GREAT FALLS DEVELOPMENT AUTHORITY, INC.

GREAT FALLS, MONTANA

FINANCIAL STATEMENTS
AS OF
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

TABLE OF CONTENTS

Certified Public Accountants
Since 1913

Douglas WILSON
and Company, PC

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

Bruce H. Gaare, 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, 2020, 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.

1000 First Avenue South P.O. Box 2845 Great Falls, MT 59403
T: 406/761-4645 F: 406/761-4619 E: yourcpa@dwcogf.com W: www.dwcogf.com

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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 2020 and 2019 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 28, 2020, 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.

Douglas Wilson + Company, P.C

Great Falls, Montana
September 28, 2020

Great Falls Development Authority, Inc.
Statement of Financial Position
As of June 30, 2020
(With Comparative Totals as of June 30, 2019)

	6/30/20	6/30/19
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 1,188,789	$ 1,248,863
Cash Restricted For Loans and Grants	2,416,983	559,810
Accounts Receivable	191,010	24,671
Accrued Interest Receivable	102,012	47,825
Due From High Plains Financial	10,544	6,527
Current Portion of Loans Receivable (Net of Allowance for Doubtful Loans of $119,263 in 2020 and $66,119 in 2019)	2,883,220	2,075,865
Total Current Assets	6,792,558	3,963,561
Furniture and Equipment, Net	84,021	98,388
Noncurrent Assets		
Long-Term Receivables, AgriTech Park	127,688	140,099
Portion of Loans Receivable (Net of Allowance for Doubtful Loans of $1,216,262 in 2020 and $792,356 in 2019)	4,337,594	6,900,354
Total Noncurrent Assets	4,465,282	7,040,453
Total Assets	**$ 11,341,861**	**$ 11,102,402**
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 18,522	$ 50,814
Accrued Liabilities	144,914	138,625
Deferred Grant Revenue	-	23,852
Funds Held in Trust	11,903	9,689
Current Portion of Refundable Advance	83,750	-
Current Portion of Notes Payable	161,039	653,323
Total Current Liabilities	420,128	876,303
Long-Term Liabilities		
Refundable Advance, Net of Current Portion	107,648	-
Notes Payable, Net of Current Portion	1,131,756	797,035
Total Long-Term Liabilities	1,239,404	797,035
Total Liabilities	1,659,532	1,673,338
Net Assets		
Without Donor Restrictions	3,550,756	3,325,023
With Donor Restrictions	6,131,573	6,104,041
Total Net Assets	9,682,329	9,429,064
Total Liabilities and Net Assets	**$ 11,341,861**	**$ 11,102,402**

See accompanying notes to financial statements.

Great Falls Development Authority, Inc.
Statement of Activities
for the Year Ended June 30, 2020
(With Comparative Totals as of June 30, 2019)

	June 30, 2020			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**6/30/19**
Revenues				
Investments	$ 449,210	$ -	$ 449,210	$ 470,593
Generated Revenue				
AgriTech Park City TIF Reimbursement	309,962	-	309,962	534,233
Business Improvement District	18,697	-	18,697	-
FADC, PTAC, SBDC & SBDC CARES	277,024	2,738	279,762	202,188
HPF Management	47,000	-	47,000	42,579
Lending Interest & Fees	250,604	336,710	587,314	565,553
Project Grants	360,574	129,080	489,654	180,974
Client Grant Management	-	-	-	750
Events & Miscellaneous	4,046	-	4,046	7,662
Sponsorships	15,000	-	15,000	10,000
Loan Capital Grants	722,500	148,152	870,652	588,105
CDFI Loan Forgiveness	-	-	-	250,000
Total Investment and Revenues	2,454,617	616,680	3,071,297	2,852,637
Net Assets Released From Restrictions	589,148	(589,148)	-	-
Total Investment, Revenues and Reclassifications	3,043,765	27,532	3,071,297	2,852,637
Expenses				
Program Services				
Business Retention, Attraction & Expansion	536,151	-	536,151	526,263
Great Falls AgriTech Park	186,709	-	186,709	265,608
AgriTech Park TIF Reimbursement	309,962	-	309,962	534,233
Lending	1,076,556	-	1,076,556	740,593
Special Projects	304,121	-	304,121	246,631
Business Technical Assistance	388,802	-	388,802	256,087
Supporting Services				
Fundraising	38,415	-	38,415	33,263
Management and General	(11,495)	-	(11,495)	35,226
Total Expenses	2,829,221	-	2,829,221	2,637,904
Change in Net Assets	214,544	27,532	242,076	214,733
Net Assets, Beginning of Year	3,325,023	6,104,041	9,429,064	9,214,331
Prior Period Adjustment, Correction of prior year error	11,189	-	11,189	-
Net Assets, Beginning of Year Restated	3,336,212	6,104,041	9,440,253	9,214,331
Net Assets, End of Year	**$ 3,550,756**	**$ 6,131,573**	**$ 9,682,329**	**$ 9,429,064**

