HUMANITIES MONTANA
AUDITED FINANCIAL STATEMENTS
Years Ended October 31, 2025 and 2024

Humanities Montana

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CARVER
FLOREK &
JAMES, CPA's
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Governing Board of
Humanities Montana
Missoula, Montana

Opinion
We have audited the financial statements of Humanities Montana (a nonprofit organization), which comprise the statements of financial position as of October 31, 2025 and 2024, 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 Humanities Montana as of October 31, 2025 and 2024, 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Humanities Montana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, 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 Humanities Montana'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 Humanities Montana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2026 on our consideration of Humanities Montana'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 Humanities Montana'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 Humanities Montana's internal control over financial reporting and compliance.

Carver Florek & James, CPA's

Carver Florek & James, CPA's
Missoula, Montana
June 25, 2026

FINANCIAL STATEMENTS

HUMANITIES MONTANA
STATEMENTS OF FINANCIAL POSITION
October 31, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	570,844	$ 201,507
Accounts receivable	10	-
Grants receivable	-	97,216
Prepaid expenses	-	12,312
Total current assets	570,854	311,035
PROPERTY PLANT AND EQUIPMENT		
Equipment	5,169	5,169
Works of art	2,695	2,695
Website	38,843	38,230
Accumulated depreciation and amortization	(36,916)	(32,097)
Total property plant and equipment	9,791	13,997
OTHER ASSETS		
Endowment - Montana Community Foundation	106,433	99,523
Total other assets	106,433	99,523
Total assets	687,078	$ 424,555
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 8,219	$ 93,830
Accrued liabilities	5,612	985
Compensated absences	7,764	14,508
Total current liabilities	21,595	109,323
NET ASSETS		
Without donor restrictions	485,648	213,014
With donor restrictions	179,835	102,218
Total net assets	665,483	315,232
Total liabilities and net assets	$ 687,078	$ 424,555

The accompanying notes are an integral part of these financial statements

HUMANITIES MONTANA
STATEMENT OF ACTIVITIES
For the Year Ended October 31, 2025

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS AND OTHER SUPPORT			
Federal grant revenue	$ 654,628	$ -	$ 654,628
Other grant revenue	205,500	102,685	308,185
Contributions	156,352	7,500	163,852
Royalties	110	-	110
Miscellaneous income	1,450	-	1,450
Investment income, net	7,222	10,990	18,212
Net assets released from restriction	43,558	(43,558)	-
Total revenue, gains and other support	1,068,820	77,617	1,146,437
EXPENSES			
Program services	325,155	-	325,155
Administration	320,519	-	320,519
Fundraising	150,512	-	150,512
Total expenses	796,186	-	796,186
Change in net assets	272,634	77,617	350,251
Net assets, beginning of year	213,014	102,218	315,232
Net assets, end of year	$ 485,648	$ 179,835	$ 665,483

The accompanying notes are an integral part of these financial statements

HUMANITIES MONTANA
STATEMENT OF ACTIVITIES
For the Year Ended October 31, 2024

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS AND OTHER SUPPORT			
Federal grant revenue	$ 1,031,312	$ -	$ 1,031,312
Other grant revenue	8,438	-	8,438
Contributions	37,001	-	37,001
Royalties	134	-	134
Investment income, net	2,341	18,736	21,077
Net assets released from restriction	84,134	(84,134)	-
Total revenue, gains and other support	1,163,360	(65,398)	1,097,962
EXPENSES			
Program services	854,122	-	854,122
Administration	298,227	-	298,227
Fundraising	82,774	-	82,774
Total expenses	1,235,123	-	1,235,123
Change in net assets	(71,763)	(65,398)	(137,161)
Net assets, beginning of year	284,777	167,616	452,393
Net assets, end of year	$ 213,014	$ 102,218	$ 315,232

The accompanying notes are an integral part of these financial statements

HUMANITIES MONTANA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended October 31, 2025

