

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.**

**GREAT FALLS, MONTANA**

**FINANCIAL STATEMENTS**

**AS OF**

**JUNE 30, 2021**

***(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)***

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***Douglas Wilson & Company, P.C.***

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**Douglas WILSON**  
and Company, PC

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

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

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of Great Falls Development Authority, Inc., "the Authority" (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2021, 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.

## **Emphasis of Matter**

Implementation of Accounting Standards Update 2016-02, *Leases*, was adopted by Great Falls Development Authority, Inc. for the year ending June 30, 2021. This is discussed in Note 2 to the financial statements. This standard requires entities to record assets and liabilities for leases with terms of more than 12 months. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on pages 23 through 27 is presented for purposes of additional analysis and is not a required part of the financial statements. The 2021 and 2020 statements of revenues shown on pages 28 and 29 is presented for the purposes of additional analysis and it is not a required part of the financial statements.

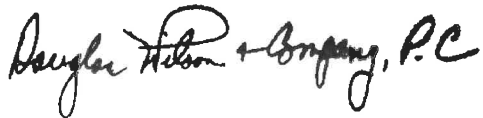
Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### *Report on Summarized Comparative Information*

We have previously audited Great Falls Development Authority, Inc.'s June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2021, on our consideration of Great Falls Development Authority, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Great Falls Development Authority, Inc.'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 Great Falls Development Authority, Inc.'s internal control over financial reporting and compliance.

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

Great Falls, Montana  
September 24, 2021

**Great Falls Development Authority, Inc.**  
**Statement of Financial Position**  
**As of June 30, 2021**  
**(With Comparative Totals as of June 30, 2020)**

	<b>6/30/21</b>	<b>6/30/20</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 1,570,400	\$ 1,188,789
Cash Restricted For Loans and Grants	2,116,562	2,416,983
Accounts Receivable	103,246	191,010
Accrued Interest Receivable	71,595	102,012
Due To High Plains Financial	733	10,544
Current Portion of Loans Receivable (Net of Allowance for Doubtful Loans of \$56,538 in 2021 and \$119,263 in 2020)	2,820,338	2,883,220
Total Current Assets	6,682,874	6,792,558
Lease Right-of-Use	913,688	-
Furniture and Equipment, Net	66,104	84,021
Noncurrent Assets		
Long-Term Receivables, AgriTech Park	110,841	127,688
Portion of Loans Receivable (Net of Allowance for Doubtful Loans of \$1,052,837 in 2021 and \$1,216,262 in 2020)	8,648,273	4,337,594
Total Noncurrent Assets	8,759,114	4,465,282
Total Assets	<b>\$ 16,421,780</b>	<b>\$ 11,341,861</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 12,819	\$ 18,522
Accrued Liabilities	119,911	144,914
Funds Held in Trust	14,139	11,903
Current Portion of Refundable Advance	-	83,750
Current Portion of Notes Payable	146,878	161,039
Current Portion Lease-Portage Building	40,317	-
Total Current Liabilities	334,064	420,128
Long-Term Liabilities		
Refundable Advance, Net of Current Portion	-	107,648
Lease-Portage Building, Net of Current Portion	876,178	-
Notes Payable, Net of Current Portion	1,544,799	1,131,756
Total Long-Term Liabilities	2,420,977	1,239,404
Total Liabilities	2,755,041	1,659,532
Net Assets		
Without Donor Restrictions	7,987,171	3,550,756
With Donor Restrictions	5,679,568	6,131,573
Total Net Assets	13,666,739	9,682,329
Total Liabilities and Net Assets	<b>\$ 16,421,780</b>	<b>\$ 11,341,861</b>

See accompanying notes to financial statements.

**Great Falls Development Authority, Inc.**  
**Statement of Activities**  
**for the Year Ended June 30, 2021**  
**(With Comparative Totals as of June 30, 2020)**

	June 30, 2021			6/30/20
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues				
Investments	\$ 412,324	\$ -	\$ 412,324	\$ 449,210
Generated Revenue				
AgriTech Park City TIF Reimbursement	420,732	-	420,732	309,962
Business Improvement District	38,156	-	38,156	18,697
FADC, PTAC, SBDC & SBDC CARES	397,048	1,641	398,689	279,762
HPF Management	24,000	-	24,000	47,000
Lending Interest & Fees	418,172	85,850	504,022	587,314
Project Grants	510,088	21,604	531,692	489,654
Client Grant Management	2,250	-	2,250	-
Events & Miscellaneous	-	-	-	4,046
Sponsorships	5,000	-	5,000	15,000
PPP Loan Forgiveness	191,398	-	191,398	-
Loan Capital Grants	319,621	3,781,138	4,100,759	870,652
Total Investment and Revenues	<u>2,738,789</u>	<u>3,890,233</u>	<u>6,629,022</u>	<u>3,071,297</u>
Net Assets Released				
From Restrictions	<u>4,342,238</u>	<u>(4,342,238)</u>	<u>-</u>	<u>-</u>
Total Investment, Revenues and Reclassifications	<u>7,081,027</u>	<u>(452,005)</u>	<u>6,629,022</u>	<u>3,071,297</u>
Expenses				
Program Services				
Business Retention, Attraction & Expansic	830,492	-	830,492	536,151
Great Falls AgriTech Park	75,150	-	75,150	186,709
AgriTech Park TIF Reimbursement	420,732	-	420,732	309,962
Lending	589,021	-	589,021	1,076,556
Special Projects	77,654	-	77,654	304,121
Business Technical Assistance	523,166	-	523,166	388,802
Supporting Services				
Fundraising	38,906	-	38,906	38,415
Management and General	89,491	-	89,491	(11,495)
Total Expenses	<u>2,644,612</u>	<u>-</u>	<u>2,644,612</u>	<u>2,829,221</u>
Change in Net Assets	<u>4,436,415</u>	<u>(452,005)</u>	<u>3,984,410</u>	<u>242,076</u>
Net Assets, Beginning of Year	<u>3,550,756</u>	<u>6,131,573</u>	<u>9,682,329</u>	<u>9,429,064</u>
Prior Period Adjustment, Correction of prior year error	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,189</u>
Net Assets, Beginning of Year Restated	<u>3,550,756</u>	<u>6,131,573</u>	<u>9,682,329</u>	<u>9,440,253</u>
Net Assets, End of Year	<u><u>\$ 7,987,171</u></u>	<u><u>\$ 5,679,568</u></u>	<u><u>\$ 13,666,739</u></u>	<u><u>\$ 9,682,329</u></u>

