

**MONTANA NONPROFIT ASSOCIATION**

**AUDITED FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**



**AMATICS**  
CPA GROUP

**MONTANA NONPROFIT ASSOCIATION  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Montana Nonprofit Association  
Helena, MT

### Opinion

We have audited the accompanying financial statements of Montana Nonprofit Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Montana Nonprofit Association as of December 31, 2022, and the changes in 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for Audit of the Financial Statements section of our report. We are required to be independent of Montana Nonprofit Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the 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 Nonprofit Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' Responsibility 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 auditors' 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, including omissions, 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 Nonprofit 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 Montana Nonprofit 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.

#### **Report on Summarized Comparative Information**

We have previously audited Montana Nonprofit Association's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 31, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Bozeman, Montana  
June 1, 2023

**MONTANA NONPROFIT ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2022 and 2021**

		<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	907,917	\$ 798,610
Accounts receivable		20,669	21,018
Grants receivable, current		23,000	75,000
Other receivable		-	51,015
Prepaid expenses		3,000	-
Total current assets		<u>954,586</u>	<u>945,643</u>
<b>FIXED ASSETS</b>			
Property and equipment		51,342	126,581
Less accumulated depreciation and amortization		<u>(39,034)</u>	<u>(103,698)</u>
Total fixed assets		<u>12,308</u>	<u>22,883</u>
<b>OTHER ASSETS</b>			
Right-of-use asset		34,973	-
Refundable unemployment reserve		11,719	9,719
Grants receivable, long term, net of discount		<u>-</u>	<u>19,700</u>
Total other assets		<u>46,692</u>	<u>29,419</u>
Total assets	\$	<u><u>1,013,586</u></u>	<u><u>\$ 997,945</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$	42,926	\$ 11,441
Accrued payroll liabilities		66,092	61,318
Deferred revenue		60,174	55,284
Current portion of lease liability		<u>27,803</u>	<u>-</u>
Total current liabilities		<u>196,995</u>	<u>128,043</u>
<b>LONG-TERM LIABILITIES</b>			
Lease liability, net of current portion		<u>7,170</u>	<u>-</u>
<b>NET ASSETS</b>			
Without donor restrictions			
Undesignated		451,321	546,202
Board designated		200,000	101,000
With donor restrictions		<u>158,100</u>	<u>222,700</u>
Total net assets		<u>809,421</u>	<u>869,902</u>
Total liabilities and net assets	\$	<u><u>1,013,586</u></u>	<u><u>\$ 997,945</u></u>

See the accompanying notes to the financial statements.

**MONTANA NONPROFIT ASSOCIATION**  
**STATEMENTS OF ACTIVITIES**  
**Years ended December 31, 2022 and 2021**

	<b>2022</b>			<b>2021</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>				
Nonprofit member dues	\$ 152,357	\$ -	\$ 152,357	\$ 148,688
Affiliate member dues	22,940	-	22,940	20,908
Sponsorships	81,750	5,000	86,750	73,850
Discount product fees	75,272	-	75,272	80,813
Conference and training fees	194,511	-	194,511	177,428
Contributed support	14,259	369,000	383,259	603,764
In-kind support	1,000	-	1,000	-
Investment income, net	3,161	-	3,161	12
Released from restrictions	<u>438,600</u>	<u>(438,600)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>983,850</u>	<u>(64,600)</u>	<u>919,250</u>	<u>1,105,463</u>
<b>EXPENSES</b>				
Program services	836,717	-	836,717	754,085
Management and general	106,203	-	106,203	95,801
Fundraising	<u>36,811</u>	<u>-</u>	<u>36,811</u>	<u>37,096</u>
Total expenses	<u>979,731</u>	<u>-</u>	<u>979,731</u>	<u>886,982</u>
<b>CHANGE IN NET ASSETS</b>	4,119	(64,600)	(60,481)	218,481
Net assets at beginning of year	<u>647,202</u>	<u>222,700</u>	<u>869,902</u>	<u>651,421</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 651,321</u>	<u>\$ 158,100</u>	<u>\$ 809,421</u>	<u>\$ 869,902</u>

See the accompanying notes to the financial statements.

