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certified public accountants | business consultants



**Financial Statements
with
Independent Auditors' Report**

June 30, 2018

giving direction to your future

Gallatin River Task Force, Inc.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Gallatin River Task Force, Inc.

We have audited the accompanying financial statements of Gallatin River Task Force, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gallatin River Task Force, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Rudd & Company, PLLC

Bozeman, Montana
June 18, 2019

IDAHO FALLS | REXBURG | DRIGGS | BOZEMAN | WEST YELLOWSTONE

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Gallatin River Task Force, Inc.
Statement of Financial Position
As of June 30, 2018

Assets

Current Assets

Cash and cash equivalents	\$	54,307
Accounts receivable		10,000
Grants receivable		114,772
Pledges receivable, current		<u>74,700</u>
Total Current Assets		253,779

Other Assets

Pledges receivable, long term, net of discount		<u>48,654</u>
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Total Assets		<u>302,433</u>
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Liabilities and Net Assets

Liabilities

Accounts payable and other accrued expenses		127,143
Accrued wages and payroll liabilities		22,928
Line of credit		<u>36,221</u>
Total Current Liabilities		<u>186,292</u>

Net Assets

Unrestricted		61,141
Temporarily restricted		<u>55,000</u>
Total Net Assets		<u>116,141</u>

Total Liabilities and Net Assets	\$	<u>302,433</u>
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The accompanying notes are an integral part of the Financial Statements

**Gallatin River Task Force
Statement of Activities
For the Year Ended June 30, 2018**

	Unrestricted	Temporarily Restricted	Total
Support and Other Income			
Contributions	\$ 127,966	\$ 55,000	\$ 182,966
Grants	449,593	-	449,593
Special events	87,419	-	87,419
Program fees	3,330	-	3,330
In-kind contributions	3,863	-	3,863
Membership dues	10,895	-	10,895
Total support and other income	<u>683,066</u>	<u>55,000</u>	<u>738,066</u>
Net assets released from restriction	<u>-</u>	<u>-</u>	<u>-</u>
Program service expenses	560,953	-	560,953
Management and general expenses	37,492	-	37,492
Fundraising expenses	159,500	-	159,500
Total expenses	<u>757,945</u>	<u>-</u>	<u>757,945</u>
Change in Net Assets	(74,879)	55,000	(19,879)
Net Assets, beginning of year	<u>136,020</u>	<u>-</u>	<u>136,020</u>
Net Assets, end of year	<u>\$ 61,141</u>	<u>\$ 55,000</u>	<u>\$ 116,141</u>

The accompanying notes are an integral part of the Financial Statements

Gallatin River Task Force, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018

Description	Program Service	Management and General	Fundraising	Total
Banking fees	\$ 546	\$ 2,927	\$ -	\$ 3,473
Conservation programs	375,383	-	-	375,383
Dues and subscriptions	205	345	-	550
Education	18,084	2,673	3,230	23,987
Consulting fees	-	-	51,921	51,921
In-kind expenses	1,791	-	2,072	3,863
Insurance	2,044	119	497	2,660
Marketing	233	-	7,067	7,300
Member gifts	851	-	-	851
Merchandise	3,480	-	-	3,480
Miscellaneous	48	429	38	515
Office	1,957	2,020	244	4,221
Payroll taxes	10,792	3,518	2,712	17,022
Postage and shipping	19	6	11	36
Professional fees	500	10,127	-	10,627
Rent	2,926	418	836	4,180
Salaries and wages	137,599	14,241	30,987	182,827
Special event	34	200	59,499	59,733
Telephone	915	131	261	1,307
Travel and meetings	3,546	262	125	3,933
Utilities	-	76	-	76
	<u>\$ 560,953</u>	<u>\$ 37,492</u>	<u>\$ 159,500</u>	<u>\$ 757,945</u>

The accompanying notes are an integral part of the Financial Statements

Gallatin River Task Force, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2018

Cash Flows From Operating Activities

Change in net assets	\$ (19,879)
Adjustments to reconcile the change in net assets to net cash from operating activities:	
(Increase) decrease in assets:	
Accounts receivable	(10,000)
Grants receivable	5,904
Pledges receivable	(91,954)
Prepaid expenses	14,879
Increase (decrease) in liabilities:	
Accounts payable and other accrued expenses	2,761
Accrued wages and payroll taxes	6,512
	<hr/>
Net Cash Used by Operating Activities	(91,777)

Cash Flows from Financing Activities

Net borrowing under line of credit agreement	36,221
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Net Cash Provided by Financing Activities	36,221
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Net Change in Cash and Cash Equivalents	(55,556)
Cash and Cash Equivalents, beginning of year	109,863
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Cash and Cash Equivalents, end of year	\$ 54,307
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Supplemental Disclosure of Cash and Non-Cash Flow Information

Non-cash donations of services and goods	\$3,863
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The accompanying notes are an integral part of the Financial Statements

Gallatin River Task Force, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies

Organization

The Gallatin River Task Force, Inc. (“Organization”), is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3). The Organization is located in Big Sky, MT and was created in 2000. The Organization partners with the community to inspire stewardship of the Gallatin River Watershed. The Organization accomplishes their goals through public support and grant contributions.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (“GAAP”) as codified by the Financial Accounting Standards Board. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. This category includes net amounts that have been earned and expended according to grant and contract conditions and generally unrestricted activities. Donor restricted contributions whose restrictions are met within the same year they are received are reflected as unrestricted contributions in the accompanying financial statements.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization does not have any permanently restricted net assets.

