

The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.



**DISTRICT IV HUMAN RESOURCES
DEVELOPMENT COUNCIL**

FINANCIAL REPORT

June 30, 2017 and 2016



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INDEPENDENT AUDITORS' REPORT

Board of Directors
District IV Human Resources Development Council
Havre, Montana

We have audited the accompanying financial statements of District IV Human Resources Development Council (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of District IV Human Resources Development Council as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2017, on our consideration of District IV Human Resources Development Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District IV Human Resources Development Council's internal control over financial reporting and compliance.


Havre, Montana
November 27, 2017

FINANCIAL STATEMENTS

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 87,723	\$ 122,457
Cash and cash equivalents - restricted	121,119	204,406
Grants receivable	328,553	231,455
Accounts receivable	<u>48,969</u>	<u>45,743</u>
Total current assets	<u>586,364</u>	<u>604,061</u>
LAND, BUILDINGS, AND EQUIPMENT, NET	<u>516,174</u>	<u>543,449</u>
OTHER ASSETS		
Notes receivable	1,686,500	521,500
Interest receivable	47,042	20,574
Other assets	<u>1,296</u>	<u>2,180</u>
Total other assets	<u>1,734,838</u>	<u>544,254</u>
Total assets	<u>\$ 2,837,376</u>	<u>\$ 1,691,764</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 228,628	\$ 236,834
Refundable grant advance	-	4,285
Accrued vacation	76,492	71,903
Current portion of long-term debt	<u>17,851</u>	<u>17,383</u>
Total current liabilities	<u>322,971</u>	<u>330,405</u>
LONG TERM DEBT, NET OF CURRENT PORTION	<u>653,893</u>	<u>667,576</u>
Total liabilities	<u>976,864</u>	<u>997,981</u>
NET ASSETS		
Unrestricted	<u>1,860,512</u>	<u>693,783</u>
Total net assets	<u>1,860,512</u>	<u>693,783</u>
Total liabilities and net assets	<u>\$ 2,837,376</u>	<u>\$ 1,691,764</u>

The Notes to Financial Statements are an integral part of these statements.

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
 STATEMENTS OF ACTIVITIES
 Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
REVENUES AND OTHER SUPPORT		
Grants awarded	\$ 4,324,310	\$ 2,933,862
Contributions	80,583	45,933
Fees	155,660	156,011
Investment income	202	185
Other income	<u>798,877</u>	<u>814,231</u>
Total revenues and other support	<u>5,359,632</u>	<u>3,950,222</u>
EXPENSES		
Program:		
Head Start	1,642,148	1,554,822
Community Services Block Grant	141,446	119,051
Food Bank	64,244	35,810
Skills Training	1,996	11,165
WIA Adult	50,804	53,298
Work Readiness	169,589	178,364
Summer Youth Training	48,123	40,803
WIA Youth	82,354	73,653
Child Care Block Grant	7,987	112,741
Continuum of Care	203,391	66,902
NWE Weatherization	156,662	101,487
Weatherization	348,617	261,719
Domestic Violence	195,568	180,371
Low Income Energy Assistance	216,399	196,290
Emergency Homeless and Shelter	25,237	31,658
Section 8 and Buildings	435,288	451,189
Veterans Helping Veterans	<u>1,073</u>	<u>-</u>
Total program expense	3,790,926	3,469,323
Management and general	<u>403,742</u>	<u>386,794</u>
Total expenses	4,194,668	3,856,117
Gain on disposal of assets	<u>(1,765)</u>	<u>-</u>
Total expenses and losses	<u>4,192,903</u>	<u>3,856,117</u>
Change in net assets	1,166,729	94,105
Net assets at beginning of year	<u>693,783</u>	<u>599,678</u>
Net assets at end of year	<u>\$ 1,860,512</u>	<u>\$ 693,783</u>

The Notes to Financial Statements are an integral part of these statements.

