



**Financial Statements
with
Independent Auditors' Report**

For the Year Ended December 31, 2024

Montana Conservation Corps, Inc.
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December 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Montana Conservation Corps, Inc.
Bozeman, MT

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Montana Conservation Corps, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, 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 present fairly, in all material respects, the financial position of Montana Conservation Corps, Inc. as of December 31, 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Conservation Corps, Inc. 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.

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 Montana Conservation Corps, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 and *Government 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 and *Government 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 Conservation Corps, 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 Conservation Corps, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2025, on our consideration of Montana Conservation Corps, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Montana Conservation Corps, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Montana Conservation Corps, Inc. internal control over financial reporting and compliance.

Rudd & Company, PLLC

Bozeman, Montana

June 6, 2025

Montana Conservation Corps, Inc.
Statement of Financial Position
December 31, 2024

Assets

Current Assets

Cash and cash equivalents	\$ 5,899,347
Grants receivable	81,190
Contracts receivable	309,232
Contributions receivable	5,219
Miscellaneous receivable	84,677
Prepaid expenses	41,264
Deposits	94,463
Total Current Assets	<u>6,515,392</u>

Property and Equipment

Property and equipment, net	<u>4,014</u>
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Operating Lease Right-of-Use Assets

Office space, net	<u>282,198</u>
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Finance Lease Right-of-Use Assets

Vehicles, net	<u>1,969,784</u>
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Total Assets	<u>\$ 8,771,388</u>
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The accompanying notes are an integral part of the Financial Statements.

Montana Conservation Corps, Inc.
Statement of Financial Position (continued)
December 31, 2024

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 110,334
Accrued wages and benefits payable	107,227
Payroll taxes payable	100,900
Deferred revenue	60,899
Accrued compensated absences	271,206
Current portion of operating lease liabilities - office space	126,464
Current portion of finance lease liabilities - vehicles	636,451
Total Current Liabilities	<u>1,413,481</u>

Operating Lease Liabilities

Office space, net of current portion	<u>159,236</u>
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Finance Lease Liabilities

Vehicles, net of current portion	<u>1,343,021</u>
Total Liabilities	<u>2,915,738</u>

Net Assets

With donor restrictions	484,447
Without donor restrictions - board designated	600,000
Without donor restrictions	<u>4,771,203</u>
Total Net Assets	<u>5,855,650</u>

Total Liabilities and Net Assets	<u>\$ 8,771,388</u>
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The accompanying notes are an integral part of the Financial Statements.

Montana Conservation Corps, Inc.
Statement of Activities
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Grant revenues	\$ 4,597,911	\$ -	\$ 4,597,911
Contract revenues	9,116,023	-	9,116,023
Contributions and private grants	490,666	385,303	875,969
Interest and dividends	63,542	-	63,542
Proceeds from sale of leased assets	295,238	-	295,238
Other	46,748	-	46,748
Total Revenues and Support	14,610,128	385,303	14,995,431
Satisfaction of Project Restrictions	52,558	(52,558)	-
Total Revenues, Support, and Satisfaction of Project Restrictions	14,662,686	332,745	14,995,431
Expenses			
Member support	7,407,588	-	7,407,588
Program support	4,930,184	-	4,930,184
Training and education	278,230	-	278,230
Administrative	1,330,178	-	1,330,178
Fundraising	79,808	-	79,808
Total Expenses	14,025,988	-	14,025,988
Change in Net Assets	636,698	332,745	969,443
Net Assets, Beginning of Year	4,734,505	151,702	4,886,207
Net Assets, End of Year	\$ 5,371,203	\$ 484,447	\$ 5,855,650

The accompanying notes are an integral part of the Financial Statements.

