

Montana Shares, Inc.
Financial Statements and
Independent Auditor's Report
December 31, 2015 and 2014



Independent Auditor's Report

To the Council
Montana Shares, Inc.
Helena, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of Montana Shares, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows 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; 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. 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 Organization'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 Montana Shares, Inc. as of December 31, 2015 and 2014, 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.



Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information, Schedules of Final Distributions, appearing on pages 15 through 16 are presented for the purpose of additional analysis and are 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP

June 20, 2016
Helena, Montana

Montana Shares, Inc.

Statements of Financial Position

<i>As of December 31, 2015 and 2014</i>	2015	2014
ASSETS		
Current Assets		
Cash	\$ 134,287	\$ 121,015
Prepaid expenses and other	522	-
Pledges receivable - net	38,957	44,034
Total current assets	173,766	165,049
Equipment		
Equipment	800	800
Less: accumulated depreciation	(800)	(800)
Net equipment	-	-
Total Assets	\$ 173,766	\$ 165,049
LIABILITIES AND NET ASSETS		
Current Liabilities		
Payable to member organizations	\$ 113,488	\$ 101,077
Payable to non-member organizations	9,260	11,389
Compensated absences and payroll liabilities	5,186	4,459
Total current liabilities	127,934	116,925
Net Assets		
Unrestricted	28,080	27,053
Temporarily restricted	17,752	21,071
Total net assets	45,832	48,124
Total Liabilities and Net Assets	\$ 173,766	\$ 165,049

See accompanying notes to financial statements.

Montana Shares, Inc.

Statements of Activities

<i>Years Ended December 31, 2015 and 2014</i>	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE, GAINS AND OTHER SUPPORT				
Workplace campaign pledges net of uncollectible pledges - campaign 14/15	\$ 272,669	\$ -	\$ 272,669	\$ 273,510
Net assets (released from) added to restrictions:				
Contributions received in/for campaign 14/15	21,071	(21,071)	-	-
Contributions received in/for campaign 15/16	(17,752)	17,752	-	-
Subtotal campaign contributions	275,988	(3,319)	272,669	273,510
Less designated distributions - campaign 13/14	-	-	-	(205,760)
Less designated distributions-campaign 14/15	(203,284)	-	(203,284)	-
Net campaign revenues	72,704	(3,319)	69,385	67,750
Member fees	22,370	-	22,370	23,194
Special appeals	18,231	-	18,231	17,545
Raffle and special events	34,493	-	34,493	26,960
Interest income	128	-	128	168
In-kind donations	7,982	-	7,982	6,221
Grants and contracts	3,000	-	3,000	6,000
Other income	12,693	-	12,693	11,855
Total revenues, gains and other support	171,601	(3,319)	168,282	159,693
EXPENSES AND ALLOCATIONS				
Funds allocated to member agencies-campaign 13/14 (Program)	-	-	-	28,811
Funds allocated to member agencies-campaign 14/15 (Program)	29,950	-	29,950	-
Program	122,336	-	122,336	113,973
Fundraising	12,398	-	12,398	11,790
Management and general	5,890	-	5,890	5,660
Total expenses and allocations	170,574	-	170,574	160,234
CHANGE IN NET ASSETS	1,027	(3,319)	(2,292)	(541)
Net assets, beginning of year	27,053	21,071	48,124	48,665
Net assets, end of year	\$ 28,080	\$ 17,752	\$ 45,832	\$ 48,124

See accompanying notes to financial statements.

Montana Shares, Inc. Statements of Cash Flows

<i>Years Ended December 31, 2015 and 2014</i>	2015	2014
Cash Flows from Operating Activities:		
Changes in net assets	\$ (2,292)	\$ (541)
Adjustments to reconcile changes in net assets to cash from operating activities:		
(Increase) decrease in pledges receivable	5,077	(2,666)
(Increase) decrease in prepaid expenses	(522)	-
Increase (decrease) in compensated absences	727	451
Increase(decrease in payable to member organizations	12,411	(8,258)
Increase (decrease) in payable to non-member organization	(2,129)	(4,867)
Net cash from operating activities	13,272	(15,881)
Net change in cash and cash equivalents	13,272	(15,881)
Cash and cash equivalents at beginning of year	121,015	136,896
Cash and cash equivalents at end of year	\$ 134,287	\$ 121,015

See accompanying notes to financial statements.

