPORT PERIOD: June 1, 2015 to May 31, 2016

GRANT NUMBER: Area XI Agency on Aging MOU

		<u>ACTUAL</u>
<u>REVENUE:</u>		
Grant	\$	9,253
Other Income		<u>824</u>
TOTAL REVENUE	\$	<u>10,077</u>
 <u>EXPENSES:</u>		
Salaries and Fringe Benefits	\$	8,364
Travel & Training		78
Space		<u>817</u>
TOTAL EXPENSES	\$	<u>9,259</u>
REVENUE OVER/(UNDER) EXPENSES	\$	818
NET ASSETS AT 7/01/15	\$	<u>0</u>
NET ASSETS AT 05/31/16	\$	<u><u>818</u></u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

GALAVAN / SENIOR TRANSPORTATION

GRANT PERIOD: July 1, 2015 to June 30, 2016

GRANTS: Area IV Agency on Aging 2016-004-013
MT DOT 108341 - Section 5311 Operating
MT DOT - TransAde

	BUDGET	ACTUAL	IN-KIND
REVENUE:			
Title III Revenue	\$ 21,400	\$ 21,400	\$ 0
ParaTransit Contract - Streamline	101,500	101,500	0
MT DOT TransAde	26,000	26,729	0
Local Revenue:	0	0	0
Gallatin County	65,000	65,000	0
City of Bozeman	80,000	88,001	0
City of Belgrade	8,000	8,000	0
United Way	12,500	12,500	0
Rider Donations	15,000	12,509	0
Contributions	2,000	8,560	0
Other (Advertising) Income	9,000	8,150	0
Storage Space Rental Income	0	716	0
Investment Income/Other	700	5	0
Adopt-A-Bus	2,500	2,340	0
Contract Income-Headstart/Family Promise	1,400	6,540	0
In-Kind	0	0	1,232
TOTAL REVENUES	\$ 345,000	\$ 361,950	\$ 1,232
EXPENSES:			
Salaries and Fringe Benefits	\$ 276,513	\$ 298,119	\$ 0
Volunteer Dispatcher	0	0	1,232
Gas and Oil	43,125	29,766	0
Repairs and Maintenance	15,000	47,348	0
Insurance	16,000	16,519	0
Bus Barn Operating Costs	3,500	3,265	0
Travel and Training	500	1,921	0
Advertising/PR	500	415	0
Supplies	2,000	2,702	0
Communications	4,000	2,589	0
Audit	1,000	990	0
Other (incl RM Software)	1,000	4,110	0
Equipment-Other	500	715	0
Equipment-Vehicles	5,000	0	0
TOTAL EXPENSES	\$ 368,638	\$ 408,459	\$ 1,232
REVENUE OVER/(UNDER) EXPENSES	\$ (23,638)	\$ (46,509)	\$ 0
TRANSFER IN - SMYTH INTEREST INCOME		\$ 46,234	\$ 0
NET ASSETS AT 07/01/15		\$ 47,247	\$ 0
NET ASSETS AT 06/30/16		\$ 46,972	\$ 0

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

STREAMLINE BUS / PUBLIC TRANSPORTATION

GRANT PERIOD: July 1, 2015 to June 30, 2016
 GRANTS: MT DOT 108341 - Section 5311 Operating
 MT DOT 108641 - Section 5339 Capital Grant
 MT DOT 108641 - Section 5311 Capital Grant
 MT DOT 106788 - Section 5309 Capital - State of Good Repair
 CSBG Special Project - West Valley Transit Route

	BUDGET	ACTUAL	CAPITAL ACTUAL	IN-KIND
REVENUE:				
MT DOT Operating Grant	\$ 1,069,303	\$ 1,069,303	\$ 0	\$ 0
MT DOT Capital Grants	0	0	657,410	0
MT DOT Capital Grant - Bike Racks/Lockers SoGR	0	0	900	1,000
CSBG-Special Projects West Valley	0	1,894	0	0
Local Revenue:				
Associated Students of MSU	155,000	155,580	0	0
Contract Income	74,000	79,460	0	0
City of Bozeman	80,000	86,565	0	0
City of Belgrade	5,000	5,000	0	0
Montana State University	112,000	112,000	0	0
Other (Advertising) Income	2,000	2,000	0	0
Storage Space Rental Income	1,000	1,930	0	0
Contributions	1,000	2,100	0	0
In-Kind	6,000	0	0	7,232
TOTAL REVENUES	\$ 1,505,303	\$ 1,515,832	\$ 658,310	\$ 8,232
EXPENSES:				
Salaries and Fringe Benefits	253,610	178,472	0	0
Volunteer Dispatcher	0	0	0	1,232
Contract Services	711,500	729,491	0	0
Gas and Oil	178,500	101,539	0	0
Repairs and Maintenance	180,000	291,306	0	0
Insurance	52,000	50,594	0	0
Bus Barn Operating Costs	9,000	8,353	0	0
Parking Garage Cleaning/Security	8,000	16,672	0	0
Travel and Training	2,000	10,003	0	0
Advertising/PR & Outreach	30,000	32,900	0	0
Supplies	5,000	5,061	0	0
Communications	6,300	6,275	0	0
Space	6,000	0	0	6,000
Audit	4,300	1,521	0	0
Bike Racks/Lockers SoGR	0	0	0	1,000
Other	1,000	2,320	0	0
Equipment-Vehicles	0	0	769,424	0
Equipment-GPS Tracking Software	13,000	5,942	0	0
TOTAL EXPENSES	\$ 1,460,210	\$ 1,440,449	\$ 769,424	\$ 8,232
KARST INSURANCE SETTLEMENT PAYMENT (1 of 3)		(17,950) *		
REVENUE OVER/(UNDER) EXPENSES	\$ 45,093	\$ 57,433	\$ (111,114)	\$ 0
CITY OF BOZEMAN CAPITAL INVESTMENT			\$ 60,000	\$ 0
OPERATING FUNDS APPLIED TO CAPITAL		\$ (51,114)	\$ 51,114	\$ 0
NET ASSETS AT 07/01/15		\$ 161,689	\$ 0	\$ 0
NET ASSETS AT 06/30/16		\$ 168,008	\$ 0	\$ 0

