MONTANA CONSERVATION CORPS

Financial Statements
with
Independent Auditors' Report

December 31, 2019 and 2018

Montana Conservation Corps, Inc.
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Montana Conservation Corps, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Montana Conservation Corps, Inc. as of December 31, 2019 and 2018, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other 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 information 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 24, 2020, 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. 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.'s internal control over financial reporting and compliance.

Rudd & Company, PLLC

Bozeman, Montana
June 24, 2020

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

Assets	**2019**	**2018**
Current Assets		
Cash and cash equivalents	$ 1,671,266	$ 1,337,955
Grants receivable	25,000	31,530
Contracts receivable	59,935	131,072
Contributions receivable	10,780	7,345
Miscellaneous receivable	-	34,220
Prepaid expenses	24,980	16,299
Deposits	12,820	27,222
Inventory	7,928	12,504
Total Current Assets	1,812,709	1,598,147
Property and Equipment		
Property and equipment, net	40,125	137,887
Total Assets	$ 1,852,834	$ 1,736,034
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 51,963	$ 37,384
Accrued wages and benefits payable	57,055	40,055
Payroll taxes payable	39,911	48,408
Deferred revenue	62	-
Accrued compensated absences	216,767	195,350
Total Current Liabilities	365,758	321,197
Net Assets		
Without donor restrictions	1,446,419	1,364,505
With donor restrictions	40,657	50,332
Total Net Assets	1,487,076	1,414,837
Total Liabilities and Net Assets	$ 1,852,834	$ 1,736,034

Montana Conservation Corps, Inc.
Statement of Activities
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Grant revenues	$ 2,282,283	$ -	$ 2,282,283
Contract revenues	4,951,767	-	4,951,767
Contributions and private grants	427,590	35,800	463,390
Interest	386	-	386
Gain on sale of assets	161,292	-	161,292
Other	712	-	712
Total Revenue and Support	7,824,030	35,800	7,859,830
Satisfaction of Project Restrictions	45,475	(45,475)	-
Total Revenues, Support, and Satisfaction of Project Restrictions	7,869,505	(9,675)	7,859,830
Expenses			
Member support	3,084,543	-	3,084,543
Program support	3,787,183	-	3,787,183
Training and education	150,444	-	150,444
Administrative	726,102	-	726,102
Fundraising	39,319	-	39,319
Total Expenses	7,787,591	-	7,787,591
Change in Net Assets	81,914	(9,675)	72,239
Net Assets, Beginning of Year	1,364,505	50,332	1,414,837
Net Assets, End of Year	$ 1,446,419	$ 40,657	$ 1,487,076

Montana Conservation Corps, Inc.
Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Grant revenues	$ 2,220,064	$ -	$ 2,220,064
Contract revenues	4,650,940	-	4,650,940
Contributions and private grants	387,486	44,000	431,486
Interest	688	-	688
Gain on sale of assets	134,230	-	134,230
Other	947	-	947
Total Revenue and Support	7,394,355	44,000	7,438,355
Satisfaction of Project Restrictions	31,269	(31,269)	-
Total Revenues, Support, and Satisfaction of Project Restrictions	7,425,624	12,731	7,438,355
Expenses			
Member support	2,998,805	-	2,998,805
Program support	3,592,756	-	3,592,756
Training and education	177,436	-	177,436
Administrative	694,804	-	694,804
Fundraising	52,112	-	52,112
Total Expenses	7,515,913	-	7,515,913
Change in Net Assets	(90,289)	12,731	(77,558)
Net Assets, Beginning of Year	1,454,794	37,601	1,492,395
Net Assets, End of Year	$ 1,364,505	$ 50,332	$ 1,414,837

