

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

GREAT FALLS, MONTANA

FINANCIAL STATEMENTS

AS OF

JUNE 30, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

Our reports are issued with the understanding that, without our consent, they may be reproduced only in their entirety. Should it be desired to issue or publish a condensation or a portion of this report and our name is to be used in connection therewith, our approval must first be secured.

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, 2023 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)	6
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)	7
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)	8
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)	9
NOTES TO THE FINANCIAL STATEMENTS	10-24
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023	25-31
STATEMENT OF REVENUES FOR THE YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022	32-33
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>GOVERNMENT AUDITING STANDARDS</i>	34-35
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	36-38
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023	39
STATUS OF PRIOR YEAR'S RECOMMENDATIONS	40



Douglas WILSON
and Company, PC

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

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

Bruce H. Gaare, CPA
Randal J. Boysun, CPA

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, 2023, 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, 2023, 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.

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

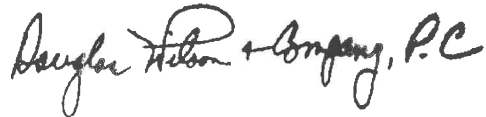
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. The 2023 and 2022 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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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 22, 2023, 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.

A handwritten signature in black ink that reads "Douglas Wilson + Company, P.C." The signature is written in a cursive, flowing style.

Great Falls, Montana
September 22, 2023

Great Falls Development Authority, Inc.
Statement of Financial Position
As of June 30, 2023
(With Comparative Totals as of June 30, 2022)

	6/30/23	6/30/22
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,994,999	\$ 2,540,715
Cash Restricted For Loans and Grants	2,523,890	1,190,117
Accounts Receivable	141,074	110,127
Accrued Interest Receivable	471,849	296,675
Due From High Plains Financial	8,271	4,476
Prepaid Insurance	-	21,180
Current Portion of Loans Receivable (Net of Allowance for Doubtful Loans of \$107,487 in 2023 and \$32,563 in 2022)	10,044,273	2,865,908
Total Current Assets	16,184,356	7,029,198
Operating Lease Right-of-Use	832,035	873,371
Furniture and Equipment, Net	25,579	46,004
Land Held For Sale - AgriTech Park	2,136,111	-
Noncurrent Assets		
Long-Term Receivables, AgriTech Park	85,538	98,264
Portion of Loans Receivable (Net of Allowance for Doubtful Loans of \$1,562,087 in 2023 and \$1,207,062 in 2022)	5,162,746	11,386,699
Total Noncurrent Assets	5,248,284	11,484,963
 Total Assets	 \$ 24,426,365	 \$ 19,433,536
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 53,543	\$ 94,115
Accrued Liabilities	178,399	157,508
Funds Held in Trust	3,426	12,097
Current Portion of Notes Payable	1,674,175	88,374
Current Portion Lease-Portage Building	42,382	41,336
Total Current Liabilities	1,951,925	393,430
Long-Term Liabilities		
Lease-Portage Building, Net of Current Portion	792,461	834,843
Notes Payable, Net of Current Portion	4,756,148	2,957,670
Total Long-Term Liabilities	5,548,609	3,792,513
 Total Liabilities	 7,500,534	 4,185,943
Net Assets		
Without Donor Restrictions	9,063,501	8,926,033
With Donor Restrictions	7,862,330	6,321,560
Total Net Assets	16,925,831	15,247,593
 Total Liabilities and Net Assets	 \$ 24,426,365	 \$ 19,433,536

See accompanying notes to financial statements.

Great Falls Development Authority, Inc.
Statement of Activities
for the Year Ended June 30, 2023
(With Comparative Totals as of June 30, 2022)