* Total Karst Insurance Settlement of \$53,750 to be paid over three years

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

WORKFORCE INNOVATION AND OPPORTUNITY ACT - YOUTH

GRANT PERIOD: July 1, 2015 to June 30, 2016

GRANT NUMBER: DLISF13_WIAYouth09-3

	<u>BUDGET</u>	<u>ACTUAL</u>	Modification #1	
			<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>				
Grant	\$ 164,404	\$ 164,404	\$ 4,684	\$ 4,684
Other Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	\$ <u>164,404</u>	\$ <u>164,404</u>	\$ <u>4,684</u>	\$ <u>4,684</u>
 <u>EXPENSES:</u>				
In -School	\$ 32,092	\$ 31,913	\$ 1,171	\$ 838
Out-of-School	<u>132,312</u>	<u>138,867</u>	<u>3,513</u>	<u>3,846</u>
TOTAL EXPENSES	\$ <u>164,404</u>	\$ <u>170,780</u>	\$ <u>4,684</u>	\$ <u>4,684</u>
REVENUE OVER/(UNDER) EXPENSES	\$ <u><u>0</u></u>	\$ (6,376)	\$ <u><u>0</u></u>	\$ 0
TRANSFER IN - CSBG		\$ 6,376		\$ 0
NET ASSETS AT 07/01/15		<u>0</u>		<u>0</u>
NET ASSETS AT 06/30/16		<u><u>0</u></u>		<u><u>0</u></u>

See accompanying notes and independent auditor's report.

**Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)

WORK FORCE INVESTMENT ACT - YOUTH SUMMER EMPLOYMENT

GRANT PERIOD: May 1, 2015 to September 30, 2015

GRANT NUMBER: DLISFY13_WIAYouth09 - TANF

	GALLATIN/PARK CO		MEAGHER CO	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUE:				
Grant	\$ 85,995	\$ 75,902	\$ 3,610	\$ 3,610
Other Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	\$ <u>85,995</u>	\$ <u>75,902</u>	\$ <u>3,610</u>	\$ <u>3,610</u>
EXPENSES:				
Work Experience Salaries & Fringe	\$ 51,100	\$ 44,799	\$ 3,220	\$ 2,904
Supportive Services	2,419	3,545	100	187
Case Management	<u>32,476</u>	<u>27,558</u>	<u>290</u>	<u>525</u>
TOTAL EXPENSES	\$ <u>85,995</u>	\$ <u>75,902</u>	\$ <u>3,610</u>	\$ <u>3,616</u>
REVENUE OVER/(UNDER) EXPENSES	\$ <u>0</u>	\$ 0	\$ <u>0</u>	\$ (6)
TRANSFER IN - CSBG		\$ 0		\$ 6
NET ASSETS AT 05/01/15		<u>0</u>		<u>0</u>
NET ASSETS AT 09/30/15		<u>0</u>		<u>0</u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

CHAFEE FOSTER CARE INDEPENDENCE PROGRAM

GRANT PERIOD: July 1, 2015 to June 30, 2016

GRANT NUMBER: DPHHS/CFSD 20123FCIP0006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>		
Grant	\$ 35,140	\$ 33,876
 <u>EXPENSES:</u>		
Salaries and Fringe Benefits	\$ 29,785	\$ 35,474
Youth Stipends/Support	4,500	3,236
Supplies/Office Costs	<u>855</u>	<u>928</u>
 TOTAL EXPENSES	 \$ <u>35,140</u>	 \$ <u>39,638</u>
 REVENUE OVER/(UNDER) EXPENSES	 \$ <u>0</u>	 \$ (5,762)
 TRANSFER IN - CSBG		 \$ 5,762
 NET ASSETS AT 07/01/15		 \$ <u>0</u>
 NET ASSETS AT 06/30/16		 \$ <u><u>0</u></u>

See accompanying notes and independent auditor's report.

**Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

YOUTH TRANSITIONAL LIVING HOUSE

REPORT PERIOD: August 24, 2015 to June 30, 2016

		ACTUAL
<u>REVENUE:</u>		
Rental Income	\$	1,000
Private Grant		4,500
Donations		8,636
TOTAL REVENUES	\$	14,136
<u>EXPENSES:</u>		
Lot Rent	\$	3,558
Utilities and Phone		1,597
Maintenance and Repairs		5,205
Legal & Audit		1,388
Insurance		814
Taxes		391
Interest Expense		2,413
Depreciation		4,625
Other Facility/Property		230
Salaries and Fringe Benefits		10,635
Youth Stipends/Support		1,208
Travel & Training		296
Supplies/Office Costs		125
Other Case Management/Support		166
TOTAL EXPENSES	\$	32,651
REVENUE OVER/(UNDER) EXPENSES	\$	(18,515)
TRANSFER IN	\$	2,120
TRANSFER IN - CSBG	\$	11,705
NET ASSETS AT 08/24/15	\$	0
NET ASSETS AT 06/30/16	\$	(4,690)

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

HEAD START PROGRAM

GRANT PERIOD: April 1, 2015 to March 31, 2016

GRANT NUMBER: HHS 08CH0099/03

	BUDGET	ACTUAL	IN-KIND *
<u>REVENUE:</u>			
Grant	\$ 1,252,579	\$ 1,252,579	\$ 0
Child Care Food Reimbursement	70,000	75,963	0
Other Income	0	200	0
In-Kind (after NFS waiver of \$50,000)	263,145	0	300,826
TOTAL REVENUES	\$ 1,585,724	\$ 1,328,742	\$ 300,826
<u>EXPENSES:</u>			
Salaries	\$ 815,211	\$ 791,165	\$ 0
Fringe Benefits	177,648	194,980	0
Travel/Training	9,155	29,582	0
Supplies	28,570	47,110	0
Contract Services	9,531	19,574	0
Other	282,464	246,342	0
In-Kind Expenses	263,145	0	300,826
TOTAL EXPENSES	\$ 1,585,724	\$ 1,328,753	\$ 300,826
REVENUE OVER/(UNDER) EXPENSES	\$ 0	\$ (11)	\$ 0
TRANSFER IN		\$ 11	\$ 0
NET ASSETS AT 04/01/15		\$ 0	\$ 0
NET ASSETS AT 03/31/16		\$ 0	\$ 0

* In addition to the \$300,826 In-Kind reported as allowable Non-Federal Share (NFS) match, HRDC also mobilized \$171,388 in additional resources that benefited the Head Start program from the Montana Striving Readers grant funding (see page 93).

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

STRIVING READERS

GRANT PERIOD: October 01, 2014 to September 30, 2015

GRANT NUMBER: MT OPI 16 6646 3515

	BUDGET	ACTUAL
<u>REVENUE:</u>		
Grant	\$ 171,388	\$ 171,388
TOTAL REVENUES	\$ 171,388	\$ 171,388
<u>EXPENSES:</u>		
Salaries	\$ 33,086	\$ 49,322
Fringe Benefits	8,270	12,354
Purchased Professional & Technical	90,000	87,500
Other Purchased Services	18,064	6,449
Supplies	21,968	15,781
TOTAL EXPENSES	\$ 171,388	\$ 171,406
REVENUE OVER/(UNDER) EXPENSES	\$ 0	\$ (18)
TRANSFER IN		\$ 18
NET ASSETS AT 10/01/14		\$ 0
NET ASSETS AT 09/30/15		\$ 0

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

PRE-SCHOOL DEVELOPMENT

REPORT PERIOD: July 01, 2015 to August 31, 2016

GRANT NUMBER: MT OPI 16 6646 16 15

	BUDGET	ACTUAL
<u>REVENUE:</u>		
Grant	\$ 731,589	731,589
TOTAL REVENUES	\$ 731,589	731,589
<u>EXPENSES:</u>		
Salaries	\$ 225,430	229,446
Fringe Benefits	48,812	69,909
Purchased Professional & Technical	356,058	347,545
Purchased Property Services	7,047	10,128
Other Purchased Services	29,394	15,193
Supplies	64,848	59,368
Property & Equipment	0	0
TOTAL EXPENSES	\$ 731,589	731,589
REVENUE OVER/(UNDER) EXPENSES	\$ 0	0
NET ASSETS AT 07/01/15		\$ 0
NET ASSETS AT 08/31/16		\$ 0

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2016

	Bozeman Head Start Center		Livingston Head Start Center		Belgrade Head Start Center	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
REVENUE:						
Rental Income	\$ 33,600	\$ 33,600	\$ 48,000	\$ 48,000	\$ 20,400	\$ 20,400
TOTAL REVENUE	\$ 33,600	\$ 33,600	\$ 48,000	\$ 48,000	\$ 20,400	\$ 20,400
EXPENSES:						
Gas and Electric	\$ 3,480	\$ 3,362	\$ 2,510	\$ 2,719	\$ 1,700	\$ 1,572
Water, Sewer, and Garbage	2,360	2,512	3,600	2,694	1,420	1,262
Maintenance and Repairs	7,417	10,451	4,677	15,021	3,095	1,683
Janitorial/Grounds	12,700	12,688	9,990	9,852	8,190	9,482
Property Management/Audit	2,000	2,000	2,000	2,000	2,050	2,075
Insurance	3,275	3,275	2,349	2,349	1,867	1,867
Taxes	320	362	0	0	54	66
Interest Expense	0	0	6,300	6,311	0	0
Depreciation	18,763	18,763	24,542	24,542	9,628	9,628
TOTAL EXPENSES	\$ 50,315	\$ 53,413	\$ 55,968	\$ 65,488	\$ 28,004	\$ 27,635
REVENUE OVER/(UNDER) EXPENSES	\$ (16,715)	\$ (19,813)	\$ (7,968)	\$ (17,488)	\$ (7,604)	\$ (7,235)
NET ASSETS AT 07/01/15		\$ 116,362		\$ 14,692		\$ 114,265
NET ASSETS AT 06/30/16		\$ 96,549		\$ (2,796)		\$ 107,030

