

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

GREAT FALLS, MONTANA

FINANCIAL STATEMENTS

AS OF

JUNE 30, 2015

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

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Douglas Wilson & Company, P.C.

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Great Falls, Montana

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Great Falls Development Authority, Inc., "the Authority" (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2015, 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.

Other Matters

Report on Summarized Comparative Information

We have previously audited Great Falls Development Authority, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other 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 Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2015, on our consideration of Great Falls Development Authority, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Great Falls Development Authority, Inc.'s internal control over financial reporting and compliance.



Great Falls, Montana
September 21, 2015

Great Falls Development Authority, Inc.
Statement of Financial Position
As of June 30, 2015
(With Comparative Totals as of June 30, 2014)

	2015	2014
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 157,950	\$ 31,629
Cash Restricted For Loans and Grants	1,219,292	3,200,700
Accounts Receivable	114,909	33,103
Accrued Interest Receivable	33,700	19,469
Current Portion of Loans Receivable (Net of Allowance for Doubtful Loans of \$22,100 in 2015 and 2014)	393,121	401,326
Total Current Assets	1,918,972	3,686,227
Furniture and Equipment, Net	17,685	27,897
Noncurrent Portion of Loans Receivable (Net of Allowance for Doubtful Loans of \$352,900 in 2015 and \$316,500 in 2014)	6,454,838	4,561,291
Total Assets	\$ 8,391,495	\$ 8,275,415
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 234,846	\$ 98,944
Accrued Liabilities	103,466	98,906
Deferred Grant Revenues	-	36,680
Due To High Plains Financial	12,689	11,145
Current Portion of Notes Payable	615,153	112,246
Total Current Liabilities	966,154	357,921
Long-Term Liabilities		
Notes Payable, Net of Current Portion	499,532	996,721
Net Assets		
Unrestricted	243,957	254,305
Temporarily Restricted	2,062,234	2,065,616
Permanently Restricted	4,619,618	4,600,852
Total Net Assets	6,925,809	6,920,773
Total Liabilities and Net Assets	\$ 8,391,495	\$ 8,275,415

See accompanying notes to financial statements.

Great Falls Development Authority, Inc.
Statement of Activities
For The Year Ended June 30, 2015
(With Comparative Totals For The Year Ended June 30, 2014)

	2015			Total	2014
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and Revenues					
Private Support	\$ 420,238	\$ -	\$ -	\$ 420,238	\$ 409,695
Sponsorships	19,000	-	-	19,000	
Public Support	50,000	-	-	50,000	50,000
Total Support	489,238	-	-	489,238	459,695
Grants	-	131,008	-	131,008	1,011,903
Contracts and Program Revenues	-	101,239	-	101,239	108,338
Interest	59,988	342,405	-	402,393	283,944
Sale of AgriTech Lots - Net of Cost	-	-	-	-	79,780
TIF District Reimbursement	67,899	-	-	67,899	-
Fees and Miscellaneous Income	126,282	2,237	-	128,519	169,885
Total Support and Revenues	743,407	576,889	-	1,320,296	2,113,545
Net Assets Released					
From Restrictions	575,982	(575,982)	-	-	-
Total Support, Revenues and Reclassifications	1,319,389	907	-	1,320,296	2,113,545
Expenses					
Strategic Priorities					
Business Attraction and Expansion	45,208	-	-	45,208	149,510
Great Falls AgriTech Park	263,416	-	-	263,416	133,303
Business Technical Assistance	183,495	-	-	183,495	196,052
Fundraising	36,977	-	-	36,977	90,485
Grants	162,460	-	-	162,460	280,037
Lending and Finance	473,086	-	-	473,086	429,347
Management and General	150,618	-	-	150,618	175,243
Total Expenses	1,315,260	-	-	1,315,260	1,453,977
Change in Net Assets	4,129	907	-	5,036	659,568
Revolving Loan Fund Expenses in Excess of Earnings	(14,477)	(4,289)	18,766	-	-
Net Assets, Beginning of Year					
As Previously Stated	295,343	2,065,616	4,600,852	6,961,811	6,261,205
Prior Year Restatement	(41,038)	-	-	(41,038)	-
Net Assets, Beginning of Year As Restated	254,305	2,065,616	4,600,852	6,920,773	6,261,205
Net Assets, End of Year	\$ 243,957	\$ 2,062,234	\$ 4,619,618	\$ 6,925,809	\$ 6,920,773

See accompanying notes to financial statements.