See accompanying notes to financial statements.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

GREAT FALLS, MONTANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	Program Activities					Supporting Activities			
	Business Retention Expansion & Attraction	AgriTech Park	Lending	Business Technical Assistance	Special Projects	Management and General	Fundraising	Total	Year Ended June 30, 2019
Expenses									
Staff									
Salaries and Wages	$ 188,872	$ 24,533	$ 332,821	$ 191,411	$ 59,996	$ 68,157	$ 29,923	$ 895,713	$ 751,111
Payroll Expenses & Benefits	61,922	6,882	94,413	54,302	15,494	12,563	8,492	254,068	205,822
Professional Development	30,024	-	-	14,121	-	293	-	44,438	33,520
Operations									
Auto	-	-	-	-	-	10,433	-	10,433	9,720
Communication	-	-	-	1,603	-	16,625	-	18,228	19,073
Depreciation	-	-	-	-	-	26,652	-	26,652	24,820
Insurance	-	-	-	-	-	15,958	-	15,958	18,103
Meetings	9,907	-	-	742	-	3,447	-	14,096	21,143
Office	1,800	-	-	7,375	-	61,992	-	71,167	55,302
Operating Debt Interest & Fees	-	-	-	-	-	14,822	-	14,822	22,764
Professional Fees	-	-	-	-	-	32,420	-	32,420	39,446
Supplies, Computing & Copying	3,133	-	-	2,409	-	18,598	-	24,140	26,454
Miscellaneous	-	-	-	55	-	14,050	-	14,105	14,981
Business Development									
Marketing	42,259	-	-	-	-	-	-	42,259	31,913
Memberships & Subscriptions	63,462	-	-	14,858	-	2,672	-	80,992	55,242
Professional Fees	20,371	-	-	-	-	-	-	20,371	67,409
Publications	2,735	-	-	-	-	-	-	2,735	1,466
Travel	27,289	-	-	2,011	-	71	-	29,371	65,469
Lending									
Allowance for Loan Losses	-	-	477,050	-	-	-	-	477,050	264,475
Loan Capital Interest	-	-	19,968	-	-	-	-	19,968	26,846
Brownfield Loan Capital Grants	-	-	-	-	9,634	-	-	9,634	65,029
Professional Fees	-	-	31,067	-	-	-	-	31,067	9,378
Projects									
AgriTech Park	-	150,575	-	-	-	-	-	150,575	222,578
AgriTech Park TIF Reimbursement	-	309,962	-	-	-	-	-	309,962	534,233
Brownfield Assessment	-	-	-	-	218,997	-	-	218,997	46,807
Yes for Cascade County Jobs	-	-	-	-	-	-	-	-	4,800
Expense Allocation	84,377	4,719	121,237	99,915	-	(310,248)	-	-	-
Total Expenses	$ 536,151	$ 496,671	$ 1,076,556	$ 388,802	$ 304,121	$ (11,495)	$ 38,415	$ 2,829,221	$ 2,637,904

See accompanying notes to financial statements.

Great Falls Development Authority, Inc.
Statement of Cash Flows
For The Year Ended June 30, 2020
(With Comparative Totals For The Year Ended June 30, 2019)