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
 STATEMENTS OF CASH FLOWS
 Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants	\$ 4,222,927	\$ 2,912,102
Cash received from contributions	80,583	45,933
Cash received from fees and other sources	925,727	959,474
Cash paid to suppliers and employees	(4,063,479)	(3,662,000)
Cash lent for note receivable	(1,165,000)	-
Interest income	202	185
Interest expenses	<u>(42,891)</u>	<u>(44,682)</u>
Net cash flows from operating activities	<u>(41,931)</u>	<u>211,012</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(43,132)	(62,205)
Cash received from sale of property	<u>1,765</u>	<u>-</u>
Net cash from investing activities	<u>(41,367)</u>	<u>(62,205)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes	<u>(13,215)</u>	<u>(44,098)</u>
Net cash flows from financing activities	<u>(13,215)</u>	<u>(44,098)</u>
Net change in cash and cash equivalents	(96,513)	104,709
Cash and cash equivalents, beginning of year	<u>326,863</u>	<u>222,154</u>
Cash and cash equivalents, end of year	<u>\$ 230,350</u>	<u>\$ 326,863</u>
Reconciliation of Cash to Statement of Financial Position		
Cash	\$ 87,723	\$ 122,457
Restricted cash	<u>121,119</u>	<u>204,406</u>
	<u>\$ 208,842</u>	<u>\$ 326,863</u>

The Notes to Financial Statements are an integral part of these statements.

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
 STATEMENTS OF CASH FLOWS (CONTINUED)
 Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Change in net assets	\$ 1,166,729	\$ 94,105
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	91,915	70,454
Gain on disposal of assets	(1,765)	-
Changes in operating assets and liabilities:		
Grants receivable	(97,098)	(21,045)
Accounts receivable	(3,226)	(4,328)
Notes receivable	(1,165,000)	-
Interest receivable	(26,468)	(5,000)
Other assets	884	(1,440)
Accounts payable	(8,206)	84,711
Refundable grant advances	(4,285)	(715)
Accrued vacation and sick leave	<u>4,589</u>	<u>(5,730)</u>
Net cash flows from operating activities	<u>\$ (41,931)</u>	<u>\$ 211,012</u>

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest	<u>\$ 42,891</u>	<u>\$ 44,682</u>
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SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES

There were no noncash financing and investing activities in 2017 and 2016.

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017

	Head Start	Community Services Block Grant	Food Bank	Skills Training	WIA Adult	WoRC	Summer Youth	WIA Youth	Child Care Block Grant	Continuum of Care	NWE Weatherization	Weatherization	Domestic Violence	Low Income Energy Assistance	Emergency Homeless and Shelter	Section 8	Veterans Helping Veterans	Management and General	Totals
Salaries	\$ 910,976	\$ 91,536	\$ 15,380	\$ 962	\$ 32,762	\$ 92,283	\$ 41,381	\$ 55,270	\$ 269	\$ 3,286	\$ 3,642	\$ 64,773	\$ 104,238	\$ 54,107	\$ 7,479	\$ 107,687	\$ -	\$ 202,709	\$ 1,788,740
Payroll taxes	112,356	8,878	1,817	137	3,765	10,969	4,043	6,018	34	377	481	8,126	13,218	6,428	936	13,207	-	22,226	213,016
Employee benefits	82,403	11,680	1,540	5	3,085	7,479	601	3,573	(2)	566	-	511	1,190	4,167	197	12,286	-	18,216	147,497
Contracted services	9,871	2,422	18,521	-	1,404	16,453	-	1,447	5,942	-	81,917	103,870	5,324	-	373	99,816	-	16,555	363,915
Travel	61,556	9,966	3,008	127	532	23,690	171	2,174	-	290	6	19,671	4,183	851	-	11,279	-	13,324	150,828
Other costs	1,990	3,384	749	-	-	-	-	-	399	6,362	-	6,777	1,908	3,066	993	22,013	-	5,526	53,167
Rent and space	8,400	2,282	-	-	2,536	5,669	-	4,970	-	-	-	3,416	12,468	1,362	12,345	(67,190)	-	11,048	(2,694)
Supplies	166,821	3,500	4,394	550	2,316	7,078	81	4,096	1,265	2	4,580	3,690	12,337	2,010	266	14,942	-	20,291	248,219
Telephone and utilities	49,426	1,119	8,002	39	533	3,170	-	543	-	2,042	-	1,054	5,172	203	2,380	61,968	-	1,932	137,583
Training	237	2,372	-	-	75	-	-	-	-	-	-	-	1,065	-	-	-	-	-	3,749
Support services	24,439	4,015	2,488	98	2,377	20	1,846	3,454	-	1,515	-	46,057	13,289	143,322	-	6,025	-	-	248,945
Insurance	26,075	252	1,238	-	1,334	2,685	-	809	-	4,685	362	4,412	5,793	1,303	23	8,035	-	-	57,006
Transportation	18,053	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,053
Meals	140,423	-	5,672	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	146,095
Maintenance and repairs	29,011	-	1,095	-	-	-	-	-	-	176,423	4,544	-	14,546	-	245	96,721	-	-	322,585
Legal and accounting	111	40	340	78	85	93	-	-	80	383	-	1,000	837	-	-	5,608	-	-	8,655
Materials	-	-	-	-	-	-	-	-	-	7,460	61,130	85,260	-	(420)	-	-	1,073	-	154,503
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42,891	-	-	42,891
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	91,915	91,915
Totals	\$ 1,642,148	\$ 141,446	\$ 64,244	\$ 1,996	\$ 50,804	\$ 169,589	\$ 48,123	\$ 82,354	\$ 7,987	\$ 203,391	\$ 156,662	\$ 348,617	\$ 195,568	\$ 216,399	\$ 25,237	\$ 435,288	\$ 1,073	\$ 403,742	\$ 4,194,668

