

**UNIVERSITY OF MONTANA-WESTERN FOUNDATION  
DILLON, MONTANA**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED  
JUNE 30, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
University of Montana-Western Foundation  
Dillon, MT 59725

We have audited the accompanying financial statements of the University of Montana-Western Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities functional expenses and cash flows for the years then ended and the related notes to the financial statements.

### Management's Responsibility 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; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Montana-Western Foundation as of June 30, 2020 and 2019, and the results of their activities and changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Peck & Peck, CPAs PC*

Dillon, Montana  
October 28, 2020

**University of Montana-Western Foundation**  
**Statement of Financial Position**  
**As of June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 225,226	\$ 235,347
Contributions and pledges receivable, net	-	-
Accrued investment income	27,108	34,430
Vehicle (net of accumulated depreciation, \$36,000)	7,427	7,427
Unrestricted investments	1,257,251	259,364
Temporarily restricted investments	992,728	1,053,242
Endowment investments	<u>5,899,921</u>	<u>5,776,630</u>
 Total Assets	 <u>\$ 8,409,661</u>	 <u>\$ 7,366,440</u>
 <b>Liabilities</b>		
Accounts payable	\$ 7,835	\$ 15,686
PPP Loan	<u>5,900</u>	<u>-</u>
 Total Liabilities	 <u>13,735</u>	 <u>15,686</u>
 <b>Net Assets</b>		
Unrestricted		
Undesignated	<u>1,278,979</u>	<u>277,251</u>
	1,278,979	277,251
Temporarily restricted	1,217,027	1,296,874
Permanently restricted	<u>5,899,920</u>	<u>5,776,629</u>
 Total Net Assets	 <u>8,395,926</u>	 <u>7,350,754</u>
 Total Liabilities and Net Assets	 <u>\$ 8,409,661</u>	 <u>\$ 7,366,440</u>

The Notes to Financial Statements are an integral part of this statement.

**University of Montana-Western Foundation**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>				
Contributions	\$ 1,019,802	\$ 634,022	\$ 151,800	\$ 1,805,624
Special events	3,886	-	-	3,886
Management income	46,206	-	-	46,206
Rental income	-	24,652	-	24,652
Net investment income	83,592	106,228	(28,509)	161,311
Net assets released from restrictions	844,749	(844,749)	-	-
Total Support and Revenue	<u>1,998,235</u>	<u>(79,847)</u>	<u>123,291</u>	<u>2,041,679</u>
<b>Expenses</b>				
University support				
Scholarships given	476,507	-	-	476,507
Academics and institutional	308,395	-	-	308,395
Total University Support	<u>784,902</u>	<u>-</u>	<u>-</u>	<u>784,902</u>
Supporting services				
Fundraising	174,685	-	-	174,685
General and administrative	36,920	-	-	36,920
Total Expenses	<u>996,507</u>	<u>-</u>	<u>-</u>	<u>996,507</u>
<b>Change in Net Assets</b>	1,001,728	(79,847)	123,291	1,045,172
<b>Net Assets, Beginning of Year</b>	<u>277,251</u>	<u>1,296,874</u>	<u>5,776,629</u>	<u>7,350,754</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,278,979</u>	<u>\$ 1,217,027</u>	<u>\$ 5,899,920</u>	<u>\$ 8,395,926</u>

The Notes to Financial Statements are an integral part of this statement.

**University of Montana-Western Foundation**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>				
Contributions	\$ 14,846	\$ 773,004	\$ 20,534	\$ 808,384
Special events	8,902	-	-	8,902
Management income	46,307	-	-	46,307
Rental income	-	33,413	-	33,413
Net investment income	33,524	141,032	154,094	328,650
Net assets released from restrictions	<u>922,447</u>	<u>(922,447)</u>	<u>-</u>	<u>-</u>
<b>Total Support and Revenue</b>	<u>1,026,026</u>	<u>25,002</u>	<u>174,628</u>	<u>1,225,656</u>
<b>Expenses</b>				
University support				
Scholarships given	397,298	-	-	397,298
Academics and institutional	<u>406,438</u>	<u>-</u>	<u>-</u>	<u>406,438</u>
<b>Total University Support</b>	803,736	-	-	803,736
Supporting services				
Fundraising	144,331	-	-	144,331
General and administrative	<u>63,800</u>	<u>-</u>	<u>-</u>	<u>63,800</u>
<b>Total Expenses</b>	<u>1,011,867</u>	<u>-</u>	<u>-</u>	<u>1,011,867</u>
<b>Change in Net Assets</b>	14,159	25,002	174,628	213,789
<b>Net Assets, Beginning of Year</b>	<u>263,092</u>	<u>1,271,872</u>	<u>5,602,001</u>	<u>7,136,965</u>
<b>Net Assets, End of Year</b>	<u>\$ 277,251</u>	<u>\$ 1,296,874</u>	<u>\$ 5,776,629</u>	<u>\$ 7,350,754</u>

The Notes to Financial Statements are an integral part of this statement.