	June 30, 2023			6/30/22
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues				
Investments	\$ 481,606	\$ -	\$ 481,606	\$ 534,683
Generated Revenue				
AgriTech Park City TIF Reimbursement	317,814	-	317,814	314,092
Business Improvement District	72,848	-	72,848	35,000
FADC, PTAC, SBDC & SBDC CARES	376,542	1,890	378,432	386,325
HPF Management	18,000	-	18,000	22,000
Lending Interest & Fees	574,108	528,213	1,102,321	892,061
Project Grants	1,231,062	-	1,231,062	596,414
Client Grant Management	6,600	-	6,600	-
Events & Miscellaneous	20,030	-	20,030	26,617
Sponsorships	20,000	-	20,000	21,000
PPP Loan Forgiveness	-	-	-	-
Loan Capital Grants	-	2,005,874	2,005,874	2,217,011
Total Investment and Revenues	<u>3,118,610</u>	<u>2,535,977</u>	<u>5,654,587</u>	<u>5,045,203</u>
Net Assets Released				
From Restrictions	<u>995,207</u>	<u>(995,207)</u>	<u>-</u>	<u>-</u>
Total Investment, Revenues and Reclassifications	<u>4,113,817</u>	<u>1,540,770</u>	<u>5,654,587</u>	<u>5,045,203</u>
Expenses				
Program Services				
Business Retention, Attraction & Expansion	994,282	-	994,282	1,027,550
Great Falls AgriTech Park	89,527	-	89,527	113,208
AgriTech Park TIF Reimbursement	317,815	-	317,815	314,092
Lending	1,982,513	-	1,982,513	1,295,398
Special Projects	113,346	-	113,346	131,535
Business Technical Assistance	345,293	-	345,293	451,581
Supporting Services				
Fundraising	45,105	-	45,105	39,845
Management and General	88,468	-	88,468	91,140
Total Expenses	<u>3,976,349</u>	<u>-</u>	<u>3,976,349</u>	<u>3,464,349</u>
Change in Net Assets	<u>137,468</u>	<u>1,540,770</u>	<u>1,678,238</u>	<u>1,580,854</u>
Net Assets, Beginning of Year	<u>8,926,033</u>	<u>6,321,560</u>	<u>15,247,593</u>	<u>13,666,739</u>
Net Assets, End of Year	<u><u>\$ 9,063,501</u></u>	<u><u>\$ 7,862,330</u></u>	<u><u>\$ 16,925,831</u></u>	<u><u>\$ 15,247,593</u></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, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	Program Activities				Supporting Activities			Year Ended June 30, 2022
	Business Retention Expansion & Attraction	AgriTech Park	Lending	Business Technical Assistance	Special Projects	Management and General	Fundraising	
Expenses								
Staff								
Salaries and Wages	\$ 370,244	\$ -	\$ 569,506	\$ 194,538	\$ 9,468	\$ 91,305	\$ 33,245	\$ 1,268,306
Payroll Expenses & Benefits	98,284	-	154,344	51,931	2,679	38,695	8,990	354,923
Professional Development	47,800	-	-	16,261	-	40	-	64,101
Operations								
Auto	-	-	-	-	-	11,155	-	11,155
Communication	-	-	-	1,555	-	22,329	-	23,884
Depreciation	-	-	-	-	-	26,173	-	26,173
Insurance	-	-	-	-	-	30,130	-	30,130
Meetings	-	-	-	925	-	2,781	643	4,349
Office	-	-	-	7,950	-	41,284	-	49,234
Operating Debt Interest & Fees	-	-	-	-	-	22,827	-	22,827
Professional Fees	-	-	-	-	-	56,172	-	56,172
Supplies, Computing & Copying	777	-	-	964	-	34,151	-	35,892
Miscellaneous	944	-	-	2,017	-	27,670	49	30,680
Business Development								
Marketing	63,881	-	-	-	-	-	-	63,881
Memberships & Subscriptions	90,520	-	-	3,325	-	650	2,178	96,673
Professional Fees	17,604	-	-	-	-	-	-	17,604
Publications	1,225	-	-	-	-	-	-	1,225
Travel	96,583	-	-	-	-	-	-	96,583
Lending								
Allowance for Loan Losses	-	-	429,949	-	-	-	-	429,949
Loan Capital Interest	-	-	68,483	-	-	-	-	68,483
Brownfield Loan Capital Grants	-	-	95,725	-	-	-	-	95,725
Professional Fees	-	-	472,575	-	-	-	-	472,575
Projects								
AgriTech Park	-	89,527	-	-	-	-	-	89,527
AgriTech Park TIF Reimbursement	-	317,815	-	-	-	-	-	317,815
Brownfield Assessment	-	-	-	-	101,199	-	-	101,199
Strategic Planning	55,000	-	-	-	-	-	-	55,000
Talent Attraction	92,284	-	-	-	-	-	-	92,284
Expense Allocation	59,136	-	191,931	65,827	-	(316,894)	-	92,284
Total Expenses	\$ 994,282	\$ 407,342	\$ 1,982,513	\$ 345,293	\$ 113,346	\$ 88,468	\$ 45,105	\$ 3,976,349
								\$ 3,464,349

See accompanying notes to financial statements.