Montana Conservation Corps, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Activities			Supporting Activities		
	Member Support	Program Support	Training and Education	Administration	Fundraising	Total
Advertising	\$ -	\$ 2,862	\$ -	\$ 958	\$ -	\$ 3,820
Audit and legal	-	-	-	18,570	-	18,570
Background checks	-	26,140	-	-	-	26,140
Bank fees	-	-	-	913	524	1,437
Contract labor	-	56,603	65,853	51,751	26,221	200,428
Depreciation	-	5,925	-	-	-	5,925
Dues and publications	-	250	-	10,328	480	11,058
Interest and miscellaneous	-	53	-	-	-	53
Liability insurance	-	19,817	-	91,230	-	111,047
Member living allowance and benefits	7,381,081	-	-	-	-	7,381,081
Office expenses	-	20,523	-	10,924	1,800	33,247
Computer software licenses	-	26,091	-	56,619	5,478	88,188
Postage	-	2,595	-	1,716	176	4,487
Printing, copies, and fax	-	5,080	-	6,064	7,728	18,872
Project and safety supplies	-	207,962	-	-	-	207,962
Recognition and incentive	-	35,861	-	437	2,466	38,764
Recruitment	-	19,328	-	-	-	19,328
Rent and utilities	-	255,383	-	19,721	-	275,104
Staff wages and benefits	-	2,640,469	-	1,032,110	34,019	3,706,598
Telephone	-	31,860	-	10,358	-	42,218
Training	-	-	185,968	4,085	-	190,053
Travel	-	358,981	26,409	13,735	916	400,041
Uniforms	-	39,422	-	-	-	39,422
Vehicle operations	-	1,168,079	-	659	-	1,168,738
Youth crew awards	26,507	6,900	-	-	-	33,407
Total Expenses	\$ 7,407,588	\$ 4,930,184	\$ 278,230	\$ 1,330,178	\$ 79,808	\$ 14,025,988

The accompanying notes are an integral part of the Financial Statements.

Montana Conservation Corps, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2024

Cash Flows From Operating Activities

Cash received from:	
Grants	\$ 4,527,597
Contracts	9,059,543
Contributions and private grants	878,849
Interest and dividends	63,542
Proceeds from sale of leased assets	497,075
Other	46,748
Cash paid to/for:	
Personnel	(3,558,216)
Member living allowances and benefits	(7,381,081)
Travel and training	(590,094)
Contract services	(718,688)
Suppliers and vendors	(389,964)
Other operating expenses	(618,588)
Interest and miscellaneous	(53)
Net Cash Provided by Operating Activities	<u>1,816,670</u>

Cash Flows From Investing Activities

Sale of investments	<u>1,409,824</u>
Net Cash Provided by Investing Activities	<u>1,409,824</u>

Cash Flows From Financing Activities

Principal payments on finance leases	<u>(665,307)</u>
Net Cash Used by Financing Activities	<u>(665,307)</u>

Net Change in Cash and Cash Equivalents	2,561,187
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Cash and Cash Equivalents, Beginning of Year	<u>3,338,160</u>
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Cash and Cash Equivalents, End of Year	<u>\$ 5,899,347</u>
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The accompanying notes are an integral part of the Financial Statements

Montana Conservation Corps, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2024

1. Summary of Significant Accounting Policies

Nature of Activities

Montana Conservation Corps, Inc. (the Organization) is a nonprofit corporation organized under Internal Revenue Service Code Section 501(c)(3). The Organization is headquartered in Bozeman, Montana, and operates field offices in Bozeman, Helena, Kalispell, and Missoula. The Organization focuses on equipping young people with the skills and values to be engaged citizens who improve their communities and environment through crew-based and individual placement experiences enabled by partnerships with over 150 agencies, which include federal, state, and local governments and community-based nonprofit organizations.

The Organization accomplishes these goals by engaging young people in service projects which have a lasting and beneficial impact on the natural environment and community. Young people learn practical skills, develop positive attitudes for service and work, and become knowledgeable about the environment and their community. These projects enable corps members to build competencies to be versatile leaders and contributing team members; develop values for volunteer service, land stewardship, and civic engagement; improve their employability through productive work habits and work skills; and grow in confidence.

The Organization operates diverse programs for teens and young adults. Crew-based programs for young adults, ages 17 and up, enroll corps members in an AmeriCorps term of service of three to nine months. Other corps members serve for three to five-months in individual placement positions (Conservation Interns/Fellow) with partner agencies. In addition, the Organization offers two-week and a four-week-long Youth Service Expedition summer programs for teens, ages 14 to 17 years, and paid, eight to ten-week Youth Conservation Corps experiences with federal partners. The Organization replicates these program models in partnerships with tribal nations that engage native youth in conservation service. The Organization conducts over 300 projects a year in Montana and surrounding states in the Northern Rockies. Projects include a variety of conservation work including trail work, historical restoration, biological research, habitat enhancement, fencing, watershed restoration, home weatherization, and community service projects.