See accompanying notes to financial statements.

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.**  
**GREAT FALLS, MONTANA**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	Program Activities					Supporting Activities			Year Ended June 30, 2020
	Business Retention Expansion & Attraction	AgriTech Park	Lending	Business Technical Assistance	Special Projects	Management and General	Fundraising	Total	
<b>Expenses</b>									
<b>Staff</b>									
Salaries and Wages	\$ 317,704	\$ -	\$ 318,842	\$ 291,303	\$ 14,706	\$ 37,974	\$ 29,829	\$ 1,010,358	\$ 895,713
Payroll Expenses & Benefits	81,251	-	91,215	80,766	4,335	29,719	8,618	295,904	254,068
Professional Development	10,456	-	-	3,756	-	25	-	14,237	44,438
<b>Operations</b>									
Auto	-	-	-	-	-	10,789	-	10,789	10,433
Communication	17	-	-	3,851	-	14,842	-	18,710	18,228
Depreciation	-	-	-	-	-	29,304	-	29,304	26,652
Insurance	-	-	-	-	-	17,894	-	17,894	15,958
Meetings	-	-	-	7,766	-	185	459	8,410	14,096
Office	3,329	-	-	7,921	-	42,200	-	53,450	71,167
Operating Debt Interest & Fees	-	-	-	-	-	33,577	-	33,577	14,822
Professional Fees	-	-	-	-	-	63,361	-	63,361	32,420
Supplies, Computing & Copying	3,925	-	-	3,640	-	16,165	-	23,730	24,140
Miscellaneous	-	-	-	46	-	31,153	-	31,199	14,105
<b>Business Development</b>									
Marketing	31,389	-	-	10,130	-	-	-	41,519	42,259
Memberships & Subscriptions	93,212	-	-	10,954	-	1,057	-	105,223	80,992
Professional Fees	117,315	-	-	7,980	-	-	-	125,295	20,371
Publications	1,717	-	-	55	-	-	-	1,772	2,735
Travel	3,005	-	-	-	-	-	-	3,005	29,371
<b>Lending</b>									
Allowance for Loan Losses	-	-	(226,150)	-	-	-	-	(226,150)	477,050
Loan Capital Interest	-	-	23,116	-	-	-	-	23,116	19,968
Brownfield Loan Capital Grants	-	-	211,241	-	-	-	-	211,241	9,634
Professional Fees	-	-	96,100	-	-	-	-	96,100	31,067
<b>Projects</b>									
AgriTech Park	-	75,150	-	-	-	-	-	75,150	150,575
AgriTech Park TIF Reimbursement	-	420,732	-	-	-	-	-	420,732	309,962
Brownfield Assessment	-	-	-	-	58,613	-	-	58,613	218,997
Talent Attraction	98,073	-	-	-	-	-	-	98,073	-
Expense Allocation	69,099	-	74,657	94,998	-	(238,754)	-	-	-
<b>Total Expenses</b>	<b>\$ 830,492</b>	<b>\$ 495,882</b>	<b>\$ 589,021</b>	<b>\$ 523,166</b>	<b>\$ 77,654</b>	<b>\$ 89,491</b>	<b>\$ 38,906</b>	<b>\$ 2,644,612</b>	<b>\$ 2,829,221</b>

See accompanying notes to financial statements.



**Great Falls Development Authority, Inc.**  
**Statement of Cash Flows**  
**For The Year Ended June 30, 2021**  
**(With Comparative Totals For The Year Ended June 30, 2020)**

