



MONTANA SHARES, INC.
INDEPENDENT AUDITOR'S REPORT and
FINANCIAL STATEMENTS
December 31, 2022 and 2021

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Peterson CPA Group, P.C.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Montana Shares, Inc.
Helena, Montana

Opinion

We have audited the accompanying financial statements of Montana Shares, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Montana Shares, Inc. as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits 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 Montana Shares, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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.

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 Montana Shares, Inc.'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 Montana Shares, Inc.'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 Montana Shares, Inc.'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, Schedule of Final Distributions, 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.

Peterson CPA Group, P.C.

Missoula, Montana
September 8, 2023

FINANCIAL STATEMENTS

MONTANA SHARES, INC.

STATEMENTS OF FINANCIAL POSITION At December 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents - operating | \$ 116,588 | \$ 101,044 |
| Cash and cash equivalents - campaign | 80,728 | 91,785 |
| Employee retention tax credit receivable | - | 11,324 |
| Pledges receivable, net | <u>51,053</u> | <u>113,152</u> |
| Total Current Assets | 248,369 | 317,305 |
| EQUIPMENT | | |
| Less accumulated depreciation | <u>1,050</u> | <u>1,050</u> |
| | <u>(800)</u> | <u>(800)</u> |
| Equipment, net | <u>250</u> | <u>250</u> |
| Total Assets | <u>\$ 248,619</u> | <u>\$ 317,555</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable - trade | \$ 611 | \$ 392 |
| Payable to member organizations | 80,122 | 95,147 |
| Payable to non-member organizations | 4,780 | 7,405 |
| Payroll liabilities and compensated absences | <u>9,759</u> | <u>7,240</u> |
| Total Current Liabilities | 95,272 | 110,184 |
| Total Liabilities | <u>95,272</u> | <u>110,184</u> |
| NET ASSETS | | |
| Without donor restrictions | 153,347 | 117,746 |
| With donor restrictions | <u>-</u> | <u>89,625</u> |
| Total Net Assets | <u>153,347</u> | <u>207,371</u> |
| Total Liabilities and Net Assets | <u>\$ 248,619</u> | <u>\$ 317,555</u> |

Refer to the accompanying notes to the financial statements

MONTANA SHARES, INC.

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---|--|-------------------|
| SUPPORT, GAINS, REVENUE, AND OTHER INCOME | | | |
| Workplace campaign pledges (campaign 21/22), net of uncollectible pledges | \$ 110,063 | \$ - | \$ 110,063 |
| Net assets (released from) added to restrictions: | | | |
| Contributions received in/for campaign 21/22 | 89,625 | (89,625) | - |
| Contributions received in/for campaign 22/23 | - | - | - |
| Subtotal | 199,688 | (89,625) | 110,063 |
| Less designated distributions - campaign 22/23 | (136,082) | - | (136,082) |
| Net campaign support | 63,606 | (89,625) | (26,019) |
| Member fees | 21,718 | - | 21,718 |
| Special appeals | 15,834 | - | 15,834 |
| Raffle and special events | 29,502 | - | 29,502 |
| Grants and contracts | 43,232 | - | 43,232 |
| Other income | 21,298 | - | 21,298 |
| Interest | 560 | - | 560 |
| Total support, gains, revenue, and other income | 195,750 | (89,625) | 106,125 |
| EXPENSES AND ALLOCATIONS | | | |
| Program | 116,402 | - | 116,402 |
| Fundraising | 9,518 | - | 9,518 |
| Management and general | 8,938 | - | 8,938 |
| Funds allocated to member agencies - nondesignated campaign 22/23 (Program) | 25,291 | - | 25,291 |
| Total expenses and allocations | 160,149 | - | 160,149 |
| Change in net assets | 35,601 | (89,625) | (54,024) |
| NET ASSETS | | | |
| Beginning of year | 117,746 | 89,625 | 207,371 |
| End of year | <u>\$ 153,347</u> | <u>\$ -</u> | <u>\$ 153,347</u> |

Refer to the accompanying notes to the financial statements

MONTANA SHARES, INC.