The Organization also operates the Big Sky Watershed Corps (BSWC), which is a partnership between the Montana Conservation Corps, the Soil and Water Conservation Districts of Montana, and the Montana Watershed Coordination Council. The BSWC activates community-based solutions for watershed health and protection. BSWC AmeriCorps members serve with local watershed-related groups throughout the state of Montana where they increase the capacity of host site organizations to lead community based, citizen-led watershed stewardship. Home-grown solutions to local watershed issues, on the ground watershed education and outreach, volunteer training, stream restoration projects and water monitoring initiatives make a measurable difference in local conservation efforts. BSWC AmeriCorps members gain practical professional experience in watershed stewardship while developing skills for project leadership, collaborative management, volunteer engagement, and the role of citizens in leading change in their communities.

Montana Conservation Corps, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2024

1. Summary of Significant Accounting Policies (continued)

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 (FASB).

Contributions, including unconditional promises to give, are recognized as revenues in the period earned. Unrestricted promises to give that are scheduled to be received after one year are shown as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the cash is received and any purpose restrictions are met. 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 the time of contribution.

Sales and service revenues are recognized as revenue upon sale or as the services are provided.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Categories of Net Assets

The net assets of the Organization are reported in the following categories:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. The Board of Directors has voluntarily designated \$600,000 of net assets without donor restrictions for operating reserves as of December 31, 2024. The general purpose of the operating reserve is to help ensure the long-term financial stability of the Organization and position it to respond to varying economic conditions, opportunities and changes affecting the Organization's financial position and the ability of the Organization to continuously carry out its mission.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. Restricted contributions whose restrictions are met in the same reporting period are reflected as contributions without donor restrictions by the Organization. As of December 31, 2024, the Organization had \$484,447 in net assets with donor restrictions. Net assets with donor restrictions may be subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization had no net assets required to be maintained permanently as of December 31, 2024.

Montana Conservation Corps, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2024

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers highly liquid investments with original maturities of three months or less to be cash equivalents, unless donor-imposed restrictions limit their use to long-term purposes. The Organization's bank accounts are insured by the FDIC up to \$250,000. As of December 31, 2024, bank balances exceeded their insured limits by \$2,544,463. Money market funds are invested in U.S. government securities, which are backed by the full faith and credit of the U.S. government.

Investments

Short-term investments with maturities of one year or less consist of U.S. Treasury Bills. The Organization values these investments at cost, which approximates fair value and amortized cost. Investments in U.S. Treasury Bills are backed by the full faith and credit of the U.S. government.

Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as changes in net assets with donor restrictions and are released to net assets without donor restrictions if the restrictions are met during the period.

For the year ended December 31, 2024, dividend and interest income was \$63,542.

Grants, Contracts, and Contributions Receivable

Grants receivable represents the balance of earned grant funds not yet received in cash as of the statement of financial position date. Contracts receivable represents the amounts owed to the Organization for contract project services that have been earned but not yet received. The Organization recognizes all unconditional gifts and promises to give in the period notified. Contributed support is reported as with or without donor restrictions depending upon the existence of donor stipulations. Donor restricted contributions, whose restrictions have been fulfilled in the current year, are reported as contributions without donor restrictions. Management considers all contracts, grants, and contributions receivable to be fully collectable; therefore, no allowance for uncollectable accounts is presented.

Miscellaneous Receivables

The miscellaneous receivable balance relates to the proceeds from the sales of leased or owned vehicles that were earned during the year ended December 31, 2024 but not yet received as of year-end. Management considers all miscellaneous receivables to be fully collectable; therefore, no allowance for uncollectable accounts is presented.

Advertising Expenses

The Organization expenses advertising costs as they are incurred.

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

The Organization capitalizes property and equipment with an acquisition cost of \$5,000 or greater with an expected life of at least three years. Purchased property and equipment are carried at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of gift. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted support. Straight-line depreciation is used to depreciate assets over estimated lives of three to ten years. Repair and maintenance costs are expensed as incurred.