Great Falls Development Authority, Inc.
Statement of Cash Flows
For The Year Ended June 30, 2015
(With Comparative Totals For The Year Ended June 30, 2014)

	2015	2014
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 5,036	\$ 700,606
Adjustments To Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Grants and Contracts Restricted for Long Term Purposes	-	(80,000)
Provision for Loan Losses	36,400	29,922
Depreciation	10,212	9,003
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(81,806)	(5,813)
Accrued Interest Receivable	(14,231)	(3,828)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	135,902	(137,066)
Accrued Liabilities	4,560	(18,210)
Deferred Grant Revenues	(36,680)	(28,867)
Due to High Plains Financial, Inc.	1,544	3,911
Net Cash Provided By Operating Activities	60,937	469,658
Cash Flows From Investing Activities:		
Principal Payments Received on Notes Receivable	1,569,079	2,408,091
Loans Made To Third Parties	(3,490,821)	(3,208,000)
Purchase of Office Furniture and Equipment	-	(22,219)
Net Cash Used By Investing Activities	(1,921,742)	(822,128)
Cash Flows From Financing Activities:		
Proceeds from Grants and Contracts Restricted for Long Term Purposes	-	80,000
Advances Received on Lines-of-Credit	100,000	-
Advances Received on Long-Term Notes Payable	-	90,107
Payments Made on Long-Term Notes Payable	(94,282)	(81,359)
(Increase) Decrease in Cash Restricted For Loans and Grants	1,981,408	125,356
Net Cash Provided By Financing Activities	1,987,126	214,104
Net Increase (Decrease) in Cash	126,321	(138,366)
Cash and Cash Equivalents, Beginning of Year	31,629	169,995
Cash and Cash Equivalents, End of Year	\$ 157,950	\$ 31,629
Supplemental Information:		
Interest Paid In Cash	\$ 51,436	\$ 43,674
Interest Received in Cash	\$ 388,162	\$ 280,116

See accompanying notes to financial statements.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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.

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.

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.

Unrestricted net assets represent those assets that the Authority may use at its discretion.

Temporarily restricted net assets result from contributions and other inflows of assets whose use by the Authority is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Authority pursuant to those stipulations.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

Permanently restricted net assets result from contributions and other inflows of assets whose use by the Authority is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Authority.

- B. 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.
- C. June 30, 2014 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, 2014.
- 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. Promises to Give** – 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 unrestricted, temporarily restricted or permanently restricted depending upon the existence and/or nature of donor imposed restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending upon the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

- F. 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

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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.

- G. 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.
- H. 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 five to ten years.
- I. 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 \$8,759 and \$13,942 during 2015 and 2014, respectively.
- J. Expense Allocations** – Expenses have been allocated amongst programs and/or services on the basis of actual benefit received and by estimates made by management.
- K. Income Tax Status** – The Authority is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Authority's tax returns for the years prior to 2012 are generally no longer subject to examination.
- L. 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.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Economic Development Administration	\$ 858,030	\$ 899,476
Montana Small Business Credit Initiative	83,172	1,057,191
MicroBusiness Finance Program	68,674	243,838
Community Development Financial Institutions Program	7,534	721,080
EPA Brownfield Revolving Loan Fund	25,822	23,990
Community Development Block Grant	75,977	192,344
Downtown Revolving Loan Fund	96,249	58,688
Small Business Development Program	3,834	4,093
Total	<u>\$ 1,219,292</u>	<u>\$ 3,200,700</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 a repurchase agreement with one such financial institution to collateralize funds held in excess of the insured amount. At June 30, 2015 the Authority had a balance of \$841,496 in the repurchase account secured by government securities. The total amount exceeding the FDIC limits as of June 30, 2015 total \$95,584.