**MONTANA NONPROFIT ASSOCIATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years ended December 31, 2022 and 2021**

	<b>Group Buying</b>	<b>Public Policy</b>	<b>Professional/ Organizational Development</b>	<b>Membership</b>	<b>Total Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2022 Total</b>	<b>2021 Total</b>
Personnel	\$ 2,023	\$ 28,236	\$ 373,565	\$ 79,935	\$ 483,759	\$ 44,316	\$ 27,261	\$ 555,336	\$ 570,672
Contracted services	1,337	8,606	166,077	2,151	178,171	34,089	2,114	214,374	171,039
Travel	-	3,848	31,204	-	35,052	3,251	3,527	41,830	9,123
Occupancy	117	1,530	21,479	4,567	27,693	1,742	1,574	31,009	32,080
Property and equipment	42	519	8,732	1,647	10,940	3,480	557	14,977	18,844
Other	<u>12,767</u>	<u>27,034</u>	<u>57,783</u>	<u>3,518</u>	<u>101,102</u>	<u>19,325</u>	<u>1,778</u>	<u>122,205</u>	<u>85,224</u>
<b>2022 Total</b>	<u>\$ 16,286</u>	<u>\$ 69,773</u>	<u>\$ 658,840</u>	<u>\$ 91,818</u>	<u>\$ 836,717</u>	<u>\$ 106,203</u>	<u>\$ 36,811</u>	<u>\$ 979,731</u>	
<b>2021 Total</b>	<u>\$ 11,137</u>	<u>\$ 48,820</u>	<u>\$ 579,721</u>	<u>\$ 114,407</u>	<u>\$ 754,085</u>	<u>\$ 95,801</u>	<u>\$ 37,096</u>		<u>\$ 886,982</u>

See the accompanying the notes to the financial statements.

**MONTANA NONPROFIT ASSOCIATION  
STATEMENTS OF CASH FLOWS**

	<b>Years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from donors and grantors	\$ 507,323	\$ 630,517
Other cash receipts	539,881	503,121
Payments for salaries and related costs	(550,562)	(563,807)
Payments to vendors	<u>(387,335)</u>	<u>(294,588)</u>
Net cash provided by operating activities	109,307	275,243
<b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Purchases of fixed assets	<u>-</u>	<u>(6,161)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	109,307	269,082
Cash and cash equivalents at beginning of year	<u>798,610</u>	<u>529,528</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 907,917</u></u>	<u><u>\$ 798,610</u></u>

See the accompanying notes to the financial statements.



**MONTANA NONPROFIT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**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.

**Basis of Presentation**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions:* Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions:* Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Functional Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, personnel, contracted services (accounting, technology), property and equipment (depreciation) and other expenses (dues and registration, supplies), which are allocated based on staff time in each area, as tracked and reported on time sheets.

**MONTANA NONPROFIT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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

**Revenue and Revenue Recognition**

*Program Service Revenue*

Membership dues revenues are recognized over the membership period. Payment is due at the start of the membership period; amounts received in advance are deferred and recognized over the period in which the services are provided. Product fee revenues are recognized when a member purchases a product or service that generates a royalty payment for the Association. Conference and training fees are recognized when the conference or training event occurs.

*Contributions and Grants*

Contributions, including unconditional promises to give, are recognized as revenues in the period cash or assets are transferred or pledges are 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 the short term treasury bill rate. Amortization of the discount 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. Management considers all pledges to be fully collectible; therefore, no allowance has been recorded.

Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at date of receipt.

**Accounts Receivable**

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

**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 with a useful life of greater than one year and a cost of \$2,500 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 five years.

Depreciation and amortization expense was \$10,575 and \$15,179 for the years ended December 31, 2022 and 2021, respectively.

**MONTANA NONPROFIT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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

**Advertising**

Advertising costs are expensed as incurred. For the years ended December 31, 2022 and 2021, advertising expense totaled \$17,365 and \$1,361, respectively.

**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.

**Adoption of New Guidance**

Effective January 1, 2022, the Association adopted FASB ASC 842, *Leases*, which modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and lease liabilities for operating leases and disclosing key information about leasing arrangements. The Association determines if an arrangement contains a lease at inception based on whether the Association has the right to control the asset during the contract period and other facts and circumstances. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of less than 12 months will not record a right-of-use asset and lease liability and the payments will be recognized into change in net assets on a straight-line basis over the lease term. The Association adopted the new lease standard utilizing the modified retrospective transition method, under which amounts in prior periods presented were not restated. See Note 9.

