



BITTERROOT VALLEY COMMUNITY COLLEGE

RAVALLI COUNTY, MONTANA

FINANCIAL STATEMENTS

June 30, 2022

(With Independent Auditor's Reports Thereon)

**BITTERROOT VALLEY COMMUNITY COLLEGE
RAVALLI COUNTY, MONTANA**

TABLE OF CONTENTS

	<u>Page</u>
Organization.....	1
Management’s Discussion and Analysis	2
Independent Auditor’s Report.....	4
Financial Statements:	
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8
Statement of Cash Flows	9
Notes to the Financial Statements.....	10
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 <i>Government Auditing Standards</i>	14

**BITTERROOT VALLEY COMMUNITY COLLEGE
RAVALLI COUNTY, MONTANA**

ORGANIZATION

June 30, 2022

BOARD OF TRUSTEES

Marci SmithChair
Carrie Guarino Vice-Chair
Paul Ashcraft..... Secretary
Sue Smith..... Trustee
Janet WoodburnTrustee
RAN Pigman.....Trustee

ADMINISTRATION

Victoria Clark, EdD Administrative Consultant
Robert Underwood, MBA..... Bookkeeper
Nancy BussiereDistrict Clerk



BITTERROOT VALLEY COMMUNITY COLLEGE

RAVALLI COUNTY, MONTANA MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

The management of the Bitterroot Valley Community College (the "College") offers this discussion and analysis to provide an overview of the College's financial activities for the fiscal year ended June 30, 2022. To enhance understanding of the College's financial performance, please read it along with the College's financial statements.

FINANCIAL HIGHLIGHTS

In March 2021, the Montana Legislature approved the organization of the Bitterroot Valley Community College District. On May 12, 2021, Montana Superintendent of Public Instruction Elsie Arntzen and Higher Education Commissioner Clayton Christian swore in the first Board of Trustees for the College.

The College received revenue of \$400,000 of Montana State appropriation funds under HB2-2021 during July 2021. The funds were used to hire a contracted Administrative Consultant, employ a part-time bookkeeper and a clerk, as well as pay operating costs. The State of Montana has authorized the funds to be carried over to future years for operating purposes.

The College also received a \$10,000 donation during fiscal year 2022 restricted for developing a Certified Clinical Medical Assistance (CCMA) program. Other unrestricted donations were \$567 received during fiscal year 2022.

Net position on June 30, 2022 was \$256,190 and \$10,000 is restricted for the CCMA program.

The major expenses for the College were contracted administrative services of \$68,385 and advertising and marketing expenses in the amount of \$56,741. Total operating expenses were \$154,377.

USING THIS ANNUAL REPORT

This annual report consists of financial statements for the College. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position as outlined in the table of contents, provides information about the activities of the College and presents an overall view of the College's finances. The Statement of Cash Flows represents the actual cash received during the fiscal year as well as the cash outflow during the fiscal year.

The financial statements are presented on the accrual basis of accounting. The accrual basis of accounting recognizes transactions when an exchange takes place. Revenues are recognized when earned and expenses are recognized when incurred.

The financial statements referred to on the previous page are interrelated. The Statement of Net Position presents the financial condition of the College at June 30, 2022. The Statement of Revenues, Expenses, and Changes in Net Position presents the results of activities for the College throughout the fiscal year. The Statement of Cash Flows indicates where and how cash was utilized throughout the year.

Fiscal year 2022 is the initial year of operations for the College. Therefore, there is no prior year financial information for comparison purposes.

The College has one component unit, the Bitterroot Valley Community College Foundation (Foundation). The Foundation is a legally separate, tax-exempt nonprofit organization. The Foundation was established January 11, 2022, however, there was no operating activity to report for the Foundation during fiscal year 2022. The majority of the resources or income the Foundation holds and invests is restricted to the activities of the College by donors. See the notes to the financial statements for additional discussion regarding the Foundation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2022, the College did not have any capital assets to report or long-term debt to administer.

Compensated absences were not significant as of June 30, 2022, and therefore, immaterial to the financial statements taken as a whole.

FUTURE OF THE COLLEGE

Bitterroot Valley Community College is Ravalli County's public community college district, managed and controlled by locally elected trustees. BVCC aspires to support the growth and success of the community's businesses by providing in-demand workforce training and skilled trade certifications as well as college and community education.

On May 3, 2022, an operational levy for Bitterroot Valley Community College lost at the ballot box. If the operational levy had passed, Bitterroot Valley Community College was on track to open its doors in fall 2023. With the May 3, 2022 levy election loss, the Bitterroot Valley Community College Trustees are re-evaluating a path forward for the new district.

* * * * *

Doyle & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

103 Tyler Way ♦ P.O. Box 446

Lolo, MT 59847

Phone: (406) 273-0700 ♦ Fax: (406) 273-4300

www.doyleandassoc.com

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Bitterroot Valley Community College
Hamilton, Montana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Bitterroot Valley Community College (the College) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the College as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 College'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 College'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as noted in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2023, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control over financial reporting and compliance.

