



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

CONSOLIDATED FINANCIAL REPORT

June 30, 2019 and 2018



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Human Resource Development Council of District IX, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 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 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 Human Resource Development Council of District IX, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standard

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

Other Matters

Other Information

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

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information on pages 51 through 105 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 audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Management's discussion and analysis on pages 4 through 6, which is the responsibility of management, includes information of a nonaccounting nature and has not been subjected to the auditing procedures applied in the audits of the financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2020, on our consideration of the Human Resource Development Council of District IX, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Human Resource Development Council of District IX, Inc. 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 Human Resource Development Council of District IX, Inc. internal control over financial reporting and compliance.

Anderson Zurmuehlen & Co., P.C.

Bozeman, Montana
March 1, 2020



Management Discussion & Analysis

As we look back on the previous fiscal year, it was another year focused on creating housing opportunities that are affordable for the people that live and work here. We also made great strides in Transportation and Senior Services, as well as laid the foundation for our future.

Thanks to many partners in the Big Sky community, we were able to break ground on the first affordable homeownership options ever in Big Sky. The Meadowview Condominiums will be home to 52 families living and working in the Big Sky community and will remain affordable via our land trust model. Additionally, we sold our Humble Homes (featured in the 2018 Parade of Homes), creating a replicable infill model for affordable development within the City of Bozeman. We also worked with our longstanding partner, The Trust for Public Lands, to secure a transfer of the property formerly known as Bridger View Mobile Home Park to HRDC to develop new affordable homes next to the most beautiful park in Bozeman!

In response to the need for mental health services and the needs of our seniors, we joined forces with Community Health Partners to launch Senior Reach, an Evidence Based Program that provides short term in-home behavioral health approach to combating anxiety, depression and isolation. Through this partnership, we have been able to positively impact the lives of our aging community.

We also enjoyed some celebrations. Through the support of many community partners, Bozeman was selected as one of three communities to host Transportation for America, a program of Smart Growth America, in partnership with Americans for the Arts, to help integrate artistic and transportation efforts and improve collaboration between local arts and transportation providers. This two day workshop launched Bus Boxes, Friends of Streamline, Wayfinding Partnerships, and the Compassion Project.

As we celebrated many successes, we continued to strive to meet the needs of our neighbors without stable housing. In an effort to ensure everyone has a safe, warm place to sleep, we piloted our Warming Center model in Livingston, providing temporary beds to 29 community members. We also sought a space that would accommodate the demand in Bozeman. While that efforts was not successful, our partnership with Christ the King Church allowed us to continue to meet the shelter needs for women and families. HRDC secured temporary financing to purchase land that will be home to Bozeman's first year round shelter, a much expanded version of our Gallatin Valley Food Bank and more essential services. We cannot wait to tell you more next year about this exciting project that will benefit our community for decades to come.

Financially, HRDC continues to operate very efficiently. Our combined administration and fundraising expense ratio is less than 10% of our total annual expenses of operations based on HRDC's Consolidated Statement of Functional Expenses for fiscal year 2018-19.



In addition to our 2018-19 ongoing core operations, HRDC's Consolidated Statement of Activities for the fiscal year ended June 30, 2019 includes:

- nonrecurring capital grants of \$1,919,865 consisting of
 - \$1,750,000 to purchase land for workforce housing construction in Big Sky, and
 - 169,865 to assist with the purchase of three additional Galavan vehicles to help meet our area's growing public transportation and paratransit needs;
- nonrecurring non-cash donation of land valued at \$1,600,000 for development of workforce housing in Bozeman; and
- nonrecurring sales of affordable condominiums and other housing units of \$344,400.

The prior fiscal year 2017-18 also included nonrecurring activities, primarily:

- nonrecurring capital grants of \$1,130,195 consisting of
 - \$332,000 for affordable housing construction,
 - \$318,200 toward construction of our early childhood education center in Belgrade, and
 - \$479,995 to assist with purchasing two Streamline buses for public transportation; and
- nonrecurring sales of manufactured housing units of \$974,605.

Excluding these nonrecurring activities, HRDC had ongoing revenues from our core operations of \$16.0 million and corresponding expenses of \$16.4 million in fiscal year 2018-19, compared with ongoing core revenues of \$14.2 million and expenses of \$14.5 million in the prior fiscal year 2017-18. In short, HRDC's programs and activities, taken as a whole, used slightly more resources to sustain our ongoing core operations than we received and mobilized in resources during fiscal years 2018-19 and 2017-18.

The revenues reported in HRDC's Consolidated Statement of Activities also include \$3.2 million in non-cash contributions of food received from donors in fiscal year 2018-19, 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 \$1.68 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 core revenues would be \$12.8 million and adjusted ongoing core expenses would be \$13.2 million for fiscal year 2018-19.



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 56 through 105.

As we look to 2020, we will craft a new strategic plan, continue our development and preservation of affordable homes, and break ground on our new facilities. Our Strategic Plan will focus on the top 5 pressing issues facing our community (as identified in our Community Needs Assessment): Housing, Childcare, Transportation, Medical and Behavioral Health Care.

Our community development work will complete 52 condominiums in Big Sky, 24 townhomes in Bozeman, 3 townhomes in West Yellowstone, 12 manufactured homes in Livingston and the preservation of more than 100 rental units. Our partnerships will create hundreds of rental units across Bozeman and Livingston, creating homes on the ground that are affordable to Montana families.

We promise to continue to forge new ground in creative solutions to address homelessness, create a regional public transportation system, and help families not only survive, but thrive.

But we cannot do it without you. We need every one of our 600 partners, 7,000 donors, and 3,500 volunteers! Together we positively impacted the lives of more than 11,000 neighbors, and we are building a better community.

*HRDC's mission is to instill hope, develop resources, design solutions and change lives.
We envision a place where poverty has no impact because opportunity and quality of life are
equally afforded to everyone.*

CONSOLIDATED FINANCIAL STATEMENTS

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 2,422,500	\$ 2,869,092
Escrow and building reserve	552,285	411,230
Certificates of deposit	155,673	100,389
Receivables (Note 3)		
Grantors	920,989	806,044
Accounts receivable, net	711,123	1,011,485
Pledges, net	585,720	-
Prepaid expenses	57,298	80,218
Investments	1,173,750	1,018,837
Inventory - supplies and food bank	289,686	259,351
Inventory - condominiums, federal constraints	323,076	411,384
Inventory - condominiums	402,533	-
Other asset - housing units	486,282	474,105
Deferred loans receivable, net (Note 3)	2,720,374	3,805,226
Investment in partnership	-	312,083
Construction in progress (Note 5)	4,875,658	657,289
Construction in progress, federal constraints (Note 5)	1,077,239	-
Property and equipment, net, federal constraints (Note 5)	9,644,261	8,203,863
Property and equipment, net (Note 5)	<u>8,333,594</u>	<u>3,394,771</u>
Total assets	<u>\$ 34,732,041</u>	<u>\$ 23,815,367</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
LIABILITIES		
Accounts payable	\$ 886,266	\$ 816,063
Accrued liabilities	331,100	301,058
Accrued vacation and paid time off	162,157	157,755
Accrued sick leave	19,998	19,998
Accrued interest payable	20,067	-
Rent deposits	142,839	61,795
Unearned revenue (Note 6)	5,028	22,747
Notes payable (Note 7)	<u>9,682,105</u>	<u>3,732,284</u>
Total liabilities	<u>11,249,560</u>	<u>5,111,700</u>
NET ASSETS		
Without donor restrictions		
Undesignated	7,895,443	7,976,538
HRDC general endowment fund - board designated	5,542	5,542
Federal constrained inventory and capital assets	<u>11,044,576</u>	<u>9,039,723</u>
Total net assets without donor restrictions	18,945,561	17,021,803
With donor restrictions		
Purpose or time restrictions	4,382,317	1,627,633
Perpetual in nature	<u>154,603</u>	<u>54,231</u>
Total net assets with donor restrictions	<u>4,536,920</u>	<u>1,681,864</u>
Total net assets	<u>23,482,481</u>	<u>18,703,667</u>
Total liabilities and net assets	<u>\$ 34,732,041</u>	<u>\$ 23,815,367</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Grant revenue	\$ 7,385,847	\$ 7,161,328
Contract revenue	1,071,907	1,298,345
Rental income	1,317,700	894,937
City/County/Local Government support	2,384,583	693,120
Sale of housing units	344,400	974,605
Contributions (including Fundraising):		
Food	3,164,087	3,208,159
United Way	56,500	69,730
Other	2,324,199	1,555,949
Net investment income	116,870	99,260
Gain on sale of property	196,401	85,188
Other	186,707	154,695
Net assets released from program restrictions	<u>107,523</u>	<u>97,606</u>
Total revenues	<u>18,656,724</u>	<u>16,292,922</u>
EXPENSES		
Program services:		
Energy	1,326,870	1,209,640
Food and nutrition	4,693,394	4,613,939
Senior citizens	526,825	314,858
Community development	977,268	1,435,415
Economic and youth development	398,509	424,640
Housing	2,738,398	2,015,737
Early childhood education	2,220,007	2,018,609
Transportation	<u>2,343,930</u>	<u>2,130,167</u>
Total program services	<u>15,225,201</u>	<u>14,163,005</u>
Supporting services:		
Administration	1,041,368	836,950
Fundraising	<u>466,397</u>	<u>238,584</u>
Total supporting services	<u>1,507,765</u>	<u>1,075,534</u>
Total expenses	<u>16,732,966</u>	<u>15,238,539</u>
Change in net assets without donor restrictions	<u>\$ 1,923,758</u>	<u>\$ 1,054,383</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Purpose or time restricted contributions	\$ 2,862,207	\$ 264,147
Perpetually restricted contributions	100,372	54,231
Net assets released from restrictions	<u>(107,523)</u>	<u>(97,606)</u>
Change in net assets with donor restrictions	<u>2,855,056</u>	<u>220,772</u>
Total change in net assets	4,778,814	1,275,155
Net assets, beginning of year	<u>18,703,667</u>	<u>17,428,512</u>
Net assets, end of year	<u><u>\$ 23,482,481</u></u>	<u><u>\$ 18,703,667</u></u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program								Supporting		Total 2019
	Energy	Food & Nutrition	Senior Programs	Community Development	Economic Development	Housing	Early Childhood Education	Transportation	Administration	Fundraising	
Program Expenses:											
Salaries	\$ 356,617	\$ 643,366	\$ 297,047	\$ 323,588	\$ 213,952	\$ 646,142	\$ 1,177,463	\$ 385,564	\$ 530,392	\$ 133,260	\$ 4,707,391
Bad debt	-	-	-	-	-	30,179	-	-	-	-	30,179
Client assistance	363,014	-	-	1,687	6,007	585,909	25,428	1,161	6,261	15,539	1,005,006
Closing costs and housing fees	-	-	-	-	-	2,628	-	-	-	-	2,628
Contract services	404,887	25,315	84,032	52,545	-	116,982	201,387	777,738	21,587	146,294	1,830,767
Cost of goods sold	-	-	-	297,336	5,744	-	-	-	-	-	303,080
Depreciation and amortization	16,375	56,500	-	4,719	10,504	286,786	113,792	405,609	12,103	3,564	909,952
Food	-	3,536,328	-	-	-	-	82,132	-	-	-	3,618,460
Fundraising	-	22,101	4,366	92	353	3,928	19	115	-	8,819	39,793
Insurance	10,826	26,352	5,009	11,033	3,293	20,958	22,639	76,572	3,758	773	181,213
Interest	-	10,846	-	11,768	3,280	92,379	42,223	-	18,109	-	178,605
Legal and audit	-	542	-	1,638	792	2,555	-	347	44,380	-	50,254
Loans forgiven	-	-	-	52,319	-	-	-	-	-	-	52,319
Office costs	10,067	20,411	16,945	33,890	6,165	39,329	25,837	30,809	58,729	10,448	252,630
Other	1,927	9,109	1,528	1,736	2,808	6,161	4,496	22,393	8,038	2,054	60,250
Outreach and marketing	1,855	10,100	837	3,875	6,324	5,525	3,361	62,805	4,280	44,888	143,850
Payroll taxes and benefits	83,271	144,620	62,925	80,552	51,965	157,240	295,164	86,589	115,138	32,185	1,109,649
Repairs and maintenance	607	11,934	-	5,986	863	349,191	19,638	244,665	34,477	-	667,361
Space and occupancy costs	28,360	99,457	20,538	43,396	29,385	325,461	130,093	31,399	100,732	16,200	825,021
Subgrants	-	-	-	9,087	-	-	-	-	-	-	9,087
Supplies	19,187	55,507	17,621	16,611	13,582	35,154	34,928	11,764	65,467	42,443	312,264
Trainee wages and benefits	-	-	-	-	30,079	-	-	-	-	-	30,079
Training	3,899	6,229	12,543	16,800	2,797	17,900	28,852	7,593	15,383	75	112,071
Travel and transportation	25,978	14,677	3,434	8,610	10,616	13,991	12,555	198,807	2,534	9,855	301,057
Total expenses	<u>\$ 1,326,870</u>	<u>\$ 4,693,394</u>	<u>\$ 526,825</u>	<u>\$ 977,268</u>	<u>\$ 398,509</u>	<u>\$ 2,738,398</u>	<u>\$ 2,220,007</u>	<u>\$ 2,343,930</u>	<u>\$ 1,041,368</u>	<u>\$ 466,397</u>	<u>\$ 16,732,966</u>
	7.9%	28.0%	3.1%	5.8%	2.4%	16.4%	13.3%	14.0%	6.2%	2.8%	100.0%

The Notes to Consolidated Financial Statements are an integral part of these statements.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018

	Program								Supporting		Total 2018
	Energy	Food & Nutrition	Senior Programs	Community Development	Economic Development	Housing	Early Childhood Education	Transportation	Administration	Fundraising	
Program Expenses:											
Salaries	\$ 279,282	\$ 521,531	\$ 227,993	\$ 224,264	\$ 217,940	\$ 536,928	\$ 1,046,115	\$ 372,037	\$ 482,540	\$ 96,852	\$ 4,005,482
Bad debt	-	830	-	-	254	12,054	-	-	-	-	13,138
Client assistance	272,962	-	-	1,956	4,919	428,234	28,058	13,926	-	833	750,888
Closing costs and housing fees	-	-	-	-	-	2,478	-	-	-	-	2,478
Contract services	491,613	28,276	3,814	194,774	4,995	95,195	199,475	710,015	8,000	15,394	1,751,551
Cost of goods sold	-	-	-	779,907	20,483	-	-	-	-	-	800,390
Depreciation and amortization	14,909	53,614	-	14,786	12,331	150,562	98,230	359,653	11,383	1,543	717,011
Food	-	3,630,105	-	-	-	-	67,238	-	-	-	3,697,343
Fundraising	-	16,544	3,435	464	1,099	4,444	126	65	-	12,060	38,237
Insurance	9,472	22,375	4,418	1,349	3,458	23,312	20,801	70,860	3,593	673	160,311
Interest	-	9,533	-	-	3,097	3,635	30,473	-	17,122	-	63,860
Legal and audit	-	-	-	6,272	-	5,654	-	-	40,188	825	52,939
Loans forgiven	-	-	-	57,741	-	-	-	-	-	-	57,741
Office costs	6,376	17,660	2,273	27,639	6,213	95,066	27,933	25,437	15,216	3,261	227,074
Other	311	2,290	1,322	12,488	2,784	4,474	6,083	2,670	2,542	967	35,931
Outreach and marketing	3,312	18,398	920	3,100	7,377	9,603	6,201	57,034	6,017	35,757	147,719
Payroll taxes and benefits	61,389	113,703	51,210	56,898	55,392	146,439	270,200	84,657	80,025	16,219	936,132
Repairs and maintenance	2,628	9,203	-	300	547	180,974	12,589	178,819	24,484	-	409,544
Space and occupancy costs	27,273	88,006	7,564	19,681	26,950	266,022	105,617	45,075	75,420	5,766	667,374
Subgrants	-	-	-	6,604	-	-	-	-	-	-	6,604
Supplies	17,265	62,214	4,059	8,068	9,957	17,550	63,768	10,593	64,043	46,767	304,284
Trainee wages and benefits	-	-	-	-	35,699	-	-	-	-	-	35,699
Training	3,102	5,789	4,007	3,767	5,622	26,848	22,785	5,332	3,702	1,667	82,621
Travel and transportation	19,746	13,868	3,843	15,357	5,523	6,265	12,917	193,994	2,675	-	274,188
Total expenses	<u>\$ 1,209,640</u>	<u>\$ 4,613,939</u>	<u>\$ 314,858</u>	<u>\$ 1,435,415</u>	<u>\$ 424,640</u>	<u>\$ 2,015,737</u>	<u>\$ 2,018,609</u>	<u>\$ 2,130,167</u>	<u>\$ 836,950</u>	<u>\$ 238,584</u>	<u>\$ 15,238,539</u>
	7.9%	30.3%	2.1%	9.4%	2.8%	13.2%	13.2%	14.0%	5.5%	1.6%	100.00%

The Notes to Consolidated Financial Statements are an integral part of these statements.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grantors	\$ 7,253,183	\$ 7,341,709
Cash received from contracts	1,443,368	1,169,710
Cash received from rentals	1,398,744	882,345
Cash received from City/County/Local Government	2,384,583	693,120
Cash received from United Way	56,500	69,730
Cash received from sale of manufactured homes	344,400	974,605
Cash received from contributions	4,600,686	1,555,949
Cash received from interest and dividends	116,673	110,407
Cash received from other activities	186,707	186,153
Cash paid to employees	(5,812,675)	(5,011,442)
Cash paid to suppliers	(5,615,048)	(3,621,598)
Cash paid for direct assistance to clients	(1,005,006)	(750,888)
Cash paid for other operational expenses	(52,279)	(152,057)
Cash paid for fundraising activities	(39,793)	(38,237)
Interest paid	<u>(158,538)</u>	<u>(63,860)</u>
Net cash flows from operating activities	<u>5,101,505</u>	<u>3,345,646</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(10,687,655)	(4,467,869)
Cash received from the sale of property	-	1,050,817
Investment purchases	(210,000)	(103,657)
Principal loan payments received	1,141,734	252,296
Principal payments advanced	(112,600)	(332,000)
Cash paid into building reserves	<u>(141,055)</u>	<u>(35,947)</u>
Net cash flows from investing activities	<u>(10,009,576)</u>	<u>(3,636,360)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions to endowment	100,372	54,231
Cash received from loans	5,534,893	1,282,500
Cash paid on loan principal	(1,485,869)	(411,177)
Investment in partnership	<u>312,083</u>	<u>-</u>
Net cash flows from financing activities	<u>4,461,479</u>	<u>925,554</u>
Net change in cash and cash equivalents	(446,592)	634,840
Cash and cash equivalents, beginning of year	<u>2,869,092</u>	<u>2,234,252</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,422,500</u></u>	<u><u>\$ 2,869,092</u></u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,778,814	\$ 1,275,155
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	909,952	717,011
Bad debt, allowances, and loans forgiven	7,539	43,859
Income from Partnership	-	(720)
Contributions to Endowment	(100,372)	(54,231)
Unrealized (gain) on investments	(197)	2,430
(Gain) loss on sale of property and equipment and homes	(366,401)	(85,188)
Proceeds from sale of housing units and condominiums	344,400	974,605
Change in operating assets and liabilities:		
Inventory	(331,065)	348,071
Grants receivable	(114,945)	163,180
Accounts receivable	348,541	(59,783)
Pledges receivable	(585,720)	-
Prepaid expenses	22,920	(37,394)
Accounts payable	70,203	88,171
Accrued liabilities	30,042	(21,421)
Vacation payable	4,402	(848)
Sick leave payable	-	(11,860)
Accrued interest payable	20,067	-
Rent deposits	81,044	(12,592)
Unearned revenue	(17,719)	17,201
Net cash flows from operating activities	<u>\$ 5,101,505</u>	<u>\$ 3,345,646</u>
 SUPPLEMENTAL SCHEDULE OF NON-CASH OPERATING ACTIVITIES		
Contributions of food	<u>\$ 3,164,087</u>	<u>\$ 3,208,159</u>
 SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING ACTIVITIES		
Fixed assets acquired through Miles Limited Partnership	<u>\$ 1,850,061</u>	<u>\$ -</u>
 SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING ACTIVITIES		
Project loans converted to long-term financing	<u>\$ -</u>	<u>\$ 600,000</u>
Debt acquired through Miles Limited Partnership	<u>\$ 1,900,797</u>	<u>\$ -</u>
 SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid (includes capitalized interest)	<u>\$ 683,666</u>	<u>\$ 123,854</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of 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., Darlinton Apartments, Inc., Big Sky Villas Rural Partners, LLC, and Miles Limited Partnership. All significant inter-company transactions and balances have been eliminated. Subsidiary elimination worksheets are included as supplementary schedules on pages 51 to 55.

Organization

Human Resource Development Council of District IX, Inc. (HRDC) is a private not-for-profit corporation under Internal Revenue Code Section 501(c)(3). HRDC is located in Bozeman, Montana. HRDC is a non-profit community action agency, dedicated to strengthening community and advancing the quality of people's lives. 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. HRDC focuses on seven strategic challenges and operates multiple programs to address these pressing human needs. 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, West Edge Condominiums, and Cottages at Menicucci Square are HRDC owned properties which are accounted for separately from HRDC's programs. Financial data has been reported accordingly in the supplementary consolidating schedules on pages 51 to 55.

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.

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.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

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

Organization (Continued)

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. As of June 30, 2018, the Miles Building, Inc. owned 0.01 percent of the Miles Limited Partnership. During the year ended June 30, 2019, Miles 2017, LLC (a new subsidiary) was created and purchased the remaining .99 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.

