

# **The Blackfoot Challenge, Inc.**

Audited Financial Statements and  
Independent Auditors' Report

As of and for the Year Ended

December 31, 2024

(With Summarized Comparative Totals for 2023)



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**INDEPENDENT AUDITORS' REPORT**

To The Board of Directors  
The Blackfoot Challenge, Inc.  
PO Box 103  
Ovando, Montana 59854

**Opinion**

We have audited the financial statements of The Blackfoot Challenge, Inc. (a nonprofit organization) ("Blackfoot"), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 Blackfoot as of December 31, 2024 and 2023, 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 *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 Blackfoot 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 these 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 Blackfoot's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 Blackfoot'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 Blackfoot'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.

### ***Report on Summarized Comparative Information***

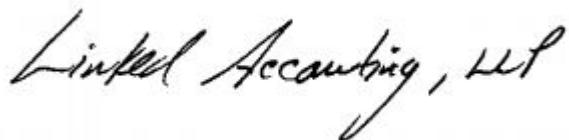
We have previously audited Blackfoot's December 31, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 7, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis 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), 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 September 11, 2025, on our consideration of Blackfoot'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 Blackfoot'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 Blackfoot's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Linda Accounting, LLP". The signature is written in a cursive style with a long, sweeping line for the first name and a more formal, blocky style for "Accounting, LLP".

Kaysville, Utah  
September 11, 2025

**The Blackfoot Challenge, Inc.**  
**Statements of Financial Position**  
**As of December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,239,236	\$ 1,665,789
Restricted cash- endowment	29,782	10,980
Accounts receivable, net	<u>261,029</u>	<u>241,306</u>
Total Current Assets	<u>2,530,047</u>	<u>1,918,075</u>
<b>NONCURRENT ASSETS</b>		
Investments, at fair value	509,210	467,744
Endowment, at fair value	1,660,564	1,462,471
BCCA land	<u>1,891,284</u>	<u>1,891,284</u>
Total Assets	<u><u>\$ 6,591,105</u></u>	<u><u>\$ 5,739,574</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 125,665	\$ 131,072
Accrued payroll	<u>137,889</u>	<u>115,826</u>
Total Liabilities	<u><u>263,554</u></u>	<u><u>246,898</u></u>
<b>NET ASSETS</b>		
Without donor restrictions	3,791,595	3,172,429
Without donor restrictions - designated	1,867,894	1,687,757
With donor restrictions	<u>668,062</u>	<u>632,490</u>
Total Net Assets	<u><u>6,327,551</u></u>	<u><u>5,492,676</u></u>
Total Liabilities and Net Assets	<u><u>\$ 6,591,105</u></u>	<u><u>\$ 5,739,574</u></u>

See independent auditors' report. These accompanying notes are an integral part of these financial statements.

**The Blackfoot Challenge, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2024 with Summarized Comparative Totals for 2023**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
<b>REVENUE AND SUPPORT</b>				
Donations	\$ 481,704	\$ -	\$ 481,704	\$ 473,384
Grants	-	2,877,960	2,877,960	1,678,972
Interest and dividends	163,783	-	163,783	118,740
Investment income, net	170,316	-	170,316	201,399
Less: investment fees	(12,506)	-	(12,506)	(10,885)
	803,297	2,877,960	3,681,257	2,461,610
Net assets released from restrictions	2,842,388	(2,842,388)	-	-
<b>Total Revenue and Support</b>	<b>3,645,685</b>	<b>35,572</b>	<b>3,681,257</b>	<b>2,461,610</b>
<b>EXPENSES</b>				
Program	1,839,553	-	1,839,553	1,264,884
Management and general	543,018	-	543,018	398,269
Fundraising	463,811	-	463,811	306,714
<b>Total Expenses</b>	<b>2,846,382</b>	<b>-</b>	<b>2,846,382</b>	<b>1,969,867</b>
Change in Net Assets	799,303	35,572	834,875	491,743
<b>NET ASSETS</b>				
Beginning of year	4,860,186	632,490	5,492,676	5,000,933
<b>End of year</b>	<b>\$ 5,659,489</b>	<b>\$ 668,062</b>	<b>\$ 6,327,551</b>	<b>\$ 5,492,676</b>

See independent auditors' report. These accompanying notes are an integral part of these financial statements.

**The Blackfoot Challenge, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2024 with Summarized Comparative Totals for 2023**