The Notes to Financial Statements are an integral part of this statement.

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2016

	Head Start	Community Services Block Grant	Food Bank	Skills Training	WIA Adult	WoRC	Summer Youth	WIA Youth	Child Care Block Grant	Continuum of Care	NWE Weatherization	Weatherization	Domestic Violence	Low Income Energy Assistance	Emergency Homeless and Shelter	Section 8	Management and General	Totals
Salaries	\$ 884,913	\$ 81,370	\$ 12,902	\$ 1,493	\$ 34,267	\$ 100,451	\$ 34,714	\$ 55,101	\$ 67,058	\$ 6,106	\$ 7,733	\$ 63,978	\$ 93,874	\$ 50,190	\$ 12,514	\$ 95,094	\$ 216,971	\$ 1,818,729
Payroll taxes	109,769	6,518	1,685	116	3,999	12,103	3,699	6,199	8,393	705	1,128	7,852	11,905	6,164	1,571	11,656	23,847	217,309
Employee benefits	76,429	4,092	15	12	2,743	15,145	1,340	2,227	1,454	233	-	952	1,927	4,089	305	5,333	26,639	142,935
Contracted services	53,516	733	2,085	960	1,997	5,839	85	1,054	5,710	29,119	41,695	73,233	6,040	-	30	207,317	16,276	445,689
Travel	34,515	6,350	1,143	8	811	19,100	130	1,505	4,613	1,273	14,083	12,610	6,089	851	-	5,439	1,761	110,281
Other costs	7,846	4,209	937	-	-	204	-	-	428	4,936	291	981	1,565	8,058	500	21,153	10,183	61,291
Rent and space	17,508	2,654	-	975	2,520	9,629	344	3,277	7,432	-	-	3,675	12,420	2,700	11,809	(60,093)	10,096	24,946
Supplies	76,102	2,526	4,147	475	1,934	7,042	92	2,014	14,114	217	(8)	11,726	15,484	6,559	505	19,406	8,862	171,197
Telephone and utilities	42,062	622	8,136	-	183	4,668	9	90	268	2,059	-	297	3,437	112	3,823	55,478	1,705	122,949
Training	-	800	-	-	734	34	-	300	-	-	-	-	4,527	-	-	-	-	6,395
Support services	36,350	8,408	591	7,101	2,801	-	390	1,185	634	3,017	25	49,971	17,223	115,484	-	12,421	-	255,601
Insurance	28,895	261	1,091	-	1,220	4,064	-	701	2,109	4,687	1,474	99	4,399	1,308	406	5,699	-	56,413
Transportation	18,332	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,332
Meals	132,058	-	1,326	-	-	-	-	-	-	-	-	-	-	-	-	-	-	133,384
Maintenance and repairs	36,513	-	1,510	-	-	-	-	-	-	13,577	347	-	810	-	195	25,727	-	78,679
Legal and accounting	14	508	242	25	89	85	-	-	528	282	9	-	671	775	-	2,304	-	5,532
Materials	-	-	-	-	-	-	-	-	-	-	34,710	36,345	-	-	-	264	-	71,319
Interest	-	-	-	-	-	-	-	-	-	691	-	-	-	-	-	43,991	-	44,682
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70,454	70,454
Totals	\$ 1,554,822	\$ 119,051	\$ 35,810	\$ 11,165	\$ 53,298	\$ 178,364	\$ 40,803	\$ 73,653	\$ 112,741	\$ 66,902	\$ 101,487	\$ 261,719	\$ 180,371	\$ 196,290	\$ 31,658	\$ 451,189	\$ 386,794	\$ 3,856,117

The Notes to Financial Statements are an integral part of this statement.