Great Falls Development Authority, Inc.
Statement of Cash Flows
For The Year Ended June 30, 2023
(With Comparative Totals For The Year Ended June 30, 2022)

	6/30/23	6/30/22
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 1,678,238	\$ 1,580,854
Adjustments To Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Provision for Loan Losses	429,949	130,250
Depreciation	26,173	32,293
Amortization of Right-of-Use Asset	41,336	40,317
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(18,221)	5,696
Accrued Interest Receivable	(175,174)	(225,080)
Prepaid Insurance	21,180	(21,180)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(40,572)	81,296
Accrued Liabilities	20,891	37,597
Deferred Grant Revenues	-	-
Lease Liability	(41,336)	(40,317)
Funds Held in Trust	(8,671)	(2,042)
Due to High Plains Financial, Inc.	(3,795)	(3,743)
Net Cash Provided/(Used) By Operating Activities	1,929,998	1,615,941
Cash Flows From Investing Activities:		
Principal Payments Received on Notes Receivable	3,564,831	1,130,456
Loans Made To Third Parties	(4,949,190)	(4,044,702)
Purchase of Office Furniture and Equipment	(5,749)	(12,193)
Purchase of Land Held For Sale	(2,136,111)	-
Net Cash Provided/(Used) By Investing Activities	(3,526,219)	(2,926,439)
Cash Flows From Financing Activities:		
Advances Received on Long-Term Notes Payable	3,500,874	1,501,276
Payments Made on Long-Term Notes Payable	(116,596)	(146,908)
Net Cash Provided/(Used) By Financing Activities	3,384,278	1,354,368
Net Increase (Decrease) in Cash	1,788,057	43,870
Cash and Cash Equivalents, Beginning of Year	3,730,832	3,686,962
Cash and Cash Equivalents, End of Year	\$ 5,518,889	\$ 3,730,832
Cash is Presented in the Accompanying Statement of Financial Position as:		
Cash and Cash Equivalents	\$ 2,994,999	\$ 2,540,715
Cash Restricted For Loans and Grants	2,523,890	1,190,117
	\$ 5,518,889	\$ 3,730,832
Supplemental Information:		
Interest Paid In Cash	\$ 89,046	\$ 65,696
Interest Received in Cash	\$ 860,621	\$ 630,602

See accompanying notes to financial statements.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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's mission statement is as follows: Grow diverse economic opportunities that enhance quality of life. GFDA's Board of Directors adopted a new Economic Development Strategy in June 2023, that has four focus areas: People, Place, Opportunities, and Team. Within these four focus areas are 19 priorities and 46 actions the organization plans to undertake in 2023-2025. The GFDA Board also registered a dba, Great Falls Development Alliance.

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 2023, the U.S. Department of Defense began rebranding the PTAC program to be called APEX Accelerators. 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, 2023

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, 2022 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, 2023.

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, 2023

- 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. Loan fees and costs are recognized as income in the period the fees or costs are earned.
- 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. Land Held For Sale** – During fiscal year 2023, GFDA purchased lots in AgriTech Park that are held for sale. The land is reported on the statement of financial position at the lower of its carrying value or fair value less cost to sell. The land held for sale is actively being marketed for sale.
- K. 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 \$17,720 and \$49,747 during 2023 and 2022, respectively.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

L. 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.

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

N. 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, 2023 and 2022:

	<u>6/30/23</u>	<u>6/30/22</u>
Economic Development Administration COVID RLF	\$ 999,817	\$ 75,247
Rural Development Intermediary Relending Program	81,808	313,240
MicroBusiness Finance Program	113,232	19,608
EPA Brownfield Revolving Loan Fund	422,199	516,470
EPA Assessment Grant	285	284
Community Development Block Grant	18,417	247,839
Downtown Revolving Loan Fund	30,503	15,133
Small Business Development Program	2,810	2,296
Montana State Small Business Credit Initiative	854,559	-
USDA Meat and Poultry Intermediary Lending Program	260	-
Total	<u>\$ 2,523,890</u>	<u>\$ 1,190,117</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, 2023, the Authority had a balance of \$4,063,702 in repurchase accounts secured by government securities. There was \$1,119,360 that exceeded the FDIC limits and was not in repurchase accounts as of June 30, 2023.

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.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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 \$481,606 and \$534,683 during 2023 and 2022, respectively.

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, 2023 from \$3,627 to \$1,212,480 and bearing interest rates ranging from 0% 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, 2023 from \$51,592 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 at June 30, 2023 from \$14,331 to \$245,565 and bearing interest at rates ranging from 4% to 8%.

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) defederalized program funds. GFDA has also borrowed loan capital from private sources to capitalize the Enterprise Loan Fund. The Enterprise Fund loan portfolio contains notes receivable ranging in principal balance at June 30, 2023 from \$3,627 to \$5,145,000 and bearing interest rates ranging from 0% to 10%.

U.S. Department of Treasury Coronavirus Relief Fund - New in 2023, the Authority entered into an agreement with the City to use \$1,400,000 as loan capital to gap and bridge borrower financing needs. Repayment of loan funds will be lent to other businesses located within the Great Falls city limits. The note receivable at June 30, 2023, totaled \$1,400,000 and had an interest rate of 10%.