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.

Big Sky Villas Rural Partners, LLC (a limited liability company) was formed to purchase and rehabilitate the Big Sky Villas Apartments in Belgrade, Montana. The Big Sky Villas Apartment Complex was purchased to preserve 24 units of existing low-income housing stock in the Belgrade community. Big Sky Villas Rural Partners, LLC serves as the managing general partner of West Jefferson Partners, LLP and owns 0.01 percent of West Jefferson Partners, LLP.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

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

Basis of Accounting

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

New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (AS) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements for Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. HRDC has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. HRDC has elected not to restate 2018 for the liquidity disclosures, which is allowed in the year of implementation. The ASU has been applied retrospectively to all periods presented, which had no effect on the change in net assets or total assets previously reported.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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.

HRDC participates in a Master Sweep Repurchase Agreement (Agreement) through a reputable financial institution. Daily, the financial institution sells to 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.

At June 30, 2019 and 2018, HRDC has uninsured balances of \$-0- and \$3,656. All other accounts are either fully insured by the Federal Deposit Insurance Corporation or collateralized. Although management has expressed no intention to do so, HRDC may terminate the Agreement at any time.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

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

Certificates of Deposit

HRDC had one certificate of deposit (CD) at June 30, 2019 and 2018. The current CD term is six months maturing in July 2019, with an interest rate of 0.60 percent. The CD is stated at the principal balance.

Investments and Investment Income

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the consolidated statement of financial position with the unrealized gains (losses) in the consolidated statement of activities. Gains and losses on investments and other assets are reported as unrestricted net assets unless their use is restricted by explicit donor stipulation.

Promises to Give and Other Receivables

Unconditional promises to give (pledges receivable) are recognized at fair value in the period received. Unconditional promises to give that will be collected beyond one year are reported at the present value of the anticipated cash flows. Management has determined that an allowance for uncollectible amounts to \$-0- at June 30, 2019 and 2019. HRDC has discounted the pledge receivable based on the present value discount for a multi-year pledge.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. At June 30, 2019, there were no conditional promises to give.

Inventories

Inventories include 14 manufactured housing units. HRDC purchased 75 manufactured housing units in July and September 2016 and had sold 43 of these units and transferred 18 of these units to property and equipment to be used for the Cottages at Menicucci Square. These housing units are planned as affordable housing units to be placed in a variety of developments in HRDC's service area communities in Gallatin and Park Counties. The total cost of the 14 unsold manufactured housing units is \$486,282 and \$474,105 at June 30, 2019 and 2018, respectively.

Inventories include 3 and 4 unsold condominium units which are carried at the lower of cost or net realizable value amounting to \$323,076 and \$411,384 for the years ended June 30, 2019 and 2018, respectively. HRDC purchased 23 units and constructed 60 units of an affordable housing development, West Edge Condominiums, during fiscal years 2010-2014 under the Neighborhood Stabilization Program (NSP). Through June 30, 2019 and 2018, HRDC had cumulatively sold 80 and 79 of the 83, condominium units, respectively, at an average sale price of \$115,000 and cost basis of \$138,000. The remaining three units will be sold upon the current occupants' decision to vacate the property under the terms of the original lease agreements assumed at the time of acquisition in 2010.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

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

Inventories (Continued)

During the year ended June 30, 2019, 2 humble homes were constructed, for which 1 unit was sold during the year. The remaining humble home is carried at the lower of cost or net realizable value amounting to \$137,869 for the year ended June 30, 2019.

Inventories include a condo that was purchased during the year ended June 30, 2019. The condo is carried at the lower of cost or net realizable value amounting to \$264,664.

Supplies and food bank inventories contain repair parts used in the weatherization program (\$4,113 and \$2,296 on June 30, 2019 and 2018, respectively) and the food inventory at the Gallatin Valley Food Bank, Big Sky Community Food Bank and Headwaters Area Food Bank (\$285,573 and \$257,055 on June 30, 2019 and 2018, respectively).

All inventories are recorded at the lower of cost or net realizable value.

Property and Equipment

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. Depreciation is allocated between program support and supporting services.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

Furniture and Equipment	3 to 10 years
Vehicles	7 to 10 years
Land Improvements	20 years
Building and Improvements	20 to 30 years
Software	3 years

Depreciation expense for the years ended June 30, 2019 and 2018 was \$909,952 and \$717,011, respectively.

Vacation/Paid Time Off and Sick Leave

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, 2019 and 2018, the Vacation Leave/PTO Fund had a liability balance of \$162,157 and \$157,755, respectively.

HRDC pays terminating employees one quarter of the value of their unused sick leave. On June 30, 2019 and 2018, the liability for one quarter unused sick leave was \$19,998 and \$19,998 including related payroll taxes. The other three quarters of sick leave expenses are recorded when paid.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

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

Classification Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets, as follows:

Net assets without donor restrictions consist of investments and amounts that are available for use in carrying out the mission of HRDC, and include those expendable resources that have been designated by the Board of Directors for special use by the HRDC.

Net assets with donor restrictions represent those amounts that are subject to donor or certain grantor imposed stipulations. Some donor or grantor restrictions are temporary in nature such as those that will be met by passage of time or other events specified by the donor or grantor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

A summary of net assets restricted for purpose or time at June 30 is as follows:

	<u>2019</u>	<u>2018</u>
Bridger View Redevelopment - land	\$ 1,600,000	\$ -
Galavan Transportation operations	1,043,780	1,023,982
Griffin Site Development	597,920	-
Bridger View Redevelopment	341,952	-
Big Sky Community Food Bank	256,074	255,074
Road to Home homeownership center	187,635	196,143
Big Sky Community Land Trust	183,539	83,300
Healthy Kids Pack Food program	53,871	39,090
Partnership for Permanent Supportive Housing	45,052	-
Title 3 Home Care	27,039	17,000
National Council on Aging: SNAP	14,198	-
Livingston Warming Center	11,000	-
GVFB Story Mill Learning Garden	8,000	-
Fork and Spoon	7,213	-
School Food Pantry	5,044	3,044
Youth Transitional Housing	-	10,000
Total purpose or time restricted	<u>\$ 4,382,317</u>	<u>\$ 1,627,633</u>

A summary of net assets perpetual in nature at June 30 is as follows:

	<u>2019</u>	<u>2018</u>
Warming Center	\$ 78,302	\$ 27,116
Gallatin Valley Food Bank	<u>76,301</u>	<u>27,115</u>
Total perpetually restricted	<u>\$ 154,603</u>	<u>\$ 54,231</u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

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

Contributed Support

HRDC recognizes all unconditional gifts and promises to give in the period notified. Contributed support is reported as net assets with or without donor restrictions depending upon the existence of donor stipulations. Purpose or time restricted contributions whose restrictions have been fulfilled in the current year are reported as net assets without donor restriction.

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 HRDC that are included in the consolidated financial statements as of June 30, 2019 and 2018 total \$121,492 and \$61,235, respectively.

Additional non-cash donations of clothing, volunteer time, and miscellaneous items have also been contributed to HRDC that have not been included in these consolidated financial statements because they do not meet the requirements for recognition or are considered immaterial for inclusion in the financial statements.

Advertising

HRDC expenses advertising costs as incurred. Total advertising and outreach costs were \$143,870 and \$147,719 for the years ended June 30, 2019 and 2018, respectively.

Income Taxes

HRDC is exempt from income taxes under §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 2019 or 2018.

Description of the HRDCs' 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:

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.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Description of HRDC's Program Activities and Expense Classification (Continued)

Food & Nutrition Activities

HRDC's Nutrition Initiatives work to improve food security across the Gallatin Valley. Through the Gallatin Valley, Headwaters Area, and Big Sky Community Food Banks, emergency food assistance is provided in the form of emergency food boxes. Additionally, the Fork & Spoon Homestyle Kitchen provides a 'pay what you can' model for evening dinner service six nights a week, the KidsPack Program provides supplemental weekend food to children experiencing hunger, the Summer Lunch Program provides free lunchtime meals to children during the summer months, and the Senior Grocery Program provides supplemental food to low income seniors.

Senior Programs 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 food, 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.

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 Development Activities

HRDC's Economic Development Initiatives work to provide free tax filing assistance, job readiness training and placement for the 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 the community can afford to have and preserve a 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.

Early Childhood Education Activities

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.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

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

Description of HRDC's Program Activities and Expense Classification (Continued)

Transportation Activities

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.

Administrative Activities

Consists of funds that are used for administering HRDC.

Fundraising Activities

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.

Cost Allocation

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. HRDC utilizes following basis for allocated costs:

- | | |
|---|-------------------------------------|
| • Occupancy costs | square footage* |
| • Telephone | number of telephones* |
| • Copies, print, postage | actual usage |
| • Agency wide audit, fiscal office | number of accounting transactions** |
| • Common supplies, general liability insurance, human resources office, receptionist, executive, computer network | number of FTEs** |

* For staffing in multiple programs, costs are further allocated in a second tier based on salaries and wages.

**Time which is easily and specifically identifiable to a particular program may be alternatively charged as a Specific Direct Cost via a Time Sheet. In no case is a cost charged both as a specific direct cost and as an allocated cost.

Reclassifications

Certain reclassifications have been made to the June 30, 2018 financial statements to conform to the June 30, 2019 presentation. Such reclassifications had no effect on previously reported amounts.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure include only those without donor restrictions, excluding board designated net assets or other restrictions limiting their use within one year of the statement of financial position date. General expenditures include those listed with the management and general classification of the statement of activities.

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

Cash and cash equivalents	\$ 2,422,500
Escrow and building reserve	552,285
Certificates of deposit	155,673
Receivables	2,217,832
Prepaid expenses	57,298
Investments	1,173,750
Inventories	1,015,295
Other asset - manufactured homes	486,282
Deferred loans receivable, net	2,720,374
Construction in progress	5,952,897
Property and equipment, net	<u>17,977,855</u>
Total assets	<u>34,732,041</u>
Escrow and building reserve	(552,285)
Receivables (grantors)	(920,989)
Prepaid expenses	(57,298)
Inventories	(1,015,295)
Other asset - manufactured homes	(486,282)
Deferred loans receivable, net	(2,720,374)
Construction in progress	(5,952,897)
Property and equipment, net	<u>(17,977,855)</u>
Financial assets	5,048,766
Board designated	(5,542)
Donor restricted net assets*	(2,936,920)
Cash committed to HRDC projects	<u>(1,020,576)</u>
Financial assets available within 1 year	<u>\$ 1,085,728</u>

*Amount excludes land recorded at \$1,600,000 that is donor restricted and removed from property and equipment, net, above.

As part of HRDC's liquidity management plan, HRDC has a policy to structure its financial assets to be available as general expenditures, liabilities, and or obligations as they become due.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 2. LIQUIDITY AND AVAILABILITY (CONTINUED)

Escrows and building reserves and grants receivable are excluded from financial assets available for general expenditure as they are generally restricted for specific grant purposes. During the course of the year, HRDC has numerous projects in process, in which, cash committed has been excluded from financial assets. Unrestricted corporate funds individual statements is included on pages 62 and 63 in the supplemental information.

NOTE 3. 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. HRDC has an additional \$2,383,481 and \$1,302,090 in unearned grant commitments as of June 30, 2019 and 2018, respectively.

Accounts Receivable represent amounts owing to 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 to write off an account. These amounts are shown net of a provision for bad debts of \$39,745 and \$36,835 as of June 30, 2019 and 2018, respectively.

Pledges Receivable represents an unconditional promise to give by a donor. Based on donor stipulations, HRDC will receive \$300,000 during the year ended June 30, 2020, and \$300,000 during the year ended June 30, 2021. HRDC has discounted the pledge \$14,280 based on the present value discount for a multiyear pledge. The rate used for the discount was .9524%. Pledges receivable at June 30, 2019 and 2018 are \$585,720 and \$-0-, respectively.

Deferred Loans Receivable represents amounts advanced by BSV Rural Partners, LLC to West Jefferson Partners, LLLP for the rehabilitation of the Big Sky Villas Apartments, down payment assistance loans through the HRDC Homeownership Center, and second mortgage loans through the Neighborhood Stabilization Program.

The following table presents deferred loans receivable from related parties at June 30, 2019 and 2018:

BSV Rural Partners, LLC HOME Loan	\$ 832,000
Date of loan	December 14, 2016
Maturity date	December 14, 2046
Interest rate	1.00%
Terms	Loan deferred until available cash flow after all other debts and
Collateral	Secured by revenues of West Jefferson Partners, LLLP

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 3. RECEIVABLES (CONTINUED)

HRDC's Homeownership Center 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. HRDC shares in the equity of the home and the total amount due to HRDC upon repayment conditions is based upon the appraised value of the home.

As of June 30, 2019, HRDC had thirty-four outstanding down payment assistance loans totaling \$554,490, offset by a provision for loan losses of \$91,648. As of June 30, 2018, HRDC had forty outstanding down payment assistance loans totaling \$639,605, offset by a provision for loan losses of \$42,240. As of June 30, 2019 and 2018, HRDC had forty-five small housing assistance loans to clients totaling \$24,523 and \$-0-, respectively.

HRDC West Edge Condominiums development provided financial assistance through the Neighborhood Stabilization Program (NSP) to acquire twenty-three condominiums in 2010 and construct sixty additional affordable condominium units through 2014. HRDC sold the condominiums to income-eligible buyers with a maximum of 50% of the mortgage amount being financed through NSP funds in the form of no-interest, deferred payment, second mortgage loans to help fill the gap between the total purchase price and the maximum loan amount offered by the primary lender. Repayment of the 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. Upon repayment, an appreciation share formula is applied in lieu of interest to determine the amount of repayment. As of June 30, 2019, there were forty-one second mortgage loans outstanding in the amount of \$1,468,009, offset by a provision for loan losses of \$67,000. As of June 30, 2018, there were forty-five second mortgage loans outstanding in the amount of \$1,631,743, offset by a provision for loan losses of \$77,000. The provision for loan losses is based on approximately six percent of the amount loaned in the final phase of the program.

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.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 3. RECEIVABLES (CONTINUED)

A summary of loans receivable and their related allowances at June 30, 2019 and 2018, is as follows:

	Loan Receivable 2019	Allowance for Doubtful Accounts 2019	Loan Receivable 2018	Allowance for Doubtful Accounts 2018
Affordable Housing				
Road to Home down-payment assistance	\$ 554,490	\$ 91,648	\$ 639,605	\$ 42,240
Neighborhood Stabilization program				
Second mortgage loans	1,468,009	67,000	1,631,743	77,000
Housing assistance loans	24,523	-	-	-
Intercompany Loans				
Sherwood Inn Apartments	483,160	-	522,379	-
West Babcock Apartments	172,391	-	177,428	-
Miles LP	821,118	-	-	-
Related Party Commercial				
West Jefferson Partners, LLLP	832,000	-	832,000	-
Miles LP	-	-	821,118	-
Total	4,355,691	<u>\$ 158,648</u>	4,624,273	<u>\$ 119,240</u>
Intercompany elimination	(1,476,669)		(699,807)	
Less: allowance	<u>(158,648)</u>		<u>(119,240)</u>	
Deferred loans receivable, net	<u>\$ 2,720,374</u>		<u>\$ 3,805,226</u>	

An analysis of credit exposure by internally assigned grade at June 30, 2019 and 2018, is as follows:

	Residential		Related Party Commercial	
	2019	2018	2019	2018
Pass - performing loans	\$ 2,047,022	\$ 2,271,348	\$ 832,000	\$ 1,653,118
Pass with collateral deficiencies	-	-	-	-
Non-performing, collateralized	-	-	-	-
Non-performing, collateral deficiencies	-	-	-	-
Total	<u>\$ 2,047,022</u>	<u>\$ 2,271,348</u>	<u>\$ 832,000</u>	<u>\$ 1,653,118</u>

An analysis of past due financing receivables as of June 30, 2019 and 2018, is as follows:

	Residential		Related Party Commercial	
	2019	2018	2019	2018
30 - 59 days past due	\$ -	\$ -	\$ -	\$ -
60 - 89 days past due	-	-	-	-
Greater than 90 days past due	-	-	-	-
Total past due	-	-	-	-
Current financing receivables	2,047,022	2,271,348	832,000	1,653,118
Total financing receivables	<u>\$ 2,047,022</u>	<u>\$ 2,271,348</u>	<u>\$ 832,000</u>	<u>\$ 1,653,118</u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 3. RECEIVABLES (CONTINUED)

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.

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 occurred or will occur. The risk characteristics of the individual loan programs are similar in nature. 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, HRDC's loan portfolio is generally of inherently higher risk than typical conventional financing loans; however the loans are collateralized by the property.

HRDC's loans receivable are considered deferred loans, therefore no loans are considered past due as of June 30, 2019 and 2018, 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, 2019 and 2018, HRDC did not have any impaired loans.

NOTE 4. INVESTMENTS AT FAIR VALUE

The Organization has determined the fair value of its investments through the application of accounting standards for *Fair Value Measurements*. This standard establishes a fair value hierarchy, which prioritizes the valuation into three broad levels:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

The Organization's policy for determining the timing of significant transfers between Levels 1, 2, and 3 is at the end of the reporting period.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 4. INVESTMENTS AT FAIR VALUE (CONTINUED)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2019 and 2018.

Cash and Certificates of Deposit: 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. 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 certificates of deposit are determined by discounting the related cash flows based on current yields of similar instruments and considering the creditworthiness of the issuer.

The following tables present by level, within the fair value hierarchy, HRDCs' investment assets at fair value, as of June 30, 2019 and 2018. Investment assets are classified in their entirety based upon the lowest level of input that is significant at the fair value measurement.

	2019		
	Amortized Cost	Fair Value	Net Unrealized Gain
Level 1 investments:			
Cash held for investment	\$ 9,483	\$ 9,483	\$ -
Certificates of Deposit	155,673	155,673	-
Mutual Funds	<u>1,122,562</u>	<u>1,164,267</u>	<u>41,705</u>
Total investments (level 1)	<u>\$ 1,287,718</u>	<u>\$ 1,329,423</u>	<u>\$ 41,705</u>
	2018		
	Amortized Cost	Fair Value	Net Unrealized Gain
Level 1 investments:			
Cash held for investment	\$ 13,287	\$ 13,287	\$ -
Certificates of Deposit	100,389	100,389	-
Mutual Funds	<u>964,799</u>	<u>1,005,550</u>	<u>40,751</u>
Total investments (level 1)	<u>\$ 1,078,475</u>	<u>\$ 1,119,226</u>	<u>\$ 40,751</u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 4. INVESTMENTS AT FAIR VALUE (CONTINUED)

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

	<u>2019</u>	<u>2018</u>
Interest, dividends and capital gains	\$ 30,206	\$ 23,495
Loan and other interest income	97,900	71,867
Realized gains (losses)	(1,382)	15,712
Unrealized gains (losses)	<u>197</u>	<u>(2,377)</u>
Net realized/unrealized loss on investments	<u>(1,185)</u>	<u>13,335</u>
Investment fees	<u>(10,051)</u>	<u>(9,437)</u>
Total investment income	<u>\$ 116,870</u>	<u>\$ 99,260</u>

A significant portion of HRDC's investments are subject to the risk of value fluctuation that is inherent in the market. As such, the value of HRDC's assets may change frequently. To help manage this risk, HRDC utilizes professional investment management firms to oversee the HRDC portfolio and monitor its performance. Total investment fees paid to the investment managers were \$10,051 and \$9,437 for the years ended June 30, 2019 and 2018, respectively.

NOTE 5. PROPERTY AND EQUIPMENT

Equipment purchased with grant funds is subject to rights of rescission of the grantors. Equipment purchased with grant monies is 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.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 5. PROPERTY AND EQUIPMENT (CONTINUED)

Property and equipment consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 777,332	\$ 645,356
Vehicles	4,789,454	4,589,613
Land and improvements	8,717,952	3,394,175
Buildings	13,781,808	10,669,009
Less accumulated depreciation	<u>(10,088,691)</u>	<u>(7,699,519)</u>
Total land, buildings, equipment and vehicles	17,977,855	11,598,634
Software	139,440	139,440
Less accumulated depreciation	<u>(139,440)</u>	<u>(139,440)</u>
Total software	-	-
Construction in progress	<u>5,952,897</u>	<u>657,289</u>
Total property and equipment	<u><u>\$ 23,930,752</u></u>	<u><u>\$ 12,255,923</u></u>

Presented on the statement of financial position as:

Construction in progress	\$ 4,875,658	\$ 657,289
Construction in progress, federal constraints	1,077,239	-
Property and equipment, net, federal constraints	9,644,261	8,203,863
Property and equipment, net	<u>8,333,594</u>	<u>3,394,771</u>
Total	<u><u>\$ 23,930,752</u></u>	<u><u>\$ 12,255,923</u></u>

NOTE 6. UNEARNED REVENUE

Unearned revenue consists of cash received from grantors that was not earned as of June 30, 2019 and 2018. The activity in the unearned revenue account is as follows:

	<u>2019</u>	<u>2018</u>
Unearned revenue, beginning of year	\$ 1,324,837	\$ 2,083,272
Grant awards received	7,708,799	5,903,431
Grant expenditures	<u>(6,202,711)</u>	<u>(6,661,866)</u>
Gross unearned revenue, end of year	2,830,925	1,324,837
Less amount not received in cash	<u>(2,825,897)</u>	<u>(1,302,090)</u>
Net unearned revenue	<u><u>\$ 5,028</u></u>	<u><u>\$ 22,747</u></u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 7. NOTES PAYABLE

HRDC's notes payable at June 30, 2019 and 2018 are as follows:

		Original Loan Amount	2019 Balance Outstanding	2018 Balance Outstanding
Big Sky Western Bank		\$ 660,578	\$ 372,723	\$ 383,615
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%			
Terms	Resets every 7 years to 3.00% above the Federal Home Loan Bank Bullet Rate (1.21.% at June 30, 2018 and 2017).			
Collateral	First lien on the West Babcock Apartments and guaranteed by HRDC.			
City of Bozeman Community Affordable Housing		\$ 150,000	\$ 37,916	\$ 42,916
Loan date	January 1, 1997			
Maturity date	January 1, 2027			
Monthly payment	\$ 417			
Interest rate	0.00%			
Collateral	Second lien on the West Babcock Apartments.			
U.S. Department of Agriculture - Rural Development		\$ 116,415	\$ 84,340	\$ 86,766
Loan date	October 6, 1999			
Maturity date	October 3, 2039			
Monthly payment	\$ 543			
Interest rate	4.75%			
Collateral	Revenue from the Livingston Child Care Center.			
U.S. Department of Agriculture - Rural Development		\$ 30,000	\$ 21,686	\$ 22,340
Loan date	October 6, 1999			
Maturity date	October 6, 2039			
Monthly payment	\$ 140			
Interest rate	4.75%			
Collateral	Revenue from the Livingston Child Care Center.			
U.S. Department of Agriculture - Rural Development		\$ 450,000	\$ 347,618	\$ 356,051
Loan date	February 1, 2002			
Maturity date	February 1, 2042			
Monthly payment	\$ 2,097			
Interest rate	4.75%			
Collateral	HRDC Central Office building and land.			