Leases

The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Right-of-use assets and the lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the expected lease term.

The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on defined increases in the lease agreement.

The weighted-average discount rate is based on the discount rate implicit in the lease or, if the implicit rate is not readily determinable from the lease, the Organization estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Organization's applicable borrowing rates and the contractual lease term. The Organization elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

The lease payments used to determine the lease liability and right-of-use assets include residual value guarantees the Organization is probable of paying at the termination of the lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The Organization elected to separate lease and non-lease components for leases.

Montana Conservation Corps, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2024

1. Summary of Significant Accounting Policies (continued)

Leases (continued)

The office space operating lease expenses are included in rent and utilities expense. Vehicle finance lease interest expense, and finance lease amortization expense are included in vehicle operations expense on the statement of functional expenses.

Compensated Absences

Eligible employees may accumulate 1,000 hours of sick leave and up to 20 days of vacation leave. Once the maximum has been reached, employees will not accrue additional sick or vacation hours until their accrued total is less than 1,000 hours and 20 days. Regular employees working less than 40 hours and more than 20 hours a week will not accrue additional sick or vacation hours based upon a pro-rated share of the 1,000 hours or 20 days. Upon termination, employees are paid at 100 percent of their unused vacation leave and 25 percent of their unused sick leave. As of December 31, 2024, the Organization's accrued compensated absences liability was \$271,206.

Program Services and Expense Classification

Separate accounts are maintained for each fund and expenses are directly coded to each function; however, in the accompanying financial statements, funds that have similar characteristics have been combined in program groups. The primary program groups and their related purposes are summarized as follows:

Member Support – includes costs of member living allowances, payroll taxes, and other benefits paid for members.

Program Support – includes direct staff costs, travel related costs, space costs, and those other direct costs which support Organization programs and projects.

Training and Education – includes costs of making participants project ready, increasing leadership skills and training of members for safety and use of tools in the outdoors.

Administration – includes costs that are used for administering the Organization and allow the Organization to operate and provide services to members that are not directly attributed to member services. Administrative expenses consist of the common costs associated with the general management of the Organization.

Fundraising – consists of costs incurred for providing supplies and staff support for special events and activities designed to create public awareness and support for community-based projects and costs incurred in the pursuit of grant funding.

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and has been granted public charity status. The Organization'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.

Montana Conservation Corps, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2024

1. Summary of Significant Accounting Policies (continued)

Functional Expenses Allocation Methodology

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include office and occupancy and telephone, which are allocated on an employee count basis.

Timesheets are used as the basis for charging salaries and benefits to the functional categories and particular projects. All allowable direct costs are charged directly to functions and programs as incurred. Vehicle costs are charged to projects based on the number of project crew weeks. Vehicle costs are analyzed on an annual basis to determine a weekly cost for projects during the year.

Costs not directly benefiting a particular project are generally allocated to program support and included in the Organization's federally negotiated indirect cost rate calculation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results of operations may differ from those estimates.

Subsequent Events

The Organization evaluates subsequent events through the date the financial statements are available to be issued, which is the date of the auditors' report. See Note 9.

2. Property and Equipment

As of December 31, 2024, property and equipment consisted of the following:

Furniture, fixtures, and equipment	\$ 31,397
Vehicles	<u>11,500</u>
Total property and equipment, cost	42,897
Accumulated Depreciation	<u>(38,883)</u>
Total property and equipment, net	<u>\$ 4,014</u>

Depreciation expense for the year ended December 31, 2024 amounted to \$5,925.

Montana Conservation Corps, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2024

3. Leases

The Organization leases office and storage space under various short and long-term leases. Vehicles and equipment are leased under various long-term lease agreements. The leases expire at various dates through April 29, 2029. The agreements generally require the Organization to pay real estate taxes, insurance, and repairs.