	Management &			Totals	
	Program	General	Fundraising	2024	2023
Salaries and wages	\$ 548,655	\$ 158,595	\$ 138,311	\$ 845,561	\$ 754,870
Payroll taxes and other	46,421	19,609	11,702	77,732	72,827
Employee benefits	60,451	18,037	20,817	99,305	89,385
Professional services	887,248	254,493	215,014	1,356,755	762,029
Project costs	93,305	27,840	23,521	144,666	126,203
Advertising	1,136	339	286	1,761	1,305
Bank and service fees	8,983	2,681	2,263	13,927	11,331
Contributions	19,413	5,793	4,894	30,100	-
Dues and subscriptions	4,022	1,200	1,014	6,236	6,386
Equipment costs	5,993	1,788	1,510	9,291	9,779
Insurance	5,856	1,747	1,476	9,079	9,404
Meeting expenses	12,540	3,742	3,161	19,443	11,267
Miscellaneous	56,715	16,922	14,297	87,934	29,528
Office expense	4,921	1,468	1,244	7,633	3,669
Postage	2,694	804	679	4,177	3,334
Printing	4,779	1,426	1,205	7,410	9,512
Property taxes	3,970	1,185	1,001	6,156	5,924
Rent and occupancy	6,260	1,868	1,578	9,706	11,608
Supplies	12,030	3,589	3,033	18,652	12,576
Technology	10,587	3,159	2,668	16,414	14,852
Telephone and internet	1,089	325	275	1,689	1,570
Training	3,104	926	782	4,812	3,104
Travel	51,887	15,482	13,080	80,449	30,289
Total expenses by function	1,852,059	543,018	463,811	2,858,888	1,980,752
Less expenses included within revenue and support in the statement of activities					
Investment fees	(12,506)	-	-	(12,506)	(10,885)
Functional expenses reported on the statement of activities	<u>\$1,839,553</u>	<u>\$ 543,018</u>	<u>\$ 463,811</u>	<u>\$2,846,382</u>	<u>\$1,969,867</u>

See independent auditors' report. These accompanying notes are an integral part of these financial statements.

**The Blackfoot Challenge, Inc.**  
**Statements of Cash Flows**  
**As of December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 834,875	\$ 491,743
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Unrealized and realized gain on investments and endowment funds	(170,347)	(201,399)
Changes in operating assets and liabilities:		
Accounts receivables	(19,723)	(40,914)
Accounts payable	(5,407)	92,706
Accrued payroll	<u>22,063</u>	<u>8,374</u>
Net Cash Flows from (used in) Operating Activities	661,461	350,510
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from investments and endowment funds	(69,212)	27,614
Net Cash Flows from (used in) Investing Activities	(69,212)	27,164
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
Net Change in Cash and Cash Equivalents and Restricted Cash	592,249	377,674
<b>CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH</b>		
Beginning of year	1,676,769	1,299,095
End of year	<u>\$2,269,018</u>	<u>\$1,676,769</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASHFLOW INFORMATION</b>		
Cash paid for interest	\$ -	\$ -

See independent auditors' report. These accompanying notes are an integral part of these financial statements.

**The Blackfoot Challenge, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

**Note 1- Organization and Nature of Activities**

The Blackfoot Challenge, Inc. is a landowner-based nonprofit organization that coordinates management of the Blackfoot River, its tributaries, and adjacent lands. The Blackfoot Challenge, Inc. was founded in 1993 as an organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

The Blackfoot Challenge, Inc. (Blackfoot) coordinates efforts that will conserve and enhance the natural resources and rural way of life in the Blackfoot River Valley for present and future generations. Blackfoot's funding is primarily from individual contributions and a combination of private and public sector grants.

**Note 2- Summary of Significant Accounting Policies**

**Basis of Accounting**

Blackfoot's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as codified by the Financial Accounting Standards Board (FASB).

**Comparative Financial Information**

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2023, from which the summarized information was derived.

**Concentration and Credit Risk**

Credit risks primarily relate to cash and cash equivalents. Cash and cash equivalents are held at various financial institutions which, at time, may exceed federally insured limits of \$250,000 in the aggregate. As of December 31, 2024 and 2023, Blackfoot deposits exceeded federally insured limits by approximately \$1,898,000 and \$0, respectively. As of December 31, 2024 and 2023, approximately \$1,700,000 and \$1,500,000, respectively, of cash was invested in highly liquid governance investment cash equivalent accounts. Blackfoot has not experienced any losses in such accounts nor does management believe there is any significant credit risk on its cash balances.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, Blackfoot considers all highly liquid debt or equity instruments purchased with an original maturity of three months or less to be cash equivalents.

**The Blackfoot Challenge, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

**Note 2- Summary of Significant Accounting Policies, Continued**

**Restricted Cash**

Restricted cash consists of endowment funds held in pooled investment accounts that are currently held in highly liquid cash equivalent accounts.

**Accounts Receivable**

Accounts receivable consists primarily of funds due from grants as reimbursement for expenses incurred. Receivables are stated at unpaid balances and interest is not charged. Receivables are considered past due if not paid timely in accordance with grant agreements. There were no significant receivables considered past due at December 31, 2024 or 2023. Management determined an allowance was not necessary based on the nature of the receivable, economic considerations, and history with the grantor. Management reviews accounts receivable subsidiary balances periodically and writes off any receivable determined to be uncollectible. There were no receivables written off in 2024 or 2023. Due to the inherent uncertainties in estimating an allowance for credit loss, it is at least reasonably possible that the estimate used will change in the near term.

**Investments**

Blackfoot carries its marketable equity and debt securities at fair value. Cash and money market accounts are valued at their carrying amounts, which approximates fair value. Increases or decreases in fair value are recognized in the current period and reported on the Statement of Activities as Unrealized Gain or Loss. Interest and dividends are reported as increases in net assets without donor restrictions on the Statement of Activities.