Montana Shares, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Montana Shares, Inc. (the Organization) is a nonprofit statewide collaboration of Montana education, advocacy and service organizations conducting programs that have statewide impact. Its purpose is to work with and on behalf of its member organizations to promote the member organizations, provide training, technical assistance and support on a year-round basis and, thereby, help its members expand and diversify their programs that serve Montanans.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

Basis of Presentation

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 are the net assets of the Organization that are neither permanently restricted nor temporarily restricted. Thus, they include all net assets whose use has not been restricted by donors or by law.

Temporarily restricted net assets are subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. [The Organization currently has no permanently restricted net assets].

Support and Revenue

Membership dues are recognized as revenue when received and approved. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support increasing that net asset class.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

Montana Shares, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Support and Revenue (Continued)

If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Donated Materials and Equipment

Donated materials and equipment are recorded at their estimated values at date of receipt.

Contributed Services

Volunteers and employees of member groups contribute time to the Organization each year. The workplace campaign is run by volunteers. No amounts have been recorded in the financial statements for these contributed services since there is no objective basis available to measure the value of such services.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Equipment

Purchased equipment is recorded at cost. Donated equipment is recorded at estimated fair market value. Equipment with a cost or fair market value greater than \$5,000 and whose life exceeds one year is capitalized. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the equipment, which is between five and ten years.

Pledges Receivable

The Organization receives pledges through annual workplace campaigns. Uncollectible pledges are written-off directly. All pledges receivable are due in one year. The pledges receivable represent the remaining balances on pledges from the previous year's workplace campaign. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision for income tax is included in the financial statements. The Organization also qualifies for the charitable contribution deduction allowed under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Montana Shares, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

As a matter of law, the Organization is subject to examination by federal and state taxing authorities for the 2013 through 2015 tax years. Although management believes that the amounts reflected in their tax returns substantially complies with the applicable federal and state tax regulations, both the IRS and the various state taxing authorities can take positions contrary to their position based on IRS interpretation of the law. A tax position that is challenged by a taxing authority could result in an adjustment, which would be recorded in the year assessed on the statement of activities.

Use of Estimates

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

Advertising and Promotion

Advertising costs are charged to operations when incurred. Advertising expense was \$638 and \$120 for the years ended December 31, 2015 and 2014, respectively.

Subsequent Events

The Organizations have evaluated events and transactions for potential recognition or disclosure in the financial statements through June 20, 2016, which is the date the financial statements were available to be issued.

Note 2: Temporarily Restricted Net Assets

Temporarily restricted net asset balances are restricted for net campaign pledges received for future periods. The total amount of temporarily restricted net assets as of December 31, 2015 and 2014 are \$17,752 and \$21,071, respectively.

Note 3: Net Assets Released from Restriction

Net assets were released from donor restrictions on net campaign pledges received for future periods. The total amount of net assets released from restriction as of December 31, 2015 and 2014 are \$21,071 and \$24,580, respectively.

Montana Shares, Inc.
Notes to Financial Statements

Note 4: Workplace Campaign Pledges and Distributions

<i>Years Ended December 31, 2015 and 2014</i>	Campaign Year 14/15	Campaign Year 13/14
Workplace Pledges:		
Workplace pledges	\$ 298,296	\$ 301,378
Less: uncollectible pledges	(22,308)	(24,359)
Pledges received or receivable	\$ 275,988	\$ 277,019
Pledges Available for Distribution:		
Current year pledges received	\$ 275,988	\$ 277,019
Less: Montana Shares program support fee	(42,754)	(42,448)
Pledges available for distribution	\$ 233,234	\$ 234,571
Pledges Distributed as:		
Specific pledges	\$ 203,284	\$ 205,760
Undesignated share (net of additional campaign fee)	29,950	28,811
Total	\$ 233,234	\$ 234,571

Montana Shares, Inc.

Notes to Financial Statements

Note 5: Functional Classification of Expenses

The following programs and supporting services are reflected in the statement of activities for the year ended December 31, 2015:

	2015			Total
	Program	Fundraising	Management and General	
Expenses:				
Salary - executive director	\$ 45,980	\$ 4,488	\$ 2,213	\$ 52,681
Salary - support staff	30,369	2,965	1,461	34,795
Accounting fees	8,464	826	407	9,697
Payroll taxes	6,686	653	322	7,661
Printing and newsletter	6,317	617	304	7,238
Miscellaneous	4,489	438	216	5,143
Rent	4,147	405	200	4,752
Payroll benefits	3,692	360	178	4,230
Technology	2,294	224	110	2,628
Travel and training	1,866	182	90	2,138
Campaign fees	1,595	156	77	1,828
Telephone	1,387	135	67	1,589
Postage	1,264	123	61	1,448
Insurance	1,236	121	60	1,417
Office supplies	679	66	33	778
Dues and subscriptions	659	64	32	755
Special events	655	64	32	751
Advertising	557	54	27	638
Raffle	-	457	-	457
Total	\$ 122,336	\$ 12,398	\$ 5,890	\$ 140,624

Montana Shares, Inc.

Notes to Financial Statements

Note 5: Functional Classification of Expenses (Continued)

The following programs and supporting services are reflected in the statement of activities for the year ended December 31, 2014:

	2014			Total
	Program	Fundraising	Management and General	
Expenses:				
Salary - executive director	\$ 45,224	\$ 4,033	\$ 2,245	\$ 51,502
Salary - support staff	28,105	2,506	1,395	32,006
Accounting fees	8,408	750	418	9,576
Payroll taxes	6,420	573	319	7,312
Printing and newsletter	4,879	435	242	5,556
Rent	4,352	388	216	4,956
Payroll benefits	3,758	335	187	4,280
Technology	3,176	283	158	3,617
Travel and training	2,209	197	110	2,516
Raffle	-	1,626	-	1,626
Telephone	1,341	120	67	1,528
Insurance	1,259	112	62	1,433
Dues and subscriptions	1,069	95	53	1,217
Campaign fees	960	86	48	1,094
Miscellaneous	880	79	44	1,003
Postage	797	71	40	908
Office supplies	519	46	26	591
Special events	511	46	25	582
Advertising	106	9	5	120
Total	\$ 113,973	\$ 11,790	\$ 5,660	\$ 131,423

In-kind expenses in 2015 and 2014 were classified with the expense type they represent. Total in-kind expenses for the years ending December 31, 2015 and 2014 were \$7,982 and \$6,221, respectively.

Montana Shares, Inc.

Notes to Financial Statements

Note 6: Compensated Absences

In May 2007 the Organization clarified its standing policy that allows employees to carry forward no more than fifteen days (120 hours) of vacation over from one calendar year to the next. Employees will not be compensated for excess accrual at the end of the calendar year. An employee, who terminates employment, either voluntarily or involuntarily, will be paid for the balance of earned and accrued vacation at the current base rate of pay. Employees accrue medical/bereavement/caretaker (MBC) leave to a maximum of twenty workdays (160 hours). Employees will not be compensated for unused MBC leave upon termination. Leave is prorated for part-time employees.

Note 7: Lease Commitments

The Organization has an operating lease for office space which requires monthly payments of \$522. A new lease was signed effective November 1, 2015 and terminates on April 30, 2018.

Rent expense for the leased office space totaled \$4,752 for 2015 and \$4,956 for 2014. Future rental payments required under the current lease are as follows:

	2015
2016	\$ 6,264
2017	6,264
2018	2,088
Total	\$ 14,616

Montana Shares, Inc.

Notes to Financial Statements

Note 8: Income Tax Reporting

Due to differences in reporting for income tax and generally accepted accounting principles purposes, a reconciliation is required between total revenue and expenses as shown in the audited financial statements and what is shown on the tax return. These differences in reporting also account for the different functional expense totals in the financial statements and the tax return. Following is a reconciliation for the years ended December 31:

	2015	2014
Total revenue per financial statements	\$ 168,282	\$ 159,693
Add:		
Designated campaign distributions	203,284	205,760
Less:		
In-kind revenue	(7,982)	(6,221)
Raffle and special event expenses	(1,181)	(1,903)
Total revenue per tax return	\$ 362,403	\$ 357,329
Total expenses per financial statements	170,574	160,234
Add:		
Designated campaign distributions	203,284	205,760
Less:		
In-kind expense	(7,982)	(6,221)
Raffle and special event expenses	(1,181)	(1,903)
Total expenses per tax return	\$ 364,695	\$ 357,870

Note 9: Related Parties

The Organization's board members consist of representatives from non-profit organizations, including member organizations. In 2015, there were six board members whose organizations received distributions totaling \$31,857 and two finance committee members receiving a total of \$48,947 in distributions. In 2014, there were six board members whose organizations received distributions totaling \$26,426 and two finance committee members receiving a total of \$44,301 in distributions.