Total lease costs for the year ended December 31, 2024 were as follows:

Finance lease expense	
Amortization of right-of-use assets	\$ 683,386
Interest on lease liabilities	45,194
Operating lease expense	184,240
Short-term lease expense	73,886
Variable lease expense	99,911
Sublease income	<u>(39,500)</u>
Total	<u>\$ 1,047,117</u>

The following table summarizes the supplemental cash flow information for the year ended December 31, 2024:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases (interest)	\$ 42,831
Financing cash flows from finance leases (principal portion)	\$ 665,307
Operating cash flows from operating leases	\$ 176,183
ROU assets obtained in exchange for new finance lease liabilities	\$ 740,206
ROU assets obtained in exchange for new operating lease liabilities	\$ 293,702

The following summarizes the weighted-average remaining lease term and weight-average discount rate at December 31, 2024:

Weighted-average remaining lease term in years for finance leases	3.48
Weighted-average remaining lease term in years for operating leases	2.27
Weighted-average discount rate for finance leases	2.30%
Weighted-average discount rate for operating leases	4.34%

Montana Conservation Corps, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2024

3. Leases (continued)

Future minimum lease payments at December 31, 2024 are as follows:

<u>Year ended December 31,</u>	<u>Operating</u>	<u>Financing</u>
2025	\$ 135,505	\$ 675,946
2026	122,491	566,952
2027	41,531	513,519
2028	-	259,527
2029	-	51,980
Total undiscounted cash flows	299,527	2,067,924
Less: present value discount	(13,827)	(88,452)
Total lease liabilities	<u>\$ 285,700</u>	<u>\$ 1,979,472</u>

In accordance with the vehicle financing lease agreements, the Organization has the option to receive proceeds from the disposal of leased vehicles upon the lease termination or upon earlier cancellation of the lease. The proceeds are determined by comparing the net proceeds from the sale to the reduced book value of the vehicle lease at the time of disposal. The Organization may alternatively apply the proceeds to future leases as a reduction in the total capitalized amount of future leased vehicles. For the year ended December 31, 2024, the Organization recognized proceeds from the sale of leased assets totaling \$295,238.

The proceeds from the sale of leased assets are included on the statement of activities as a separate line item.

During 2024, the Organization identified that vehicle leases entered into in prior periods were incorrectly classified as operating leases. Management determined that these leases should have been classified as finance leases under ASC 842. The correction did not result in a material misstatement on the January 1, 2024 statement of financial position, as the total lease liabilities and right-of-use assets were appropriately recorded. As such, no restatement was made to prior year financials, and the lease naming correction was applied prospectively beginning in 2024.

4. Retirement Plans

The Organization offers eligible employees the ability to participate in a 401(k)-retirement plan after one year of service and after obtaining the age of 17. The Organization matches up to 5 percent of the employee's salary for contributions for retirement. Employees vest 100 percent in employer contributions upon enrollment. For the year ended December 31, 2024, the Organization contributed \$94,147 to the retirement plan.

Montana Conservation Corps, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2024

5. Line of Credit

The Organization has a line of credit from a financial institution which can be renewed annually and matures in September 2025. The line of credit is for a maximum of \$750,000 with a variable interest rate at the prime rate plus 1 percent. Interest on the line of credit is payable monthly with all principal and interest due at maturity. As of December 31, 2024, the balance on the line of credit was \$0.

6. Risk Management and Concentrations of Risks

The Organization faces a number of risks including (1) loss or damage to property; (2) general liability; (3) employee medical insurance; and (4) director's and officer's liability. Commercial insurance policies are purchased for loss or damage resulting from these risks.

The Organization has a concentration of risks relating to its revenue sources. The Organization received 23% of total revenue from the AmeriCorps grant for the year ended December 31, 2024. A substantial change in the AmeriCorps grant funding may have a substantial effect on the operations of the Organization.

The Organization has a concentration of risks relating to its contracts receivable balance at December 31, 2024, as 64% of the balance is due from the United States Forest Service.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are revenues and contributions that are earmarked by the donor for a specific purpose, particular activities for which they must be used, or when they must be used. Once the funds are obligated or expended, the net asset with donor restriction is released or reduced. Net assets with donor restrictions include memorial funds to recognize members, unexpended match for specific grant program purposes, and donations for youth service expedition programs.

