



Report of Independent Auditors
and Consolidated Financial Statements
with Supplementary Information

Montana Community Foundation

June 30, 2024 and 2023

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Report of Independent Auditors

The Board of Directors
Montana Community Foundation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Montana Community Foundation, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Montana Community Foundation as of June 30, 2024 and 2023, and the changes in their net assets and their 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). 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 Montana Community Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Montana Community Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 consolidated 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 consolidated 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 consolidated 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 Montana Community Foundation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Montana Community Foundation's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidated Schedule of Financial Position and Consolidated Schedules of Activities (supplementary information) on pages 30 through 32 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



Spokane, Washington
February 3, 2025

Consolidated Financial Statements

Montana Community Foundation
Consolidated Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 4,340,496	\$ 1,695,922
Accrued interest receivable	238,722	188,678
Prepaid expenses and other	59,205	57,052
Pledges receivable	-	400,000
Beneficial interest in pooled income fund	214,624	243,025
Pooled investments	181,729,362	161,326,176
Cash surrender value of life insurance	140,957	161,919
Net property and equipment	<u>1,784,543</u>	<u>1,863,272</u>
Total assets	<u><u>\$ 188,507,909</u></u>	<u><u>\$ 165,936,044</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 2,542	\$ 9,038
Accrued expenses	174,657	149,597
Grants, scholarships and distributions payable	3,595,890	1,838,428
Planned gift liabilities	5,080,897	5,065,184
Long-term debt	1,366,589	1,420,143
Funds held as agency endowments	<u>14,565,793</u>	<u>13,153,190</u>
Total liabilities	<u>24,786,368</u>	<u>21,635,580</u>
NET ASSETS		
Without donor restrictions	<u>1,277,947</u>	<u>1,194,623</u>
With donor restrictions		
Time or purpose	4,964,283	4,667,784
Unappropriated earnings	33,482,973	22,642,108
Perpetuity	<u>123,996,338</u>	<u>115,795,949</u>
Total with donor restrictions	<u>162,443,594</u>	<u>143,105,841</u>
Total net assets	<u>163,721,541</u>	<u>144,300,464</u>
Total liabilities and net assets	<u><u>\$ 188,507,909</u></u>	<u><u>\$ 165,936,044</u></u>

See accompanying notes.

Montana Community Foundation
Consolidated Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants			
Contributions	\$ 308,957	\$ 10,729,265	\$ 11,038,222
Intrafund grants from charitable funds	75,393	617,494	692,887
Total contributions and grants	384,350	11,346,759	11,731,109
Revenue and other additions			
Community impact fees	747,798	-	747,798
Net investment return (loss)	(271,919)	19,626,381	19,354,462
Change in value of beneficial interest in pooled income fund	-	(28,401)	(28,401)
Change in value of planned gift liabilities	-	(705,970)	(705,970)
Rental and other income	276,036	-	276,036
Total revenue and other additions	751,915	18,892,010	19,643,925
Net assets released from restrictions	10,901,016	(10,901,016)	-
Total support, revenue, other additions, and net assets released from restrictions	12,037,281	19,337,753	31,375,034
EXPENSES			
Program services			
Grants, scholarships, and distributions	7,777,111	-	7,777,111
Intrafund grants to charitable funds	692,887	-	692,887
Program services	813,318	-	813,318
Total program services	9,283,316	-	9,283,316
Operating and administrative expenses			
General and administrative	1,627,177	-	1,627,177
Development and fund-raising	1,043,464	-	1,043,464
Total operating and administrative expenses	2,670,641	-	2,670,641
Total expenses	11,953,957	-	11,953,957
INCREASE IN NET ASSETS	83,324	19,337,753	19,421,077
NET ASSETS , beginning of year	1,194,623	143,105,841	144,300,464
NET ASSETS , end of year	\$ 1,277,947	\$ 162,443,594	\$ 163,721,541

See accompanying notes.

Montana Community Foundation
Consolidated Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants			
Contributions	\$ 255,007	\$ 8,514,744	\$ 8,769,751
Intrafund grants from charitable funds	264,451	188,267	452,718
Total contributions and grants	519,458	8,703,011	9,222,469
Revenue and other additions			
Community impact fees	400,665	-	400,665
Net investment return (loss)	(432,603)	13,598,133	13,165,530
Change in value of beneficial interest in pooled income fund	-	(20,179)	(20,179)
Change in value of planned gift liabilities	-	(1,615,947)	(1,615,947)
Rental and other income	280,334	-	280,334
Total revenue and other additions	248,396	11,962,007	12,210,403
Net assets released from restrictions	8,639,931	(8,639,931)	-
Total support, revenue, other additions, and net assets released from restrictions	9,407,785	12,025,087	21,432,872
EXPENSES			
Program services			
Grants, scholarships, and distributions	5,927,963	-	5,927,963
Intrafund grants to charitable funds	452,718	-	452,718
Program services	782,993	-	782,993
Total program services	7,163,674	-	7,163,674
Operating and administrative expenses			
General and administrative	1,667,592	-	1,667,592
Development and fund-raising	831,935	-	831,935
Total operating and administrative expenses	2,499,527	-	2,499,527
Total expenses	9,663,201	-	9,663,201
INCREASE (DECREASE) IN NET ASSETS	(255,416)	12,025,087	11,769,671
NET ASSETS , beginning of year	1,450,039	131,080,754	132,530,793
NET ASSETS , end of year	\$ 1,194,623	\$ 143,105,841	\$ 144,300,464

See accompanying notes.