	Program Services	Administration	Fundraising	Totals
Salaries and Fringe Benefits	$ 156,542	$ 217,139	$ 131,293	$ 504,974
Re-Grants	68,012	-	1,000	69,012
Program Honoraria and Travel	77,735	4,379	7,298	89,412
Board Expenses	6,448	375	-	6,823
Professional Services	650	24,050	7,825	32,525
Dues and Subscriptions	948	21,188	420	22,556
Postage and Printing	503	1,593	388	2,484
Supplies	4,817	677	397	5,891
Network and Database Expense	390	11,905	-	12,295
Professional Development	6,863	758	322	7,943
Rent and Administration	2,155	4,662	1,061	7,878
Advertising	-	13,460	-	13,460
Insurance	-	1,442	-	1,442
Endowment Expense	92	-	508	600
Website Expense	-	14,072	-	14,072
Amortization	-	4,819	-	4,819
Totals	$ 325,155	$ 320,519	$ 150,512	$ 796,186

The accompanying notes are an integral part of these financial statements

HUMANITIES MONTANA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended October 31, 2024

	Program Services	Administration	Fundraising	Totals
Salaries and fringe benefits	$ 301,943	$ 199,451	$ 60,120	$ 561,514
Re-grants	256,028	-	1,000	257,028
Program honoraria and travel	224,886	4,379	7,298	236,563
Board expenses	26,107	-	-	26,107
Professional services	12,544	27,501	5,285	45,330
Dues and subscriptions	25	21,188	420	21,633
Postage and printing	2,967	1,593	4,459	9,019
Supplies	7,599	7,743	1,539	16,881
Network and database expense	-	11,905	-	11,905
Professional development	1,448	758	322	2,528
Rent and administration	7,244	4,662	1,209	13,115
Advertising	-	2,012	-	2,012
Insurance	-	1,850	-	1,850
Endowment expense	-	-	1,122	1,122
Website expense	-	15,185	-	15,185
Amortization	13,331	-	-	13,331
Totals	$ 854,122	$ 298,227	$ 82,774	$ 1,235,123

The accompanying notes are an integral part of these financial statements

HUMANITIES MONTANA
STATEMENTS OF CASH FLOWS
For the Years Ended October 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 350,251	$ (137,161)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Amortization expense	4,819	13,331
(Increase) Decrease in:		
Accounts receivable	(10)	-
Grants receivable	97,216	33,935
Prepaid expenses	12,312	(8,448)
Endowment - Montana Community Foundation	(6,910)	(14,602)
Increase (Decrease) in:		
Accounts payable	(85,611)	77,688
Accrued Liabilities	4,627	(2,793)
Compensated absences	(6,744)	2,983
Re-grants payable	-	(29,000)
Net cash flows from operating activities	369,950	(64,067)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of capital assets	(613)	(1,753)
Net cash flows from investing activities	(613)	(1,753)
Net change in cash, cash equivalents, and restricted cash	369,337	(65,820)
Cash and cash equivalents, beginning of year	201,507	267,327
Cash and cash equivalents, end of year	$ 570,844	$ 201,507

The accompanying notes are an integral part of these financial statements

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Humanities Montana (the Organization) is a non-profit corporation incorporated in 1972 under the laws of the State of Montana. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Humanities Montana is located in Missoula, Montana and was formed at the invitation of the National Endowment for the Humanities to encourage and promote, through grants or other arrangements with non-profit groups, education in and public understanding and appreciation of the humanities in Montana. This is accomplished through providing services and grants in support of public programs in history, literature, philosophy, and other disciplines of the humanities. The educational and cultural programs sponsored by the Organization encourage Montanans to reflect on humanity's creative achievements, to conserve cultural diversity, and foster appreciation of culture.

The Board of Directors is composed of both public representatives and representatives of the humanities institutions and disciplines in the State of Montana. The Governor of the State of Montana appoints up to four members of the Board of Directors.

Basis of Accounting - Humanities Montana uses the accrual basis of accounting and, accordingly, the financial statements reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned and expenses are recorded when services are rendered and the liability is incurred. The Organization measures financial instruments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments are recorded at quoted active market prices at the reporting date for identical assets (Level 1).