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|-------------------------------|-------------------|
| SUPPORT, GAINS, REVENUE, AND OTHER INCOME | | | |
| Workplace campaign pledges (campaign 20/21), net of uncollectible pledges | \$ 104,953 | \$ - | \$ 104,953 |
| Net assets (released from) added to restrictions: | | | |
| Contributions received in/for campaign 20/21 | 193,177 | (193,177) | - |
| Contributions received in/for campaign 21/22 | <u>(89,625)</u> | <u>89,625</u> | <u>-</u> |
| Subtotal | 208,505 | (103,552) | 104,953 |
| Less designated distributions - campaign 21/22 | <u>(161,685)</u> | <u>-</u> | <u>(161,685)</u> |
| Net campaign support | <u>46,820</u> | <u>(103,552)</u> | <u>(56,732)</u> |
| Member fees | 22,067 | - | 22,067 |
| Special appeals | 8,794 | - | 8,794 |
| Raffle and special events | 30,472 | - | 30,472 |
| Grants and contracts | 53,247 | - | 53,247 |
| Other income | 20,236 | - | 20,236 |
| Interest | <u>124</u> | <u>-</u> | <u>124</u> |
| Total support, gains, revenue, and other income | 181,760 | (103,552) | 78,208 |
| EXPENSES AND ALLOCATIONS | | | |
| Program | 115,718 | - | 115,718 |
| Fundraising | 10,170 | - | 10,170 |
| Management and general | 8,521 | - | 8,521 |
| Funds allocated to member agencies - campaign 21/22 (Program) | <u>21,888</u> | <u>-</u> | <u>21,888</u> |
| Total expenses and allocations | <u>156,297</u> | <u>-</u> | <u>156,297</u> |
| Change in net assets | 25,463 | (103,552) | (78,089) |
| NET ASSETS | | | |
| Beginning of year | <u>92,283</u> | <u>193,177</u> | <u>285,460</u> |
| End of year | <u>\$ 117,746</u> | <u>\$ 89,625</u> | <u>\$ 207,371</u> |

Refer to the accompanying notes to the financial statements

MONTANA SHARES, INC.

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2022

| | <u>Program</u> | <u>Fundraising</u> | <u>Management and General</u> | <u>Total</u> |
|------------------------------|-------------------|--------------------|-----------------------------------|-------------------|
| Accounting fees | \$ 10,169 | \$ 774 | \$ 786 | \$ 11,729 |
| Advertising | - | - | - | - |
| Campaign fees | 721 | - | - | 721 |
| Dues and subscriptions | 910 | 69 | 70 | 1,049 |
| Insurance | 1,376 | 105 | 106 | 1,587 |
| Miscellaneous | 703 | 54 | 54 | 811 |
| Office | 275 | 21 | 21 | 317 |
| Payroll benefits | 8,633 | 657 | 667 | 9,957 |
| Payroll taxes | 5,660 | 431 | 438 | 6,529 |
| Payroll - executive director | 54,326 | 4,134 | 4,200 | 62,660 |
| Payroll - staff | 23,314 | 1,774 | 1,802 | 26,890 |
| Postage | 592 | 45 | 46 | 683 |
| Printing | 4,346 | 331 | 336 | 5,013 |
| Raffle | - | 718 | - | 718 |
| Rent | 2,565 | 195 | 198 | 2,958 |
| Technology | 2,285 | 174 | 177 | 2,636 |
| Telephone | 477 | 36 | 37 | 550 |
| Travel and training | 50 | - | - | 50 |
| | <u>\$ 116,402</u> | <u>\$ 9,518</u> | <u>\$ 8,938</u> | <u>\$ 134,858</u> |
| | 86.3% | 7.1% | 6.6% | 100.0% |

Refer to the accompanying notes to the financial statements

MONTANA SHARES, INC.

