



**RUDD & COMPANY** PLLC  
*certified public accountants | business consultants*



**Financial Statements  
with  
Independent Auditors' Report  
For the Year Ended June 30, 2022**

*giving direction to your future*

**Gallatin River Task Force, Inc.**  
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**June 30, 2022**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of Gallatin River Task Force, Inc. (a nonprofit organization), (“the Organization”), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Rudd & Company, PLLC

Bozeman, Montana  
March 27, 2023

**Gallatin River Task Force, Inc.**  
**Statement of Financial Position**  
**As of June 30, 2022**

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**Assets**

Current Assets

Cash and cash equivalents	\$ 731,823
Grants receivable	241,524
Pledges receivable, current	<u>107,500</u>
Total Current Assets	1,080,847

Other Assets

Pledges receivable, long term, net of discount	<u>10,000</u>
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<b>Total Assets</b>	<b><u>1,090,847</u></b>
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**Liabilities and Net Assets**

Liabilities

Accounts payable and other accrued expenses	155,212
Accrued wages and payroll liabilities	<u>6,516</u>
Total Liabilities	<u>161,728</u>

Net Assets

Without donor restrictions - board designated	181,632
Without donor restrictions	694,111
With donor restrictions	<u>53,376</u>
Total Net Assets	<u>929,119</u>

<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,090,847</u></b>
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The accompanying notes are an integral part of the Financial Statements

**Gallatin River Task Force, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and Other Income			
Contributions	\$ 288,422	\$ 12,550	\$ 300,972
Grants	578,279	31,000	609,279
Program	8,164	-	8,164
Merchandise	3,819	-	3,819
Special events revenue	213,002	-	213,002
Less: Costs of direct benefits to donors	(21,867)	-	(21,867)
Net revenues from special events	191,135	-	191,135
Membership dues	34,209	-	34,209
Miscellaneous Income	2,092	-	2,092
Total support and other income	<u>1,106,120</u>	<u>43,550</u>	<u>1,149,670</u>
Net assets released from program restrictions	<u>38,505</u>	<u>(38,505)</u>	<u>-</u>
Expenses			
Program service expenses	705,734	-	705,734
Management and general expenses	122,431	-	122,431
Fundraising expenses	134,766	-	134,766
Total expenses	<u>962,931</u>	<u>-</u>	<u>962,931</u>
Change in Net Assets	181,694	5,045	186,739
Net Assets, beginning of year	646,849	48,331	695,180
Prior period adjustment (Note 9)	47,200	-	47,200
Net Assets, beginning of year, restated	<u>694,049</u>	<u>48,331</u>	<u>742,380</u>
Net Assets, end of year	<u>\$ 875,743</u>	<u>\$ 53,376</u>	<u>\$ 929,119</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, 2022**

<b>Description</b>	<b>Program Service</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Accounting fees	\$ -	\$ 15,550	\$ -	\$ 15,550
Advertising and promotion	39,313	445	8,667	48,425
Bad debt expense	-	7,100	-	7,100
Conferences, conventions, and meetings	5,781	2,317	2,767	10,865
Conservation programs	391,605	(313)	1,420	392,712
Employee benefits	16,025	6,952	2,799	25,776
Information technology	2,886	5,470	5,477	13,833
Insurance	-	6,473	-	6,473
Legal fees	-	250	-	250
Merchandise cost of goods sold	-	5,798	32,566	38,364
Occupancy	3,850	12,826	-	16,676
Office expenses	6,773	9,632	9,213	25,618
Other	2,614	1,595	2,332	6,541
Payroll taxes	17,188	2,416	4,358	23,962
Professional services	-	1,433	5,502	6,935
Salaries and wages	213,161	39,932	54,696	307,789
Training and development	4,212	3,790	3,224	11,226
Travel	2,326	765	1,745	4,836
	<u>\$ 705,734</u>	<u>\$ 122,431</u>	<u>\$ 134,766</u>	<u>\$ 962,931</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, 2022**

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**Cash Flows From Operating Activities**