Classification of Net Assets - The financial statement presentation follows the recommendations of Financial Accounting Standards Board Accounting Standards Codification 958, Not-for-Profit Entities (FASB ASC 958). Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to the two following classes of net assets:

Net assets without donor restrictions represent net amounts that have been earned and expended according to contract restrictions and net amounts from generally unrestricted activities. Grants and donor-restricted contributions received in a fiscal year whose restrictions were met in the same fiscal year are reported as net assets without donor restriction. Net assets without donor restrictions include cash and fixed assets that are contractually designated for operations.

Net assets with donor restrictions represent resources restricted by donors as to purpose or by passage of time, or resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition - The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

The Organization historically has no material revenue from contracts with customers. A majority of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned revenue in the statement of financial position.

Contributed Nonfinancial Assets - The Organization's policy related to gifts-in-kind is to utilize them to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Contributed Nonfinancial Assets (Continued) - The Organization received contributions of volunteer time, matching project funds, and miscellaneous items with an estimated value of $725,700 and $840,990 for the years ended October 31, 2025 and 2024, respectively. These amounts have not been recorded in these financial statements because they do not meet the requirements for recognition under accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents and Investments - For purposes of the Statement of Cash Flows, the Organization considers cash in banks, cash on hand, and highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash deposits at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC). At times during the year, cash balances may be in excess of the FDIC insured limit. Management does not consider this to be a significant risk.

Investments - The Organization's investments are held and managed by the Montana Community Foundation. Investment balances are stated at fair value based on quoted prices in active markets for identical assets (Level 1). Interest, dividends, and realized and unrealized gains and losses are included in investment income. The composition of investments within this account are determined solely by the Montana Community Foundation. As such, the cost basis of these investments is not available.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets - The Organization capitalizes equipment with an acquisition cost of $5,000 or more per unit and an estimated useful life of at least three years. Property and equipment is stated at cost and depreciated on a straight-line basis over the estimated useful life of the assets. Works of art are stated at cost and are not depreciated, because the salvage value is expected to be in excess of cost.

Vacation and Sick Leave - The Organization records a liability for 100 percent of accumulated vacation benefits and 25 percent of accumulated sick leave benefits. After a six-month probationary period, the Organization pays terminated employees the full amount of accumulated vacation up to 240 hours and 25 percent of all accumulated sick leave.

Advertising Costs - The Organization expenses the costs of advertising as incurred. Total advertising expense was $13,460 and $2,012 during the years ended October 31, 2025 and 2024, respectively.

Functional Allocation of Expenses - The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Certain administrative and other costs have been allocated among the programs based on specific identification or based on estimates of the expenses incurred. The primary activity groups and their related purposes are summarized as follows:

Program Service - Expenses which are associated with the Organization's objectives and purpose.

Administrative Expenses - Expenses which allow the Organization to operate and provide support to program services, but are not directly attributable to the provision of program services.

Fundraising Expenses - Provides for time and materials related to appeals to donors and creation of public awareness and support for the Organization's mission.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated on the table below include:

Expense	Method of Allocation
Salaries and fringe benefits	Time and effort, purpose
Program honoraria and travel	Purpose
Professional development	Time and effort
Rent and administration	Time and effort
Professional services	Time and effort, purpose
Postage and printing	Time and effort
Dues and subscriptions	Purpose
Network and database expense	Time and effort
Advertising	Purpose
Supplies	Time and effort
Insurance	Time and effort
Board expenses	Purpose

Income Taxes - Humanities Montana is a 501(c)(3) organization and is exempt from federal and state income taxes. A provision for income taxes has not been recorded, because the Organization had no business income unrelated to its exempt activities during the years ended October 31, 2025 and 2024.