Montana Community Foundation
Consolidated Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services			Support Services			
	Grants and Philanthropic Distributions	Program Services	Total Program Services	General and Administrative	Development and Fundraising	Total Support Services	Total Expenses
Salaries and wages	\$ -	\$ 369,017	\$ 369,017	\$ 708,088	\$ 699,039	\$ 1,407,127	\$ 1,776,144
Retirement expenses	-	20,185	20,185	40,038	34,049	74,087	94,272
Employee other benefits	-	56,730	56,730	91,630	89,453	181,083	237,813
Payroll taxes	-	27,380	27,380	53,138	50,747	103,885	131,265
Total salaries and related expenses	-	473,312	473,312	892,894	873,288	1,766,182	2,239,494
Grants expense	4,902,505	-	4,902,505	-	-	-	4,902,505
Scholarships expense	848,670	-	848,670	-	-	-	848,670
Distributions expense	2,025,936	-	2,025,936	-	-	-	2,025,936
Intrafund grants to endowment funds	692,887	-	692,887	-	-	-	692,887
Legal services	-	-	-	-	-	-	-
Accounting services	-	-	-	117,746	-	117,746	117,746
Lobbying services	-	-	-	-	-	-	-
Other services	-	18,946	18,946	111,100	3,500	114,600	133,546
Advertising and promotion	-	17,777	17,777	32,431	22,329	54,760	72,537
Office expenses	-	4,655	4,655	17,770	2,894	20,664	25,319
Printing and publications	-	7,330	7,330	21,119	8,213	29,332	36,662
Information technology	-	38,643	38,643	64,943	41,494	106,437	145,080
Occupancy	-	21,415	21,415	86,283	26,837	113,120	134,535
Travel expenses	-	11,947	11,947	19,127	50,445	69,572	81,519
Interest expense	-	-	-	55,674	-	55,674	55,674
Insurance	-	26	26	18,415	-	18,415	18,441
Conferences and meetings	-	24,483	24,483	38,544	2,079	40,623	65,106
Dues and other fees	-	10,552	10,552	42,466	1,645	44,111	54,663
Meals and entertainment	-	1,473	1,473	13,567	9,466	23,033	24,506
Program	-	180,508	180,508	-	-	-	180,508
Gift annuity reserve payments	-	-	-	6,293	-	6,293	6,293
Other expenses	-	2,251	2,251	10,076	1,274	11,350	13,601
Total operating expenses	8,469,998	340,006	8,810,004	655,554	170,176	825,730	9,635,734
Total expenses before depreciation	8,469,998	813,318	9,283,316	1,548,448	1,043,464	2,591,912	11,875,228
Depreciation expense	-	-	-	78,729	-	78,729	78,729
Total program expenses	\$ 8,469,998	\$ 813,318	\$ 9,283,316	\$ 1,627,177	\$ 1,043,464	\$ 2,670,641	\$ 11,953,957

See accompanying notes.

Montana Community Foundation
Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services			Support Services			
	Grants and Philanthropic Distributions	Program Services	Total Program Services	General and Administrative	Development and Fundraising	Total Support Services	Total Expenses
Salaries and wages	\$ -	\$ 351,480	\$ 351,480	\$ 675,924	\$ 555,123	\$ 1,231,047	\$ 1,582,527
Retirement expenses	-	14,639	14,639	40,157	31,451	71,608	86,247
Employee other benefits	-	47,095	47,095	81,108	68,193	149,301	196,396
Payroll taxes	-	26,301	26,301	52,734	40,607	93,341	119,642
Total salaries and related expenses	-	439,515	439,515	849,923	695,374	1,545,297	1,984,812
Grants expense	3,319,106	-	3,319,106	-	-	-	3,319,106
Scholarships expense	637,000	-	637,000	-	-	-	637,000
Distributions expense	1,971,857	-	1,971,857	-	-	-	1,971,857
Intrafund grants to endowment funds	452,718	-	452,718	-	-	-	452,718
Legal services	-	-	-	4,360	-	4,360	4,360
Accounting services	-	-	-	83,349	-	83,349	83,349
Lobbying services	-	5,000	5,000	25,000	-	25,000	30,000
Other services	-	66,354	66,354	161,962	4,000	165,962	232,316
Advertising and promotion	-	111,636	111,636	58,763	6,078	64,841	176,477
Office expenses	-	4,342	4,342	19,558	2,300	21,858	26,200
Printing and publications	-	9,894	9,894	21,326	9,135	30,461	40,355
Information technology	-	36,456	36,456	72,506	36,930	109,436	145,892
Occupancy	-	16,741	16,741	111,202	23,836	135,038	151,779
Travel expenses	-	9,169	9,169	14,066	35,497	49,563	58,732
Interest expense	-	-	-	58,290	-	58,290	58,290
Insurance	-	175	175	16,447	-	16,447	16,622
Conferences and meetings	-	25,021	25,021	39,240	12,011	51,251	76,272
Dues and other fees	-	17,100	17,100	35,472	744	36,216	53,316
Meals and entertainment	-	1,178	1,178	6,977	4,954	11,931	13,109
Program	-	34,265	34,265	-	-	-	34,265
Gift annuity reserve payments	-	-	-	5,010	-	5,010	5,010
Other expenses	-	6,147	6,147	5,793	1,076	6,869	13,016
Total operating expenses	6,380,681	343,478	6,724,159	739,321	136,561	875,882	7,600,041
Total expenses before depreciation	6,380,681	782,993	7,163,674	1,589,244	831,935	2,421,179	9,584,853
Depreciation expense	-	-	-	78,348	-	78,348	78,348
Total expenses	\$ 6,380,681	\$ 782,993	\$ 7,163,674	\$ 1,667,592	\$ 831,935	\$ 2,499,527	\$ 9,663,201

See accompanying notes.

Montana Community Foundation
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 19,421,077	\$ 11,769,671
Adjustments to reconcile net assets to net cash from operating activities		
Change in cash surrender value of life insurance	20,962	(3,526)
Realized and unrealized gains	(17,944,281)	(11,906,727)
Depreciation	78,729	78,348
Change in value of beneficial interest in pooled income fund	28,401	20,179
Change in valuation of planned gift liabilities	705,970	1,615,947
Stock contributions	(3,344,807)	(2,785,234)
Contributions to with donor restrictions in perpetuity	(5,814,687)	(5,647,753)
Change in operating assets and liabilities		
Interest receivable	(50,044)	6,087
Prepaid expenses and other	(2,153)	(6,659)
Pledges receivable	400,000	(128,191)
Accounts payable	(6,496)	(412)
Accrued expenses	25,060	18,351
Grants, scholarships, and distributions payable	1,757,462	254,536
Funds held as agency endowments	1,412,603	468,037
Net cash from operating activities	<u>(3,312,204)</u>	<u>(6,247,346)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investment securities	72,161,037	80,147,905
Purchase of investment securities	<u>(71,057,340)</u>	<u>(79,234,920)</u>
Net cash from investing activities	<u>1,103,697</u>	<u>912,985</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(53,554)	(50,994)
Contributions to partially restricted endowments	5,814,687	5,647,753
Payments to annuitants and life income beneficiaries	<u>(908,052)</u>	<u>(574,156)</u>
Net cash from financing activities	<u>4,853,081</u>	<u>5,022,603</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,644,574	(311,758)
Cash and cash equivalents, beginning of year	<u>1,695,922</u>	<u>2,007,680</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,340,496</u></u>	<u><u>\$ 1,695,922</u></u>
SUPPLEMENTAL DISCLOSURES		
Interest expense	\$ 55,674	\$ 58,290

See accompanying notes.

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 1 – General Purpose and Activities

Montana Community Foundation (the Foundation) is a Montana public benefit corporation whose mission is to cultivate a culture of giving so Montana communities can flourish. It accomplishes this by working with donors who want to provide long-term support for charitable services, communities to build unrestricted funds to meet changing needs, and policy makers to implement systemic changes to improve the quality of life for Montanans. The majority of gifts received are endowment gifts, which are preserved in perpetuity. Each year a prudent spending rate is applied to the Foundation's endowments, and the spendable portion of these endowments are granted to Montana public benefit charities or to award scholarships. The Foundation was incorporated on January 29, 1988.