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:

In 2012, the Authority implemented a "Forward Great Falls" fund-raising campaign to provide revenues to pursue strategies in accordance with the Authority's mission. Statements of intent under the Forward Great Falls campaign 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 \$489,237 and \$453,875 under the campaign during 2015 and 2014, 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, 2015 from \$17,000 to \$661,289 and bearing interest rates ranging from 4% to 10%.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

U.S. Department of Treasury – Community Development Financial Institutions (CDFI) Program – During fiscal year 2013, The Authority entered into an agreement U.S Department of Treasury CDFI Fund. The Authority received a grant of \$766,101 and a loan of \$250,000 (see Note 10) to provide financial assistance under the agreement. Two loans for a total of \$1,757,000 were made during 2015. The CDFI loan portfolio contains notes receivable ranging in principal balance at June 30, 2015 from \$34,666 to \$722,000 and bearing interest rates ranging from 6% to 8%.

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). During the fiscal year, the Authority did not draw any funds against the \$1.3 million available under this agreement. Total draws under the agreement are \$962,584 as of June 30, 2015.

The draws and available cash were disbursed for the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Loan Advances	\$ 5,821	\$ 128,000
Grants	-	263,348
Administrative Costs - Current Period	12,056	10,203
Total	<u>\$ 17,877</u>	<u>\$ 401,551</u>

Platinum, LLC has a loan balance under the agreement of \$42,266 as of June 30, 2015. The interest rate on this loan is 1%. The Arvon Block Development Venture, LLC has a loan balance under the agreement of \$122,423 as of June 30, 2015. The interest rate on this loan is 3%.

Downtown Revolving Loan Fund –The Authority received \$80,000 from the City of Great Falls during 2014. The loan portfolio contains notes receivable ranging in principal balance at June 30, 2014 from \$16,982 to \$100,000 and bearing interest rates ranging from 3.39% to 10% at June 30, 2015.

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 as of June 30, 2015. The Authority loaned out \$200,000 in 2015. Notes receivable balances range from \$43,726 to \$100,000, at June 30, 2015 and bear interest between 6.25% and 10%.

Montana Department of Commerce Small Business Credit Initiative Loan Participation Program – The Authority has an agreement with the Montana Department of Commerce for a Small Business Credit Initiative (SSBCI) Loan Participation Program. A total of \$1,178,000 was loaned out by the Authority during 2015. The SSBCI Program loan portfolio contains notes receivable ranging in principal balances at June 30, 2015 from \$46,601 to \$1,178,000 and bearing interest rates ranging from 0% to 8%. The funds granted to the Authority under this program are restricted until April 1, 2017, and have been recorded as temporarily restricted net assets. As described in further detail, below, a total of \$1,000,000 was sold as participation loans during the year.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

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, 2015 and 2014:

	2015	2014
U.S. Economic Development Administration	\$ 3,567,512	\$ 3,469,667
U.S. Treasury CDFI Fund	838,408	217,329
EPA Brownfield Revolving Loan Fund	164,709	173,731
Downtown Revolving Loan Fund	204,537	241,654
Community Development Block Grant - City of Great Falls	100,000	-
MicroBusiness Loan Fund	528,218	354,335
Small Business Credit Initiative Loan Participation Program	1,819,575	844,501
Total Loans Receivable	7,222,959	5,301,217
Less: Allowance for Doubtful Loans	(375,000)	(338,600)
Total Loans Receivable, Net	\$ 6,847,959	\$ 4,962,617

The U.S. Economic Development Administration loans are recorded net of a loan participation sold to the Montana Board of Investments. The participation is for 67.75% of loan. The amount of the participation at June 30, 2015 and 2014 was \$370,749 and \$433,782, respectively.

The U.S. Treasury CDFI Fund loans are recorded net of loan participations sold. Participations sold total approximately 58% of the loan. The amount of participations sold at June 30, 2015 totaled \$1,000,000.