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 County CDBG

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

portfolio contains notes receivable ranging in principal balance at June 30, 2023 of \$9,013 to \$72,687 and interest rates ranging from 8 to 10%. The City CDBG portfolio was closed during fiscal year 2023 and all funds were returned to the City.

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, 2023 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, 2023, from \$52,116 to \$137,628 and bearing interest rates ranging from 5% to 7%.

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 for this program. Notes receivable balances range from \$14,722 to \$100,000 at June 30, 2023 and bear interest between 4% and 10%.

Montana Department of Commerce State Small Business Credit Initiative - The Authority has entered into a Montana State Small Business Credit Initiative (SSBCI) 2.0 loan program with the Montana Department of Commerce. The Montana Department of Commerce has provided \$500,000 to the Authority for loan participations for this program. At the end of the program period when the funds are defederalized, the Authority will keep 50% of the funds and 50% of the funds will be returned to the Montana Department of Commerce. Therefore, the Authority has accounted for these funds as 50% grant revenue and 50% as both an asset and a liability. Notes receivable balances range from \$119,518 to \$241,253 at June 30, 2023 and bear interest between 2% to 2.5%.

U.S. Department of Agriculture Meat & Poultry Intermediary Lending Program (MPILP) – The Authority entered into an agreement in 2023, granting them additional loan capital. No loans were originated as of June 30, 2023.

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, 2023 and 2022:

	<u>6/30/23</u>	<u>6/30/22</u>
U.S. Economic Development Administration	\$ 2,779,448	\$ 2,730,927
U.S. Economic Development Administration COVID RLF	3,439,937	4,353,595
Rural Development IRP Loans	362,317	156,161
EPA Brownfield Revolving Loan Fund	783,019	792,792
Downtown Revolving Loan Fund	278,088	290,514
Community Development Block Grant - City of Great Falls	-	194,821
Community Development Block Grant - Cascade County - EDA	81,700	17,825
MicroBusiness Loan Fund	587,890	585,376

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

<i>(Continued)</i>	6/30/23	6/30/22
Enterprise Fund	6,803,423	6,370,221
U.S. Department of Treasury Coronavirus Relief Fund	1,400,000	-
Montana State Small Business Credit Initiative	360,771	-
Total Loans Receivable	16,876,593	15,492,232
Less: Allowance for Doubtful Loans	(1,669,574)	(1,239,625)
Total Loans Receivable, Net	\$ 15,207,019	\$ 14,252,607

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, 2023 and 2022:

	6/30/23	6/30/22
Performing	\$ 14,495,214	\$ 13,110,853
Nonperforming	2,381,379	2,381,379
Total	\$ 16,876,593	\$ 15,492,232

All performing loans were current at June 30, 2023 and 2022, and those nonperforming were past due loans. For the fiscal year ending June 30, 2023, 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, 2023 and 2022.

The following table presents the changes in the allowance for loan losses and the recorded investment in loans as of June 30, 2023 and 2022:

	Performing	Non- performing	Total
Allowance for Doubtful Loans:			
Beginning Balance July 1, 2022	\$ 1,239,625	\$ -	\$ 1,239,625
Charge-Offs	-	-	-
Recoveries	-	-	-
Provision	429,949	-	429,949
Ending Balance June 30, 2023	\$ 1,669,574	\$ -	\$ 1,669,574
 Ending Balance:			
Individually Evaluated for Impairment	\$ -	\$ -	\$ -
 Ending Balance:			
Collectively Evaluated for Impairment	\$ 1,669,574	\$ -	\$ 1,669,574

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued):	Performing	Non- performing	Total
Loans Receivable:			
Ending Balance:			
Individually Evaluated for Impairment	\$ -	\$ 2,381,379	\$ 2,381,379
Ending Balance:			
Collectively Evaluated for Impairment	<u>14,495,214</u>	-	<u>14,495,214</u>
Ending Balance	<u>\$ 14,495,214</u>	<u>\$ 2,381,379</u>	<u>\$ 16,876,593</u>

	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>\$ 1,239,625</u>	<u>\$ -</u>	<u>\$ 1,239,625</u>

Ending Balance:			
Individually Evaluated for Impairment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Ending Balance:			
Collectively Evaluated for Impairment	<u>\$ 1,239,625</u>	<u>\$ -</u>	<u>\$ 1,239,625</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>13,110,853</u>
Ending Balance	<u>\$ 13,110,853</u>	<u>\$ 2,381,379</u>	<u>\$ 15,492,232</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, 2023 and 2022 of \$343,439 and \$337,691 respectively, and total accumulated depreciation at June 30, 2023 and 2022 of \$317,860 and \$291,687, respectively. Depreciation expense was \$26,173 and \$32,293 for the years ended June 30, 2023 and 2022, respectively.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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. If utilized, these funds will be cash secured with a CD that matches the term of the balloon which typically will be 5 years with a 20-year amortization, with the rate being 2% over the CD rate. There was no outstanding balance on the line of credit at June 30, 2023.

