



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

CONSOLIDATED FINANCIAL REPORT

June 30, 2020 and 2019



C O N T E N T S

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT.....	1 through 3
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	4 through 6
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	7 and 8
Consolidated Statements of Activities.....	9 and 10
Consolidated Statements of Functional Expenses	11 and 12
Consolidated Statements of Cash Flows	13 and 14
Notes to Consolidated Financial Statements	15 through 56
SUPPLEMENTAL INFORMATION	
Explanation of Supplemental Schedules	57
Consolidating Schedules of Financial Position	58 and 59
Consolidating Schedules of Activities.....	60 and 61
<i>Home Corporation</i>	
Schedules of Financial Position.....	62
Schedules of Activities	63
Schedules of Cash Flows.....	64
<i>Sherwood Inn Apartments, Inc.</i>	
Schedules of Financial Position.....	65
Schedules of Activities	66
Schedules of Cash Flows.....	67
<i>Unrestricted Corporate Funds</i>	
Schedules of Financial Position.....	68
Schedules of Revenues, Expenses and Changes in Net Assets	69

CONTENTS (CONTINUED)

	<u>PAGE</u>
Schedules of Revenues, Expenses, and Changes in Net Assets	
Weatherization Assistance – LIEAP	70
Weatherization Assistance - DOE	71
LIEAP Administration Program.....	72
Low Income Energy Assistance Program	73
LIEAP Client Education & Outreach Program	74
Northwestern Energy Weatherization Program.....	75
Energy Share	76
Supplemental Weatherization Assistance.....	77
LISC	78
Healthy Housing Housing First Village	79
Bridges to Career Opportunities	80
Section 8 Housing Program.....	81
HUD Emergency Shelter Grants Program.....	82
Home to Stay - Emergency Services	83
Federal Emergency Management Agency.....	84
Ryan White Part B HIV Care	85
Partnerships for Permanently Supportive Housing	86
Rapid Re-Housing	87
Warming Center	88
Livingston Warming Center – Pilot.....	89
Gallatin Valley Food Bank	90
Gallatin Valley Food Bank - Senior CFSP.....	91
Fork & Spoon Homestyle Kitchen	92
Healthy KidsPack Program	93
Summer Lunch Program.....	94
Headwaters Area Food Bank.....	95
Big Sky Community Food Bank	96
In Home Services	97
In Home Services – Park County	98
State Health Insurance Program (SHIP) – Information and Assistance.....	99
Retired Senior Volunteer Program	100
Senior Medicare Patrol	101
Sherwood Service Coordinator.....	102
Galavan/Senior Transportation.....	103
Streamline Bus/Public Transportation.....	104
Work Force Innovation and Opportunity Act – Youth	105
Chafee Foster Care Independence Program	106
Blueprint - Youth Transitional Living House	107
Head Start Program	108
Head Start Private Pay Program	109
Pre-School Development.....	110
Head Start Facilities	111

CONTENTS (CONTINUED)

	<u>PAGE</u>	
Big Sky Community Housing Trust	112	
Road To Home (Homeownership Center).....	113	
Resource Property Management.....	114	
Community Services Block Grant.....	115	
HRDC Central Office/HRDC Annex Office	116	
Schedule of Administrative Costs Allocated.....	117	
 SINGLE AUDIT SECTION		
Schedule of Expenditures of Federal Awards	118 through 122	
Notes to Schedule of Expenditures of Federal Awards.....	123	
 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 <i>GOVERNMENTAL AUDITING STANDARDS</i>		124 and 125
 INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE		126 and 127
Schedule of Findings and Questioned Costs	128	

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, 2020 and 2019, 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, 2020 and 2019, 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 Standards

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standard Updates (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 958)*, ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, ASU 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*, ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*, ASU 2016-15 *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments*, ASU 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash* and ASU 2018-13 *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* as of and for the year ended June 30, 2020. Our opinion is not modified with respect to these matters.

Other Matters

Supplemental and Other 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 57 through 117 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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 June 16, 2021, 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
June 16, 2021



Management Discussion & Analysis

Our previous fiscal year started with an urgent need to find funding and financing to preserve a rare, local, irreplaceable treasure, the Boulevard Apartments. This downtown Bozeman apartment complex has been home to some of our community's most vulnerable for decades. Everyone who lives there is either extremely low income or very low income and struggling to find ways to put food on the table each and every day, yet grateful for the place they call home.

Thanks to a patient and committed seller, local investors wanting to make a difference in our community, and a Board of Directors that understands the critical nature of preserving subsidized housing in our community, we were able to save 41 homes. This started our pilot of local social impact investing and resulted in a low income housing tax credit award that will rehabilitate and preserve 230 homes in Bozeman and Livingston, affordable for our low and extremely low income residents.

These are the partnerships and community solutions we are chartered to identify and implement. We had many other housing successes throughout the year – the development and completion of the first 18 homes affordable to families that live and work in Big Sky, with 34 more being developed in Phase 2. We got final plat approval on the first missing middle homeownership development in Bozeman.

We also worked with local partners to reinvent and revision public transit in the greater Bozeman area, mapping out a plan to build and implement a strategic, regional public transit solution.

We also experienced the onset of the Pandemic. From providing portable restrooms to leasing a hotel to provide shelter in place space for our neighbors without homes to virtual pre-K to ensuring every essential worker still had a ride to work and every senior had a ride to dialysis treatment to transitioning our youth home to a supportive classroom to make sure our youth graduate high school to partnering with the school districts to make sure every student had food to delivering essential products to our homebound neighbors, we were here for every member of our community.

This response exposed the very weaknesses in our economy and community that we respond to each and every day, highlighting how vulnerable all of us can be. It also forced us to work without 3,500 of our team members – our volunteer workforce. We miss you and we cannot wait to have each and every one of you back at the helm. We are committed to continuing to respond to and meet surfacing needs resulting from the impact of the pandemic.

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 2019-20.



In addition to our 2019-20 ongoing core operations, HRDC's Consolidated Statement of Activities for the fiscal year ended June 30, 2020 includes:

- nonrecurring sales of 29 affordable workforce housing units constructed in Big Sky and Bozeman totaling \$7,210,000;
- pledged contributions restricted for future capital projects of \$2,611,601;
- nonrecurring capital grants of \$2,323,375 consisting of
 - \$1,884,163 to assist affordable workforce housing construction in Big Sky and Bozeman,
 - \$355,000 to assist with downpayment assistance loans to eligible homebuyers of affordable workforce housing units constructed in Big Sky, and
 - \$84,212 to assist with the purchase of two additional Galavan vehicles to help meet our area's growing public transportation and paratransit needs.

The prior fiscal year 2018-19 also included nonrecurring activities, primarily:

- 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 purchasing three Galavan vehicles for paratransit transportation;
- nonrecurring non-cash land donation \$1,600,000 for Bozeman workforce housing development;
- pledged contributions restricted for future capital projects of \$585,720; and
- nonrecurring sales of affordable condominiums and other housing units of \$344,400.

Excluding these nonrecurring activities, HRDC had ongoing revenues from our core operations of \$17.8 million and corresponding expenses of \$18.0 million in fiscal year 2019-20, compared with ongoing core revenues of \$16.0 million and expenses of \$16.4 million in the prior fiscal year 2018-19. 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 2019-20 and 2018-19.

The revenues reported in HRDC's Consolidated Statement of Activities also include \$2.9 million in non-cash contributions of food received from donors in fiscal year 2019-20, 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 \$1.62 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 \$14.9 million and adjusted ongoing core expenses would be \$15.1 million for fiscal year 2019-20.

Additional information on the revenues, expenses, and net results of the ongoing, individual programs and activities of HRDC is reported in the supplemental schedules found on pages 57 through 117.

As we look to 2021, 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.

We will preserve 230 homes and build many new ones. 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, bringing the first tiny home community to Montana – Housing First Village. We will also continue our work to create a regional public transportation system, and develop and implement programming that will help families not only survive, but thrive.

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 2,853,933	\$ 2,422,500
Escrow and building reserve	1,897,627	552,285
Certificates of deposit	-	155,673
Receivables (Note 3)		
Grantors	2,045,186	920,989
Accounts receivable, net	1,170,936	711,123
Pledges, net	2,897,321	585,720
Prepaid expenses	200,476	57,298
Investments (Note 4)	1,204,145	1,173,750
Inventory - supplies and food bank	321,827	289,686
Inventory - condominiums, federal constraints	1,264,406	323,076
Inventory - condominiums	-	402,533
Other asset - housing units	494,323	486,282
Deferred loans receivable, net (Note 3)	2,991,791	2,720,374
Construction in progress (Note 6)	7,524,701	4,875,658
Construction in progress, federal constraints (Note 6)	1,308,709	1,077,239
Property and equipment, net, federal constraints (Note 6)	8,929,031	9,644,261
Property and equipment, net (Note 6)	<u>14,330,666</u>	<u>8,333,594</u>
Total assets	<u>\$ 49,435,078</u>	<u>\$ 34,732,041</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
LIABILITIES		
Accounts payable	\$ 1,742,379	\$ 886,266
Accrued liabilities	374,819	331,100
Accrued vacation, sick, and paid time off	271,123	182,155
Accrued interest payable	16,605	20,067
Deposits payable	300,690	142,839
Unearned revenue (Note 7)	47,717	5,028
Notes payable (Note 8)	<u>17,984,413</u>	<u>9,682,105</u>
Total liabilities	<u>20,737,746</u>	<u>11,249,560</u>
NET ASSETS		
Without donor restrictions		
Undesignated	12,272,854	7,895,443
HRDC general endowment fund - board designated	5,542	5,542
Federal constrained inventory and capital assets	<u>11,502,146</u>	<u>11,044,576</u>
Total net assets without donor restrictions	23,780,542	18,945,561
With donor restrictions		
Purpose or time restrictions	4,752,978	4,382,317
Perpetual in nature (endowment)	<u>163,812</u>	<u>154,603</u>
Total net assets with donor restrictions	<u>4,916,790</u>	<u>4,536,920</u>
Total net assets	<u>28,697,332</u>	<u>23,482,481</u>
Total liabilities and net assets	<u>\$ 49,435,078</u>	<u>\$ 34,732,041</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contract revenue	\$ 999,029	\$ 1,071,907
Rental income	1,692,370	1,317,700
City/County/Local Government support	2,031,227	2,384,583
Sale of housing units	7,210,423	344,400
Contributions (including Fundraising):		
Grants:		
Federal	6,280,805	6,438,959
State	893,961	641,441
Private	1,278,455	305,447
Food (non-cash contributions)	2,920,791	3,164,087
Pledged contributions	2,611,601	585,720
Contributions & fundraising	2,994,590	1,794,979
Net investment income	38,968	116,870
Gain on sale of property	56,249	196,401
Other	342,476	186,707
Net assets released from program restrictions	<u>573,668</u>	<u>107,523</u>
Total revenues	<u>29,924,613</u>	<u>18,656,724</u>
EXPENSES		
Program services:		
Energy	1,077,026	1,326,870
Food and nutrition	4,738,571	4,693,394
Senior citizens	496,126	526,825
Community development	8,554,815	977,268
Economic and youth development	546,348	398,509
Housing	3,442,876	2,738,398
Early childhood education	1,980,674	2,220,007
Transportation	<u>2,542,983</u>	<u>2,343,930</u>
Total program services	<u>23,379,419</u>	<u>15,225,201</u>
Supporting services:		
Administration	1,063,464	1,041,368
Fundraising	<u>646,749</u>	<u>466,397</u>
Total supporting services	<u>1,710,213</u>	<u>1,507,765</u>
Total expenses	<u>25,089,632</u>	<u>16,732,966</u>
Change in net assets without donor restrictions	<u>\$ 4,834,981</u>	<u>\$ 1,923,758</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Purpose or time restricted contributions	\$ 944,329	\$ 2,862,207
Perpetually restricted contributions	9,209	100,372
Net assets released from restrictions	<u>(573,668)</u>	<u>(107,523)</u>
Change in net assets with donor restrictions	<u>379,870</u>	<u>2,855,056</u>
Total change in net assets	5,214,851	4,778,814
Net assets, beginning of year	<u>23,482,481</u>	<u>18,703,667</u>
Net assets, end of year	<u>\$ 28,697,332</u>	<u>\$ 23,482,481</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, 2020

	Program								Supporting		Total
	Energy	Food & Nutrition	Senior Programs	Community Development	Economic Development	Housing	Early Childhood Education	Transportation	Administration	Fundraising	2020
Program Expenses:											
Salaries	\$ 363,348	\$ 702,395	\$ 308,377	\$ 490,325	\$ 296,111	\$ 744,744	\$ 1,106,264	\$ 366,264	\$ 575,622	\$ 187,076	\$ 5,140,526
Bad debt	-	-	-	-	-	18,803	-	6,300	-	-	25,103
Client assistance	277,727	-	1,000	-	5,255	747,331	19,234	106,753	522	6,688	1,164,510
Closing costs and housing fees	-	-	-	314,592	-	2,850	-	-	-	-	317,442
Contract services	208,996	8,459	47,972	147,641	-	158,387	126,108	833,687	59,786	265,112	1,856,148
Cost of goods sold	-	-	-	7,112,408	-	-	-	-	-	-	7,112,408
Depreciation and amortization	16,399	55,730	-	4,721	32,342	384,452	87,723	398,258	11,446	3,564	994,635
Food	-	3,306,394	-	-	-	-	76,130	-	-	426	3,382,950
Fundraising	-	28,538	3,903	90	821	2,317	-	64	10	12,349	48,092
Insurance	13,353	24,862	4,134	34,666	6,066	38,638	22,196	97,725	4,354	1,364	247,358
Interest	-	10,744	-	(1,553)	20,959	260,773	37,982	-	16,313	-	345,218
Legal and audit	-	220	-	5,017	-	4,785	290	135	44,658	-	55,105
Loans forgiven	-	-	-	51,840	-	-	-	-	-	-	51,840
Office costs	10,106	25,195	11,820	32,901	5,494	37,627	27,487	28,106	40,327	21,054	240,117
Other	291	10,630	832	80,876	4,661	14,430	5,438	614	39,171	1,858	158,801
Outreach and marketing	3,362	9,055	208	690	3,743	3,071	418	68,997	7,681	19,302	116,527
Payroll taxes and benefits	101,466	190,667	76,144	142,988	90,312	186,258	331,008	107,251	164,856	55,704	1,446,654
Repairs and maintenance	3,218	12,652	-	1,013	2,975	136,835	6,258	236,853	20,421	-	420,225
Space and occupancy costs	28,021	104,748	27,112	95,150	33,700	448,248	73,346	58,561	(38,068)	20,901	851,719
Subgrants	-	187,976	-	6,324	-	-	-	-	-	-	194,300
Supplies	30,221	39,502	7,669	7,487	8,839	229,465	39,086	38,316	108,138	41,674	550,397
Trainee wages and benefits	-	-	-	-	24,188	-	-	-	-	-	24,188
Training	3,336	6,580	3,585	23,810	-	17,372	15,451	785	5,819	3,766	80,504
Travel and transportation	17,182	14,224	3,370	3,829	10,882	6,490	6,255	194,314	2,408	5,911	264,865
Total expenses	<u>\$ 1,077,026</u>	<u>\$ 4,738,571</u>	<u>\$ 496,126</u>	<u>\$ 8,554,815</u>	<u>\$ 546,348</u>	<u>\$ 3,442,876</u>	<u>\$ 1,980,674</u>	<u>\$ 2,542,983</u>	<u>\$ 1,063,464</u>	<u>\$ 646,749</u>	<u>\$ 25,089,632</u>
	4.3%	18.9%	2.0%	34.1%	2.2%	13.7%	7.9%	10.1%	4.2%	2.6%	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, 2019

	Program								Supporting		
	Energy	Food & Nutrition	Senior Programs	Community Development	Economic Development	Housing	Early Childhood Education	Transportation	Administration	Fundraising	Total 2019
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%	100.00%

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grantors	\$ 7,371,713	\$ 7,253,183
Cash received from contracts	421,141	1,443,368
Cash received from rentals	1,850,221	1,398,744
Cash received from City/County/Local Government	2,031,227	2,384,583
Cash received from sale of housing units	7,210,423	344,400
Cash received from contributions	4,248,128	4,657,186
Cash received from interest and dividends	40,315	116,673
Cash received from other activities	342,476	186,707
Cash paid to employees	(6,478,681)	(5,812,675)
Cash paid to suppliers	(5,706,887)	(5,615,048)
Cash paid for direct assistance to clients	(1,164,510)	(1,005,006)
Cash paid for other operational expenses	753,792	(52,279)
Cash paid for fundraising activities	(48,092)	(39,793)
Interest paid	<u>(348,680)</u>	<u>(158,538)</u>
Net cash flows from operating activities	<u>10,522,586</u>	<u>5,101,505</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(3,087,495)	(10,687,655)
Investment purchases	(31,742)	(210,000)
Proceeds from sales of investments	155,673	-
Principal loan receivable payments received	259,441	1,141,734
Principal loan receivable advances	<u>(582,298)</u>	<u>(112,600)</u>
Net cash flows from investing activities	<u>(3,286,421)</u>	<u>(9,868,521)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions to endowment	9,209	100,372
Proceeds from long-term debt	-	5,534,893
Proceeds from payroll protection program (PPP) loan	407,000	-
Cash paid on notes payable	(5,875,599)	(1,485,869)
Investment in partnership	<u>-</u>	<u>312,083</u>
Net cash flows from financing activities	<u>(5,459,390)</u>	<u>4,461,479</u>
Net change in cash and cash equivalents	1,776,775	(305,537)
Cash and cash equivalents, beginning of year	<u>2,974,785</u>	<u>3,280,322</u>
Cash and cash equivalents, end of year	<u>\$ 4,751,560</u>	<u>\$ 2,974,785</u>
Reconciliation to Consolidated Statements of Financial Position		
Cash and cash equivalents	\$ 2,853,933	\$ 2,422,500
Escrow and building reserve	<u>1,897,627</u>	<u>552,285</u>
	<u>\$ 4,751,560</u>	<u>\$ 2,974,785</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,214,851	\$ 4,778,814
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	994,635	909,952
Bad debt, allowances, and loans forgiven	26,737	7,539
Contributions to Endowment	(9,209)	(100,372)
Unrealized loss (gain) on investments	1,347	(197)
Gain on sale of property and equipment and homes	(56,249)	(366,401)
Proceeds from sale of housing units and condominiums	7,210,423	344,400
Change in operating assets and liabilities:		
Inventory	(32,141)	(331,065)
Grants receivable	(1,124,197)	(114,945)
Accounts receivable	(434,710)	348,541
Pledges receivable	(2,311,601)	(585,720)
Prepaid expenses	(143,178)	22,920
Accounts payable	856,113	70,203
Accrued liabilities	43,719	30,042
Vacation payable	88,968	4,402
Accrued interest payable	(3,462)	20,067
Rent deposits	157,851	81,044
Unearned revenue	42,689	(17,719)
Net cash flows from operating activities	<u>\$ 10,522,586</u>	<u>\$ 5,101,505</u>
 SUPPLEMENTAL SCHEDULE OF NON-CASH OPERATING ACTIVITIES		
Contributions of food	<u>\$ 2,920,791</u>	<u>\$ 3,164,087</u>
 SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING ACTIVITIES		
Fixed assets and inventory purchased or constructed with debt	<u>\$ 13,770,507</u>	<u>\$ 1,900,797</u>
Fixed assets acquired through Miles Limited Partnership	<u>\$ -</u>	<u>\$ 1,850,061</u>
 SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING ACTIVITIES		
Debt acquired through Miles Limited Partnership	<u>\$ -</u>	<u>\$ 1,900,797</u>
 SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid (includes capitalized interest)	<u>\$ 915,798</u>	<u>\$ 683,666</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, 2020 and 2019

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., Darlington 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 57 to 61.