	<b>6/30/21</b>	<b>6/30/20</b>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 3,984,410	\$ 242,076
Adjustments To Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Correction of Error	-	11,189
Provision for Loan Losses	(226,150)	477,050
Depreciation	29,304	26,652
Amortization of Right-of-Use Asset	42,222	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	104,611	(153,928)
Accrued Interest Receivable	30,417	(54,187)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(5,703)	(32,292)
Accrued Liabilities	(25,003)	6,289
Deferred Grant Revenues	-	(23,852)
Lease Liability	(39,415)	-
Funds Held in Trust	2,236	2,214
Due to High Plains Financial, Inc.	9,811	(4,017)
Net Cash Provided/(Used) By Operating Activities	3,906,740	497,194
Cash Flows From Investing Activities:		
Principal Payments Received on Notes Receivable	4,154,302	2,466,125
Loans Made To Third Parties	(8,175,949)	(1,187,770)
Purchase of Office Furniture and Equipment	(11,387)	(12,286)
Net Cash Provided/(Used) By Investing Activities	(4,033,034)	1,266,069
Cash Flows From Financing Activities:		
Advances Received on Long-Term Notes Payable	561,950	191,398
Payments Made on Long-Term Notes Payable	(354,466)	(157,562)
Net Cash Provided/(Used) By Financing Activities	207,484	33,836
Net Increase (Decrease) in Cash	81,190	1,797,099
Cash and Cash Equivalents, Beginning of Year	3,605,772	1,808,673
Cash and Cash Equivalents, End of Year	<b>\$ 3,686,962</b>	<b>\$ 3,605,772</b>
Cash is Presented in the Accompanying Statement of Financial Position as:		
Cash and Cash Equivalents	\$ 1,570,400	\$ 1,188,789
Cash Restricted For Loans and Grants	2,116,562	2,416,983
	<b>\$ 3,686,962</b>	<b>\$ 3,605,772</b>
Supplemental Information:		
Interest Paid In Cash	<b>\$ 64,813</b>	<b>\$ 127,752</b>
Interest Received in Cash	<b>\$ 406,793</b>	<b>\$ 512,084</b>

See accompanying notes to financial statements.

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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**NOTE 1: GREAT FALLS DEVELOPMENT AUTHORITY, INC.:**

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

GFDA's Strategic Plan details a three-part mission and seven strategic priorities. Mission is 1) grow and diversify Great Falls regional economy; 2) create higher wage career opportunities; and 3) improve market competitiveness. Priorities include Business Startup, Retention and Expansion, Business Attraction, Commercial and Housing Development, Great Falls AgriTech Park, Workforce, Manufacturing Partnership, and Downtown and Riverfront Redevelopment.

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

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

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

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

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**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, 2020 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, 2020.

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

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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- F. Grant Revenue** - The agencies who grant funds to the Authority do not receive commensurate value in exchange for the grant; therefore, grants are a contribution. Unreimbursed grant expenditures due from grantor agencies are reported in the financial statements as receivables and revenues. Conditional grants are not recognized as income until the conditions are met. Cash received from grantor agencies in excess of related grant expenditures is recorded as deferred grant revenue on the statement of financial position for conditional grants.
- G. Accounts Receivable** – Accounts receivable include grants, contracts and other receivables and are reported at amounts management expects to collect on balances outstanding at year-end. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on experience and other factors which may affect the ability of debtors to meet their obligations to the Authority. Balances outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.
- H. Loans Receivable** – Loans receivable are the result of the Authority’s lending activities and are carried in the Statement of Financial Position at the amount management expects to collect on unpaid principal balances outstanding at year-end. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on past experience, known and inherent risks in the Authority’s loan portfolio, adverse conditions that may affect the borrower’s ability to repay, the estimated value of any underlying collateral, current economic conditions and other factors which may affect the ability of debtors to meet their obligations to the Authority. Balances outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to notes receivable. Interest income on notes receivable is recognized over the term of the notes and is calculated in accordance with the terms of the notes. Accrual of interest income is discontinued when management believes that, based upon current economic and business conditions and management’s evaluations, the borrowers’ financial condition is such that collection of interest is doubtful. Interest income is subsequently recognized to the extent cash payments are received until such time as in management’s judgment, the borrower’s ability to make periodic interest and principal payments has been restored, in which case the loan is returned to accrual status.
- I. Furniture and Equipment** – Furniture and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation. Expenditures aggregating \$500 or more are capitalized and depreciated using the straight-line basis over the estimated useful lives of the respective assets ranging from four to ten years.
- J. Advertising** – The Authority uses advertising to promote its programs and activities and to market the Great Falls region. The production costs of advertising are expensed as incurred. Advertising costs totaled \$72,253 and \$22,188 during 2021 and 2020, respectively.
- K. Expense Allocations** – The financial statements report certain categories of expenses that are attributable to more than one program or function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses have been allocated amongst programs and/or services on the basis of actual benefit received and by estimates made by management. The organization presents a statement of functional expenses to show categories of expenses by function.

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021**

- L. Income Tax Status** – The Authority is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.
- M. Contributed Services and Materials** – Contributed services are reported in the financial statements for voluntary donations of services when those services: (1) create or enhance non-financial assets, or (2) require specialized skills provided by individuals possessing those skills and are services that would be typically purchased if not provided by donation. Donated materials are recorded at their fair value at the date of the gift.
- N. Reclassifications** - Certain reclassifications have been made to the June 30, 2020 presented financial statements to conform to the June 30, 2021 presentation. Such reclassifications had no effect on previously reported amounts.
- O. Accounting Standard Changes** – The Authority implemented ASU 2016-02, *Leases (Topic 842)*. The Authority has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Authority accounted for the lease as an operating lease under the new guidance. The Authority retrospectively applied this standard to the beginning of the period of adoption. This did not affect net assets previously reported. The implementation of this standard added a right-of-use asset and a lease liability of \$955,910 to the statement of financial position. This lease liability represents the present value of the remaining lease payments of \$1,196,774, discounted using the Authority’s incremental borrowing rate of 2.5%. See additional information on the lease in Note 14.