NOTE 9: ACCRUED LIABILITIES:

Accrued liabilities consist of the following at June 30, 2023 and 2022:

	<u>6/30/23</u>	<u>6/30/22</u>
Compensation	\$ 138,138	\$ 117,407
Payroll Taxes and Benefits	10,754	3,339
Accrued Real Estate Taxes	18,233	27,752
Interest and Servicing Fees	11,274	9,010
Total	<u>\$ 178,399</u>	<u>\$ 157,508</u>

NOTE 10: NOTES PAYABLE:

Notes Payable at June 30, 2023 and 2022 consist of the following:

	<u>6/30/23</u>	<u>6/30/22</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

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

(Continued)

	6/30/23	6/30/22
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.	316,592	344,980
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.	77,853	83,816
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
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	500,000
CNote Group, Inc.: June 25, 2021, 3.5% interest, payments don't 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	1,001,276
Montana Board of Investments: dated June 3, 2022, 2% interest, quarterly interest only payments. Note is due June 3, 2052 and is secured by assignment of loans receivable derived from the proceeds. Additional draws on this loan can still be made, up to \$500,000.	295,000	-
U.S. Bancorp Community Development Corporation: dated August 11, 2022, 2.74% interest, quarterly interest only payments. Note is due August 11, 2025; the maturity date may be extended for one year, up to three times.	1,000,000	-

GREAT FALLS DEVELOPMENT AUTHORITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

(Continued)

Montana Department of Commerce: dated September 1, 2022, no interest revolving loan for the Montana State Small Business Initiative (SSBCI) 2.0 loan program. The end date of the program is undermined; upon determination of satisfactory performance and completion of the program, 50% of the funds will no longer carry federal identity and will be related to unrestricted funds.

6/30/23

6/30/22

605,874

-

First Interstate Bank: dated September 2, 2022, 4.5% interest, 59 payments of \$4,619 due monthly and 1 payment of \$608,260 due at maturity on September 2, 2027. The loan is secured with purchased land in AgriTech Park.

712,652

-

First Interstate Bank: dated December 23, 2022, 6.10% interest, 59 payments of \$4,133 due monthly and 1 payment of \$217,385 due at maturity on January 1, 2028. The loan is secured with purchased land in AgriTech Park.

359,126

-

First Interstate Bank: dated May 23, 2023, 7.25% interest, 60 payments of \$9,980 due monthly until maturity on June 1, 2028. The loan is secured with a commercial security agreement.

500,000

-

6,430,323

3,046,044

Less: Current Portion

(1,674,175)

(88,374)

\$ 4,756,148 \$ 2,957,670

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

<u>June 30,</u>	
2024	\$ 1,674,175
2025	190,937
2026	1,201,521
2027	212,808
2028	1,004,927
Thereafter	2,145,955
	<u>\$ 6,430,323</u>

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.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

These assets are available for use for the requirements outlined in the grant award documents. Assets released from restriction in 2023 were through satisfaction of grantor requirements.

Net assets with donor restrictions at June 30, 2023 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:

	6/30/23	6/30/22
Subject to Expenditure for Specified Purposes:		
Making Loans to Third Parties	\$ 7,861,314	\$ 6,321,058
SBDC Training	1,016	502
Total Net Assets With Donor Restrictions	\$ 7,862,330	\$ 6,321,560

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purpose during the year ended June 30, 2023 and 2022:

	6/30/23	6/30/22
Purpose Restrictions Accomplished:		
Loans and Costs Associated with Lending	\$ 663,352	\$ 613,460
City CBDG Revolving Loan Fund Payback	330,479	-
SBDC Training	1,376	9,693
	\$ 995,207	\$ 623,153

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, 2023

Management has identified the following assets as of June 30, 2023 as available for general expenditures within one year of the statement of financial position date:

	<u>6/30/23</u>
Financial Assets at Year-End:	
Cash and cash equivalents	\$ 2,994,999
Accrued interest receivable	471,849
Due from High Plains Financial	<u>8,271</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u><u>\$ 3,475,119</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 \$68,830 and \$58,068 to the plan during the year ended June 30, 2023 and 2022, respectively.

NOTE 14: LEASES:

The Authority leases office space. The Authority determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and current portion lease-portage building and long-term liabilities lease-portage building on the statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of the lease payments over the lease term. This lease does not provide an implicit rate, so the incremental borrowing rate was used based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate used at the commencement date was 2.5%. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease has lease and non-lease components, and these are accounted for as a single lease component.