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, Cottages at Menicucci Square, and Boulevard Apartments 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 57 to 61.

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, 2020 and 2019

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. The Miles Building, Inc. owns 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 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, 2020 and 2019

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 Pronouncements

On July 1, 2019, HRDC adopted the following Accounting Standards Updates (ASUs):

- ASU No. 2014-09, *Revenue from Contracts with Customers including the subsequent revisions (collectively referred to as Topic 606)*. This accounting standard was issued to clarify the principles of recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards (IFRS). The Council adopted Topic 606 using the modified retrospective method. Implementation of the standard did not have a material effect on HRDC's methodology for the recognition of revenue, nor required any adjustment of activity reported in a prior period.
- ASU 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update provides guidance on (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU has been applied retrospectively to all periods presented. Implementation of the standard has changed the way HRDC accounts for Federal grants received. HRDC previously accounted for Federal awards as exchange (reciprocal) transactions and revenue was recognized as reimbursable expenses were incurred. HRDC now accounts for Federal grants as conditional grant contributions. Revenue is recognized as the condition is met, incurring the qualifying expense under Uniform Guidance. Consequently, revenue is recognized at the same point under both accounting policies. Thus, implementation of the standard required no adjustment of activity reported in the prior period.
- ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The main objective of this accounting standard was to enhance the reporting model for financial instruments and to provide users of the financial statements with more decision-useful information. The standard was implemented on a retrospective basis. Implementation of the standard had no effect on HRDC's existing policies, nor required any adjustment of activity reported in a prior period.
- ASU 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash*. The update addresses the classification and presentation of changes in restricted cash on the statement of cash flows. The ASU has been applied retrospectively to all periods presented, which had no effect on the total assets, liabilities or net assets previously stated.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

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

New Accounting Pronouncements (Continued)

- ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This update provides clarify for certain aspects for ASU 2016-01. The standard was implemented on a retrospective basis. Implementation of the standard had no effect on HRDC's existing policies, nor required any adjustment of activity reported in a prior period.
- ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The objective of the update is to reduce the diversity in practice over certain cash flow issues. HRDC adopted this update using a retrospective transition method to each period presented. Accordingly, the information is presented as if the accounting policy had been adopted in the prior year. HRDC has elected to report distributions received from equity method investees using the cumulative earnings approach where distributions received are considered returns on investment and classified as cash inflows from operating activities.
- ASU 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The main objective of the update is to improve the effectiveness of disclosures in the notes to the financial statements. HRDC adopted the ASU on a retrospective basis to all periods presented, which had no effect on the total assets, liabilities or net assets previously presented.

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 has restricted cash accounts related to reserves and escrows for several of their properties. Such amounts are required to be held in separate accounts and require the amounts to be expended for specific purposes, such as repairs and maintenance of the properties.

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.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

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

Cash and Cash Equivalents (Continued)

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, 2020 and 2019, HRDC has no uninsured balances. 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.

Certificates of Deposit

HRDC had one certificate of deposit (CD) at June 30, 2019. The CD term was six months maturing in July 2019, with an interest rate of 0.60%. 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. HRDC has elected under GAAP to subsequently report pledges receivable at fair value by evaluating and adjusting the initial discount rate. Management elected the fair value method to improve valuation of pledges received in current and previous years. HRDC has discounted the pledge receivable based on the present value discount for a multi-year pledge. In subsequent years, amortization of the discounts is included in contributions in the statement of activities. Management has determined that an allowance for uncollectible amounts to be \$-0- at June 30, 2020 and 2019.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. At June 30, 2020 and 2019, there were no conditional promises to give.

HRDC has an additional \$3,512,858 and \$2,383,481 in unearned grant commitments as of June 30, 2020 and 2019, respectively.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

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

Inventories

Inventories include 14 manufactured housing units at June 30, 2020 and 2019. 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 during the year ended June 30, 2019. 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 \$494,323 and \$486,282 at June 30, 2020 and 2019, respectively.

Inventories include 3 unsold condominium units which are carried at the lower of cost or net realizable value amounting to \$323,076 for the years ended June 30, 2020 and 2019. 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, 2020 and 2019, HRDC had cumulatively sold 80 of the 83, condominium units, 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.

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 carried at the lower of cost or net realizable value amounting to \$137,869 was sold during the year ended June 30, 2020.

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. The condo was sold during the year ending June 30, 2020.

During the year ended June 30, 2020, 12 affordable townhomes were completed, for which 9 units were sold during the year. The remaining affordable townhomes are carried at the lower of cost or net realizable value amounting to \$941,330.

Supplies and food bank inventories contain repair parts used in the weatherization program (\$1,214 and \$4,113 on June 30, 2020 and 2019, respectively) and the food inventory at the Gallatin Valley Food Bank, Big Sky Community Food Bank and Headwaters Area Food Bank (\$320,613 and \$285,573 on June 30, 2020 and 2019, 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.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

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

Property and Equipment (Continued)

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, 2020 and 2019 was \$994,635 and \$909,952, 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, 2020 and 2019, the Vacation Leave/PTO Fund had a liability balance of \$251,953 and \$162,157, respectively.

HRDC pays terminating employees one quarter of the value of their unused sick leave. On June 30, 2020 and 2019, the liability for one quarter unused sick leave was \$19,170 and \$19,998 including related payroll taxes. The other three quarters of sick leave expenses are recorded when paid.

Classification of 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.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

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

Classification of Net Assets (Continued)

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

	<u>2020</u>	<u>2019</u>
Bridger View Redevelopment - land	\$ 1,600,000	\$ 1,600,000
Griffin Site Development	1,411,626	597,920
Galavan Transportation operations	1,057,568	1,043,780
Big Sky Community Food Bank	250,848	256,074
Road to Home homeownership center	213,087	187,635
Bridger View Redevelopment	-	341,952
Healthy Kids Pack Food program	63,871	53,871
LISC Citi Bridges	45,716	-
Title 3 Home Care	37,431	27,039
Partnership for Permanent Supportive Housing	32,662	45,052
Sunset Park Hope Relocation	21,920	-
Fork and Spoon	10,568	7,213
School Food Pantry	5,045	5,044
National Council on Aging: SNAP	2,636	14,198
Big Sky Community Land Trust	-	183,539
Livingston Warming Center	-	11,000
GVFB Story Mill Learning Garden	-	8,000
Total purpose or time restricted	<u>\$ 4,752,978</u>	<u>\$ 4,382,317</u>

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

	<u>2020</u>	<u>2019</u>
Warming Center	\$ 76,302	\$ 76,302
Gallatin Valley Food Bank	76,301	76,301
Greatest Needs of HRDC	11,209	2,000
Total perpetually restricted (endowment)	<u>\$ 163,812</u>	<u>\$ 154,603</u>

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.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

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

Revenue Recognition

Contract revenues are recognized as performance obligations are met on the contract based on input and output methods, dependent on the individual contract. This may include the delivery of goods or services, as costs are incurred to deliver services, or upon completion of events. Contract revenue included in the financial statements at June 30, 2020 and 2019 are recognized monthly over the contract period. This revenue includes property management income and public transportation contracted services.

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, 2020 and 2019 total \$105,972 and \$121,492, 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 \$105,972 and \$143,870 for the years ended June 30, 2020 and 2019, 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 2020 or 2019.

Reclassifications

Certain reclassifications have been made to the June 30, 2019 financial statements to conform to the June 30, 2020 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, 2020 and 2019

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

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.

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.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

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

Description of the HRDCs' Program Activities and Expense Classification (Continued)

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.

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 bases 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 HRDC programs, costs are further allocated in a second tier based on hours work by program.

** 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.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

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 years ending June 30, 2021 and 2020:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,853,933	\$ 2,422,500
Escrow and building reserve	1,897,627	552,285
Certificates of deposit	-	155,673
Receivables	6,113,443	2,217,832
Prepaid expenses	200,476	57,298
Investments	1,204,145	1,173,750
Inventories	1,586,233	1,015,295
Other asset - housing units	494,323	486,282
Deferred loans receivable, net	2,991,791	2,720,374
Construction in progress	8,833,410	5,952,897
Property and equipment, net	<u>23,259,697</u>	<u>17,977,855</u>
Total assets	<u>49,435,078</u>	<u>34,732,041</u>
Escrow and building reserve	(1,897,627)	(552,285)
Receivables (grantors)	(2,045,186)	(920,989)
Receivables (pledges)	(2,897,321)	(585,720)
Prepaid expenses	(200,476)	(57,298)
Inventories	(1,586,233)	(1,015,295)
Other asset - manufactured homes	(494,323)	(486,282)
Deferred loans receivable, net	(2,991,791)	(2,720,374)
Construction in progress	(8,833,410)	(5,952,897)
Property and equipment, net	<u>(23,259,697)</u>	<u>(17,977,855)</u>
Financial assets	5,229,014	4,463,046
Board designated	(5,542)	(5,542)
Donor restricted net assets*	(3,316,790)	(2,936,920)
Cash committed to HRDC projects	<u>(799,570)</u>	<u>(1,030,576)</u>
Financial assets available within 1 year	<u>\$ 1,107,112</u>	<u>\$ 490,008</u>

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

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 2. LIQUIDITY AND AVAILABILITY (CONTINUED)

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.

Escrows and building reserves and grants receivable are excluded from financial assets available for general as they are generally restricted for specific grant purposes. During the course of the year, HRDC has numerous capital projects in process, in which cash committed has been excluded from financial assets. Schedules of unrestricted corporate funds are included on pages 68 and 69 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.

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 \$21,435 and \$39,745 as of June 30, 2020 and 2019, respectively.

Pledges Receivable represents an unconditional promise to give by a donor. Pledges receivable consist of the following:

	<u>2020</u>	<u>2019</u>
Receivable in one year or less	\$ 1,447,442	\$ 300,000
Receivable in one to five years	<u>1,559,379</u>	<u>300,000</u>
	3,006,821	600,000
Less discount	<u>(109,500)</u>	<u>(14,280)</u>
Net unconditional promises to give	<u>\$ 2,897,321</u>	<u>\$ 585,720</u>

The rates used for the pledge discounts range from .7835% - .9524%.

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.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 3. RECEIVABLES (CONTINUED)

Deferred Loans Receivable (Continued)

The following table presents deferred loans receivable from related parties at June 30, 2020 and 2019:

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

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, 2020, HRDC had thirty-one outstanding down payment assistance loans totaling \$506,328, offset by a provision for loan losses of \$105,699. 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, 2020 and 2019, HRDC had forty-one and forty-five small housing assistance loans to clients totaling \$22,494 and \$24,523, 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, 2020, there were forty-one second mortgage loans outstanding in the amount of \$1,282,918, offset by a provision for loan losses of \$77,000. 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. The provision for loan losses is based on approximately six percent of the amount loaned in the final phase of the program.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 3. RECEIVABLES (CONTINUED)

Deferred Loans Receivable (Continued)

HRDC Willow Springs Townhomes development in Bozeman is an initiative to increase homeownership among low to moderate income households. When completed, the development project will consist of 24 townhome units. Land and infrastructure for the Willow Springs townhomes was partially funded with program revenue from a previous federal Neighborhood Stabilization (NSP) program grant, to be maintained permanently affordable via a Community Land Trust. Construction of the townhomes is being funded through conventional bank construction loan financing, as well as grant assistance from the City of Bozeman. Funding from NSP and the City of Bozeman requires that eligible buyer households earn no more than 120% of the Area Median Income, have no more than \$70,000 in total family assets, contribute \$1,500 towards the purchase, and complete structured homeownership education. Upon resale of a townhome, the owner's equity share is limited to a maximum of 2% per year of ownership, to maintain permanent affordability of the townhomes for future eligible buyers. As of June 30, 2020, twelve townhome units had been completed and nine townhome sales had been closed. Seven of these townhome buyers received down payment assistance loans from HRDC ranging from \$10,000 to \$15,000 each, with deferred payment terms. Repayment of these loans is deferred until the townhome is sold or refinanced. As of June 30, 2020, there were seven loans outstanding in the total amount of \$75,000.

HRDC Meadowview Condominiums development in Big Sky is an initiative to increase homeownership among low to moderate income households participating in the local Big Sky workforce. When completed, the development project will consist of 52 condominium units. Land and infrastructure for the Big Sky Meadowview condominiums was partially funded through grant assistance from the Big Sky Resort Area District, to be maintained permanently affordable via a Community Land Trust. Construction of the condominiums is being funded through conventional bank construction loan financing. Upon resale of a condominium, the owner's equity share is limited, to maintain permanent affordability of the condominiums for future eligible buyers in Big Sky. As of June 30, 2020, eighteen condominium units had been completed and sold to eligible homebuyers participating in the local Big Sky workforce. Ten of these condominium buyers received down payment assistance loans from HRDC ranging from \$30,000 to \$55,000 each, with deferred payment terms. Repayment of these loans is deferred until the condominium is sold or refinanced. As of June 30, 2020, there were ten loans outstanding in the total amount of \$455,750.

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, 2020 and 2019

NOTE 3. RECEIVABLES (CONTINUED)

Deferred Loans Receivable (Continued)

A summary of loans receivable and their related allowances at June 30, 2020 and 2019, is as follows:

	Loan Receivable 2020	Allowance for Doubtful Accounts 2020	Loan Receivable 2019	Allowance for Doubtful Accounts 2019
Affordable Housing				
Road to Home down-payment assistance	\$ 506,328	\$ 105,699	\$ 554,490	\$ 91,648
West Edge condo loans	1,282,918	77,000	1,468,009	67,000
Rental housing assistance loans	22,494	-	24,523	-
Big Sky Meadowview condo loans	455,750	-	-	-
Willow Spring condo loans	75,000	-	-	-
Intercompany Loans				
Sherwood Inn Apartments	442,801	-	483,160	-
West Babcock Apartments	167,138	-	172,391	-
Miles LP	815,649	-	821,118	-
Related Party Commercial				
West Jefferson Partners, LLLP	832,000	-	832,000	-
Total	4,600,078	<u>\$ 182,699</u>	4,355,691	<u>\$ 158,648</u>
Intercompany elimination	(1,425,588)		(1,476,669)	
Less: allowance	(182,699)		(158,648)	
Deferred loans receivable, net	<u>\$ 2,991,791</u>		<u>\$ 2,720,374</u>	

An analysis of credit exposure by internally assigned grade at June 30, 2020 and 2019, is as follows:

	Residential		Related Party Commercial	
	2020	2019	2020	2019
Pass - performing loans	\$ 2,342,490	\$ 2,047,022	\$ 832,000	\$ 832,000
Pass with collateral deficiencies	-	-	-	-
Non-performing, collateralized	-	-	-	-
Non-performing, collateral deficiencies	-	-	-	-
Total	<u>\$ 2,342,490</u>	<u>\$ 2,047,022</u>	<u>\$ 832,000</u>	<u>\$ 832,000</u>

An analysis of past due financing receivables as of June 30, 2020 and 2019, is as follows:

	Residential		Related Party Commercial	
	2020	2019	2020	2019
30 - 59 days past due	\$ -	\$ -	\$ -	\$ -
60 - 89 days past due	-	-	-	-
Greater than 90 days past due	-	-	-	-
Total past due	-	-	-	-
Current financing receivables	2,342,490	2,047,022	832,000	832,000
Total financing receivables	<u>\$ 2,342,490</u>	<u>\$ 2,047,022</u>	<u>\$ 832,000</u>	<u>\$ 832,000</u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, HRDC did not have any impaired loans.

NOTE 4. INVESTMENTS

Investments carried at fair value, as of June 30, 2020, are as follows:

	2020		
	Amortized Cost	Fair Value	Net Unrealized Gain (Loss)
Cash held for investment	\$ 20,318	\$ 20,318	\$ -
Equity securities:			
Mutual funds	700,738	747,145	46,407
Exchange traded funds	<u>440,782</u>	<u>436,682</u>	<u>(4,100)</u>
Total investments	<u>\$ 1,161,838</u>	<u>\$ 1,204,145</u>	<u>\$ 42,307</u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 4. INVESTMENTS (CONTINUED)

Investments carried at fair value, as of June 30, 2019, are as follows:

	2019		
	Amortized Cost	Fair Value	Net Unrealized Gain
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	<u>\$ 1,287,718</u>	<u>\$ 1,329,423</u>	<u>\$ 41,705</u>

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

	<u>2020</u>	<u>2019</u>
Interest, dividends and capital gains (losses)	\$ (1,588)	\$ 30,206
Loan and other interest income	60,388	97,900
Realized losses	(7,479)	(1,382)
Unrealized (losses) gains	<u>(1,347)</u>	<u>197</u>
Net realized/unrealized loss on investments	<u>(8,826)</u>	<u>(1,185)</u>
Investment fees	<u>(11,006)</u>	<u>(10,051)</u>
Total investment income	<u>\$ 38,968</u>	<u>\$ 116,870</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 \$11,006 and \$10,051 for the years ended June 30, 2020 and 2019, respectively.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 5. FAIR VALUE MEASUREMENTS

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

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, 2020 and 2019.

Cash Held for Investment: valued at the balance held in this account.

Certificates of Deposit: valued at the closing price reported in the active market in which the instrument is traded.

Equity Securities: valued at the closing price reported on the active market on which the individual securities are traded.

Pledges Receivable: valued at fair value based on the net present value of expected future cash flows discount rate for a multi-year pledge.

Charitable Gift Annuities: valued at fair value based on the present value of the future payments over the beneficiaries' estimated remaining lives using the original discount rates at the date of the gift and applicable mortality tables.

Investment assets are classified in their entirety based upon the lowest level of input that is significant at the fair value measurement.

The following tables present by level, within the fair value hierarchy, HRDCs' investment assets at fair value, as of June 30, 2020.

