

HUMAN RESOURCE DEVELOPMENT COUNCIL  
OF DISTRICT IX, INC.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 and 2010



Loren W. Randall, P.C.  
Certified Public Accountant

Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

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Loren W. Randall, P.C.  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Human Resource Development  
Council of District IX, Inc.  
32 South Tracy  
Bozeman, Montana 59715

We have audited the accompanying Consolidated Statements of Financial Position of the Human Resource Development Council of District IX, Inc., (Agency) as of June 30, 2011 and 2010 and the related Statements of Activity, Statements of Functional Expenses, and Statements of Cash Flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 22, 2011 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of the Agency taken as a whole. The accompanying Schedule of Federal Awards Expended, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedules of individual programs as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The information in those schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the financial statements taken as a whole.

Loren W. Randall, P.C.  
Certified Public Accountants  
December 22, 2011  
Missoula, Montana

Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30

	2011	2010
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,204,818	\$ 634,068
Escrow and Building Reserves	552,668	557,615
Investments	2,421,035	2,000,734
Receivables: (Note 2)		
Grantors	793,992	1,078,113
Accounts (net of allowance)	517,489	504,155
Loans (net of loan loss reserve)	89,661	63,502
Prepaid Expenses	102,415	19,897
Inventory - Supplies and Food Bank	161,147	194,449
Inventory - Condominiums - Federal	5,831,820	2,850,000
Deferred Loans Receivable (net of allowance) (Note 2)	2,238,473	2,513,007
Investment in Partnership (Notes 12, 13)	312,991	312,991
Construction in Progress (Note 16)	84,271	1,233,999
Fixed Assets, Federal, Net of Depreciation (Note 3)	7,177,076	6,396,718
Fixed Assets, Net of Depreciation (Note 3)	657,027	703,345
<b>TOTAL ASSETS</b>	<b>\$ 22,144,883</b>	<b>\$ 19,062,593</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 320,296	\$ 443,895
Accrued Liabilities	306,111	328,257
Accrued Vacation Leave	140,489	128,292
Accrued Sick Leave	84,138	80,919
Rent Deposits	37,229	39,229
Unearned Revenue (Note 4)	65,292	95,343
Loans Payable (Note 5)	2,318,257	2,373,627
<b>TOTAL LIABILITIES</b>	<b>\$ 3,271,812</b>	<b>\$ 3,489,562</b>
<b>NET ASSETS</b>		
Unrestricted	\$ 4,726,074	\$ 5,410,208
Unrestricted - Federally Purchased Inventory and Capital Assets	13,008,896	9,246,718
Temporarily Restricted	1,138,101	916,105
<b>TOTAL NET ASSETS</b>	<b>\$ 18,873,071</b>	<b>\$ 15,573,031</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 22,144,883</b>	<b>\$ 19,062,593</b>

The accompanying notes are an integral part  
of these financial statements.

Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

CONSOLIDATED STATEMENTS OF ACTIVITY

For the Years Ended June 30

UNRESTRICTED NET ASSETS	2011	2010
REVENUES:		
Grant Revenue	\$ 9,034,811	\$ 9,295,000
Contract Revenue	1,203,619	1,074,412
Rental Income	791,506	755,643
Gallatin County/City of Bozeman	253,945	155,402
Sale of Homes	1,346,470	121,833
Contributions:		
Food	2,821,283	2,569,262
United Way	88,572	102,624
Other	366,823	523,713
Interest	72,550	86,975
Fund Raising	47,231	91,000
Other	217,774	55,188
Temporarily Restricted Net Assets Released	113,983	56,951
	<u>\$ 16,358,567</u>	<u>\$ 14,888,003</u>
TOTAL REVENUES		
EXPENSES:		
Administration	\$ 695,873	\$ 710,602
Energy	1,488,146	1,985,288
Nutrition	3,380,050	3,127,875
Senior Citizens	193,036	207,770
Community Development	63,671	29,387
Youth Development	208,198	305,820
Housing	3,448,735	1,952,526
Head Start	1,421,443	1,393,665
Transportation	1,456,405	1,289,173
Fund Raising	8,898	10,402
	<u>\$ 12,364,455</u>	<u>\$ 11,012,508</u>
TOTAL EXPENSES		
INCREASE IN UNRESTRICTED NET ASSETS BEFORE EFFECTS OF EXTRAORDINARY ITEMS	\$ 3,994,112	\$ 3,875,495
Change in Regulations (See Note 18)	<u>(916,068)</u>	<u>0</u>
INCREASE IN UNRESTRICTED NET ASSETS	\$ 3,078,044	\$ 3,875,495
TEMPORARILY RESTRICTED NET ASSETS		
Temporarily Restricted Contributions	\$ 335,979	\$ 73,250
Net Assets Released from Restrictions	<u>(113,983)</u>	<u>(56,951)</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 221,996</u>	<u>\$ 16,299</u>
TOTAL INCREASE IN NET ASSETS	\$ 3,300,040	\$ 3,891,794
NET ASSETS, Beginning of Fiscal Year	<u>15,573,031</u>	<u>11,681,237</u>
NET ASSETS, End of Fiscal Year	<u>\$ 18,873,071</u>	<u>\$ 15,573,031</u>

The accompanying notes are an integral part  
of these financial statements.

Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2011

DESCRIPTION	ADMIN- ISTRATION	ENERGY	NUTRITION	SENIOR CITIZENS	COMMUNITY DEVELOP.	YOUTH DEVELOP.	HOUSING	HEAD START	TRANSPORT- ATION	FUND RAISING	TOTAL
Salaries	\$ 312,894	309,521	218,007	113,908	39,698	110,702	417,317	730,869	296,978	0	\$ 2,549,894
Payroll Taxes and Fringe Benefits	85,601	87,600	61,025	49,969	9,901	28,421	146,406	252,525	84,219	0	805,667
Trainee Wages/Fringe	0	0	0	0	0	51,342	0	0	0	0	51,342
Space/Occupancy Costs	65,800	33,150	22,574	6,232	4,061	6,916	220,587	57,380	29,080	0	445,730
Travel/Transportation	2,972	32,632	9,574	3,543	2,381	2,839	6,618	13,515	155,821	0	229,895
Contract Services	37,023	633,627	5,270	433	3,027	0	366,621	60,813	458,747	0	1,563,561
Legal/Audit	36,191	0	0	0	231	0	5,639	3,103	209	0	45,393
Client Assistance	32	344,147	1,720	0	181	777	1,570,171	8,114	732	0	1,925,874
Insurance	8,229	9,693	7,672	9,916	156	346	30,429	15,887	44,916	0	127,244
Food	0	0	2,926,159	0	0	0	0	41,500	0	0	2,967,659
Office Costs	42,933	4,191	7,649	603	75	2,052	30,298	10,101	2,337	0	100,239
Supplies	21,523	6,563	15,790	2,463	717	2,374	28,429	40,417	18,288	8,898	145,462
Repairs & Maint.	11,037	3,914	48,997	0	1,350	0	368,342	44,927	141,679	0	620,246
Outreach	4,737	221	16,553	363	202	0	15,665	3,361	31,734	0	72,856
Training	19,339	701	359	390	171	1,327	3,115	33,376	985	0	59,763
Interest	19,393	0	6,615	0	0	0	61,102	9,971	0	0	97,081
Depreciation	22,037	21,044	26,039	948	318	805	137,562	89,625	187,922	0	486,300
Bad Debts	0	0	0	0	0	0	34,853	0	360	0	35,213
Other	6,112	1,142	6,047	4,268	1,182	297	5,581	5,959	2,448	0	33,036
<b>TOTAL EXPENSE</b>	<b>\$ 695,873</b>	<b>1,488,146</b>	<b>3,380,050</b>	<b>193,036</b>	<b>63,671</b>	<b>208,198</b>	<b>3,448,735</b>	<b>1,421,443</b>	<b>1,456,405</b>	<b>8,898</b>	<b>\$ 12,364,455</b>
	5.63%	12.04%	27.34%	1.56%	0.51%	1.68%	27.89%	11.50%	11.78%	0.07%	100.00%

The accompanying notes are an integral part  
of these financial statements.

Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2010

DESCRIPTION	ADMIN- ISTRATION	ENERGY	NUTRITION	SENIOR CITIZENS	COMMUNITY DEVELOP.	YOUTH DEVELOP.	HOUSING	HEAD START	TRANSPORT- ATION	FUND RAISING	TOTAL
Salaries	\$ 299,133	285,335	167,192	116,734	18,558	94,348	333,665	731,079	251,587	0	\$ 2,297,631
Payroll Taxes and Fringe Benefits	91,044	82,756	48,855	51,990	4,369	22,008	102,793	208,673	59,074	0	671,562
Trainee Wages/Fringe	0	0	0	0	0	137,911	0	0	0	0	137,911
Space/Occupancy Costs	64,267	33,857	21,320	6,696	2,042	8,643	163,875	53,419	20,930	0	375,049
Travel/Transportation	858	26,125	9,139	6,893	0	4,285	5,668	13,896	135,899	0	202,763
Contract Services	55,788	1,057,183	12,185	1,350	2,640	9,517	272,927	73,692	488,195	0	1,973,477
Legal/Audit	35,707	0	459	0	0	0	3,507	0	1,589	0	41,262
Client Assistance	28	421,120	188,124	0	0	16,913	501,301	22,460	395	0	1,150,341
Insurance	10,284	15,085	6,621	10,102	109	306	26,999	13,483	40,853	0	123,842
Food	0	0	2,559,305	0	0	46	25,344	40,582	0	0	2,625,277
Office Costs	34,851	7,869	4,508	1,610	201	1,973	17,878	9,183	1,619	0	79,692
Supplies	46,016	20,988	8,284	4,327	104	1,973	73,760	60,279	2,867	10,402	229,000
Repairs & Maint.	17,622	45	4,597	0	736	0	91,257	36,154	88,350	0	238,761
Outreach	5,019	2,698	30,325	266	0	0	5,807	4,774	42,048	0	90,937
Training	8,537	4,094	742	186	0	4,025	5,458	16,367	4,126	0	43,535
Interest	19,660	0	6,627	0	0	0	83,710	10,652	0	0	120,649
Depreciation	10,982	26,712	55,431	896	433	2,771	147,384	91,332	151,276	0	487,217
Bad Debts	0	0	0	0	0	0	84,066	0	0	0	84,066
Other	10,806	1,421	4,161	6,720	195	1,101	7,127	7,640	365	0	39,536
<b>TOTAL EXPENSE</b>	<b>\$ 710,602</b>	<b>1,985,288</b>	<b>3,127,875</b>	<b>207,770</b>	<b>29,387</b>	<b>305,850</b>	<b>1,952,526</b>	<b>1,393,665</b>	<b>1,289,173</b>	<b>10,402</b>	<b>\$ 11,012,508</b>
	6.45%	18.03%	28.40%	1.89%	0.27%	2.78%	17.73%	12.66%	11.71%	0.09%	100.00%

The accompanying notes are an integral part  
of these financial statements.

Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Grantors	\$ 9,132,186	\$ 7,724,582
Cash Received from Contracts	1,242,185	966,649
Cash Received from Rentals	789,506	765,759
Cash Received from Gallatin County/City of Bozeman	253,945	155,402
Cash Received from United Way	88,572	102,624
Cash Received from Contributions	702,802	1,354,703
Cash Received for Interest	72,550	86,975
Cash Received from Fund Raising Activities	47,231	91,000
Cash Received from Other Activities	217,774	55,188
Cash Paid to Employees	(3,391,487)	(2,946,376)
Cash Paid to Suppliers	(6,393,951)	(6,032,929)
Cash Paid for Direct Assistance to Clients	(2,072,250)	(1,213,546)
Cash Paid for Other Operational Expenses	(195,384)	(98,792)
Cash Paid for Fund Raising Activities	(8,898)	(10,402)
Interest Paid	(97,081)	(120,649)
	<b>\$ 387,700</b>	<b>\$ 880,188</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Support to Purchase Capital Assets	\$ 156,695	\$ 1,499,160
Purchase of Capital Assets	(156,695)	(1,499,160)
Cash Received/(Paid) from the Sale of Homes	1,346,470	121,833
Investment (Additions)/Disbursements	(420,301)	(926,670)
Principal Loan Payments Received	7,762	12,104
Principal Payments Advanced	(700,458)	(268,180)
Cash Received/(Paid) from Building Reserves	4,947	(111,791)
	<b>\$ 238,420</b>	<b>\$ (1,172,704)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Paid on Loan Principal	\$ (55,370)	\$ (54,912)
	<b>\$ (55,370)</b>	<b>\$ (54,912)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 570,750</b>	<b>\$ (347,428)</b>
<b>CASH AND CASH EQUIVALENTS AT JULY 1</b>	<b>634,068</b>	<b>981,496</b>
<b>CASH AND CASH EQUIVALENTS AT JUNE 30</b>	<b>\$ 1,204,818</b>	<b>\$ 634,068</b>

The accompanying notes are an integral part  
of these financial statements.

Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

CONSOLIDATED STATEMENTS OF CASH FLOWS, continued

For the Years Ended June 30

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

	2011	2010
Increase in Net Assets	\$ 3,300,040	\$ 3,891,794
<i>Adjustments to Reconcile Change in Net Assets to Net Cash</i>		
<i>Provided by Operating Activities</i>		
Items not Affecting Cash:		
Depreciation Expense	486,300	487,217
Bad Debt Allowance	(36,800)	15,100
Loss on Disposal of Assets	0	28,276
Change in Regulation	974,541	0
Increase/(Decrease) in Loan Loss Reserve	(48,570)	61,136
Change in Assets and Liabilities:		
(Increase)/Decrease in:		
Inventory	(2,948,518)	(2,936,923)
Grants Receivable	284,121	(107,927)
Accounts Receivable	38,566	692,237
Prepaid Expenses	3,565	(7,190)
Support for Capital Assets/Home Proceeds	(1,503,165)	(1,620,993)
Increase/(Decrease) in:		
Accounts Payable	(145,745)	301,551
Vacation Payable	12,197	23,955
Sick Leave Payable	3,219	5,170
Rent Deposits	(2,000)	10,116
Unearned Revenue	(30,051)	36,669
Net Cash Provided by Operating Activities	\$ 387,700	\$ 880,188

*SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING  
AND FINANCING ACTIVITIES*

Contribution of Food	\$ 2,821,283	\$ 2,569,262
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The accompanying notes are an integral part  
of these financial statements.

Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011 and 2010

NOTE 1. NATURE OF AGENCY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of the Human Resource Development Council of District IX, Inc. (Agency) and its wholly owned subsidiaries, the Home Corporation, The Miles Building, Inc., Summit Apartments, Inc., Sherwood Inn Apartments, Inc., and the Darlinton Apartments, Inc. for the years ending June 30, 2011 and 2010. All significant inter-company transactions and balances have been eliminated (See Note 12).

B. Organization

The Human Resource Development Council of District IX, Inc. is a private not-for-profit corporation under Internal Revenue Code Section 501 (c) (3). The Agency is located in Bozeman, Montana, with a branch office in Livingston, Montana. The Agency enhances the quality of people's lives through innovative leadership in community development and human services. The Agency accomplishes these goals in cooperation with other public and private entities.

Services are delivered statewide with an emphasis in Gallatin, Park, and Meagher Counties. The Board of Directors is composed of individuals from the private sector, public sector, and representatives of the low-income sector.

The Home Corporation is a private not-for-profit title holding company under Internal Revenue Code Section 501(c) (2). The Home Corporation was formed as a single asset entity in order to facilitate financing with the Montana Board of Housing (MBOH) for the West Babcock Apartment Affordable Housing project.

The Miles Building, Inc. is defined as a 501(c) (3) Supporting Organization under the Internal Revenue Code. The Miles Building, Inc. was formed as a single asset entity to facilitate financing with the Montana Board of Housing and U.S. Department of Housing and Urban Development for the purchase of the Miles Building Apartments in Livingston, Montana in May 1999. The Miles Building was purchased to preserve 40 units of existing low-income housing stock in the Livingston community. In December, 2001, the Miles Building, Inc. transferred all of its assets and liabilities to the Miles Limited Partnership (LP) in order to facilitate the sale of low income housing tax credits (See Note 13).

Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011 and 2010

NOTE 1. NATURE OF AGENCY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. Organization, continued

The Darlinton Apartments, Inc. is defined as a 501(c) (3) Supporting Organization under the Internal Revenue Code. The Darlinton Apartments, Inc. was formed to participate in a statewide initiative to preserve low-income housing in Montana. The Darlinton Apartments, Inc. is the Non-Profit General Partner in a Limited Partnership which owns the 100 unit Darlinton Apartments in Bozeman, Montana.

The Sherwood Inn Apartments, Inc. is defined as a 501(c) (3) Supporting Organization under the Internal Revenue Code. The Agency formed the Sherwood Inn Apartments, Inc. a wholly owned subsidiary to act as a single asset entity to hold and operate the 49 unit low income Apartment Complex. In May, 2001, the Agency signed a memorandum of understanding and a 24 month option for the purchase of the Sherwood Inn Apartments in Livingston, Montana. The purchase was completed on February 1, 2004 for a purchase price of \$1,375,000. The Sherwood Inn Apartments, Inc. purchase financing included the following: the seller's donation of \$209,922; a private mortgage for \$475,139; a Home Investment Partnership Grant of \$371,000; an existing HUD mortgage on the property (the 1<sup>st</sup> HUD mortgage) in the amount of \$444,268 which was assigned by HUD to the Agency for future collection; and another existing HUD mortgage on the property (the 2<sup>nd</sup> HUD mortgage) in the amount of \$127,023 which was forgiven by HUD. Neither HUD mortgage loan remained FHA insured, therefore the HUD loan regulatory agreements were not assumed by the purchaser.

The Summit Apartments, Inc. is defined as a 501(c) (3) Supporting Organization under the Internal Revenue Code. Summit Apartments, Inc. was formed to facilitate the transfer of physical assets of the Summit Place Apartments in Livingston, Montana, through the U.S. Department of Housing and Urban Development. The transfer of physical assets of the seven unit low-income apartment complex was completed in September 2006 through the assumption of the HUD deferred mortgage on the property in the amount of \$438,100 and related regulatory and use agreements until the maturity date of the note in January 2037.

C. Basis of Accounting

The Agency's financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities. The Agency measures financial instruments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of cash and cash equivalents, current receivables, and current liabilities approximate their fair values because of their short-term nature. Investments are recorded at quoted active market prices at the reporting date for identical assets (Level 1).

Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011 and 2010

NOTE 1. NATURE OF AGENCY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. Categories of Net Assets

The net assets of the Agency are reported in the following categories:

*Unrestricted net assets* generally have no donor-imposed restrictions. This category includes net amounts that have been earned and expended according to grant and contract conditions and generally unrestricted activities.

*Temporarily restricted net assets* include gifts for which donor-imposed restrictions have not been met and funds for which the ultimate purpose is not permanently restricted. A summary of temporarily restricted net assets is as follows:

	<u>2011</u>	<u>2010</u>
Galavan Transportation Operations	\$ 904,958	\$833,250
Head Start Training	1,129	0
Healthy Kids Pack Food Program	68,508	5,501
Home to Stay Emergency Housing	8,659	7,354
Road to Home Homeownership	<u>154,847</u>	<u>70,000</u>
Total Temporarily Restricted	<u>\$1,138,101</u>	<u>\$ 916,105</u>

*Permanently restricted net assets* result from contributions and other inflows of assets whose use by the Agency is limited by donor-imposed stipulations that neither expire by passage of time nor fulfilled or otherwise removed by actions of the Agency. As of June 30, 2011 and 2010, the Agency had no permanently restricted net assets.

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include cash in banks and on hand, and highly liquid debt instruments that are readily convertible to known amounts of cash. Such debt instruments have maturities of three months or less from the date of purchase. Investments consist of debt instruments with original maturities to the Agency in excess of three months. All investments have readily determinable fair values. The Agency's primary investment objective is to maximize total return with minimal risk to preserve capital that is intended for the Agency's charitable missions while generating cash flow for operations.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011 and 2010

NOTE 1. NATURE OF AGENCY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

E. Cash and Cash Equivalents and Investments, continued

As of June 30, 2011 and 2010, the Agency's interest-bearing checking and savings accounts earned interest at an average rate of 0.27 and 0.31 percent, respectively. As of June 30, 2011, the Agency's investments consisted of Certificates of Deposit recorded at market value (Level 1) earning an average rate of interest of 0.92 percent. As of June 30, 2010, the Agency's investments consisted of Certificates of Deposit recorded at market value (Level 1) earning an average rate of interest of 1.83 percent. Amounts in excess of the Federal Deposit Insurance Corporation limits have been collateralized through a pledge agreement with the financial institution.

F. Program Activities and Expense Classification

Separate accounts are maintained for each fund; however, in the accompanying consolidated financial statements, funds that have similar characteristics have been combined into activity groups. The primary activity groups and their related purposes are summarized as follows:

*Administration*—Consists of board-designated funds that are used for administering the Agency.

*Energy Activities*—The primary purpose of these programs is to conserve the amount of energy used by low-income families through the improvement of their home's heating efficiency, as well as through education in ways to permanently reduce energy consumption. Priority is given to high energy consumers. Eligible participants are also subsidized through fuel assistance programs for their primary heating costs.

*Nutrition Activities* – Nutrition programs are designed to provide education, training, and resources which allow individuals and families to obtain and prepare quality nutritional meals.

*Senior Citizen Activities*— Health programs provide assistance to elderly and physically disabled persons so they may remain self-sufficient and live independently in their own homes. These programs enable clients to remain in their own homes by providing case management and home based services such as nursing, personal care, and homemaking services. Other Senior Citizen programs provide seniors with the opportunity to give valuable and fulfilling volunteer service to the community.

*Community Development Activities*— These activities include community land trusts (See Note 10) and loan programs that were designed to help the economically disadvantaged finance business opportunities.

Rural Local Initiatives Support Corporation (LISC) has requested that the Agency remain a partner in their national rural community development initiative. Using the resources of LISC, the Agency has been able to focus on community development projects that benefit existing Agency programs and are consistent with the Agency's mission and goals.

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June 30, 2011 and 2010

NOTE 1. NATURE OF AGENCY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Program Activities and Expense Classification, continued

*Youth Development Activities*—These activities are designed to enable the economically disadvantaged youth population to become job ready and gainfully employed through the provision of counseling, career awareness, supportive services, remedial education and assessment.

*Housing Activities*—These activities provide affordable housing options to lower-income individuals and families through rental assistance, homeless prevention assistance, and low-income apartment units. Property management of low-income/tax credit housing projects also helps in the provision of affordable housing.

*Head Start*—This activity provides comprehensive child development and family resources to income eligible children and their parents. These activities are designed to positively impact the child and family's ability to be contributing members of the community. Services include preschool classes, home based education programs, support for health, nutrition, mental health and disabilities, and parent involvement training.

*Transportation*—These activities provide public transportation services for the Bozeman area through grant support of the Montana Department of Transportation, Federal Transit Administration, and public contributions. Public transportation including fixed route and demand responsive services, provide access for those individuals who would otherwise be unable to obtain transportation or are unable to drive and serves to reduce pollution from vehicle emissions in the Bozeman area. The demand responsive transportation program fosters independence in senior and disabled persons by providing rides to medical, employment, volunteer, and other social or cultural appointments.

*Fund Raising*—These activities provide low-cost supplies and services for special events and activities designed to create public awareness and support for community based activities such as the food banks and senior volunteer programs.

G. Inventories

Inventories consist of repair parts used in the Northwestern Energy Weatherization program (\$3,693 on June 30, 2011 and \$4,436 on June 30, 2010) and the food inventory at the Gallatin Valley Emergency Food Bank and Headwaters Food Bank (\$157,454 on June 30, 2011 and \$190,013 on June 30, 2010). Inventories are recorded at the lower of cost or market.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011 and 2010

NOTE I. NATURE OF AGENCY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

G. Inventories, continued

Inventories also include a 59 unit condominium complex being held for resale that will provide homeownership opportunities for families earning between 50 and 120 percent of the area median income under the Neighborhood Stabilization Program. Condominium units are being individually sold to income eligible participants in the program, with income earned on the sales used for a second condominium building on the same site. During 2010, the first 23 unit condominium building and land was purchased for \$2,850,000. During 2011, the Agency substantially completed construction of the second 36 unit condominium building at a cost of \$4,337,371. The total cost of the unsold condominium units held in inventory as of June 30, 2011 and 2010 was \$5,768,137 (47 units) and \$2,850,000 (23 units), respectively.

In addition, inventories include one home in the Livingston Land Trust (See Note 10) being held for resale to an eligible participant in the program (\$63,684 on June 30, 2011 and \$0 on June 30, 2010).

H. Contributed Support

The Agency recognizes all unconditional gifts and promises to give in the period notified. Contributed support is reported as unrestricted or temporarily restricted depending upon the existence of donor stipulations. Temporarily restricted contributions whose restrictions have been fulfilled in the current year are reported as unrestricted.

I. Revenue Recognition

Contract, grant, and other revenues are recognized when earned.

Contributed service revenue results when donated services create or enhance non-financial assets or when they require specialized skills provided by people possessing those skills that would typically be purchased if not provided by donation. Contributed goods are valued at their estimated fair value at the date of contribution. Professional services donated to the Agency that are included in the financial statements as of June 30, 2011 and 2010 total \$53,315 and \$42,260, respectively. An additional \$365,270 and \$416,778 of clothing, volunteer time, and miscellaneous items have also been contributed to the Agency that have not been included in these financial statements because they do not meet the requirements for recognition.

J. Vacation and Sick Leave

The Agency charges the individual programs for vacation leave earned by employees. These monies are deposited in the Vacation Leave Fund. When an employee uses vacation benefits, the vacation time is charged against this fund. As of June 30, 2011 and 2010, the Vacation Leave Fund had a liability balance of \$140,489 and \$128,292, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011 and 2010

NOTE 1. NATURE OF AGENCY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

J. Vacation and Sick Leave, continued

The Agency pays terminating employees one quarter of the value of their unused sick leave. On June 30, 2011 and 2010, the liability for one quarter unused sick leave was \$84,138 and \$80,919 plus related payroll taxes. The other three quarters of sick leave expenses are recorded when paid.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions which affect the reported assets, liabilities, revenues, and expenditures during the reporting period. Actual results could differ from those estimates.

L. Fixed Assets

The Agency capitalizes equipment with a purchase price of at least \$5,000 or lower amount if required by grantors, and an expected life of at least three years. Property and equipment are carried at cost. Straight-line depreciation is used to depreciate assets over estimated lives of three to thirty years. Depreciation is recorded as program support.

M. Income Taxes

Provisions for income taxes have not been recorded in these financial statements because the Agency believes it had no income unrelated to its exempt purposes in 2011 or 2010. With few exceptions, the Agency is no longer subject to U.S. federal or state tax examinations by tax authorities for years before 2008.

N. Subsequent Events

The Agency recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed as of June 30, 2011, including the estimates inherent in the process of preparing financial statements. Subsequent events that provide evidence about conditions that did not exist as of June 30, 2011, but arose after that date and prior to the date the financial statements are available to be issued are not recognized in these financial statements. The Agency evaluates subsequent events through the date the financial statements are available to be issued which is the date of the auditor's report.

NOTE 2. RECEIVABLES

*Grants Receivable* represents the balance of grant funds earned but not yet received in cash. Most grants allow monthly draw-downs of cash which provide operating capital for program operation. The Agency has an additional \$2,469,010 and \$6,767,017 in unearned grant commitments as of June 30, 2011 and 2010, respectively.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2011 and 2010

NOTE 2. RECEIVABLES, continued

*Accounts Receivables* represent amounts owing to the Agency from program service contracts. Contracts call for a fixed fee for service and are primarily comprised of in-home services, case management and property management. These amounts are shown net of a provision for bad debts of \$18,480 and \$55,280 as of June 30, 2011 and 2010, respectively.

*Deferred Loans Receivable* represents amounts advanced by the Miles Building, Inc. to the Miles Limited Partnership (See Note 13) for the rehabilitation of the Miles Building Apartments, down payment assistance loans through the Road to Home program, and second mortgage loans through the Neighborhood Stabilization Program.

Miles Building, Inc. CDBG Loan	\$500,000
Date of Loan	July 1, 2002
Maturity	July 1, 2042
Interest Rate	5.70%
Loan Deferred until Available Cash Flow after all Other Debts and Reserves are Funded	
Secured by Revenues of Partnership	

Miles Building, Inc. Equity Loan	\$259,947
Date of Loan	December 4, 2001
Maturity	December 4, 2041
Interest Rate	1.00%
Loan Deferred until Available Cash Flow after all Other Debts and Reserves are Funded	
Secured by Revenues of Partnership	

Miles Building, Inc. Operating and Replacement Reserves	\$63,921
Date of Loan	March 21, 2003
Interest Rate	0.00%
Loan Deferred until Available Cash Flow after all Other Debts and Reserves are Funded	
Secured by Revenues of Partnership	

The Road to Home program provides financial assistance to first-time homebuyers in the form of a no-interest, deferred payment, equity-share mortgage loan to help the household complete down payment needs or fill the gap between the total purchase price and the maximum loan amount offered by the lender. Repayments of the loans are required upon satisfaction of the primary mortgage loan, refinance, or sale of the home and property. The Agency shares in the equity of the home and the total amount due to the Agency upon repayment conditions is based upon the appraised value of the home. As of June 30, 2011, the Agency had 60 outstanding down payment assistance loans totaling \$899,498, offset by a provision for loan losses of six percent of the amount loaned of \$53,970. As of June 30, 2010, the Agency had 103 outstanding down payment assistance loans totaling \$1,790,670, offset by a provision for loan losses of six percent of the amount loaned of \$107,440. A change in regulations had the effect of decreasing the outstanding down payment assistance loans by \$974,540 (See Note 18).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011 and 2010

NOTE 2. RECEIVABLES, continued

The Agency sponsors the Neighborhood Stabilization Program (NSP) in Gallatin County as an initiative to increase homeownership among low to moderate income households. The program acquired 23 units in the Bozeman Peaks Condominium development (now called the West Edge Condominiums) with plans to construct 36 units in Phase 2 and 24 units in Phase 3. The Agency sells the condominiums to income eligible buyers, with a maximum of 50% of the mortgage amount being financed through NSP funds in the form of a no-interest, deferred payment, second mortgage loan to help fill the gap between the total purchase price and the maximum loan amount offered by the lender. Repayment of the NSP second mortgage is required upon the sale of the residence, cash-out refinance, full payment of the first mortgage, or if the condominium is no longer used as the primary residence of the household. The NSP second mortgages are forgiven at a rate of 5 percent annually, to be fully forgiven in 20 years. All interest and principal payments are deferred until repayment is required. Upon repayment, an appreciation share formula will be applied to determine the amount of repayment. As of June 30, 2011, there were 12 NSP second mortgage loans outstanding in the amount of \$562,751.

*Loans Receivable*

The Community First Fund is designed to assist Montana communities with early access to capital for community development projects. Community needs are often left unmet because capital for community development projects is limited to, and defined by, governmental sources. The Community First Fund addresses requests based on community need, support, and demographics. (Also see Note 17.)

The HRDC Loan Program also provided financing and technical assistance to Montana small businesses. As of June 30, 2011 and 2010, there were three loans outstanding totaling \$104,761 and \$78,603, respectively. Interest on these loans varies from 7.0 to 10.25 percent with maturities from six to ten years. An allowance for uncollectible loans as of June 30, 2011 and 2010 was \$15,100 and \$15,100, respectively. (Also see Note 17.)

NOTE 3. FIXED ASSETS

The Agency capitalizes equipment with a purchase price of at least \$5,000 or lower amount if required by grantors, and an expected life of at least three years. Property and equipment are carried at cost. Straight-line depreciation is used to depreciate assets over estimated lives of three to thirty years. Depreciation is recorded as program support. Land and improvements includes parcels of undeveloped land located in Bozeman, Livingston, and Belgrade, Montana.