The Foundation holds a 100% interest in 33 S. Last Chance Gulch, LLC, which serves as a holding company for the Foundation's building it currently utilizes for its operations in Helena, Montana.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Principles of consolidation – The consolidated financial statements include the accounts of Montana Community Foundation and its wholly owned subsidiary, 33 S. Last Chance Gulch, LLC (33 S LCG). All significant intercompany balances and transactions have been eliminated upon consolidation.

Fund accounting – The accounts of the Foundation are maintained in accordance with fund accounting. As such, contributions are classified into funds based upon their particular purpose and nature. For the purpose of investing funds, the Foundation pools them according to their purpose or whether they are considered net assets with donor restrictions. At June 30, 2024 and 2023, the Foundation held 762 and 745 endowment funds, respectively.

Classification of net assets – In order to report limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation and consolidated financial statements presentation are maintained in accordance with the requirements of the Financial Accounting Standards Board (FASB). This requires the Foundation to report its consolidated financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions – Resources that are not restricted by donor-imposed stipulations. Generally, these assets represent the operating assets of the Foundation.

Net assets with donor restrictions – Resources that are either limited by donor stipulations that expire with the passage of time, upon completion of charitable goals, or restricted in perpetuity. This category consists of undistributed earnings on perpetual endowment funds and time and purpose restricted funds held for specific projects. The corpus of contributions to perpetual endowments is never spent.

Montana Community Foundation

Notes to Consolidated Financial Statements

Cash and cash equivalents – For financial statement purposes, the Foundation considers all cash accounts and highly liquid debt instruments purchased with an original maturity of 90 days or less as cash equivalents. This amount is available to support the operating needs of the Foundation. Cash and cash equivalents are also held by investment managers for future investment in securities and are reported as part of pooled investments.

Income taxes – The Foundation is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), except to the extent of unrelated business taxable income as defined under IRC Sections 511 through 515. The Foundation complies with the FASB Accounting Standards Codification (ASC) 740-10, relating to accounting for uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties, and disclosures required. As of June 30, 2024 and 2023, the Foundation had no uncertain tax positions requiring accrual.

Fair value measurement of investments – Investments are stated at fair value following applicable requirements of accounting principles generally accepted in the United States of America. Fair value is defined as the price the Foundation would receive upon selling an asset in an orderly transaction between market participants at the measurement date. Fair values are determined by the most relevant available and observable valuation inputs and are classified into three levels.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Directly or indirectly observable inputs other than quoted prices included in Level 1.

Level 3 – Unobservable inputs that are not corroborated by market data and reflect the entity's assumptions for pricing.

Inputs are used in applying the valuation techniques and broadly refer to the assumptions the Foundation uses to make valuation decisions, including assumptions about risk. Inputs may include quoted market prices, recent transactions, manager statements, periodicals, newspapers, provisions within agreements with investment managers, and other factors. An investment's level within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Foundation's perceived risk of that investment.

Investments in cash and cash equivalents, mutual funds, debt securities, and certain domestic and foreign equities are valued based on quoted market prices, and are therefore, typically classified within Level 1.

Investments in cash management funds, where cash deposits are invested in a diversified network of banks are classified within Level 2.

Certain investment partnerships classified as level 3 generally value their investments at fair value and in accordance with accounting principles generally accepted in the United States of America. Investments with no readily available market are generally valued according to the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, and/or the income approach. Consideration is also given to financial condition and operating results of the investment, the amount the investment partnerships can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant.

Montana Community Foundation

Notes to Consolidated Financial Statements

Investment funds valued using net asset value per share (NAV) or its equivalent as reported by investment managers and have trading activity and the ability to redeem at NAV on or near the reporting date, are evaluated outside of the fair value hierarchy.

Certain investments in private equity funds or other private investments that do not follow the investment company Topic 946, are valued utilizing unobservable inputs and have had no trading activity or cannot be redeemed at NAV or its equivalent on or near the reporting date are therefore, classified within Level 3. These assets are presented in the accompanying consolidated financial statements at estimated fair value. The Foundation's determination of fair value is based upon the best available information provided by the investment manager and may incorporate management assumptions and best estimates after considering a variety of internal and external factors. Such value generally represents the Foundation's proportionate share of the partner's capital of the investment partnerships as reported by their general partners. For these investments, the Foundation, through its monitoring activities, agrees with the fair value as determined by the investment managers.

Although the Foundation uses its best judgment in determining the fair value, the values presented herein are not necessarily indicative of the amount the Foundation could realize in a current transaction. Future events could affect the estimates of fair value and could be material to the consolidated financial statements. These events could also affect the amount realized upon redemption of the investments.

Beneficial interest in pooled income fund – The Foundation is the beneficiary of irrevocable pooled income gifts that are managed as a trust by a third-party trustee. The value of the Foundation's estimated irrevocable remainder interest is the discounted present value of cash flows and is shown as a beneficial interest in pooled income fund.

Beneficial interest in pooled income fund is valued under the income approach, based on the underlying assets held in trust as reported by the trust adjusted by a discounted cash flow analysis that considers the expected future value of the fund after payment of beneficiary payments of interest and dividends earned by the respective interest in the fund. The primary unobservable inputs for the beneficial interest in pooled income fund are the reported fair value of assets contained in the fund reported by the trustee, the applicable internal revenue service discount rate at period end, a five-year average rate of return and mortality table applicable to the original gift.

Pooled investments – The Foundation pools its funds for the purposes of investing. The Foundation uses two investment pools; one holds endowment and agency funds (Investment Pool) and the second holds all other funds that are designated as with donor restrictions or without donor restrictions (Short Term Pool). The Investment Pool's assets are divided among cash, fixed income, equity, and alternative investments. Allocation among asset classes and investment managers is guided by an investment policy based upon an investment objective of growth and income. The Short Term Pool's assets are cash and fixed income investments and investing is guided by an investment policy based on preserving contribution value. Earnings from the pooled investment portfolios are prorated back to individual funds.

The Foundation is the beneficiary and trustee of irrevocable planned gifts (split interest agreements) – gift annuities, charitable remainder unitrusts, and charitable remainder annuity trusts. The remainder amount of all planned gifts benefits funds that are with donor restrictions and, therefore, planned gift assets are invested in the Investment Pool.

Montana Community Foundation

Notes to Consolidated Financial Statements

Property and equipment – Property and equipment are carried at cost if purchased and at fair value at the date of the gift if donated. Depreciation is computed using the straight-line method over a period of 3 to 30 years. The Foundation capitalizes expenditures for items over \$5,000 that have a useful life over one year.

