Family Promise of Gallatin Valley, Inc.

Bozeman, Montana

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION WITH INDEPENDENT AUDITORS' REPORT

June 30, 2023 and 2022

K COE ISOM

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KCOE ISOM LLP

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Family Promise of Gallatin Valley, Inc.
Bozeman, Montana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Family Promise of Gallatin Valley, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT
(Continued)

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits.

INDEPENDENT AUDITORS' REPORT
(Continued)

Supplementary Information

Our audits were 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis 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 GAAS. 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 DATE, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance

KCoe Isom, LLP

November 15, 2023
Bozeman, Montana

FINANCIAL SECTION

Family Promise of Gallatin Valley, Inc.
STATEMENTS OF FINANCIAL POSITION

June 30		2023		2022
ASSETS				
Current Assets				
Cash and cash equivalents	$	884,426	$	486,177
Accounts receivable		2,197		1,242
Grants receivable		203,393		360,358
Pledges receivable		30,150		43,650
Prepaid expenses		349		1,031
Security deposit		50,000		-
Total Current Assets		1,170,515		892,458
Non-Current Assets				
Property and equipment, net		4,968,197		4,811,571
Beneficial interest in assets held by One Valley Community Foundation		25,869		-
Total Non-Current Assets		4,994,066		4,811,571
TOTAL ASSETS	$	6,164,581	$	5,704,029
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	$	28,939	$	43,095
Payroll taxes and related liabilities		104,671		89,741
Stepping Stone savings deposits		2,825		2,300
Notes payable, current portion		60,112		621,541
Total Current Liabilities		196,547		756,677
Long-Term Liabilities				
Notes payable, noncurrent portion		625,128		939,424
Total Liabilities		821,675		1,696,101
Net Assets				
Without donor restrictions		5,248,188		3,618,672
With donor restrictions		94,718		389,256
Total Net Assets		5,342,906		4,007,928
TOTAL LIABILITIES AND NET ASSETS	$	6,164,581	$	5,704,029

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

Family Promise of Gallatin Valley, Inc.
STATEMENT OF ACTIVITIES

Year Ended June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	$ 1,013,588	$ 52,141	$ 1,065,729
Special events and fundraisers	41,275	-	41,275
In-kind donations	771,783	-	771,783
Grant income	818,844	96,946	915,790
Tuition	732,342	-	732,342
Rental income	27,677	-	27,677
Other	4,157	-	4,157
Gain on sale of property and equipment	585,833	-	585,833
Investment income, net	4,289	869	5,158
Total Revenues and Support	3,999,788	149,956	4,149,744
Net assets released from restriction	444,494	(444,494)	-
Total Revenues, Support, and Net Assets Released from Restriction	4,444,282	(294,538)	4,149,744
Expenses			
Program services	2,251,599	-	2,251,599
General and administrative	434,423	-	434,423
Fundraising	128,744	-	128,744
Total Expenses	2,814,766	-	2,814,766
Change in Net Assets	1,629,516	(294,538)	1,334,978
Net Assets - Beginning of Year	3,618,672	389,256	4,007,928
Net Assets - End of Year	$ 5,248,188	$ 94,718	$ 5,342,906

The accompanying notes are an integral part of this financial statement.

Family Promise of Gallatin Valley, Inc.
STATEMENT OF ACTIVITIES

Year Ended June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	$ 869,695	$ 81,424	$ 951,119
Special events and fundraisers	3,382	-	3,382
In-kind donations	63,042	-	63,042
Grant income	109,837	491,635	601,472
Tuition	143,983	-	143,983
Rental income	33,626	-	33,626
Other	1,880	-	1,880
Investment income, net	21,470	-	21,470
Total Revenues and Support	1,246,915	573,059	1,819,974
Net assets released from restriction	2,881,484	(2,881,484)	-
Total Revenues, Support, and Net Assets Released from Restriction	4,128,399	(2,308,425)	1,819,974
Expenses			
Program services	1,446,734	-	1,446,734
General and administrative	254,497	-	254,497
Fundraising	124,333	-	124,333
Total Expenses	1,825,564	-	1,825,564
Change in Net Assets	2,302,835	(2,308,425)	(5,590)
Net Assets - Beginning of Year	1,315,837	2,697,681	4,013,518
Net Assets - End of Year	$ 3,618,672	$ 389,256	$ 4,007,928

The accompanying notes are an integral part of this financial statement.