Cash and Cash Equivalents

Cash includes cash in banks and on hand. As of June 30, 2018, the Organization had a non interest bearing checking account. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2018, the Organization had \$0 of uninsured cash balances. For the purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with an original maturity of less than three months as cash and cash equivalents.

Gallatin River Task Force, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

The Organization uses the direct write-off method of accounting for bad debts. Accounts receivable are reviewed periodically and those accounts, which are considered doubtful, are charged off to operating expenses. The Organization does not charge finance charges on aged receivables.

Grants Receivable

Grants receivable are carried at their estimated collectible amounts. An allowance for doubtful accounts has not been established for grants receivable because, in the opinion of management, such amounts are fully collectible. As of June 30, 2018, approximately 78% of the grants receivable balance is due from the Big Sky Resort Area Tax District.

Prepaid Expenses

Prepaid expenses consist of event expenses paid in advance for the following year's expenses. As of June 30, 2018, there were no prepaid expenses.

Property and Equipment

Expenditures in excess of \$5,000 for purchase and for major betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expenses as incurred. The Organization currently has no assets that are required to be capitalized under this accounting policy.

Contributions and Promises to Give

Contributions, including unconditional promises to give, are recognized as unrestricted, temporarily restricted, or permanently restricted support in accordance with donor stipulations. Unconditional promises to give are valued at the present value of the anticipated cash flows, net of an estimated allowance for uncollectible amounts. Management believes receivables as of June 30, 2018 to be fully collectible; therefore, no allowance for doubtful accounts is presented.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. When temporary restrictions expire, temporarily restricted net assets are reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Functional Allocation of Expenses

Expenses are charged directly to the program, to fundraising, or to general and administrative based on specific identification.

Gallatin River Task Force, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal income taxation under the section 501(c)(3) of the Internal Revenue Code, and from state income taxation under Section 84-1501, Revised Codes of Montana.

Advertising Expense

The Organization expenses advertising, i.e. marketing costs as they are incurred.

Subsequent Events

Management has evaluated subsequent events through June 18, 2019, the date which the financial statements were available for issue.

2. Leases

In September 2015, the Organization entered into a two-year lease agreement at \$295 per month for office space in Big Sky, Montana that expired on September 30, 2017. The Organization rented the space on a month-to-month basis until November 30, 2017. In December 2017, the Organization entered into a three-year operating lease agreement for office space in Big Sky, Montana that expires on November 1, 2020. The initial monthly lease payments were \$500. On August 1, 2018, monthly lease payments will increase to \$1,000. On December 1, 2019, the monthly lease payments will increase to \$1,100.

The Organization's total rental expense for the year ended June 30, 2018 was \$4,180.

Future minimum lease payments are as follows: fiscal year 2019 - \$11,500, fiscal year 2020 - \$12,700 and fiscal year 2021 - \$4,400.

Gallatin River Task Force, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2018

3. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following programs at June 30, 2018:

Watershed monitoring program	\$ 5,000
Development director position	<u>50,000</u>
Total	<u>\$ 55,000</u>

4. Line of Credit

The Organization obtained a \$50,000 revolving line of credit in November 2017. The line of credit matured on November 29, 2018 and was extended until November 29, 2019. Amounts borrowed under this agreement bear interest at 5.25%. The line of credit is unsecured and had a balance of \$36,221 on June 30, 2018.

5. Related Party Transactions

The Organization's board member contributions for the year ended June 30, 2018, were \$27,500. At June 30, 2018, \$26,400 of the current year and prior year pledges are included in pledges receivable.

6. Promises to Give

Unconditional pledges to give at June 30, 2018 are as follows:

Unconditional pledges receivable	\$ 126,400
Less: Discounts on net present value	<u>(3,046)</u>
	<u>\$ 123,354</u>
Current (to be received in less than one year)	74,700
Long term (to be received in one to five years)	<u>48,654</u>
	<u>\$ 123,354</u>

The Organization used the mid-term Applicable Federal Rate (AFR) of 2.86% at June 30, 2018 to calculate the discount.

Gallatin River Task Force, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2018

7. In-Kind Support

During the year ended June 30, 2018, the Organization recorded in-kind support as follows:

Special event	\$ 2,000
Marketing	1,363
Professional fees	<u>500</u>
	<u>\$ 3,863</u>

The in-kind support was used for program services, fundraising, and management and general purposes.