**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, 2021 and 2020:

	<b>6/30/21</b>	<b>6/30/20</b>
Economic Development Administration	\$ -	\$ 853,205
Economic Development Administration COVID RLF	568,822	-
Rural Development Intermediary Relending Program	288,978	78,038
MicroBusiness Finance Program	167,912	93,050
EPA Brownfield Revolving Loan Fund	931,527	977,991
EPA Assessment Grant	781	46
Community Development Block Grant	147,991	264,494
Downtown Revolving Loan Fund	1,798	145,137
Small Business Development Program	8,753	5,022
Total	<b>\$ 2,116,562</b>	<b>\$ 2,416,983</b>

**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, 2021, the Authority had a balance of \$3,423,581 in the repurchase account secured by government securities. The total amount exceeding the FDIC limits as of June 30, 2021 total \$824,369.

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.**

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

**NOTE 5: INTENTIONS TO GIVE:**

The Authority undertakes fund-raising to provide revenues to pursue strategies in accordance with the Authority's mission. Statements of intent are not considered unconditional promises to give. Conditional promises to give are not recognized as assets or as revenues until such time as they become unconditional, that is, when the condition(s) upon which they depend are substantially met, i.e., payment is received. The Authority received \$412,234 and \$449,210 during 2021 and 2020, 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, 2021 from \$4,836 to \$1,491,821 and bearing interest rates ranging from 4% to 10%. Effective May 2021, these funds were defederalized. These released funds will continue to be used for carrying out economic development purposes.

**U.S. Economic Development Administration COVID RLF** – The Authority has the ability to make loans to third parties pursuant to the provisions of programs administered through the EDA. The EDA RLF loan portfolio contains notes receivable ranging in principal balance at June 30, 2021 from \$316,701 to \$1,987,540 and bearing interest rates ranging from 6% to 8%.

**IRP Loan Fund** – The Authority has the ability to make loans to third parties pursuant to the provisions of the IRP administered through the United States Department of Agriculture. The loan portfolio contains loans receivable ranging in principal balances from \$12,554 to \$86,228 at June 30, 2021. The loans receivable bear interest at rates ranging from 4% to 10% for the year ended June 30, 2021.

**Enterprise Loan Fund** – The Authority has a fund used to make loans and support economic development services that was capitalized by grants and a loan from the U.S. Department of Treasury – Community Development Financial Institution (CDFI) Program, and from grants from the Montana Department of Commerce using U.S. Department of Treasury – State Small Business Credit Initiative (SSBCI) program funds. The Enterprise Fund loan portfolio contains notes receivable ranging in principal balance at June 30, 2021 from \$24,448 to \$3,900,000 and bearing interest rates ranging from 0% to 9%.

**U.S. Department of Housing and Urban Development – Community Development Block Grant (CDBG) Program** – The Authority has entered into Community Development Block Grant revolving loan fund agreements with Cascade County and the City of Great Falls. The Cascade County loan portfolio and the City CDBG EDA RLF agreement were used to meet the Authority's match requirements for the EDA RLF. In May 2021 the EDA RLF funds were defederalized. The City CDBG RLF is a separate loan portfolio not associated with the EDA RLF. The City CDBG portfolio contains notes receivable ranging in principal balance at June 30, 2021 from \$43,840 to \$166,420 and

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.**  
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bearing interest rates from 4.5% to 7%. The County CDBG portfolio contains one note receivable with a principal balance at June 30, 2021 of \$25,801 and an interest rate of 10%.

**EPA Brownfield Revolving Loan Fund** – The Authority has the ability to make loans and grants to third parties pursuant to a Brownfield Assessment and Cleanup Cooperative Agreement with the United States Environmental Protection Agency (EPA). Notes receivable range in principal balance at June 30, 2021 from \$50,303 to \$507,452 and bear interest rates of 3%.

**Downtown Revolving Loan Fund** – In past years the Authority received a total of \$300,000 from the City of Great Falls to capitalize a downtown revitalization loan fund. The loan portfolio contains notes receivable ranging in principal balance at June 30, 2021 from \$56,661 to \$150,000 and bearing interest rates ranging from 5.00% 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. Notes receivable balances range from \$30,480 to \$100,000 at June 30, 2020 and bear interest between 4% and 10%.

The current portion of loans receivable includes only those principal payments scheduled to be received during the next fiscal year. Loans receivable issued pursuant to the provisions of programs administered through the indicated agency are as follows at June 30, 2021 and 2020:

	<u>6/30/21</u>	<u>6/30/20</u>
U.S. Economic Development Administration	\$ 3,072,166	\$ 3,413,812
U.S. Economic Development Administration COVID RLF	2,936,991	-
Rural Development IRP Loans	214,990	458,263
EPA Brownfield Revolving Loan Fund	746,814	646,264
Downtown Revolving Loan Fund	301,547	153,926
Community Development Block Grant - City of Great Falls	269,082	127,860
Community Development Block Grant - Cascade County - EDA	25,801	46,268
MicroBusiness Loan Fund	432,475	513,256
Enterprise Fund	4,578,120	3,196,690
Total Loans Receivable	<u>12,577,986</u>	<u>8,556,339</u>
Less: Allowance for Doubtful Loans	<u>(1,109,375)</u>	<u>(1,335,525)</u>
Total Loans Receivable, Net	<u><b>\$ 11,468,611</b></u>	<u><b>\$ 7,220,814</b></u>