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

LOCAL INITIATIVES SUPPORT CORPORATION

GRANT PERIOD: October 1, 2013 to September 30, 2015

GRANT NUMBER: 41189-0033

	ACTUAL
<u>REVENUE:</u>	
Grant	\$ <u>35,000</u>
TOTAL REVENUE	\$ <u>35,000</u>
<u>EXPENSES:</u>	
Rural LISC Seminar	\$ 2,976
Salaries and Fringe Benefits	<u>32,284</u>
TOTAL EXPENSES	\$ <u>35,260</u>
REVENUE OVER/(UNDER) EXPENSES	\$ (260)
TRANSFER IN - CSBG	\$ 260
NET ASSETS AT 10/01/13	\$ <u>0</u>
NET ASSETS AT 09/30/15	\$ <u><u>0</u></u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

LOCAL INITIATIVES SUPPORT CORPORATION
COMMUNITY CAFE

REPORT PERIOD: May 1, 2015 to February 29, 2016

GRANT NUMBER: 41189-0034

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>		
Grant	\$ 30,836	\$ 30,836
TOTAL REVENUE	<u>\$ 30,836</u>	<u>\$ 30,836</u>
<u>EXPENSES:</u>		
Cafe Special Projects Coordinator	\$ 15,242	\$ 14,275
Social Enterprise Consultant	14,758	15,413
Rental Development Conference	<u>836</u>	<u>1,166</u>
TOTAL EXPENSES	<u>\$ 30,836</u>	<u>\$ 30,854</u>
REVENUE OVER/(UNDER) EXPENSES	<u>\$ 0</u>	\$ (18)
TRANSFER IN - CSBG		\$ 18
NET ASSETS AT 05/01/15		<u>\$ 0</u>
NET ASSETS AT 02/29/16		<u>\$ 0</u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

ROAD TO HOME - HOMEBUYER ASSISTANCE PROGRAM

July 1, 2015 through June 30, 2016

GRANT PERIODS:

MT Dept of Commerce HOME	M13-SG300100-01-A	06/01/2015 - 03/31/2016
MT Dept of Commerce HOME	M13-SG300100-01-B	04/01/2016 - 09/30/2016
City of Bozeman (COB)		11/25/2003 - 06/30/2016
MT HomeOwnership Network (MHN) / NeighborWorks Montana (NWMT)		10/01/2004 - 09/30/2016
RTH Lending Pool		07/01/2006 - 06/30/2016

	HOME	COB	PGM INCOME	OTHER	TOTAL
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
REVENUE:					
Grant	\$ 238,967	\$ 0	\$ 0	\$ 0	\$ 238,967
Contract Income	0	24,714	0	108,977	133,691
Contributions	0	0	0	4,368	4,368
Homebuyer Loans Repaid	136,352	63,500	29,485	2,000	231,337
Appreciation Share Realized	9,147	1,670	11,374	0	22,191
TOTAL REVENUE	\$ 384,466	\$ 89,884	\$ 40,859	\$ 115,345	\$ 630,554
EXPENSES:					
Salaries & Fringe	\$ 32,620	\$ 12,417	\$ 0	\$ 109,721	\$ 154,758
Space	2,036	974	0	5,603	8,613
Communications	863	29	0	1,610	2,502
Supplies	0	0	1	6,256	6,257
Contract Services	1,860	124	0	0	1,984
Audit/Legal	0	0	0	1,275	1,275
Travel/Training	0	0	0	7,262	7,262
Homebuyer Loan Loss	0	0	0	(13,702)	(13,702)
TOTAL EXPENSES	\$ 37,379	\$ 13,544	\$ 1	\$ 118,025	\$ 168,949
REVENUE OVER/(UNDER) EXPENSES	\$ 347,087	\$ 76,340	\$ 40,858	\$ (2,680)	\$ 461,605
HOMEBUYER LOANS DISBURSED	\$ (352,918)	\$ (30,000)	\$ 0	\$ 0	\$ (382,918)
NET ASSETS AT 07/01/15	\$ (13,565)	\$ 226,837	\$ 121,427	\$ 13,637	\$ 348,336
NET ASSETS FOR					
OPERATIONS AT 06/30/16	\$ (19,396)	\$ 169,324	\$ 17,730	\$ 1,477	\$ 169,135
NET ASSETS FOR					
LENDING AT 06/30/16	\$ 0	\$ 103,853	\$ 144,555	\$ 9,480	\$ 257,888