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, 2019

	Program Activities			Supporting Activities		
	Member Support	Program Support	Training and Education	Administration	Fundraising	Total
Advertising	$ -	$ 212	$ -	$ 1,184	$ 50	$ 1,446
Audit and legal	-	-	-	10,684	-	10,684
Background checks	-	20,278	-	-	-	20,278
Bank fees	-	-	-	1,384	1,546	2,930
Contract labor	-	63,526	10,136	17,199	86	90,947
Depreciation	-	95,274	-	-	-	95,274
Dues and publications	-	230	-	11,851	925	13,006
Interest	-	7,537	-	-	-	7,537
Liability insurance	-	8,531	-	53,389	-	61,920
Member living allowance and benefits	3,081,643	3,349	-	-	-	3,084,992
Office expenses	-	21,829	-	10,620	1,204	33,653
Computer software licenses	-	9,295	-	20,214	-	29,509
Postage	-	4,354	-	1,365	1,649	7,368
Printing, copies, and fax	-	11,336	-	7,621	1,111	20,068
Project and safety supplies	-	183,909	-	-	-	183,909
Recognition and incentive	-	10,615	-	-	-	10,615
Recruitment	-	34,446	-	-	-	34,446
Rent and utilities	-	204,129	-	29,692	-	233,821
Staff wages and benefits	-	2,088,001	-	555,152	31,136	2,674,289
Telephone	-	28,880	-	2,258	-	31,138
Training	-	-	113,035	3,045	216	116,296
Travel	-	274,839	27,273	444	1,396	303,952
Uniforms	-	34,317	-	-	-	34,317
Vehicle operations	-	635,316	-	-	-	635,316
Youth crew awards	2,900	46,980	-	-	-	49,880
Total Expenses	$ 3,084,543	$ 3,787,183	$ 150,444	$ 726,102	$ 39,319	$ 7,787,591

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, 2018

	Program Activities			Supporting Activities		
	Member Support	Program Support	Training and Education	Administration	Fundraising	Total
Advertising	$ -	$ 793	$ -	$ 992	$ -	$ 1,785
Audit and legal	-	1,379	-	11,185	-	12,564
Background checks	176	15,006	-	15	-	15,197
Bank fees	-	4	-	1,367	1,022	2,393
Contract labor	-	76,183	16,668	32,742	17,750	143,343
Depreciation	-	133,621	-	-	-	133,621
Dues and publications	-	835	-	12,745	3,360	16,940
Interest	-	9,042	-	-	-	9,042
Miscellaneous	-	500	-	-	-	500
Liability insurance	-	8,369	-	56,848	-	65,217
Member living allowance and benefits	2,998,544	3,004	-	-	-	3,001,548
Office expenses	-	29,563	-	15,049	1,059	45,671
Computer software licenses	-	8,705	-	20,294	-	28,999
Postage	-	4,121	-	1,253	584	5,958
Printing, copies, and fax	-	11,555	-	3,736	6,976	22,267
Project and safety supplies	85	204,447	-	-	1	204,533
Recognition and incentive	-	7,276	-	-	-	7,276
Recruitment	-	34,196	-	-	-	34,196
Rent and utilities	-	185,463	-	27,706	-	213,169
Staff wages and benefits	-	1,777,771	-	501,292	19,550	2,298,613
Telephone	-	25,562	-	2,420	-	27,982
Training	-	-	124,313	3,436	443	128,192
Travel	-	318,407	36,455	3,716	1,230	359,808
Uniforms	-	33,911	-	-	-	33,911
Vehicle operations	-	637,013	-	8	137	637,158
Youth crew awards	-	66,030	-	-	-	66,030
Total Expenses	$ 2,998,805	$ 3,592,756	$ 177,436	$ 694,804	$ 52,112	$ 7,515,913

Montana Conservation Corps, Inc.
Statements of Cash Flows
For the Years Ended December 31,

	2019	2018
Cash Flows From Operating Activities		
Cash received from:		
Grants	$ 2,288,813	$ 2,214,248
Contracts	5,022,904	4,838,932
Contributions and private grants	494,175	457,105
Interest	386	688
Other	712	947
Cash paid to/for:		
Personnel	(2,644,307)	(2,335,789)
Member living allowances and benefits	(3,084,992)	(3,001,548)
Travel and training	(420,248)	(488,000)
Contract services	(776,143)	(846,531)
Suppliers and vendors	(265,044)	(382,633)
Other operating expenses	(439,188)	(449,283)
Interest	(7,537)	(9,042)
Net Cash Provided (Used) by Operating Activities	169,531	(906)
Cash Flows From Investing Activities		
Sale of property and equipment	163,780	136,362
Net Cash Provided by Investing Activities	163,780	136,362
Net Change in Cash and Cash Equivalents	333,311	135,456
Cash and Cash Equivalents, Beginning of Year	1,337,955	1,202,499
Cash and Cash Equivalents, End of Year	$ 1,671,266	$ 1,337,955

The accompanying notes are an integral part of the Financial Statements

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, Montana. 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 experiences enabled by partnerships with over 150 project sponsor agencies, which include federal, state, and local governments and community-based nonprofit organizations.