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2021

| | <u>Program</u> | <u>Fundraising</u> | <u>Management and General</u> | <u>Total</u> |
|------------------------------|-------------------|--------------------|-----------------------------------|-------------------|
| Accounting fees | \$ 8,642 | \$ 687 | \$ 641 | \$ 9,970 |
| Advertising | - | - | - | - |
| Campaign fees | 755 | - | - | 755 |
| Dues and subscriptions | 1,015 | 81 | 75 | 1,171 |
| Insurance | 1,311 | 104 | 98 | 1,513 |
| Miscellaneous | 1,483 | 118 | 110 | 1,711 |
| Office | 296 | 24 | 22 | 342 |
| Payroll benefits | 8,312 | 661 | 616 | 9,589 |
| Payroll taxes | 5,641 | 449 | 418 | 6,508 |
| Payroll - executive director | 50,086 | 3,983 | 3,714 | 57,783 |
| Payroll - staff | 23,736 | 1,888 | 1,760 | 27,384 |
| Postage | 607 | 48 | 45 | 700 |
| Printing | 4,261 | 339 | 316 | 4,916 |
| Raffle | - | 1,030 | - | 1,030 |
| Rent | 4,899 | 390 | 363 | 5,652 |
| Technology | 3,280 | 261 | 243 | 3,784 |
| Telephone | 1,344 | 107 | 100 | 1,551 |
| Travel and training | 50 | - | - | 50 |
| | <u>\$ 115,718</u> | <u>\$ 10,170</u> | <u>\$ 8,521</u> | <u>\$ 134,409</u> |
| | 86.1% | 7.6% | 6.3% | 100.0% |

Refer to the accompanying notes to the financial statements

MONTANA SHARES, INC.

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (54,024) | \$ (78,089) |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Changes in operating assets and liabilities | | |
| Employee retention tax credit receivable | 11,324 | (11,324) |
| Pledges receivable | 62,099 | 108,647 |
| Accounts payable - trade | 219 | 360 |
| Payable to member organizations | (15,025) | (34) |
| Payable to non-member organizations | (2,625) | 3,865 |
| Payroll liabilities and compensated absences | 2,519 | 466 |
| Total adjustments | <u>58,511</u> | <u>101,980</u> |
| Net Cash Flows from Operating Activities | <u>4,487</u> | <u>23,891</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Forgiveness of refundable advance | <u>-</u> | <u>(20,300)</u> |
| Net Cash Flows from Financing Activities | <u>-</u> | <u>(20,300)</u> |
| Net change in cash, cash equivalents, and restricted cash | 4,487 | 3,591 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | | |
| Beginning of year | <u>192,829</u> | <u>189,238</u> |
| End of year | <u>\$ 197,316</u> | <u>\$ 192,829</u> |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH WITH THE STATEMENT OF FINANCIAL POSITION: | | |
| Cash and cash equivalents - operating | \$ 116,588 | \$ 101,044 |
| Cash and cash equivalents - campaign | 80,728 | 91,785 |
| | <u>\$ 197,316</u> | <u>\$ 192,829</u> |
| SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS | | |
| Forgiveness of the refundable advance (Financing Activities) | <u>\$ -</u> | <u>\$ 20,300</u> |

Refer to the accompanying notes to the financial statements

MONTANA SHARES, INC.

NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

NOTE 1. ORGANIZATION AND PURPOSE

Montana Shares, Inc. (the Organization) is a nonprofit partnership of Montana-based nonprofit groups devoted to improving the quality of life in communities throughout Montana. The Organization's purpose is to work with and on behalf of its member organizations to promote the member organizations, providing training, technical assistance and support on a year-round basis and, thereby, help its members expand and diversify their programs that serve Montanans.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Organization's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board (FASB).

B. Adoption of New Accounting Standard

The Organization adopted FASB Accounting Standard Update (ASU) No. 2016-02: *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, on January 1, 2022 using the modified retrospective method and elected all available and applicable practical expedients. The adoption of the new accounting standard did not result in the recording any of right-of-use assets or any lease liabilities on the statements of financial position as the Organization had no leases on January 1, 2022.

C. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Certain bank accounts that are subject to coverage by the Federal Deposit Insurance Corporation (FDIC) may from time to time exceed their insured limits. At December 31, 2022 and 2021, all bank accounts were fully insured by the FDIC. Accordingly, the Organization does not believe it is exposed to any significant credit risk on its cash balances.