Family Promise of Gallatin Valley, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

	Program Services							Supporting Services		
Year Ended June 30, 2023	Prevention and Diversion	Shelter and Provisions	Preparation and Stabilization	Community Initiatives	Early Learning Center	A Journey Home	Total Program	General and Administrative	Fundraising	Total
Advertising	$ 822	$ 1,185	$ -	$ -	$ 21,468	$ -	$ 23,475	$ 7,173	$ 13,656	$ 44,304
Contracted services	-	9,302	2,385	-	40,678	17,263	69,628	92,812	7,664	170,104
Depreciation	-	-	-	-	90,767	-	90,767	44,943	-	135,710
Facility expenses	-	32,803	18,666	-	59,910	-	111,379	1,593	1,589	114,561
Guest expenses	40,416	156,777	105,920	44,892	43,443	-	391,448	255	801	392,504
Insurance	-	10,229	-	-	26,141	-	36,370	2,919	758	40,047
Interest expense	-	-	-	-	47,991	-	47,991	413	-	48,404
Miscellaneous	1,473	11,141	-	-	18,706	-	31,320	10,910	4,642	46,872
Printing and copying	-	181	-	-	607	-	788	1,026	7,144	8,958
Salaries and related expenses	42,175	137,479	134,061	-	1,046,439	-	1,360,154	231,537	84,040	1,675,731
Supplies	-	20,051	16	-	53,922	-	73,989	40,129	7,674	121,792
Travel and conference	-	5,151	806	-	8,333	-	14,290	713	776	15,779
Total Expenses	$ 84,886	$ 384,299	$ 261,854	$ 44,892	$ 1,458,405	$ 17,263	$ 2,251,599	$ 434,423	$ 128,744	$ 2,814,766

The accompanying notes are an integral part of this financial statement.

Family Promise of Gallatin Valley, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022	Program Services: Prevention and Diversion	Shelter and Provisions	Preparation and Stabilization	Community Initiatives	Early Learning Center	Total Program	Supporting Services: General and Administrative	Fundraising	Total
Advertising	$ -	$ 2,432	$ -	$ -	$ 31,528	$ 33,960	$ 682	$ 10,728	$ 45,370
Bad debt	-	-	-	-	-	-	3,172	-	3,172
Contracted services	-	5,903	-	-	15,456	21,359	28,147	8,861	58,367
Depreciation	-	24,080	-	-	37,820	61,900	12,522	-	74,422
Facility expenses	15	24,244	41,671	-	29,264	95,194	1,369	1,015	97,578
Guest expenses	40,951	73,749	45,632	21,850	28,765	210,947	7,505	4,221	222,673
Insurance	-	8,100	-	-	20,170	28,270	1,078	-	29,348
Interest expense	-	2,261	-	-	41,974	44,235	5,717	168	50,120
Miscellaneous	-	5,182	768	-	11,783	17,733	6,938	4,993	29,664
Printing and copying	-	836	-	-	2,716	3,552	348	21,548	25,448
Salaries and related expenses	2,687	104,990	-	-	543,747	651,424	179,900	69,624	900,948
Supplies	-	35,250	50	-	237,564	272,864	7,051	3,073	282,988
Travel and conference	-	1,421	-	-	3,875	5,296	68	102	5,466
Total Expenses	$ 43,653	$ 288,448	$ 88,121	$ 21,850	$ 1,004,662	$ 1,446,734	$ 254,497	$ 124,333	$ 1,825,564

The accompanying notes are an integral part of this financial statement.