	June 30, 2020				
	Fair Value	Level 1	Level 2	Level 3	Total
Cash held for investment	\$ 20,318	\$ 20,318	\$ -	\$ -	\$ 20,318
Equity securities:					
Mutual funds	747,145	747,145	-	-	747,145
Exchange traded funds	436,682	436,682	-	-	436,682
Total investments at fair value	1,204,145	1,204,145	-	-	1,204,145
Pledges receivable	2,897,321	-	-	2,897,321	2,897,321
Total assets at fair value	<u>\$ 4,101,466</u>	<u>\$ 1,204,145</u>	<u>\$ -</u>	<u>\$ 2,897,321</u>	<u>\$ 4,101,466</u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, HRDC's liabilities measure at fair value on a reoccurring basis as of June 30, 2020:

	Fair Value	Level 1	Level 2	Level 3	Total
Charitable gift annuity obligations	\$ <u>12,176</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>12,176</u>	\$ <u>12,176</u>

The following tables present by level, within the fair value hierarchy, HRDCs' investment assets at fair value, as of June 30, 2019.

	June 30, 2019				
	Fair Value	Level 1	Level 2	Level 3	Total
Cash held for investment	\$ 9,483	\$ 9,483	\$ -	\$ -	\$ 9,483
Certificates of deposit	155,673	155,673	-	-	155,673
Equity securities:					
Mutual funds	<u>1,164,267</u>	<u>1,164,267</u>	<u>-</u>	<u>-</u>	<u>1,164,267</u>
Total investments at fair value	1,329,423	1,329,423	-	-	1,329,423
Pledges receivable	<u>585,720</u>	<u>-</u>	<u>-</u>	<u>585,720</u>	<u>585,720</u>
Total assets at fair value	<u>\$ 1,915,143</u>	<u>\$ 1,329,423</u>	<u>\$ -</u>	<u>\$ 585,720</u>	<u>\$ 1,915,143</u>

The following table sets forth by level, within the fair value hierarchy, HRDC's liabilities measure at fair value on a reoccurring basis as of June 30, 2019:

	Fair Value	Level 1	Level 2	Level 3	Total
Charitable gift annuity obligations	\$ <u>11,204</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>11,204</u>	\$ <u>11,204</u>

Changes in level 3 assets and liabilities for the years ended June 30, 2020 and 2019, are as follows:

	Pledges receivable	Charitable gift annuities
Balance, July 1, 2018	\$ -	\$ 3,882
Additions	900,000	7,322
Payments	(300,000)	-
Changes in discount	<u>(14,280)</u>	<u>-</u>
Balance, June 30, 2019	585,720	11,204
Additions	2,728,050	972
Payments	(321,230)	-
Changes in discount	<u>(95,219)</u>	<u>-</u>
Balance, June 30, 2020	<u>\$ 2,897,321</u>	<u>\$ 12,176</u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 6. 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.

Property and equipment consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 777,332	\$ 777,332
Vehicles	4,789,454	4,789,454
Land and improvements	11,248,596	8,717,952
Buildings	17,527,638	13,781,808
Less accumulated depreciation	<u>(11,083,323)</u>	<u>(10,088,691)</u>
Total land, buildings, equipment and vehicles	<u>23,259,697</u>	<u>17,977,855</u>
Software	139,440	139,440
Less accumulated depreciation	<u>(139,440)</u>	<u>(139,440)</u>
Total software	-	-
Construction in progress	<u>8,833,410</u>	<u>5,952,897</u>
Total property and equipment	<u><u>\$ 32,093,107</u></u>	<u><u>\$ 23,930,752</u></u>

Presented on the statement of financial position as:

Construction in progress	\$ 7,524,701	\$ 4,875,658
Construction in progress, federal constraints	1,308,709	1,077,239
Property and equipment, net, federal constraints	8,929,031	9,644,261
Property and equipment, net	<u>14,330,666</u>	<u>8,333,594</u>
Total	<u><u>\$ 32,093,107</u></u>	<u><u>\$ 23,930,752</u></u>

NOTE 7. UNEARNED REVENUE

Unearned revenue consists of cash received from grantors that was not earned as of June 30, 2020 and 2019. The activity in the unearned revenue account is as follows:

	<u>2020</u>	<u>2019</u>
Unearned revenue, beginning of year	\$ 2,830,925	\$ 1,324,837
Grant awards received	6,660,397	7,708,799
Grant expenditures	<u>(6,440,597)</u>	<u>(6,202,711)</u>
Gross unearned revenue, end of year	3,050,725	2,830,925
Less amount not received in cash	<u>(3,003,008)</u>	<u>(2,825,897)</u>
Net unearned revenue	<u><u>\$ 47,717</u></u>	<u><u>\$ 5,028</u></u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 8. NOTES PAYABLE

HRDC's notes payable at June 30, 2020 and 2019 are as follows:

		Original Loan Amount	2020 Balance Outstanding	2019 Balance Outstanding
Big Sky Western Bank		\$ 660,578	\$ 361,339	\$ 372,723
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, 2020 and 2019).			
Collateral	First lien on the West Babcock Apartments and guaranteed by HRDC.			
City of Bozeman Community Affordable Housing		\$ 150,000	\$ 32,916	\$ 37,916
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	\$ 81,744	\$ 84,340
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	\$ 21,043	\$ 21,686
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	\$ 338,802	\$ 347,618
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, 2020 and 2019

NOTE 8. NOTES PAYABLE (CONTINUED)

		Original Loan Amount	2020 Balance Outstanding	2019 Balance Outstanding
First Interstate Bank		\$ 152,800	\$ 58,653	\$ 65,938
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% and 5.50% at June 30, 2020 and 2019, respectively)			
Collateral	First lien on the Gallatin Valley Food Bank building and land.			
Stockman Bank of Montana		\$ 252,287	\$ 188,365	\$ 198,628
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 (.29% and 1.79% at June 30, 2020 and 2019, respectively)			
Collateral	First lien on the HRDC Annex building			
Big Sky Western Bank		\$ 275,000	\$ 138,081	\$ 144,583
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 (1.21% at June 30, 2020 and 2019, respectively) 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, 2020 and 2019

NOTE 8. NOTES PAYABLE (CONTINUED)

		Original Loan Amount	2020 Balance Outstanding	2019 Balance Outstanding
Community First Fund of Montana		\$ 92,500	\$ 83,487	\$ 85,511
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	\$ 507,559	\$ 524,909
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 (.78% and 2.16% at June 30, 2020 and 2019, respectively) 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	\$ 1,265,237	\$ 1,312,803
Loan date	October 23, 2017			
Maturity date	October 23, 2037			
Monthly payment	\$ 8,978			
Interest rate	4.60%			
Terms	Resets every 5 years to 2.50% above the Federal Home Loan Bank 5-year long-term fixed rate (.78% and 2.16% at June 30, 2020 and 2019, respectively) with a minimum rate of 4.60%			
Collateral	First lien on the Cottages at Menicucci Square buildings and land			
First Security Bank		\$ 4,971,317	\$ 699,607	\$ 3,914,321
Loan date	December 20, 2018			
Modified	August 21, 2020			
Maturity date	June 18, 2040			
Interest rate	5.25%			
Terms	Note is a construction loan with multiple draws, up to a maximum of \$5,239,537. Due in monthly installments beginning September 18, 2021 of \$4,881.			
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, 2020 and 2019

NOTE 8. NOTES PAYABLE (CONTINUED)

		<u>Original Loan Amount</u>	<u>2020 Balance Outstanding</u>	<u>2019 Balance Outstanding</u>
First Security Bank		\$ 2,656,362	\$ 2,656,362	\$ -
Loan date	September 23, 2019			
Modified	August 21, 2020			
Maturity date	March 23, 2041			
Interest rate	5.00%			
Terms	Note is a construction loan with multiple draws, up to a maximum of \$6,221,027. Due in monthly installments beginning September 23, 2021 of \$42,660.			
Collateral	Deed of trust on 52 condominiums and land for the Meadowview Development in Big Sky, MT.			
First Security Bank		\$ 1,125,000	\$ 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		\$ 890,100	\$ 890,100	\$ 375,000
Loan date	October 2, 2018			
Maturity date	October 2, 2022			
Monthly payment	\$ 1,484			
Interest rate	2.00%			
Terms	Note agrees to loan up to \$1,000,000. Principal due upon maturity. Monthly interest only payments.			
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	\$ 293,050	\$ 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			

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 8. NOTES PAYABLE (CONTINUED)

		Original Loan Amount	2020 Balance Outstanding	2019 Balance Outstanding
Montana Board of Housing		\$ 550,000	\$ 274,661	\$ 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	\$ 1,892,640	\$ -
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. Principal and accrued interest due upon maturity			
Collateral	Secured by Willow Springs property			
First Security Bank		\$ 2,498,492	\$ 6,433	\$ -
Loan date	May 14, 2020			
Maturity date	November 14, 2021			
Interest rate	4.59%			
Terms	Note is a construction loan up to a maximum of \$2,498,492. Principal and accrued interest due upon maturity			
Collateral	Secured by Willow Springs property			
First Security Bank		\$ 423,750	\$ 416,527	\$ -
Loan date	August 23, 2019			
Maturity date	August 23, 2044			
Monthly payment	\$ 2,477			
Interest rate	5.00%			
Terms	Resets every 5 years to 2.75% above the Federal Home Loan Bank 5-year long-term fixed rate (currently at 0.78%) with a minimum rate of 5.00%			
Collateral	Deed of trust dated August 23, 2019 on property located at 214 & 216 N. 15th Ave located in Bozeman, MT.			
First Security Bank		\$ 407,000	\$ 407,000	\$ -
Loan date	April 16, 2020			
Maturity date	April 16, 2022			
Interest rate	1.00%			
Terms	Due in monthly installments beginning September 16, 2021 of \$22,904; Loan is a payroll protection program (PPP) loan, subject to forgiveness upon meeting certain criteria.			
Collateral	Loan is unsecured			

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 8. NOTES PAYABLE (CONTINUED)

		Original Loan Amount	2020 Balance Outstanding	2019 Balance Outstanding
First Security Bank		\$ 585,000	\$ 585,000	\$ -
Loan date	June 26, 2020			
Maturity date	June 26, 2022			
Interest rate	4.59%			
Terms	Principal and accrued interest due upon maturity			
American Bank		\$ 751,195	\$ 751,195	\$ -
Loan date	December 30, 2019			
Maturity date	December 31, 2020			
Interest rate	4.75%			
Terms	Note is a construction loan up to a maximum of \$950,000. Principal and accrued interest due upon maturity			
Collateral	Secured by Livingston Housing Development property			
Private Loan		\$ 1,471,512	\$ 1,471,512	\$ -
Loan date	August 30, 2019			
Maturity date	August 30, 2022			
Interest rate	2.00%			
Terms	Monthly interest only payments. Principal and accrued interest due upon maturity			
Private Loan		\$ 3,000,000	\$ 3,000,000	\$ -
Loan date	August 31, 2019			
Maturity date	August 31, 2024			
Interest rate	6.00%			
Terms	Monthly interest only payments. Principal and accrued interest due upon maturity			
Total notes payable			<u>\$ 17,984,413</u>	<u>\$ 9,682,105</u>

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

2021	\$ 7,282,989
2022	1,164,365
2023	2,535,686
2024	182,617
2025	3,190,978
Thereafter	<u>3,627,778</u>
	<u>\$ 17,984,413</u>

On April 16, 2020, HRDC received loan proceeds in the amount of \$407,000 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 8. NOTES PAYABLE (CONTINUED)

The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months following the end of the covered period. While HRDC currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it is possible HRDC may be ineligible for forgiveness of the loan in whole or in part.

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>2020 Balance Outstanding</u>	<u>2019 Balance Outstanding</u>
Sherwood Inn Apartments, Inc. loan - Corporate funds	\$ 444,269	\$ 223,853	\$ 238,678
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	\$ 79,542	\$ 88,817
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	\$ 139,406	\$ 155,665
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	\$ 167,138	\$ 172,391
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, 2020 and 2019

NOTE 8. NOTES PAYABLE (CONTINUED)

	<u>Original Loan Amount</u>	<u>2020 Balance Outstanding</u>	<u>2019 Balance Outstanding</u>
Miles LP - Miles Building, Inc. CDBG Loan	\$ 500,000	\$ 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	\$ 251,729	\$ 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	\$ 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>\$ 1,425,588</u>	<u>\$ 1,476,669</u>

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

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

	<u>2020</u>	<u>2019</u>
Other temporary intercompany loans		
Miles Building, Inc. 0%	\$ 151,713	\$ 151,713
Koch Home 8%	18,952	21,401
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	519,147
Boulevard Apartments 0%	34,703	-
Total temporary intercompany loans	<u>\$ 1,287,716</u>	<u>\$ 1,255,462</u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 9. 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 \$1,573 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 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 \$550 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. This lease has been renewed on a month to month basis.

HRDC entered into a lease agreement in January 2019 for office space that expires December 31, 2019 for \$1,300 per month. This lease has been renewed through December 2021 for \$1,313 per month.

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.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 9. LEASES (CONTINUED)

HRDC entered into a lease agreement in December 2019 for a warming center in Bozeman that expires December 2024 for \$10,000 per month.

Rent expense totaled \$180,732 and \$100,412 for 2020 and 2019, respectively. Future minimum payments due under lease agreements is as follows:

<u>Year ending June 30,</u>	
2021	\$ 189,756
2022	146,286
2023	132,324
2024	68,730
2025	1,200
Thereafter	<u>17,000</u>
	<u>\$ 555,296</u>

NOTE 10. 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, 2020 and 2019, HRDC contributed \$184,030 and \$169,930 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, 2020 and 2019

NOTE 10. 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 \$470,242 and \$422,165 for insurance premiums for the years ended June 30, 2020 and 2019, 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 11. 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>2020</u>	<u>%</u>	<u>2019</u>	<u>%</u>
Appraised value of homes at the time of purchase (excluding land)	\$ 2,450,300	100.0%	\$ 2,300,300	100.0%
Sales price to individuals	<u>2,077,425</u>	84.8%	<u>1,927,425</u>	83.8%
Balance of equity to HRDC	<u>\$ 372,875</u>	15.2%	<u>\$ 372,875</u>	16.2%

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, 2020 and 2019 totaled \$8,280 per year.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 11. 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, 2020 and 2019. 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.

HRDC created the Willow Springs Land Trust in Bozeman, Montana in 2019-2020, upon which up to twenty-four townhomes may be constructed and sold to income eligible individuals. The construction of the townhomes was facilitated by program revenue from a previous Neighborhood Stabilization Program grant from the U.S. Department of Housing and Urban Development (HUD) through the Montana Department of Commerce. Twelve townhome units were completed in Phase 1, and nine townhomes sales to individuals had been finalized as of June 30, 2020.

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

	<u>2020</u>	<u>%</u>	<u>2019</u>	<u>%</u>
Appraised value of homes at the time of purchase (excluding land)	\$ 2,137,500	100.0%	\$ -	100.0%
Sales price to individuals	<u>2,062,500</u>	96.5%	<u>-</u>	100.0%
Balance of equity to HRDC	<u>\$ 75,000</u>	3.5%	<u>\$ -</u>	100.0%

Livingston, Montana

HRDC 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>2020</u>	<u>%</u>	<u>2019</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.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 11. LAND TRUSTS (CONTINUED)

Big Sky, Montana

HRDC created the Meadowview Land Trust in Big Sky, Montana in 2019-2020, upon which up to fifty-two condominium homes may be constructed and sold to income eligible individuals. The construction of the condominium units was facilitated by grant funding from the Big Sky Resort Area District. Eighteen condominium units were completed in Phase 1, and sales to individuals were finalized during the year ending June 30, 2020.

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

	<u>2020</u>	<u>%</u>	<u>2019</u>	<u>%</u>
Appraised value of homes at the time of purchase (excluding land)	\$ 4,756,600	100.0%	\$ -	100.0%
Sales price to individuals	<u>4,071,634</u>	85.6%	<u>-</u>	100.0%
Balance of equity to HRDC	<u>\$ 684,966</u>	14.4%	<u>\$ -</u>	100.0%

NOTE 12. 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 13. 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%.

The following table summarizes the change to planned gift liabilities for the year ended June 30, 2020 and 2019:

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 July 1, 2019	11,204
Increase in estimated present value of liability from contributions	<u>972</u>
Estimated present value of liability at June 30, 2020	<u>\$ 12,176</u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 13. PLANNED GIFT LIABILITIES (CONTINUED)

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, 2020, HRDC met the requirements to issue qualified charitable gift annuities.

NOTE 14. 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.

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.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 14. ENDOWMENT NET ASSETS (CONTINUED)

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, 2020 and 2019.

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.

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 2020 and 2019.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 14. ENDOWMENT NET ASSETS (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2020 and 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>2020</u>			
Donor-restricted endowment funds	\$ -	\$ 163,812	\$ 163,812
Board designated endowment funds	<u>5,542</u>	<u>-</u>	<u>5,542</u>
	<u><u>\$ 5,542</u></u>	<u><u>\$ 163,812</u></u>	<u><u>\$ 169,354</u></u>
<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><u>\$ 5,542</u></u>	<u><u>\$ 154,603</u></u>	<u><u>\$ 160,145</u></u>

Changes in HRDC General Endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 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	5,542	154,603	160,145
Contributions and transfers	<u>-</u>	<u>9,209</u>	<u>9,209</u>
Endowment net assets, June 30, 2020	<u><u>\$ 5,542</u></u>	<u><u>\$ 163,812</u></u>	<u><u>\$ 169,354</u></u>

NOTE 15. 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.

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.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 15. RELATED PARTIES (CONTINUED)

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 June 1, 2019, HRDC purchased a condominium from a board member in 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, after implementing the affordable deed restriction, which also reduced its appraised fair market value at sale.

NOTE 16. CONCENTRATION OF RISK

HRDC has invested in apartment complex buildings and equipment with a cost basis of \$14,261,873 and net book value of \$9,745,715 as of June 30, 2020, 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, 2020, revenues generated from rental operations were \$1,692,370 or six percent of the HRDC's total revenues. Corresponding debt service payments made to third parties were \$109,264 for the year with total outstanding debts related to the apartment units of \$7,136,816 or thirty-two 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, 2020 and 2019, HRDC received approximately 24% and 37%, respectively, of its gross public support from such grants.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 17. RISKS AND UNCERTAINTIES

The COVID-19 outbreak in the United States has caused business disruption to HRDC. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the financial impact of the disruption. At this time, HRDC cannot reasonably estimate the financial impact of COVID-19 on its overall operations.

NOTE 18. SUBSEQUENT EVENTS

On July 10, 2020, HRDC purchased the Rodeway Inn in Bozeman, a hotel property with 42 rooms, for the primary purpose of providing temporary shelter for community members under short-term COVID-19 quarantine and isolation restrictions. The purchase price was \$1,950,000, financed by two loans. HRDC entered into a new loan agreement with Yellowstone Bank to borrow \$1,462,500 at an initial interest rate of 4.03% variable, with monthly principal and interest payments of \$10,820 per month for 15 years and a maturity date of July 10, 2035. The loan is secured by the hotel land, improvements and rental revenue. HRDC also borrowed \$473,315 from a private lender, evidenced by a new loan agreement dated July 9, 2020. The loan terms include an interest rate of 2.00% fixed, with monthly interest only payments averaging \$789 per month for three years, followed by a balloon payment of all outstanding principal and accrued interest due on the maturity date of July 9, 2023. This bridge loan is secured by a second position lien on the hotel land and improvements.