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 7. NOTES PAYABLE (CONTINUED)

		Original Loan Amount	2019 Balance Outstanding	2018 Balance Outstanding
First Interstate Bank		\$ 152,800	\$ 65,938	\$ 72,867
Original loan date	December 28, 1999			
Refinanced	June 19, 2003			
Maturity date	May 1, 2028			
Monthly payment	\$ 893			
Interest rate	3.75%			
Terms	Resets every 5 years to .50% above the <i>Wall Street Journal</i> Prime Rate (3.25% at June 30, 2019 and 2018)			
Collateral	First lien on the Gallatin Valley Food Bank building and land.			
Stockman Bank of Montana		\$ 252,287	\$ 198,628	\$ 208,462
Loan date	April 17, 2013			
Maturity date	May 17, 2033			
Monthly payment	\$ 1,633			
Interest rate	4.80%			
Terms	Resets every 10 years to 4.00% above the 5-year U.S. Treasury Constant Maturity Index (.8% at June 30, 2019 and 2018).			
Collateral	First lien on the HRDC Annex building			
Big Sky Western Bank		\$ 275,000	\$ 144,583	\$ 151,202
Loan date	May 22, 2014			
Maturity date	May 20, 2034			
Monthly payment	\$ 1,709			
Interest rate	4.29%			
Terms	Resets every 5 years to 3.00% above the Federal Home Loan Bank Bullet Rate (1.29% at June 30, 2019 and 2018) with a floor of 4.29%			
Collateral	First lien on the Fork & Spoon Homestyle Kitchen 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	Summit Apartments			

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 7. NOTES PAYABLE (CONTINUED)

		Original Loan Amount	2019 Balance Outstanding	2018 Balance Outstanding
Community First Fund of Montana		\$ 92,500	\$ 85,511	\$ 87,465
Loan date	August 24, 2015			
Maturity date	September 1, 2045			
Monthly payment	\$ 415			
Interest rate	3.50%			
Collateral	First lien on the Youth Transitional Home building.			
Big Sky Western Bank		\$ 540,000	\$ 524,909	\$ 540,000
Loan date	July 14, 2017			
Maturity date	July 14, 2038			
Monthly payment	\$ 3,499			
Interest rate	4.78%			
Terms	Resets every 5 years to 2.50% above the Federal Home Loan Bank 5-year long-term fixed rate (currently at 2.26%) with a minimum rate of 4.78%			
Collateral	First lien on the Belgrade Child Care Center building and land			
Big Sky Western Bank		\$ 1,342,500	\$ 1,312,803	\$ 1,342,500
Loan date	October 23, 2017			
Maturity date	October 23, 2037			
Monthly payment	\$ 8,978			
Interest rate	4.60%			
Terms	Resets every 5 years to 2.5% above the Federal Home Loan Bank 5-year long-term fixed rate (currently at 2.33%) with a minimum rate of 4.60%			
Collateral	First lien on the Cottages at Menicucci Square buildings and land			
First Security Bank		\$ 3,914,321	\$ 3,914,321	\$ -
Loan date	December 20, 2018			
Maturity date	June 18, 2040			
Monthly payment	\$ 4,864			
Interest rate	5.25%			
Terms	Note is a construction loan with multiple draws, up to a maximum of \$5,239,537.			
Collateral	Deed of trust on 18 condominiums and land for the Meadowview Development in Big Sky, MT.			

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 7. NOTES PAYABLE (CONTINUED)

		<u>Original Loan Amount</u>	<u>2019 Balance Outstanding</u>	<u>2018 Balance Outstanding</u>
First Security Bank		\$ 1,125,000	\$ 1,125,000	\$ -
Loan date	July 6, 2018			
Maturity date	July 6, 2020			
Monthly payment	\$ 4,922			
Interest rate	5.25%			
Terms	Principal due upon maturity. Monthly interest payments beginning August 6, 2018 until maturity.			
Collateral	Deed of trust dated July 6, 2018, on to a trustee in favor of Lender on 5.73 acres of land located in Bozeman, MT.			
Private Loan		\$ 375,000	\$ 375,000	\$ -
Loan date	October 2, 2018			
Maturity date	October 2, 2022			
Monthly payment	\$ 625			
Interest rate	2.00%			
Terms	Note agrees to loan up to \$1,000,000. Principal due upon maturity. Monthly interest only payment.			
Collateral	Deed of trust to a trustee in favor of Lender on real property located in Gallatin County, MT.			
US Department of Housing and Urban Development, Mortgage Restructuring Loan		\$ 388,532	\$ 316,011	\$ -
Loan date	May 12, 1999			
Maturity date	July 1, 2029			
Interest rate	1.00%			
Terms	Payments dependent on remaining cash from operations			
Collateral	Secured by second lien on Miles Building Apartments			
Montana Board of Housing		\$ 550,000	\$ 297,018	\$ -
Loan date	May 6, 1999			
Maturity date	June 1, 2029			
Monthly payment	\$ 3,298			
Interest rate	6.00%			
Collateral	Secured by first lien on Miles Building Apartments			
Local Initiatives Support Corporation		\$ 20,000	\$ 20,000	\$ -
Original loan date	October 1, 2018			
Maturity date	September 30, 2019			
Interest rate	0.00%			
Terms	Principal due upon maturity			
Collateral	Secured by Housing First Village Recoverable Grant			
First Security Bank		\$ 3,111,200	\$ -	\$ -
Loan date	May 28, 2019			
Maturity date	November 28, 2020			
Interest rate	5.34%			
Terms	Note is a construction loan up to a maximum of \$3,111,200. One payment of all outstanding principal plus all accrued interest due upon maturity			
Collateral	Secured by Willow Springs property			
	Total notes payable	<u>\$ 9,682,105</u>	<u>\$ 3,732,284</u>	

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 7. NOTES PAYABLE (CONTINUED)

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

2020	\$ 4,416,172
2021	928,543
2022	152,713
2023	535,370
2024	167,178
Thereafter	<u>3,482,129</u>
	<u><u>\$ 9,682,105</u></u>

In addition, 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:

	<u>Original Loan Amount</u>	<u>2019 Balance Outstanding</u>	<u>2018 Balance Outstanding</u>
Sherwood Inn Apartments, Inc. loan - Corporate funds	\$ 444,269	\$ 238,678	\$ 253,362
Loan date	February 1, 2004		
Maturity date	February 1, 2034		
Annual payment	\$ 17,215		
Interest rate	1.00%		
Collateral	Sherwood Inn Apartments		
Sherwood Inn Apartments, Inc. loan - Corporate funds	\$ 142,642	\$ 88,817	\$ 97,230
Loan date	August 30, 2012		
Maturity date	September 1, 2027		
Annual payment	\$ 1,055		
Interest rate	4.00%		
Collateral	Sherwood Inn Apartments		
Sherwood Inn Apartments, Inc. loan - Smyth funds	\$ 250,000	\$ 155,665	\$ 171,787
Loan date	August 30, 2012		
Maturity date	September 1, 2027		
Annual payment	\$ 1,849		
Interest rate	4.00%		
Collateral	Sherwood Inn Apartments		
Home Corporation (West Babcock Apartments) - Smyth funds	\$ 200,000	\$ 172,391	\$ 177,428
Loan date	April 29, 2013		
Maturity date	May 5, 2040		
Annual payment	\$ 1,034		
Interest rate	4.21%		
Collateral	West Babcock Apartments		

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 7. NOTES PAYABLE (CONTINUED)

	<u>Original Loan Amount</u>	<u>2019 Balance Outstanding</u>	<u>2018 Balance Outstanding</u>
Miles LP - Miles Building, Inc. CDBG Loan	\$ 500,000	\$ 500,000	\$ -
Original date of loan	July 1, 2002		
Loan acquired in acquisition	January 1, 2019		
Maturity date	July 1, 2042		
Annual payment	Loan deferred until available cash flow and reserves are funded		
Interest rate	5.70%		
Collateral	Secured by revenues of Miles Limited Partnership		
Miles LP - Miles Building, Inc. Equity Loan	\$ 259,947	\$ 257,198	\$ -
Original date of loan	December 4, 2001		
Loan acquired in acquisition	January 1, 2019		
Maturity date	December 4, 2041		
Annual payment	Loan deferred until available cash flow and reserves are funded		
Interest rate	1.00%		
Collateral	Secured by revenues of Miles Limited Partnership		
Miles LP - Miles Building, Inc. Reserves Loan	N/A	\$ 63,920	\$ -
Original date of loan	March 31, 2013		
Loan acquired in acquisition	January 1, 2019		
Maturity date	Not Specified		
Annual payment	Loan deferred until available cash flow and reserves are funded		
Interest rate	0.00%		
Collateral	Secured by revenues of Miles Limited Partnership		
	Total long-term intercompany notes payable	<u>\$ 1,476,669</u>	<u>\$ 699,807</u>

There are no intercompany loans due within the next five years.

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

	<u>2019</u>	<u>2018</u>
Other temporary intercompany loans		
Miles Building, Inc. 0%	\$ 151,713	\$ 151,713
Koch Home 8%	21,401	23,661
HRDC Annex Building 0%	145,355	145,355
Fork & Spoon Building 0%	100,208	100,208
Belgrade Head Start Center 0%	317,638	317,638
Cottages at Menicucci Square 0%	519,147	638,576
Total temporary intercompany loans	<u>\$ 1,255,462</u>	<u>\$ 1,377,151</u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 8. LEASES

HRDC classifies its leases as either operating or capitalized leases. Currently all leases are operating leases. Office space in Livingston, Montana is leased for \$500 per month to effectively serve the Livingston community with HRDC programs and services. The lease renews on an annual basis.

HRDC also began leasing a networked copier/printer system for \$2,149 per month under a 5 year term beginning March 2012. This lease has been renewed on a month to month basis.

HRDC entered into a lease agreement for parking space for the Fork & Spoon in October 2015 continuing through September 2021. Rent was \$1,000 per month and increased to \$1,100 per month in October 2018.

HRDC entered into a lease agreement in January 2018 for facilities used by the Big Sky Food Bank that expires December 31, 2020. Rent under the agreement is \$1,500 per month for the first year; \$1,550 per month for the second year; and \$1,600 for the third year.

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 and remains at this amount.

HRDC entered into a month-to-month lease agreement in November 2012 to lease facilities used by the Warming Center for three years for \$2,400 per month. The agreement contains a cost of living clause that adjusts rents based on the U.S. Consumer Price Index for All Urban Users. Rent was \$3,150 per month and increased to \$3,300 per month in October 2018.

HRDC entered into a lease agreement in January 2017 to store manufactured housing units in Belgrade for \$30 per unit per month.

HRDC entered into a lease agreement in April 2017 to lease land in Three Forks for 20 years for \$100 per month.

HRDC entered into a month-to-month lease agreement in October 2018 for office space in Helena for \$250 per month.

HRDC entered into a month-to-month lease agreement in November 2018 for office space in Big Sky for \$500 per month.

HRDC entered into a month-to-month lease agreement in November 2018 for seven additional offsite parking spaces for \$350 per month through November 2019.

HRDC entered into a lease agreement in January 2019 for office space that expires December 31, 2019 for \$1,300 per month.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 8. LEASES (CONTINUED)

HRDC entered into a lease agreement in February 2019 for office space that expires September 30, 2021 for \$2,200 per month. Rent will be adjusted annually with the consumer price index rate.

Rent expense totaled \$100,412 and \$73,755 for 2019 and 2018, respectively. Future minimum payments due under lease agreements is as follows:

<u>Year ending June 30,</u>	
2020	\$ 88,471
2021	69,271
2022	29,971
2023	5,918
2024	1,200
Thereafter	<u>15,400</u>
	<u>\$ 210,231</u>

NOTE 9. EMPLOYEE BENEFITS

HRDC employees may participate in a Code Section 401(k) Retirement 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. 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, 2019 and 2018, HRDC contributed \$169,930 and \$138,725 in matching contributions to the 401(k) Retirement Plan.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

Health Insurance

HRDC participates in a Group Health Benefit Plan (Health Plan) which provides eligible employees and their dependents with medical insurance. Employees can choose between a traditional plan where the Health Plan has a \$2,500 deductible provision whereby the first \$2,500 of medical expense annually is paid by the employee or a high deductible plan with \$3,500 deductible. Any cost in excess of the deductible is covered through an insurance policy from an insurance provider. HRDC paid \$422,165 and \$356,386 for insurance premiums for the years ended June 30, 2019 and 2018, respectively. The employee maximum annual responsibility for the traditional plan and high deductible plan is \$4,500 for single coverage and \$9,000 for family coverage, respectively.

NOTE 10. LAND TRUSTS

Bozeman, Montana

HRDC created the West Babcock Land Trust in Bozeman, Montana in 1994 upon which twenty-three homes have been constructed and sold to income eligible individuals (including three homes constructed by Habitat for Humanity). The purpose of the Land Trust is to provide housing that is permanently affordable to low and moderate income levels, while creating home ownership opportunities. HRDC is able to stimulate the availability of long-term affordable housing through the use of long-term Ground Leases.

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>2019</u>	<u>%</u>	<u>2018</u>	<u>%</u>
Appraised value of homes at the time of purchase (excluding land)	\$ 2,300,300	100.0%	\$ 1,949,300	100.0%
Sales price to individuals	<u>1,927,425</u>	83.8%	<u>1,557,425</u>	79.9%
Balance of equity to HRDC	<u>\$ 372,875</u>	16.2%	<u>\$ 391,875</u>	20.1%

When the individuals sell their homes, they must sell either to HRDC or to other income eligible individuals. Proceeds from a sale are allocated between the individual and 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, 2019 and 2018 totaled \$8,280 per year.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 10. LAND TRUSTS (CONTINUED)

Bozeman, Montana (Continued)

HRDC has agreed to act as a guarantor on two individual Deeds of Trust with local lenders with a combined original mortgage amount of \$95,600 as of June 30, 2019 and 2018. HRDC serves as a guarantor in order to secure financing for purchasers of these affordable homes. HRDC's guarantee is secured by land held in the Land Trust.

Livingston, Montana

HRDC also created a Land Trust in Livingston, Montana in 1998, 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. Eighteen homes were completed and sales to individuals were finalized. During fiscal year 1997, land valued at \$90,000 was donated to HRDC for the Livingston Land Trust.

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

	<u>2019</u>	<u>%</u>	<u>2018</u>	<u>%</u>
Appraised value of homes at the time of purchase (excluding land)	\$ 913,500	100.0%	\$ 913,500	100.0%
Sales price to individuals	<u>837,522</u>	91.7%	<u>837,522</u>	91.7%
Balance of equity to HRDC	<u>\$ 75,978</u>	8.3%	<u>\$ 75,978</u>	8.3%

Each homeowner has signed a 99-year renewable Ground Lease which includes provisions required for use with homeowner mortgages insured by HUD/Federal Housing Authority.

NOTE 11. RISK MANAGEMENT

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 to manage these risks.

NOTE 12. PLANNED GIFT LIABILITIES

The liability of each type of planned gift changes each year with receipts of new gifts, payments under contracts, change in trust asset values, and the change in present value of required payments to beneficiaries. The present value of the future payments over the beneficiaries' estimated remaining lives was calculated using the original discount rates at the date of the gift and applicable mortality tables. The discount rate used in the calculation was 2.6%.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 12. PLANNED GIFT LIABILITIES (CONTINUED)

The following table summarizes the change to planned gift liabilities for the year ended June 30, 2019 and 2018:

Estimated present value of liability at July 1, 2017	\$ -
Increase in estimated present value of liability from contributions	<u>3,882</u>
Estimated present value of liability at July 1, 2018	3,882
Increase in estimated present value of liability from contributions	<u>7,322</u>
Estimated present value of liability at June 30, 2019	<u><u>\$ 11,204</u></u>

HRDC is subject to certain provisions of the Montana Code Annotated which specify that a charitable organization may only issue a “qualified charitable gift annuity” if it meets the following statutory requirements on the date of the annuity agreement:

- Has a minimum of \$300,000 net assets or has a minimum of \$100,000 in unrestricted cash, cash equivalents, or publicly traded securities, exclusive of the assets funding the annuity agreement;
- Has been in continuous operation for at least three years or is a successor or affiliate of a charitable organization that has been in continuous operation for at least three years; and
- Maintains a separate annuity fund with at least one-half the value of the initial amount transferred for outstanding annuities.

If the charitable organization cannot meet the requirements, the issuance of a qualified charitable gift annuity by a charitable organization must be commercially insured by a licensed insurance company that is qualified to do business in Montana.

For the year ended June 30, 2019, HRDC met the requirements to issue qualified charitable gift annuities.

NOTE 13. ENDOWMENT NET ASSETS

HRDC maintains endowments within its permanently restricted net assets established for the greatest needs of HRDC. Contributions to the endowment funds are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the HRDC indefinitely, and income from the fund is to be expended for the greatest needs of the HRDC. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 13. ENDOWMENT NET ASSETS (CONTINUED)

Interpretation of Relevant Law

HRDC 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 of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, HRDC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the HRDC in a manner consistent with the standard of prudence prescribed by MUPMIFA.

In accordance with MUPMIFA, HRDC considers the following factors when making a determination to appropriate or accumulate donor-restricted endowment funds.

- The duration and preservation of the fund
- The purpose of HRDC and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of HRDC
- The investment policies of 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 MUPMIFA requires 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, 2019 and 2018.

Return Objectives and Risk Parameters

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.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 13. ENDOWMENT NET ASSETS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

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 2019 and 2018.

Endowment net asset composition by type of fund as of June 30, 2019 and 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>2019</u>			
Donor-restricted endowment funds	\$ -	\$ 154,603	\$ 154,603
Board designated endowment funds	<u>5,542</u>	<u>-</u>	<u>5,542</u>
	<u>\$ 5,542</u>	<u>\$ 154,603</u>	<u>\$ 160,145</u>
<u>2018</u>			
Donor-restricted endowment funds	\$ -	\$ 54,231	\$ 54,231
Board designated endowment funds	<u>5,542</u>	<u>-</u>	<u>5,542</u>
	<u>\$ 5,542</u>	<u>\$ 54,231</u>	<u>\$ 59,773</u>

Changes in HRDC General Endowment net assets for the years ended June 30, 2019 and 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2017	\$ 2,550	\$ -	\$ 2,550
Contributions and transfers	<u>2,992</u>	<u>54,231</u>	<u>57,223</u>
Endowment net assets, June 30, 2018	5,542	54,231	59,773
Contributions and transfers	<u>-</u>	<u>100,372</u>	<u>100,372</u>
Endowment net assets, June 30, 2019	<u>\$ 5,542</u>	<u>\$ 154,603</u>	<u>\$ 160,145</u>

NOTE 14. RELATED PARTIES

HRDC is the non-profit general partner of the Bridger Peaks Village Associates, LP, Darlington Apartments, LP, and Stoneridge Apartments, LP. HRDC entered into these limited partnership agreements to facilitate the construction and operation of low-income housing partially financed by the sale of low-income housing tax credits. HRDC has a 0.01 percent ownership interest in the Bridger Peaks Village Associates, LP, Darlington Apartments, LP, and Stoneridge Apartments, LP.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 14. RELATED PARTIES (CONTINUED)

HRDC is not considered to have any liability nor asset relating to its interests in the Bridger Peaks Village Associates, LP, Darlington Apartments, LP, or Stoneridge Apartments, LP.

In August 2011, HRDC's Board of Directors approved the divestiture of HRDC's 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 past Chief Executive Officer of HRDC make up two of three board members of the Community First Fund of Montana. HRDC's 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. HRDC's 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, HRDC distributed \$300,158 of cash and investments to the Community First Fund of Montana. An additional \$9,000 of cash was distributed to the Community First Fund of Montana in September 2013 from interest income previously received by HRDC. HRDC also assigned \$113,109 of loans receivable (offset by a \$15,100 allowance for uncollectible loans) from HRDC's 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 HRDC to provide financing for the Amos House renovation project. The agreement called for the Community First Fund of Montana to loan 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 HRDC to provide financing for the Youth Transitional Home purchase. The agreement called for the Community First Fund of Montana to loan HRDC the amount of \$92,500 at a rate of 3.50 percent interest for a term of 30 years. In February 2018, HRDC sold the Amos House and paid off the \$57,079 balance of the loan payable to the Community First Fund of Montana.