Net assets with donor restrictions as of December 31, 2024, consisted of the following:

Purpose Restrictions:	
Flathead Programming	\$ 56,243
Kitchen Spike Gear	9,000
Mesic Restoration	250,000
Piikuni Lands Corps	16,204
Youth Programs	153,000
	<u>\$ 484,447</u>

Montana Conservation Corps, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2024

8. Liquidity and Availability of Resources

Financial assets available for general expenses (without donor or other restrictions limiting their use), within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 5,899,347
Grants receivable	81,190
Contracts receivable	309,232
Contributions receivable	5,219
Miscellaneous receivable	84,677
Total	<u>6,379,665</u>
Less net assets with donor restrictions	<u>(484,447)</u>
Total Financial Assets Available	<u>\$ 5,895,218</u>

The Organization is primarily supported by grants, contracts, and contributions. As part of the Organization's liquidity management, management reviews its liquidity monthly with the finance committee of the board of directors. The Organization's cash balances historically have been sufficient to allow the Organization to satisfy its liquidity needs from November to May of each year. The Organization occasionally draws upon its \$750,000 line of credit to help with liquidity during the summer months; however, the line of credit is paid in full each fall when utilized (see Note 5). See Note 1 and Note 7 for board designated and donor restricted amounts.

9. Subsequent Events

Future Funding

Due to various actions undertaken by the federal government during 2025, including a freeze on the disbursement of federal grant and loan funds which the OMB of the United States Federal Government made effective January 28, 2025, there is significant uncertainty regarding the timing and amount of federal funds to be awarded in future periods. The extent to which a possible loss or reduction of federal funding will impact the Organization's operations, financial results, and cash flows are highly uncertain and cannot be predicted with any measure of certainty or probability. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In May 2024, the Organization received a new notice of award for the first year of the latest AmeriCorps program grant cycle. This award's approved budget is \$3,750,342 and has a budget period from January 1, 2025 to December 31, 2025.

In May 2024, the Organization received a new notice of award for the second year of the latest Big Sky Watershed Corps program grant cycle. This award's approved budget is \$919,816 and has a budget period from January 1, 2025 to December 31, 2025.

Supplementary Information

Montana Conservation Corps, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Federal Source/Pass-through Grantor/Program Title	Award Amount	Grant or Pass- Through Number	Assistance Listing Number	Federal Expenditures
<u>Corporation for National and Community Service</u>				
<i>Montana Governor's Office Serve Montana</i>				
Big Sky Watershed Corps	\$1,057,816	23ES251135	94.006	\$ 1,034,655
AmeriCorps	3,439,183	21EDDMT001	94.006	3,398,429
Total Corporation for National and Community Service				<u>4,433,084</u>
<u>National Fish and Wildlife Foundation</u>				
Bureau of Land Management (FA.A089)	50,000	2501.23.079385	15.247	46,995
Natural Resource Conservation Service (FC.R4)	12,000	2501.23.079385	10.069	12,000
Natural Resource Conservation Service (FC.R4)	12,000	2501.23.079385	10.912	12,000
Natural Resource Conservation Service (FC.R4)	36,000	2501.23.079385	10.924	36,000
Natural Resource Conservation Service (FC.R4)	17,017	2501.23.079385	10.902	17,017
Natural Resource Conservation Service (FC.R4)	12,892	2501.23.079385	10.924	12,892
Natural Resource Conservation Service (FC.R4)	21,659	2501.23.079385	10.931	21,659
Total National Fish and Wildlife Foundation				<u>158,563</u>
<u>National Park Foundation</u>				
Yellowstone National Park	49,784	N/A	15.954	25,242
Total American Trails				<u>25,242</u>
<u>U. S. Department of Interior</u>				
<i>Bureau of Land Management</i>				
Montana				
Billings Field Office	515,710	L21AC10163	15.243	34,860
Billings Field Office	185,000	L24AC00155	15.243	94,040
Dillon Field Office	920,000	L23AC00650	15.243	43,000
Glasgow Field Office	347,900	L22AC00498	15.243	92,400
Lewistown District	196,200	L22AC00380	15.243	103,100
Malta Field Office	45,000	L24AC00008	15.243	45,000
Missoula Field Office	16,000	L24AC00267	15.243	16,000
Montana-Dakotas State Office	59,500	L23AC00652	15.243	42,000
Western Offices	6,000	L21AC10249	15.243	6,000
South Dakota	21,300	L21AC10248	15.243	2,200
Wyoming				
High Desert District	8,500	L23AC00616	15.243	8,500
High Desert District	64,000	L23AC00622	15.243	64,000
National Historic Trails Interpretive Center	7,000	L24AC0039	15.243	7,000
Idaho				
Twin Falls District	225,000	L22AC00045	15.243	64,000
Twin Falls District	32,000	L24AC00047	15.243	32,000
Total Bureau of Land Management				<u>654,100</u>