Effective January 1, 2022, the Association retroactively adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit* (Topic 958): *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*, that impacts the accounting for revenue and support. The new guidance requires the Association to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and disclose the amount of contributed nonfinancial assets recognized by category. The additional disclosure requires the Association to disclose the following for each category: qualitative information; the Association's policy (if any) about monetizing rather than utilizing the contributed nonfinancial asset; description of donor-imposed restrictions; description of valuation techniques and inputs used to arrive at fair value; and the principal market used to arrive at fair value measure if it is in a market in which the recipient not-for-profit is prohibited by donor-imposed restriction from selling or using the contributed nonfinancial assets. Adoption of this standard did not have a significant impact on the financial statements.

**MONTANA NONPROFIT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**2. LIQUIDITY AND AVAILABILITY**

The following reflects the Association's financial assets as of December 31, 2022, reduced by amounts not available for general use within one year due to donor or other restrictions limiting their use:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 907,917	\$ 798,610
Grants receivable	23,000	95,000
Accounts receivable	20,669	21,018
Other receivable	-	51,015
	<u>951,586</u>	<u>965,643</u>
Unavailable for general expenditure in one year		
Grants due in more than one year	-	20,000
Board designated reserve	200,000	101,000
	<u>200,000</u>	<u>121,000</u>
Total financial resources available for general expenditure	<u>\$ 751,586</u>	<u>\$ 844,643</u>

The Association has certain donor-restricted net assets that are available for general expenditures within one year of December 31, 2022 because the restrictions on the net assets are expected to be met by conducting the normal activities of our programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

In addition, the Board has designated a reserve to ensure the long-term financial stability of the Association and to respond to varying economic conditions. This reserve is available for use at the Board's discretion, but has been included in unavailable for general expenditure in the following year as it is not expected to be utilized during the next year.

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Association also could draw upon \$50,000 of an available line of credit, which is renewed annually by Board resolution (see Note 7).

**3. 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, 2022 and 2021, cash and cash equivalents exceeded federally insured limits in the amount of \$645,849 and \$542,549, respectively.

**MONTANA NONPROFIT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**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, 2022 and 2021. As of December 31, 2022 and 2021, the Association has deposited \$11,719 and \$9,719, respectively, with First Nonprofit Insurance Trust that can be used towards payment of claims, if any, and is included in other assets in the statements of financial position.

**5. GRANTS RECEIVABLE**

Grants receivable as of December 31, 2022 and 2021 are due as follows:

	<u><b>2022</b></u>	<u><b>2021</b></u>
Amounts due in:		
Less than one year	\$ 23,000	\$ 75,000
One to five years	<u>-</u>	<u>20,000</u>
	23,000	95,000
Less: discount to present value	<u>-</u>	<u>(300)</u>
Grants receivable, net of discount	23,000	94,700
Less: current portion	<u>(23,000)</u>	<u>(75,000)</u>
Grants receivable, net of discount and current portion	<u><u>\$ -</u></u>	<u><u>\$ 19,700</u></u>

**6. FIXED ASSETS**

Fixed assets consist of the following at December 31, 2022 and 2021:

	<u><b>2022</b></u>	<u><b>2021</b></u>
Computers and equipment	\$ 22,403	\$ 70,136
Software	14,019	30,519
Website	14,920	25,926
Less: accumulated depreciation and amortization	<u>(39,034)</u>	<u>(103,698)</u>
	<u><u>\$ 12,308</u></u>	<u><u>\$ 22,883</u></u>

**7. LINE OF CREDIT**

The Association maintains a revolving line of credit at First Interstate Bank in the amount of \$50,000, collateralized by the assets of the Association. The interest rate at December 31, 2022 was 5%. The line of credit had an original maturity date of January 2020, which was subsequently renewed through April 2023. In April 2023, the line was renewed through April 2024 at 8% interest.

**MONTANA NONPROFIT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**8. 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 \$11,065 and \$11,461 to the plan for the years ended December 31, 2022 and 2021, respectively.

**9. LEASES**

The Association leased office space from Workmosis Power, LLC with a lease period through March 2022. The agreement required monthly payments of \$2,235 from April 2021 through March 2022. Lease expense under this agreement was \$6,705 and \$27,522 for the years ended December 31, 2022 and 2021, respectively.

