

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

GREAT FALLS, MONTANA

FINANCIAL STATEMENTS

AS OF

JUNE 30, 2025

*(WITH COMPARATIVE TOTALS FOR
THE YEAR ENDED JUNE 30, 2024)*

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Douglas Wilson & Company, P.C.

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

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, 2025, 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, 2025, 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 2025 and 2024 statements of revenues are presented for the purposes of additional analysis and are 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.

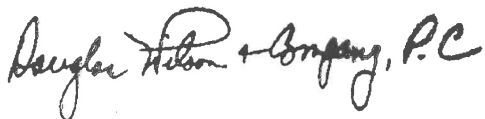
The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures by auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the statements 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, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, 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 March 17, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Great Falls, Montana
March 17, 2026

Great Falls Development Authority, Inc.
Statement of Financial Position
As of June 30, 2025
(With Comparative Totals as of June 30, 2024)

	6/30/25	6/30/24
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 6,079,890	\$ 2,717,384
Cash Restricted For Loans and Grants	4,614,771	2,142,104
Accounts Receivable	132,987	131,471
Accrued Interest Receivable	865,658	683,264
Due From High Plains Financial	5,797	9,597
Current Portion of Loans Receivable (Net of Allowance for Credit Losses of \$229,518 in 2025 and \$249,668 in 2024)	6,232,652	9,963,537
Total Current Assets	17,931,755	15,647,357
Operating Lease Right-of-Use	746,200	789,653
Furniture and Equipment, Net	27,172	22,743
Land Held For Sale - AgriTech Park	2,367,243	2,136,111
Noncurrent Assets		
Long-Term Receivables, AgriTech Park	58,250	71,911
Portion of Loans Receivable (Net of Allowance for Credit Losses of \$1,928,182 in 2025 and \$1,988,632 in 2024)	18,047,438	14,084,395
Total Noncurrent Assets	18,105,688	14,156,306
Total Assets	\$ 39,178,058	\$ 32,752,170
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 101,378	\$ 188,416
Accrued Liabilities	213,487	188,951
Funds Held in Trust	109,213	2,056
Deferred Grant Revenues	30,423	41,582
Loss Contingency	380,581	-
Current Portion of Notes Payable	233,995	192,942
Current Portion Lease-Portage Building	44,552	43,453
Total Current Liabilities	1,113,629	657,400
Long-Term Liabilities		
Lease-Portage Building, Net of Current Portion	704,456	749,008
Notes Payable, Net of Current Portion	9,794,808	8,788,979
Total Long-Term Liabilities	10,499,264	9,537,987
Total Liabilities	11,612,893	10,195,387
Net Assets		
Without Donor Restrictions	11,271,564	10,963,902
With Donor Restrictions	16,293,601	11,592,881
Total Net Assets	27,565,165	22,556,783
Total Liabilities and Net Assets	\$ 39,178,058	\$ 32,752,170

See accompanying notes to financial statements.

Great Falls Development Authority, Inc.
Statement of Activities
for the Year Ended June 30, 2025
(With Comparative Totals as of June 30, 2024)

	June 30, 2025			6/30/24
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues				
Investments	\$ 675,669	\$ -	\$ 675,669	\$ 399,621
Generated Revenue				
AgriTech Park Other Income	460,529	-	460,529	12,509
AgriTech Park City TIF Reimbursement	341,179	-	341,179	340,324
Business Improvement District	35,838	-	35,838	49,505
FADC, APEX, SBDC, SBDC, REAP	460,586	-	460,586	379,477
HPF Management	2,000	-	2,000	8,000
Lending Interest & Fees	857,519	792,454	1,649,973	1,649,130
Project Grants	417,692	130,362	548,054	975,392
Client Grant Management	-	-	-	11,400
Events & Miscellaneous	1,512	-	1,512	33,169
Sponsorships	-	-	-	18,000
Loan Capital Grants	531,250	4,421,086	4,952,336	6,070,180
Total Investment and Revenues	<u>3,783,774</u>	<u>5,343,902</u>	<u>9,127,676</u>	<u>9,946,707</u>
Net Assets Released				
From Restrictions	<u>643,182</u>	<u>(643,182)</u>	<u>-</u>	<u>-</u>
Total Investment, Revenues and Reclassifications	<u>4,426,956</u>	<u>4,700,720</u>	<u>9,127,676</u>	<u>9,946,707</u>
Expenses				
Program Services				
Business Retention, Attraction & Expansion	1,035,789	-	1,035,789	958,351
Great Falls AgriTech Park	183,766	-	183,766	158,832
AgriTech Park TIF Reimbursement	341,179	-	341,179	340,324
Lending	1,714,890	-	1,714,890	2,170,933
Special Projects	116,382	-	116,382	90,936
Business Technical Assistance	472,924	-	472,924	429,485
Supporting Services				
Fundraising	71,233	-	71,233	50,753
Management and General	183,131	-	183,131	116,141
Total Expenses	<u>4,119,294</u>	<u>-</u>	<u>4,119,294</u>	<u>4,315,755</u>
Change in Net Assets	<u>307,662</u>	<u>4,700,720</u>	<u>5,008,382</u>	<u>5,630,952</u>
Net Assets, Beginning of Year	<u>10,963,902</u>	<u>11,592,881</u>	<u>22,556,783</u>	<u>16,925,831</u>
Net Assets, End of Year	<u>\$ 11,271,564</u>	<u>\$ 16,293,601</u>	<u>\$ 27,565,165</u>	<u>\$ 22,556,783</u>

See accompanying notes to financial statements.

