

**MONTANA NONPROFIT ASSOCIATION**

**REVIEWED FINANCIAL STATEMENTS**

**December 31, 2016 (Reviewed) and 2015 (Audited)**



**AMATICS**  
CPA GROUP

**MONTANA NONPROFIT ASSOCIATION  
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## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

Board of Directors  
Montana Nonprofit Association  
Helena, MT

We have reviewed the accompanying financial statements of Montana Nonprofit Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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 the 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.

### **Accountant's 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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's 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 conformity with accounting principles generally accepted in the United States of America.

### **Report on 2015 Financial Statements and Summarized Comparative Information**

The 2015 financial statements were audited by other auditors and they expressed an unmodified opinion on them in their report dated August 22, 2016. They have not performed any auditing procedures since that date. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2015, for it to be consistent with the audited financial statements from which it has been derived.

*Amatics CPA Group*

Bozeman, Montana  
August 22, 2017



**MONTANA NONPROFIT ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2016 and 2015**

		<b>December 31</b>	
		<b>2016</b>	<b>2015</b>
		<b>(Reviewed)</b>	<b>(Audited)</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	32,035	\$ 20,660
Grants receivable, current		40,000	125,753
Accounts receivable		19,305	23,244
Prepaid expenses		2,778	10,235
Total current assets		94,118	179,892
<b>FIXED ASSETS</b>			
Property and equipment		77,038	65,661
Less accumulated depreciation and amortization		(52,875)	(44,628)
Total fixed assets		24,163	21,033
<b>OTHER ASSETS</b>			
Investments		690	481
Refundable unemployment reserve		5,030	3,886
Grants receivable, long term		14,140	24,900
Total other assets		19,860	29,267
Total assets	\$	138,141	\$ 230,192
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$	5,380	\$ 11,208
Accrued payroll liabilities		25,770	39,090
Deferred revenue		48,343	47,950
Line of credit		-	10,019
Total current liabilities		79,493	108,267
<b>NET ASSETS</b>			
Unrestricted		677	(16,446)
Temporarily restricted		57,971	138,371
Total net assets		58,648	121,925
Total liabilities and net assets	\$	138,141	\$ 230,192

See the accompanying independent accountants' review report and the notes to financial statements.

**MONTANA NONPROFIT ASSOCIATION**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2016 and 2015**

	<b>2016 (Reviewed)</b>			<b>2015 (Audited)</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>				
Nonprofit member dues	\$ 110,084	\$ -	\$ 110,084	\$ 109,597
Affiliate member dues	9,100	-	9,100	12,125
Sponsorships	135,583	-	135,583	98,980
Discount product fees	86,718	-	86,718	82,983
Conference and training fees	116,071	-	116,071	102,276
Contributed support	6,383	65,734	72,117	137,093
Interest and dividends	18	-	18	30
Unrealized gain (loss) on investments	210	-	210	(125)
Released from restrictions	146,134	(146,134)	-	-
Total revenue and support	<u>610,301</u>	<u>(80,400)</u>	<u>529,901</u>	<u>542,959</u>
<b>EXPENSES</b>				
Program services	462,214	-	462,214	546,554
Management and general	101,521	-	101,521	46,374
Fundraising	29,443	-	29,443	81,139
Total expenses	<u>593,178</u>	<u>-</u>	<u>593,178</u>	<u>674,067</u>
<b>CHANGE IN NET ASSETS</b>	17,123	(80,400)	(63,277)	(131,108)
Net assets at beginning of year	<u>(16,446)</u>	<u>138,371</u>	<u>121,925</u>	<u>253,033</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 677</u>	<u>\$ 57,971</u>	<u>\$ 58,648</u>	<u>\$ 121,925</u>

See the accompanying independent accountants' review report and the notes to financial statements.