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Organization

The District IV Human Resources Development Council (the Council) was organized to better focus all available local, state, private, and federal resources upon the goal of enabling families with low incomes and individuals with low incomes of all ages in rural and urban areas of Hill, Blaine, and Liberty counties in Montana, to attain the skills, knowledge and motivations and secure the opportunities needed for them to become self-sufficient.

The board of directors exercise oversight responsibility for the following programs:

- Head Start
- Community Services Block Grant
- Food Bank
- Skills Training
- WIA Adult
- Work Readiness
- Summer Youth Training
- WIA Youth
- Child Care Block Grant
- Continuum of Care
- Northwestern Energy Weatherization
- Weatherization
- Domestic Violence
- Low Income Energy Assistance Programs
- Emergency Homeless and Shelter
- Section 8 and Buildings
- Veterans Helping Veterans

The Council receives a significant portion of its revenue from grants and/or contracts from government agencies; thus, the Council is subject to possible cutbacks due to changes in funding priorities. During the years ended June 30, 2017 and 2016, the Council received approximately 81% and 74%, respectively, of its gross public support from such grants/contracts.

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board. Under GAAP, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. No permanently or temporarily restricted assets were held during the years ended June 30, 2017 and 2016, and accordingly, these statements do not reflect any activity related to these classes of net assets. Grants and expenses are reported as increases and decreases in unrestricted net assets.

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017 and 2016

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Council reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

The Council reports gifts of land, buildings, and other equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Restricted Cash and Cash Equivalents

Certain cash balances generated from grant and other income sources are classified as restricted on the statement of financial position due to the use being limited to specific programs or functions.

Receivables

Receivables consist primarily of amounts due from grants and other income sources. The allowance method is used to determine uncollectible amounts. An allowance for uncollectible receivables is provided based on management's estimate, including such factors as prior collection history. Management believes all receivables are fully collectible at June 30, 2017 and 2016. Accordingly, no allowance for double accounts is considered necessary.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Council is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Refundable Grant Advances

The Council records some designated grant receipts as refundable grant advances until it is expended for the purpose of the grant, at which time it becomes unconditional and is recognized as revenue.

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017 and 2016

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Annual Leave

Employees accrue vacation from the date of hire. Vacation is accrued based on years of service and is prorated for employees with less than full-time status. Upon termination, employees may be paid for accrued annual leave up to a maximum of 200 hours. Vacation is accrued and expensed monthly.

Reclassifications

Certain reclassifications have been made to the June 30, 2016 financial statements to conform to the June 30, 2017 presentation. Such reclassifications had no effect on previously reported net assets or changes in net assets.

Subsequent Events

The Council has evaluated events and transactions that occurred from the date of the financial statements through November 27, 2017, which is the date that the financial statements were available for issue.

NOTE 2. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, the Council considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

At times, the Council may maintain deposits in excess of federally insured limits. Generally accepted accounting principles, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. As of June 30, 2017 and 2016, the Council's deposits were in excess of federally insured limits by \$2,347 and \$1,592, respectively.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or fair value at date of purchase or donation. Management's policy is to capitalize property and equipment purchases over \$5,000. Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

Transport Equipment	5 to 7 years
Office Furniture and Equipment	5 to 10 years
Buildings and Improvements	15 to 30 years

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017 and 2016

NOTE 3. PROPERTY AND EQUIPMENT (CONTINUED)

Major betterments are capitalized and depreciated. Maintenance and repairs that do not significantly improve or extend the life of the respective assets are expensed currently. Upon sale or retirement, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statements of activity.