**University of Montana-Western Foundation**  
**Statement of Functional Expense**  
**For the Year Ended June 30, 2020**

	University Support	Fundraising	Administrative and General	Total
Direct University support	\$ 743,793	\$ -	\$ -	\$ 743,793
Accounting and auditing	-	-	6,750	6,750
Advertising and promotion	-	153,469	-	153,469
Dues and subscriptions	2,710	-	905	3,615
Entertainment and meetings	4,628	-	946	5,574
Gifts	949	-	-	949
Insurance	7,269	-	650	7,919
Office supplies, printing and postage	2,850	-	3,897	6,747
Salaries and fringe benefits	17,444	21,216	21,215	59,875
Travel and meals	5,259	-	2,557	7,816
	<u>5,259</u>	<u>-</u>	<u>2,557</u>	<u>7,816</u>
Total	<u>\$ 784,902</u>	<u>\$ 174,685</u>	<u>\$ 36,920</u>	<u>\$ 996,507</u>

The Notes to Financial Statements are an integral part of this statement.

**University of Montana-Western Foundation**  
**Statement of Functional Expense**  
**For the Year Ended June 30, 2019**

	<u>University Support</u>	<u>Fundraising</u>	<u>Administrative and General</u>	<u>Total</u>
Direct University support	\$ 727,938	\$ -	\$ -	\$ 727,938
Accounting and auditing	-	-	6,750	6,750
Advertising and promotion	-	98,848	-	98,848
Dues and subscriptions	13,316	-	655	13,971
Entertainment and meetings	5,543	-	1,147	6,690
Gifts	1,263	-	-	1,263
Insurance	10,732	-	100	10,832
Office supplies, printing and postage	2,366	-	4,864	7,230
Salaries and fringe benefits	32,221	45,483	45,483	123,187
Travel and meals	10,357	-	4,801	15,158
	<u>\$ 803,736</u>	<u>\$ 144,331</u>	<u>\$ 63,800</u>	<u>\$ 1,011,867</u>
Total				

The Notes to Financial Statements are an integral part of this statement.



**University of Montana-Western Foundation**  
**Statement of Cash Flows**  
**For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 1,045,172	\$ 213,789
Adjustment to reconcile change in net assets to net cash used in operating activities:		
Decrease in contributions and pledges receivable, net	-	-
(Increase) decrease in accrued investment income	7,322	(4,784)
Increase (decrease) in accounts payable	(7,851)	6,420
Net realized and unrealized gains on investments	(15,709)	(197,880)
Permanently restricted contributions	<u>(151,800)</u>	<u>(20,534)</u>
Net cash provided by operating activities	<u>877,134</u>	<u>(2,989)</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of investment securities	(4,450,966)	(715,417)
Proceeds from redemption of investment securities	<u>3,411,911</u>	<u>690,281</u>
Net cash used in investing activities	<u>(1,039,055)</u>	<u>(25,136)</u>
<b>Cash Flows From Financing Activities:</b>		
Permanently restricted contributions	<u>151,800</u>	<u>20,534</u>
Net cash provided from financing activities	<u>151,800</u>	<u>20,534</u>
Net increase (decrease) in cash and cash equivalents	(10,121)	(7,591)
<b>Cash and cash equivalents, beginning of year</b>	<u>235,347</u>	<u>242,938</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 225,226</u>	<u>\$ 235,347</u>
<b>Supplementary Data:</b>		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>

The Notes to Financial Statements are an integral part of this statement.

**University of Montana-Western Foundation**  
**Notes to Financial Statements**  
**June 30, 2020**

**NOTE 1. Summary of Significant Accounting Policies**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Nature of Activities**

University of Montana-Western Foundation (the Foundation) was formed as a non-profit corporation under the laws for the State of Montana to promote the educational objectives of University of Montana-Western.

**Basis of Accounting**

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board.

**Basis of Presentation**

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Accordingly, net assets of the Foundation are classified and reported as follows:

*Unrestricted net assets* – net assets that are not subject to donor-imposed restrictions.

*Temporarily restricted net assets* – net assets subject to donor-imposed restrictions that may or will be met either by actions of the Foundation and/or the passage of time.

