

April 20, 2023

To the Board of Directors and Management  
Humanities Montana  
Missoula, Montana

We have audited the financial statements of Humanities Montana for the year ended October 31, 2022, and have issued our report thereon dated April 20, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 19, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Humanities Montana are described in Note 1 to the financial statements. As described in Note 1, the Organization has adopted FASB Accounting Standards Update (ASU) No. 2020-07, *Not for Profit Entities (Topic 958): Presentation and Disclosures by Non-for-Profit Entities for Contributed Nonfinancial Assets*, during the year ended October 31, 2022. The effects of the ASU have been applied retrospectively as if the ASU had always been in place. With the exception of adopting ASU 2020-07, no new accounting policies were adopted and the application of existing policies was not changed during the year ended October 31, 2022. We noted no transactions entered into by the Organization during the year for which there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the allocation of functional expenses is based on actual costs incurred and estimates of time spent on each type of activity.

We have evaluated the key factors and assumptions used to develop the allocation of functional expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 20, 2023.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Current Year Recommendations**

Accounting Standards Update 2016-02: Leases (Topic 842)

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02: Leases (Topic 842) which is intended to improve financial reporting over leasing transactions. Under the issuance of subsequent Accounting Standards Updates, ASU 2016-02 will be required to be adopted for the reporting period beginning after December 15, 2021 (reporting period beginning November 1, 2022 and ending October 31, 2023).

*Recommendation:* The new standard classified leases into finance and operating leases, with operating leases now being required to be recorded in the statement of financial position with a lease liability for the present value of the future minimum lease payments, offset by a right-of-use asset related to the right of the Organization to use the leased asset over the term of the lease. Given the complexity of the new standard we want to overcommunicate on the required adoption of the new standard.

This information is intended solely for the use of the Board of Directors and Management of Humanities Montana and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

***Junkermier, Clark, Campanella, Stevens, P.C.***  
Missoula, Montana



# Humanities Montana

Year End: October 31, 2022

## Adjusting Journal Entries

Date: 11/1/2021 To 10/31/2022

Number	Date	Name	Account No	Debit	Credit
AJE-3	10/31/2022	Website	1625	6,639	
AJE-3	10/31/2022	Website Expense	5225		6,639
		To capitalize website costs			
AJE-4	10/31/2022	Accumulated Amortization	1620		5,581
AJE-4	10/31/2022	Amortization Expense	5400	5,581	
		To record current year amortization			
				<b>12,220</b>	<b>12,220</b>
		<b>Net Income (Loss)</b>	<b>(59,604)</b>		