Property and equipment transactions for the years ended June 30, 2017 and 2016 are as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Transportation equipment	\$ 417,057	\$ 31,456	\$ (33,735)	\$ 414,778
Office furniture and equipment	229,563	11,676	(9,500)	231,739
Buildings and land	<u>1,314,703</u>	<u>-</u>	<u>-</u>	<u>1,314,703</u>
	1,961,323	43,132	(43,235)	1,961,220
Accumulated depreciation	<u>(1,417,874)</u>	<u>(91,915)</u>	<u>43,235</u>	<u>(1,466,554)</u>
Land, buildings, and equipment, net	543,449	(48,783)	-	494,666
Construction in process	<u>-</u>	<u>21,508</u>	<u>-</u>	<u>21,508</u>
Total	<u>\$ 543,449</u>	<u>\$ (27,275)</u>	<u>\$ -</u>	<u>\$ 516,174</u>

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Transportation equipment	\$ 394,106	\$ 44,051	\$ (21,100)	\$ 417,057
Office furniture and equipment	211,409	18,154	-	229,563
Buildings and land	<u>1,314,703</u>	<u>-</u>	<u>-</u>	<u>1,314,703</u>
	1,920,218	62,205	(21,100)	1,961,323
Accumulated depreciation	<u>(1,368,520)</u>	<u>(70,454)</u>	<u>21,100</u>	<u>(1,417,874)</u>
Total	<u>\$ 551,698</u>	<u>\$ (8,249)</u>	<u>\$ -</u>	<u>\$ 543,449</u>

NOTE 4. NOTES RECEIVABLE

Notes receivable contain a loan made by the Council, to provide down-payment assistance to a first time homebuyer in the amount of \$21,500. No interest will be charged on the loan prior to default. Interest may be charged after default, at the sole option of the Council in the amount of 6% annum. The principal amount on this note, shall be due and payable in full upon the occurrence of one of the following events:

- a. The first sale or transfer of the property to occur after the date of this note.
- b. A default or breach under this note or the Deed of Trust securing this note.
- c. The borrower's refinancing of a lien superior to that created by the Deed of Trust securing this note.

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017 and 2016

NOTE 4. NOTES RECEIVABLE (CONTINUED)

- d. The borrower's vacation of the property or borrower's cessation of use as borrower's sole residence.
- e. Full payment of the original first mortgage.

If the note has not been paid in full by July 25, 2041, then the principal balance shall be paid in monthly installments equal to the last recorded principal and interest payment as documented by request of the Council from CSC (USDA Customer Service Center), which was due under the original 1st mortgage, the first of which shall be due August 25, 2041, and succeeding installments of which shall be due on the same day of each month until the entire amount due under this note is paid in full. Management reviews this loan on a continual basis for impairment. No allowance for doubtful loans has been maintained and would be immaterial to the financial statements.

The Council has two outstanding notes receivable related to its housing program. As more fully disclosed in Note 9, the Council is the single member of the two entities created to serve as the general partner in low- and moderate-income housing projects located in Havre, Montana. Buffalo Court, consisting of twenty units, was completed in 2012. Antelope Court, consisting of thirty units, was under construction as of the date of these statements with an expected completion date of fall 2017. The Council received grant funds which is subsequently lent to the partnerships created to construct and operate the housing complexes.

As of June 30, 2017 and 2016, the Council had a note receivable with Buffalo Court Partnership, LLC in the amount of \$500,000. Interest is calculated at 1% annually with the unpaid principal and interest due August 2042. The note is secured by a Deed of Trust with Assignment of Rents. The interest income for the years ended June 30, 2017 and 2016, was \$5,000. As of June 30, 2017 and 2016, Buffalo Court Partnership, LLC owed the Council \$25,574 and \$20,574, respectively, for accrued interest.

As of June 30, 2017 and 2016, the Council had a note receivable with Antelope Court Limited Partnership in the amount of \$1,165,000 and \$-0-, respectively. Interest is calculated at 3% annually with the unpaid principal and interest due April 2056. The note is secured by a Deed of Trust with Assignment of Rents. The interest income for the years ended June 30, 2017 and 2016, was \$21,468 and \$-0-, respectively. As of June 30, 2017 and 2016, Antelope Court Limited Partnership owed the Council \$21,468 and \$-0-, respectively for accrued interest.