Blackfoot's investments in securities are exposed to various risks, such as interest rate, credit, and market risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the financial statements.

**Endowment Funds**

The board of directors created the Blackfoot Stewardship Endowment Fund in November 2008 and made an initial contribution of \$33,000 and created the Blackfoot Challenge Endowment Committee to administer the fund.

The board of directors created the Blackfoot Community Conservation Area (BCCA) Endowment Fund in May 2010 and made an initial contribution of \$300,000 to fund the account held at US Bank and designated the Blackfoot Challenge Endowment Committee to administer the fund.

Earnings from the endowments are used to benefit the BCCA. The BCCA is an innovated effort involving community forest ownership and cooperative ecosystem management across public and private lands in the heart of the 1.5 million acre Blackfoot watershed. The BCCA borders the Bob Marshall and Scapegoat Wilderness areas.

**The Blackfoot Challenge, Inc.  
Notes to Financial Statements  
December 31, 2024 and 2023**

**Note 2- Summary of Significant Accounting Policies, Continued**

**BCCA Land**

Land was donated to Blackfoot in 2008 and was recorded at fair value at the time of the donation. The land is part of the BCAA and is managed and administered by a 15-member committee of the Blackfoot Challenge, the BCCA Council. The land is used for developing a working landscape that balances ecological diversity with local economic sustainability for the future benefit of the Blackfoot Watershed Community.

**Compensated Absences**

All regular full and part-time employees whose salaries are based on service for 12 months are allowed to accumulate paid time off (PTO). PTO begins accruing the first of the month following the date of hire. PTO accrual is based on a graduated schedule of length of employment ranging from 12 days per year to a maximum of 24 days per year. Employees may carry over a maximum of 20 PTO days into the new calendar year. In the event of termination, the PTO balance is paid at the current rate of pay. PTO accrued as of December 31, 2024 and 2023 totaled \$41,959 and \$41,531, respectively. PTO accrued is included in accrued payroll.

**Income Tax Status**

Blackfoot is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the increase in net assets is generally not subject to taxation. Blackfoot is required to file a Return of Organization Exempt from Income Tax Return (Form 990) annually. No provision for income tax has been recorded in the financial statements because management believes there was no unrelated business income in 2024. Management has evaluated Blackfoot's tax positions concluding there are no uncertain tax positions in 2024 or 2023.

**Net Assets**

Net assets, revenue, support, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Net assets and changes are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and activities that are not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating fund and two quasi-endowment funds.

*Net Assets with Donor Restrictions* – Net assets subject to donor-imposed or grantor-imposed restrictions. These restrictions include restrictions that expire by either the time restriction ending or the purpose restriction being accomplished. Once restrictions are met, the restrictions are accounted for as net assets released from restriction and reclassified as net assets without donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

**The Blackfoot Challenge, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

**Note 2- Summary of Significant Accounting Policies, Continued**

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual amounts could differ from those estimates, and those differences could be material to the financial statements taken as a whole.

**Revenue Recognition**

Blackfoot recognizes revenue following guidance of FASB ASU 2018-08 (Topic 958) and FASB ASU 2014-09 (Topic 606).

Topic 606 applies to all contracts with customers, except for leases, insurance contracts, financial instruments, and certain nonmonetary exchanges and certain guarantees. A core principal of Topic 606 is that revenue should be recognized from customers for the transfer of goods or services equal to the amount expected to be received for those goods or services and how an entity should identify performance obligations. Topic 606 requires disclosures about the nature, amount, and timing of revenue and cash flows arising from customer contracts, including significant estimates and judgments.

Distinguishing between contributions and exchange transactions determines whether the accounting follows Topic 958 or Topic 606. An entity follows guidance from Topic 958 for contributions and applies guidance from Topic 606 for exchange transactions. Guidance from Topic 958 indicates that if the possibility a condition will not be met is remote, a conditional promise to give is considered unconditional and contribution revenue is immediately recognized and classified as net assets without donor restrictions or net assets with donor restrictions.

Blackfoot's three largest sources of revenue and support are grants, donations, and investment income. Grant and donation revenue are recognized following guidance in Topic 958. All other revenue is recognized at a point in time following guidance of Topic 606. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or the purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

The timing of revenue recognition, billings, and cash receipts results in billed receivables on the statement of financial position.

**The Blackfoot Challenge, Inc.  
Notes to Financial Statements  
December 31, 2024 and 2023**

**Note 2- Summary of Significant Accounting Policies, Continued**

**Functional Expense Allocations**

Program and supporting activity costs are summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function.

Certain costs have been allocated among program and supporting services benefited. All expenses are allocated on an internally determined basis of estimated time and effort.

Blackfoot reports expenses by the following functions:

*Program* – includes all expenses related to carrying out Blackfoot’s mission focusing on conservation strategies, restoration activities, stewardship, outreach and education activities.