**MONTANA NONPROFIT ASSOCIATION  
STATEMENTS OF FUNCTIONAL EXPENSES  
Years Ended December 31, 2016 and 2015**

	<u>Group Buying</u>	<u>Public Policy</u>	<u>Professional/ Organizational Development</u>	<u>Membership/ Communications</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2016 Total (Reviewed)</u>	<u>2015 Total (Audited)</u>
Personnel	\$ 16,108	\$ 5,918	\$ 114,134	\$ 82,684	\$ 218,844	\$ 46,789	\$ 19,941	\$ 285,574	\$ 302,625
Contracted services	4,437	1,317	113,827	4,681	124,262	29,406	2,851	156,519	189,459
Travel	398	1,338	15,629	182	17,547	642	737	18,926	42,025
Occupancy	2,588	451	15,422	8,576	27,037	7,128	2,239	36,404	31,703
Property and equipment	1,838	267	4,498	6,757	13,360	8,640	1,521	23,521	32,889
Other	<u>7,473</u>	<u>603</u>	<u>39,234</u>	<u>13,854</u>	<u>61,164</u>	<u>8,916</u>	<u>2,154</u>	<u>72,234</u>	<u>75,366</u>
<b>2016 Total (Reviewed)</b>	<u>\$ 32,842</u>	<u>\$ 9,894</u>	<u>\$ 302,744</u>	<u>\$ 116,734</u>	<u>\$ 462,214</u>	<u>\$ 101,521</u>	<u>\$ 29,443</u>	<u>\$ 593,178</u>	
<b>2015 Total (Audited)</b>	<u>\$ 98,477</u>	<u>\$ 26,936</u>	<u>\$ 294,902</u>	<u>\$ 126,239</u>	<u>\$ 546,554</u>	<u>\$ 46,374</u>	<u>\$ 81,139</u>		<u>\$ 674,067</u>

See the accompanying independent accountants' review report and the notes to financial statements.

**MONTANA NONPROFIT ASSOCIATION  
STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (63,277)	\$ (131,108)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation and amortization	8,248	5,489
Unrealized (gain) loss on investment	(210)	125
(Increase) decrease in current assets:		
Grants receivable	96,514	2,461
Accounts receivable	1,893	73,969
Refundable unemployment reserve	(1,143)	(1,000)
Prepaid expenses	7,457	(3,585)
Increase (decrease) in current liabilities:		
Accounts payable	(5,828)	(2,608)
Accrued payroll liabilities	(13,321)	10,218
Deferred revenue	2,438	(2,287)
	<u>32,771</u>	<u>(48,326)</u>
<b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(11,377)	(12,875)
<b>CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES</b>		
Advances (repayments) on line of credit	<u>(10,019)</u>	<u>10,019</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	11,375	(51,182)
Cash and cash equivalents at beginning of year	<u>20,660</u>	<u>71,842</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 32,035</u>	<u>\$ 20,660</u>

See the accompanying independent accountants' review report and the notes to financial statements.

**MONTANA NONPROFIT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Montana Nonprofit Association (the Association), a Montana not-for-profit Organization, is a membership organization that is organized for the following purposes: to advocate and develop public policy on sector-wide issues, to offer savings on administrative costs by offering group buying opportunities, develop organizational training and technical assistance to enhance nonprofit capacity, provide research and communications on relevant nonprofit issues, and building a network to connect and strengthen nonprofits.

**Basis of Accounting**

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board. Therefore, revenues are recorded when earned and expenses are recorded when incurred.

**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 could differ from those estimates.

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the Association considers all unrestricted cash and other highly liquid investments with a maturity of less than three months as cash equivalents.

**Investments**

Investments are carried at fair value. Investment gains and losses are included in the statements of activities. Fair value is determined from quoted prices in established markets.

**Basis of Presentation**

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

*Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that will be met either by actions of the Association and/or the passage of time.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use income earned on related investments for general or specific purposes.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor-imposed stipulations that limit the use of the donated asset. When a donor imposed restriction expires, that is, the purpose restriction is accomplished or a stipulated time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.



**MONTANA NONPROFIT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable**

The Association grants credit to members for dues and to sponsors for commissions, endorsements and management fees and conference revenue. Accounts receivable consists of discounted product fees earned but not yet received as of the financial statement date and contributions receivable. Accounts and contributions receivable are stated at face value and management deems all to be collectible; accordingly, the allowance for uncollectible accounts is zero.

**Promises to Give**

Unconditional promises to give (i.e. grants receivable) are recognized as revenues in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows, discounted at rates ranging from 0.20% - 0.29%. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

**Fixed Assets**

Purchased assets are carried at their historical cost. Donations of property are recorded as support at the asset's estimated fair value. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Acquisitions and improvements of property and equipment of \$500 or more are capitalized. Normal repair and maintenance costs are expensed as incurred.

Software and web development costs are capitalized at cost and amortized using the straight-line method over the length of the life of the asset, generally 5 years.

Depreciation and amortization expense was \$8,248 and \$5,489 for the years ended December 31, 2016 and 2015.

**Deferred Revenue**

Deferred revenue represents the prorated share of the annual dues assessed to members of the Association that have been collected, but not earned.

**MONTANA NONPROFIT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

The Association is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code. The Association qualifies as a publicly supported organization under Internal Revenue Code Section 170(b)(1)(A), and therefore has made no provision for federal income taxes in the accompanying financial statements. The Association's information returns (Form 990) are open to examination by the IRS, generally, for three years after they were filed or the due date of the return, whichever is later.

**2. CASH AND CASH EQUIVALENTS**

The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Balances held in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor. The Association has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents. As of December 31, 2016 and 2015, cash and cash equivalents did not exceed federally insured limits.