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

RESOURCE PROPERTY MANAGEMENT

REPORT PERIOD: July 1, 2015 to June 30, 2016

	ACTUAL
REVENUE:	
HRDC Owned	
Management Fees: Colorado Apts (8 units)	\$ 2,400
Management Fees: Miles Apts (40 units)	21,454
Management Fees: Sherwood Inn Apts (50 units)	28,280
Management Fees: Summit Place Apts (7 units)	4,420
Management Fees: West Babcock Apts (24 units)	14,777
Management Fees: HRDC Facilities (8 buildings)	16,500
Third-Party Owned	
Management Fees: Buffalo Court Apts (20 units)	8,889
Management Fees: Castle Mountain Apts (10 units)	6,963
Management Fees: Guardian Apts (118 units)	63,573
TOTAL REVENUES	\$ 167,256
EXPENSES:	
Salaries and Fringe Benefits	\$ 169,119
Contract Services	2,669
Travel & Training	525
Space	8,393
Communications	899
Supplies	2,431
Office Costs	498
Liability Insurance	2,669
Other	1,612
TOTAL EXPENSES	\$ 188,815
REVENUE OVER/(UNDER) EXPENSES	\$ (21,559)
TRANSFER IN	\$ 15,000
TRANSFER OUT	\$ (17,295)
NET ASSETS AT 07/01/15	\$ 30,934
NET ASSETS AT 06/30/16	\$ 7,080

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

COMMUNITY SERVICES BLOCK GRANT

GRANT PERIOD: January 1, 2014 to August 31, 2015

GRANT NUMBER: DPHHS 14-028-10007-0

	BUDGET	ACTUAL
<u>REVENUE:</u>		
Grant	\$ 300,809	\$ 300,809
TOTAL REVENUE	\$ 300,809	\$ 300,809
<u>EXPENSES:</u>		
Salaries & Fringe	\$ 154,761	\$ 178,746
Consultants and Contract Services	4,600	683
Travel/Training	3,000	4,659
Space	7,500	13,150
Supplies	4,000	1,427
Small Equipment	6,000	0
Other Non-Direct Expenses	17,000	17,214
Support for Programs/Projects and Other Costs	103,948	84,930
TOTAL EXPENSES	\$ 300,809	\$ 300,809
REVENUE OVER/(UNDER) EXPENSES	\$ 0	\$ 0
NET ASSETS AT 01/01/14		\$ 0
NET ASSETS AT 08/31/15		\$ 0

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2016

	HRDC Central Office		HRDC Annex Office	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>				
Rental Income	\$ 108,000	\$ 108,000	\$ 37,200	\$ 37,200
TOTAL REVENUE	<u>\$ 108,000</u>	<u>\$ 108,000</u>	<u>\$ 37,200</u>	<u>\$ 37,200</u>
<u>EXPENSES:</u>				
Gas and Electric	\$ 14,800	\$ 11,795	\$ 3,410	\$ 3,216
Water, Sewer, and Garbage	3,460	2,972	740	655
Maintenance and Repairs	28,340	44,664	3,685	2,014
Janitorial/Grounds	15,050	16,065	5,670	5,832
Property Management/Audit	7,200	7,200	1,000	1,000
Insurance	3,455	3,340	1,812	3,198
Taxes	520	602	120	127
Interest Expense	17,870	17,849	11,102	11,135
Depreciation	42,297	42,297	16,742	16,742
TOTAL EXPENSES	<u>\$ 132,992</u>	<u>\$ 146,784</u>	<u>\$ 44,281</u>	<u>\$ 43,919</u>
REVENUE OVER/(UNDER) EXPENSES	<u>\$ (24,992)</u>	<u>\$ (38,784)</u>	<u>\$ (7,081)</u>	<u>\$ (6,719)</u>
NET ASSETS AT 07/01/15		<u>\$ 866,930</u>		<u>\$ (94,496)</u>
NET ASSETS AT 06/30/16		<u>\$ 828,146</u>		<u>\$ (101,215)</u>

See accompanying notes and independent auditor's report.

Supplemental Schedule
Human Resource Development Council of District IX, Inc.
Bozeman, Montana

SCHEDULE OF ADMINISTRATIVE COSTS ALLOCATED

For the Year Ended June 30, 2016

	<u>ACTUAL</u>
<u>REVENUE:</u>	
Allocation Payments from Programs	\$ <u>606,616</u>
TOTAL REVENUES	\$ <u>606,616</u>
 <u>EXPENSES:</u>	
Salaries and Fringe Benefits	\$ 496,813
Space Costs	22,858
Financial Audit	30,423
Communications	11,076
Office Costs	1,324
Small Equipment	2,444
Computer Service	49,195
Travel/Training	4,610
Other	<u>2,405</u>
TOTAL EXPENSES	\$ <u>621,148</u>
REVENUE OVER/(UNDER) EXPENSES	\$ (14,532)
TRANSFER IN (UI RESERVES)	\$ 12,701
NET ASSETS AT 07/01/15	\$ <u>(1,034)</u>
NET ASSETS AT 06/30/16	\$ <u><u>(2,865)</u></u>

See accompanying notes and independent auditor's report.