Effective July 28, 2020, HRDC and its wholly owned subsidiaries, Darlinton Apartments, Inc. and Darlinton 2020, LLC, acquired 100% of the existing partners' ownership interests in the Darlinton Manor HP/HRDC Limited Partnership, owner of the Darlinton Manor Apartments. HRDC had previously exercised its Right of First Refusal to purchase the Darlinton 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, as amended by the Interests Purchase Agreement (Conversion to Partnership Interests) dated July 23, 2020, the purchase price was stipulated as the amount of outstanding debt plus exit taxes plus net current assets as of the purchase closing date. Based on this, the purchase price was \$1,989,817, consisting of the outstanding debt balances of two loans owed to the Montana Board of Housing (MBOH) and HUD in the amounts of \$1,747,742 and \$41,274 respectively, plus exit taxes of \$129,382, plus net current assets of \$71,419. The Darlinton Manor Apartments continued to be owned by the Darlinton Manor HP/HRDC Limited Partnership after HRDC's acquisition of the controlling ownership interest.

In September 2020, construction of HRDC's affordable rental housing development project in Livingston was substantially completed, including infrastructure and placement of 12 manufactured housing units purchased in July 2016 on previously undeveloped lots in HRDC's Livingston Community Land Trust.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 18. SUBSEQUENT EVENTS (CONTINUED)

Total development cost was \$1,283,741, consisting of \$423,706 for the 12 manufactured housing units and \$860,035 of additional construction costs including the cost of landscaping completed in March 2021. To provide permanent financing for the Livingston development, on September 29, 2020, HRDC entered into a new loan agreement with the Montana Board of Housing (MBOH) to borrow \$900,000 at an initial interest rate of 3.56%, with monthly principal and interest payments of \$4,072 per month for 30 years and a maturity date of October 1, 2050. The loan is secured by the land and improvements. In addition, HRDC borrowed \$200,000 from Montana Homeownership Network, Inc., dba NeighborWorks Montana, evidenced by a new loan agreement dated October 1, 2020. The loan terms include an initial interest rate of 4.00%, with monthly principal and interest payments of \$955 per month for 30 years and a maturity date of October 1, 2050. This loan is secured by a second position lien on the land and improvements. HRDC's construction loan of \$950,000 previously received from American Bank for the Livingston development was paid off with the new mortgage loan proceeds.

On October 30, 2020, HRDC purchased property in Gardiner, Montana consisting of a 4.6 acre land parcel with one residential structure for future development of affordable workforce housing units to serve the increasing needs of the Gardiner community. The purchase price was \$875,000, financed by two loans. HRDC entered into a new loan agreement with First Security Bank, a Division of Glacier Bank, to borrow \$656,250 at an initial interest rate of 4.19% variable, with monthly principal and interest payments of \$3,534 per month for 10 years, followed by a balloon payment of all outstanding principal and accrued interest of approximately \$475,193 due on the maturity date of November 1, 2030. The loan is secured by the land and improvements. HRDC also borrowed \$220,000 from Montana Homeownership Network, Inc., dba NeighborWorks Montana, evidenced by a new loan agreement dated February 17, 2021. The loan terms include an interest rate of 6.50% fixed, with quarterly interest only payments averaging \$3,575 per calendar quarter for two years, followed by a balloon payment of all outstanding principal and accrued interest due on the maturity date of February 28, 2023. This bridge loan is secured by a second position lien on the land and improvements.

During July-December 2020, HRDC undertook a construction project to make significant leasehold improvements and alterations to a recently leased facility. The leasehold improvements were substantially completed in December 2020 at a cost of \$834,186, and the new facility began serving the Warming Center program of HRDC.

Effective January 21, 2021, HRDC conveyed a land parcel of 8.03 acres known as the Bridger View Redevelopment tract in Bozeman to the Headwaters Community Housing Trust by means of a Special Warranty Deed at no cost to the recipient. This land parcel had been previously conveyed by the Trust for Public Lands (TPL) to HRDC by donation on June 26, 2019, with an appraised fair market value of \$1,600,000, for future development of workforce housing and mixed-income housing units. HRDC will in turn treat this conveyance transaction as a corresponding donation to the recipient. As the new owner, Headwaters Community Housing Trust has assumed responsibility for future housing development activities at the Bridger View Redevelopment tract.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 18. SUBSEQUENT EVENTS (CONTINUED)

Construction activity continued in progress on Phase 2 of HRDC's Meadowview condominium development project, which will produce 34 additional new affordable workforce housing units in Big Sky. Total construction cost to date through March 2021 is \$9,571,863, and corresponding construction loan draws total \$6,919,996. As Phase 2 condominium units are completed, they are being sold to qualifying homebuyers who will live and work in Big Sky, with the sales proceeds applied toward repayment of the construction loan balance with First Security Bank, a Division of Glacier Bank.

Construction activity has also continued to progress on Phase 2 of HRDC's Willow Springs Planned Unit Development, which will produce 12 additional new affordable townhouse units in Bozeman. Total construction cost to date through March 2021 is \$3,492,456, and corresponding construction loan draws total \$2,498,492. As Phase 2 townhouse units are completed, they are being sold to qualifying homebuyers, with the sales proceeds applied toward repayment of the construction loan balance with First Security Bank, a Division of Glacier Bank.

In addition, predevelopment and early construction activity has continued on future facilities of HRDC currently under development. In February 2021, construction commenced on the tiny house development known as Housing First Village on a land parcel purchased by HRDC in June 2020, with total development costs to date through March 2021 of \$296,661. Predevelopment, design and engineering activities have also continued to progress on another land parcel previously acquired by HRDC for future expansion of facilities, with total development costs to date through March 2021 of \$727,615.

Effective March 1, 2021, HRDC and its affiliates sold four multifamily affordable rental housing properties located in Bozeman and Livingston to a newly formed limited partnership for the purpose of rehabilitating and preserving the combined 230 subsidized rental units as affordable housing, utilizing financing provided by federal Low Income Housing Tax Credit investors, tax-exempt bonds, new loans and other related sources. The four sold properties are: Boulevard Apartments, a 40-unit building in downtown Bozeman owned by HRDC; Darlinton Manor Apartments, a 100-unit building in Bozeman owned by the Darlinton Manor HP-HRDC Limited Partnership, whose partner-owners are Darlinton Apartments Inc. and Darlinton 2020 LLC, both wholly owned subsidiaries of HRDC; Miles Building Apartments, a 40-unit building in downtown Livingston owned by the Miles Limited Partnership, whose partner-owners are Miles Building Inc. and Miles 2017 LLC, both wholly owned subsidiaries of HRDC; and Sherwood Inn Apartments, a 50-unit building in downtown Livingston owned by Sherwood Inn Apartments Inc., a wholly owned subsidiary of HRDC.

The new owner of these four properties as of March 1, 2021 is HRDC IX Affordable Housing Solutions LP (Limited Partnership). Its co-general partners are GHP BZLV Holdings LLC, an affiliate of Good Housing Partnership LLC (Administrative GP with an ownership interest of .0051%) and 4 Property LLC, a wholly owned subsidiary of HRDC newly formed for this purpose (Managing GP with .0049%).

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE 18. SUBSEQUENT EVENTS (CONTINUED)

Its limited partner ownership interests (99.99%) are held by affiliates of CREA. Resource Property Management, an operating division of HRDC, serves as property manager for the four properties.

The March 1, 2021 sales transaction and formation of the new limited partnership owner, HRDC IX Affordable Housing Solutions LP, was preceded by a Memorandum of Understanding between Good Housing Partnership LLC and HRDC and its affiliates executed on December 5, 2019, which outlined the intent and general framework of the arrangement.

Management has evaluated events through June 16, 2021, 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, 2020 and 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, 2020

	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	Boulevard Apartments	BSV Rural Partners, LLC	Eliminations	Consolidated Total
ASSETS														
Cash and cash equivalents	\$ 2,226,277	\$ 43,081	\$ 15,886	\$ 20,940	\$ 60,223	\$ 221,419	\$ 73,844	\$ 20,421	\$ 79,102	\$ 14,112	\$ 46,135	\$ 32,493	\$ -	\$ 2,853,933
Escrow and building reserve	1,022,249	21,900	-	-	116,810	-	265,386	58,533	315,314	97,435	-	-	-	1,897,627
Receivables (Note 3)														
Grantors	2,045,186	-	-	-	-	-	-	-	-	-	-	-	-	2,045,186
Accounts receivable, net	1,231,124	-	-	10,701	88	515,774	(2,537)	-	1,015	3,459	1,850	19,791	(610,329)	1,170,936
Pledges, net	2,897,321	-	-	-	-	-	-	-	-	-	-	-	-	2,897,321
Prepaid expenses	188,428	347	121	808	1,006	-	5,059	-	2,768	283	1,656	-	-	200,476
Investments (Note 4)	1,204,145	-	-	-	-	-	-	-	-	-	-	-	-	1,204,145
Inventory - supplies and food bank	321,827	-	-	-	-	-	-	-	-	-	-	-	-	321,827
Inventory - condominiums, federal constraints	1,264,406	-	-	-	-	-	-	-	-	-	-	-	-	1,264,406
Other assets - manufactured homes	494,323	-	-	-	-	-	-	-	-	-	-	-	-	494,323
Deferred loans receivable, net (Note 3)	3,475,294	-	-	-	-	815,649	-	-	-	-	-	832,000	(2,131,152)	2,991,791
Investment in partnership	2,099,850	-	-	-	-	312,083	-	-	-	-	-	-	(2,411,933)	-
Construction in progress (Note 6)	7,524,701	-	-	-	-	-	-	-	-	-	-	-	-	7,524,701
Construction in progress, federal constraints (Note 6)	1,308,709	-	-	-	-	-	-	-	-	-	-	-	-	1,308,709
Property and equipment, net, federal constraints (Note 6)	5,665,982	-	-	-	530,907	-	1,796,854	-	662,928	272,360	-	-	-	8,929,031
Property and equipment, net (Note 6)	8,038,519	21,006	-	1,801,117	-	-	15,661	-	-	2,252	4,452,111	-	-	14,330,666
Total assets	<u>\$ 41,008,341</u>	<u>\$ 86,334</u>	<u>\$ 16,007</u>	<u>\$ 1,833,566</u>	<u>\$ 709,034</u>	<u>\$ 1,864,925</u>	<u>\$ 2,154,267</u>	<u>\$ 78,954</u>	<u>\$ 1,061,127</u>	<u>\$ 389,901</u>	<u>\$ 4,501,752</u>	<u>\$ 884,284</u>	<u>\$ (5,153,414)</u>	<u>\$ 49,435,078</u>
LIABILITIES														
Accounts payable	\$ 1,666,390	\$ 1,661	\$ 215	\$ 56,359	\$ 14,492	\$ -	\$ 13,656	\$ 58,533	\$ 14,310	\$ 2,059	9,156	\$ -	\$ (94,452)	\$ 1,742,379
Accrued liabilities	371,338	-	-	-	881	-	2,600	-	-	-	-	-	-	374,819
Accrued vacation, sick, and paid time off	271,123	-	-	-	-	-	-	-	-	-	-	-	-	271,123
Accrued interest payable	10,163	-	-	1,169	2,000	-	516,494	-	2,656	-	-	-	(515,877)	16,605
Deposits payable	225,702	4,071	2,610	19,621	17,558	-	10,320	-	13,148	826	6,834	-	-	300,690
Unearned revenue (Note 7)	47,717	-	-	-	-	-	-	-	-	-	-	-	-	47,717
Notes payable (Note 8)	<u>10,847,597</u>	<u>-</u>	<u>-</u>	<u>1,784,384</u>	<u>561,394</u>	<u>151,713</u>	<u>1,383,361</u>	<u>-</u>	<u>442,801</u>	<u>438,100</u>	<u>4,506,215</u>	<u>-</u>	<u>(2,131,152)</u>	<u>17,984,413</u>
Total liabilities	<u>13,440,030</u>	<u>5,732</u>	<u>2,825</u>	<u>1,861,533</u>	<u>596,325</u>	<u>151,713</u>	<u>1,926,431</u>	<u>58,533</u>	<u>472,915</u>	<u>440,985</u>	<u>4,522,205</u>	<u>-</u>	<u>(2,741,481)</u>	<u>20,737,746</u>
NET ASSETS														
Without donor restrictions														
Undesignated	14,406,882	80,602	13,182	(27,967)	(418,198)	1,713,212	(1,569,018)	20,421	(74,716)	(323,444)	(20,453)	884,284	(2,411,933)	12,272,854
HRDC General Endowment fund	5,542	-	-	-	-	-	-	-	-	-	-	-	-	5,542
Federal constrained inventory and capital assets	<u>8,239,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>530,907</u>	<u>-</u>	<u>1,796,854</u>	<u>-</u>	<u>662,928</u>	<u>272,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,502,146</u>
Total net assets without donor restrictions	22,651,521	80,602	13,182	(27,967)	112,709	1,713,212	227,836	20,421	588,212	(51,084)	(20,453)	884,284	(2,411,933)	23,780,542
With donor restrictions														
Purpose or time restrictions	4,752,978	-	-	-	-	-	-	-	-	-	-	-	-	4,752,978
Perpetual in nature (endowment)	<u>163,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,812</u>
Total net assets with donor restrictions	<u>4,916,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,916,790</u>
Total net assets	<u>27,568,311</u>	<u>80,602</u>	<u>13,182</u>	<u>(27,967)</u>	<u>112,709</u>	<u>1,713,212</u>	<u>227,836</u>	<u>20,421</u>	<u>588,212</u>	<u>(51,084)</u>	<u>(20,453)</u>	<u>884,284</u>	<u>(2,411,933)</u>	<u>28,697,332</u>
Total liabilities and net assets	<u>\$ 41,008,341</u>	<u>\$ 86,334</u>	<u>\$ 16,007</u>	<u>\$ 1,833,566</u>	<u>\$ 709,034</u>	<u>\$ 1,864,925</u>	<u>\$ 2,154,267</u>	<u>\$ 78,954</u>	<u>\$ 1,061,127</u>	<u>\$ 389,901</u>	<u>\$ 4,501,752</u>	<u>\$ 884,284</u>	<u>\$ (5,153,414)</u>	<u>\$ 49,435,078</u>

See Independent Auditor's Report.

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 3)													
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 (Note 4)	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 3)	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	4,875,658	-	-	-	-	-	-	-	-	-	-	-	4,875,658
Construction in progress, federal constraints (Note 6)	1,077,239	-	-	-	-	-	-	-	-	-	-	-	1,077,239
Property and equipment, net, federal constraints (Note 6)	6,180,994	-	-	-	582,857	-	1,885,208	-	707,944	287,258	-	-	9,644,261
Property and equipment, net (Note 6)	<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, sick, and paid time off	182,155	-	-	-	-	-	-	-	-	-	-	-	182,155
Accrued interest payable	14,304	-	-	1,280	1,981	-	488,864	-	1,809	-	-	(488,171)	20,067
Deposits payable	75,225	4,680	5,414	15,746	16,956	-	10,285	-	13,358	1,175	-	-	142,839
Unearned revenue (Note 7)	5,028	-	-	-	-	-	-	-	-	-	-	-	5,028
Notes payable (Note 8)	<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 (endowment)	<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 without 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 ACTIVITIES
For the Year Ended June 30, 2020

