

Gallatin River Task Force, Inc.

Big Sky, Montana

FINANCIAL STATEMENTS WITH
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

June 30, 2023



K C O E
I S O M

Gallatin River Task Force, Inc.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying financial statements of Gallatin River Task Force, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 (GAAP); 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with GAAP. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Gallatin River Task Force, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with GAAP.

KCoe Isom, LLP

January 9, 2024
Butte, Montana

Gallatin River Task Force, Inc.
STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS

Current Assets

Cash and cash equivalents	\$	799,734
Grants receivable		311,508
Pledges receivable - current		10,000

Total Current Assets 1,121,242

Noncurrent Assets

Inventory		10,686
Property and equipment - net		11,794

Total Noncurrent Assets 22,480

TOTAL ASSETS \$ 1,143,722

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and other accrued expenses	\$	152,633
Accrued wages and payroll liabilities		11,019
Unearned revenue		14,400

Total Liabilities 178,052

Net Assets

Without donor restrictions - board-designated		181,632
Without donor restrictions		610,956
With donor restrictions		173,082

Total Net Assets 965,670

TOTAL LIABILITIES AND NET ASSETS \$ 1,143,722

See the accompanying notes and independent accountants' review report.

Gallatin River Task Force, Inc.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Support and Other Income			
Contributions	\$ 245,114	\$ -	\$ 245,114
Grants	688,638	131,636	820,274
Program	8,418	-	8,418
Merchandise	15,570	-	15,570
Special events revenue	216,671	-	216,671
Costs of direct benefits to donors	(11,169)	-	(11,169)
Net Revenues From Special Events	205,502	-	205,502
Interest	1,194	-	1,194
Miscellaneous	1,084	-	1,084
Total Support and Other Income	1,165,520	131,636	1,297,156
Reclassification	(27,125)	27,125	-
Net assets released from program restrictions	39,055	(39,055)	-
Expenses			
Program service	915,489	-	915,489
Management and general	161,920	-	161,920
Fundraising	183,196	-	183,196
Total Expenses	1,260,605	-	1,260,605
Change in Net Assets	(83,155)	119,706	36,551
Net Assets - Beginning of Year	875,743	53,376	929,119
Net Assets - End of Year	\$ 792,588	\$ 173,082	\$ 965,670

See the accompanying notes and independent accountants' review report.

Gallatin River Task Force, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023	Program Service	Management and General	Fundraising	Total
Accounting fees	\$ -	\$ 65,697	\$ -	\$ 65,697
Advertising and promotion	56,122	-	404	56,526
Conservation programs	557,800	-	-	557,800
Employee benefits	29,688	8,394	7,916	45,998
Information technology	1,014	6,140	2,720	9,874
Insurance	-	16,102	-	16,102
Merchandise cost of goods sold	-	1,005	-	1,005
Occupancy	1,320	5,403	-	6,723
Office expenses	27,279	19,221	15,490	61,990
Other	1,746	377	369	2,492
Payroll taxes	18,024	3,391	6,059	27,474
Professional services	-	3,600	79,486	83,086
Salaries and wages	218,653	32,320	70,667	321,640
Training and development	1,200	15	85	1,300
Travel	2,643	255	-	2,898
Total Functional Expenses	\$ 915,489	\$ 161,920	\$ 183,196	\$ 1,260,605

See the accompanying notes and independent accountants' review report.

Gallatin River Task Force, Inc.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	36,551
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Grants receivable		(69,984)
Pledges receivable		107,500
Inventory		(10,686)
Accounts payable and other accrued expenses		1,924
Unearned revenue		14,400

NET CASH PROVIDED BY OPERATING ACTIVITIES 79,705**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property and equipment	(11,794)
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Net Change in Cash and Cash Equivalents 67,911

Cash and Cash Equivalents - Beginning of Year 731,823

Cash and Cash Equivalents - End of Year \$ 799,734

See the accompanying notes and independent accountants' review report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization The Gallatin River Task Force, Inc. (the Task Force), is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3). The Task Force is located in Big Sky, Montana and was created in 2000. We partner with our community to lead conservation and inspire stewardship of the Gallatin River Watershed.

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 (FASB).

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 Task Force 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 Board-Designated Restrictions: Net assets that are not subject to donor-imposed stipulations, but the Board has reserved to not be used for operations.

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 Task Force 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 Task Force. This net asset classification also includes net assets subject to donor-imposed stipulations that require they be maintained permanently by the Task Force. 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 Task Force did not have any net assets requiring permanent restrictions as of June 30, 2023.