The Organization accomplishes these goals through teaching the rewards of service and instilling values through performing service projects, which have a lasting and beneficial impact on our natural environment and communities. Young men and women learn practical skills, develop positive attitudes for service and work, and become knowledgeable about the environment and their community. Meaningful and challenging service projects seek to give members skills to be versatile leaders and contributing team members; values for volunteer service, land stewardship, and civic engagement; improved employability through productive work habits; and practical work skills and self-confidence to succeed at challenging tasks.

The Organization operates both the AmeriCorps program for young adults age 17 and up for a term of three to nine months through either our crew model or single placements as Conservation Interns. In addition, the Organization offers the month long Youth Service Expedition summer program for youth 14 to 18 years of age and the one week long Middle School Expedition program for youth age 12 to 14. The Organization conducts over 330 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 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, to activate 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.

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.
>
> *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, 2019 and 2018, the Organization had $40,657 and $50,332, respectively, 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 that were required to be maintained permanently as of December 31, 2019 and 2018.

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statements 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, 2019 and 2018, bank balances exceeded their insured limits by $1,151,830 and $842,555, respectively.

Inventory

Inventory consists of weatherization materials used for the Organization's home weatherization program. Inventory is stated at the lower of cost or net realizable value on the first in-first out method.

Revenue and Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-19, *Revenue from Contracts with Customers (Topic 606)*. This standard changes the way revenue is recognized from contracts and aims to standardize how revenue is recorded and reported across industries. The Organization adopted this ASU on January 1, 2019, as amended, as management believed the standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to previously issued financial statements were required on a retrospective basis. Management determined the transactions subjected to the updated presentation and disclosures of revenue are not material to the financial statements as a whole; therefore no significant changes have been made to the financial statements.

In 2019, The Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard was issued to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of this standard resulted in no financial statement change as it aligns with the previous treatment of items within the standard.

1. Summary of Significant Accounting Policies (continued)

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. Contributed service revenue results when donated services create or enhance nonfinancial assets or when specialized skills are provided by people possessing those skills and would typically be purchased if not provided by donation. Contributed goods are valued at their estimated fair value at the date of contribution. Management considers all contracts, grants, and contributions receivable to be fully collectable; therefore, no allowance for uncollectable accounts is presented.

Advertising Expenses

The Organization expenses advertising costs as they are incurred.

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. As of December 31, 2019 and 2018, property and equipment, net is $40,125 and $137,887, respectively.

Compensated Absences

Eligible employees may accumulate an unlimited amount of sick leave and up to 240 hours of vacation leave. 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, 2019 and 2018, the Organization’s vacation leave liability, was $216,767 and $195,350, respectively.

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:

1. Summary of Significant Accounting Policies (continued)

Program Services and Expense Classification (continued)

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. General and 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.

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.

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.

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In January 2016, the FASB issued ASU 2016-01*, Financial Instruments – Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities*, and subsequently issued related ASU 2018-03*, Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10)*. These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in the statement of changes in net assets. The Organization adopted these standards on January 1, 2019, the adoption of these standards resulted in no change, as the Organization held no investments at year end.

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 auditor's report.

2. Property and Equipment

As of December 31, 2019 and 2018, property and equipment consisted of the following:

	2019	2018
Furniture, fixtures, and equipment	$ 31,396	$ 31,396
Vehicles	422,082	809,949
Total equipment, cost	453,478	841,345
Accumulated Depreciation	(413,353)	(703,458)
Total equipment, net	$ 40,125	$ 137,887

Depreciation expense for the years ended December 31, 2019 and 2018, amounted to $95,274 and $133,621, respectively.

3. Operating Leases

The Organization classifies its leases as either operating or capital leases. Currently, all leases are operating leases. Various office spaces are leased around the state of Montana. A summary of the lease terms are as follows:

• Bozeman-Headquarters	$5,500 monthly through August 31, 2019; $6,000 monthly through August 31, 2020
• Bozeman	$585 monthly through May 2019; $370 monthly through July 2019
• Bozeman	$2,548 monthly through January 2020; with an option for lease renewal at end of term
• Kalispell	$2,025 monthly through August 2021, with an option for lease renewal at end of term
• Helena	$2,700 monthly through June 2019
• Missoula	$2,307 monthly through January 2019; $3,470 monthly through January 2020; $3,573 monthly through January 2021

Rent expense for the years ended December 31, 2019 and 2018, amounted to $207,535 and $186,940, respectively.