*Permanently restricted net assets* – net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Use of Estimates**

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

**University of Montana-Western Foundation**  
**Notes to Financial Statements-continued**  
**June 30, 2020**

**NOTE 1. Summary of Significant Accounting Policies - continued**

**Income Taxes**

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Investments**

Investments are composed of securities as managed by Wells Fargo Investment Management and Trust and real estate. All investments with readily determinable fair values are stated at fair value based upon quoted market prices. Unrealized gains and losses are included in the change in net assets. Restricted gains and investment income are generally reported as increases to temporarily restricted investment income and upon expiration of the restrictions are reclassified to unrestricted investment income. Investments with no readily determinable fair values are carried at cost.

**Pledges Receivable**

The Foundation reports unconditional promises to give (pledges) at net realizable value. An allowance for uncollectible pledges is estimated based upon the Foundation's collection history and is netted against the gross pledges receivable.

**Fair Value of Financial Instruments**

Cash, receivables and accounts payable, as reflected in the financial statements, approximate fair value due to the short-term nature of those instruments. The fair value of the Foundation's investments is estimated based on quoted market prices or other third party information for those investments, and are disclosed in NOTE 4.

**Depreciation**

The Foundation's vehicle is depreciated using the straight-line method of accounting for financial reporting purposes and amounted to \$0.

**Fees**

The Foundation assesses an administrative fee on the endowment investments based on the 18-month average of the endowment's market value. The annual fee was 1%. Total Foundation fees for the year ending June 30, 2020 and 2019, were \$49,133 and \$45,564 respectively.

**NOTE 2. Cash**

The total cash held by the Foundation at June 30, 2020 and 2019, includes \$0 and \$0 respectively in monies that are not covered by insurance provided by the federal government. It is the opinion of management that the solvency of the referenced financial institution is not of particular concern at this time.

**University of Montana-Western Foundation**  
**Notes to Financial Statements-continued**  
**June 30, 2020**

**NOTE 3. Contributions and Pledges Receivable**

Contributions and pledges receivable outstanding at June 30, 2020 and 2019, totaled \$0 and \$0, respectively and the allowance for uncollectible contributions and pledges was \$0.

**NOTE 4. Investments and Fair Value Measurements**

The FASB defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market in an orderly transaction between market participants on the measurement date.

The standard establishes a fair value hierarchy which requires valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable price inputs where there is little or no market activity for the asset or liability at the measurement date.

There are three general valuation techniques that may be used to measure fair value, as described below:

- *Market Approach* – Uses prices and other relevant information generated by market transaction involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sales transactions, market trades or other sources;
- *Cost Approach* – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- *Income Approach* – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Investments are stated at fair value, determined based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Cost is determined using the specific identification method. The Foundation determined the fair value of its marketable securities through the application of GAAP.

**University of Montana-Western Foundation**  
**Notes to Financial Statements-continued**  
**June 30, 2020**

**NOTE 4. Investments and Fair Value Measurements - continued**

As required by GAAP, investments are classified within the level of lowest significant input considered in determining fair value. Investments classified within Level 3 whose fair value measurement considers several inputs may include Level 1 or Level 2 inputs as components of the overall fair value measurement.

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices with active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based on significant unobservable prices or inputs where there is little or no market activity for the asset at the measurement date. Level 3 assets include real estate fair value which was based on original purchase cost.

Investments measured at fair value at June 30, 2020, are summarized below:

	<u>2020</u>			<u>Total Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Unrestricted investments				
Cash and cash equivalents	\$101,514	\$ -	\$ -	\$ 101,514
Government obligations	-	88,618	-	88,618
Corporate bonds	-	150,858	-	150,858
Fixed income domestic mutual funds	142,136	-	-	142,136
Fixed income international mutual funds	28,180	-	-	28,180
Equity securities and mutual funds				
Corporate stocks	253,603	-	-	253,603
Mutual funds	170,097	-	-	170,097
Alternative investments	98,652	-	-	98,652
Real assets	86,074	-	-	86,074
Real estate	<u>-</u>	<u>-</u>	<u>137,519</u>	<u>137,519</u>
Total unrestricted investments	<u>\$880,256</u>	<u>\$239,476</u>	<u>\$137,519</u>	<u>\$1,257,251</u>