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, 2015 and 2014:

	2015	2014
Performing	\$ 7,222,959	\$ 5,301,217
Nonperforming	-	-
Total	\$ 7,222,959	\$ 5,301,217

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

The following table presents the changes in the allowance for loan losses and the recorded investment in loans as of June 30, 2015 and 2014:

	<u>Performing</u>	<u>Non- performing</u>	<u>Total</u>
Allowance for Doubtful Loans:			
Beginning Balance July 1, 2013	\$ 308,678	\$ -	\$ 308,678
Charge-Offs	-	-	-
Recoveries	-	-	-
Provision	29,922	-	29,922
Ending Balance June 30, 2014	<u>\$ 338,600</u>	<u>\$ -</u>	<u>\$ 338,600</u>

	<u>Performing</u>	<u>Non- performing</u>	<u>Total</u>
Allowance for Doubtful Loans (Cont'd):			
Ending Balance:			
Individually Evaluated for Impairment	<u>\$ 338,600</u>	<u>\$ -</u>	<u>\$ 338,600</u>

Loans Receivable:			
Ending Balance:			
Individually Evaluated for Impairment	<u>\$ 5,301,217</u>	<u>\$ -</u>	<u>\$ 5,301,217</u>

Allowance for Doubtful Loans:			
Beginning Balance July 1, 2014	\$ 338,600	\$ -	\$ 338,600
Charge-Offs	-	-	-
Recoveries	-	-	-
Provision	36,400	-	36,400
Ending Balance June 30, 2015	<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ 375,000</u>

Ending Balance:			
Individually Evaluated for Impairment	<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ 375,000</u>

Loans Receivable:			
Ending Balance:			
Individually Evaluated for Impairment	<u>\$ 7,222,959</u>	<u>\$ -</u>	<u>\$ 7,222,959</u>

All loans were current at June 30, 2015 and 2014. There were no loans receivable more than ninety (90) days past due and still accruing interest at June 30, 2015 or 2014.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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, 2015 and 2014 of \$173,962 and \$173,962, respectively, and total accumulated depreciation at June 30, 2015 and 2014 of \$156,277 and \$146,065, respectively. Depreciation expense was \$10,212 and \$9,003 for the years ended June 30, 2015 and 2014, 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. These loan funds were to 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 was a floating rate based upon the Prime + 0.00% adjusting as Prime changes with a floor of 5.00%. The line-of-credit matures on January 5, 2016, and is reviewed annually to determine if future advances will be made available. There was no outstanding balance on this line of credit at June 30, 2015 and 2014.

NOTE 9: ACCRUED LIABILITIES:

Accrued liabilities consist of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Compensation	\$ 52,481	\$ 45,873
Payroll Taxes and Liabilities	1,387	2,277
Accrued Real Estate Taxes	45,000	41,038
Interest and Servicing Fees	4,598	9,718
Total	<u>\$ 103,466</u>	<u>\$ 98,906</u>

NOTE 10: NOTES PAYABLE:

Notes Payable at June 30, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</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, 2015. The initial interest rate of 2% is subject to annual adjustments, with a maximum rate of 3.25% during the loan term. The note is secured by any assets or income derived from the Authority's MicroBusiness loan program.	\$ 500,000	\$ 500,000
Wells Fargo Bank - \$200,000 loan to be used in connection with "Forward Great Falls" fundraising campaign, payable in monthly payments of \$4,617 including interest at 5.05%, maturing August 1, 2016.	80,191	113,216

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

Notes Payable at June 30, 2015 and 2014 (continued):

	<u>2015</u>	<u>2014</u>
First Interstate Bank - \$200,000 loan payable in monthly installments of \$3,800 including interest at 5%, maturing February 1, 2018. The note is secured by furniture, equipment, and accounts receivable.	124,748	164,043
First Interstate Bank - \$90,000 loan payable in monthly installments of \$2,095 including interest at 5.5%, maturing September 25, 2017. The note is secured by furniture, equipment, accounts receivable, and assignment of option to purchase real property.	59,746	81,708
U.S. Department of Treasury Community Development Financial Institutions Fund - \$250,000 loan to be used for for activities under the CDFI fund, payable in interest-only payments at 5%, maturing January 8, 2019.	250,000	250,000
First Interstate Bank - \$100,000 loan payable in a lump sum including interest at 4.5%, maturing July 18, 2016. The note is secured by an assignment of deposit account.	100,000	-
	<u>1,114,685</u>	<u>1,108,967</u>
Less: Current Portion	<u>(615,153)</u>	<u>(112,246)</u>
	<u>\$ 499,532</u>	<u>\$ 996,721</u>