*Management and General* – includes expenses related to management and administrative activities.

*Fundraising* – includes expenses related to promotional and special events.

**Advertising**

Blackfoot expenses the cost of advertising when first incurred. Advertising expenses for 2024 and 2023 totaled \$1,761 and \$1,305, respectively.

**Leases**

At the inception of a contractual arrangement, Blackfoot determines whether a contract contains a lease by assessing whether the contract conveys to Blackfoot the right to control the use of an identified asset in exchange for consideration over a period of time. Leases are recognized in accordance with ASC Topic 842, Leases (“Topic 842”).

Blackfoot measures and records an operating lease liability equal to the present value of the future lease payments. Because most of Blackfoot’s leases do not provide an implicit rate, Blackfoot’s incremental borrowing rate is used in determining the present value of lease payments. The amount of the operating lease right-of-use asset consists of: (i) the amount of the initial measurement of the operating lease liability; (ii) any lease payments made at or before the commencement date, minus any lease incentives received; and (iii) any initial direct costs incurred. The present value calculation may account for an option to extend or terminate the lease when it is reasonably certain that Blackfoot will exercise the option. Within the provisions of certain leases, there are escalations in payments over the base lease term, which have been reflected in lease expense on a straight-line basis for operating leases over the expected lease term.

**The Blackfoot Challenge, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

**Note 2- Summary of Significant Accounting Policies, Continued**

Blackfoot has elected not to apply the recognition requirements of Topic 842 to short-term leases (those with terms of 12 months or less) or leases that are under Blackfoot's capitalization threshold of \$5,000. Instead, for these types of leases, Blackfoot recognizes rent expense in the Combined Statement of Operations on a straight-line basis over the lease term.

**Risk and Uncertainty**

Blackfoot is exposed to various risks of losses related to torts, damage or loss of assets, errors or omissions, injuries to employees, economic conditions, and changes in financial markets. Blackfoot mitigates its risk through various insurance policies.

**Subsequent Events**

Subsequent events have been evaluated through the independent auditors' report date, which is the date the financial statements were available to be issued and have determined no additional events require disclosure.

**Note 3 - Liquidity and Availability of Resources**

Financial assets available for general expenditures without donor or other restrictions limiting their use within one year of the statement of financial position date comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,239,236	\$ 1,665,789
Accounts receivable	261,029	241,306
Investments	509,210	467,744
Less: cash endowment funds restricted	<u>(29,782)</u>	<u>(50,019)</u>
	<u><u>\$ 2,979,693</u></u>	<u><u>\$ 2,324,820</u></u>

Blackfoot's management and board of directors monitor cash balances and cash flow monthly and have determined a goal of three to six months of expenses in cash is prudent. Blackfoot had approximately 10 months and 10 months of expenses in cash at December 31, 2024 and 2023, respectively.

Blackfoot has invested funds in excess of monthly expenses and cash flow requirements in various investment funds. These resources are available if needed to meet short-term cash flow needs.

Blackfoot's endowment is discussed further in Note 5. The board of directors has approved a spending policy. Blackfoot does not intend to spend from the quasi-endowments other than the amount appropriated annually by the board of directors. The actual amount appropriated varies year to year.

**The Blackfoot Challenge, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

**Note 4 – Accounts Receivable and Allowance for Credit Loss**

Accounts receivables and allowance for credit loss consisted of the following at December 31:

	Accounts Receivables	Allowance for Credit Loss	Net Accounts Receivables
<b>December 31, 2022</b>	<u>\$ 200,392</u>	<u>\$ -</u>	<u>200,392</u>
Changes in accounts receivable	40,914	-	40,914
<b>December 31, 2023</b>	<u>\$ 241,306</u>	<u>-</u>	<u>241,306</u>
Changes in accounts receivable	19,723	-	19,723
<b>December 31, 2024</b>	<u>\$ 261,029</u>	<u>\$ -</u>	<u>261,029</u>

**Note 5 - Investments**

A framework for measuring fair value and defining fair value is provided by GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. GAAP also establishes a fair value hierarchy, which prioritizes the valuation of inputs into three broad levels, as described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or market-corroborated quotes.

Level 3 – Significant unobservable prices or inputs where there is little or no market activity for the asset or liability at the measurement date.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Blackfoot's policy for determining the timing of significant transfers between Level 1, Level 2, or Level 3 is at the end of the reporting period.

Cash, money market accounts, and other cash equivalents are valued at their carrying amount, which approximates fair value. Marketable equity securities are stated at fair value based on quoted market prices in active markets.

**The Blackfoot Challenge, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

**Note 5 – Investments, Continued**

Mutual funds are valued at the net asset value (NAV). The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares held by the fund outstanding at year end. The NAV is quoted in an active market. Blackfoot reports mutual funds under Level 1.

A significant portion of Blackfoot's investments are subject to the risk of value fluctuation that is inherent in the market. As such, the value of Blackfoot's assets may change frequently. To help manage this risk, Blackfoot's professional investment managers oversee the portfolio and monitor its performance. Blackfoot paid \$12,506 and \$10,885 in fees to investment managers in 2024 and 2023, respectively.