Great Falls Development Authority, Inc.
Statement of Functional Expenses
for the Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	Program Activities					Supporting Activities			Year Ended June 30, 2024
	Business Retention Expansion & Attraction	AgriTech Park	Lending	Business Technical Assistance	Special Projects	Management and General	Fundraising	Total	
Expenses									
Staff									
Salaries and Wages	\$ 298,701	\$ -	\$ 841,789	\$ 264,485	\$ 32,857	\$ 193,726	\$ 56,468	\$ 1,688,026	\$ 1,422,869
Payroll Expenses & Benefits	76,231	-	215,664	68,060	8,504	48,538	14,457	431,454	422,794
Professional Development	12,817	-	-	26,643	-	1,722	78	41,260	48,817
Operations									
Auto	-	-	-	-	-	11,520	-	11,520	11,520
Communication	-	-	-	2,131	-	23,972	-	26,103	24,094
Depreciation	-	-	-	-	-	14,189	-	14,189	11,260
Insurance	-	-	-	-	-	27,612	-	27,612	24,876
Meetings	-	-	-	3,590	-	12,731	230	16,551	8,525
Office	-	-	-	7,950	-	43,401	-	51,351	50,230
Operating Debt Interest & Fees	-	-	-	-	-	45,628	-	45,628	54,103
Professional Fees	-	-	-	2,500	-	40,351	-	42,851	46,194
Supplies, Computing & Copying	834	-	-	3,639	-	39,100	-	43,573	34,969
Miscellaneous	-	-	-	1,647	-	8,360	-	10,007	43,024
Business Development									
Marketing	126,091	-	-	1,455	-	-	-	127,546	76,550
Central MT Defense Alliance	13,818	-	-	-	-	-	-	13,818	-
Memberships & Partnerships	96,822	-	-	7,453	-	3,091	-	107,366	87,521
Professional Fees	19,587	-	-	-	-	-	-	19,587	36,418
Travel	117,045	-	-	-	-	-	-	117,045	124,271
Lending									
Allowance for Loan Losses	-	-	(80,600)	-	-	-	-	(80,600)	568,726
Loan Capital Interest	-	-	94,049	-	-	-	-	94,049	156,874
Brownfield Loan Capital Grants	-	-	-	-	-	-	-	-	181,219
Professional Fees	-	-	52,390	-	-	-	-	52,390	83,614
Settlement Expense-Loss Contingency	-	-	380,581	-	-	-	-	380,581	-
Projects									
AgriTech Park	-	183,766	-	-	-	-	-	183,766	158,832
AgriTech Park TIF Reimbursement	-	341,179	-	-	-	-	-	341,179	340,324
Brownfield Assessment	-	-	-	-	75,021	-	-	75,021	58,831
Strategic Planning	237,421	-	-	-	-	-	-	237,421	185,030
Talent Attraction	-	-	-	-	-	-	-	-	54,270
Expense Allocation	36,422	-	211,017	83,371	-	(330,810)	-	-	-
Total Expenses	\$ 1,035,789	\$ 524,945	\$ 1,714,890	\$ 472,924	\$ 116,382	\$ 183,131	\$ 71,233	\$ 4,119,294	\$ 4,315,755

See accompanying notes to financial statements.

Great Falls Development Authority, Inc.
Statement of Cash Flows
For The Year Ended June 30, 2025
(With Comparative Totals For The Year Ended June 30, 2024)

	6/30/25	6/30/24
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 5,008,382	\$ 5,630,952
Adjustments To Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Provision for Loan Losses	(80,600)	568,726
Depreciation	14,189	11,260
Amortization of Right-of-Use Asset	43,453	42,382
(Increase) Decrease in Operating Assets:		
Accounts Receivable	12,145	23,230
Accrued Interest Receivable	(182,394)	(211,415)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(87,038)	134,873
Accrued Liabilities	24,536	10,552
Loss Contingency	380,581	-
Deferred Grant Revenues	(11,159)	41,582
Lease Liability	(43,453)	(42,382)
Funds Held in Trust	107,157	(1,370)
Due to High Plains Financial	3,800	(1,326)
Net Cash Provided/(Used) By Operating Activities	5,189,599	6,207,064
Cash Flows From Investing Activities:		
Principal Payments Received on Notes Receivable	4,121,054	1,792,272
Loans Made To Third Parties	(4,272,614)	(11,201,912)
Purchase of Office Furniture and Equipment	(18,617)	(8,424)
Proceeds from Land Sale	245,568	-
Purchase of Land Held For Sale	(476,700)	-
Net Cash Provided/(Used) By Investing Activities	(401,309)	(9,418,064)
Cash Flows From Financing Activities:		
Advances Received on Long-Term Notes Payable	1,918,500	2,925,361
Payments Made on Long-Term Notes Payable	(871,617)	(373,762)
Net Cash Provided/(Used) By Financing Activities	1,046,883	2,551,599
Net Increase (Decrease) in Cash	5,835,173	(659,401)
Cash and Cash Equivalents, Beginning of Year	4,859,488	5,518,889
Cash and Cash Equivalents, End of Year	\$ 10,694,661	\$ 4,859,488
Cash is Presented in the Accompanying Statement of Financial Position as:		
Cash and Cash Equivalents	\$ 6,079,890	\$ 2,717,384
Cash Restricted For Loans and Grants	4,614,771	2,142,104
	\$ 10,694,661	\$ 4,859,488
Supplemental Information:		
Interest Paid In Cash	\$ 150,147	\$ 202,902
Interest Received in Cash	\$ 1,368,440	\$ 1,269,857

See accompanying notes to financial statements.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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 affect 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 an updated Economic Development Strategy in June 2024, with four focus areas: People, Place, Opportunities, and Team. Within these four focus areas are 19 priorities and 60 actions the organization plans to undertake in 2024-2026. 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 U.S. 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 APEX Accelerators under a contract with Big Sky EDA. The Montana APEX Accelerators program is part of the national program administered by the U.S. Department of Defense. In fiscal year 2018, the Authority began operating 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, 2025

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, 2024 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, 2024.