The Authority entered into an office space lease effective December 1, 2018. The monthly rent is \$5,231 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 \$5,658 per month. Office rent paid during the year ended June 30, 2023 and 2022 was \$62,769 and \$62,769, respectfully. The amounts recognized on the statement of financial position as of June 30, 2023 and 2022 for the right-of-use asset totals \$832,035 and \$873,371 and the associated lease liability totals \$834,843 and \$876,179, respectively.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Total cash flows related to operating leases totaled \$62,769 for the year ended June 30, 2023. The weighted average discount rate and weighted average remaining lease term at June 30, 2023 was 2.5% and 195 months, respectively.

The following shows a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2023:

<u>June 30,</u>	
2024	\$ 62,769
2025	62,769
2026	62,769
2027	62,769
2028	62,769
Thereafter	<u>694,592</u>
	1,008,437
Less: amount representing interest/lease expense	<u>173,594</u>
Present value of lease payments	<u><u>\$ 834,843</u></u>

Any leases that have an enforceable term of 12 months or less are treated as short-term leases, which are not capitalized but are expensed on a straight-line basis.

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 \$18,000 and \$22,000 for the years ended June 30, 2023 and 2022, respectively. High Plains Financial, Inc. owed the Authority \$8,271 and 4,476 as June 30, 2023 and 2022, respectively.

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

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023 and 2022. TIF funds totaling \$317,814 and \$314,092 were received from the City as of June 30, 2023 and 2022, 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.

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 22, 2023, the date these financial statements were available to be issued.

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or Pass Through Number</u>	<u>Federal Expenditures</u>
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	\$ 4,614,091
			<u>4,614,091</u>
U. S. Department of Housing and Urban Development			
Pass Through from Cascade County, Montana			
Community Development Block Grant Program			
Outstanding Loans	14.218		17,825
New Loans	14.218		74,000
Cash Balance Available	14.218		16,012
Administrative Costs	14.218		-
Pass Through from City of Great Falls, Montana			
Outstanding Loans	14.218		194,820
New Loans	14.218		-
Cash Balance Available	14.218		2,405
Administrative Costs	14.218		6,508
			<u>311,570</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	SP4800-21-2-2122; SP-4800-22-2-2222	77,637
			<u>77,637</u>
U. S. Environmental Protection Agency			
Direct Grant			
Office of Solid Waste and Emergency Response			
Brownfield Assessment and Cleanup			
Brownfield Revolving Loan Fund - Outstanding Loans	66.818	BL-97813001	792,791
New Loans	66.818	BL-97813001	-
Brownfield Revolving Loan Fund - Subgrants Paid	66.818	BL-97813001	95,725
Brownfield Revolving Loan Fund - Cash Balance Available	66.818	BL-97813001	422,178
Brownfield Revolving Loan Grant - Administrative Costs	66.818	BL-97813001	41,159
Brownfield Assessment Grant	66.818	BF-95809510	102,293
Brownfield Revolving Loan Fund #2- Outstanding Loans	66.818	BL-96886701-0	-
New Loans Revolving Loan Fund #2	66.818	BL-96886701-0	-
Brownfield Revolving Loan Fund #2- Subgrants Paid	66.818	BL-96886701-0	-
Brownfield Revolving Loan Fund #2- Cash Balance Available	66.818	BL-96886701-0	21
Brownfield Revolving Loan Fund #2 - Administrative Costs	66.818	BL-96886701-0	53,810
			<u>1,507,977</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, 2023**

<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. S. Small Business Administration			
Pass Through Montana Department of Commerce			
Small Business Development Center	59.037	21-51-073 23; 21-51-073 22	\$ 67,778
Small Business Development Center, CARES Act 2020	59.037	20-51-145D	23,383
			<u>91,161</u>
U.S. Department of Treasury			
Direct Grant			
Community Development Financial Institutions (CDFI) Program RRP	21.024	21RRP057199	94,276
CDFI Program	21.020	211FA058137	50,020
CDFI Program	21.020	201FA054510	30,000
CDFI Outstanding Loan	21.020	211FA058137	500,000
CDFI Outstanding Loan	21.020	201FA054510	280,975
			<u>955,271</u>
U.S. Department of Treasury			
Pass Through from the City of Great Falls			
Coronavirus Relief Fund			
Outstanding Loans	21.019	CRGFDA01	-
New Loans	21.019	CRGFDA01	1,400,000
Cash Balance Available	21.019	CRGFDA01	-
Administrative Costs	21.019	CRGFDA01	-
			<u>1,400,000</u>
Total U.S. Department of Treasury			<u>2,355,271</u>
U.S. Department of Agriculture			
Direct Grant			
Intermediary Relending Program (IRP)			
Outstanding Loans	10.767		156,161
New Loans	10.767		250,000
Cash Balance Available	10.767		81,808
Administrative Costs	10.767		10,348
			<u>498,317</u>
U.S. Department of Agriculture			
Direct Grant			
Rural Development Meat & Poultry			
Intermediary Lending Program (MPILP)			
Outstanding Loans	10.382		-
New Loans	10.382		-
Cash Balance Available	10.382		260
Administrative Costs	10.382		25,126
			<u>25,386</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, 2023**