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

<u>June 30,</u>	
2016	\$ 615,153
2017	93,647
2018	155,885
2019	250,000
Thereafter	-
	<u>\$ 1,114,685</u>

NOTE 11: RESTRICTIONS ON NET ASSETS:

Temporarily restricted net assets at June 30, 2015 consisted primarily of grants restricted for particular purposes and amounts restricted for use in making loans to third parties pursuant to the provisions of programs administered through the Montana Department of Commerce Small Business Credit Initiative Loan Participation Program and the United States Environmental Protection Agency.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

Permanently restricted net assets at June 30, 2015 consisted primarily of amounts restricted for use in making loans to third parties pursuant to the provisions of programs administered through the United States Economic Development Administration.

NOTE 12: 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 \$30,132 and \$33,679 to the plan during the year ended June 30, 2015 and 2014, respectively.

NOTE 13: OPERATING LEASE:

The Authority leases office space under an operating lease. Office rent paid during the year ended June 30, 2015 and 2014 was \$41,057 and \$40,759, respectively. The lease term expires in September 30, 2017.

Future minimum rental payments on the non-cancelable operating lease as of June 30, 2015 are as follows:

<u>June 30,</u>	
2016	\$ 41,057
2017	41,057
2018	10,264
	<u>\$ 92,378</u>

NOTE 14: 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 \$62,348 for 2015. The Authority owed High Plains Financial, Inc. \$12,689 and \$11,145 as of June 30, 2015 and 2014, respectively.

NOTE 15: 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.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

In accordance with ASC No. 855, the Authority, Inc. evaluated subsequent events through September 21, 2015, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 16: PRIOR PERIOD ADJUSTMENT:

A prior period adjustment has been recorded in the accompanying financial statement for the year ended June 30, 2014 to reflect an adjustment for property tax expense incurred in the prior period. As a result of this adjustment, the accompanying financial statements have been restated to conform with current year presentation and to reflect the adjustment's effect on prior year's net assets

Great Falls Development Authority, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

<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 Commerce			
Direct Grant			
Economic Development Administration			
Economic Adjustment Assistance			
Revolving Loan Funds ("RLF")			
Outstanding RLF Loans	11.307	05-89-02898	\$ 3,567,512
Cash Balance Available	11.307	05-89-02898	936,677
Administrative Costs	11.307	05-89-02898	198,300
Great Falls Regional Manufacturing Partnership	11.307	05-79-05498	88,328
			<u>4,790,817</u>
 U. S. Department of Defense			
Pass Through From State of Montana			
Defense Logistics Agency/State of Montana/ Procurement Technical Assistance Program	12.002	SP4800-12-2-1222	29,262
			<u>29,262</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-97813001-1	164,709
Brownfield Revolving Loan Fund - Cash Balance Available	66.818	BL-97813001-1	25,822
Brownfield Revolving Loan Grant - Administrative Costs	66.818	BL-97813001-1	12,056
			<u>202,587</u>
 U. S. Small Business Administration			
Pass Through Montana Department of Commerce			
Montana Department of Commerce/Small Business Development Center	59.037	11-51-005	52,849
			<u>52,849</u>
 U.S. Department of Treasury			
Direct Grant			
Community Development Financial Institutions Program			
Outstanding CDFI Loans	21.020	121FA011065	838,408
Cash Balance Available	21.020	121FA011065	7,534
Administrative Costs	21.020	121FA011065	117,702
			<u>963,644</u>
 Total Expenditures of Federal Awards			 <u>\$ 6,039,159</u>

Great Falls Development Authority, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

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 OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. 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 \$53,898; Procurement Technical Assistance Program in the amount of \$29,262; and Great Falls Regional Manufacturing Partnership in the amount of \$74,132.