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 restrictions 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, 2025

- F. Grant Revenue** – The agencies that 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 credit losses 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 credit losses 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. Allowance for Credit Losses** – The Authority’s uses a risk rating process for determining the allowance for credit losses. When a loan is initially approved and closed, the Authority establishes an allowance based on the loan’s risk rating. Lower risk rated applications and loans represent a greater credit risk which is taken into account when determining the allowance. The allowance is set aside in order to guard against potential losses in the loan portfolio. The risk rating and corresponding allowance is determined during initial underwriting. Then, the risk rating may be adjusted over the life of the loan if there is subsequent improvement or deterioration in credit quality.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

The following table is used as a guideline to determine the percentage of the loan to be set aside as an allowance:

<u>Risk Rating</u>	<u>% in Allowance</u>
1 - Excellent	5%
2 - Good	10%
3 - Satisfactory	15%
4 - Special Mention	20%
5 - Substandard	30%
6 - Doubtful	50%
7 - Loss	100%

The risk rating and the corresponding allowance are reviewed quarterly or sooner, if necessary, based on changes in the company, such as changes in management, loss of major customers, notification of unfavorable judgment, etc.

Factors considered when determining the risk rating may include: chronic delinquency, non-compliance with loan covenants, decline in financial performance by the business, deterioration in collateral value, unwillingness of the borrower to communicate with the Authority, insurance cancellation notices, etc.

- J. 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.
- K. Land Held For Sale** – 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.
- L. 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 \$46,810 and \$27,640 during 2025 and 2024, respectively.
- M. 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 benefits received and by estimates made by management. The organization presents a statement of functional expenses to show categories of expenses by function.

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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, 2025 and 2024:

	<u>6/30/25</u>	<u>6/30/24</u>
Economic Development Administration COVID RLF	\$ 325,904	\$ 134,680
Rural Development Intermediary Relending Program	100,539	105,711
MicroBusiness Finance Program	298,570	268,154
EPA Brownfield Revolving Loan Fund	461,289	437,835
EPA Assessment Grant	289	288
Community Development Block Grant	39,474	33,732
Downtown Revolving Loan Fund	61,089	46,508
Small Business Development Program	182	182
Montana State Small Business Credit Initiative	898,128	1,052,862
Big Sky EDRLF	145,019	-
Tourism	2,215,342	-
USDA Meat and Poultry Intermediary Lending Program	68,946	62,152
Total	<u>\$ 4,614,771</u>	<u>\$ 2,142,104</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, 2025, the Authority had a balance of \$9,984,437 in repurchase accounts secured by government securities. There was \$248,627 that exceeded the FDIC limits and was not in repurchase accounts as of June 30, 2025. The Authority's existing loans and the market for its lending activities are concentrated in the Great Falls and north central Montana area and are subject to the economic conditions within that area.

NOTE 5: INTENTIONS TO GIVE:

The Authority undertakes fund-raising to provide revenues to pursue strategies in accordance with the Authority's mission. Statements of intent are not considered unconditional promises to give. Conditional promises to give are not recognized as assets or as revenues until such time as they

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

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become unconditional, that is, when the condition(s) upon which they depend are substantially met, i.e., payment is received. The Authority received \$675,669 and \$399,621 during 2025 and 2024, 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, 2025 from \$5,721 to \$868,798 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, 2025 from \$51,592 to \$1,987,540 and bearing interest rates ranging from 6% to 10%.

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, 2025 from \$51,895 to \$236,249 and bearing interest at 8%.

Enterprise Loan Fund – The Authority has a fund used to make loans and support economic development services that were 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, 2025 from \$3,136 to \$2,045,000 and bearing interest rates ranging from 1% to 10%.

U.S. Department of Treasury Coronavirus Relief Fund – 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 then be lent to other businesses located within the Great Falls city limits. The note receivable at June 30, 2025, 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. The Cascade County loan portfolio was used to meet the Authority's match requirements for the EDA RLF. In May 2021, the EDA RLF funds were defederalized. The County CDBG portfolio contains a note receivable with a principal balance at June 30, 2025 of \$69,932 and an interest rate of 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). Notes receivable range in principal balance at June 30, 2025 from \$76,672 to \$507,452 and bear interest rates of 3%.

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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 from \$47,007 to \$123,693 at June 30, 2025 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 \$25,000 to \$100,000 at June 30, 2025 and bear interest rates between 7.25% and 10%.

Montana Department of Commerce State Small Business Credit Initiative 2.0 Loan Participation Program – The Authority has an agreement with the Montana Department of Commerce for a State Small Business Credit Initiative 2.0 (SSBCI 2.0) Loan Participation 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 \$3,900 to \$3,000,000 at June 30, 2025 and bear interest rates between 0.5% to 3%.

U.S. Department of Agriculture Meat & Poultry Intermediary Lending Program (MPILP) – The Authority entered into agreements with the U.S. Department of Agriculture for lending. Notes receivable balances range from \$350,000 to \$1,750,000 at June 30, 2025 and bear interest rates between 4% and 5%.

Montana Department of Commerce Big Sky Economic Development Revolving Loan Fund (EDRLF) – The Authority was awarded a grant in the amount of \$530,000 to create a new RLF. The Authority has the ability to make loans to third parties pursuant to the provisions of the Big Sky Economic Development Revolving Loan Fund award with the Montana Department of Commerce. The Big Sky Economic Development Revolving Loan Fund (RLF) loan portfolio contains notes receivable ranging in principal balances from \$24,000 to \$275,000 at June 30, 2025 and bearing an interest rate of 10%.

Montana Department of Commerce Tourism Development and Enhancement Revolving Loan Fund – The Authority was awarded a grant in the amount of \$2,214,286 to create a new RLF. The Authority has the ability to make loans to third parties pursuant to the provisions of the Tourism Development and Enhancement Revolving Loan Fund award with the Montana Department of Commerce. As of June 30, 2025, no loans have been issued under this program.