The Agency purchased six passenger buses to be used for public transportation in the Bozeman area at a cost of \$1,006,874 in June 2007. Should an Urban Transportation District be formed in future years, the Agency will transfer the buses to the new District. The book value of the buses as of June 30, 2011 and 2010 was \$432,876 and \$576,278, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011 and 2010

NOTE 3. FIXED ASSETS, continued

Equipment purchased with grant funds is subject to rights of rescission of the grantors. Equipment purchased with grant monies are limited to use by the grant program that purchases the equipment. Should the program terminate, grantors may invoke claim to that equipment purchased through the grant agreement terms.

As of June 30, 2011, property and equipment consisted of the following:

<u>Asset</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Furniture and Equipment	\$ 257,894	\$ 194,016	\$ 63,878
Vehicles	1,789,739	1,075,287	714,452
Land and Improvements	1,620,052	20,843	1,599,209
Buildings	<u>7,927,302</u>	<u>2,470,738</u>	<u>5,456,564</u>
Totals	<u>\$11,594,987</u>	<u>\$ 3,760,884</u>	<u>\$7,834,103</u>

As of June 30, 2010, property and equipment consisted of the following:

<u>Asset</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Furniture and Equipment	\$ 216,905	\$ 177,953	\$ 38,952
Vehicles	1,789,739	851,980	937,759
Land and Improvements	1,620,052	19,857	1,600,195
Buildings	<u>6,755,173</u>	<u>2,232,016</u>	<u>4,523,157</u>
Totals	<u>\$10,381,869</u>	<u>\$ 3,281,806</u>	<u>\$7,100,063</u>

NOTE 4. UNEARNED REVENUE

Unearned revenue consists of cash received from grantors that was not earned as of June 30, 2011 and 2010. The activity in the unearned revenue account is as follows:

	<u>2011</u>	<u>2010</u>
Unearned Revenue, Beginning of Year	\$ 6,862,360	\$ 3,990,308
Grant Awards Received	4,661,248	12,170,256
Grant Expenditures	<u>(8,989,306)</u>	<u>(9,298,204)</u>
Gross Unearned Revenue, End of Year	\$ 2,534,302	\$ 6,862,360
Less Amount Not Received in Cash	<u>(2,469,010)</u>	<u>(6,767,017)</u>
Net Unearned Revenue	<u>\$ 65,292</u>	<u>\$ 95,343</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2011 and 2010

NOTE 5. LOANS PAYABLE

The Agency's obligation under loans payable consists of the following:

	<u>Authorized</u>	<u>2011 Outstanding</u>	<u>2010 Outstanding</u>
First Interstate Bank	\$ 120,000	\$ 55,235	\$ 62,951
Date of Loan	June 13, 1997		
Maturity	June 13, 2017		
Interest (prime + 1%, 5.0%-8.5%)	5.00%		
Payments Principal & Interest, Monthly	\$890		
Secured by first lien on Livingston Child Care Center Guaranteed by U.S. Department of Agriculture			
Big Sky Western Bank	\$ 830,000	\$ 649,112	\$ 660,083
(Original loan from Montana Board of Housing for West Babcock Apartments)			
Original Date of Loan	November 18, 1996		
Refinanced, Big Sky Western Bank	April 29, 2010		
Maturity	May 5, 2040		
Interest Rate (reset every 3 years to 36 month CD rate + 1.75%)	4.21%		
Payment Principal & Interest, Monthly	\$3,238		
Secured by Certificate of Deposit \$666,600			
City of Bozeman CAHF	\$ 150,000	\$ 77,499	\$ 82,499
Date of Loan	January 22, 1996		
Maturity	January 1, 2027		
Interest Rate	0%		
Payment Principal only, Monthly	\$417		
Secured by second lien on West Babcock Apartments			
U.S. Department of Agriculture - Rural Development	\$ 77,000	\$ 17,203	\$ 21,108
Date of Loan	October 6, 1998		
Maturity	October 6, 2028		
Interest Rate	4.75%		
Payment Principal & Interest, Monthly	\$402		
Secured by equipment, furnishings, and revenues of the Bozeman Head Start Center			
First Security Bank	\$ 60,000	\$ 23,025	\$ 27,511
Date of Loan	March 27, 1998		
Maturity	April 15, 2023		
Interest Rate (variable at prime rate)	5.25%		
Payments Principal & Interest, Monthly	\$486		
Secured by first lien on the Colorado Apartments			

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NOTE 5. LOANS PAYABLE, continued

	<u>Authorized</u>	<u>2011 Outstanding</u>	<u>2010 Outstanding</u>
First Interstate Bank	\$ 152,800	\$ 118,023	\$ 122,127
Original Date of Loan	12/28/99		
Refinance Date	06/19/03		
Maturity	06/01/2028		
Interest Rate, (prime + 0.5%, 4.75%-7.75%)	5.50%		
Payment Principal & Interest, Monthly	\$893		
Secured by first lien on the Gallatin Valley Food Bank Building			
U.S. Department of Agriculture - Rural Development	\$ 30,000	\$ 26,019	\$ 26,452
Date of Loan	10/06/99		
Maturity	10/06/2039		
Interest Rate	4.75%		
Payment Principal & Interest, Monthly	\$140		
Secured by Revenue of the Livingston Child Care Facility			
U.S. Department of Agriculture - Rural Development	\$ 116,415	\$ 101,001	\$ 102,676
Date of Loan	10/06/99		
Maturity	10/03/2039		
Interest Rate	4.75%		
Payments Principal & Interest, Monthly	\$543		
Secured by Revenue of the Livingston Child Care Facility			
U.S. Department of Agriculture - Rural Development	\$ 450,000	\$ 405,103	\$ 410,875
Date of Loan	02/01/02		
Maturity	02/01/2042		
Interest Rate	4.75%		
Payments Principal & Interest, Monthly	\$2,097		
Secured by HRDC Central Offices Building and Land			
Private Mortgage Note	\$ 475,139	\$ 407,937	\$ 419,245
Date of Loan	02/01/04		
Maturity	02/01/2029		
Interest Rate	7.00%		
Payments Principal & Interest, Monthly	\$3,534		
Secured by a first lien on the Sherwood Inn Apartments			
U.S. Department of Housing and Urban Development	\$ 438,100	<u>\$ 438,100</u>	<u>\$ 438,100</u>
Date of Loan Assumption	09/30/06		
Maturity	01/01/2037		
Interest Rate	0.00%		
Repayment not required as long as housing remains available to very low-income, if Default occurs, Interest Rate of 7% and is due and payable without notice. Secured by Summit Apartments			
TOTAL LOANS PAYABLE		\$ <u>2,318,257</u>	\$ <u>2,373,627</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011 and 2010

NOTE 5. LOANS PAYABLE, continued

Loans payable principal matures as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$ 59,978
2013	63,081
2014	66,464
2015	69,856
2016	73,551
2017-2042	<u>1,985,327</u>
Total	<u>\$2,318,257</u>

NOTE 6. LEASES

The Agency classifies its leases as either operating or capitalized leases. Currently all leases are operating leases. Office space in Livingston, Montana was leased for \$550 per month through March 2010.

NOTE 7. EMPLOYEE BENEFITS

Agency employees may participate in a Code Section 403(b) Defined Contribution Retirement Plan or Code Section 401(k) Retirement Plan.

*403(b) Defined Contribution Retirement Plan*—Employees were eligible to make elective deferrals upon employment and could contribute up to the maximum amount allowed by law. Employees meeting the plan’s hour and service requirements were eligible for employer matching contributions. The Agency replaced the 403(b) plan with a 401(k) plan in 1999. Although balances remain for participants accounts, there are no longer contributions into the 403(b) plan.

*401(k) Retirement Plan*—Employees are eligible to make elective deferrals upon employment and can contribute up to the maximum amount allowed by law. Employees meeting the plan’s hour and service requirements are eligible for employer matching contributions. The Agency matches employee contributions up to 7% of the employee’s salary.

Employer matching contributions vest as follows:

<u>Years of Service</u>	<u>Non-forfeitable</u>
Less than 1 year	0 %
One year	33 %
Two years	67 %
Three years	100 %

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2011 and 2010

NOTE 7. EMPLOYEE BENEFITS, continued

For the years ended June 30, 2011 and 2010, the Agency contributed \$96,393 and \$88,178 in matching contributions to the 401(k) Retirement Plan.

*Health Insurance*—The Agency participates in a Group Health Benefit Plan (Health Plan) which provides eligible employees and their dependents with medical insurance. The Health Plan has a \$1,500 deductible provision whereby the first \$1,500 of medical expense annually is paid by the employee. Any cost in excess of the deductible is covered through an insurance policy from an insurance provider. The Agency paid \$202,714 and \$148,229 for insurance premiums for the years ending June 30, 2011 and 2010, respectively. The employee maximum annual responsibility is \$4,500 for single coverage and \$9,000 for family coverage.

NOTE 8. OFFICE EQUIPMENT USER CHARGES

The Agency has purchased two photocopiers and a fax machine. The Agency charges the use of these items to the various programs as follows:

Photocopies	\$ .04	per copy
Fax	\$1.00 - \$1.50	per page

NOTE 9. COST ALLOCATION

The Agency allocates costs that can be identified specifically with a particular final cost objective directly to the individual program benefiting. Joint costs are allocated directly to individual programs using a base most appropriate to the particular cost being prorated.

NOTE 10. LAND TRUSTS

*Bozeman, Montana*—The Agency has created a Land Trust in Bozeman, Montana upon which twenty homes have been constructed and sold to income eligible individuals. The purpose of the Land Trust is to provide decent housing that is permanently affordable to low and moderate income levels, while creating home ownership opportunities. The Agency is able to stimulate the availability of long-term affordable housing through the use of long-term Ground Leases.

The Agency retains title to the Land, and shares in the equity of the home with eligible individuals who purchase the homes for a price based upon their ability to pay. The total equity is determined by independent appraisals. A summary of sales prices and equity percentages are as follows:

Appraised value of homes at time of purchase (excluding land)	\$ 1,811,900	100.0%
Sales price to individuals	<u>1,367,681</u>	75.5%
Balance of Equity to Agency	\$ <u>444,219</u>	24.5%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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NOTE 10. LAND TRUSTS, continued

When the individuals sell their homes, they must sell either to the Agency or to other income eligible individuals. Proceeds from a sale are allocated between the individual and the Agency in the relative proportion of equity at the time of purchase in accordance with the Ground Lease Agreement.

Each homeowner has signed a 99-year renewable Ground Lease which is paid in semiannual installments of \$180. Lease payments billed during the years ending June 30, 2011 and 2010 totaled \$8,280 and \$8,280, respectively.

The Agency has agreed to act as a guarantor on two individual Deeds of Trust with local lenders with an original mortgage amount of \$95,600. The Agency serves as a guarantor in order to secure financing for purchasers of these affordable homes. The Agency's guarantee is secured by land held in the Land Trust.

*Livingston, Montana*—The Agency has also created a Land Trust in Livingston, Montana, upon which up to twenty-two homes may be constructed and sold to income eligible individuals. The construction of the homes was facilitated by a HOME grant from the U.S. Department of Housing and Urban Development (HUD) through the Montana Department of Commerce. Ten homes were completed and sales to individuals were finalized. During fiscal year 1997, land worth \$90,000 was donated to the Agency for the Livingston Land Trust.

A summary of sales price and equity percentages for the homes sold are as follows:

Appraised value of homes at time of purchase (excluding land)	\$ 770,000	100.0%
Sales price to individual	<u>691,809</u>	89.8%
Balance of Equity to Agency	\$ <u>78,191</u>	10.2%

The homeowners have signed a 99-year renewable Ground Lease which includes provisions required for use with HUD/Federal Housing Authority insured mortgages.

In December 2010, the Agency received a quit claim deed for one of the homes in the Livingston Land Trust. The Agency has made the payments on the mortgage loan of the property and intends to resell the home to an eligible participant in the program.

NOTE 11. RISK MANAGEMENT

The Agency faces a number of risks including (1) loss or damage to property, (2) general liability, and (3) employee medical insurance. Commercial insurance policies are purchased for loss or damage to property, general liability, and employee medical insurance.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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NOTE 11. RISK MANAGEMENT, continued

The Agency began participating in the First Nonprofit Unemployment Saving Program in January 2003. Under the plan, the Agency makes periodic payments to First Nonprofit, which holds the funds in a custodial account in the name of the Agency less administrative expenses. The funds held are used to pay unemployment claims. Should there be a deficiency in funds available to pay claims, loans are available for prime rate plus 2 percent. Should unemployment claims annually be higher than \$63,374 paid by Agency premiums, stop loss insurance becomes effective for the remaining amounts up to \$253,496. Any unemployment claims beyond \$253,496 stop loss coverage in an annual period becomes the responsibility of the Agency. As of June 30, 2011 and 2010, the Agency had \$61,071 and \$45,784 available to pay unemployment claims, respectively

NOTE 12. SUBSIDIARY RECONCILIATION TO THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements include the activity of the Agency and its wholly owned subsidiaries at June 30, 2011 and 2010. Following are the balance sheets and results of operations of the Darlinton Apartments, Inc. for the years ended June 30, 2011 and 2010:

<u>Assets</u>		<u>2011</u>		<u>2010</u>
Cash and Cash Equivalents	\$	<u>2,648</u>	\$	<u>2,833</u>
<u>Liabilities and Net Assets</u>				
Accounts Payable	\$	0	\$	0
Net Assets		<u>2,648</u>		<u>2,833</u>
Total Liabilities and Net Assets	\$	<u>2,648</u>	\$	<u>2,833</u>
 <u>Revenues</u>				
Interest Income	\$	5	\$	8
Other Revenue		<u>0</u>		<u>0</u>
Total Revenue	\$	5	\$	8
 <u>Expenses</u>				
Miscellaneous Expenses	\$	<u>190</u>	\$	<u>190</u>
Net Revenue over/(under) Expenses		(185)		(182)
Net Assets at July 1		<u>2,833</u>		<u>3,015</u>
Net Assets at June 30	\$	<u>2,648</u>	\$	<u>2,833</u>
Intercompany Accounts Receivable/(Payable)		0		0

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2011 and 2010

NOTE 12. SUBSIDIARY RECONCILIATION TO THE FINANCIAL STATEMENTS, continued

Following is a summary of net assets and results of operations of the Home Corporation for the years ending June 30:

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	\$ 16,650	\$ 19,302
Accounts Receivable (Net of Allowance)	10,645	11,015
Escrow and Reserves	13,989	39,767
Prepaid Expenses	1,280	1,349
Building	1,558,503	1,558,503
Less Accumulated Depreciation	(753,139)	(701,189)
Land	<u>193,094</u>	<u>193,094</u>
Total Assets	<u>\$ 1,041,022</u>	<u>\$ 1,121,841</u>
 <u>Liabilities and Net Assets</u>		
Accounts Payable	\$ 19,166	\$ 49,006
Rental Deposits	13,317	10,730
Long Term Debt	726,612	742,582
Net Assets	<u>281,927</u>	<u>319,523</u>
Total Liabilities and Net Assets	<u>\$ 1,041,022</u>	<u>\$ 1,121,841</u>
 <u>Revenues</u>		
Rental Income	\$ 156,977	\$ 145,955
Insurance Proceeds	131,724	0
Other Income	<u>1,857</u>	<u>4,882</u>
Total Income	\$ 290,558	\$ 150,837
 <u>Expenses</u>		
Direct Expenses	\$ 245,897	\$ 99,691
General and Administrative	2,063	2,318
Depreciation	51,950	51,950
Interest Expense	<u>28,244</u>	<u>48,732</u>
Total Expenses	<u>\$ 328,154</u>	<u>\$ 202,691</u>
 Net Revenue Over/(Under) Expenses	\$ (37,596)	\$ (51,854)
Agency Contribution	0	68,545
Net Assets, July 1	<u>319,523</u>	<u>302,832</u>
Net Assets, June 30	<u>\$ 281,927</u>	<u>\$ 319,523</u>
 <u>Majority Interests in Subsidiary Eliminated in Consolidation</u>		
Investment in Subsidiary	\$ (873,120)	\$ (873,120)
Intercompany Revenues/(Expenses)	(13,291)	(11,690)
Intercompany Accounts Receivable/(Payable)	(13,680)	(9,860)