The following table presents investments measured at fair value and NAV per share on a recurring basis as of December 31, 2024:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
<b>Mutual Funds</b>				
Equities	\$ 299,325	-	-	\$ 299,325
Fixed Income	196,686	-	-	196,686
Real Estate	30,387	-	-	30,387
<b>Total Mutual Funds</b>	<b>526,398</b>	<b>-</b>	<b>-</b>	<b>526,398</b>
<b>Total Investments</b>	<b>\$ 526,398</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 526,398</b>

The following table presents investments measured at fair value and NAV per share on a recurring basis as of December 31, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
<b>Level 1</b>				
<b>Mutual Funds</b>				
Equities	\$ 253,278	-	-	\$ 253,278
Fixed Income	175,750	-	-	175,750
Real Estate	38,716	-	-	38,716
<b>Total Mutual Funds</b>	<b>467,744</b>	<b>-</b>	<b>-</b>	<b>467,744</b>
<b>Total Investments</b>	<b>\$ 467,744</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 467,744</b>

**The Blackfoot Challenge, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

**Note 6 - Endowment**

Blackfoot's endowment consists of two funds established by its board of directors for the purpose of benefiting the BCCA. As required by GAAP, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment funds were funded by grants from The Nature Conservancy.

Blackfoot has established the Blackfoot Challenge Endowment Committee to administer the endowment funds. Blackfoot's policy is to adopt a spending policy that maintains the principal balances and spends earnings in accordance with the donor's request. Blackfoot classifies and reports these endowment funds on the statement of financial position as a quasi-endowment in accordance with FASB ASC 958-204-45.

At December 31, 2024, the composition of endowment funds by net asset type was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment fund	\$ -	\$ -	\$ -
Quasi-endowment funds	<u>1,673,158</u>	-	<u>1,673,158</u>
<b>Total</b>	<b><u>\$ 1,673,158</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,673,158</u></b>

At December 31, 2023, the composition of endowment funds by net asset type was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment fund	\$ -	\$ -	\$ -
Quasi-endowment funds	<u>1,512,490</u>	-	<u>1,512,490</u>
<b>Total</b>	<b><u>\$ 1,512,490</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,512,490</u></b>

*Interpretation of Relevant Law*

The Board of Directors has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. As a result of this interpretation, Blackfoot classifies as with donor restrictions net assets (a) the original value of gifts donated to the permanent endowment from donors, (b) the original value of subsequent gifts to the permanent endowment from donors, and (c) any accumulations made to the permanent endowment made in accordance with the director of the applicable donor gift instrument at the time the accumulation is added to the fund.

**The Blackfoot Challenge, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

**Note 6 – Endowment, Continued**

The remaining portion of the donor-restricted permanent endowment fund is not classified in with net assets with donor restrictions until those amounts are appropriated for expenditure by the Blackfoot Challenge Endowment Committee in a manner consistent with the standard of prudence prescribed by MUPMIFA. Blackfoot's endowment funds are classified as board-designated without donor restrictions net assets. Investment income is considered net assets without donor restrictions.

In accordance with MUPMIFA, Blackfoot considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- ◆ The duration and preservation of the fund;
- ◆ The purposes of the fund and the donor-restricted endowment fund;
- ◆ General economic conditions;
- ◆ The possible effect of inflation or deflation;
- ◆ The expected total return from income and the appreciation of investments;
- ◆ Other resources of the fund and organization;
- ◆ The investment policies of the organization

*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, board of directors, or MUPMIFA requires Blackfoot to retain as a fund of perpetual duration (underwater endowments). In accordance with MUPMIFA and GAAP, deficiencies of this nature are required to be reported as net assets without donor restriction. There were no funds with deficiencies in 2024 or 2023.

*Return Objectives and Risk Parameters*

Blackfoot has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and activities supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Blackfoot must hold in perpetuity or for a donor-specified period as well as board-designated endowment funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield of 5%. Blackfoot expects its endowment funds over time to provide a reasonable level of income to support the spending policy authorized by the Board of Directors and to grow equity assets. Actual returns in any given year may vary from this amount.

*Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, Blackfoot 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). Blackfoot targets a diversified asset allocation including cash, cash equivalents, equity securities, and mutual funds to achieve its long-term return objectives within prudent risk constraints.

**The Blackfoot Challenge, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

**Note 6 – Endowment, Continued**

*Spending Policy and How the Investment Objectives Relate to Spending Policy*

Blackfoot's spending policy allows for an annual distribution up to 5% of the three-year average market value of the funds as calculated on four quarters ending December 31, not to exceed the average net earnings, growth, and income of the three-year period. Blackfoot expects its spending policy to allow the endowment to grow and to maintain the purchasing power of the endowment assets.