Cash and Cash Equivalents Cash includes cash in banks and on hand. As of June 30, 2023, the Task Force had non-interest bearing checking accounts. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2023, the Task Force had \$546,299 of cash balances that were covered under an Insured Cash Sweep (ICS) program, whereby they are insured by FDIC at other financial institutions. For the purposes of the statements of cash flows, the Task Force considers all cash and other highly liquid investments with an original maturity of less than three months as cash and cash equivalents.

Grants Receivable Grants receivable are carried at their estimated collectible amounts. An allowance for doubtful accounts has not been established for grants receivable as management considers these accounts to be fully collectible. As of June 30, 2023, approximately 84% 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. Management believes receivables as of June 30, 2023 to be fully collectible; therefore, no allowance for doubtful accounts is presented.

Gallatin River Task Force, Inc.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Inventory Inventory is stated at lower of cost or net realizable value utilizing the first-in, first-out (FIFO) basis.

Property and Equipment Expenditures in excess of \$2,500 for purchases 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.

Revenue

Grants The Task Force 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 Task Force 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 Task Force. Conditional pledges and promises to give are recognized when the condition required is met.

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.

Membership Dues Membership dues are received annually from the Task Force'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 Task Force records various types of in-kind support, including goods and services. GAAP requires recognition of professional services received if those services (a) create or enhance 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, 2023, the Task Force recorded \$-0- of in-kind support.

Gallatin River Task Force, Inc.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Fundraising Events Revenue from fundraising events consists 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 that is a contribution. The total exchange element of the auction and event ticket sales was \$60,070 for the fiscal year ended June 30, 2023. 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 and allocated by employees on their timesheets. 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.

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 Task Force is exempt from federal income taxation under 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 Task Force expenses advertising and marketing costs as they are incurred. Advertising expense was \$56,526 during the year ended June 30, 2023.

Implementation of New Accounting Standards In 2023, the Task Force adopted FASB Accounting Standards Update (ASU) 2016-02, *Leases*. This ASU required the Task Force to recognize on the statements of financial position the asset and liability for the rights and obligations created by leases with a term of more than 12 months. The Task Force adopted the provisions of the update using a modified retrospective approach for all lease contracts. This ASU had no effect on the statement of financial position as the Task Force had short-term lease expenses for the year ended June 30, 2023.

Evaluation of Subsequent Events Management has evaluated subsequent events through January 9, 2024, the date which the financial statements were available for issue.

Gallatin River Task Force, Inc.
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. LEASES

The Task Force leases various office and storage space in Big Sky, Montana on a month-to-month basis. The Task Force's total rental expenses for the year ended June 30, 2023 was \$6,655.

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor program restrictions consist of the following:

June 30, 2023

Big Sky Landscaping Partnership	\$	5,000
Water Conservation Program		56,320
Gallatin River Watershed Clean-up		4,336
Middle Fork Restoration Project		52,742
Mural, Underwater Photography and Speaker Series		9,605
Porcupine Project		8,400
Upper Gallatin Algae Monitoring		6,679
West Fork Restoration Master Plan		30,000
Total	\$	173,082

Net assets were released from restrictions for the following purposes:

June 30, 2023

Water Conservation Program	\$	11,680
Gallatin River Watershed Clean-up		6,000
Middle Fork Restoration Project		18,054
Upper Gallatin Algae Monitoring		3,321
Total	\$	39,055

4. RELATED-PARTY TRANSACTIONS

A Board member of the Task Force owns 100% of a vendor used by the Task Force for advertising and graphic design. At June 30, 2023, \$3,083 was payable to the vendor.

5. RETIREMENT PLAN

On January 1, 2019, the Task Force 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 Task Force 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, 2023, the Task Force made \$7,328 of matching contributions to the SIMPLE Plan.

Gallatin River Task Force, Inc.
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

6. PROMISES TO GIVE

Unconditional pledges to give are as follows:

June 30, 2023

Unconditional pledges receivable	\$	10,000
Less: Discounts on net present value		-
Totals	\$	10,000
Current (to be received in less than one year)	\$	10,000
Long-term (to be received in one to five years)		-
Totals	\$	10,000

Management did not record a net present value discount of future pledges as all amounts are current.

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:

June 30, 2023

Cash and cash equivalents	\$	799,734
Grants receivable		311,508
Pledges receivable - current		10,000
Net assets with donor restrictions		(173,082)
Totals	\$	948,160

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

8. RECLASSIFICATION

Net assets with donor restrictions at the beginning of 2023 have been adjusted for a reclassification of grants with restrictions that were not recognized as donor-restricted in the prior year. The reclassification has no effect on the results of the current year's activities or net assets in total. Net assets with donor restrictions were increased by \$27,125. Net assets without donor restrictions were decreased by \$27,125.

9. CONCENTRATION

The Task Force has a concentration of risk related to grants receivable. As of June 30, 2023, 84% of the Task Force's grants receivable was from one grantor.