Concentration of Risk - The Organization has a concentration of risk related to its revenue sources. The Organization received approximately 58% and 94% of its total revenue from the National Endowment for Humanities grant during the years ended October 31, 2025 and 2024, respectively. A substantial change in the level of funding could have a significant impact on the operations of the Organization.

Use of Estimates - The preparation of the financial statements in conformity with Accounting Principles Generally Accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Management of Liquid Resources - The Organization is substantially supported by federal granting agencies. Additional funding is obtained from contributions and donations. For donations and grants received with donor restrictions, the Organization must maintain adequate resources to meet those responsibilities to donors. Thus, some of the Organization's financial assets may not be available for general expenditure within one year of the date of the statement of financial position. The Organization manages its liquidity to make financial assets without donor restrictions available for general expenditures, liabilities, and other obligations as they come due.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications – Certain reclassifications have been made to the prior year financial statements to conform to classifications used in the current year. These reclassifications had no impact on change in net assets previously reported.

2. FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor imposed restrictions within one year of the statement of financial position date:

	2025	2024
Financial Assets, at Year End:		
Cash and cash equivalents	$ 570,844	$ 201,507
Accounts receivable	10	-
Grants receivable	-	97,216
Endowment - Montana Community Foundation	106,433	99,523
Total financial assets	677,287	398,246
Less financial Assets unavailable for general expenditures Within One Year:		
Endowment - Montana Community Foundation	(106,433)	(99,523)
Financial assets available to meet cash needs for general expenditures within one year	$ 570,854	$ 298,723

3. GRANTS RECEIVABLE

Grants receivable represent the balance of grant funds earned but not yet received in cash. The Organization uses the allowance method to determine uncollectible grants receivable. Management estimates the allowance for uncollectible grants receivable to be zero at October 31, 2025 and 2024. The balance of grants receivable at October 31, 2025 and 2024 is expected to be collected within one year of the statement of financial position date.

4. ENDOWMENT

The Organization has an endowment held at the Montana Community Foundation (MCF). The endowment consists of cash, fixed income investments, and equities that are fully managed by the MCF. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors and management of the Organization have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

4. ENDOWMENT (CONTINUED)

Changes in endowment net assets for the years ended October 31, 2025 and 2024 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, October 31, 2023	$ -	$ 84,921	$ 84,921
Investment return			
Investment loss, net	-	(172)	(172)
Net appreciation, realized and unrealized	-	18,908	18,908
Reclassification adjustment	4,134	(4,134)	-
Appropriations for expenditure	(4,134)	-	(4,134)
Endowment net assets, October 31, 2024	-	99,523	99,523
Investment return			
Investment loss, net	-	(48)	(48)
Net appreciation, realized and unrealized	-	11,017	11,017
Reclassification adjustment	4,059	(4,059)	-
Appropriations for expenditure	(4,059)	-	(4,059)
Endowment net assets, October 31, 2025	$ -	$ 106,433	$ 106,433

The portion of endowment net assets whose use is restricted either by explicit donor stipulation or by UPMIFA that neither expires by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization at October 31, 2025 and 2024 were $62,842 and $55,911, respectively.

The portion of endowment net assets whose use was restricted by time was $43,591 and $43,612 at October 31, 2025 and 2024, respectively.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported as assets with donor restriction. There were no such deficiencies as of October 31, 2025 and 2024.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner intended to produce results consistent with a balanced bond and equity portfolio.

4. ENDOWMENT (CONTINUED)

Strategies Employed for Achieving Objectives
The endowment assets are managed at the discretion of the MCF. To satisfy the Organization's long-term rate-of-return objectives, the MCF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The MCF targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Organization's policy is to not make any significant withdrawals from the endowment until the corpus reaches $100,000. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

5. ENDOWED PERPETUAL TRUST

The Organization has been named a beneficiary of a perpetual trust held by the Montana Community Foundation (MCF), which was created by donation. Under the agreement set forth by the MCF, the Organization does not have variance power over the trust and, therefore, has not recorded it in the financial statements. The Organization receives distributions from the trust's annual income under a reasonable structure as set forth by the MCF. Income received annually from the trust is reported in the statement of activities as an increase in net assets without donor restriction. Distributions received from the endowed perpetual trust during the years ended October 31,2025 and 2024 were $827 and $816, respectively. The balance of the trust at October 31, 2025 and 2024 is $22,983 and $20,805, respectively.

6. RE-GRANTS

Re-grant expense is recognized when the funds to be re-granted are obligated. Funds are considered obligated on the date re-grant award documents are approved by the board. A corresponding re-grant payable is recorded until the funds are disbursed to the recipients. Unclaimed re-grants revert to the Organization as program income and must be expensed under the same terms as the original grant award.

7. LEASES

The Organization has an operating lease for an office space in Missoula, Montana on an annual lease that has no renewal options. Short-term lease costs for this lease were $2,742 and $7,062 during the years ended October 31, 2025 and 2024, respectively.

8. RISK MANAGEMENT

The Organization faces a number of risks including (a) loss or damage to property, (b) general liability, (c) workers compensation, and (d) employee medical insurance. Commercial insurance policies are purchased for loss or damage to property, general liability, and employee medical insurance.

9. EMPLOYEE BENEFITS

The Organization participates in the Teachers Insurance and Annuity Association College Retirement Equities Fund (Plan) to provide retirement benefits for eligible employees. The Plan is a Section 403(b) defined contribution retirement plan. Plan contributions are invested, at the direction of the participant, in one or more of the funding vehicles available under the plan.

Employees are eligible to make elective deferrals on the first of the month following employment and can contribute up to the maximum amount allowed by law. Employees are eligible for employer match up to 10 percent of the employee's salary. For the years ending October 31, 2025 and 2024, the Organization contributed $33,203 and $38,363 in matching contributions, respectively.

10. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are as follows at October 31:

	2025	2024
Invested in property and equipment, net	$ 9,791	$ 13,997
Undesignated	475,857	199,017
Total net assets without donor restriction	$ 485,648	$ 213,014

11. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are as follows at October 31:

	2025	2024
Grants and contributions	$ 70,707	$ -
Works of art	2,695	2,695
Endowment earnings in excess of corpus	43,591	43,612
Donor restricted endowment	62,842	55,911
Total net assets with donor restriction	$ 179,835	$ 102,218

The table above presents the composition of net assets with donor restrictions. As of October 31, 2025 and 2024, $43,591 and $43,612, respectively, are restricted by donors by the passage of time. Additionally, as of October 31, 2025 and 2024, $62,842 and $55,911, respectively are restricted in perpetuity by donors.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 25, 2026, the date on which the financial statements were available to be issued.

SINGLE AUDIT SECTION

HUMANITIES MONTANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended October 31, 2025

FEDERAL SOURCE PASS THROUGH PROGRAM	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Awards to Subrecipients
National Endowment for the Humanities				
Direct				
Grant #SO-289884-23	45.129		$ 654,628	$ 71,666
Total National Endowment for the Humanities			654,628	71,666
		Total Expenditures of Federal Awards	$ 654,628	$ 71,666

See Independent Auditor's Report and notes to the Schedule of Expenditures of Federal Awards

HUMANITIES MONTANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended October 31, 2025

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes federal award activity of Humanities Montana under programs of the federal government for the year ended October 31, 2025. 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). Because the Schedule presents only a selected portion of the operations of Humanities Montana, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Humanities Montana.

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Schedule has been prepared on the accrual basis of accounting, which is the method of accounting used for the financial statements. Such expenditures are recognized following Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDIRECT COST RATE

Humanities Montana has not elected to use the 15 percent de minimis indirect cost rate method allowed under Uniform Guidance.

RE-GRANTS

Humanities Montana provided re-grant awards to subrecipients based on the program guidelines. The total amount provided to subrecipients was $71,666 for the year ended October 31, 2025.

CARVER
FLOREK &
JAMES, CPA's
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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 Governing Board of
Humanities Montana
Missoula, 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 Humanities Montana (a nonprofit organization), which comprise the statement of financial position as of October 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2026.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Humanities Montana's internal control over financial reporting (internal control) as a basis for designing 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 Humanities Montana's internal control. Accordingly, we do not express an opinion on the effectiveness of Humanities Montana'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether Humanities Montana'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 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*.

Humanities Montana's Response to Findings
Government Auditing Standards requires the auditor to perform limited procedures on Humanities Montana's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Humanities Montana'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 the response.

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 Humanities Montana's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Humanities Montana's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carver Florek & James, CPA's

Carver Florek & James, CPA's
Missoula, Montana
June 25, 2026

CARVER
FLOREK &
JAMES, CPA's
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Governing Board of
Humanities Montana
Missoula, Montana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Humanities Montana's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Humanities Montana's major federal program for the year ended October 31, 2025. Humanities Montana's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Humanities Montana complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2025.

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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Humanities Montana 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 Humanities Montana'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 Humanities Montana's federal programs.

Auditor's 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 Humanities Montana'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 Humanities Montana's compliance with the requirements of its 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 Humanities Montana'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 Humanities Montana'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 Humanities Montana's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed

below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-002 and 2025-003, to be significant deficiencies.

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. Government Auditing Standards requires the auditor to perform limited procedures on Humanities Montana's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Humanities Montana's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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.

Carver Florek & James, CPA's

Carver Florek & James, CPA's
Missoula, Montana
June 25, 2026

HUMANITIES MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended October 31, 2025

Section I – Summary of Auditors' Results:

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of Major Program:	
National Endowment for the Humanities Promotion of the Humanities	ALN 45.129

The dollar threshold used to distinguish between Type A and Type B programs as described in the Uniform Guidance was $1,000,000.

Auditee qualified as a low-risk auditee?	No

Section II – Financial Statement Findings:

2025-001 Cash Reconciliations – Significant Deficiency

Criteria:	The Organization should complete cash reconciliations in a timely and accurate manner.
Condition:	During our testing, we noted that the Organization checking account did not properly reconcile transactions that should have been included in the balance at year end.
Cause:	Organization staff had a tremendous turnover due to the loss of federal funding.
Potential Effect:	Improper reconciliation activities could allow for cash to be misstated at year end and potential reconciling items could be missed.
Recommendation:	We recommend that the Organization improves their policies to ensure that all reconciliations go through the proper process and practice to ensure all applicable items are included.

Section III – Federal Award Findings:

2025-002 Federal Award Approvals – Significant Deficiency

Criteria:	The Organization should follow their policies related to approval on program expenditures and required reports.
Condition:	During our testing, we found 7 instances out of 25 expenditure samples and 4 out of 5 reporting samples that the Organization did not follow their control policies when approving expenditures.
Cause:	Organization staff had a tremendous turnover due to the loss of federal funding.
Potential Effect:	The Organization did not follow their policy for the approval process which could allow for funds to be expended for purposes outside of the Federal Award parameters or reimbursed for expenditures that are not allowable.
Recommendation:	We recommend that the Organization follows their policies to ensure that all expenditures and reports go through the proper approval process.

2025-003 Expenditure Documentation – Significant Deficiency

Criteria:	The Organization should ensure that all federal expenditures are accompanied by the proper supporting documentation.
Condition:	During our testing, we found 2 instances out of 25 expenditure samples that the Organization could not locate documentation that supplemented the respective sample.
Cause:	Organization staff had a tremendous turnover due to the loss of federal funding.
Potential Effect:	The Organization did not follow their retention policy for expenditures which could allow for funds to be expended for purposes outside of the Federal Award parameters.
Recommendation:	We recommend that the Organization follows their policies to ensure that all expenditures contain proper supporting documentation.

Section IV – Summary Schedule of Prior Year Findings:

NO PRIOR YEAR FINDINGS.

HUMANITIES MONTANA
FY25 AUDIT - CORRECTIVE ACTION PLAN

Fiscal Year: November 1, 2024 - October 31, 2025

Prepared in Response to the Schedule of Findings and Questioned Costs

Finding Number: 2025-001 Cash Reconciliations - Significant Deficiency

Contact Person Responsible: John Knight, Executive Director

Corrective Action Planned: Humanities Montana acknowledges this finding. During fiscal year 2025, the organization experienced significant staffing and leadership transitions due to the loss of the General Operating Support Grant from the National Endowment for the Humanities. This affected the timely completion and review of certain cash reconciliations.

Since the completion of fiscal year 2025, Humanities Montana has implemented several corrective actions to strengthen its financial management and internal control environment. These actions include the adoption of an updated Finance Procedures Manual and Approval Matrix approved by the Board of Directors, increased monthly reconciliation and financial review procedures, and an expansion of contract accounting support effective June 1, 2026. The organization has increased the hours allocated to its contract accounting position to provide additional capacity for reconciliations, financial reporting, and compliance activities.

Bank reconciliations are reviewed by the Executive Director and approved by the Finance Chair and are incorporated into regular financial reporting provided to the Finance Committee and full Board of Directors.

In addition, Humanities Montana is actively evaluating the engagement of a fractional Chief Financial Officer or part-time Comptroller to provide additional oversight of accounting operations, strengthen internal controls, support federal grant compliance, and assist in the continued development of the organization's financial infrastructure.

Anticipated Completion Date: Implemented May 30, 2026, with ongoing monthly monitoring.

Finding Number: 2025-002 Federal Award Approvals – Significant Deficiency

Contact Person Responsible: John Knight, Executive Director

Corrective Action Planned: Humanities Montana acknowledges this finding. During fiscal year 2025, the organization experienced significant staffing and leadership transitions due to the loss of the General Operating Support Grant from the National Endowment for the Humanities. This affected the timely completion and review of certain cash reconciliations.

To address this issue, Humanities Montana has adopted an updated Finance Procedures Manual and approval matrix approved by the Board of Directors that clearly identifies authorization requirements for expenditures, grant activities, federal reports, reimbursement requests, and financial transactions. The Executive Director now reviews and documents approvals prior to the submission of federal reports, reimbursement requests, and grant-related expenditures.

Effective June 1, 2026, Humanities Montana increased the hours of its contract accounting position to provide additional support for financial review, documentation oversight, and compliance activities.

In addition, Humanities Montana is actively evaluating the engagement of a fractional Chief Financial Officer or part-time Comptroller to strengthen internal controls, support federal grant compliance, and provide additional oversight of accounting and reporting processes.

Anticipated Completion Date: Implemented May 30, 2026, with ongoing compliance monitoring.

Finding Number: 2025-003
Expenditure Documentation - Significant Deficiency

Contact Person Responsible: John Knight, Executive Director

Corrective Action Planned: Humanities Montana acknowledges this finding. During fiscal year 2025, staffing transitions contributed to inconsistencies in the retention and organization of supporting documentation for a limited number of transactions.

The organization has since centralized financial and grant documentation within a shared electronic records system and implemented documentation retention procedures as outlined in the Humanities Montana Finance Procedures Manual and Matrix Addendum. These procedures require supporting documentation to be retained and linked to financial transactions prior to the submission of reimbursement requests, drawdowns, or other expenditures. The Executive Director conducts periodic reviews to ensure documentation is complete, organized, and readily accessible for audit and compliance purposes.

Effective June 1, 2026, Humanities Montana increased the hours of its contract accounting position to provide additional support for documentation review, record retention, financial reporting, and compliance monitoring.

In addition, Humanities Montana is actively evaluating the engagement of a fractional Chief Financial Officer or part-time Comptroller to provide additional oversight of accounting operations, strengthen internal controls, support federal grant compliance, and assist in the continued development of the organization's financial infrastructure.

Anticipated Completion Date: Implemented May 30, 2026, with ongoing monitoring and review.

Signed:

John Knight
Executive Director Humanities Montana

Date: 06/25/2026