D. Employee Retention Tax Credit Receivable

The Coronavirus Aid, Relief, and Economic Security (CARES) Act passed in March 2020 included a provision for an employee retention credit that is a fully refundable tax credit for eligible employers, subject to certain restrictions. Subsequent legislation allowed employers to retroactively apply for this credit. The Organization applied for and received a credit from 2020 and 2021 during 2022. This credit was reflected as a receivable and as grant revenue in the 2021 financial statements. The credit was utilized during 2022 as a reduction in payroll tax liabilities.

MONTANA SHARES, INC.

NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Pledges Receivable

The Organization receives pledges through annual workplace campaigns. Uncollectible pledges are written off directly at the conclusion of the campaign resulting in no allowance account. All pledge receivables are due within one year. 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 estimated net realizable value.

F. Equipment

Equipment that is purchased 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 expected useful life exceeds one year is capitalized. Depreciation expense is calculated using the straight-line method over the estimated useful life of the equipment, which ranges between five and ten years. Depreciation expense totaled \$-0- for the years ended December 31, 2022 and 2021.

G. Compensated Absences

The Organization clarified its standing policy allowing employees to carry forward no more than 15 days (120 hours) of vacation time over from one calendar year to the next in May 2007. Employees are not compensated for excess accrual at the end of the calendar year. An employee who terminates employment, either voluntarily or involuntarily, will be paid 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 20 workdays (160 hours). Employees are not compensated for unused MBC leave upon termination of employment. Leave is prorated for part-time employees.

H. Net Asset Classification

Net assets and support, revenues, gains, expenses, 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 available for use in general operations and are not subject to any donor-imposed restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that expire either by the time restriction ending or the purpose restriction being accomplished. Once restrictions are met, the restrictions are accounted for as net assets released from restriction and reclassified as net assets without donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

GAAP provides that if a governing body of an organization has the unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified without restrictions.

MONTANA SHARES, INC.

NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Net Asset Classification, continued

The Board of Directors of the Organization have that ability (variance power); however, they intend to exercise this authority only if the stated purpose of a contribution becomes no longer applicable or incapable of fulfillment. Accordingly, the Organization's financial statements classify substantially all funds without restrictions, but segregate for internal management and recordkeeping. Additionally, to ensure the Organization observes the limitations and restrictions placed on the funds by donors, the accounts of the Organization for the campaigns are managed as individual charitable funds.

I. Revenue Recognition

The Organization's primary source of revenue is contributions from workplace campaigns. Contribution and grant revenue is recognized following guidance of FASB ASC 958. Contributions are classified as available for use without donor restrictions unless specifically restricted by the donor. Contributions received that are restricted for future periods or restricted by specific purposes by the donor are reported as support with donor restrictions. When a donor restriction expires by the passage of time or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities as net assets released from restriction.

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 in accordance with GAAP.

Other significant revenue streams include member fees, special appeals, special events, and other activities. Revenue for all other revenue streams is recognized at a point in time following guidance of Topic 606.

Distinguishing between contributions and exchange transactions determines whether the accounting follows Topic 958 or Topic 606. An entity follows guidance from Topic 958 for contributions and applies guidance from Topic 606 for exchange transactions. Guidance from Topic 958 indicates that if the possibility a condition will not be met is remote, a conditional promise to give is considered unconditional and contribution revenue is immediately recognized and classified as net assets without donor restrictions or net assets with donor restrictions.

The Organization's activities and operations were negatively impacted by the results of the world-wide coronavirus pandemic and related restrictions and economic conditions in 2021. The Organization applied for and received a loan through the Paycheck Protection Program that was forgiven and is included in grant revenue. There were no significant economic factors impacting revenue recognition in 2022.

Donated materials and equipment are recorded at their estimated fair values on the date of receipt. There were no donated materials or equipment in 2022 or 2021.

MONTANA SHARES, INC.

NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Revenue Recognition, continued

The timing of revenue recognition, pledges, and cash receipts results in billed receivables on the statement of financial position. The balance of receivables for the years ended December 31, 2022, 2021 and 2020 are as follows:

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|-------------------|-------------|-------------|-------------|
| Total Receivables | \$ 51,053 | \$ 124,476 | \$221,779 |

J. Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Management believes there was no unrelated business income in 2022 or 2021. Accordingly, no provision for income tax is included in the financial statements. The Organization 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).