Change in net assets	\$ 186,739
Adjustments to reconcile the change in net assets to net cash from operating activities:	
(Increase) decrease in assets:	
Grants receivable	(156,775)
Pledges receivable	27,348
Increase (decrease) in liabilities:	
Accounts payable and other accrued expenses	85,367
Accrued wages and payroll taxes	2,197
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Net Cash Provided by Operating Activities	144,876
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Net Change in Cash and Cash Equivalents	144,876
Cash and Cash Equivalents, beginning of year	586,947
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Cash and Cash Equivalents, end of year	\$ 731,823
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**Supplemental Disclosure of Cash and Non-Cash Flow Information**

Non-cash donations of services and goods	\$ 230
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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, 2022**

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**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:

*Net assets without donor restrictions* - Net assets that are not subject to donor imposed stipulations.

*Net assets with donor restrictions* - Net assets subject to donor imposed restrictions that either expire by the passage of time or can be fulfilled by actions of the Organization pursuant to the donor's stipulations. Restricted contributions whose restrictions are met in the same reporting period are reflected as contributions without restrictions by the Organization.

*Net assets with board-designated restrictions* - Net assets that are not subject to donor imposed stipulations, but the board has reserved to not be used for operations.

This net asset classification also includes net assets subject to donor imposed stipulations that require they be maintained permanently by the Organization. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes. The Organization did not have any net assets requiring permanent restrictions as of June 30, 2022.

**Cash and Cash Equivalents**

Cash includes cash in banks and on hand. As of June 30, 2022, the Organization had non-interest bearing checking accounts. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2022, the Organization had \$483,392 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, 2022**

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**1. Summary of Significant Accounting Policies (continued)**

**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, 2022, approximately 93% of the grants receivable balance was due from the Big Sky Resort Area Tax District.

**Pledges Receivable**

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, 2022 to be fully collectible; therefore, no allowance for doubtful accounts is presented.

**Property and Equipment**

Expenditures in excess of \$2,500 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.

**Revenue**

*Grants*

The Organization receives grants from public agencies, as well as private organizations and individuals, to be used for specific programs or purposes, which may include general operations. Unconditional grant awards are recorded as grant revenue in the period in which they are awarded. Grants having the existence of a condition, but lacking in both the existence of a barrier and right of return to the resource provided, are classified as restricted grant revenue until the conditions are met. Conditional grant awards, having both the existence of a barrier and right of return to the resource provider, are classified as refundable advances when received as a cash advance and are recognized as revenue when the awards are expended for the purposes of the grant or other conditions are satisfied.

*Contributions and Pledges*

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional donor promises to give are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by the Organization. Contributions of donor restricted gifts are recognized at the time of the gift.

The gifts are reported as either net assets without donor restrictions or net assets with donor restrictions if they are received with donor stipulations that sufficiently limit the use of the donated assets. When a donor restriction expires, through the passage of time or when the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Gallatin River Task Force, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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**1. Summary of Significant Accounting Policies (continued)**

**Revenue (continued)**

*Membership Dues*

Membership dues are received annually from the Organization's internal members. Revenues from membership dues are recognized and used within the same reporting period as received. No substantial benefits are provided in exchange for the annual dues received.

*In-Kind Contributions*

The Organization records various types of in-kind support, including goods and services. GAAP requires recognition of professional services received if those services (a) create or enhanced long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. During the year ended June 30, 2022, the Organization recorded \$230 of in-kind support related to donated marketing services. The in-kind support was used for fundraising purposes.

*Fundraising Events*

Revenue from fundraising events consist of event ticket sales, sponsorships and auction item sales. Ticket sales may be comprised of an exchange element based on the values of benefits provided, and a contribution element for the difference between the total ticket paid and the exchange element. Sponsorships are a contribution. Auction item sales are an exchange transaction up to the fair market value of the auction package and anything beyond is a contribution. The total exchange element of the auction and event ticket sales was \$78,050 for the fiscal year ended June 30, 2022. All of the income from fundraising events is classified as special event revenue on the statement of activities.