Grants, scholarships, and distributions payable – Grants are recognized as liabilities at the time they are authorized for expenditure regardless of the year the grants are paid. Grant amounts are determined by the Foundation's payout policy or when a donor restriction supersedes the payout policy, according to the terms of the gift instrument. There were no conditional grants made during the years ended June 30, 2024 and 2023.

Planned gift liabilities (split interest agreements) – The Foundation records an amount due to income beneficiaries of charitable gift annuities and charitable remainder trusts when it acts as trustee. The liability is based on the present value of the estimated future payments to be distributed during the income beneficiary's expected life. Annual adjustments to the liability reflect revaluation of the present value of the estimated future payments to the income beneficiary and are recognized in the consolidated statements of activities as a change in value of planned gifts. The present value of the estimated future payments was calculated using discount rates, ranging from 0.4% to 8.0%, at the date of gift and applicable mortality tables.

The Foundation manages gift annuities for which it is not the remainder beneficiary. Upon maturity or termination, the value of the annuity will be transferred to the Foundation's endowment for the benefiting charity to be held as a liability within perpetual endowment.

Funds held as agency funds – The Foundation follows the accounting standards for transfers of assets to not-for-profit organizations and charitable trusts that raise or hold contributions for others. When a not-for-profit organization establishes a fund with the Foundation with its own funds and specifies itself as the beneficiary of that fund, the Foundation must account for the fund as a liability. The liability is recorded at the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the not-for-profit. The Foundation refers to these funds as agency funds. According to the Foundation's agency agreements, the Foundation invests the assets of agency funds; however, in the event the Foundation is dissolved, agency funds would be returned to the benefiting nonprofit. These assets are recorded as an asset of the investment pool and as funds held as agency funds. The Foundation receives a fee for this arrangement.

Contributed financial assets – Contributions are recognized as revenue when received or unconditionally promised. Contributions of public stock are recorded at fair value on the date of donation. Contributions of life insurance policies are recorded at cash surrender value on the date of donation.

Contributed nonfinancial assets – Contributed nonfinancial assets, or in-kind contributions, are recorded as of the date received and managed consistent with donor intent. The Foundation will evaluate each contributed asset to determine whether it will be utilized or monetized depending on the nature of the asset. Outside sources for valuation verification are performed for significant contributions, where possible. There were no contributed nonfinancial assets received in the fiscal years ending June 30, 2024 and 2023, by the Foundation.

Montana Community Foundation

Notes to Consolidated Financial Statements

Community impact fees – Fees charged for the management of agency funds, planned gifts and special fees are reported as revenue. Fees charged for the management of other funds are reported as net assets released from restriction (see Note 9).

Intrafund grants to/from charitable funds – This is the amount granted from one Foundation fund to another based on donor recommendations and Foundation approval. These grants are both expenses and revenues at the fund level. They are reported as intrafund grants to charitable funds and intrafund grants from charitable funds on the consolidated statements of activities for the purpose of reflecting all grant support from the Foundation's funds. Although this is not in accordance with GAAP, the amounts are deemed immaterial for elimination and have no impact on the total change in net assets.

Functional expenses – Expenses which apply to more than one functional category, are allocated between general and administrative, development and fundraising, and program services based on the time spent on these functions by specific employees as estimated by senior management. The remaining costs are charged directly to the appropriate functional category.

Concentrations of risk –

Cash equivalents – In the normal course of business, the Foundation may maintain balances at a bank in excess of the federally insured limits.

Investments – Investments are exposed to various risks, such as interest, market, and credit risks. It is reasonably possible given the risks associated with investments that changes in the near term could materially affect the amounts reported in the consolidated financial statements. To manage risk, the Foundation has formal investment policies. The Foundation engages the services of a third-party investment consultant that assists with compliance with the policies and evaluation of performance. This is monitored quarterly by the Foundation's investment committee.

Accounting estimates – The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Montana Community Foundation

Notes to Consolidated Financial Statements

Availability and liquidity – The following represent Montana Community Foundation's financial assets available to meet general expenditures over the next year at June 30, 2024 and 2023:

	2024	2023
Financial assets at year end		
Cash and cash equivalents	\$ 4,340,496	\$ 1,695,922
Accrued interest receivable	238,722	188,678
Pledge receivable	-	400,000
Beneficial interest in pooled income fund	214,624	243,025
Pooled investments	181,729,362	161,326,176
Cash surrender value of life insurance	140,957	161,919
	<u>186,664,161</u>	<u>164,015,720</u>
Less amounts not available to be used within one year		
Funds held as agency endowments	14,565,793	13,153,190
Beneficial interest in pooled income fund	214,624	243,025
Cash surrender value of life insurance	140,957	161,919
Total net assets with donor restrictions	<u>156,443,594</u>	<u>137,605,841</u>
	<u>171,364,968</u>	<u>151,163,975</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 15,299,193</u>	<u>\$ 12,851,745</u>

Montana Community Foundation's operating and administrative budgeted expenses for fiscal year ended June 30, 2024, are approximately \$3,798,000. The Foundation currently has an operating reserve of approximately \$1,167,000 at June 30, 2024. The total net assets with donor restrictions as of June 30, 2024, has been reduced by management's estimate of gifts to be distributed in the next 12 months. As part of its liquidity plan, non-endowment funds used for granting purposes are invested in short-term investments.

New accounting pronouncements – As of July 1, 2023, the Foundation adopted FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, which required the use of the current expected credit losses (CECL) impairment model for a broad scope of financial instruments, including financial assets measured at amortized cost (which includes loans, held-to-maturity debt securities, and trade receivables), net investments in leases, and certain off-balance-sheet credit exposures. The CECL model requires the immediate recognition of estimated expected credit losses over the life of the financial instrument. Under this standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. This new standard did not have a material impact on the Foundation's consolidated financial statements and related disclosures.

Montana Community Foundation

Notes to Consolidated Financial Statements

Subsequent events – Subsequent events are events or transactions that occur after the consolidated statements of financial position date but before the consolidated financial statements are available to be issued. The Foundation recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statements of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Foundation's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statements of financial position but arose after the consolidated statements of financial position date and before the consolidated financial statements are available to be issued.

The Foundation has evaluated subsequent events through February 3, 2025, which is the date the consolidated financial statements were available to be issued.

Note 3 – Interpretation of Relevant Laws

Uniform Prudent Management of Institutional Funds Act (UPMIFA) (Montana Code Annotated [MCA] 72-30-101) – The Board of Directors, in consultation with its legal counsel, determined it holds net assets that meet the definition of endowment funds under UPMIFA. As a result, the Foundation classifies contributions made to endowment funds as net assets with donor restrictions. The value is established on the date of contribution. Earnings on endowment funds are classified as net assets with donor restrictions until appropriated for expenditure by the Foundation unless required to be added to the corpus and then the earnings are classified as net assets with donor restrictions.