	6/30/20	6/30/19
Cash Flows From Operating Activities:		
Change in Net Assets	$ 242,076	$ 214,733
Adjustments To Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Correction of Error	11,189	-
Provision for Loan Losses	477,050	264,475
Depreciation	26,652	24,820
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(153,928)	29,607
Accrued Interest Receivable	(54,187)	(3,763)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(32,292)	(84,490)
Accrued Liabilities	6,289	37,476
Deferred Grant Revenues	(23,852)	(34,838)
Funds Held in Trust	2,214	7,260
Due to High Plains Financial, Inc.	(4,017)	(16,518)
Net Cash Provided/(Used) By Operating Activities	497,194	438,762
Cash Flows From Investing Activities:		
Principal Payments Received on Notes Receivable	2,466,125	3,629,859
Loans Made To Third Parties	(1,187,770)	(2,998,834)
Purchase of Office Furniture and Equipment	(12,286)	(116,404)
Net Cash Provided/(Used) By Investing Activities	1,266,069	514,621
Cash Flows From Financing Activities:		
Advances Received on Long-Term Notes Payable	191,398	100,000
Payments Made on Long-Term Notes Payable	(157,562)	(705,131)
Net Cash Provided/(Used) By Financing Activities	33,836	(605,131)
Net Increase (Decrease) in Cash	1,797,099	348,252
Cash and Cash Equivalents, Beginning of Year	1,808,673	1,460,421
Cash and Cash Equivalents, End of Year	**$ 3,605,772**	**$ 1,808,673**
Cash is Presented in the Accompanying Statement of Financial Position as:		
Cash and Cash Equivalents	$ 1,188,789	$ 1,248,863
Cash Restricted For Loans and Grants	2,416,983	559,810
	$ 3,605,772	**$ 1,808,673**
Supplemental Information:		
Interest Paid In Cash	**$ 127,752**	**$ 155,988**
Interest Received in Cash	**$ 512,084**	**$ 509,218**

See accompanying notes to financial statements.

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.

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, 2019 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, 2019.

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.

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 $22,188 and $1,930 during 2020 and 2019, 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.

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, 2019 presented financial statements to conform to the June 30, 2020 presentation. Such reclassifications had no effect on previously reported amounts.

O. **Accounting Standard Changes –** The Authority implemented ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* and related subsequent ASUs. The core principle of this proposed guidance is the Authority should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Authority expects to be entitled in exchange for those goods or services. The implementation of this standard had no effect on the presentation of the financial statements for the year ending June 30, 2020 and did not affect net assets previously reported.

   The Authority also implemented ASU 2016-18, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments.* The update aims to remove inconsistencies in the reporting of specific cash flow issues. The implementation of this standard had no effect on the presentation of the statement of cash flows for the year ended June 30, 2020 and did not affect net assets previously reported.

P. **Correction of an Error –** There was an error made in the calculation of the payroll accrual amount. An adjustment of $11,526 was made to beginning net assets, without donor restriction on the statement of activities to correct the error. There was also a $337 error in the prior year that was corrected through net assets, without donor restrictions. The net change of these errors was an increase to net assets without donor restrictions.

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, 2020 and 2019:

	6/30/20	6/30/19
Economic Development Administration	$ 853,205	$ 86,838
Rural Development Intermediary Relending Program	78,038	82,941
MicroBusiness Finance Program	93,050	128,985
EPA Brownfield Revolving Loan Fund	977,991	56,963
EPA Assessment Grant	46	74
Community Development Block Grant	264,494	47,074
Downtown Revolving Loan Fund	145,137	140,524
Small Business Development Program	5,022	16,411
Total	**$ 2,416,983**	**$ 559,810**

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, 2020, the Authority had a balance of $3,091,766 in the repurchase account secured by government securities. The total amount exceeding the FDIC limits as of June 30, 2020 total $181,010.

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 $449,210 and $470,593 under the campaign during 2020 and 2019, 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, 2020 from $10,000 to $1,644,000 and bearing interest rates ranging from 4% 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 from $4,747 to $250,000 at June 30, 2020. The loans receivable bear interest at rates ranging from 4% to 10% for the year ended June 30, 2020.

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, 2020 from $24,448 to $1,982,540 and bearing interest rates ranging from 0% to 10%.

U.S. Department of Housing and Urban Development – Community Development Block Grant (CDBG) Program – The Authority has entered into Community Development Block Grant revolving loan fund agreements with Cascade County and the City of Great Falls. The Cascade County loan portfolio and the City CDBG EDA RLF agreement were used to meet the Authority's match requirements for the EDA RLF. 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, 2020 from $10,765 to $67,095 and bearing interest rates from 4.5% to 8%. The County CDBG portfolio contains notes receivable ranging in principal balance at June 30, 2020 from $13,248 to $33,019 and bearing interest rates from 8% to 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, 2020 from $39,212 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, 2020 from $58,738 to $95,188 and bearing interest rates ranging from 5.00% to 5.95%.