Family Promise of Gallatin Valley, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,334,978	$ (5,590)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	135,710	74,422
Donated property and equipment	(577,000)	-
Gain on sale of property and equipment	(585,833)	-
Unrealized gain on investments	(869)	-
Changes in assets and liabilities:		
Accounts receivable	(955)	685
Grants receivable	156,965	218,934
Pledges receivable	13,500	(35,650)
Prepaid expenses	682	21,409
Security deposit	(50,000)	-
Accounts payable	(14,156)	23,128
Payroll taxes and related liabilities	14,930	74,397
Stepping Stone savings deposits	525	(1,030)
Net Cash Flows From Operating Activities	428,477	370,705
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of beneficial interest in assets held by One Valley Community Foundation	(25,000)	-
Proceeds from sale of property and equipment	870,497	-
Purchases of property and equipment	-	(1,530,128)
Net Cash Flows From Investing Activities	845,497	(1,530,128)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	-	1,232,941
Payments on notes payable	(875,725)	-
Net Cash Flows From Financing Activities	(875,725)	1,232,941
Net Change in Cash and Cash Equivalents	398,249	73,518
Cash and Cash Equivalents - Beginning of Year	486,177	412,659
Cash and Cash Equivalents - End of Year	$ 884,426	$ 486,177
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Capitalized interest and debt issuance costs on construction of Early Learning Center building	$ -	$ 32,246
Interest expense paid	$ 48,404	$ 69,331

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

1. SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities Family Promise of Gallatin Valley, Inc. (the Organization) is a not-for-profit corporation incorporated in the State of Montana for the purpose of developing comprehensive, holistic solutions for families facing homelessness. The Organization provides prevention services before families reach crisis, shelter and case management when families become homeless, and stabilization programs once families have secured housing to ensure they remain independent. In addition, the Organization operates a licensed early childhood learning center, open to all children in the community regardless of the families' ability to pay.

Basis of Presentation 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).

Use of Estimates The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

- *Without Donor Restrictions*—Net assets that are not subject to donor-imposed stipulations and donor-restricted contributions whose restrictions are met in the same reporting period.

- *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.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (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.

Implementation of New Accounting Standards In September 2020, the FASB issued Accounting Standards Update 2020-07, Presentation and Disclosures by Not-for-profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The Organization adopted the standard effective July 1, 2022, and applied it retrospectively to provide a comparative presentation of the 2023 and 2022 financial statements. The standard did not have a material impact on the accompanying financial statements.

Cash and Cash Equivalents For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. The Organization's cash balances are maintained in several bank deposit accounts in which Federal Deposit Insurance Corporation (FDIC) coverage is limited to $250,000 per depositor, per insured bank. Bank deposits exceeded their insured limits by $603,759 and $164,596 at June 30, 2023 and 2022, respectively.

Accounts Receivable Receivables are recorded when billed or advanced and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, represents the estimated net realizable value. Uncollectible accounts receivable are charged to bad debt expense once all attempts at collection have been exhausted. Management considers all accounts receivable as of June 30, 2023 and 2022, to be collectible.

Grants and Pledges Receivable Grants and pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Grants and pledges receivable that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts are computed using risk-adjusted interest rates applicable to the year in which the promises are received. Amortization of the discounts is included in contribution revenue.

This measurement of fair value of pledges receivable uses significant unobservable inputs (Level 3 inputs), including estimated timing of receipts and collectability. The accretion of the discount in subsequent years is reported as additional contributions in the net asset class in which the original pledge was recorded. Payments are based on the underlying donor agreement. Uncollectible grants and pledges are charged to bad debt expense once all attempts at collection have been exhausted. Management considers all grants and pledges as of June 30, 2023 and 2022, to be collectible.

Property and Equipment All property and equipment acquisitions in excess of $2,500 and a useful life greater than one year are capitalized and recorded at cost or fair market value if received by donation. Expenditures for major renewal and betterments that extend the useful lives of equipment are capitalized, while expenditures for repairs and maintenance items are charged to expense as they are incurred. Depreciation is computed by use of the straight-line method over estimated lives of assets. The estimated useful lives adopted for purposes of computing depreciation are:

Buildings	40 years
Leasehold improvements	40 years
Furniture and equipment	7 years
Vehicles	5 years

Fair Value Measurements The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted, quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full-term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Beneficial Interest in Assets Held by One Value Community Foundation: Valued based upon the Organization's proportionate share of One Valley Community Foundation's (the Foundation) pooled investment portfolio, as reported by the Foundation at year-end. The Beneficial Interest in Assets Held by One Valley Community Foundation is not redeemable by the Organization as described in note 6.