SINGLE AUDIT SECTION

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

FEDERAL SOURCE				Total	Total	
<i>PASS THROUGH SOURCE</i>	CFDA		Pass Through	Dollars	Federal	Awards to
PROGRAM NAME	No.	Grant Term	Number	Awarded	Expenditures	Subrecipients
Dept. of Housing and Urban Development						
<i>Montana Dept. of Health and Human Services</i>						
EMERGENCY SHELTER GRANT 14-15	14.231	04/01/14 - 07/31/15	14-028-51007-0	\$77,894	\$ 1,087	\$0
EMERGENCY SHELTER GRANT 15-16	14.231	08/01/15 - 07/31/16	15-028-51007-0	\$75,941	75,941	\$0
					\$ 77,028	\$0
<i>Direct</i>						
SUPPORTIVE HOUSING - LEASING	14.235	09/26/14 - 09/25/15	MT0030L8T001302	\$23,205	\$ 2,128	\$0
SUPPORTIVE HOUSING - LEASING	14.235	09/26/15 - 09/25/16	MT0046L8T001400	\$23,913	17,723	\$0
SUPPORTIVE HOUSING - OPERATIONS	14.235	10/06/14 - 10/05/15	MT0034L8T001302	\$17,993	399	\$0
SUPPORTIVE HOUSING - OPERATIONS	14.235	10/06/15 - 10/05/16	MT0034L8T001403	\$17,993	17,993	\$0
					38,243	
MULTIFAMILY HOUSING SERVICE COORDINATORS	14.191	12/01/14 - 11/30/17	MT99HS13001	\$100,011	20,002	\$0
					\$ 58,244	\$0
<i>Montana Dept. of Commerce</i>						
HOME INVESTMENT PARTNERSHIP PROGRAM - RTH	14.239	11/07/13 - 09/30/16	M13-SG300100-01	\$759,000	\$ 375,319	\$0
<i>Local Initiatives Support Corporation</i>						
RURAL LISC	14.252	10/01/13 - 09/30/15	41189-0033	\$35,000	\$ 8,695	\$0
RURAL LISC - CAFE	14.252	05/01/15 - 04/30/16	41189-0034	\$30,836	30,836	\$0
RURAL LISC	14.252	10/01/15 - 09/30/17	41189-0036	\$35,000	22,342	\$0
					\$ 61,873	\$0
Total Department of Housing and Urban Development					\$ 572,465	\$0
Department of Labor						
<i>Montana Department of Labor</i>						
<i>WIA/WIOA Cluster</i>						
WORKFORCE INNOVATION & OPPORTUNITY ACT	17.259	07/01/15 - 06/30/16	DLISF13_WIAYouth09-3	\$164,404	\$ 164,404	\$0
WORKFORCE INNOVATION & OPPORTUNITY ACT - MOD	17.259	07/01/15 - 06/30/16	DLISF13_WIAYouth09-3-1	\$4,684	4,684	\$0
Total Department of Labor, WIA/WIOA Cluster					\$ 169,088	\$0

See accompanying notes and independent auditor's report.

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
For the Year Ended June 30, 2016

FEDERAL SOURCE					Total	Total	Awards to
<i>PASS THROUGH SOURCE</i>	CFDA		Pass Through		Dollars	Federal	Subrecipients
PROGRAM NAME	No.	Grant Term	Number		Awarded	Expenditures	Subrecipients
Department of Transportation							
<i>Montana Department of Transportation</i>							
FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	20.509	07/01/15 - 06/30/16	108341		\$1,069,303	\$1,069,303	\$0
FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	20.509	07/01/15 - 06/30/16	108641		\$103,613	103,613	\$0
						<u>\$1,172,917</u>	<u>\$0</u>
Federal Transit Cluster							
FEDERAL TRANSIT CAPITAL INVESTMENT GRANT	20.500	01/01/12 - 9/30/15	MT-04-0017-00		\$382,050	900	\$0
BUS AND BUS FACILITIES FORMULA PROGRAM	20.526	07/01/15 - 06/30/16	108641		\$552,288	552,288	\$0
Total Department of Transportation						<u>\$1,726,105</u>	<u>\$0</u>
Department of Energy							
<i>Montana Dept. of Health and Human Services</i>							
DOE WEATHERIZATION 15-16	81.042	07/01/15 - 06/30/16	15-028-30027-0		\$124,529	\$ 124,529	\$0
Total Department of Energy						<u>\$ 124,529</u>	<u>\$0</u>
Department of Education							
<i>Montana Office of Public Instruction</i>							
STRIVING READERS 2015	84.371	10/01/14 - 09/30/15	016-6646-3515		\$171,388	\$ 7,427	\$0
STRIVING READERS 2016	84.371	10/01/15 - 09/30/16	016-6646-3516		\$160,000	126,271	\$0
PRESCHOOL DEVELOPMENT	84.419	07/01/15 - 08/31/16	016-6646-1615		\$731,589	605,094	\$0
Total Department of Education						<u>\$ 738,792</u>	<u>\$0</u>

See accompanying notes and independent auditor's report.