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 on June 30, 2025 and 2024:

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	6/30/25	6/30/24
U.S. Economic Development Administration	\$ 2,606,398	\$ 2,665,203
U.S. Economic Development Administration COVID RLF	4,155,493	4,335,725
Rural Development IRP Loans	288,144	313,318
EPA Brownfield Revolving Loan Fund	755,313	769,381
Downtown Revolving Loan Fund	250,858	264,917
Community Development Block Grant - Cascade County - EDA	69,932	69,932
MicroBusiness Loan Fund	458,215	479,201
Enterprise Fund	7,247,843	9,592,545
U.S. Department of Treasury Coronavirus Relief Fund	1,400,000	1,400,000
Montana State Small Business Credit Initiative	5,716,594	4,646,010
Meat and Poultry Intermediary Loan Program	3,100,000	1,750,000
Big Sky EDRLF	389,000	-
Total Loans Receivable	26,437,790	26,286,232
Less: Allowance for Doubtful Loans	(2,157,700)	(2,238,300)
Total Loans Receivable, Net	\$ 24,280,090	\$ 24,047,932

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 quarterly basis. Loans, by credit quality indicator, are as follows as of June 30, 2025 and 2024:

	6/30/25	6/30/24
Performing	\$ 23,516,384	\$ 23,638,190
Performing (Restructured)	2,281,379	2,381,379
Nonperforming	640,027	266,663
Total	\$ 26,437,790	\$ 26,286,232

All performing loans were current at June 30, 2025 and 2024, and those nonperforming were past due loans. For the fiscal year ending June 30, 2025, there were four loans totaling \$2,281,379 held by one borrower that had been restructured through a stipulation agreement. These loans are secured with first lien position on real property. Interest and late fees continue to accrue. The stipulation agreement granted GFDA the right to foreclose on the real property in July 2025, if the loans had not been fully repaid by then. In August 2025 GFDA submitted a proposed final judgement and decree to the District Court. GFDA submitted a fee application to recover legal fees to the court in September 2025. The court held a hearing in September 2025 to resolve issues involving subordinate lien holders. All submitted matters are pending before the court for determination. GFDA expects to fully recover loan principal and accrued interest and late fees, as well as legal fees.

For the fiscal year ending June 30, 2025, there were five loans totaling \$640,027 that were more than ninety days past due and still accruing interest at June 30, 2025. Of this total, four loans are held by one borrower and make up \$560,027 of the total nonperforming balance. These loans are all secured with second lien position on real property. GFDA expects to fully recover loan principal and accrued interest and late fees.

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The following table presents the changes in the allowance for loan losses and the recorded investment in loans as of June 30, 2025 and 2024:

	<u>Loans Receivable 6/30/25</u>	<u>Loans Receivable 6/30/24</u>
Allowance for Doubtful Loans:		
Beginning Balance	\$ 2,238,300	\$ 1,669,574
Charge-Offs	-	-
Recoveries	-	-
Provision	(80,600)	568,726
Ending Balance	<u>\$ 2,157,700</u>	<u>\$ 2,238,300</u>
Ending Balance:		
Individually Evaluated for Impairment	<u>\$ 335,468</u>	<u>\$ 348,511</u>
Ending Balance:		
Collectively Evaluated for Impairment	<u>\$ 1,822,232</u>	<u>\$ 1,889,789</u>
Loans Receivable:		
Ending Balance:		
Individually Evaluated for Impairment	\$ 2,921,406	\$ 2,648,042
Ending Balance:		
Collectively Evaluated for Impairment	<u>23,516,384</u>	<u>23,638,190</u>
Ending Balance	<u>\$ 26,437,790</u>	<u>\$ 26,286,232</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, 2025 and 2024 of \$370,480 and \$351,863 respectively, and total accumulated depreciation at June 30, 2025 and 2024 of \$343,308 and \$329,120 , respectively. Depreciation expense was \$14,189 and \$11,260 for the years ended June 30, 2025 and 2024, respectively.

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

GFDA has a line-of-credit with First Interstate Bank associated with its lending in the amount of \$1,000,000. If utilized, these funds will provide short term capital for lending and will be secured by all GFDA assets. The line is variable interest rate 1.000 percentage point above the prime rate. There was no outstanding balance in the line of credit at June 30, 2025.

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NOTE 9: ACCRUED LIABILITIES:

Accrued liabilities consist of the following at June 30, 2025 and 2024:

	6/30/25	6/30/24
Compensation	\$ 171,661	\$ 127,172
Payroll Taxes and Benefits	21,836	22,629
Accrued Real Estate Taxes	11,111	19,801
Interest and Servicing Fees	8,879	19,349
Total	\$ 213,487	\$ 188,951

NOTE 10: NOTES PAYABLE:

Notes Payable at June 30, 2025 and 2024 consist of the following:

	6/30/25	6/30/24
<p>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, 2027. 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.</p>	\$ 500,000	\$ 500,000
<p>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, 2034 and is secured by assignment of loans receivable derived from the proceeds.</p>	258,961	287,920
<p>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.</p>	65,566	73,306
<p>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.</p>	280,975	280,975

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Montana Board of Investments: December 1, 2020, 2.00% interest. 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.	269,005	278,987
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, 4.5% and 4.8% interest, payments don't start until 2024. Three separate notes are due July 7, 2026 through November 17, 2026. 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.	814,000	814,000
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.	500,000	500,000
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	1,000,000
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 undetermined; upon determination of satisfactory performance and completion of the program, 50% of the funds will no longer carry federal identity and will be released to unrestricted funds.	3,288,368	2,836,568
First Interstate Bank: dated September 2, 2022, 4.5% interest, 59 payments of \$4,619 due monthly and 1 payment of \$213,685 due at maturity on September 2, 2027. The loan is secured with purchased land in AgriTech Park.	301,175	689,150
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.	-	330,884

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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.	322,006	414,871
Community Development Financial Institution Fund: dated July 5, 2023, 1.39% interest, interest only payments until December 2033 then principal and interest of \$39,605 due semi-annually. Note is due July 5, 2036.	237,630	237,630
Community Benefit Financial institution, wholly owned subsidiary of Otto Bremer Trust: dated November 25, 2024. 3.5% interest, interest only payments until December 2028 then principal and interest due annually. Note is Due December 15, 2031.	1,000,000	-
First Interstate Bank: dated December 30, 2024. 7.4% interest, 60 payments of \$5,547.31 due monthly until maturity until December 5, 2029 and 1 payment of \$282,383.94 due at maturity on January 5, 2030. The loan is secured with a deed of trust.	453,487	-
Montana Board of Investments: dated March 10, 2023, 1.39% interest, quarterly interest only payments until June 30, 2026 then principal and interest due quarterly.	<u>237,630</u>	<u>237,630</u>
	10,028,803	8,981,921
Less: Current Portion	<u>(233,995)</u>	<u>(192,942)</u>
	<u>\$ 9,794,808</u>	<u>\$ 8,788,979</u>