**University of Montana-Western Foundation**  
**Notes to Financial Statements-continued**  
**June 30, 2020**

**NOTE 4. Investments and Fair Value Measurements - continued**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
<b>Temporarily restricted investments</b>				
Cash and cash equivalents	\$ 90,002	\$ -	\$ -	\$ 90,002
Government obligations	-	78,567	-	78,567
Corporate bonds	-	133,747	-	133,747
Fixed income domestic mutual funds	126,014	-	-	126,014
Fixed income international mutual funds	24,984	-	-	24,984
<b>Equity securities and mutual funds</b>				
Corporate stocks	224,838	-	-	224,838
Mutual funds	150,803	-	-	150,803
Alternative investments	87,462	-	-	87,462
Real assets	76,311	-	-	76,311
Real estate	-	-	-	-
<b>Total temp restricted investments</b>	<b><u>\$780,414</u></b>	<b><u>\$212,314</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 992,728</u></b>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
<b>Permanently restricted investments</b>				
Cash and cash equivalents	\$ 520,072	\$ -	\$ -	\$ 520,072
Government obligations	-	453,983	-	453,983
Corporate bonds	-	772,831	-	772,831
Fixed income domestic mutual funds	728,152	-	-	728,152
Fixed income international mutual funds	144,363	-	-	144,363
<b>Equity securities and mutual funds</b>				
Corporate stocks	1,299,187	-	-	1,299,187
Mutual funds	871,393	-	-	871,393
Alternative investments	505,384	-	-	505,384
Real assets	440,951	-	-	440,951
Real estate	-	-	163,605	163,605
<b>Total perm restricted investments</b>	<b><u>\$4,509,502</u></b>	<b><u>\$1,226,814</u></b>	<b><u>\$163,605</u></b>	<b><u>\$5,899,921</u></b>
<b>Total investments</b>	<b><u>\$6,170,172</u></b>	<b><u>\$1,678,604</u></b>	<b><u>\$301,124</u></b>	<b><u>\$8,149,900</u></b>

The table below rolls forward balances for Level 3 assets from July 1, 2019, through the year ended June 30, 2020:

	<u>Real Estate</u>
Balance as of July 1, 2019	\$ 301,124
Interest and dividends	-
Withdrawals	-
Unrealized gain	-
<b>Balance as of June 30, 2020</b>	<b><u>\$ 301,124</u></b>

**University of Montana-Western Foundation**  
**Notes to Financial Statements-continued**  
**June 30, 2020**

**NOTE 4. Investments and Fair Value Measurements - continued**

Transfers between levels due to changes in inputs are considered to take place at the end of the reporting period. There were no transfers between levels during 2020 or 2019. Unrealized gains on investments held at June 30, 2020 and 2019, were \$1,067,294 and \$1,083,421 respectively.

Investment returns for the year ended June 30, 2020, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 27,272	\$ 116,744	\$ 1,586	\$ 145,602
Net realized gain	68,984	9,218	53,270	131,472
Net change in unrealized gains	<u>(12,664)</u>	<u>(19,734)</u>	<u>(83,365)</u>	<u>(115,763)</u>
	<u>\$ 83,592</u>	<u>\$ 106,228</u>	<u>\$ (28,509)</u>	<u>\$ 161,311</u>

Investment advisory fees are netted against interest and dividends. These fees totaled \$41,455 for the year ended June 30, 2020.

Investments measured at fair value at June 30, 2019, are summarized below:

	<u>2019</u>			<u>Total Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Unrestricted investments				
Cash and cash equivalents	\$ 6,915	\$ -	\$ -	\$ 6,915
Government obligations	-	6,708	-	6,708
Corporate bonds	-	8,135	-	8,135
Fixed income domestic mutual funds	10,860	-	-	10,860
Fixed income international mutual funds	9,116	-	-	9,116
Equity securities and mutual funds				
Corporate stocks	34,240	-	-	34,240
Mutual funds	24,842	-	-	24,842
Alternative investments	11,821	-	-	11,821
Real assets	9,208	-	-	9,208
Real estate	<u>-</u>	<u>-</u>	<u>137,519</u>	<u>137,519</u>
Total unrestricted investments	<u>\$107,002</u>	<u>\$ 14,843</u>	<u>\$137,519</u>	<u>\$259,364</u>