The Authority uses payment activity as the primary credit quality indicator for loans receivable. The Authority evaluates the credit quality indicator of its loans receivable on a monthly basis. Loans, by credit quality indicator, are as follows as of June 30, 2021 and 2020:

	<u>6/30/21</u>	<u>6/30/20</u>
Performing	\$ 12,577,986	\$ 7,595,663
Nonperforming	-	960,676
Total	<u><b>\$ 12,577,986</b></u>	<u><b>\$ 8,556,339</b></u>

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

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All performing loans were current at June 30, 2021 and 2020, and those nonperforming were past due loans. For the fiscal year ending June 30, 2020, there were two loans totaling \$86,228 and \$24,448 held by the same borrower that were more than ninety days past due and still accruing interest at June 30, 2021.

The following table presents the changes in the allowance for loan losses and the recorded investment in loans as of June 30, 2021 and 2020:

	<u>Performing</u>	<u>Non- performing</u>	<u>Total</u>
<b>Allowance for Doubtful Loans:</b>			
Beginning Balance July 1, 2020	\$ 883,000	\$ 452,525	\$ 1,335,525
Charge-Offs	-	-	-
Recoveries	-	-	-
Provision	226,375	(452,525)	(226,150)
Ending Balance June 30, 2021	<u>\$ 1,109,375</u>	<u>\$ -</u>	<u>\$ 1,109,375</u>
Ending Balance:			
Individually Evaluated for Impairment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ending Balance:			
Collectively Evaluated for Impairment	<u>\$ 1,109,375</u>	<u>\$ -</u>	<u>\$ 1,109,375</u>
<b>Loans Receivable:</b>			
Ending Balance:			
Individually Evaluated for Impairment	\$ -	\$ -	\$ -
Ending Balance:			
Collectively Evaluated for Impairment	<u>12,577,986</u>	<u>-</u>	<u>12,577,986</u>
Ending Balance	<u>\$ 12,577,986</u>	<u>\$ -</u>	<u>\$ 12,577,986</u>
	<u>Performing</u>	<u>Non- performing</u>	<u>Total</u>
<b>Allowance for Doubtful Loans:</b>			
Beginning Balance July 1, 2019	\$ 858,475	\$ -	\$ 858,475
Charge-Offs	-	-	-
Recoveries	-	-	-
Provision	24,525	452,525	477,050
Ending Balance June 30, 2020	<u>\$ 883,000</u>	<u>\$ 452,525</u>	<u>\$ 1,335,525</u>
Ending Balance:			
Individually Evaluated for Impairment	<u>\$ -</u>	<u>\$ 452,525</u>	<u>\$ 452,525</u>
Ending Balance:			
Collectively Evaluated for Impairment	<u>\$ 883,000</u>	<u>\$ -</u>	<u>\$ 883,000</u>



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**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021**

	<u>Performing</u>	<u>Non- performing</u>	<u>Total</u>
<b>Allowance for Doubtful Loans (Cont'd):</b>			
<b>Loans Receivable:</b>			
Ending Balance:			
Individually Evaluated for Impairment	\$ -	\$ 960,676	\$ 960,676
Ending Balance:			
Collectively Evaluated for Impairment	<u>7,595,663</u>	<u>-</u>	<u>7,595,663</u>
Ending Balance	<u>\$ 7,595,663</u>	<u>\$ 960,676</u>	<u>\$ 8,556,339</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, 2021 and 2020 of \$325,498 and \$314,111, respectively, and total accumulated depreciation at June 30, 2021 and 2020 of \$259,394 and \$230,090, respectively. Depreciation expense was \$29,304 and \$26,652 for the years ended June 30, 2021 and 2020, respectively.

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

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

**NOTE 9: ACCRUED LIABILITIES:**

Accrued liabilities consist of the following at June 30, 2021 and 2020:

	<u>6/30/21</u>	<u>6/30/20</u>
Compensation	\$ 104,307	\$ 98,738
Payroll Taxes and Benefits	(20,546)	(3,838)
Accrued Real Estate Taxes	27,147	33,527
Interest and Servicing Fees	9,003	16,487
Total	<u>\$ 119,911</u>	<u>\$ 144,914</u>

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 10: NOTES PAYABLE:**

Notes Payable at June 30, 2021 and 2020 consist of the following:

	<u>6/30/21</u>	<u>6/30/20</u>
Montana State Department of Commerce - \$500,000 loan to be used for activities under the Montana State MicroBusiness Development Act, payable in quarterly interest-only payments, maturing December 31, 2023. The initial interest rate of 2% is subject to annual adjustments, with a maximum rate of 3.25% during the loan term. Loan rate was increased on April 1, 2018 to 2.75%. The note is secured by any assets or income derived from the	500,000	500,000
First Interstate Bank - \$300,000 loan payable in monthly installments of \$5,730 including interest at 5.50% maturing January 23, 2023. An additional \$100,000 was added to this loan in September 2018. The maturity date and interest remained the same, but the monthly installment payment increased to \$7,859. The note is secured by furniture, equipment and accounts receivable.	142,726	226,650
U.S. Department of Agriculture - Rural Development: dated October 13, 2004, 1% interest, annual payments of \$31,838, including interest. Note is due October 12, 2033 and is secured by assignment of loans receivable derived from the proceeds.	373,088	400,916
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.	89,662	95,393
Community Development Financial Institution Fund, dated September 24, 2020, 1.7% interest, payments don't start until June 2031. Note is due November 20, 2033.	280,975	-
Montana Board of Investments: December 1, 2020, 2.00% interest, payments don't start until 2024. Note is due May 30, 2050, and is secured by the pledged loans made from using Board matching funds and any direct loans made by the Intermediary.	280,975	-
	1,691,677	1,292,795
Less: Current Portion	(146,878)	(161,039)
	<u><u>\$ 1,544,799</u></u>	<u><u>\$ 1,131,756</u></u>