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2017 and 2016

NOTE 5. OTHER INCOME

Other income on the statements of activity for the years ended June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Equipment and building rent	\$ 205,839	\$ 197,839
Section 8 income	151,553	76,093
CRF income	96,752	87,797
Energy share	2,596	3,817
Head Start childcare reimbursement	13,793	14,158
Domestic violence rental income	6,034	21,538
NWE rental and MPC income	8,806	2,000
Homeless shelter support	8,030	3,371
Insurance proceeds	303,162	407,618
Non-federal funds, other miscellaneous	<u>2,312</u>	<u>-</u>
	<u>\$ 798,877</u>	<u>\$ 814,231</u>

NOTE 6. NOTES PAYABLE

	<u>2017</u>	<u>2016</u>
Mortgages Payable		
Real estate mortgage payable to USDA - Rural Development. Payable in monthly installments of \$1,964 including interest at 5.125%, maturing June 2041; secured by property.	\$ 314,514	\$ 321,760
Real estate mortgage payable to USDA - Rural Development. Payable in monthly installments of \$2,712 including interest at 13.25%. As part of the Loan Agreement, the Council entered into an Interest Credit and Rental Assistance Agreement that reduces the monthly mortgage payment to \$528, which effectively lowers the interest rate to approximately 1% over the term of the loan. Matures in August 2031; secured by property.	197,230	203,199
Three notes payable to Community Frameworks to pay for infrastructure development costs for the mutual Self Help Housing Project, including 0% interest, matures February 2019, 100% forgivable upon compliance with loan agreement; unsecured.	<u>160,000</u>	<u>160,000</u>
	<u>\$ 671,744</u>	<u>\$ 684,959</u>

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2017 and 2016

NOTE 6. NOTES PAYABLE (CONTINUED)

Future maturities of long-term debt for the year ended June 30, 2017, are as follows:

<u>Year Ended June 30,</u>	
2018	\$ 17,851
2019	18,339
2020	18,848
2021	19,379
2022	19,933
Thereafter	<u>577,394</u>
Total	<u>\$ 671,744</u>

NOTE 7. EMPLOYEE BENEFITS

The Council has a Simple pension plan. The agency may contribute an amount equal to a maximum of 3% of gross wages for all eligible employees who make a contribution. Eligible employees are those who are one year past their employment date. Total contributions made by the Council amounted to \$22,578 and \$24,356 for June 30, 2017 and 2016, respectively.

The Council provides group health insurance to all permanent and seasonal employees who work 20 hours per week, or more, after three months of continuous employment.

NOTE 8. OPERATING LEASES

The Head Start Program leases office and classroom space from Child Development, Inc. at a cost of \$8,400 per year. The lease expires November 2020. The Council leased two vehicles, with a combined payment of \$874 per month. These leases expired in December 2016. In 2017, the Council leased a vehicle with a lease payment of \$412 per month. The vehicle lease expires in January 2020. Lease expense for the years ended June 30, 2017 and 2016 was approximately \$13,000 and \$18,000, respectively.

The future minimum lease payments for the year ended June 30, 2017, are as follows:

2018	\$ 13,339
2019	13,339
2020	<u>6,381</u>
Total	<u>\$ 33,059</u>

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017 and 2016

NOTE 9. INVESTMENT IN DISTRICT IV HRDC, LLC AND LLC1

The Council is the sole owner of District IV HRDC, LLC (a corporation). District IV HRDC, LLC owns a .005% general partnership interest in Buffalo Court Limited Partnership that provides housing for senior citizens with low incomes. The Council has estimated the value of this investment at \$-0- for both of the years ended June 30, 2017 and 2016.

The Council is the sole owner of District IV HRDC, LLC1 (a corporation). District IV HRDC, LLC1 owns a .005% general partnership interest in Antelope Court Limited Partnership that provides housing for families with low incomes with preference given to individuals with a disability. The Council has estimated the value of this investment at \$-0- for both of the years ended June 30, 2017 and 2016.

NOTE 10. RELATED PARTY TRANSACTIONS

For the years ended June 30, 2017 and 2016, the Council received \$33,648 and \$27,357, respectively, in expense reimbursement and developer fees from Buffalo Court Limited Partnership. During the years ended June 30, 2017 and 2016, the Council received \$-0- and \$20,741, respectively, in expense reimbursement and developer fees from Antelope Court Limited Partnership.

In 2012, the Council was awarded a HOME grant in the amount of \$500,000. The Council then loaned this money to Buffalo Court Limited Partnership to assist in the construction of the low income housing project. The terms of this note are described in Note 4.

