

Finance Audit Committee Meeting

May 7, 2025, via Zoom

Committee Members: Lynda Grande, Committee Chair; Beth Sullivan, Board Chair, Carol Bradley, David Cates, Tim Wilson, Excused: Karen Reiff

Staff: Jill Baker, Executive Director

Guest: Keegan Witt, Carver, Florek & James CPA's

Committee Chair Lynda Grande called the meeting to order at 10 am. A quorum was present.

FY24 Audit Report:

Lynda welcomed Keegan and asked him to provide an overview of the FY24 Audit Report to the committee. This is the first year that Carver, Florek & James CPAs have audited financials for Humanities Montana. Keegan shared that the audit process went well, and that Humanities Montana is in accordance with accounting principles generally accepted in the United States. He reviewed page 29 of the report with the committee which provides a summary of the auditors' results. Overall, the results are quite positive. However, Humanities Montana has been identified as a high-risk auditee next year due to the late filing of last year's audit report as a federal grantee. It is unclear why this happened or who was responsible for this oversight, so it isn't listed as a finding. Keegan expressed that he wasn't concerned about this for Humanities Montana because there is only one federal grant program (NEH) that is audited. As a result, the next federally required single audit will review 40% of the financials, rather than 20%. But this will not significantly impact the cost of the audit for HM and would likely be required anyway due to the termination of the NEH grant and resulting gap in federal funding.

Keegan reviewed the financial statements for FY23, and FY24. He noted HM's high reliance on federal funding to support operations. He then discussed the "Going Concern" notation. Due to the termination of HM's General Operation Support grant from the NEH on April 2, HM was asked to demonstrate that the nonprofit would still be in existence in twelve months and provide a list of actions taken to address the termination of the grant. Jill provided a list of actions taken which is included in the report, and the finance committee approved a revised budget that centers around the privately funded Democracy Project program. These actions adequately addressed the "Going Concern" and avoided a recommendation from the auditor to dissolve the organization.

In FY25, it is unlikely that HM will reach the \$1M federal funding threshold that requires an annual single audit. As a result, Keegan advised that HM should consider whether there are any other funders who require an annual audit and, if not, consider a review instead which is nearly half the cost of a single audit.

Lynda and Jill thanked Keegan for all of his work on our audit and will be in touch once the audit is approved by the full board so that the federal filing is completed in a timely manner.

Meeting adjourned at 10:45 am. JB