Effective June 1, 2019, HRDC purchase a condominium from a board member is the amount of \$264,000. The purpose of purchasing this property is to implement a deed restriction on the property in perpetuity requiring that future buyers meet certain affordable housing qualifications, thus increasing Bozeman's supply of owner-occupied affordable housing units. The condominium unit was sold to a qualifying third party on September 10, 2019 for \$230,000.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 15. CONCENTRATION OF RISK

HRDC has invested in apartment complex buildings and equipment with a cost basis of \$9,736,497 and net book value of \$5,593,791 as of June 30, 2019, 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.

For the year ended June 30, 2019, revenues generated from rental operations were \$1,317,700 or seven percent of the HRDC's total revenues. Corresponding debt service payments made to third parties were \$45,846 for the year with total outstanding debts related to the apartment units of \$2,161,285 or 17 percent of HRDC's 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 adversely affect the operations of HRDC.

HRDC receives a significant portion of its revenue from grants from government agencies; thus, the HRDC is subject to possible cutbacks due to changes in funding priorities. During the years ended June 30, 2019 and 2018, HRDC received approximately 37% and 44%, respectively, of its gross public support from such grants.

NOTE 16. SUBSEQUENT EVENTS

On August 23, 2019, HRDC purchased property in Bozeman consisting of a residential lot with two residential structures for \$565,000 for planned expansion of facilities, primarily to serve the Blueprint program of HRDC. To partially finance this purchase, HRDC entered into a new loan agreement on August 23, 2019 with First Security Bank, a Division of Glacier Bank, to borrow \$423,750. The loan terms include an initial interest rate of 5.00% for the first five years, with monthly principal and interest payments of \$2,477 per month during September 2019-August 2024. After five years, the variable interest rate is subject to change every five years until the loan maturity date of August 23, 2044 (25-year loan term), based on future changes in a standard index rate. The loan is secured by the lot and improvements.

On August 30, 2019, HRDC purchased the Boulevard Apartments, a multifamily affordable housing property consisting of 39 subsidized rental units and two additional rental units housed in an historic building in downtown Bozeman, for the purpose of preserving and rehabilitating these scarce affordable subsidized rental units. The purchase price was \$4,500,000, financed by two loans. HRDC entered into a new loan agreement with the seller on August 30, 2019 to borrow \$3,000,000. The loan terms include an interest rate of 6.00% fixed, with 59 monthly interest only payments of \$15,000 per month during October 2018-August 2024, followed by a balloon payment of all outstanding principal and accrued interest due on the maturity date of August 30, 2024. The loan is secured by the Boulevard Apartments land and improvements and rental revenue.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 16. SUBSEQUENT EVENTS (CONTINUED)

HRDC also borrowed \$1,471,512 from a private lender, evidenced by a new loan agreement dated August 29, 2019. The loan terms include an interest rate of 2.00% fixed, with 36 monthly interest only payments averaging \$2,453 per month during September 2019-August 2022, followed by a balloon payment of all outstanding principal and accrued interest due on the maturity date of August 30, 2022. The loan proceeds are for the sole purpose of acquiring real property for the purposes of preserving affordability. This loan is covered by a secured guaranty agreement dated August 28, 2019 executed by a private individual guarantor.

On September 10, 2019, HRDC sold a single-family condominium unit in Bozeman to a qualifying homebuyer for \$230,000, after converting it to an affordable condominium by placing an affordable deed restriction on the property. The condominium unit had been purchased by HRDC on June 1, 2019 for the purpose of implementing a deed restriction on the property in perpetuity requiring that future buyers meet certain affordable housing qualifications, thus increasing Bozeman's supply of owner-occupied affordable housing units. This affordable condominium unit is the first long-term affordable housing unit in HRDC's newly established Scattered Site Community Land Trust. (Also see Note 14.)

On October 1, 2019, HRDC purchased property in Bozeman consisting of a residential lot with one residential structure for \$429,900 for planned expansion of facilities, primarily to serve the Warming Center program of HRDC. To partially finance this purchase, HRDC entered into a new loan agreement on October 1, 2019 with First Security Bank, a Division of Glacier Bank, to borrow \$322,425. The loan terms include an initial interest rate of 4.51% for the first five years, with monthly principal and interest payments of \$1,794 per month during November 2019-October 2024. After five years, the variable interest rate is subject to change every five years through the loan maturity date of October 1, 2044 (25-year loan term), based on future changes in a standard index rate. The loan is secured by the lot and improvements. As a result of the Special Use Permit process, this property was determined not feasible for this intended use. The property is currently under contract for resale with an anticipated closing date of April 8, 2020.

On November 26, 2019, HRDC entered into a commercial lease agreement for planned expansion of facilities, primarily to serve the Warming Center program of HRDC, for five years through December 31, 2024 at \$10,000 per month plus reimbursement of the landlord's annual property taxes and property insurance premiums. The lease terms also include an annual rent increase of 3% per year, an option to extend the lease for an additional five-year term, and an option to purchase the leased real property and improvements at the end of the initial five-year lease term at a purchase price of \$1,400,000. In addition, the lease agreement includes a right of first refusal to purchase the leased real property and improvements for the same price and subject to the same terms as a bona fide offer to purchase the property, if the landlord should receive such a bona fide offer that it wishes to accept from a third party. HRDC plans to make significant leasehold improvements and alterations to the leased facility to ready it for serving the Warming Center program of HRDC, and such tenant improvements are also addressed by the lease agreement.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 16. SUBSEQUENT EVENTS (CONTINUED)

On December 16, 2019, HRDC sold the second of two newly constructed affordable “tiny homes”, also known as the Humble Homes demonstration pilot project, located on one subdivided infill lot in HRDC’s West Babcock Community Land Trust of Bozeman. This second tiny home, which was the smaller of the two units, was sold at an affordable price of \$140,000 to a qualifying individual homebuyer. The larger of these two tiny homes had been previously sold on December 14, 2018 at an affordable price of \$174,400 to another qualifying individual homebuyer. The two tiny homes were constructed on a subdivided, infill “orphan” lot within the land trust to facilitate the availability of owner-occupied, long-term affordable housing units in Bozeman, as well as to demonstrate the viability of such projects. Each of the two separate individual homebuyers were qualified as eligible under the City of Bozeman’s Affordable Housing Ordinance and HOME Investment Partnership Program guidelines. They will occupy the two tiny homes as their principal residences, and have each signed a long-term renewable Ground Lease agreement which includes affordable ground lease payments.

On November 15, 2019, Darlington Apartments, Inc., a wholly owned subsidiary of HRDC, exercised its Right of First Refusal to purchase the Darlington Manor Apartments, a multifamily affordable housing property consisting of 100 subsidized rental units in Bozeman. Under the Purchase Option and Right of First Refusal Agreement dated October 29, 1999, the purchase price is stipulated as the amount of outstanding debt plus exit taxes as of the purchase closing date. Based on this, the estimated purchase price is \$1,951,093, consisting of \$1,808,812 in debt and \$142,281 in projected exit taxes as of September 30, 2019. A contract for the purchase and sale of the property has been negotiated and is currently being finalized for execution. The closing date for this purchase transaction is expected to be between March 29, 2020 and April 28, 2020.

During November 2019-January 2020, through its Big Sky Community Housing Trust, HRDC sold the first 18 Meadowview affordable condominium units completed as Phase 1 of its Meadowview condominium development project in Big Sky. Of the 18 condominium units sold for a combined sales price of \$4,755,000 to qualifying homebuyers, 10 of the homebuyers received downpayment assistance loans from HRDC totaling \$455,750. To partially finance the Phase 1 development, including infrastructure improvements, HRDC made 9 draws on its Phase 1 construction loan through November 2019 totaling \$4,971,317, which is being repaid from the net sales proceeds of the condominium units. The purpose of this development project is to provide the first affordable workforce housing units in Big Sky available to qualifying homeowners who will live and work in Big Sky. The qualifying homebuyers must meet certain income eligibility requirements and occupy the condominium units as their principal residence while being actively employed in Big Sky.

Phase 2 of the Meadowview condominium development project also commenced in October 2019, which upon completion will produce 34 additional affordable condominium units for sale to qualifying homebuyers, yielding a total of 52 new affordable workforce housing units in Big Sky. To provide construction financing for the Phase 2 development, HRDC entered into a new construction loan agreement on September 23, 2019 with First Security Bank, a Division of Glacier Bank, to borrow up to an additional \$6,221,027.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 16. SUBSEQUENT EVENTS (CONTINUED)

The loan terms include an initial interest rate of 5.00% fixed for the first five years, with 18 monthly interest only payments during October 2019-March 2021, followed by 42 monthly principal and interest payments of \$41,062 per month during April 2021-September 2024. If the loan has not been repaid by September 2024, the interest rate will change to a variable rate from October 2024 through the loan maturity date of March 23, 2041, with 198 additional monthly principal and interest payments currently projected at \$41,062 per month. As of January 31, 2020, there is not yet any outstanding balance for this new Phase 2 construction loan payable. The total Phase 2 construction cost incurred to date is \$764,560, with the first draw on the Phase 2 construction loan currently in process. Both the Phase 1 and Phase 2 construction loans are secured by the tract of land and all improvements. As of January 31, 2020, the combined Meadowview Phase 1 and Phase 2 total construction cost incurred to date is \$5,942,568, with an additional \$2,000,000 cost to purchase the undeveloped tract of land. Through its Big Sky Community Housing Trust, HRDC had previously received and invested \$1,750,000 in resort tax funding from the Big Sky Resort Area District toward the Meadowview land purchase. Additional Big Sky resort tax funding has also been received and invested toward the Meadowview Phase 2 development costs.

Construction activity has also continued to progress on HRDC's Willow Springs Planned Unit Development of 24 affordable townhouse units on a tract of land in Bozeman. The purpose of this development project is to provide affordable workforce housing units in Bozeman available to qualifying homeowners who will live and work in Bozeman. The qualifying homebuyers must meet certain income eligibility requirements and occupy the townhouse units as their principal residence. Phase 1 of the project is currently under construction and will produce the first 12 townhouse units. To provide partial construction financing for the Willow Springs Phase 1 development, HRDC entered into a new construction loan agreement on May 28, 2019 with First Security Bank, a Division of Glacier Bank, to borrow up to \$3,111,200, to be repaid from the net sales proceeds of the townhouse units. The loan terms include an interest rate of 5.34% fixed, with monthly interest only payments through November 2020, followed by a balloon payment of all outstanding principal and accrued interest due on the maturity date of November 28, 2020. The loan is secured by the tract of land and all improvements. The first draw on this new loan was made in August 2019. As of January 31, 2020, HRDC had made 5 draws on its Willow Springs Phase 1 construction loan totaling \$1,014,309, its current outstanding balance. As of January 31, 2020, the total construction cost incurred to date for the Willow Springs development project, including infrastructure improvements, is \$2,900,858, with an additional \$199,139 cost to purchase the undeveloped tract of land. Phase 2 of the Willow Springs development project will commence in March 2020, which will produce 12 additional affordable townhouse units for sale to qualifying homebuyers upon completion.

On December 30, 2019, to partially finance construction of its 12 unit affordable rental housing development project in Livingston, HRDC entered into a new construction loan agreement with American Bank to borrow up to \$950,000. The loan terms include an initial interest rate of 4.75% variable at the Wall Street Journal Prime Rate index, with monthly interest only payments during January 2020-December 2020 and a loan maturity date of December 30, 2020 (one-year loan term).

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 16. SUBSEQUENT EVENTS (CONTINUED)

As of January 31, 2020, there is not yet any outstanding balance for this new construction loan payable. Construction activity has commenced, with the first draw on the construction loan currently in process. The loan is secured by 10 lots in HRDC's Livingston Community Land Trust and 12 manufactured housing units to be placed on these lots, as well as rental revenue from the 12 rental units.

Management has evaluated events through March 1, 2020, the date on which the financial statements were available for issue.

SUPPLEMENTAL INFORMATION

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
EXPLANATION OF SUPPLEMENTAL SCHEDULES
June 30, 2019

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 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

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2019

	HRDC	HRDC Colo. Apts.	HRDC West Edge	Cottages at Menicucci Square	Home Corporation	Miles Building, Inc.	Miles, LP	Darlington Apts., Inc.	Sherwood Inn Apts., Inc.	Summit Apts., Inc	BSV Rural Partners, LLC	Eliminations	Consolidated Total
ASSETS													
Cash and cash equivalents	\$ 1,724,347	\$ 29,187	\$ 11,122	\$ 20,459	\$ 38,766	\$ 197,004	\$ 54,589	\$ 15,945	\$ 27,142	\$ 12,457	\$ 291,482	\$ -	\$ 2,422,500
Escrow and building reserve	10,000	17,000	-	-	86,189	-	89,529	-	271,562	78,005	-	-	552,285
Certificates of deposit	-	-	-	-	-	-	155,673	-	-	-	-	-	155,673
Receivables (Note 2)													
Grantors	920,989	-	-	-	-	-	-	-	-	-	-	-	920,989
Accounts receivable, net	723,831	-	4,592	3,880	293	491,727	1,901	-	2,011	3,570	15,631	(536,313)	711,123
Pledges, net	585,720	-	-	-	-	-	-	-	-	-	-	-	585,720
Prepaid expenses	50,360	321	-	804	964	-	519	-	4,049	281	-	-	57,298
Investments	1,173,750	-	-	-	-	-	-	-	-	-	-	-	1,173,750
Inventory - supplies and food bank	289,686	-	-	-	-	-	-	-	-	-	-	-	289,686
Inventory - condominiums, federal constraints	323,076	-	-	-	-	-	-	-	-	-	-	-	323,076
Inventory - condominiums	402,533	-	-	-	-	-	-	-	-	-	-	-	402,533
Other assets - manufactured homes	486,282	-	-	-	-	-	-	-	-	-	-	-	486,282
Deferred loans receivable, net (Note 2)	3,214,784	-	-	-	-	821,118	-	-	-	-	832,000	(2,147,528)	2,720,374
Investment in partnership	2,303,733	-	-	-	-	312,083	-	-	-	-	-	(2,615,816)	-
Construction in progress (Note 5)	4,875,658	-	-	-	-	-	-	-	-	-	-	-	4,875,658
Construction in progress, federal constraints (Note 5)	1,077,239	-	-	-	-	-	-	-	-	-	-	-	1,077,239
Property and equipment, net, federal constraints (Note 5)	6,180,994	-	-	-	582,857	-	1,885,208	-	707,944	287,258	-	-	9,644,261
Property and equipment, net (Note 5)	<u>6,401,520</u>	<u>21,925</u>	<u>-</u>	<u>1,887,391</u>	<u>-</u>	<u>-</u>	<u>20,057</u>	<u>-</u>	<u>-</u>	<u>2,701</u>	<u>-</u>	<u>-</u>	<u>8,333,594</u>
Total assets	<u>\$ 30,744,502</u>	<u>\$ 68,433</u>	<u>\$ 15,714</u>	<u>\$ 1,912,534</u>	<u>\$ 709,069</u>	<u>\$ 1,821,932</u>	<u>\$ 2,207,476</u>	<u>\$ 15,945</u>	<u>\$ 1,012,708</u>	<u>\$ 384,272</u>	<u>\$ 1,139,113</u>	<u>\$ (5,299,657)</u>	<u>\$ 34,732,041</u>
LIABILITIES													
Accounts payable	\$ 862,336	\$ 2,007	\$ 374	\$ 30,043	\$ 9,277	\$ -	\$ 15,499	\$ -	\$ 13,213	\$ 1,659	\$ -	\$ (48,142)	\$ 886,266
Accrued liabilities	321,069	-	-	-	936	-	9,095	-	-	-	-	-	331,100
Accrued vacation and paid time off	162,157	-	-	-	-	-	-	-	-	-	-	-	162,157
Accrued sick leave	19,998	-	-	-	-	-	-	-	-	-	-	-	19,998
Accrued interest payable	14,304	-	-	1,280	1,981	-	488,864	-	1,809	-	-	(488,171)	20,067
Rent deposits	75,225	4,680	5,414	15,746	16,956	-	10,285	-	13,358	1,175	-	-	142,839
Unearned revenue	5,028	-	-	-	-	-	-	-	-	-	-	-	5,028
Notes payable	<u>6,907,534</u>	<u>-</u>	<u>-</u>	<u>1,831,949</u>	<u>583,026</u>	<u>151,713</u>	<u>1,434,148</u>	<u>-</u>	<u>483,163</u>	<u>438,100</u>	<u>-</u>	<u>(2,147,528)</u>	<u>9,682,105</u>
Total liabilities	<u>8,367,651</u>	<u>6,687</u>	<u>5,788</u>	<u>1,879,018</u>	<u>612,176</u>	<u>151,713</u>	<u>1,957,891</u>	<u>-</u>	<u>511,543</u>	<u>440,934</u>	<u>-</u>	<u>(2,683,841)</u>	<u>11,249,560</u>
NET ASSETS													
Without donor restrictions													
Undesignated	10,253,080	61,746	9,926	33,516	(485,964)	1,670,219	(1,635,623)	15,945	(206,779)	(343,920)	1,139,113	(2,615,816)	7,895,443
HRDC General Endowment fund	5,542	-	-	-	-	-	-	-	-	-	-	-	5,542
Federal constrained inventory and capital assets	<u>7,581,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>582,857</u>	<u>-</u>	<u>1,885,208</u>	<u>-</u>	<u>707,944</u>	<u>287,258</u>	<u>-</u>	<u>-</u>	<u>11,044,576</u>
Total net assets without donor restrictions	17,839,931	61,746	9,926	33,516	96,893	1,670,219	249,585	15,945	501,165	(56,662)	1,139,113	(2,615,816)	18,945,561
With donor restrictions													
Purpose or time restrictions	4,382,317	-	-	-	-	-	-	-	-	-	-	-	4,382,317
Perpetual in nature	<u>154,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,603</u>
Total net assets with donor restrictions	<u>4,536,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,536,920</u>
Total net assets	<u>22,376,851</u>	<u>61,746</u>	<u>9,926</u>	<u>33,516</u>	<u>96,893</u>	<u>1,670,219</u>	<u>249,585</u>	<u>15,945</u>	<u>501,165</u>	<u>(56,662)</u>	<u>1,139,113</u>	<u>(2,615,816)</u>	<u>23,482,481</u>
Total liabilities and net assets	<u>\$ 30,744,502</u>	<u>\$ 68,433</u>	<u>\$ 15,714</u>	<u>\$ 1,912,534</u>	<u>\$ 709,069</u>	<u>\$ 1,821,932</u>	<u>\$ 2,207,476</u>	<u>\$ 15,945</u>	<u>\$ 1,012,708</u>	<u>\$ 384,272</u>	<u>\$ 1,139,113</u>	<u>\$ (5,299,657)</u>	<u>\$ 34,732,041</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2018