See Independent Auditors' Report
The accompanying notes are an integral part of this schedule.

Montana Conservation Corps, Inc.
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended December 31, 2024

Federal Source/Pass-through Grantor/Program Title	Award Amount	Grant or Pass- Through Number	Assistance Listing Number	Federal Expenditures
<i>Bureau of Reclamation</i>				
Canyon Ferry	48,000	R24AP00144	15.546	48,000
Rapid City Office	130,000	R18AC00038	15.546	71,100
Total Bureau of Reclamation				<u>119,100</u>
<i>National Park Service</i>				
Big Hole National Historic Battlefield	105,123	P19AC00813	15.931	11,000
Glacier National Park	32,000	P24AC00431	15.931	32,000
Glacier National Park	88,000	P24AC00564	15.931	88,000
Glacier National Park	96,000	P24AC00671	15.931	96,000
Grand Teton National Park	16,000	P24AC00473	15.931	16,000
Intermountain Region	84,329	P23AC00599	15.931	18,000
Intermountain Region	186,810	P24AC00509	15.931	181,800
Little Bighorn Battlefield National Monument	49,500	P22AC00670	15.931	16,500
Midwest Region	115,000	P19AC00344	15.931	8,700
Yellowstone National Park	82,000	P20AC00659	15.931	18,400
Yellowstone National Park	32,000	P23AC00752	15.931	16,500
Yellowstone National Park	59,200	P24AC00963	15.931	58,400
Yellowstone National Park	128,000	P24AC01138	15.931	128,000
Total National Park Service				<u>689,300</u>
<i>U.S. Fish and Wildlife Service</i>				
Benton Lake National Wildlife Refuge	165,200	F22AC03033	15.676	58,750
Bowdoin National Wildlife Refuge	143,400	F21AC01404	15.676	19,000
CMR National Wildlife Refuge	9,000	F24AC01131	15.676	9,000
Total U.S. Fish and Wildlife Service				<u>86,750</u>
Total U.S. Department of Interior				<u>1,549,250</u>
Total Federal Expenditures				<u>\$ 6,166,139</u>

See Independent Auditors' Report
The accompanying notes are an integral part of this schedule.

Montana Conservation Corps, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

1. Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Montana Conservation Corp, Inc. (the “Organization”) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Cost Allocation

The Organization has elected not to use the 10% de minimis cost rate.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Montana Conservation Corps, Inc.
Bozeman, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Montana Conservation Corps, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 6, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Montana Conservation Corps Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Montana Conservation Corps Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Montana Conservation Corps Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

IDAHO FALLS | REXBURG | DRIGGS | BOZEMAN | WEST YELLOWSTONE | HELENA

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montana Conservation Corps Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rudd & Company, PLLC

Bozeman, Montana

June 6, 2025



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Montana Conservation Corps, Inc.
Bozeman, Montana

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Montana Conservation Corps, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Montana Conservation Corps, Inc.'s major federal program for the year ended December 31, 2024. Montana Conservation Corps, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Montana Conservation Corps, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Montana Conservation Corps, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of Montana Conservation Corps, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Montana Conservation Corps, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Montana Conservation Corps, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Montana Conservation Corps, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Montana Conservation Corps, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Montana Conservation Corps, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Montana Conservation Corps, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rudd & Company, PLLC

Bozeman, Montana
June 6, 2025

Montana Conservation Corps, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with CFR section 200.516(a)?	No

Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program</u>
94.006	Ameri Corps and Big Sky Watershed Corps

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes
Current Year Findings	None reported
Prior Audit Findings	None reported