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
For the Year Ended June 30, 2016

FEDERAL SOURCE					Total	Total	Awards to
PASS THROUGH SOURCE	CFDA		Pass Through		Dollars	Federal	Subrecipients
PROGRAM NAME	No.	Grant Term	Number		Awarded	Expenditures	
Department of Health and Human Services							
<i>Rocky Mountain Development Council, Inc.</i>							
Aging Cluster							
TITLE III-B HOMEMAKER SERVICES	93.044	07/01/15 - 06/30/16	2016-004-013		\$52,766	\$ 52,766	\$0
TITLE III-B RESPITE / HOME SERVICES	93.044	07/01/15 - 06/30/16	2016-004-013		\$20,084	20,084	\$0
TITLE III-B HOMEMAKER SERVICES: PARK CO	93.044	07/01/15 - 06/30/16	2016-004-013		\$24,500	24,500	\$0
TITLE III-B RESPITE / HOME SERVICES: PARK CO	93.044	07/01/15 - 06/30/16	2016-004-013		\$10,500	10,500	\$0
TITLE III-B GALAVAN	93.044	07/01/15 - 06/30/16	2016-004-013		\$21,400	21,400	\$0
TITLE III-B RSVP	93.044	07/01/15 - 06/30/16	2016-004-013		\$2,675	2,675	\$0
Total Aging Cluster						<u>\$ 131,925</u>	<u>\$0</u>
<i>Missoula Aging Services (Area XI Agency on Aging)</i>							
SENIOR MEDICARE PATROL	93.048	06/01/15 - 05/31/16			\$9,253	\$ 9,253	\$0
<i>Montana Department of Labor</i>							
TANF Cluster							
TANF/WIA YOUTH 2015 - GALLATIN/PARK COUNTY	93.558	05/01/15 - 09/30/15	DLISFY13_WIAYth09-TANF-2T		\$85,995	\$ 61,026	\$0
TANF/WIA YOUTH 2015 - MEAGHER COUNTY	93.558	05/01/15 - 09/30/15	DLISFY13_WIAYth09-TANF-2T		\$3,610	2,319	\$0
TANF/WIOA YOUTH 2016	93.558	05/01/16 - 09/30/16	DLISFY13_WIAYth09-TANF-3T		\$91,454	36,153	\$0
Total TANF Cluster						<u>\$ 99,499</u>	<u>\$0</u>

See accompanying notes and independent auditor's report.

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
For the Year Ended June 30, 2016

FEDERAL SOURCE					Total	Total	
PASS THROUGH SOURCE	CFDA		Pass Through		Dollars	Federal	Awards to
PROGRAM NAME	No.	Grant Term	Number		Awarded	Expenditures	Subrecipients
Department of Health and Human Services, continued							
<i>Direct</i>							
Head Start							
HEAD START 15-16	93.600	04/01/15 - 03/31/16	08CH1099/03		\$1,252,579	\$ 935,364	\$0
Program Income					\$0	55,165	\$0
In-Kind					\$313,145	269,427	\$0
HEAD START 16-17	93.600	04/01/16 - 03/31/17	08CH1099/04		\$1,252,579	282,560	\$0
Program Income					\$0	19,574	\$0
In-Kind					\$313,145	31,977	\$0
<i>Less Program Income and In-Kind</i>						(376,143)	\$0
Total Head Start						<u>\$1,217,924</u>	<u>\$0</u>
<i>Montana Dept. of Health and Human Services</i>							
LIEAP CLIENT EDUCATION/ADVOCACY 14-15	93.568	10/01/14 - 08/31/16	15-028-11021-0		\$33,821	\$ 20,083	\$0
LIEAP CLIENT EDUCATION/ADVOCACY 15-16	93.568	10/01/15 - 08/31/17	16-028-11021-0		\$33,737	12,940	\$0
LIEAP OUTREACH 14-15	93.568	10/01/14 - 09/30/16	15-028-11057-0		\$46,046	24,644	\$0
LIEAP OUTREACH 15-16	93.568	10/01/15 - 08/31/17	16-028-11057-0		\$36,046	12,444	\$0
LIEAP ADMINISTRATION 14-15	93.568	10/01/14 - 08/31/16	15-028-11007-0		\$80,530	71,858	\$0
LIEAP ADMINISTRATION 15-16	93.568	10/01/16 - 08/31/17	16-028-11007-0		\$79,597	2,785	\$0
LIEAP CONTINGENCY REVOLVING FUND 14-15	93.568	10/23/14 - 10/28/15	15-028-11007-0		\$0	16,922	\$0
LIEAP CONTINGENCY REVOLVING FUND 15-16	93.568	10/29/15 - 09/30/16	16-028-11007-0		\$0	75,474	\$0
LIEAP WEATHERIZATION 14-15	93.568	07/01/14 - 08/31/15	14-028-16007-0		\$397,976	52,548	\$0
LIEAP WEATHERIZATION 15-16	93.568	07/01/15 - 08/31/16	15-028-16007-0		\$368,483	326,893	\$0
Total LIEAP						<u>\$ 616,590</u>	<u>\$0</u>

See accompanying notes and independent auditor's report.

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
For the Year Ended June 30, 2016