Foundation's investment and payout policies – Endowment funds – The Foundation has adopted investment and spending policies for endowment assets that are designed and intended to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of the Foundation's endowment assets. The Foundation's investment and payout policies work together to achieve these objectives. The investment policy attempts to establish an achievable return objective through diversification of and prescribed allocation among asset classes, restrictions on asset quality, and limitations on concentrations of holdings by sector and company. The current long-term return objective is 5.5% plus inflation. Actual returns in any given year may vary from this objective. To achieve its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and income (interest and dividends). The Foundation's asset allocation places a greater emphasis on equity-based investments in order to achieve its long-term return objectives within prudent risk parameters.

The payout policy calculates the amount of money distributed annually from the Foundation's endowed funds. The payout policy was 4.5% for both years, with the exception of underwater funds that payout at 4.0%, of the three year daily average fund balance calculated each December 31 for the years reported. The payout policy is subject to annual review and modification by the Board of Directors. Changes to the payout policy are guided by the standards described in UPMIFA.

Montana Community Foundation

Notes to Consolidated Financial Statements

Qualified endowment credit (MCA 15-30-165) – Montana law provides for a tax credit against Montana income tax liability for individuals and businesses in exchange for planned gifts made by an individual tax payor to a qualified endowment or a direct gift made by a business to a qualified endowment.

Montana Charitable Gift Annuity Exemption Act (MCA 33-20-701) – Montana law requires charitable organizations that offer charitable gift annuities to meet certain requirements set forth by the Montana insurance commissioner. Annual registration is required.

Note 4 – Pledges Receivable

Pledge receivables are recorded when grant conditions are met, or when an unconditional pledge is made by a donor. The Foundation was awarded a \$1,000,000, \$1-to-\$1 matching, challenge grant. This grant is considered a conditional promise to give. As of June 30, 2023, the entire \$1,000,000 had been earned and had been recorded as all conditions have been met. The balance has been collected as of June 30, 2024.

The Foundation had pledges receivable as of June 30, 2024 and 2023, as follows:

	2024	2023
Unconditional promises to give	\$ -	\$ 400,000

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 5 – Investments and Fair Value Measurements

Investments are carried at fair value and consist of the following as of June 30:

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Pooled investments - redeemable securities				
Cash and cash equivalents	\$ 6,204,902	\$ -	\$ -	\$ 6,204,902
Equity securities				
Domestic common stocks	3,211,935	-	-	3,211,935
Foreign stocks	381,214	-	-	381,214
Total equity securities	3,593,149	-	-	3,593,149
Debt securities				
Corporate bonds	1,749,302	-	-	1,749,302
US Treasury securities	16,190,499	-	-	16,190,499
Total debt securities	17,939,801	-	-	17,939,801
Other equity securities				
Mutual funds	40,944,468	-	-	40,944,468
Total other equity securities	40,944,468	-	-	40,944,468
Private equity				
Global opportunities	-	-	662,415	662,415
Total private equity	-	-	662,415	662,415
Public equity				
Cash management	-	1,698	-	1,698
Total public equity	-	1,698	-	1,698
Private investments				
Natural resources	-	-	477,229	477,229
Diversifiers	-	-	413,884	413,884
Total private investments	-	-	891,113	891,113
Total redeemable securities	68,682,320	1,698	1,553,528	70,237,546
Pooled investments - nonredeemable securities				
Private equity				
Commercial real estate	-	-	1,026	1,026
Total nonredeemable securities	-	-	1,026	1,026
Total	\$ 68,682,320	\$ 1,698	\$ 1,554,554	70,238,572
Investments measured at NAV practical expedient				111,490,790
Total				\$ 181,729,362
Beneficial interest in pooled income fund			\$ 214,624	\$ 214,624

Montana Community Foundation

Notes to Consolidated Financial Statements

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Pooled investments - redeemable securities				
Cash and cash equivalents	\$ 6,229,243	\$ -	\$ -	\$ 6,229,243
Equity securities				
Domestic common stocks	4,254,602	-	-	4,254,602
Foreign stocks	683,611	-	-	683,611
Total equity securities	4,938,213	-	-	4,938,213
Debt securities				
Corporate bonds	1,923,093	-	-	1,923,093
US Treasury securities	15,048,616	-	-	15,048,616
Total debt securities	16,971,709	-	-	16,971,709
Other equity securities				
Mutual funds	36,073,411	-	-	36,073,411
Total other equity securities	36,073,411	-	-	36,073,411
Private equity				
Global opportunities	-	-	747,466	747,466
Total private equity	-	-	747,466	747,466
Public equity				
Cash management	-	1,612	-	1,612
Total public equity	-	1,612	-	1,612
Private investments				
Natural resources	-	-	428,251	428,251
Diversifiers	-	-	374,536	374,536
Total private investments	-	-	802,787	802,787
Total redeemable securities	64,212,576	1,612	1,550,253	65,764,441
Pooled investments - nonredeemable securities				
Private equity				-
Commercial real estate	-	-	5,537	5,537
Total nonredeemable securities	-	-	5,537	5,537
Total	\$ 64,212,576	\$ 1,612	\$ 1,555,790	65,769,978
Investments measured at NAV practical expedient				95,556,198
Total				\$ 161,326,176
Beneficial interest in pooled income fund			\$ 243,025	\$ 243,025

Montana Community Foundation
Notes to Consolidated Financial Statements

The following table presents information regarding funds with fair value that is determined using the NAV (or its equivalent), per the practical expedient, provided by the fund as of June 30:

	<u>2024</u>	<u>2023</u>
Hedge fund investments		
Diversifying strategy	\$ 19,169,904	\$ 17,955,415
Public equity investments		
Developed Ex US equity	21,714,079	19,830,897
Global equity	13,006,167	11,386,341
US equity	37,719,853	29,104,298
Private investments		
Opportunistic	5,967,159	5,487,338
Private equity	7,022,671	6,212,909
Venture capital	6,890,957	5,579,000
	<u>\$ 111,490,790</u>	<u>\$ 95,556,198</u>

Investment returns for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Realized and unrealized gains	\$ 17,944,281	\$ 11,906,727
Interest and dividends	1,784,961	1,722,039
Investment expense	<u>(374,780)</u>	<u>(463,236)</u>
Total investment gain	<u>\$ 19,354,462</u>	<u>\$ 13,165,530</u>

Montana Community Foundation

Notes to Consolidated Financial Statements

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Foundation has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs.