K. Use of Estimates

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

L. Functional Expense Allocations

The costs of providing various program, fundraising, and supporting activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Campaign fees and travel and training are charged directly to program expenses. Raffle costs are charged directly to fundraising expenses. All other expenses are allocated based on employee time.

M. Advertising

Advertising costs are expensed when first incurred. Advertising costs totaled \$-0- for the years ended December 31, 2022 and December 31, 2021.

N. New Accounting Pronouncements

The FASB issued ASU 2016-13: *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, in June 2016. This ASU and amendments affects how loans, debt securities, trade receivables, and other financial assets are reported, how an allowance for uncollectible receivables is determined, and requires additional, new disclosures. This ASU is effective for fiscal years beginning after December 15, 2022. The Organization adopted this ASU on January 1, 2023 with no significant impact on its financial statements.

MONTANA SHARES, INC.

NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Subsequent Events

Management has evaluated subsequent events through September 8, 2023, the date which the financial statements were available for issue. See further discussion in Note 8.

NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general operations, without donor or other restrictions limiting their use within one year of the statement of financial position date with the prior year totals for comparison purposes, comprised the following:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Cash and cash equivalents | \$ 116,588 | \$ 101,044 |
| Pledges receivable, net | <u>51,053</u> | <u>113,152</u> |
| Financial assets | 167,641 | 214,196 |
| Less: | | |
| Donor restricted campaign funds | <u>-</u> | <u>(89,625)</u> |
| Financial assets available within one year | <u>\$ 167,641</u> | <u>\$ 124,571</u> |

The Organization does not have a formal liquidity policy; however, management and the board of directors monitor financial results regularly.

NOTE 4. WORKPLACE CAMPAIGN PLEDGES AND DISTRIBUTIONS

| | <u>Campaign Year 2022</u> | <u>Campaign Year 2021</u> |
|---|-------------------------------|-------------------------------|
| Workplace Pledges: | | |
| Total workplace pledges | \$ 210,751 | \$ 229,606 |
| Less uncollectible pledges | <u>(19,263)</u> | <u>(12,447)</u> |
| Pledges received or receivable | <u>\$ 191,488</u> | <u>\$ 217,159</u> |
| Pledges Available for Distribution: | | |
| Current year pledges received | \$ 191,488 | \$ 217,159 |
| Less Montana Shares program support fee | <u>(30,115)</u> | <u>(33,586)</u> |
| Pledges available for distribution | <u>\$ 161,373</u> | <u>\$ 183,573</u> |
| Pledges Distributed as: | | |
| Specific pledges | \$ 136,082 | \$ 161,685 |
| Undesignated share (net of additional campaign fee) | <u>25,291</u> | <u>21,888</u> |
| Total | <u>\$ 161,373</u> | <u>\$ 183,573</u> |

MONTANA SHARES, INC.

NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

NOTE 5. LEASE COMMITMENTS

The Organization leases office space for its Helena, Montana office under terms of a lease agreement that originated November 1, 2015 and ended in 2021. This lease was not renewed, and the Organization's employees now work remotely.

Rent expense for the lease office space totaled \$-0- and \$5,652 for the years ended December 31, 2022 and 2021, respectively.

NOTE 6. RELATED PARTY TRANSACTIONS

The Organizations board members consist of representatives from non-profit organizations, including member organizations.

In 2022, there were 9 Organization board members who were representatives from nonprofit organizations that received distributions from Montana Shares, Inc. totaling \$39,119 and paid member dues of \$5,550.

In 2021, there were 7 Organization board members who were representatives from nonprofit organizations that received distributions from Montana Shares, Inc. totaling \$42,311 and paid member dues of \$5,847.

NOTE 7. REPORTING ON THE 990

Due to differences in reporting financial amounts between GAAP and income tax purposes, a reconciliation between total revenue and expenses as shown in the audited financial statements and what is shown on the 990's for the years ended December 31, 2022 and 2021 is summarized in the table below:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| Total revenue per the financial statements | \$ 106,125 | \$ 78,208 |
| Add: | | |
| Designated campaign distributions | 136,082 | 161,685 |
| Program support fees | 29,565 | 32,945 |
| Less: | | |
| Raffle and special event expenses | (718) | (1,030) |
| Total revenue per the Form 990 | <u>\$ 271,054</u> | <u>\$ 271,808</u> |
| Total expenses per the financial statements | \$ 160,149 | \$ 156,297 |
| Add: | | |
| Designated campaign distributions | 136,082 | 161,685 |
| Program support fees | 29,565 | 32,945 |
| Less: | | |
| Raffle and special event expenses | (718) | (1,030) |
| Total expenses per the Form 990 | <u>\$ 325,078</u> | <u>\$ 349,897</u> |

MONTANA SHARES, INC.

NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

NOTE 8. SUBSEQUENT EVENTS AND ECONOMIC CONDITIONS

The coronavirus pandemic was declared a pandemic in March 2020 negatively impacting the national and Montana economies and financial markets. The Organization's operations, activities, and financial condition were negatively impacted by the coronavirus into 2021. The impact of the coronavirus on the Organization's financial statements is unknown at this time and cannot reasonably be estimated.

Rising interest rates, inflation, and volatility in the financial markets, along with other factors, may have a negative impact on the Organization's financial condition in 2023; however, the impact is currently unknown and cannot reasonably be estimated at this time. Management and the board of directors are closely monitoring these metrics to minimize the potential impact to the Organization's financial condition.

SUPPLEMENTARY INFORMATION

MONTANA SHARES, INC.

SCHEDULE OF FINAL DISTRIBUTIONS FOR 2021/2022 CAMPAIGN TO GRASSROOTS, TAX-EXEMPT, MONTANA BASED ORGANIZATIONS

| ORGANIZATION | DETAIL OF DISTRIBUTIONS | | | | |
|---|-------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | TOTAL DISTRIBUTION | Donor Designated Distributions | Percent of Total Distributions | Undesignated Distributions | Percent of Total Distributions |
| Alternative Energy Resources | \$ 2,000 | \$ 1,711 | 1.06% | \$ 289 | 0.18% |
| Animeals | 4,446 | 4,446 | 2.76% | - | 0.00% |
| Big Brothers Big Sisters of Montana | 3,714 | 3,714 | 2.30% | - | 0.00% |
| Bridgercare | 3,629 | 3,051 | 1.89% | 578 | 0.36% |
| Bike Walk Montana, Inc. | 1,607 | 1,318 | 0.82% | 289 | 0.18% |
| Camp Mak-A-Dream | 1,890 | 1,601 | 0.99% | 289 | 0.18% |
| Cancer Support Community Montana | 2,536 | 2,247 | 1.39% | 289 | 0.18% |
| Disability Rights MT | 2,601 | 1,878 | 1.16% | 723 | 0.45% |
| Historical Museum of Fort Missoula | 660 | 371 | 0.23% | 289 | 0.18% |
| Friends of the Missouri Breaks Monument | 1,854 | 1,709 | 1.06% | 145 | 0.09% |
| Great Falls Community Food Bank | 774 | 340 | 0.21% | 434 | 0.27% |
| Holter Museum Of Art | 1,537 | 1,248 | 0.77% | 289 | 0.18% |
| Heart of the Valley | 3,419 | 2,262 | 1.40% | 1,157 | 0.72% |
| Jeannette Rankin Peace Resource Center | 1,870 | 1,292 | 0.80% | 578 | 0.36% |
| K9 Care Montana | 4,098 | 3,953 | 2.45% | 145 | 0.09% |
| Last Chance Community Pow Wow | 2,251 | 805 | 0.50% | 1,446 | 0.90% |
| Lewis & Clark Humane Society, Inc | 29,619 | 28,173 | 17.46% | 1,446 | 0.90% |
| Montana 4 H Foundation | 1,997 | 1,852 | 1.15% | 145 | 0.09% |
| Montana Audubon | 1,463 | 1,029 | 0.64% | 434 | 0.27% |
| Montana Association for the Blind | 1,914 | 468 | 0.29% | 1,446 | 0.90% |
| Montana Discovery Foundation | 316 | 27 | 0.02% | 289 | 0.18% |
| Montana Food Bank Network | 12,799 | 12,221 | 7.57% | 578 | 0.36% |
| MT History Foundation | 2,284 | 838 | 0.52% | 1,446 | 0.90% |
| Montana Legal Services Assoc. | 3,785 | 3,640 | 2.26% | 145 | 0.09% |
| Montana Meth Project, inc | 1,309 | 1,020 | 0.63% | 289 | 0.18% |
| Montana Natural History Center | 294 | 294 | 0.18% | - | 0.00% |
| Montana Shares | 19,441 | 16,549 | 10.26% | 2,892 | 1.79% |
| Mt. Supporting Military | 3,330 | 2,607 | 1.62% | 723 | 0.45% |
| Montana Spay/Neuter Task Force | 2,561 | 2,272 | 1.41% | 289 | 0.18% |
| Montana Free Press | 2,984 | 2,695 | 1.67% | 289 | 0.18% |
| Mt. Trout Unlimited | 2,300 | 1,577 | 0.98% | 723 | 0.45% |
| Montana Watershed Coordination Council | 916 | 771 | 0.48% | 145 | 0.09% |
| Montana Wildlife Federation | 3,132 | 3,132 | 1.94% | - | 0.00% |
| NAMI Montana | 5,281 | 5,281 | 3.27% | - | 0.00% |
| NeighborWorks Montana | 3,475 | 2,752 | 1.71% | 723 | 0.45% |
| Pride Foundation | 4,865 | 4,720 | 2.92% | 145 | 0.09% |
| Queen City Ballet | 1,297 | 719 | 0.45% | 578 | 0.36% |
| Rural Employment Opportunities | 1,577 | 131 | 0.08% | 1,446 | 0.90% |
| Raise Montana | 1,608 | - | 0.00% | 1,608 | 1.00% |
| Spay Montana | 1,193 | 759 | 0.47% | 434 | 0.27% |
| Thrive | 1,270 | - | 0.00% | 1,270 | 0.79% |
| Windhorse Equine Learning | 400 | 255 | 0.16% | 145 | 0.09% |
| Wild Montana | 4,709 | 3,986 | 2.47% | 723 | 0.45% |
| NonMembers | 6,368 | 6,368 | 3.95% | - | 0.00% |
| TOTALS | \$ 161,373 | \$ 136,082 | 84.33% | \$ 25,291 | 15.67% |
| Distribution Winter | \$ 30,696 | | | | |
| Distribution Spring | 50,290 | | | | |
| Distribution Summer | 46,043 | | | | |
| Distribution Fall | 34,344 | | | | |
| Total | \$ 161,373 | | | | |