	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	Boulevard Apartments	BSV Rural Partners, LLC	Eliminations	Consolidated Total
NET ASSETS WITHOUT DONOR RESTRICTIONS														
REVENUES														
Contract revenue	\$ 1,124,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (124,978)	\$ 999,029
Rental income	55,744	53,797	33,780	189,075	204,597	11,955	366,465	-	397,793	62,260	316,904	-	-	1,692,370
City/County/Local Government support	2,031,227	-	-	-	-	-	-	-	-	-	-	-	-	2,031,227
Sale of manufactured homes and condominiums	7,210,423	-	-	-	-	-	-	-	-	-	-	-	-	7,210,423
Contributions (including Fundraising):														
Grants:														
Federal	6,280,805	-	-	-	-	-	-	-	-	-	-	-	-	6,280,805
State	893,961	-	-	-	-	-	-	-	-	-	-	-	-	893,961
Private	1,278,455	-	-	-	-	-	-	-	-	-	-	-	-	1,278,455
Food (non-cash contributions)	2,920,791	-	-	-	-	-	-	-	-	-	-	-	-	2,920,791
Pledged contributions	2,611,601	-	-	-	-	-	-	-	-	-	-	-	-	2,611,601
Contributions & fundraising	2,994,590	-	-	-	-	-	-	-	-	-	-	-	-	2,994,590
Net investment income	51,201	6	-	4	28	31,058	748	-	1,233	151	-	4,160	(49,621)	38,968
Income from subsidiaries	96,337	-	-	-	-	-	-	-	-	-	-	-	(96,337)	-
Gain on sale of property	56,249	-	-	-	-	-	-	-	-	-	-	-	-	56,249
Other	248,763	-	-	-	-	-	34,573	7,383	-	-	35,326	16,431	-	342,476
Net assets released from program restrictions	573,668	-	-	-	-	-	-	-	-	-	-	-	-	573,668
Total revenues	<u>28,427,822</u>	<u>53,803</u>	<u>33,780</u>	<u>189,079</u>	<u>204,625</u>	<u>43,013</u>	<u>401,786</u>	<u>7,383</u>	<u>399,026</u>	<u>62,411</u>	<u>352,230</u>	<u>20,591</u>	<u>(270,936)</u>	<u>29,924,613</u>
EXPENSES														
Program services:														
Energy	1,077,026	-	-	-	-	-	-	-	-	-	-	-	-	1,077,026
Food and nutrition	4,738,571	-	-	-	-	-	-	-	-	-	-	-	-	4,738,571
Senior citizens	496,126	-	-	-	-	-	-	-	-	-	-	-	-	496,126
Community development	8,554,447	-	-	-	-	-	-	-	-	-	-	368	-	8,554,815
Economic and youth development	546,348	-	-	-	-	-	-	-	-	-	-	-	-	546,348
Housing	1,969,844	34,947	8,524	250,562	188,809	20	423,535	2,907	311,979	56,833	372,683	-	(177,767)	3,442,876
Early childhood education	1,980,674	-	-	-	-	-	-	-	-	-	-	-	-	1,980,674
Transportation	2,542,983	-	-	-	-	-	-	-	-	-	-	-	-	2,542,983
Total program services	<u>21,906,019</u>	<u>34,947</u>	<u>8,524</u>	<u>250,562</u>	<u>188,809</u>	<u>20</u>	<u>423,535</u>	<u>2,907</u>	<u>311,979</u>	<u>56,833</u>	<u>372,683</u>	<u>368</u>	<u>(177,767)</u>	<u>23,379,419</u>
Supporting services:														
Administration	1,063,464	-	-	-	-	-	-	-	-	-	-	-	-	1,063,464
Fundraising	646,749	-	-	-	-	-	-	-	-	-	-	-	-	646,749
Total supporting services	<u>1,710,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,710,213</u>
Total expenses	<u>23,616,232</u>	<u>34,947</u>	<u>8,524</u>	<u>250,562</u>	<u>188,809</u>	<u>20</u>	<u>423,535</u>	<u>2,907</u>	<u>311,979</u>	<u>56,833</u>	<u>372,683</u>	<u>368</u>	<u>(177,767)</u>	<u>25,089,632</u>
Change in net assets without donor restrictions	4,811,590	18,856	25,256	(61,483)	15,816	42,993	(21,749)	4,476	87,047	5,578	(20,453)	20,223	(93,169)	4,834,981
NET ASSETS WITH DONOR RESTRICTIONS														
Purpose or time restricted contributions	944,329	-	-	-	-	-	-	-	-	-	-	-	-	944,329
Perpetually restricted contributions	9,209	-	-	-	-	-	-	-	-	-	-	-	-	9,209
Net assets released from program restrictions	<u>(573,668)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(573,668)</u>
Change in net assets with donor restrictions	<u>379,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>379,870</u>
Change in total net assets	5,191,460	18,856	25,256	(61,483)	15,816	42,993	(21,749)	4,476	87,047	5,578	(20,453)	20,223	(93,169)	5,214,851
Net assets, beginning 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>-</u>	<u>1,139,113</u>	<u>(2,615,816)</u>	<u>23,482,481</u>
Capital contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to owner	-	-	(22,000)	-	-	-	-	-	-	-	-	(275,052)	297,052	-
Net assets, end of year	<u>\$ 27,568,311</u>	<u>\$ 80,602</u>	<u>\$ 13,182</u>	<u>\$ (27,967)</u>	<u>\$ 112,709</u>	<u>\$ 1,713,212</u>	<u>\$ 227,836</u>	<u>\$ 20,421</u>	<u>\$ 588,212</u>	<u>\$ (51,084)</u>	<u>\$ (20,453)</u>	<u>\$ 884,284</u>	<u>\$ (2,411,933)</u>	<u>\$ 28,697,332</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													
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):													
Grants:													
Federal	6,438,959	-	-	-	-	-	-	-	-	-	-	-	6,438,959
State	641,441	-	-	-	-	-	-	-	-	-	-	-	641,441
Private	305,447	-	-	-	-	-	-	-	-	-	-	-	305,447
Food (non-cash contributions)	3,164,087	-	-	-	-	-	-	-	-	-	-	-	3,164,087
Pledged contributions	585,720	-	-	-	-	-	-	-	-	-	-	-	585,720
Contributions & fundraising	1,794,979	-	-	-	-	-	-	-	-	-	-	-	1,794,979
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	107,523	-	-	-	-	-	-	-	-	-	-	-	107,523
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	2,343,930	-	-	-	-	-	-	-	-	-	-	-	2,343,930
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	466,397	-	-	-	-	-	-	-	-	-	-	-	466,397
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	-	(15,000)	(24,630)	119,400	-	-	-	-	-	-	-	(79,770)	-
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>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
THE HOME CORPORATION
SCHEDULES OF FINANCIAL POSITION
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (net of reserved cash)	\$ 44,122	\$ 22,868
Accounts receivable (net of allowance of \$-0- and \$12,000, respectively)	88	293
Prepaid assets	<u>1,006</u>	<u>964</u>
Total current assets	<u>45,216</u>	<u>24,125</u>
PROPERTY AND EQUIPMENT		
Land	193,094	193,094
Buildings and improvements	1,558,503	1,558,503
Accumulated depreciation	<u>(1,220,690)</u>	<u>(1,168,740)</u>
Total property and equipment	<u>530,907</u>	<u>582,857</u>
OTHER ASSETS		
Cash reserved for tenant deposits	16,101	15,898
Cash reserved for replacements	38,731	26,724
Cash reserved for taxes and insurance	<u>78,079</u>	<u>59,465</u>
Total other assets	<u>132,911</u>	<u>102,087</u>
Total assets	<u>\$ 709,034</u>	<u>\$ 709,069</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Operating accounts payable	\$ 14,492	\$ 9,277
Accrued liabilities	2,881	2,917
Rent deposits	17,558	16,956
Current portion of long-term debt	<u>21,464</u>	<u>21,464</u>
Total current liabilities	<u>56,395</u>	<u>50,614</u>
LONG TERM LIABILITIES		
Long-term debt, net of current portion	<u>539,930</u>	<u>561,562</u>
Total liabilities	<u>596,325</u>	<u>612,176</u>
NET ASSETS		
Without donor restrictions		
Undesignated	<u>112,709</u>	<u>96,893</u>
Total liabilities and net assets without donor restrictions	<u>\$ 709,034</u>	<u>\$ 709,069</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
UNRESTRICTED REVENUES		
Rental income	\$ 202,707	\$ 208,222
Tenant fees	1,890	668
Interest income	<u>28</u>	<u>20</u>
Total revenues	<u>204,625</u>	<u>208,910</u>
EXPENSES		
Administration		
Advertising and leasing	247	263
Bank and misc fees	962	88
Bookkeeping fees	4,183	3,244
Legal and accounting	800	999
Management fee	18,396	19,337
Office supplies	1,065	666
Professional fees	1,750	-
Operating and maintenance		
Bad debts	1,376	(4,651)
Contract on-site manager	10,633	14,765
Depreciation	51,950	51,950
Insurance	3,353	2,957
Interest	22,594	25,255
Key replacement	70	-
Maintenance and supplies	33,912	35,987
Pest control	-	1,393
Property taxes	1,720	1,923
Repairs	1,380	1,114
Snow plowing and lawn care	15,041	19,383
Utilities, phone, garbage	<u>19,377</u>	<u>17,620</u>
Total expenses	<u>188,809</u>	<u>192,293</u>
Change in net assets	15,816	16,617
Net assets without donor restrictions, beginning of year	<u>96,893</u>	<u>80,276</u>
Net assets without donor restrictions, end of year	<u>\$ 112,709</u>	<u>\$ 96,893</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tenants	\$ 204,802	\$ 211,233
Cash received for interest	28	20
Cash paid for management and bookkeeping	(1,209)	(22,581)
Cash paid for property operations	(114,873)	(96,996)
Cash paid for interest	<u>(15,041)</u>	<u>(25,255)</u>
Net cash flows from operating activities	<u>73,707</u>	<u>66,421</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid on loan principal	<u>(21,629)</u>	<u>(20,933)</u>
Net cash flows from financing activities	<u>(21,629)</u>	<u>(20,933)</u>
Net change in cash and cash equivalents	52,078	45,488
Cash and cash equivalents, beginning of year	<u>124,955</u>	<u>79,467</u>
Cash and cash equivalents, end of year	<u><u>\$ 177,033</u></u>	<u><u>\$ 124,955</u></u>
Reconciliation to Statements of Financial Position		
Cash and cash equivalents	\$ 44,122	\$ 22,868
Cash reserves	<u>132,911</u>	<u>102,087</u>
	<u><u>\$ 177,033</u></u>	<u><u>\$ 124,955</u></u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 15,816	\$ 16,617
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	205	2,343
Prepaid expenses	(42)	(964)
Accounts payable	5,179	(4,758)
Rent deposits	<u>599</u>	<u>1,233</u>
Net cash flows from operating activities	<u><u>\$ 73,707</u></u>	<u><u>\$ 66,421</u></u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SHERWOOD INN APARTMENTS, INC.
SCHEDULES OF FINANCIAL POSITION
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (net of reserved cash)	\$ 65,836	\$ 13,998
Accounts receivable (net of allowance of \$500)	1,015	2,011
Prepaid expenses	<u>2,768</u>	<u>4,049</u>
Total current assets	<u>69,619</u>	<u>20,058</u>
PROPERTY AND EQUIPMENT		
Land	59,562	59,562
Furniture and fixtures	77,701	77,701
Buildings and improvements	1,277,660	1,277,660
Accumulated depreciation	<u>(751,995)</u>	<u>(706,979)</u>
Total property and equipment	<u>662,928</u>	<u>707,944</u>
OTHER ASSETS		
Cash reserved for tenant deposits	13,266	13,144
Cash reserved for replacements	<u>315,314</u>	<u>271,562</u>
Total other assets	<u>328,580</u>	<u>284,706</u>
Total assets	<u>\$ 1,061,127</u>	<u>\$ 1,012,708</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Operating accounts payable	14,310	\$ 13,213
Accrued interest	2,656	1,809
Rent deposits	13,148	13,358
Current portion of long-term debt	<u>40,507</u>	<u>40,507</u>
Total current liabilities	<u>70,621</u>	<u>68,887</u>
LONG TERM LIABILITIES		
Long-term debt, net of current portion	<u>402,294</u>	<u>442,656</u>
Total liabilities	<u>472,915</u>	<u>511,543</u>
NET ASSETS		
Without donor restrictions		
Undesignated	<u>588,212</u>	<u>501,165</u>
Total liabilities and net assets without donor restrictions	<u>\$ 1,061,127</u>	<u>\$ 1,012,708</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
UNRESTRICTED REVENUES		
Rental income	\$ 394,649	\$ 378,561
Tenant fees	3,144	4,377
Interest income	<u>1,233</u>	<u>2,366</u>
Total revenues	<u>399,026</u>	<u>385,304</u>
EXPENSES		
Administration		
Accounting fees	8,578	7,171
Advertising and leasing	636	867
Bank and misc fees	66	30
Legal and accounting	1,343	4,789
Management fee	32,055	30,891
Office supplies	8,418	4,293
Operating and maintenance		
Contract management	38,975	46,523
Depreciation	45,017	45,017
Insurance	7,349	6,499
Interest	12,550	13,604
Maintenance and supplies	57,912	118,518
Pest control	10	4
Repairs	24,237	17,495
Snow plowing and lawn care	4,709	6,298
Utilities, phone, garbage	<u>70,124</u>	<u>68,540</u>
Total expenses	<u>311,979</u>	<u>370,539</u>
Change in net assets	87,047	14,765
Net assets without donor restrictions, beginning of year	<u>501,165</u>	<u>486,400</u>
Net assets without donor restrictions, end of year	<u><u>\$ 588,212</u></u>	<u><u>\$ 501,165</u></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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tenants	\$ 398,789	\$ 381,561
Cash received for interest	1,233	2,366
Cash paid for management	(8,578)	(30,891)
Cash paid for property operations	(251,508)	(294,778)
Cash paid for interest	<u>(3,862)</u>	<u>(12,851)</u>
Net cash flows from operating activities	<u>136,074</u>	<u>45,407</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for property and equipment	<u>-</u>	<u>(2,559)</u>
Net cash flows from investing activities	<u>-</u>	<u>(2,559)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid on loan principal	<u>(40,362)</u>	<u>(39,216)</u>
Net cash flows from financing activities	<u>(40,362)</u>	<u>(39,216)</u>
Net change in cash and cash equivalents	95,712	3,632
Cash and cash equivalents, beginning of year	<u>298,704</u>	<u>295,072</u>
Cash and cash equivalents, end of year	<u>\$ 394,416</u>	<u>\$ 298,704</u>
Reconciliation to Statements of Financial Position		
Cash and cash equivalents	\$ 65,836	\$ 13,998
Cash reserves	<u>328,580</u>	<u>284,706</u>
	<u>\$ 394,416</u>	<u>\$ 298,704</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 87,047	\$ 14,765
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	45,017	45,017
Change in operating assets and liabilities:		
Accounts receivable	996	(1,377)
Prepaid expenses	1,281	(1,835)
Accounts payable	1,097	(12,678)
Accrued interest	847	753
Rent deposits	<u>(211)</u>	<u>762</u>
Net cash flows from operating activities	<u>\$ 136,074</u>	<u>\$ 45,407</u>

See Independent Auditor's Report.

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
UNRESTRICTED CORPORATE FUNDS
SCHEDULES OF FINANCIAL POSITION
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash - operating savings	\$ 153,887	\$ 153,238
Cash - operating checking	966,003	554,209
Less: cash currently committed to HRDC capital projects	<u>(799,570)</u>	<u>(1,030,086)</u>
Unrestricted corporate cash available	320,320	(322,639)
Investments in marketable securities	393,304	388,242
Accounts receivable	3,047	3,350
Interest receivable	1,198	1,291
Prepaid expense	9,696	9,696
Escrow account	-	10,000
Loans receivable	303,394	327,498
Intercompany loans receivable	1,935,573	2,133,833
Investment in subsidiaries	650,185	650,185
Buildings	535,365	500,397
Land	56,267	56,267
Accumulated depreciation	<u>(240,378)</u>	<u>(216,066)</u>
Total assets	<u><u>\$ 3,967,971</u></u>	<u><u>\$ 3,542,054</u></u>
LIABILITIES		
Accounts payable	\$ 15,499	\$ 25,094
Rental deposits	675	675
Loan payable	188,365	198,628
Intercompany loans payable	<u>164,307</u>	<u>166,755</u>
Total liabilities	<u><u>368,846</u></u>	<u><u>391,152</u></u>
NET ASSETS		
Net assets, beginning of fiscal year	3,150,902	3,214,669
Change in net assets, current year	<u>448,223</u>	<u>(63,767)</u>
Total net assets	<u><u>3,599,125</u></u>	<u><u>3,150,902</u></u>
Total liabilities and net assets	<u><u>\$ 3,967,971</u></u>	<u><u>\$ 3,542,054</u></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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUE		
Donations - unrestricted (HRDC Greatest Needs)	\$ 629,650	\$ 261,335
Fundraising income - unrestricted (HRDC Greatest Needs)	105,510	79,411
Rent income	45,300	56,118
Partnership distribution income	8,466	7,516
Loan interest income	7,303	8,328
Investment interest income	2,708	13,007
Realized and unrealized gain on investments	<u>8,427</u>	<u>27,474</u>
Total revenues	<u>807,364</u>	<u>453,189</u>
EXPENSES		
Salaries and fringe	342,747	231,652
Admin.service cost allocations	51,737	44,717
Bad debt expense	-	6,844
Business meals/meetings	2,596	4,341
Contract services	47,887	13,572
Depreciation expense	24,312	24,312
Dues	3,320	9,411
Equipment and supplies	12,297	22,282
Fundraising expense	11,722	8,291
Insurance	5,494	5,188
Interest expense	14,692	11,942
Investment management fees	3,365	3,267
Janitorial expense	4,972	6,160
Legal	450	628
Other	7,490	8,222
Outreach/advertising/public relations	17,421	40,203
Property management	2,400	2,500
Property taxes	508	1,356
Recognition	7,196	10,723
Repairs and maintenance	2,648	8,408
Software	16,117	7,588
Space	16,547	11,740
Travel/training	6,563	10,663
Utilities	<u>5,298</u>	<u>7,392</u>
Total expenses	<u>607,779</u>	<u>501,402</u>
REVENUE OVER/(UNDER) EXPENSES	199,585	(48,213)
Transfers in	877,564	346,758
Transfers out	(628,926)	(362,312)
Net assets, beginning of fiscal year	<u>3,150,902</u>	<u>3,214,669</u>
Net assets, end of fiscal year	<u>\$ 3,599,125</u>	<u>\$ 3,150,902</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 September 30, 2019 - LIEAP

Grant Number: DPHHS 18-028-16007-0

	----LIEAP----	
	Budget	Actual
REVENUE		
Grant	\$ 401,531	370,158
Total Revenue	<u>\$ 401,531</u>	<u>370,158</u>
EXPENSES		
Administration	\$ 40,153	40,153
Program Support	361,378	361,378
Total Expenses	<u>\$ 401,531</u>	<u>401,531</u>
Revenue Over/Under Expenses	<u>\$ -</u>	-
Transfer In		\$ -
Net Assets at July 1, 2018		<u>\$ 0</u>
Net Assets at September 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

WEATHERIZATION ASSISTANCE

Grant Period: July 1, 2019 to June 30, 2020 - DOE

Grant Number: DPHHS 19-028-30027-0

	----DEPT OF ENERGY----	
	Budget	Actual
REVENUE		
Grant	\$ 208,648	185,482
Total Revenue	<u>\$ 208,648</u>	<u>185,482</u>
EXPENSES		
Administration	\$ 22,996	14,049
Program Operations	143,268	134,171
Liability Insurance	200	113
Financial Audit	1,000	1,176
Training & Technical Assistance	17,000	19,153
Health & Safety	24,184	16,821
Total Expenses	<u>\$ 208,648</u>	<u>185,482</u>
Revenue over/under expenses	<u>\$ -</u>	-
Transfer In		\$ -
Net Assets at July 1, 2019		<u>\$ 0</u>
Net Assets at June 30, 2020		<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, 2017 to September 30, 2019 - ADMIN

Grant Number: DPHHS 18-028-13007-0

	----LIEAP ADMIN----	
	Budget	Actual
REVENUE		
Grant	\$ 73,205	73,205
Total Revenue	<u>\$ 73,205</u>	<u>73,205</u>
EXPENSES	\$ 73,205	
Salaries and Fringe Benefits		61,588
Supplies		850
Communication		1,520
Space Costs		3,607
Travel		871
Office Costs		4,769
Direct Services		0
Total Expenses	<u>\$ 73,205</u>	<u>73,205</u>
Revenue Over/Under Expenses		\$ (0)
Net Assets at October 1, 2017		<u>\$ 0</u>
Net Assets at September, 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

LOW INCOME ENERGY ASSISTANCE PROGRAM

Grant Period: November 1, 2018 to November 13, 2019 - Contingency Revolving Fund (CRF)

Grant Number: DPHHS 19-028-13007-0

	-----LIEAP CRF-----
	<u>Actual</u>
REVENUE	
Grant	<u>\$ 170,864</u>
Total Revenue	<u>\$ 170,864</u>
 EXPENSES	
Direct Services	<u>\$ 170,864</u>
Total Expenses	<u>\$ 170,864</u>
 Revenue Over/Under Expenses	 \$ -
 Net Assets at November 1, 2018	 <u>\$ 0</u>
 Net Assets at November 13, 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

LIEAP CLIENT EDUCATION & OUTREACH PROGRAM

Grant Period: October 1, 2017 to September 30, 2019 - CLIENT ED
October 1, 2017 to September 30, 2019 - OUTREACH

Grant Numbers: DPHHS 18-028-13007-0
DPHHS 18-028-15057-0

	----CLIENT ED----		----OUTREACH----	
	Budget	Actual	Budget	Actual
REVENUE				
Grant	\$ 32,807	32,807	52,630	52,630
Total Revenue	<u>\$ 32,807</u>	<u>32,807</u>	<u>52,630</u>	<u>52,630</u>
EXPENSES				
Salaries & Fringe Benefits	26,284	30,806	44,455	42,624
Communications	3,714	214		175
Space Costs	1,809	1,695	3,000	2,193
Travel	1,000	0	1,000	511
Office Costs		92	4,174	7,126
Total Expenses	<u>\$ 32,807</u>	<u>32,807</u>	<u>52,630</u>	<u>52,630</u>
Revenue Over/Under Expenses		\$ 0		0
Net Assets at October 1, 2017		<u>\$ 0</u>		<u>0</u>
Net Assets at September 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