Changes in Level 3 assets measured at fair value for the period ended June 30, 2024 and 2023, were as follows:

	Private Investments		Private Equity		Beneficial
	Natural Resources	Diversifiers	Global Opportunities	Commercial Real Estate	Interest in Pooled Income Fund
Beginning balance at June 30, 2022	\$ 424,094	\$ 396,405	\$ 1,014,392	\$ 3,296	\$ 268,660
Total unrealized gains (losses)	4,157	(21,869)	(266,926)	2,241	-
Present value adjustment	-	-	-	-	(25,635)
Ending balance at June 30, 2023	428,251	374,536	747,466	5,537	243,025
Total unrealized gains (losses)	48,978	39,348	(85,051)	(4,511)	-
Present value adjustment	-	-	-	-	(28,401)
Ending balance at June 30, 2024	<u>\$ 477,229</u>	<u>\$ 413,884</u>	<u>\$ 662,415</u>	<u>\$ 1,026</u>	<u>\$ 214,624</u>

Montana Community Foundation

Notes to Consolidated Financial Statements

For the investments valued at Level 3 and NAV, excluding beneficial interest, the below table represents redemption, funding commitments, restrictions, and other information associated with the nature and valuation of applicable investment are as follows:

	Fair Value at June 30, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Strategies and Other Restrictions
Hedge fund					
Diversifying strategy	\$ 3,663,554	\$ -	Daily to quarterly	1-45 days	(1)
Diversifying strategy	10,723,828	-	Quarterly	45 - 95 days	(1)
Diversifying strategy	3,126,389	-	Annually	90 days	(1)
Diversifying strategy	1,656,133	-	Bi-Annually	60 days	(1)
Total hedge fund investments	19,169,904	-			
Public equity					
Developed Ex US Equity	21,714,079	-	Monthly	10 - 31 days	(2)
Global equity	13,006,167	-	Daily - Quarterly	1 - 31 days	(2)
US Equity	37,719,853	-	Monthly	10 - 31 days	(2)
Total public equity investments	72,440,099	-			
Private equity					
Global opportunities	662,415	282,500	Quarterly	30-45 days	(3)
Commercial real estate	1,026	5,000	Illiquid for 3 years	n/a	(3)
Total private equity investments	663,441	287,500			
Private investments					
Natural resources	477,229	55,532	Illiquid	n/a	(3)
Opportunistic	5,967,159	3,683,713	Illiquid	n/a	(3)
Diversifiers	413,884	105,366	Illiquid	n/a	(3)
Private equity	7,022,671	4,467,605	Illiquid	n/a	(3)
Venture capital	6,890,957	5,326,172	Illiquid	n/a	(3)
Total private investments	20,771,900	13,638,388			
Total	<u>\$ 113,045,344</u>	<u>\$ 13,925,888</u>			

1. Hedge funds include investment vehicles and accounts that typically invest primarily in publicly traded securities using strategies such as long/short equity, market neutral equity, long/short credit, global macro, and managed futures. Hedge Fund investments serve as a means to mitigate equity risk and provide diversified returns.
2. Public equities include investment vehicles or accounts that typically use long-only or long-biased strategies, including long-biased long/short strategies, to invest primarily in publicly traded securities. Public equity investments serve as a means to generate asset growth.
3. Private investments and equities include investment vehicles that typically invest in securities acquired through private transactions. Typical strategies include natural resources, opportunistic, diversifiers, private equity, venture capital, global opportunities, and real estate. Private investments serve as a means to enhance asset growth. Unfunded commitments are expected to be called within the next ten years.

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Notes to Consolidated Financial Statements

Note 6 – Long-Term Debt

33 S. Last Chance Gulch, LLC purchased a building for \$2,150,000 in October 2016 and was funded with a \$1,720,000 ten-year loan at 4.25% and additional down payment made from available board discretionary funds without donor restriction. In April 2021, the interest rate was negotiated to 4.0%, with all other terms remaining the same. The loan is collateralized by the building and guaranteed by the Foundation. The loan requires monthly principal and interest payments of \$9,320 with a balloon payment at maturity on October 3, 2026. The balance remaining on the loan was \$1,366,589 and \$1,420,143 as of June 30, 2024 and 2023, respectively.

The following schedule presents the minimum principal payments due in future fiscal years:

2025	\$ 55,575
2026	57,839
2027	<u>1,253,175</u>
Total principal payments	<u><u>\$ 1,366,589</u></u>

Note 7 – Planned Gifts

The Foundation's irrevocable interest in gift annuities, charitable remainder trusts, life insurance policies, and pooled income funds (which are a portion of the net assets with donor restrictions) had the following changes during the years ended June 30:

	<u>2024</u>	<u>2023</u>
Net assets with donor restrictions, balance beginning of year	<u>\$ 13,463,604</u>	<u>\$ 12,000,549</u>
Contributions	2,674,235	2,980,902
Interest and dividends	256,584	232,200
Realized/unrealized gains, net	1,981,338	1,395,265
Transfers from reserve	6,293	5,010
Change in value of planned gift liabilities	<u>176,292</u>	<u>(1,064,359)</u>
Total income	<u>5,094,742</u>	<u>3,549,018</u>
Payments to income beneficiaries	360,356	279,733
Termination/maturity of planned gifts	1,859,183	1,509,186
Community impact fees	465,868	207,429
Investment management and other fees	<u>90,732</u>	<u>89,615</u>
Total expense	<u>2,776,139</u>	<u>2,085,963</u>
Net assets with donor restrictions, balance end of year	<u><u>\$ 15,782,207</u></u>	<u><u>\$ 13,463,604</u></u>

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 8 – Funds Held as Agency Funds

The following is a reconciliation of changes in funds held as agency funds during the years ended June 30:

	2024	2023
Balance beginning of year	\$ 13,153,190	\$ 12,685,153
Contributions	547,976	371,399
Interest and dividends	149,523	151,658
Realized/unrealized gains, net	1,491,375	699,052
Total income	2,188,874	1,222,109
Distributions of earnings	570,169	545,347
Community impact fees	165,145	156,266
Investment management fees	40,957	52,459
Total expense	776,271	754,072
Balance end of year	\$ 14,565,793	\$ 13,153,190

Note 9 – Community Impact and Investment Fees

The Foundation charges community impact fees for its services and for the professional management of assets. For the years ended June 30, those amounts were charged as follows:

	2024	2023
Perpetual endowments and special projects funds	\$ 1,879,655	\$ 1,643,542
Planned gifts	465,868	207,429
Agency funds	165,145	156,266
Special fees	116,785	36,970
	\$ 2,627,453	\$ 2,044,207

Agency funds, planned gifts, and special fees for services were reported as community impact fee revenue in the consolidated statements of activities. Fees charged to planned gifts were reflected in the change in value of planned gift liabilities in the consolidated statements of activities. Amounts for fees charged to perpetual endowments and donor restricted special projects funds were released from restriction to cover administrative expenses and are part of the total net assets released from restriction in the consolidated statements of activities.