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

<u>June 30,</u>	
2026	\$ 233,995
2027	1,060,933
2028	2,177,748
2029	352,754
2030	614,009
Thereafter	<u>5,589,364</u>
	<u>\$ 10,028,803</u>

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NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS:

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. The Authority's net assets represent restricted monies donated or restricted grants received by grantor agencies. These assets are available for use for the requirements outlined in the grant award documents. Assets released from restriction in 2025 were through satisfaction of grantor requirements.

Net assets with donor restrictions at June 30, 2025 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, Environmental Protection Agency Revolving Loan Fund, the City of Great Falls, SSBCI, Tourism Revolving Loan Fund and Big Sky Economic Development 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:

	6/30/25	6/30/24
Subject to Expenditure for Specified Purposes:		
Making Loans to Third Parties	\$ 16,293,601	\$ 11,592,881
Total Net Assets With Donor Restrictions	\$ 16,293,601	\$ 11,592,881

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purpose during the year ended June 30, 2025 and 2024:

Purpose Restrictions Accomplished:		
Loans and Costs Associated with Lending	\$ 643,182	\$ 1,078,630
SBDC Training	-	1,016
	\$ 643,182	\$ 1,079,646

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

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those without donor or other restrictions 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.

Management has identified the following assets as of June 30, 2025 as available for general expenditures within one year of the statement of financial position date:

	<u>6/30/25</u>
Financial Assets at Year-End:	
Cash and Cash Equivalents	\$ 6,079,890
Accrued Interest Receivable	865,658
Accounts Receivable	132,987
Due from High Plains Financial	<u>5,797</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u><u>\$ 7,084,332</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 and the line of credit discussed in Note 8. Management strives to maintain a minimum of six 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 \$81,317 and \$74,405 to the plan during the year ended June 30, 2025 and 2024, respectively.

NOTE 14: LEASES:

Lessee

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.

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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, 2025 and 2024 was \$62,769 and \$62,769, respectively. The amounts recognized on the statement of financial position as of June 30, 2025 and 2024 for the right-of-use asset totals \$746,200 and \$789,653 and the associated lease liability totals \$749,008 and \$792,461, respectively.

Total cash flows related to operating leases totaled \$62,769 for the year ended June 30, 2025. The weighted average discount rate and weighted average remaining lease term at June 30, 2025 was 2.5% and 159 months, respectively.

The following shows a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2025:

<u>June 30,</u>	
2026	\$ 62,769
2027	62,769
2028	62,769
2029	62,769
2030	67,893
Thereafter	<u>559,965</u>
	878,934
Less: amount representing interest/lease expense	<u>129,926</u>
Present value of lease payments	<u><u>\$ 749,008</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.

Lessor

AgriTech Park, LLC entered into a land use lease in January 2024, for \$500 a month. The lease began January 15, 2024 and ended July 15, 2024, but can be renewed on a monthly basis. No lease income was received during the fiscal year ending June 30, 2025, and this lease has been terminated. AgriTech Park, LLC entered into a farm lease agreement on March 28, 2023. The farm lease is for land use that is held by AgriTech Park, LLC as land held for sale. The lease term is September 15, 2022 through September 14, 2023 and automatically renewed for additional terms of one year unless cancelled by either party. The lessee will pay \$40 per croppable acre. If the land is sold during a lease term, the lessee shall be entitled to harvest the crop and receive 100% of the harvested crop; or the AgriTech Park, LLC shall reimburse the lessee for all of the lessee's costs and expenses associated with any growing crop on the leased lands, plus 25% of such costs and expenses, limited to no more than \$40 per croppable acre. Total income received for the year ending June 30, 2025 totaled \$9,509.

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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 \$2,000 and \$8,000 for the years ended June 30, 2025 and 2024, respectively. High Plains Financial, Inc. owed the Authority \$5,797 and \$9,597 as June 30, 2025 and 2024, respectively.

The Authority's financial statements 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 (TIF) agreement with the City of Great Falls, created a Park Tenant Association, and secured support from two early park lot buyers, Pacific Hide and Fur Depot and Montana Specialty Mills. Under the TIF agreement, the City agreed to reimburse AgriTech Park, LLC over time as the park generates property tax revenue in the TIF district. The reimbursement is limited to the amount of property tax generated before the TIF district expires. Montana Specialty Mills paid \$500,000 of water, sewer, and road improvements developed by AgriTech, LLC and transferred ownership to 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) 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, 2025 and 2024. TIF funds totaling \$341,179 and \$340,324 were received from the City as of June 30, 2025 and 2024, respectively.

NOTE 17: LOSS CONTINGENCY:

GFDA is responding to an investigation by the Office of the Inspector General relating to a loan made in a prior fiscal year. The initial investigation alleges unsupported costs of \$190,290. GFDA maintains that the alleged amount is overstated and did not consider all situations regarding the calculation of this amount. Evaluation of the investigation is ongoing, with no resolution as of the issuance of this audit report, but could result in a loss of up to double the alleged amount, \$380,581. The \$380,581 has been accrued on the financial statements as of June 30, 2025.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 18: 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 March 17, 2026, the date these financial statements were available to be issued. Subsequent events include:

- On August 29, 2025, GFDA closed a \$1,000,000 loan for loan capital from the Opportunity Finance Network. GFDA also received a \$150,000 grant from the Opportunity Finance Network on the same date.
- On December 4, 2025, GFDA purchased an additional 42 acres of land for the Great Falls AgriTech Park at \$10,000 per acre. GFDA borrowed \$420,000 from First Interstate Bank (Great Falls AgriTech Park, LLC). The loan is a five year note with monthly principal and interest payments on a five year amortization, and interest rate is variable at 2.880 percentage points above prime.