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2011 and 2010

NOTE 12. SUBSIDIARY RECONCILIATION TO THE FINANCIAL STATEMENTS, continued

Following are balance sheets and results of operations of the Sherwood Inn Apartments, Inc. for the years ended June 30:

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	\$ 82,448	\$ 90,265
Accounts Receivable (Net of Allowance)	237	8,681
Lender Replacement/Tax Reserves	478,391	419,452
Prepaid Expenses	6,388	6,732
Furniture and Fixtures	68,625	68,625
Building	1,166,632	1,166,632
Less Accumulated Depreciation	(357,043)	(312,436)
Land	<u>59,562</u>	<u>59,562</u>
Total Assets	<u>\$1,505,240</u>	<u>\$1,507,513</u>
<u>Liabilities and Net Assets</u>		
Accounts Payable	\$ 19,226	\$ 14,049
Rental Deposits	10,052	10,655
Long Term Debt	760,074	784,941
Net Assets	<u>715,888</u>	<u>697,868</u>
Total Liabilities and Net Assets	<u>\$1,505,240</u>	<u>\$1,507,513</u>
 <u>Revenues</u>		
Rental Income	\$ 300,708	\$ 298,188
Other Income	<u>11,396</u>	<u>15,450</u>
Total Income	\$ 312,104	\$ 313,638
<u>Expenses</u>		
Direct Expenses	\$ 208,502	\$ 187,271
General and Administrative	8,386	6,920
Depreciation	44,607	48,691
Interest Expense	<u>32,589</u>	<u>33,487</u>
Total Expenses	\$ <u>294,084</u>	\$ <u>276,369</u>
Net Revenue Over/(Under) Expenses	\$ 18,020	\$ 37,269
Agency Distribution	0	(252,482)
Net Assets, July 1	<u>697,868</u>	<u>913,081</u>
Net Assets, June 30	\$ <u>715,888</u>	\$ <u>697,868</u>
 <u>Majority Interests in Subsidiary Eliminated in Consolidation</u>		
Investment in Subsidiary	\$(118,518)	\$(118,518)
Intercompany Loan Payable	(352,138)	(365,696)
Intercompany Revenues/(Expenses)	(25,434)	(24,035)
Intercompany Accounts Receivable/(Payable)	(11,667)	(8,087)

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2011 and 2010

NOTE 12. SUBSIDIARY RECONCILIATION TO THE FINANCIAL STATEMENTS, continued

Following are balance sheets and results of operations of the Miles Building, Inc. for the years ending June 30:

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	\$ 158,653	\$ 148,006
Accounts Receivable (Net of Allowance)	246,529	220,463
Investment in Miles, LP	312,991	312,991
Deferred Loans Receivable	<u>823,868</u>	<u>823,868</u>
Total Assets	\$ <u>1,542,041</u>	\$ <u>1,505,328</u>
<u>Liabilities and Net Assets</u>		
Loans Payable	\$ 151,713	\$ 151,713
Net Assets	<u>1,390,328</u>	<u>1,353,615</u>
Total Liabilities and Net Assets	\$ <u>1,542,041</u>	\$ <u>1,505,328</u>
 <u>Revenues</u>		
Interest Income	\$ 31,100	\$ 31,100
Other Income	<u>6,328</u>	<u>9,000</u>
Total Income	\$ 37,428	\$ 40,100
<u>Expenses</u>		
Direct Expenses	\$ <u>715</u>	\$ <u>290</u>
 Net Revenue Over/(Under) Expenses	\$ 36,713	\$ 39,810
Agency Distribution	0	(122,000)
Net Assets, July 1	<u>1,353,615</u>	<u>1,435,805</u>
Net Assets, June 30	\$ <u>1,390,328</u>	\$ <u>1,353,615</u>
 <u>Majority Interests in Subsidiary Eliminated in Consolidation</u>		
Intercompany Loans Receivable	\$ (823,868)	\$ (823,868)
Intercompany Loan Payable	(151,713)	(151,713)
Sponsor Contribution	(312,991)	(312,991)

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2011 and 2010

NOTE 12. SUBSIDIARY RECONCILIATION TO THE FINANCIAL STATEMENTS, continued

Following is the balance sheet and results of operations of Summit Apartments, Inc. for the year ended June 30:

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	\$ 12,814	\$ 1,298
Lender Replacement/Tax Reserves	60,288	50,445
Accounts Receivable (Net of Allowance)	10	4,017
Prepaid Expenses	373	393
Buildings and Improvements	413,475	413,475
Accumulated Depreciation	(66,986)	(52,884)
Land	<u>27,545</u>	<u>27,545</u>
Total Assets	\$ <u>447,519</u>	\$ <u>444,289</u>
<u>Liabilities and Net Assets</u>		
Accounts Payable	\$ 3,618	\$ 7,369
Tenant Deposits	1,060	869
Long-term Debt	438,100	438,100
Net Assets	<u>4,741</u>	<u>(2,049)</u>
Total Liabilities and Net Assets	\$ <u>447,519</u>	\$ <u>444,289</u>
 <u>Revenues</u>		
Rental Income	\$ 58,215	\$ 56,280
Other Income	<u>272</u>	<u>14,240</u>
Total Revenues	\$ 58,487	\$ 70,520
<u>Expenses</u>		
Direct Expenses	\$ 35,003	\$ 59,328
General and Administrative	2,592	1,167
Depreciation	<u>14,102</u>	<u>14,103</u>
Total Expenses	\$ <u>51,697</u>	\$ <u>74,598</u>
Net Revenue Over/(Under) Expenses	\$ 6,790	\$ (4,078)
Net Assets, July 1	<u>(2,049)</u>	<u>2,029</u>
Net Assets, June 30	\$ <u>4,741</u>	\$ <u>(2,049)</u>
 <u>Majority Interests in Subsidiary Eliminated in Consolidation</u>		
Intercompany Revenues/(Expenses)	(4,176)	(3,747)
Intercompany Accounts Receivable/(Payable)	(2,463)	(5,705)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011 and 2010

NOTE 13. RELATED PARTIES

The Miles Building, Inc. serves as the non-profit managing general partner of the Miles Limited Partnership (LP). The Miles Building, Inc. owns .01 percent of the Miles, LP. Investments in affiliated entities in which the Agency owns less than a 20 percent interest are recorded at cost.

The Agency is the non-profit general partner of the Bridger Peaks Village Associates, LP and Darlinton Apartments, LP. The Agency entered into the agreements to facilitate the construction and operation of low-income housing and the sale of low-income housing tax credits. The Agency has a .01 percent ownership interest in the Bridger Peaks Village Associates, LP and Darlinton Apartments, LP. The Agency is not considered to have any liability nor asset relating to its interests in the Bridger Peaks Village Associates, LP or Darlinton Apartments, LP.

NOTE 14. CONTINGENT LIABILITIES

The Miles Building, Inc., wholly owned by the Agency, is the general partner of the Miles Limited Partnership. The Partnership Agreement provides for various obligations of the General Partner, which includes an operating deficit guaranty in the amount of \$126,633. The operating deficit guaranty requires the general partner to provide funds for any operating deficits in excess of the operating reserve accounts of the Miles, LP, should they occur, ending upon the later of the fifth anniversary of the achievement of breakeven operations or until 36 consecutive months during which there is a debt service coverage ratio of 1.15 or better.

NOTE 15. CONCENTRATION OF RISK

The Agency has \$8,702,543 or 39 percent of its total assets invested in apartment complex buildings and equipment representing a concentration in the real estate rental market. Additionally, the low-income housing sector operates in a heavily regulated environment which is subject to the directives, rules, and regulations of federal, state, and local regulatory agencies, which could change with little notice. Revenues generated from rental operations were \$791,506 or 5 percent of the Agency's total revenues. Debt service payments required to outside third parties are \$53,244 per year with total outstanding debts related to the apartment units of \$946,561 or 29 percent of its total liabilities. If there was a change in the demand for rental housing in the area or change in federal, state, or local regulations, it could affect the operations of the Agency.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011 and 2010

NOTE 16. CONSTRUCTION IN PROGRESS

Construction in progress consists of expenditures for capital assets that have not been completed by June 30, 2011 and 2010, in the amount of \$84,271 and \$1,233,999, respectively. When the assets are complete, the amounts will be transferred from construction in progress and capitalized under the appropriate fixed asset category.

Construction in Progress consisted of the following as of June 30:

	<u>2011</u>	<u>2010</u>
West Edge Condominium Project, Phase 2	\$ 0	\$ 618,210
Transit Bus Facility	0	545,432
Gallatin Valley Food Bank Expansion, Design Phase	84,271	65,729
Livingston Headstart Center Kitchen Renovation	0	4,628
Total Construction in Progress	\$ <u>84,271</u>	<u>\$1,233,999</u>

NOTE 17. SUBSEQUENT EVENTS

In August 2011, the Agency's Board of Directors approved the divestiture of the HRDC Community First Fund program to the Community First Fund of Montana, an independent 501c(4) not-for-profit corporation. The HRDC Community First Fund program was founded in 1999 through support from the Willow Springs Foundation. The program was created out of previous Agency community development initiatives with a goal of generating funds that were available for projects with fewer restrictions than State and Federal funding sources. The HRDC Community First Fund was designed to encourage growth and positive elements within the region through enhanced job creation, business promotion, construction of affordable housing and establishing enduring physical and social institutions. Effective October 1, 2011, the Agency distributed \$299,335 of cash to the Community First Fund of Montana. The Agency also plans to assign \$112,834 of loans receivable from the HRDC Loan Program, which provided financing and technical assistance to Montana small businesses, to the Community First Fund of Montana.

In November 2011, the Agency received a building and land previously used for a homeless rescue mission and soup kitchen from a local non-profit organization that ceased operations. The fair market value of the land and building was \$154,000 as determined by a commercial appraisal of the property.

NOTE 18. CHANGE IN REGULATIONS

In 2010, the Montana Department of Commerce (MDOC) changed its regulations regarding HOME grant funds. This change requires program income and recaptured funds from HOME grant funds, previously to be used for a revolving loan fund controlled by the Agency under its Road to Home homeownership assistance program, to be returned to the MDOC or be used to reduce current period grant funding. The amount of HOME funds that may be eventually collected and remitted to the MDOC was \$974,540 offset by an estimated allowance for uncollectible accounts of \$58,472 as of June 30, 2011. This amount has been listed as an expense in these financial statements and reduced the amount of deferred loans receivable of the Agency. (Also see Note 2.)

SUPPLEMENTAL

SCHEDULES

Supplemental Schedule  
Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

**EXPLANATION OF SUPPLEMENTAL SCHEDULES**  
June 30, 2011

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDED

The accounting policies used in preparing the Schedule of Federal Awards Expended are the same as those used in the preparation of the financial statements as described in Note 1 to the financial statements except that reported federal expenditures include equipment purchases which are reported as other changes in the financial statements. Reported Federal expenditures include only expenditures paid with Federal Funds. Of the federal expenditures presented in the schedule, the Agency provided federal awards to subrecipients as follows:

Meagher County Health Department, CFDA #93.569	\$ 4,602
Family Promise of Gallatin County #14.257	\$10,000
Haven, CFDA #14.231	\$ 4,933

BUDGET COLUMN

The grant award budget column is based upon the last formally approved budget provided by the grantor. In addition, the grantee is allowed to make certain budget transfers within prescribed limits. These latter transfers are not reflected. The intention of the Agency is to show the budget based upon the final budget including all transfers, to provide a more meaningful presentation to the reader.

EXPLANATION OF ACRONYMS

Acronyms used in the grant number indicate the grantor agency. Acronyms used in the supplemental schedules follow:

ARRA	-American Recovery and Reinvestment Act
CDBG	-Community Development Block Grant
CSBG	-Community Service Block Grant
DOC	-Montana Department of Commerce
DOE	-U.S. Department of Energy
DOLI	-Montana Department of Labor and Industry
DOT	-U.S. Department of Transportation
DPHHS	-Montana Department of Public Health and Human Services
FEMA	-Federal Emergency Management Agency
FTA	-Federal Transit Administration
HHS	-U.S. Department of Health and Human Services
HUD	-U.S. Department of Housing and Urban Development
LIEAP	-Low Income Energy Assistance Program
MBOH	-Montana Board of Housing
MDT	-Montana Department of Transportation
RSVP	-Retired Senior Volunteer Program
TANF	-Temporary Assistance to Needy Families
WIA	-Workforce Investment Act
WX	-Weatherization

RECONCILIATION TO THE FINANCIAL STATEMENTS

The supplemental schedules (pages 31 to 70) are for individual grants completed in the current year. Consequently, amounts shown differ from amounts reported in the accompanying financial statements.

Supplemental Schedule  
Human Resource Development Council  
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SCHEDULE OF FEDERAL AWARDS EXPENDED

For the Year Ended June 30, 2011

FEDERAL SOURCE <i>PASS THROUGH SOURCE</i> PROGRAM NAME	CFDA No.	GRANT TERM	PASS THROUGH NUMBER	TOTAL DOLLARS AWARDED	FEDERAL EXPENDITURES 07/01/10 - 06/30/11
<i>Dept. of Housing and Urban Development</i>					
<i>Montana Dept. of Health and Human Services</i>					
EMERGENCY SHELTER GRANT 10-11	14.231	05/01/10 - 04/30/11	10-028-51007-0	33,563	33,563
EMERGENCY SHELTER GRANT 11-12	14.231	04/01/11 - 03/31/12	11-028-51007-0	46,799	2,360
ARRA: HOMELESS PREVENTION & RAPID REHOUSING	14.257	07/14/09 - 5/31/12	09-029-51007-0	449,107	144,121
<i>Direct</i>					
HOUSING COUNSELING	14.169	10/01/09 - 09/30/10	HC09-0821-093	44,472	2,932
HOUSING COUNSELING	14.169	10/01/10 - 09/30/11	HC10-0821-067	44,832	44,832
<i>Montana Dept. of Commerce</i>					
HOME INVESTMENT PARTNERSHIP PROGRAM - RTH	14.239	10/24/09 - 10/31/10	M06-SG300100-01C		20,429
HOME INVESTMENT PARTNERSHIP PROGRAM - RTH	14.239	11/01/10 - 8/31/11	M06-SG300100-01D		46,823
HOME INVESTMENT PARTNERSHIP PROGRAM - REHAB	14.239	10/24/09 - 10/31/10	M06-SG300100-01C		180,773
HOME INVESTMENT PARTNERSHIP PROGRAM - REHAB	14.239	11/01/10 - 8/31/11	M06-SG300100-01D		12,632
<i>Gallatin County, Montana</i>					
<i>CDBG State-Administered Cluster</i>					
NEIGHBORHOOD STABILIZATION PROGRAM	14.228	10/29/09 - 03/19/13	MT NSP 008-01-001	6,468,500	3,562,288
<i>Local Initiatives Support Corporation</i>					
RURAL LISC	14.252	10/01/09 - 10/31/10	41189-0028	21,000	8,289
RURAL LISC - NWF	14.252	08/01/10 - 07/31/11	41189-0029	25,000	24,631
RURAL LISC	14.252	10/01/10 - 09/30/11	41189-0030	22,500	15,469
<b>Total Department of Housing and Urban Development</b>				<b>\$</b>	<b>4,099,143</b>
<i>Department of Labor</i>					
<i>Montana Department of Labor</i>					
<i>WIA Cluster</i>					
WORKFORCE INVESTMENT ACT - GALLATIN/PARK CO.	17.259	07/01/10 - 06/30/11	1XHRC1007-3	136,285	136,285
WORKFORCE INVESTMENT ACT - MEAGHER COUNTY	17.259	07/01/10 - 06/30/11	1XHRC1007-3	6,286	6,286
WORKFORCE INVESTMENT ACT - GALL/PARK CO. MOD	17.259	07/01/10 - 06/30/11	1XHRC1007-3-M1	7,712	7,712
WORKFORCE INVESTMENT ACT - MEAGHER CO. MOD	17.259	07/01/10 - 06/30/11	1XHRC1007-3-M1	182	182
<b>Total Department of Labor, WIA Cluster</b>				<b>\$</b>	<b>150,465</b>
<i>Department of Transportation</i>					
<i>Montana Department of Transportation</i>					
FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	20.509	07/01/10 - 06/30/11	105198	624,015	624,015
ARRA: FEDERAL TRANSIT CAPITAL INVESTMENT GRANT	20.509	09/15/09 - 12/31/12	1781-03	1,200,000	778,019
<b>Total Department of Transportation</b>				<b>\$</b>	<b>1,402,034</b>
<i>Department of Energy</i>					
<i>Montana Dept. of Health and Human Services</i>					
DOE WEATHERIZATION 10-11	81.042	07/01/10 - 06/30/11	10-028-30027-0	105,809	105,809
ARRA: DOE WEATHERIZATION	81.042	04/01/09 - 12/31/11	09-029-30027-0	1,786,920	459,065
<b>Total Department of Energy</b>				<b>\$</b>	<b>564,874</b>
<i>Federal Emergency Management Agency</i>					
<i>United Way</i>					
<i>Emergency Food and Shelter Program Cluster</i>					
FEMA - HOUSING PARK COUNTY	97.024	10/01/09 - 09/30/10	559600-008	4,601	1,481
FEMA - HOUSING GALLATIN COUNTY	97.024	10/01/09 - 09/30/10	556000-002	23,224	6,910
FEMA - HOUSING GALLATIN COUNTY	97.024	10/01/10 - 09/30/11	556000-002	17,317	10,215
FEMA - FOOD	97.024	10/01/09 - 09/30/10	556000-003	16,629	16,629
<b>Total Federal Emergency Management Agency, Emergency Food and Shelter Cluster</b>				<b>\$</b>	<b>35,235</b>
<i>Department of Health and Human Services</i>					
<i>Rocky Mountain Development Council, Inc.</i>					
<i>Aging Cluster</i>					
TITLE III HOME MAKER SERVICES	93.044	07/01/10 - 06/30/11	2011-004-013	50,197	50,197
TITLE III GALAVAN	93.044	07/01/10 - 06/30/11	2011-004-013	20,000	20,000
<b>Total Aging Cluster</b>				<b>\$</b>	<b>70,197</b>