NORTHWESTERN ENERGY WEATHERIZATION PROGRAM

Grant Period: January 1, 2019 to December 10, 2019

Grant Number: DPHHS 19-028-33007-0

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 359,966	359,966
Total Revenue	<u>\$ 359,966</u>	<u>359,966</u>
EXPENSES		
NWE Program Overhead	\$ 125,988	124,113
NWE Program Operations	233,978	236,971
Total Expenses	<u>\$ 359,966</u>	<u>361,084</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(1,118)
Transfer In		\$ 1,118
Net Assets at January 1, 2019		<u>\$ 0</u>
Net Assets at December 10, 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

ENERGY SHARE

Grant Period: July 1, 2019 to June 30, 2020

Grant Number: FY 2019-2020

	<u>Actual</u>
REVENUE	
General Energy Funds	\$ 2,606
USB Funds	28,317
Energy Deposits	3,765
TEAM: Temporary Energy Assist for Minor Needs	254
TEAM: Deposits	335
Water Heater	1,339
Administrative Funds	6,904
Donations	815
Total Revenues	<u>\$ 44,336</u>
EXPENSES	
Energy Assistance	\$ 3,123
Energy Assistance - USB	28,317
Energy Assistance - Deposits	3,765
Energy Assistance - TEAM	254
Energy Assistance - TEAM Deposits	335
Energy Assistance - Water Heater	1,339
Administration	22,853
Total Expenses	<u>\$ 59,986</u>
Revenue Over/Under Expenses	\$ (15,650)
Transfer In/Out	\$ 0
Net Assets at July 1, 2019	<u>\$ 29,124</u>
Net Assets at June 30, 2020	<u><u>\$ 13,474</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

SUPPLEMENTAL WEATHERIZATION ASSISTANCE

Grant Period: July 1, 2019 to June 30, 2020 - ESOM

	<u>Actual</u>
REVENUE	
Energy Share Fees/Reimb	\$ 2,664
Contract Income	<u>400</u>
Total Revenue	<u>\$ 3,064</u>
 EXPENSES	
Labor and Materials	\$ 2,044
Subcontractor Services	<u>540</u>
Total Expenses	<u>\$ 2,584</u>
 Revenue over/under expenses	 \$ 480
 Net Assets at July 1, 2019	 <u>\$ 0</u>
 Net Assets at June 30, 2020	 <u><u>\$ 480</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

LISC

Grant Period: October 1, 2017 to September 30, 2019 - LISC

Grant Number: 41189-0038

	----LISC----	
	Budget	Actual
REVENUE		
Grant	\$ 39,500	39,500
Total Revenue	<u>\$ 39,500</u>	<u>39,500</u>
EXPENSES		
Salaries and Fringe Benefits	27,000	25,628
Travel and Training	\$ 9,500	7,396
Administration	3,000	8,896
Total Expenses	<u>\$ 39,500</u>	<u>41,920</u>
Revenue Over/Under Expenses	<u>\$ -</u>	<u>(2,420)</u>
Transfer In		\$ 2,420
Net Assets at October 1, 2017		<u>\$ 0</u>
Net Assets at September 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

HEALTHY HOUSING HOUSING FIRST VILLAGE

Grant Period: July 1, 2018 to September 30, 2019 - LISC

Grant Number: 41189-0040

	----LISC----	
	Budget	Actual
REVENUE		
Grant	\$ 16,830	16,830
Total Revenue	<u>\$ 16,830</u>	<u>16,830</u>
EXPENSES		
Salaries and Fringe Benefits	15,000	15,995
Administration	\$ 1,830	1,668
Total Expenses	<u>\$ 16,830</u>	<u>17,663</u>
Revenue Over/Under Expenses	<u>\$ -</u>	<u>(833)</u>
Transfer In		\$ 833
Net Assets at July 1, 2018		<u>\$ 0</u>
Net Assets at September 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

BRIDGES TO CAREER OPPORTUNITIES

Grant Period: February 1, 2019 to December, 31 2019

Grant Number: 41189-0042

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 30,000	30,000
Total Revenue	<u>\$ 30,000</u>	<u>30,000</u>
EXPENSES		
Salary and Fringe Benefits	27,273	31,622
Administration	\$ 2,727	1,506
Total Expenses	<u>\$ 30,000</u>	<u>33,128</u>
Revenue Over/Under Expenses	<u>\$ -</u>	<u>(3,128)</u>
Transfer Out		\$ 3,128
Net Assets at February 1, 2019		<u>\$ 0</u>
Net Assets at December 31, 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

SECTION 8 HOUSING PROGRAM

Grant Period: July 1, 2019 to June 30, 2020

Grant Number: MT DOC 20-745-0006
NeighborWorks Montana (NWMT)

	<u>Actual</u>
REVENUE	
MDOC Contract Income	\$ 201,658
NWMT Contract Income	2,023
Other Income	<u>0</u>
Total Revenue	<u>\$ 203,681</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 156,909
Travel & Training	4,187
Space	11,382
Office Costs	8,902
Insurance	1,370
Communications	1,274
Ready to Rent Program	-
Housing Assistance Payments	8,255
Other	<u>911</u>
Total Expenses	<u>\$ 193,190</u>
Revenue Over/Under Expenses	\$ 10,491
Net Assets at July 1, 2019	<u>\$ 35,812</u>
Net Assets at June 30, 2020	<u><u>\$ 46,303</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, 2018 to July 31, 2019

Grant Number: DPHHS 18-028-51007-0

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 64,667	64,667
Total Revenue	<u>\$ 64,667</u>	<u>64,667</u>
EXPENSES		
Prevention of Homelessness - Security Deposits	\$ 3,250	3,250
Prevention of Homelessness - Rental Assistance	5,283	5,283
Prevention of Homelessness - Rental Assistance Medium	566	566
Prevention of Homelessness - Rental Assistance Arrears	9,696	9,696
Prevention of Homelessness - Rental Assistance Medium Term Arrears	-	-
Prevention of Homelessness - Housing Search & Placement	7,181	13,407
Homeless Services - Security Deposits	13,373	13,373
Homeless Services - Rental Assistance	8,640	8,640
Homeless Services - Rental Assistance Medium Term	1,881	1,881
Homeless Services - Rental Assistance Arrears	0	0
Homeless Services - Housing Search & Placement	11,101	14,524
Administration	3,696	7,306
Total Expenses	<u>\$ 64,667</u>	<u>77,926</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(13,259)
Transfer In		\$ 13,259
Net Assets at August 1, 2018		<u>\$ 0</u>
Net Assets at July 31, 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

HOME TO STAY - EMERGENCY SERVICES

Report Period: July 1, 2019 to June 30, 2020

Grant Number: MT HomeOwnership Network (MHN) / NeighborWorks MT (NWMT)
April 1, 2019 to March 31, 2020

	<u>Actual</u>
REVENUE	
Private Grant Revenue	\$ 35,000
United Way	21,000
Donations	5,386
MHN / NWMT	31,761
Total Revenues	<u>\$ 93,146</u>
EXPENSES	
Prevention of Homelessness	\$ 12,833
Homeless Services	0
Salaries & Fringe Benefits	74,165
Supportive Services	4,292
Office Expenses	13,510
Total Expenses	<u>\$ 104,801</u>
Revenue Over/Under Expenses	\$ (11,654)
Transfer In	\$ 32,126
Paycheck Protection Program Loan Proceeds	1,374
Transfer Out	\$ (15,755)
Net Assets at July 1, 2019	<u>\$ -</u>
Net Assets at June 30, 2020	<u><u>\$ 6,091</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: July 1, 2019 to June 30, 2020

Grant Number: LRO 556000-003 Phase 35 Food
LRO 556000-002 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	\$ 18,835	19,605	3,236
Total Revenue	<u>\$ 18,835</u>	<u>19,605</u>	<u>3,236</u>
EXPENSES			
Preventative & Homeless Services	\$ 0	19,605	3,236
Food Expense	\$ 18,835	0	0
Total Expenses	<u>\$ 18,835</u>	<u>19,605</u>	<u>3,236</u>
Revenue Over/Under Expenses	\$ 0	(0)	(0)
Transfer Out	\$ -	-	-
Net Assets at July 1, 2019	<u>\$ 0</u>	<u>0</u>	<u>0</u>
Net Assets at June 30, 2020	<u><u>\$ 0</u></u>	<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

RYAN WHITE PART B HIV CARE

Grant Period: October 1, 2018 to September 29, 2019

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

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Grant	\$ 33,885	33,885
Total Revenues	<u>\$ 33,885</u>	<u>33,885</u>
EXPENSES		
Rental Assistance		\$ 30,066
Security Deposit Assistance		0
Case Management		2,248
Administration		1,713
Total Expenses		<u>\$ 34,027</u>
Revenue Over/Under Expenses		\$ (142)
Transfer In/Out		\$ 142
Net Assets at October 1, 2018		<u>\$ 0</u>
Net Assets at September 29, 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

PARTNERSHIPS FOR PERMANENTLY SUPPORTIVE HOUSING

Grant Period: November 1, 2018 to December, 31 2019

Grant: Montana Healthcare Foundation

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 60,000	43,073
Total Revenue	<u>\$ 60,000</u>	<u>43,073</u>
EXPENSES		
Salary and Fringe Benefits	35,000	17,239
Program Operations	<u>\$ 25,000</u>	<u>25,000</u>
Total Expenses	<u>\$ 60,000</u>	<u>42,239</u>
Revenue Over/Under Expenses	<u>\$ -</u>	<u>833</u>
Transfer Out		\$ (833)
Net Assets at November 1, 2018		<u>\$ 0</u>
Net Assets at December 31, 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

RAPID RE-HOUSING

Grant Period: July 1, 2019 to June 30, 2020

Grant Number: HUD MT0055L8T001803

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 110,353	110,353
Donations		400
Total Revenues	<u>\$ 110,353</u>	<u>110,753</u>
EXPENSES	\$ 110,353	
Rental Assistance		84,586
Security Deposit Assistance		8,619
Case Management		9,151
Administration		10,750
Total Expenses	<u>\$ 110,353</u>	<u>113,106</u>
Revenue Over/Under Expenses		\$ (2,353)
Transfer In		\$ 2,353
Net Assets at July 1, 2019		<u>\$ 0</u>
Net Assets at June 30, 2020		<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, 2019 to June 30, 2020

	<u>Actual</u>
REVENUE	
Donations	\$ 343,651
City of Bozeman	25,000
Fund Raising	39,225
Rental Income	12,100
Total Revenues	<u>\$ 419,976</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 260,578
Contract Services	1,108
Rent	79,100
Travel & Training	6,555
Supplies	6,058
Communications	1,649
Office Costs	7,640
Equipment	4,814
Supportive Services	6,607
Other	3,600
Utilities	12,523
Maintenance & Repairs	4,658
Fund Raising	2,007
Insurance	3,916
Advertising	-
Audit	1,472
Total Expenses	<u>\$ 402,284</u>
Revenue Over/Under Expenses	\$ 17,691
Transfer In/Out	(29,121)
Paycheck Protection Program	7,221
Net Assets at July 1, 2019	<u>\$ 47,889</u>
Net Assets at June 30, 2020	<u><u>\$ 43,680</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: July 1, 2019 to June 30, 2020

	<u>Actual</u>
REVENUE	
Donations	\$ 41,959
Private Grant Revenue	11,000
United Way Income	5,000
Fundraising	257
Total Revenues	<u>\$ 58,216</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 55,679
Rent	9,875
Travel & Training	1,469
Supplies	418
Communications	963
Office Costs	1,991
Other	195
Utilities	940
Maintenance & Repairs	535
Fund Raising	310
Insurance	620
Advertising	144
Audit	362
Total Expenses	<u>\$ 73,501</u>
Revenue Over/Under Expenses	\$ (15,285)
Transfer In	\$ 15,285
Net Assets at July 1, 2019	<u>\$ 0</u>
Net Assets at June 30, 2020	<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

GALLATIN VALLEY FOOD BANK

Report Period: July 1, 2019 to June 30, 2020

	<u>Actual</u>
REVENUE	
Contributions:	
Food *	\$ 2,797,928
United Way	2,000
Gallatin County Senior Mill Levy	10,500
Other	1,295,310
Fund Raising	176,229
Senior Food Contract Income	-
Other Grant Revenue	10,800
Other Income	8,290
Total Revenues	<u>\$ 4,301,058</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 511,083
Travel & Training	1,863
Warehouse Space	11,486
Communication	3,416
Utilities, Garbage, Snow Removal	14,965
Fund Raising	13,558
Outreach/Public Relations	1,689
Vehicle	5,305
Repairs & Maintenance	10,738
Supplies	10,213
Insurance	15,107
Food Purchases	57,013
Food Distributions *	2,706,564
Office costs	17,716
Audit	2,435
Interest Expense	3,422
Meat Processing	-
Senior Food Program	-
Depreciation Expense	29,523
Other	9,746
Total Expenses	<u>\$ 3,425,843</u>
Revenue Over/Under Expenses	\$ 875,215
Transfer Out	(35,000)
Net Assets at July 1, 2019	<u>\$ 792,973</u>
Net Assets at June 30, 2020	<u>\$ 1,633,188</u>

* Food Contributions In-Kind valued at \$1.62 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

GALLATIN VALLEY FOOD BANK - SENIOR CFSP

Report Period: October 1, 2018 to September 30, 2019

Grant Number: DPHHS 19-027-21002-0

	<u>Actual</u>
REVENUE	
Fund Raising	500
Senior Food Contract Income	219,923
Other Grant Revenue	-
Other Income	-
Contributions	6,108
Total Revenues	<u>\$ 226,531</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 15,902
Fund Raising	34
Supplies	218
Insurance	105
Food Purchases	1,680
Food Distributions *	203,402
Office costs	710
Audit	310
Other	472
Total Expenses	<u>\$ 222,831</u>
Revenue Over/Under Expenses	\$ 3,700
Net Assets at October 1, 2018	<u>\$ 16,408</u>
Net Assets at September 30, 2019	<u>\$ 20,108</u>

* Food Contributions In-Kind valued at \$1.62 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, 2019 to June 30, 2020

	<u>Actual</u>
REVENUES	
Donations	\$ 143,113
Meals Service (Net of Discounts)	54,824
Catering & Space Rental	123,989
City of Bozeman Support	25,000
Fund Raising	66,912
Private Grant	4,300
Kitchen Rental Fees	2,762
Catering Private Grant	5,845
Total Revenues	<u>\$ 426,745</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 337,763
Contract Services	2,859
Parking Lot Space	13,200
Travel & Training	4,355
Communications	2,634
Utilities, Garbage, Grounds Maintenance	31,000
Fund Raising	7,751
Outreach/Public Relations	5,445
Vehicle	1,371
Equipment	-
Repairs & Maintenance	7,760
Supplies	17,776
Insurance	5,859
Food Purchases	84,962
Office Costs	6,776
Audit	3,528
Interest Expense	7,322
Depreciation Expense	11,880
Other	12,509
Total Expenses	<u>\$ 564,749</u>
Revenue Over/Under Expenses	\$ (138,004)
Transfers In	
From: Summer Lunch	\$ 5,099
HRDC Unrestricted Donations (Greatest Need)	\$ 43,846
Paycheck Protection Program Loan Proceeds	\$ 69,059
GVFB	\$ 20,000
Net Assets at July 1, 2019	<u>\$ (230,858)</u>
Net Assets at June 30, 2020	<u>\$ (230,858)</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, 2019 to June 30, 2020

	<u>Actual</u>
REVENUE	
Private Grant Revenue	\$ 2,000
Fund Raising	18,458
Donations	40,223
Restricted Donations	10,000
Total Revenues	<u>\$ 70,681</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 16,361
Travel and Training	591
Fund Raising	1,449
Outreach	-
Supplies	56
Insurance	169
Food Purchases	40,700
Office Costs	613
Audit	355
Other	-
Total Expenses	<u>\$ 60,295</u>
Revenue Over/Under Expenses	\$ 10,386
Paycheck Protection Program Loan Proceeds	\$ 2,261
Net Assets at July 1, 2019	<u>\$ 58,916</u>
Net Assets at June 30, 2020	<u><u>\$ 71,563</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

SUMMER LUNCH PROGRAM

Grant Period: October 1, 2018 to September 30, 2019

Grant Number: MT OPI 16-6512

	<u>Actual</u>
REVENUE	
Summer Lunch Contract Income	\$ 91,373
Donations	614
Other Income	-
Private Grant	2,400
Total Revenue	<u>\$ 94,387</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 43,695
Vehicle	799
Travel & Training	1,741
Supplies	1,734
Office Costs	2,847
Food Purchases	38,471
Total Expenses	<u>\$ 89,287</u>
Revenue Over/Under Expenses	\$ 5,099
Transfer Out	\$ (5,099)
Net Assets at October 1, 2018	<u>\$ -</u>
Net Assets at September 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

HEADWATERS AREA FOOD BANK

Report Period: July 1, 2019 to June 30, 2020

	<u>Actual</u>
REVENUE	
Contributions:	
Food *	\$ 81,433
United Way	2,500
Other	91,030
Private Grant	-
Building Fund	11,310
Fund Raising	6,389
Total Revenues	<u>\$ 192,661</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 44,590
Travel & Training	107
Communications	1,906
Rent	1,200
Utilities, Garbage, Snow Removal	3,561
Fund Raising	3,241
Vehicle	988
Repairs & Maintenance	850
Insurance	2,066
Food Purchases	2,081
Food Distributions *	84,850
Office Costs	2,341
Audit	769
Other	1,763
Total Expenses	<u>\$ 150,313</u>
Revenue Over/Under Expenses	\$ 42,349
Transfer In	\$ 29,000
Paycheck Protection Program Loan Proceeds	\$ 12,980
Net Assets July 1, 2019	<u>\$ 50,751</u>
Net Assets at June 30, 2020	<u><u>\$ 135,080</u></u>

* Food Contributions In-Kind valued at \$1.62 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, 2019 to June 30, 2020

	<u>Actual</u>
REVENUE	
Contributions:	
Food *	\$ 60,667
United Way	-
Big Sky Resort Tax	26,296
Other	145,168
Private Grant	17,509
Fund Raising	6,187
Total Revenues	<u>\$ 255,828</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 55,296
Travel & Training	0
Communications	1,254
Space Rental	18,900
Utilities, Garbage, Snow Removal	3,150
Fund Raising	2,488
Outreach/Public Relations	519
Vehicle	2,956
Repairs & Maintenance	4,813
Insurance	1,380
Food Purchases	16,294
Food Distributions *	45,339
Office Costs	2,944
Audit	775
Meat Processing	0
Other	748
Total Expenses	<u>\$ 156,856</u>
Revenue Over/Under Expenses	\$ 98,972
Net Assets at July 1, 2019	<u>\$ 34,031</u>
Net Assets at June 30, 2020	<u><u>\$ 133,003</u></u>

* Food Contributions In-Kind valued at \$1.62 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, 2019 to June 30, 2020