Changes in the endowment net assets composition by fund type for the year ended December 31, 2024 and 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2023	\$ 1,328,978	\$ -	\$1,328,978
Investment return			
Investment income	39,447	-	39,447
Net depreciation	<u>153,261</u>	<u>-</u>	<u>153,261</u>
Total investment return	192,708	-	192,708
Appropriations, fees, and other expenses	<u>(9,196)</u>	<u>-</u>	<u>(9,196)</u>
Endowment net assets, December 31, 2023	<u>\$ 1,512,490</u>	<u>\$ -</u>	<u>\$1,512,490</u>
Investment return			
Investment income	44,468	-	44,468
Net depreciation	<u>126,879</u>	<u>-</u>	<u>126,879</u>
Total investment return	171,347	-	171,347
Appropriations, fees, and other expenses	<u>(10,679)</u>	<u>-</u>	<u>(10,679)</u>
Endowment net assets, December 31, 2024	<u>\$ 1,673,158</u>	<u>\$ -</u>	<u>\$1,673,158</u>

**The Blackfoot Challenge, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

**Note 6 – Endowment, Continued**

The following table presents endowment assets measured at cost or fair value on a recurring basis as of December 31, 2024:

	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Unobservable Inputs	Cumulative Significant (Level 3)	Total Fair Value
	Total (Level 1)	(Level 2)			
Restricted cash	\$ 29,782	-	-	-	\$ 29,782
<b>Investments</b>					
<b>Mutual Funds</b>					
Equities	902,263	902,263	-	-	902,263
Fixed Income	617,823	617,823	-	-	617,823
Real Estate	123,290	123,290	-	-	123,290
<b>Total Mutual Funds</b>	<b>1,643,376</b>	<b>1,643,376</b>	-	-	<b>1,643,376</b>
<b>Total Endowment</b>	<b>\$ 1,673,158</b>	<b>\$ 1,643,376</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,673,158</b>

The following table presents endowment assets measured at cost or fair value on a recurring basis as of December 31, 2023:

	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Unobservable Inputs	Cumulative Significant (Level 3)	Total Fair Value
	Total (Level 1)	(Level 2)			
Restricted cash	\$ 50,019	-	-	-	\$ 50,019
<b>Investments</b>					
<b>Mutual Funds</b>					
Equities	793,056	793,056	-	-	793,056
Fixed Income	548,951	548,951	-	-	548,951
Real Estate	120,464	120,464	-	-	120,464
<b>Total Mutual Funds</b>	<b>1,462,471</b>	<b>1,462,471</b>	<b>-</b>	<b>-</b>	<b>1,462,471</b>
<b>Total Endowment</b>	<b>\$ 1,512,490</b>	<b>\$ 1,462,471</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,512,490</b>

**The Blackfoot Challenge, Inc.  
Notes to Financial Statements  
December 31, 2024 and 2023**

**Note 7 - BCCA Land**

The Blackfoot Community Conservation Area (BCCA) is an innovative effort involving community forest ownership and cooperative ecosystem management across public and private lands in the heart of the 1.5 million acre Blackfoot watershed. The BCCA is located at the southern end of the Crown of the Continent Ecosystem bordering the Bob Marshall and Scapegoat Wilderness areas. The BCCA encompasses an important transition zone between wilderness, national forest and productive valley bottoms with lush riparian and wetland areas and important wildlife habitat.

The BCCA Project involves two distinct phases. Phase I involves local ownership and management of approximately 5,600 acres of former Plum Creek Timber Company lands transferred from The Nature Conservancy to Blackfoot in 2008. Phase II involves joint management of these lands with the larger BCCA itself – the surrounding public and private lands comprising a 41,000-acre multiple-use demonstration area for the watershed. BCCA land is a crucial component of Blackfoot's mission and program activities. A management plan for BCCA was updated in June 2017 guiding land management decisions. The plan is intended to be a dynamic document pooling technical planning resources and local community-based knowledge.

Significant management goals include: managing habitat promoting diverse wildlife populations; sustainable forestry management; managing fuel levels utilizing prescribed fire, thinning, or other management practices; implementing riparian and wetland restoration and conservation strategies; prevention of noxious and invasive weed infestations; providing responsible recreation uses; promoting natural resource education, research, and learning opportunities; and developing an economically self-sustaining resource supporting the management of BCCA. BCCA land is presented in the statement of financial position at fair value on the date received at \$1,891,284 for the years ended December 31, 2024 and 2023.

**The Blackfoot Challenge, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

**Note 8 - Net Asset Classification**

Net assets at December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
<b>Net Assets Without Donor Restriction:</b>		
Unrestricted	\$ 3,791,595	\$ 3,172,429
Board Designated		
Operating Fund	194,736	175,267
Stewardship Quasi - Endowment Fund	966,581	869,667
BCCA Quasi - Endowment Fund	706,577	642,823
	<u>1,867,894</u>	<u>1,687,757</u>
	<u><u>\$ 5,659,489</u></u>	<u><u>\$ 4,860,186</u></u>
<b>Net Assets with Donor or Grantor Restriction:</b>		
Subject to expenditure for specified purpose and time restriction:		
Program Reserve	\$ 323,806	\$ 322,828
BCP Operating Fund	344,256	309,662
	<u><u>\$ 668,062</u></u>	<u><u>\$ 632,490</u></u>