Supplemental Schedule  
Human Resource Development Council  
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SCHEDULE OF FEDERAL AWARDS EXPENDED

For the Year Ended June 30, 2011

FEDERAL SOURCE PASS THROUGH SOURCE PROGRAM NAME	CFDA No.	GRANT TERM	PASS THROUGH NUMBER	TOTAL DOLLARS AWARDED	FEDERAL EXPENDITURES 07/01/10 - 06/30/11
Department of Health and Human Services, continued					
<i>Direct</i>					
Head Start Cluster					
HEAD START 10-11	93.600	04/01/10 - 03/31/11	08CH0099/20	1,224,137	951,623
Program Income				0	9,295
In-Kind				306,034	312,377
HEAD START 11-12	93.600	04/01/11 - 03/31/12	08CH0099/21	1,227,430	290,526
Program Income				0	14,248
HEAD START BODY START: PLAY SPACE	93.600	09/01/10 - 12/31/10	08CH0099/B150	5,000	5,000
ARRA: HEAD START - QUALITY IMPROVEMENT	93.708	07/01/09 - 09/30/10	08SE0099/01	63,492	27,044
<i>Less Program Income and In-Kind</i>					<u>(335,920)</u>
Total Head Start Cluster					<u>1,274,192</u>
<i>Montana Dept. of Health and Human Services</i>					
LIEAP CLIENT EDUCATION/ADVOCACY 09-10	93.568	10/01/09 - 09/30/10	10-028-11021-0	63,496	2,501
LIEAP CLIENT EDUCATION/ADVOCACY 10-11	93.568	10/01/10 - 12/31/11	11-028-11021-0	116,500	52,490
LIEAP ADMINISTRATION 09-10	93.568	10/01/09 - 09/30/10	10-028-11007-0	98,474	18,025
LIEAP ADMINISTRATION 10-11	93.568	10/01/10 - 09/30/11	11-028-11007-0	121,688	86,654
LIEAP CONTINGENCY REVOLVING FUND 09-10	93.568	10/01/09 - 09/30/10	10-028-11007-0		5,264
LIEAP CONTINGENCY REVOLVING FUND 10-11	93.568	10/01/10 - 09/30/11	11-028-11007-0		131,402
LIEAP WEATHERIZATION 10-11	93.568	07/01/10 - 08/30/11	10-028-16007-0	348,748	311,781
Total LIEAP					<u>608,116</u>
<i>CSBG Cluster</i>					
CSBG 09	93.569	01/01/09 - 08/31/10	09-028-10007-0	283,817	24,628
CSBG 10	93.569	01/01/10 - 08/31/11	10-028-10007-0	277,736	233,971
ARRA: CSBG	93.710	02/17/09 - 09/30/10	09-029-10007-0	412,166	82,274
Total CSBG Cluster					<u>340,873</u>
CHAFEE FOSTER CARE INDEPENDENCE	93.674	03/01/11 - 09/30/11	20013TRNG0002	62,792	8,117
<i>Montana Department of Labor</i>					
<i>TANF Cluster</i>					
ARRA: TANF/WIA YOUTH - GALLATIN/PARK COUNTY	93.714	06/01/10 - 09/18/10	1XHRC1007-2A	100,759	40,730
ARRA: TANF/WIA YOUTH - MEAGHER COUNTY	93.714	06/01/10 - 09/18/10	1XHRC1007-2A	5,264	4,225
<i>Montana Dept. of Health and Human Services</i>					
ARRA: TANF/Summer Food Service Program	93.714	07/01/10 - 08/31/11	11-023-48001-8	2,277	2,277
Total TANF Cluster					<u>47,233</u>
Total Department of Health and Human Services				\$	<u>2,348,727</u>
Corporation for National and Community Service					
<i>Direct</i>					
RSVP	94.002	07/1/10 - 06/30/11	09SRPMT004	98,326	\$ 98,326
Match					42,814
Total Corporation for National and Community Service				\$	<u>98,326</u>
Department of Agriculture					
<i>Montana Dept. of Health and Human Services</i>					
Child and Adult Care Food Program 10-11	10.558	04/01/10 - 03/31/11			44,119
Child and Adult Care Food Program 11-12	10.558	04/01/11 - 03/31/12			23,556
<i>Montana Office of Public Instruction - Child Nutrition Cluster</i>					
Summer Food Service Program for Children 10	10.559	06/07/10 - 08/27/10	16-6512		12,483
Summer Food Service Program for Children 11	10.559	06/06/11 - 08/26/11	16-6512		7,283
<i>Montana Dept. of Health and Human Services</i>					
Commodity Supplemental Food Program 09-10	10.565	10/01/09 - 09/30/10	10-027-21002-0		50,749
Commodity Supplemental Food Program 10-11	10.565	10/01/10 - 09/30/11	11-027-21002-0		152,311
Total Department of Agriculture				\$	<u>290,502</u>
TOTAL FEDERAL AWARDS EXPENDED				\$	<u>8,989,306</u>
LOAN AND LOAN GUARANTEES				Principal Repayment	Amount Owed June 30, 2011
<i>Direct Loan USDA Rural Development Guaranteed by the U.S. Department of Agriculture</i>				433	26,019
<i>Direct Loan USDA Rural Development Guaranteed by the U.S. Department of Agriculture</i>				1,675	101,001
<i>Direct Loan USDA Rural Development Guaranteed by the U.S. Department of Agriculture</i>				5,771	405,103
<i>Guaranteed by the U.S. Department of Agriculture</i>				7,716	55,235
<i>Direct Loan USDA Rural Development Guaranteed by the U.S. Department of Agriculture</i>				3,905	17,203
<i>Direct Loan Guaranteed by the U.S. Department of Housing</i>				-	438,100
				<u>\$ 19,500</u>	<u>\$ 1,042,661</u>

See the accompanying notes to the supplemental schedules on page 30

Supplemental Schedule  
Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

THE HOME CORPORATION  
STATEMENTS OF FINANCIAL POSITION

As of June 30

ASSETS

	<u>2011</u>	<u>2010</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents (net of reserved cash)	\$ 3,736	\$ 8,579
Accounts Receivable (net of allowance of \$13,000 and \$10,000)	10,645	11,015
Prepaid Expenses	1,280	1,349
<b>TOTAL CURRENT ASSETS</b>	<u>15,661</u>	<u>20,943</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	\$ 193,094	\$ 193,094
Buildings and Improvements	1,558,503	1,558,503
Accumulated Depreciation	(753,139)	(701,189)
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u>\$ 998,458</u>	<u>\$ 1,050,408</u>
<b>OTHER ASSETS</b>		
Cash Reserved for Tenant Deposits	\$ 12,914	\$ 10,723
Cash Reserved for Replacements	6,402	33,690
Cash Reserved for Taxes and Insurance	7,587	6,077
<b>TOTAL OTHER ASSETS</b>	<u>\$ 26,903</u>	<u>\$ 50,490</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,041,022</u>	<u>\$ 1,121,841</u>

LIABILITIES AND NET ASSETS

<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Operating Accounts Payable	\$ 6,281	\$ 36,481
Accrued Interest	4,220	3,860
Accrued Liabilities	8,665	8,665
Rent Deposits	13,317	10,730
Current Portion of Long-Term Debt	11,765	16,285
<b>TOTAL CURRENT LIABILITIES</b>	<u>\$ 44,248</u>	<u>\$ 76,021</u>
<b>LONG-TERM DEBT (net of current portion)</b>	<u>\$ 714,847</u>	<u>\$ 726,297</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 759,095</u>	<u>\$ 802,318</u>
<b>NET ASSETS</b>		
Unrestricted	\$ 281,927	\$ 319,523
<b>TOTAL NET ASSETS</b>	<u>\$ 281,927</u>	<u>\$ 319,523</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,041,022</u>	<u>\$ 1,121,841</u>

Supplemental Schedule  
Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

THE HOME CORPORATION  
STATEMENTS OF ACTIVITY

For the Years Ended June 30

UNRESTRICTED NET ASSETS	<u>2011</u>	<u>2010</u>
REVENUES:		
Rental Income	\$ 156,977	\$ 145,955
Tenant Fees	1,796	4,616
Insurance Reimbursement	131,724	0
Sponsor Debt Forgiveness	0	68,545
Interest Income	<u>61</u>	<u>266</u>
 TOTAL REVENUES	 <u>\$ 290,558</u>	 <u>\$ 219,382</u>
EXPENSES:		
Administration		
Bookkeeping Fees	\$ 3,625	\$ 3,120
Management Fee	12,931	11,690
Bank and Misc Fees	53	146
Advertising and Leasing	236	171
Legal and Accounting	350	385
Office Supplies	1,424	2,013
Operating and Maintenance		
Maintenance and Supplies	32,960	29,106
Repairs	135,901	71
Snow Plowing, Lawn Care	14,010	10,108
Pest Control	1,392	83
Insurance	4,533	4,592
Property Taxes	1,458	1,493
Utilities, Phone, Garbage	17,209	17,114
Bad Debts	4,022	9,269
Contract On-Site Manager	17,856	12,648
Interest	28,244	48,732
Depreciation	<u>51,950</u>	<u>51,950</u>
 TOTAL EXPENSES	 <u>\$ 328,154</u>	 <u>\$ 202,691</u>
 INCREASE/(DECREASE) IN UNRESTRICTED NET ASSETS	 <u>\$ (37,596)</u>	 <u>\$ 16,691</u>
 NET ASSETS, Beginning of Fiscal Year	 <u>319,523</u>	 <u>302,832</u>
 NET ASSETS, End of Fiscal Year	 <u><u>\$ 281,927</u></u>	 <u><u>\$ 319,523</u></u>

Supplemental Schedule  
Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

THE HOME CORPORATION  
STATEMENTS OF CASH FLOWS

For the Years Ended June 30

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Tenants	\$ 158,730	\$ 141,428
Cash Received for Interest	61	266
Cash Received from Insurance	131,724	0
Cash Received from Sponsor	0	68,545
Cash Paid for Management and Bookkeeping	(24,058)	0
Cash Paid for Property Operations	(251,033)	(141,088)
Cash Paid for Interest	<u>(27,884)</u>	<u>(48,372)</u>
Net Cash Provided by Operating Activities	\$ (12,460)	\$ 20,779
CASH FLOWS FROM INVESTING ACTIVITIES		
(Deposits)/Withdrawals to/from Reserves	<u>\$ 23,587</u>	<u>\$ 2,044</u>
Net Cash Provided/(Used) by Investing Activities	\$ 23,587	\$ 2,044
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Paid on Loan Principal	<u>\$ (15,970)</u>	<u>\$ (17,563)</u>
Net Cash Provided/(Used) by Financing Activities	\$ (15,970)	\$ (17,563)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (4,843)	\$ 5,260
CASH AND CASH EQUIVALENTS AT JULY 1	<u>8,579</u>	<u>3,319</u>
CASH AND CASH EQUIVALENTS AT JUNE 30	<u>\$ 3,736</u>	<u>\$ 8,579</u>

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

Increase/(Decrease) in Net Assets	\$ (37,596)	\$ 16,691
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities</i>		
Items not Affecting Cash:		
Depreciation Expense	51,950	51,950
Allowance for Bad Debts	3,000	0
Change in Assets and Liabilities:		
(Increase)/Decrease in:		
Accounts Receivable	(2,630)	(7,380)
Prepaid Expenses	69	(1,084)
Increase/(Decrease) in:		
Accounts Payable	(29,840)	(38,578)
Rental Deposits	<u>2,587</u>	<u>(820)</u>
Net Cash Provided by Operating Activities	<u>\$ (12,460)</u>	<u>\$ 20,779</u>

Supplemental Schedule  
Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

SHERWOOD INN APARTMENTS, INC.  
STATEMENTS OF FINANCIAL POSITION

As of June 30

	2011	2010
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents (net of reserved cash)	\$ 64,875	\$ 72,703
Accounts Receivable (net of allowance of \$400 and \$200)	237	8,680
Prepaid Expenses	6,388	6,732
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 71,500</b>	<b>\$ 88,115</b>
<b>PROPERTY AND EQUIPMENT</b>		
Land	\$ 59,562	\$ 59,562
Furniture and Fixtures	68,625	68,625
Buildings and Improvements	1,166,632	1,166,632
Accumulated Depreciation	(357,043)	(312,435)
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>\$ 937,776</b>	<b>\$ 982,384</b>
<b>OTHER ASSETS</b>		
Cash Reserved for Tenant Deposits	\$ 17,573	\$ 17,562
Cash Reserved for Replacements	433,918	387,879
Cash Reserved for Taxes and Insurance	44,473	31,573
<b>TOTAL OTHER ASSETS</b>	<b>\$ 495,964</b>	<b>\$ 437,014</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,505,240</b>	<b>\$ 1,507,513</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Operating Accounts Payable	\$ 17,126	\$ 11,892
Accrued Interest	1,467	1,524
Accrued Liabilities	633	633
Rent Deposits	10,052	10,655
Current Portion of Long-Term Debt	15,678	14,621
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 44,956</b>	<b>\$ 39,325</b>
<b>LONG-TERM DEBT (net of current portion)</b>	<b>\$ 744,396</b>	<b>\$ 770,320</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 789,352</b>	<b>\$ 809,645</b>
<b>NET ASSETS</b>		
Unrestricted	\$ 715,888	\$ 697,868
<b>TOTAL NET ASSETS</b>	<b>\$ 715,888</b>	<b>\$ 697,868</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,505,240</b>	<b>\$ 1,507,513</b>

Supplemental Schedule  
Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

SHERWOOD INN APARTMENTS, INC.  
STATEMENTS OF ACTIVITY

For the Years Ended June 30

UNRESTRICTED NET ASSETS	<u>2011</u>	<u>2010</u>
REVENUES:		
Rental Income	\$ 300,708	\$ 298,188
Tenant Fees	8,401	6,213
Interest Income	<u>2,995</u>	<u>9,237</u>
 TOTAL REVENUES	 \$ <u>312,104</u>	 \$ <u>313,638</u>
EXPENSES:		
Administration		
Management Fees	\$ 24,434	\$ 24,035
Accounting Fees	7,992	6,437
Bank and Misc Fees	4,628	352
Advertising and Leasing	1,027	996
Legal and Accounting	1,848	477
Office Supplies	883	5,715
Operating and Maintenance		
Maintenance and Supplies	63,715	57,258
Repairs	4,280	416
Insurance	12,357	13,441
Utilities, Phone, Garbage	64,539	58,342
Contract Management	27,828	26,335
Bad Debts	3,357	387
Interest	32,589	33,487
Depreciation	<u>44,607</u>	<u>48,691</u>
 TOTAL EXPENSES	 \$ <u>294,084</u>	 \$ <u>276,369</u>
 INCREASE IN UNRESTRICTED NET ASSETS	 \$ 18,020	 \$ 37,269
 NET ASSETS, Beginning of Fiscal Year	 697,868	 913,081
 Return of Investment from Agency	 <u>0</u>	 <u>(252,482)</u>
 NET ASSETS, End of Fiscal Year	 <u>\$ 715,888</u>	 <u>\$ 697,868</u>