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Future scheduled principal maturities of notes payable for each of the next five years are as follows:

<u>June 30,</u>	
2022	\$ 146,878
2023	88,379
2024	535,406
2025	43,107
2026	43,682
Thereafter	834,225
	<u><u>\$ 1,691,677</u></u>

The PPP loan for \$191,398 was forgiven in December 2020.

**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 2021 were through satisfaction of grantor requirements.

Net assets with donor restrictions at June 30, 2021 and 2020 consisted primarily of grants restricted for particular purposes and amounts restricted for use in making loans to third parties pursuant to the provisions of the IRP loan program and the Microbusiness program. The Authority has outstanding loan balances associated with the IRP and Microbusiness programs. Once the Authority pays off these loans the remaining balances become released from restriction and will be reported as net assets without donor restrictions.

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

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

	<u>6/30/21</u>	<u>6/30/20</u>
Subject to Expenditure for Specified Purposes:		
Making Loans to Third Parties	\$5,672,609	\$6,122,146
SBDC Training	6,959	9,427
Total Net Assets With Donor Restrictions	<u><u>\$5,679,568</u></u>	<u><u>\$6,131,573</u></u>

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purpose during the year ended June 30, 2021 and 2020:

	<u>6/30/21</u>	<u>6/30/20</u>
Purpose Restrictions Accomplished:		
Loans and Costs Associated with Lending	\$ 331,194	\$ 576,021
EDA RLF Funds Defederalized	4,006,935	-
SBDC Training	4,109	13,127
	<u>\$4,342,238</u>	<u>\$ 589,148</u>

**NOTE 12: LIQUIDITY:**

The Authority regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. Financial assets available for general expenditures include only those without donor or other restriction limiting their use within one year of the statement of financial position date. General expenditures include those listed within the management and general section on the statement of activities and statement of functional expenses. Management has identified the following assets as of June 30, 2021 as available for general expenditures within one year of the statement of financial position date:

	<u>6/30/21</u>
Financial Assets at Year-End:	
Cash and cash equivalents	\$1,570,400
Accrued interest receivable	71,595
Due from High Plains Financial	733
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$1,642,728</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 with Wells Fargo and First Interstate Bank. Management strives to maintain a minimum of 6 months operating cash liquidity.

**NOTE 13: RETIREMENT PLAN:**

The Authority maintains a 401(k) profit sharing plan for its employees. The Authority contributes to the plan at the maximum rate of 6.9% of qualified compensation. The Authority contributed \$54,112 and \$42,661 to the plan during the year ended June 30, 2021 and 2020, respectively.

**NOTE 14: OPERATING LEASE:**

The Authority entered into an office space lease effective December 1, 2018. The monthly rent is \$5,230.75 and expires in September 2028. The Authority will have an option to extend the lease agreement for one additional extension term of ten years for \$5,657.75 per month. Office rent paid during the year ended June 30, 2021 and 2020 was \$62,769 and \$62,769, respectfully. The amounts recognized on the statement of financial position as of June 30, 2021 for the right-of-use asset totals \$913,688 and the associated lease liability totals \$916,495.

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

The following shows a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2021:

<u>June 30,</u>	
2022	\$ 62,769
2023	62,769
2024	62,769
2025	62,769
2026	62,769
Thereafter	820,130
	<u>1,133,975</u>
Less: amount representing interest/lease expense	<u>217,480</u>
Present value of lease payments	<u><u>\$ 916,495</u></u>

**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 \$24,000 for 2021 and \$47,000 for 2020. High Plains Financial, Inc. owed the Authority \$733 as of June 30, 2021 and \$10,544 as of June 30, 2020.

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

**NOTE 16: AGRITECH PARK INFRASTRUCTURE:**

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

Pacific Hide and Fur Depot paid for the costs of the rail line totaling \$3,129,212, and transferred all rights, title and interest on the rail line to AgriTech Park, LLC. AgriTech Park, LLC then transferred the rail line to Great Falls AgriTech Park Owners Association, LLC for \$10. The Park Owners Association intends and desires to own and operate the rail line. A promissory note was

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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signed by Pacific Hide and Fur Depot and AgriTech Park, LLC on April 13, 2018, outlining that AgriTech Park, LLC will reimburse Pacific Hide and Fur Depot for the cost of \$3,129,212 for the rail line in so far as the AgriTech Park, LLC receives tax increment funds (TIF) funds from the City of Great Falls. The principal sum of the note shall be payable in installments the AgriTech Park, LLC receives from TIF funds. In the event the TIF funds are not sufficient to fully repay Pacific Hide and Fur Depot, there shall be no recourse against AgriTech Park, LLC. Because of this, no liability has been recorded at year end June 30, 2021 or 2020. TIF funds totaling \$420,732 and \$309,962 were received from the City as of June 30, 2021 and 2020, respectively.