	HRDC	HRDC Colo. Apts.	HRDC West Edge	Cottages at Menicucci Square	Home Corporation	Miles Building, Inc.	Darlington Apts., Inc.	Sherwood Inn Apts., Inc.	Summit Apts., Inc	BSV Rural Partners, LLC	Eliminations	Consolidated Total
ASSETS												
Cash and cash equivalents	\$ 2,367,908	\$ 51,133	\$ 4,756	\$ 7,382	\$ 23,888	\$ 193,318	\$ 5,916	\$ 66,774	\$ 60,411	\$ 87,606	\$ -	\$ 2,869,092
Escrow and building reserve	35,000	-	-	-	55,575	-	-	228,298	92,357	-	-	411,230
Certificates of deposit	100,389	-	-	-	-	-	-	-	-	-	-	100,389
Receivables (Note 2)												
Grantors	806,044	-	-	-	-	-	-	-	-	-	-	806,044
Accounts receivable, net	588,224	28	-	2,507	2,636	442,484	-	634	(167)	7,311	(32,172)	1,011,485
Prepaid expenses	78,004	-	-	-	-	-	-	2,214	-	-	-	80,218
Investments	1,018,837	-	-	-	-	-	-	-	-	-	-	1,018,837
Inventory - supplies and food bank	259,351	-	-	-	-	-	-	-	-	-	-	259,351
Inventory - condominiums, federal constraints	411,384	-	-	-	-	-	-	-	-	-	-	411,384
Other assets - manufactured homes	474,105	-	-	-	-	-	-	-	-	-	-	474,105
Deferred loans receivable, net (Note 2)	3,642,204	-	-	-	-	821,118	-	-	-	832,000	(1,490,096)	3,805,226
Investment in partnership	2,250,273	-	-	-	-	312,083	-	-	-	-	(2,250,273)	312,083
Construction in progress	657,289	-	-	-	-	-	-	-	-	-	-	657,289
Property and equipment, net, federal constraints (Note 4)	6,541,355	-	-	-	634,808	-	-	750,401	277,299	-	-	8,203,863
Property and equipment, net (Note 4)	<u>1,385,741</u>	<u>26,083</u>	<u>-</u>	<u>1,981,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,870</u>	<u>-</u>	<u>-</u>	<u>3,394,771</u>
Total assets	<u>\$ 20,616,108</u>	<u>\$ 77,244</u>	<u>\$ 4,756</u>	<u>\$ 1,990,966</u>	<u>\$ 716,907</u>	<u>\$ 1,769,003</u>	<u>\$ 5,916</u>	<u>\$ 1,048,321</u>	<u>\$ 431,770</u>	<u>\$ 926,917</u>	<u>\$ (3,772,541)</u>	<u>\$ 23,815,367</u>
LIABILITIES												
Accounts payable	\$ 797,077	\$ 2,369	\$ -	\$ 2,843	\$ 16,067	\$ 725	\$ 525	\$ 25,891	\$ 2,738	\$ -	\$ (32,172)	\$ 816,063
Accrued liabilities	299,117	-	-	-	885	-	-	1,056	-	-	-	301,058
Accrued vacation and paid time off	157,755	-	-	-	-	-	-	-	-	-	-	157,755
Accrued sick leave	19,998	-	-	-	-	-	-	-	-	-	-	19,998
Rent deposits	17,814	4,020	3,679	6,816	15,720	-	-	12,595	1,151	-	-	61,795
Unearned revenue	22,747	-	-	-	-	-	-	-	-	-	-	22,747
Notes payable	<u>1,525,153</u>	<u>-</u>	<u>-</u>	<u>1,981,076</u>	<u>603,959</u>	<u>151,713</u>	<u>-</u>	<u>522,379</u>	<u>438,100</u>	<u>-</u>	<u>(1,490,096)</u>	<u>3,732,284</u>
Total liabilities	<u>2,839,661</u>	<u>6,389</u>	<u>3,679</u>	<u>1,990,735</u>	<u>636,631</u>	<u>152,438</u>	<u>525</u>	<u>561,921</u>	<u>441,989</u>	<u>-</u>	<u>(1,522,268)</u>	<u>5,111,700</u>
NET ASSETS												
Without donor restrictions												
Undesignated	8,711,826	70,855	1,077	231	(554,532)	1,616,565	5,391	(264,001)	(287,518)	926,917	(2,250,273)	7,976,538
HRDC General Endowment fund	5,542	-	-	-	-	-	-	-	-	-	-	5,542
Federal constrained inventory and capital assets	<u>7,377,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>634,808</u>	<u>-</u>	<u>-</u>	<u>750,401</u>	<u>277,299</u>	<u>-</u>	<u>-</u>	<u>9,039,723</u>
Total net assets without donor restrictions	16,094,583	70,855	1,077	231	80,276	1,616,565	5,391	486,400	(10,219)	926,917	(2,250,273)	17,021,803
With donor restrictions												
Purpose or time restrictions	1,627,633	-	-	-	-	-	-	-	-	-	-	1,627,633
Perpetual in nature	<u>54,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,231</u>
Total net assets without donor restrictions	1,681,864	-	-	-	-	-	-	-	-	-	-	1,681,864
Total net assets	<u>17,776,447</u>	<u>70,855</u>	<u>1,077</u>	<u>231</u>	<u>80,276</u>	<u>1,616,565</u>	<u>5,391</u>	<u>486,400</u>	<u>(10,219)</u>	<u>926,917</u>	<u>(2,250,273)</u>	<u>18,703,667</u>
Total liabilities and net assets	<u>\$ 20,616,108</u>	<u>\$ 77,244</u>	<u>\$ 4,756</u>	<u>\$ 1,990,966</u>	<u>\$ 716,907</u>	<u>\$ 1,769,003</u>	<u>\$ 5,916</u>	<u>\$ 1,048,321</u>	<u>\$ 431,770</u>	<u>\$ 926,917</u>	<u>\$ (3,772,541)</u>	<u>\$ 23,815,367</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2019

	HRDC	HRDC Colo. Apts.	HRDC West Edge	Cottages at Menicucci Square	Home Corporation	Miles Building, Inc.	Miles, LP	Darlington Apts., Inc.	Sherwood Inn Apts., Inc.	Summit Apts., Inc	BSV Rural Partners, LLC	Eliminations	Consolidated Total
NET ASSETS WITHOUT DONOR RESTRICTIONS													
REVENUES													
Grant revenue	\$ 7,385,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,385,847
Contract revenue	912,272	-	-	-	-	-	-	-	-	-	255,000	(95,365)	1,071,907
Rental income	211,475	55,166	31,980	187,733	208,890	8,235	174,070	-	382,938	57,213	-	-	1,317,700
City/County/Local Government support	2,384,583	-	-	-	-	-	-	-	-	-	-	-	2,384,583
Sale of manufactured homes and condominiums	344,400	-	-	-	-	-	-	-	-	-	-	-	344,400
Contributions (including Fundraising):													
Food	3,164,087	-	-	-	-	-	-	-	-	-	-	-	3,164,087
United Way	56,500	-	-	-	-	-	-	-	-	-	-	-	56,500
Other	2,324,199	-	-	-	-	-	-	-	-	-	-	-	2,324,199
Net investment income	94,751	5	-	4	20	47,922	486	-	2,366	114	8,320	(37,118)	116,870
(Loss) from subsidiaries	(26,310)	-	-	-	-	-	-	-	-	-	-	26,310	-
Gain on sale of property	196,401	-	-	-	-	-	-	-	-	-	-	-	196,401
Other	185,910	-	3,987	3,390	-	-	-	10,776	-	-	16,430	(33,786)	186,707
Net assets released from program restrictions	<u>107,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,523</u>
Total revenues	<u>17,341,638</u>	<u>55,171</u>	<u>35,967</u>	<u>191,127</u>	<u>208,910</u>	<u>56,157</u>	<u>174,556</u>	<u>10,776</u>	<u>385,304</u>	<u>57,327</u>	<u>279,750</u>	<u>(139,959)</u>	<u>18,656,724</u>
EXPENSES													
Program services:													
Energy	1,326,870	-	-	-	-	-	-	-	-	-	-	-	1,326,870
Food and nutrition	4,693,394	-	-	-	-	-	-	-	-	-	-	-	4,693,394
Senior citizens	526,825	-	-	-	-	-	-	-	-	-	-	-	526,825
Community development	909,714	-	-	-	-	-	-	-	-	-	67,554	-	977,268
Economic and youth development	398,509	-	-	-	-	-	-	-	-	-	-	-	398,509
Housing	1,669,276	49,280	2,488	277,242	192,293	2,503	203,268	222	370,539	103,770	-	(132,483)	2,738,398
Early childhood education	2,220,007	-	-	-	-	-	-	-	-	-	-	-	2,220,007
Transportation	<u>2,343,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,343,930</u>
Total program services	<u>14,088,525</u>	<u>49,280</u>	<u>2,488</u>	<u>277,242</u>	<u>192,293</u>	<u>2,503</u>	<u>203,268</u>	<u>222</u>	<u>370,539</u>	<u>103,770</u>	<u>67,554</u>	<u>(132,483)</u>	<u>15,225,201</u>
Supporting services:													
Administration	1,041,368	-	-	-	-	-	-	-	-	-	-	-	1,041,368
Fundraising	<u>466,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>466,397</u>
Total supporting services	<u>1,507,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,507,765</u>
Total expenses	<u>15,596,290</u>	<u>49,280</u>	<u>2,488</u>	<u>277,242</u>	<u>192,293</u>	<u>2,503</u>	<u>203,268</u>	<u>222</u>	<u>370,539</u>	<u>103,770</u>	<u>67,554</u>	<u>(132,483)</u>	<u>16,732,966</u>
Change in net assets without donor restrictions	1,745,348	5,891	33,479	(86,115)	16,617	53,654	(28,712)	10,554	14,765	(46,443)	212,196	(7,476)	1,923,758
NET ASSETS WITH DONOR RESTRICTIONS													
Purpose or time restricted contributions	2,862,207	-	-	-	-	-	-	-	-	-	-	-	2,862,207
Perpetually restricted contributions	100,372	-	-	-	-	-	-	-	-	-	-	-	100,372
Net assets released from program restrictions	<u>(107,523)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107,523)</u>
Change in net assets with donor restrictions	<u>2,855,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,855,056</u>
Change in total net assets	4,600,404	5,891	33,479	(86,115)	16,617	53,654	(28,712)	10,554	14,765	(46,443)	212,196	(7,476)	4,778,814
Net assets, beginning of year	17,776,447	70,855	1,077	231	80,276	1,616,565	-	5,391	486,400	(10,219)	926,917	(2,250,273)	18,703,667
Capital contribution	-	-	-	-	-	-	278,297	-	-	-	-	(278,297)	-
Distribution to owner	<u>-</u>	<u>(15,000)</u>	<u>(24,630)</u>	<u>119,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(79,770)</u>	<u>-</u>
Net assets, end of year	<u>\$ 22,376,851</u>	<u>\$ 61,746</u>	<u>\$ 9,926</u>	<u>\$ 33,516</u>	<u>\$ 96,893</u>	<u>\$ 1,670,219</u>	<u>\$ 249,585</u>	<u>\$ 15,945</u>	<u>\$ 501,165</u>	<u>\$ (56,662)</u>	<u>\$ 1,139,113</u>	<u>\$ (2,615,816)</u>	<u>\$ 23,482,481</u>

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HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2018

	HRDC	HRDC Colo. Apts.	HRDC West Edge	Cottages at Menicucci Square	Home Corporation	Miles Building, Inc.	Darlington Apts., Inc.	Sherwood Inn Apts., Inc.	Summit Apts., Inc	BSV Rural Partners, LLC	Eliminations	Consolidated Total
REVENUES												
Grant revenue	\$ 6,829,328	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,000	\$ -	\$ 7,161,328
Contract revenue	1,352,628	-	-	-	-	-	-	-	-	-	(54,283)	1,298,345
Rental income	185,651	48,720	34,650	3,166	185,087	4,323	-	372,676	60,664	-	-	894,937
City/County/Local Government support	693,120	-	-	-	-	-	-	-	-	-	-	693,120
Sale of manufactured homes	974,605	-	-	-	-	-	-	-	-	-	-	974,605
Contributions (including Fundraising):												
Food	3,208,159	-	-	-	-	-	-	-	-	-	-	3,208,159
United Way	69,730	-	-	-	-	-	-	-	-	-	-	69,730
Other	1,555,949	-	-	-	-	-	-	-	-	-	-	1,555,949
Net investment income	80,539	41	-	-	79	31,097	-	1,562	107	7,311	(21,476)	99,260
Income from subsidiaries	31,964	-	-	-	-	-	-	-	-	-	(31,964)	-
Gain on sale of property	85,188	-	-	-	-	-	-	-	-	-	-	85,188
Other	46,778	-	417	-	-	-	-	-	-	107,500	-	154,695
Net assets released from program restrictions	97,606	-	-	-	-	-	-	-	-	-	-	97,606
Total revenues	<u>15,211,245</u>	<u>48,761</u>	<u>35,067</u>	<u>3,166</u>	<u>185,166</u>	<u>35,420</u>	<u>-</u>	<u>374,238</u>	<u>60,771</u>	<u>446,811</u>	<u>(107,723)</u>	<u>16,292,922</u>
EXPENSES												
Program services:												
Energy	1,209,640	-	-	-	-	-	-	-	-	-	-	1,209,640
Food and nutrition	4,613,939	-	-	-	-	-	-	-	-	-	-	4,613,939
Senior citizens	314,858	-	-	-	-	-	-	-	-	-	-	314,858
Community development	1,392,024	-	-	-	-	-	-	-	-	43,391	-	1,435,415
Economic and youth development	424,640	-	-	-	-	-	-	-	-	-	-	424,640
Housing	1,380,871	50,520	2,467	2,935	231,031	746	545	345,788	76,593	-	(75,759)	2,015,737
Early childhood education	2,018,609	-	-	-	-	-	-	-	-	-	-	2,018,609
Transportation	2,130,167	-	-	-	-	-	-	-	-	-	-	2,130,167
Total program services	<u>13,484,748</u>	<u>50,520</u>	<u>2,467</u>	<u>2,935</u>	<u>231,031</u>	<u>746</u>	<u>545</u>	<u>345,788</u>	<u>76,593</u>	<u>43,391</u>	<u>(75,759)</u>	<u>14,163,005</u>
Supporting services:												
Administration	836,950	-	-	-	-	-	-	-	-	-	-	836,950
Fundraising	238,584	-	-	-	-	-	-	-	-	-	-	238,584
Total supporting services	<u>1,075,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,075,534</u>
Total expenses	<u>14,560,282</u>	<u>50,520</u>	<u>2,467</u>	<u>2,935</u>	<u>231,031</u>	<u>746</u>	<u>545</u>	<u>345,788</u>	<u>76,593</u>	<u>43,391</u>	<u>(75,759)</u>	<u>15,238,539</u>
Change in net assets without donor restrictions	650,963	(1,759)	32,600	231	(45,865)	34,674	(545)	28,450	(15,822)	403,420	(31,964)	1,054,383
NET ASSETS WITH DONOR RESTRICTIONS												
Purpose or time restricted contributions	264,147	-	-	-	-	-	-	-	-	-	-	264,147
Perpetually restricted contributions	54,231	-	-	-	-	-	-	-	-	-	-	54,231
Net assets released from program restrictions	<u>(97,606)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97,606)</u>
Change in net assets with donor restrictions	<u>220,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,772</u>
Change in total net assets	871,735	(1,759)	32,600	231	(45,865)	34,674	(545)	28,450	(15,822)	403,420	(31,964)	1,275,155
Net assets, beginning of year	16,904,712	72,614	1,076	-	126,141	1,581,891	5,936	504,741	5,603	523,497	(2,297,699)	17,428,512
Distribution to owner	<u>-</u>	<u>-</u>	<u>(32,599)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,791)</u>	<u>-</u>	<u>-</u>	<u>79,390</u>	<u>-</u>
Net assets, end of year	<u>\$ 17,776,447</u>	<u>\$ 70,855</u>	<u>\$ 1,077</u>	<u>\$ 231</u>	<u>\$ 80,276</u>	<u>\$ 1,616,565</u>	<u>\$ 5,391</u>	<u>\$ 486,400</u>	<u>\$ (10,219)</u>	<u>\$ 926,917</u>	<u>\$ (2,250,273)</u>	<u>\$ 18,703,667</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
THE HOME CORPORATION
SCHEDULES OF FINANCIAL POSITION
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (net of reserved cash)	\$ 22,868	\$ 9,040
Accounts receivable (net of allowance of \$12,000 and \$27,000, respectively)	293	2,636
Prepaid assets	<u>964</u>	<u>-</u>
Total current assets	<u>24,125</u>	<u>11,676</u>
PROPERTY AND EQUIPMENT		
Land	193,094	193,094
Buildings and improvements	1,558,503	1,558,503
Accumulated depreciation	<u>(1,168,740)</u>	<u>(1,116,789)</u>
Total property and equipment	<u>582,857</u>	<u>634,808</u>
OTHER ASSETS		
Cash reserved for tenant deposits	15,898	14,848
Cash reserved for replacements	26,724	14,720
Cash reserved for taxes and insurance	<u>59,465</u>	<u>40,855</u>
Total other assets	<u>102,087</u>	<u>70,423</u>
Total assets	<u>\$ 709,069</u>	<u>\$ 716,907</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Operating accounts payable	\$ 9,277	\$ 16,067
Accrued liabilities	2,917	885
Rent deposits	16,956	15,720
Current portion of long-term debt	<u>21,464</u>	<u>20,921</u>
Total current liabilities	<u>50,614</u>	<u>53,593</u>
LONG TERM LIABILITIES		
Long-term debt, net of current portion	<u>561,562</u>	<u>583,038</u>
Total liabilities	<u>612,176</u>	<u>636,631</u>
NET ASSETS		
Without donor restrictions		
Undesignated	<u>96,893</u>	<u>80,276</u>
Total liabilities and net assets without donor restrictions	<u>\$ 709,069</u>	<u>\$ 716,907</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.

THE HOME CORPORATION SCHEDULES OF ACTIVITIES For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
UNRESTRICTED REVENUES		
Rental income	\$ 208,222	\$ 183,573
Tenant fees	668	1,514
Interest income	<u>20</u>	<u>79</u>
Total revenues	<u>208,910</u>	<u>185,166</u>
EXPENSES		
Administration		
Bookkeeping fees	3,244	4,449
Management fee	19,337	16,588
Bank and misc fees	88	2,213
Advertising and leasing	263	2,251
Legal and accounting	999	725
Office supplies	666	1,465
Operating and maintenance		
Maintenance and supplies	35,987	38,118
Repairs	1,114	14,682
Snow plowing and lawn care	19,383	43,970
Pest control	1,393	23
Insurance	2,957	3,102
Property taxes	1,923	1,870
Utilities, phone, garbage	17,620	19,371
Bad debts	(4,651)	812
Contract on-site manager	14,765	5,561
Interest	25,255	23,881
Depreciation	<u>51,950</u>	<u>51,950</u>
Total expenses	<u>192,293</u>	<u>231,031</u>
Change in net assets	16,617	(45,865)
Net assets without donor restrictions, beginning of year	<u>80,276</u>	<u>126,141</u>
Net assets without donor restrictions, end of year	<u>\$ 96,893</u>	<u>\$ 80,276</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
THE HOME CORPORATION
SCHEDULES OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tenants	\$ 211,233	\$ 185,378
Cash received for interest	20	79
Cash paid for management and bookkeeping	(22,581)	(21,037)
Cash paid for property operations	(96,996)	(125,858)
Cash paid for interest	<u>(25,255)</u>	<u>(23,881)</u>
Net cash flows from operating activities	<u>66,421</u>	<u>14,681</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits to reserves	<u>(31,660)</u>	<u>(27,701)</u>
Net cash flows from investing activities	<u>(31,660)</u>	<u>(27,701)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid on loan principal	<u>(20,933)</u>	<u>(19,908)</u>
Net cash flows from financing activities	<u>(20,933)</u>	<u>(19,908)</u>
Net change in cash and cash equivalents	13,828	(32,928)
Cash and cash equivalents, beginning of year	<u>9,040</u>	<u>41,968</u>
Cash and cash equivalents, end of year	<u>\$ 22,868</u>	<u>\$ 9,040</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 16,617	\$ (45,865)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	51,950	51,950
Change in operating assets and liabilities:		
Accounts receivable	2,343	291
Prepaid expenses	(964)	-
Accounts payable	(4,758)	8,357
Rent deposits	<u>1,233</u>	<u>(52)</u>
Net cash flows from operating activities	<u>\$ 66,421</u>	<u>\$ 14,681</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SHERWOOD INN APARTMENTS, INC.
SCHEDULES OF FINANCIAL POSITION
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (net of reserved cash)	13,998	\$ 54,299
Accounts receivable (net of allowance of \$500)	2,011	634
Prepaid expenses	<u>4,049</u>	<u>2,214</u>
Total current assets	<u>20,058</u>	<u>57,147</u>
PROPERTY AND EQUIPMENT		
Land	59,562	59,562
Furniture and fixtures	77,701	75,142
Buildings and improvements	1,277,660	1,277,659
Accumulated depreciation	<u>(706,979)</u>	<u>(661,962)</u>
Total property and equipment	<u>707,944</u>	<u>750,401</u>
OTHER ASSETS		
Cash reserved for tenant deposits	13,144	12,475
Cash reserved for replacements	<u>271,562</u>	<u>228,298</u>
Total other assets	<u>284,706</u>	<u>240,773</u>
Total assets	<u><u>\$ 1,012,708</u></u>	<u><u>\$ 1,048,321</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Operating accounts payable	13,213	\$ 25,891
Accrued interest	1,809	1,056
Rent deposits	13,358	12,595
Current portion of long-term debt	<u>40,507</u>	<u>39,215</u>
Total current liabilities	<u>68,887</u>	<u>78,757</u>
LONG TERM LIABILITIES		
Long-term debt, net of current portion	<u>442,656</u>	<u>483,164</u>
Total liabilities	<u>511,543</u>	<u>561,921</u>
NET ASSETS		
Without donor restrictions		
Undesignated	<u>501,165</u>	<u>486,400</u>
Total liabilities and net assets without donor restrictions	<u><u>\$ 1,012,708</u></u>	<u><u>\$ 1,048,321</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SHERWOOD INN APARTMENTS, INC.
SCHEDULES OF ACTIVITIES
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
UNRESTRICTED REVENUES		
Rental income	\$ 378,561	\$ 359,800
Tenant fees	4,377	12,877
Interest income	<u>2,366</u>	<u>1,561</u>
Total revenues	<u>385,304</u>	<u>374,238</u>
EXPENSES		
Administration		
Management fee	30,891	29,732
Accounting fees	7,171	8,810
Bank and misc fees	30	531
Advertising and leasing	867	1,283
Legal and accounting	4,789	3,072
Office supplies	4,293	10,594
Operating and maintenance		
Maintenance and supplies	118,518	84,193
Repairs	17,495	20,567
Snow plowing and lawn care	6,298	7,361
Pest control	4	175
Insurance	6,499	6,820
Utilities, phone, garbage	68,540	68,533
Contract management	46,523	37,512
Bad debts	-	8,600
Interest	13,604	13,896
Depreciation	<u>45,017</u>	<u>44,109</u>
Total expenses	<u>370,539</u>	<u>345,788</u>
Change in net assets	14,765	28,450
Net assets without donor restrictions, beginning of year	486,400	504,741
Distribution to HRDC	<u>-</u>	<u>(46,791)</u>
Net assets without donor restrictions, end of year	<u>\$ 501,165</u>	<u>\$ 486,400</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SHERWOOD INN APARTMENTS, INC.
SCHEDULES OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tenants	\$ 381,561	\$ 374,201
Cash received for interest	2,366	1,561
Cash paid for management	(30,891)	(29,732)
Cash paid for property operations	(294,778)	(258,635)
Cash paid for interest	<u>(12,851)</u>	<u>(13,956)</u>
Net cash flows from operating activities	<u>45,407</u>	<u>73,439</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawals (deposits) to reserves	(43,933)	20,057
Cash paid for property and equipment	<u>(2,559)</u>	<u>(6,087)</u>
Net cash flows from investing activities	<u>(46,492)</u>	<u>13,970</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution to parent corporation	-	(46,791)
Cash paid on loan principal	<u>(39,216)</u>	<u>(38,110)</u>
Net cash flows from financing activities	<u>(39,216)</u>	<u>(84,901)</u>
Net change in cash and cash equivalents	(40,301)	2,508
Cash and cash equivalents, beginning of year	<u>54,299</u>	<u>51,791</u>
Cash and cash equivalents, end of year	<u>\$ 13,998</u>	<u>\$ 54,299</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 14,765	\$ 28,450
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	45,017	44,109
Change in operating assets and liabilities:		
Accounts receivable	(1,377)	1,524
Prepaid expenses	(1,835)	(160)
Accounts payable	(12,678)	2,970
Accrued interest	753	(60)
Rent deposits	<u>762</u>	<u>(3,394)</u>
Net cash flows from operating activities	<u>\$ 45,407</u>	<u>\$ 73,439</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
UNRESTRICTED CORPORATE FUNDS
SCHEDULES OF FINANCIAL POSITION
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash - operating savings	\$ 153,238	\$ 151,275
Cash - operating checking	554,209	458,453
Less: cash currently committed to HRDC projects	<u>(1,030,086)</u>	<u>(727,979)</u>
Unrestricted corporate cash available	(322,639)	(118,251)
Investments in marketable securities	388,242	364,036
Accounts receivable	3,350	12,981
Interest receivable	1,291	1,056
Prepaid expense	9,696	-
Escrow account	10,000	25,000
Loans receivable	327,498	351,093
Intercompany loans receivable	2,133,833	1,953,417
Investment in subsidiaries	650,185	650,185
Buildings	500,397	500,397
Land	56,267	56,267
Accumulated depreciation	<u>(216,066)</u>	<u>(191,754)</u>
Total assets	<u>\$ 3,542,054</u>	<u>\$ 3,604,425</u>
LIABILITIES		
Accounts payable	\$ 25,094	\$ 10,402
Rental deposits	675	1,877
Loan payable	198,628	208,462
Intercompany loans payable	<u>166,755</u>	<u>169,016</u>
Total liabilities	<u>391,152</u>	<u>389,757</u>
NET ASSETS		
Net assets, beginning of fiscal year	3,214,669	2,900,467
Change in net assets, current year	<u>(63,767)</u>	<u>314,202</u>
Total net assets	<u>3,150,902</u>	<u>3,214,669</u>
Total liabilities and net assets	<u>\$ 3,542,054</u>	<u>\$ 3,604,426</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
UNRESTRICTED CORPORATE FUNDS
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
REVENUE		
Donations - unrestricted (HRDC Greatest Needs)	\$ 261,335	\$ 166,155
Fundraising income - unrestricted (HRDC Greatest Needs)	79,411	103,655
Rent income	56,118	60,454
Developer fee income	-	22,000
Partnership distribution income	7,516	5,115
Loan interest income	8,328	8,700
Investment interest income	13,007	7,251
Realized and unrealized gain on investments	<u>27,474</u>	<u>24,527</u>
Total revenues	<u>453,189</u>	<u>397,857</u>
EXPENSES		
Salaries and fringe	231,652	152,450
Admin.service cost allocations	44,717	28,605
Bad debt expense	6,844	-
Business meals/meetings	4,341	4,594
Contract services	13,572	10,388
Depreciation expense	24,312	24,312
Dues	9,411	9,700
Equipment and supplies	22,282	8,699
Fundraising expense	8,291	11,407
Insurance	5,188	4,902
Interest expense	11,942	12,207
Investment management fees	3,267	3,217
Janitorial expense	6,160	6,190
Legal	628	1,251
Other	8,223	4,856
Outreach/advertising/public relations	40,203	29,885
Property management	2,500	2,600
Property taxes	1,356	5,710
Recognition	10,723	5,444
Repairs and maintenance	8,408	3,432
Software	7,588	-
Space	11,740	4,884
Travel/training	10,663	7,046
Utilities	<u>7,392</u>	<u>6,497</u>
Total expenses	<u>501,403</u>	<u>348,276</u>
REVENUE OVER/(UNDER) EXPENSES	(48,214)	49,581
Transfers in	346,758	508,845
Transfers out	(362,312)	(244,224)
Net assets, beginning of fiscal year	<u>3,214,669</u>	<u>2,900,467</u>
Net assets, end of fiscal year	<u>\$ 3,150,901</u>	<u>\$ 3,214,669</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

WEATHERIZATION ASSISTANCE

Grant Period: July 1, 2017 to September 30, 2018 - LIEAP

Grant Number: DPHHS 17-028-16007-0

	----LIEAP----	
	Budget	Actual
REVENUE		
Grant	\$ 370,158	370,158
Total Revenue	<u>\$ 370,158</u>	<u>370,158</u>
EXPENSES		
Administration	\$ 37,016	38,267
Program Support	333,142	331,942
Total Expenses	<u>\$ 370,158</u>	<u>370,209</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(51)
Transfer In		\$ 51
Net Assets at July 1, 2017		<u>\$ 0</u>
Net Assets at September 30, 2018		<u><u>\$ 0</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

WEATHERIZATION ASSISTANCE

Grant Period: July 1, 2018 to June 30, 2019 - DOE

Grant Number: DPHHS 18-028-30027-0

	----DEPT OF ENERGY----	
	Budget	Actual
REVENUE		
Grant	\$ 165,804	165,804
Total Revenue	<u>\$ 165,804</u>	<u>165,804</u>
EXPENSES		
Administration	\$ 17,817	14,743
Program Operations	112,383	136,224
Training & Technical Assistance	17,000	0
Health & Safety	18,604	14,876
Total Expenses	<u>\$ 165,804</u>	<u>165,843</u>
Revenue over/under expenses	<u>\$ 0</u>	(39)
Transfer In		\$ 39
Net Assets at July 1, 2018		<u>\$ 0</u>
Net Assets at June 30, 2019		<u>\$ 0</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
 SUPPLEMENTAL SCHEDULE
 SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

LIEAP ADMINISTRATION PROGRAM

Grant Period: October 1, 2016 to August 31, 2018 - ADMIN

Grant Number: DPHHS 17-028-11007-0

	----LIEAP ADMIN----	
	Budget	Actual
REVENUE		
Grant	\$ 78,870	78,870
Total Revenue	<u>\$ 78,870</u>	<u>78,870</u>
EXPENSES	\$ 78,870	
Salaries and Fringe Benefits		70,547
Supplies		1,415
Communication		456
Space Costs		4,325
Travel		578
Office Costs		1,550
Direct Services		0
Total Expenses	<u>\$ 78,870</u>	<u>78,870</u>
Revenue Over/Under Expenses		\$ 0
Net Assets at October 1, 2016		<u>\$ 0</u>
Net Assets at August 31, 2018		<u><u>\$ 0</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

LOW INCOME ENERGY ASSISTANCE PROGRAM

Grant Period: October 26, 2017 to October 31, 2018 - Contingency Revolving Fund (CRF)

Grant Number: DPHHS 18-028-11007-0

	----LIEAP CRF----
	<u>Actual</u>
REVENUE	
Grant	<u>\$ 114,526</u>
Total Revenue	<u>\$ 114,526</u>
EXPENSES	
Direct Services	<u>\$ 114,526</u>
Total Expenses	<u>\$ 114,526</u>
Revenue Over/Under Expenses	\$ 0
Net Assets at October 26, 2017	<u>\$ 0</u>
Net Assets at October 31, 2018	<u><u>\$ 0</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

LIEAP CLIENT EDUCATION & OUTREACH PROGRAM

Grant Period: October 1, 2016 to August 31, 2018 - CLIENT ED
October 1, 2016 to September 30, 2018 - OUTREACH

Grant Numbers: DPHHS 17-028-14021-0
DPHHS 17-028-15057-0

	----CLIENT ED----		----OUTREACH----	
	Budget	Actual	Budget	Actual
REVENUE				
Grant	\$ 32,917	32,917	43,546	43,546
Total Revenue	<u>\$ 32,917</u>	<u>32,917</u>	<u>43,546</u>	<u>43,546</u>
EXPENSES	\$ 32,917			
Salaries & Fringe Benefits		29,675	36,818	36,879
Communication		189		207
Space Costs		2,217	3,728	2,357
Travel		0	1,000	359
Office Costs		836	2,000	3,743
Total Expenses	<u>\$ 32,917</u>	<u>32,917</u>	<u>43,546</u>	<u>43,546</u>
Revenue Over/Under Expenses		\$ 0		0
Net Assets at October 1, 2016		<u>\$ 0</u>		<u>0</u>
Net Assets at August 31, 2018 & September 30, 2018		<u><u>\$ 0</u></u>		<u><u>0</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

NORTHWESTERN ENERGY WEATHERIZATION PROGRAM

Grant Period: January 1, 2018 to December 12, 2018

Grant Number: DPHHS 18-028-33007-0

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 384,867	384,867
Total Revenue	<u>\$ 384,867</u>	<u>384,867</u>
EXPENSES		
NWE Program Overhead	\$ 134,703	152,469
NWE Program Operations	250,164	232,549
Total Expenses	<u>\$ 384,867</u>	<u>385,019</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(152)
Transfer In		\$ 152
Net Assets at January 1, 2018		<u>\$ 0</u>
Net Assets at December 12, 2018		<u><u>\$ 0</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

ENERGY SHARE

Grant Period: July 1, 2018 to June 30, 2019

Grant Number: FY 2018-2019

	<u>Actual</u>
REVENUE	
General Energy Funds	\$ 7,039
USB Funds	78,989
Energy Deposits	8,905
TEAM: Temporary Energy Assist for Minor Needs	142
TEAM: Deposits	425
Water Heater	2,737
Administrative Funds	15,488
Donations	2,500
Total Revenues	<u>\$ 116,224</u>
EXPENSES	
Energy Assistance	\$ 8,573
Energy Assistance - USB	78,989
Energy Assistance - Deposits	8,905
Energy Assistance - TEAM	142
Energy Assistance - TEAM Deposits	425
Energy Assistance - Water Heater	2,737
Administration	17,224
Total Expenses	<u>\$ 116,994</u>
Revenue Over/Under Expenses	\$ (770)
Transfer In/Out	\$ 0
Net Assets at July 1, 2018	<u>\$ 29,894</u>
Net Assets at June 30, 2019	<u><u>\$ 29,124</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

SECTION 8 HOUSING PROGRAM

Grant Period: July 1, 2018 to June 30, 2019

Grant Number: MT DOC 18-745-0006
NeighborWorks Montana (NWMT)

	<u>Actual</u>
REVENUE	
MDOC Contract Income	\$ 178,261
NWMT Contract Income	9,154
Other Income	0
Total Revenue	<u>\$ 187,415</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 161,073
Travel & Training	4,814
Space	11,582
Office Costs	7,774
Insurance	1,309
Communications	1,676
Ready to Rent Program	26,740
Housing Assistance Payments	6,486
Other	128
Total Expenses	<u>\$ 221,580</u>
Revenue Over/Under Expenses	\$ (34,165)
Net Assets at July 1, 2018	<u>\$ 69,978</u>
Net Assets at June 30, 2019	<u><u>\$ 35,812</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

HUD EMERGENCY SHELTER GRANTS PROGRAM

Grant Period: August 1, 2017 to July 31, 2018

Grant Number: DPHHS 17-028-51007-0

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 85,265	85,265
Total Revenue	<u>\$ 85,265</u>	<u>85,265</u>
EXPENSES		
Prevention of Homelessness - Security Deposits	\$ 6,202	6,202
Prevention of Homelessness - Rental Assistance	8,093	8,093
Prevention of Homelessness - Rental Assistance Arrears	18,783	18,783
Prevention of Homelessness - Rental Assistance Medium Term Arrears	1,549	1,549
Prevention of Homelessness - Housing Search & Placement	13,945	14,134
Homeless Services - Security Deposits	7,391	7,391
Homeless Services - Rental Assistance	9,473	9,473
Homeless Services - Rental Assistance Medium Term	0	0
Homeless Services - Rental Assistance Arrears	0	0
Homeless Services - Housing Search & Placement	14,957	15,162
Administration	4,872	5,425
Total Expenses	<u>\$ 85,265</u>	<u>86,212</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(947)
Transfer In		\$ 947
Net Assets at August 1, 2017		<u>\$ 0</u>
Net Assets at July 31, 2018		<u><u>\$ 0</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

HOME TO STAY - EMERGENCY SERVICES

Report Period: July 1, 2018 to June 30, 2019

Grant Number: MT HomeOwnership Network (MHN) / NeighborWorks MT (NWMT)
April 1, 2018 to March 31, 2019

	<u>Actual</u>
REVENUE	
Private Grant Revenue	\$ 35,000
United Way	20,000
Donations	3,375
MHN / NWMT	27,742
Total Revenues	<u>\$ 86,117</u>
EXPENSES	
Prevention of Homelessness	\$ 2,544
Homeless Services	0
Salaries & Fringe Benefits	84,938
Supportive Services	5,019
Office Expenses	17,311
Total Expenses	<u>\$ 109,812</u>
Revenue Over/Under Expenses	\$ (23,695)
Transfer In	\$ 26,791
Transfer Out	\$ (4,316)
Net Assets at July 1, 2018	<u>\$ 1,220</u>
Net Assets at June 30, 2019	<u><u>\$ 0</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FEDERAL EMERGENCY MANAGEMENT AGENCY

Grant Period: February 1, 2018 to January 31, 2019

Grant Number: LRO 556000-002 Phase 35 Food
LRO 556000-003 Phase 35 Gallatin County Housing
LRO 559600-008 Phase 35 Park County Housing

	Food Bank Actual	Gallatin County Housing Actual	Park County Housing * Actual
REVENUE			
Grant	\$ 19,385	10,737	3,500
Total Revenue	<u>\$ 19,385</u>	<u>10,737</u>	<u>3,500</u>
EXPENSES			
Preventative & Homeless Services	\$ 0	11,532	4,306
Food Expense	\$ 19,385	0	0
Total Expenses	<u>\$ 19,385</u>	<u>11,532</u>	<u>4,306</u>
Revenue Over/Under Expenses	\$ 0	(795)	(806)
Transfer In	\$ 0	795	806
Net Assets at February 1, 2018	<u>\$ 0</u>	<u>0</u>	<u>0</u>
Net Assets at January 31, 2019	<u><u>\$ 0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

* Park County Grant Award Pending

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
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RYAN WHITE PART B HIV CARE

Grant Period: October 1, 2017 to September 30, 2018

Grant Number: 17-07-4-51-310-0

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Grant	\$ 25,885	17,991
Total Revenues	<u>\$ 25,885</u>	<u>17,991</u>
EXPENSES		
Rental Assistance		\$ 13,804
Security Deposit Assistance		0
Case Management		2,829
Administration		1,358
Total Expenses		<u>\$ 17,991</u>
Revenue Over/Under Expenses		\$ 0
Net Assets at October 1, 2017		<u>\$ 0</u>
Net Assets at September 30, 2018		<u><u>\$ 0</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
 SUPPLEMENTAL SCHEDULE
 SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FAMILY TRANSITIONAL HOUSING - TRANSITION IN PLACE

Grant Period: January 1, 2018 to December 31, 2018

Grant Number: HUD MT0046L8T001602

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Grant	\$ 24,261	24,261
Rents	0	0
Total Revenues	<u>\$ 24,261</u>	<u>24,261</u>
EXPENSES		
Rental Assistance	\$ 23,232	19,950
Security Deposit Assistance	0	3,314
Case Management	565	3,467
Administration	464	4,336
Total Expenses	<u>\$ 24,261</u>	<u>31,067</u>
Revenue Over/Under Expenses		\$ (6,806)
Transfer In - CSBG		\$ 6,806
Net Assets at January 1, 2018		<u>\$ 0</u>
Net Assets at December 31, 2018		<u><u>\$ 0</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

RAPID RE-HOUSING

Grant Period: July 1, 2018 to June 30, 2019

Grant Number: HUD MT0055L8T001702

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 78,424	78,424
Total Revenues	<u>\$ 78,424</u>	<u>78,424</u>
EXPENSES	\$ 78,424	
Rental Assistance		56,186
Security Deposit Assistance		16,462
Case Management		15,580
Administration		8,320
Total Expenses	<u>\$ 78,424</u>	<u>96,547</u>
Revenue Over/Under Expenses		\$ (18,123)
Transfer In		\$ 18,123
Net Assets at July 1, 2018		<u>\$ 0</u>
Net Assets at June 30, 2019		<u><u>\$ 0</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

WARMING CENTER

Report Period: July 1, 2018 to June 30, 2019

Grant Number: DPHHS CSBG Special Project

	<u>Actual</u>
REVENUE	
Donations	\$ 297,893
Donations-Restricted (Laundry Project)	0
Donations-Restricted (Overflow)	0
City of Bozeman (Overflow)	22,333
CSBG Grant	10,000
Fund Raising	28,988
Rental Income	12,300
Total Revenues	<u>\$ 371,514</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 236,216
Contract Services	143
Rent	39,150
Travel & Training	2,715
Supplies	7,146
Communications	1,688
Office Costs	6,488
Equipment	578
Supportive Services	39,341
Other	2,453
Utilities	10,407
Maintenance & Repairs	8,576
Fund Raising	3,856
Insurance	3,179
Advertising	2,127
Audit	1,459
Overflow	54,333
Shower Project	4,644
Laundry Project	463
Locker Project	0
Total Expenses	<u>\$ 424,963</u>
Revenue Over/Under Expenses	\$ (53,449)
Net Assets at July 1, 2018	<u>\$ 101,338</u>
Net Assets at June 30, 2019	<u><u>\$ 47,889</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

LIVINGSTON WARMING CENTER - PILOT

Report Period: January 1, 2019 to June 30, 2019

	<u>Actual</u>
REVENUE	
Donations	\$ 18,724
Private Grant Revenue	0
Fundraising	0
Total Revenues	<u>\$ 18,724</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 33,720
Rent	6,600
Travel & Training	1,977
Supplies	1,736
Communications	1,054
Office Costs	971
Other	165
Utilities	966
Maintenance & Repairs	2,790
Fund Raising	70
Insurance	97
Advertising	214
Audit	45
Total Expenses	<u>\$ 50,404</u>
Revenue Over/Under Expenses	\$ (31,680)
Transfer In	\$ 31,680
Net Assets at January 1, 2019	<u>\$ 0</u>
Net Assets at June 30, 2019	<u><u>\$ 0</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
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GALLATIN VALLEY FOOD BANK

Report Period: July 1, 2018 to June 30, 2019

	<u>Actual</u>
REVENUE	
Contributions:	
Food *	\$ 3,027,562
United Way	0
Gallatin County Senior Mill Levy	10,500
Other	481,661
Fund Raising	113,554
Senior Food Contract Income	230,600
Other Grant Revenue	2,000
Other Income	5,412
Total Revenues	<u>\$ 3,871,290</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 456,339
Travel & Training	3,685
Warehouse Space	11,352
Communication	3,375
Utilities, Garbage, Snow Removal	16,687
Fund Raising	6,109
Outreach/Public Relations	2,896
Vehicle	4,982
Repairs & Maintenance	12,202
Supplies	10,654
Insurance	18,044
Food Purchases	40,311
Food Distributions *	2,949,460
Office costs	13,336
Audit	2,533
Interest Expense	4,069
Meat Processing	1,225
Senior Food Program	232,908
Depreciation Expense	29,523
Other	14,334
Total Expenses	<u>\$ 3,834,025</u>
Revenue Over/Under Expenses	\$ 37,265
Net Assets at July 1, 2018	<u>\$ 755,708</u>
Net Assets at June 30, 2019	<u>\$ 792,973</u>

* Food Contributions In-Kind valued at \$1.68 per pound

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FORK AND SPOON HOMESTYLE KITCHEN

Report Period: July 1, 2018 to June 30, 2019

	<u>Actual</u>
REVENUES	
Donations	\$ 152,782
Meals Service (Net of Discounts)	58,515
Catering & Space Rental	92,892
City of Bozeman Support	45,667
Fund Raising	18,809
Kitchen Rental Fees	4,850
Catering Private Grant	5,987
Total Revenues	<u>\$ 379,503</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 300,997
Contract Services	10,995
Parking Lot Space	11,010
Travel & Training	2,860
Communications	2,005
Utilities, Garbage, Grounds Maintenance	27,361
Fund Raising	10,747
Outreach/Public Relations	5,656
Vehicle	2,413
Equipment	5,914
Repairs & Maintenance	10,121
Supplies	30,068
Insurance	4,693
Food Purchases	79,695
Office Costs	5,851
Audit	3,196
Interest Expense	6,776
Depreciation Expense	11,880
Other	6,352
Total Expenses	<u>\$ 538,591</u>
Revenue Over/Under Expenses	\$ (159,089)
Transfers In	
From: SFSP Summer Lunch	\$ 21,220
HRDC Unrestricted Donations (Greatest Need)	\$ 25,000
Net Assets at July 1, 2018	<u>\$ (117,990)</u>
Net Assets at June 30, 2019	<u><u>\$ (230,858)</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

HEALTHY KIDSPACK PROGRAM

Report Period: July 1, 2018 to June 30, 2019

	<u>Actual</u>
REVENUE	
Private Grant Revenue	\$ 17,219
Fund Raising	3,583
Donations	33,477
Restricted Donations	16,781
Total Revenues	<u>\$ 71,059</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 19,371
Travel and Training	119
Fund Raising	1,793
Outreach	102
Supplies	449
Insurance	145
Food Purchases	31,460
Office Costs	368
Audit	372
Other	100
Total Expenses	<u>\$ 54,278</u>
Revenue Over/Under Expenses	\$ 16,781
Net Assets at July 1, 2018	<u>\$ 42,135</u>
Net Assets at June 30, 2019	<u><u>\$ 58,916</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
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SUMMER LUNCH PROGRAM

Grant Period: October 1, 2017 to September 30, 2018

Grant Number: MT OPI 16-6512

	<u>Actual</u>
REVENUE	
Summer Lunch Contract Income	\$ 94,771
Donations	1,385
Other Income	281
Private Grant	1,450
Total Revenue	<u>\$ 97,887</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 37,991
Vehicle	1,886
Travel & Training	66
Supplies	4,378
Office Costs	1,501
Food Purchases	30,845
Total Expenses	<u>\$ 76,667</u>
Revenue Over/Under Expenses	\$ 21,220
Transfer Out	\$ (40,343)
Net Assets at October 1, 2017	<u>\$ 19,123</u>
Net Assets at September 30, 2018	<u><u>\$ 0</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

HEADWATERS AREA FOOD BANK

Report Period: July 1, 2018 to June 30, 2019

	<u>Actual</u>
REVENUE	
Contributions:	
Food *	\$ 75,228
United Way	2,500
Other	49,130
Private Grant	400
Building Fund	5,940
Fund Raising	2,401
Total Revenues	<u>\$ 135,599</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 37,456
Travel & Training	249
Communications	1,991
Rent	1,200
Utilities, Garbage, Snow Removal	2,190
Fund Raising	1,321
Vehicle	891
Repairs & Maintenance	800
Insurance	1,827
Food Purchases	228
Food Distributions *	85,632
Office Costs	3,827
Audit	773
Other	690
Total Expenses	<u>\$ 139,074</u>
Revenue Over/Under Expenses	\$ (3,475)
Net Assets July 1, 2018	<u>\$ 54,226</u>
Net Assets at June 30, 2019	<u><u>\$ 50,751</u></u>

* Food Contributions In-Kind valued at \$1.68 per pound

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

BIG SKY COMMUNITY FOOD BANK

Report Period: July 1, 2018 to June 30, 2019

	<u>Actual</u>
REVENUE	
Contributions:	
Food *	\$ 64,428
United Way	1,000
Big Sky Resort Tax	31,092
Other	50,663
Private Grant	20,008
Fund Raising	8,447
Total Revenues	<u>\$ 175,637</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 37,824
Travel & Training	0
Communications	1,528
Space Rental	18,250
Utilities, Garbage, Snow Removal	3,631
Fund Raising	2,097
Outreach/Public Relations	260
Vehicle	1,357
Repairs & Maintenance	2,108
Insurance	1,443
Food Purchases	5,213
Food Distributions *	58,679
Office Costs	2,098
Audit	754
Meat Processing	0
Other	469
Total Expenses	<u>\$ 135,710</u>
Revenue Over/Under Expenses	\$ 39,927
Net Assets at July 1, 2018	<u>\$ (5,896)</u>
Net Assets at June 30, 2019	<u><u>\$ 34,031</u></u>

* Food Contributions In-Kind valued at \$1.68 per pound

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

IN HOME SERVICES

Grant Period: July 1, 2018 to June 30, 2019

Grant Number: Area IV Agency on Aging 2019-004-013 (Gallatin County)

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Title III Revenue	\$ 52,766	52,766
Title III Revenue - Respite	19,597	19,597
United Way	8,000	8,000
Donations	25,422	7,800
Other Grant Revenue	17,000	39,000
Total Revenues	<u>\$ 122,785</u>	<u>127,163</u>
EXPENSES		
Salaries & Fringe Benefits	\$ 102,838	105,880
Supplies	2,500	558
Communications	250	101
Travel & Training	1,300	842
Insurance	1,115	1,229
Audit	250	476
Other - Program Support	14,532	635
Total Expenses	<u>\$ 122,785</u>	<u>109,721</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	17,442
Net Assets at July 1, 2018		<u>\$ 9,597</u>
Net Assets at June 30, 2019		<u>\$ 27,039</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

IN HOME SERVICES - PARK COUNTY

Grant Period: July 1, 2018 to June 30, 2019

Grant Number: Area IV Agency on Aging 2019-004-013 (Park County)

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Title III Revenue	\$ 24,500	24,500
Title III Revenue - Respite	18,750	18,750
United Way	4,000	4,000
Park County	5,000	0
Donations	0	0
Other Grant Revenue	7,832	10,000
Total Revenues	<u>\$ 60,082</u>	<u>57,250</u>
EXPENSES		
Salaries & Fringe Benefits	\$ 48,590	57,608
Supplies	700	300
Communications	0	0
Travel & Training	1,450	1,076
Building Space	0	156
Insurance	750	653
Audit	200	401
Other - Program Support	8,392	16
Total Expenses	<u>\$ 60,082</u>	<u>60,209</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(2,959)
Net Assets at July 1, 2018		<u>\$ 7,458</u>
Net Assets at June 30, 2019		<u>\$ 4,499</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

STATE HEALTH INSURANCE PROGRAM (SHIP) - INFORMATION & ASSISTANCE

Grant Period: July 1, 2018 to June 30, 2019

Grant Number: Area IV Agency on Aging 2019-004-013

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 35,172	35,172
Other Income	9,909	0
Total Revenue	<u>\$ 45,081</u>	<u>35,172</u>
EXPENSES		
Salaries & Fringe Benefits	\$ 38,881	31,881
Supplies	200	893
Travel	1,500	3,176
Insurance	500	0
Audit	500	83
Other	3,500	2,441
Total Expenses	<u>\$ 45,081</u>	<u>38,474</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(3,302)
Transfer In		\$ 3,302
Net Assets at July 1, 2018		<u>\$ 0</u>
Net Assets at June 30, 2019		<u><u>\$ 0</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

RETIRED SENIOR VOLUNTEER PROGRAM

Grant Period: April 1, 2018 to March 31, 2019

Grant Number: CNCS 18SRPMT002

Area IV Agency on Aging (Title III) 2019-004-013

	Budget	Actual	In-Kind	Excess Non-Federal Share
REVENUE				
Federal Grant	\$ 79,161	79,161		
Federal Grant - 3-Year Augmentation	363,825	119,603		
Gallatin County Senior Mill Levy	11,000	11,000		
Title III Grant	2,675			2,675
Donations	35,369	6,978		1,903
Work site	8,467	2,100		
Other Grant Revenue	90,129			
In-Kind	17,330		15,704	
Total Revenues	<u>\$ 607,956</u>	<u>218,842</u>	<u>15,704</u>	<u>4,578</u>
EXPENSES				
Personnel Expense				
Project Director	\$ 56,238	49,802		1,236
Program Coordinators	33,332	30,894		
Senior Reach Program Manager	31,200	14,888		
Fiscal Staff	7,923	4,120		
Executive	4,000	3,317		
Personnel	3,163	3,086		
Receptionists	1,721	1,361		
Fringe Benefits	16,818	16,277		
Agency-wide Insurance	3,750	1,163		195
Local Travel	500	897		
Long Distance Travel	4,500	3,646		
Supplies	10,000	14,542		
Computer Service	1,650	3,269		
Senior Reach: Community Health Partners	67,814	67,814		
Senior Reach Licensing Fee	12,750	12,750		
Communications	3,800	3,200		
Printing	3,548	43	3,859	
Space	19,244	8,555	9,694	
Audit	567	679		
Other	650	616		
Volunteer Expense				
Meals	1,000	1,387		
Insurance	1,060	1,241		
Travel	2,009	274	2,151	
Supplies	0	375		
Recognition	14,929	5,908		3,147
Augmentation Years 2 & 3	305,790			
Total Expenses	<u>\$ 607,956</u>	<u>250,101</u>	<u>15,704</u>	<u>4,578</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	<u>(31,259)</u>	<u>0</u>	<u>0</u>
Prior Years Net Assets Used for Operations		\$ 29,881	0	(29,881)
Transfer In		\$ 1,378	0	0
Net assets at April 1, 2018		\$ 0	0	29,881
Net assets at March 31, 2019		<u>\$ 0</u>	<u>0</u>	<u>0</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

SENIOR MEDICARE PATROL

Grant Period: June 1, 2018 to May 31, 2019

Grant Number: Area XI Agency on Aging MOU

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 12,126	12,126
Total Revenue	<u>\$ 12,126</u>	<u>12,126</u>
EXPENSES		
Salaries & Fringe Benefits	\$ 12,126	11,855
Space		455
Total Expenses	<u>\$ 12,126</u>	<u>12,310</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(184)
Transfer In		\$ 184
Net Assets at June 1, 2018		<u>\$ 0</u>
Net Assets at May 31, 2019		<u><u>\$ 0</u></u>

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HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
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SHERWOOD SERVICE COORDINATOR

Grant Period: January 1, 2018 to December 31, 2018

Grant Number: MFSC179734-01-01

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 34,507	28,791
Total Revenue	<u>\$ 34,507</u>	<u>28,791</u>
EXPENSES		
Salaries & Fringe Benefits	\$ 30,845	25,253
Travel & Training	3,307	3,293
Supplies	215	311
Other	140	4,013
Total Expenses	<u>\$ 34,507</u>	<u>32,870</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(4,078)
Transfer In from Sherwood Apts Inc		<u>\$ 4,078</u>
Net Assets at January 1, 2018		<u>\$ 0</u>
Net Assets at December 31, 2018		<u><u>\$ 0</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

GALAVAN / SENIOR TRANSPORTATION

Grant Period: July 1, 2018 to June 30, 2019

Grant Names: Area IV Agency on Aging 2019-004-013
MT DOT 109821 - Section 5311 Capital
MT DOT - TransAde

	Budget	Actual	Capital Actual
REVENUE			
Title III Revenue	\$ 21,400	21,400	
ParaTransit Contract - Streamline	101,500	169,886	
MT DOT Transade	112,776	133,224	
MT DOT Capital Grants - Emergency Repair	0		169,865
Local Revenue			
Gallatin County	77,000	77,000	
City of Bozeman	120,000	104,703	
City of Belgrade	10,000	10,000	
United Way	10,000	10,000	
Rider Donations	10,000	14,261	
Contributions	2,000	2,327	
Other (Advertising) Income	8,400	2,750	
Storage Space Rental Income	1,800	5,252	
Investment Income/Other	10,500	1,123	
Adopt-A-Bus	2,500	0	
Contract Income-Headstart/Family Promise	6,400	5,000	
Sale Proceeds	0	0	
Total Revenues	<u>\$ 494,276</u>	<u>556,925</u>	<u>169,865</u>
EXPENSES			
Salaries & Fringe Benefits	\$ 330,000	346,039	
HRDC Admin. Cost Allocations	40,000	43,565	
Gas & Oil	55,000	54,335	
Repairs & Maintenance	30,000	34,561	
Insurance	18,000	16,327	
Voucher Program Contract	20,000	23,421	
Bus Barn Operating Costs	3,500	5,405	
Travel & Training	2,500	2,808	
Advertising/PR	1,000	2,724	
Supplies	3,000	5,823	
Communications	2,500	5,021	
Audit	1,000	1,435	
Other (incl RM software)	5,000	22,805	
Equipment-Other	500	2,271	
Equipment- Vehicles	0	0	199,841
Total Expenses	<u>\$ 512,000</u>	<u>566,541</u>	<u>199,841</u>
Revenue Over/Under Expenses	<u>\$ (17,724)</u>	(9,616)	(29,976)
Operating Funds Applied to Capital		\$ (29,976)	29,976
Transfer In - Smyth Interest Income		\$ 10,500	
Net Assets at July 1, 2018		<u>\$ 52,937</u>	<u>0</u>
Net Assets at June 30, 2019		<u>\$ 23,845</u>	<u>0</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

STREAMLINE BUS / PUBLIC TRANSPORTATION

Grant Period: July 1, 2018 to June 30, 2019

Grant Names: MT DOT 110097 - Section 5311 Operating
MT DOT 110656 - Section 5311 Capital Grant - Vehicle Repair

	<u>Budget</u>	<u>Actual</u>	<u>Capital Actual</u>
REVENUE			
MT DOT Operating Grant	\$ 1,152,829	1,152,830	
MT DOT Capital Grant - Vehicle Repair	0		17,936
Local Revenue			
Associated Students of MSU	164,500	192,061	
Contract Income	98,000	88,688	
City of Bozeman	154,000	168,321	
City of Belgrade	8,000	8,000	
Montana State University	112,000	111,667	
Other (Advertising) Income	2,000	799	
Storage Space Rental Income	2,400	14,200	
Contributions	1,000	5,825	
Total revenues	<u>\$ 1,694,729</u>	<u>1,742,390</u>	<u>17,936</u>
EXPENSES			
Salaries & Fringe Benefits	\$ 198,000	195,806	
Contract Services	837,119	918,083	
Gas & Oil	188,000	143,536	
Repairs & Maintenance	300,000	189,388	20,717
Insurance	57,000	60,245	
Bus Barn Operating Costs	9,000	14,578	
Parking Garage Cleaning/Security	0	0	
Travel & Training	3,000	10,539	
Advertising/PR & Outreach	30,000	61,647	
Supplies	5,000	6,897	
Communications	8,000	8,365	
Space	0	0	
Audit	2,000	2,036	
Other	2,000	1,147	
Equipment - Other	1,000	880	
Equipment - Vehicles	0	0	
Equipment - Vehicle Wraps	0	0	
Equipment - GPS Tracking Software	15,000	21,240	
Bus Shelters/Street Furniture	0	0	
Total Expenses	<u>\$ 1,655,119</u>	<u>1,634,387</u>	<u>20,717</u>
Revenue Over/Under Expenses	<u>\$ 39,610</u>	108,003	(2,780)
Operating Funds Applied to Capital		\$ (2,780)	2,780
Net Assets at July 1, 2018		<u>\$ 315,183</u>	<u>0</u>
Net Assets at June 30, 2019		<u>\$ 420,406</u>	<u>0</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

WORKFORCE INNOVATION & OPPORTUNITY ACT - YOUTH

Grant Period: July 1, 2018 to June 30, 2019

Grant Name: DLISF13_WIAYouth09-6

	Budget	Actual	Modification #1 Budget	Actual
REVENUE				
Grant	\$ 158,167	158,167	6,587	6,587
Other Income	0	0	0	0
Total Revenues	<u>\$ 158,167</u>	<u>158,167</u>	<u>6,587</u>	<u>6,587</u>
EXPENSES				
In-School	\$ 39,542	30,155	0	0
Out-of-School	118,625	129,109	6,587	6,700
Total Expenses	<u>\$ 158,167</u>	<u>159,264</u>	<u>6,587</u>	<u>6,700</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(1,097)	<u>0</u>	(113)
Transfer In		\$ 1,097		113
Net Assets at July 1, 2018		<u>\$ 0</u>		<u>0</u>
Net Assets at June 30, 2019		<u>\$ 0</u>		<u>0</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

CHAFEE FOSTER CARE INDEPENDENCE PROGRAM

Grant Period: July 1, 2018 to June 30, 2019

Contract Number: DPHHS 20193FCIP0009

Action Inc (Butte) MOU for Combined Service Area

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 90,695	90,695
Other Income		
Total Revenues	<u>\$ 90,695</u>	<u>90,695</u>
EXPENSES		
Salaries & Fringe Benefits	\$ 70,904	71,983
Administrative	6,144	15,453
Travel & Training	8,100	7,289
Equipment & Supplies	2,247	2,924
Youth Stipends/Support	3,000	2,726
NYTD Survey Incentives	300	240
Total Expenses	<u>\$ 90,695</u>	<u>100,615</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(9,920)
Transfer In		\$ 9,920
Net Assets at July 1, 2018		<u>\$ 0</u>
Net Assets at June 30, 2019		<u>\$ 0</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

BLUEPRINT - YOUTH TRANSITIONAL LIVING HOUSE

Report Period: July 1, 2018 to June 30, 2019

	<u>Actual</u>
REVENUE	
Donations	\$ 130,972
City of Bozeman	10,000
United Way	5,000
Restricted Donations	1,847
Total Revenues	<u>\$ 147,819</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 46,448
Youth Stipends/Support	2,439
Rent	4,200
Utilities & Phone	2,733
Maintenance & Repairs	903
Supplies/Office Costs	3,868
Travel & Training	1,042
Legal & Audit	1,590
Insurance	750
Taxes	632
Interest Expense	3,280
Depreciation	4,625
Other Expenses	1,071
Total Expenses	<u>\$ 73,581</u>
Revenue Over/Under Expenses	\$ 74,238
Transfers Out	
Foster Youth Support	\$ (10,454)
WIOA Youth Support	\$ (1,211)
Net Assets at July 1, 2018	<u>\$ (1,850)</u>
Net Assets at June 30, 2019	<u><u>\$ 60,724</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

HEAD START PROGRAM

Grant Period: April 1, 2018 to March 31, 2019

Grant Number: HHS 08CH1099-06

	<u>Budget</u>	<u>Actual</u>	<u>In-Kind</u>
REVENUE			
Grant	\$ 1,461,565	1,461,565	
USDA Child Care Food Contract	90,000	114,841	
Other Income	2,800	6,000	
In-kind	365,391		334,372
Total Revenues	<u>\$ 1,919,756</u>	<u>\$ 1,582,406</u>	<u>\$ 334,372</u>
EXPENSES			
Salaries	\$ 919,195	959,995	
Fringe Benefits	232,244	238,056	
Travel/Training	19,812	22,374	
Supplies	17,438	30,133	
Contract Services	7,209	22,039	
Other	358,467	322,963	
In-kind Expenses	365,391		334,372
Total Expenses	<u>\$ 1,919,756</u>	<u>1,595,560</u>	<u>334,372</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(13,154)	0
Transfer In		\$ 13,154	
Net Assets at April 1, 2018		<u>\$ 0</u>	<u>0</u>
Net Assets at March 31, 2019		<u>\$ 0</u>	<u>0</u>

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HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
 SUPPLEMENTAL SCHEDULE
 SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

PRE-SCHOOL DEVELOPMENT

Report Period: July 1, 2018 to June 30, 2019

Grant Number: MT OPI 16 6646 16 19

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 480,010	480,010
Total Revenue	<u>\$ 480,010</u>	<u>480,010</u>
EXPENSES		
Salaries	\$ 305,510	298,445
Fringe Benefits	74,000	87,708
Purchased Professional & Technical	70,000	67,500
Purchased Property Services	0	0
Other Purchased Services	24,000	17,745
Supplies	6,500	10,041
Property & Equipment	0	0
Total Expenses	<u>\$ 480,010</u>	<u>481,439</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(1,429)
Transfer In		\$ 1,429
Net Assets at July 1, 2018		<u>\$ 0</u>
Net Assets at June 30, 2019		<u>\$ 0</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
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HEAD START FACILITIES

Report Period: For the Year Ended June 30, 2019

	Bozeman Center Actual	Livingston Center Actual	Belgrade Center Actual
REVENUE			
Rental Income	\$ 33,600	48,000	60,000
Other Income	0	600	0
Total Revenue	<u>\$ 33,600</u>	<u>48,600</u>	<u>60,000</u>
EXPENSES			
Gas & Electric	\$ 3,571	3,271	7,029
Water, Sewer, & Garbage	2,891	2,999	3,026
Maintenance & Repairs	16,129	13,565	10,016
Janitorial/Grounds	9,535	9,043	13,465
Property Management/Audit	2,000	2,000	2,000
Insurance	2,145	1,965	4,110
Taxes	478	0	0
Interest Expense	0	5,437	26,655
Depreciation	10,447	19,229	62,174
Total Expenses	<u>\$ 47,196</u>	<u>\$ 57,510</u>	<u>\$ 128,475</u>
Revenue Over/Under Expenses	\$ (13,596)	(8,910)	(68,475)
Net Assets at July 1, 2018	<u>\$ 66,213</u>	<u>(19,775)</u>	<u>448,173</u>
Net Assets at June 30, 2019	<u><u>\$ 52,617</u></u>	<u><u>(28,685)</u></u>	<u><u>379,698</u></u>

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HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

BIG SKY COMMUNITY HOUSING TRUST

Report Period: July 1, 2018 to June 30, 2019

	<u>Operations</u>	<u>DPA Lending</u>
REVENUE		
Big Sky Resort Tax Revenue	\$ 68,767	0
Donations Restricted to DPA Lending	<u>0</u>	<u>135,000</u>
Total Revenue	<u>\$ 68,767</u>	<u>135,000</u>
EXPENSES		
Salaries & Fringe Benefits	\$ 86,054	725
Consultant Services	1,895	0
Travel & Training	4,738	0
Legal/Audit	371	0
Supplies	4,267	0
Office Space	5,587	0
Other	<u>616</u>	<u>0</u>
Total Expenses	<u>\$ 103,528</u>	<u>725</u>
Revenue Over/Under Expenses	\$ (34,761)	134,275
Net Assets at July 1, 2018	<u>\$ 63,300</u>	<u>20,000</u>
Net Assets at June 30, 2019*	<u><u>\$ 28,539</u></u>	<u><u>154,275</u></u>

*Net Assets are comprised of Donor-Restricted Cash for future operations and for qualifying workforce housing down-payment-assistance (DPA) loans. Additional Resort Tax funding of \$1,750,000 was awarded and applied toward the purchase of land for the Meadowview condominium development.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
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ROAD TO HOME - HOMEOWNERSHIP CENTER