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 10 – Net Assets Released from Restrictions

As restrictions are met, assets are released and reclassified from with donor restrictions to without donor restrictions. The released assets are used for grant making and the payment of community impact and investment management fees. Uses of released net assets were as follows for the years ended June 30:

	2024	2023
Payment of grants and scholarships	\$ 5,727,835	\$ 4,044,314
Payment of intrafund grants	565,017	203,453
Payment of community impact and investment manager fees	2,250,093	2,102,547
Annual endowment distributions	2,177,146	2,080,172
Endowment expenses	65,258	9,855
Special projects expense and other	115,667	199,590
	<u>\$ 10,901,016</u>	<u>\$ 8,639,931</u>

Note 11 – Grants and Distributions

The Foundation supports charitable work by making grants, distributing earnings to nonprofits under agency agreements, and transferring distributable earnings among the Foundation's own funds. Under GAAP, distributions to nonprofits under agency agreements are recorded as reductions in funds held as agency funds. Grants made from one Foundation fund to another are shown as intrafund grants. The following is summary of total charitable support as of the years ended June 30:

	2024	2023
Grants, scholarships, and distributions	\$ 7,777,111	\$ 5,927,963
Distributions to agencies	570,169	545,347
Intrafund grants to charitable funds	692,887	452,718
	<u>\$ 9,040,167</u>	<u>\$ 6,926,028</u>

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 12 – Endowment Funds

The Foundation has no Board-designated endowments as of June 30, 2024 and 2023. Donor restricted endowment net assets composition as of June 30 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments	\$ -	\$ 108,214,131	\$ 108,214,131
Unappropriated earnings	-	33,482,973	33,482,973
June 30, 2024	<u>\$ -</u>	<u>\$ 141,697,104</u>	<u>\$ 141,697,104</u>
Endowments	\$ -	\$ 102,332,345	\$ 102,332,345
Unappropriated earnings	-	22,642,108	22,642,108
June 30, 2023	<u>\$ -</u>	<u>\$ 124,974,453</u>	<u>\$ 124,974,453</u>

At June 30, 2024, 13 funds with original gift values of \$5,985,829, fair values of \$5,872,343, and deficiencies of \$113,486 were reported in net assets with donor restrictions. At June 30, 2023, 52 funds with original gift values of \$10,087,078, fair values of \$9,397,330, and deficiencies of \$689,748 were reported in net assets with donor restrictions.

Change in donor restricted endowment net assets for the fiscal years ended June 30:

	June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2023	<u>\$ -</u>	<u>\$ 124,974,453</u>	<u>\$ 124,974,453</u>
Investment return			
Investment income	-	1,345,556	1,345,556
Net unrealized and realized gains	-	15,872,335	15,872,335
Total investment return	-	17,217,891	17,217,891
Contributions	-	3,570,194	3,570,194
Termination/maturity of planned gifts	-	1,859,183	1,859,183
Intrafund grants to endowment funds	-	530,727	530,727
Net assets released from restrictions	-	(6,455,344)	(6,455,344)
Changes in endowment net assets	-	(495,240)	(495,240)
Endowment net assets, June 30, 2024	<u>\$ -</u>	<u>\$ 141,697,104</u>	<u>\$ 141,697,104</u>

Montana Community Foundation
Notes to Consolidated Financial Statements

	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2022	\$ -	\$ 114,856,081	\$ 114,856,081
Investment return			
Investment income	-	1,343,588	1,343,588
Net unrealized and realized gains	-	10,559,600	10,559,600
Total investment return	-	11,903,188	11,903,188
Contributions	-	2,848,531	2,848,531
Termination/maturity of planned gifts	-	1,509,186	1,509,186
Intrafund grants to endowment funds	-	127,647	127,647
Net assets released from restrictions	-	(6,270,180)	(6,270,180)
Changes in endowment net assets	-	(1,784,816)	(1,784,816)
Endowment net assets, June 30, 2023	\$ -	\$ 124,974,453	\$ 124,974,453

In fiscal years 2024 and 2023, the Foundation had no transfers of charitable assets to other organizations, respectively, which is shown as a reduction in the net asset category in which the funds were held.

Note 13 – Net Assets

Net assets with donor restrictions at June 30 are available for the following purposes:

	2024	2023
Net assets with a time or purpose donor restriction		
Special projects	\$ 4,964,283	\$ 4,667,784
Unappropriated earnings (Note 12)	33,482,973	22,642,108
	<u>\$ 38,447,256</u>	<u>\$ 27,309,892</u>
Net assets with donor restrictions in perpetuity		
Endowments (Note 12)	\$ 108,214,131	\$ 102,332,345
Irrevocable planned gifts (Note 7)	15,782,207	13,463,604
	<u>\$ 123,996,338</u>	<u>\$ 115,795,949</u>

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Notes to Consolidated Financial Statements

Note 14 – Retirement Plan

The Foundation has established a simplified employee pension plan for employees. The Foundation contributes up to 6% of the participants' annual salaries per year. The Foundation's retirement expense was \$94,272 and \$86,247 for the years ended June 30, 2024 and 2023, respectively.

Note 15 – Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Building	\$ 2,367,623	\$ 2,367,623
Office equipment	<u>-</u>	<u>6,082</u>
	2,367,623	2,373,705
Less accumulated depreciation	<u>583,080</u>	<u>510,433</u>
	<u><u>\$ 1,784,543</u></u>	<u><u>\$ 1,863,272</u></u>

Depreciation expense was \$78,729 and \$78,348 for the years ended June 30, 2024 and 2023, respectively.