For the year ended December 31, 2024, Blackfoot's net assets with donor restrictions were released and available for the following:

<u>Net Assets with donor restrictions</u>	<u>Released</u>	<u>Available</u>
Program reserve	\$ -	\$ 978
BCP operating	<u>-</u>	<u>34,594</u>
	<u><u>\$ -</u></u>	<u><u>\$ 35,572</u></u>

For the year ended December 30, 2023, Blackfoot's net assets with donor restrictions were released and available for the following:

<u>Net Assets with donor restrictions</u>	<u>Released</u>	<u>Available</u>
Program reserve	\$ -	\$ 227,259
Program funds	216,420	-
BCP operating	<u>-</u>	<u>\$ 297,732</u>
	<u><u>\$ 216,420</u></u>	<u><u>\$ 524,991</u></u>

**The Blackfoot Challenge, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

**Note 9 - Leases**

Blackfoot leases its space for offices under terms of two leases. Blackfoot classifies both lease agreements as operating leases and records the expense on the statements of functional expenses as “rent and occupancy”. Neither lease contains any material guarantees or restrictive covenants.

The lease for its Ovando, Montana office is a short-term lease that is set to expire in December 2026 with rents of \$400 per month in addition to utility costs. Annual rents through 2026 are \$4,800.

Blackfoot entered into a short-term lease for its Missoula, Montana office in 2023 with an entity that is related to a board member. This agreement was a short-term lease that expired December 31, 2024 and is currently a month-to-month arrangement. Subsequent to year end, the property related to this lease was donated to Blackfoot. See Note 15.

**Note 10 - Concentrations**

Blackfoot receives a significant level of funding from federal and state agencies. Any significant decrease in this level of funding could result in substantial negative impact on Blackfoot’s operations. One entity represented approximately 77% and one entity represented approximately 10% of total accounts receivable at December 31, 2024 and 2023, respectively.

**Note 11 - Related Party Transactions**

Blackfoot has a short term lease with a related party (member of the board – see Note 9). Rent paid under this agreement in 2024 and 2023 totaled \$4,800 and \$5,200, respectively. Subsequent to year end, this lease was sold to a third party. See Note 15.

**Note 12 - Retirement Plan**

Blackfoot implemented a SIMPLE IRA plan for its employees who meet the eligibility requirements in December 2015. Blackfoot will match up to 3% of employee contributions. Blackfoot contributed \$21,616 and \$20,479 in 2024 and 2023, respectively.

**Note 13 - Contingencies**

Blackfoot may be subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its operations and activities from time to time. Management does not believe there are any matters that would have a material adverse effect on its financial position.

**The Blackfoot Challenge, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

**Note 14 - In-kind Contributions**

Blackfoot had grant agreements requiring certain in-kind contributions or matching funds for the years ended December 31, 2024 and 2023. A summary of in-kind support and/or matching funds received for federal awards for the year ended December 31, 2024 is as follows:

	In-Kind/Match Received	In-Kind/Match Required
DNRC WMG-25-0100	\$ -	\$ 61,404
DNRC CWD-23-003	255,076	360,000
DNRC WSF 23-005	38,750	38,750
DNRC ACT-24-002	-	50,000
TNC BC BVFLN FY25	-	11,500
BLM L19AC00056-03	66,746	66,746
USDA-23-CS-11015600-003	29,648	61,251
USDA NR200325XXXXC009	157,181	216,671
NFWF 1201.22.073389	100,734	175,730
	<hr/> <u>\$ 648,135</u>	<hr/> <u>\$ 1,042,052</u>

A summary of in-kind support and/or matching funds received for federal awards for the year ended December 31, 2023 is as follows:

	In-Kind/Match Received	In-Kind/Match Required
DNRC WMG-22-0088A	\$ 5,018	\$ 10,000
DNRC CWD-23-003	-	360,000
DNRC WSF 23-005	-	38,750
DNRC WSF 21-002	76,800	65,625
TNC BC PFWG FY24	-	6,765
BLM L19AC00056-03	-	66,746
USDA-21-CS-11011600-044	2,881	11,052
USDA-23-CS-11015600-003	29,648	41,096
USDA NR200325XXXXC009	34,719	216,671
NFWF 1201.22.073389	-	175,730
	<hr/> <u>\$ 149,066</u>	<hr/> <u>\$ 992,435</u>

In-kind or matching requirements vary depending on the grant, which often are multiple year awards and in-kind or matching funds may be received at varying times in each year. Blackfoot believes it is in compliance with its grants as of December 31, 2024 and 2023.

**The Blackfoot Challenge, Inc.  
Notes to Financial Statements  
December 31, 2024 and 2023**

**Note 15 – Subsequent Events**

Blackfoot received a donation of real property related to a building previously leased by Blackfoot in the amount of \$950,000. Blackfoot was released of their lease obligation in connection to the donated property. This donation was recorded in revenue and property, plant and equipment subsequent to year end. Subsequent events have been evaluated through the independent auditors' report date, which is the date the financial statements were available to be issued and have determined no additional events require disclosure.