Compensated Absences All employees accrue paid time off based on length of continuous service with the Organization. As of June 30, 2023 and 2022, accrued compensated absences amounted to $29,989 and $29,763, respectively.

Revenue Recognition The Organization’s significant revenue sources are: (1) grants and contributions and (2) tuition revenue.

Grants and Contributions
Grants are recognized as revenue when the Organization meets the conditions for its revenue recognition, namely that it incurs reimbursable program expenses. The Organization determines the allowance for doubtful accounts by identifying troubled accounts, considering the grantor’s financial condition and current economic conditions.

Contributions received are recorded as with or without donor restrictions, depending on the existence or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions that increases those net asset classes. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the contribution as without donor restrictions. 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 on the date contributed.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets 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 property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services are recognized as contributions in accordance with GAAP if the services (a) create or enhance non-financial assets or (b) require specialized skills, which are performed by people with those skills and would otherwise be purchased by the Organization.

Tuition Revenue
Tuition revenue is generated from students attending the Organization's Rising Stars Early Learning Center. Students apply for admission to the Early Learning Center and tuition costs are individually assessed through a case management plan. Tuition revenue is recognized monthly when the service is performed.

Income Taxes The Organization is a nonprofit corporation and is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation; therefore, no provision for income taxes has been made in these statements.

Functional Allocation of Expenses The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification categories of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited using an appropriate basis consistently applied. Shared costs not directly attributable to a program are allocated based on square footage and time and effort that is associated with those programs.

Advertising All advertising costs are expensed as incurred or contributed.

Evaluation of Subsequent Events Management has evaluated subsequent events through November 15, 2023, the date which the financial statements were available to be issued.

Reclassifications Certain amounts in the 2022 statement of financial position, statement of activities, and statement of functional expenses have been reclassified to conform to the presentation of the 2023 statement of financial position, statement of activities, and statement of functional expenses. These reclassifications had no effect on the reported net assets and changes in net assets.

2. LIQUIDITY AND AVAILABILITY

The Organization receives significant grants and contributions with donor restrictions to be used in accordance with the associated purpose restrictions. The Organization considers grants and contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended June 30, 2023 and 2022, restricted contributions of $-0- and $360,122 were included in financial assets available to meet cash needs for general expenditures within one year.

In addition, the Organization receives support without donor restrictions and also generates significant revenues from its Early Learning Center. These amounts are without restrictions, and available to meet cash needs for general expenditures.

The following reflects the Organization's financial assets available for general use within one year of the statement of financial position:

June 30		2023		2022
Financial Assets at Year-End:				
Cash and cash equivalents	$	884,426	$	486,177
Accounts receivable		2,197		1,242
Grants receivable		203,393		360,358
Contributions receivable		30,150		43,650
Total Available Financial Assets	$	1,120,166	$	891,427

3. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value:

June 30, 2023		Level 1		Level 2		Level 3		Total
Beneficial Interest in Assets Held by One Valley Community Foundation	$	-	$	-	$	25,869	$	25,869
Investments at Fair Value							$	25,869

Changes in level 3 assets for the year ended June 30, 2023, are as follows:

Balance as of July 1, 2022	$	-
Purchases		25,000
Unrealized gains		1,057
Administrative fees		(188)
Distributions received		-
Transfers into level 3		-
Transfers out of level 3		-
Balance as of June 30, 2023	$	25,869

Investment income consists of the following:

For the Year Ended June 30		**2023**		**2022**
Net realized and unrealized gains	$	3,639	$	21,428
Interest and dividends		1,707		42
Investment management fees		(188)		-
Total Investment Income - Net	$	5,158	$	21,470

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

June 30		**2023**		**2022**
Land	$	358,934	$	358,934
Buildings		1,143,002		983,671
Leasehold Improvements		3,630,680		3,630,680
Furniture and equipment		68,979		73,779
Vehicles		48,349		36,349
Subtotals		5,249,944		5,083,413
Less: Accumulated depreciation		(281,747)		(271,842)
Totals	$	4,968,197	$	4,811,571

Depreciation expense amounted to $135,710 and $74,422 for the years ended June 30, 2023 and 2022, respectively.