**University of Montana-Western Foundation**  
**Notes to Financial Statements-continued**  
**June 30, 2020**

**NOTE 4. Investments and Fair Value Measurements - continued**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Temporarily restricted investments				
Cash and cash equivalents	\$ 59,768	\$ -	\$ -	\$ 59,768
Government obligations	-	57,988	-	57,988
Corporate bonds	-	70,321	-	70,321
Fixed income domestic mutual funds	93,875	-	-	93,875
Fixed income international mutual funds	78,802	-	-	78,802
Equity securities and mutual funds				
Corporate stocks	295,976	-	-	295,976
Mutual funds	214,732	-	-	214,732
Alternative investments	102,183	-	-	102,183
Real assets	79,597	-	-	79,597
Real estate	-	-	-	-
Total temp restricted investments	<u>\$924,933</u>	<u>\$128,309</u>	<u>\$ -</u>	<u>\$1,053,242</u>
Permanently restricted investments				
Cash and cash equivalents	\$ 318,527	\$ -	\$ -	\$ 318,527
Government obligations	-	309,033	-	309,033
Corporate bonds	-	374,759	-	374,759
Fixed income domestic mutual funds	500,285	-	-	500,285
Fixed income international mutual funds	419,959	-	-	419,959
Equity securities and mutual funds				
Corporate stocks	1,577,338	-	-	1,577,338
Mutual funds	1,144,368	-	-	1,144,368
Alternative investments	544,560	-	-	544,560
Real assets	424,196	-	-	424,196
Real estate	-	-	163,605	163,605
Total perm restricted investments	<u>\$4,929,233</u>	<u>\$683,792</u>	<u>\$163,605</u>	<u>\$5,776,630</u>
Total investments	<u>\$5,961,168</u>	<u>\$826,944</u>	<u>\$301,124</u>	<u>\$7,089,236</u>



**University of Montana-Western Foundation**  
**Notes to Financial Statements-continued**  
**June 30, 2020**

**NOTE 5. Net Assets**

Restrictions placed upon net assets as of June 30, 2020, and June 30, 2019, are as follows:

Temporarily restricted net assets are available for the following purposes as of June 30, 2020, and June 30, 2019:

	<u>2020</u>	<u>2019</u>
Scholarships	\$ 552,118	\$ 609,830
Booster	186,320	83,813
Alumni	35,476	38,908
Birch Creek Center	321	321
Faculty Development	1,011	594
Chancellor's Special Projects	4,092	1,346
Director's Special Projects	1,959	102
Growth	152	205
Campaign	75,526	18,563
Clubs, Departments & Other Programs	<u>360,052</u>	<u>543,192</u>
Total temporarily restricted net assets	<u>\$ 1,217,027</u>	<u>\$ 1,296,874</u>

Net assets were permanently restricted for the following purposes as of June 30, 2020, and June 30, 2019:

	<u>2020</u>	<u>2019</u>
Scholarships	\$ 5,441,527	\$ 5,312,377
Booster	60,432	61,636
Growth	37,625	38,421
Alumni	93,486	94,320
Clubs, Departments & Other Programs	<u>266,850</u>	<u>269,875</u>
Total permanently restricted net assets	<u>\$ 5,899,920</u>	<u>\$ 5,776,629</u>

**NOTE 6. Leases in the Financial Statements of Lessors**

On November 21, 2012, the Foundation (lessor) executed a new twenty-three year agreement to lease the property and equipment known as the Sparky's Garage (Restaurant) effective as of October 1, 2012. The monthly lease payments are \$1,800. The rate of \$1,800 will increase 2% on each anniversary of the lease. The lease payments were waived from January 1, 2013, to March 31, 2013.

Future minimum lease payments to be received are as follows:

<u>Year</u>	<u>Amount</u>
6/30/2021	\$25,185
6/30/2022	\$25,686
6/30/2023	\$26,199
6/30/2024	\$26,724
6/30/2025	\$27,261

**University of Montana-Western Foundation**  
**Notes to Financial Statements-continued**  
**June 30, 2020**

**NOTE 7. D.I. Emerick & M.B. Emerick Trusts**

The D.I. Emerick and M.B. Emerick Trusts are separate legal entities and were established in 1981 in keeping with the Last Will and Testament of Mary Baker Emerick for the purposes of providing an art scholarship fund for needy students of high scholastic standing who desire to enter the teaching profession and in obtaining additional equipment and procuring library books for the use and benefit of the Art Department of the University of Montana – Western.

The trustees are independent of the University of Montana-Western Foundation and consist of the President, Academic Dean (or its equivalent office) and the Chairperson of the Art Department of the University of Montana – Western.

In the event the University of Montana – Western should be closed, removed from the City of Dillon, or reduced from the status of a post-secondary academic institution of higher learning, for the preparation of teachers the residual of the Trusts are to be paid to the Barrett Memorial Hospital and to the City of Dillon for the benefit of its public library.

The University of Montana-Western Foundation manages the investments on behalf of the Trusts and assesses an administrative fee based on the 18-month average of the trusts' market value. The annual fee was 1%. Total Foundation fee for the trusts for the year ending June 30, 2020 and 2019, were \$36,206 and \$36,307 respectively.