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 $10,104 to $100,000 at June 30, 2019 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, 2020 and 2019:

	6/30/20	6/30/19
U.S. Economic Development Administration	$ 3,413,812	$ 4,168,089
Rural Development IRP Loans	458,263	480,882
EPA Brownfield Revolving Loan Fund	646,264	1,418,057
Downtown Revolving Loan Fund	153,926	159,377
Community Development Block Grant - City of Great Falls	127,860	268,536
Community Development Block Grant - Cascade County - EDA	46,268	70,724
MicroBusiness Loan Fund	513,256	471,530
Community Development Block Grant - City of Great Falls - EDA	-	40,470
Enterprise Fund	3,196,690	2,757,029
Total Loans Receivable	8,556,339	9,834,694
Less: Allowance for Doubtful Loans	(1,335,525)	(858,475)
Total Loans Receivable, Net	**$ 7,220,814**	**$ 8,976,219**

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, 2020 and 2019:

	6/30/20	6/30/19
Performing	$ 7,595,663	$ 9,834,694
Nonperforming	960,676	-
Total	**$ 8,556,339**	**$ 9,834,694**

All performing loans were current at June 30, 2020 and 2019, and those nonperforming were past due loans. 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, 2020. Three loans totaling $100,000, $250,000, and $500,000 held by the same borrower were ninety days past due and in a nonaccrual status.

The following table presents the changes in the allowance for loan losses and the recorded investment in loans as of June 30, 2020 and 2019:

	Performing	Non-performing	Total
Allowance for Doubtful Loans:			
Beginning Balance July 1, 2019	$ 858,475	$ -	$ 858,475
Charge-Offs	-	-	-
Recoveries	-	-	-
Provision	24,525	452,525	477,050
Ending Balance June 30, 2020	**$ 883,000**	**$ 452,525**	**$ 1,335,525**
Ending Balance:			
Individually Evaluated for Impairment	**$ 883,000**	**$ 452,525**	**$ 1,335,525**
Loans Receivable:			
Ending Balance:			
Individually Evaluated for Impairment	**$ 7,595,663**	**$ 960,676**	**$ 8,556,339**

	Performing	Non-performing	Total
Allowance for Doubtful Loans:			
Beginning Balance July 1, 2018	$ 594,000	$ -	$ 594,000
Charge-Offs	-	-	-
Recoveries	-	-	-
Provision	264,475	-	264,475
Ending Balance June 30, 2019	**$ 858,475**	**$ -**	**$ 858,475**
Ending Balance:			
Individually Evaluated for Impairment	**$ 858,475**	**$ -**	**$ 858,475**
Loans Receivable:			
Ending Balance:			
Individually Evaluated for Impairment	**$ 9,834,694**	**$ -**	**$ 9,834,694**

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, 2020 and 2019 of $314,111 and $301,825, respectively, and total accumulated depreciation at June 30, 2020 and 2019 of $230,090 and $203,437, respectively. Depreciation expense was $26,652 and $24,820 for the years ended June 30, 2020 and 2019, 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, and is reviewed annually to determine if future advances will be made available. There was no outstanding balance on this line of credit at June 30, 2020 and 2019.

NOTE 9: ACCRUED LIABILITIES:

Accrued liabilities consist of the following at June 30, 2020 and 2019:

	6/30/20	1/0/00
Compensation	$ 98,738	$ 91,757
Payroll Taxes and Benefits	(3,838)	(1,772)
Accrued Real Estate Taxes	33,527	33,528
Interest and Servicing Fees	16,487	15,112
Total	**$ 144,914**	**$ 138,625**

NOTE 10: NOTES PAYABLE:

Notes Payable at June 30, 2020 and 2019 consist of the following:

	6/30/20	6/30/19
Montana State Department of Commerce - $500,000 loan to be used for activities under the Montana State MicroBusiness Development Act, payable in quarterly interest-only payments, maturing December 31, 2023. The initial interest rate of 2% is subject to annual adjustments, with a maximum rate of 3.25% during the loan term. Loan rate was increased on April 1, 2018 to 2.75%. The note is secured by any assets or income derived from the Authority's MicroBusiness loan program.	$ 500,000	$ 500,000
First Interstate Bank - $300,000 loan payable in monthly installments of $5,730 including interest at 5.50% maturing January 23, 2023. An additional $100,000 was added to this loan in September 2018. The maturity date and interest remained the same, but the monthly installment payment increased to $7,859. The note is secured by furniture, equipment and accounts receivable.	226,650	305,842