**NOTE 17: SUBSEQUENT EVENTS:**

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

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

In accordance with ASC No. 855, the Authority, Inc. evaluated subsequent events through September 24, 2021, the date these financial statements were available to be issued.

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass Through Number</u>	<u>Federal Expenditures</u>
<b>U. S. Department of Commerce</b>			
<b>Direct Grant</b>			
Economic Development Administration, Coronavirus Aid, Relief, and Economic Security (CARES) Act			
Revolving Loan Funds ("RLF")			
Outstanding RLF Loans	11.307	05-79-06012	\$ -
New Loans	11.307	05-79-06012	3,487,540
Cash Balance Available	11.307	05-79-06012	568,822
Administrative Costs	11.307	05-79-06012	206,482
			<u>4,262,844</u>
<b>U. S. Department of Housing and Urban Development</b>			
Community Development Block Grant Program			
Pass Through from Cascade County, Montana			
Outstanding Loans	14.218		46,268
New Loans	14.218		-
Cash Balance Available	14.218		63,668
Administrative Costs	14.218		-
Pass Through from City of Great Falls, Montana			
Outstanding Loans	14.218		127,859
New Loans	14.218		166,420
Cash Balance Available	14.218		84,323
Administrative Costs	14.218		3,419
			<u>491,957</u>
<b>U. S. Department of Defense</b>			
<b>Pass Through From Big Sky EDA</b>			
Defense Logistics Agency/Big Sky EDA			
Procurement Technical Assistance Center Program	12.002	SP4800-19-2-1922; SP-4800-20-2-2022	67,095
			<u>67,095</u>
<b>U. S. Environmental Protection Agency</b>			
<b>Direct Grant</b>			
<b>Office of Solid Waste and Emergency Response</b>			
Brownfield Assessment and Cleanup			
Brownfield Revolving Loan Fund	66.818	BL-97813001	646,264
New Loans	66.818	BL-97813001	187,151
Brownfield Revolving Loan Fund - Subgrants Paid	66.818	BL-97813001	211,241
Brownfield Revolving Loan Fund - Cash Balance Available	66.818	BL-97813001	931,527
Brownfield Revolving Loan Grant - Administrative Costs	66.818	BL-97813001	82,148
Brownfield Assessment Grant	66.818	BF-96878901	22,169
Brownfield Assessment Grant	66.818	BF-95809510	47,227
			<u>2,127,727</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, 2021**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass Through Number</u>	<u>Federal Expenditures</u>
<b>U. S. Small Business Administration</b>			
<b>Pass Through Montana Department of Commerce</b>			
Small Business Development Center	59.037	14-51-012G; 21-51-073	\$ 74,964
Small Business Development Center, CARES Act 2020	59.037	20-51-145; 20-51-145A	131,664
			<u>206,628</u>
<b>U.S. Department of Treasury</b>			
<b>Direct Grant</b>			
Community Development Financial Institutions Program	21.020	191FA052050	150,000
	21.020	201FA054510	376,025
	21.020	201FA054510	280,975
			<u>807,000</u>
<b>U.S. Department of Agriculture</b>			
<b>Direct Grant</b>			
<b>Intermediary Relending Program (IRP)</b>			
Outstanding Loans	10.767		458,263
New Loans	10.767		50,000
Cash Balance Available	10.767		288,978
Administrative Costs	10.767		14,456
			<u>811,697</u>
<b>U.S. Department of Treasury</b>			
<b>Coronavirus Aid, Relief, and Economic Security (CARES) Act</b>			
Pass through Montana Department of Agriculture	21.019		8,189
Pass through Montana Department of Natural Resource	21.019		10,000
Pass through Montana Department of Public Health and Human Services	21.019		160,000
			<u>178,189</u>
Total Expenditures of Federal Awards			<u>\$ 8,953,137</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, 2021**

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**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 \$143,533 and Procurement Technical Assistance Center Program in the amount of \$44,569.

**NOTE 3: ECONOMIC DEVELOPMENT ADMINISTRATION REVOLVING LOANS:**

The Authority made four loans on business projects during the fiscal year ended June 30, 2021 with EDA COVID RLF funds. The following is a summary of loan activity for the year ended June 30, 2021.

EDA COVID RLF:

Outstanding Loans, July 1, 2020	\$ -
Advances Made on New Loans During the Year	3,487,540
Principal Payments Received	(550,549)
Loans Written Off During the Year	-
	<b>\$ 2,936,991</b>

Costs of Administration:

Salaries and Wages	\$ 145,868
Payroll Taxes and Benefits	60,232
Other Costs of Administration	382
	<b>\$ 206,482</b>

**NOTE 4: EPA BROWNFIELD REVOLVING LOAN FUND:**

The Authority has the ability to make loans and grants to third parties pursuant to a Brownfield Assessment and Cleanup Cooperative Agreement with the United States Environmental Protection Agency (EPA). Subgrants awarded to three recipients during the year totaled \$211,241 and loan advances of \$187,151 were made to three recipients during the year.

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

The following is a summary of loan activity for the year ended June 30, 2021:

Outstanding Loans, July 1, 2020	\$ 646,264
Advances Made on New Loans During the Year	187,151
Principal Payments Received on Loans During the Year	(86,601)
Outstanding Loans, June 30, 2021	<b>\$ 746,814</b>
 Costs of Administration:	
Salaries and Wages	\$ 53,285
Payroll Taxes and Benefits	15,611
Other Costs of Administration	13,252
	<b>\$ 82,148</b>

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

During the year, the City of Great Falls approved combining the CDBG EDA funds with the City CDBG funds in the amount of \$38,750.