Supplementary Information

Montana Community Foundation
Consolidating Schedule of Financial Position
June 30, 2024 with Summarized Prior Year Information

	Montana Community Foundation	33 S Last Chance Gulch, LLC.	Eliminating Entries	2024	2023
ASSETS					
Cash and cash equivalents	\$ 4,080,705	\$ 259,791	\$ -	\$ 4,340,496	\$ 1,695,922
Accrued interest receivable	243,268	3,850	(8,396)	238,722	188,678
Prepaid expenses and other	59,205	-	-	59,205	57,052
Pledges receivable	-	-	-	-	400,000
Beneficial interest in pooled income fund	214,624	-	-	214,624	243,025
Pooled investments	181,729,362	-	-	181,729,362	161,326,176
Cash surrender value of life insurance	140,957	-	-	140,957	161,919
Net property and equipment	-	1,784,543	-	1,784,543	1,863,272
Total assets	<u>\$ 186,468,121</u>	<u>\$ 2,048,184</u>	<u>\$ (8,396)</u>	<u>\$ 188,507,909</u>	<u>\$ 165,936,044</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable	\$ -	\$ 10,938	\$ (8,396)	\$ 2,542	\$ 9,038
Accrued expenses	174,657	-	-	174,657	149,597
Due to/from	(726,046)	726,046	-	-	-
Grants, scholarships and distributions payable	3,595,890	-	-	3,595,890	1,838,428
Planned gift liabilities	5,080,897	-	-	5,080,897	5,065,184
Long-term debt	-	1,366,589	-	1,366,589	1,420,143
Funds held as agency endowments	14,565,793	-	-	14,565,793	13,153,190
Total liabilities	<u>22,691,191</u>	<u>2,103,573</u>	<u>(8,396)</u>	<u>24,786,368</u>	<u>21,635,580</u>
NET ASSETS					
Without donor restrictions	<u>1,333,336</u>	<u>(55,389)</u>	<u>-</u>	<u>1,277,947</u>	<u>1,194,623</u>
With donor restrictions					
Time or purpose	4,964,283	-	-	4,964,283	4,667,784
Unappropriated earnings	33,482,973	-	-	33,482,973	22,642,108
Perpetuity	123,996,338	-	-	123,996,338	115,795,949
Total with donor restrictions	<u>162,443,594</u>	<u>-</u>	<u>-</u>	<u>162,443,594</u>	<u>143,105,841</u>
Total net assets	<u>163,776,930</u>	<u>(55,389)</u>	<u>-</u>	<u>163,721,541</u>	<u>144,300,464</u>
Total liabilities and net assets	<u>\$ 186,468,121</u>	<u>\$ 2,048,184</u>	<u>\$ (8,396)</u>	<u>\$ 188,507,909</u>	<u>\$ 165,936,044</u>

See report of independent auditors.

Montana Community Foundation

Consolidating Schedule of Activities

Year Ended June 30, 2024

	Montana Community Foundation	33 S Last Chance Gulch, LLC	Eliminating Entries	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions						
Contributions	\$ 308,957	\$ -	\$ -	\$ 308,957	\$ 10,729,265	\$ 11,038,222
Intrafund grants from charitable funds	75,393	-	-	75,393	617,494	692,887
Total contributions	384,350	-	-	384,350	11,346,759	11,731,109
Revenue and other additions						
Administrative fees	747,798	-	-	747,798	-	747,798
Net investment return	(255,020)	20	(16,919)	(271,919)	19,626,381	19,354,462
Change in value of beneficial interest in pooled income fund	-	-	-	-	(28,401)	(28,401)
Change in value of planned gift liabilities	-	-	-	-	(705,970)	(705,970)
Rental and other income	18,718	325,592	(68,274)	276,036	-	276,036
Total revenue and other additions	511,496	325,612	(85,193)	751,915	18,892,010	19,643,925
Net assets released from restrictions	10,901,016	-	-	10,901,016	(10,901,016)	-
Total support, revenue, other additions, and net assets released from restrictions	11,796,862	325,612	(85,193)	12,037,281	19,337,753	31,375,034
EXPENSES						
Program services						
Grants, scholarships and distributions	7,777,111	-	-	7,777,111	-	7,777,111
Intrafund grants to charitable funds	692,887	-	-	692,887	-	692,887
Program services	813,318	-	-	813,318	-	813,318
Total program services	9,283,316	-	-	9,283,316	-	9,283,316
Operating and administrative expenses						
General and administrative	1,448,100	264,270	(85,193)	1,627,177	-	1,627,177
Development and fund-raising	1,043,464	-	-	1,043,464	-	1,043,464
Total operating and administrative expenses	2,491,564	264,270	(85,193)	2,670,641	-	2,670,641
Total expenses	11,774,880	264,270	(85,193)	11,953,957	-	11,953,957
INCREASE IN NET ASSETS	21,982	61,342	-	83,324	19,337,753	19,421,077
NET ASSETS, beginning of year	1,311,354	(116,731)	-	1,194,623	143,105,841	144,300,464
NET ASSETS, end of year	<u>\$ 1,333,336</u>	<u>\$ (55,389)</u>	<u>\$ -</u>	<u>\$ 1,277,947</u>	<u>\$ 162,443,594</u>	<u>\$ 163,721,541</u>

See report of independent auditors.

Montana Community Foundation
Consolidating Schedule of Activities
Year Ended June 30, 2023

	Montana Community Foundation	33 S Last Chance Gulch, LLC	Eliminating Entries	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions						
Contributions	\$ 255,007	\$ -	\$ -	\$ 255,007	\$ 8,514,744	\$ 8,769,751
Intrafund grants from charitable funds	264,451	-	-	264,451	188,267	452,718
Total contributions	519,458	-	-	519,458	8,703,011	9,222,469
Revenue and other additions						
Community impact fees	400,665	-	-	400,665	-	400,665
Net investment return	(415,234)	11	(17,380)	(432,603)	13,598,133	13,165,530
Change in value of beneficial interest in pooled income fund	-	-	-	-	(20,179)	(20,179)
Change in value of planned gift liabilities	-	-	-	-	(1,615,947)	(1,615,947)
Rental and other income	42,282	309,741	(71,689)	280,334	-	280,334
Total revenue and other additions	27,713	309,752	(89,069)	248,396	11,962,007	12,210,403
Net assets released from restrictions	8,639,931	-	-	8,639,931	(8,639,931)	-
Total support, revenue, other additions, and net assets released from restrictions	9,187,102	309,752	(89,069)	9,407,785	12,025,087	21,432,872
EXPENSES						
Program services						
Grants, scholarships and distributions	5,927,963	-	-	5,927,963	-	5,927,963
Intrafund grants to charitable funds	452,718	-	-	452,718	-	452,718
Program services	782,993	-	-	782,993	-	782,993
Total program services	7,163,674	-	-	7,163,674	-	7,163,674
Operating and administrative expenses						
General and administrative	1,476,289	280,372	(89,069)	1,667,592	-	1,667,592
Development and fund-raising	831,935	-	-	831,935	-	831,935
Total operating and administrative expenses	2,308,224	280,372	(89,069)	2,499,527	-	2,499,527
Total expenses	9,471,898	280,372	(89,069)	9,663,201	-	9,663,201
INCREASE (DECREASE) IN NET ASSETS	(284,796)	29,380	-	(255,416)	12,025,087	11,769,671
NET ASSETS, beginning of year	1,596,150	(146,111)	-	1,450,039	131,080,754	132,530,793
NET ASSETS, end of year	\$ 1,311,354	\$ (116,731)	\$ -	\$ 1,194,623	\$ 143,105,841	\$ 144,300,464

See report of independent auditors.