First Interstate Bank - $201,245 loan payable in monthly interest payments only for the first year, and starting September 2018, monthly principal and interest payments totaling $3,805; the interest rate is at 5.08% maturing August 29, 2023. The note is secured by all assets of Agritech Park.	69,836	114,999
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.	400,916	428,513
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.	95,393	101,004
	1,292,795	1,450,358
Less: Current Portion	(161,039)	(653,323)
	$ 1,131,756	**$ 797,035**

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

June 30,	
2021	$ 161,039
2022	258,118
2023	88,358
2024	534,752
2025	35,164
Thereafter	323,012
	$ 1,400,443

Refundable Advance at June 30, 2020 consisted of the following:

U.S. Small Business Administration $191,398 PPP loan from the CARES Act payable in monthly installments of $10,718 beginning seven months from the date of the note (November 11, 2020). The Authority can apply for forgiveness on the loan.	$ 191,398
Less: Current Portion	(83,750)
	$ 107,648

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 2020 were through satisfaction of grantor requirements.

Net assets with donor restrictions at June 30, 2020 and 2019 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, the Community Development Block Grant program of the U.S. Department of Housing and Urban Development, Downtown Revolving Loan Fund and Environmental Protection Agency Revolving Loan Fund. Although the net assets may be reduced from time to time by losses, and may eventually be exhausted, the resources are capable of providing economic benefits indefinitely and these agencies have instructed that these programs should be revolving in duration. The portion of these net asset balances represent resources restricted by these agencies in perpetuity for use in making loans.

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

	6/30/20	1/0/00
Subject to Expenditure for Specified Purposes:		
Making Loans to Third Parties	$ 6,122,146	$ 6,084,225
SBDC Training	9,427	19,816
Total Net Assets With Donor Restrictions	**$ 6,131,573**	**$ 6,104,041**

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purpose during the year ended June 30, 2020 and 2019:

	6/30/20	1/0/00
Purpose Restrictions Accomplished:		
Loans and Costs Associated with Lending	$ 576,021	$ 490,551
SBDC Training	13,127	7,589
	$ 589,148	**$ 498,140**

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, 2020 as available for general expenditures within one year of the statement of financial position date:

	6/30/20
Financial Assets at Year-End:	
Cash and cash equivalents	$ 1,188,789
Accrued interest receivable	102,012
Due from High Plains Financial	10,544
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	**$ 1,301,345**

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 3-6 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 $42,661 and $38,006 to the plan during the year ended June 30, 2020 and 2019, respectively.

NOTE 14: OPERATING LEASE:

The Authority entered into a new 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. Office rent paid during the year ended June 30, 2020 and 2019 was $64,569 and $51,359, respectfully. Rental expenses for the next five years are as follows:

June 30,	
2021	$ 62,769
2022	62,769
2023	62,769
2024	62,769
2025	62,769
Thereafter	219,692
	$ 533,537

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 $47,000 for 2020 and $42,579 for 2019. High Plains Financial, Inc. owed the Authority $10,544 as of June 30, 2020 and $6,527 as of June 30, 2019.

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

NOTE 16: AGRITECH PARK INFRASTRUCTURE:

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

Pacific Hide and Fur Depot paid for the costs of the rail line totaling $3,129,212, and transferred all rights, title and interest on the rail line to AgriTech Park, LLC. AgriTech Park, LLC then transferred the rail line to Great Falls AgriTech Park Owners Association, LLC for $10. The Park Owners Association intends and desires to own and operate the rail line. A promissory note was signed by Pacific Hide and Fur Depot and AgriTech Park, LLC on April 13, 2018, outlining that AgriTech Park, LLC will reimburse Pacific Hide and Fur Depot for the cost of $3,129,212 for the rail line in so far as the AgriTech Park, LLC receives tax increment funds (TIF) funds from the City of Great Falls. The principal sum of the note shall be payable in installments the AgriTech Park, LLC receives from TIF funds. In the event the TIF funds are not sufficient to fully repay Pacific Hide and Fur Depot, there shall be no recourse against AgriTech Park, LLC. Because of this, no liability has been recorded at year end June 30, 2020 or 2019. TIF funds totaling $309,962 and $534,233 were received from the City as of June 30, 2020 and 2019, 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 28, 2020, the date these financial statements were available to be issued.