Supplemental Schedule  
Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

SHERWOOD INN APARTMENTS, INC.  
STATEMENTS OF CASH FLOWS

For the Years Ended June 30

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Tenants	\$ 313,592	\$ 300,399
Cash Received for Interest	2,995	9,237
Cash Paid for Management	(24,434)	(24,035)
Cash Paid for Property Operations	(183,518)	(168,076)
Cash Paid for Interest	<u>(32,646)</u>	<u>(33,431)</u>
Net Cash Provided by Operating Activities	\$ 75,989	\$ 84,094
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deposits to Reserves	<u>\$ (58,950)</u>	<u>\$ (56,058)</u>
Net Cash Provided/(Used) by Investing Activities	\$ (58,950)	\$ (56,058)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Paid on Loan Principal	<u>\$ (24,867)</u>	<u>\$ (23,939)</u>
Net Cash Provided/(Used) by Financing Activities	\$ (24,867)	\$ (23,939)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	\$ (7,828)	\$ 4,097
<b>CASH AND CASH EQUIVALENTS AT JULY 1</b>	<u>72,703</u>	<u>68,606</u>
<b>CASH AND CASH EQUIVALENTS AT JUNE 30</b>	<u><u>\$ 64,875</u></u>	<u><u>\$ 72,703</u></u>

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

Increase in Net Assets	\$ 18,020	\$ 37,269
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities</i>		
Items not Affecting Cash:		
Depreciation Expense	44,607	48,691
Change in Assets and Liabilities:		
(Increase)/Decrease in:		
Accounts Receivable	8,443	(3,937)
Prepaid Expenses	344	(369)
Increase/(Decrease) in:		
Accounts Payable	5,178	2,435
Rental Deposits	<u>(603)</u>	<u>5</u>
Net Cash Provided by Operating Activities	<u><u>\$ 75,989</u></u>	<u><u>\$ 84,094</u></u>

*SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING  
AND FINANCING ACTIVITIES*

Return of Investment from Agency	<u><u>\$ 0</u></u>	<u><u>\$ (252,482)</u></u>
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Supplemental Schedule  
Human Resource Development Council  
Of District IX, Inc.  
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

WEATHERIZATION ASSISTANCE

GRANT PERIOD: July 1, 2010 to June 30, 2011 - DOE  
July 1, 2010 to August 30, 2011 - LIEAP

GRANT NUMBER: DPHHS 10-028-30027-0 / 10-028-16007-0

	----DEPT OF ENERGY----		----LIEAP----	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>				
Grant	\$ 105,809	105,809	348,748	348,748
<u>EXPENSES:</u>				
Administration	\$ 80,426	56,565	0	0
Program Support	17,496	42,983	348,748	348,748
Liability Insurance	2,000	1,419	0	0
Financial Audit	2,800	1,084	0	0
Training and Technical Assistance	0	0	0	0
NWE Support	0	0	0	0
Health and Safety	3,087	3,758	0	0
Infrastructure Enhancement	0	0	0	0
TOTAL EXPENSES	\$ 105,809	105,809	348,748	348,748
REVENUE OVER/(UNDER) EXPENSES	\$ 0	0	0	0
TRANSFER IN		\$ 0		0
NET ASSETS AT 07/01/10		\$ 0		0
NET ASSETS AT 06/30/11 & 8/30/11		\$ 0		0

Supplemental Schedule  
Human Resource Development Council  
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Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

LOW INCOME ENERGY ASSISTANCE

GRANT PERIOD: October 1, 2009 to September 30, 2010

GRANT NUMBER: DPHHS 10-028-11007-0

	----LIEAP----		----CRF----
<u>REVENUE:</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Grant	\$ 98,474	98,474	117,495
<u>EXPENSES:</u>	\$ 98,474		
Salaries and Fringe Benefits		84,951	
Supplies		2,189	
Communication		2,029	
Space Costs		8,227	
Travel		201	
Office Costs		477	
Equipment		400	
Direct Services			117,495
TOTAL EXPENSES	\$ 98,474	98,474	117,495
REVENUE OVER/(UNDER) EXPENSES	\$ 0	0	0
NET ASSETS AT 10/01/09		\$ 0	0
NET ASSETS AT 09/30/10		\$ 0	0

Supplemental Schedule  
Human Resource Development Council  
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Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

LIEAP CLIENT EDUCATION & OUTREACH PROGRAM

GRANT PERIOD: October 1, 2009 to September 30, 2010

GRANT NUMBER: DPHHS 10-028-11021-0

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>		
Grant	\$ <u>63,496</u>	<u>63,496</u>
<u>EXPENSES:</u>	\$ 63,496	
Salaries and Fringe Benefits		48,984
Supplies		5,445
Communications		455
Space Costs		2,801
Travel		871
Office Costs		<u>4,941</u>
TOTAL EXPENSES	\$ <u>63,496</u>	<u>63,496</u>
REVENUE OVER/(UNDER) EXPENSES	\$ <u><u>0</u></u>	0
TRANSFER IN		\$ 0
NET ASSETS AT 10/01/09		\$ <u>0</u>
NET ASSETS AT 09/30/10		\$ <u><u>0</u></u>

Supplemental Schedule  
 Human Resource Development Council  
 Of District IX, Inc.  
 Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

NORTHWESTERN ENERGY WEATHERIZATION PROGRAM

GRANT PERIOD: January 1, 2010 to December 17, 2010

GRANT NUMBER: DPHHS 10-028-18007-0

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>		
Grant	\$ <u>183,352</u>	<u>183,352</u>
 <u>EXPENSES:</u>		
NWE Program Operations	\$ <u>183,352</u>	<u>183,352</u>
TOTAL EXPENSES	\$ <u>183,352</u>	<u>183,352</u>
REVENUE OVER/(UNDER) EXPENSES	\$ <u>0</u>	0
NET ASSETS AT 01/01/10		\$ <u>0</u>
NET ASSETS AT 12/17/10		\$ <u>0</u>

Supplemental Schedule  
Human Resource Development Council  
Of District IX, Inc.  
Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

ENERGY SHARE

GRANT PERIOD: July 1, 2010 to June 30, 2011

GRANT NUMBER: 2010-2011

	ACTUAL
<u>REVENUE:</u>	
General Energy Funds	\$ 46,873
USB Funds	74,454
REC Silicon - USB Funds	1,487
Smurfit-Stone - USB Funds	11,271
Administrative Funds	17,073
Donations	50
Donations Carried Forward	25,178
TOTAL REVENUES	\$ 176,386
<u>EXPENSES:</u>	
Energy Assistance	\$ 46,873
Energy Assistance - USB	74,454
Energy Assistance - REC Silicon USB	1,487
Energy Assistance - S-Stone USB	11,271
Administration	20,487
TOTAL EXPENSES	\$ 154,571
REVENUE OVER/(UNDER) EXPENSES	\$ 21,815
CARRY FORWARD	\$ (21,815)
NET ASSETS AT 07/01/10	\$ 0
NET ASSETS AT 06/30/11	\$ 0

Supplemental Schedule  
 Human Resource Development Council  
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 Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

SECTION 8 HOUSING PROGRAM

GRANT PERIOD: July 1, 2010 to June 30, 2011

GRANT NUMBER: MT DOC 11-745-0006

GRANT NUMBER: HUD HC-09-0821-093 10/1/09 - 09/30/10

GRANT NUMBER: HUD HC-10-0821-067 10/1/10 - 09/30/11

	ACTUAL
<u>REVENUE:</u>	
Contract Income	\$ 172,085
HUD Grant	3,112
Other Income	2,665
TOTAL REVENUES	\$ 177,862
<u>EXPENSES:</u>	
Salaries and Fringe Benefits	\$ 137,282
Travel and Training	3,414
Space	9,512
Office Costs	11,455
Communications	2,237
Other	1,431
TOTAL EXPENSES	\$ 165,331
REVENUE OVER EXPENSES	\$ 12,531
NET ASSETS AT 07/01/10	\$ 13,168
NET ASSETS AT 06/30/11	\$ 25,699

Supplemental Schedule  
 Human Resource Development Council  
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 Bozeman, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

HUD EMERGENCY SHELTER GRANTS PROGRAM

GRANT PERIOD: May 1, 2010 to April 30, 2011

GRANT NUMBER: DPHHS 10-028-51007-0

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>		
Grant	\$ 33,563	33,563
 <u>EXPENSES:</u>		
Prevention of Homelessness	\$ 10,044	10,044
Homeless Services	9,927	9,927
Shelter Costs	<u>13,591</u>	<u>13,591</u>
TOTAL EXPENSES	\$ <u>33,563</u>	<u>33,563</u>
REVENUE OVER/(UNDER) EXPENSES	\$ <u>0</u>	0
NET ASSETS AT 05/01/10		\$ <u>0</u>
NET ASSETS AT 04/30/11		\$ <u>0</u>

Supplemental Schedule  
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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 MONTANA REINVESTMENT AND RECOVERY ACT (MTRRA/HB 645)  
 EMERGENCY SHELTER GRANTS PROGRAM

GRANT PERIOD: July 1, 2009 to June 30, 2011

GRANT NUMBER: DPHHS 09-028-52007-0

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>		
Grant	\$ 78,819	78,819
<u>EXPENSES:</u>		
Haven Domestic Violence Shelter Subgrant	\$ 21,297	21,297
Family Promise of Gallatin Valley Subgrant	57,522	57,522
TOTAL EXPENSES	\$ 78,819	78,819
REVENUE OVER/(UNDER) EXPENSES	\$ <u>0</u>	0
NET ASSETS AT 07/01/09		\$ <u>0</u>
NET ASSETS AT 06/30/11		\$ <u>0</u>

Supplemental Schedule  
Human Resource Development Council  
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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

HOME TO STAY - EMERGENCY SERVICES

REPORT PERIOD: July 1, 2010 to June 30, 2011

GRANT NUMBER: HUD HC-09-0821-093 10/1/09 - 09/30/10

GRANT NUMBER: HUD HC-10-0821-067 10/1/10 - 09/30/11

	<u>ACTUAL</u>
<u>REVENUE:</u>	
Private Grant Revenue	\$ 28,694
HUD Grant Revenue	19,274
United Way	15,000
Donations	7,925
Other	<u>5,470</u>
TOTAL REVENUES	\$ <u>76,363</u>
<u>EXPENSES:</u>	
Prevention of Homelessness	\$ 22,017
Homeless Services	4,172
Salaries and Fringe Benefits	42,786
Supportive Services	3,662
Office Expenses	<u>10,852</u>
TOTAL EXPENSES	\$ <u>83,490</u>
REVENUE OVER/(UNDER) EXPENSES	\$ (7,126)
TRANSFER IN - CSBG	7,126
NET ASSETS AT 07/01/10	\$ <u>0</u>
NET ASSETS AT 06/30/11	\$ <u><u>0</u></u>

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 Human Resource Development Council  
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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FEDERAL EMERGENCY MANAGEMENT AGENCY

GRANT PERIOD:        November 1, 2009 to September 30, 2010 - FB/HSG  
                               October 1, 2009 to September 30, 2010 - PCH

	<u>FOOD BANK</u>	<u>HOUSING</u>	<u>PARK COUNTY HOUSING</u>
<u>REVENUE:</u>			
Grant	\$ 16,629	23,224	4,601
<u>EXPENSES:</u>			
Preventative and Homeless Services	\$ 0	23,224	4,601
Food Expense	16,629	0	0
TOTAL EXPENSES	\$ 16,629	23,224	4,601
REVENUE OVER/(UNDER) EXPENSES	\$ 0	0	0
NET ASSETS AT 10/01/09 & 11/01/09	\$ 0	0	0
NET ASSETS AT 09/30/10	\$ 0	0	0

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

GALLATIN VALLEY EMERGENCY FOOD BANK

REPORT PERIOD: July 1, 2010 to June 30, 2011

<u>REVENUE:</u>	<u>ACTUAL</u>
Contributions:	
Food *	\$ 2,635,274
United Way	27,479
Gallatin County Senior Mill Levy	10,500
Other	441,154
Investment Income	609
Fund Raising	37,459
Senior Food Contract Income	13,406
Other Grant Revenue	592
Other Income	27,881
	<hr/>
TOTAL REVENUES	\$ 3,194,354
	<hr/>
<u>EXPENSES:</u>	
Salaries and Fringe Benefits	\$ 261,862
Travel and Training	489
Legal	0
Warehouse Space	852
Communications	2,828
Utilities, Garbage, Snow Removal	11,991
Fund Raising	7,255
Advertising/Public Relations	13,407
Vehicle	669
Equipment	13,257
Repairs & Maintenance	17,213
Supplies	5,057
Insurance	6,437
Food Purchases	34,402
Food Distributions	2,668,819
Office Costs	8,342
Audit	1,317
Interest Expense	6,615
Meat Processing	16,746
Volunteer Expenses	1,810
Senior Food Program	4,993
Depreciation Expense	18,179
Other	8,365
	<hr/>
TOTAL EXPENSES	\$ 3,110,905
	<hr/>
REVENUE OVER EXPENSES BEFORE EXPANSION PROJECT	\$ 83,449
CONSTRUCTION IN PROGRESS - EXPANSION PROJECT	\$ (18,542)
	<hr/>
REVENUE OVER EXPENSES	\$ 64,907
NET ASSETS AT 07/01/10	\$ 733,345
	<hr/>
NET ASSETS AT 06/30/11	\$ 798,252
	<hr/> <hr/>

\* Food Contributions In-Kind valued at \$1.60 per pound

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FOOD BANK - KIDSPACK PROGRAM

REPORT PERIOD: July 1, 2010 to June 30, 2011

REVENUE:	ACTUAL
Private Grant Revenue	\$ 14,502
Contributions	17,085
TOTAL REVENUES	\$ 31,586
EXPENSES:	
Salaries and Fringe Benefits	\$ 4,369
Supplies	673
Food Purchases	26,326
Audit	202
Other	16
TOTAL EXPENSES	\$ 31,586
REVENUE OVER EXPENSES	\$ 0
NET ASSETS AT 07/01/10	\$ 0
NET ASSETS AT 06/30/11	\$ 0

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GALLATIN VALLEY FOOD BANK - SUMMER LUNCH PROGRAM

GRANT PERIOD: June 7, 2010 to August 27, 2010

GRANT NUMBER: 16-6512

	ACTUAL
<u>REVENUE:</u>	
Summer Lunch Contract Income	\$ 16,436
Donations	100
Carry Forward from 2009	5,267
TOTAL REVENUE	\$ 21,803
<u>EXPENSES:</u>	
Salaries and Fringe Benefits	\$ 1,111
Contract Services	2,720
Supplies	779
Office Costs	815
Food Purchases	6,137
TOTAL EXPENSES	\$ 11,562
REVENUE OVER/(UNDER) EXPENSES	\$ 10,241
CARRY FORWARD	\$ (10,241)
NET ASSETS AT 06/07/10	\$ 0
NET ASSETS AT 08/27/10	\$ 0

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AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)

GALLATIN VALLEY FOOD BANK - SUMMER LUNCH PROGRAM

GRANT PERIOD: July 1, 2010 to August 31, 2010

GRANT NUMBER: 11-0283-48001-8

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>		
Grant Revenue	\$ 3,648	2,277
 <u>EXPENSES:</u>		
Salaries and Fringe Benefits	\$ 2,728	2,234
Contract Services	720	0
Supplies	200	43
TOTAL EXPENSES	\$ 3,648	2,277
REVENUE OVER/(UNDER) EXPENSES	\$ 0	0
NET ASSETS AT 07/01/10		\$ 0
NET ASSETS AT 08/31/10		\$ 0