## **Supplementary Information**

**The Blackfoot Challenge, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2024**

<b>Federal Grantor/Program Title/Pass Through Agency / Pass Through Number</b>	<b>Assistance Listing Number</b>	<b>Federal Expenditures</b>	<b>Passed to Subrecipients</b>
<b><u>U.S. Fish &amp; Wildlife Service:</u></b>			
Migratory Bird Joint Ventures			
Pass through from Intermountain West Joint Venture:			
Sub Award No: F20AC10779-00-27	15.637	\$ 90,741	\$ -
Partners for Fish and Wildlife	15.631	<u>89,149</u>	-
Total U.S. Fish & Wildlife Service		<u>179,890</u>	-
<b><u>U.S. Department of Interior:</u></b>			
Threatened and Endangered Species	15.246	28,625	-
BLM Fuels Management and Community Fire Assistance Program			
Activities	15.228	253,625	-
Wildlife Resource Management	15.247	3,198	-
Aquatics Resources Management	15.244	14,162	-
Cooperative Watershed Management	15.554	<u>1,488</u>	-
Total U.S. Department of Interior		<u>301,098</u>	-
<b><u>U.S. Department of Agriculture:</u></b>			
Infrastructure Investment and Jobs Act Community Wildfire Defense Grants			
Pass through from The Montana Department of Natural Resources and Conservation:			
Sub Award No: CWD-23-003	10.720	527,983	-
Cooperative Forestry Assistance			
Pass through from The Montana Department of Natural Resources and Conservation:			
Sub Award No: WSF-23-005	10.664	54,432	
State & Private Forestry Cooperative Fire Assistance			-
Pass through from The Nature Conservancy Sub Award No: BC BVFLN FY25			
and BC PFWG FY24 and MTFO021522_MS	10.698	86,594	
Inflation Reduction Act Landscape Scale Restoration	10.731	77,750	
Soil and Water Conservation	10.902	<u>195,373</u>	-
Total U.S. Department of Agriculture		<u>942,132</u>	-
<b>Total Expenditures of Federal Awards</b>		<u>\$ 1,423,120</u>	<u>\$ -</u>

**The Blackfoot Challenge, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2024**

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (“the Schedule”) includes the federal grant activity of The Blackfoot Challenge, Inc. (“Blackfoot”) under programs of federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, certain amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

**Note 2 - 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Cost Rate**

Blackfoot elected the 10% de minimis indirect cost rate of the Uniform Guidance.



**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***

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
The Blackfoot Challenge, Inc.  
Ovando, Montana 59854

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 Blackfoot Challenge, Inc. (a nonprofit corporation) ("Blackfoot"), which comprise the statement of financial position as of December 31, 2024, 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 September 11, 2025.

**Report on Internal Control over Financial Reporting**

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

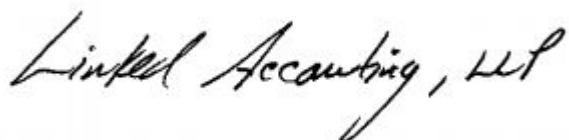
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Blackfoot'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.

A handwritten signature in black ink that reads "Linked Accounting, LLP". The signature is written in a cursive, flowing style.

Kaysville, Utah  
September 11, 2025



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
The Blackfoot Challenge, Inc.  
Ovando, Montana 59854

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited The Blackfoot Challenge, Inc.'s (a nonprofit corporation) ("Blackfoot") 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 Blackfoot's major federal programs for the year ended December 31, 2024. Blackfoot's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Blackfoot 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 December 31, 2024.

***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 Blackfoot 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 Blackfoot'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 Blackfoot'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 Blackfoot'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 Blackfoot's compliance with the requirements of each 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 Blackfoot'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 Blackfoot'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 Blackfoot'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.

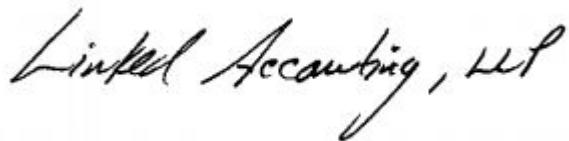
## Report on Internal Control Over Compliance

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 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. 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 in internal control over compliance 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.

A handwritten signature in black ink that reads "Linked Accounting, LLP". The signature is written in a cursive, flowing style.

Kaysville, Utah  
September 11, 2025

**The Blackfoot Challenge, Inc.**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2024**

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued	Unmodified	
<i>Internal control over financial reporting:</i>		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

***Federal Awards***

<i>Internal control over major federal programs:</i>		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Type of auditors' report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Identification of major federal programs:		
BLM Fuels Management and Community Fire Assistance Program Activities	15.228	
Infrastructure Investment and Jobs Act Community Wildfire Defense Grant	10.720	
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000	
Auditee qualify as a low-risk auditee:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Section II – Financial Statements Findings**

No matters are reported for the fiscal year ended December 31, 2024.

**Section III – Federal Award Findings and Questioned Costs**

No matters are reported for the fiscal year ended December 31, 2024.