Items noted subsequent to year end are as follows:

- In July 2020, the Authority executed a forbearance agreement with one borrower and the loan guarantors. The forbearance agreement improves the likelihood of recovering a portion or all of the $850,000 outstanding loan balance.

- In July 2020, the Authority was awarded two Montana CARES Act COVID-19 Relief Grants totaling $18,189.

- In July 2020, the Authority was awarded a $4,829,000 grant from the U.S. Economic Development Administration. The $4,390,000 will be used to capitalize a new revolving loan fund and $439,000 will be used over two years (beginning July 1, 2020) to pay salary, fringe and indirect expenses.

- In July 2020, one borrower filed for Chapter 12 bankruptcy. The Authority holds security interest in equipment of the borrower. At the end of July the total outstanding balance in loans to this borrower was $110,676.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Agency or Pass Through Number	Federal Expenditures
U. S. Department of Commerce			
Direct Grant			
Economic Development Administration			
Economic Adjustment Assistance			
Revolving Loan Funds ("RLF")	11.307	05-89-02898; 05-49-03319	$ 2,849,185
			2,849,185
U. S. Department of Housing and Urban Development			
Community Development Block Grant Program			
Pass Through from Cascade County, Montana			
Outstanding Loans	14.218		70,724
New Loans	14.218		-
Cash Balance Available	14.218		39,570
Administrative Costs	14.218		-
Pass Through from City of Great Falls, Montana			
Outstanding Loans	14.218		309,006
New Loans	14.218		50,000
Cash Balance Available	14.218		224,924
Administrative Costs	14.218		11,608
			705,832
U. S. Department of Defense			
Pass Through From Big Sky EDA			
Defense Logistics Agency/Big Sky EDA			
Procurement Technical Assistance Center Program	12.002	SP4800-19-2-1822	69,907
			69,907
U. S. Environmental Protection Agency			
Direct Grant			
Office of Solid Waste and Emergency Response			
Brownfield Assessment and Cleanup			
Brownfield Revolving Loan Fund	66.818	BL-97813001	1,418,056
New Loans	66.818	BL-97813001	39,212
Brownfield Revolving Loan Fund - Cash Balance Available	66.818	BL-97813001	977,991
Brownfield Revolving Loan Grant - Administrative Costs	66.818	BL-97813001	141,444
Brownfield Assessment Grant	66.818	BF-96878901	233,070
			2,809,773
U. S. Small Business Administration			
Pass Through Montana Department of Commerce			
Small Business Development Center	59.037	14-51-012F 14-51-012G	73,487
Small Business Development Center, CARES Act 2020	59.037	20-51-145	14,657
			88,144

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, 2020

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Agency or Pass Through Number	Federal Expenditures
U.S. Department of Treasury			
Direct Grant			
Community Development Financial Institutions Program	21.020	191FA052050 181FA022764	$ 700,000
			700,000
U.S. Department of Agriculture			
Direct Grant			
Intermediary Relending Program (IRP)			
Outstanding Loans	10.767		480,881
New Loans	10.767		45,000
Cash Balance Available	10.767		78,038
Administrative Costs	10.767		9,335
			613,254
Total Expenditures of Federal Awards			**$ 7,836,095**

The accompanying notes are an integral part of this schedule.

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 $116,356 and Procurement Technical Assistance Center Program in the amount of $48,276.

NOTE 3: ECONOMIC DEVELOPMENT ADMINISTRATION REVOLVING LOANS:

The Authority made one loan on business projects during the fiscal year ended June 30, 2020. The following is a summary of figures used in the SEFA calculation for the year ended June 30, 2020:

Outstanding Loans, June 30, 2020	$ 3,413,813
Cash and Investment Balances	853,205
Loans Written Off During the Year	-
Administrative Expenses	184,834
	$ 4,451,852
Total Federal Share	**$ 2,250,000**
Total Award	**$ 3,500,000**
Calculated Federal Share	64%
Calculated SEFA Total	**$ 2,849,185**

NOTE 4: EPA BROWNFIELD REVOLVING LOAN FUND:

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

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

The following is a summary of loan activity for the year ended June 30, 2020:

Outstanding Loans, July 1, 2019	$ 1,418,056
Advances Made on New Loans During the Year	39,212
Principal Payments Received on Loans During the Year	(811,004)
Outstanding Loans, June 30, 2020	**$ 646,264**

Costs of Administration:	
Salaries and Wages	$ 99,080
Payroll Taxes and Benefits	28,031
Other Costs of Administration	14,333
	$ 141,444

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

The Authority made one loan on business projects during the fiscal year ended June 30, 2020 with City CDBG funds.