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Agency or Pass Through Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Commerce				
Direct Grant				
Economic Development Administration Economic Development Technical Assistance Program	11.303	ED23DEN0G0172	\$ 90,800	\$ -
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	4,659,953	-
Total U.S. Department of Commerce			4,750,753	-
U.S. Department of Housing and Urban Development				
Pass Through from Cascade County, Montana				
Community Development Block Grant Program				
Outstanding Loans	14.218		69,932	-
New Loans	14.218		-	-
Cash Balance Available	14.218		39,474	-
Administrative Costs	14.218		-	-
Total U.S. Department of Housing and Urban Development			109,406	-
U.S. Department of Defense				
Pass Through From Big Sky EDA				
Defense Logistics Agency/Big Sky EDA Procurement Technical Assistance Center/APEX Accelerator Program	12.002	W56KGU-23-2-0050; W56KGU-24-2-0028; W56KGU-25-2-0002	127,688	-
Total U.S. Department of Defense			127,688	-
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-97813001-1	769,380	-
Brownfield Revolving Loan Fund - New Loans	66.818	BL-97813001-1	-	-
Brownfield Revolving Loan Fund - Subrecipient Payments	66.818	BL-97813001-1	-	-
Brownfield Revolving Loan Fund - Cash Balance Available	66.818	BL-97813001-1	461,107	-
Brownfield Revolving Loan Grant - Administrative Costs	66.818	BL-97813001-1	25,247	-
Brownfield Revolving Loan Fund #2- Outstanding Loans	66.818	BL-96886701-0	-	-
Brownfield Revolving Loan Fund #2- New Loans	66.818	BL-96886701-0	-	-
Brownfield Revolving Loan Fund #2- Subrecipient Payments	66.818	BL-96886701-0	-	-
Brownfield Revolving Loan Fund #2- Cash Balance Available	66.818	BL-96886701-0	182	-
Brownfield Revolving Loan Fund #2 - Administrative Costs	66.818	BL-96886701-0	87,552	-
Brownfield Assessment Grant	66.818	BF-00115200-0	116,382	-
Total U.S. Environmental Protection Agency			1,459,850	-

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, 2025**

<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>Expenditures to Subrecipients</u>
U.S. Small Business Administration				
Pass Through Montana Department of Commerce				
Small Business Development Center	59.037	21-51-073 24A; 21-51-073 24; 21-51-073-25	91,500	-
Total U.S. Small Business Administration			<u>91,500</u>	<u>-</u>
U.S. Department of Treasury				
Direct Grant				
Community Development Financial Institutions (CDFI) Program	21.020	241FA065844	93,750	-
CDFI Outstanding Loan	21.020	211FA058137	500,000	-
CDFI Outstanding Loan	21.020	201FA054510	280,975	-
CDFI Outstanding Loan	21.020	221FA059938	237,630	-
			<u>1,112,355</u>	<u>-</u>
U.S. Department of Treasury				
Pass Through from the City of Great Falls				
Coronavirus Relief Fund				
Outstanding Loans	21.019	CRGFDA01	1,400,000	-
New Loans	21.019	CRGFDA01	-	-
Cash Balance Available	21.019	CRGFDA01	17,284	-
Administrative Costs	21.019	CRGFDA01	134,812	-
			<u>1,552,096</u>	<u>-</u>
Total U.S. Department of Treasury			<u>2,664,451</u>	<u>-</u>
U.S. Department of Agriculture				
Direct Grant				
Intermediary Relending Program (IRP)				
Outstanding Loans	10.767		313,318	-
New Loans	10.767		-	-
Cash Balance Available	10.767		100,539	-
Administrative Costs	10.767		14,236	-
			<u>428,093</u>	<u>-</u>
U.S. Department of Agriculture				
Direct Grant				
Rural Development Meat & Poultry Intermediary Lending Program (MPILP)				
Outstanding Loans	10.382		1,575,000	-
New Loans	10.382		325,000	-
Cash Balance Available	10.382		43,620	-
Administrative Costs	10.382		110,044	-
New Loans - #2 Revolving Loan Fund	10.382		900,000	-
Cash Balance Available - #2 Revolving Loan Fund	10.382		25,326	-
Administrative Costs - #2 Revolving Loan Fund	10.382		11,237	-
			<u>2,990,227</u>	<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, 2025**

<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>Expenditures to Subrecipients</u>
U.S. Department of Agriculture				
Pass Through Montana Department of Agriculture				
Agriculture Marketing Service				
Specialty Crop Block Grant Program	10.170	21SCBPMT1081; AM24SCBPMT1249	83,081	-
U.S. Department of Agriculture				
Pass Through Montana Department of Agriculture				
Rural Energy Assistance Program				
Technical Assistance Grant	10.868	24REAPTAG03	20,350	-
Total U.S. Department of Agriculture			3,521,751	-
Total Expenditures of Federal Awards			\$ 12,725,399	\$ -

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, 2025**

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 \$199,358 and APEX Accelerators Program in the amount of \$71,598.

NOTE 3: ECONOMIC DEVELOPMENT ADMINISTRATION REVOLVING LOANS:

The Authority made one loan on business projects during the fiscal year ended June 30, 2025 with EDA COVID RLF funds. The following is a summary of figures used in the SEFA calculation for the year ended June 30, 2025.

EDA COVID RLF:

Outstanding Loans, June 30, 2025:	\$ 4,155,492
Cash and Investment Balance	325,904
Loans Written Off During the Year	-
Administrative Costs	178,557
	<u>\$ 4,659,953</u>
Total Federal Share	<u>\$ 4,829,000</u>
Total Award	<u>\$ 4,829,000</u>
Calculated Federal Share	<u>100%</u>
Calculated SEFA Total	<u>\$ 4,659,953</u>

NOTE 4: EPA BROWNFIELD REVOLVING LOAN FUND:

The Authority has the ability to make loans and grants to third parties pursuant to a Brownfield Assessment and Cleanup Cooperative Agreement with the United States Environmental Protection Agency (EPA). There were no loan advances during the year and no subgrants awarded.