5. PLEDGES RECEIVABLE

Pledges receivable at June 30, 2023, in the amount of $30,150 are scheduled to be received fiscal year 2024. The following table represents a reconciliation of the beginning and ending balances of pledges receivable:

Pledges receivable, July 1, 2022	$	43,650
Amounts received from pledges		(13,500)
Pledges receivable, June 30, 2023	$	30,150

Pledges receivable, July 1, 2021	$	454,589
New unconditional pledges		148,682
Amounts received from pledges		(559,621)
Pledges receivable, June 30, 2022	$	43,650

6. BENEFICIAL INTEREST IN ASSETS HELD BY ONE VALLEY COMMUNITY FOUNDATION

The Organization has transferred assets to One Valley Community Foundation (the Foundation) which is holding them as an endowed agency fund (the Fund) for the benefit of the Organization. The Organization has granted the Foundation variance power in which the Foundation has discretion to make changes to the Fund when its purpose is no longer necessary, can no longer be fulfilled, or has become inconsistent with the charitable needs of the community. The Fund is subject to the Foundation's investment and spending policies. The Organization is allocated its fund's proportionate share of the Foundation's funds investment return on an annual basis. The Organization may draw up to a certain percent of the value of the fund each year, subject to certain conditions and limitations. The Organization reports the fair value of the Fund as Beneficial Interest in Assets Held by One Valley Community Foundation in the statements of financial position and reports distributions received as investment income in the statements of activities. Changes in the value of the Fund are reported as unrealized gains or losses which is included in investment income in the statements of activities. See the changes in level 3 assets table in Note 3 for further disclosure of these amounts. As of June 30, 2023 and 2022, Beneficial Interest in Assets Held by One Value Community Foundation was $25,869 and $-0-, respectively.

7. NOTES PAYABLE

Notes payable consists of:

June 30	2023	2022
Note payable to Opportunity Bank of Montana maturing September 30, 2037, at an interest rate of 4.65% per annum for the first five years, then adjusted to the Federal Home Loan Bank 5/15 rate plus 3% every five years thereafter, due in monthly installments of $7,568, including interest. The note payable is secured by the first deed of trust on properties at 4 Marjorie Lane, Belgrade, MT, 1021 N 5th Ave, Bozeman, MT, and 429 E. Story St., Bozeman, MT, respectively.	$ 685,240	$ 972,951
Note payable to Opportunity Bank of Montana maturing March 10, 2023, at an interest rate of 5.65% per annum, interest only payments, and due in one lump sum plus accrued interest at maturity. The note payable is secured with a second deed of trust placed on properties at 4 Marjorie Lane, Belgrade, MT, 1021 N 5th Ave, Bozeman, MT, and 429 E. Story St., Bozeman, MT, respectively.	-	588,014
Total Notes Payable	685,240	1,560,965
Less: Current portion	(60,112)	(621,541)
Total Long-Term Portion	$ 625,128	$ 939,424

Future maturities of notes payable are scheduled, as follows:

Year Ending June 30,	
2024	$ 60,112
2025	63,053
2026	66,048
2027	69,185
2028	72,421
Thereafter	294,309
Total Minimum Payments	$ 625,128

Total interest expense on notes payable amounted to $48,404 for the year ended June 30, 2023. Total debt issuance costs and interest expense on notes payable amounted and $82,366 for the year ended June 30, 2022. Debt issuance costs and interest expense in the amount of $32,246 was capitalized as part of the construction of the Early Learning Center and administrative office building for the year ended June 30, 2022. For the year ended June 30, 2023, management believes the Organization was in compliance with all affirmative covenants.