The future non-cancellable lease payments are scheduled as follows:

2020	$ 126,161
2021	8,027
Total	$ 134,188

Before 2019, the Organization entered into a five-year operating lease for the use of 36 vehicles. In 2019, the Organization entered into an additional five-year operating leases for the use of 8 vehicles. As of December 31, 2019, all 44 vehicles had been delivered and are in use by the Organization. Monthly lease payments range from $528 to $681 per vehicle per month. Lease expense for the years ended December 31, 2019 and 2018 totaled $321,652 and $310,925, respectively.

3. Operating Leases (continued)

Future non-cancellable lease payments related to vehicles are scheduled as follows:

2020	$ 336,508
2021	248,410
2022	107,733
2023	64,774
2024	14,856
Total	$ 772,281

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 25 percent per year in employer contributions and are fully vested in the fourth year. For the years ended December 31, 2019 and 2018, the Organization contributed $70,273 and $65,640 to the employee retirement plan, respectively.

5. Line of Credit

The Organization has a line of credit from a financial institution which can be renewed annually and matures in September 2020. 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, 2019 and 2018, the balance on the line of credit was $0 for both years.

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 24% and 24% of total revenue from the AmeriCorps grant for the years ended December 31, 2019 and 2018, respectively. A substantial change in the AmeriCorps grant funding may have a substantial effect on the operations of the Organization.

6. Risk Management and Concentrations of Risks (continued)

The Organization did not have a concentration of risks relating to its contract receivable balance at December 31, 2019. During the year ended December 31, 2018, the contract receivable was due 100%, from Corporation for National and Community Service.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are revenues and donations that are earmarked by the donor for a specific purpose or particular activities for which 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 purpose restrictions as of December 31, 2019 and 2018, consisted of the following:

Purpose Restrictions	2019	2018
All Nations	$ 5,800	$ -
Nathan Cox and Friends Memorial Fund	4,857	6,332
Youth Services Expeditions	30,000	44,000
	$ 40,657	$ 50,332

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:

	2019	2018
Cash and cash equivalents	$ 1,671,266	$ 1,337,955
Grants receivable	25,000	31,530
Contracts receivable	59,935	131,072
Contributions receivable	10,780	7,345
Miscellaneous receivable	-	34,220
Total	1,766,981	1,542,122
Less Donor Restricted Funds	(40,657)	(50,332)
Total Financial Assets Available	$ 1,726,324	$ 1,491,790

8. Liquidity and Availability of Resources (continued)

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 typically 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 (see Note 5).

9. Subsequent Events

General Operations

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization's financial position is not known.

Paycheck Protection Program (PPP) Loan

The Organization applied for and was granted a $941,500 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The loan accrues interest, but payments are not required to begin for six months to one year after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Company intends to take measures to maximize the loan forgiveness but cannot reasonably determine the portion of the loan that will ultimately be forgiven.

Youth Program

Due to the coronavirus pandemic, the Organization suspended their 2020 Youth Programs serving high school and middle school youth. This was a decision made due to difficulties implementing social distancing with this age group and also a strategic budget plan to maintain financial resources to operate during 2020. The Organization will then be better able to resume Youth Programs in 2021.

Future Funding

In May 2020, the Organization received a new notice of award for the third year of the AmeriCorps program. This award's approved budget is $1,940,000 and has a budget period from January 1, 2021 to December 31, 2021.

10. New Accounting Pronouncements

The FASB issued Accounting Standard Update (ASU) 2016-02: Leases, Topic 842, in February 2016. This ASU requires the recognition of lease assets and liabilities in the financial statements as a “right-to-use” asset and a lease liability. This ASU is effective for periods beginning after December 15, 2019. In September 2019, FASB approved a one year delay for private companies, not-for-profit organizations and certain smaller public companies, which moves the effective date to periods beginning after December 15, 2020. Early implementation is permitted; however, the Organization elected not to early implement and does not expect the impact to its financial statements to be significant upon implementation.

