

**MONTANA CASA/GAL
ASSOCIATION**

FINANCIAL REPORT

For the Years Ended
December 31, 2023 and 2022

MONTANA CASA/GAL ASSOCIATION

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Montana CASA/GAL Association

Opinion

We have audited the financial statements of Montana CASA/GAL Association (the Association), which comprise the statement of financial position as of December 31, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2023, 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 (GAAS). 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 Association 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.

Other Matter

The accompanying statement of financial position of the Association as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended were not audited, reviewed, or compiled by us and, accordingly, we do not express an opinion or any other form of assurance on them.

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 Association's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, 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 GAAS 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 GAAS, 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 Association'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 Association'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.

Carver Florek & James, CPAs

Carver Florek & James, CPAs

Missoula, Montana

July 24, 2024

MONTANA CASA/GAL ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2023 and 2022

	2023	2022
	(Audited)	(Unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 224,502	\$ 170,282
Grants and pledges receivable, current	144,808	22,763
Inventory	35	375
Other assets	395	4,567
TOTAL CURRENT ASSETS	<u>369,740</u>	<u>197,987</u>
OTHER ASSETS		
Grants and pledges receivable, long-term	65,000	40,000
Beneficial interest in perpetual trust	23,278	21,628
TOTAL OTHER ASSETS	<u>88,278</u>	<u>61,628</u>
TOTAL ASSETS	<u>\$ 458,018</u>	<u>\$ 259,615</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,527	\$ 2,854
Pass-through funding to local programs	44,437	-
Payroll taxes payable	2,529	1,178
Compensated absences payable	3,762	3,351
TOTAL CURRENT LIABILITIES	<u>53,255</u>	<u>7,383</u>
NET ASSETS		
Without donor restrictions	333,610	170,604
With donor restrictions	71,153	81,628
TOTAL NET ASSETS	<u>404,763</u>	<u>252,232</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 458,018</u>	<u>\$ 259,615</u>

The accompanying notes are an integral part of these financial statements.

MONTANA CASA/GAL ASSOCIATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	Audited		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions	\$ 98,739	\$ -	\$ 98,739
Grant revenue	388,415	-	388,415
Interest income	-	243	243
Investment earnings (loss)	-	1,407	1,407
Net assets released from restrictions	12,125	(12,125)	-
TOTAL REVENUE AND SUPPORT	499,279	(10,475)	488,804
EXPENSES			
Program services	282,383	-	282,383
Management and general	53,890	-	53,890
Fundraising	-	-	-
TOTAL EXPENSES	336,273	-	336,273
CHANGE IN NET ASSETS	163,006	(10,475)	152,531
NET ASSETS - BEGINNING OF YEAR	170,604	81,628	252,232
NET ASSETS - END OF YEAR	\$ 333,610	\$ 71,153	\$ 404,763

The accompanying notes are an integral part of these financial statements.

MONTANA CASA/GAL ASSOCIATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Unaudited		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions	\$ 32,621	\$ -	\$ 32,621
Grant revenue	51,260	60,000	111,260
Interest income	-	270	270
Investment earnings (loss)	-	(3,684)	(3,684)
Net assets released from restrictions	-	-	-
TOTAL REVENUE AND SUPPORT	83,881	56,586	140,467
EXPENSES			
Program services	118,077	-	118,077
Management and general	41,044	-	41,044
Fundraising	-	-	-
TOTAL EXPENSES	159,121	-	159,121
CHANGE IN NET ASSETS	(75,240)	56,586	(18,654)
NET ASSETS - BEGINNING OF YEAR as previously stated	245,844	-	245,844
Prior period adjustment (Note 2)	-	25,042	25,042
Beginning of year as adjusted	245,844	25,042	270,886
NET ASSETS - END OF YEAR	\$ 170,604	\$ 81,628	\$ 252,232

The accompanying notes are an integral part of these financial statements.

MONTANA CASA/GAL ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

Audited

DESCRIPTION	Program	Management and General	Fundraising	Total
Wages and salaries	\$ 56,686	\$ 28,870	\$ -	\$ 85,556
Taxes and benefits	11,164	3,839	-	15,003
Office expense	9,692	1,190	-	10,882
Insurance	1,657	1,255	-	2,912
Miscellaneous	101	571	-	672
Staff development	735	8,355	-	9,090
Travel and meals	8,611	3,928	-	12,539
Professional fees	38,653	5,882	-	44,535
Occupancy	6,416	-	-	6,416
Advertising	4,261	-	-	4,261
Program	<u>144,407</u>	<u>-</u>	<u>-</u>	<u>144,407</u>
 TOTAL EXPENSES	 <u>\$ 282,383</u>	 <u>\$ 53,890</u>	 <u>\$ -</u>	 <u>\$ 336,273</u>

The accompanying notes are an integral part of these financial statements.