The following is a summary of the loan activity for the year ended June 30, 2020:

City CDBG:	
Outstanding Loans, July 1, 2019	$ 309,006
Advances Made on New Loans During the Year	50,000
Loans Written Off During the Year	-
Principal Payments Received on Loans During the Year	(231,147)
Outstanding Loans, June 30, 2020	**$ 127,859**

Costs of Administration:	
Salaries and Wages	$ 5,792
Payroll Taxes and Benefits	1,666
Other Costs of Administration	4,150
	$ 11,608

County CDBG EDA:	
Outstanding Loan, July 1, 2019	$ 70,724
Advances Made on New Loans During the Year	-
Principal Payments Received on Loan During the Year	(24,456)
Outstanding Loan, June 30, 2020	**$ 46,268**

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

NOTE 6: U.S. DEPARTMENT OF AGRICULTURE:

The Authority made one loan on business projects during the fiscal year ended June 30, 2020 with IRP funds. The following is a summary of loan activity for the year ended June 30, 2020:

Outstanding Loans, July 1, 2019	$	480,881
Advances Made on New Loans During the Year		45,000
Principal Payments Received on Loans During the Year		(67,618)
Outstanding Loans, June 30, 2020	**$**	**458,263**
Costs of Administration:		
Salaries and Wages	$	1,513
Payroll Taxes and Benefits		428
Other Costs of Administration		7,394
	$	**9,335**

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, 2020

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

See Independent Auditor's Report

GREAT FALLS DEVELOPMENT AUTHORITY, INC.
STATEMENT OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Activities					Supporting Activities		
	Business Retention Expansion & Attraction	AgriTech Park	Lending	Business Technical Assistance	Special Projects	Management and General	Fundraising	Total
Revenue								
Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ 470,593	$ 470,593
AgriTech Park City								
TIF Reimbursement	-	534,233	-	-	-	-	-	534,233
FADC, PTAC, SBDC & Coop	-	-	-	152,188	50,000	-	-	202,188
HPF Management	-	-	-	-	-	42,579	-	42,579
Lending Interest & Fees	-	-	513,314	-	-	52,239	-	565,553
Project Grants	-	-	-	-	89,249	91,725	-	180,974
Client Grant Management	-	-	-	-	-	750	-	750
Events & Miscellaneous	-	-	-	-	-	7,662	-	7,662
Sponsorships	-	-	-	-	-	10,000	-	10,000
Loan Capital Grants	-	-	519,775	-	68,330	-	-	588,105
CDFI Loan Forgiveness	-	-	-	-	-	250,000	-	250,000
Total Revenue	$ -	$ 534,233	$ 1,033,089	$ 152,188	$ 207,579	$ 454,955	$ 470,593	$ 2,852,637

Certified Public Accountants
Since 1913

Douglas WILSON
and Company, PC

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

Bruce H. Gaare, CPA

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Great Falls Development Authority, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 28, 2020.

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.

1000 First Avenue South P.O. Box 2845 Great Falls, MT 59403
T: 406/761-4645 F: 406/761-4619 E: yourcpa@dwcogf.com W: www.dwcogf.com

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.

Douglas Wilson + Company, P.C

Great Falls, Montana
September 28, 2020

Certified Public Accountants
Since 1913

Douglas WILSON
and Company, PC

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

Bruce H. Gaare, CPA

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

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

Report on Compliance for Each Major Federal Program

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, 2020. 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.

1000 First Avenue South P.O. Box 2845 Great Falls, MT 59403
T: 406/761-4645 F: 406/761-4619 E: yourcpa@dwcogf.com W: www.dwcogf.com

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, 2020.

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.

Douglas Wilson + Company, P.C

Great Falls, Montana
September 28, 2020

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

GREAT FALLS, MONTANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:
Type of auditor's report issued: Unmodified

Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes	X None Reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards:

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified not considered to be material weakness(es)?	____ Yes	X None Reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
11.307	Economic Adjustment Assistance

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

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

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

GREAT FALLS, MONTANA

STATUS OF PRIOR YEAR'S RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2020

There were no audit findings in the June 30, 2019 audit report.