8. LEASES

The Organization entered into an agreement with MT AP GMD LLC in November 2020 to construct and lease the Early Learning Center building. Under the terms of the agreement, the Organization paid $3,917,929 for construction costs and entered into a lease agreement upon completion of the building in February 2022. The lease requires monthly payments of $1 and the term of the lease is 15 years. The Organization has the option to purchase the building for $1 after 15 years or to renew the lease for an additional 5 years at fair market value rent at the time of the renewal. The Organization has recorded the following land and leasehold improvements and accumulated depreciation on the statement of financial position, related to the lease:

June 30	2023	2022
Early Learning Center Land	$ 358,934	$ 358,934
Early Learning Center Leasehold Improvements	3,630,680	3,630,680
Accumulated depreciation	(128,587)	(37,820)
Total	$ 3,861,027	$ 3,951,794

Total depreciation expense amounted to $128,587 and $37,820 for the years ended June 30, 2023 and 2022, respectively. Future minimum rental payments under the capital lease are as follows: $12 for fiscal years 2024-2027 and $104 thereafter.

The Organization leases several properties to families as part of the shelter and provisions program. Terms of the lease agreements are month-to-month and monthly payments vary by each family. Total rental income amounted to $27,677 and $33,626 for the years ended June 30, 2023 and 2022, respectively.

9. CONDITIONAL PROMISES TO GIVE

In September 2022, the Organization received notice from the Montana Department of Public Health and Human Services that the Organization was awarded a conditional grant in the amount of $989,735 for expanding operations of the Organization's Early Learning Center for the period September 1, 2022, through August 31, 2023. The grant is 100% funded through federal funds from the American Rescue Plan Act of 2021. In accordance with the grant agreement, the Organization was required to secure matching contributions amounting to $100,000. As of June 30, 2023, funding was secured for the match requirement. Based on the terms of the grant, the Organization has accounted for this grant in accordance with FASB ASC 958-605 as a conditional contribution and has recognized $372,700 as grant income in the accompanying statement of activities for the year ended June 30, 2023.

10. IN-KIND DONATIONS

For the years ended June 30, 2023 and 2022, contributed non-financial assets recognized within the statements of activities as in-kind contributions included:

Non-financial Asset	2023	2022	Usage in Programs/Activities	Donor Restriction	Fair Value Techniques
Building	$ 565,000	$ -	Preparation and stabilization	Transitional housing	Fair value of the building based off a third party appraisal.
Vehicles	12,000	7,559	Shelter and Provisions, General and Administrative	None	Fair value of donated vehicle.
Supplies	51,945	11,965	Shelter and Provisions, Early Learning Center, General and Administrative	None	Fair Value of donated supplies.
Guest supplies	68,908	4,725	Shelter and Provisions, Early Learning Center, General and Administrative, Fundraising	None	Fair value of donated supplies.
Construction services	6,275	-	Preparation and stabilization, A Journey Home, Fundraising	None	Standard industry pricing for similar services.
Professional services	5,910	220	General and Administrative, A Journey Home	None	Standard industry pricing for similar services.
Food and refreshments	2,935	705	Shelter and Provisions, Early Learning Center	None	Fair value of donated goods.
Repairs and maintenance	7,155	165	Shelter and Provisions, Early Learning Center, General and Administrative	None	Standard industry pricing for similar services.
Gas and vehicle maintenance	2,300	-	Shelter and Provisions, Preparation and Stabilization	None	Standard industry pricing for similar services.
Rent	48,000	36,100	Preparation and stabilization	None	Difference between fair market value and amount actually paid.
Advertising services	1,305	-	General and Administrative	None	Standard industry pricing for similar services.
Printing and copying	50	1,603	Fundraising	None	Fair value of donated supplies.
Total	$ 771,783	$ 63,042			

11. RETIREMENT PLAN

The Organization has adopted a SIMPLE IRA retirement savings plan (the Plan). Any employee who has received at least $5,000 in compensation during the prior year is eligible to participate in the Plan. The Organization offers a match that is approved by the Board annually. Plan expenses and matching contributions for the years ended June 30, 2023 and 2022, amounted to $14,722 and $10,024, respectively.