In 2017, the Council was awarded a HOME grant in the amount of \$1,165,000. The Council then loaned this money to Antelope Court Limited Partnership to assist in the construction of the low income housing project. The terms of this note are described in Note 4.

SUPPLEMENTARY INFORMATION

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Award Number	Program or Award Amount	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>				
Head Start	93.600	08CH0034/03	\$ 1,670,361	\$ 741,463
Head Start	93.600	08CH1034/04	<u>1,825,664</u>	<u>1,018,346</u>
Total CFDA 93.600			<u>3,496,025</u>	<u>1,759,809</u>
Pass-through Montana Dept. of Public Health and Human Services				
Community Services Block Grant	93.569	16-028-10002-0	130,528	95,873
Community Services Block Grant	93.569	17-028-10002-0	<u>130,528</u>	<u>34,457</u>
Total CFDA 93.569			<u>261,056</u>	<u>130,330</u>
Low Income Energy Assistance-CRF	93.568	CRF2016	105,487	70,739
Low Income Energy Assistance-CRF	93.568	CRF2017	79,277	73,807
Low Income Energy Assistance - Administration	93.568	16-028-11002-0	32,602	5,963
Low Income Energy Assistance - Administration	93.568	17-028-11002-0	30,897	23,607
Low Income Energy Assistance-Client Education	93.568	16-028-14016-0	9,802	4,691
Low Income Energy Assistance-Client Education	93.568	17-028-14016-0	8,680	6,555
Low Income Energy Assistance-Outreach	93.568	16-028-15052-0	25,970	6,778
Low Income Energy Assistance-Outreach	93.568	17-028-15052-0	25,970	20,641
Weatherization-LIEAP	93.568	16-028-16002-0	121,897	34,774
Weatherization-LIEAP	93.568	17-028-16002-0	<u>107,395</u>	<u>54,835</u>
Total CFDA 93.568			<u>547,977</u>	<u>302,390</u>
State Domestic Abuse	93.671	20133DMLV00013	<u>84,260</u>	<u>43,025</u>
Total CFDA 93.671			<u>84,260</u>	<u>43,025</u>
WoRC	93.558	16-022-28015-0	257,940	92,814
Pathways WoRC	93.558	17-022-28012-0	419,109	71,084
TANF - ABLE	93.558	16-022-61006-0	32,808	11,668
TANF - Summer Youth	93.558	DLISF13W1AYOUTH04	49,515	40,606
TANF - Summer Youth	93.558	DLISF13W1AYOUTH04	<u>49,716</u>	<u>21,349</u>
Total CFDA 93.558			<u>809,088</u>	<u>237,521</u>
Subtotal for Pass-through Montana Dept. of Health and Human Services			<u>1,702,381</u>	<u>713,266</u>
Total U.S. Department of Health and Human Services			<u>\$ 5,198,406</u>	<u>\$ 2,473,075</u>
<u>U.S. Department of Labor</u>				
Pass-through Montana Dept. of Labor				
WIA Adult	17.258	DLISFY13-WIAADULT04	\$ 33,219	\$ 33,219
WIA Adult Carry Over	17.258	DLISFY13-WIAADULT04	<u>906</u>	<u>906</u>
Total CFDA 17.258			<u>34,125</u>	<u>34,125</u>
WIA Youth	17.259	DLISFY13-WIAYOUTH04	83,880	83,880
WIA Youth Carry Over	17.259	DLISFY13-WIAYOUTH04	<u>5,851</u>	<u>5,851</u>
Total CFDA 17.259			<u>89,731</u>	<u>89,731</u>
Total U.S. Department of Labor			<u>\$ 123,856</u>	<u>\$ 123,856</u>

Notes to Schedule of Federal Expenditures are an integral part of this schedule.