The Association leases office space under an operating lease with a commencement date of April 1, 2022 and a term of 24 months. This agreement provides for minimum fixed lease payments with no variable components. Lease costs associated with payments on the Association's operating lease were \$21,690 for the year ended December 31, 2022. The Association made \$21,690 in cash payments related to operating leases in 2022. Noncash activities involving right-of-use (ROU) assets obtained in exchange for lease liabilities were \$54,933.

The following table shows ROU assets and lease liabilities as of December 31, 2022:

Rights-of-use asset:	
Operating leases	<u>\$ 34,973</u>
Lease liability:	
Operating leases	<u>\$ 34,973</u>

Future minimum lease liabilities payments as of December 31, 2022 are as follows:

2023	\$ 28,920	
2024	<u>7,230</u>	
Total lease payments		\$ 36,150
Less: imputed interest		<u>(1,177)</u>
Total present value of lease payments		34,973
Less: current portion lease liability		<u>(27,803)</u>
Total long-term lease liability		<u>\$ 7,170</u>

The weighted-average remaining lease term related to the Association's lease liability as December 31, 2022 was 15 months. The discount rate related to the Association's lease liability as of December 31, 2022 was 5%, based on estimates of the Association's incremental borrowing rate as of the lease commencement date, as the discount rates implicit in the Association's lease cannot be readily determined.

**MONTANA NONPROFIT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**10. REVENUE FROM CONTRACTS WITH CUSTOMERS**

The following provides information about significant changes in the contract liabilities (deferred revenue) for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Deferred revenues, beginning of year	\$ 55,284	\$ 53,862
Revenue recognized that was included in deferred revenue at the beginning of the year	(55,284)	(53,862)
Increase in deferred revenue due to cash received during the year	<u>60,174</u>	<u>55,284</u>
Deferred revenues, end of year	<u><u>\$ 60,174</u></u>	<u><u>\$ 55,284</u></u>

**11. BOARD DESIGNATED NET ASSETS**

The Board of Directors has designated net assets to be held as a reserve to ensure the long-term financial stability of the Association and to respond to varying economic conditions and other changes that could affect the ability of the Association to carry out its mission. Board designated net assets for the years ended December 31, 2022 and 2021 were \$200,000 and \$101,000, respectively.

**12. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consists of assets with time and/or purpose restrictions as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose:		
Program and organizational development	\$ 130,100	\$ 128,000
Public policy training	5,000	-
Grants receivable, proceeds of which have been restricted:		
Program and organizational development	20,000	60,000
Subject to the passage of time:		
Grants receivable with no donor restrictions	<u>3,000</u>	<u>34,700</u>
	<u><u>\$ 158,100</u></u>	<u><u>\$ 222,700</u></u>

**MONTANA NONPROFIT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**13. 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 ended December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Leadership	\$ -	\$ 25,000
Diversity, equity, and inclusion	-	27,936
Program and organizational development	203,900	163,400
Capacity building and trust based philanthropy	185,000	-
NSOI Retreat	15,000	-
Innovation	-	52,650
Time restrictions	<u>34,700</u>	<u>134,600</u>
Total released from restrictions	<u><u>\$ 438,600</u></u>	<u><u>\$ 403,586</u></u>

**14. EMPLOYEE RETENTION CREDIT**

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided an employee retention credit as a refundable tax credit against certain employment taxes. The credit was equal to 50% of qualified wages paid to employees, up to \$5,000 per employee, capped at \$10,000 of qualified wages through December 31, 2020. The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 expanded the availability of the credit and extended the credit through December 31, 2021. Under this expansion, the credit is equal to 70% of qualified wages, capped at \$10,000 per employee per quarter, through 2021. The Association qualified for the credit for the quarter ended March 31, 2021 and has recorded a \$51,015 benefit which is presented in the 2021 statement of activities as contributed support and in the statement of financial position as other receivable as of December 31, 2021. This was received by the Association in 2022.

**15. CONTRIBUTED NONFINANCIAL ASSETS**

The Association records various types of in-kind support. The fair value of donated services and goods included as contributions in the financial statements for the year ended December 31, 2022, are as follows:

	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Contracted services	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>

For the year ended December 31, 2021, the Association did not have donated goods or services.

Contracted Services

Contributed contracted services is recorded at the estimated fair value of services provided by vendor.



**MONTANA NONPROFIT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**16. SUBSEQUENT EVENTS**

**Date of Management Evaluation:**

Management has evaluated subsequent events through June 1, 2023, the date on which the financial statements were available to be issued.