The following is a summary of loan activity for the year ended June 30, 2025:

Outstanding Loans, July 1, 2024	\$ 769,380
Advances Made on New Loans During the Year	-
Principal Payments Received on Loans During the Year	(14,067)
Outstanding Loans, June 30, 2025	<u>\$ 755,313</u>

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

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

Costs of Administration:	
Salaries and Wages	\$ 19,362
Payroll Taxes and Benefits	4,985
Other Costs of Administration	900
	\$ 25,247

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 no subgrants awarded.

The following is a summary of loan activity for the year ended June 30, 2025:

Outstanding Loans, July 1, 2024	\$ -
Advances Made on New Loans During the Year	-
Principal Payments Received on Loans During the Year	-
Outstanding Loans, June 30, 2025	\$ -

Costs of Administration:	
Salaries and Wages	\$ 54,630
Payroll Taxes and Benefits	14,092
Other Costs of Administration	18,830
	\$ 87,552

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

The Authority made no new loans on business projects during the fiscal year ended June 30, 2025 with County CDBG funds. The following is a summary of loan activity for the year ended June 30, 2025:

County CDBG EDA:	
Outstanding Loan, July 1, 2024	\$ 69,932
Advances Made on New Loans During the Year	-
Principal Payments Received on Loan During the Year	-
Outstanding Loan, June 30, 2025	\$ 69,932

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

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 7: U.S. DEPARTMENT OF AGRICULTURE:

The Authority made no new loans on business projects during the fiscal year ended June 30, 2025 with IRP funds. The following is a summary of loan activity for the year ended June 30, 2025:

Outstanding Loans, July 1, 2024	\$ 313,318
Advances Made on New Loans During the Year	-
Principal Payments Received on Loans During the Year	(25,174)
Outstanding Loans, June 30, 2025	\$ 288,144
Costs of Administration:	
Salaries and Wages	\$ 5,798
Payroll Taxes and Benefits	1,494
Other Costs of Administration	6,944
	\$ 14,236

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

The Authority made one loan on business projects during the fiscal year ended June 30, 2025 with MPILP funds. The following is a summary of loan activity for the year ended June 30, 2025:

Outstanding Loans, July 1, 2024	\$ 1,575,000
Advances Made on New Loans During the Year	325,000
Principal Payments Received on Loans During the Year	-
Outstanding Loans, June 30, 2025	\$ 1,900,000
Costs of Administration:	
Salaries and Wages	\$ 56,826
Payroll Taxes and Benefits	14,622
Other Costs of Administration	38,596
	\$ 110,044

**NOTE 9: U.S. DEPARTMENT OF AGRICULTURE MEAT & POULTRY
INTERMEDIARY LENDING PROGRAM (MPILP) #2:**

The Authority made one loan on business projects during the fiscal year ended June 30, 2025 with MPILP funds. The following is a summary of loan activity for the year ended June 30, 2025:

Outstanding Loans, July 1, 2024	\$ -
Advances Made on New Loans During the Year	900,000
Principal Payments Received on Loans During the Year	-
Outstanding Loans, June 30, 2025	\$ 900,000
Costs of Administration:	
Salaries and Wages	\$ -
Payroll Taxes and Benefits	-
Other Costs of Administration	11,237
	\$ 11,237

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 10: U.S. DEPARTMENT OF TREASURY:

The Authority made no loans on business projects during the fiscal year ended June 30, 2025 with City RLF COVID Relief funds. The following is a summary of loan activity for the year ended June 30, 2025:

Outstanding Loans, July 1, 2024	\$ 1,400,000
Advances Made on New Loans During the Year	-
Principal Payments Received on Loans During the Year	-
Outstanding Loans, June 30, 2025	<u>\$ 1,400,000</u>
Costs of Administration:	
Salaries and Wages	\$ 103,408
Payroll Taxes and Benefits	26,716
Other Costs of Administration	4,688
	<u>\$ 134,812</u>

NOTE 11: 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, 2025

	Program Activities					Supporting Activities			Total							
	Business Retention Expansion & Attraction	AgriTech Park	Lending	Business Technical Assistance	Special Projects	Management and General	Fundraising									
Revenue	\$	-	\$	-	\$	-	\$	675,669	\$	675,669						
Investment																
AgriTech Park City																
Other Income	-	460,529	-	-	-	-	-	-	-	460,529						
TIF Reimbursement	-	341,179	-	-	-	-	-	-	-	341,179						
Business Improvement District	35,838	-	-	-	-	-	-	-	-	35,838						
FADC, Apex, SBDC & SBBG, REAP	172,178	-	-	288,408	-	-	-	-	-	460,586						
HPF Management	-	-	-	-	-	2,000	-	-	-	2,000						
Lending Interest & Fees	-	-	1,600,522	-	-	49,451	-	-	-	1,649,973						
Project Grants	50,091	-	197,031	-	116,382	184,550	-	-	-	548,054						
Client Grant Management	-	-	-	-	-	-	-	-	-	-						
Events & Miscellaneous	1,512	-	-	-	-	-	-	-	-	1,512						
Sponsorships	-	-	-	-	-	-	-	-	-	-						
Loan Capital Grants	-	-	4,952,336	-	-	-	-	-	-	4,952,336						
Total Revenue	\$	259,619	\$	801,708	\$	6,749,889	\$	288,408	\$	116,382	\$	236,001	\$	675,669	\$	9,127,676