Supplementary Information

Montana Conservation Corps, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Source/Pass-through Grantor/Program Title	Award Amount	Grant or Pass-Through Number	CFDA Number	Federal Expenditures
Corporation for National and Community Service				
Montana Governor's Office Serve Montana				
AmeriCorps	1,994,000	15ESHMT001 0001	94.006	$ 1,911,294
Big Sky Watershed Corps	356,400	15ESHMT001 0001	94.006	327,042
Total Montana Governor's Office Serve Montana				2,238,336
National Fish and Wildlife Foundation				
Bureau of Reclamation (FC.R242)	40,874	2100.17.055230	15.546	5,000
Bureau of Land Management (FA.A067)	43,000	2100.17.055230	15.231	12,000
U.S. Forest Service (FA.A074)	44,011	1701.17.058463	10.683	25,020
Total National Fish and Wildlife Foundation				42,020
U. S. Endowment for Forestry and Communities				
EPA (83590301)	108,000	E19-23	66.441	1,461
Total U. S. Endowment for Forestry and Communities				1,461
U. S. Department of Interior				
Bureau of Land Management				
Montana				
Miles City Field Office	28,000	L18AC00005	15.243	18,950
Malta Field Office	56,500	L18AC00006	15.243	33,000
Billings Field Office Pompey Pillar	44,300	L18AC00007	15.243	20,300
Billings Field Office	146,500	L18AC00008	15.243	61,750
Lewistown Field Office UMRBNM	35,500	L18AC00009	15.243	5,000
Lewistown Field Office	75,000	L18AC00010	15.243	25,500
Butte Field Office	228,500	L18AC00011	15.243	64,219
Dillon Field Office	30,750	L18AC00012	15.243	10,750
Wyoming	703,200	L16AC00410	15.225	175,000
Idaho	225,000	L16AC00419	15.225	10,000
Total Bureau of Land Management				424,469
Bureau of Reclamation				
Canyon Ferry/ Clarks Fork	217,000	R16AC00081	15.546	35,000
Dakota Area Office	14,250	R18AC00037	15.546	5,750
Dakota Area Office	40,000	R18AC00038	15.546	30,000
Upper Snake River Office	5,750	R19AC00011	15.546	5,750
Total Bureau of Reclamation				76,500
Conservation Legacy				
Ancestral Lands Conservation Corps/Career Institute	32,000	P18AC00176	15.931	8,000
Ancestral Lands Conservation Corps/Career Institute	32,000	P19AC00178-0782	15.931	2,000
Total Conservation Legacy				10,000

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, 2019

Federal Source/Pass-through Grantor/Program Title	Award Amount	Grant or Pass-Through Number	CFDA Number	Federal Expenditures
National Park Service				
Badlands NP/Fort Union/Knife River	346,664	P13AC00631	15.931	23,026
Yellowstone National Park	52,000	P16AC01007	15.931	15,600
Grand Teton National Park	115,200	P17AC00514	15.931	15,200
Little Bighorn Battlefield National Monument	42,195	P18AC00427	15.931	11,400
Theodore Roosevelt National Park	7,600	P19AC00161	15.931	7,600
Yellowstone National Park	44,000	P19AC00270	15.931	44,000
Invasive Plant Management Teams	26,661	P19AC00369	15.931	23,861
Grand Teton National Park	65,000	P19AC00392	15.931	63,875
Glacier National Park	80,000	P19AC00535	15.931	80,000
Yellowstone National Park	58,000	P19AC00537	15.931	58,000
Glacier National Park	44,000	P19AC00632	15.931	44,000
Bighorn Canyon National Recreation Area	4,075	P19AC00741	15.931	4,075
Big Hole National Battlefield	19,327	P19AC00813	15.931	4,000
Yellowstone National Park	20,000	P19AC00839	15.931	20,000
Yellowstone National Park	50,000	P19AC00848	15.931	50,000
Total National Park Service				464,637
U.S. Fish and Wildlife Service				
Habitat Enhancement by Youth Crews	405,600	F16AC00432	15.676	98,950
Total U.S. Fish and Wildlife Service				98,950
TOTAL U.S. Dept. of Interior				1,074,556
Total Federal Expenditures				$ 3,356,373

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

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, 2019, 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 24, 2020.

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) to determine the 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 may exist that have not been identified.

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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 determination of financial statement amounts. 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 24, 2020

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 Each Major Federal Program

We have audited Montana Conservation Corps, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Montana Conservation Corps, Inc.'s major federal programs for the year ended December 31, 2019. Montana Conservation Corps., Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Montana Conservation Corps, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Montana Conservation Corps, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Montana Conservation Corps, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, the 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 its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of Montana Conservation Corps, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Montana Conservation Corps, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Montana Conservation Corps, Inc.'s 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 24, 2020

Montana Conservation Corps, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Financial Statements

Type of auditor's 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 auditor's 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:

CFDA Number	Name of Federal Program
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