Doyle & Associates, P.C.

Lolo, Montana
October 25, 2023

BITTERROOT VALLEY COMMUNITY COLLEGE
RAVALLI COUNTY, MONTANA

Statement of Net Position
June 30, 2022

Assets:

Current Assets:

Cash and Cash Equivalents	\$ 246,277
Restricted Cash and Cash Equivalents	10,000
Total Current Assets	<u>256,277</u>
 Total Assets	 <u>256,277</u>

Liabilities:

Current Liabilities:

Payroll Liabilities	87
Total Current Liabilities	<u>87</u>
 Total Liabilities	 <u>87</u>

Net Position:

Restricted	10,000
Unrestricted	246,190
Total Net Position	<u>\$ 256,190</u>

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

BITTERROOT VALLEY COMMUNITY COLLEGE
RAVALLI COUNTY, MONTANA

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

<u>Operating Revenues:</u>	
Donations	\$ 10,566
Total Operating Revenues	10,566
 <u>Operating Expenses:</u>	
Personal Services	8,785
Advertising & Marketing	56,741
Bank Service Charge	5
Administrative Consultant	22,600
Contracted Services	45,785
Dues & Subscriptions	1,450
Insurance	9,736
Legal Services	2,929
Office Expense	5,073
Training	350
Travel	922
Total Operating Expenses	154,376
Operating Loss	(143,810)
 <u>Non-Operating Revenues</u>	
State Appropriation	400,000
Change in Net Position	256,190
 <u>Total Net Position:</u>	
Beginning	-
Ending	\$ 256,190

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

BITTERROOT VALLEY COMMUNITY COLLEGE
RAVALLI COUNTY, MONTANA

Statement of Cash Flows
For the Year Ended June 30, 2022

Cash flows from operating activities:

Cash received from grants and donations	\$ 10,567
Cash payments to suppliers for goods and services	(145,592)
Cash payments to employees for services	(8,698)
Net cash used for operating activities	<u>(143,723)</u>

Cash flows from Noncapital Financing Activities

State appropriation	400,000
Net cash provided by noncapital financing activities	<u>400,000</u>

Net increase in cash and cash equivalents 256,277

Cash and cash equivalents:

Beginning	-
Ending	<u>\$ 256,277</u>

Reconciliation of operating income to net cash provided by operating activities:

Operating loss	\$ (143,810)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in operating accounts payable and accrued expenses	87
Net cash used for operating activities	<u>\$ (143,723)</u>

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

BITTERROOT VALLEY COMMUNITY COLLEGE

RAVALLI COUNTY, MONTANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

I. Summary of Significant Accounting Policies

Reporting Entity - The Bitterroot Valley Community College (the “College”) was established under Montana law for the purpose of providing instruction in transfer, career and technical, and adult postsecondary education (MCA 20-15-105). The College began operating during fiscal year 2022 with HB2-2021 appropriation funds received from the State of Montana in the amount of \$400,000.

The College is a primary government as defined by the Governmental Accounting Standards Board (GASB). A Board of Trustees manages the College as well as an Administrative Consultant who is contracted by and responsible to the Board of Trustees. As required by generally accepted accounting principles the accompanying financial statements present the College as an independent single enterprise fund. The College has one component unit, the Bitterroot Valley Community College Foundation (the “Foundation”).

The Foundation is a legally separate, tax-exempt public charity and is a component unit of the College. The Foundation was incorporated in the State of Montana as a Nonprofit Corporation on January 11, 2022. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Board of the Foundation is self-perpetuating. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income the Foundation holds and invests, is restricted to the activities of the College by donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. Even though the Foundation was incorporated January 11, 2022, it did not open a bank account until December 2022 and began operating during 2023. Therefore, there are no discretely presented financial statements for the Foundation included with this financial report for fiscal year 2022.

The Foundation is a private not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Financial statements of the Foundation will be reported in accordance with the pronouncements of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features will be different from GASB revenue recognition criteria and presentation features.

Measurement Focus, Basis of Presentation and Basis of Accounting - The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liability is incurred.

Cash and Cash Equivalents – For the purpose of the Statement of Cash Flows, the College considers all highly liquid instruments with a maturity of three months or less

BITTERROOT VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2022

when purchased to be cash equivalents. When applicable, restricted cash and investments are included except for restricted investments with maturities exceeding three months.

Cash and Investments - The College's cash is held by the Ravalli County Treasurer and pooled with other County cash. All cash which is not necessary for short-term obligations is pooled for investment purposes. Interest earned on pooled investments is distributed to each contributing entity and fund on a pro rata basis. The College does not own specific identifiable investment securities in the County investment pool. Information regarding credit risk, custodial risk and interest rate risk for Ravalli County deposits and investments is available from Ravalli County Treasurer's office, 215 South 4th Street, Suite H, Hamilton, MT 59840. Fair value approximates carrying value for investments as of October 31, 2021. The Ravalli County investment pool is not rated.