<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.S. Department of Agriculture			
Pass Through Montana Department of Agriculture			
Agriculture Marketing Service			
Specialty Crop Block Grant Program	10.170	21SCBPMT1081	<u>65,707</u>
Total U.S. Department of Agriculture			<u>589,410</u>
Total Expenditures of Federal Awards			<u><u>\$ 9,547,117</u></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, 2023**

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 \$56,317 and Procurement Technical Assistance Center Program in the amount of \$41,217.

NOTE 3: ECONOMIC DEVELOPMENT ADMINISTRATION REVOLVING LOANS:

The Authority made one loan 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, 2023.

EDA COVID RLF:

Outstanding Loans, June 30, 2023:	\$ 3,439,938
Cash and Investment Balance	999,817
Loans Written Off During the Year	-
Administrative Costs	174,336
	\$ 4,614,091
Total Federal Share	\$ 4,829,000
Total Award	\$ 4,829,000
Calculated Federal Share	100%
Calculated SEFA Total	\$ 4,614,091

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). There were no loan advances during the year. Subgrants awarded to two recipients during the year totaled \$95,725.

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

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

The following is a summary of loan activity for the year ended June 30, 2023:

Outstanding Loans, July 1, 2022	\$ 792,791
Advances Made on New Loans During the Year	-
Principal Payments Received on Loans During the Year	(9,773)
Outstanding Loans, June 30, 2023	<u>\$ 783,018</u>
Costs of Administration:	
Salaries and Wages	\$ 18,983
Payroll Taxes and Benefits	5,115
Other Costs of Administration	17,061
	<u>\$ 41,159</u>

NOTE 5: EPA BROWNFIELD REVOLVING LOAN FUND #2:

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). There were no loan advances during the year and

The following is a summary of loan activity for the year ended June 30, 2023:

Outstanding Loans, July 1, 2022	\$ -
Advances Made on New Loans During the Year	-
Principal Payments Received on Loans During the Year	-
Outstanding Loans, June 30, 2023	<u>\$ -</u>
Costs of Administration:	
Salaries and Wages	\$ 31,112
Payroll Taxes and Benefits	8,808
Other Costs of Administration	13,890
	<u>\$ 53,810</u>

NOTE 6: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:

The Authority made no loans on business projects during the fiscal year ended June 30, 2023 with City CDBG funds. The City CDBG funds were returned to the City of Great Falls. The following is a summary of loan activity for the year ended June 30, 2023:

City CDBG:

Outstanding Loans, July 1, 2022	\$ 194,820
Advances Made on New Loans During the Year	-
Loans Written Off During the Year	-
Principal Payments Received on Loans During the Year	(194,820)
Outstanding Loans, June 30, 2023	<u>\$ -</u>

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 6: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Continued):

Costs of Administration:	
Salaries and Wages	\$ 4,328
Payroll Taxes and Benefits	1,170
Other Costs of Administration	1,010
	\$ 6,508

The Authority made one loan on business projects during the fiscal year ended June 30, 2023 with County CDBG funds. The following is a summary of loan activity for the year ended June 30, 2023:

County CDBG EDA:

Outstanding Loan, July 1, 2022	\$ 17,825
Advances Made on New Loans During the Year	74,000
Principal Payments Received on Loan During the Year	(10,125)
Outstanding Loan, June 30, 2023	\$ 81,700

Costs of Administration:

Salaries and Wages	\$ -
Payroll Taxes and Benefits	-
Other Costs of Administration	-
	\$ -

NOTE 7: U.S. DEPARTMENT OF AGRICULTURE:

The Authority made one loan on business projects during the fiscal year ended June 30, 2023 with IRP funds. The following is a summary of loan activity for the year ended June 30, 2023:

Outstanding Loans, July 1, 2022	\$ 156,161
Advances Made on New Loans During the Year	250,000
Principal Payments Received on Loans During the Year	(43,844)
Outstanding Loans, June 30, 2023	\$ 362,317

Costs of Administration:

Salaries and Wages	\$ 5,629
Payroll Taxes and Benefits	1,545
Other Costs of Administration	3,174
	\$ 10,348