The following is a summary of the loan activity for the year ended June 30, 2021:

City CDBG:

Outstanding Loans, July 1, 2020	\$ 127,859
Advances Made on New Loans During the Year	166,420
Loans Written Off During the Year	-
Principal Payments Received on Loans During the Year	(25,198)
Outstanding Loans, June 30, 2021	<b>\$ 269,081</b>
 Costs of Administration:	
Salaries and Wages	\$ 1,943
Payroll Taxes and Benefits	611
Other Costs of Administration	865
	<b>\$ 3,419</b>

County CDBG EDA:

Outstanding Loan, July 1, 2020	\$ 46,268
Advances Made on New Loans During the Year	-
Principal Payments Received on Loan During the Year	(20,467)
Outstanding Loan, June 30, 2021	<b>\$ 25,801</b>
 Costs of Administration:	
Salaries and Wages	\$ -
Payroll Taxes and Benefits	-
Other Costs of Administration	-
	<b>\$ -</b>

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 6: U.S. DEPARTMENT OF AGRICULTURE:**

The Authority made one loan on business projects during the fiscal year ended June 30, 2021 with IRP funds. The following is a summary of loan activity for the year ended June 30, 2021:

Outstanding Loans, July 1, 2020	\$	458,263
Advances Made on New Loans During the Year		50,000
Principal Payments Received on Loans During the Year		(293,272)
Outstanding Loans, June 30, 2021	<u>\$</u>	<u><b>214,991</b></u>
Costs of Administration:		
Salaries and Wages	\$	1,000
Payroll Taxes and Benefits		292
Other Costs of Administration		13,164
	<u>\$</u>	<u><b>14,456</b></u>

**NOTE 7: INDIRECT COST RATE:**

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

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

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

See Independent Auditor's Report

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.**  
**STATEMENT OF REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Program Activities					Supporting Activities			Total
	Business Retention & Expansion & Attraction	AgriTech Park	Lending	Business Technical Assistance	Special Projects	Management and General	Fundraising		
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 449,210	\$ 449,210	\$ 449,210
Investment	-	-	-	-	-	-	-	-	-
AgriTech Park City	-	309,962	-	-	-	-	-	-	309,962
TIF Reimbursement	18,697	-	-	-	-	-	-	-	18,697
Business Improvement District	-	-	-	214,762	65,000	-	-	-	279,762
FADC, PTAC, SBDC & SBDC CARES	-	-	-	-	-	47,000	-	-	47,000
HPF Management	-	-	569,191	-	-	18,123	-	-	587,314
Lending Interest & Fees	-	-	-	-	362,154	127,500	-	-	489,654
Project Grants	-	-	-	-	-	4,046	-	-	4,046
Events & Miscellaneous	-	-	-	-	-	15,000	-	-	15,000
Sponsorships	-	-	870,652	-	-	-	-	-	870,652
Loan Capital Grants	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$ 18,697</b>	<b>\$ 309,962</b>	<b>\$ 1,439,843</b>	<b>\$ 214,762</b>	<b>\$ 427,154</b>	<b>\$ 211,669</b>	<b>\$ 449,210</b>	<b>\$ 3,071,297</b>	

See Independent Auditor's Report



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

**Douglas WILSON**  
and Company, PC

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

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Great Falls Development Authority, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Great Falls Development Authority, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Great Falls Development Authority, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of GFDA's internal control.

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

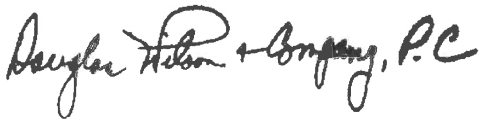
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Great Falls Development Authority, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

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

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

Great Falls, Montana  
September 24, 2021



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

**Douglas WILSON**  
and Company, PC

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

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

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

**Report on Compliance for Each Major Federal Program**

We have audited Great Falls Development Authority, Inc.'s compliance with the types of compliance requirements described 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, 2021. Great Falls Development Authority, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Great Falls Development Authority, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Great Falls Development Authority, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



## Opinion on Each Major Federal Program

In our opinion, Great Falls Development Authority, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

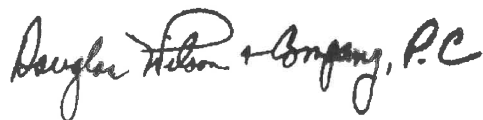
## Report on Internal Control Over Compliance

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

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

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

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



Great Falls, Montana  
September 24, 2021

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

GREAT FALLS, MONTANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

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SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

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

Noncompliance material to financial statements noted?  Yes  No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?  Yes  No

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

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

Any audit findings disclosed that are required to be  
reported in accordance with  
2 CFR 200 section 516?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.307	Economic Adjustment Assistance CARES Act
10.767	Intermediary Relending Program

Dollar threshold used to distinguish between Type A  
and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

**GREAT FALLS DEVELOPMENT AUTHORITY, INC.**

**GREAT FALLS, MONTANA**

**STATUS OF PRIOR YEAR'S RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2021**

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There were no audit findings in the June 30, 2020 audit report.