Grant Number: Area IV Agency on Aging 2020-004-013 (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	6,000
Donations	25,422	1,022
Other Grant Revenue	17,000	22,000
Total Revenues	<u>\$ 122,785</u>	<u>101,385</u>
EXPENSES		
Salaries & Fringe Benefits	\$ 104,535	106,548
Supplies	650	705
Communications	250	340
Travel & Training	1,300	1,582
Insurance	1,115	1,240
Audit	250	484
Other - Program Support	16,263	1,451
Total Expenses	<u>\$ 124,363</u>	<u>112,349</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	<u>\$ (10,964)</u>
Paycheck Protection Program Loan Proceeds		\$ 21,356
Net Assets at July 1, 2019		<u>\$ 27,039</u>
Net Assets at June 30, 2020		<u>\$ 37,431</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, 2019 to June 30, 2020

Grant Number: Area IV Agency on Aging 2020-004-013 (Park County)

	Budget	Actual
REVENUE		
Title III Revenue	\$ 24,500	24,500
Title III Revenue - Respite	18,750	18,750
United Way	6,000	6,000
Park County		0
Donations	0	0
Other Grant Revenue	11,000	
Total Revenues	<u>\$ 60,250</u>	<u>49,250</u>
EXPENSES		
Salaries & Fringe Benefits	\$ 47,993	56,778
Supplies	700	313
Communications	0	0
Travel & Training	1,450	433
Building Space	0	
Insurance	750	676
Audit	200	341
Other - Program Support	9,157	305
Total Expenses	<u>\$ 60,250</u>	<u>58,846</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	<u>\$ (9,596)</u>
Paycheck Protection Program Loan Proceeds		11,871
Net Assets at July 1, 2019		<u>\$ 4,499</u>
Net Assets at June 30, 2020		<u><u>\$ 6,773</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

STATE HEALTH INSURANCE PROGRAM (SHIP) - INFORMATION & ASSISTANCE

Grant Period: July 1, 2019 to June 30, 2020

Grant Number: Area IV Agency on Aging 2020-004-013

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 50,000	50,000
Other Income	5,000	0
Total Revenue	<u>\$ 55,000</u>	<u>50,000</u>
EXPENSES		
Salaries & Fringe Benefits	\$ 47,500	46,903
Supplies	500	191
Communications	1,750	
Travel	750	766
Insurance	500	17
Audit	500	250
Other	3,500	2,772
Total Expenses	<u>\$ 55,000</u>	<u>50,899</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(899)
Transfer In		\$ 899
Net Assets at July 1, 2019		<u>\$ 0</u>
Net Assets at June 30, 2020		<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, 2019 to March 31, 2020

Grant Number: CNCS 18SRPMT002

Area IV Agency on Aging (Title III) 2020-004-013

	Budget	Actual	In-Kind	Excess Non-Federal Share
REVENUE				
Federal Grant	\$ 86,161	86,161		
Federal Grant - 3-Year Augmentation Carryfwd	244,222	136,627		
Gallatin County Senior Mill Levy	11,000	11,000		
United Way	5,000	5,000		
Title III Grant	6,425	3,934		2,491
Donations	14,746	10,765		
Work site	6,506	1,375		
Other Grant Revenue	20,000			
In-Kind	17,330		16,224	
Total Revenues	<u>\$ 411,390</u>	<u>254,862</u>	<u>16,224</u>	<u>2,491</u>
EXPENSES				
Personnel Expense				
Project Director	\$ 57,923	51,509		2,163
Program Coordinators	36,411	34,218		
Senior Reach Program Manager	28,080	21,957		
Fiscal Staff	6,123	6,614		
Executive	4,000	5,053		
Personnel	3,163	4,549		
Receptionists	1,721	2,229		
Fringe Benefits	20,363	22,778		328
Agency-wide Insurance	3,750	1,581		
Local Travel	500	1,229		
Long Distance Travel	4,500	593		
Supplies	5,000	3,655		
Computer Service	1,650	3,437		
Senior Reach: Community Health Partners	47,860	47,860		
Senior Reach Licensing Fee	6,200	6,200		
Communications	5,000	3,124		
Printing	5,977	376	2,531	
Space	24,694	19,344	9,694	
Audit	567	808		
Other	500	370		
Volunteer Expense				
Meals	1,000	804		
Insurance	1,060	1,221		
Travel	2,009	430	3,999	
Recognition	10,571	9,623		
Augmentation Year 3	101,536			
Total Expenses	<u>\$ 380,158</u>	<u>249,563</u>	<u>16,224</u>	<u>2,491</u>
Revenue Over/Under Expenses	<u>\$ 31,232</u>	<u>5,299</u>	<u>0</u>	<u>0</u>
Net assets at April 1, 2019		\$ 0	0	0
Net assets at March 31, 2020		\$ 5,299	0	0

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, 2019 to May 31, 2020

Grant Number: Area XI Agency on Aging MOU

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 9,537	9,535
Total Revenue	<u>\$ 9,537</u>	<u>9,535</u>
EXPENSES		
Salaries & Fringe Benefits	\$ 9,537	8,216
Travel & Training		86
Space		1,233
Total Expenses	<u>\$ 9,537</u>	<u>9,535</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	<u>\$ 0</u>
Transfer In		\$ -
Net Assets at June 1, 2019		<u>\$ 0</u>
Net Assets at May 31, 2020		<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

SHERWOOD SERVICE COORDINATOR

Grant Period: January 1, 2019 to December 31, 2019

Grant Number: MFSC179734-01-01

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 34,577	33,174
Total Revenue	<u>\$ 34,577</u>	<u>33,174</u>
EXPENSES		
Salaries & Fringe Benefits	\$ 26,408	26,886
Travel & Training	3,571	2,391
Other	4,598	8,531
Total Expenses	<u>\$ 34,577</u>	<u>37,808</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(4,634.05)
Transfer In from Sherwood Apts Inc		<u>\$ 4,635</u>
Net Assets at January 1, 2019		<u>\$ 0</u>
Net Assets at December 31, 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

GALAVAN / SENIOR TRANSPORTATION

Grant Period: July 1, 2019 to June 30, 2020

Grant Names: Not for Profit Work & Services Agreement - 2020318

MT DOT 111074 - Section 5311 Capital

MT DOT - TransAde

	Budget	Actual	Capital Actual
REVENUE			
Title III Revenue	\$ 21,400	21,400	
ParaTransit Contract - Streamline	101,500	101,500	
MT DOT Transade	210,717	210,717	
MT DOT Capital Grants - Vehicles	0	-	29,084
MT DOT CARES Funding	-	212,024	
Local Revenue			
Friends of Galavan	-	3,500	
Gallatin County	78,500	78,500	
City of Bozeman	105,000	122,183	
City of Belgrade	10,000	10,000	
United Way	10,000	5,000	
Rider Donations	15,000	4,884	
Contributions	2,000	2,655	
Other (Advertising) Income	8,400	-	
Storage Space Rental Income	4,000	5,596	
Investment Income/Other	10,500	553	
Adopt-A-Bus	-	0	
Contract Income-Headstart/Family Promise	6,400	-	
Sale Proceeds	0	0	
Other	-	6,422	
Total Revenues	<u>\$ 583,417</u>	<u>784,934</u>	<u>29,084</u>
EXPENSES			
Salaries & Fringe Benefits	\$ 380,000	349,499	
HRDC Admin. Cost Allocations	45,000	44,028	
Gas & Oil	55,000	42,980	
Repairs & Maintenance	40,000	36,685	
Insurance	18,000	20,008	
Voucher Program Contract	-	-	
Bus Barn Operating Costs	5,000	5,898	
Travel & Training	2,500	411	
Advertising/PR	1,500	457	
Cleaning	-	12,150	
Supplies	3,500	4,134	
Communications	4,500	6,090	
Audit	1,000	1,386	
Other (incl RM software)	5,000	11,145	
Equipment-Other	500	413	
Equipment-Vehicles	0	0	34,216
Total Expenses	<u>\$ 561,500</u>	<u>535,283</u>	<u>34,216</u>
Revenue Over/Under Expenses	<u>\$ 21,917</u>	249,651	(5,132)
Operating Funds Applied to Capital		\$ (5,132)	5,132
Transfer Out		(1,995)	
Transfer In - Smyth Interest Income		\$ 10,500	
Net Assets at July 1, 2019		<u>\$ 23,845</u>	<u>0</u>
Net Assets at June 30, 2020		<u>\$ 276,868</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, 2019 to June 30, 2020

Grant Names: MT DOT 110742 - Section 5311 Operating
 MT DOT 110656 - Section 5311 Capital Grant - Vehicle Repair
 Montana State University - Contract # CS180031
 Streamline Bridger Bowl Service Contract
 City of Bozeman - Transfer Station Contract

	<u>Budget</u>	<u>Actual</u>	<u>Capital Actual</u>
REVENUE			
MT DOT Operating Grant	\$ 1,150,046	1,602,247	
MT DOT Capital Grant - Vehicle Repair	0		18,581
Local Revenue			
Associated Students of MSU	164,500	188,556	
Contract Income	101,000	135,125	
City of Bozeman	150,000	150,000	
City of Belgrade	8,000	10,000	
Gallatin County	-	20,000	
Montana State University	112,000	69,167	
Other (Advertising) Income	2,000	85	
Storage Space Rental Income	14,000	14,200	
Contributions	1,000	31,305	
Insurance Revenue	-	4,858	
Total revenues	<u>\$ 1,702,546</u>	<u>2,225,543</u>	<u>18,581</u>
EXPENSES			
Salaries & Fringe Benefits	\$ 145,000	124,490	
HRDC Admin Cost Allocations	63,000	63,560	
Contract Services	860,465	935,056	
Gas & Oil	188,000	116,681	
Repairs & Maintenance	250,000	175,856	24,312
Insurance	59,000	77,717	
Bus Barn Operating Costs	13,000	16,271	
Parking Garage Cleaning/Security	15,000	13,317	-
Travel & Training	8,000	2,560	
Advertising/PR & Outreach	40,000	70,474	
Supplies	5,000	5,069	
Communications	8,000	9,681	
Space	0	0	
Audit	2,000	2,080	
Other	2,000	473	
Equipment - Other	1,000	3,366	
Equipment - Vehicles	0	23,419	
Equipment - Vehicle Wraps	0	0	
Equipment - GPS Tracking Software	20,000	21,826	
Bus Shelters/Street Furniture	0	0	
Transportation Development Plan	-	105,440	
Total Expenses	<u>\$ 1,679,465</u>	<u>1,767,337</u>	<u>24,312</u>
Revenue Over/Under Expenses	<u>\$ 23,081</u>	458,206	(5,731)
Operating Funds Applied to Capital		\$ (5,731)	5,731
Transfer Out		(212,024)	-
Net Assets at July 1, 2019		<u>\$ 420,046</u>	<u>\$ 0</u>
Net Assets at June 30, 2020		<u>\$ 660,497</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, 2019 to June 30, 2020

Grant Name: DLISF13_WIAYouth09-6

	Budget	Actual	Modification #1 Budget	Actual
REVENUE				
Grant	\$ 160,042	160,042	7,145	7,145
Other Income	0	0	0	0
Total Revenues	<u>\$ 160,042</u>	<u>160,042</u>	<u>7,145</u>	<u>7,145</u>
EXPENSES				
In-School	\$ 40,010	4,723	1,786	154
Out-of-School	120,031	158,800	5,359	6,999
Total Expenses	<u>\$ 160,041</u>	<u>163,524</u>	<u>7,145</u>	<u>7,153</u>
Revenue Over/Under Expenses	<u>\$ 1</u>	(3,482)	<u>0</u>	(8)
Transfer In		\$ 3,482		0
Net Assets at July 1, 2019		<u>\$ 0</u>		<u>0</u>
Net Assets at June 30, 2020		<u>\$ 0</u>		<u>(8)</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, 2019 to June 30, 2020

Contract Number: DPHHS 20193FCIP0009

Action Inc (Butte) MOU for Combined Service Area

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 107,100	107,900
Other Income		
Total Revenues	<u>\$ 107,100</u>	<u>107,900</u>
EXPENSES		
Salaries & Fringe Benefits	\$ 83,500	83,567
Rent Expenses	3,000	3,110
Administrative	8,500	16,802
Travel & Training	6,600	7,102
Equipment & Supplies	3,000	1,593
Youth Stipends/Support	2,200	2,714
NYTD Survey Incentives	300	120
Total Expenses	<u>\$ 107,100</u>	<u>115,008</u>
Revenue Over/Under Expenses	<u>\$ -</u>	(7,108)
Transfer In		\$ 7,108
Net Assets at July 1, 2019		<u>\$ 0</u>
Net Assets at June 30, 2020		<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

BLUEPRINT - YOUTH TRANSITIONAL LIVING HOUSE

Report Period: July 1, 2019 to June 30, 2020

	<u>Actual</u>
REVENUE	
Donations	\$ 69,469
Gallatin County	545
United Way	5,000
Fund Raising Income	4,354
Private Grants	12,500
Insurance Revenue	39,578
Misc Income	255
Total Revenues	<u>\$ 131,701</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 97,487
Youth Stipends/Support	2,239
Rent	4,400
Utilities & Phone	3,580
Maintenance & Repairs	3,775
Supplies/Office Costs	2,980
Travel & Training	2,571
Legal & Audit	875
Insurance	3,405
Taxes	2,639
Interest Expense	20,959
Depreciation	24,975
Other Expenses	5,934
Total Expenses	<u>\$ 175,818</u>
Revenue Over/Under Expenses	\$ (44,116)
Paycheck Protection Program Loan Proceeds	\$ 36,321
Transfers Out	
Foster Youth Support	\$ (6,775)
WIOA Youth Support	\$ (3,482)
Net Assets at July 1, 2019	<u>\$ 60,724</u>
Net Assets at June 30, 2020	<u><u>\$ 42,673</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, 2019 to March 31, 2020

Grant Number: HHS 08CH010871-01-01

	Budget	Actual	In-Kind
REVENUE			
Grant	\$ 1,571,938	1,599,373	
USDA Child Care Food Contract	95,000	108,492	
Other Income	9,100	10,665	
In-kind	392,985		318,496
Total Revenues	<u>2,069,023</u>	<u>\$ 1,718,530</u>	<u>\$ 318,496</u>
EXPENSES			
Salaries	\$ 1,011,472	1,062,848	
Fringe Benefits	278,459	309,615	
Travel/Training	9,500	28,474	
Supplies	14,034	30,393	
Contract Services	8,225	16,192	
Other	354,348	291,481	
In-kind Expenses	392,985		318,496
Total Expenses	<u>\$ 2,069,023</u>	<u>1,739,003</u>	<u>318,496</u>
Revenue Over/Under Expenses	<u>\$ 0</u>	(20,473)	(0)
Transfer In		\$ 20,473	
Net Assets at April 1, 2019		<u>\$ 0</u>	<u>0</u>
Net Assets at March 31, 2020		<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

HEAD START PRIVATE PAY PROGRAM

Grant Period: April 1, 2019 to March 31, 2020

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 30,000	1,437
Contract Income	88,000	62,258
Other Income	10,000	10,000
Total Revenues	<u>\$ 128,000</u>	<u>\$ 73,695</u>
EXPENSES		
Salaries	\$ 139,820	70,575
Fringe Benefits	46,607	21,393
Travel/Training	1,300	279
Supplies	3,325	1,541
Contract Services	-	133
Other	36,832	22,996
Total Expenses	<u>\$ 227,883</u>	<u>116,916</u>
Revenue Over/Under Expenses	<u>\$ (99,883)</u>	(43,221)
Transfer In		\$ 43,221
Net Assets at April 1, 2019		<u>\$ 0</u>
Net Assets at March 31, 2020		<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

PRE-SCHOOL DEVELOPMENT

Report Period: July 1, 2019 to June 30, 2020

Grant Number: MT OPI 16 6646 16 20

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 116,937	116,937
Total Revenue	<u>\$ 116,937</u>	<u>116,937</u>
EXPENSES		
Salaries	\$ 74,429	77,558
Fringe Benefits	18,728	25,563
Purchased Professional & Technical	10,000	7,500
Purchased Property Services	543	-
Other Purchased Services	4,500	-
Supplies	8,737	7,154
Property & Equipment	-	-
Total Expenses	<u>\$ 116,937</u>	<u>117,775</u>
Revenue Over/Under Expenses	<u>\$ -</u>	(838)
Transfer In		\$ 838
Net Assets at July 1, 2019		<u>\$ 0</u>
Net Assets at June 30, 2020		<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

HEAD START FACILITIES

Report Period: For the Year Ended June 30, 2020

	Bozeman Center Actual	Livingston Center Actual	Belgrade Center Actual
REVENUE			
Rental Income	\$ 32,400	42,000	74,400
Total Revenue	<u>\$ 32,400</u>	<u>42,000</u>	<u>74,400</u>
EXPENSES			
Gas & Electric	\$ 3,495	3,216	6,201
Water, Sewer, & Garbage	2,484	2,081	2,629
Maintenance & Repairs	7,976	10,604	9,560
Janitorial/Grounds	7,196	6,541	9,373
Property Management/Audit	2,000	2,000	2,000
Insurance	2,051	1,788	2,973
Taxes	500	0	83
Interest Expense	0	5,014	23,650
Depreciation	1,800	1,794	62,174
Total Expenses	<u>\$ 27,502</u>	<u>\$ 33,038</u>	<u>\$ 118,643</u>
Revenue Over/Under Expenses	\$ 4,898	8,962	(44,243)
Net Assets at July 1, 2019	<u>\$ 52,617</u>	<u>(28,685)</u>	<u>379,698</u>
Net Assets at June 30, 2020	<u><u>\$ 57,515</u></u>	<u><u>(19,723)</u></u>	<u><u>335,455</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

BIG SKY COMMUNITY HOUSING TRUST

Report Period: July 1, 2019 to June 30, 2020

	<u>Operations</u>	<u>DPA Lending</u>
REVENUE		
Big Sky Resort Tax Revenue	\$ 125,501	110,000
Donations	11,000	
Fund Raising Income	350	
Underwriting Fees		4,858
Grants		90,000
Total Revenue	<u>\$ 136,851</u>	<u>204,858</u>
EXPENSES		
Salaries & Fringe Benefits	\$ 109,893	8,753
Consultant Services	10,643	0
Travel & Training	1,766	0
Legal/Audit	58	0
Supplies	2,106	0
Office Space	8,704	0
Other	4,287	0
Total Expenses	<u>\$ 137,457</u>	<u>8,753</u>
Revenue Over/Under Expenses	\$ (606)	196,105
Homebuyer Loans Disbursed		(455,750)
Transfer Out	(27,933)	0
Net Assets at July 1, 2019	<u>\$ 28,539</u>	<u>154,275</u>
Net Assets at June 30, 2020	<u><u>\$ 0</u></u>	<u><u>(105,370)</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

ROAD TO HOME - HOMEOWNERSHIP CENTER

Report Period: July 1, 2019 to June 30, 2020

Grant Periods: MT Dept of Commerce (HOME) November 7, 2013 to September 30, 2020

City of Bozeman (COB) November 25, 2003 to June 30, 2020

City of Bozeman Affordable Hsg Ordinance (AHO) March 30, 2018 to June 30, 2020

MT HomeOwnership Network (MHN)/NeighborWorks MT (NWMT) October 1, 2004 to June 30, 2020

RTH Lending Pool: July 1, 2006 to June 30, 2020

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

	HOME Actual	COB Actual	COB AHO Actual	CDBG Pgm Inc Actual	Other Actual	Total Actual
REVENUE						
Grant	\$ 172,002					172,002
Contract Income		40,000	78,150		95,153	213,303
Contributions					5,485	5,485
Homebuyer Loans Repaid	75,955	35,000		13,159		124,114
Appreciation Share Realized	16,139	15,634				31,773
Total Revenues	<u>\$ 264,096</u>	<u>90,634</u>	<u>78,150</u>	<u>13,159</u>	<u>100,638</u>	<u>546,677</u>
EXPENSES						
Salaries & Fringe	\$ 19,554	13,417	4,144		106,266	143,381
Space	1,066	1,383	241		3,841	6,531
Communications	86	41	4		451	582
Supplies			1,000		6,620	7,620
Contract Services					419	419
Audit & Legal					1,280	1,280
Travel & Training	34				4,899	4,933
Homebuyer Loan Fees	962		1,400			2,362
Total Expenses	<u>\$ 21,702</u>	<u>14,841</u>	<u>6,789</u>	<u>0</u>	<u>123,776</u>	<u>167,109</u>
Revenue Over/(Under) expenses	\$ 242,394	75,792	71,361	13,159	(23,138)	379,568
Homebuyer Loans Disbursed	\$ (235,957)	0	(70,000)	0	0	(305,957)
Transfer Out *				(81,193)		(81,193)
Net assets at July 1, 2019	<u>\$ (1,525)</u>	<u>\$ 399,251</u>	<u>\$ 1,123</u>	<u>\$ 180,112</u>	<u>\$ (73,296)</u>	<u>\$ 505,666</u>
Net Assets for Operations at June 30, 2020	<u>\$ 4,912</u>	<u>\$ 285,145</u>	<u>\$ 2,484</u>	<u>\$ 31,277</u>	<u>\$ (107,753)</u>	<u>\$ 216,065</u>
Net Assets for Lending at June 30, 2020	<u>\$ 0</u>	<u>\$ 189,898</u>	<u>\$ 0</u>	<u>\$ 80,800</u>	<u>\$ 11,320</u>	<u>\$ 282,019</u>

* CDBG Program Income Applied to Humble Homes and Scattered Sites Land Trust

See Independent Auditor's Report.