**3. RELATED PARTY**

The Association received administrative fees of \$30,475 and \$28,934 in the years ended December 31, 2016 and 2015, respectively, from the Montana Nonprofit Association Group Benefits Trust, which was established as an Internal Revenue Code section 501(c)(9) VEBA trust to provide health insurance coverage for Association members and their employees.

**4. UNEMPLOYMENT INSURANCE**

The Association maintains an unemployment program and contracts with a third party for stop-loss coverage in the event unemployment claims exceed \$30,000, up to \$90,000. The Association would be responsible for paying the first \$30,000 in claims and any costs above \$90,000 in total claims. Management is not aware of any unemployment claims. Accordingly, no liability has been recorded as of December 31, 2016 or 2015.

**MONTANA NONPROFIT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**5. GRANTS RECEIVABLE**

Grants receivable as December 31, 2016 and 2015 are due as follows:

	<u>2016</u>	<u>2015</u>
Amounts due in:		
Less than one year	\$ 40,000	\$ 126,500
One to five years	<u>15,000</u>	<u>24,900</u>
	55,000	151,400
Less: discount to present value	<u>(860)</u>	<u>(747)</u>
Grants receivable, net of discount	54,140	150,653
Less: current portion	<u>(40,000)</u>	<u>(125,753)</u>
Grants receivable, net of discount and current portion	<u>\$ 14,140</u>	<u>\$ 24,900</u>

**6. FIXED ASSETS**

Fixed assets consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Computers and equipment	\$ 49,532	\$ 46,405
Software	16,500	8,250
Website	11,006	11,006
Less: accumulated depreciation and amortization	<u>(52,875)</u>	<u>(44,628)</u>
	<u>\$ 24,163</u>	<u>\$ 21,033</u>

**7. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consists of assets with time and/or purpose restrictions as follows at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Technology project	\$ -	\$ 7,700
Furniture and fixtures	3,200	-
Organizational development programs and activities	<u>54,771</u>	<u>130,671</u>
	<u>\$ 57,971</u>	<u>\$ 138,371</u>

**8. LINE OF CREDIT**

The Association maintains a revolving line of credit at First Interstate Bank in the amount of \$50,000 with an interest rate of 4.0% collateralized by the assets of the Association. The interest rate at December 31, 2016 was 4.0%. The line of credit matures February 2017. Subsequent to year end, the line of credit was renewed and maturity date was extended to January 2018.

**MONTANA NONPROFIT ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016 and 2015**

**9. LEASE AGREEMENT**

The Association leased office space under a non-cancelable lease agreement. The agreement has a graduated payment schedule and calls for payments of \$1,991 plus taxes and insurance through February 2017. Lease expense was \$26,339 and \$23,833 for the years ended December 31, 2016 and 2015, respectively. Subsequent to year end, the Association entered into a three-year non-cancelable lease agreement for office space. The agreement requires monthly payments of \$1,925. The lease payments are indexed and adjusted each March.

**10. NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by expiration of time or satisfaction of other donor requirements for the years ending December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Purpose restrictions accomplished:		
Annual conference	\$ 4,000	\$ 2,500
Leadership	10,000	10,000
Capacity building	35,000	35,000
Technology challenge	9,000	18,179
Training	<u>7,700</u>	<u>5,116</u>
Total purpose restrictions accomplished	65,700	70,795
Released through satisfaction of time and purpose restrictions:		
Organizational development program and activities	<u>80,433</u>	<u>126,000</u>
Total released from restrictions	<u>\$ 146,133</u>	<u>\$ 196,795</u>

**11. RETIREMENT PLAN**

The Association has a defined contribution SEP plan. The Association makes contributions of 6% of compensation after one year of employment. The Association made contributions totaling \$8,100 and \$9,323 to the plan for the years ended December 31, 2016 and 2015, respectively.

**MONTANA NONPROFIT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**12. OPERATING CASH FLOWS**

The following reconciles the change in net assets to cash flows from operating activities using the direct method of presentation.

	<b>2016</b>	<b>2015</b>
Cash flows from operating activities:		
Cash received from:		
Membership dues	\$ 123,519	\$ 121,896
Sponsorship dues (net)	135,583	98,980
Discount product fees	86,718	82,983
Conference and training fees	116,071	102,276
Contributed support	168,630	211,062
Interest and dividends	18	30
	630,539	617,227
Cash payments to:		
Employees	(298,896)	(292,406)
Suppliers	(298,872)	(373,147)
	(597,768)	(665,553)
Net cash provided (used) by operating activities	\$ 32,771	\$ (48,326)

**13. SUBSEQUENT EVENTS**

Date of Management Evaluation

Management has evaluated subsequent events through August 22, 2017, the date on which the financial statements were available to be issued.