12. NET ASSETS

Net assets consist of the following:

June 30	2023	2022
Without Donor Restrictions:		
Undesignated	$ 5,248,188	$ 3,618,672
With Donor Restrictions:		
Purpose:		
Language Access	$ 3,942	$ 4,395
Prevention and Diversion	10,978	20,000
Cross Shelter	-	20,000
Early Learning Center	-	340,795
Sunrise Home	11,174	-
A Journey Home	40,000	-
Other	2,755	4,066
Total Purpose Restricted	68,849	389,256
Perpetual in Nature:		
Beneficial interest in assets held by One Valley Community Foundation	25,869	-
Total Perpetual in Nature	25,869	-
Total With Donor Restrictions	$ 94,718	$ 389,256

13. RELATED PARTIES

The Organization receives support, in the form of donations, from members of the Board of Directors on a periodic basis to help fund the Organization's mission. Support from board members totaled $61,659 and $82,548 for the years ended June 30, 2023 and 2022, respectively. Pledges receivable from board members as of both June 30, 2023 and 2022, amounted to $15,000.

The Organization is required to pay an affiliate fee each January to the national Family Promise Foundation based on prior-year operating expenses. The amount the Organization paid to the Family Promise Foundation for the years ended June 30, 2023 and 2022 was $6,750 and $4,500, respectively.

14. CONCENTRATIONS

At June 30, 2023, approximately 81% of the grants receivable balance was due from one grantor. Approximately 10% of total contributions revenue was received from one donor for the year ended June 30, 2023.

At June 30, 2022, approximately 95% of the grants receivable balance was due from one grantor. Approximately 22% of total contributions revenue was received from two donors for the year ended June 30, 2022.

15. SUBSEQUENT EVENTS

On July 31, 2023, the Organization purchased real property in Bozeman for their new campus, A Journey Home, for $7,338,526. The Organization paid cash in the amount of $823,634 and financed the remaining purchase price with two entities. The Organization obtained a loan from Opportunity Bank in the amount of $5,514,682, maturing in July 2048, and an interest rate of 5.53%. The Organization obtained a second loan from NeighborWorks Montana in the amount of $1,000,000, maturing in July 2026, and an interest rate of 3.50%.

SUPPLEMENTARY INFORMATION SECTION

Family Promise of Gallatin Valley, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

Federal Grantor/Program Title	Federal Assistance Listing Number	Grant Term	Pass Through Number	Total Dollars Awarded	Total Federal Expenditures	Awards to Subrecipients
Department of Health and Human Services						
Montana Department of Health and Human Services						
Child Care and Development Fund (CCDF) Cluster						
COVID-19 Child Care and Development Block Innovation and Infrastructure Grant	93.575	09/01/22-8/31/23	DLZ5APUQW6J7	$ 989,735	$ 372,700	$ -
COVID-19 Child Care and Development Block Stabilization Grant	93.575	07/05/22-06/30/23	DLZ5APUQW6J7	412,739	412,739	-
Total Department of Health and Human Services				1,402,474	785,439	-
TOTAL OF EXPENDITURES OF FEDERAL AWARDS				$ 1,402,474	$ 785,439	$ -

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general-purpose financial statements.

2. COST PRINCIPLES

The accompanying Schedule of Expenditures of Federal Awards is presented using the cost principles from Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Subpart E Cost Principles.*

3. INDIRECT COST RATE

The Organization did not elect to use the optional 10% de minimis indirect cost rate allowed by Uniform Guidance.

OTHER REPORTS SECTION

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
Family Promise of Gallatin Valley, 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 Family Promise of Gallatin Valley, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as item #2023-001 and #2023-002, that we consider to be material weaknesses.

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*
(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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.*

Family Promise of Gallatin Valley, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

KCoe Isom, LLP

November 15, 2023
Bozeman, Montana

KCOE ISOM LLP

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

To the Board of Directors
Family Promise of Gallatin Valley, Inc.
Bozeman, Montana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Family Promise of Gallatin Valley, Inc. (the Organization)'s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2023. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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 June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 each major federal program. Our audit does not provide a legal determination of the Organization'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 the Organization's federal programs.

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

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 the Organization'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 GAAS, *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 the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Organization'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 the Organization'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 the Organization'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.

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

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 Auditors' 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.

KCoe Isom, LLP

November 15, 2023
Bozeman, Montana

FINDINGS AND QUESTIONED COSTS SECTION

SECTION I
SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
93.575	Child Care and Development Fund Cluster

Threshold for distinguishing types A and B programs:	$750,000
Auditee qualified as low-risk auditee?	No

SECTION II
FINANCIAL STATEMENT FINDINGS

#2023-001 Internal Controls Over Financial Reporting

Condition: As a result of our audit procedures, adjusting journal entries were proposed to properly present the financial statements in accordance with generally accepted accounting principles (GAAP).

Criteria: Management is responsible for the fair presentation of the financial statements in accordance with GAAP.

Context: One adjusting journal entry and six reclassifying adjusting journal entries were proposed throughout the audit process.

Effect: Exclusion of these adjustments would result in a material misstatement to the financial statements that may affect the users of the financial information of the Organization.

Cause: Inconsistent application of or lack of knowledge related to GAAP.

Recommendation: We recommend management implement a process to review financial reports and underlying data for completeness and accuracy. The process should include key control activities and methodologies to ensure proper financial reporting.

Management Response to Findings: It is important to note that six reclassifying journal entries were proposed throughout the audit process, but only two adjusting journal entries had an effect on the bottom line of the financial statements. Family Promise of Gallatin Valley will work with their third-party bookkeeper to ensure the schedule of net assets with donor restrictions is reviewed quarterly to ensure accuracy at year- end. It will be reviewed at the year-end audit prep meeting as well. Both items will be added into our financial checklists.

#2023-002 Tracking Net Assets With Donor Restrictions

Condition: An inaccurate schedule of net assets with donor restrictions was received during the audit.

Criteria: Controls should be in place and operating effectively to ensure net assets with donor restrictions are properly tracked and released in accordance with donor restrictions.

Context: As a result of our audit procedures, an adjustment was posted to reclassify $382,706 to net assets with donor restrictions.

Effect: Exclusion of this adjustment would result in a material misstatement to the financial statements that may affect the users of the financial information of the Organization.

Cause: The Organization does not have a process in place to review net assets with donor restrictions for completeness and accuracy and to ensure reporting in conformity with GAAP.

Recommendation: We recommend management implement a process to review financial reports and underlying data for completeness and accuracy. The process should include key control activities and methodologies to ensure proper financial reporting.

Management Response to Findings: Family Promise of Gallatin Valley will work with their third-party bookkeeper to ensure the schedule of nest assets with donor restrictions is reviewed quarterly to ensure accuracy at year-end. It will be reviewed at the year-end audit prep meeting as well. Both items will be added into our financial checklists.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

SECTION IV
#2022-001 – Internal Control Over Financial Reporting

***Current Status**:* Continued finding. See finding #2023-001.

Family Promise of Gallatin Valley

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info@familypromisegv.org
www.familypromisegv.org

Point of Contact: Responsible party for resolving financial statement findings shall be the Executive Director, Christel Chvilicek.

Corrective Action: **#2023-001 Internal Controls Over Financial Reporting**
Management Response to Findings: It is important to note that 6 reclassifying journal entries were proposed throughout the audit process, but only 2 adjusting journal entries actually had an effect on the bottom line of the financial statements. Family Promise of Gallatin Vally will work with their third-party bookkeeper to ensure the schedule of net assets with donor restrictions is reviewed quarterly to ensure accuracy at year end. It will be reviewed at the year-end audit prep meeting as well. Both items will be added into our financial checklists.

#2023-002 Tracking Net Assets With Donor Restrictions
Management Response to Findings: Family Promise of Gallatin Vally will work with their third-party bookkeeper to ensure the schedule of net assets with donor restrictions is reviewed quarterly to ensure accuracy at year end. It will be reviewed at the year-end audit prep meeting as well. Both items will be added into our financial checklists.

Intended Results: The written and updated checklist for audit preparation will give the accounting department a guide to follow to ensure actions are carried out timely and accurately. Defined reparation steps will provide for easier training of existing and new personnel in order to increase resources available to assist with year-end procedures. These checklists will be updated by December 31, 2024.

Completion Date: This process will begin at our next quarterly review meeting with our third-party bookkeeper, scheduled for January 19, 2024.

Christel Chvilicek

Christel Chvilicek
Executive Director