FEDERAL SOURCE				Total	Total	
<i>PASS THROUGH SOURCE</i>	CFDA		Pass Through	Dollars	Federal	Awards to
PROGRAM NAME	No.	Grant Term	Number	Awarded	Expenditures	Subrecipients
Department of Health and Human Services, continued						
CSBG						
CSBG 14	93.569	01/01/14 - 08/31/15	14-028-10007-0	\$300,809	\$ 20,561	\$4,595
CSBG 15	93.569	01/01/15 - 08/31/16	15-028-10007-0	\$303,792	263,935	\$0
CSBG 16	93.569	01/01/16 - 08/31/17	16-028-10007-0	\$303,792	17,483	\$0
CSBG SPECIAL PROJECT	93.569	03/03/16 - 09/30/16	None	\$10,000	1,894	\$0
Total CSBG					<u>\$ 303,873</u>	<u>\$0</u>
CHAFEE FOSTER CARE INDEPENDENCE	93.674	07/01/15 - 06/30/16	20123FCIP0006-3	\$35,140	33,876	\$0
Total Department of Health and Human Services					<u><u>\$2,412,940</u></u>	<u><u>\$0</u></u>
Corporation for National and Community Service						
<i>Direct</i>						
RSVP 2015-16	94.002	04/1/15 - 03/31/16	15SRPMT011	\$81,661	\$ 65,142	\$0
Match				\$34,998	29,735	\$0
RSVP 2016-17	94.002	04/1/16 - 03/31/17	15SRPMT011	\$82,161	18,276	\$0
Match				\$35,212	22,695	\$0
<i>Less Match</i>					(52,430)	\$0
Total Corporation for National and Community Service					<u><u>\$ 83,419</u></u>	<u><u>\$4,595</u></u>

See accompanying notes and independent auditor's report.

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
For the Year Ended June 30, 2016

FEDERAL SOURCE				Total Dollars Awarded	Total Federal Expenditures	Awards to Subrecipients
<i>PASS THROUGH SOURCE</i>	CFDA	Grant Term	Pass Through Number			
PROGRAM NAME	No.					
Department of Agriculture						
<i>Montana Dept. of Health and Human Services</i>						
Child and Adult Care Food Program 14-15	10.558	07/01/15 - 06/30/16	SASP 04087B		\$ 11,418	\$0
Child and Adult Care Food Program 14-15	10.558	04/01/15 - 03/31/16	HS 04087C		55,154	\$0
Child and Adult Care Food Program 15-16	10.558	04/01/16 - 03/31/17	HS 04087C		19,574	\$0
					<u>\$ 86,146</u>	<u>\$0</u>
<i>Montana Office of Public Instruction</i>						
Child Nutrition Cluster						
Summer Food Service Program for Children '15	10.559	06/15/15 - 08/28/15	16-6512		\$ 46,589	\$0
Summer Food Service Program for Children '16	10.559	06/06/16 - 08/26/16	16-6512		21,276	\$0
Total Child Nutrition Cluster					<u>\$ 67,865</u>	<u>\$0</u>
<i>Montana Dept. of Health and Human Services</i>						
Food Distribution Cluster						
Commodity Supplemental Food Program 14-15	10.565	10/01/14 - 09/30/15	15-027-21002-0		\$ 67,143	\$0
Commodity Supplemental Food Program 15-16	10.565	10/01/15 - 09/30/16	16-027-21002-0		177,537	\$0
Total Food Distribution Cluster					<u>\$ 244,680</u>	<u>\$0</u>
Total Department of Agriculture					<u>\$ 398,691</u>	<u>\$0</u>
TOTAL FEDERAL AWARDS EXPENDED					<u>\$6,226,027</u>	<u>\$4,595</u>
LOAN AND LOAN GUARANTEES				Principal Repayment	Amount Owed July 1, 2015	
<i>Direct Loan Guaranteed by the U.S. Department of Housing</i>	14.181			<u>\$ -</u>	<u>\$ 438,100</u>	

See accompanying notes and independent auditor's report.

Human Resource Development Council of District IX, Inc.
Bozeman, Montana

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Human Resource Development Council of District IX, Inc. (HRDC) under programs of the federal government for the year ended June 30, 2016. 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 of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selection portion of the operations of the HRDC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the HRDC.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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.

NOTE 3. INDIRECT COST RATE

The HRDC has not elected to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

NOTE . LOAN AND LOAN GUARANTEES

The HRDC has one direct loan guaranteed by the U.S. Department of Housing, CFDA 14.181, with a balance of \$438,100 at June 30, 2016.



RANDALL & PETERSON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Directors of
Human Resource Development
Council of District IX, Inc.
32 South Tracy
Bozeman, Montana 59715

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 the Human Resource Development Council of District IX, Inc., (the HRDC), which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the HRDC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the HRDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the HRDC'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Randall E. Peterson, P.C." The signature is written in a cursive style with a large, stylized 'R' and 'P'.

Randall & Peterson, P.C.
Missoula, Montana
January 24, 2017



RANDALL & PETERSON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Directors of
Human Resource Development
Council of District IX, Inc.
32 South Tracy
Bozeman, Montana 59715

Report on Compliance of Each Major Federal Program

We have audited Human Resource Development Council of District IX, Inc.'s, (the HRDC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the HRDC's major federal programs for the year ended June 30, 2016. The HRDC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the HRDC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

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

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

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



Randall & Peterson, P.C.
Missoula, Montana
January 24, 2017

**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 500.516(a)?	No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start
84.371	Striving Readers, Department of Education

Dollar threshold used to distinguish between type A and type B programs as described in the Uniform Guidance was \$750,000.

Auditee qualified as low-risk auditee?	Yes
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**Human Resource Development Council of District IX, Inc.
Bozeman, Montana**

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
For the Year Ended June 30, 2016

Section II—Financial Statement Findings

None Reported

Section III—Federal Award Findings and Questioned Costs

None Reported

Section IV – Summary Schedule of Prior Audit Findings

The audit report for the year ended June 30, 2015 contained no findings.