NOTE 3: ECONOMIC DEVELOPMENT ADMINISTRATION REVOLVING LOANS:

The Authority made loans on one business project during the fiscal year ended June 30, 2015. The following is a summary of loan activity for the year ended June 30, 2015:

Outstanding Loans, July 1, 2014	\$ 3,469,667
Advances Made on New Loans During the Year	250,000
Loans Written Off During the Year	-
Principal Payments Received on Loans During the Year	<u>(152,155)</u>
Outstanding Loans, June 30, 2015	<u><u>\$ 3,567,512</u></u>

Costs of Administration	
Salaries and Wages	\$ 117,821
Payroll Taxes and Benefits	31,501
Other Costs of Administration	<u>48,978</u>
	<u><u>\$ 198,300</u></u>

Great Falls Development Authority, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

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 subgrants awarded during the year. The following is a summary of loan activity for the year ended June 30, 2015:

Outstanding Loans, July 1, 2014	\$ 173,731
Advances Made on New Loans During the Year	5,821
Principal Payments Received on Loans During the Year	(14,843)
Outstanding Loans, June 30, 2015	<u>\$ 164,709</u>
Costs of Administration:	
Salaries and Wages	\$ 8,735
Payroll Taxes and Benefits	2,335
Other Costs of Administration	986
	<u>\$ 12,056</u>

NOTE 5: U.S. DEPARTMENT OF TREASURY CDFI LOAN FUND:

The Authority made two loans on business projects during the fiscal year ended June 30, 2015. The following is a summary of loan activity for the year ended June 30, 2015:

Outstanding Loans, July 1, 2014	\$ 217,329
Advances Made on New Loans During the Year	1,757,000
Principal Payments Received on Loans During the Year	(135,921)
Participation Loans Sold	(1,000,000)
Outstanding Loans, June 30, 2015	<u>\$ 838,408</u>
Costs of Administration:	
Salaries and Wages	\$ 68,892
Payroll Taxes and Benefits	18,334
Other Costs of Administration	30,476
	<u>\$ 117,702</u>



Douglas **WILSON**
and Company, PC

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

Randal J. Boysun, CPA
Gerard K. Schmitz, CPA
Michael A. Diekhans, CPA
Myra L. Bakke, CPA

Douglas N. Wilson, CPA
Bruce H. Gaare, CPA
Dixie L. Swanson, CPA

**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, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2015.

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) to determine the audit procedures 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 the Organization'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 charges 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 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 cursive script that reads "Douglas Wilson + Company, P.C.".

Great Falls, Montana
September 21, 2015



Douglas **WILSON**
and Company, PC

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

Randal J. Boysun, CPA
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**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Report on Compliance for Each Major Federal Program

We have audited Great Falls Development Authority, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Great Falls Development Authority, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Great Falls Development Authority, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, Great Falls Development Authority, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Great Falls Development Authority, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Great Falls Development Authority, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Great Falls Development Authority, Inc.'s internal control over compliance.

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

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

This 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 AMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Great Falls, Montana
September 21, 2015

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

GREAT FALLS, MONTANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

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 Circular A-133,
section 510(a)? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.307	U.S. Department of Commerce – Economic Adjustment Assistance

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as low-risk auditee? 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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

No findings for the year ended June 30, 2015.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

GREAT FALLS, MONTANA

**STATUS OF PRIOR YEAR'S RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2015**

**U.S. Department of Commerce
Economic Adjustment Assistance CFDA #11.307
Year Ending June 30, 2014**

Condition: The Authority loaned revolving loan funds (RLF) to four borrowers in 2014 totaling \$2,200,000. No documentation was included in these loan files showing that the borrower had been turned down from a banking institution for the loan.

Auditor's Recommendation: We recommend that the Authority develop a method of documenting and retaining support for the bank turn-down letter prior to issuing RLF loans to borrowers.

Implementation Status: Implemented

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

GREAT FALLS, MONTANA

**STATUS OF PRIOR YEAR'S RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2015**

**Credit Card Payable Balances
Year Ending June 30, 2014**

Condition: The credit card payable balance is not routinely reconciled to the general ledger in the accounting records. As a result of audit testing we noted some credit card expenses were not recorded in the general ledger. Authority staff have credit cards, and their credit card charges were reviewed timely by the President/CEO. The President/CEO charges are to be reviewed by a board member. It was noted as a result of the audit that this review did not occur during the audit period until subsequent to year end.

Auditor's Recommendation: We recommend that the Authority 1) reconcile the credit card statements to the general ledger quarterly to ensure completeness of expenses reported in the accounting records, and 2) have the President/CEO's credit card charges reviewed by a board member.

Implementation Status: Implemented