

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

GREAT FALLS, MONTANA

FINANCIAL STATEMENTS

AS OF

JUNE 30, 2022

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

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Douglas Wilson & Company, P.C.

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	3-5
STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2022 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021)	6
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)	7
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)	8
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)	9
NOTES TO THE FINANCIAL STATEMENTS	10-23
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022	24-28
STATEMENT OF REVENUES FOR THE YEARS ENDED JUNE 30, 2022 AND JUNE 30, 2021	29-30
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	31-32
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	33-35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022	36-38
STATUS OF PRIOR YEAR'S RECOMMENDATIONS	39



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INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Great Falls Development Authority, Inc., "the Authority" (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Great Falls Development Authority, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

In our report dated September 19, 2022, we expressed an unmodified opinion on the 2022 financial statements. This report is replacing the September 19, 2022, report due to subsequent discovery of facts identified after the report release date, as discussed in Note 18. Accordingly, our present opinion on the 2022 financial statements, as presented herein, is the same as that expressed in our previous report.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. The 2022 and 2021 statement of revenues is presented for the purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of

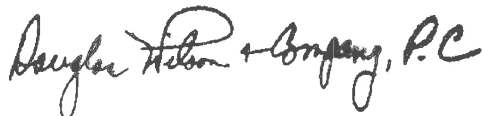
the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the statement of revenues are fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Great Falls Development Authority, Inc.'s June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2022, except as to Note 18, which is as of July 6, 2025, on our consideration of the Authority'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 Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Great Falls, Montana

September 19, 2022, except as to Note 18, which is as of July 6, 2025

Great Falls Development Authority, Inc.
Statement of Financial Position
As of June 30, 2022
(With Comparative Totals as of June 30, 2021)

	6/30/22	6/30/21
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,540,715	\$ 1,570,400
Cash Restricted For Loans and Grants	1,190,117	2,116,562
Accounts Receivable	110,127	103,246
Accrued Interest Receivable	296,675	71,595
Due From High Plains Financial	4,476	733
Prepaid Insurance	21,180	-
Current Portion of Loans Receivable (Net of Allowance for Doubtful Loans of \$32,563 in 2022 and \$56,538 in 2021)	2,865,908	2,820,338
Total Current Assets	<u>7,029,198</u>	<u>6,682,874</u>
Lease Right-of-Use	<u>873,371</u>	<u>913,688</u>
Furniture and Equipment, Net	<u>46,004</u>	<u>66,104</u>
Noncurrent Assets		
Long-Term Receivables, AgriTech Park	98,264	110,841
Portion of Loans Receivable (Net of Allowance for Doubtful Loans of \$1,207,062 in 2022 and \$1,052,837 in 2021)	11,386,699	8,648,273
Total Noncurrent Assets	<u>11,484,963</u>	<u>8,759,114</u>
Total Assets	<u><u>\$ 19,433,536</u></u>	<u><u>\$ 16,421,780</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 94,115	\$ 12,819
Accrued Liabilities	157,508	119,911
Funds Held in Trust	12,097	14,139
Current Portion of Notes Payable	88,374	146,878
Current Portion Lease-Portage Building	41,336	40,317
Total Current Liabilities	<u>393,430</u>	<u>334,064</u>
Long-Term Liabilities		
Lease-Portage Building, Net of Current Portion	834,843	876,178
Notes Payable, Net of Current Portion	2,957,670	1,544,799
Total Long-Term Liabilities	<u>3,792,513</u>	<u>2,420,977</u>
Total Liabilities	<u>4,185,943</u>	<u>2,755,041</u>
Net Assets		
Without Donor Restrictions	8,926,033	7,987,171
With Donor Restrictions	6,321,560	5,679,568
Total Net Assets	<u>15,247,593</u>	<u>13,666,739</u>
Total Liabilities and Net Assets	<u><u>\$ 19,433,536</u></u>	<u><u>\$ 16,421,780</u></u>

See accompanying notes to financial statements.

Great Falls Development Authority, Inc.
Statement of Activities
for the Year Ended June 30, 2022
(With Comparative Totals as of June 30, 2021)

	June 30, 2022			6/30/21
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues				
Investments	\$ 534,683	\$ -	\$ 534,683	\$ 412,324
Generated Revenue				
AgriTech Park City TIF Reimbursement	314,092	-	314,092	420,732
Business Improvement District	35,000	-	35,000	38,156
FADC, PTAC, SBDC & SBDC CARES	383,089	3,236	386,325	398,689
HPF Management	22,000	-	22,000	24,000
Lending Interest & Fees	532,612	359,449	892,061	504,022
Project Grants	596,414	-	596,414	531,692
Client Grant Management	-	-	-	2,250
Events & Miscellaneous	26,617	-	26,617	-
Sponsorships	21,000	-	21,000	5,000
PPP Loan Forgiveness	-	-	-	191,398
Loan Capital Grants	1,314,551	902,460	2,217,011	4,100,759
Total Investment and Revenues	3,780,058	1,265,145	5,045,203	6,629,022
Net Assets Released From Restrictions	623,153	(623,153)	-	-
Total Investment, Revenues and Reclassifications	4,403,211	641,992	5,045,203	6,629,022
Expenses				
Program Services				
Business Retention, Attraction & Expansion	1,027,550	-	1,027,550	830,492
Great Falls AgriTech Park	113,208	-	113,208	75,150
AgriTech Park TIF Reimbursement	314,092	-	314,092	420,732
Lending	1,295,398	-	1,295,398	589,021
Special Projects	131,535	-	131,535	77,654
Business Technical Assistance	451,581	-	451,581	523,166
Supporting Services				
Fundraising	39,845	-	39,845	38,906
Management and General	91,140	-	91,140	89,491
Total Expenses	3,464,349	-	3,464,349	2,644,612
Change in Net Assets	938,862	641,992	1,580,854	3,984,410
Net Assets, Beginning of Year	7,987,171	5,679,568	13,666,739	9,682,329
Net Assets, End of Year	<u>\$ 8,926,033</u>	<u>\$ 6,321,560</u>	<u>\$ 15,247,593</u>	<u>\$ 13,666,739</u>