MONTANA CASA/GAL ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

Unaudited

DESCRIPTION	Program	Management & General	Fundraising	Total
Wages and salaries	\$ 33,067	\$ 27,264	\$ -	\$ 60,331
Taxes and benefits	8,877	2,649	-	11,526
Office expense	3,727	250	-	3,977
Insurance	1,728	1,729	-	3,457
Miscellaneous	409	-	-	409
Staff development	3,049	-	-	3,049
Travel and meals	4,198	4,364	-	8,562
Professional fees	8,376	3,384	-	11,760
Occupancy	4,257	1,404	-	5,661
Advertising	255	-	-	255
Program	<u>50,134</u>	<u>-</u>	<u>-</u>	<u>50,134</u>
 TOTAL EXPENSES	 <u>\$ 118,077</u>	 <u>\$ 41,044</u>	 <u>\$ -</u>	 <u>\$ 159,121</u>

The accompanying notes are an integral part of these financial statements.

MONTANA CASA/GAL ASSOCIATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	2023 (Audited)	2022 (Unaudited)
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 152,531	\$ (18,654)
Adjustments to reconcile change in net assets to		
Net Cash Flows from Operating Activities		
Items not affecting cash:		
Beneficial interest in perpetual trust earnings	(1,650)	3,414
Changes in operating assets and liabilities		
Change in:		
Grants and pledges receivable	(147,045)	(17,763)
Inventory	340	-
Other assets	4,172	4,959
Accounts payable	(327)	2,317
Pass-through funding to local programs	44,437	-
Payroll taxes payable	1,351	30
Compensated absences payable	411	101
Net Cash Flows from Operating Activities	<u><u>54,220</u></u>	<u><u>(25,596)</u></u>
CASH AND CASH EQUIVALENTS		
Beginning of year	<u><u>170,282</u></u>	<u><u>195,878</u></u>
End of year	<u><u>\$ 224,502</u></u>	<u><u>\$ 170,282</u></u>

The accompanying notes are an integral part of these financial statements.

MONTANA CASA/GAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

1. NATURE OF THE ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Association

Montana CASA/GAL Association (the Association) supports and promotes local CASA/GAL (court appointed special advocates/guardians ad litem) programs in providing court appointed volunteer advocacy so every abused or neglected child in Montana can be safe, have a permanent home and the opportunity to thrive. Additionally, the Association's board created a functioning state level organization that is well suited to support the local programs while achieving its purpose of providing every abused or neglected child in Montana a caring consistent adult to advocate for his or her well-being. The Association currently serves children across the state of Montana.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America; whereby revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Accounting principles generally accepted in the United States of America require that the Association report information about its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. As of December 31, 2023 and 2022, all donor restrictions are temporary in nature; and will be met by actions of the Association or by the passage of time. The Association had \$71,153 and \$81,628 in net assets with donor restrictions as of December 31, 2023 and 2022, respectively.

Tax-Exempt Status

The Association is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is required. The Association believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**MONTANA CASA/GAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022**

1. NATURE OF THE ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates

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

Concentration of Risk

Significant donations and grants are received from several contributors. If any of these contributors were lost, a material impact to cash flows and operations would be realized. However, management believes expenses would be adjusted and other sources of revenue would be attained to mitigate the impact of such lost contributors.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments whose original maturity is three months or less to be cash equivalents.

Uninsured Cash Balances

The Association maintains cash balances in various financial institutions. From time to time, those balances may exceed the FDIC insured limits.

Grants and Pledges Receivable

Grants and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance, if applicable, based on its assessment of the current status of individual accounts. As of December 31, 2023 and 2022, no valuation allowance has been established as management does not anticipate any material loss with respect to the remaining balance of grants and pledges receivable.

Property and Equipment

Any expenditure for an item costing \$2,000 or more and having a useful life of three (3) years or more is capitalized as a fixed asset and depreciated over its useful life.