**NOTE 8: U.S. DEPARTMENT OF AGRICULTURE MEAT & POULTRY
INTERMEDIARY LENDING PROGRAM (MPILP):**

The Authority made no loans on business projects during the fiscal year ended June 30, 2023 with MPILP funds. The following is a summary of loan activity for the year ended June 30, 2023:

Outstanding Loans, July 1, 2022	\$ -
Advances Made on New Loans During the Year	-
Principal Payments Received on Loans During the Year	-
Outstanding Loans, June 30, 2023	\$ -

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 8: U.S. DEPARTMENT OF AGRICULTURE MEAT & POULTRY
INTERMEDIARY LENDING PROGRAM (MPILP) (Continued) :**

Costs of Administration:	
Salaries and Wages	\$ -
Payroll Taxes and Benefits	-
Other Costs of Administration	25,126
	\$ 25,126

NOTE 9: U.S. DEPARTMENT OF TREASURY:

The Authority made one loan on business projects during the fiscal year ended June 30, 2023 with City RLF COVID Relief funds. The following is a summary of loan activity for the year ended June 30, 2023:

Outstanding Loans, July 1, 2022	\$ -
Advances Made on New Loans During the Year	1,400,000
Principal Payments Received on Loans During the Year	-
Outstanding Loans, June 30, 2023	\$ 1,400,000

Costs of Administration:	
Salaries and Wages	\$ -
Payroll Taxes and Benefits	-
Other Costs of Administration	-
	\$ -

NOTE 10: 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, 2023

	Program Activities				Supporting Activities			
	Business Retention & Expansion & Attraction	AgriTech Park	Lending	Business Technical Assistance	Special Projects	Management and General	Fundraising	Total
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 481,606	\$ 481,606
Investment	-	-	-	-	-	-	-	-
AgriTech Park City	-	317,814	-	-	-	-	-	317,814
TIF Reimbursement	-	-	-	-	-	-	-	-
Business Improvement District	72,848	-	-	-	-	-	-	72,848
FADC, PTAC, SBDC & SBDC CARES	137,258	-	-	241,174	-	-	-	378,432
HPF Management	-	-	-	-	-	18,000	-	18,000
Lending Interest & Fees	-	-	1,051,522	-	-	50,799	-	1,102,321
Project Grants	-	1,000,000	78,768	-	102,294	50,000	-	1,231,062
Client Grant Management	-	-	-	-	-	6,600	-	6,600
Events & Miscellaneous	5,589	-	-	-	-	14,441	-	20,030
Sponsorships	20,000	-	-	-	-	-	-	20,000
PPP Loan Forgiveness	-	-	-	-	-	-	-	-
Loan Capital Grants	-	-	2,005,874	-	-	-	-	2,005,874
Total Revenue	\$ 235,695	\$ 1,317,814	\$ 3,136,164	\$ 241,174	\$ 102,294	\$ 139,840	\$ 481,606	\$ 5,654,587

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

	Program Activities					Supporting Activities			Total
	Business Retention Expansion & Attraction	AgriTech Park	Lending	Business Technical Assistance	Special Projects	Management and General	Fundraising		
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 534,683
Investment	-	-	-	-	-	-	-	-	-
AgriTech Park City	-	314,092	-	-	-	-	-	-	314,092
TIF Reimbursement	-	-	-	-	-	-	-	-	-
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	\$ 534,683	\$ -	\$ 5,045,203

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

Bruce H. Gaare, CPA
Randal J. Boysun, 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, 2023, 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 22, 2023.

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.

Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "Douglas Wilson + Company, P.C." The signature is written in a cursive, flowing style.

Great Falls, Montana
September 22, 2023



Douglas WILSON
and Company, PC

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

Bruce H. Gaare, CPA
Randal J. Boysun, CPA

Board of Directors
Great Falls Development Authority, Inc.
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, 2023. 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, 2023.

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.

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.

Report on Internal Control Over Compliance

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

requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

A handwritten signature in black ink that reads "Douglas Wilson + Company, P.C." The signature is written in a cursive, flowing style.

Great Falls, Montana
September 22, 2023

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

GREAT FALLS, MONTANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

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 X No

Significant deficiencies identified not considered
to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified not considered
to be material weakness(es)? _____ Yes X 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 X No

Identification of major programs:

Assistance Listing Number
21.019
11.307

Name of Federal Program or Cluster
Coronavirus Relief Fund
Economic Development Administration Coronavirus Aid, Relief,
And Economic Security (CARES) Act Revolving Loan Fund

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

\$750,000

Auditee qualified as low-risk auditee?

X Yes _____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

GREAT FALLS, MONTANA

**STATUS OF PRIOR YEAR'S RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2023**

There were no audit findings in the June 30, 2022 audit report.