See accompanying notes to financial statements.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.
GREAT FALLS, MONTANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Program Activities				Supporting Activities			Year Ended June 30, 2021
	Business Retention Expansion & Attraction	AgriTech Park	Lending	Business Technical Assistance	Special Projects	Management and General	Fundraising	
Expenses								
Staff								
Salaries and Wages	\$ 277,134	\$ -	\$ 480,955	\$ 264,211	\$ 9,948	\$ 67,182	\$ 29,279	\$ 1,128,709
Payroll Expenses & Benefits	77,032	-	126,657	68,113	1,846	26,171	7,829	307,648
Professional Development	120,596	-	-	8,611	-	55	-	129,262
Operations								
Auto	-	-	-	-	-	10,789	-	10,789
Communication	104	-	-	2,136	-	19,311	-	21,551
Depreciation	-	-	-	-	-	32,293	-	32,293
Insurance	-	-	-	-	-	19,986	-	19,986
Meetings	-	-	-	1,308	-	3,721	854	5,883
Office	-	-	-	7,950	-	39,944	-	47,894
Operating Debt Interest & Fees	-	-	-	-	-	28,008	-	28,008
Professional Fees	-	-	-	-	-	43,261	-	43,261
Supplies, Computing & Copying	2,241	-	-	1,538	-	28,024	-	31,803
Miscellaneous	32	-	-	3,370	-	22,018	-	25,420
Business Development								
Marketing	37,636	-	-	-	-	-	-	37,636
Memberships & Subscriptions	110,344	-	-	10,316	-	161	1,883	122,704
Professional Fees	111,092	-	-	-	-	-	-	111,092
Publications	1,453	-	-	-	-	-	-	1,453
Travel	27,687	-	-	-	-	-	-	27,687
Lending								
Allowance for Loan Losses	-	-	130,250	-	-	-	-	130,250
Loan Capital Interest	-	-	38,716	-	-	-	-	38,716
Brownfield Loan Capital Grants	-	-	369,661	-	-	-	-	369,661
Professional Fees	-	-	22,296	-	-	-	-	22,296
Projects								
AgriTech Park	-	113,208	-	-	-	-	-	113,208
AgriTech Park TIF Reimbursement	-	314,092	-	-	-	-	-	314,092
Brownfield Assessment	-	-	-	-	119,741	-	-	119,741
Strategic Planning	141,705	-	-	-	-	-	-	141,705
Talent Attraction	81,601	-	-	-	-	-	-	81,601
Expense Allocation	38,893	-	-	-	-	(249,784)	-	-
Total Expenses	\$ 1,027,550	\$ 427,300	\$ 1,295,398	\$ 451,581	\$ 131,535	\$ 91,140	\$ 39,845	\$ 3,464,349
								\$ 2,644,612

See accompanying notes to financial statements.

Great Falls Development Authority, Inc.
Statement of Cash Flows
For The Year Ended June 30, 2022
(With Comparative Totals For The Year Ended June 30, 2021)

	<u>6/30/22</u>	<u>6/30/21</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 1,580,854	\$ 3,984,410
Adjustments To Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Correction of Error	-	-
Provision for Loan Losses	130,250	(226,150)
Depreciation	32,293	29,304
Amortization of Right-of-Use Asset	40,317	42,222
(Increase) Decrease in Operating Assets:		
Accounts Receivable	5,696	104,611
Accrued Interest Receivable	(225,080)	30,417
Prepaid Insurance	(21,180)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	81,296	(5,703)
Accrued Liabilities	37,597	(25,003)
Deferred Grant Revenues	-	-
Lease Liability	(40,317)	(39,415)
Funds Held in Trust	(2,042)	2,236
Due to High Plains Financial, Inc.	(3,743)	9,811
Net Cash Provided/(Used) By Operating Activities	<u>1,615,941</u>	<u>3,906,740</u>
Cash Flows From Investing Activities:		
Principal Payments Received on Notes Receivable	1,130,456	4,154,302
Loans Made To Third Parties	(4,044,702)	(8,175,949)
Purchase of Office Furniture and Equipment	(12,193)	(11,387)
Net Cash Provided/(Used) By Investing Activities	<u>(2,926,439)</u>	<u>(4,033,034)</u>
Cash Flows From Financing Activities:		
Advances Received on Long-Term Notes Payable	1,501,276	561,950
Payments Made on Long-Term Notes Payable	(146,908)	(354,466)
Net Cash Provided/(Used) By Financing Activities	<u>1,354,368</u>	<u>207,484</u>
Net Increase (Decrease) in Cash	43,870	81,190
Cash and Cash Equivalents, Beginning of Year	<u>3,686,962</u>	<u>3,605,772</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,730,832</u></u>	<u><u>\$ 3,686,962</u></u>
Cash is Presented in the Accompanying Statement of Financial Position as:		
Cash and Cash Equivalents	\$ 2,540,715	\$ 1,570,400
Cash Restricted For Loans and Grants	1,190,117	2,116,562
	<u><u>\$ 3,730,832</u></u>	<u><u>\$ 3,686,962</u></u>
Supplemental Information:		
Interest Paid In Cash	<u><u>\$ 65,696</u></u>	<u><u>\$ 64,813</u></u>
Interest Received in Cash	<u><u>\$ 630,602</u></u>	<u><u>\$ 406,793</u></u>

See accompanying notes to financial statements.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1: GREAT FALLS DEVELOPMENT AUTHORITY, INC.:

Great Falls Development Authority, Inc. (the "Authority") exists to (a) lead Great Falls economic development efforts to promote growth, diversification and the creation of high wage jobs; (b) promote, stimulate and effect economic development in Cascade County and the surrounding region; (c) cooperate with other organizations in the development of commerce and other economic activity within the State of Montana; (d) support the creation, expansion, retention and relocation of new and existing businesses and industries within the State of Montana; (e) forge alliances that strengthen workforce skills and recruit new workers to the Great Falls region; and, (f) attract investment to targeted, distressed and designated growth areas of the City of Great Falls and Cascade County.

GFDA adopted a new mission statement in fiscal year 2022: Grow diverse economic opportunities that enhance quality of life. GFDA's Strategic Plan details seven strategic priorities: 1) Business Startup, Retention and Expansion; 2) Business Attraction; 3) Commercial and Housing Development; 4) Great Falls AgriTech Park; 5) Workforce; 6) Manufacturing Partnership; and, 7) Downtown and Riverfront Redevelopment.

The Authority is a tax-exempt organization as described under Section 501(c)(3) of the Internal Revenue Code (the "Code") and is generally exempt from income taxes pursuant to the provisions of Section 501(a) of the Code. The Authority receives funding from the City of Great Falls, Cascade County and businesses and residents of the region. The Authority earns additional revenue through certain loan programs and the provisions of grants and program economic development services under contract with various public and non-profit agencies.

The Authority has been certified as a Community Development Financial Institution ("CDFI") by the U.S. Department of Treasury. As a CDFI the Authority assists businesses, real estate developers and non-profit organizations with business and project planning, growth and modernization plans, and in arranging financial assistance. The Authority operates several loan funds in conjunction with the Economic Development Administration, the U.S. Department of Commerce, the U.S. Department of Treasury, the U.S. Environmental Protection Agency, the Montana Board of Investments, the Montana Department of Commerce, the City of Great Falls and Cascade County. The Authority operates a sub-center of the Montana Small Business Development ("SBDC") program under contract with the Montana Department of Commerce. The Montana SBDC program is part of the national SBDC program administered by the U.S. Small Business Administration. The Authority also operates a satellite center of the Montana Procurement Technical Assistance Center ("PTAC") program under a contract with Big Sky EDA. The Montana PTAC program is part of the national PTAC program administered by the U.S. Department of Defense. In fiscal year 2018, the Authority began operation of a Food and Ag Development Center under contract with the Montana Department of Agriculture.

Starting in 2018, the Authority assumed responsibilities for a revolving loan fund under the Intermediary Relending Program ("IRP") administered through the United States Department of Agriculture, from High Plains Financial, Inc. Revenue for the IRP is generated mainly through loan interest income and management fees. Borrowers under the IRP revolving loan fund are located primarily in rural areas around Great Falls, Montana.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- A. Basis of Financial Statement Presentation** – The accompanying financial statements of the Authority have been prepared on the accrual basis of accounting and have been prepared to focus on the Authority as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Not-for-Profit entities are required to disclose two classes of net assets, which are net assets with donor restrictions and net assets without donor restrictions. A description of the two net asset categories follows:

Net Assets with Donor Restrictions are those that are subject to donor-imposed restrictions.

Net Assets without Donor Restrictions are those that are not subject to donor-imposed restrictions.

- B. June 30, 2021 Financial Information** – The financial statements include certain prior-year summarized financial information. Such information does not include sufficient detail to constitute presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements as of and for the year ended June 30, 2021.
- C. Use of Estimates** – The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Actual results could differ from those estimates.
- D. Cash and Cash Equivalents** – For purposes of the statement of cash flows, cash and cash equivalents include time deposits, certificates of deposit and money market accounts, all with original maturities of three months or less.
- E. Contributions** – Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the condition(s) upon which they depend are substantially met.

Contributions of assets other than cash are recorded at their estimated fair value. An allowance for estimated uncollectible pledges and contributions receivable is provided based upon management's judgment, including such factors as prior collection history, the type of pledge or contribution and the nature of the fund-raising activity.

Contributions and pledges received are recorded as with donor restrictions or without donor restrictions, depending upon the existence and/or nature of donor-imposed restrictions. Contributions that have donor restrictions, whose restrictions are met in the same reporting period, are shown as contributions without donor restrictions. All other donor-restricted support is reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restricted and reported in the Statement of Activities as net assets released from restrictions.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

- F. Grant Revenue** – The agencies who grant funds to the Authority do not receive commensurate value in exchange for the grant; therefore, grants are a contribution. Unreimbursed grant expenditures due from grantor agencies are reported in the financial statements as receivables and revenues. Conditional grants are not recognized as income until the conditions are met. Cash received from grantor agencies in excess of related grant expenditures is recorded as deferred grant revenue on the statement of financial position for conditional grants.
- G. Accounts Receivable** – Accounts receivable include grants, contracts and other receivables and are reported at amounts management expects to collect on balances outstanding at year-end. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on experience and other factors which may affect the ability of debtors to meet their obligations to the Authority. Balances outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.
- H. Loans Receivable** – Loans receivable are the result of the Authority's lending activities and are carried in the Statement of Financial Position at the amount management expects to collect on unpaid principal balances outstanding at year-end. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on past experience, known and inherent risks in the Authority's loan portfolio, adverse conditions that may affect the borrower's ability to repay, the estimated value of any underlying collateral, current economic conditions and other factors which may affect the ability of debtors to meet their obligations to the Authority. Balances outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to notes receivable. Interest income on notes receivable is recognized over the term of the notes and is calculated in accordance with the terms of the notes. Accrual of interest income is discontinued when management believes that, based upon current economic and business conditions and management's evaluations, the borrowers' financial condition is such that collection of interest is doubtful. Interest income is subsequently recognized to the extent cash payments are received until such time as in management's judgment, the borrower's ability to make periodic interest and principal payments has been restored, in which case the loan is returned to accrual status.
- I. Furniture and Equipment** – Furniture and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation. Expenditures aggregating \$500 or more are capitalized and depreciated using the straight-line basis over the estimated useful lives of the respective assets ranging from four to ten years.
- J. Advertising** – The Authority uses advertising to promote its programs and activities and to market the Great Falls region. The production costs of advertising are expensed as incurred. Advertising costs totaled \$49,747 and \$72,253 during 2022 and 2021, respectively.
- K. Expense Allocations** – The financial statements report certain categories of expenses that are attributable to more than one program or function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses have been allocated amongst programs and/or services on the basis of actual benefit received and by estimates made by management. The organization presents a statement of functional expenses to show categories of expenses by function.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

L. Income Tax Status – The Authority is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

M. Contributed Services and Materials – Contributed services are reported in the financial statements for voluntary donations of services when those services: (1) create or enhance non-financial assets, or (2) require specialized skills provided by individuals possessing those skills and are services that would be typically purchased if not provided by donation. Donated materials are recorded at their fair value at the date of the gift.

NOTE 3: CASH RESTRICTED FOR LOANS AND GRANTS:

The following is a summary of restricted cash by loan program and grant awards as of June 30, 2022 and 2021:

	<u>6/30/22</u>	<u>6/30/21</u>
Economic Development Administration COVID RLF	\$ 75,247.00	\$ 568,822.00
Rural Development Intermediary Relending Program	313,240	288,978
MicroBusiness Finance Program	19,608	167,912
EPA Brownfield Revolving Loan Fund	516,470	931,527
EPA Assessment Grant	284	781
Community Development Block Grant	247,839	147,991
Downtown Revolving Loan Fund	15,133	1,798
Small Business Development Program	2,296	8,753
Total	<u><u>\$ 1,190,117</u></u>	<u><u>\$ 2,116,562</u></u>

NOTE 4: CONCENTRATIONS AND RISKS:

The Authority maintains cash deposits at financial institutions located in Great Falls, Montana. Deposits at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Authority has established repurchase agreements with these financial institutions to collateralize funds held in excess of the insured amount. At June 30, 2022, the Authority had a balance of \$2,476,311 in the repurchase account secured by government securities. There are no amounts that exceed the FDIC limits as of June 30, 2022.

The Authority's existing loans and the market for its lending activities are concentrated in the Great Falls and north central Montana area and are subject to the economic conditions within that area.

NOTE 5: INTENTIONS TO GIVE:

The Authority undertakes fund-raising to provide revenues to pursue strategies in accordance with the Authority's mission. Statements of intent are not considered unconditional promises to give. Conditional promises to give are not recognized as assets or as revenues until such time as they become unconditional, that is, when the condition(s) upon which they depend are substantially met, i.e., payment is received. The Authority received \$534,683 and \$412,234 during 2022 and 2021, respectively.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 6: LOANS RECEIVABLE:

U.S. Economic Development Administration – The Authority has the ability to make loans to third parties pursuant to the provisions of programs administered through the United States Economic Development Administration (EDA). The EDA Revolving Loan Fund (RLF) loan portfolio contains notes receivable ranging in principal balance at June 30, 2022 from \$1,425 to \$1,341,602 and bearing interest rates ranging from 4% to 10%. Effective May 2021, these funds were defederalized. These released funds will continue to be used for carrying out economic development purposes.

U.S. Economic Development Administration COVID RLF – The Authority has the ability to make loans to third parties pursuant to the provisions of programs administered through the EDA. The EDA RLF loan portfolio contains notes receivable ranging in principal balance at June 30, 2022 from \$191,557 to \$1,987,540 and bearing interest rates ranging from 6% to 9%.

IRP Loan Fund – The Authority has the ability to make loans to third parties pursuant to the provisions of the IRP administered through the United States Department of Agriculture. The loan portfolio contains loans receivable ranging in principal balances from \$29,372 to \$78,095 at June 30, 2022. The loans receivable bear interest at rates ranging from 4% to 8% for the year ended June 30, 2022.

Enterprise Loan Fund – The Authority has a fund used to make loans and support economic development services that was capitalized by grants and a loan from the U.S. Department of Treasury – Community Development Financial Institution (CDFI) Program, and from grants from the Montana Department of Commerce using U.S. Department of Treasury – State Small Business Credit Initiative (SSBCI) program funds. The Enterprise Fund loan portfolio contains notes receivable ranging in principal balance at June 30, 2022 from \$19,419 to \$5,145,000 and bearing interest rates ranging from 0% to 9%.

U.S. Department of Housing and Urban Development – Community Development Block Grant (CDBG) Program – The Authority has entered into Community Development Block Grant revolving loan fund agreements with Cascade County and the City of Great Falls. The Cascade County loan portfolio and the City CDBG EDA RLF agreement were used to meet the Authority's match requirements for the EDA RLF. In May 2021, the EDA RLF funds were defederalized. The City CDBG RLF is a separate loan portfolio not associated with the EDA RLF. The City CDBG portfolio contains notes receivable ranging in principal balance at June 30, 2022 from \$35,155 to \$159,666 and bearing interest rates from 6.5% to 7%. The County CDBG portfolio contains one note receivable with a principal balance at June 30, 2022 of \$17,825 and an interest rate of 10%.

EPA Brownfield Revolving Loan Fund – The Authority has the ability to make loans and grants to third parties pursuant to a Brownfield Assessment and Cleanup Cooperative Agreement with the United States Environmental Protection Agency (EPA). Notes receivable range in principal balance at June 30, 2022 from \$89,837 to \$507,452 and bear interest rates of 3%.

Downtown Revolving Loan Fund – In past years the Authority received a total of \$300,000 from the City of Great Falls to capitalize a downtown revitalization loan fund. The loan portfolio contains notes receivable ranging in principal balance at June 30, 2022, from \$54,456 to \$143,912 and bearing interest rates ranging from 5.00% to 7%.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Montana Department of Commerce MicroBusiness Finance Program – The Authority has entered into a MicroBusiness Finance Program with the Montana Department of Commerce. The Montana Department of Commerce has loaned the Authority \$500,000. Notes receivable balances range from \$22,954 to \$100,000 at June 30, 2022 and bear interest between 4% and 10%.

The current portion of loans receivable includes only those principal payments scheduled to be received during the next fiscal year. Loans receivable issued pursuant to the provisions of programs administered through the indicated agency are as follows at June 30, 2022 and 2021:

	<u>6/30/22</u>	<u>6/30/21</u>
U.S. Economic Development Administration	\$ 2,730,927	\$ 3,072,166
U.S. Economic Development Administration COVID RLF	4,353,595	2,936,991
Rural Development IRP Loans	156,161	214,990
EPA Brownfield Revolving Loan Fund	792,792	746,814
Downtown Revolving Loan Fund	290,514	301,547
Community Development Block Grant - City of Great Falls	194,821	269,082
Community Development Block Grant - Cascade County - EDA	17,825	25,801
MicroBusiness Loan Fund	585,376	432,475
Enterprise Fund	<u>6,370,221</u>	<u>4,578,120</u>
Total Loans Receivable	15,492,232	12,577,986
Less: Allowance for Doubtful Loans	<u>(1,239,625)</u>	<u>(1,109,375)</u>
Total Loans Receivable, Net	<u><u>\$ 14,252,607</u></u>	<u><u>\$ 11,468,611</u></u>

The Authority uses payment activity as the primary credit quality indicator for loans receivable. The Authority evaluates the credit quality indicator of its loans receivable on a monthly basis. Loans, by credit quality indicator, are as follows as of June 30, 2022 and 2021:

	<u>6/30/22</u>	<u>6/30/21</u>
Performing	\$ 13,110,853	\$ 12,577,986
Nonperforming	<u>2,381,379</u>	<u>-</u>
Total	<u><u>\$ 15,492,232</u></u>	<u><u>\$ 12,577,986</u></u>

All performing loans were current at June 30, 2022 and 2021, and those nonperforming were past due loans. For the fiscal year ending June 30, 2022, there were four loans totaling \$1,987,540, \$189,000, \$100,000 and \$104,839 held by the same borrower that were more than ninety days past due and still accruing interest at June 30, 2022.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

The following table presents the changes in the allowance for loan losses and the recorded investment in loans as of June 30, 2022 and 2021:

	Performing	Non- performing	Total
Allowance for Doubtful Loans:			
Beginning Balance July 1, 2021	\$ 1,109,375	\$ -	\$ 1,109,375
Charge-Offs	-	-	-
Recoveries	-	-	-
Provision	130,250	-	130,250
Ending Balance June 30, 2022	<u><u>\$ 1,239,625</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,239,625</u></u>
Ending Balance:			
Individually Evaluated for Impairment	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Ending Balance:			
Collectively Evaluated for Impairment	<u><u>\$ 1,239,625</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,239,625</u></u>
Loans Receivable:			
Ending Balance:			
Individually Evaluated for Impairment	\$ -	\$ 2,381,379	\$ 2,381,379
Ending Balance:			
Collectively Evaluated for Impairment	<u>13,110,853</u>	<u>-</u>	<u>13,110,853</u>
Ending Balance	<u><u>\$ 13,110,853</u></u>	<u><u>\$ 2,381,379</u></u>	<u><u>\$ 15,492,232</u></u>
	Performing	Non- performing	Total
Allowance for Doubtful Loans:			
Beginning Balance July 1, 2020	\$ 883,000	\$ 452,525	\$ 1,335,525
Charge-Offs	-	-	-
Recoveries	-	-	-
Provision	226,375	(452,525)	(226,150)
Ending Balance June 30, 2021	<u><u>\$ 1,109,375</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,109,375</u></u>
Ending Balance:			
Individually Evaluated for Impairment	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Ending Balance:			
Collectively Evaluated for Impairment	<u><u>\$ 1,109,375</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,109,375</u></u>

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

	<u>Performing</u>	<u>Non-performing</u>	<u>Total</u>
(Continued):			
Loans Receivable:			
Ending Balance:			
Individually Evaluated for Impairment	\$ -	\$ -	\$ -
Ending Balance:			
Collectively Evaluated for Impairment	12,577,986	-	12,577,986
Ending Balance	<u>\$ 12,577,986</u>	<u>\$ -</u>	<u>\$ 12,577,986</u>

NOTE 7: FURNITURE AND EQUIPMENT:

Furniture and equipment consists of office furniture and office equipment, including electronic data processing equipment, with a total gross carrying amount at June 30, 2022 and 2021 of \$337,691 and \$325,498, respectively, and total accumulated depreciation at June 30, 2022 and 2021 of \$291,687 and \$259,394, respectively. Depreciation expense was \$32,293 and \$29,304 for the years ended June 30, 2022 and 2021, respectively.

NOTE 8: NOTE PAYABLE – LINES-OF-CREDIT:

The Authority has a line-of-credit with First Interstate Bank associated with the Downtown Revolving Loan Fund in the amount of \$300,000. The loan proceeds will be used to provide financial assistance in the form of real estate secured projects within the Tax Increment Financing (TIF) Development District of Great Falls. The interest rate on the line-of-credit is 5.00%. The line-of-credit matures on January 5, 2021. This line was closed on the maturity date. Another line was opened with \$300,000. If utilized, these loans will be cash secured with a CD that matches the term of the balloon which will typically be 5 years with a 20-year amortization, with the rate being 2% over the CD rate. There was no outstanding balance on this line of credit at June 30, 2022.

NOTE 9: ACCRUED LIABILITIES:

Accrued liabilities consist of the following at June 30, 2022 and 2021:

	<u>6/30/22</u>	<u>6/30/21</u>
Compensation	\$ 117,407	\$ 104,307
Payroll Taxes and Benefits	3,339	(20,546)
Accrued Real Estate Taxes	27,752	27,147
Interest and Servicing Fees	9,010	9,003
Total	<u>\$ 157,508</u>	<u>\$ 119,911</u>

GREAT FALLS DEVELOPMENT AUTHORITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10: NOTES PAYABLE:

Notes Payable at June 30, 2022 and 2021 consist of the following:

	<u>6/30/22</u>	<u>6/30/21</u>
Montana State Department of Commerce - \$500,000 loan to be used for activities under the Montana State MicroBusiness Development Act, payable in quarterly interest-only payments, maturing December 31, 2023. The initial interest rate of 2% is subject to annual adjustments, with a maximum rate of 3.25% during the loan term. Loan rate was increased on April 1, 2018 to 2.75%. The note is secured by any assets or income derived from the Authority's MicroBusiness loan program.	\$ 500,000	\$ 500,000
First Interstate Bank - \$300,000 loan payable in monthly installments of \$5,730 including interest at 5.50% maturing January 23, 2023. An additional \$100,000 was added to this loan in September 2018. The maturity date and interest remained the same, but the monthly installment payment increased to \$7,859. The note is secured by furniture, equipment and accounts receivable.	54,022	142,726
First Interstate Bank - \$201,245 loan payable in monthly interest payments only for the first year, and starting September 2018, monthly principal and interest payments totaling \$3,805; the interest rate is at 5.08% maturing August 29, 2023. The note is secured by all assets of Agritech Park. This note was paid on February 10, 2022.	-	24,251
U.S. Department of Agriculture - Rural Development: dated October 13, 2004, 1% interest, annual payments of \$31,838, including interest. Note is due October 12, 2033 and is secured by assignment of loans receivable derived from the proceeds.	344,980	373,088
Montana Board of Investments: dated November 29, 2004, 2% interest, quarterly payments of \$1,899, including interest. Note is due November 29, 2034 and is secured by assignment of loans receivable derived from the proceeds.	83,816	89,662
Community Development Financial Institution Fund, dated September 24, 2020, 1.7% interest, payments don't start until June 2031. Note is due November 20, 2033.	280,975	280,975

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

(Continued)

Montana Board of Investments: December 1, 2020, 2.00% interest, payments don't start until 2024. Note is due May 30, 2050, and is secured by the pledged loans made from using Board matching funds and any direct loans made by the Intermediary.

280,975

280,975

Community Development Financial Institution Fund, dated June 2, 2022, 0.66% interest, payments don't start until June 2033. Note is due June 2, 2035.

500,000

-

start until 2024. Five separate notes are due January 8, 2024 thru May 18, 2024. This note is for the Great Falls North Apartments construction. Once construction is complete and the apartments have obtained bank financing, this note will be paid in full.

1,001,276

-

3,046,044

1,691,677

(88,374)

(146,878)

Less: Current Portion

\$ 2,957,670

\$ 1,544,799

Future scheduled principal maturities of notes payable for each of the next five years are as follows:

June 30,

2023

\$ 88,374

2024

1,536,682

2025

43,107

2026

43,682

2027

44,265

Thereafter

1,289,934

\$ 3,046,044

NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS:

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. The Authority's net assets represent restricted monies donated or restricted grants received by grantor agencies. These assets are available for use for the requirements outlined in the grant award documents. Assets released from restriction in 2022 were through satisfaction of grantor requirements.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Net assets with donor restrictions at June 30, 2022 and 2021 consisted primarily of grants restricted for particular purposes and amounts restricted for use in making loans to third parties pursuant to the provisions of the IRP loan program and the Microbusiness program. The Authority has outstanding loan balances associated with the IRP and Microbusiness programs. Once the Authority pays off these loans the remaining balances become released from restriction and will be reported as net assets without donor restrictions.

Amounts are also restricted for use in making loans to third parties pursuant to the provisions of the United States Economic Development Administration COVID RLF, the Community Development Block Grant program of the U.S. Department of Housing and Urban Development, Downtown Revolving Loan Fund and Environmental Protection Agency Revolving Loan Fund. Although the net assets may be reduced from time to time by losses, and may eventually be exhausted, the resources are capable of providing economic benefits indefinitely and these agencies have instructed that these programs should be revolving in duration. The portion of these net asset balances represent resources restricted by these agencies in perpetuity for use in making loans.

Net assets with donor restrictions are available for the following purposes or periods:

	<u>6/30/22</u>	<u>6/30/21</u>
Subject to Expenditure for Specified Purposes:		
Making Loans to Third Parties	\$ 6,321,058	\$ 5,672,609
SBDC Training	502	6,959
Total Net Assets With Donor Restrictions	<u><u>\$ 6,321,560</u></u>	<u><u>\$ 5,679,568</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purpose during the year ended June 30, 2022 and 2021:

	<u>6/30/22</u>	<u>6/30/21</u>
Purpose Restrictions Accomplished:		
Loans and Costs Associated with Lending	\$ 613,460	\$ 331,194
EDA RLF Funds Defederalized	-	4,006,935
SBDC Training	9,693	4,109
	<u><u>\$ 623,153</u></u>	<u><u>\$ 4,342,238</u></u>

NOTE 12: LIQUIDITY:

The Authority regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. Financial assets available for general expenditures include only those without donor or other restriction limiting their use within one year of the statement of financial position date. General expenditures include those listed within the management and general section on the statement of activities and statement of functional expenses.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Management has identified the following assets as of June 30, 2022 as available for general expenditures within one year of the statement of financial position date:

	<u>6/30/22</u>
Financial Assets at Year-End:	
Cash and cash equivalents	\$ 2,540,715
Accrued interest receivable	296,675
Due from High Plains Financial	<u>4,476</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u><u>\$ 2,841,866</u></u>

None of the financial assets above are subject to donor or grantor restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Additional liquidity is provided by a credit card account. Management strives to maintain a minimum of 6 months operating cash liquidity.

NOTE 13: RETIREMENT PLAN:

The Authority maintains a 401(k) profit sharing plan for its employees. The Authority contributes to the plan at the maximum rate of 6.9% of qualified compensation. The Authority contributed \$58,068 and \$54,112 to the plan during the year ended June 30, 2022 and 2021, respectively.

NOTE 14: OPERATING LEASE:

The Authority entered into an office space lease effective December 1, 2018. The monthly rent is \$5,230.75 and expires in September 2028. The Authority will have an option to extend the lease agreement for one additional extension term of ten years for \$5,657.75 per month. Office rent paid during the year ended June 30, 2022 and 2021 was \$62,769 and \$62,769, respectfully. The amounts recognized on the statement of financial position as of June 30, 2022 for the right-of-use asset totals \$873,371 and the associated lease liability totals \$876,179.

The following shows a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2022:

<u>June 30,</u>	
2023	\$ 62,769
2024	62,769
2025	62,769
2026	62,769
2027	62,769
Thereafter	<u>757,361</u>
	1,071,206
Less: amount representing interest/lease expense	195,027
Present value of lease payments	<u><u>\$ 876,179</u></u>

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 15: RELATED PARTY TRANSACTIONS:

The Authority provides expertise and management for High Plains Financial, Inc., another similar non-profit organization. Expenses incurred for the benefit of High Plains Financial, Inc. are allocated to High Plains Financial, Inc. on the basis of actual benefit received and by estimates made by management. The Authority's management fee revenue from High Plains Financial, Inc. totaled \$22,000 for 2022 and \$24,000 for 2021. High Plains Financial, Inc. owed the Authority \$4,476 as of June 30, 2022 and \$733 as of June 30, 2021.

The financial statements of the Authority include activity for Great Falls AgriTech Park, LLC. Expenses incurred for the benefit of Great Falls AgriTech Park, LLC are allocated on the basis of actual benefit received and by estimates made by management. These intercompany transactions between the Authority and Great Falls AgriTech Park, LLC have been eliminated from the financial statements.

NOTE 16: AGRITECH PARK INFRASTRUCTURE:

The Authority created a wholly owned subsidiary, AgriTech Park, LLC, to develop a rail-served heavy industrial park in Great Falls. To install the first phases of infrastructure serving the park, the Authority signed a tax increment financing agreement with the City of Great Falls, created a Park Tenant Association, and secured support from two early park lot buyers, Pacific Hide and Fur Depot and Montana Specialty Mills. Under the TIF agreement, the City agreed to reimburse AgriTech Park, LLC over time as the park generates property tax revenue in the TIF district. The reimbursement is limited to the amount of property tax generated before the TIF district expires. Montana Specialty Mills paid \$500,000 of water, sewer and road improvements developed by AgriTech, LLC and transferred to ownership of the City.

Pacific Hide and Fur Depot paid for the costs of the rail line totaling \$3,129,212, and transferred all rights, title and interest on the rail line to AgriTech Park, LLC. AgriTech Park, LLC then transferred the rail line to Great Falls AgriTech Park Owners Association, LLC for \$10. The Park Owners Association intends and desires to own and operate the rail line. A promissory note was signed by Pacific Hide and Fur Depot and AgriTech Park, LLC on April 13, 2018, outlining that AgriTech Park, LLC will reimburse Pacific Hide and Fur Depot for the cost of \$3,129,212 for the rail line in so far as the AgriTech Park, LLC receives tax increment funds (TIF) funds from the City of Great Falls. The principal sum of the note shall be payable in installments the AgriTech Park, LLC receives from TIF funds. In the event the TIF funds are not sufficient to fully repay Pacific Hide and Fur Depot, there shall be no recourse against AgriTech Park, LLC. Because of this, no liability has been recorded at year end June 30, 2022 or 2021. TIF funds totaling \$314,092 and \$420,732 were received from the City as of June 30, 2022 and 2021, respectively.

NOTE 17: SUBSEQUENT EVENTS:

Accounting Standards Codification (ASC) No. 855: Subsequent Events establishes general standards of accounting for and disclosures of events that occur after the statement of financial position date but before the financial statements are issued or are available to be issued.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Specifically, it sets forth the period after the Statement of Financial Position date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the statement of financial position date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the statement of financial position date.

In accordance with ASC No. 855, the Authority, Inc. evaluated subsequent events through September 19, 2022, the date these financial statements were available to be issued. Events occurring after year end are as follows:

- The Authority expects to close on the purchase of land for the Great Falls AgriTech project during fiscal year 2023. During fiscal year 2023 the Authority received a \$1,000,000 grant from Cascade County and borrowed \$730,000 from First Interstate Bank to fund the land purchase.
- The Authority was awarded a \$2,000,000 grant from USDA Rural Development in fiscal year 2023 to create a meat processing revolving loan fund. The Authority committed to provide \$200,000 in matching funds.
- The Authority has been approved to participate in the Montana State Small Business Credit Initiative program.
- The Environmental Protection Agency closed out the Authority's Brownfield Revolving Loan Fund cooperative agreement in August 2022. Assets of the Fund continue to be restricted for eligible brownfield assessment and cleanup loans and grants.
- Prior to the end of fiscal year 2022, the Environmental Protection Agency awarded \$2.65 million to the Authority to create a second Brownfield Revolving Loan Fund. The Authority expects to launch this Fund in October 2022.
- The Authority received a \$1,000,000 EQ2 Investment from the US Bank Community Development Corporation in August 2022. The Authority plans to use the funds as loan capital.
- In September 2022 the City of Great Falls awarded the Authority a \$1,400,000 grant to use as loan capital.

NOTE 18: REISSUANCE DUE TO SUBSEQUENT DISCOVERY OF FACT:

A quality control review by a government agency was completed over the June 30, 2022, audit report. As a result of this quality control review, additional procedures were performed over compliance testing for the major programs, which resulted in updating the presentation of the Schedule of Expenditures of Federal Awards (SEFA) and adding finding #2022-001. The SEFA presentation changes did not change any amounts previously reported.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Agency or Pass Through Number	Federal Expenditures	Expenditures to Subrecipients
U. S. Department of Commerce				
Direct Grant				
Economic Development Administration				
Economic Development Administration, Coronavirus Aid, Relief, and Economic Security (CARES) Act				
Revolving Loan Funds ("RLF")	11.307	05-79-06012	\$ 4,737,329	\$ -
Total U.S. Department of Commerce			<u>4,737,329</u>	<u>-</u>
U. S. Department of Housing and Urban Development				
Community Development Block Grant Program				
Pass Through from Cascade County, Montana				
Outstanding Loans	14.218		25,801	-
New Loans	14.218		-	-
Cash Balance Available	14.218		73,915	-
Administrative Costs	14.218		-	-
Pass Through from City of Great Falls, Montana				
Outstanding Loans	14.218		269,081	-
New Loans	14.218		-	-
Cash Balance Available	14.218		173,924	-
Administrative Costs	14.218		19	-
Total U.S. Department of Housing and Urban Development			<u>542,740</u>	<u>-</u>
U. S. Department of Defense				
Pass Through From Big Sky EDA				
Defense Logistics Agency/Big Sky EDA				
Procurement Technical Assistance Center Program	12.002	SP4800-19-2-2122; SP-4800-20-2-2022	75,227	-
Total U.S. Department of Defense			<u>75,227</u>	<u>-</u>
U. S. Environmental Protection Agency				
Direct Grant				
Office of Solid Waste and Emergency Response				
Brownfield Assessment and Cleanup				
Brownfield Revolving Loan Fund	66.818	BL-97813001	746,814	-
New Loans	66.818	BL-97813001	99,702	-
Brownfield Revolving Loan Fund - Subgrants Paid	66.818	BL-97813001	-	369,661
Brownfield Revolving Loan Fund -				
Cash Balance Available	66.818	BL-97813001	516,470	-
Brownfield Revolving Loan Grant -				
Administrative Costs	66.818	BL-97813001	16,411	-
Brownfield Assessment Grant	66.818	BF-95809510	131,536	-
Total U.S. Environmental Protection Agency			<u>1,510,933</u>	<u>369,661</u>

The accompanying notes are an integral part of this schedule.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass Through Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U. S. Small Business Administration				
Pass Through Montana Department of Commerce				
Small Business Development Center	59.037	21-51-073; 21-51-073 22	\$ 73,617	\$ -
Small Business Development Center, CARES Act 2020	59.037	20-51-145; 20-51-145A; 20-51-145B; 20-51-145C; 20-51-145D	76,301	-
Total U.S. Small Business Administration			<u>149,918</u>	<u>-</u>
U.S. Department of Treasury				
Direct Grant				
Community Development Financial Institutions Program RRP	21.024	21RRP057199	1,185,724	-
Community Development Financial Institutions Program	21.020	211FA058137	39,980	-
Community Development Financial Institutions Program	21.020	211FA058137	500,000	-
Community Development Financial Institutions Program	21.020	201FA054510	280,975	-
			<u>820,955</u>	<u>-</u>
Total U.S. Department of Treasury			<u>2,006,679</u>	<u>-</u>
U.S. Department of Agriculture				
Direct Grant				
Intermediary Relending Program (IRP)				
Outstanding Loans	10.767		214,991	-
New Loans	10.767		-	-
Cash Balance Available	10.767		313,240	-
Administrative Costs	10.767		5,836	-
			<u>534,067</u>	<u>-</u>
U.S. Department of Agriculture				
Pass Through Montana Department of Agriculture				
Agriculture Marketing Service Specialty Crop Block Grant Program	10.170	21SCBPMT1081	32,853	-
Total U.S. Department of Agriculture			<u>566,920</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 9,589,746</u>	<u>\$ 369,661</u>

The accompanying notes are an integral part of this schedule.

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1: BASIS OF PRESENTATION:

This Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Uniform Guidance Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2: COST SHARING:

This Schedule of Expenditures of Federal Awards does not include the amount of cost sharing funds provided by or through the Authority as required under the terms of certain grants or programs. The Authority provided cost sharing under the following programs: Small Business Development Center in the amount of \$128,176 and Procurement Technical Assistance Center Program in the amount of \$27,941.

NOTE 3: ECONOMIC DEVELOPMENT ADMINISTRATION REVOLVING LOANS:

The Authority made two loans on business projects during the fiscal year ended June 30, 2022 with EDA COVID RLF funds. The following is a summary of figures used in the SEFA calculation for the year ended June 30, 2022.

EDA COVID RLF:

Outstanding Loans, June 30, 2022:	\$ 4,353,595
Cash and Investment Balance	75,247
Loans Written Off During the Year	-
Administrative Costs	308,487
	<u><u>\$ 4,737,329</u></u>
 Total Federal Share	 <u><u>\$ 4,829,000</u></u>
 Total Award	 <u><u>\$ 4,829,000</u></u>
 Calculated Federal Share	 <u>100%</u>
 Calculated SEFA Total	 <u><u>\$ 4,737,329</u></u>

NOTE 4: EPA BROWNFIELD REVOLVING LOAN FUND:

The Authority has the ability to make loans and grants to third parties pursuant to a Brownfield Assessment and Cleanup Cooperative Agreement with the United States Environmental Protection Agency (EPA). Subgrants awarded to two recipients during the year totaled \$369,661 and loan advances of \$99,702 were made to one recipient during the year.

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 4: EPA BROWNFIELD REVOLVING LOAN FUND (Continued):

The following is a summary of loan activity for the year ended June 30, 2022:

Outstanding Loans, July 1, 2021	\$ 746,814
Advances Made on New Loans During the Year	99,702
Principal Payments Received on Loans During the Year	(53,725)
Outstanding Loans, June 30, 2022	<u>\$ 792,791</u>
Costs of Administration:	
Salaries and Wages	\$ 12,220
Payroll Taxes and Benefits	3,291
Other Costs of Administration	900
	<u>\$ 16,411</u>

NOTE 5: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:

The following is a summary of the loan activity for the year ended June 30, 2022:

City CDBG:

Outstanding Loans, July 1, 2021	\$ 269,081
Advances Made on New Loans During the Year	-
Loans Written Off During the Year	-
Principal Payments Received on Loans During the Year	(74,261)
Outstanding Loans, June 30, 2022	<u>\$ 194,820</u>
Costs of Administration:	
Salaries and Wages	\$ -
Payroll Taxes and Benefits	-
Other Costs of Administration	19
	<u>\$ 19</u>

County CDBG EDA:

Outstanding Loan, July 1, 2021	\$ 25,801
Advances Made on New Loans During the Year	-
Principal Payments Received on Loan During the Year	(7,976)
Outstanding Loan, June 30, 2022	<u>\$ 17,825</u>
Costs of Administration:	
Salaries and Wages	\$ -
Payroll Taxes and Benefits	-
Other Costs of Administration	-
	<u>\$ -</u>

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6: U.S. DEPARTMENT OF AGRICULTURE:

The Authority made no loans on business projects during the fiscal year ended June 30, 2022 with IRP funds. The following is a summary of loan activity for the year ended June 30, 2022:

Outstanding Loans, July 1, 2021	\$ 214,991
Advances Made on New Loans During the Year	-
Principal Payments Received on Loans During the Year	(58,830)
Outstanding Loans, June 30, 2022	<u>\$ 156,161</u>
Costs of Administration:	
Salaries and Wages	\$ 278
Payroll Taxes and Benefits	74
Other Costs of Administration	5,484
	<u>\$ 5,836</u>

NOTE 7: INDIRECT COST RATE:

The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.
STATEMENT OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Activities				Supporting Activities		
	Business Refention Expansion & Attraction	AgriTech Park	Lending	Business Technical Assistance	Special Projects	Management and General	Fundraising
Revenue							Total
Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 534,683
AgriTech Park City							
TIF Reimbursement	-	314,092	-	-	-	-	314,092
Business Improvement							
District	35,000	-	-	-	-	-	35,000
FADC, PTAC, SBDC &							
SBDC CARES	105,271	-	-	281,054	-	-	386,325
HPF Management	-	-	-	-	-	22,000	22,000
Lending Interest & Fees	-	-	859,319	-	-	32,742	892,061
Project Grants	52,478	-	180,421	-	131,535	231,980	596,414
Client Grant Management	-	-	-	-	-	-	-
Events & Miscellaneous	26,617	-	-	-	-	-	26,617
Sponsorships	21,000	-	-	-	-	-	21,000
PPP Loan Forgiveness	-	-	-	-	-	-	-
Loan Capital Grants	-	-	2,217,011	-	-	-	2,217,011
Total Revenue	\$ 240,366	\$ 314,092	\$ 3,256,751	\$ 281,054	\$ 131,535	\$ 286,722	\$ 5,045,203