MONTANA CASA/GAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

1. NATURE OF THE ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Compensated Absences

Employees are entitled to paid vacation depending on the length of service and other factors. Accrued vacation at December 31, 2023 and 2022 was \$3,762 and \$3,351, respectively.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-Kind Donations

The Association seeks and receives the volunteer efforts of many members of the community in attaining its goals. Only services for which the donor has specialized skills and would ordinarily receive compensation are considered donations in-kind. All donated goods are considered gifts in kind and are valued at their fair market value at the time of donation. The value of donated services is determined by the donors as the usual fees they would receive for such services in the normal course of their business. Donated goods and services are recorded in the financial statements as unrestricted revenue and as a corresponding unrestricted functional expense or capitalized assets.

Advertising Costs

The cost of advertising is expensed as incurred.

MONTANA CASA/GAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

1. NATURE OF THE ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Functional Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between program, management and general, and fundraising expenses. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Payroll and related expenses	Time & effort
Advertising	Historical usage
Office expenses and supplies	Historical usage
Occupancy costs	Historical usage
Staff development	Time & effort
Travel meals	Historical usage

2. PRIOR PERIOD ADJUSTMENTS

Net assets as of December 31, 2022 have been increased by \$25,042 to record the endowment fund held by Montana Community Foundation.

3. AVAILABILITY AND LIQUIDITY

The following represents the Association's financial assets at December 31, 2023 and 2022:

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 224,502	\$ 170,282
Grants and pledges receivable, current	144,808	22,763
Total financial assets	369,310	193,045
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(71,153)</u>	<u>(81,628)</u>
Financial assets available to meet general expenditures within one year	\$ 298,157	\$ 111,417

MONTANA CASA/GAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

3. AVAILABILITY AND LIQUIDITY, Continued

As part of the Association's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Association has other options to explore if, for some reason, available cash does not meet the needs of operations. The Association could apply for emergency grant funding, host a fundraising drive, or apply for a loan to cover unexpected expenditures. Management believes all of these to be viable strategies.

4. GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable represent promises to give which have been made by donors but have not yet been received by the Association. Grants and pledges which will not be received in the subsequent year have not been discounted, as the difference using the estimated rate of return approximates the recorded value. Total unconditional promises to give were as follows:

In one year or less	\$ 144,808
Between one year and five years	65,000
Total	<u><u>\$ 209,808</u></u>

5. PROPERTY AND EQUIPMENT

The composition of property and equipment at December 31, 2023 and 2022, is as follows:

Furniture and equipment	\$ 2,846
Accumulated depreciation	<u><u>(2,846)</u></u>
	<u><u>\$ -</u></u>

MONTANA CASA/GAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

6. BENEFICIAL INTEREST IN PERPETUAL TRUST

The Association is the beneficiary of a perpetual trust held by the Montana Community Foundation (MCF) that was established in 2021. The endowment fund is designed to hold the Association's contributions from which a permanent source of funds can be provided through its earnings. Variance power and legal ownership has been granted to the Montana Community Foundation. The amount within the Agency funded endowment was \$23,278 and \$21,628 as of December 31, 2023 and 2022, respectively. The Association has elected to reinvest distributions from the trust's annual income under the structure set forth by the MCF. When the Association elects to receive distributions from the trust, it will be reported in the statement of activities as an increase in unrestricted net assets. No cash has been received from the perpetual trust during the years ended December 31, 2023 and 2022. Information regarding interpretation of relevant law and return objectives and risk parameters of the funds can be obtained from the Montana Community Foundation, 1 N. Last Chance Gulch Suite 1, Helena, MT 59601. Phone: (406) 443-8313.

7. NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Montana Child Abuse and Neglect Prevention and Child Advocacy Project	\$ 47,875	\$ 60,000
Beneficial Interest in Trust	23,278	21,628
Total net assets with donor restrictions	\$ 71,153	\$ 81,628

Net assets without donor restrictions were as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Board designated	\$ 1,280	\$ 6,280
Undesignated	332,330	164,324
Total net assets without donor restrictions	\$ 333,610	\$ 170,604

MONTANA CASA/GAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

8. OPERATING LEASES

Effective January 1, 2022, the Association adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). The Association has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Association accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of December 31, 2023) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. The Association had no leases where the standard applies.

As of December 31, 2023, the Association has one lease with Sidecar for dedicated desks in Missoula. The Association entered into a 3 month lease on February 1, 2021 and month-to-month thereafter.

During 2023 and 2022, the amount paid for the dedicated desks was \$4,951 and \$3,588, respectively.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 24, 2024, the date on which the financial statements were available for issue.