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

RESOURCE PROPERTY MANAGEMENT

Report Period: July 1, 2019 to June 30, 2020

	<u>Actual</u>
REVENUE	
HRDC Owned	
Management fees: Big Sky Villas Apts (24 units)	\$ 17,912
Management fees: Boulevard Apts (42 units)	23,492
Management fees: Colorado Apts (8 units)	4,035
Management fees: Cottages @ Menicucci Sq (18 units)	13,692
Management fees: Miles Apts (40 units)	26,804
Management fees: Sherwood Inn Apts (50 units)	31,806
Management fees: Summit Place Apts (7 units)	4,387
Management fees: West Babcock Apts (24 units)	18,396
Management fees: West Edge Condos (4 units)	2,365
Management fees: HRDC Facilities (14 buildings)	29,600
Third-Party Owned	
Management fees: Antelope Court Apts (30 units)	16,393
Management fees: Buffalo Court Apts (20 units)	9,443
Management fees: Castle Mountain Apts (10 units)	8,026
Management fees: Guardian Apts (118 units)	63,821
Total Revenues	<u>\$ 270,173</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 176,396
Contract Services	2,630
Travel & Training	1,031
Space Costs	7,517
Communications	1,267
Supplies	5,638
Office Costs	1,432
Liability Insurance	3,151
Legal	45
Other	663
Total Expenses	<u>\$ 199,770</u>
Revenue over/under expenses	\$ 70,403
Transfer In (Out)	\$ (8,867)
Net assets at July 1, 2019	<u>\$ 85,039</u>
Net assets at June 30, 2020	<u>\$ 146,575</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

COMMUNITY SERVICES BLOCK GRANT

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

Grant Number: DPHHS 18-028-10007-0

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Grant	\$ 317,785	317,785
Misc Income		1,556
Total Revenue	<u>\$ 317,785</u>	<u>319,341</u>
EXPENSES		
Salaries & Fringe	\$ 147,233	168,543
Consultants & Contract Services	4,600	9,276
Travel/Training	3,000	10,862
Space	7,500	9,954
Supplies	4,000	600
Small Equipment	6,000	0
Other Non-Direct Expenses	0	10,738
Support for Programs/Projects and Other Costs	145,442	109,369
Total Expenses	<u>\$ 317,775</u>	<u>319,341</u>
Revenue Over/Under Expenses	<u>\$ 10</u>	(0)
Net Assets at January 1, 2018		<u>\$ 0</u>
Net Assets at August 31, 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

HRDC CENTRAL AND ANNEX OFFICES

Report Period: July 1, 2019 to June 30, 2020

	HRDC Central Office		HRDC Annex Office	
	Budget	Actual	Budget	Actual
REVENUE				
Rental Income	\$ 110,400	110,400	37,200	37,200
Other Income	0	4,800	0	0
Total Revenue	<u>\$ 110,400</u>	<u>115,200</u>	<u>37,200</u>	<u>37,200</u>
EXPENSES				
Gas & Electric	\$ 13,200	13,844	3,600	3,778
Water, Sewer, & Garbage	3,800	3,693	700	1,220
Maintenance & Repairs	40,808	39,430	2,200	1,425
Janitorial/Grounds	15,800	15,600	5,800	6,440
Property Management/Audit	7,200	7,200	1,000	800
Insurance	2,796	2,567	1,048	2,238
Taxes	620	932	130	204
Interest Expense	17,516	16,313	10,682	9,318
Depreciation	42,297	42,297	16,742	16,742
Total Expenses	<u>\$ 144,037</u>	<u>141,876</u>	<u>41,902</u>	<u>42,166</u>
Revenue Over/Under Expenses	<u>\$ (33,637)</u>	(26,676)	<u>(4,702)</u>	(4,966)
Net Assets at July 1, 2019		<u>\$ 734,301</u>		<u>(120,939)</u>
Net Assets at June 30, 2020		<u>\$ 707,625</u>		<u>\$ (125,905)</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, 2020

	<u>Actual</u>
REVENUE	
Allocation Payments from Programs	\$ 911,061
Total Revenues	<u>\$ 911,061</u>
EXPENSES	
Salaries & Fringe Benefits	\$ 724,750
Space Costs	31,651
Financial Audit	44,405
Communications	10,173
Office Costs	2,771
Small Equipment	5,672
Computer Service	79,196
Travel/Training	6,966
Contract Services	15,948
Other	2,357
Total Expenses	<u>\$ 923,889</u>
Revenue Over/Under Expenses	\$ (12,827)
Transfer In	\$ 8,683
Net Assets at July 1, 2019	<u>\$ -</u>
Net Assets at June 30, 2020	<u><u>\$ (4,144)</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, 2020

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 19-20	14.231	08/01/19 - 07/31/20	19-028-51007-0	76,337	\$ 75,037	\$ -
Emergency Shelter Grant 20-21	14.231	08/01/20 - 03/31/21	20-028-51007-0	257,067	<u>43,129</u>	<u>-</u>
Total Emergency Shelter Grant					<u>118,166</u>	<u>-</u>
<i>Direct</i>						
Continuum of Care - Rapid Re-Housing	14.267	07/01/19 - 06/30/20	MT0055L8T1802	110,353	<u>110,353</u>	<u>-</u>
Total Continuum of Care					<u>110,353</u>	<u>-</u>
<i>Direct</i>						
Multifamily Housing Service Coordinators	14.191	01/01/20 - 12/31/20	MFSC179734-01-04	28,661	20,346	-
Multifamily Housing Service Coordinators	14.191	01/01/19 - 12/31/19	MFSC179734-01-03	15,365	<u>15,365</u>	<u>-</u>
					<u>35,711</u>	<u>-</u>
<i>Montana Dept. of Commerce</i>						
Home Investment Partnership Program - RTH	14.239	07/01/19 - 09/30/20	M13-SG300100-01-G	2,159,000	247,957	-
<i>Local Initiatives Support Corporation</i>						
Rural LISC	14.252	10/01/17 - 09/30/19	41189-0038	39,500	2,792	-
Rural LISC - Health Housing HFV	14.252	07/01/18 - 09/30/19	41189-0040	16,830	5,218	-
Rural LISC - Health Housing HFV	14.252	07/01/19 - 09/30/20	41189-0043	15,300	10,406	-
Rural LISC	14.252	10/01/19 - 09/30/21	41189-0044	36,000	17,708	-
Rural LISC - Bridges to Career Opportunities	14.252	01/01/20 - 12/31/20	41189-0045	30,000	<u>2,376</u>	<u>-</u>
Total LISC					<u>38,500</u>	<u>-</u>
Total Department of Housing and Urban Development					<u>550,687</u>	<u>-</u>
Department of Labor						
<i>Montana Department of Labor</i>						
WIA/WIOA Cluster						
Workforce Innovation & Opportunity Act	17.259	07/01/19 - 06/30/20	DLISF20CONWSD_102	160,042	160,042	-
Workforce Innovation & Opportunity Act - MOD	17.259	07/01/19 - 06/30/20	DLISF20CONWSD_102_1	7,145	<u>7,145</u>	<u>-</u>
Total Department of Labor, WIA/WIOA Cluster					<u>167,187</u>	<u>-</u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2020

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	07/01/19 - 06/30/20	110742	1,150,046	696,669	-
Formula Grants for Other Than Urbanized Areas	20.509	07/01/18 - 06/30/20	110656	36,517	18,581	-
COVID-19 Formula Grants for Other Than Urbanized Areas	20.509	01/20/20 - 12/31/20		REIMB	961,130	-
					<u>1,676,380</u>	<u>-</u>
<i>Montana Department of Transportation</i>						
Capital Assistance Program Enhanced Mobility	20.513	07/01/19 - 06/30/20	111074	29,084	<u>29,084</u>	<u>-</u>
<i>Federal Transit Cluster</i>						
Bus and Bus Facilities Formula Program	20.526	07/01/18 - 06/30/19	110507	-	-	-
Bus and Bus Facilities Formula Program	20.526	07/01/18 - 06/30/19	110579	-	<u>-</u>	<u>-</u>
Total Federal Transit Cluster					<u>-</u>	
Total Department of Transportation					<u>1,705,464</u>	<u>-</u>
Department of Energy						
<i>Montana Dept. of Health and Human Services</i>						
DOE Weatherization 19-20	81.042	07/01/19 - 06/30/20	20-028-30027-0	208,648	<u>185,482</u>	<u>-</u>
Total Department of Energy					<u>185,482</u>	<u>-</u>
Department of Education						
<i>Montana Office of Public Instruction</i>						
Preschool Development 19-20	84.419	07/01/19 - 06/30/20	016-6646-1616	116,937	<u>116,937</u>	<u>-</u>
Total Department of Education					<u>116,937</u>	<u>-</u>
Federal Emergency Management Agency						
<i>United Way</i>						
Emergency Food and Shelter Program Cluster						
FEMA - Housing, Park County	97.024	10/01/18 - 05/31/20	559600-008 (36)	3,236	3,236	-
FEMA - Housing, Gallatin County	97.024	10/01/18 - 05/31/20	559600-002 (36)	19,605	19,605	-
FEMA - Food	97.024	10/01/18 - 05/31/20	559600-003 (36)	18,835	<u>18,835</u>	<u>-</u>
Total Federal Emergency Management Agency, Emergency Food and Shelter Cluster					<u>41,676</u>	<u>-</u>

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2020

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	07/01/19 - 06/30/20	2020-004-013	381	381	-
TITLE III-B Respite / Caregiver Support	93.052	07/01/19 - 06/30/20	2020-004-013	19,597	19,597	-
TITLE III-E Caregiver Support - Park County	93.052	07/01/19 - 06/30/20	2020-004-013	18,750	18,750	-
Total Aging Cluster					38,728	-
State Health Insurance Assistance Program	93.324	07/01/19 - 06/30/20	2019-004-013	25,000	25,000	-
<i>Missoula Aging Services (Area XI Agency on Aging)</i>						
Senior Medicare Patrol 19-20	93.048	06/01/19 - 05/31/20	None	10,537	8,667	-
Senior Medicare Patrol 20-21	93.048	06/01/20 - 05/31/21	None	9,537	951	-
Total Senior Medicare Patrol					9,618	-
<i>Montana Dept. of Health and Human Services 477 Cluster</i>						
CSBG 18	93.569	01/01/18-08/31/19	18-028-10007-0	317,785	9,451	-
CSBG 19	93.569	01/01/19-08/31/20	19-028-10007-0	332,667	332,667	6,324
Total 477 Cluster					342,118	6,324
<i>Direct</i>						
Head Start						
Head Start 19-20	93.600	04/01/19 - 03/31/20	08CH010871-01	1,571,886	1,146,886	-
In-Kind				-	251,938	-
Head Start 20-21	93.600	04/01/20 - 03/31/21	08CH010871-02	1,579,444	396,783	-
In-Kind				-	10,275	-
<i>Less In-Kind</i>					(262,213)	-
COVID - 19 Head Start					40,774	-
Total Head Start					1,584,443	-

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2020

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 18-19	93.568	10/01/18 - 08/31/20	19-028-13007-0	40,771	40,739	-
LIEAP Client Education/Advocacy 19-20	93.568	10/01/19 - 08/31/21	20-028-13007-0	38,557	928	-
LIEAP Outreach 17-18	93.568	10/01/17 - 09/30/19	18-028-15057-0	52,630	2,203	-
LIEAP Outreach 18-19	93.568	10/01/18 - 08/31/20	19-028-13007-0	48,061	48,061	-
LIEAP Outreach 19-20	93.568	10/01/19 - 10/01/20	20-028-13007	35,437	348	-
LIEAP Administration 18-19	93.568	10/01/18 - 09/31/20	19-028-13007-0	80,716	75,538	-
LIEAP Administration 20-21	93.568	10/01/19 - 09/30/21	20-028-13007-0	77,807	7,292	-
LIEAP Contingency Revolving Fund 18-19	93.568	11/01/18 - 11/13/19	19-028-13007-0	REIMB	44,063	-
LIEAP Contingency Revolving Fund 20-21	93.568	11/14/19 - 09/30/20	20-028-11007-0	REIMB	93,584	-
LIEAP Weatherization 18-19	93.568	07/01/18 - 09/30/19	19-028-16007-0	401,531	103,747	-
LIEAP Weatherization 20-21	93.568	07/01/19 - 08/31/21	20-028-16007-0	491,413	283,027	-
COVID-19 LIEAP Administration	93.568	05/01/20 - 09/30/21	20-028-19067-0	28,685	8,492	-
COVID-19 CRF 20-21	93.568	05/01/20 - 09/30/21	20-028-19067-0	REIMB	<u>6,673</u>	-
Total LIEAP					<u>714,695</u>	-
Chafee Foster Care Independence	93.674	07/01/19 - 06/30/20	20123FCIP0008	107,900	<u>107,900</u>	-
Ryan White Part B HIV Care Formula Grant	93.917	10/01/18 - 09/30/19	17-07-4-51-310-0-2	33,885	14,713	-
Ryan White Part B HIV Care Formula Grant	93.917	10/01/19 - 09/29/20	17-07-4-51-310-0-2	33,885	<u>15,179</u>	-
Total Ryan White					<u>29,892</u>	-
Total Department of Health and Human Services					<u>2,852,394</u>	<u>6,324</u>
Corporation for National and Community Service						
<i>Direct</i>						
RSVP 2019-20	94.002	04/1/19 - 03/31/20	18SRPMT002	86,161	35,998	-
RSVP 2019-20 Senior Reach Augmentation	94.002	04/1/19 - 03/31/20	18SRPMT002	244,222	136,627	-
Match				-	22,049	-
RSVP 2020-21	94.002	04/1/20 - 03/31/21	18SRPMT002	86,161	23,107	-
RSVP 2020-21 Senior Reach Augmentation	94.002	04/1/20 - 03/31/21	18SRPMT002	107,596	15,788	-
Match				-	13,951	-
<i>Less Match</i>					<u>(36,000)</u>	-
Total Corporation for National and Community Service					<u>211,520</u>	-

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2020

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 19-20	10.558	04/01/19-03/31/20	HS 04087C	-	75,934	-
Child and Adult Care Food Program 20-21	10.558	04/01/20-03/31/21	HS 04087C	-	9,928	-
Total Child and Adult Care Food Program					<u>85,862</u>	<u>-</u>
<i>Montana Office of Public Instruction</i>						
<i>Child Nutrition Cluster</i>						
Summer Food Service Program for Children '19	10.559	10/01/18 - 09/30/19	16-6512	-	63,854	-
Summer Food Service Program for Children '20	10.559	10/01/19 - 09/30/20	16-6512	-	19,768	-
COVID-19 Summer Food Service Program for Children	10.559	03/16/20 - 09/30/20			<u>208,081</u>	<u>187,976</u>
Total Summer Food Service Program for Children					<u>291,703</u>	<u>187,976</u>
<i>Montana Dept. of Health and Human Services</i>						
<i>Food Distribution Cluster</i>						
Commodity Supplemental Food Program 18-19	10.565	10/01/18 - 09/30/19	19-027-21002-0	-	50,316	-
Commodity Supplemental Food Program 20-21	10.565	10/01/19 - 09/30/20	20-027-21002-0	-	<u>160,361</u>	<u>-</u>
Total Food Distribution Cluster					<u>210,677</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	<u>21,009</u>	<u>-</u>
Total Department of Agriculture					<u>609,251</u>	<u>187,976</u>
TOTAL FEDERAL AWARDS EXPENDED					<u>\$ 6,440,598</u>	<u>\$ 194,300</u>
LOAN AND LOAN GUARANTEES				Principal Repayment	Amount Owed June 30, 2020	
<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, 2020

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, 2020. 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, 2020 for the following programs:

Department of Health and Human Services:	
Head Start	<u>\$251,938</u>
Retired and Senior Volunteer Program	<u>\$ 36,000</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, 2020.

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, 2020, 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 June 16, 2021.

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

June 16, 2021

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, 2020. The HRDC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and 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 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, 2020.

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
June 16, 2021

HUMAN RESOURCE DEVELOPMENT COUNCIL OF DISTRICT IX, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2020

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>
DPHHS Head Start	93.600
Summer Food Service Program	10.559

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, 2020, reported no findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The audit report for the year ended June 30, 2020, reported no findings.

SECTION IV – STATUS OF CORRECTIVE ACTION ON PRIOR FINDINGS

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



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

www.azworld.com

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS