

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

**MONTANA PUBLIC
HEALTH INSTITUTE**

DECEMBER 31, 2022 AND 2021



MONTANA PUBLIC HEALTH INSTITUTE

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Montana Public Health Institute
Kalispell, Montana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Montana Public Health Institute, (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 financial statements present fairly, in all material respects, the financial position of Montana Public Health Institute as of December 31, 2022 and 2021, 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 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 Montana Public Health Institute 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 opinions.

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 the Montana Public Health Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Montana Public Health Institute'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 Montana Public Health Institute'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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 October 16, 2023, on our consideration of the Montana Public Health Institute’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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Montana Public Health Institute’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 Montana Public Health Institute’s internal control over financial reporting and compliance.

Junkermier, Clark, Campanella, Stevens, P.C.

Kalispell, Montana
October 16, 2023

**MONTANA PUBLIC HEALTH INSTITUTE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

| | <u>2022</u> | <u>2021</u> |
|-----------------------------------|-------------------|-------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 429,977 | \$ 183,122 |
| Grants receivable | <u>289,369</u> | <u>208,272</u> |
| TOTAL ASSETS | <u>\$ 719,346</u> | <u>\$ 391,394</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 65,975 | \$ 98,823 |
| Payroll liabilities | <u>33,387</u> | <u>22,064</u> |
| TOTAL LIABILITIES | <u>99,362</u> | <u>120,887</u> |
| NET ASSETS | | |
| Without donor restrictions | 619,034 | 220,507 |
| With donor restrictions | <u>950</u> | <u>50,000</u> |
| TOTAL NET ASSETS | <u>619,984</u> | <u>270,507</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 719,346</u> | <u>\$ 391,394</u> |

See Notes to Financial Statements

**MONTANA PUBLIC HEALTH INSTITUTE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---------------------------------------|---------------------------------------|------------------------------------|--------------------------|
| REVENUE | | | |
| Grants | \$ 1,876,315 | \$ - | \$ 1,876,315 |
| Other revenue | 6,453 | - | 6,453 |
| Net assets released from restrictions | <u>49,050</u> | <u>(49,050)</u> | <u>-</u> |
| | <u>1,931,818</u> | <u>(49,050)</u> | <u>1,882,768</u> |
| EXPENSES | | | |
| Program service | 1,386,735 | - | 1,386,735 |
| Management and general | <u>146,556</u> | <u>-</u> | <u>146,556</u> |
| | <u>1,533,291</u> | <u>-</u> | <u>1,533,291</u> |
| CHANGE IN NET ASSETS | 398,527 | (49,050) | 349,477 |
| NET ASSETS - BEGINNING OF YEAR | <u>220,507</u> | <u>50,000</u> | <u>270,507</u> |
| NET ASSETS - END OF YEAR | <u><u>\$ 619,034</u></u> | <u><u>\$ 950</u></u> | <u><u>\$ 619,984</u></u> |

**MONTANA PUBLIC HEALTH INSTITUTE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--------------------------------|---------------------------------------|------------------------------------|--------------------------|
| REVENUE | | | |
| Grants | \$ <u>1,215,889</u> | \$ <u>50,000</u> | \$ <u>1,265,889</u> |
| EXPENSES | | | |
| Program service | 1,258,620 | - | 1,258,620 |
| Management and general | <u>116,438</u> | <u>-</u> | <u>116,438</u> |
| | <u>1,375,058</u> | <u>-</u> | <u>1,375,058</u> |
| CHANGE IN NET ASSETS | (159,169) | 50,000 | (109,169) |
| NET ASSETS - BEGINNING OF YEAR | <u>379,676</u> | <u>-</u> | <u>379,676</u> |
| NET ASSETS - END OF YEAR | <u><u>\$ 220,507</u></u> | <u><u>\$ 50,000</u></u> | <u><u>\$ 270,507</u></u> |

**MONTANA PUBLIC HEALTH INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

| <u>Description</u> | <u>Program Service</u> | <u>Management and General</u> | <u>Total</u> |
|----------------------------|----------------------------|-----------------------------------|---------------------|
| Payroll | \$ 387,294 | \$ 57,871 | \$ 445,165 |
| Payroll taxes and benefits | 83,139 | 12,423 | 95,562 |
| Rent | 7,047 | 1,053 | 8,100 |
| Travel and training | 28,013 | 12,006 | 40,019 |
| Advertising | 19,896 | 3,118 | 23,014 |
| Insurance | 9,203 | 1,375 | 10,578 |
| Office expenses | 26,051 | 3,893 | 29,944 |
| Professional fees | <u>826,092</u> | <u>54,817</u> | <u>880,909</u> |
| | <u>\$ 1,386,735</u> | <u>\$ 146,556</u> | <u>\$ 1,533,291</u> |
| | 90.44 % | 9.56 % | |

**MONTANA PUBLIC HEALTH INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

| <u>Description</u> | <u>Program Service</u> | <u>Management and General</u> | <u>Total</u> |
|----------------------------|----------------------------|-----------------------------------|---------------------|
| Payroll | \$ 193,821 | \$ 61,206 | \$ 255,027 |
| Payroll taxes and benefits | 41,080 | 12,973 | 54,053 |
| Rent | 2,736 | 864 | 3,600 |
| Travel and training | 10,473 | 7,584 | 18,057 |
| Advertising | 115,842 | 2,860 | 118,702 |
| Insurance | 6,671 | 2,106 | 8,777 |
| Office expenses | 15,475 | 4,887 | 20,362 |
| Professional fees | <u>872,522</u> | <u>23,958</u> | <u>896,480</u> |
| | <u>\$ 1,258,620</u> | <u>\$ 116,438</u> | <u>\$ 1,375,058</u> |
| | 91.53 % | 8.47 % | |

**MONTANA PUBLIC HEALTH INSTITUTE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

| | 2022 | 2021 |
|---|------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 349,477 | \$ (109,169) |
| Changes in operating assets and liabilities: | | |
| Grants receivable | (81,097) | (146,672) |
| Accounts payable | (32,848) | 66,373 |
| Payroll liabilities | 11,323 | 17,801 |
| NET CASH FROM OPERATING ACTIVITIES | 246,855 | (171,667) |
| NET CHANGE IN CASH | 246,855 | (171,667) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 183,122 | 354,789 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 429,977 | \$ 183,122 |

MONTANA PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Montana Public Health Institute is a not-for-profit corporation organized and incorporated in April 2020, under Internal Revenue Code Section 501(c)(3). The Organization is one of 40 member National Network of Public Health Institutes working to improve public health in the United States. The Organization supports state, local and tribal public health agencies, healthcare and behavioral health system partners, statewide health organizations and community-based organizations to deliver effective public health programs and services.

Basis of Reporting

The financial statements of Montana Public Health Institute have been prepared on the accrual basis, whereby revenue is recorded when earned and expenses are recorded when incurred.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organization adopted Topic 842 using a retrospective method and therefore, the ASUs have been applied to all periods presented. The Organization elected the practical expedient that permitted the Organization to not reassess under the new standard the prior conclusions about lease identification, lease classification, and initial direct costs. The Organization has analyzed the provisions of FASB's ASC Topic 842, Leases, and has concluded that no changes are necessary to conform with the new standard.

During the year ended December 31, 2022, the Organization adopted ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The accounting change has been retrospectively applied to prior periods presented as if the policy had always been used.

**MONTANA PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Estimates

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

Statement of Cash Flows

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments and debt instruments with an original maturity of three months or less to be cash equivalents.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes has been made in these financial statements. The Organization files income tax returns in the U.S. federal jurisdiction.

Revenue Recognition

Revenues are recognized when an expense associated with the grant is recognized. Expenses are recognized when incurred. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions, including unconditional promises to give, are recognized as either with donor restrictions or without donor restrictions in accordance with donor stipulations. Unconditional promises to give with payments due in future periods are recognized as revenue with donor restrictions. Restricted contributions whose restrictions are met within the same reporting period are accounted for as support without donor restrictions. Unconditional and conditional promises to give are valued at the present value of amounts expected in future years, provided that reliable information is available.

MONTANA PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

The cost of advertising is expensed as incurred.

Functional Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between program and management and general, which management believes to be a reasonable approximation of the actual costs. Payroll, payroll taxes and benefits, rent, insurance and office expenses are allocated based on estimated time and effort spent by staff on each activity.

NOTE 2 -- GRANTS RECEIVABLE

Grants Receivable represents the balance of grant funds earned but not yet received in cash. Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance, if applicable, based on its assessment of the current status of individual accounts. As of December 31, 2022 and 2021, no valuation allowance has been established as management does not anticipate any material loss with respect to the remaining balance of grants receivable.

NOTE 3 -- RETIREMENT PLAN

As of August 2020, Organization employees may participate in a Simple Individual Retirement Account retirement plan. Under the plan, employees are allowed to make elective deferrals and may contribute up to the maximum amount allowed by law. The Organization contributes 3% of the employees' salary. For the years ended December 31, 2022 and 2021, the Organization contributed \$13,491 and \$7,338, respectively.

NOTE 4 -- COMPENSATED ABSENCES

Eligible employees may accumulate paid time off (PTO) at a given rate per pay period based upon years of service with the Organization. The maximum accrued PTO for full-time employees ranges from 120 hours to 240 hours depending on years of service. Upon termination, employees are paid 100% of unused PTO. At December 31, 2022 and 2021, total compensated absences payable was \$20,102 and \$12,719, respectively.

**MONTANA PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 -- LEASES AND COMMITMENTS

The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. On July 12, 2021, the Organization signed a month-to-month lease for office space. Rent expense for the years ended December 31, 2022 and 2021 was \$8,100 and \$3,600, respectively.

NOTE 6 -- NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31:

| | <u>2022</u> | <u>2021</u> |
|---|---------------|------------------|
| Subject to expenditure for specified purpose: | | |
| Montana Healthcare Foundation special project | \$ <u>950</u> | \$ <u>50,000</u> |

Net assets without donor restrictions were as follows for the years ended December 31:

| | <u>2022</u> | <u>2021</u> |
|--------------|-------------------|-------------------|
| Undesignated | \$ <u>619,034</u> | \$ <u>220,507</u> |

NOTE 7 -- AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| Financial assets at year end: | | |
| Cash and cash equivalents | \$ 429,977 | \$ 183,122 |
| Grants receivable | <u>289,369</u> | <u>208,272</u> |
| | 719,346 | 391,394 |
| Less amounts not available for use within one year: | | |
| Net assets with donor restrictions | <u>950</u> | <u>50,000</u> |
| Financial assets available to meet general expenditures over the next twelve months | \$ <u>718,396</u> | \$ <u>341,394</u> |

Consideration of investing any amount in excess cash will be encouraged only if cash reserves exceed an amount determined by the board of directors. If such consideration is made, an investment policy will guide further action. If operational cash flow needs create deficiencies or concerns, the organization has the ability to apply for a line of credit.

**MONTANA PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 -- SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 16, 2023, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**MONTANA PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2022**

| Federal Source <i>Pass-Through Source</i> Program Name | <u>ALN Number</u> | <u>Federal Expenditures</u> |
|---|-----------------------|---------------------------------|
| U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES | | |
| <i>Montana Department of Public Health and Human Services</i> | | |
| SAMHSA Treatment of Pregnant and Postpartum Women | 93.243 | \$ 31,629 |
| Substance Abuse and Mental Health Services | 93.243 | 58,943 |
| SAMHSA 988 Capacity Building | 93.243 | <u>6,267</u> |
| | | <u>96,839</u> |
| COVID-19: Epidemiology and Laboratory Capacity | 93.323 | 301,043 |
| Centers for Disease Control and Prevention | 93.387 | 43,491 |
| Tobacco Use Prevention | 93.387 | <u>28,197</u> |
| | | <u>71,688</u> |
| COVID-19: Health Disparities | 93.391 | 190,000 |
| Cardiovascular Health Program | 93.435 | 5,859 |
| COVID-19: SAMHSA Emergency Funding | 93.665 | 234,217 |
| SAMHSA State Opioid Grant | 93.788 | 392,792 |
| <i>The National Network of Public Health Institutes</i> | | |
| COVID-19: Health Equity | 93.421 | <u>20,851</u> |
| Total U.S. Department of Health & Human Services | | <u>1,313,289</u> |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | |
| <i>Montana Department of Public Health and Human Services</i> | | |
| COVID-19: SAMHSA RSP | 97.032 | <u>19,441</u> |
| Total U.S. Department of Homeland Security | | <u>19,441</u> |
| TOTAL FEDERAL EXPENDITURES | | <u><u>\$ 1,332,730</u></u> |

**MONTANA PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2022**

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Montana Public Health Institute under programs of the federal government for the year ended December 31, 2022. 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 Montana Public Health Institute, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Montana Public Health Institute.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST RATE

Montana Public Health Institute has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

Montana Public Health Institute did not provide awards to subrecipients during the year ended December 31, 2022.



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*

Board of Directors
Montana Public Health Institute
Kalispell, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Montana Public Health Institute (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 October 16, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Montana Public Health Institute'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 Montana Public Health Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of Montana Public Health Institute's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montana Public Health Institute'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*.

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.

Junkermier, Clark, Campanella, Stevens, P.C.

Kalispell, Montana
October 16, 2023



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

Board of Directors
Montana Public Health Institute
Kalispell, Montana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Montana Public Health Institute'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 each of Montana Public Health Institute's major federal programs for the year ended December 31, 2022. Montana Public Health Institute's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Montana Public Health Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022

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; 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 Montana Public Health Institute 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 Montana Public Health Institute'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 Montana Public Health Institute's federal programs.

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 Montana Public Health Institute'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 generally accepted auditing standards, 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 Montana Public Health Institute's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Montana Public Health Institute'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 Montana Public Health Institute'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 Montana Public Health Institute'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

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 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 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 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.

Junkermier, Clark, Campanella, Stevens, P.C.

Kalispell, Montana
October 16, 2023

**MONTANA PUBLIC HEALTH INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

I. Summary of Auditors' Results

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of Montana Public Health Institute were prepared in accordance with U.S. GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of Montana Public Health Institute, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs disclosed during the audit are reported in the Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The independent auditors' report on compliance for the major federal award programs for Montana Public Health Institute expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Montana Public Health Institute.
7. The programs tested as major programs: COVID-19: Epidemiology and Laboratory Capacity ALN 93.323 and SAMHSA State Opioid Response ALN 93.788.
8. The threshold for distinguishing Type A and B Programs was \$750,000 in expenditures.
9. Montana Public Health Institute was determined not to be a low-risk auditee.

**MONTANA PUBLIC HEALTH INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

II. Findings - Financial Statements Audit

No matters were reported.

III. Findings and Questioned Costs - Major Federal Award Programs

No matters were reported.

IV. Status of Prior Year Findings

N/A