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

HEADWATERS AREA EMERGENCY FOOD BANK

REPORT PERIOD: July 1, 2010 to June 30, 2011

REVENUE:	ACTUAL
Contributions:	
Food *	\$ 155,275
United Way	8,050
Other	34,936
Fund Raising	2,886
TOTAL REVENUES	\$ 201,147
EXPENSES:	
Salaries and Fringe Benefits	\$ 26,495
Travel and Training	
Communications	1,309
Utilities, Garbage, Snow Removal	1,771
Fund Raising	336
Advertising/Public Relations	732
Vehicle	1,970
Repairs & Maintenance	2,163
Insurance	1,957
Food Purchases	886
Food Distributions	154,288
Office Costs	874
Audit	361
Meat Processing	250
Volunteer Expenses	194
Other	1,312
TOTAL EXPENSES	\$ 194,898
REVENUE OVER/(UNDER) EXPENSES	\$ 6,248
NET ASSETS AT 07/01/10	\$ 67,448
NET ASSETS AT 06/30/11	\$ 73,696

\* Food Contributions In-Kind valued at \$1.60 per pound

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

IN HOME SERVICES

GRANT PERIOD: July 1, 2010 to June 30, 2011

GRANT NUMBER: Area IV Agency on Aging 2011-004-013

	BUDGET	ACTUAL
<u>REVENUE:</u>		
Title III Revenue	\$ 50,197	50,197
United Way	8,000	8,000
Other Grant Revenue	13,309	
TOTAL REVENUES	\$ 71,506	58,197
<u>EXPENSES:</u>		
Salaries and Fringe Benefits	\$ 62,490	65,350
Supplies	50	23
Communications	50	8
Travel and Training	2,291	2,306
Building Space	100	59
Insurance	5,300	8,180
Audit	600	614
Equipment	625	0
Other - Program Support	0	404
TOTAL EXPENSES	\$ 71,506	76,945
REVENUE OVER/(UNDER) EXPENSES	\$ 0	(18,748)
TRANSFER IN - CSBG		\$ 18,748
NET ASSETS AT 07/01/10		\$ 0
NET ASSETS AT 06/30/11		\$ 0

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

RETIRED SENIOR VOLUNTEER PROGRAM

GRANT PERIOD: July 1, 2010 to June 30, 2011

GRANT NUMBER: RSVP 09SRPMT004  
Area IV Agency on Aging 2011-004-019

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>IN-KIND</u>	<u>EXCESS NON-FEDERAL SHARE</u>
<u>REVENUE:</u>				
Federal Grant	\$ 98,326	98,326		
Gallatin County Senior Mill Levy	11,000	11,000		
United Way	14,000	833		
Title III Grant	2,500			2,500
Donations	8,000	4,000		1,446
Work Site	8,747	6,922		3,338
Other Grant Revenue	5,000	5,000		
Prior Year Carry-Over	28,017			28,017
In-Kind	13,500		14,762	
TOTAL REVENUES	\$ <u>189,090</u>	<u>126,081</u>	<u>14,762</u>	<u>35,301</u>
<u>EXPENSES:</u>				
Personnel Expense:				
Project Director	\$ 40,883	43,733		
Fiscal Costs	13,770	7,718		
Sponsor Supervisor and Reception Coordinator of Volunteers	1,133	997		
Executive and Personnel	28,054	25,014		
Fringe Benefits	327	1,933		
Local Travel	24,642	26,461		
Long Distance Travel	1,015	166		
Supplies	2,500	390		
Computer Service	2,716	2,582		
Communications	500	739		
Printing	4,999	4,023		
Space	4,531	11	3,860	
Audit	7,500	2,476	5,367	
Other	1,152	853		
Volunteer Expenses:	0	361		
Meals	6,234	3,811		
Insurance	1,317	937		
Travel	8,750	1,071	5,535	
Supplies	0	408		
Recognition	8,778	2,396		2,941
TOTAL EXPENSES	\$ <u>158,801</u>	<u>126,081</u>	<u>14,762</u>	<u>2,941</u>
REVENUE OVER/(UNDER) EXPENSES	\$ <u>30,289</u>	0	0	32,360
CARRY FORWARD		\$ 0	0	(32,360)
TRANSFER IN - CSBG		\$ 0	0	0
NET ASSETS AT 07/01/10		\$ <u>0</u>	<u>0</u>	<u>0</u>
NET ASSETS AT 06/30/11		\$ <u>0</u>	<u>0</u>	<u>0</u>

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

GALAVAN / SENIOR TRANSPORTATION

GRANT PERIOD: July 1, 2010 to June 30, 2011

GRANTS: Area IV Agency on Aging 2011-004-013  
MT DOT 105198 - Section 5311 Operating  
MT DOT 105197 - TransAde Operating  
MT DOT 105691 - Section 5310 Capital - May 24, 2011

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>CAPITAL ACTUAL</u>	<u>IN-KIND</u>
<u>REVENUE:</u>				
Title III Revenue	\$ 20,000	20,000		
ParaTransit Contract - Streamline	60,000	60,000		
MT DOT Capital Grants - Vehicles			0	
Local Revenue:				
Gallatin County	49,000	49,000		
City of Bozeman	76,000	85,053		
City of Belgrade	8,000	8,000		
United Way	25,000	25,090		
Rider Donations	18,000	16,970		
Contributions	2,000	2,647		
Other Income	2,000	2,450		
Insurance Settlement/Hail Damage		22,867		
Investment Income/Other	3,000	2,659		
Adopt-A-Bus	5,000	4,500		
In-Kind	439			439
TOTAL REVENUES	<u>\$ 268,439</u>	<u>299,236</u>	<u>0</u>	<u>439</u>
<u>EXPENSES:</u>				
Salaries and Fringe Benefits	\$ 214,000	231,971		
Gas and Oil	32,400	36,753		
Repairs and Maintenance	15,000	16,179		
Insurance	12,500	13,448		
Bus Barn Operating Costs	6,750	1,545		
Parking	600	1,076		
Travel and Training	500	72		
Advertising/PR	500	805		
Supplies	2,000	1,783		
Communications	1,200	1,030		
Space	439	134		439
Audit	900	966		
Other	1,000	2,183		
Equipment-Other	500	3,279		
Equipment-Vehicles			11,567	
TOTAL EXPENSES	<u>\$ 288,289</u>	<u>311,224</u>	<u>11,567</u>	<u>439</u>
REVENUE OVER/(UNDER) EXPENSES	<u>\$ (19,849)</u>	(11,988)	(11,567)	0
OPERATING FUNDS APPLIED TO CAPITAL		\$ (11,567)	11,567	
TRANSFER IN - SMYTH INVESTMENT INTEREST INCOME		\$ 19,903		
NET ASSETS AT 07/01/10		<u>\$ 61,192</u>	<u>0</u>	<u>0</u>
NET ASSETS AT 06/30/11		<u>\$ 57,540</u>	<u>0</u>	<u>0</u>

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STREAMLINE BUS / PUBLIC TRANSPORTATION

GRANT PERIOD: July 1, 2010 to June 30, 2011

GRANTS: MT DOT 105198 - Section 5311 Operating  
MT DOT 105197 - TransAde Operating  
MT DOT 105564 - Section 5310 Capital - March 17, 2011  
MT DOT 105565 - Section 5310 Capital - March 17, 2011

	<u>OPERATING BUDGET</u>	<u>OPERATING ACTUAL</u>	<u>CAPITAL ACTUAL</u>	<u>IN-KIND</u>
<u>REVENUE:</u>				
MT DOT Operating Grant	\$ 624,015	624,015		
MT DOT TransAde	121,523	121,523		
ParaTransit Contract - Galavan	(60,000)	(60,000)		
MT DOT Capital Grant - Vehicles			0	
Local Revenue:				
Associated Students of MSU	117,000	120,000		
Contract Income	122,460	123,804		
Gallatin County				
City of Bozeman	40,000	40,392		
City of Belgrade				
Montana State University	85,000	85,000		
Contributions	1,000	50		
In-Kind	6,500			7,186
<b>TOTAL REVENUES</b>	<u>\$ 1,057,498</u>	<u>1,054,784</u>	<u>0</u>	<u>7,186</u>
<u>EXPENSES:</u>				
Salaries and Fringe Benefits	\$ 158,000	174,303		
Contract Services	462,315	458,747		
Gas and Oil	126,000	118,767		
Repairs and Maintenance	90,000	125,500		
Insurance	31,500	32,019		
Bus Barn Operating Costs	18,250	4,178		
Parking Garage Cleaning	15,000	15,000		
Travel and Training	5,000	1,214		
Advertising/PR & Outreach	41,000	30,930		
Supplies	2,000	6,828		
Communications	2,000	2,964		
Space	6,500	3,103		7,186
Audit	900	983		
Bus Shelters/Transfer Center Projects	30,000	0		
Yellowstone Business Ptnr/LINX	2,000	2,000		
Other	1,500	1,521		
Equipment-Other	1,000	6,935		
Equipment-Vehicles			74,516	
<b>TOTAL EXPENSES</b>	<u>\$ 992,965</u>	<u>984,991</u>	<u>74,516</u>	<u>7,186</u>
<b>REVENUE OVER/(UNDER) EXPENSES</b>	<u>\$ 64,533</u>	69,793	(74,516)	0
<b>OPERATING FUNDS APPLIED TO CAPITAL</b>		\$ (74,516)	74,516	
<b>NET ASSETS AT 07/01/10</b>		\$ 75,368	0	0
<b>NET ASSETS AT 06/30/11</b>		<u>\$ 70,645</u>	<u>0</u>	<u>0</u>

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

HOMEOWNER REHABILITATION-HOME GRANT

CONTRACT PERIOD: October 23, 2009 to March 31, 2011

GRANT NUMBER: MT DOC M06-SG300100-01C/D

	<u>ACTUAL</u>
<u>REVENUE:</u>	
Contract Income	\$ <u>293,611</u>
 <u>EXPENSES:</u>	
Contract Services	\$ 272,936
Salaries and Fringe Benefits	48,638
Audit	825
Space Costs	1,014
Communications	763
Supplies	1,423
Office Costs	450
Other	<u>2,484</u>
TOTAL EXPENSES	\$ <u>328,534</u>
REVENUE OVER/(UNDER) EXPENSES	\$ (34,923)
TRANSFER IN	\$ 34,923
NET ASSETS AT 10/23/09	\$ <u>0</u>
NET ASSETS AT 03/23/11	\$ <u><u>0</u></u>

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WORK FORCE INVESTMENT ACT - YOUTH

GRANT PERIOD: July 1, 2010 to June 30, 2011

GRANT NUMBER: IXHRC1007-3 (BOS/CEP)

	GALLATIN/PARK		MEAGHER	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>				
Grant	\$ <u>136,285</u>	<u>136,285</u>	<u>6,286</u>	<u>6,286</u>
 <u>EXPENSES:</u>				
In -School	\$ 95,399	88,859	4,400	9,977
Out-of-School	<u>40,886</u>	<u>47,486</u>	<u>1,886</u>	<u>0</u>
TOTAL EXPENSES	\$ <u>136,285</u>	<u>136,345</u>	<u>6,286</u>	<u>9,977</u>
REVENUE OVER/(UNDER) EXPENSES	\$ <u>0</u>	(60)	<u>0</u>	(3,691)
TRANSFER IN		\$ 60		1,566
TRANSFER IN - CSBG		\$ 0		2,125
NET ASSETS AT 07/01/10		\$ <u>0</u>		<u>0</u>
NET ASSETS AT 06/30/11		\$ <u>0</u>		<u>0</u>

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WORK FORCE INVESTMENT ACT - YOUTH

GRANT PERIOD: July 1, 2010 to June 30, 2011

GRANT NUMBER: IXHRC1007-3M (BOS/CEP)

	GALLATIN/PARK		MEAGHER	
<u>REVENUE:</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
Grant	\$ 7,712	7,712	182	182
<u>EXPENSES:</u>				
In -School	\$ 5,398	4,843	182	182
Out-of-School	2,314	2,869	0	0
TOTAL EXPENSES	\$ 7,712	7,712	182	182
REVENUE OVER/(UNDER) EXPENSES	\$ 0	0	0	0
TRANSFER IN		\$ 0		0
NET ASSETS AT 07/01/10		\$ 0		0
NET ASSETS AT 06/30/11		\$ 0		0

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 AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)  
 TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)  
 WORK FORCE INVESTMENT ACT - YOUTH SUMMER EMPLOYMENT

GRANT PERIOD: June 1, 2010 to September 18, 2010

GRANT NUMBER: IXHRC1007-2A (BOS/CEP)

	<u>GALLATIN/PARK</u>		<u>MEAGHER</u>	
<u>REVENUE:</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
Grant	\$ 100,759	55,115	5,264	4,958
<u>EXPENSES:</u>				
Work Experience Salaries and Fringe	\$ 71,000	27,001	4,050	4,190
Supportive Services	27,759	701	200	0
Case Management	2,000	27,413	1,014	768
TOTAL EXPENSES	\$ 100,759	55,115	5,264	4,958
REVENUE OVER/(UNDER) EXPENSES	\$ 0	0	0	0
NET ASSETS AT 06/01/10		\$ 0		0
NET ASSETS AT 09/18/10		\$ 0		0

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AMERICAN REINVESTMENT AND RECOVERY ACT (ARRA)

HEAD START PROGRAM

GRANT PERIOD: July 1, 2009 to Sept 30, 2010

GRANT NUMBER: HHS 08SE0099/01

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>IN-KIND</u>
<u>REVENUE:</u>			
Grant	\$ 84,685	84,685	
In-Kind	<u>21,171</u>		<u>21,279</u>
 TOTAL REVENUES	 \$ <u>105,856</u>	 <u>84,685</u>	 <u>21,279</u>
 <u>EXPENSES:</u>			
Salaries	\$ 45,513	37,687	
Fringe Benefits	3,694	7,149	
Travel/Training	0	0	
Supplies	0	2,787	
Contract Services	0	2,126	
Facilities/Construction	31,012	31,012	
Other	4,466	3,925	
In-Kind Expenses	<u>21,171</u>		<u>21,279</u>
 TOTAL EXPENSES	 \$ <u>105,856</u>	 <u>84,685</u>	 <u>21,279</u>
 REVENUE OVER/(UNDER) EXPENSES	 \$ <u>0</u>	 0	 0
 NET ASSETS AT 07/01/09		 \$ <u>0</u>	 <u>0</u>
 NET ASSETS AT 09/30/10		 \$ <u>0</u>	 <u>0</u>

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HEAD START PROGRAM

GRANT PERIOD: April 1, 2010 to March 31, 2011

GRANT NUMBER: HHS 08CH0099/19  
HSBS 08CH0099/B150

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>IN-KIND</u>
<u>REVENUE:</u>			
Grant	\$ 1,224,137	1,224,137	
Head Start Body Start Grant	5,000	5,000	
Mental Health Special Grant	9,500	9,175	
Child Care Reimbursement		20,524	
Child Care Food Reimbursement	62,000	68,346	
Other Income		5,802	
In-Kind	<u>306,035</u>		<u>312,377</u>
 TOTAL REVENUES	 \$ <u>1,606,672</u>	 <u>1,332,985</u>	 <u>312,377</u>
 <u>EXPENSES:</u>			
Salaries	\$ 727,365	777,446	
Fringe Benefits	203,306	219,757	
Travel/Training	22,737	38,748	
Supplies	36,484	38,180	
Contract Services	13,425	27,587	
Facilities/Construction	0	8,182	
Other	297,320	223,085	
In-Kind Expenses	<u>306,035</u>		<u>312,377</u>
 TOTAL EXPENSES	 \$ <u>1,606,672</u>	 <u>1,332,985</u>	 <u>312,377</u>
 REVENUE OVER/(UNDER) EXPENSES	 \$ <u><u>0</u></u>	 0	 0
 NET ASSETS AT 04/01/10		 \$ <u>0</u>	 <u>0</u>
 NET ASSETS AT 03/31/11		 \$ <u><u>0</u></u>	 <u><u>0</u></u>

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For the Year Ended June 30, 2011