See Independent Auditor's Report

MONTANA SHARES, INC.

SCHEDULE OF FINAL DISTRIBUTIONS FOR 2020/2021 CAMPAIGN TO GRASSROOTS, TAX-EXEMPT, MONTANA BASED ORGANIZATIONS

| ORGANIZATION | DETAIL OF DISTRIBUTIONS | | | | |
|---|-------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | TOTAL DISTRIBUTION | Donor Designated Distributions | Percent of Total Distributions | Undesignated Distributions | Percent of Total Distributions |
| Alternative Energy Resources | \$ 2,808 | \$ 2,579 | 1.40% | \$ 229 | 0.12% |
| Animeals | 6,171 | 6,171 | 3.36% | - | 0.00% |
| Big Brothers Big Sisters of Montana | 4,219 | 3,875 | 2.11% | 344 | 0.19% |
| bridgercare | 3,350 | 2,548 | 1.39% | 802 | 0.44% |
| Bike Walk Montana, Inc. | 1,793 | 1,449 | 0.79% | 344 | 0.19% |
| Camp Mak-A-Dream | 3,860 | 3,631 | 1.98% | 229 | 0.12% |
| Cancer Support Community Montana | 1,982 | 1,638 | 0.89% | 344 | 0.19% |
| Disability Rights MT | 1,853 | 1,280 | 0.70% | 573 | 0.31% |
| Historical Museum of Fort Missoula | 881 | 652 | 0.36% | 229 | 0.12% |
| Friends of the Missouri Breaks Monument | 490 | 375 | 0.20% | 115 | 0.06% |
| Great Falls Community Food Bank | 2,167 | 1,709 | 0.93% | 458 | 0.25% |
| Holter Museum Of Art | 1,098 | 983 | 0.54% | 115 | 0.06% |
| Heart of the Valley | 4,946 | 3,800 | 2.07% | 1,146 | 0.62% |
| Jeannette Rankin Peace Resource Center | 2,226 | 1,997 | 1.09% | 229 | 0.12% |
| K9 Care Montana | 4,213 | 3,984 | 2.17% | 229 | 0.12% |
| Susan G. Komen Idaho Montana | 887 | 772 | 0.42% | 115 | 0.06% |
| Last Chance Community Pow Wow | 2,166 | 1,364 | 0.74% | 802 | 0.44% |
| Lewis & Clark Humane Society, Inc | 31,342 | 30,425 | 16.57% | 917 | 0.50% |
| Montana 4 H Foundation | 2,529 | 2,300 | 1.25% | 229 | 0.12% |
| Montana Audubon | 1,471 | 1,356 | 0.74% | 115 | 0.06% |
| Montana Association for the Blind | 1,120 | 433 | 0.24% | 687 | 0.37% |
| Mai Wah Society | 1,873 | 842 | 0.46% | 1,031 | 0.56% |
| Montana Child Care Resource & Referral | 2,193 | 1,162 | 0.63% | 1,031 | 0.56% |
| Montana Discovery Foundation | 1,024 | (7) | 0.00% | 1,031 | 0.56% |
| Montana Food Bank Network | 17,182 | 16,838 | 9.17% | 344 | 0.19% |
| Montana Generational Justice | 330 | 330 | 0.18% | - | 0.00% |
| MT History Foundation | 2,550 | 1,404 | 0.76% | 1,146 | 0.62% |
| Montana Legal Services Assoc. | 5,275 | 5,160 | 2.81% | 115 | 0.06% |
| Missoula Medical Aid, Inc | 358 | 14 | 0.01% | 344 | 0.19% |
| Montana Meth Project, inc | 1,808 | 1,579 | 0.86% | 229 | 0.12% |
| Montana Natural History Center | 769 | 425 | 0.23% | 344 | 0.19% |
| Montana Shares | 19,578 | 17,286 | 9.42% | 2,292 | 1.25% |
| Mt. Supporting Military | 3,499 | 3,384 | 1.84% | 115 | 0.06% |
| Montana Spay/Neuter Task Force | 2,699 | 2,355 | 1.28% | 344 | 0.19% |
| Montana Free Press | 2,945 | 2,487 | 1.35% | 458 | 0.25% |
| Mt. Trout Unlimited | 1,821 | 1,363 | 0.74% | 458 | 0.25% |
| Montana Watershed Coordination Council | 1,051 | 822 | 0.45% | 229 | 0.12% |
| Montana Wildlife Federation | 2,607 | 2,607 | 1.42% | - | 0.00% |
| NAMI Montana | 6,421 | 6,306 | 3.44% | 115 | 0.06% |
| NeighborWorks Montana | 4,111 | 3,424 | 1.87% | 687 | 0.37% |
| Pride Foundation | 4,108 | 3,993 | 2.18% | 115 | 0.06% |
| Queen City Ballet | 1,177 | 31 | 0.02% | 1,146 | 0.62% |
| Rural Employment Opportunities | 2,444 | 1,298 | 0.71% | 1,146 | 0.62% |
| Spay Montana | 2,582 | 2,124 | 1.16% | 458 | 0.25% |
| Windhorse Equine Learning | 538 | 194 | 0.11% | 344 | 0.19% |
| Wild Montana | 5,454 | 5,339 | 2.91% | 115 | 0.06% |
| NonMembers | 7,604 | 7,604 | 4.14% | - | 0.00% |
| TOTALS | <u>\$ 183,573</u> | <u>\$ 161,685</u> | <u>88.08%</u> | <u>\$ 21,888</u> | <u>11.92%</u> |
| Distribution Winter | \$ 33,490 | | | | |
| Distribution Spring | 63,116 | | | | |
| Distribution Summer | 50,235 | | | | |
| Distribution Fall | 36,732 | | | | |
| Total | <u>\$ 183,573</u> | | | | |

See Independent Auditor's Report