See Independent Auditor's Report

GREAT FALLS DEVELOPMENT AUTHORITY, INC.
STATEMENT OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Activities				Supporting Activities		
	Business Retention & Expansion & Attraction	AgriTech Park	Lending	Business Technical Assistance	Special Projects	Management and General	Fundraising
							Total
Revenue							
Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 412,324
AgriTech Park City							
TIF Reimbursement	-	420,732	-	-	-	-	420,732
Business Improvement District	38,156	-	-	-	-	-	38,156
FADC, PTAC, SBDC & SBDC CARES	65,000	-	-	333,689	-	-	398,689
HPF Management	-	-	-	-	-	24,000	24,000
Lending Interest & Fees	-	-	380,258	-	-	123,764	504,022
Project Grants	79,199	-	126,901	-	91,000	234,592	531,692
Client Grant Management	2,250	-	-	-	-	-	2,250
Sponsorships	5,000	-	-	-	-	-	5,000
PPP Loan Forgiveness	-	-	-	-	-	191,398	191,398
Loan Capital Grants	-	-	4,100,759	-	-	-	4,100,759
Total Revenue	<u>\$ 189,605</u>	<u>\$ 420,732</u>	<u>\$ 4,607,918</u>	<u>\$ 333,689</u>	<u>\$ 91,000</u>	<u>\$ 573,754</u>	<u>\$ 412,324</u>
							<u>\$ 6,629,022</u>

See Independent Auditor's Report



Certified Public Accountants
Since 1913

Douglas WILSON
and Company, PC

Gerard K. Schmitz, CPA
Myra L. Bakke, CPA
Melissa H. Soldano, CPA
Katherine A. Durbin, CPA

Board of Directors
Great Falls Development Authority, Inc.
Great Falls, Montana

**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**

We have audited, 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, the financial statements of Great Falls Development Authority, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2022, except as to Note 18, which is as of July 6, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Great Falls Development Authority, Inc.'s internal control over financial reporting (internal control) as a basis for designing that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Great Falls Development Authority, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of GFDA'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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

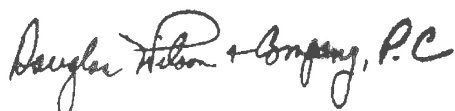
As part of obtaining reasonable assurance about whether Great Falls Development Authority, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as item #2022-001.

Authority's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Great Falls, Montana

September 19, 2022, except as to Note 18, which is as of July 6, 2025



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Great Falls, Montana

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Great Falls Development Authority, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Great Falls Development Authority, Inc.'s major federal programs for the year ended June 30, 2022. Great Falls Development Authority, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Great Falls Development Authority, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Emphasis of Matter

In our report dated September 19, 2022, we expressed an unmodified opinion on the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022. This report is replacing the September 19, 2022,

report due to subsequent discovery of facts identified after the report release date, as discussed in Note 18. Accordingly, our present opinion on compliance requirements that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022, as presented herein, is the same as that expressed in our previous report.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item #2022-001. Our opinion on each major federal program is not modified with respect to this matter. *Government Auditing Standards* requires the

auditor to perform limited procedures on Great Falls Development Authority, Inc.'s response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Great Falls Development Authority, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

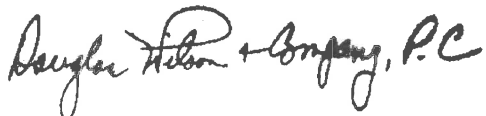
Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on Great Falls Development Authority, Inc.'s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Great Falls Development Authority, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

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



Great Falls, Montana

September 19, 2022, except as to Note 18, which is as of July 6, 2025

GREAT FALLS DEVELOPMENT AUTHORITY, INC.
GREAT FALLS, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiencies identified not considered
to be material weaknesses? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiencies identified not considered
to be material weakness(es)? ☒ Yes ☐ None Reported

Type of auditor's report issued on compliance for
major programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with
2 CFR 200 section 516?

☒ Yes ☐ No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.020	Community Development Financial Institutions Program
21.024	Community Development Financial Institutions Rapid Response Program
66.818	Brownfield Revolving Loan Fund and Assessment Grant

Dollar threshold used to distinguish between Type A
and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

#2022-001

GREAT FALLS DEVELOPMENT AUTHORITY, INC.
GREAT FALLS, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

FINDING #2022-001

Reporting

ALN 66.818: Brownfields RLF Program and Brownfields Assessment Grant

Criteria: The grant award requires the following reports for the Brownfields RLF Program: Federal Financial Reports (SF-425) done at least annually, and quarterly progress reports. The grant award requires the following reports for the Brownfields Assessment Grant: Federal Financial Reports (SF-425) done at least annually, and quarterly progress reports.

Condition: For the Brownfields RLF Program, the Authority provided the quarterly reports for testing. There was no indication of review of the reports submitted during the 2022 year. The Authority was not able to provide the SF-425 report for the audit period. They were only able to provide the final SF-425 report submitted after the audit period.

For the Brownfields Assessment Grant, the Authority provided the quarterly reports for testing. There was indication of review provided for three of the four quarters, but no indication was provided for the reports covering the quarter ending June 30, 2022. The Authority was not able to provide the SF-425 report for the audit period. They were only able to provide the final SF-425 report submitted after the audit period.

Context: The quarterly reports were submitted, and amounts reported agreed to the accounting records for both the Brownfields RLF Program and the Assessment Grant. Management indicated reviews were completed, but did not provide evidence of this for all the quarterly reports. For the SF-425 reports, only the final reports were provided.

Effect: The reports should be reviewed to ensure accurate information is reported, and documentation of the review should be retained. The Authority did not follow the terms of the agreement for frequency in reporting for the SF-425 reports.

Questioned Costs: None.

Cause: The Authority didn't retain evidence of the review for all quarterly reports. If the SF-425 reports were submitted annually, this information was not retained.

Auditor Recommendation: We recommend that the Authority retain evidence of review for all submitted reports and submit the SF-425 reports in accordance with the grant terms and conditions for the Brownfields RLF Program and the Brownfields Assessment Grant.

Great Falls Development Authority Response: During the pandemic, separation of staff, rapid growth, and increased complexity of our organization proved that some of our procedural systems were no longer adequate. We relied too much on single team members being solely responsible for reporting on some grants or contracts. We have put in place three measures to ensure that all reports are submitted as required and that all reports are filed with each grant or

GREAT FALLS DEVELOPMENT AUTHORITY, INC.
GREAT FALLS, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

contract. First, each grant or contract now has at least three staff team members responsible for report submittal and filing, the grant or contract manager, their direct supervisor, and our CFO. Second, all documents concerning each grant or contract will be stored electronically on our server and on our Sharepoint. Third, have put in place a more robust management structure to handle our rapid growth, have created an Executive Assistant position, and are creating an Accounting Assistant position to properly manage the increased administrative workload.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

GREAT FALLS, MONTANA

**STATUS OF PRIOR YEAR'S RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2022**

There were no audit findings in the June 30, 2021 audit report.