Authorized by Montana statute, local government's cash and investments may include cash and cash items; demand, time, savings, and fiscal agent deposits; investments in the State Short-term Investment Pool (STIP); repurchase agreements; registered warrants of the County or of municipalities or schools or colleges located in the County; U.S. government treasury bills, notes, bonds, and other treasury obligations such as state and local government series; general obligations of certain agencies of the United States such as Federal Home Loan Bank and U.S. government security money market funds if the fund meets certain conditions.

The College has an investment policy that states all funds are to be invested in compliance with Montana Code Annotated. The College's cash is held with Ravalli County and pooled with other County cash as noted above. The total cash balance at June 30, 2022 was \$256,277 and \$246,277 is unrestricted for future operations.

Restricted Cash – Restricted cash represents a \$10,000 donation restricted for developing a Certified Clinical Medical Assistant (CCMA) program.

Capital Assets - All purchased capital assets will be valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The College will capitalize all capital assets with a value of \$5,000 or greater. The College will depreciate capital assets on a straight-line method over the assets estimated useful life. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. As of June 30, 2022, the College did not have any capital assets to report.

Donated Use of Facility – The College has been granted the use of a meeting room for classes and Board of Trustee meetings. During fiscal year 2022 the use was limited to Board meetings and the value of the non-cash donation for fiscal year 2022 was not significant. Classes began during fiscal year 2023.

Inventories - Inventories of materials and supplies are expensed at the time of purchase. Inventory records of materials and supplies on hand are not maintained. Inventories were not considered material to the financial statements taken as a whole.

BITTERROOT VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2022

Compensated Absences – Employees of the College are compensated for vacation and sick leave absences. Unused vacation benefits are fully accrued and vested sick pay benefits are accrued based on 25 percent of accumulated unused sick leave. During fiscal year 2022, the employees were part-time and amount of accrued compensated absences was immaterial as of June 30, 2022.

Net Position – Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. \$10,000 of net position was restricted at June 30, 2022 for a Certified Clinical Medical Assistant Program (CCMA). Unrestricted net position represents the amount available for future operations. It is the College's policy to first apply restricted resources when an expense is incurred in which both unrestricted and restricted net position are available.

Operating and Non-operating Revenues - Operating income includes revenues and expenses related to the continuing operations of the College. Principal operating revenues for fiscal year 2022 are restricted and unrestricted grants and donations. Principal operating expenses are the costs of providing goods or services and include administrative expenses. Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 34 and 35, such as state appropriations, property taxes and most federal, state and local grants, and investment income.

Use of 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.

Income Taxes – As a public institution of higher education, the income of the College is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the College is subject to federal income tax on any unrelated business taxable income. Unrelated business income is defined by the Internal Revenue Code as income from a trade or business, regularly carried on, that is not substantially related to the performance by the College of its exempt purpose or function. The College does not have unrelated business income tax to report for the fiscal year ended June 30, 2022.

County Provided Services - Ravalli County provides various financial services to the College. The County serves as a bank for the College. All College funds are maintained and accounted for as a custodial fund at the County. The County also serves as cashier and treasurer for the College for revenues subject to deposit into the College funds maintained by the County. The County makes payments on warrants issued by the College.

The County charges 5% of total interest earnings received each month to cover administrative costs. The 5% fee is deducted before distribution of earnings to participating agencies.

BITTERROOT VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2022

2. Risk Management – The College is exposed to risks of loss due to liability claims arising from various circumstances including employment actions, automobile accidents, employee theft or forgery, breaches of information security and privacy theft, and damage or destruction of property. The College purchases commercial insurance to mitigate any losses.

3. Operating Levy

On May 3, 2022, voters rejected an operational levy. Had the operational levy passed, the College planned to offer courses in the fall of 2023. Management and the Board of Trustees are still evaluating a path forward for the College. The College began offering free non-credit classes for veterans in partnership with the U.S. Department of Education’s Veterans Upward Bound program in fiscal year 2023. The Board of Trustees is considering presenting another operational levy to the voters in May 2024. For the College to receive an annual state appropriation for the delivery of the full-range of programming and services, a voted, local operational levy of at least 1.5 mills is necessary.

4. Subsequent Event

Montana Public Employees Retirement System (PERS) – During January 2023 the Board of Trustees approved the College’s membership in PERS. The Trustees approved the resolution for the College to participate in the State of Montana 457(b) Deferred Compensation Plan administered by the Montana Public Employees Retirement Administration (MPERA).

* * * * *

Doyle & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

103 Tyler Way ♦ P.O. Box 446

Lolo, MT 59847

Phone: (406) 273-0700 ♦ Fax: (406) 273-4300

www.doyleandassoc.com

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*

Board of Trustees
Bitterroot Valley Community College
Hamilton, 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 the business-type activities of the Bitterroot Valley Community College (the College), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 25, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of College's internal control. Accordingly, we do not express an opinion on the effectiveness of College'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 the College'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Doyle & Associates, P.C.

Lolo, Montana
October 25, 2023