Report Period: July 1, 2018 to June 30, 2019

Grant Periods: MT Dept of Commerce (HOME) November 7, 2013 to September 30, 2019

City of Bozeman (COB) November 25, 2003 to June 30, 2019

City of Bozeman Affordable Hsg Ordinance (AHO) March 30, 2018 to June 30, 2019

MT HomeOwnership Network (MHN)/NeighborWorks MT (NWMT) October 1, 2004 to June 30, 2019

RTH Lending Pool: July 1, 2006 to June 30, 2019

Grant Number: HOME M13-SG300100-01-A/B/C/D/E/F/G

	HOME Actual	COB Actual	COB AHO Actual	CDBG Pgm Inc Actual	Other Actual	Total Actual
REVENUE						
Grant	\$ 332,741					332,741
Contract Income		40,000	66,000		76,578	182,578
Contributions		74			10,217	10,292
Homebuyer Loans Repaid	55,150	62,834		22,284		140,268
Appreciation Share Realized	16,113					16,113
Total Revenues	<u>\$ 404,004</u>	<u>102,908</u>	<u>66,000</u>	<u>22,284</u>	<u>86,795</u>	<u>681,991</u>
EXPENSES						
Salaries & Fringe	\$ 23,743	17,914	3,197		96,250	141,103
Space	1,363	1,394	184		5,399	8,339
Communications	87	58	14		437	596
Supplies		0	12		14,917	14,928
Contract Services					750	750
Audit & Legal					1,366	1,366
Travel & Training					8,855	8,855
Homebuyer Loan Fees	1,780		848			2,628
Total Expenses	<u>\$ 26,973</u>	<u>19,365</u>	<u>4,254</u>	<u>0</u>	<u>127,973</u>	<u>178,565</u>
Revenue Over/(Under) expenses	\$ 377,031	83,543	61,746	22,284	(41,177)	503,426
Homebuyer Loans Disbursed	\$ (366,891)	0	(60,000)	0	0	(426,891)
Transfer Out *				(119,430)		(119,430)
Net assets at July 1, 2018	<u>\$ (11,665)</u>	<u>315,708</u>	<u>(622)</u>	<u>277,258</u>	<u>(32,118)</u>	<u>548,560</u>
Net Assets for Operations at June 30, 2019	<u>\$ (1,525)</u>	<u>254,924</u>	<u>1,123</u>	<u>30,224</u>	<u>(84,616)</u>	<u>200,131</u>
Net Assets for Lending at June 30, 2019	<u>\$ 0</u>	<u>144,327</u>	<u>0</u>	<u>149,888</u>	<u>11,320</u>	<u>305,535</u>

* CDBG Program Income Applied to Cottages at Menicucci Square

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
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RESOURCE PROPERTY MANAGEMENT

Report Period: July 1, 2018 to June 30, 2019

	<u>Actual</u>
REVENUE	
HRDC Owned	
Management fees: Big Sky Villas Apts (24 units)	\$ 16,737
Management fees: Colorado Apts (8 units)	4,140
Management fees: Cottages @ Menicucci Sq (18 units)	13,112
Management fees: Miles Apts (40 units)	24,484
Management fees: Sherwood Inn Apts (50 units)	30,456
Management fees: Summit Place Apts (7 units)	3,840
Management fees: West Babcock Apts (24 units)	19,333
Management fees: HRDC Facilities (14 buildings)	29,962
Third-Party Owned	
Management fees: Antelope Court Apts (30 units)	15,849
Management fees: Buffalo Court Apts (20 units)	9,257
Management fees: Castle Mountain Apts (10 units)	7,640
Management fees: Greenwood Condo HOA (4 units)	0
Management fees: Guardian Apts (118 units)	62,573
Management fees: North Star Apts (28 units)	15,433
Total Revenues	<u>\$ 252,815</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 145,571
Contract Services	513
Travel & Training	859
Space Costs	10,229
Communications	420
Supplies	8,153
Office Costs	524
Liability Insurance	2,995
Legal	260
Other	1,725
Total Expenses	<u>\$ 171,248</u>
Revenue over/under expenses	\$ 81,567
Transfer In (Out)	\$ (10,895)
Net assets at July 1, 2018	<u>\$ 14,368</u>
Net assets at June 30, 2019	<u><u>\$ 85,039</u></u>

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HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
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COMMUNITY SERVICES BLOCK GRANT

Grant Period: January 1, 2017 to August 31, 2018

Grant Number: DPHHS 17-028-10007-0

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 321,445	314,373
Total Revenue	<u>\$ 321,445</u>	<u>314,373</u>
EXPENSES		
Salaries & Fringe	\$ 147,233	135,104
Consultants & Contract Services	4,600	525
Travel/Training	3,000	1,683
Space	7,500	9,418
Supplies	4,000	906
Small Equipment	6,000	0
Other Non-Direct Expenses	0	8,696
Support for Programs/Projects and Other Costs	149,112	158,041
Total Expenses	<u>\$ 321,445</u>	<u>314,373</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	0
Net Assets at January 1, 2017		<u>\$ 0</u>
Net Assets at August 31, 2018		<u><u>\$ 0</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

HRDC CENTRAL AND ANNEX OFFICES

Report Period: July 1, 2018 to June 30, 2019

	HRDC Central Office		HRDC Annex Office	
	Budget	Actual	Budget	Actual
REVENUE				
Rental Income	\$ 110,400	110,400	37,200	37,200
Other Income	0	1,200	0	0
Total Revenue	<u>\$ 110,400</u>	<u>111,600</u>	<u>37,200</u>	<u>37,200</u>
EXPENSES				
Gas & Electric	\$ 13,200	13,612	3,600	3,874
Water, Sewer, & Garbage	3,800	2,965	700	889
Maintenance & Repairs	40,808	51,126	2,200	3,284
Janitorial/Grounds	15,800	15,414	5,800	6,855
Property Management/Audit	7,200	7,200	1,000	800
Insurance	2,796	2,407	1,048	1,864
Taxes	620	872	130	191
Interest Expense	17,516	18,109	10,682	10,131
Depreciation	42,297	42,297	16,742	16,742
Total Expenses	<u>\$ 144,037</u>	<u>154,003</u>	<u>41,902</u>	<u>44,631</u>
Revenue Over/Under Expenses	<u>\$ (33,637)</u>	<u>(42,403)</u>	<u>(4,702)</u>	<u>(7,431)</u>
Net Assets at July 1, 2018		<u>\$ 776,704</u>		<u>(113,509)</u>
Net Assets at June 30, 2019		<u>\$ 734,301</u>		<u>\$ (120,939)</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

SCHEDULE OF ADMINISTRATIVE COSTS ALLOCATED

Report Period: For the Year Ended June 30, 2019

	<u>Actual</u>
REVENUE	
Allocation Payments from Programs	\$ 841,075
Total Revenues	<u>\$ 841,075</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 628,280
Space Costs	31,137
Financial Audit	43,471
Communications	13,621
Office Costs	3,720
Small Equipment	7,430
Computer Service	64,018
Travel/Training	8,557
Special Projects - Website Design	38,250
Other	2,210
Total Expenses	<u>\$ 840,697</u>
Revenue Over/Under Expenses	\$ 379
Net Assets at July 1, 2018	<u>\$ (379)</u>
Net Assets at June 30, 2019	<u><u>\$ 0</u></u>

See Independent Auditor's Report.

SINGLE AUDIT SECTION

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

FEDERAL SOURCE <i>PASS THROUGH SOURCE</i> PROGRAM NAME	CFDA No.	Grant Term	Pass Through Number	Total Dollars Awarded	Total Federal Expenditures	Awards to Subrecipients
Dept. of Housing and Urban Development						
<i>Montana Dept. of Health and Human Services</i>						
Emergency Shelter Grant 17-18	14.231	08/01/17 - 07/31/18	17-028-51007-0	\$ 85,265	\$ 12,449	\$ -
Emergency Shelter Grant 18-19	14.231	08/01/18 - 07/31/19	18-028-51007-0	64,667	<u>64,667</u>	<u>-</u>
Total Emergency Shelter Grant					<u>77,116</u>	<u>-</u>
<i>Direct</i>						
Continuum of Care - Rental Assistance	14.267	10/01/17 - 12/31/18	MT0046L8T0011602	24,261	11,260	-
Continuum of Care - Rental Assistance	14.267	10/01/18 - 09/30/19	MT0046L8T0011702	24,261	26,013	-
Continuum of Care - Rapid Re-Housing	14.267	07/01/18 - 06/30/19	MT0055L8T1702	78,424	<u>78,424</u>	<u>-</u>
Total Continuum of Care					<u>115,697</u>	<u>-</u>
<i>Direct</i>						
Multifamily Housing Service Coordinators	14.191	01/01/18 - 12/31/18	MFSC179734-01-02	Carry Fwd	13,320	-
Multifamily Housing Service Coordinators	14.191	01/01/19 - 12/31/19	MFSC179734-01-03	Carry Fwd	<u>12,828</u>	<u>-</u>
					<u>26,148</u>	<u>-</u>
<i>Montana Dept. of Commerce</i>						
Home Investment Partnership Program - RTH	14.239	07/01/18 - 09/30/19	M13-SG300100-01-G	1,359,000	387,891	-
<i>Local Initiatives Support Corporation</i>						
Rural LISC	14.252	10/01/17 - 09/30/19	41189-0038	37,000	14,140	-
Rural LISC	14.252	07/01/18 - 09/30/18	41189-0040	16,830	<u>11,612</u>	<u>-</u>
Total LISC					<u>25,752</u>	<u>-</u>
Total Department of Housing and Urban Development					<u>632,604</u>	<u>-</u>
Department of Labor						
<i>Montana Department of Labor</i>						
WIA/WIOA Cluster						
Workforce Innovation & Opportunity Act	17.259	07/01/18 - 06/30/19	DLISF13_WIAYouth09-6	158,167	158,167	-
Workforce Innovation & Opportunity Act - MOD	17.259	07/01/18 - 06/30/19	DLISF13_WIAYouth09-6-1	6,587	<u>6,587</u>	<u>-</u>
Total Department of Labor, WIA/WIOA Cluster					<u>164,754</u>	<u>-</u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2019

FEDERAL SOURCE <i>PASS THROUGH SOURCE</i> PROGRAM NAME	CFDA No.	Grant Term	Pass Through Number	Total Dollars Awarded	Total Federal Expenditures	Awards to Subrecipients
Department of Transportation						
<i>Montana Department of Transportation</i>						
Formula Grants for Other Than Urbanized Areas	20.509	07/01/18 - 06/30/19	110097	1,152,829	1,152,830	-
Formula Grants for Other Than Urbanized Areas	20.509	07/01/18 - 06/30/19	110656	36,517	<u>17,936</u>	<u>-</u>
					<u>1,170,766</u>	<u>-</u>
<i>Montana Department of Transportation</i>						
Capital Assistance Program Enhanced Mobility	20.513	07/01/18 - 06/30/19	110578	\$57,343	<u>57,343</u>	<u>-</u>
<i>Federal Transit Cluster</i>						
Bus and Bus Facilities Formula Program	20.526	07/01/18 - 06/30/19	110507	55,179	55,179	-
Bus and Bus Facilities Formula Program	20.526	07/01/18 - 06/30/19	110579	57,343	<u>57,343</u>	<u>-</u>
Total Federal Transit Cluster					<u>112,522</u>	
Total Department of Transportation					<u>1,340,631</u>	<u>-</u>
Department of Energy						
<i>Montana Dept. of Health and Human Services</i>						
DOE Weatherization 18-19	81.042	07/01/18 - 06/30/19	18-028-30027-0	165,804	<u>165,804</u>	<u>-</u>
Total Department of Energy					<u>165,804</u>	<u>-</u>
Department of Education						
<i>Montana Office of Public Instruction</i>						
Preschool Development 18-19	84.419	07/01/18 - 06/30/19	017-6646-1618	475,010	<u>480,010</u>	<u>-</u>
Total Department of Education					<u>480,010</u>	<u>-</u>
Federal Emergency Management Agency						
<i>United Way</i>						
Emergency Food and Shelter Program Cluster						
FEMA - Housing, Park County	97.024	02/01/18 - 01/31/19	559600-008 (35)	3,500	3,500	-
FEMA - Housing, Gallatin County	97.024	02/01/18 - 01/31/19	559600-008 (35)	10,737	10,737	-
FEMA - Food	97.024	02/01/18 - 01/31/19	559600-008 (35)	19,385	<u>19,385</u>	<u>-</u>
Total Federal Emergency Management Agency, Emergency Food and Shelter Cluster					<u>33,622</u>	<u>-</u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2019

FEDERAL SOURCE PASS THROUGH SOURCE PROGRAM NAME	CFDA No.	Grant Term	Pass Through Number	Total Dollars Awarded	Total Federal Expenditures	Awards to Subrecipients
Department of Health and Human Services						
<i>Rocky Mountain Development Council, Inc.</i>						
<i>Aging Cluster</i>						
TITLE III-B Homemaker Services	93.044	07/01/18 - 06/30/19	2019-004-013	381	381	-
TITLE III-B Respite / Caregiver Support	93.052	07/01/18 - 06/30/19	2019-004-013	19,597	19,597	-
TITLE III-E Caregiver Support - Park County	93.052	07/01/18 - 06/30/19	2018-004-013	18,750	18,750	-
Total Aging Cluster					<u>38,728</u>	<u>-</u>
State Health Insurance Assistance Program	93.324	07/01/18 - 06/30/19	2019-004-013	10,172	10,172	-
<i>Missoula Aging Services (Area XI Agency on Aging)</i>						
Senior Medicare Patrol 18-19	93.048	06/01/18 - 05/31/19	None	9,537	11,436	-
Senior Medicare Patrol 19-20	93.048	06/01/19 - 05/31/20	None	9,537	867	-
Total Senior Medicare Patrol					<u>12,303</u>	<u>-</u>
<i>Montana Dept. of Health and Human Services 477 Cluster</i>						
CSBG Special Project	93.569	05/03/18 - 09/30/18	None	10,000	10,000	-
CSBG 18	93.569	01/01/18 - 08/31/19	18-028-10007-0	317,785	308,334	9,086
Total 477 Cluster					<u>318,334</u>	<u>9,086</u>
<i>Direct</i>						
Head Start						
Head Start 18-19	93.600	04/01/18 - 03/31/19	08CH1099/06	1,461,565	1,093,838	-
In-Kind				270,391	299,362	-
Head Start 19-20	93.600	04/01/19 - 03/31/20	08CH010871/01	1,571,938	425,052	-
In-Kind				392,985	66,558	-
<i>Less In-Kind</i>					<u>(365,920)</u>	<u>-</u>
Total Head Start					<u>1,518,890</u>	<u>-</u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2019

FEDERAL SOURCE <i>PASS THROUGH SOURCE</i> PROGRAM NAME	CFDA No.	Grant Term	Pass Through Number	Total Dollars Awarded	Total Federal Expenditures	Awards to Subrecipients
Department of Health and Human Services, continued						
<i>Montana Dept. of Health and Human Services</i>						
LIEAP Client Education/Advocacy 16-17	93.568	10/01/16 - 08/31/18	17-028-14021-0	32,917	3,646	-
LIEAP Client Education/Advocacy 17-18	93.568	10/01/17 - 08/31/19	18-028-13007-0	32,807	32,807	-
LIEAP Client Education/Advocacy 18-19	93.568	10/01/18 - 08/31/20	19-028-13007-0	40,771	32	-
LIEAP Outreach 16-17	93.568	10/01/16 - 08/31/18	17-028-15057-0	43,546	8,853	-
LIEAP Outreach 17-18	93.568	10/01/17 - 08/31/19	18-028-13007-0	52,630	50,427	-
LIEAP Administration 16-17	93.568	10/01/16 - 08/31/18	17-028-11007-0	78,870	1,258	-
LIEAP Administration 17-18	93.568	10/01/17 - 08/31/19	18-028-13007-0	73,205	73,205	-
LIEAP Administration 18-19	93.568	10/01/18 - 08/31/20	19-028-13007-0	80,716	5,178	-
LIEAP Contingency Revolving Fund 17-18	93.568	10/26/17 - 11/02/18	18-028-13007-0	-	39,076	-
LIEAP Contingency Revolving Fund 18-19	93.568	11/03/18 - 09/30/19	19-028-11007-0	-	126,801	-
LIEAP Weatherization 17-18	93.568	07/01/17 - 09/30/18	17-028-16007-0	370,158	59,143	-
LIEAP Weatherization 18-19	93.568	07/01/18 - 09/30/19	18-028-16007-0	401,531	297,784	-
Total LIEAP					698,210	-
Chafee Foster Care Independence	93.674	07/01/18 - 06/30/19	20123FCIP0009	90,695	90,695	-
Ryan White Part B HIV Care Formula Grant	93.917	10/01/17 - 09/29/18	17-07-4-51-310-0-1	25,885	2,927	-
Ryan White Part B HIV Care Formula Grant	93.917	10/01/18 - 09/29/19	17-07-4-51-310-0-2	25,885	19,172	-
Total Ryan White					22,099	-
Total Department of Health and Human Services					2,709,431	9,086
Corporation for National and Community Service						
<i>Direct</i>						
RSVP 2018-19	94.002	04/1/18 - 03/31/19	18SRPMT002	79,161	58,539	-
RSVP 2018-19 Senior Reach Augmentation	94.002	04/1/18 - 03/31/19	18SRPMT002	363,825	119,603	-
Match				85,901	49,928	-
RSVP 2019-20	94.002	04/1/19 - 03/31/20	18SRPMT002	86,161	50,163	-
Match				36,926	19,971	-
<i>Less Match</i>					(69,899)	-
Total Corporation for National and Community Service					228,305	-

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2019

FEDERAL SOURCE <i>PASS THROUGH SOURCE</i> PROGRAM NAME	CFDA No.	Grant Term	Pass Through Number	Total Dollars Awarded	Total Federal Expenditures	Awards to Subrecipients
Department of Agriculture						
<i>Montana Department of Health and Human Services</i>						
Child and Adult Care Food Program 17-18	10.558	04/01/18-03/31/19	HS 04087C	-	80,632	-
Child and Adult Care Food Program 18-19	10.558	04/01/19-03/31/20	HS 04087C	-	33,995	-
Total Child and Adult Care Food Program					<u>114,627</u>	<u>-</u>
<i>Montana Office of Public Instruction</i>						
<i>Child Nutrition Cluster</i>						
Summer Food Service Program for Children '18	10.559	06/11/18 - 08/24/18	16-6512	-	65,812	-
Summer Food Service Program for Children '19	10.559	06/10/19 - 08/30/19	16-6512	-	27,518	-
Total Summer Food Service Program for Children					<u>93,330</u>	<u>-</u>
<i>Montana Dept. of Health and Human Services</i>						
<i>Food Distribution Cluster</i>						
Commodity Supplemental Food Program 17-18	10.565	10/01/17 - 09/30/18	18-027-21002-0	-	60,994	-
Commodity Supplemental Food Program 18-19	10.565	10/01/18 - 09/30/19	19-027-21002-0	-	169,606	-
Total Food Distribution Cluster					<u>230,600</u>	<u>-</u>
<i>Local Initiatives Support Corporation</i>						
Non-Research and Dev Technical Assistance Program	10.446	02/01/19 - 12/31/19	41189-0042	30,000	8,991	-
Total Department of Agriculture					<u>447,548</u>	<u>-</u>
TOTAL FEDERAL AWARDS EXPENDED					<u>\$ 6,202,709</u>	<u>\$ 9,086</u>
LOAN AND LOAN GUARANTEES				Principal Repayment	Amount Owed June 30, 2019	
<i>Direct Loan Guaranteed by the U.S. Department of Housing</i>	14.181			<u>\$ -</u>	<u>\$ 438,100</u>	

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes federal award activity of HRDC under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*). Because the Schedule presents only a select portion of the operations of HRDC, it is not intended to, and does not present, the financial position, changes in net assets, or cash flows of HRDC.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Schedule has been prepared on the accrual basis of accounting, which is the method of accounting used for the financial statements. Such expenditures are recognized following Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule present adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

HRDC has elected not to use the optional 10-percent de minimis indirect cost rate allowed by Uniform Guidance.

NOTE 4. MATCHING

In accordance with the terms of the grants, HRDC has expended matching contributions during the year ended June 30, 2019 for the following programs:

Department of Health and Human Services:	
Head Start	\$ <u>365,920</u>
Retired and Senior Volunteer Program	\$ <u>66,900</u>

NOTE 5. LOAN AND LOAN GUARANTEES

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, 2019.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Human Resource Development Council of District IX, Inc. (HRDC) which comprise the consolidated statements of financial position as of June 30, 2019, and the related consolidated statements of activities, and consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 1, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered 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 HRDC's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 HRDC'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.

Anderson Zurmuehlen & Co., P.C.

Bozeman, Montana
March 1, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited Human Resource Development Council of District IX, Inc. (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 HRDC's major federal programs for the year ended June 30, 2019. 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 the requirements of federal statutes, regulations, and 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 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 HRDC's compliance.

Opinion on Each Major Federal Programs

In our opinion, 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, 2019.

Report on Internal Control Over Compliance

Management of 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 HRDC's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on the 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 report 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 based to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Anderson Zurmuehlen & Co., P.C.

Bozeman, Montana
March 1, 2020

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiencies identified that are not considered
to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards:

Internal Control over major programs:

Material weakness identified? No

Significant deficiencies identified that are not considered
to be material weaknesses? 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 section 2 CFR 200.516(a)? No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Low-Income Home Energy Assistance	93.568
Formula Grants for Rural Areas - FTA Section 5311	20.509

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

The audit report for the year ended June 30, 2019, reported no findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – STATUS OF CORRECTIVE ACTION ON PRIOR FINDINGS

None.



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