	Bozeman Head Start Center		Livingston Head Start Center		Belgrade Head Start Center	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>						
Rental Income	\$ 36,000	36,000	45,600	45,600	19,800	19,800
Other Income		17,814				
<b>TOTAL REVENUE</b>	<b>\$ 36,000</b>	<b>53,814</b>	<b>45,600</b>	<b>45,600</b>	<b>19,800</b>	<b>19,800</b>
<u>EXPENSES:</u>						
Gas and Electric	\$ 3,380	3,444	2,560	2,751	1,730	1,737
Water, Sewer, and Garbage	2,080	1,998	2,690	2,982	1,110	1,171
Maintenance and Repairs	7,800	32,490	8,400	18,892	4,100	1,373
Janitorial/Grounds	11,260	11,069	7,570	7,515	6,900	7,415
Property Management/Audit	2,200	2,232	2,210	2,232	2,250	2,232
Insurance	2,446	2,446	1,677	1,677	1,129	1,129
Taxes	400	394	0	0	35	35
Interest Expense	927	919	9,049	9,053	0	0
Depreciation	18,763	18,763	22,934	24,274	7,784	7,784
<b>TOTAL EXPENSES</b>	<b>\$ 49,256</b>	<b>73,754</b>	<b>57,089</b>	<b>69,375</b>	<b>25,038</b>	<b>22,877</b>
REVENUE OVER/(UNDER) EXPENSES	\$ <u>(13,256)</u>	(19,939)	<u>(11,489)</u>	(23,775)	<u>(5,238)</u>	(3,077)
TRANSFER IN		\$ 0		32,176		0
NET ASSETS AT 07/01/10		\$ <u>194,362</u>		<u>43,167</u>		<u>115,601</u>
NET ASSETS AT 06/30/11		\$ <u>174,423</u>		<u>51,568</u>		<u>112,524</u>

Supplemental Schedule  
Human Resource Development Council  
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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

LOCAL INITIATIVES SUPPORT CORPORATION

GRANT PERIOD: October 1, 2009 to October 31, 2010

GRANT NUMBER: 41189-0028

	<u>ACTUAL</u>
<u>REVENUE:</u>	
Grant	\$ <u>21,000</u>
<u>EXPENSES:</u>	
Rural LISC Seminar	\$ 2,220
Salaries and Fringe Benefits	<u>18,780</u>
TOTAL EXPENSES	\$ <u>21,000</u>
REVENUE OVER/(UNDER) EXPENSES	\$ 0
NET ASSETS AT 10/01/09	\$ <u>0</u>
NET ASSETS AT 10/31/10	\$ <u><u>0</u></u>

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

ROAD TO HOME - HOMEBUYER ASSISTANCE PROGRAM

July 1, 2010 through June 30, 2011

GRANT PERIODS:

HUD Comprehensive Housing Counseling (CHC)	HC-09-0821-093	10/01/2009 - 09/30/2010
HUD Comprehensive Housing Counseling (CHC)	HC-10-0821-067	10/01/2010 - 09/30/2011
MT Dept of Commerce HOME	M06-SG300100-01C	10/24/2009 - 10/31/2010
MT Dept of Commerce HOME	M06-SG300100-01D	11/01/2010 - 03/31/2011
City of Bozeman (COB)		11/25/2003 - 06/30/2011
Montana HomeOwnership Network (MHN) / NeighborWorks Montana (NWMT)		10/01/2004 - 09/30/2011
RTH Lending Pool		07/01/2006 - 06/30/2011

	CHC	HOME	COB	CDBG PGM INCOME	OTHER	TOTAL
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<b>REVENUE:</b>						
Grant	\$ 25,378	67,252	38,369			130,999
Contract Income			27,057		22,517	49,574
Application Fees					1,625	1,625
Contributions					561	561
Homebuyer Loans Repaid			0	0		0
Appreciation Share Realized			0	0		0
	<u>\$ 25,378</u>	<u>67,252</u>	<u>65,426</u>	<u>0</u>	<u>24,703</u>	<u>182,759</u>
<b>TOTAL REVENUE</b>						
<b>EXPENSES:</b>						
Salaries and Fringe	\$ 25,172	2,666	25,516		26,438	79,793
Space	1,205	105	1,032		1,255	3,596
Communications	65	13	214	0	2,932	3,223
Supplies	76	14	158		5,009	5,256
Contract Services		145	58		831	1,034
Audit/Legal		24			799	823
Travel/Training	363	122	80		311	876
Homebuyer Loan Loss Reserve					2,302	2,302
	<u>\$ 26,880</u>	<u>3,088</u>	<u>27,057</u>	<u>0</u>	<u>39,878</u>	<u>96,903</u>
<b>TOTAL EXPENSES</b>						
REVENUE OVER/(UNDER) EXPENSES	\$ (1,502)	64,164	38,369	0	(15,175)	85,856
HOMEBUYER LOANS DISBURSED	\$ 0	(65,000)	(38,369)	0	0	(103,369)
NET ASSETS AT 07/01/10	\$ (5,243)	14,649	4,820	9,786	(93,039)	(69,027)
PRIOR PERIOD ADJUSTMENT					55,772	55,772
Change in Regulations (See Note 18)					<u>55,772</u>	<u>55,772</u>
NET ASSETS AT 06/30/11	\$ (6,745)	13,813	4,820	9,786	(52,442)	(30,768)

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

COMMUNITY SERVICE BLOCK GRANT

GRANT PERIOD: January 1, 2009 to September 15, 2010

GRANT NUMBER: DPHHS 09-028-10007-0

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>		
Grant	\$ 283,817	283,817
Private Grant-Big Sky Institute		2,500
ROMA Income	<u>6,000</u>	<u>6,000</u>
TOTAL REVENUE	\$ <u>289,817</u>	<u>292,317</u>
 <u>EXPENSES:</u>		
Salaries and Fringe	\$ 125,335	58,484
Consultants and Contract Services	5,800	8,410
Travel/Training	1,500	7,846
Supplies	500	1,262
Small Equipment	1,500	1,829
Other Non-Direct Expenses	4,166	14,158
Support for Programs/Projects and Other Costs	<u>151,016</u>	<u>200,329</u>
TOTAL EXPENSES	\$ <u>289,817</u>	<u>292,317</u>
REVENUE OVER/(UNDER) EXPENSES	\$ <u>0</u>	0
NET ASSETS AT 01/01/09		\$ <u>0</u>
NET ASSETS AT 09/15/10		\$ <u>0</u>

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

AMERICAN REINVESTMENT AND RECOVERY ACT (ARRA)

COMMUNITY SERVICE BLOCK GRANT

GRANT PERIOD: February 17, 2009 to September 30, 2010

GRANT NUMBER: DPHHS 09-029-10007-0

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>		
Grant	\$ <u>412,166</u>	<u>412,166</u>
<u>EXPENSES:</u>		
Salaries and Fringe	\$ 87,000	68,345
Consultants and Contract Services	0	19,924
Travel/Training	0	7,851
Supplies	0	38
Small Equipment	0	8,377
Other Non-Direct Expenses	0	5,432
Support for Programs/Projects and Other Costs	<u>325,166</u>	<u>302,200</u>
TOTAL EXPENSES	\$ <u>412,166</u>	<u>412,166</u>
REVENUE OVER/(UNDER) EXPENSES	\$ <u>0</u>	0
NET ASSETS AT 02/17/09		\$ <u>0</u>
NET ASSETS AT 09/30/10		\$ <u>0</u>

Supplemental Schedule  
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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2011

	HRDC Central Office	
	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE:</u>		
Rental Income	\$ 105,000	105,000
Other Income	<u>0</u>	<u>7,405</u>
TOTAL REVENUE	\$ <u>105,000</u>	<u>112,405</u>
<u>EXPENSES:</u>		
Gas and Electric	\$ 12,780	13,748
Water, Sewer, and Garbage	3,360	3,143
Maintenance and Repairs	19,200	17,643
Janitorial/Grounds/Storage	22,390	21,441
Property Management/Audit	7,200	7,200
Insurance	4,548	3,298
Taxes	400	389
Interest Expense	19,409	19,393
Depreciation	<u>42,297</u>	<u>42,297</u>
TOTAL EXPENSES	\$ <u>131,584</u>	<u>128,551</u>
REVENUE OVER/(UNDER) EXPENSES	\$ <u>(26,584)</u>	(16,146)
NET ASSETS AT 07/01/10		\$ <u>1,040,096</u>
NET ASSETS AT 06/30/11		\$ <u><u>1,023,950</u></u>

Supplemental Schedule  
Human Resource Development Council  
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Bozeman, Montana

SCHEDULE OF ADMINISTRATIVE COSTS ALLOCATED

For the Year Ended June 30, 2011

	ACTUAL
<u>REVENUE:</u>	
Allocation Payments from Programs	\$ 328,406
Misc. Income	15
TOTAL REVENUES	\$ 328,421
<u>EXPENSES:</u>	
Salaries and Fringe Benefits	\$ 303,796
Space Costs	13,882
Financial Audit	33,576
Communications	7,013
Insurance	1,599
Office Costs	8,885
Small Equipment	0
Computer Service	18,627
Travel/Training	3,704
Other	2,339
TOTAL EXPENSES	\$ 393,421
REVENUE UNDER EXPENSES	\$ (65,000)
TRANSFER IN	\$ 25,000
TRANSFER IN - CSBG	\$ 20,000
TRANSFER IN - ARRA CSBG	\$ 20,000
NET ASSETS AT 07/01/10	\$ 0
NET ASSETS AT 06/30/11	\$ 0



Loren W. Randall, P.C.  
Certified Public Accountants

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*

Board of Directors  
Human Resource Development  
Council of District IX, Inc.  
32 South Tracy  
Bozeman, Montana 59715

We have audited the consolidated financial statements of the Human Resource Development Council of District IX, Inc., (Agency) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 22, 2011. 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.

Internal Control over Financial Reporting

Management of the Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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 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.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

This report is intended solely for the information of the audit committee, management, the State of Montana, appropriate federal agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



Loren W. Randall, PC  
Certified Public Accountants

December 22, 2011  
Missoula, Montana



Loren W. Randall, P.C.  
Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

Board of Directors  
Human Resource Development  
Council of District IX, Inc.  
32 South Tracy  
Bozeman, Montana 59715

Compliance

We have audited the Human Resource Development Council of District IX, Inc., (Agency) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2011. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency'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. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the audit committee, management, the State of Montana, appropriate federal agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Loren W. Randall, P.C." in a cursive script.

Loren W. Randall, PC  
Certified Public Accountants

December 22, 2011  
Missoula, Montana

Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2011

Section I—Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

• Material weakness(es) identified?

\_\_\_\_\_ yes  no

• Significant deficiency(ies) identified?

\_\_\_\_\_ 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 deficiency(ies) identified?

\_\_\_\_\_ yes  none reported

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

\_\_\_\_\_ yes  no

Identification of Major Programs:

CFDA Number

14.239

14.228

14.257 ARRA

20.509

81.042, 81.042 ARRA

93.569, 93.710 ARRA

Name of Federal Program or Cluster

Home Investment Partnership Program

Neighborhood Stabilization Program

Homelessness Prevention and Rapid Re-housing Program

Formula Grants for Other than Urbanized Areas

DOE Weatherization

CSBG Cluster

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

\$300,000

Auditee qualified as low-risk auditee?

yes \_\_\_\_\_ no

Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued

For the Year Ended June 30, 2011

Section II—Financial Statement Findings

There were no findings required to be reported in the current or prior year.

Section III—Federal Award Findings and Questioned Costs

There were no findings required to be reported in the current year.

Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, *continued*

For the Year Ended June 30, 2011

Status of Prior Year Findings

IC 10-1 Internal Control over Calculation of Income Eligibility

**Department of Housing and Urban Development**

*Montana Department of Health and Human Services*

14.257 ARRA, Homelessness Prevention and Rapid Re-housing 09-029-51007-0

*Montana Department of Commerce*

14.239, Home Investment Partnership Program, M06-SG300100-01B, M06-SG300100-01C

**Department of Labor**

*Montana Department of Labor*

17.259 ARRA, Workforce Investment Act Cluster IXHRC1007-1A, IXHRC1007-2, IXHRC1007-2-MI

As a term of the grant awards, reasonable assurance must be provided that only eligible individuals and organizations receive assistance under Federal award programs. The Agency's controls over the calculation of client household income did not always detect errors in calculations of household income. The forms that were used to calculate household income were not conducive to detecting time gaps in reported wage periods and did not adequately detect errors in calculations for differing pay periods reported, such as bi-weekly, semi-monthly, or weekly pay periods.

**STATUS:**

The Agency reviewed its standardized forms to calculate and verify client household income and its review processes of client files to ensure that they detected and corrected any gaps in wage periods reported and to give assurance that the calculation of income is based upon the correct pay period.

Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued

For the Year Ended June 30, 2011

Status of Prior Year Findings, continued

IC 10-2 Internal Control Over Documentation Requirements

Department of Housing and Urban Development

*Montana Department of Health and Human Services*

14.257 ARRA, Homelessness Prevention and Rapid Re-housing 09-029-51007-0

Department of Labor

*Montana Department of Labor*

17.259 ARRA, Workforce Investment Act Cluster 1XHRC1007-1A, 1XHRC1007-2, 1XHRC1007-2-M1

OMB Circular A-110 requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. It was noted that the Agency did not have an adequate control process to ensure that all Federal program requirements were documented in the client files on a consistent basis. Standardized forms and a formal process for client intake, evaluation, and follow up for participants were not consistently filled out within the client files.

STATUS:

The Agency evaluated its internal control processes and standardized forms for client intake, evaluation, and follow up for participants of the programs to ensure that all required documentation was present within the client files and was in accordance with Federal and State program requirements.

C 10-3 Allowable Costs / Income Eligibility

Department of Housing and Urban Development

*Montana Department of Health and Human Services*

14.257 ARRA, Homelessness Prevention and Rapid Re-housing 09-029-51007-0

Under the requirements of the Homelessness Prevention and Rapid Re-housing Program Docket No. FR-5307-N-01, Part IV, D, 2.2, Part IV, A, 1.1 and Part IV, A, 4, all client households being served must be at or below 50% of the area median income, must be reevaluated for eligibility after three months of short-term assistance to enter medium-term assistance, and that rental assistance must be reasonable in relation to rents being charged during the same time period for comparable units in the private unassisted market.

During the first few months of administering the grant, the Agency did not consistently document the calculation of income eligibility, recertification, and compliance with rent reasonability criteria necessary under the program guidelines to ensure that the programmatic requirements were fully adhered to.

Human Resource Development Council  
of District IX, Inc.  
Bozeman, Montana

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued

For the Year Ended June 30, 2011

Status of Prior Year Findings, continued

C 10-3 Allowable Costs / Income Eligibility, continued

STATUS:

Processes were reviewed to ensure that those receiving assistance qualify under the income criteria, recertification of eligibility was performed when applicable, and program requirements were reviewed with all staff serving clients in the Homelessness Prevention and Rapid Re-housing Program to provide reasonable assurance that income eligibility, three month recertification, and rent reasonability determinations were clearly documented within the client files.

C 10-4 Davis Bacon

Department of Health and Human Services

*Direct*

93,600, Head Start, 08CH0099/19

Construction, renovation, and repair projects and subcontracts greater than \$2,000, financed with funds awarded under the Head Start program are subject to the Davis-Bacon Act (40 U.S.C. 276a et seq) and the Regulations of the Department of Labor, 29 CFR Part 5. The grantee must provide an assurance that all laborers and mechanics employed by contractors or subcontractors in the construction, renovation or repair of affected Head Start facilities shall be paid wages at no less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor.

The Agency is responsible for ensuring all such contractors and subcontractors submit weekly certified payrolls accompanied by a signed Statement of Compliance with regards to the provision of the Davis-Bacon Act. It was noted that the Agency did not receive weekly certified payrolls and Statements of Compliance from contractors or subcontractors working on three repair projects.

STATUS:

The Agency reviewed its policies and procedures to ensure that all required items regarding compliance with the Davis-Bacon Act are addressed and ensure that construction, renovation, or repair contracts greater than \$2,000 were properly included as projects covered by the Davis Bacon Act.