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2017

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Award Number	Program or Award Amount	Federal Expenditures
<u>U.S Department of Housing and Urban Development</u>				
Pass-through Montana Dept. of Public Health and Human Services				
Emergency Shelter Grant	14.231	17-028-51002-0	\$ 18,208	\$ 18,208
Total CFDA 14.231			<u>18,208</u>	<u>18,208</u>
Housing Counseling Assistance Program	14.169	HUD2016-2018	27,000	20,025
Total CFDA 14.169			<u>27,000</u>	<u>20,025</u>
Home Investment Partnership Grant	14.239	MT-HOME-15R-SGC-4	1,165,000	1,165,000
Total CFDA 14.239			<u>1,165,000</u>	<u>1,165,000</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 1,210,208</u>	<u>\$ 1,203,233</u>
<u>U.S Department of Energy</u>				
Pass-through Montana Dept. of Public Health and Human Services				
Weatherization-DOE	81.042	15-028-30022-0	\$ 39,506	\$ 847
Weatherization-DOE	81.042	16-028-30022-0	42,848	42,848
Weatherization - DOE-Fort Belknap	81.042	15-028-30036-0	37,291	6,219
Weatherization - DOE-Fort Belknap	81.042	16-028-30036-0	83,293	83,293
Weatherization - DOE-Rocky Boy	81.042	15-028-30037-0	36,177	2,566
Weatherization - DOE-Rocky Boy	81.042	16-028-30037-0	54,009	54,009
Total CFDA 81.042			<u>293,124</u>	<u>189,782</u>
Total U.S. Department of Energy			<u>\$ 293,124</u>	<u>\$ 189,782</u>
<u>U.S Department of Education</u>				
Pass-through Montana Office of Public Instruction				
Adult Education and Family Literacy	84.002	6299525610BG - Fed	\$ 12,723	\$ 12,723
Adult Education and Family Literacy	84.002	6299525610BG - State	5,004	5,004
Total CFDA 84.002			<u>17,727</u>	<u>17,727</u>
Preschool Development Grants	84.419	1602PROS0278	19,793	5,745
Preschool Development Grants	84.419	1702PROS0278	10,000	4,147
Total CFDA 84.419			<u>29,793</u>	<u>9,892</u>
Total U.S. Department of Education			<u>\$ 47,520</u>	<u>\$ 27,619</u>
<u>U.S. Department of Agriculture</u>				
Pass-through Montana Dept. of Public Health and Human Services				
USDA Reimbursement	10.558	12-02-CACFP-127	\$ 83,429	\$ 27,640
USDA Reimbursement	10.558	12-02-CACFP-127	55,673	57,211
Total CFDA 10.558			<u>139,102</u>	<u>84,851</u>
Housing Preservation Grant	10.433	16-027-22002-0	24,463	24,463
Total CFDA 10.433			<u>24,463</u>	<u>24,463</u>
Total U.S. Department of Agriculture			<u>\$ 163,565</u>	<u>\$ 109,314</u>
<u>U.S Department of Justice</u>				
Pass-through Montana Board of Crime Control				
Crime Control	16.575	15-V01-91801	\$ 190,814	\$ 102,249
Total CFDA 16.575			<u>190,814</u>	<u>102,249</u>
Total U.S. Department of Justice			<u>\$ 190,814</u>	<u>\$ 102,249</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 4,229,128</u>

Notes to Schedule of Federal Expenditures are an integral part of this schedule.

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal awards activity of the Council under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the Council, it is not intended to, and does not present, the financial position, changes in net assets, or cash flows of the Council.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting which is the method of accounting used for the financial statements. Such expenditures are recognized following, as applicable, either the cost principles of Office of Management and Budget Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The Council has elected not to use the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.

NOTE 4. SUBRECIPIENTS

There were no awards to subrecipients for the year ended June 30, 2017.

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

Board of Directors
District IV Human Resources Development Council
Havre, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of District IV Human Resources Development Council (the Council) (a nonprofit organization), as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated November 27, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from 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*.

Purpose of this Report

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



Havre, Montana
November 27, 2017

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

Board of Directors
District IV Human Resources Development Council
Havre, Montana

Report on Compliance for Each Major Federal Program

We have audited District IV Human Resources Development Council's (the Council) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2017. The Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on the Major Federal Programs

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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


Anderson Zurmuehlen & Co., P.C.
Havre, Montana
November 27, 2017

DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2017

Section I – Summary of Auditor Results:

Financial Statements:

Type of Auditor’s Report issued:	Unmodified
Internal Control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of Auditor’s Report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
81.042	Weatherization - DOE
14.239	Home Investment Partnership Grant

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as a low-risk auditee?	Yes
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DISTRICT IV HUMAN RESOURCES DEVELOPMENT COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2017

Section II – Findings Relating to Financial Statements

The audit report for the year ended June 30, 2017, reported no findings.

Section III – Federal Award Findings and Questioned Costs

None.

Section IV – Status of Corrective Action on Prior Findings

None.



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