Ticket sales and sponsorships related to fundraising events are recognized as event income when money is received as the majority of the transaction is considered to be a contribution. Auction item sales are not recognized as revenue until the event occurs. The donation of items and professional services necessary for fundraising events are recorded as in-kind contributions at the time of the event.

**Functional Allocation of Expenses**

Functional expenses are allocated according to the nature of each expense. Wages of administrative employees are broken out based on an allocation determined by average hours spent on each function. The majority of conservation program expenses, in-kind expenses, and merchandise relate to program expenses. Interest and banking fees mainly relate to management and general expenses. General fundraising is the single expense that relates mainly to fundraising. Other expenses are allocated on an individual transaction basis by the executive director or an individual familiar with the expense based on specific identification.

**Gallatin River Task Force, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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**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 and marketing costs as they are incurred.

**Subsequent Events**

Management has evaluated subsequent events through March 27, 2023, the date which the financial statements were available for issue.

**2. Leases**

The Organization leases office space in Big Sky, Montana on a month-to-month basis for \$1,100 per month. The Organization's total rental expenses for the year ended June 30, 2022 were \$13,200.

**3. Net Assets with Donor Restrictions**

Net assets with donor program restrictions consist of the following at June 30, 2022:

Middle Fork Restoration Project	\$	35,371
Mural, Underwater Photography and Speaker Series		9,605
Porcupine Project		8,400
Total	\$	<u>53,376</u>

**Gallatin River Task Force, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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**4. Related Party Transactions**

A board member of the Organization owns 100% of a vendor used by Gallatin River Task Force for advertising and graphic design. During the year ended June 30, 2022, \$12,459 of expenses were paid to the vendor. At June 30, 2022, \$500 was payable to the vendor.

At June 30, 2022, \$5,000 of related party pledges are in the pledges receivable balance.

**5. Retirement Plan**

On January 1, 2019, the Organization established a Savings Incentive Match Plan for Employees Individual Retirement Account (“SIMPLE IRA”) for its employees. This plan covers all employees meeting certain eligibility requirements. The Organization matches employee contributions up to 3% of the employee’s eligible compensation with no employee deferral requirements after the employee completes their probationary period. During the year ended June 30, 2022, the Organization made \$4,250 of matching contributions to the SIMPLE plan.

**6. Promises to Give**

Unconditional pledges to give at June 30, 2022 are as follows:

Unconditional pledges receivable	\$ 117,500
Less: Discounts on net present value	<u>-</u>
	<u>\$ 117,500</u>
Current (to be received in less than one year)	\$ 107,500
Long term (to be received in one to five years)	<u>10,000</u>
	<u>\$ 117,500</u>

Management did not record a net present value discount of future pledges as they deemed it insignificant to the overall financial statements.

**Gallatin River Task Force, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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**7. Liquidity and Availability of Resources**

Financial assets available for general expenses (without donor or other restrictions limiting their use), within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 731,823
Grants receivable	241,524
Pledges receivable, current	107,500
Less: Net assets with donor restrictions	<u>(53,376)</u>
Total	<u>\$ 1,027,471</u>

The Organization is substantially supported by grant and contribution revenue. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and receivables. The Organization strives to maintain three to six months' of operating costs in reserves. This allows for the Organization to appropriately respond to emergency or unforeseen situations. Furthermore, reserve funds allow the Organization to maintain needed cash flow throughout the fiscal year.

**8. Recent Accounting Pronouncements**

The FASB issued Accounting Standard Update (ASU) 2016-02: *Leases* in February 2016. This ASU requires the recognition of lease assets and liabilities in the financial statements as a "right-to-use" asset and a lease liability. This ASU is effective for periods beginning on December 15, 2021. Early implementation was permitted; however, the Organization elected not to early implement and is evaluating the impact to its financial statements upon implementation.

**9. Prior Period Adjustment**

Net assets without donor restrictions at the beginning of 2022 has been adjusted for Paycheck Protection Program loan forgiveness revenue that was not recorded as revenue in a prior year. The correction has no effect on the results of the current year's activities; however, the cumulative effect increases beginning net assets without donor restrictions for 2022 by \$47,200.