GREAT FALLS DEVELOPMENT AUTHORITY, INC.
STATEMENT OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Activities						Supporting Activities			Total
	Business Retention Expansion & Attraction	AgriTech Park	Lending	Business Technical Assistance	Special Projects	Management and General	Fundraising			
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investment	-	-	-	-	-	-	-	-	-	-
AgriTech Park City	-	12,509	-	-	-	-	-	-	-	12,509
Other Income	-	340,324	-	-	-	-	-	-	-	340,324
TIF Reimbursement	-	-	-	-	-	-	-	-	-	-
Business Improvement District	49,505	-	-	-	-	-	-	-	-	49,505
FADC, Apex, SBDC & SBBG, REAP	114,077	-	-	265,400	-	-	-	-	-	379,477
HPF Management	-	-	-	-	-	8,000	-	-	-	8,000
Lending Interest & Fees	-	-	1,515,138	-	-	133,992	-	-	-	1,649,130
Project Grants	11,500	-	114,617	-	90,939	758,336	-	-	-	975,392
Client Grant Management	-	-	-	-	-	11,400	-	-	-	11,400
Events & Miscellaneous	6,557	-	-	-	-	26,612	-	-	-	33,169
Sponsorships	18,000	-	-	-	-	-	-	-	-	18,000
Loan Capital Grants	-	-	6,070,180	-	-	-	-	-	-	6,070,180
Total Revenue	\$ 199,639	\$ 352,833	\$ 7,699,935	\$ 265,400	\$ 90,939	\$ 938,340	\$ 399,621	\$ -	\$ 9,946,707	



Certified Public Accountants
Since 1913

Douglas WILSON
and Company, PC

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

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

**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**

Independent Auditor's Report

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, 2025, 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 March 17, 2026.

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

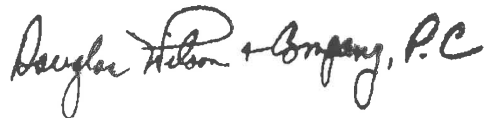
As part of obtaining reasonable assurance about whether Great Falls Development Authority, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedules of findings and questioned costs as item #2025-001.

Authority's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Great Falls, Montana
March 17, 2026



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Since 1913

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Katherine A. Durbin, CPA

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

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Independent Auditor's Report

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, 2025. 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, 2025.

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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Great Falls Development Authority, Inc.'s compliance with the requirements of each major federal program as a whole.

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item #2025-001. Our opinion on each major federal program is not modified with respect to this matter. *Government Auditing Standards* requires the auditor to perform limited procedures on Great Falls Development Authority, Inc.'s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs.

Great Falls Development Authority, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

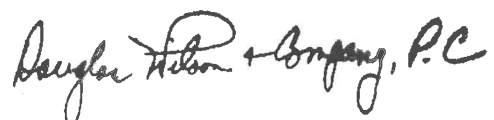
Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs in item #2025-001 to be a significant deficiency.

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

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



Great Falls, Montana
March 17, 2026

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

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)?	_X_	Yes	___	None

Reported

Type of auditor's report issued on compliance for major programs:		Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section 516?	_X_	Yes	___	No

Identification of Major Programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.020	Community Development Financial Institutions Program
66.818	Brownfields Revolving Loan Fund and Assessment Grant

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

\$750,000

Auditee qualified as low-risk auditee? _X_ Yes ___ No

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

#2025-001

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING #2025-001

Reporting

ALN 66.818: Brownfields Assessment Grant

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

Condition: For the Brownfields Assessment Grant, the Authority provided the quarterly reports for testing. We tested two of the four quarterly reports and found that not all the amounts reported agreed with the accounting records, and there was no indication of a review of the reports prior to submission.

Context: The quarterly reports were submitted, and not all amounts reported agreed to the accounting records for both the Brownfields Assessment Grant reports tested.

Effect: Original information submitted included inaccurate data. The reports should be reviewed to ensure accurate information is reported, and documentation of the review should be retained.

Questioned Costs: None.

Cause: The reasons for the differences in the reported amounts and the accounting records is a result of using the proposal amounts in the reports and not final amounts. These reports were corrected and resubmitted in September 2025 and going forward will undergo review prior to submission.

Auditor Recommendation: We recommend that the Authority retain evidence of review for all submitted reports and confirm amounts reported are supported by the accounting records.

Great Falls Development Authority Response: Rapid growth, many new staff members, and increased complexity of our organization proved that some of our procedural systems were no longer adequate to ensure compliance. We relied too much on single team members being solely responsible for reporting on some grants or contracts and needed to put in place a new management structure, better onboarding processes, more intensive staff training, and new compliance procedures.

We have put in place three measures to ensure that all reports are submitted as required and every report is accurate. First, each grant or contract now has at least three staff team members responsible for report submittal and filing, the grant or contract manager, the direct supervisor, and our CFO. Second, all documents concerning each grant or contract are stored electronically on our server and on our Sharepoint. Third, we have put in place a more robust management structure to handle our rapid growth, creating an Executive Vice President position, an Executive Assistant position, and an Accounting Assistant position to properly manage the increased management, accounting and administrative workload.

The new compliance assurance steps include:

1. All required reports, internal and external, require a coversheet that documents the review process. The coversheet contains the due date, program/grant/contract number, specific report, period of report, if the report is internal or external, and the staff lead.
2. Program Managers, Supervisors, and our Chief Financial Officer have been trained on how to verify the correct financial statements for the reporting of their specific program/grant/contract. This is a reconciliation between the program manager's financial records and GFDA's QuickBooks report, produced by our Chief Financial Officer.
3. When a report is completed the program manager signs that they have verified and approve the report, the direct supervisor also reviews and signs in approval, and the Chief Financial Officer reviews and signs in approval.
4. When the program manager submits the report to the reporting body, they copy their director supervisor, and both sign the document verifying the report was submitted. These Report Review and Approval sheets are then kept with the program/grant/contract financial documentation records thus retaining evidence of review for all submitted reports and confirming amounts reported are supported by the accounting records.

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.
STATUS OF PRIOR YEAR'S RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2025**

There were no audit findings in the June 30, 2024 audit report. The June 30, 2022 audit report included the following finding:

FINDING #2022-001

Reporting

ALN 66.818: Brownfields RLF Program and Brownfields Assessment Grant

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

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

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

Implementation Status: This finding was implemented for the Brownfields RLF Program. There were repeat issues for the Brownfields Assessment Grant. See finding #2025-001.